



August 2009

Delivering Innovation and Savings
through Procurement

Welcome

Welcome to the latest edition of the Procurement Scotland newsletter. This edition provides a wealth of information on our collaborative procurement activities – which continue to expand as we extend our reach into new areas within our Category A portfolio. National contracts due to be announced in the next couple of months include gas and postal services. Our secured and delivered savings also continue to grow in line with our strategic plan, providing public bodies with real opportunities to realise cash savings and other benefits.

At a strategic level we continue to play a prominent role in the development of the Procurement Reform Programme as a whole. The Programme has just been the subject of a couple of major reviews – an internal mid term review and an extensive external review by Audit Scotland (see below). A new formal looking strategy is currently being developed and we look forward to collaborative procurement continuing to play a key role across the public sector going forward.



I also recently attended a very interesting “mind mapping” session on procurement with Jim Mather, our Minister for Enterprise, Energy and Tourism, and a wide range of representatives from the Scottish Chambers of Commerce. It is clear that the business community continue to look to the public sector to raise its game on procurement – not least given the significant economic impact of the £8bn the public sector spends every year on goods, services and works. In Procurement Scotland we are continuing to explore innovative approaches to economic impact and recently presented our strategic framework in this area to the Public Procurement Reform Board.

Finally, I'd like to take this opportunity to welcome my new boss – Alastair Merrill – to Scottish Procurement Directorate (see below), I am sure he will find the public procurement agenda as stimulating an environment as I have since my own arrival in 2007.

Happy Reading!

Ian Howie
Head of Procurement Scotland

New Director for Scottish Procurement Directorate

Alastair Merrill has been appointed as the Director of Scottish Procurement Directorate. Alastair joined the Scottish Government as a Deputy Director in 2001, after a career that has included postings with the Ministry of Defence, Foreign Office, Price Waterhouse Corporate Finance, the UN Peacekeeping Force in the former Yugoslavia and NATO. Immediately prior to moving to Scotland, he spent almost 5 years as private secretary to NATO's Secretary General, developing and implementing Alliance strategy on enlargement and relations with the former Soviet Union and Warsaw Pact.

Since joining the Scottish Government, Alastair has worked in a number of roles including analytical services, change management and police policy. Immediately before joining SPD, Alastair was seconded to the Scottish Prison Service as Director of Corporate Services, responsible for corporate strategy and governance,



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legal policy and information management. Alastair is married to Janet, who is a full time mother of three young boys and a part-time piano teacher. They live in Colinton, in South Edinburgh. Apart from his busy family life, his other interests include music, sailing, motorcycling and youth work with the Boys Brigade.

Alastair said, "I am thrilled to be joining the Procurement Directorate at this time. In the current economic climate, the successful delivery of the Procurement Reform Programme is even more important than ever to achieving the Government's Purpose. A huge amount has been achieved in recent years to transform the procurement landscape, and I am looking forward to the challenges ahead as we take the Programme into its next phase.

Nick Bowd (CBE), who has done such a terrific job in leading work on public sector procurement since 1999, is moving into an adviser role so that we do not lose his vision and experience."

Procurement Scotland are shortlisted for the CIPS/Supply Management Awards 2009

Procurement Scotland have been shortlisted for the CIPS/Supply Management Most Improved Purchasing Operation Start-up award.

This year's CIPS Supply Management Awards has attracted record entries - with almost 200 applications vying for top honours.

In total, 197 entries were received across the 11 team categories and two individual categories, up from 188 last year and the highest ever. The most popular category was most improved purchasing operation.



Ian Howie said "This is tremendous news for all the team in Procurement Scotland. The nomination reflects an incredible level of commitment from everyone in our organisation - both in setting up our new organisation and in developing and implementing our initial national strategies - and all within a new, and challenging, collaborative environment. We await the final in September with fingers and toes crossed!"

The awards ceremony will return this year to the Grosvenor House Hotel in Park Lane, London on 9 September.

Category updates – Savings of £24m now delivered by Procurement Scotland!

For information on Procurement Scotland's National Contracts – current and future – please visit our ['National Strategies and Contracts'](#) web page where a full list can be found.

IT Software

The UK **Microsoft Public Sector Agreement 09 (PSA09)** led by Buying Solutions was signed in May 2009. Procurement Scotland will implement the agreement across the Scottish public sector. PSA09 includes preferential pricing for all Microsoft products, and offers increased licensing flexibility (encompassing Select, Enterprise Agreement or Public Sector Package). A number of open days were held throughout June to communicate the benefits of PSA09 to Scottish public organisations.

The **Oracle Unlimited Licence Agreement (ULA)** was signed in April 2009. The ULA includes Oracle core Technology Stack licence and support over a 4 year duration. Central Government, Local Government, Police and Fire & Rescue bodies who have migrated across to the ULA are entitled to utilise the products and services available under the agreement. Oracle kindly hosted an open day for IT Managers to learn more about the products and services and a secure website for ordering products and containing more information on the ULA was launched at the end of June.

The next step for the Software team is Phase 2 of the IT Software strategy, which will be taken forward in consultation with the NCF. Areas being considered include Security (Antivirus, encryption) and

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Environmental software (PC power management) with the analysis due to be concluded by end of August 09 and details of next steps to follow soon after

Key Dates

- Microsoft PSA09 - Schedule 1 preferential pricing extended until 15 December 2009.
- Next NCF is planned for first week in September 2009

Professional Services

The Team has now overcome the systems issues which were causing delays to the tender exercises for Business Management Consultancy (including Programme Management, Organisational Design, HR, Procurement and Business Strategy) and for Temp and Interim Staff. We have now re-worked the timelines and are able to advise you of the following planned activities:

Business Management Consultancy:

Notification to all bidders of Pre-Qualification Questionnaire (PQQ) evaluation results will be issued week commencing 5 October 2009 with the Invitation to Tender (ITT) issuing by the end of October. The ITT return deadline will be week commencing 7th December with notification to all bidders of evaluation results in week commencing 22 March 2010. The contract 'Go-live' date is scheduled for 7 April 2010.

Temporary and Interim Staff:

Notification to all bidders of PQQ evaluation results was completed on 17th August 2009 with 45 SMEs progressing to the next stage. The ITT will be issued to bidders in week commencing 14th September, with ITT returns by week commencing 26th October. Evaluation results will be communicated in January with contract 'Go Live' date scheduled for 16 March 2010.

Key dates

- Next NCF is planned for 30th September 2009

IT Services

A new National Category Forum (NCF) met for the first time on 16 July. Areas in scope include IT Consulting, IT Project/Programme Management, IT Development & Support Services and IT Managed Services. This is a dynamic active landscape with several current multi-supplier frameworks and large contracts in place. A supplier survey and focussed information gathering exercises are underway to help inform the NCF; this will further assist the members in identifying areas on which to focus their activity.

Key Dates

- Next IT Services NCF is planned for 31 August 2009

Office Equipment

On 3 June 2009, Procurement Scotland awarded a national multi-supplier framework for Office Equipment to 7 suppliers. The framework agreement duration is 3 years with the option to extend for a further 1 year. The framework provides benefits for organisations in terms of beneficial pricing, national coverage with service solutions that provide a "local feel", best of breed environmental specifications, and comprehensive product range. Several indigenous SMEs feature in the supply chain

Access to the framework documents (Principal Catalogues, Terms, Buyers Guide and SORs) are now available from the PS SharePoint site or via the sector CoE's websites/contacts.

Subsequently, an NCF sub working group has been set up to address Marketing & Communication which was identified as a key priority to ensure the success of the framework. The first meeting was held on 17 July, with a further session planned for 28 August. An Information Pack v2 and further best practice guidance will be developed over the coming months (with input from the NCF sub working group, early adopters and suppliers)

A supplier kick off meeting was held on 22 July to provide an overview of supplier & contract management, communications & marketing, migration plans and the next key steps of the framework mobilisation. A number of organisations are already in the process of migrating to the framework.

Key Dates

- Next NCF is planned for September 2009

Telecoms

The OJEU notice for Fixed Telephony Services was published on 17 July 2009 with the deadline for PQQ submissions by 1 September 2009. Contract 'Go-Live' is scheduled for early 2010. While the " Fixed Telephony" project is designed to deliver better value at the commodity end of the Telecoms spectrum it is clear from feedback and from the National Category forum that many organisations are developing plans for technology solutions and focus will change over time, and - as technology changes - enable moves to service bundle and managed service arrangements.

In response to this Procurement Scotland has issued a discussion paper which focuses on technology solutions. The paper is primarily being developed to generate debate and encourage collaboration on how best to produce a generic specification that allows sufficient flexibility within a framework approach. We believe that developing a coherent approach towards industry changes and encouraging collaboration are significant objectives.

An initial round of contact with a number of organisations who have indicated a strong interest in this important area has been completed. Feedback from this phase will now be included in a series of workshops to be held throughout September. Invitations have been released to the sectors and the Centres of expertise and Communications managers made aware so we can get the best possible attendance and input. A key deliverable from the workshops will be the ability to complete the production of a catalogue of products and services together with the options available to take that forward.

Key dates

- Stakeholder Workshops in September/ October.
- Next NCF is planned for 27 August 2009.

IT Hardware

The NCF has approved the IT Hardware Disposal Strategy, which has now been circulated to sectoral COEs for endorsement . The Strategy is predicated on the development and dissemination of best practice guidance to be issued during October 2009, which will assist public bodies in meeting their environmental WEEE obligations, and help them achieve value for money in heir disposal activities. The Strategy also provides opportunities for SME, social enterprise and sheltered workshop providers.

The Netbook arrangement is now in place, with excellent commercial terms obtained. Formal management information data on usage will be available from the supplier from September.

Very early commencement of the Opportunity Assessment has now started for "entry level servers",.. As part of the assessment, we will consider the use of an online survey in order to gauge size of the opportunity.

Key dates

- Next NCF is planned for 15 September in St Andrews House, Edinburgh
- Presentation w/c 27 July to UHI and Northern Colleges and Universities: Portfolio update

Utilities

Electricity

A number of workshops were held in June to allow stakeholders to meet suppliers and discuss how the electricity contracts would operate. The workshops proved to be extremely popular, with over 150 individuals attending.

Purchasing of electricity is well under way with Non Half Hourly (nHH) portfolio purchases now completed for the coming winter, and Half Hourly purchases for that period also well advanced. Work is ongoing to complete site and consumption profiles for individual public bodies and the portfolio overall. The team are working closely with public bodies to resolve any outstanding data issues.

Over the next few months, work will continue to complete purchases for the coming winter, set up the contract management process and complete the Buyers' Guide and supplier SLAs.

The site transfer process is expected to begin in September, with delivery of electricity commencing on 1 October. The Risk Management Committee will be discussing these issues at their next meeting on 19

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August.

Gas

Tenders have been received and the evaluation of these is well underway.

Public Bodies will be invited to confirm their participation in the national contract by completing an addendum to their existing Agency Agreement for electricity and providing their site and consumption information.

Contracts are expected to be awarded by the end of October, with gas being supplied from 1 April 2010.

Liquid Fuels

Market analysis is well under way with initial spend analysis almost complete. Public bodies will be requested to participate in an exercise to verify this data which will assist in defining the overall scope and nature of the requirement.

Ongoing discussions are being held with suppliers to gain a further understanding of the market and associated distribution networks.

Water

The project plan and associated timelines for this area are being reviewed. Discussions are, however, continuing with the regulatory authority and all major market participants.

Key dates

- Further budget guidance for electricity to be issued to public bodies by end August
- Agency Agreement for gas to be issued to public bodies by end August

Corporate Services

Office Supplies

Over 80% of public sector organisations are now using the Lyreco and Spectrum agreements which commenced in September 2008 for Stationery, Paper and IT Consumables. To date expenditure savings averaging 26% have been delivered equating to £8m across the Scottish public sector. Over and above this there have been significant additional cost avoidances.

Due to the significant recent market fluctuations (i.e. currencies, raw materials, import and export taxes), there will be price increases to the core product range. These increases will be live on the paper contract from 1st August and IT Consumables and General Stationery will be live on 1 September 2009. Procurement Scotland has worked hard to mitigate the size of these increases. Full details of pricing changes, including local mitigation opportunities, were circulated to sectors in July. Benchmarking exercises indicate clearly that the arrangement continue to deliver best value and formal quarterly reviews are scheduled with both Spectrum & Lyreco for early August to continue to track and manage the performance of these contracts and assure best public value.

Postal Services

An Invitation to Quote (ITQ) has been issued to the market under the UK Buying Solutions framework. This is on behalf of 85 organisations and equates to 90,000,000 items of post which in monetary terms is circa £25m annually.

The ITQ submission deadline is 24 August 2009, and we will be requesting that the NCF endorse the award recommendations in October, with the new Postal Services agreement being available to end users in November 2009.

Key dates / milestones

- ITQ deadline - 24 August; Award of contract - 1st October; Contract start - 1 November

Courier Services

The procurement approach to Courier Services included breaking the contract into 5 separate geographical lots. The OJEU notice was posted on 30th June, PQQs are currently being evaluated, and the contract start date is on track for 1st February 2010.

Our priority now is to encourage organisations to sign the 'intention to support document' by September

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11th, and ahead of ITT issue, to help increase our leverage with the market. Please contact Lynn McCann on 0141 2425837 or lynn.mccann@scotland.gsi.gov.uk if you require further information.

Key dates / milestones

- The ITT is due for issue 21 September, with a contract start date of 1 February 2010

Travel Services

The travel services NCF held its first meeting in March 2009. The immediate priority is to focus on Demand, Policy, Sustainability and CSR before any contracting opportunities are put in place. Procurement Scotland continue to be fully engaged with Buying Solutions on any best practice that we can leverage. i.e. Travel Policies, and general contractual benefits.

The next steps are to develop and issue a Request for Information (RFI) to organisations, focussing on the current contractual situation, spend, and travel policy across the public sector. We will also be engaging with the Sustainable Development Commission to understand opportunities for cross working.

Update on Procurement Scotland Desktop/Laptop Agreement

Since the last e-auction ran in Dec 2008, over 130 public bodies across all 6 sectors have utilised the PS Agreement for the provision of desktops and laptops, with around 70,000 shipped in total. Spend to date stands at £17.2m, with savings (including energy efficiency) of £8.6m.

As a demonstration of the benefits that participating organisations have derived from the activities of the Hardware team, Ray Crabb, ICT Team Leader at Perth College UHI states that:

“The collaborative approach used by Procurement Scotland ensures we can rely on the pricing being reflected by the numbers purchased across the public sector which are considerably larger than we ourselves generate. Procurement Scotland has taken the ‘bull by the horns’ and the equipment specification and costing is impressive. It is also beneficial to us at Perth that the agreement has the strength to secure equipment concurrency and fixed pricing for the length of the contract.

As Procurement Scotland have already undertaken the benchmarking and tender process, it means the local ICT team can use the time we have to run the successful equipment in a local environment and provide any feedback to the supplier or Procurement Scotland.

The Procurement Scotland pricing gave an overall saving of £22,638 over the forecast. Much of this budget was returned to the college’s finance department whilst some of it was used to replace equipment which had been unsuccessful in making it onto the replacement schedule that year.”

Update on Swine Flu

Scottish Government planning assumptions consider the possibility that there may be waves of pandemic flu which could be months apart. If subsequent waves do occur they could possibly be more severe than the first. This could mean that organisations are faced with increased staff absence in future months.

We have been assessing how our organisation would continue to deliver our core services if a significant number of cases of pandemic flu arise in the coming months. The principal risk to the continuity of critical business functions in a pandemic is the shortage of staff both within organisations and in suppliers and subcontractors.

Procurement Scotland have contacted all of our contracted suppliers to ensure they have contingency plans in place to support the continuing delivery of their Category A contractual arrangements with the public sector. All suppliers have come back to us to certify that plans are in place.

People & Skills

Procurement Law Training

On behalf of the Scottish Procurement Directorate, DLA Piper will deliver, a training session on public procurement law which will focus on best practice and real lessons learned.



The Training session will be structured around the analysis of a fictional procurement case study and the four speakers from DLA Piper will cover the following topics:

- Planning a procurement (scope of the procurement, market interest and internal team resource);
- Drafting the formal notices, tender documentation and contract (including consideration of social and environmental objectives) ;
- Planning the evaluation strategy (selection criteria, evaluation methodologies)
- Executing the procurement (dos and don'ts)
- Dealing with public procurement challenge (including the new remedies directive)

Throughout the fictional case study, the DLA Piper team will introduce typical issues which often arise in public procurement and propose solutions to deal with these issues. For example changes to the scope of the procurement, freedom of information requests, changes to bidders and debriefing requests. Reference will be made to throughout the training session to case law as well as the practical experience of the speakers.

The training session will also include a question and answer session with the DLA piper team and participation from delegates is encouraged. The training session is aimed at public procurement officers.

For information on dates and how to book yourself a place, please visit
<http://www.scotland.gov.uk/Topics/Government/Procurement/npcoc/Events>

Nurturing Talent to Deliver Procurement Reform

The 'Nurturing Talent to deliver Procurement Reform' took place on 16 June and attracted over 160 delegates to Hampden to learn from expert contributors, actively take part and pass on their knowledge to others involved in procurement related activity across the public sector.

Speaking about the day Jackie Foster, the Event Co-ordinator from Procurement Scotland, said:

"This was the first event of its kind in Scotland and provided a fantastic opportunity for people to come together in an environment dedicated to helping them identify the tools and skills which would help in meeting the challenges of delivering procurement reform. The event drew delegates from across the procurement community, and the variety of knowledge and experience all added to the mix and enjoyment of the day.

The focus of the event was on interactive workshops which were led by staff working within public procurement in Scotland and also training providers from the private sector. The subjects covered a number of relevant and topical scenarios for delegates such as dealing with difficult people, performing under pressure, sustainable procurement and procurement risk management.

The content of the workshops were developed by SPD in partnership with the sectoral Centres of Procurement Expertise, the Chartered Institute of Purchasing and Supply (CIPS) and the People and Skills Working Group and demonstrated an excellent example of collaboration in action."

Plugging the knowledge gaps

From a delegate's perspective, the event meant that they could share their knowledge of different procurement experiences, and pick up on new developments as well as fill gaps in their knowledge. Speaking about the opportunities offered by the event, Alison Brown (NHS National Procurement) commented:

"The feedback I have had from the Health participants showed it was well received by all and really worthwhile.

I hope it will be the first of many and it really felt like we were one big community"

Update from the Programme

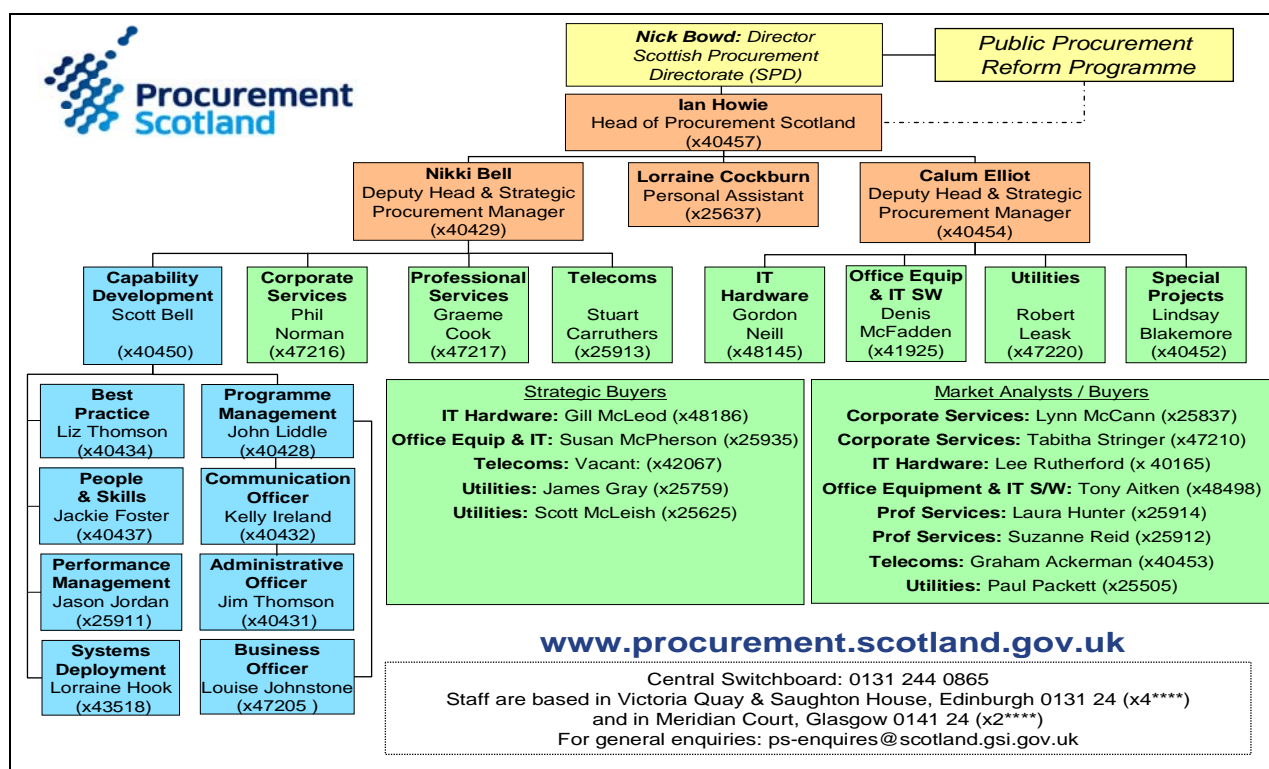
Audit Scotland Report

On 23 July 2009, Audit Scotland published their Report of the progress made by the Public Procurement Reform Programme (PPRP) in taking forward the recommendations of the McClelland report published in 2006.. The full report, which includes the key findings and recommendations can be found here - [official report](#).

National Public Procurement Conference and Procurex - 28 and 29 October 2009

The Scottish Government's National Public Procurement Conference will take place on 28 October at the SECC in Glasgow. To register your interest in this event while we finalise the details, please visit the [Conference website](#). Details of the [Procurex Exhibition](#), taking place over 2 days alongside the National Conference and the GO Business Summit held on 29 October are also available.

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

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

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

