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Transforming Government Procurement

The Financial Secretary to the Treasury, John Healey MP, has today announced the Government's intentions for the transformation of procurement and the role of the Office of Government Commerce (OGC) in achieving this. A copy of the publication 'Transforming Government Procurement' is attached for your information.


The report makes clear that the Government sees procurement as central to the successful delivery of modern public services. And the next Comprehensive Spending Review will put further priority on departments and procurers to exploit opportunities from innovative procurement methods and the latest products and services, to ensure that procurement is built on the principles of value for money and sustainability.

To ensure that Government Departments can rise to the challenge, the Office of Government Commerce (OGC) will be given strong powers to: set procurement standards; monitor departments' performance against them; ensure that people with the right skills are in the right jobs; demand departmental collaboration when buying common goods and services; and work closely with a new Major Projects Review Group in the Treasury to ensure the most complex projects are subject to high standards of scrutiny.

OGC will be a smaller, higher calibre organisation, focused on procurement, programmes and projects and estate management in central government. OGC will undertake a programme of procurement capability reviews to support departments in improving their procurement skill, and will lead the relaunch of the Government Procurement Service which was announced before Christmas.

Further details are attached at Annex A.

These changes will be a major challenge both for OGC and procurement professionals across government. The attached document represents a firm launch pad to allow us to take this agenda forward.

Yours w/s,


Procurement is taking centre stage in making a major contribution to the delivery of better public services. Over the coming weeks and months you can expect a series of new developments and announcements aimed at:-

- delivering improved standards through a reformed, professionalised Government Procurement Service (GPS), headed by the Chief Executive of OGC;
- focusing top talent on the most complex and critical procurement projects;
- recognising the importance of procurement in public service delivery and achieving value for money;
- strengthening departments' procurement capability through greater direction and support from the top;
- increasing value for money through better collaborative deals,
- ensuring the most important and complex projects are subject to effective scrutiny at key stages by the Treasury's new Major Projects Review Group; and,
- demonstrating a comprehensive approach to the integration of property asset management within an organisation's strategic business delivery and resource management.

Departments will need to adapt to this more demanding regime and will be expected to comply with these higher standards, adopting a collaborative approach or explaining convincingly why they are not doing so.

OGC will also be a smaller, high calibre organisation and this announcement carries implications regarding a number of activities where OGC will no longer be involved or provide direct active support. These areas include:-

- The Efficiency programme. Responsibility for the Efficiency Programme and OGC's Efficiency team will transfer to the Treasury (HMT) on 1 April to link efficiency more closely to the financial control regime;
- OGC Consultancy will be provided through private sector associates only (the Strategic Assignment Consultancy Service (SACS) and the Executive Support Services (ESS)) in support of OGC's new key priorities;
- Productive time. The increased focus on staff costs and productivity within Departmental improvement plans means that the time is now right for the skills and resources needed to drive and support these improvements to be part of "business as usual". OGC's productive time team will work over the next few months to expedite that transfer of skills and knowledge to departments; and
- Wider public sector. Although OGC's focus will be central government, we will work with partners, including Communities and Local Government and Department of Health, to make sure that relevant products and services are shared with the whole public sector, so long as this requires no significant effort from OGC.