

SUMMARY POLICY ISSUE PAPER – FOR EDAG DISCUSSION

Title of Paper	Switching Programme Procurement Framework		
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Discussed at User Group	4 November 2016	Discussion at EDAG Group	21 November 2016
Issued to Programme Board	[24 November 2016]	Discussion at Programme Board	[1 December 2016]

Summary and recommendation

1. The Switching Programme Procurement Framework sets out the framework for DCC’s role in procuring the Centralised Registration Service (CRS)¹. It is necessarily high-level for this stage in the programme, as a decision on what is being procured is yet to be taken.
2. The Procurement Framework comprises of two letters. An Ofgem letter, that explains the high-level approach to procurement over the Switching Programme, with considerations that Ofgem thinks are appropriate for DCC to take into account when meeting its licence obligations and the governance and assurance framework for each procurement stage.
3. Note that, to encourage the right outcomes from DCC’s procurement activities, Ofgem expects to consult on introducing appropriate incentives for DCC to meet two key procurement Implementation Milestones. These are the publication of Tender Packs and the provision of Contract Award Recommendation Reports.
4. DCC’s response letter provides confirmation that there is material agreement with the approach to procurement and considerations set out within the Ofgem letter, along with high-level information about how DCC expects to carry out the procurement activity.
5. After the Procurement Framework is published, the next step is to develop the Procurement Plan. This is due to start early in 2017 after Design Baseline 1 is published. The Procurement Plan will provide details on the approach and timing of the required procurement projects. This will be followed by the development of detailed Sourcing Strategies for each procurement project.
6. Our proposed timetable for finalising the Procurement Framework is as follows:

¹ The CRS includes the Central Switching Service (CSS) and Market Intelligence Service (MIS). The term CRS is preferred within the Procurement Framework as it is a more generic term to cover a range of procurement activity within the Programme. Note that DCC may also be required to procure other services, for example a Systems Integrator.

- An assurance report will be secured from Andrew Wilson, from Wavestone consultants. Assurance is being sought on whether the Procurement Framework provides a suitable basis for future procurement activity within the programme. To do this, Andrew Wilson will separately interview Ofgem and DCC to confirm they share a similar understanding of the framework. We will share key findings from this report with stakeholders.
- Procurement Framework to be agreed by the DCC Switching Programme Board on 24 November, and then submitted for approval by the Ofgem Switching Programme Board on 1 December.
- Procurement Framework letters to be published by Ofgem and DCC in December. This will be after the publication of the consultation on the DCC's Business Case for its activities during the Transitional Phase of the Switching Programme and Ofgem's consultation on proposed margin and incentives for DCC's role during the Transitional Phase.

Summary of key points from stakeholders

7. We have shared sections of the Procurement Framework several times with the Commercial User Group, and most recently, the two full Procurement Framework letters were reviewed on 4 November. User Group members have indicated their general support for these documents.
8. User Group members emphasised that they wish to have continued engagement throughout subsequent procurement stages. The proposed approach is explained in annex 4 of the draft Ofgem letter. Details on the stakeholder engagement requirements will be developed as part of the product description for each procurement product.
9. In response to questions from stakeholders, DCC has also confirmed that no part of the Capita group will bid to be a service provider for the services procured as part of the Switching Programme.

Questions for EDAG

- i. Do EDAG members agree with the contents of the draft Ofgem letter?
- ii. Do EDAG members agree with the contents of the draft DCC response letter?