

**CASE STUDY:**  
Forward Commitment  
Procurement (FCP)  
in practice

## Forward Commitment Procurement

By harnessing the public and private sector buying power to stimulate supplier innovation, FCP helps to bring to market better, affordable and sustainable solutions for the benefit of society.

FCP creates business opportunities for innovative companies, stimulates innovation and prevents good ideas falling by the wayside.

The FCP procedure is considered best practice, delivers value for money policy and is consistent with the legal framework that governs public procurement.

### FCP in a nutshell

FCP offers a step-by-step approach to working with the supply chain. It provides the incentive, confidence and momentum for suppliers to invest and deliver innovative solutions. It also provides a way to manage the risk of innovation, for both the purchaser and the supply chain.

## Stimulating innovation in the economy and meeting society's needs

### Supporting innovation for progress and growth

Innovative solutions will be essential in the move towards a low carbon economy and to meet challenges of the future.

With existing and prospective targets for carbon reduction, sustainability, waste reduction, the need to cut energy bills, increase resource efficiency and improve public services, better, cost effective and innovative products and services are essential.

The products and services you buy now will influence your organisation's carbon emissions, energy bills and environmental impact, in some cases, for many years to come. Yet all too often the products and services on offer are not what you need, are too expensive, unproven or seem too risky. Buyers are faced with few, often unpalatable, options. This need not be the case.

**By adopting a few straightforward techniques, you can manage the supply chain to deliver the goods and services you need, when you need them, at a price that reflects their value.**

### About Forward Commitment Procurement (FCP)

FCP is simple. It works by giving potential suppliers accurate information on the requirements, and most helpfully, **the future needs** of customers in the public and private sectors.

## FCP 'pre-procurement' techniques

### Give the supply chain time to innovate

Think ahead; signal your long and medium term 'direction of travel' to the market.

Communicate your forthcoming needs and procurement plans in advance

### Allow room for innovation

Communicate your needs in outcome terms.

State what you want, not what you think is available or affordable.

Look for progressive improvements and future proofing.

### Invite feedback from the supply chain

Market sounding and market consultation allow you to test out your requirements and iron out problems in advance of the invitation to tender.

### Facilitate communication between suppliers

Consultation workshops, site visits and publishing a directory of companies that have expressed interest all help.

FCP brings together progressive thinking and best practice from the private sector's approach to innovation and supply chain management. It creates a credible demand pull for innovative products and enables you to buy ever better performing goods and services.

**Innovation can enable you to do new things or provide you with a step change in effectiveness and efficiency.**



"By adopting FCP thinking, public and private sector organisations can incentivise innovative solutions that provide a step change in performance. This is good for business, good for customers and benefits society" – *Fergus Harradence, Deputy Director, Innovation Policy, BIS.*

### FCP in practice: getting the most out of suppliers

Take up of FCP in progressive and forward thinking organisations in the public sector is increasing. In some cases public sector organisations are joining forces with private sector companies to generate a demand for ever lower carbon goods and services.

### A step change in patient experience and lighting efficiency in the National Health Service (NHS)

The Department for Business, Innovation and Skills (BIS) and the Department of Health (DH) initiated and supported an FCP project at Rotherham NHS Foundation Trust.

The opportunity for innovation was presented by an 8 year refurbishment programme beginning in 2010. The vision of the CEO for a 'Hospital of the Future' was a key driver. The FCP process involved close cooperation between the Estates and Procurement Departments.

### Using outcome based specifications

With the vision for a 'Future Ward' firmly in their minds and adopting FCP thinking, the project team set out to define what they needed in terms of outcomes, rather than in terms of the products that were available on the market.

Once identified this 'unmet need' was communicated to the supply chain in outcome terms as part of a market sounding exercise:

'The Trust wish to achieve a step change in the patient experience; creating a patient centred environment, including the incorporation of highly efficient, smart lighting systems that can deliver economical carbon reductions while at the same time contributing to a pleasant and healthy environment for both patients and staff'.

"The key to success was to begin by asking for what was needed – not what we thought was available or affordable. The results have exceeded all expectations". – *John Cartwright, Director of Estates and Facilities, Rotherham NHS Foundation Trust*

### Engaging with the market place

The project team drew on the expertise of the Electronics, Sensors and Photonics Knowledge Transfer Network and other supply chain intermediaries, to make sure that all parts of the supply chain were aware of the opportunity.

A Prior Information Notice was issued via the Official Journal of the European Union and this initiated a period of consultation with the supply chain. A market sounding 'Prospectus' set out the requirement in more detail, and highlighted the wider market demand in the NHS. The project team enabled dialogue with and among the supply chain by organising a consultation workshop and by publishing a directory of companies that had responded to the market sounding. The feedback this process stimulated led to the refinement of the outcome based specification and the adoption of innovation friendly procurement approaches.

We started engaging with the market early – publishing a Prior Information Notice in the Official Journal of the European Union to launch the market sounding more than two years before the solution was needed on site. This gave the supply chain a chance to organise and innovate". – *Gaynor Whytes, BIS and DH Consultant, FCP Programme Manager (JERA Consulting).*

### FCP success

FCP projects require effective leadership, and involve a close working partnership between an organisation's procurement team and those responsible for setting and delivering policies, targets and operations.

### FCP success

Provide a credible sales opportunity, in a defined timeframe, and critically allow sufficient time for the supply chain to innovate.

### FCP success

Define your requirements in terms of outcomes, to give suppliers the opportunity to innovate and put forward new ideas and approaches.

### FCP success

Give potential suppliers advance warning.

Plan your procurements years, rather than months, in advance.

Communicate with the supply chain as a whole well ahead of advertising your tender.



The solution has been future proofed to enable adoption of new technology such as organic LEDs as they become available

The result: A new and innovative solution for the healthcare market

Stimulated by the advance warning of the forthcoming procurement, one consortium worked together in advance of the tender and was subsequently well prepared to come forward with an innovative solution that met, and indeed exceeded, the Trusts expectations.

The pro-innovation approach to procurement has brought to the market an integrated 'future ward' modular solution, with integrated bio-dynamic lighting, trunking and storage.

Detailed costings, verified by an independent quantity surveyor, show that the innovative solution will cost the same as a standard ward solution, but will deliver both the required step change in patient experience and lighting efficiency and reduced on-site build time, minimising the disruption to hospital staff and patients.

The interest in the solution has already led to discussions about adapting this to other public buildings such as schools.

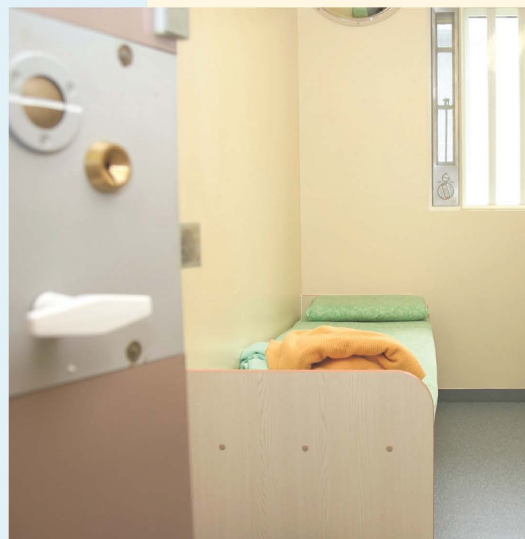
"From the start we said that the solution had to be cost effective and affordable. We have not been disappointed – the outcome shows that better and more sustainable solutions do not have to cost more!"  
– Steph Holmes, Head of Procurement, Rotherham NHS Foundation Trust.



BIS provided 'FCP Know How' training and project support to the estates and procurement teams at Rotherham NHS Foundation Trust. The process led to a radical design-led alternative solution for the ward refurbishment, with costs comparable to a traditional approach and that will deliver a range of benefits including whole life cost savings.

## Zero Waste Mattresses for Prisons

The first FCP demonstration project delivered real results and led to the Ministry of Justice (MoJ) receiving a number of procurement awards. The project began with the decision to tackle a persistent problem; some 50,000 foam mattresses and pillows were going to landfill each year. The situation required a radical rethink. After adopting FCP pre-procurement techniques, MoJ went to tender for a managed 'zero waste mattresses' service, giving a clear and strong message to the supply chain that by 2012 it wanted all mattresses and pillows to be diverted from landfill. Today, MoJ are on target to deliver this outcome. And together with a reduction in the turnover of mattresses as a result of new covers, it is estimated that the FCP approach will deliver cost savings in the region of £5 million over the life of the contract.



*The first FCP demonstration project*

## Sustainable drainage for Wakefield Council

Wakefield Council manages a number of sports grounds that are an important resource for the local population. Many of the sites suffer from persistent flooding, which normal maintenance practices have been unable to resolve. This meant a loss of access and revenue, and limited options for future development.

In reviewing its Pitch Plan, the Council identified a specific requirement for a 'cost effective, sustainable, and effective solution to long term pitch maintenance. This will maximise use of the existing pitches and facilitate the development of the sport pitches amenity'.

With challenging efficiency savings the Council also needed to demonstrate that the solution would increase income and value of the playing fields and provide other benefits, for example with regard to carbon savings and habitat creation.



*Site visit to a playing field managed by Wakefield Council.*

“The Council was well aware that business as usual would not deliver these aspirations – new approaches and thinking would be needed. FCP was the obvious way forward to help the estates team to stimulate the supply chain to come up with new ideas and adopt new technologies, and help us to present a business case for the improvements.” – *Rob Allan, Strategic Procurement Officer, Wakefield Council.*

The Council issued a Prior Information Notice and set out its requirement in a Market Sounding Prospectus. A site visit was well attended by the supply chain and the information gathered enabled the team to go to the market with confidence that their outcome based specification would get a good response. The formal procurement process began in March 2011. The evaluation criteria emphasised the importance of environmental and operational sustainability, innovation, and low carbon solutions.

### Low carbon solutions for the NHS



*Nottingham University Hospitals NHS Trust wish to explore the benefits that new technologies, such as fuel cell combined heat and power plants might offer.*

As the costs of carbon and energy rise, the NHS is using FCP to seek innovative low carbon solutions.

**Nottingham University Hospitals NHS Trust** needs to replace its coal fired boiler and increase the energy efficiency of its buildings. Energy consultants have proposed a solution but the Trust wants to see if it can do better. Using the FCP approach the project team have defined their needs in outcome based terms: ‘a cost effective ultra low carbon energy solution that is able to meet the power, heat and cooling needs of its City Campus now and

into the future and demonstrate a significant reduction in carbon and other greenhouse gas emissions’.

The Trust is developing a market sounding prospectus and a communication plan to make sure that potential suppliers are aware of their needs. The Trust will also explore scope for innovative technical, commercial and financial arrangements, for example to spread the costs of capital investment and facilitate take-up of emerging technologies.

## Encouraging smart procurement that stimulates innovation in the supply chain

The Department of Health Guidance on the Safe Management of Healthcare Waste encourages a proactive approach to procurement and use of FCP techniques.

“By adopting FCP the NHS can deliver the step change solutions it needs in the management of its waste, save money and provide better services”. Loraine Holme, Programme Manager, Sustainable Development, Department of Health



### Scarborough and North East Yorkshire NHS Trust

The Trust is actively pursuing a low carbon agenda and the procurement and facilities staff are being trained in FCP techniques. Together with advice and guidance from the Department of Health FCP Programme Manager the aim is to work together to identify and pursue a pilot FCP project. For information on training programmes contact [info@lowcarbon-healthcare.eu](mailto:info@lowcarbon-healthcare.eu)

### Engaging with the supply chain.

*Consultation workshop with the waste management supply chain facilitated by the Resource Efficiency Knowledge Transfer Network*

“The Government has enshrined the reduction in carbon emissions within legislation and expects the public sector to lead by example. The NHS has set ambitious carbon reductions targets. To meet these targets we need to take a fresh approach to innovation, planning and procurement. This means doing all we can to support the supply chain to deliver better, future-proofed, cost-effective solutions.” – *David Whiteley, Chief Engineer – Estates & Facilities Division, Department of Health*

These projects are supported by the EU Lead Market Initiative as part of the Low Carbon Buildings (LCB):HEALTHCARE programme. The programme is coordinated by BIS and involves partners in the UK, the Netherlands, Poland and Norway. Visit the LCB:HEALTHCARE website: <http://lowcarbon-healthcare.eu/>



### FURTHER INFORMATION:

For more information about these projects or to find out more about FCP go to [www.bis.gov.uk/fcp](http://www.bis.gov.uk/fcp)