

**Think Procurement - The Procurement e-Bulletin from Brian Farrington Ltd**

**April 2007 Issue:**

- **RPI or RPIX?**
- **No duty to consider ANY tender!**
- **Special budget burning deals...**
- **Who is Brian Farrington Ltd?**

Sent to 2526 subscribers on the first Monday of every month.  
Welcome to this months new subscribers.

Please pass on *Think Procurement* to those in your network who might be interested.

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Word count for this issue: 1251  
Approximate time to read: Just over 4 minutes.

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**This Month's Hot-Links**  
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**Get previous issues of *Think Procurement* on the web:**  
<http://www.brianfarrington.co.uk/news.htm>

**08 business opportunities:**  
New trading pages to post buying requirements on  
<http://www.08businessconnect.com/businessopportunities.aspx>

**Conference on University Purchasing:**  
2 presentations 6 September 2007 at Royal Armouries, Leeds  
<http://www.coup.ac.uk/sessions.php>

**“Winning Public Sector Tenders” Hawksmere Seminar:**  
presented by Stephen Ashcroft 20-21 June 2007, London  
[Winning Public Sector Tenders Hawksmere seminar](#)

**Subscriber benefit:**  
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**1. RPI and RPIX.**

It is not uncommon for contracts to link future price reviews/changes to movement of “RPI”. We urge you to be very precise when considering indexation as we are aware of a contractual dispute on this point. There is “RPI” The Retail Prices Index and “RPIX” the Retail Price Index excluding Mortgage Repayment Interest rates.

Each index will give a different level of inflation. The following Information published by the Royal Bank of Scotland shows the differences. There are no prizes for guessing which one the supplier will want!

		RPI (%)	RPIX (%)
<b>2006</b>	Q1	2.4	2.2
	Q2	3.0	2.8
	Q3	3.4	3.2
	Q4	4.0	3.5
<b>2007 Forecast</b>	Q1	4.2	3.4
	Q2	3.8	2.8
	Q3	3.3	2.3
	Q4	3.0	2.1

### What is RPI?

The Retail Prices Index (RPI) is the most familiar general purpose domestic measure of inflation in the United Kingdom. It is available continuously from June 1947. Link to the National Statistics states:

<http://www.statistics.gov.uk/cii/nugget.asp?id=21>

### What is RPIX?

It is the Retail Price Index excluding Mortgage Repayment Interest rates (sometimes referred to as 'the underlying rate of inflation):

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=9414&More=Y>

**What is the 'basket of representative goods'?** And is there any direct linkage to the products and services you purchase?

<http://www.statistics.gov.uk/pdfdir/bas0307.pdf>

Please contact [s.ashcroft@brianfarrington.com](mailto:s.ashcroft@brianfarrington.com) or call 01744 20698 for advice and guidance on appropriate indices for your contracts.

## 2. No duty to consider ANY tender?

The public sector can save money by improving how they buy goods and services. A number of lead bodies including OGC, 4PS, IDeA, FiReBuy, PEPS, etc are encouraging new ways of working, advising on procurement regulations, building supplier relations and opening up government markets to competition. We were made aware of the following requirement detailed in a Local Authority Instruction to Tenderers, not the proposed terms and conditions of contract; this was just part of the 'introduction' section:

*The Tenderer accepts that the Council shall not be under any liability (contractual, tortious or otherwise) in the event that the Tender is, through any act or omission of the Council, its employees or agents, not considered either alone or in conjunction with all other or some other or any Tenders submitted and the Council is under no duty to take reasonable care or otherwise to consider any Tender.*

One for the European Court of Justice if they are not very careful....

## 3. Special budget burning deals....

A direct mail letter plopped on to our doormat last week, dated March 2007, which made us shiver, specifically the following text:

'The end of the tax year will be soon upon us, and you may need to make sure that you've spent your budget. After all, anything that you have left over will probably be taken off next year's budget!

[it continues in a similar vein]'....so why not give us a call about these special *budget burning* [our italics!] deals straight away.'

How do you combat this? Share your thoughts with other readers via [thinkprocurement@brianfarrington.com](mailto:thinkprocurement@brianfarrington.com)

#### 4. Who is Brian Farrington Ltd?

### **Brian Farrington Ltd** **Delivering value from third party expenditure**

#### **Who we are**

Brian Farrington Ltd offers services and solutions in the broad areas of purchasing and supply chain management. We are a trusted provider of consultancy, training, coaching and interim resources. We help leading organisations, in the UK and internationally, to keep their most essential third party expenditure subject to the focus of delivering value and mitigating risk.

As one of the longest established procurement consultancies in the world, founded in 1978, we are driven to perform, to partner, to execute. We go about our client assignment with a passion for delivering results that exceed our stakeholders' expectations for quality, service, innovation, and interaction. We pride ourselves on doing what's right and on putting our clients' best interests first.

#### **What we do**

We help enterprises in private public and third sector manage their growing volumes of third party expenditure—from contract creation, transformation, to close—according to its changing value to our client through supply chain management (SCM) strategies. We combine our best-of-breed expertise, experience, products and services into high-value, low-risk procurement solutions. We help organisations maximise the value of their third party expenditure, improve service levels, lower costs, react quickly to change, achieve compliance with regulations, mitigate risk, and manage and enhance the control over more of their overall third party expenditure. Our solutions integrate technologies, DEFCONs and contracts, suppliers and partners, systems and services.

#### **Our mission**

Brian Farrington Ltd's mission is to help leading organisations achieve the most value from their third party expenditure and their relationships with our company.

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Until next month,

Stephen Ashcroft  
Brian Farrington Ltd

*Helping procurement and related professionals manage third party expenditure and mitigate risk.*

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What do *you* think about *Think Procurement*?

**Subscribers' contributions, comments, queries, questions and input to *Think Procurement* are all very welcome!**

Please email [ThinkProcurement@brianfarrington.com](mailto:ThinkProcurement@brianfarrington.com)

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