

3 February 2014

PROCUREMENT – EU Regulations and eTendering**Purpose**

1. To advise the England Executive Board on expected changes to EU procurement regulations and the mandatory introduction of eTendering (an electronic procurement process), and how they will be managed within FCE.

Background

2. Eric Holmes, FC Head of Procurement (HoP), sets out the background to the changes in Annex A. The paper also includes information on eTendering solution providers, and recommends that the FC procurement structure be reviewed in light of these changes.

3. We expect the requirement to adopt the new EU regulations will be mandatory from around October 2014. Whitehall departments are then required to introduce an eTendering solution over the following 54 months. However, it is HoP's view that the regulation changes will only be manageable if FCE introduces an eTendering solution in advance of the changes given the predominately paper based and decentralised procurement system currently in operation.

Discussion

4. The EU directives have been signed off and we expect a Cabinet Office statement in early February setting out a definitive timetable for the introduction of the regulations.

5. The change in regulations, and in particular the abolition of Part B services for forestry operation contracts, will have a significant impact on our procurement processes and is expected to lead to at least a doubling of the number of OJEUs (fully regulated procurements) from ten to twenty per year. With c.85% of our procurement activity focussed on the public forest estate the major impact of the changes will be felt by FEE.

6. The current procurement structure within FCE relies heavily on one PB3 level Procurement Advisor guiding and supporting staff across the organisation and, whilst we can seek to put in place a more robust structure going forward in the longer term as part of the WPEP, it is essential that staff currently engaged in the process are provided with relevant training prior to the introduction of the new regulations. FCE will also need to call more heavily upon support from the central Procurement Team in Silvan House for an interim period until our structures are realigned with the changed requirements. As all tenders above the threshold will now be published in OJEU there is an increased risk of challenge for non-compliance.

Approach

7. The planned approach to managing the introduction of the new regulations is as follows:

- develop and agree a Project Initiation Document (PID) for the requirement (Head of Procurement);
- produce a Matrix of Change setting out the requirement and impact on FCE (Central Procurement Team);
- develop a Roles Matrix to identify those involved in the process both in cost centres and central teams, and the estimated amount of time required by individuals and in total to comply with the regulations (Central Procurement Team);
- develop and deliver a training programme for roll out to relevant staff identified in the Roles Matrix (Central Procurement Team and FCE Procurement); and,
- amend central OGB guidance in line with the new regulations (Central Procurement Team).

8. In parallel we will run a mini completion within a government framework agreement to select a cloud based eTendering solution supplier by the end of April 2014. We would then work with the supplier to ensure a close system fit with our requirements. The supplier would also provide initial training on a 'train the trainer' basis prior to full roll-out in July-August 2014 by central and FCE procurement staff.

9. Whilst our preference is to combine the training on the new regulations with eTendering, we will develop a Plan B to cover training on just the new regulations if we encounter problems in the procurement and implementation of an eTendering system.

Resource and Cost Implications

10. Specific dedicated resource has been identified with the central Procurement Team to work with the FCE Procurement Advisor in taking this project forward.

11. The central team will also provide support on OJEU procurements for an interim period whilst FCE develop revised procurement structures under WPEP to more properly reflect its requirements.

12. An enterprise licence for an eTendering solution is expected to cost between £25 - £30k p.a.

Equality Impact Assessment

13. Not relevant.

Communications

14. An internal communications plan will be developed and implemented.

Risk Assessment

15. The Corporate Risk register will be amended to reflect the heightened risk of non-compliance under the new EU regulations, notably in the immediate period post adoption, and the mandatory requirement to introduce an eTendering system within the required timescale. This risk will also reflect the increased workload on staff when involved with a procurement over the threshold.

Recommendations

16. The Board is invited to note and discuss the planned approach to managing the expected changes to EU procurement regulations, and introduction of eTendering, within FCE.

Steve Meeks
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