



January 2009

Delivering Innovation and Savings
through Procurement

Welcome & Happy New Year from Ian Howie, Head of Procurement Scotland

Thank you for reading Procurement Scotland's latest newsletter.

2008 was a fairly momentous year for our organisation – featuring as it did our formal launch as well as a wide range of strategic development activity across our developing Category A portfolio. Secured savings to date have been very encouraging at almost £30m and a wide range of public sector bodies have already benefited from our deals. And 2009 will see us award national contracts in key areas like electricity, various professional services and a range of IT related areas, while rolling out a number of new strategies for other key Cat A commodities.



We will of course be working this year against a difficult economic backdrop. This newsletter provides information on the Scottish Government's wider response to the economic picture - and as an organisation we will be reflecting carefully on how we can best support the government's purpose of sustainable economic growth going forward. We look forward to working with you in the months ahead. I have no doubt that collaborative procurement has much to offer us all. Best wishes for a prosperous and productive 2009.

Collaborative Procurement Arrangement (CPA) for the Provision of Desktops, Laptops & Monitors

Following the success of our last IT Hardware Collaborative Procurement Arrangement (CPA) when nearly £7.5m of cashable savings were shared by around 150 organisations during 2008, Procurement Scotland held its second e-auction event on 16th December 2008.

Suppliers were offered the opportunity to win cross-sectoral business in Scotland for a committed volume in excess of 80,000 units of IT hardware equipment, including PCs, laptops and monitors. Fifty-two organisations confirmed their intention to participate.

Given the challenging economic and market conditions that are currently impacting on hardware pricing (including significant adverse exchange rate movements), we are confident that we have achieved the best possible price available in the market at this time.

Improvements in specification (such as increased standard monitor size) and better energy efficiency also realise additional measurable business benefits. Furthermore, public bodies benefit from considerable process savings by accessing the deal rather than running their own tender exercise.

Unit prices achieved in the auction have been held for the duration of each product's lifespan and any Scottish public sector body can call-off from this arrangement. All equipment available includes the latest technology and is future proofed for 12 month for desktops and monitors and 9 months for laptops.

For more information on the new IT Hardware CPA, please contact Gordon Neill (Portfolio Manager) or Gill McLeod (Strategic Buyer) – contact details can be found at the end of the Newsletter.

Utilities – Electricity, Gas, Fuel & Water

In October 2007, the First Minister approved a recommendation developed in conjunction with sectoral procurement Centres of Expertise (CoEs) to adopt a phased approach to collaborative electricity procurement, with national contractual arrangements commencing in September 2009.

Subsequently, a procurement strategy was developed based on extensive stakeholder engagement through vehicles such as the cross-sectoral Utilities National Commodity Forum; sectoral CoEs; and one-to one sessions with a wide range of individual organisations.

The Strategic Sourcing Plan that was endorsed by CoEs in July 2008 harnesses the combined purchasing power of Scottish public bodies to realise significant financial, environmental and service benefits. The model adopted aims to reduce and manage financial risk in the current volatile market conditions by adopting a flexible procurement model, which will deliver cost savings, smooth impacts on budgets and provide public bodies with greater budget certainty.

Following the issue in August 2008 of an Invitation to Tender for the supply of electricity on a cross-sectoral basis, contracts are due to be awarded in February 2009. The agreements will cover an initial supply period of three years (1st October 2009 – 30 September 2012) with options to extend by a further year. The total value of the contracts is likely to be around £200m per annum.

Positive support has been shown from across numerous public bodies to progress a national contract for gas, with a planned contract commencement date of April 2010. A draft category plan was discussed at the National Category Forum on 28 January.

Some initial scoping and opportunity assessment work has also commenced for Water and Liquid Fuels.

More information on progress across the Utilities portfolio, please contact Robert Leask.

Government's Purpose of GES in context of an economic downturn

The Scottish Government published its Government Economic Strategy in November 2007, at the core of which was its key purpose of increasing sustainable economic growth. Maintaining this clear long term vision for Scotland is key. However, the Scottish Government recognises that the global economic slowdown has presented severe challenges to the Scottish economy. As a result, it has set out an economic recovery programme which builds on the steps already taken to support the Scottish economy.

The programme has six elements, designed to maintain investment and development in the economy while targeting support at households and businesses.

- Reshaping capital spending plans
- Ensuring all government activity, including on planning and regulation, supports economic development
- Intensifying activity and support for tourism and Homecoming 2009
- Intensifying work around energy efficiency and fuel poverty
- Increasing advice to businesses and individuals
- Improving financial advice to vulnerable individuals

Procurement Scotland has recently held workshops across our organisation to establish how we can best support the Government's Purpose. We aim to build the output from these workshops into any future Category A strategies. To see the Government's full response to the economic situation, please review the link below.

www.scotland.gov.uk/Topics/Economy/economic-situation

Congratulations to Nick Bowd

The New Year Honours were announced on 31 December 2008 and receiving a Commanders of the Order of the British Empire (CBE) was our own Director of Scottish Procurement Directorate, Nick Bowd.

Nick (pictured below), said: "I'm obviously delighted with this recognition, but it is all due to the efforts of my colleagues. I'm fortunate to have some great people working in the Directorate.



"In the current economic climate, engaging with our stakeholders, including Small and Medium Enterprises, is more important than ever. I am fortunate that the team has both the skill and the commitment to respond to the challenges which we face."

Newsletter Evaluation

Almost one year on since Procurement Scotland launched formally in March 2008, we will be reviewing a number of the communication channels which we use - one of which being the newsletter which is issued to our stakeholders on a quarterly basis.

During February, we will be issuing an evaluation questionnaire to randomly selected stakeholders asking them to comment on various aspects of this piece of communication. We would welcome your comments and feedback on past newsletters, including feedback on what you would like to see included in future newsletters. The evaluation will be sent out by email and we will also have a link to the evaluation on the front page of our website.

People & Skills Work-stream Update

The Review of Public Procurement identified that procurement staff in the Scottish public sector should have the appropriate skills for their level of responsibility, easy access to a wide range of professional and vocational training and a recognisable professional procurement career path. To ensure these recommendations were implemented a People & Skills Working Group (P&SWG), with cross-sectoral representation was established.

The P&SWG are at the beginning of what will be another busy year, building on the major progress made last year in many key areas of the work-stream. A full update has been posted on our website which includes updates on the competency framework, skills gap analysis, national training contracts, the new public sector faculty and the procurement development programme (PDP). For an update on developments within your own sector, you should speak to your sectoral representative.

<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoc/Capability>

Public Contracts Scotland

One of the Scottish Government and Procurement Scotland's key priorities is to create a wealthier and fairer nation by increasing our competitiveness, and making Scotland a more attractive place in which to live, work and invest.

The Public Sector spends around £8bn per year on goods, works and services. This is a significant market for suppliers and the Scottish Government is committed to making access to that market a fair, open, transparent and competitive process.

Until now, all contracting organisations in Scotland advertise contracts which are above-EU threshold levels using various media such as web sites, portals and newspapers, but there has been no single mechanism giving suppliers access to contract opportunities across the entire Scottish Public Sector.

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The new national contract advertising portal – www.publiccontractsscotland.gov.uk - will, for the first time, enable potential suppliers to view a wide range of Scottish public sector contract opportunities - below and above EU-threshold levels. Procurement Scotland was an early adopter of the portal, launching various tenders in the latter part of 2008 including the Temporary & Interim Staff, the Management Consultancy Services framework and the supply of Electricity.

Feedback from supplier organisations who have registered on Public Contracts Scotland has been positive;

-within a few days of registering we received alerts for opportunities we would otherwise have been unaware of;
-registration was very easy, the site is a good resource and the information in it is clear and concise;
-we welcome a single portal which allows our business to plan and focus on real opportunities

Remarkably there are currently 15,000 suppliers who have registered on Public Contracts Scotland website receiving regular notification alerts when new tenders are uploaded which are of interest to their business.

Progress to Date

IT Hardware: Following the recent successful e-auction for desktops, laptops & monitors, the IT hardware team are close to finalising a strategy for the provision of IT Hardware disposal services. An initial mini-competition for IT “mini-books” via OGCbs’ Catalist framework is planned for Spring 09. Initial scoping work around servers and electronic whiteboards is also underway.

Corporate Services: Office Supplies (IT consumables, Paper and General Stationery) – £7.2m annual savings have been secured and take up of the new contracts has been excellent with over 80% of local organisations now using or committed to the national arrangements. We are now implementing pro-active supplier management and development processes to ensure we continue to get, and further develop value from the arrangements.

Postal (mail services, couriers and associated services) Meetings are taking place with various organisations to understand the process and opportunities in this area and we have been working closely with OGCbs to influence direction and ensure Scotland’s requirements are incorporated in a UK approach. A National Category Forum has been set up and the other CoEs are now setting up their UIGs to support the development of a strategy.

Travel Services (travel management, air, rail, accommodation & conference facilities) Engagement with suppliers and OGC has taken

Telecoms: A project focussing on fixed telephony services is now underway, with the aim of implementing a national collaborative arrangement in 2009. The procurement exercise will include fixed call minutes and line rental, with a number of associated services. Over 40 organisations from across the public sector are involved at present, representing a significant portion of the total spend in this area. An initial meeting of all participants took place in January.

In addition, the new OGCbs framework for mobile telephony is now in place. We played an active part in the construction and evaluation of this framework, and are currently assessing the potential for any further savings through collaboration.

We are working with various policy groups, both internally and organisations such as OGC Buying Solutions, to ensure early involvement in developing new requirements and coherent approaches towards industry changes and converged technology solutions.

IT Software: A high level draft sourcing strategy was issued to the IT Software National Category forum members in December 2008. In January 09 the team held 4 cross-sectoral workshops across Scotland to further test and expand the strategy. We are also working closely with OGCbs in its negotiations with Microsoft on future license provision, with pricing due to be finalised imminently.

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place to understand UK framework opportunities. During the first quarter of 2009 market analysis, spend and commodity profiling will get underway, with a NCF being fully operational by March. Although fleet is currently out of scope, opportunities here will be assessed for wider consideration.

Professional Services: Temp & Interim Staff - OJEU adverts were issued in November 08 for 8 national frameworks. The PQQ evaluation will be currently taking place and the ITT will be released to short listed suppliers sometime in March. It is envisaged that the contract will go live in the summer.

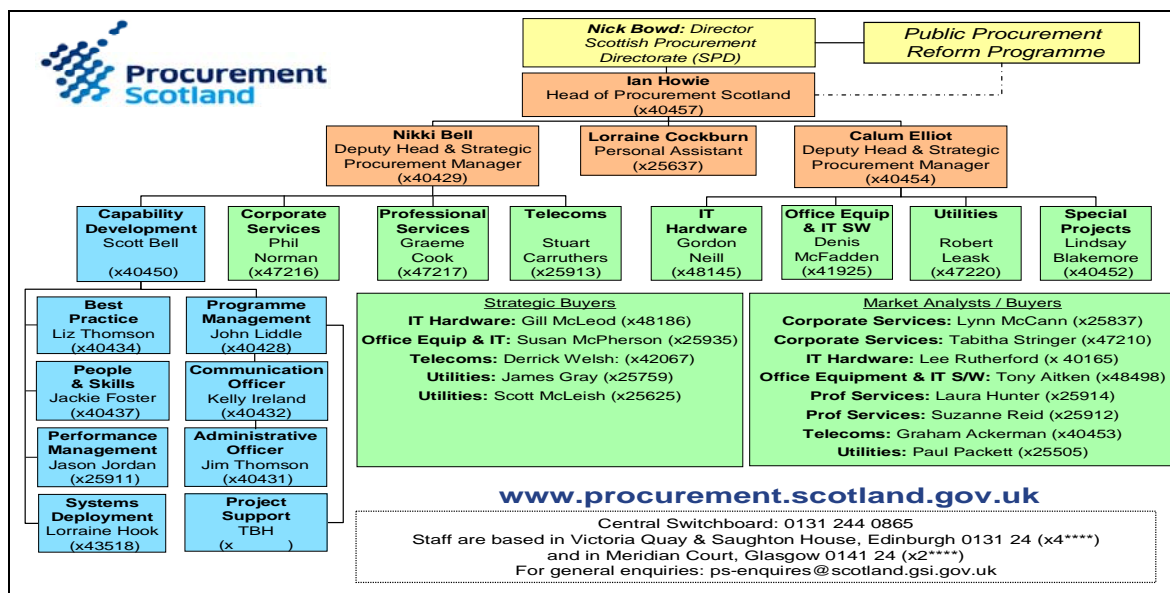
Business Management Consultancy - OJEU adverts were published in Dec 08 spanning 5 specialist frameworks. It is expected that the PQQ evaluation will take place in February and the ITT to be released to short listed suppliers in March. It is envisaged that the contract will go live in the summer.

IT Consultancy – Opportunities analysis and stakeholder engagement have commenced and a national category forum will be established imminently to take this category forward.

Office Equipment: Following endorsement of the Sourcing Strategy for Office Equipment by all six sectors, the EU tender process commenced in September 2008. The pre-qualification phase of the project resulted in 13 successful suppliers being taken forward to the Invitation to Tender stage, with tenders due to be returned by 29 January 2009. It is envisaged that the multi-supplier Framework Agreement will be in place and accessible for use by public bodies from early April 2009.

Cross-Category: It's been one year since our first Category A collaborative procurement exercise on IT Hardware was completed. Since then we have also secured significant savings with Office Supplies. While both of these projects have secured savings in excess of our original plans we recognise that the pressure to deliver success across the breadth of the Government's purpose will continue. Procurement Scotland are pleased to announce that during the first full operational year of business, we have secured over £30m in savings across the Scottish Public Sector. We would like to thank all our stakeholders, NCF members and others who have supported us through this time, and we look forward to working with you again throughout 2009.

Our Team



Find out more about our Partners in the Procurement Reform Programme

SPD - Scottish Procurement Directorate – The Reform Programme:

www.scotland.gov.uk/Topics/Government/Procurement/PublicProcurement/Review

ePS - eProcurement Scotland: www.eprocurementscotland.com

CGCoPE - Central Government Centre of Procurement Expertise: www.cgcopescotland.gov.uk

EXCEL - Local Authorities Centre of Procurement Expertise : www.scotland-excel.org.uk

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APUC – Advanced Procurement for Universities & Colleges : www.apuc-scot.ac.uk

NHS National Procurement – National Services Scotland : www.nhsscotlandprocurement.scot.nhs.uk

CIPS – The chartered Institute of Purchasing & Supplies : www.cips.org