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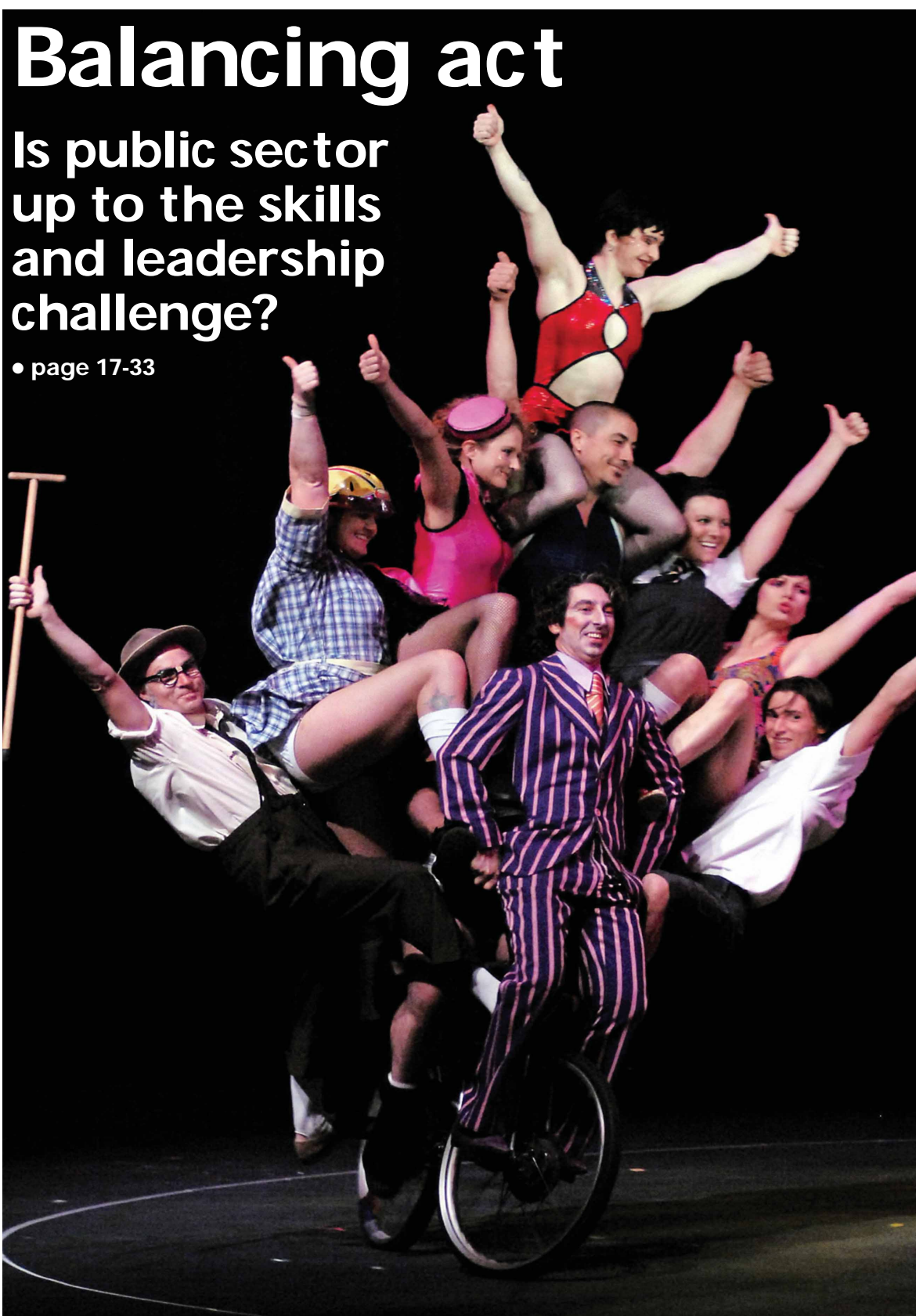
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Balancing act

Is public sector up to the skills and leadership challenge?

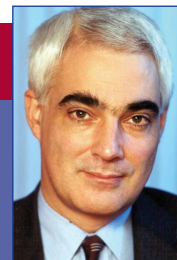
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 SOCIETE GENERALE
Asset Management

As if trying to keep up with a dizzying offering of 30 different train fares from London to Blackpool, public sector procurement has been perceived as overly complicated – in need of pruning to help it become vigorous. It has been accused of being costly, long-winded and often, because of budget pressures, short sighted. Its brand reputation has been dented by departmental disasters, slippery suppliers and compounding complaints.

The competitive dialogue (CD) process has been introduced for a longer-term, more transparent approach to complex contracts. The Scottish Parliament's (SP) information and communications technology-related needs fall into that bracket.

Holyrood's technological infrastructure is fundamental to ensuring information flows to support the democratic decision-making process. Its customer base includes Members of the Scottish Parliament, parliamentary staff and visitors, and the IT system plays an increasingly important role in servicing their needs energetically and effectively.

In seeking a contractor to support all aspects of its information systems and communications technology, the parliament used an 18-month procurement period to fully test the market, refine requirements and arrive at a managed service solution that should stand it in good stead for the next decade.

The parliament became one of the first in the UK to follow the CD route, since the European Union measure was adopted by the UK last year. The competitive tender process, in line with Scottish public contract regulations, saw interest from 32 suppliers, some involved in this process for the first time in Scotland.

Robert Campbell, business development manager central government at LogicaCMG, who were awarded the contract, says it's an "excellent innovation" both from the customers' and suppliers' point of view. The contract, valued at about £1.75m a year, is for five years from January 2008 with an option to extend on an annual basis for another five years.

CD allows scarce resources to be used to add value in areas important to the customer. An example was adding value to SP's approach to the use of the key performance indicators, for instance, covering IT services that support business at constituency, regional offices and provide the parliament with access to a wider range of services to meet future needs.

Parliament chief executive Paul Grice said the new contract represents "a cost saving of some 35 per cent for the provision of the parliament's core IT support services when compared to the current arrangement, and underscores the parliament's commitment to use public funds as cost-effectively as possible".

Denis McFadden was the senior purchasing manager for SP's procurement services with a

Holyrood buys into plain procurement

Public sector procurement can be long-winded and puzzling, especially when dealing with complex technological issues.

Lynda King Taylor visits the Scottish Parliament to hear how it has demystified the process



McFADDEN: "we were looking for innovation"

responsibility for the procurement phase of the IT outsourcing contract and is now at Scotland Government's National Procurement Centre of Expertise. He reviewed the procurement process options asking the questions on how it could be done differently and improve on previous procurement packages.

The SP quickly put their hands up in recognition that they did not have all the answers. They wanted constructive engagement with the market suppliers as well as to be able to assess softer issues such as cultural fit.

"We don't know everything," said McFadden. "We were looking for innovation and more critical solutions to our business needs. We could only get those by sharing the challenges, working with partners, and that would achieve better value for money in the long term."

The traditional procurement process of distributing folders of paperwork to a sea of suppliers, waiting weeks for progress and returned responses for evaluation was "not the best way for such a complex contract" says McFadden.

"We were looking for a strategic partner not a supplier – a long-term requirement and relationship and fit with the SP. Obviously we were looking for value-for-money supplier strengths enabling us to do things differently. Process is one thing, culture is different".

Working on solutions with suppliers allowed SP to develop their requirements, without contractual risk. Campbell, from the supplier's perspective, agrees: "It was essential to balance between fairness and a really good fit between requirements and solutions. CD provides a better opportunity for an outcome to allow the customer and supplier to manage the full lifecycle of the procurement process."

An admirable aid to this is the use of "plain English" throughout. It sent, as Campbell states, "a clear signal that the SP wanted to engage in a different way". According to SP and supplier, this broke down barriers, demystifying dialogue as well as the customer's culture, while encouraging empathy between the perceived powers in procurement politics.

Achieving common levels of understanding is no mean feat anywhere in the public sector. For the SP, it was essential that, at all stages with the final choice of suppliers, deadlines were met that would become a "milestone for transparency, innovation, and value for money at the heart of the process", as well as testing supplier capability. It is what SP calls "de-risking a project". The more de-risking there is, the less risk premium, and so providing better value for money and competitive costing for a major contract.

The spotlight is on competitive dialogue as a new procedure in public sector procurement. There is a greater need for contracting authorities to discuss all aspects of a proposed contract with candidates, and that has not always been possible under open and restricted procedures. Discussion with selected suppliers in identifying and defining solutions to meet the needs of the contracting authority and its customers, in plain English, can only be better for all concerned.

McFadden and Campbell agree, this is a young parliament, reliant on technology, public participation and IT interaction. "Communication is key to our success," says McFadden, whether it's via hand-held computers, laptops, video conferencing, it is "critically important". Through dialogue, the SP has shown its commitment.



CD provides a better opportunity to allow the customer and supplier to manage the full lifecycle of the procurement process

