



May 2009

Delivering Innovation and Savings  
through Procurement

**Procurement Scotland's Strategic Plan**

Welcome to the second edition of our newsletter for 2009....

This edition marks the publication of our first formal [strategic plan for 2009-2011](#). This sets out our key objectives and priorities for that period and some summarised material on future Category A contract delivery and targeted savings. The plan has been considered in detail by our Supervisory Board, and is aligned to the Scottish Government's internal corporate planning process. Please feel free to offer feedback on the structure and content.

The rest of the newsletter focuses on recent developments across our Category A contract areas and supporting activity.

Our national electricity contracts with Scottish Power and SSE mark a significant landmark for Procurement Scotland – not least given that 95% of in scope public sector demand has been committed to the deals. And our first purchase of energy from the wholesale market has now been completed.



On IT Software the deals negotiated with both Oracle (for Scotland) and Microsoft (part of a UK level agreement) also offer significant savings for public bodies who access these – as well as wider potential benefits in the delivery of shared services more generally. A range of other national contracts and agreements are also reaching fruition – so watch this space.

As usual feel free to explore details with the named contacts.

**Ian Howie**  
Head of Procurement Scotland

**Going Greener – Electricity Contract Agreement**

Procurement Scotland has announced that a national agreement for the supply of electricity has been awarded to Scottish Power and Scottish and Southern Energy (SSE). The Scottish public sector spends around £200 million a year on electricity. From this autumn, all public bodies including every council, health board, university and college can take advantage of the contract.



The contract will commence on 1 October 2009 until 30 September 2012 with the option to extend for a further year. The contract is available to all and new Scottish Public Bodies. Organisations who have signed an Agency Agreement with Procurement Scotland will migrate to the contract throughout this period as their current supply arrangements end. Over 95% of the in scope Scottish Public Sector volume is committed to this national agreement.

Finance Secretary John Swinney said:

“At a time of high energy prices, this Government has secured significant savings for taxpayers, allowing £10 million a year freed up by efficiencies to be spent on other front line services.

“On top of saving money this contract will create a greener Scotland. The public sector needs to show leadership if we are to achieve the ambitions of our Climate Change Bill. The contracts will help public bodies address emissions from energy use through a range of energy efficiency measures, access to renewable generation sources and opportunities to sell green electricity back to the Grid. The vast majority of public bodies have recognised these benefits and have signed up to this deal.”

Benefits from the contract will include reduced management fees and an innovative contract model which will lead to additional cost savings. Through the implementation of a risk management policy electricity will be purchased prior to the year of consumption which will allow for budget certainty and will manage the risk associated with purchasing in volatile energy markets.

Procurement Scotland have also secured a deal on domestic electricity supply points which results in a 3% reduction on Scottish Power’s standard tariff. This reduction will track any future movements in Scottish Power’s tariffs.

All of the electricity under the Scottish Power deal will be attributed to Scottish renewable sources, with a large proportion from the Whitelee wind farm, currently the largest onshore wind farm in Europe. In addition the company will offer a range of energy efficiency initiatives to reduce demand and the option to sell back energy from small scale renewables back onto the grid.

The SSE contract provides access to a range of low carbon and renewable technologies, such as combined heat and power, solar and biomass.

Ian Howie, Head of Procurement Scotland, said: “This contract shows we are serious about improving our environmental performance while at the same time securing value for money. Because this contract applies across the whole of the public sector, it will make a significant contribution to creating a Greener Scotland.”

[Read the full news release on the Scottish Governments website.](#)

The Utilities team is also heavily engaged in work to put in place national contract arrangements for Gas to commence in April 2010, with the strategic sourcing plan currently with sectoral COEs for endorsement.

**People & Skills – Nurturing the Talent Event**

**'Nurturing Talent to Deliver Procurement Reform' - Hampden Park, Glasgow, 16th June - BOOK NOW!**

**Are you working in a procurement related role within the Scottish public sector?**

Do you want to find out where to access the tools, and where to go to develop your skills, so that you can do your job more effectively?

If so, come along to the **'Nurturing talent to deliver procurement reform'** event taking place on Tuesday 16 June at Hampden Park, Glasgow where you'll be given the tools to do the job and given an opportunity to hear how CIPS, the sectoral Centres of Expertise and the Scottish Procurement Directorate are working collaboratively to nurture the talent that already exists within the profession and promote procurement as a career of choice.

**For more details and to book your place, see**  
[www.cips.org/membership/faculties/eventsdetails.aspx?group=57&id=712](http://www.cips.org/membership/faculties/eventsdetails.aspx?group=57&id=712)

Further information on workshop topics will be available shortly

Sponsors of this event include:



Central Government  
Centre of Procurement Expertise



Advanced Procurement  
for Universities & Colleges

**People & Skills - Procurement Law Training**

There is an ongoing commitment to provide Scottish public sector staff access to annual procurement law training. To support this the Scottish Procurement Directorate is sponsoring 4 x 1/2 day training events on procurement law which will be open to all Scottish public sector employees and will be held in four different locations across Scotland during September 09. The sessions will cover the application of the Public Contracts (Scotland) Regulations 2006, the latest developments in European Commission case law and the Commission's future proposals for EU procurement.

Further details will be announced at the 'Nurturing Talent to Deliver Procurement Reform' event in June and via the Centres of Expertise.

**Performance Management - Systems Review**

To support the efforts to continually improve performance, systems and procedures, Procurement Scotland undertook a review from a customers' perspective using IT Hardware and Office Supplies as the areas of focus. The approach taken was to apply a "Systems Thinking" methodology testing customer importance against satisfaction during a series of face to face and telephone interviews. During the review a total of 41 organisations were consulted, with a mix of NCF member and contract users, giving a statistical confidence level of 95%.

Overall the research found that both NCF members and contract users were very satisfied with how contract had been set up and were operating post-award. However, there were some areas for further action. Of 25 features tested there were 9 where the level of satisfaction of our customers did not wholly match their perceived level of importance. These 9 areas have been summarised into 6 key improvement work-streams which are:

- Communication
- Web-Site and Sharepoint
- Consultation
- National Category Forum model
- Implementation & Post Award Service
- Project and Customer Management Methodology

The actions have been developed to ensure alignment with Procurement Scotland's overall strategic plan and will be taken forward by improvement teams working in each of the workstreams using systems structured business improvement techniques. A paper will be presented to the Procurement Reform Delivery Group to gain their support on the recommended action plan going forward.

Procurement Scotland would like to thank all of those involved for their time and input to a successful review, and we look forward to the realisation of benefits from the implementation of the recommendations.

**Telecoms – Fixed Telephony Services**

The current fixed telephony services project is proceeding well. Work on the draft specification is nearing completion, with stakeholder collaboration through May. Participating organisations will continue to be kept up to date with developments, and we anticipate having a national arrangement in place by the end of 2009. In addition to driving value for money for the Scottish public sector, this will demonstrate the potential for cross sector collaboration in the telecoms category, and act as a starting point for future collaborative projects.

More detail on this project can be found on our website at:  
<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoc/national-contracts/Telecoms/fixedtelephony>

While the fixed telephony services project is an important first step, our longer term aim is to help all Scottish public sector organisations make progress towards a more integrated, efficient ICT environment. Indeed, many organisations have already been in touch to discuss how the Scottish public sector can work collaboratively in this area. We are currently developing a discussion paper to stimulate debate on the future direction in the technology solutions area, with the aim of identifying and developing common requirements. We will continue to work with various policy and stakeholder groups to discuss how best to move forward, and would welcome any input.

## IT Hardware

### **COLLABORATIVE PROCUREMENT ARRANGEMENT FOR IT HARDWARE - UPDATE**

Since the Collaborative Procurement Arrangement for IT Hardware commenced in December 2008, over 90 organisations have purchased nearly 50,000 units of hardware. This has secured savings in excess of £2.5m for the Scottish public sector.

### **ENCRYPTED USB KEYS**

Although the Scottish public sector generally has robust systems in place for dealing with sensitive data, the need to minimise the risk of data loss through the use of removable media, in particular USB memory keys, has been recognised. As technology has developed, these devices have become a very common method for carrying information on the move.

To meet this need, Procurement Scotland have negotiated very competitive rates for the provision of government approved **encrypted** memory sticks which are safe to carry data, up to and including, RESTRICTED level. These are available to all public sector organisations - more details can be found at:

<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoe/national-contracts/IThardware/usb>

### **NETBOOKS**

Procurement Scotland will shortly be issuing an Invitation to Tender under the Buying Solutions (bs) Catalyst Framework Agreement for the provision of Netbooks to Scottish Public Sector.

In order to assess the scope of the requirement and to maximise opportunities to gain best value, it is important for us to understand which organisations are likely to participate in the new arrangement. The IT hardware team are currently seeking notification of interest from Public Sector organisations who may wish to access the arrangement over the next 6 months, together with an indication of quantities that may be required.

To satisfy EU Procurement requirements, Procurement Scotland is now required to name public bodies in the ITT who have completed a Notification of Interest and thus indicated their intention of quantities that may be required.

Public sector organisations are advised that by completing a Notification of Interest, they are **not** committing their organisations to the outcome of the competition either with regard to participation or to the volume indicated. Rather, Procurement Scotland is attempting to provide suppliers with a clearer idea of the scope of the potential requirement. No commitment will be made on behalf of any organisation until after the outcome is known and organisations will then be asked to confirm their committed and optional volume. If your organisation is likely to have a requirement for these devices over the next 6 months. The proposed specifications and Notification of Interest documents can be found at:

<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoe/national-contracts/IThardware/netbooks>

### **PRICE REDUCTION On The HP DC7900 Base Unit**

Procurement Scotland are pleased to announce a price reduction on the HP DC7900 base unit. Feedback from stakeholders showed Procurement Scotland that a number of organisations did not require the chassis lock or the Display Port to DVI cable adapter bundled with the base unit. This price reduction has been achieved by the removal of the chassis security lock and Display Port to DVI Cable adaptor from the standard configuration. Please note if these items are required then they can be added separately as upgrades to the base unit when ordering. Please also note there is no native DVI port on the PC base unit hence the need for the adaptor if DVI output is required. For further information please contact Lee Rutherford, Gill McLeod or Gordon Neill. Alternatively pricing can be obtained from our secure stakeholder site.

Other Progress to Date

**IT Software:** Oracle – Following extensive discussions with Oracle a four year Unlimited Licence Agreement was finalised for Oracle technology products and support. The agreement was signed on the 9th April 2009 following endorsement from the sectors in scope (Central Government, Local Government, Police and Fire and Rescue). The agreement will deliver significant cost benefit circa £5.2m saving, as well as acting as an enabler for shared service and citizens access initiatives. For further information please contact Andy Scott, Andrew.scott@scotland.gsi.gov.uk.

Microsoft – To replace the current MOU which expired end of April 2009, Procurement Scotland has collaborated with Buying Solutions in the letting of a new UK-wide Public Sector Agreement with Microsoft contract. The aspirations of the new Microsoft agreement is to create a simpler, flexible licence model at a known and reduced cost. The new deal came into force on 6 May, with preferential pricing available to public sector bodies who sign up by 15 June. For further information please contact Andy Scott, Andrew.scott@scotland.gsi.gov.uk.

**Corporate Services:** Office Supplies - The Frameworks are now in their third quarter with commitment continuing to grow and over 80% of organisations accessing the frameworks to date. Delivered saving are racking up with sectors provided the opportunity to validate and agree baseline assumptions. Procurement Scotland is continuing to roll out its Contract and Supplier Management programme. Organisations within Local Authorities, Central Government and Universities and Colleges sectors have recently taken part in providing feedback for our second quarter reviews. If your organisation would be interested in providing feedback in the future, please contact Tabitha Stringer at tabitha.stringer@scotland.gsi.gov.uk.

Postal and Courier Services - The draft Sourcing Strategy is well under development with cross sectoral stakeholder workshops and formal CoE endorsement during May. Customer commitment process for Postal Services will commence towards the end of May with responses due back mid-June. If your organisation would be interested in further information regarding Postal or Courier Services, please contact Lynn McCann, lynn.mccann@scotland.gsi.gov.uk.

Travel Services - The first National Category Forum was held on the 22 April with cross sector representatives. Procurement Scotland is

**Professional Services:** Temporary Trades Staff - In the light of the economic downturn, the team reviewed its current sourcing strategies to ensure that they would still deliver the right outcomes for Scotland. As a result of the significant slow-down in construction and the associated reduction in work for providers of Temp Trades workers, Procurement Scotland recommended to the Professional Services National Category Forum (NCF) that the Trades framework be postponed until the market stabilises. The NCF accepted the recommendation and Trades is no longer within the suite of frameworks being tendered.

Temporary & Interim Staff and Business Management Consultancy - Following extensive market engagement we were delighted to receive unprecedented numbers of responses to our innovative lotting structures for both of these areas (in turn resulting in a similarly large number of PQQs to evaluate!) Bids were received from companies ranging from sole-traders to large multi-nationals in a variety of forms (single bids, consortia and large sub-contracting relationships). Although the scale of responses has presented a number of challenges to the team and evaluators, the PQQ scores are now being consolidated. Scores will be finalised with volunteer evaluators at consensus meetings through May. We now expect the Temporary & Interim Staff agreements to go live in Autumn and the Business Management Consultancy agreements to go live in late 2009.

IT Professional Services – In-depth analysis of expenditure identified in the Information Hub as "IT Consultancy" has revealed that much of it is made up of what might be better referred to as "IT Services and Consultancy". In order to better understand the opportunities within these complicated and fast-moving markets, we have now released a proposed Category Plan for IT Professional Services which details our findings so far and seeks endorsement to form an NCF in order that opportunities for collaboration might be identified. We hope to hold a series of regional, cross-sectoral workshops in June in order to gain a more in-depth understanding of user requirements and the complexities of these markets.

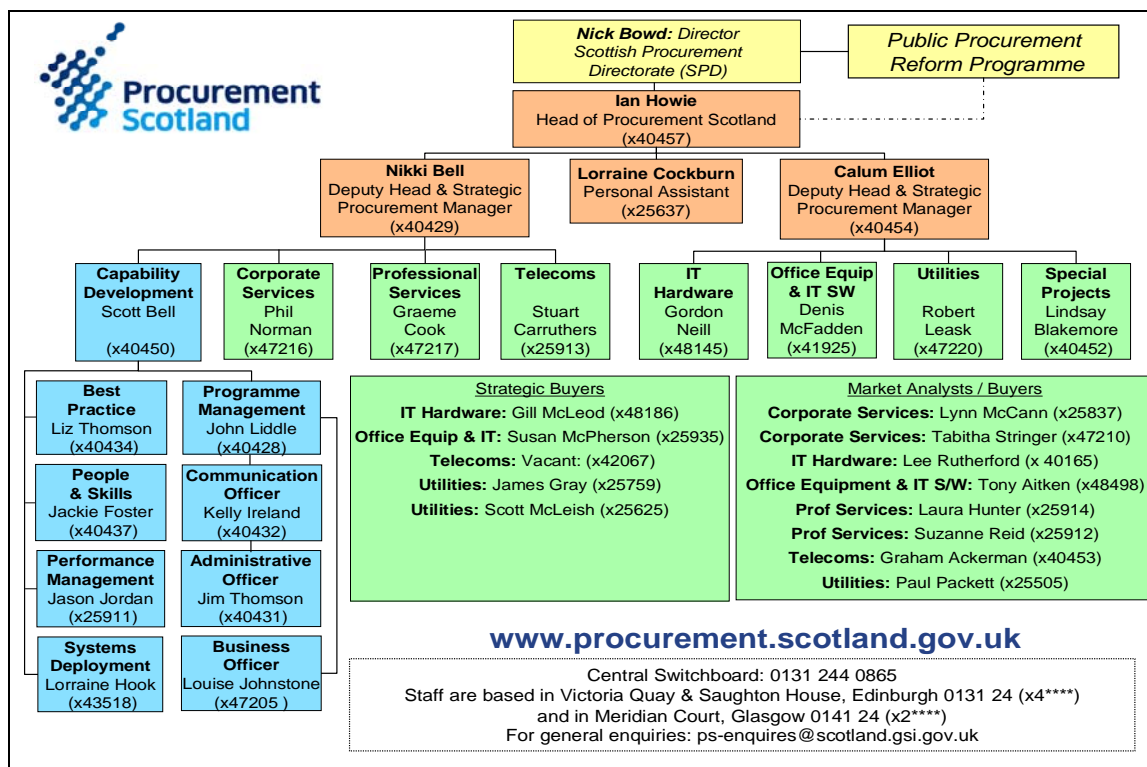
**Office Equipment:** After a rigorous EU tender process, standstill letters were issued to successful and unsuccessful tenderers on May. It is envisaged that the multi-supplier Framework Agreement comprising 7 suppliers will be in place and accessible for use by public bodies

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continuing with the profiling of the commodity and meeting with key stakeholders, both internally and externally.

later this month. Around the same time the framework is formally launched, a Buyers' Guide will be issued to public bodies. Savings of around £6m over 4 years are envisaged, which is an excellent outcome, given recent exchange rate and component cost movements. For further information please contact Susan McPherson,  
susan.mcpherson@scotland.gsi.gov.uk.

### Our Team



### Find out more about SPD and our Partners in the Procurement Reform Programme

Scottish Procurement Directorate (SPD) is made up of five divisions, which include Procurement Scotland and;

Policy & Development, including secretariat for the reform programme :

[www.scotland.gov.uk/Topics/Government/Procurement/PublicProcurement/Review](http://www.scotland.gov.uk/Topics/Government/Procurement/PublicProcurement/Review)

ePS - eProcurement Scotland: [www.eprocurementscotland.com](http://www.eprocurementscotland.com)

CGCoPE - Central Government Centre of Procurement Expertise: [www.cgcopescotland.gov.uk](http://www.cgcopescotland.gov.uk)

Construction, Advice and Policy : <http://www.scotland.gov.uk/Topics/Built-Environment/Building/Building>

Our external partners include:

EXCEL - Local Authorities Centre of Procurement Expertise : [www.scotland-excel.org.uk](http://www.scotland-excel.org.uk)

APUC – Advanced Procurement for Universities & Colleges : [www.apuc-scot.ac.uk](http://www.apuc-scot.ac.uk)

NHS National Procurement – National Services Scotland : [www.nhsscotlandprocurement.scot.nhs.uk](http://www.nhsscotlandprocurement.scot.nhs.uk)

CIPS – The chartered Institute of Purchasing & Supplies : [www.cips.org](http://www.cips.org)