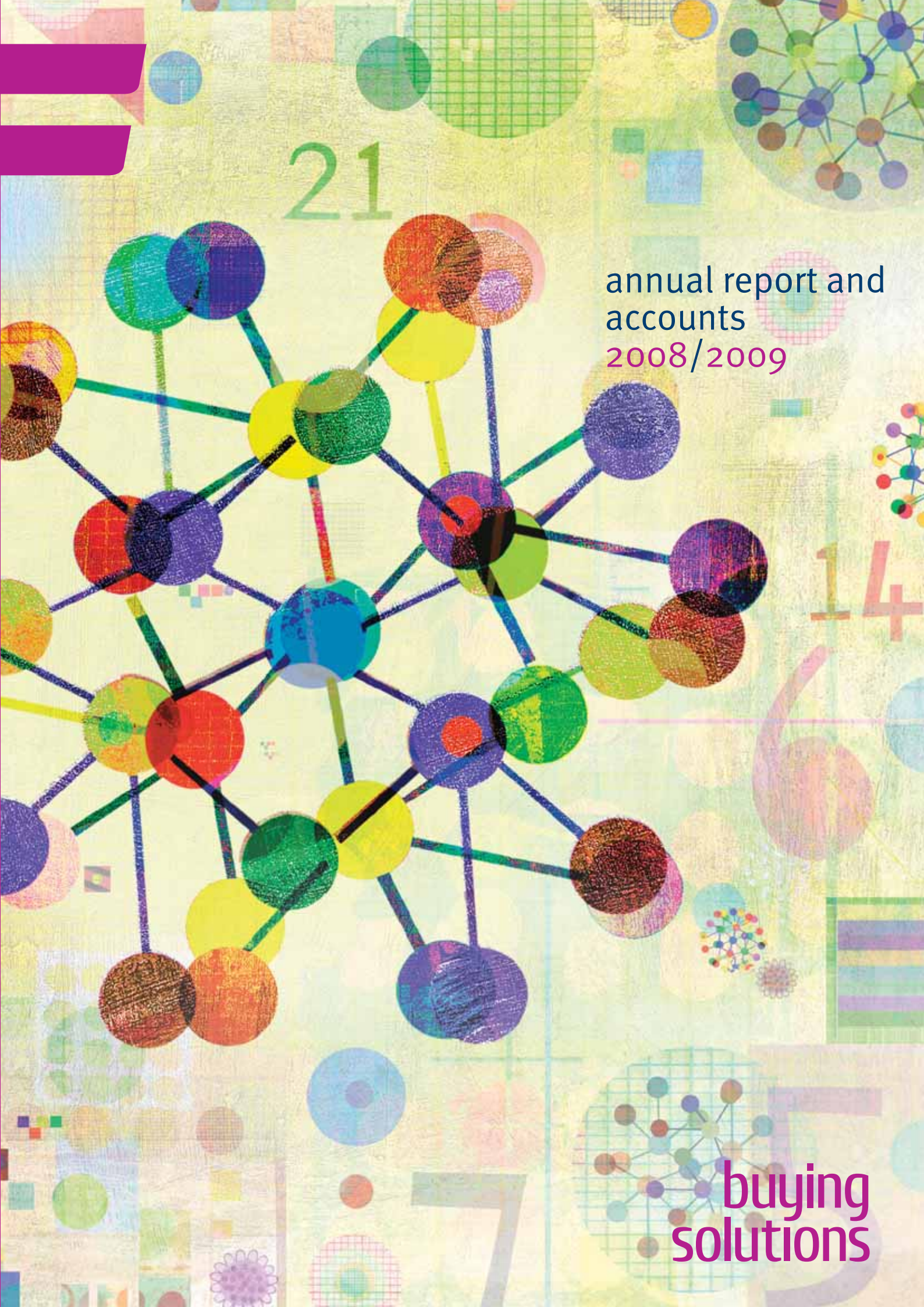


21

annual report and
accounts
2008/2009

14

buying
solutions



The accounts of Buying Solutions for the year 1 April 2008 - 31 March 2009, together with the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament thereon prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

Presented to Parliament pursuant to Section 4 (6A) (b) of the Government Trading Funds Act 1973 (as amended by the Government Trading Act 1990).

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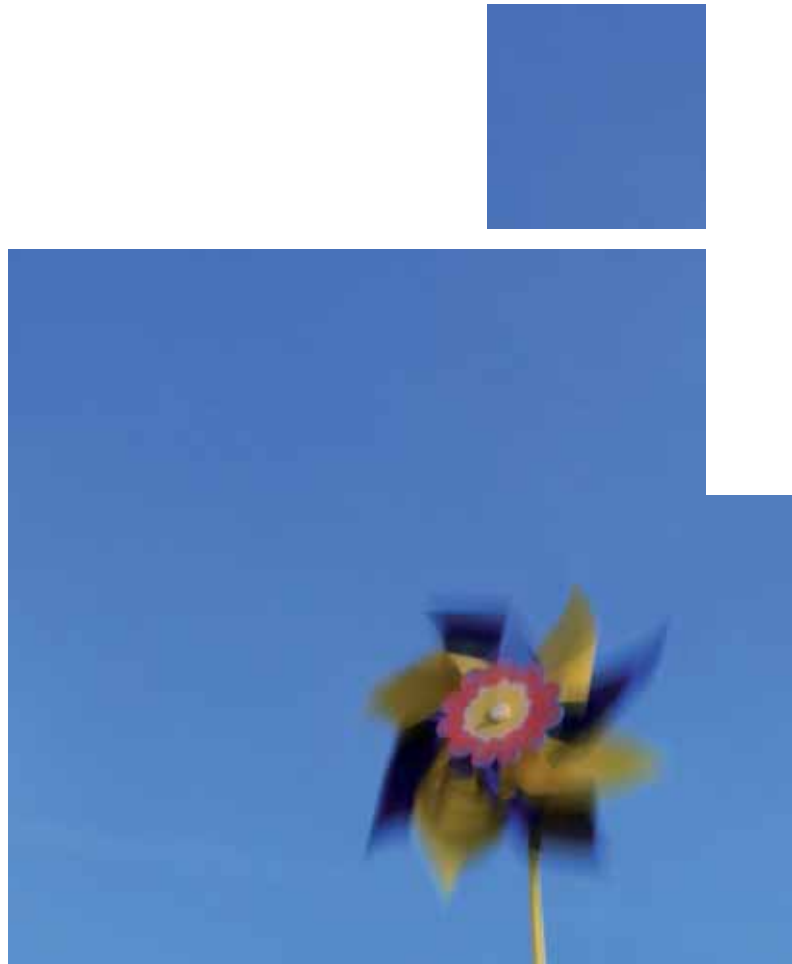
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welcome

to Buying Solutions Annual Report and Accounts

08/09

Buying Solutions is the national procurement partner for UK public services, enabling customers to improve value for money and efficiency.

As an executive agency of the Office of Government Commerce (OGC) in the Treasury we deliver procurement solutions for nationally sourced goods and services.

Over the past year we have delivered or exceeded all of the targets set for us by Ministers. Working closely with customers throughout the public sector, we have facilitated sales of £5.35 billion on their behalf, delivering savings of £732 million.

chief executive's review

Welcome to Buying Solutions' Annual Report and Accounts for 2008/09. The year was one of tremendous progress, in which we exceeded all of our tough ministerial targets and achieved overall efficiency savings of £732 million.

We were delighted to gain the highly coveted certification from the Chartered Institute of Purchasing and Supply (CIPS), procurement's much respected professional body. Its report was immensely positive, especially about our processes and governance, with our new category management business model having particular impact.

During a challenging time of internal re-organisation combined with economic recession, I am proud of our people, whose success – driven by high levels of energy and commitment – is founded on radically-streamlined ways of working and increasing levels of expertise.

"Working collaboratively with customers is at the heart of all that we do and I am very pleased with the significant developments we have made over the past year."

Clarity, focus and simplification have become our watchwords, core values reflected through the re-brand in which OGCbuying.solutions and its sub-brands were aligned under one master brand, Buying Solutions, in order to eliminate confusion and ambiguity. We still remain closely aligned with OGC in taking forward the Government's collaborative agenda, with customer satisfaction at the heart of everything we do.

Expert category management teams provide greatly enhanced levels of knowledge and skill, offering faster responses. We also offer an increasing range of sustainable products and services to help customers meet their objectives in this area.

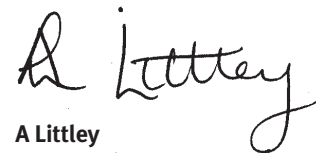
Powerful partnerships and increased collaboration, translating aggregated demand across the public sector into far greater savings in price, process and resource, are key to our continuing success. They also underpin our ability to reach the Government's goal for us to generate at least £1 billion savings annually from 2010/11 onwards.

We recently agreed a groundbreaking software licence deal with Microsoft, which heralds a new era of customer choice and has the potential to save the taxpayer £75 million over the next five years.

The Government's recently published Operational Efficiency Programme revealed huge potential for further efficiency savings in the public sector. One recommendation, of major significance to us, was the transfer of some of NHS PASA's non-health specific categories to Buying Solutions, a proposal we are now exploring. Our ultimate objective is to establish ourselves as the national procurement partner for UK public services.

Our savings target for the coming 12 months of £850 million is another important step towards that goal.

We stand ready and committed to realise further crucial savings for the nation, savings which can then be reinvested back into vital frontline public services.

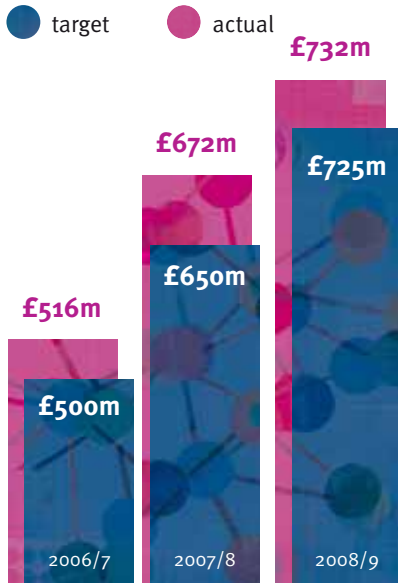


A Littley
Accounting Officer
19 June 2009





performance against targets



target **1**

Savings

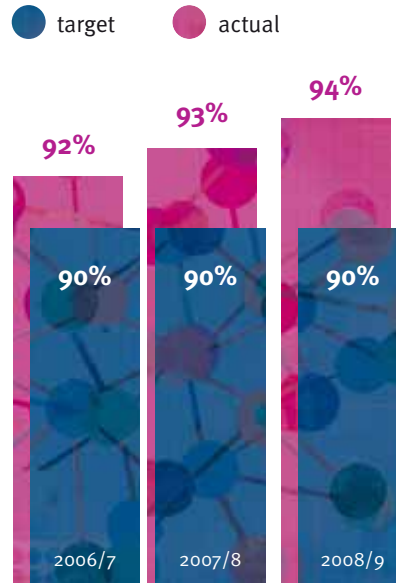
To facilitate at least £725 million value for money improvements for the wider public sector.

Target achieved...

The target has been met and exceeded. We estimate that as a result of using our services during the year, the public sector has made value for money gains of £732 million.

How performance was measured

Our estimate of gains includes price savings, where reliable price comparisons can be made, and process cost savings. Process savings are estimated on a full cost basis, using Buying Solutions' calculations of its own costs of letting and managing framework agreements and contracts as an estimate of the savings made by our customers in using our services.



target **2**

Customer satisfaction

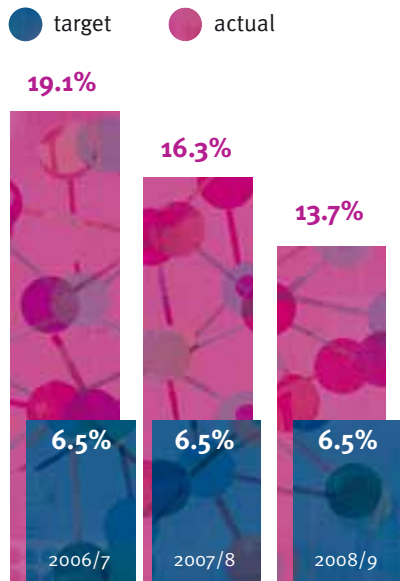
To achieve levels of customer satisfaction above 90%.

Target achieved...

The target has been met and exceeded with satisfaction levels of 94%.

How performance was measured

We measured performance through four customer satisfaction surveys. Data was gathered from customers using a telephone questionnaire.



3

target

ROCE

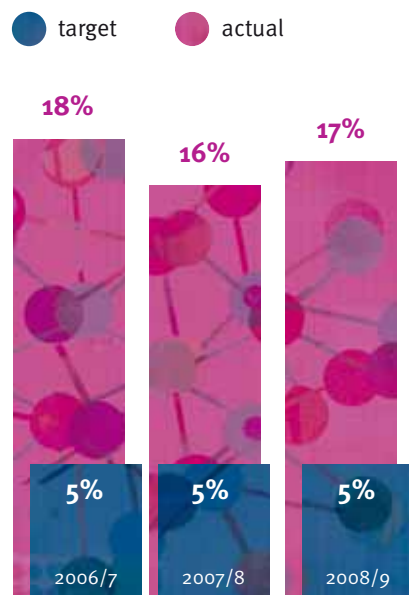
To make a Return on Capital Employed of 6.5%.

Target achieved...

The target has been met and exceeded. Buying Solutions' operating surplus of £4.38 million represents a ROCE of 13.7%.

How performance was measured

ROCE is measured as Buying Solutions' operating surplus, as a percentage of the average of opening and closing net assets.



4

target

Internal efficiency

To reduce by 5% the ratio of internal costs over the value for money improvements compared with the out-turn for the same ratio in the previous year proportionate to cashable savings.

Target achieved...

The target has been met and exceeded. The cost per £ saving is £0.0494 compared to £0.0592 in 2007/2008, a 17% improvement on 2007/08.

How performance was measured*

The cost per £ saving is Buying Solutions' estimated cash releasing value for money gains for the public sector, divided by the operating costs expenditure (excluding exceptional items) for the year. In 2007/08 cash releasing, vfm gains were £398 million and operating cost expenditure was £24 million, representing a cost per £ saving of £0.0592. In 2008/09, cash releasing, vfm gains were £552 million and operating expenditure was £27 million, representing a cost per £ saving of £0.0494.

*In previous years this ratio was calculated based on *total* vfm gains



delivering savings of

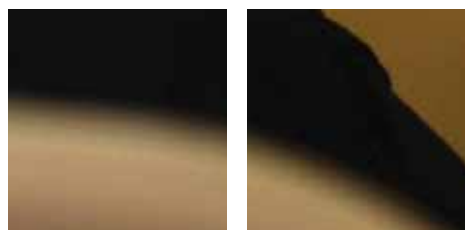
£732 million

helped the NHS to save

£2 million
on mobile services

highlights of the year

- All ministerial targets were achieved – and exceeded
- The volume of facilitated **sales grew to £5.35 billion**, delivering **savings of £732 million**
- CIPS (Chartered Institute of Purchasing and Supply) certification was achieved well ahead of the original schedule. The CIPS report was immensely positive, especially about our processes and governance, with our category management model in particular making a significant impact
- The launch of our Green Ticks signposting facility on our website allows customers to quickly and easily find and buy products that comply with Defra's Quick Win standard
- Our innovative and creative Contractor and Interim Exchange service provided a one-stop-shop for the supply of interim management and contractor buying services to the Home Office, securing both cashable and process-related savings
- Collaboration between Buying Solutions and the Ministry of Defence on furniture procurement delivered **20% savings** on office furniture
- A groundbreaking deal agreed with Microsoft is expected to secure **savings of £75 million** over the next 5 years
- Our new Mobile Solutions (II) framework agreement helped the NHS to save **£2 million**. Thought to be the largest contractual agreement for mobile services in the world serving over **2,800** public sector organisations, it provides **savings of circa 25%**
- Successful collaboration with Becta on software licensing provides schools, local authorities and colleges with a value for money, quick, EU-compliant route to procure software from proprietary and open source options
- Collaboration with Value Wales, the procurement arm of the Welsh Assembly Government, is expected to **save circa 25%** representing a potential **£1 million saving** on telecoms projects
- Buying Solutions and OGC sponsored an eAuction for IT hardware which saw almost 50 public sector organisations aggregate spend to drive **savings of over £10.5 million**





success through the innovation, commitment and skills of our staff

Teamwork opens up opportunities

The skill, enthusiasm and commitment of our staff is essential to deliver the quality of service demanded by our customers. The significant changes made over the last year could not have been achieved without the dedication of each and every member of our organisation.

The achievement of the Chartered Institute of Purchasing & Supply (CIPS) certification is testimony to the progress we have made in developing our skills, capabilities and professionalism. It also demonstrates our strength as the national procurement partner for UK public services.

We are now in an even stronger position to meet the exciting challenges ahead and to take full advantage of the many opportunities in the pipeline for Buying Solutions.

Investors in People

Buying Solutions successfully retained its recognition as an Investor in People, which highlighted the organisation's continued commitment to delivering business improvement and success through our staff.

Supported by key learning and development activities that underpin the strategic direction of the organisation, staff have been encouraged to develop their potential and improve their skills, thereby enabling them to make a valuable contribution to our collective success.

People Development

The major drivers for learning and development activities have continued to focus on the implementation of category management. Key elements included:

- The development of a Buying Solutions specific category management model
- The development of guidance and templates to form a Buying Solutions category management toolkit
- A comprehensive series of training events using the toolkit itself
- A rigorous coaching programme to help embed the learning and put it into practice

- The creation and implementation of a category governance process using gates and peer review

Furthermore, we have continued to offer tailored training programmes and introduced competency frameworks to enhance levels of professionalism across the organisation, particularly in procurement, leadership and management.

During the past year, 21 staff gained CIPS qualifications at various levels, with 39 ready to progress to formal MCIPS status. 31% of Buying Solutions staff are now CIPS qualified, demonstrating extensive procurement expertise and experience.

We have run three Institute of Leadership & Management programmes since 2006, with 10 staff achieving diploma level 5 in the first year. Last year a further nine staff succeeded at level 3, with six more due to complete this year.

Buying Solutions has also invested in strategies to support the development of a 'talent pipeline' which will deliver a coherent approach to the sourcing, development, deployment and retention of quality talent for the organisation.

Staff survey

For the 4th year in succession Buying Solutions undertook its annual Staff Survey using the Best Companies (Sunday Times Top 100 Companies to Work For) methodology. The organisation continues to follow this approach because of the richness of data it provides and the ability to benchmark Buying Solutions against the best. The survey has prompted improvements in areas such as internal communications and leadership training.

Health, safety and welfare

The health, safety and welfare of staff continue to be key priorities for Buying Solutions.

There were no reported cases against RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995).

The number of working days lost due to sickness absence was 1875.5, with the average number of days per employee 6.31. This is lower than the Civil Service norm.

Recruitment

Buying Solutions is an equal opportunities employer and our recruitment processes meet the rules and regulations laid down and subsequently audited by the Civil Service Commissioners.

During the year, 30 posts were filled through internal promotions. A total of 32 posts were filled through external recruitment. None were of an ethnic minority. The recruitments were broken down as follows:

Grade	Gender	
Band 1	2 Female	
Band 2	2 Female	1 Male
Band 3	3 Female	1 Male
Band 4	2 Female	5 Male
Band 5	1 Female	4 Male
Band 6		5 Male
Band 7		4 Male
SCS	1 Female	1 Male



We have changed our approach to Corporate Responsibility (CR) significantly during the year. A new team was formed to expand upon the work of the existing sustainability team, with a key driver to understand and balance the differing needs of our stakeholders.

bringing corporate responsibility to life

One of our corporate targets in 2008/09 was to make CR a source of competitive advantage. This was achieved through:

- Delivering sustainable procurement for our customers
- Operating sustainably
- Supporting our local communities and environment
- Developing our people and
- Active stakeholder engagement

Sustainable goods and services

We are working proactively to ensure that our procurement arrangements help customers meet their sustainability objectives.

- Our Bureau Services contracts offer a comprehensive range of services to help plan and implement energy management
- Our new Project Management and Design Team Services procurement will deliver framework agreements for more sustainable building design and construction
- Our Environmental Consultancy frameworks provide extensive advice and assistance regarding waste management, biodiversity, energy efficiency, water management and Environmental Management System (EMS) implementation
- Our Furniture contracts put great emphasis on sustainable sourcing and on reuse, recycling and safe disposal
- To help reduce unnecessary travel, our ICT contracts offer a wide range of video and audio conferencing products
- Our Water Conservation and Management framework agreements provide advice and surveys, water saving equipment, bill validation, tariff optimisation, leak investigation and monthly reporting

Green Ticks

Green Ticks is a new signposting facility on our website. Launched in January 2009, it allows customers to easily identify and buy products that comply with Defra's Quick Win standards. Products are endorsed with either a 'Green Tick' if they conform to the mandatory minimum Quick Wins, or a 'Green Tick plus' if they meet the voluntary best practice Quick Wins.

Operating sustainably

SOGE measurement

All central government departments have Sustainable Operations on the Government Estate (SOGE) targets to meet. We have continued to make progress against our own targets in the past year by successfully reducing our use of paper and CO₂ emissions from business travel. This has brought both financial and environmental benefits.

EMS progress

An Environmental Management System (EMS) provides a framework for managing environmental performance. It enables organisations to monitor and improve their environmental efficiency, whilst integrating environmental responsibilities into wider business operations. In Buying Solutions we are following BS8555, as a route to full ISO14001 accreditation. We achieved Level 2 certification in March 2009.

Travel Management Information (MI)

We developed a new, more accurate and comprehensive system for collating and analysing our travel data in 2008. This formed part of demonstrating continuous improvement under our EMS, as well as allowing us to showcase our domestic travel management to customers of the travel category. The new system collates travel data on air, rail, hire cars, grey fleet and taxis. CO₂ emissions are calculated, based on mileage, using Defra's 2008 conversion factors.

Consider campaign

Our internal marketing campaign, 'Consider', was launched to help staff think about the organisation's corporate responsibilities, why they matter and how they as individuals can make a difference.

Awareness has been raised within the organisation through a series of campaigns relating to paper use, business travel, energy consumption, staff counselling services and volunteering. A new intranet site called 'Considerations' was launched at the end of 2008 to keep staff informed of news and developments within CR.

Reducing the use of paper

We have been measuring paper consumption in Buying Solutions since October 2008 with new software for multi-functional devices. We made the reduction of paper consumption one of our corporate targets to maximise awareness amongst staff. The target to reduce consumption by 5% was exceeded with use down by 11% year on year.

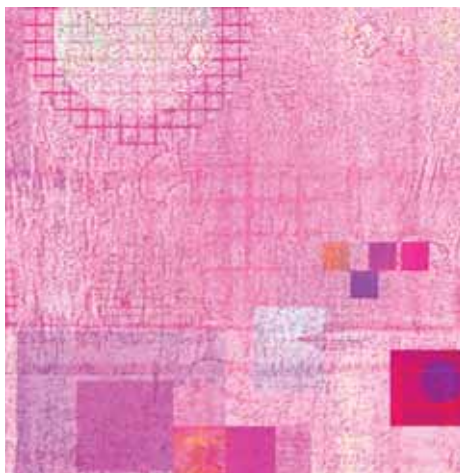
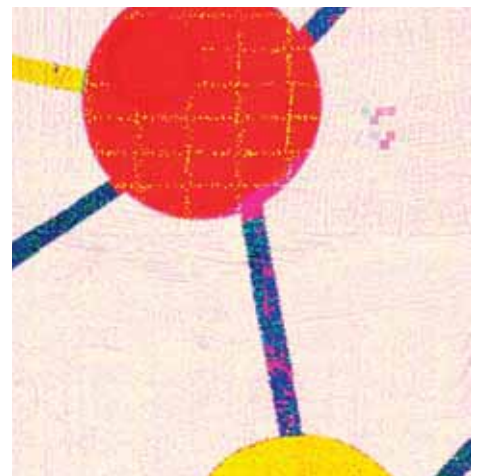
Volunteer days to support our local communities

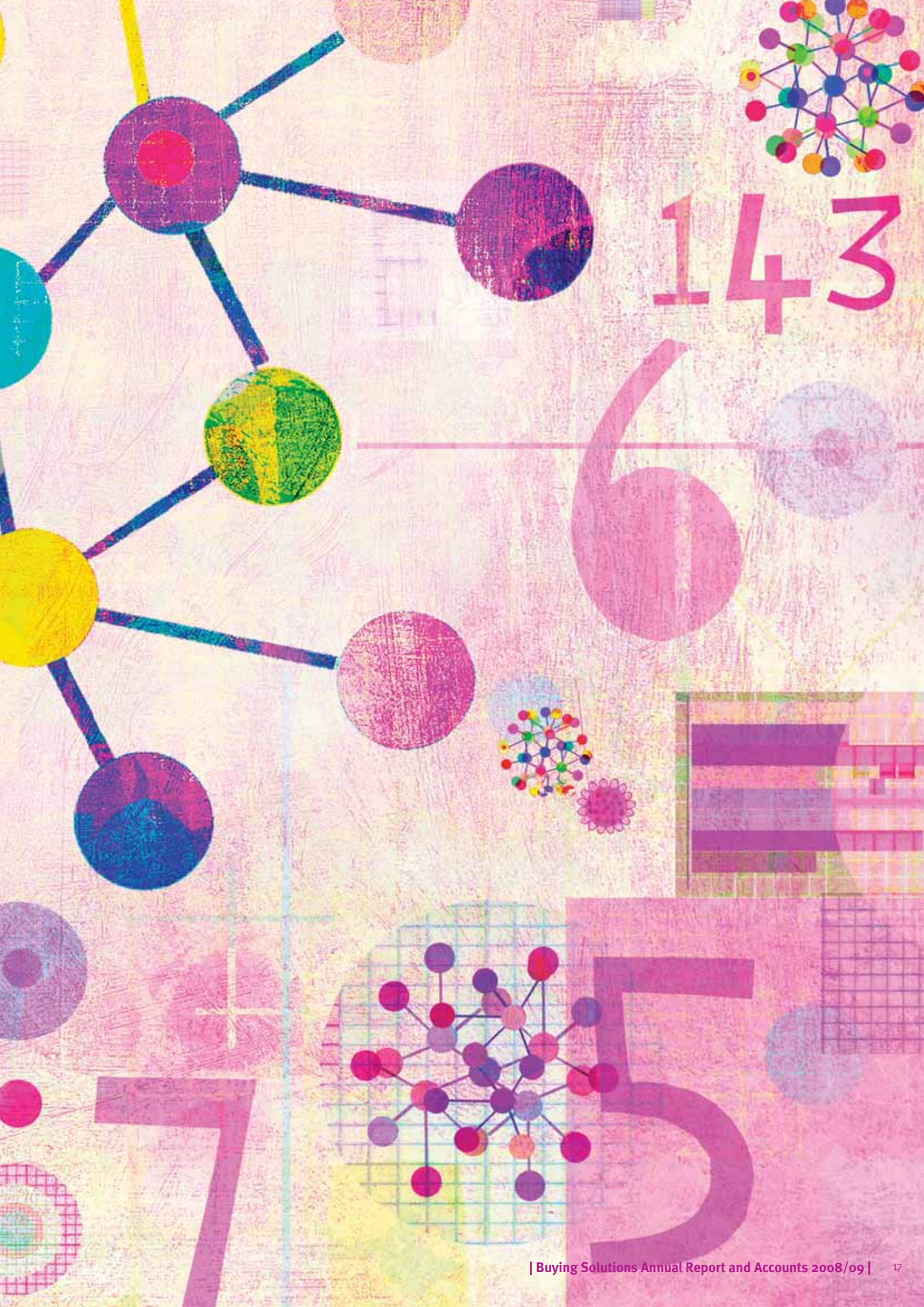
In September 2008 staff in both the Liverpool and Norwich offices took part in three corporate volunteering days for local charities, helping to support our local communities in both Merseyside and Norfolk. In addition, our volunteering policy allows staff to take two days paid leave per annum for voluntary work.


procurement review of the year

Our approach to procurement is engineered around the principles of category management. In operational terms, our procurement teams are structured around the following categories:

- Professional Services
- Property and Office Solutions
- Energy
- Travel
- ICT
- eCommerce







"The advice and support from Buying Solutions has been really refreshing.

The creation and set up of the new framework has been done in conjunction with the needs of all the Partnerships and are in alignment with the key drivers that local authorities need to transform their services."

Jane Daly

Transformation Co-ordinator
Improvement and Efficiency West Midlands

Professional Services: provides the best value for money people, expertise and advice

Buying Solutions now provides a fast, reliable, convenient and cost effective route to high quality suppliers of expert consultants, temporary staff and interim managers.

Our Professional Services team operates across a wide range of disciplines, including consultancy, legal services, resourcing and learning and development.

Our knowledge of public sector agendas and policy, commercial market conditions, the expertise of our suppliers and the security of our fully-compliant framework agreements, results in customers expressing a high level of confidence in us.

Use of our framework agreements has shown significant growth, with volumes in 2008/9 more than twice the level of the previous year.

Our framework agreements are being used by an increasingly diverse range of customers both inside and outside central government. The number of local government and health sector customers rose by 41% and 17% respectively over the last year, with over 100 health organisations now using the frameworks.

Groundbreaking service

Over the past year the Buying Solutions Professional Services team has honed its service into one that is trusted by public sector customers to provide the best value for money people, expertise and advice, in an area of procurement widely regarded as one of the most difficult and under the most scrutiny.

An example of this is the Contractor and Interim Exchange (CIX), a groundbreaking service developed by Buying Solutions and the Home Office for hiring interim managers and contractors.

It has already produced significant savings and has laid the foundation for a public sector wide service to cut costs and streamline a vital element of temporary employment.

The service reduces lead times and provides access to high calibre candidates. It also provides important management information to assist analysis and forward planning.

Maximising potential

Ongoing programmes of learning and professional development have a vital role to play in maximising the potential of the public sector workforce. With this in mind, an extensive framework agreement for all public sector learning and development needs was launched in January 2009.

The Learning and Development and eLearning Solutions framework agreement delivers learning and development solutions for the public sector across 22 key competency areas ranging from communications, marketing and customer service to working with ministers, management, leadership and policy skills.

The framework agreement was built around the Professional Skills for Government competency strategy, which sets out the skills needed to progress within the civil service, especially to senior civil service grades.

Government Skills, the Sector Skills Council for central government, sponsored the new framework agreement, and Buying Solutions worked closely with a range of public sector organisations in order to produce the arrangements, which have replaced a vast array of existing contract agreements.

Driving value

Buying Solutions and OGC, in collaboration with a variety of government departments, are spearheading a new initiative, the Consultancy Value Programme, which is aimed at strengthening measures to demonstrate value for money for public sector spend on consultants.

Local government focus

Local government has been a focus area for Professional Services. We have worked closely with Improvement and Efficiency West Midlands, which represents 38 local authorities, to deliver a national framework that fits the transformation requirements of the nine Improvement and Efficiency Partnerships.



Multi-Disciplinary approach pays dividends for Cardiff Council

Cardiff Council embarked on a strategic transformational change programme, with a key objective to identify strategic partnerships and drive forward a range of service improvements and efficiencies across all service areas.

As part of its risk management strategy, the Council wished to appoint independent specialists to advise councillors and officers to ensure that decisions taken were sound and fully considered.

The Council selected Buying Solutions' Multi-Disciplinary Consultancy framework agreement as its preferred means of sourcing an appropriate supplier.

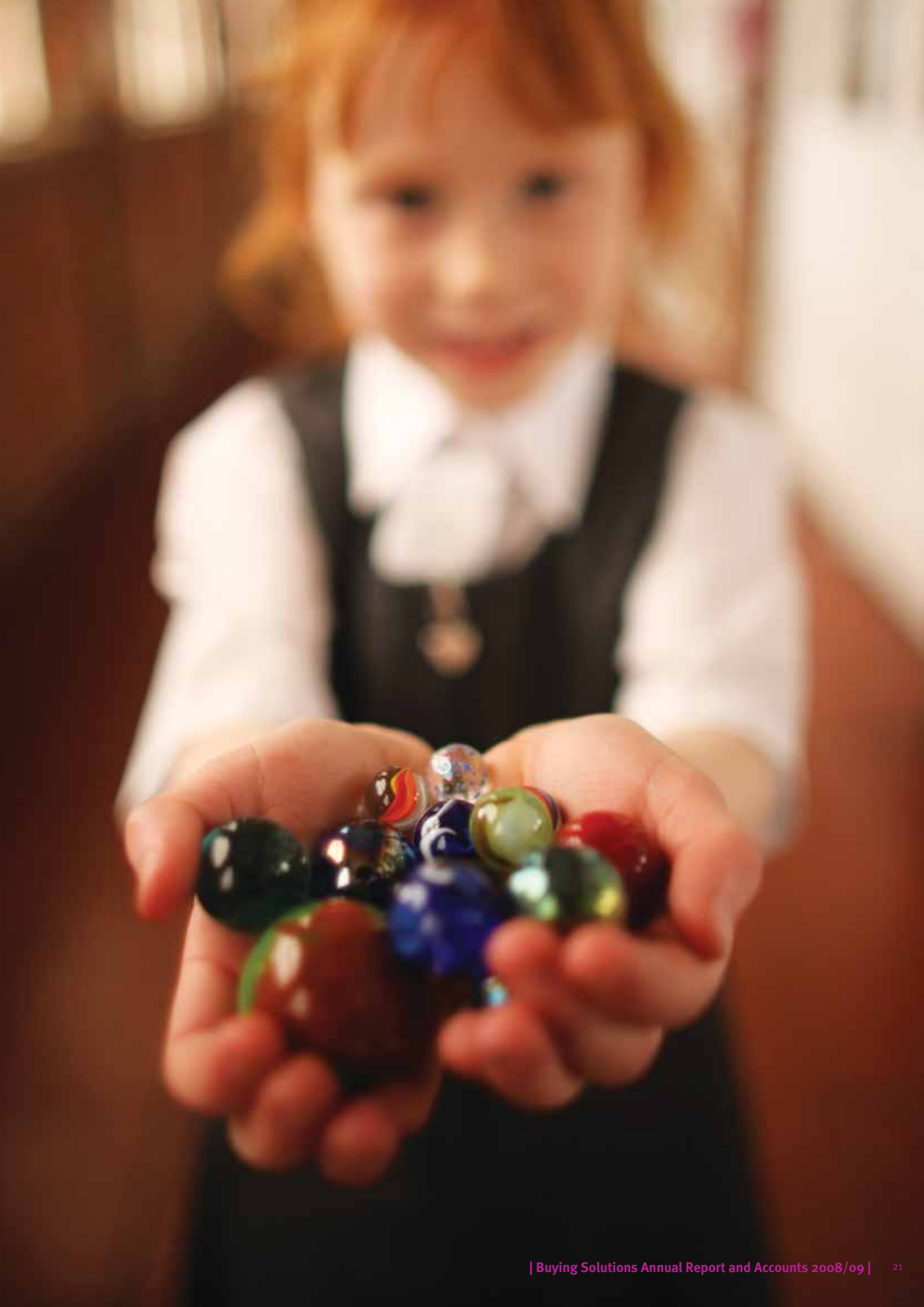
"The Multi-Disciplinary Consultancy framework agreement was attractive to us because it is very effective from a procurement point of view. We decided to go out to all 10 suppliers and didn't have to worry about whether they were the right 10, because we were confident in the knowledge that they had already been through Buying Solutions' own rigorous selection process."

There is great potential for savings and efficiencies through strategic partnerships and adopting new ways of working in Cardiff. The Multi-Disciplinary Consultancy framework will play an important role in supporting the implementation."

Tony Riches

Chief Projects Design and Development Officer
Cardiff Council







collaboration increases savings in property and office categories

The Property and Office Solutions category has produced a strong performance over the year. With cashable savings 80% ahead of target across all sectors, savings exceeded £160 million.

Collaboration pays dividends

Over the year we successfully collaborated with stakeholders such as Ministry of Defence (MoD), Her Majesty's Revenue and Customs, Improvement and Efficiency South East (IESE) and the Ministry of Justice, across many product areas, including furniture, property, office supplies and recycled paper.

We have been working closely with IESE to deliver a new pan-public sector project management framework agreement which will launch in June 2009. This will set groundbreaking standards in the way major building projects are organised and delivered.

The Project Management and Full Design Team Services framework agreement provides a comprehensive solution for major projects or programmes of work and will be the only arrangement of its kind accessible to public sector customers.

The framework, which has stakeholder commitment from all areas of the public sector, is designed to assist in the delivery of a wide range of new build, regeneration, renovation and refurbishment schemes.

Potential spend through the new framework agreement could exceed £500 million, delivering savings of more than £70 million for users over four years.

Reproducing savings

In another excellent example of collaboration, Lancashire County Council agreed to second two of its procurement experts to Buying Solutions to advocate the use of Multifunctional Devices (MFDs).

They advised a cross section of public sector organisations about the benefits of MFDs, which combine a variety of office tasks, such as photocopying, network printing, scanning and faxing in a single, highly efficient machine.

The council experts also provided free best practice advice and guidance for potential customers online.

Office Supplies

Throughout the year, we developed the pan-government Office Supplies framework agreement, in partnership with the Environment Agency, Her Majesty's Revenue & Customs, the Department for Culture Media and Sport, Defra, the BBC, Crown Prosecution Service and the Audit Commission. These new arrangements are due to launch at the end of June 2009.

New Courier Services framework agreement

Procurement arrangements for courier and logistic services were launched in September 2008, providing buyers with swift and easy access to an extensive range of collection, delivery and logistics services.

Among the selected suppliers are organisations expert in the secure movement of cash, confidential documents and other valuable items, together with potentially hazardous goods such as medical or veterinary material.



groundbreaking furniture service cuts costs and improves efficiency and sustainability for the MoD

Joining forces

Close collaboration between Buying Solutions and the MoD's Defence Equipment and Support organisation led to the development of a groundbreaking furniture service that cut costs, improved efficiency and met strict sustainability criteria.

The MoD's objective was to reduce acquisition costs, rationalise to make most efficient use of existing headcount and deliver improved customer satisfaction.

Buying Solutions' experienced furniture team were already engaged with other public sector bodies including the HMRC, Environment Agency and local government to set up a furniture framework, valued at £70 - £80 million annually.

Talks resulted in a collaborative approach in which the two teams agreed to combine buying power and expertise to set up a framework agreement.

Buying Solutions created a dedicated MoD area on its website to host all MoD pricing and allow orders to be placed online. An additional online Invitation to Quote (ITQ) facility was set up to run further competitions quickly and easily.

We also assisted the MoD's communications programme, demonstrating the online buying facility at user roadshows across the UK and in Germany.

Buyers were also provided with a Government Procurement Card (GPC) from Buying Solutions to enable quick and efficient ordering, with the added benefit of a clear audit trail.

The initiative delivered savings of more than 20% on office furniture which far exceeded the MoD's initial expectations. A reduction in direct procurement management in this area also allowed the redistribution of vital skilled staff into other areas of the MoD.

Furthermore, the move to a robust, quick and easy route to procure furniture products and services, combined with an effective communication programme, improved customer satisfaction. Moving to an online system eliminated the need for paper catalogues and invoices, providing instead a full audit trail and essential management information.

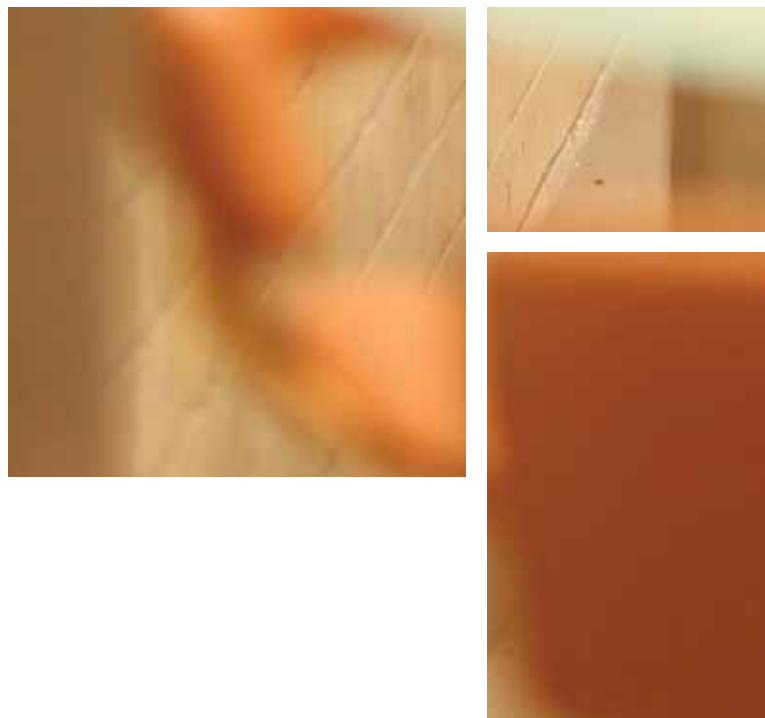
"The ability to reduce the risks, drive down costs and make the new arrangements easily accessible to customers were major drivers in the process."

The MoD takes sustainability issues very seriously. Working with Buying Solutions on the specifications ensured that all of the selected suppliers had the appropriate accreditation to enable the department to meet the Central Point of Expertise on Timber requirements.

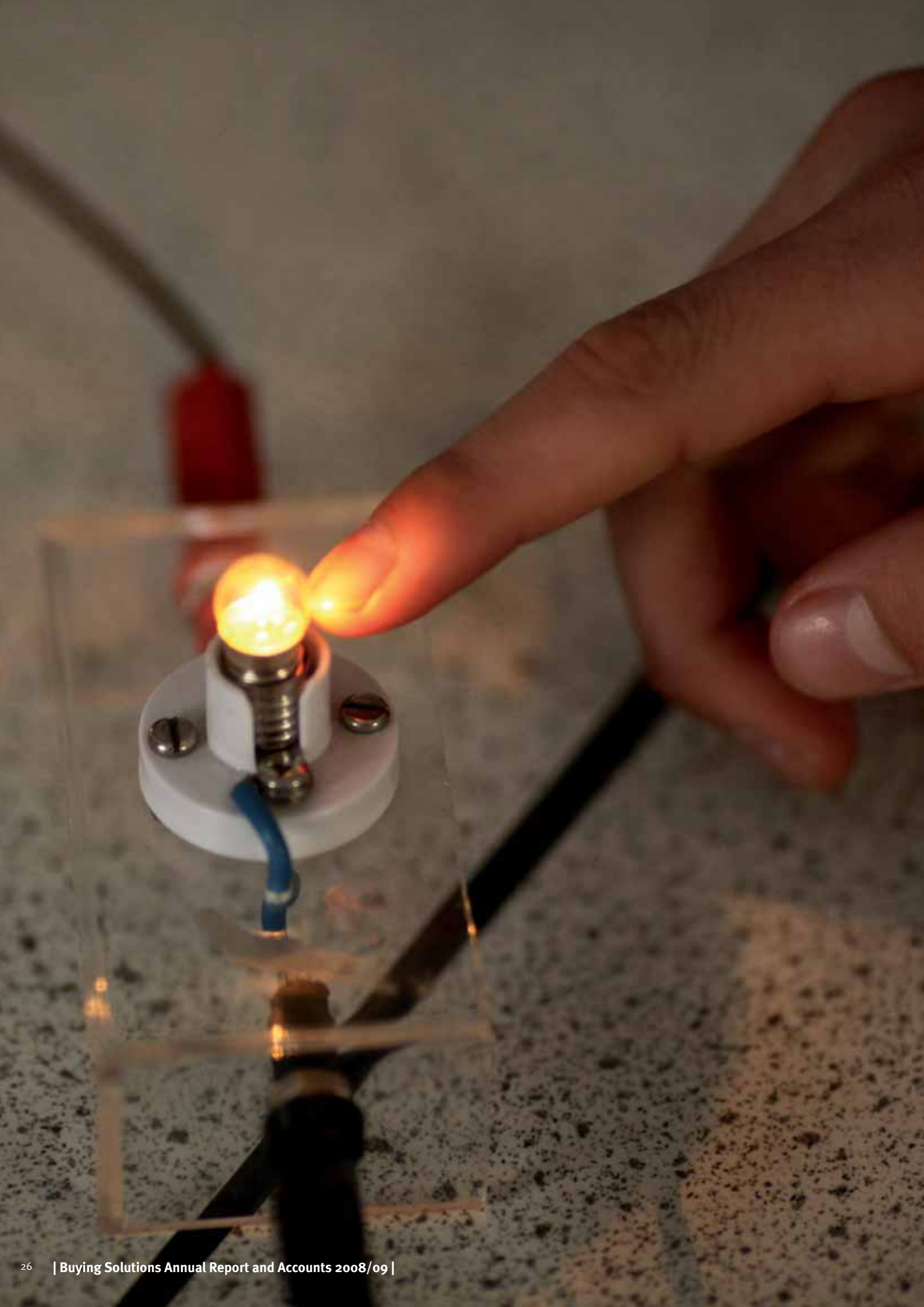
The new end to end processes are driving the right behaviours, reducing costs and eliminating waste within the supply chain."

Tom Logan

Director Commercial Command and Centre
Defence Equipment & Support
Ministry of Defence









energy team's market expertise delivers stability and savings

Even during times of confidence and stability, the energy market is regarded as one of the most complex procurement environments of all.

Last year, the Buying Solutions Energy team managed the procurement of more than £500 million of gas, electricity and liquid fuels for the public sector. Our wholesale purchasing model provides flexibility, cost efficiency and effective risk management for customers.

Traditional tenders generally operate to stringent schedules, with fixed purchase times, regardless of market conditions. By contrast, in-house analysts within the highly skilled Buying Solutions Energy team undertake continuous market tracking, timing purchase to take advantage of favourable market movements on an hour by hour basis.

The flexibility of our Energy purchasing model provides customers with a range of procurement options to suit individual organisations' attitude to risk and reward.

The expertise and effectiveness of our Energy team has attracted many new customers.

Provider of choice

Buying Solutions now manages the public sector liquid fuels service, procuring more than 320 million litres of liquid fuel for more than 5,000 sites across 325 organisations.

We also source bio-diesel for our customers and are actively pursuing the latest range of bio-heating oils which will play an important role in the re-tender of our liquid fuels portfolio in 2009.

Pan-government energy procurement

Buying Solutions is playing a pivotal role in the pan-government energy project 'Buy Smarter, Use Less' working with OGC, MoD and other government departments, local authorities and devolved administrations.

The first key recommendation from this group was that all customers should buy their energy through an aggregated, flexible, risk managed framework, coordinated by energy specialists. Our aim is to be the provider of choice for the public sector.

We have also been developing a collaborative deal with the Energy Saving Trust in which we are leading on Automatic Meter Reading and Power Purchase Agreements.

Energy from renewable sources

Buying Solutions is working closely with suppliers to provide customers with appropriate energy source mixes to meet various national sustainability targets.

We currently supply more than 7,000 public sector sites with electricity from renewable sources on a Climate Change Levy-exempt basis. This equates to approximately 20% of Buying Solutions' sub100kw supply portfolio.



Automatic Meter Reading (AMR)

Automatic Meter Reading enables highly precise billing and payment processes, allowing customers to control their energy consumption more effectively. Most organisations using AMR report significant reductions in consumption and thereby carbon emissions.

Buying Solutions is playing a leading role in this unique initiative. In November 2008 we appointed a Service Development Specialist with specific responsibility for developing AMR services.

Our energy supply companies began the rollout of AMR enabled meters to medium sized electricity and gas customers in January 2009, making estimated billing a thing of the past and giving them greater control of consumption and carbon emissions.

Display Energy Certificate service

Legislation requires public sector organisations with buildings exceeding 1000m² in size to display a valid Display Energy Certificate (DEC).

To ease the burden on customers, Buying Solutions now offers an efficient and cost effective service to produce DECs for all applicable buildings and manage the submissions to the relevant accreditation scheme.

We assess customers' estates, confirm which buildings are covered by the legislation and advise on what information will be required. Customers can view their DECs online and access operational ratings in graphical format to see how building performance is developing over time.

Whitehall District Heating System

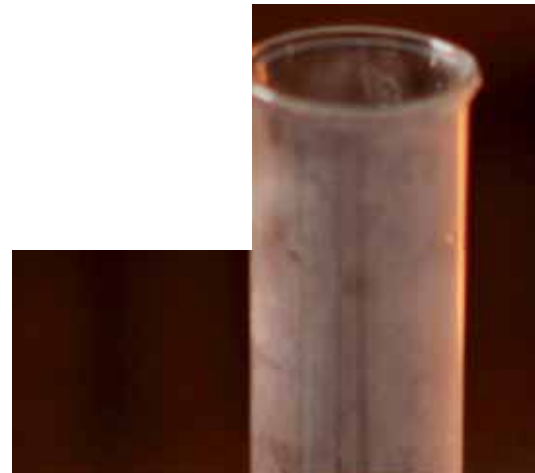
Buying Solutions is responsible for the Whitehall District Heating System, a heating and emergency standby power system, which serves many of the main government buildings in central London.

A joint venture is being developed between Cofely UK and Buying Solutions to improve the long term sustainability of the system. This will provide a model through which heat can be supplied to private sector users who now occupy buildings previously used by government departments and are connected to the system.

Users have benefitted from discounted energy bills, totalling more than £360,000 across the year.

At the start of the year a co-ordinated customer communications programme was put in place to provide increased levels of support and advice.

The objective is to develop productive relationships to ensure that customers are aware of service developments and market conditions and provide feedback to inform future planning.



robust energy solutions for Suffolk County Council

In common with all local authorities, the economic downturn has placed additional pressures on already stretched budgets in rural Suffolk.

The County Council, headquartered in Ipswich, has been working hard to identify opportunities to achieve more for less. One area to come under the spotlight was its spend on energy.

The turbulence within the marketplace and recognition of the need for expert assistance led the Council to approach Buying Solutions.

"We needed to minimise the risks created by volatile energy markets and decided to move from conventional energy procurement to flexible contracts.

The Buying Solutions Natural Gas and Associated Services framework agreement provides us with easy access to a very high volume gas contract. Having a professional energy trader looking after our procurement and a supplier who has a proven track record managing a large multi site electronically billed portfolio has added significant value."

Paul Bonello

Category Manager for Utilities and Energy
Suffolk County Council

travel team lead pan-government collaborative procurement

The past year has seen significant growth and the development of new and innovative product and service offerings.

Turnover more than doubled and savings of almost £10 million exceeded all expectations.

Greater savings and control

Collaboration has been high on the travel agenda over the past year. We lead the pan-government Collaborative Category Board and following extensive consultation with stakeholders, plans are now being implemented for the new Government Air Programme and hotels procurements.

The stakeholder group comprises many of the biggest spending organisations alongside those with the most diverse air spend profiles. Substantial stakeholder commitment is essential to the success of the project and to date £70 million of commitments have been secured.

Buying Solutions will contract directly with airlines and hotels to deliver innovative arrangements for customers to deliver greater savings and control.

It is anticipated that the Government Air Programme will provide significant benefits for business air travellers, their organisations and airlines alike. Buying Solutions' management of the programme will facilitate closer and more productive relationships for the mutual benefit of all parties.

Fleet management

Fleet Management Services represents a key element of the overall collaborative programme and is supported by many government departments, including Her Majesty's Revenue & Customs, the Home Office and Defra.

We have been working closely with the OGC fleet team to deliver the new Fleet Management framework. At present there are a multitude of agreements within fleet management. However none offer organisations the ability to draw all the benefits through one single source, which this new framework will provide.

Travel Management

We continued to host the Public Sector Travel Forum, to which stakeholders input at a strategic level and also the Travel User Group which addresses functionality. We plan to combine the best elements of these two groups, to shape future travel offerings.

Following input from the Forum we have developed the Travel Management Services framework agreement. Previously customers booked hotels, travel, and vehicle hire separately through travel management companies.

Now, under the new framework, customers have the opportunity to consolidate all travel bookings through a single supplier. This offers the end user a fast, streamlined process, with the additional benefits of added savings and control at an organisational level.

Sustainable travel policy

As part of our focus on helping customers achieve their sustainability targets, Buying Solutions took the lead in developing guidance for organisations to maximise sustainable travel. This ongoing project considers sustainability and the role of policy in driving user behaviour.



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Cambridge Heath
London Fields
Hackney Downs
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Stoke Newington
Stamford Hill
Seven Sisters
Bruce Grove
White Hart Lane
Silver Street
Edmonton Green
Bush Hill Park
& Enfield Town.
National Express

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Environment Agency reports savings of circa 20% on train travel

The Environment Agency spends more than £3.5 million each year on rail travel, with varying requirements for its 4,000 staff employed across multi site locations throughout the UK.

Keen to save money and improve management information on spend and environmental impact, it asked Buying Solutions' supplier, Redfern Travel, to provide a rail travel booking system that was easy to access and simple to use.

The Environment Agency rolled out the new online booking system across the organisation over a six week period at the start of the year. To facilitate this process, a series of road shows were delivered at nine regional offices.

By mid February 2009 all staff had been registered on the system, each with personal travel profiles and onsite ticket printers installed into their 17 biggest offices.

In the first month alone the Environment Agency reported 19.8% savings on train travel, as users took advantage of optimal route and cost options within the system.

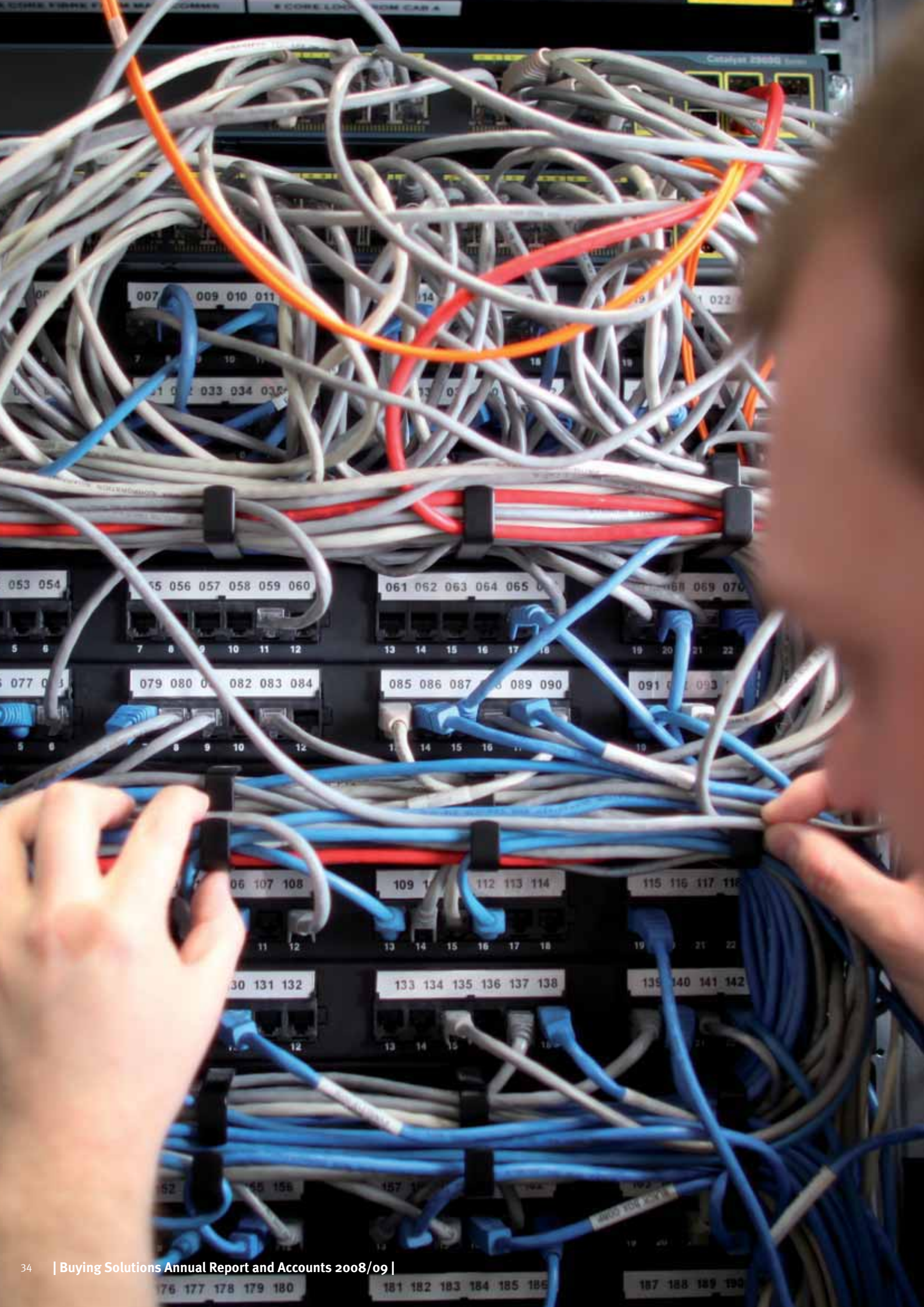


"The implementation of the Redfern online system has been an outstanding success. The rapid roll out and adoption by staff has been impressive.

We were very keen to promote the use of train travel for business use as it produces far less CO₂ emissions than the car or plane.

Working with Buying Solutions and Redfern Travel has allowed us to promote train travel and cut down on our carbon footprint."

Nick Hodkinson
National Property Strategy Manager
Environment Agency





ICT: increase in savings, security and sustainability

The public sector's reliance on IT grows each year. The usual challenges have combined with unprecedented turbulence in the financial markets and the effects of increases in raw material costs.

Buying Solutions has been working with suppliers to keep price increases to a minimum. Our existing framework agreements provide our customers with significant time and process savings in addition to offering some of the most competitive prices in the market.

In spite of the challenging market conditions, our IT hardware team has gone from strength to strength, with a total of £540 million transacted through its IT Goods and Associated Services framework agreement.

Consultation and collaboration

We have been passing on our ICT knowledge to customers via a series of regional events, working with colleagues across the public sector including the NHS Collaborative Procurement Hub organisations, MoD and OGC.

A key priority was to involve customers more in shaping our ICT offerings. Early in 2009 we conducted a survey to determine customer priorities in IT hardware. This will be followed by a series of workshops to ensure that we deliver key customer requirements.

Data security

The confidence that information is protected is a requirement of all organisations. Our GSi, Mts, Zanzibar and eSourcing services have been accredited in accordance with government standards, providing customer reassurance at a time when data security has been headline news.

Pan-government procurement

In early 2008 the Strategic Stakeholders Forum, the governing body responsible for the strategic direction of pan-government collaborative procurements, appointed the MoD to manage the pan-government peripherals category.

Since then Buying Solutions has been working closely with the MoD and other key government departments to develop a new procurement vehicle to deliver substantial savings in this category.

ICT Consultancy

The ICT Consultancy framework agreement, which is due to expire at the end of July 2009, has shown increased growth in terms of spend and savings over the past year.

Research undertaken shows a continued need for ICT consultancy particularly in relation to aspects of ICT security and a demand for services that go beyond the presentation of a report. The new ICT Consultancy offering will therefore have a wider remit, including delivery services and limited product supply. The procurement commenced with the publication of the OJEU in October 2008, with an expected launch in July 2009.

Software and hardware

2008/09 has been a highly successful year for the Buying Solutions IT team.

Spend through our software arrangements doubled this year and a number of key initiatives were delivered. Furthermore, better supplier relationships have improved customer service and resulted in our best ever customer satisfaction rating.

Discounts were offered within the IT Goods and Services framework agreement. Particularly impressive was a deal with HP on printers, which delivered discounts of 50%.

Customer promotions

A number of special customer promotions have been delivered throughout the year. A special offer for Escrow services to support disaster recovery initiatives began early in 2009.

Customer engagement and collaboration

A digital continuity offering was produced in collaboration with The National Archives. We have also delivered a number of customer focused initiatives, including tailored communication of our software products and services for the health sector, through dedicated web pages.

New agreements

The new groundbreaking Microsoft agreement is the first of a series of agreements with major software vendors, in which we are looking to deliver better prices and more flexible licensing arrangements for customers.



new Microsoft deal promises £75 million savings

Months of negotiation between Buying Solutions and Microsoft has culminated in a unique and exceptional deal for customers. As well as providing savings of £75 million for the taxpayer over the next five years, the new agreement offers flexibility and transferability.

For the first time, public sector bodies of all sizes are able to buy Microsoft licences tailored to their individual needs, rather than having to buy standard packages. This reduces unnecessary additional costs.

Other unique benefits of the Microsoft deal include full transferability of licences right across the public sector to avoid waste, and the provision of training and support to all organisations.

"This new agreement will contribute to the Government's efficiency targets in support of its operational efficiency programme, and clearly demonstrates the huge benefits that can be achieved through collaborative procurement."

Angela Eagle

Former Exchequer Secretary to the Treasury



new IT deal provides Land Registry with more for less

When the Land Registry's pivotal IT contract came up for renewal, selecting the correct procurement strategy and route to market was vitally important.

IT and business continuity are critical to the successful operation of Land Registry's core functions, the automation of its services and the opening up of new business opportunities. Its dedicated in-house IT team is augmented by strategic long-term relationships, for example the Buying Solutions IT team.

Land Registry's Distributed IT Infrastructure (DITI) contract is its largest single item of annual external expenditure, providing access to all of its internal and external systems.

When its current DITI contract was due for renewal it was vital to consider all procurement options. The solution needed to be flexible to support Land Registry's Blueprint, which sets out its future vision. The solution also needed to be transparent, high quality and deliver excellent value for money – a 'more for less' solution.

Land Registry selected the Managed Desktop framework agreement from Buying Solutions' Specialist Solutions category. This provided a wide selection of pre-approved suppliers and pre-negotiated terms and conditions supplemented by special conditions drawn from OGC's ICT model contract.

The new contract for a fully managed desktop service for over 8,000 members of staff located across the UK has an estimated value of £50 million over 5 years, generating approximate savings of £60 million over that timescale, when compared to the previous contract.

"Buying Solutions provided support in early discussions and final decision making around the procurement strategy. Using an existing framework agreement has resulted in considerable time and process saving."

Mike Ferguson

Head of the Land Registry procurement team

"The new service, which will commence in July 2009, will greatly enhance operational cost effectiveness and offer financial transparency and predictability to Land Registry. It has been designed specifically to provide flexibility and will evolve to support the organisation's business transformation aspirations."

Peter Collis

CEO

Land Registry



working with Becta secures a new software deal that promises impressive savings

A collaborative deal between Buying Solutions and Becta has delivered an extensive range of off the shelf, value for money software and licences to schools and other educational institutions. Becta is the government agency leading the drive for effective and innovative use of technology throughout learning.

The deal also includes a range of value adding support services such as sourcing, installation, technical support and licence management.

The new procurement arrangements came into effect in October 2008 and replace a previous successful agreement. The potential spend through the new agreement is estimated at £80 million over four years.

Schools, local authorities and colleges now have a quick, EU-compliant route to procure software for the following business areas:

- Operating systems
- Office productivity and databases
- Design, development and testing tools
- Network and security software
- Utilities, data management and storage
- Enterprise resource planning and Management Information software

Both proprietary and open source options will be available to meet specific customer needs.

Recent initiatives, such as Computers for Pupils and learning platform funding, have put local authorities and Becta at the forefront of the Government's ICT agenda, making the collaboration with Buying Solutions all the more important.

A recent survey carried out by the National Centre for Social Research revealed that the proportion of authorities that used Becta frameworks to procure ICT resources increased from 78% to 89% between 2007 and 2008.






"The previous Becta framework agreement proved to be a valuable procurement mechanism for the education sector in delivering cost effective software solutions.

We are delighted with the successor framework agreement, the first major procurement project in which Becta has collaborated closely with Buying Solutions.

It will ensure that our educational users, including those in the FE and Skills sector, continue to have the opportunity to achieve effective choice and value for money."

Dr Stephen Lucey
Executive Director
Strategic Technologies
Becta



collaborative telecoms projects deliver growth and savings

Year on year spend through both telecoms framework agreements and Network Services grew significantly during 2008/09.

The year saw the launch of a major new framework by the Telecoms team, as well as two significant collaborations. Spend through telecoms frameworks alone increased by 24.4% to £325 million.

Telecoms

In January 2009, Buying Solutions launched a new range of best value mobile voice and data services under the Mobile Solutions (II) framework agreement.

The new framework secures existing benefits enjoyed by customers, provides new savings opportunities and satisfies the growing demand for more flexible mobile voice and data services.

Working with Value Wales

Buying Solutions' collaboration with Value Wales, the procurement arm of the Welsh Assembly Government, has been a highlight of 2008/09. Value Wales provides advice and support on smarter procurement, working across the whole of the Welsh public sector.

The collaboration between Buying Solutions and Value Wales enables public sector organisations in Wales to achieve best value products and service for voice minutes and line rental and is estimated to deliver savings in the region of £1 million.

New pricing model for education

The National Telecoms Group (NTG) is a forum to gather information and views from Higher Education (HE) institutions and communicate telecoms progress and best practice. Collaboration between Buying Solutions and NTG provides access to a wider scope of telecoms products and services for the HE sector.

As a result we have developed tariffs specifically for the HE and FE sector based on a monthly call profile with tools to support customers that are simple to use, enabling them to calculate current rates and potential savings.



Network Services

Connecting local authorities

Government Connect is a pan-government programme, led by the Department of Work and Pensions (DWP), providing an accredited and secure network between central government and every local authority in England and Wales. The network is known as GCSx (Government Connect Secure Extranet) and is part of the wider Government Secure Intranet (GSI), managed by Buying Solutions.

Since DWP's Data Access Policy, came into effect on 1st April 2009, every local authority in England and Wales is now live on GCSx or has a planned launch date.

GSI increases savings for customers

The extension of the GSI contract with Cable and Wireless provides an opportunity to ensure continued and improved competitiveness for GSI service.

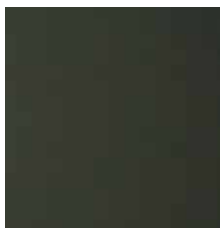
As well as establishing a transition period between the new GSI 2.5 and its successor, the new contract, to August 2011, has delivered significant benefits to customers, to include one-off savings in excess of £2.4 million. Additional recurring savings have been made through direct reductions in annual connectivity charges.

Successor Services

To support the Government's vision for a transformational pan-public sector network, Buying Solutions is working in collaboration with the Cabinet Office, other government departments and the wider public sector to shape an innovative solution through the Ocean programme.

The Ocean Programme has been initiated to:

- Procure successor services to those currently delivered by the GSI and Mts contracts
- Source complementary cross-government communications services and network solutions
- Support the development and implementation of the Public Sector Network (PSN) being led by the Cabinet Office



East of England Collaborative Procurement Hub saves around £2million on mobile telephony

The East of England Collaborative Procurement Hub sourced mobile telephony for over 40 NHS trusts using Buying Solutions' Mobile Solutions procurement arrangements, saving the regional health authority approximately £2 million.

Across the six counties of Norfolk, Suffolk, Cambridgeshire, Essex, Hertfordshire and Bedfordshire, the Hub identified that a significant amount of money was being spent on mobile telephony. Numerous service providers were being employed and a multitude of contracts with different terms and conditions were in place.

Rather than start from scratch with a full tender process, the Hub used Buying Solutions' pre-tendered mobile telephony contracts which were flexible enough to accommodate the organisation's wide ranging needs.

A major concern for the group was coverage, due to the rural nature of the local area, and ongoing administrative and technical support. A further competition was used to find out which of the suppliers on Buying Solutions' framework could provide the best coverage and service at the most competitive price.

The Hub is currently considering expanding the scope of the service to include Lone Worker Protection and BlackBerries. The collaborative nature of the Hub's procurement function minimises procurement effort and ongoing contract management activity. By choosing to use Buying Solutions' Mobile Solutions framework agreement, much of the pre-purchase phase was avoided.

The Hub is now looking to apply this successful procurement model to increase savings in other areas of spend.

"We required little support from Buying Solutions as using the framework agreement was so straightforward. All the hard work had already been done for us.

We knew that the Buying Solutions tender exercise had been very rigorous and so we didn't need to repeat it. With over 10,000 handsets in use across the East of England, mobile communications is an essential part of healthcare delivery and a considerable area of expenditure.

These savings have gone straight back to our member trusts to be spent on front-line, patient facing services."

Glenn Gooch
Assistant Director
East of England Procurement Hub



a centre of excellence for eProcurement

With new products and services introduced, the past year has been busy and highly productive as the eCommerce team strives towards its target to become the public sector's centre of excellence for eProcurement.

A key focus has been to educate and inform existing and potential customers about the strategic value of eProcurement, as against using it as a suite of tools for tactical purposes only.

Zanzibar

Zanzibar, Buying Solutions' eMarketplace, moved from strength to strength, achieving a £50 million throughput and savings in excess of £6 million. By removing the barriers to entry and developing a new and improved supplier agreement, Zanzibar now has over 50 subscribing organisations at various stages of adoption.

Payment Solutions

The use of the Government Procurement Card increased by more than 24% with over 6 million transactions processed.

Spend using fuel cards exceeded £320 million, while £50 million of transactions went through the Government Merchant Acquiring system.

eAuctions lead the way

Over the year, Buying Solutions facilitated an impressive programme of 28 eAuctions for customers across the public sector which included mobile phones, IT hardware, software, peripherals and furniture.

- Lambeth Council made a 45% saving on mobile solutions against previous levels of spend
- North Yorkshire County Council mobile solutions auction realised a 29% saving against previous spend
- A collaborative OGC auction for IT hardware, which Buying Solutions part sponsored, saw almost 50 public sector organisations aggregate their spend to drive savings of over £10.5 million

Spend analysis shows how

The use of cutting edge spend data analysis and manipulation tools is expected to increase substantially as a result of the launch of our new Spend Analysis framework agreement on 1 October 2008.

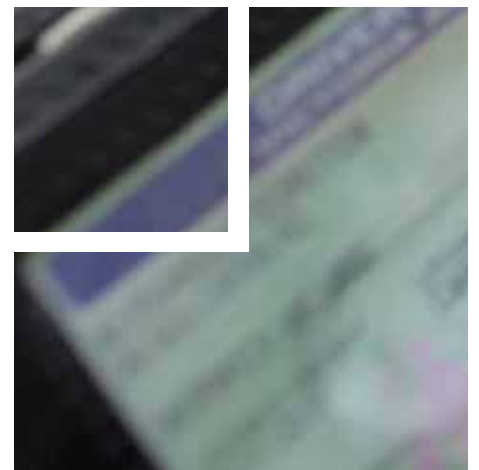
This provides all public sector organisations with a tried and tested route to technology that, for many, will enable them to assemble, for the first time, a full and accurate picture of procurement spend, buying patterns, suppliers and the use of approved contracts.

eFurther Competition

We developed a proof of concept to provide an eFurther Competition service for Government Procurement Card (GPC) customers. The first customer was the London Procurement Programme.

This allows customers to undertake a further competition much quicker with better results.

Future plans revolve around a new Source to Pay service which will see the integration of the various offerings at each stage of the process – commencing with spend analysis.





devolved authorities reap rewards

The devolved governments of Wales and Northern Ireland delivered immediate savings and efficiency benefits within months of embarking upon new eProcurement initiatives through Buying Solutions.

Both administrations chose an end-to-end eSourcing managed service, delivered by leading international software and solutions business BravoSolution.

In Wales, these eSourcing tools are a key component of the xchangewales eProcurement initiative.

xchangewales eProcurement is a suite of electronic procurement tools and secure, web-based services that make it possible for public sector organisations across Wales to source, order and pay for goods and services online at www.xchangewales.co.uk

The portal, funded by the Welsh Assembly Government, allows buyers from central and local government, the NHS, emergency services and higher and further education, to conduct online procurement directly with suppliers – sourcing products as diverse as work based learning and advertising media. Cashable savings in excess of £1.4 million were achieved within the first three months of operation.

Similarly the Department of Finance and Personnel in Northern Ireland also deployed an eSourcing portal, based on the BravoSolution procurement platform.

The portal works across all Northern Ireland Government departments and their agencies. It supports the Centres of Procurement Expertise, which are responsible for the procurement of goods and services.

In addition to the usual efficiency benefits achieved following an eSourcing implementation, the key benefit for the Central Procurement Directorate is the use of eVendor Management, which captures top level, generic, pre-qualification questionnaire data from suppliers. This eliminates the need to resubmit the same data each time.

More than 1,500 suppliers registered and were swiftly participating in live tendering activities, including all further competitions run off existing framework agreements – resulting in significant financial and process savings.



"The introduction of the Buying Solutions eSourcing portal is helping the public sector in Northern Ireland deliver better and sustainable public services to its citizens, our most vital objective."

Des Armstrong

Director
Central Procurement Directorate
Northern Ireland

"We believe that eSourcing will contribute greatly to helping public sector organisations across Wales to save £200 million over the next five years, through cost and efficiency savings alone."

Martin Sykes,
Chief Executive
Value Wales

eCommerce

50





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management commentary

1 Statutory Background

The accounts have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6A) (b) of the Government Trading Funds Act 1973 updated 13 January 2004.

The financial objectives of Buying Solutions are detailed in a Treasury Minute laid before the House of Commons and reproduced on page 81 of this report.

2 History

Buying Solutions was originally established as a Trading Fund, known as The Buying Agency (TBA) on 1 April 1991 under the Government Trading Funds Act 1973. TBA was launched as an Agency on 31 October 1991.

Following the Gershon review of Central Government Procurement in 1999 a new organisation, the Office of Government Commerce (OGC), was set up within HM Treasury, TBA was transferred to OGC as an Executive Agency on 1 April 2000 and the Managed Services Division of Central Computer and Telecommunications Agency (CCTA) merged on 1 April 2001 to form a new Executive Agency of OGC. The Agency changed its name to OGCBuying.solutions on 3 April 2001. On 6th April 2009 the Agency underwent a further change of name to Buying Solutions in order to differentiate itself from OGC and clarify the respective roles of each body.¹

3 Financial and Accounting Arrangements

The Buying Agency Trading Fund Order 1991 imposes a limit of £10 million on the sums that may be issued to the fund by way of a loan; within its total borrowing power Buying Solutions may also negotiate loans of up to 12 months duration.

Our Trading Fund status affords Buying Solutions financial stability and a degree of flexibility, so that we can invest and take considered risks as appropriate in order to maximise the savings for the nation that we are able to deliver.

Buying Solutions is able to generate its own cash via supplier commission and managed services fees and, as such, does not receive funding from the public purse. Any surplus cash is, in the short-term, invested in a high interest account or on deposit with the National Loan Fund and, longer term, invested to generate further savings for the nation. A certain level of liquidity also needs to be maintained to fund the working capital requirements of the Managed Telecommunication Service (Mts). A “dividend” equal to 6.5% of capital employed is paid annually to OGC.

Our main tangible asset is Whitehall Systems which is detailed in the Notes to the Accounts.

There have been no changes in accounting policies this year.

4 Principal Activities

Buying Solutions provides a professional procurement service to the public sector to enable organisations to deliver improved value for money in their commercial activities. It does this by providing a range of services designed to achieve measurable cost savings and guaranteed quality and service levels through simple, quick and effective procurement routes.

With effect from 21st January 2009 the definition of Buying Solutions’ ‘Funded operations’ (as defined within the Buying Agency Trading Fund Order 1991) was amended to fully reflect and clarify the UK public sector base, taking full account of government structural changes since 1991.²

Buying Solutions’ operations break down into three major areas of activity, namely framework agreements, managed services and memoranda of understanding (MoUs).

Framework agreements are a set of pre-tendered contracts with a range of suppliers from which public sector customers can purchase goods and services with ease. A small commission (averaging 0.6%) is collected from the suppliers for each sale they make under our frameworks. Pre-tendered framework agreements cover over 500,000 individual products and services.

Managed services are ongoing, often more sophisticated, services provided by Buying Solutions on behalf of its public sector customers. In many cases, Buying Solutions acts as the “intelligent customer” to a range of strategic partners. The economic model here varies by business area ranging from commission to traditional purchase and sale at a small margin designed to cover the cost of managing the service.

In addition, Buying Solutions is establishing a range of outsourced procurement solutions. For example, the Contractor and Interim Exchange (CIX) service for the Home Office embraces the areas of organisational consultancy, functional consultancy and multi-disciplinary consultancy.

Buying Solutions manages several MoUs which provide public sector organisations with economies of scale and general lowest price guarantees across government.

¹ The Buying Agency Trading Fund (Amendment) order 2009 (S1 2009/647)

² OGCBuying.solutions Trading Fund (Extension and Amendment) order 2009(S1 2009/81)

The operations are wholly UK-based and are carried out at two main locations, Liverpool and Norwich. At present, our products and services are grouped as follows:

ICT (IT Hardware, IT Software and Networks)

Hardware, software, associated products, infrastructure, maintenance and management; an extensive range of telecoms products and services including Mobile Solutions and Specialist Solutions; Mts, a Managed Telecommunication Service and GSI, the Government Secure Intranet.

Energy

A range of energy procurement services covering gas, electricity, liquid fuels, management and conservation services. Our flexible procurement model has delivered prices that are consistently below market average in this complex, fast moving marketplace.

Property & Office Solutions

Estate and property management services, catering equipment, office supplies, print and recycled paper, furniture and furnishing, health and hygiene, hardware and buildings and postal services.

Professional Services

Consultancy embraces the areas of organisational consultancy, functional consultancy, multi-disciplinary consultancy and legal services. Resourcing includes interim managers, specialist contractors, recruitment service and payroll services. Learning and Development includes eLearning Solutions.

Travel

Provides substantial savings on business travel and related services, including hotel accommodation, air and rail travel, vehicle hire, conference services and fleet management services.

eCommerce

Offers a set of web-based tools for buying on the Internet, encompassing eSourcing, eAuctions and Zanzibar which includes an electronic marketplace and purchase-to-pay solution. The Government Procurement Card (GPC); a selection of fuel procurement cards including MonitorCard and the Government Merchant Acquiring framework agreement.

5 Key Strengths and Resources

Our key strengths and resources are as follows:

- A highly-skilled workforce maintained by rigorous recruitment and performance management processes, appropriate reward and recognition and a commitment to training and professional development
- A category management approach to all procurement activity
- Technical knowledge – we act as the “intelligent” customer on behalf of the public sector

- Great deals for the public sector, as evidenced by stringent independent benchmarking
- A clear vision (“Savings for the Nation”) and strong supporting organisational values
- Increasing strength and reputation of the organisation
- Supplier management expertise
- Flexible response to customer demand
- Robust internal control and governance

6 Principal Risks and Opportunities

The Directors’ comprehensive and robust approach to Risk and Opportunity Management is laid out in the Statement on Internal Control. The key risks and opportunities currently being managed are:

- Strategy failure – the business fails to deliver its key strategic objectives in relation to branding, collaboration, market share, Corporate Responsibility and best value
- Governance failure – Business procedures and/or risk, planning and governance and assurance processes are insufficiently developed to support business delivery and ensure that legal, regulatory and contractual requirements are met
- Operational failure – The business fails to meet agreed annual targets and objectives and/or deliver key business projects
- Opportunity Management failure - The business fails to anticipate, identify or respond to market opportunities and/or proactively develop new business opportunities
- Relationship Management failure - The business fails to understand or respond to the needs of its customers and/or fails to engage with and manage its trading and operational suppliers
- Financial failure – Buying Solutions is unable to demonstrate effective stewardship over its income, spend and budgets and/or comply with Managing Public Money requirements
- Ocean delivery failure – Buying Solutions is unable to deliver within the Ocean Programme. Ocean is a collaborative procurement to provide innovative and flexible communications services for the wider public sector, including establishing common standards to achieve the first stages of a public sector network
- HR People failure - The business fails to attract, retain, deploy and provide for the succession of a capable, motivated, adaptable workforce to deliver its key business objectives
- Management Information failure - The business fails to understand and meet internal and external management information requirements
- Information systems and IT Security failure - The business fails to continue to manage rigorously its security and information risks including the risk that the existing infrastructure no longer adequately supports the business

7 Principal Objectives

Buying Solutions' objectives are:

- 1 To provide efficient and effective procurement and contract services, complying with relevant public procurement regulations, which offer better value for money than customers could achieve otherwise.
- 2 To bring about a progressive improvement in the cost effectiveness and quality of service its customers receive from Buying Solutions suppliers and from Buying Solutions itself.
- 3 To maximise the savings potential of taxpayers' money by continuing to offer its arrangements and services across the whole of the public sector.
- 4 To support and influence OGC's collaborative procurement agenda.
- 5 To promote and facilitate quick and easy access to a range of sustainable and "environmentally friendly" products and services wherever possible in its business activities.
- 6 To be a good employer, managing Buying Solutions' business efficiently and effectively, seeking continuous improvement, in line with our corporate values.

8 Performance Against Targets

Performance against targets is shown on pages 8-9. Directors use a Balanced Scorecard approach and a detailed operational review to measure progress against these targets during the year.

9 Financial Performance

The financial objective equivalent to a 6.5% return on capital employed was exceeded for the year ended 31 March 2009.

The operating surplus for the year amounted to £4,382,000 (£4,516,000 for 2008).

Interest receivable was £508,000 (£774,000 for 2008).

Surplus on ordinary activities for the period was £4,890,000 (£5,155,000 for 2008).

Due to the successful achievement of our targets (see page 8-9 for more details of the performance against key targets) a staff bonus is payable (see note 4.2 in the Notes to the Accounts).

A dividend of £2,082,000 (£1,669,000 for 2008) for the year to 31 March 2009 is payable to the Office of Government Commerce. The dividend is based on an annual average of 6.5% return on capital employed (ROCE).

The retained surplus of £2,808,000 has been taken to the General Reserve (£3,486,000 for 2008).

10 Customer Spend

	31 March 2009 £million	31 March 2008 £million
framework agreements	4,169	4,136
managed services	960	51
memoranda of understanding	219	247
	<u>5,348</u>	<u>4,434</u>

The above table shows the total value of public sector transactions with Buying Solutions suppliers, through framework agreements and enabling contracts. The 2008/09 value is £914m above the 2007/08 level.

11 Contractual Arrangements

Buying Solutions has framework agreements with 650 suppliers.

It also has managed services contract agreements with the following strategic partners:

- **For Network Services:**
Cable and Wireless PLC, Global Crossing (UK) Telecommunications Limited
- **For Utilities:**
Corona Energy Retail 4 Limited, EDF Energy PLC, British Gas
- **For eCommerce:**
Procserve Holdings Limited, BravoSolution Limited

12 Payment of Creditors

Buying Solutions is committed to complying with the Late Payment of Commercial Debts (Interest) Act 1998, Confederation of British Industries (CBI) Prompt Payers Code and British Standards (BS) 7890.

During the year 1 April 2008 - 31 March 2009, Buying Solutions paid 97% of payments due (97% in the year ended 31 March 2008) within the credit period allowed.

13 Register of Interests

Buying Solutions maintains a Register of Interests and any relevant interests are also declared by Directors at the start of meetings as appropriate.

14 Significant Changes in Fixed Assets

There have been no significant changes in fixed assets during the year.

Movements in fixed assets are disclosed in Note 8 in the Notes to the Accounts.

15 Research and Development

Buying Solutions does not currently undertake pure research.

Buying Solutions carries out a programme of development relevant to the present and future requirement of its activities and the needs of its customers.

16 Personal Data Related Incidents

Buying Solutions has had no personal data related incidents during the year.

17 Post Balance Sheet Events

There are no post balance sheet events.

Movements in Directors post 31 March 2009 are:

Executive: M Chown, Director of Business Services Procurement started 1 April 2009

Non-Executive: M Bryant started 20 April 2009

Non-Executive: J Watkinson started 20 April 2009

Non-Executive: K Girling left 20 April 2009

Non-Executive: JC Thwaite OBE left 20 April 2009

18 Disclosure of Audit Information to the Auditors

So far as I am aware, there is no relevant audit information of which the auditors are unaware and I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information. The Report and Accounts were authorised by the Accounting Officer to be issued on 19 June 2009.

19 Auditors

The Comptroller and Auditor General is the auditor of Buying Solutions' accounts. The charge for the year is £75,000. All of this cost is related to audit services.



A Littley
Accounting Officer
19 June 2009

remuneration report

1 Introduction

This report sets out the policy and disclosures on directors' remuneration as required by the Companies Act section 234B and schedule 7A and as interpreted in the Government Financial Reporting Manual (the FReM – paras 7.2.15-23). The Companies Act requirements include some disclosures that are not likely to be relevant in Buying Solutions (such as those on shareholdings, share options, long-term incentive schemes and excess pension benefits paid). However the report has been prepared to be compliant so far as is practicable and appropriate.

2 Senior Salaries Review Body

The Executive Directors, apart from Interim Director of ICT Lew Grant (until 30.04.08) and Interim Director of Marketing and Business Development, Phil Hawkey (from 15.10.08), are all Senior Civil Servants and the precise funding available to departments each year is decided by the Government in response to recommendations of the independent Senior Salaries Review Body (SSRB), taking account of the Government's overall approach to public sector pay. SSRB recommendations cover the level of uplift to the SCS pay bands and progression target rates in the light of economic evidence and movements in the private and wider public sector markets for senior executives. SSRB also gives a view on performance awards for base salary and the minimum bonus payment. In reaching its recommendations, the Review Body is to have regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff

- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the Government's departmental expenditure limits
- The Government's inflation target

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

3 Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The Chief Executive is employed on a Fixed Term Appointment basis.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

4 Senior Management Salary and Pension Entitlements

The following table provides details of the remuneration and pension interests of both the Executive and Non-Executive Directors employed by Buying Solutions. This table has been audited.

		Salary inc bonus Year ended		Real increase in pension at 60 and related lump sum at age 60		Total accrued pension at 60		CETV nearest £000 (note 2)		Real increase in CETV after adj. for inflation and changes in market invest. factors	
		31 Mar 09	(2007/08 comparative in brackets) £000	£000	£000	£000	£000	£000	£000	£000	£000
A Littley Chief Executive		160-165	(135-140)	0-2.5	(0-2.5)	5	(3)	66	(36)	21	(23)
S Heard Director of Customer Relations (until 14.10.08)	Full Year Equivalent	45-50	(85-90)	0-2.5	(0-2.5)	8	(8)	146	(130)	9	(19)
P Hawkey (note 1) Director of Marketing & Business Development (from 15.10.08)	Fee Payment Full Year Equivalent	140-145									
D Murray Director of Corporate Services		100-105	(90-95)	2.5-5	(0-2.5)	24	(20)	262	(211)	30	(17)
D Rothwell Director of Business Services Procurement (until 31.10.08)	Full Year Equivalent	135-140	(90-95)	0-2.5	(0-2.5)	7	(6)	98	(84)	9	(20)
L Grant (note 1) Director of ICT Procurement (until 30.04.08)	Fee Payment Full Year Equivalent	20-25	(215-220)								
L Meeks Director of ICT Procurement (from 23.03.09)	Full Year Equivalent	0-5		0-2.5				1	-	1	-
JC Thwaite OBE Non-Executive Director		15-20	(15-20)								
R Clegg Non-Executive Director (from 02.01.09)	Full Year Equivalent	0-5									
K Girling Non-Executive Director		5-10	(5-10)								
C Lamb Non-Executive Director (until 31.12.08)	Full Year Equivalent	0-5	(0-5)								

Non Executive Board Members were not entitled to bonus payments and do not receive any pension entitlements.

Note 1 The amounts shown reflect payments to third parties for L Grant's and P Hawkey's services.

Note 2 The CETV figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. For a description of CETV please refer to Note 1.7 in the Notes to the Accounts.

Note 3 A total of £85,000 was paid to members of the board in respect of compensation and in lieu of notice payments.

Note 4 No benefits in kind were provided during this year.



A Littley
Accounting Officer
19 June 2009

statement of Buying Solutions’ and Chief Executive’s responsibilities

Under Section 4(6A) (b) of the Government Trading Funds Act 1973, the Treasury has directed Buying Solutions to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Buying Solutions and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

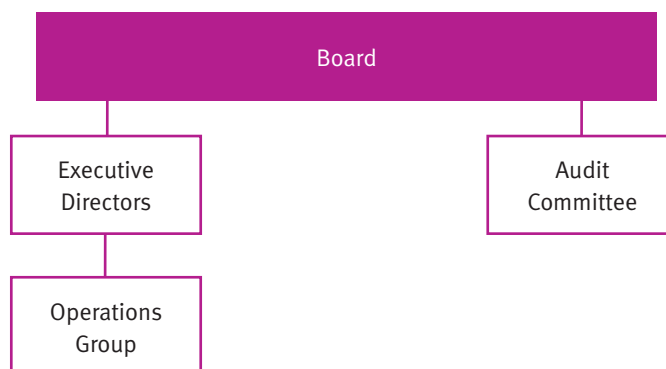
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis

The Treasury has appointed the Chief Executive of Buying Solutions as Accounting Officer of Buying Solutions. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Buying Solutions’ assets, are set out in Managing Public Money published by the Treasury.

Corporate Governance

Structure



Board of Buying Solutions

The Board is charged with providing advice to the Chief Executive on matters of strategic importance to the organisation. Other terms of reference of the Board include the following:

- Defines the Agency’s strategic aims, objectives and target setting
- Reviews and agrees the Annual Business Plan prior to submission to OGC and Treasury
- Allocates and manages financial and human resources to deliver the business plan
- Monitors the operational performance of the business and any actions needed to keep performance on plan
- Reviews the Annual Report and Accounts prior to sign-off by the Chief Executive
- Sets the Agency’s vision, standards and values; and provides a scheme of delegated authority
- Maintains a transparent system of prudent and effective controls (including internal controls)

In addition, the Board:

- Reviews the following items on a regular basis through the year: the Risk Register; the results of staff surveys; the results of customer satisfaction surveys; annual reviews of Health and Safety; and the major projects
- Considers major business cases (>£ 500K total expenditure) prior to sign-off by the Chief Executive
- Oversees the process of change, in line with the Government’s efficiency and collaborative procurement agendas, encouraging innovation, and enterprise, to enhance the Agency’s capacity and capability to deliver

The Board membership consists of the Chief Executive (Chair), four Executive Directors and three Non-Executive Directors, During 2008/09, the following Directors were members of the Board of Buying Solutions:

		No. of meetings attended
Mrs A Littley	Chief Executive	6/6
Mr DJ Murray	Director of Corporate Services	6/6
Mr P Hawkey	Director of Marketing & Business Development	2/2
Mr SP Heard	Director of Customer Relations	3/3
Mr D Rothwell	Director of Business Services Procurement	1/3
Mr L Grant	Director of ICT Procurement	1/1
Mr JC Thwaite OBE	Non-Executive Director	6/6
Mr KR Girling	Non-Executive Director	6/6
Mr C Lamb	Non-Executive Director	5/5
Mr R Clegg	Non-Executive Director	1/1

Corporate Governance continued

Executive Directors

The Executive Directors meet weekly and concentrate on key procurement decisions and gates including the progress of the development and management of category plans, opportunity assessments, source plans and tender exercises in line with simplified procurement processes. Executive Directors also use this forum to update each other on key activities as well as making quick, informed decisions as required.

The Audit Committee

The Audit Committee's role is to advise the Accounting Officer on the adequacy of the internal control arrangements including risk, governance and in particular, the findings and recommendations emerging from the work of internal and external audit to provide the associated assurance. During 2008/09, Audit Committee membership consisted of three Non-Executive Directors. In addition, the Chief Executive, Director of Corporate Services, representatives from OGC and the Internal and External Audit organisations were invited to attend. The Audit Committee has met four times during the period.

For the period April 2008 to March 2009, the following Non Executive Directors attended the Audit Committee:

	No. of meetings attended
Mr JC Thwaite OBE	4/4
Mr KR Girling	3/4
Mr C Lamb	3/3
Mr R Clegg	1/1

The Operations Group

The Operations Group monitors operational performance against the targets set within the Business Plan, taking any corrective actions where required. It also considers policy issues that do not require full Board consideration. Membership of the Operations Group consists of category and functional Directors. The Director of Corporate Services provides a Non-Executive role to advise the group and provide a link to the Board.

statement on internal control 2008/2009

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

A close working relationship with our parent department the Office of Government Commerce (OGC) is maintained through my membership of the OGC Board, meetings with OGC's Chief Executive and through OGC representation at Buying Solutions' Audit Committee. The Agency Framework document establishes both my direct accountability to Ministers for the Agency's operation and performance as well as the limits of delegation that the Departmental Accounting Officer affords me as Trading Fund Accounting Officer.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Risk and Control Frameworks

The Agency has a Risk and Opportunity Management Policy endorsed by the Board and Audit Committee. The Board of Directors are responsible for risk management across the Agency and have determined the Agency's "appetite for risk", determining what types of risk are acceptable and which are not; and setting tolerances for senior managers against which to escalate risk.

Within the Agency's system of risk management, specific responsibility for Corporate risks are assigned to Board members and responsibility for operational risks lies with the Directorates. All risk registers and control responses are monitored by a dedicated risk management resource. This ensures central control together with local ownership in managing and controlling all elements of risk to which the Agency may be exposed. The mandated reporting structures also enable risk management activities to be monitored and where necessary, escalated to the appropriate level of management.

During 2008/09 a dedicated risk management resource worked with management and the Board to ensure the continued operation and the development of processes to identify, evaluate and manage risks facing the Agency. Consequently, the requirements of the Risk and Opportunity Management Policy were revised and the system of risk identification, evaluation and management strengthened. The revised approach to managing risk has been systematically introduced across all Directorates, allowing for improved accountability and transparency of risk ownership of both the Agency's Corporate and Operational risk profiles. This process was supported by a programme of Control and Risk Assessment workshops.

Regular Corporate and Operational risk reviews are undertaken and periodic risk updates and reports are submitted to the Audit Committee. In addition to regular reports, the Head of Internal Audit undertakes an annual assessment of the effectiveness of the Agency's risk management procedures.

statement on internal control continued

The key features of our framework for maintaining a sound risk and control system, for reviewing its effectiveness and for ensuring necessary actions are taken to remedy any failings or weaknesses identified are as follows:

- A Board, including three independent Non-Executive Directors which meets seven times per year. Corporate risks are owned and managed by named members of the Board and meetings consider significant Corporate risk and control issues;
- An Audit Committee comprising three independent Non-Executive Directors meets quarterly to monitor the effectiveness of internal control, governance and risk management and advises the Board in such matters. The Chair of the Audit Committee produces a formal annual report to the Board.
- An Operations Group comprising senior managers who review business performance, target delivery and consider operational impact on the Corporate Risk profile.
- A Risk and Opportunity Management Policy and specialist risk management function supports Directors and senior managers to identify, evaluate, review and report upon risks within their respective business areas and agree actions to mitigate those risks to an acceptable level. Risk registers are maintained and reviewed regularly.
- The Head of Internal Audit has overall responsibility to provide assurance on the adequacy of the Agency's risk management and control framework. As Accounting Officer, I meet with and receive regular reports from Internal Audit which include recommendations for improvement.
- A supplier audit programme provides assurance and risk mitigation in relation to the completeness of the Agency's income. This process has been strengthened significantly during 2008/09 by reengineering and delivering a generic supplier test programme which covers those suppliers who comprise 80% of the Agency's total income. The Agency has a number of additional controls in place to gain assurance over sales reporting.
- A dedicated Information Assurance function provides stewardship over data and systems security. Measures have been put in place to ensure compliance with the Cabinet Office standards. These include the identification of a Board member as the Senior Information Risk Owner and identification of all information assets and, for each of them, an information asset owner.
- The implementation of Category Management within the Agency has strengthened, standardised and mandated procurement, project management and risk management disciplines across Directorates. The development of new procurement solutions has also been supported by a dedicated Legal team.
- The Agency's Business Planning process includes the consideration of key risks likely to arise in that period. Similarly, all projects plans are subject to risk analysis and the maintenance of project risk registers. Additionally, projects can be subject to internal Gateway reviews.
- Financial and non-financial Operational Review information, linking process and performance within category teams and departments up to the Board and Departmental Accounting Officer. Process includes monthly management activity reporting, new initiatives, annual budget and business plan cycle with regular rolling forecasts, performance reviews and exception reporting.
- Annual assurance statements requiring senior managers to declare to the best of their knowledge that risks have been adequately identified and managed and that there have been no significant breaches of internal control.
- An internal monitoring system ensures that Internal, External and Supplier Audit recommendations are implemented within agreed timescales. Overview and scrutiny of this process is provided by the Audit Committee.
- Regularly reviewed Business Continuity Plans are maintained to help manage the risk in relation to the loss of premises and key processes. All Directors are responsible for the maintenance of unit level continuity plans. Similarly IT Disaster Recovery plans are maintained and periodically reviewed.
- Formal authorisation processes and record keeping covering financial transactions, all programme initiation and delivery, all major project expenditure and all contracts including defined criteria of when Executive Board approval is required and when approval can be delegated.
- Policies and procedures to facilitate and ensure the flow of timely, relevant and reliable information across the organisation.
- Processes to ensure compliance with all applicable regulations and legal requirements including Freedom of Information, Data protection and security, health and safety

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control was maintained and reviewed through:

- A Board which meets regularly to consider the plans, progress and strategic direction of the Agency. This includes review of significant risks and the controls in place to manage them.
- An Audit Committee that meets quarterly, at which all assurance activities are reviewed. These assurance activities include internal and external audit, risk management, information assurance, Business Continuity Planning and supplier audit.
- Independent Internal Audit reviews of the Agency's risk management, control and governance systems completed to GIAS standards. The 2008/09 internal Audit programme was approved by the Audit Committee and findings reported at quarterly Audit Committee meetings.
- A programme of Control Risk Self Assessment Workshops and the maintenance and review of detailed risk registers.

Based upon the completion of the Internal Audit programme agreed by the Audit Committee for the year ending 31 March 2009, the Head of Internal Audit has been able to provide an annual report on the adequacy of internal control within the Agency. The overall opinion for 2008/09 was:

- I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, control and governance processes.
- In my opinion, Buying Solutions has adequate and effective risk management, control and governance processes to manage its achievement of the organisation's objectives.

Significant future control developments

The advances and improvements made to the Agency's system of risk management during 2008/09 will be further embedded during 2009/10:

- Internal and Supplier Audit services will be brought in house for 2009/10 to support the continued expansion of the business. An in-house Audit team will provide greater flexibility for the business and an overall increase in the number of internal and supplier audit days. This will represent a significant increase in control and assurance for the Agency.
- The system of risk management will be further embedded within the business. Stewardship in 2009/10 will be provided via a Risk Steering Committee consisting of Executive Directors and one Non-Executive Director. Further assurance will be provided by the work of the in-house internal audit unit via risk review meetings with Directors.
- The implementation of a Project Portfolio Office will strengthen control over corporate projects and improve risk management appraisal and control at project start-up and during project delivery.



A Littley
Accounting Officer
19 June 2009

the certificate and report of the comptroller and auditor general to the houses of parliament

I certify that I have audited the financial statements of Buying Solutions for the year ended 31 March 2009 under the Government Trading Funds Act 1973. These comprise the Operating Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of Buying Solutions, the Chief Executive and auditor

Buying Solutions and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Buying Solutions' and the Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Buying Solutions has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Buying Solutions' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Buying Solutions' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises remaining parts of the Annual Report, the unaudited part of the Remuneration Report and the Five Year Summary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by Buying Solutions and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Buying Solutions' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Government Trading Fund Act 1973 and directions made thereunder by HM Treasury, of the state of Buying Solutions affairs as at 31 March 2009 and of its surplus, recognised gains and losses and cash flows for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions made thereunder; and
- Information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London, SW1W 9SS
30th June 2009

Operating Account for the Year Ended 31 March 2009

	Note	31 March 2009		31 March 2008	
		£000	£000	£000	£000
Turnover	2		91,789		75,479
Cost of sales			(58,675)		(47,429)
Gross Surplus			33,114		28,050
Staff costs	4.2	(16,855)		(14,842)	
Depreciation	8	(835)		(849)	
Other operating charges	5	(11,042)		(7,843)	
Total operating costs			(28,732)		(23,534)
Operating Surplus			4,382		4,516
Interest Receivable	6		508		774
Interest Payable	7		-		(135)
Surplus for the financial year			4,890		5,155
Dividend to be surrendered to OGC			(2,082)		(1,669)
Retained Surplus	17		2,808		3,486
Transfer from Revaluation Reserve	17		166		-
Retained Surplus brought forward	17		26,884		23,398
Retained Surplus carried forward	17		29,858		26,884

Income and surplus are derived entirely from continuing operations. There were no material disposals or acquisitions. The notes to the accounts on pages 69 to 80 form an integral part of these accounts.

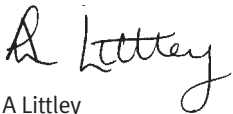
Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2009

	31 March 2009	31 March 2008
	£000	£000
Surplus for the Financial Year	2,808	3,486
Movement on Revaluation of Fixed Assets	-	1,718
Total gains and losses relating to the financial year	<u>2,808</u>	<u>5,204</u>

balance sheet as at 31 March 2009

	Note	31 March 2009		31 March 2008	
		£000	£000	£000	£000
Fixed Assets	8		11,171		11,813
Current Assets					
Stocks	9	161		210	
Debtors	10	21,844		12,485	
Investment	11	10,000		11,000	
Cash at bank and in hand		1,410		1,498	
		33,415		25,193	
Creditors:					
Amounts falling due within one year	12	(11,796)		(6,876)	
Net Current Assets			21,619		18,317
Provision for liabilities and charges	14		(446)		(594)
Total assets less liabilities			<u>32,344</u>		<u>29,536</u>
Capital and Reserves					
Public Dividend Capital	15	350		350	
Revaluation Reserve	16	2,136		2,302	
General Reserve	17	29,858		26,884	
TOTAL			<u>32,344</u>		<u>29,536</u>

The Notes to the Accounts on pages 69 to 80 form an integral part of these accounts



A Littley
Accounting Officer
19 June 2009

cash flow statement for the year ended 31 March 2009

	31 March 2009	31 March 2008
	£000	£000
Net cash inflow from operating activities	492	3,490
Returns on investments and servicing of finance		
Interest received	525	789
Interest paid	-	(135)
Capital expenditure		
Payments to acquire tangible fixed assets	(196)	-
Dividend paid	(1,909)	(1,548)
Long term loan	-	(1,537)
Short term loan	-	(1,179)
Management of liquid resources	<u>1,000</u>	<u>(1,000)</u>
Net cash (outflow)	<u>(88)</u>	<u>(1,120)</u>

See Note 18 in the Notes to the Accounts. The Notes to the Accounts on pages 69 to 80 form an integral part of these accounts.

notes to the accounts

1 Accounting Policies

1.1 Accounting Convention

The Accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of Section 4 (6A)(b) of the Government Trading Funds Act 1973 updated 27 March 2002.

The accounts have been prepared under the historical cost convention modified to include the revaluation of Whitehall District Heating and Whitehall Standby Distribution Systems (the Whitehall Systems) included within plant and machinery.

The Accounts have not been modified to include other fixed assets valued at current cost as required in the Accounts Direction given by HM Treasury. Any difference is not material.

1.2 Accounting Standards

The Accounts conform, insofar as appropriate, with the requirements of the Financial Reporting Manual (FRM) issued by HM Treasury and of accounting standards issued or adopted by the Accounting Standards Board.

1.3 Turnover

Turnover consists of the value of goods and services net of Value Added Tax, Trade Discounts and Rebates, from the ordinary activities of the business. Framework income is based on sales reported by suppliers.

1.4 Fixed Assets

Fixed assets are capitalised at their cost of acquisition and installation. The prescribed capitalisation level is £5,000. Where an asset costs less than this but forms an integral part of a package whose total value is greater than the capitalisation level, then it is treated as a capital asset.

Whitehall Systems

These assets are independently revalued at net current replacement cost on a regular basis. The estimated useful economic life of the asset is also independently re-assessed on a regular basis.

1.5 Depreciation

Depreciation is provided on tangible fixed assets on a straight-line basis at annual rates based on the estimated lives of the assets as follows:

- Computer Equipment – three to six years
- Fixtures & Fittings – five to ten years
- Plant & Equipment – five to twenty years

Depreciation in respect of Whitehall Systems has been calculated on the basis of there being no significant residual value at the end of the assets' estimated useful economic life.

1.6 Stocks

Stocks are valued at weighted average cost.

1.7 Pension Benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

notes to the accounts continued

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional benefits accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

1.8 Early Retirement

Buying Solutions is required to meet the additional cost of liabilities beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of payments to employees who have or are due to retire early. Full provision is made in the Accounts for this cost (see Note 14 in the Notes to the Accounts).

1.9 Leases

All costs of operating leases are charged to the Income and Expenditure Account as incurred. There were no finance leases.

1.10 Liquid Resources

During the period, funds surplus to immediate requirements have been deposited with the National Loans Fund. These funds are considered to be liquid resources as they are short term deposits that do not qualify as cash.

1.11 Dividend on Return on Capital Employed

A dividend equal to an annual average of 6.5% (2007/08 6.5%) return on capital employed is payable to the Office of Government Commerce (OGC).

1.12 Technology Investment Fund

Under the provisions of the GSi Framework Contract, a fund, held by the contractor, was established in August 2004. The fund is not currently accounted for in the accounts of Buying Solutions as the ownership of the fund has yet to be established with certainty through negotiation and/or legal proceedings. The fund balance as at 31 March 2009 was approximately £4 million (2008: £3 million).

2 Segmental Performance

	Turnover		Gross surplus		Operating costs Less Other Operating income		Operating Surplus	
	31 March 2009 £000	31 March 2008 £000	31 March 2009 £000	31 March 2008 £000	31 March 2009 £000	31 March 2008 £000	31 March 2009 £000	31 March 2008 £000
Business Services	22,702	16,898	16,367	14,001	(16,365)	(11,993)	2	2,008
ICT procurement	69,087	58,581	16,747	14,049	(12,367)	(11,541)	4,380	2,508
TOTAL	91,789	75,479	33,114	28,050	(28,732)	(23,534)	4,382	4,516

There were no discontinued operations. Buying Solutions does not separate net assets for each segment.

3 Exceptional items

Total operating costs includes an exceptional item of £1,493,000 relating to the Ocean Programme as detailed below.

Ocean is a 2 year cross government collaboration to develop a Public Sector Network compliant successor to the current Government Secure Intranet and Managed Telecoms Services.

	08/09	07/08
Staff costs	1,155	-
Other operating charges	338	-
TOTAL	1,493	-

4 Staff numbers and costs

4.1 Total staff numbers

Details of the average number of Full Time Equivalent employees during the period were as follows:

	31 March 2009	31 March 2008
Board	4	5
Operational	193	202
Administration	66	62
Agency and contract staff	47	29
TOTAL	310	298

4.2 Total staff costs

Superannuation costs relate to staff participation in the PCSPS defined benefit scheme. Details of the underlying liabilities applicable to the Agency employees are not separately identifiable. Due to the successful achievement of targets, a staff bonus is payable.

	31 March 2009 £000	31 March 2008 £000
Wages and salaries	8,680	8,373
Bonus	449	398
Social Security	742	694
Superannuation	1,703	1,618
VER	-	299
Agency and contract staff costs	5,281	3,460
TOTAL	16,855	14,842

notes to the accounts continued

4.3 Senior manager salary and pension entitlements

For details of Executive Directors' salary, fee and pension entitlements see Remuneration Report on pages 56 to 57.

4.4 Superannuation

Most Buying Solutions staff are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 (and subsequent amendments) apply and are covered by the provisions of the Principal Civil Service Pension Scheme which is non contributory. (Note 1.7 of the Notes to the Accounts includes details of the scheme).

For the 12 month period ended 31 March 2009, contributions of £1,703,000 (2008: £1,618,000) were paid to Civil Superannuation Vote at rates determined from time to time by the Government Actuary and advised by the Treasury. Rates for the 12 month period to 31 March 2009 were between 17.1% and 25.5% depending upon the pay band of each employee.

5 Other Operating Charges

	31 March 2009 £000	31 March 2008 £000
Charges Include:-		
Auditor's remuneration	75	51
Charges for plant and machinery operating leases	25	22
Charges for other operating leases	319	368
Travel and subsistence	1,594	1,437
Loss on sale of fixed assets	3	-
Accommodation and Utilities	1,379	1,316
Marketing	2,322	1,854
Training	596	340
Other operating and external charges	4,729	2,455
TOTAL	<u>11,042</u>	<u>7,843</u>

6 Interest Receivable

	31 March 2009 £000	31 March 2008 £000
Bank and short term investment interest	508	774
TOTAL	<u>508</u>	<u>774</u>

7 Interest Payable

	31 March 2009 £000	31 March 2008 £000
Interest payable on long term loan	-	135
TOTAL	<u>-</u>	<u>135</u>

notes to the accounts continued

8 Fixed Assets

	31 March 2009 Computer Equipment £000	31 March 2009 Plant & Equipment £000	31 March 2009 Fixtures & Fittings £000	31 March 2009 TOTAL £000	31 March 2008 TOTAL £000
Cost					
At beginning of period	355	12,598	387	13,340	13,647
Additions in period	196	-	-	196	-
Disposals	(233)	(81)	(243)	(557)	(10)
Revaluation	-	-	-	-	(297)
At end of period	318	12,517	144	12,979	13,340
Depreciation					
At beginning of period	347	843	337	1,527	2,703
Amount provided in period	35	750	50	835	849
Revaluation	-	-	-	-	(2,015)
Disposals during period	(233)	(77)	(244)	(554)	(10)
At end of period	149	1,516	143	1,808	1,527
Net book value at 1/4/08	8	11,755	50	11,813	10,944
Net book value at 31/3/09	169	11,001	1	11,171	11,813

The useful economic life of the Whitehall Systems asset (within Plant & Equipment) was independently reassessed during 2007/08. As a result the life was extended by five years to 2024 and depreciation reduced by £182k.

9 Stocks

	31 March 2009 £000	31 March 2008 £000
Fuel Stocks	161	210
TOTAL	161	210

10 Debtors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year		
Trade debtors less provision for bad and doubtful debts	9,985	5,325
Other debtors	45	62
Prepayments and accrued income	<u>11,814</u>	<u>7,098</u>
TOTAL	<u>21,844</u>	<u>12,485</u>

11 Short Term Investment

	31 March 2009 £000	31 March 2008 £000
Balance on deposit with National Loan Fund	<u>10,000</u>	<u>11,000</u>

12 Creditors

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year		
Other taxes and Social Security costs	1,068	945
Trade creditors	5,377	2,631
Other creditors	457	266
Accruals and deferred income	4,894	3,034
TOTAL	<u>11,796</u>	<u>6,876</u>

Balances at 31st March 2008 have been restated due to reanalysis between other taxes and Social Security costs and other creditors.

13 Lease Obligations

	31 March 2009		31 March 2008	
	Other £000	Land & Buildings £000	Other £000	Land & Buildings £000
Operating lease rentals due within:				
One Year	2	-	22	-
Two to Five Years	-	418	1	418
TOTAL	<u>2</u>	<u>418</u>	<u>23</u>	<u>418</u>

notes to the accounts continued

14 Provision for Liabilities and Charges

The Voluntary Early Retirement provision for liabilities and charges is in respect of liabilities for future payments to employees who have or are due to retire early. The Agency bears pension costs from the date of early retirement until age 60, when the liability is assumed by the Principal Civil Service Pension Scheme (see Note 1.7 in the Notes to the Accounts).

	31 March 2009	31 March 2008
	£000	£000
Balance at beginning of period	594	685
Utilised in the period	(149)	(176)
Increase in the period	1	85
Balance at the end of period	<u>446</u>	<u>594</u>

15 Public Dividend Capital

	31 March 2009	31 March 2008
	£000	£000
Issued Pursuant to Government Trading Funds Act 1973	100	100
Issued upon acquisition of Fuel Branch 1 July 1995	250	250
Balance at end of period	<u>350</u>	<u>350</u>

16 Revaluation Reserve

	31 March 2009	31 March 2008
	£000	£000
Revaluation Reserve at 1st April	2,302	584
Revaluation of plant and equipment	-	1,718
Transfer to General Reserve	(166)	-
Revaluation Reserve at 31st March	<u>2,136</u>	<u>2,302</u>

17 General Reserve

	31 March 2009	31 March 2008
	£000	£000
Balance at beginning of period	26,884	23,398
Retained surplus for the period	2,808	3,486
Transfer from Revaluation Reserve	166	-
Balance at end of period	<u>29,858</u>	<u>26,884</u>

18 Notes to the Cash Flow Statement

Note (i): Reconciliation of operating surplus to net cash inflow / (outflow) from operating activities

	31 March 2009	31 March 2008
	£000	£000
Operating surplus	4,382	4,516
(Decrease) in provision	(148)	(91)
Depreciation charges	835	849
Loss on sale of fixed assets	3	-
Decrease in stocks	49	11
(Increase) in debtors	(9,376)	(327)
Increase / (Decrease) in creditors	4,747	(1,468)
Net cash inflow from operating activities	<u>492</u>	<u>3,490</u>

Note (ii): Reconciliation of net cash flow to movement in net funds

	31 March 2009	31 March 2008
	£000	£000
Decrease in cash in the year	(88)	(1,120)
Short term investment	(1,000)	1,000
Loans repayable in more than one year	-	1,537
Short term loan	-	1,179
Net funds change	(1,088)	2,596
Net funds at 1 April	12,498	9,902
Net funds at 31 March	<u>11,410</u>	<u>12,498</u>

Note (iii): Analysis of changes in net funds

	1 April 2008	Cash Flows	31 March 2009
	£000	£000	£000
Cash at bank and in hand	1,498	(88)	1,410
Short term investment	11,000	(1,000)	10,000
Total	<u>12,498</u>	<u>(1,088)</u>	<u>11,410</u>

Note (iv): Management of liquid resources

During the period an account with the National Loans Fund was used to place monies on short-term deposit (See note 11 in the Accounts).

notes to the accounts continued

19 Capital Commitments

Capital commitments contracted for at 31 March 2009 were £nil (2008: £nil).

20 Financial Objective

The financial target was set at an annual average of 6.5% per annum Return on Capital Employed. The target was met for the period 1 April 2008 to 31 March 2009. The Agency's surplus of £4,382,000 represents an ROCE of 13.7%.

21 Related Party Transactions

Buying Solutions is a Trading Fund of the Office of Government Commerce (within HM Treasury) established on 1 April 2001.

The Office of Government Commerce is regarded as a related party. During the year ending 31 March 2009, Buying Solutions has had various material transactions with this body.

In addition, Buying Solutions had various material transactions with most government departments and other central government bodies, devolved administrations, the NHS and many local authorities.

None of the Board members, key management staff or other related parties have undertaken any material transactions other than payment of salaries and expenses with Buying Solutions during the period.

22 Financial Instruments

Buying Solutions has powers to borrow funds.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

Buying Solutions policies for managing its financial risks are set to achieve compliance with the regulatory framework.

- **Liquidity Risk** The Agency faces some liquidity risk as revenue resource and capital expenditure requirements are financed solely by its trading activities.
- **Interest Rate Risk** The Agency places funds on short-term deposit with the National Loans Fund at fixed rates of interest. Sums held in the Postmaster General's Office account are deposited overnight at a fixed rates basis.
- **Foreign Currency Risk** The Agency has no foreign currency income. Foreign currency expenditure has not exceeded £5,000 in the financial year. The Agency is not exposed to currency risk. Transactions have not been hedged.
- **Credit Risk** The Agency has little risk in cash and cash equivalents because these are deposited with The Office of HM Paymaster General and the National Loans Fund, both of which are government bodies. The Agency has no significant concentration of credit risk from its customers as exposure is spread over a large number of entities, many of which are UK public sector.

In accordance with FRS29, the carrying values of short term assets and liabilities (at amortised cost) are not considered different to fair value.

Financial Assets

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
31 March 2009							
Trade and other Receivables	9,985	-	-	9,985	-	-	-
Sterling - PGO	1,410	-	1,410	-	3.31	0.12	-
Sterling - National Loans Fund	10,000	-	10,000	-	4.23	0.75	-
Gross financial assets	<u>21,395</u>	<u>-</u>	<u>11,410</u>	<u>9,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2008							
Trade and other Receivables	5,325	-	-	5,325	-	-	-
Sterling - PGO	1,498	-	1,498	-	5.00	0.12	-
Sterling - National Loans Fund	11,000	-	11,000	-	5.48	1.00	-
Gross financial assets	<u>17,823</u>	<u>-</u>	<u>12,498</u>	<u>5,325</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial Liabilities

	Total £000	Floating rate £000	Fixed rate £000	Non-interest bearing £000	Weighted average interest rate %	Weighted average period for which fixed Years	Non-interest bearing weighted average term until maturity
31 March 2009							
Trade and other Payables	564	-	-	564	-	-	-
Gross financial assets	<u>564</u>	<u>-</u>	<u>-</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2008							
Trade and other Payables	2,630	-	-	2,630	-	-	-
Gross financial assets	<u>2,630</u>	<u>-</u>	<u>-</u>	<u>2,630</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 Intra-Government Balances

Details of debtor and creditor balances with entities falling within the Whole of Government Accounts (WGA) boundary were as follows:

	Total £000	Central Government Bodies £000	Local Authorities £000
31 March 2009			
Debtors	5,082	4,808	274
Creditors	(10)	(10)	-
31 March 2008			
Debtors	2,488	2,488	-
Creditors	(115)	(11)	(104)

There were no balances with NHS Trusts or public corporations and other trading funds.

24 Contingent Liabilities

There could be a financial liability arising in respect of a claim from an unsuccessful bidder in a tender exercise. However, no provision has been made in the Accounts as it is not known what settlement value, if any, may or may not arise.

25 Post Balance Sheet Events

There are no post balance sheet events. The report and accounts were authorised to be issued on 19 June 2009.

Treasury Minute Dated 13 January 2004

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a Trading Fund established under the Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to that fund it shall be his duty:
 - a. To manage the funded operations so that the revenue of the fund:
 - i. consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
 - ii. is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account,
 - b. To achieve such further financial objectives as the Treasury may from time to time, by Minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. OGcbuying.solutions Trading Fund was established as the Buying Agency Trading Fund with effect from 1 April 1991. The name of The Buying Agency was amended to OGcbuying.solutions with effect from 3 April 2001 and then to Buying Solutions with effect from 6 April 2009 in pursuance of OGcbuying.solutions Trading Fund Order 1991 (S.I. 2001 No. 922).¹
3. The Chancellor of the Exchequer, being the responsible Minister, has determined that a further financial objective desirable of achievement by OGcbuying.solutions Trading Fund for the 5 year period from 1 April 2004 to 31 March 2009 shall be to achieve a minimum return, averaged over the period as a whole, equivalent to 6.5 percent a year in the form of an operating surplus, i.e. before interest (both receivable and payable) and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long term loan capital (if any) and the general reserve.
4. This minute supersedes that dated 20 March 2002.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

¹ On 6th April 2009 the Agency underwent a further change of name to Buying Solutions in order to differentiate itself from OGC and to clarify the respective roles of each body.

five year summary

1 April 2004 to 31 March 2009

	Year 2008/09 £000	Year 2007/08 £000	Year 2006/07 £000	Year 2005/06 £000	Year 2004/05 £000
Balance Sheet					
Fixed Assets	11,171	11,813	10,944	11,733	12,535
Total current Assets less liabilities	21,619	18,317	15,610	14,597	13,259
Provision for liabilities and changes	(446)	(594)	(685)	(1,467)	(1,417)
Assets Employed	<u>32,344</u>	<u>29,536</u>	<u>25,869</u>	<u>24,863</u>	<u>24,377</u>

Financed by

Public Dividend Capital	350	350	350	350	350
Long Term Loan	-	-	1,537	4,716	6,895
Long Term Creditors	-	-	-	-	482
Revaluation Reserve	2,136	2,302	584	333	69
General Reserve	29,858	26,884	23,398	19,464	16,581
	<u>32,344</u>	<u>29,536</u>	<u>25,869</u>	<u>24,863</u>	<u>24,377</u>

Operating Accounts

Turnover	<u>91,789</u>	<u>75,479</u>	<u>70,530</u>	<u>70,341</u>	<u>60,067</u>
Operating Surplus	4,382	4,516	4,957	4,131	1,350
Interest Receivable	508	774	662	374	432
Surplus on ordinary activities	4,890	5,290	5,619	4,505	1,782
Interest payable on long-term loan	-	(135)	(344)	(492)	(135)
Surplus for the year	<u>4,890</u>	<u>5,155</u>	<u>5,275</u>	<u>4,013</u>	<u>1,647</u>
Dividend payable to OGC	(2,082)	(1,669)	(1,341)	(1,130)	(1,225)
Retained Surplus	<u>2,808</u>	<u>3,486</u>	<u>3,934</u>	<u>2,883</u>	<u>422</u>

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