

# **Report To The Finance & Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: C-012-2009/10**  
**Date of meeting: 23 November 2009**

**Portfolio: Finance & Economic Development**

**Subject: Update on EFDC Procurement and the Essex Procurement Hub**

**Responsible Officer: Dawn Jolley (01992 564355).**

**Democratic Services Officer: Gary Woodhall (01992 564470).**

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## **Recommendations/Decisions Required:**

**That the current performance of Epping Forest District Council (EFDC) Procurement and the Essex Procurement Hub (the Hub) be noted.**

## **Executive Summary:**

The report sets out the background of the Hub; the benefits of using the Hub, a number of procurement projects concluded to date in 2009/10, framework agreements – definition and how they work; as well as the implications of non-compliance with EU Procurement Regulations.

## **Reasons for Proposed Decision:**

To keep Members informed of the current EFDC Procurement workload and the benefits of making use of the Hub.

## **Other Options for Action:**

Currently Members are only being asked to note current performance.

## **Report:**

### The Essex Procurement Hub – Background

1. Epping Forest District Council (EFDC) has been a member of the Essex Procurement Hub (the Hub) since October 2006.

2. The Hub, which is based at Braintree, provides strategic and operational day-to-day procurement support, advice and guidance that add demonstrable value to the procurement process of its members. The underlying ethos of the Hub is cooperation and collaboration. Current members are:

- Braintree District Council;
- Colchester Borough Council;
- Castlepoint Borough Council;
- Epping Forest District Council;
- Greenfields Community Housing;

- Maldon District Council; and
- Uttlesford District Council.

3. Each Hub member has an allocated lead contact who works closely with the member's internal procurement officer(s). Each lead contact is MCIPS qualified (Member of the Chartered Institute of Purchasing and Supply), has a regular presence at the member's location and provides both strategic and operational support with areas such as:

- Letting of framework agreements;
- Obtaining quotes and running mini-competitions;
- Guidance on specifications;
- Tendering; and
- EU procurement regulations.

4. EFDC's gross subscription for 2009/10 equates to £38,190.00 (previous year's subscription fees can be found in *Appendix A*).

5. The Essex Procurement Hub is responsible for setting up and managing open framework agreements, which can be used by any of its members. In addition to this, the frameworks are available for use by any public sector body in the UK. Below is a list of the current frameworks available - the items in *italics* are agreements that have either recently been used or are currently being used by EFDC:

- *Banking Services*
- Car Parking Equipment
- Clearance and Cleaning (voids and other buildings)
- Commercial Vehicles - contract hire
- *Commercial Vehicles - outright purchase*
- **Construction Consultancy**
- Corporate Wear
- Crematoria Equipment
- Floating pontoons; Supply, Installation and Maintenance
- **Grounds Maintenance Equipment**
- Janitorial Supplies
- **Parking Enforcement**
- **Plastic Sacks**
- **Playground Schemes**
- Personal Protective Equipment (PPE)
- Refuse Collection - Vehicle Hire
- **Refuse Freighter - Outright Purchase**
- Road Sweepers
- **Staff Cars - Contract Hire and Maintenance**
- Washroom Services
- **Waste Management Services**
- **Webcasting**

6. When letting framework agreements, a condition of tender is that the successful bidder(s) will retrospectively pay to the Hub a percentage rebate on business received against the agreement. Retrospective rebates collected from Hub framework suppliers are apportioned back to its members on a pro-rata basis. Information relating specifically to EFDC's rebates received can be found in *Appendix A*.

7. Since the framework agreements are open to a number of local authorities, the more authorities that spend against the framework, the greater the retrospective rebate distributed amongst Hub members.

## Benefits Of Using The Hub

8. Benefits of using the Hub include:

- (a) cost savings through the use of the Hub's framework agreements (both tangible and non-tangible);
- (b) increased opportunities of collaboration;
- (c) an on-site MCIPS qualified procurement presence; and
- (d) business risk mitigation.

9. As mentioned above, through the use of Hub specific framework agreements, EFDC is able to achieve tangible savings in the form of retrospective rebates received, based on the percentage contribution paid toward Hub membership (*Appendix A*).

10. Other tangible benefits include bottom-line savings through collaborative procurement opportunities and the 'purchasing power' that they attract (Please see *Appendix B* for savings achieved by EFDC for 2009/10).

11. Where the value of the contract falls into EU Procurement thresholds, the Authority is able to save approximately 87 days minimum, in resource requirements through the use of Hub and other National framework agreements. This is a considerable efficiency saving and enables the Authority to procure goods, services and works in a responsive manner. (Please refer to OJEU Procurement Thresholds and Advertising Timescales in *Appendix D*).

12. In April 2009 Cabinet took the decision to commence the revised Waste Management service on the 7 September 2009. Due to the value of expenditure involved, this tight deadline would not have been achievable without the use of an existing framework agreement.

13. Since all Hub consultants are MCIPS qualified, all procurement exercises carried out by the Hub are compliant and as such, the risk of non-compliance is mitigated.

## Recent Procurement Projects Carried Out In Conjunction With The Hub

14. *Playground Schemes (Hoe Lane – Nazeing; Elizabeth Close – Nazeing and Westall Road - Loughton)* - By making use of existing framework agreements, the Hub was able to carry out a mini-competition for each site. This resulted in a considerable amount of time being saved. Financial savings across all three projects totals in the region of £ 25,000 against approved budget. This excludes retrospective rebates due.

15. *Construction Consultancy (Limes Farm)* - Through the use of an existing Hub framework agreement, the Hub was able to assist EFDC in the quick turn around of this urgent piece of work as well as saving the Council approximately £11,600 (excluding retrospective rebates) against the approved budget.

16. *Refuse Sacks* - Through the use of an existing Hub framework agreement, the Hub was able to run a mini-competition on EFDC's behalf resulting in an estimated £16,400 saving (excluding retrospective rebates).

17. *Grounds Maintenance Equipment* - Through the use of an existing Hub framework agreement, the Hub was able to run a mini-competition on behalf of EFDC for the purchase

of a new tractor. This generated a Capital saving of £220 (excluding retrospective rebates).

18. *Ink / Toner Cartridges* - As a result of EFDC's membership of the Procurement Agency for Essex (PAE), EFDC has been able to make use of the MOD framework agreement set up with XMA. This has allowed EFDC to make considerable cost savings on current expenditure. Through detailed spend analysis carried out by both the Hub and EFDC, it is anticipated that the Council will save approximately £15,300 on the direct purchase of ink and toner cartridges for 2009/2010 and £23,000 for 2010/2011.

19. *Servers / IT Equipment* - By working strategically with the Hub and utilising the OGC framework agreement (on-line), EFDC has saved in the region of £9,000 against its approved Capital budget.

20. *Cash in Transit* - By working strategically with EFDC, the Hub has let a three year contract for the provision of cash-in-transit services on behalf of the Council. Estimated cash savings for 2009/2010 equate to £4,500 with further savings in the region of £22,000 over the next two years.

21. *CCTV Maintenance* - By providing both guidance and advice and by working strategically alongside EFDC, the Hub has let a one year agreement on behalf of the Council for the maintenance of its CCTV equipment. Cashable savings equate to £16,000 for 2009/2010.

22. *Wheeled Bins, Caddies and Refuse Vehicles* - Through the provision of both strategic and operation support to EFDC, the Hub was able assist in the running of a number of mini-competitions and mini-tenders via various framework agreements available to the Council. The considerable time saved by carrying out these exercises, made it not only possible for the Council to achieve its tight deadlines for the provision of additional waste management services but it also enabled the waste management team to meet its service objectives. Capital savings for the project total in the region of £129,353 - nearly 7% of the £1.875m budget.

23. Total savings for 2009/2010 as of October 2009 are calculated to be approximately £230,000.00. Please see *Appendix B and C* for more information on the recent projects completed by EFDC Procurement and the Hub and associated cash savings.

#### Framework Agreements – Definition And How They Work

24. A framework agreement is defined as “an agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies”<sup>1</sup>.

25. A framework agreement is a general term for agreements with providers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. In most cases a framework agreement itself is not a contract, but the procurement to establish a framework agreement is subject to the EU procurement rules. In a few circumstances it may be the case that the framework agreement itself is a contract in its own right to which the EU procurement rules apply. This would be the case where the agreement places an obligation, in writing, to purchase goods, works or services for consideration.

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<sup>1</sup> Public Contracts Regulations 2006 (SI 2006 No.5):  
[http://www.opsi.gov.uk/si/si2006/uksi\\_20060005\\_en.pdf](http://www.opsi.gov.uk/si/si2006/uksi_20060005_en.pdf).

26. Generally, however, the term ‘framework agreement’ is normally used to cover agreements which are not, themselves, covered by the definition of a contract to which the EU rules apply (though they may create certain contractually binding obligations). Such agreements set out the terms and conditions for subsequent call-offs but place no obligations, in themselves, on the procurers to buy anything. With this approach, contracts are formed under the Regulations only when goods, works and services are called off under the agreement. The benefit of this is that, because authorities are not tied to the agreements, they are free to use the frameworks when they provide value for money, but to go elsewhere if they do not.

27. It is necessary to advertise a framework agreement in the Official Journal of the European Union (OJEU), if its estimated maximum value over its lifetime exceeds the relevant EU threshold and the procurements in question are not covered by one of the exclusions set out in the EU Procurement Directives. When assessing the total value of the framework, it is important that the estimate should include all the potential call-offs over the lifetime of the agreement that may be made by all contracting authorities that are permitted to use the framework, not just the intended call-offs by the contracting authority which is procuring the framework agreement.

28. When awarding call-offs (individual contracts) under framework agreements, authorities do not have to go through the full procedural steps in the EU Directives again (provided the rules were followed appropriately in the setting up of the framework agreements themselves). However, the relevant EU Treaty provisions and Treaty-based principles, including non-discrimination, still apply and authorities need to be careful to ensure that nothing is done which is discriminatory, improper or which distorts competition.

29. The length of call-offs under framework agreements is not specifically limited by the Regulations, although guidance does state that call-offs, as well as frameworks themselves, should not last for more than four years. The length of call-offs, as with other contracts, should be appropriate to the purchases in question and should reflect value for money considerations. It may be the case that individual call-offs extend beyond the four-year term of the framework itself.

30. Where a framework agreement is concluded with just one provider, call-offs under the agreement should be awarded on the basis of the terms laid down in the agreement, refined or supplemented by other terms in the framework agreement but not agreed at that time. It is the same principle as that applying to a normal contract, except that with a framework agreement, there will be an interval between the awarding of the framework itself and the calling-off of the goods, works or services under it. There can be no substantive change to the specification or the terms and conditions agreed at the time that the framework is awarded.

31. Where frameworks for the same goods, works or services are awarded to several providers, there are two possible options for awarding call-offs:

(i) *Apply the terms of the framework agreement* - Where the terms laid down in the framework agreements are sufficiently precise to cover the particular requirement, the authority can award the call-off without reopening competition; or

(ii) *Hold a mini-competition between capable providers* - Where the terms laid down in the framework agreement are not precise or complete enough for the particular call-off, a further or mini competition should be held with all those suppliers within the frameworks capable of meeting the particular need. This does not mean that basic terms can be renegotiated, or that the specification used in setting up the framework can be substantively

changed. Substantive modifications to the terms set out in the framework agreement itself are not permitted. It is more a matter of supplementing or refining the basic terms to reflect particular circumstances for the individual call-off. Examples of such terms include:

- particular delivery timescales;
- particular invoicing arrangements and payment profiles;
- additional security needs;
- incidental charges;
- particular associated services, e.g. installation, maintenance and training;
- particular mixes of rates and quality;
- where the terms include a price mechanism; and
- individual special terms (e.g. specific to the particular products/services that will be provided to meet a particular requirement under the framework).

### Implications Of Non-Compliant Procurement Process

32. In the summer of this year, Bristol Council took the decision to pay £800,000 to the second placed bidder in a contract to build a new leisure centre when the bidder threatened court action over concerns over "several aspects" of the procurement process. Whilst the council was confident that there were no issues, they were not prepared to allow the matter to be tested in the courts with the possibility of the Court agreeing with the bidder and the obvious delay it would cause to the project (please see *Appendix E* for the full article).

33. The Office of Government Commerce (OGC) has recently closed its consultation on the detailed amendments to the Public Contracts Regulations 2006 (the regulations) required to implement in England, Wales and Northern Ireland the EU's Remedies Directive (Directive 2007/66/EC).

34. The amendments introduce changes to the current 10-day standstill period between contract award and signature, but they also make it possible for the courts to terminate contracts awarded in breach of the regulations and to impose financial penalties on public bodies found to be in breach of the rules.

35. Until a few years ago the legal remedies available to aggrieved bidders in the UK were generally considered to be ineffective. The risk profile for failing to comply with the EU tendering rules has changed dramatically over the last two years.

36. The two principal changes to be introduced for procurements commencing after 20 December 2009 are:

(i) Contracting authorities will immediately have to suspend contract award processes if legal proceedings are issued against them (unsuccessful bidders will no longer have to apply for an interim order / injunction suspending the contract award process); and

(ii) The courts will have the power to set aside (declare "ineffective") contracts and impose financial penalties on contracting authorities for failing to comply with the Regulations.

### **Resource Implications:**

No additional resource requirements.

### **Legal and Governance Implications:**

The work of the Hub helps ensure that the Council complies fully with EU Procurement

Regulations. The work undertaken internally by EFDC Procurement endeavours to ensure better compliance with Contract Standing Orders and Financial Regulations and promote Best Practice.

**Safer, Cleaner and Greener Implications:**

The dissemination of information on sustainability undertaken by EFDC Procurement should ensure better compliance with the Council's existing Climate Change and Safer, Cleaner, Greener strategies.

**Consultation Undertaken:**

EFDC staff and the Essex Procurement Hub have been consulted.

**Background Papers:**

None

**Impact Assessments:**

Risk Management

The main risk with procurement is that if it is not properly co-ordinated and controlled the Council is unlikely to achieve value for money.

Failure to comply with EU regulations may result in the UK High Court preventing the award of a contract by setting aside the contract award decision and/or awarding damages to any provider who has suffered loss or damage as a result of any breach.

Equality and Diversity:

Both EFDC Procurement and the Hub seek to promote equality within the activities of both the Council and its suppliers.

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?    ~~Yes~~    **No**

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?    ~~Yes~~    **No**

What equality implications were identified through the Equality Impact Assessment process?  
Not applicable

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?  
Not Applicable

## EFDC HUB SUBSCRIPTION FEES PAID AND REBATES RECEIVED 2006 - 2009

			Subscriptions (£)	Net Rebates (£)	Net Contribution (£)	
<b>Hub Financial Year</b>						
<b>From</b>	<b>To</b>					
Oct-06	Aug-07		£ 33,000.00	£ 11,230.86	£ 21,769.14	
Sep-07	Aug-08		£ 37,080.00	£ 21,570.67	£ 15,509.33	
Sep-08	Mar-09		£ 22,277.50	£ 7,427.47	£ 14,850.03	
<b>Accounting Year</b>						
<b>From</b>	<b>To</b>					
<i>6 months only</i>	Oct-06	Mar-07	2006/07	£ 18,000.00	£ 6,125.92	£ 11,874.08
	Apr-07	Mar-08	2007/08	£ 36,630.00	£ 17,687.83	£ 18,942.17
	Apr-08	Mar-09	2008/09	£ 37,727.50	£ 16,415.25	£ 21,312.25
	Apr-09	Mar-10	2009/10	£ 38,190.00		



## EFDC PROCUREMENT SAVINGS ACHIEVED FOR 2009/2010

Contract	Type (Framework, Tender, Quote, One off)	Savings	
		£ Saving: Revenue	£ Saving: Capital
Playground Scheme (Hoe Lane - Nazeing)	One off via Hub Framework		£4,200.00
Playground Scheme (Elizabeth Close - Nazeing)	One off via Hub Framework		£9,827.44
Playground Scheme (Westall Road - Loughton)	One off via Hub Framework		£11,186.80
Construction Consultancy (Limes Farm)	One off via Hub Framework	£11,680.00	
Refuse Sacks	Hub Framework	£16,485.00	
Grounds Maintenance Equipment	One off via Hub Framework		£220.00
Ink / Toner Cartridges	On-going – MOD Framework	£15,300 - Estimated	
Servers / IT Equipment	One off via BS Framework		£7,000.00
Servers / IT Equipment	One off via BS Framework		£2,000.00
Cash in Transit	EFDC specific Tender	£4,500.00	
CCTV Maintenance	EFDC specific Quote	£16,000.00	
Wheeled Bins, Caddies and Refuse Vehicles	Hub, ESPO and YPO Frameworks		£129,353.00
<b>Total</b>		<b>£63,965.00</b>	<b>£163,787.24</b>
<b>TOTAL SAVINGS FOR 2009/2010 AS OF OCTOBER 2009</b>		<b>£227,752.24</b>	

## EPPING FOREST PROCUREMENT PROJECTS 2009/2010 - CONCLUDED

PROJECT NAME	PROJECT DESCRIPTION	TYPE	BUDGET	TYPE OF PROCUREMENT	STATUS	DATE CONCLUDED
Playground refurbishment: Limes Farm	Refurb of multi-use games area at Limes Farm, Chigwell	Hub Framework	£40k	Mini Competition	HAGS was awarded the business after evaluation from EFDC.	17/04/2009
Playground refurbishment: Hoe Lane	Refurb of playground at Hoe Lane, Nazeing	Hub Framework	£50k	Mini Competition	Playworld was awarded the business after evaluation from EFDC.	17/04/2009
Refuse Vehicles	Supply of 5 Refuse Collection Vehicles	Hub Framework	£650K	Mini Competition	Faun was the successful bidder	14/05/2009
Wheeled Bins & Kitchen Caddies	Supply of Wheeled Bins & Kitchen Caddies	ESPO & YPO	£1m	Request for Quotes (RfQ)	After the pricing analysis and product testing was completed the business was awarded to Otto for the bins and Straight for the Kitchen caddies.	14/05/2009
Wheeled Bins	Delivery of Wheeled Bins	ESPO & YPO	£200k	RfQ	After the pricing analysis and product testing was completed the business was awarded to Otto for the bins and Straight for the Kitchen caddies.	14/05/2009
Refuse sacks	Plastic Refuse sacks	Hub Framework	£205k	Mini Competition	Imperial Polythene was awarded the business as they were the most competitive.	26/05/2009
Recycling Boxes	Blue boxes for glass collection	ESPO	£7.5k	RfQ	It was decided to use Straight (via ESPO) as they offered consistency of product and also a slight pricing benefit on a like for like product.	26/05/2009
Playground refurbishment: Elizabeth Close	Refurb of playground at Elizabeth Close, Nazeing	Hub Framework	£50k	Mini Competition	Contract awarded to Wickstead as this was the favoured scheme following public consultation.	13/08/2009
Tractor replacement	Purchase of new tractor and part exchange of old model	Hub Framework	£30k	Mini Competition	Awarded to Tuckwell's under the Hub framework.	13/08/2009
Playground refurbishment: Westall Road	Refurb of playground at Westall Road, Loughton. Will undertake this as a one-off as the Town council do not pay for procurement support.	Hub Framework	£60k	Mini Competition	Wickstead's awarded project as preferred bidder.	20/08/2009
Consultancy	Options appraisal & feasibility study for a Community facility at Limes Farm Estate - Chigwell	Hub Framework	£20k	RfQ	Project award to NPS under the Hub framework.	01/09/2009
IT Equipment	Replacement of IT Equipment	Buying Solutions	£50k	Mini Competition	Awarded to SCC for HP kit	03/09/2009
Cash in Transit	Cash Collection Services	EFDC Specific Non-OJEU	£30k	RfQ	Contract has been awarded to Contract Security Services after references were taken up.	02/09/2009
CCTV	CCTV Equipment Maintenance	EFDC Specific Non-OJEU	£32k	RfQ	Contract awarded to RVTV	30/09/2009

## INTRODUCTION TO THE EU PROCUREMENT RULES: OGC GUIDANCE MARCH 2008

## OJEU ADVERTISING TIMESCALES

The EU Public Procurement Directives set out stringent timetables. The restricted procedure, which is most used by the public sector, requires the contracting authority to give suppliers 37 days, from the date of despatch of the Contract Notice via the OJEU, to notify them of their interest in being invited to tender. The period of 37 days may be reduced to 30 days if the contract notice is drawn up and transmitted electronically. Following the sending out of invitations to tender (ITT), tenderers must be allowed a minimum of 40 days to prepare their tenders. An extra 2 days are required where site visits are called for. If there has been a prior information notice (PIN) the contracting authority may allow 36 days for receipt of tenders. Once the contracting authority has decided who to award the contract to, all the bidders must be notified of the authority's decision. There must be a minimum of 10 calendar days between the despatch of the award decision notice and the conclusion of the contract

PROCEDURE		DAYS
Open	Minimum time for receipt of tenders from date contract notice sent	52
	Reduced when prior information notice ( <b>PIN</b> ) published (subject to restrictions) to, generally,	36
	And no less than –	22
<b>Restricted</b>	<b>Minimum time for receipt of requests to participate from the date contract notice sent</b>	<b>37</b>
	<b>Minimum time for receipt of tenders from the date invitation sent</b>	<b>40</b>
	Reduced when <b>PIN</b> published (subject to restrictions) to, generally,	36
	And no less than –	22
Restricted Accelerated	Minimum time for receipt of <b>requests to participate</b> from the date contract notice sent	15
	Minimum time for <b>receipt of tenders</b> from the date invitation sent	10
Competitive Dialogue and competitive Negotiated	Minimum time for receipt of <b>requests to participate</b> from the date contract notice sent	37
Competitive Accelerated Negotiated	Minimum time for receipt of <b>requests to participate</b> from the date contract notice sent	15

## EU PROCUREMENT THRESHOLDS

Thresholds applicable from 1 January 2008 are given below. Thresholds are net of VAT.

	SUPPLIES	SERVICES	WORKS
Other public sector contracting authorities	£139,893 (€206,000)	£139,893 (€206,000)	£3,497,313 (€5,150,000)

## CIPFA PERFORMANCE IMPROVEMENT NETWORK NEWS, 07 AUGUST 2009

***Reward for coming second by Mohamed Hans***

When many people were enjoying their getaway from the “rainy summer barbecue” and enjoying the Mediterranean sun, one authority in the South West of England was busy writing a cheque for the sum of **£800,000** in an out of court settlement following a challenge to its procurement processes.

The decision was taken by Bristol Council to pay up after the second placed bidder in a contract to build a new leisure centre in Bristol threatened court action as they were concerned over "several aspects" of the procurement process. Whilst the council was confident that there were no such flaws, they were not prepared to allow the matter to be tested in the courts with the possibility of the Court agreeing with the bidder and the obvious delay it would cause to the project.

Whether it is the economic downturn or increased assertiveness of bidders, it is now very clear that unsuccessful bidders are more prepared to challenge contract award decisions as this action is yet another case where a public sector contracting authority has had to divert much needed public resources in paying off aggrieved bidders due to alleged inconsistencies in the procurement process. Perhaps the additional £50 Billion being printed by the Bank of England might need to be kept in reserve as the situation could get from bad to worse towards the end of the year when new legislative changes come into force.

The Office of Government Commerce has just closed its consultation on the detailed amendments to the Public Contracts Regulations 2006 required to implement in England, Wales and Northern Ireland the EU's Remedies Directive (Directive 2007/66/EC). Scotland will close its consultation on 21st August.

The Remedies Directive will very worryingly for public bodies change the balance of power, which has until now kept the lid on procurement challenges turning into a claims industry by making provision for aggrieved suppliers to challenge concluded contracts even after the dust has settled following the end of the standstill period. The Courts will be given powers to render contracts “ineffective” – a major departure from established contract law where signed contracts were treated as sacrosanct. In effect this is like putting a double edged sword into the hands of hard nosed bidders who may be on the verge of going “bust” to strike reluctant public bodies at will as they go down. The arrival of these tougher sanctions should be a wake up call for everyone in the public sector to ensure that they adopt robust, transparent and compliant procurement procedures going forward or face dire consequences.

On a separate, but related area as **weak specifications are usually the reason why bidders have a decent chance of being successful if the matter goes to Court**, the Tories are setting out their vision of the new structure of Private Finance Initiative deals in Reconstruction: Plan for a strong economy and how they will approach the multi-billion pound welfare contracts currently being signed where suppliers are paid up to 40% of the fees at the beginning of the contract. What is clear is that the Tories are likely to demand more outcome based specifications as they are perceived to motivate and enable providers to achieve the best possible outcomes. Saying that, this is very similar to the current administration and the findings of the Glover Review which called on public sector organisations to procure using outcome based specifications. The difficulty however is to develop expertise to design robust outcome specifications. This will take time and require much needed resources – something that the public sector is currently short of.