



How BIS will use its procurement budgets to foster innovation

Overview

The public sector spends £220 billion a year on products and services. Procurement activities take place across all levels of the public sector, from central Government Departments, through agencies and Non-Departmental Public Bodies, to local government, local and regional health structures, universities and FE colleges. The public sector accounts for around 50% of the ICT market in the UK and 30% of the construction sector. This level of spending means that the public sector has a huge opportunity to stimulate demand for innovative products and services. The procurement of innovative solutions has a key role to play in improving the efficiency, cost-effectiveness and delivery of public services, as well as encouraging innovation in UK companies and thus promoting their competitiveness.

Government is committed to ensuring that public sector procurement acts to stimulate innovation, through acting as first customer and early adopter of new innovations, through setting clear strategic directions, and through better communicating where and how it is seeking to procure innovative solutions.

BIS is leading on this agenda across Whitehall, through:

- Working with Departments to ensure that robust Innovation Procurement Plans are in place;
- Working, through the Technology Strategy Board, to ensure Government makes best use of the Small Business Research Initiative to provide business opportunities for innovative companies whilst solving the needs of Departments; and
- Encouraging use of outcome based specifications in the public sector through supporting projects from central and local government on use of Forward Commitment Procurement.

BIS is also leading across Government to ensure that Government pays its contractors and suppliers promptly, and that lead contractors and suppliers pay their own suppliers promptly. Prompt payment is important because it provides the confidence business needs to invest and extend its customer base. As of September 2009, BIS pays over 95% of invoices within ten days.

Building Britain's Future: New Industry, New Jobs is a strategic vision for Britain's economic recovery. Public procurement is an important lever for progressing key policy areas and BIS is leading implementation across Government on a number of these: addressing skills issues and promoting training opportunities (Government has agreed sector-specific commitments across Whitehall covering key areas of public procurement spend to promote skills and apprenticeship opportunities in construction and IT procurements); removing barriers to UK firms; and encouraging innovation.

This Innovation Procurement Plan (IPP) sets out their plan to use the procurement budgets to foster innovation. BIS sets out their objectives for

innovation and the resources which are linked to achieving these. Direct procurement by the Department is covered but we also include the bodies they sponsor, including Research Councils, the Technology Strategy Board, the Higher Education Funding Council for England (HEFCE), Learning and Skills Council (LSC), Regional Development Agencies (RDAs) and the services which are delivered through them. They are continuously looking to improve our IPP and to ensure that it is comprehensive, and have therefore included appendices for two of the Department's agencies – Acas and Companies House – in this iteration. BIS will develop this approach further over the next few months to include annexes for each of our main agencies and NDPBs.

The Plan is forward looking, sets out what they are doing and is intended to give managers and procurement practitioners clear guidance on how they will use procurement to drive innovation in the coming years.

Here BIS set out how the Department's budgets are being used to support innovation and include key targets for the procurement of innovative solutions by BIS and their partners.

Demanding Innovation

BIS faces a number of future challenges that will shape the environment in which they operate and how they work with their partners to deliver services. For example, technological developments will change the manner in which HE, FE and skills development are delivered, and the ageing demographic will mean that these institutions will need to adapt to deliver services to new types of learners with different needs. Some examples already procured are outlined below.

BIS also need to invest significantly to reduce greenhouse gas emissions and increase the sustainability of HE, FE and research base estates in line with national targets. **Innovative solutions, whether through demand for new technologies, processes or business models, will be key to achieving the changes we need.**

BIS and their delivery partners have the opportunity to foster innovation by looking at how their money is spent. The specifications for the delivery of a service, construction of a new facility or procurement of a research ship can be tailored to encourage innovative solutions. **That is why they demand innovative approaches, technologies and solutions within all of the Department's activity and the organisations BIS sponsors, and promote a culture of innovation in all that they do.**

As the Department with responsibility for innovation, BIS and the organisations it sponsors are keen to set an example as early adopters of new ideas and solutions that can help us fulfil our objectives. However, seeking innovative solutions involves accepting inherent risks, and it is important that these are managed well to ensure value for public money. For this reason, BIS is committed to increasing its procurement capability, to enable us to identify and procure more innovative products and services

in a manner consistent with the responsibility on them to manage public money effectively.

BIS has achieved some successes. In particular, BIS has sought to actively use social media as a means of engaging with stakeholders that it has found difficult to access by more traditional routes. This has involved the adoption by BIS of a number of innovative software products that enable us to engage with social media users, as well as create BIS content for social media outlets on the internet. BIS has also sought to use new web-based technologies to improve the effectiveness of Departmental processes and engagement with outside bodies. Software that enables us to share information more effectively and to manage projects involving a range of public bodies is now widely used within the Department, and this is an example of the diffusion of innovative services that BIS wish to encourage.

All business as usual facilities management (FM) contracts include clauses on adult basic skills and innovation throughout the contracts for sharing savings generated by innovative ideas through effective contract management. Going forward we will be working to embed tailored skills elements within new FM contracts to allow policy colleagues to gain a good understanding of the challenges associated with implementation.

Some recent practical examples of innovation in BIS estates procurement are detailed below:

CATERING, HOSPITALITY AND CONFERENCE CENTRE MANAGEMENT

The new contract starting from 1 March 2009 included the following innovative elements:

- Contractor run chefs school;
- Contractor run barrista school;
- Adult Basic Skills where required for all staff;
- Organic fair-trade tea and coffee;
- Food waste recycling, for which the contractor was awarded a highly commended at the National Recycling Awards using BIS as a pilot case study;
- E-cubes on the fridges and freezers to reduce energy;
- 100% British sourced meat;
- Compliance with Public Sector Food Procurement Initiative.

VICTORIA INVESTMENT PROGRAMME

BIS has signed up to the 50% percent recycling of project waste as recommended by WRAP. All carpet tiles have been recycled and all redundant furniture will also be recycled or reused where possible.

Value engineering and lessons learned workshops are being held to maximise efficiency and reduce costs.

BINLESS OFFICE

Innovative contract management and change management has been used to enable BIS to improve their waste management reduction in line with SOGE targets. Individual bins have been removed and recycling points provided within the teapoints.

VOLTAGE CONTROL EQUIPMENT

This is an area that is currently being explored to reduce energy usage. A cost benefit analysis is being compiled to see whether it is cost effective to install voltage control equipment in 1 Victoria Street. This has the potential to reduce our energy usage by approximately 10%, however this is tempered by the cost of shutting down the building to enable installation. Energy prices will play a large role in this decision as it may be that it is not cost effective now but would be if energy prices rose by a certain percentage which seems likely. The project would be funded via Salix which requires a five year pay back period on savings generated. Collaborative procurement would be utilised via a framework put in place by Eastern Shires Purchasing Organisation.

COLLABORATIVE PROCUREMENT

The procurement team within BIS have been building relationships within the BIS Family to look at a more coordinated approach with a view to only going to the market when required but otherwise using contracts already available within the family or Buying Solutions. This also involves

sharing expertise in specifications, mobilisation and evaluation criteria where certain members have undertaken specific types of procurement before and lend expertise and lessons learnt.

A pilot project using stationery has been used to test the principle. Core BIS uses the MOD/Buying Solutions contract with Lyreco. Insolvency Service, Acas and the East of England Development Agency have now joined or are joining this framework using BIS Catalogues, Implementation Guides and training mechanisms to standardise the service. This has enabled extra savings to BIS over and above what has been agreed with MOD as we have generated new business and much better management information on what the individual organisations are using with regard to stationery products. Once sufficient data is in place then we will apply Pareto Analysis to the products to increase the savings on products that are used heavily by all members.

Other examples where BIS sponsored bodies have actively procured innovative products and services are:

- The Technology Strategy Board has undertaken a procurement exercise to lease electric vehicles for a demonstration programme, as part of the Low Carbon Vehicles Innovation Platform, which aims to make the UK the leading country in the world to conduct research and development into low carbon vehicle technologies.
- The UK Biometrics Committee's open-systems based standards saved the UK Government millions by enabling competitive procurement process on ID contracts, accelerated progress on biometrics programmes, eg IPS, and future proofed the technology.
- The Learning & Skills Improvement Service (LSIS) has procured the development of prototype "brain trainer" games, to help adult learners practice their basic numeracy and literacy skills. These will be tested as part of the Skills for Life Improvement Programme.
- An e-books platform and core collection of e-books is now available free of charge to FE colleges across the UK for five years.
- FE colleges and providers can use Becta's online tool Generator to assess and plan improving their use of technology-enabled learning.
- National Skills Academies (NSAs) are national, employer-led, sector based education and training organisations designed to enable high levels of employer investment and sponsorship. NSAs cover a wide range of sectors including construction, manufacturing, retail and creative and cultural. NSAs provide flexible, sector training for young people and adults through a network of specialist learning providers including schools, FE colleges and HE Institutions.
- Derby College: A stunning refurbishment of the Grade 2* former railway engine Roundhouse and carriage works plus the construction of two new buildings incorporating a new teaching block and a state of the art vocational block providing accommodation for a diverse range of vocational delivery. The scheme had a project cost of £39 million was constructed in collaboration with Derby City Council East Midlands RDA, English Heritage lottery fund, and LSC grant support of £16 million. The project is the new vocational centre for 3092 students and 235 apprenticeships.

BIS also encourage innovative approaches to procurement, for example through consortia of organisations in the FE sector to work together on procurement interests where these are shared. (This enabled Preston, Lancaster and Morecambe and Accrington and Rossendale Colleges to shape a procurement process that saved money and delivered a better solution). The HE sector also has long established procurement consortia, both regionally and commodity based.

In the research base, innovative partnerships have been formed to deliver large science infrastructure projects, bringing together the academic, public, private and charitable sectors, for example: the **Diamond Light Source synchrotron** – a joint venture funded by the UK Government through the Science and Technology Facilities Council (STFC) and The Wellcome Trust and was the biggest scientific facility to have been built in the UK for over 30 years; and the **UK Centre for Medical Research and Innovation** – a unique £500 million medical research partnership between the Government-funded Medical Research Council, Cancer Research UK, The Wellcome Trust and UCL (University College London) that will bring together the country's best scientists to bolster the battle against disease and improve health.

In addition, the creation of the two Government-funded Science and Innovation Campuses at Daresbury and Harwell has provided a unique platform for the public and private sector to participate in collaborative science and technology programmes. At Harwell, STFC is part of a joint venture with the UK Atomic Energy Authority and property developers Goodman to attract investment through research facilities, infrastructure development and private sector interest. STFC is now seeking a commercial partner to develop the Daresbury Campus further as part of a joint venture.

Government investment in large facilities has also helped to drive innovation in the supply chain, for example:

- The UK is a major shareholder in CERN, the world's largest particle physics laboratory located near Geneva. The Medipix project (a partnership between the Universities of Freiburg, Glasgow, Naples and Pisa) was set up to disseminate CERN's unique hybrid silicon pixel detector technology into other fields of science. The result of the collaboration was the Medipix chip, or PCC (photon counting chip) and has been licensed to a leading manufacturer in X-ray equipment for materials analysis. The Medipix collaboration continues to develop the technology and explore its wider application, such as in dentistry.
- ISIS is the world's leading spallation neutron source located in Oxfordshire and is owned and operated by STFC. A Second Target Station was completed in 2009 with funding from the Government's Large Facilities Capital Fund (LFCF) with a suite of 18 new instruments being added in three separate phases by 2016. The development of these instruments is providing opportunities for local businesses to expand their manufacturing knowledge and gain a competitive edge when tapping into new markets. For instance, Oxford Instruments worked with ISIS scientists to provide bespoke state-of-the-art magnets for three of the new instruments capable of operating at very low temperatures (-269°C). This has enabled them to expand their knowledge and develop a new system that they can offer to other facilities – giving them a competitive edge over other instrument suppliers.

BIS Objectives

BIS and their partners will:

1. **Increase their capability to procure innovative solutions;**
2. **Make innovation a key requirement in their large facilities and capital build programmes, and the delivery of new services;**
3. **Improve the sustainability of their operations,** including through minimising waste, energy efficiency and increasing the recycling of used products, consistent with the objectives of the Sustainable Operations of the Government Estate (SOGE) targets;
4. **Improve access to contracts for SMEs,** particularly early-stage companies, who might otherwise not compete for contracts; and
5. **Identify and share best innovative procurement practice** through effective communication and collaborative working across the BIS Family of organisations including its Executive Agencies and NDPBs through development and implementation of a "BIS Family Procurement Collaboration Strategy".

Our Approach

Individual strategies underpin this plan, including:

1. **Skills Strategies (ex DIUS and ex BERR)**
2. **Plans from BIS sponsored bodies,** including the Technology Strategy Board, the Regional Development Agencies, Research Councils, the Learning and Skills Council and the Higher Education Funding Council for England
3. **BIS Sustainable Development Action Plan**

Demand for innovative products and services will draw on the expert knowledge in the Research Base and the Technology Strategy Board to develop better, innovative products and services and to strengthen their ability to procure innovative solutions.

Targets

BIS has identified the following targets for the Innovation Procurement Plan during the Financial Years 2009-10 and 2010-11. These targets will be reviewed and amended every six months, as part of the regular review of the IPP.

1. **Increase our capability to procure innovative solutions**
 - BIS will work with the Technology Strategy Board and other public sector partners to increase the scale of the Small Business Research Initiative (SBRI). BIS will invest at least £10 million in this programme between 2009-11, in areas such as defence, healthcare, ICT and sustainable construction technologies.
 - They will work with OGC to ensure that officials working on procurement in BIS and BIS-sponsored bodies are professionally qualified and possess the expertise needed to procure innovative solutions.
2. **Make innovation a key requirement in our large facilities and capital build programmes, and the delivery of new services.**
 - BIS will work with delivery partners to ensure that all major spending programmes on facilities or services incorporate a requirement to seek innovative solutions. Ultimately, they will seek to include these requirements within Tasking Frameworks set for all BIS-sponsored bodies.
3. **Improve the sustainability of our operations**
 - BIS will require new offices in Sheffield by 2011. BIS is committed to ensuring that the new premises it occupies will be significantly more sustainable than its current estate, and deliver measurable reductions in carbon emissions on 2009 baselines.
 - HEFCE will link all capital funding for the higher education sector to performance in reducing carbon emissions from 2011-12.
4. **Improve access to contracts for SMEs**
 - The Glover Review concluded that a target should not be set for Government spend with SMEs as this would not be the best way to improve SME access to public procurement and given the diversity of public sector bodies and the range of goods and services bought there could be no single optimum level for procurement from SMEs. The strong view of the small firms and business organisations consulted was that the priority for Government was to tackle the issues of transparency, bureaucracy and the strategic use of procurement.
 - BIS will promote prompt payment across Government to build supply chain confidence and encourage new and smaller businesses to compete for contracts in the knowledge that they will be paid quickly.
 - BIS will also report back on the value of our contracts with SMEs, and the level of this as a proportion of all BIS procurement on an annual basis, as recommended in the Glover Report.
 - All Small Business Research Initiative (SBRI) contracts from across the public sector will be advertised on both Supply2.gov.uk and the Technology Strategy Board websites, ensuring greater transparency of opportunities and widening access to a larger number of SMEs.
 - BIS will work at national, regional and local levels to bring about a greater transparency to the public sector procurement marketplace, and ensure that SMEs are able to access a range of services to enable them to gain the skills required to effectively tender for Government contracts.
5. **Identify and share best innovative procurement practice**

In support of the principles advocated in Transforming Government Procurement BIS will work with its sponsored organisations to identify potential areas for collaborative working and sharing of best innovative practice. The BIS Family Procurement Collaboration Strategy will set out how BIS organisations will work together to identify opportunities for collaborative working/shared contracts. The Strategy will encourage participation of SME businesses by, for example, splitting requirements for common services into regional lots which are more attractive for smaller companies. A shared electronic portal for the BIS family of organisations will encourage discussion, development and sharing of best innovative practice. Procureweb already provides on-line access to procurement good practice in the HE sector.

Opportunities for Innovation

The BIS budgets for the 2009-10 and 2010-11 Financial Years are £21.9 billion and £21.2 billion respectively. This budget supports investment in science and innovation, the Higher Education system and Further Education and Skills provision, business creation and growth, as well as other objectives. The majority (over two thirds) is channelled through BIS sponsored bodies such as the Higher Education Funding Council for England (HEFCE), the Research Councils, the Learning and Skills Council (LSC), the Regional Development Agencies (RDAs) and the Technology Strategy Board.

The main budgets used for procuring goods and services are those for the development of science and research infrastructure, the FE capital spending programme. Both the Science & Technology Facilities Council and the LSC spend around £500 million per annum on capital projects. In addition, there are small scale opportunities within the HE budget, notably the Revolving Green Fund, run in partnership with Salix Finance, funded by other Research Councils (eg scientific instrumentation), the National Weights and Measures Laboratory (measurement equipment) and the Technology Strategy Board (including at least £10 million through the Small Business Research Initiative). In addition, the Regional Development Agencies, together with BIS, support Grants for Business Investment.

We have the following opportunities for innovative procurement during the Financial Years 2009-10 and 2010-11 to which the objectives and targets outlined above will apply:

RESEARCH FACILITIES

The RCUK Large Facilities Roadmap 2008 guides the investment decisions in large scale facilities and science infrastructure. It provides details of the major science infrastructure projects that are planned or under construction which are funded by the Research Councils. It also includes details of emerging opportunities in international science infrastructure projects.

Between 2008-09 and 2010-11, we are investing over £500 million in large facility projects from the Large Facilities Capital Fund (LFCF).

Laboratory for Molecular Biology. The Medical Research Council will provide a new building for one of the world's leading molecular biology laboratories. LMB is a centre of expertise in biological processes at the molecular level. **The proposed investment is £212 million, with the new facility to be operational by 2012.**

Replacement of the RRS Discovery. NERC is seeking to procure a replacement for the RRS Discovery oceanographic research vessel. This will require considerable innovation in hull design, propulsion systems, stabilisation technology and the equipment of the vessel. **Projected investment is over £55 million.**

Daresbury and Harwell Science & Innovation Campuses. Government has the long term ambition of developing the Daresbury and Harwell campuses to become national hubs of innovation, linking Research Councils, companies and universities, clustered around world leading research facilities in ISIS and Diamond. Proposals for the development of these sites include an Imaging Solutions Centre, the Hartree Centre of computational sciences, a Joint Institute for Materials Design co-located with ISIS at Harwell, and a Detector Systems Centre. **The projected investment in these facilities will be between £125 million and £250 million, and they will be operational between 2010 and 2012.**

Institute for Animal Health, Pirbright. BBSRC's Pirbright laboratory is an international centre of expertise on bacterial, parasitic and viral infections. BBSRC aims to redevelop the facility to include new laboratories, animal accommodation and facilities. **The projected investment would be around £135 million, and the first new facilities could be operational shortly after 2012.**

Institute for Animal Health, Compton. Research at Compton focuses on immunology, vaccinology and infectious diseases. BBSRC aims to redevelop the facility to include new laboratories, animal accommodation and facilities. **The projected investment is estimated at £150 million and the new facilities would not be operational before 2013.**

ISIS Target Station 2. ISIS Target Station 1 is currently the world's most productive pulsed spallation neutron source, which enables research into

the structure and dynamics of materials. The addition of Target Station 2 will bring total investment at the ISIS facility to £400 million. Proposals for further development of TS2 are being developed to enable it to retain its world leading position. **Phase 2 of TS2 could see the installation of five instruments by 2014, at a projected investment of £40 million, and Phase 3 could see a further six instruments installed by 2017 with a projected investment of a further £35 million.**

Diode Pumped Optical Laser (DIPOLE). This will create a high-powered laser for use in materials science, physics and chemistry applications. **The projected investment will be £50 million, with the facility being operational in 2014-05.**

Phase III Diamond Synchrotron. The business case for this project is in preparation. It will add 10 beamlines to the existing synchrotron located at the Harwell Science and Innovation Campus). Both high throughput and single purpose beamlines with complex instrumentation will be capable of creating technically exacting sample conditions. **The likely investment will be around £111 million, and, if approved, the new beamlines could be operational by 2015.**

European 3rd Generation Gravitational Wave Observatory (Einstein Telescope). This telescope will enable astronomers to observe gravitational waves over the full spectrum, as it will have greater sensitivity and bandwidth than other facilities. **The projected investment is £200 million, and the facility will become operational after 2016.**

SMALL BUSINESS RESEARCH INITIATIVE (SBRI)

By March 2011, BIS and its sponsored bodies will have **invested funding worth at least £10 million** in the Small Business Research Initiative programme.

The RDAs are working closely with the TSB to implement SBRI. Currently EEDA are running a pilot programme with the regional Strategic Health Authority on using SBRI to help introduce SMEs into the NHS supply chain across the East of England.

SBRI is a government procurement programme for technology development, designed to solve challenging problems, to deliver improved and more cost-effective services and to stimulate innovation. The programme will be annually monitored and evaluated by the Technology Strategy Board in order to ensure its effective performance and impact on both the buying Departments and suppliers. The annual performance results will be published on both the BIS and TSB websites.

HIGHER EDUCATION

During 2009-10, HEFCE will develop, in consultation with stakeholders, a realistic strategy and target for **carbon emissions reductions** in line with Government targets of 80% against 1990 levels by 2050 and **at least 34% by 2020.**

By March 2011 £30 million will have been made available through the Revolving Green Fund to provide recoverable grants to help institutions **adopt a low carbon approach to energy.**

HEFCE and Salix will work together to accelerate public sector investment in **energy efficiency technologies** through invest to save schemes.

HEFCE will support sector-led capacity building through **support for innovative and novel projects**, such as the increased use of e-procurement and the further development of shared services.

FURTHER EDUCATION & SKILLS

By March 2010 Becta and its national partners will, as part of Harnessing Technology:

- develop an **innovative vision of technology** in FE capital investment programmes with advice available for colleges; and
- identify **efficiencies** to be gained through the **effective use of technology in FE and skills**, including i) funding and commissioning models to encourage innovative delivery; ii) technology support for innovative procurement processes; and iii) the cost-effectiveness of different delivery models.

By March 2010 the Technology Strategy Board, BIS and Becta will explore the feasibility and scope of an **innovation platform for learning technology**;

By December 2010, Becta will identify **innovative approaches** for an online service to help **adult learners find informal learning opportunities**. The information service is supported by an online community at www.thelearningrevolution.ning.com which allows the public, providers and interest groups to discuss issues and make views known.

BIS are making procurement funds available to allow the LSC to design, build and implement a **Customer Relationship Management system**. Initially this will be to support the core requirements of the integrated careers offer – starting with the national contact centre helpline and then encompassing the face-to-face and web delivery channels. This development will be extensible and become the catalyst for **developing the shared platform for the wider needs of the SFA**.

BIS, working with the LSC, are supporting a project for a **new national directory of learning provision and providers (NDLPP)**. This will replace the existing National Learning Directory. The new product will be much more dynamic, up-to-date, user-friendly, and relevant to course provision that is both publicly funded and accredited.

The UK Commission for Employment and Skills has developed a series of **innovative procurement solutions** including:

- Webinar – web-based UK-wide expert and stakeholder consultations on key issues;
- Expert Panels – innovative procurement practice to produce panels of experts from academia, think tanks, policy advisors, researchers and business to discuss and make recommendations around key policy areas; and
- Expert Frameworks (max value £139K per framework) established to enable identification of ‘expert’ individuals in specific areas where supporting resource may be required.

LSIS will advertise **opportunities on the Supply2.gov.uk web portal** and will report back the proportion of **2010-11 contracts with SMEs**.

During 2010-11 LSIS will procure a new register of sector experts for the sector to use, including LSIS Fellows who provide leading practice and research to **support innovative improvement** activity.

From 2010-11 the funding portal procured by LSIS will provide a single **gateway for the allocation of project funding**.

From 2010-11 LSIS will provide **capacity building for FE providers** in resource management, including innovative procurement.

REGIONAL DEVELOPMENT AGENCIES

The RDAs continuously develop procurer skills with the support of OffPat, which reflects and cascades best practice, including OGC guidelines.

In line with respective regional needs and priorities, the RDAs are also supporting up-skilling and culture change of procurers across the English regions through support and facilitation of learning networks and training projects, for example, through work with the local authorities’ Regional Improvement and Efficiency Partnerships.

The RDAs also support market entry for SMEs through business training. There is significant project activity through Business Link and other bodies to improve small business performance in competing for contracts. There are also a number of regional forums established to identify and propagate innovative procurement solutions.

BIS is working with the RDAs to pilot a new Supplier Development Service aimed at addressing the disproportionate difficulties faced by SMEs in supplying the public sector. If the pilot is successful, it will lead to a new service which will form part of the Solutions for Business portfolio and assist SMEs to build their capacity to better understand the requirements of public sector procurers, and improve their ability to respond to tender opportunities.

Implementation and Governance

BIS is committed to the professional development of people involved in procurement, commissioning and contract management and ensuring that they are properly qualified and skilled to do their job and have continuous professional development.

Key to this will be an active participation in developing professional procurement skills across Government working through active membership of the Public Sector Faculty (a joint venture between the OGC and the Chartered Institute of Purchasing and Supply) and the Government Procurement Service. This will help provide the input to develop procurement skills in the wider system to support procurement initiatives and meet the specific needs of buyers at all levels including school administrators, commissioners of children’s services, further education colleges, the strategic needs of universities and internally for those people involved in complex programme procurements.

BIS will look at how best to help policy makers understand the potential for procurement and innovation in order to ensure the effective delivery of the Department’s procurement opportunities.

The BIS IPP will be communicated to all staff and embedded in the operations of the Department.

This will be achieved through, for example:

- Publication of the BIS IPP and subsequent updates on the Departmental intranet site, and through bulletins to staff;
- Developing guidance and training for BIS staff on the purpose of and taking forward the objectives of the IPP; and
- Where BIS centrally is leading on a particular project or programme, assigning responsibility to individuals and incorporating these in their annual objectives.

BIS views this IPP as a tool to facilitate a strategic approach to the procurement of innovation across the Department and the bodies it sponsors.

To ensure the IPP remains relevant, BIS is committed to the following actions:

- To review the operation of the BIS IPP and the progress against objectives on a six-monthly basis, reporting to the BIS Board;
- To update the IPP on an annual basis, and to report on its implementation;
- To publicise the IPP and subsequent updates across the Department centrally and to the bodies that it sponsors; and
- To ensure that the BIS IPP remains consistent with the framework of procurement rules and best practice established by EU and UK law and OGC guidance, and with the overall objectives established by the BIS Commercial Strategy.

Information about procurement rules and procedures applied by BIS is available on the [BIS website](#). The website also contains details of staff in the procurement team responsible for overseeing the procurement of particular categories of goods and services. New requirements are usually advertised in the Official Journal of the European Union (OJEU), national or trade press as appropriate.

BIS is committed to monitoring the implementation of the IPP and reporting on progress and what is achieved. In addition to publishing the IPP and the updated versions of this, BIS will produce and publish a summary report on its performance in meeting the objectives of the IPP on an annual basis, and will also report on the wider performance of the public sector in using procurement to drive innovation in the Annual Innovation Report.

BIS is also keen to receive feedback from business on this Innovation Procurement Plan, and any other aspect of the Department’s procurement rules and processes. This will feed into the six monthly reviews of the IPP. Feedback should be emailed to sue.creese@bis.gsi.gov.uk

Annex A Companies House Innovation Procurement Plan

1. Increase capability to procure innovative solutions.

Of the seven members of the Companies House procurement team, two are professionally qualified, one will be by the end of this financial year and another will be by the end of 2010-11. Two additional members of staff are also looking to commence their professional studies during the course of next year.

BIS have also opened high level discussions with Cardiff University on the potential for Companies House to sponsor relevant PhD research projects.

2. Make innovation a key requirement in large facilities and capital build programmes and the delivery of new services.

BIS have a number of contracts already in place which could be considered to use innovative solutions there are also planned procurement exercises which fully consider innovation as part of their requirement:

CURRENT ACTIVITIES

- Food waste disposal – all the food waste generated by our on-site canteen facilities is sold to a third party supply where by it is recycled into compost, which diverts approximately ten tonnes of waste from landfill annually. The same company also take our cooking oil waste which it converts to bio-fuel and uses it to run their transport fleet.
- Telephony – the new offices at Edinburgh make use of digital and IP telephony technologies.
- Multi-function devices are gradually being rolled out to replace standard desk-top printers and faxes.
- A project is under way to provide customers with an alternative to microfiche as a source of company information.

PLANNED ACTIVITIES

- New travel contract planned for this financial year will allow staff to purchase low cost travel on-line with self ticketing facilities in main reception.
- Contact centre contract is due for renewal in August 2011. The procurement for this will need to commence 12 months earlier and there is an opportunity to look at innovative ways in how they communicate with customers and how they set up the telephony infrastructure to complement our overall customer strategy.
- Post Companies Act implementation will review the way in which we pay for mail handling and postal services with suppliers such as Logica, Royal Mail and DX. BIS shall seek to use innovation in order to take maximum advantage where practical of recent deregulation within the postal services industry.
- As part of an overall communication strategy, they are currently reviewing how they might adapt existing policies and procedures in order to assess how forums such as Facebook and Twitter might potentially be used to interface with both customers and employees.
- BIS shall also be reviewing our Website Strategy including ways in which the customer experience of their online information can be further enhanced.
- Post Companies Act implementation they shall seek to make improvements to our validation and query handling processes.
- BIS plan to review our output services in order to maximise the benefits that new technologies can bring to the customer experience.
- BIS plans to review the way in which Companies House accepts payments from customers for its products and services with a view to rationalising and simplifying current systems and processes.
- BIS shall also ensure that key suppliers are able to raise and promote innovation on their major contracts by making it an agenda item in their regular service reviews with these suppliers.

3. Improve the sustainability of our operations.

CURRENT ACTIVITIES

- All furniture is purchased via OGC frameworks thus ensuring timber is sourced from FSC accredited sources.
- BIS have rolled out a bin-less office system across the organisation which last year saw a 23% decrease in the amount of waste sent to landfill.
- BIS have introduced separate metering facilities on our server farms so that the true energy impact of our IT estate can be identified and managed.
- BIS currently carry out environmental audits on their key suppliers as part of the service and contract review process.

PLANNED ACTIVITIES

- BIS plan to review their IT infrastructure requirements with a view to establishing a contract that complements the Government's Greening IT strategy.
- It is likely that the main boilers at their Cardiff premises will need replacing in the next two years. BIS will look at environmentally

innovative options for replacement such as biomass and combined heat and power installations.

4. Improve access to contracts for SMEs.

- Companies House will work closely with BIS to implement the recommendations of the Glover Report.
- BIS already have the management information in place to identify SMEs and the level of expenditure they have with them.
- For the Financial Year 2008-09, if they look at all suppliers with whom they spent £10K or more, 29% of these were SMEs.
- Again, looking at all suppliers with whom they spent £10K or more, of the £39m spent with these companies, £3.7 million (9.5%) was spent with SMEs.
- We have let a number of contracts via the Welsh Assembly Government's Value Wales Framework. This has a strong SME focus as over 85% of the supplier base within Wales is made up of small businesses.

5. Identify and share best innovative procurement practice.

- Companies House procurement has contributed to the BIS Family Procurement Collaboration Strategy 2009-10.
- BIS will continue to provide management information on common purchases, levels of expenditure and contract expiry dates to all members of the BIS procurement family.
- BIS already have experience of running a joint procurement exercise when we let a contract for electrical supplies with The Intellectual Property Office.

Annex B ACAS and Innovation Procurement

1. Increase capability to procure innovative solutions.

Acas do not have a centralised Procurement function. Where specialist advice is required BIS will utilise BIS expertise.

BIS' Research and Evaluation (R&E) section operates on a small GAE allocation. The bulk of this funding is allocated to the evaluation of the impact of Acas services. However R&E has a second important role: the commissioning and conducting of research on wider employment relations policy issues. In order to maintain this stream of work the research team has developed its long standing approach of working in partnership with other organisations on research of mutual interest. BIS have been able to leverage our brand reputation in order to secure research work at lower cost than would have been the case with 'traditional' ways of working.

In 2007 in one of several innovations in this area a new process for commissioning research was launched. Under this programme we advertise the opportunity for academics and other researchers to work in partnership with Acas. Each advertisement (there have been three so far) sets out three or four areas where we consider that research on issues of strategic interest to Acas is needed. They offer a range of support. This includes some limited funding, together with Acas branded sponsorship of the project, potential access to research subjects/sites, and access to the expertise of the Acas research team.

Researchers then complete a short proforma which summarises their research ideas. These are reviewed by a panel of senior research staff using criteria such as value for money, viability of the proposal, closeness of proposed research to our strategic objectives; and track record of the proposed research team. A shortlist of proposals to be taken forward (typically no more than three) is then discussed and agreed with a stakeholder panel. Researchers whose proposals are successful at this stage are then asked to produce a more detailed proposal and are invited to Acas for further discussion. A successful application will culminate in a research contract.

Six projects have so far been commissioned via this route. Four have been completed, one is nearing completion and the most recent has just started.

Some of the key successes include:

- Commissioning of good quality policy-relevant research at low cost (contracts have typically been valued at £5K to £7K).

- Working with academics in institutions that have not previously worked with Acas, hence broadening our access to and influence in the academic community.

2. **Make innovation a key requirement in large facilities and capital build programmes and the delivery of new services.**

Given the nature of the work in which we are engaged BIS do not have large facilities and no non-rented properties.

One area in which innovative practices have been implemented is with their facilities management contract with Carillion:

- The contract was let under an OGC-approved buying solution framework. This resulted both in reducing the amount of work involved in letting the contract and enhancing our influencing capability.
- BIS have structured the contract to allow for broadening of its scope during the contract term. This approach would enable us, for example, to allow the contractor to take responsibility for management of existing local FM contracts to free up Acas management resource.
- Electronic invoicing has reduced administrative resource requirements.
- Contract Maintenance spend structure has an inclusive amount encouraging the supplier to minimise cost to Acas, Acas pay the excess only should cost exceed contracted amount.
- Introduction of an online Job Tracking system allows local offices to monitor progress and highlight quickly any service level failures that may occur.
- The inclusion of Key Performance Indicators within the contract means that the Contractor's profit is at risk should it fail to meet target performance levels.

BIS have recently decided to replace desk-top printers, fax machines and the various contracts that they had with photocopier suppliers with a single contract for multi-functional devices. This has resulted in more straightforward contract management, maintenance and supply of consumables together with a significant reduction in the number of machines in use. BIS plan to introduce proximity cards shortly in order to manage information more securely and to reduce unnecessary printing and copying.

3. **Improve the sustainability of our operations.**

Their relocation to new offices in the Cardiff city centre will enable them to move to a more sustainable building than is presently the case. As required by OGC, consideration of sustainability and environmental impact will be a feature of further considerations about our premises as leases approach a break or an end.

4. **Improve access to contracts for SMEs.**

BIS have a piece of work taking place to gather data about contracts let across the organisation. Once this is finalised they will be better placed to identify the extent to which SMEs are successful in winning contracts, and to explore the scope that exists for reducing the number of contracts across the organisation.

5. **Identify and share best innovative procurement practice.**

Once they have completed the work referred to under 4 above, they will work co-operatively on the sharing of MI on common purchases, levels of expenditure and contract expiry dates with members of the BIS procurement family.



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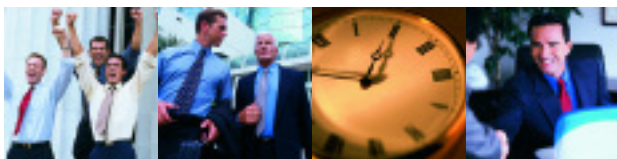
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