

The Value of the Procurement Function: Generating Efficiencies through Framework Agreements

Overview

In the first article of the 'Value of the Procurement Function' series we outlined the significant role of procurement and how we can contribute to overall businesses success. This second article in the series outlines how this impact can be maximised by generating efficiencies through Framework Agreements.

What is a Framework Agreement? A Framework Agreement is an agreement or other arrangement between one or more buying authorities and one or more suppliers which establishes terms under which the supplier(s) will enter into one or more contracts with the contracting authority, in the period the Framework agreement applies. These non-binding arrangements deliver value for money, improved quality and economic opportunities through collaboration. Once a Framework is established, call-off contracts are awarded through 'mini competitions' or a 'direct appointment'. These are far simpler than a full competitive tendering process, saving the buyer significant time and resource.

Delivering Value through Public Sector Frameworks Collaborative procurement – saves time, reduces cost and delivers quality. As a buying consortium Fusion21 adds value to the procurement function and organisations by:

Time: We provide a quick route to market for your procurement solutions that have already been through rigorous assessments of the supply market. Advertised in the Official Journal of the European Union (OJEU) we assess supplier's capacity and capability, experience, technical qualifications and suitability to deliver within the particular market and also provide detailed cost models that evidence value for money to the sector. This allows public sector organisations more time to focus on other areas of value adding activities to ensure procurement results are maximised.

Reduced Cost: It is estimated that it will cost circa £30,000 for buying organisations to conduct a single stage 'Open' procurement procedure, undertaken in accordance with the Public Contracts Regulations. As collaborative Frameworks bring together spend by a number of organisations, this allows each individual organisation to benefit from the collective buying power and leveraging economies of scale that would otherwise be unachievable if buyers went to market on their own. Fusion21 Frameworks have the potential to deliver between 10-30% reduced costs against market prices – in addition to taking a lead role in ongoing cost management to ensure delivery of efficiencies and cost avoidance during the term through strong stakeholder engagement and supply chain management. Frameworks mitigate legal risk on behalf of members and ensure compliance is taken care of, providing even further cost savings!

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Delivering Quality: Frameworks don't just allow you to reduce your costs by increasing your buying power and leveraging spend, as the Frameworks are created, delivered and managed by procurement professionals they deliver excellent quality performance too. With strong early market engagement, buying consortia ensure that Frameworks take account of what customers want them to deliver and how the supply market can deliver them - making sure that the Frameworks get the best the market has to offer, maximising innovation and commercial outcomes. With KPI's built in to the outset of the Framework agreement, this ensures that suppliers demonstrate their ability to deliver at call-off stage to a level of quality expected by the public sector.



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