

Procuring Growth Balanced Scorecard FAQs

1. At what point in the procurement lifecycle should I use the model balanced scorecard (BSC)?

The model BSC is primarily a tool to prompt thinking when designing a major procurement - when deciding on the objectives and the overall scope of the requirements. This should then help to inform how procurements are designed and encourage open, creative thinking in the scoping the requirements for major procurements.

2. How should I use it?

It's an aide memoire pointing to policy themes that may be relevant to your procurement and where you might identify requirements in relation to these themes to help drive maximum economic benefit. It should help to reinforce the process of open thinking about the potential objectives and requirement scope for your project that's key to optimising the beneficial impacts of your investment.

3. What do you mean by major procurements?

The BSC should be applied to all works, infrastructure and capital investment procurements with a value exceeding £10m, undertaken by Central Government Departments, their Executive Agencies and Non Departmental Public Bodies (In-Scope Organisations).

4. Should In-Scope Organisations produce a BSC for every procurement?

The BSC requirements only apply to works, infrastructure and capital investment projects worth more than £10m. However, the Strategic Themes and Critical Success Factors (CSF) incorporated into the model BSC will be relevant to a much wider range of procurements. Where they can readily identify the potential for positive impacts on economic growth, departments are encouraged to adopt the approach where appropriate for procurements that do not fall within the financial scope of the policy.

5. Is this a major policy change?

Not really. The Treasury Green book has always encouraged departments to think broadly in terms of potential impacts for projects. The BSC re-emphasises the potential rewards of thinking broadly in terms of identifying requirements. Ultimately your investment appraisal process will determine the

scope of your procurement based on a sound assessment of the costs and benefits associated with different options.

6. Does it change the investment appraisal process?

No – see question 5 above.

7. Should I work all of the themes into my project?

You must consider the relevance of all the themes and CSFs when designing your project to assess whether and to what extent these will inform the requirement of your procurement. Not every theme or CSF will be relevant to every procurement. Equally, there may be other themes or CSFs specific to particular sectors that you should examine and potentially integrate into your procurement.

8. How heavily should I weight cost in my procurement evaluation model?

This is a decision that has to be made on a project-specific basis, always remembering the basic goal of public procurement is to achieve value for money, defined as the optimum balance of quality and whole life costs. The project investment appraisal may help to assess the relative importance of the non-cost elements of your evaluation.

9. Does the BSC mean government is doing “policy through procurement” again?

The model BSC does not represent a major policy change for government. The Treasury Green Book has always encouraged departments to think broadly in scoping their procurements. The BSC material re-emphasises the importance of thinking creatively when setting the objectives in order to maximise the benefits within the applicable constraints, whilst helping to ensure that wider policy is not inappropriately included in the procurement process

10. Will we be open to legal challenge if we don't use a BSC?

No, the BSC approach is one that is already used in some public sector procurements and represents good practice. Adoption of this approach does not really represent a significant change to what departments already do when shaping procurements. The model BSC reinforces good practice and emphasises the potential growth benefits.

11. When do we need to start implementing this policy?

In-Scope Organisations should adopt the BSC approach with immediate effect for all relevant major procurements. It will be for individual organisations to decide where projects have progressed too far to adopt the approach.

12. Are you saying that we should specify broader policy-related requirements even where this might cost us more?

Adoption of the BSC approach doesn't change the existing project appraisal approach. All projects must of course be affordable. The project objectives and detailed requirements taken to market will be determined by the investment appraisal process. The construct you proceed with should reflect the preferred Business Case option in terms of optimising the cost/benefit balance. Rigorous research on the cost/benefit implications of including particular requirements will always be a key element of pre-procurement research.

13. We always take account of broader social, environmental and economic considerations for our major procurements – do we need to start producing BSCs?

Adoption of the BSC approach shouldn't be problematic. You should review your existing processes and ensure that they take account of the content of the model BSC. You should also produce a project BSC for all your major projects summarising how objectives relate to the requirements and thus to evaluation.

14. How does the BSC approach relate to the Social Value Act (SVA)?

There are some similarities between the SVA and BSC but also some important distinctions.

The BSC applies to all major procurements that fall within the defined scope, whereas the SVA only applies to above threshold services procurements, although it could apply to contracts that cover a mixture of services and works where works forms part of the services contract. Most importantly, the SVA only applies prior to the start of the procurement process whereas the BSC applies to the whole procurement exercise. The SVA drives procurers throughout the public sector to consider how their procurement could have economic, environmental and social benefits in the relevant area. The BSC does not mirror the "relevant area" approach.