

eTendering: Options

Background

Procurement within Forestry Commission England (FCE) is currently highly devolved, with the majority of procurement administration and delivery being carried out by districts. Although FCE is subject to the Public Procurement Regulations (2006), a significant proportion of the tendering is not subject to the full extent of the current regulations; however this is due to change in 2014 when the new regulations are introduced.

The regulation changes have a disproportionate impact on FC England as currently all forestry operation contracts are regarded as Part B services and currently are not subject to the regulations. Part B services are being abolished under the new regulations and all of our above threshold forestry operation contracts (current threshold £172k) will be subject to the full force of the public procurement regulations from around October 2014.

There is also requirement under the new regulations that FCE introduce electronic procurement process within two years of adoption of the new regulations by the UK government. It is our view that the changes in the regulations referred to above, will only be manageable if FC England introduces an eTendering solution in advance of the changes, to make the process more efficient and streamline the administration.

FC England is unusual in UK government procurement for two reasons. The first is that FC England run a predominantly paper based process which does not have any electronic management of tendering, nor does it keep automatic records or hold a database of current or past contracts. The FC has recognised the benefits that electronic trading can bring through its development of a comprehensive eSales system. The adoption of eCommerce trading has streamlined timber sales and financial management in the key area of FC's revenue stream. The procurement process currently generates a significant administration workload and with paper based audit trails which require a very higher resource to manage and track every procurement.

The second is that FCE does not have a centralised procurement function, but has a single procurement professional, whose role is to provide guidance, advice and support to FCE. This individual also manages the administration of OJEU tenders, which is just manageable at this time, but will require a change in the way that procurement is managed and administered to ensure that FC England remains compliant and minimises the risk of challenges to the process.

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Procurement Services have been exploring the options for introducing eTendering into FC and this paper recommends the way forward.

It is important to recognise with the abolition of Part B services under the new regulations, there are at least twice as many fully regulated procurements; known as OJEU's, to be carried out by FC England each year. Regulated procurements have an increased number of steps in the process, coupled with additional rules around all aspects of the process, which results in more onerous administration and process requirements. It is also important to note that the remedies and penalties, faced by FCE, are significantly more onerous and expose FCE to a greater risk of challenge for non-compliance. An eTendering tool will streamline the administration process required and will reduce the risk of getting the procurement wrong.

The introduction of an eTendering solution will bring a number of significant benefits namely:

- a unified and standard process
- streamline the administration
- reduce the training load on district staff
- making the process more efficient
- a formal mechanism to record all steps in the process, giving a clear audit trail
- producing and managing a contract database
- introduction of electronic exchange of documents with bidders
- auto updates for suppliers
- built in evaluation models
- standard formats and conditions
- reducing the administration burden on the districts and shared service units and on contractors
- assist with compliance with regulations
- allow pre-qualification data on bidders to be recorded with capability to refresh
- reduce repetitive data requirements for bidders
- allow automatic uploading to other systems such as OJEU and Contacts Finder
- aid planning and strategy development
- better management information
- no need to store saved versions of documents on alternative systems or in paper format

The new regulations and the introduction of any eCommerce tools will require FC to consider the best way of managing the procurement process going forward. The organisation will need to consider who will administer the process and where is the best place for the service to be delivered from.

The complexity and ever-changing nature of the regulations mean that it will not be practical to train the large number of staff who are currently undertaking procurement activity throughout the organisation to use an eTendering solution. A clear split between

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the professional administration and the technical aspects of the procurement should therefore be considered as a better way to manage the process. If this model was adopted, the districts would only be involved in areas where they could add value to the process i.e. specification, evaluation and award. To ensure the eTendering solution is implemented, managed and controlled effectively, and in order to realise the benefits detailed above, the FC procurement structure should be considered as part of the project.

Market Research

Procurement Services picked three reference solution providers from the lapsed Eastern Shires Purchasing Organisation (ESPO) framework. All of the providers on this framework offer cloud based solutions, which has no physical interface or storage requirement issues for FCE. Each of the reference solutions overall produced the same outcomes although they all had different methods of delivering the solution.

BRAVO solutions via Defra

Defra have an enterprise licence for Bravo solutions eTendering solution and the associated Award evaluation tool. They are able to offer other Defra network members access to the solution upon payment of appropriate licence fees. The solution being offered is the standard Defra template and will not be bespoke to FC nor will it carry FC branding or any bespoke PQQ and tender formats.

Costs

Each of the reference solutions provides a different cost model.

Route to market

There is already a public sector framework in place that will allow FCE to purchase an appropriate system, with out carrying out a full tender exercise.

BRAVO solutions via Defra

Defra have an enterprise licence for the solution and can offer access to its agencies and other network bodies.

Implementation

All of the reference solution providers have said that they would expect the solution implementation to take around 8 - 12 weeks from start to first go live, dependant on the level of customisation required to make the system fit our requirements. FC would be required to provide a dedicated resource through the implementation period.

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Initial training, to a small number of staff, would be delivered as part of the implementation costs. This is relatively limited and additional training over and above this would be chargeable.

The solution providers would support the communication of the new process to bidders, as they have already done this before and have standard templates and processes in place to get the potential bidding community on board.

Conclusions

It is the recommendation of Procurement Services that the FCE EB should endorse the adoption of an eTendering system for FC England.

Regardless of the system or approach we take we have to give serious consideration to the structure for Procurement within the Forestry Commission going forward. To meet our obligations under the procurement regulations, an electronic system needs to be in place within the next 2 – 3 years. However, the imminent changes in the regulations make the introduction of an eTendering solution important to ensure that the process can be managed efficiently. The requirements of the new EC regulations will undoubtedly drive changes to how we manage procurement within the FC. It would be sensible for these decisions to be taken in parallel with the implementation of the eTendering solution development.

After considering the options that have been presented, Procurement Services have concluded that Defra Bravo Solutions option should not be adopted. The solution offered by Bravo is over complex for the type of procurement that we do. While the procurement risks of getting things wrong are the same irrespective of the goods, works or service being procured, the overall solution is not well suited for our procurement profile.

We conclude that FC England should look for a cloud based solution that meets the needs of the procurement profile that we undertake and that meets the needs of the organisation in terms of resource required to support it and manage its outputs.

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