

## **Value for Money in Public Sector Construction Procurement**

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### ABSTRACT

*Australian State Governments make significant investments in infrastructure related construction projects every year. The introduction of Best Value in Local Government contexts changed the focus of procurement from lowest cost to value based. Value for money is frequently the mantra of those spending public money, however, little is known about what it means in the context of construction procurement by public sector clients. This paper explores value for money from the client side through the perceptions of those procuring public sector infrastructure projects. This paper presents a complex perspective of value for money and argues that the perspective of those procuring within the public sector is crucial, because they are the proxies for public interest and shape how procurement is undertaken operationally.*

**Keywords:** New Public Management, Contracting out, Strategy

### INTRODUCTION

This paper focuses on construction project procurement by Australian State Governments and explores the complexity of defining value for money (VFM). The study investigated the perceptions of VFM through qualitative semi-structured interviews with project managers procuring infrastructure projects for Australian State Governments. The research addresses the gap in strategic public procurement research identified by Murray (2009a) and shows that whilst there are commonly identified elements in the VFM equation there is no universal definition of value (Burger and Hawkesworth, 2011). The Best Value philosophy of defining and negotiating value locally with communities means the interpretation differs on each project as there are different objectives, designs, and locations involved. VFM differs on each project and a case needs to be made for each project that VFM has been obtained. In a public sector context this has to be more than just price as public procurement has to be aligned with the mission of the organisation (Murray 1999). This research offers considerable insight into an important issue for governments examining the way public organisations and their employees define VFM in expenditure on infrastructure projects. Further, it is the perspective of these procurers that acts as a proxy for the political input that Murray (2009a) notes is absent in the public procurement literature.

### Research questions

VFM has clearly been of growing interest to those in the public sector as lowest cost procurement approaches have been abandoned in favour of value based approaches in the UK and Victoria, Australia. In an OECD study, Burger and Hawkesworth (2011) examined VFM with respect to Public Private Partnerships (PPP) and Traditional Infrastructure Public (TIP) procurement. They found that PPP was most prominent in the UK, but even there, it only accounted for some 12% of total public sector investment. Consequently, the great majority of public sector procurement takes place using TIP and therefore this research examines VFM in the context of the decision makers in traditional infrastructure procurement in State government departments in Australia. Whilst various definitions of VFM analysis exist in the current literature, the U.K.'s Her Majesty's (HM, Treasury 2006, p.7) Value for Money Assessment Guide described it as:

Value for money is defined as the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirement. The term whole-of-life is used to refer to the lifecycle of the good or service. VFM is not the choice of goods and services based on the lowest cost bid.

VFM was found to be a primary driver of procurement activities in the UK local government (Murray 2001). However, in a public sector infrastructure procurement context there is little in the literature that elucidates exactly what value-for-money means to the public sector client side of the construction supply chain. The review of the literature led to one main, and one associated research question:

**RQ1:** What does value-for-money mean to Australian State Governments when procuring construction projects?

**RQ1 (a):** To what extent is value-for-money an objective for Australian State Governments when procuring construction projects?

## LITERATURE

### **Public Management**

Numerous scholars describe the paradigmatic shift from the Traditional Public Administration in the public sector to the management models of the private sector – New Public Management (NPM)

(Luke, Kearins & Verreyne 2011; Gow & Dufour 2000; Hood 1995; Gray & Jenkins 1994). NPM broadly advocates a more entrepreneurial, private sector management inspired approach to managing in the public sector (Denhardt & Denhardt 2000). Moore (1995) articulated a prominent role for public managers to act entrepreneurially and innovate and maximise the creation of public value. The role of the state in delivering public services has been described as having shifted from 'rowing' to 'steering' (Denhardt & Denhardt 2003; Osborne & Gaebler 1992). Increasingly governments have shifted from producing and delivering services themselves to various modes of externalization (e.g outsourcing, contracting, privatization etc) which Alford and O'Flynn (2012, p.40-41) used as an umbrella term to describe a range of options for externalizing the delivery of public services. Boyne (1998) described the introduction of competition into service markets as a central feature of NPM and posited that its impact was felt most strongly in local government that was subjected to Compulsory Competitive Tendering (CCT) with a mandate for lowest cost. In 1997 the UK Blair Labour Government was elected and replaced Compulsory Competitive Tendering (CCT) regimes with Best Value, retaining the competitive element, but introducing value rather than lowest cost as the guiding principle governing the externalization and delivery of public services (Bovaird & Halachmi 2001). Best Value in Local Government, particularly in the UK (Kelly, Mulgan & Muers 2002), appears, in part, to be inspired by the seminal public value ideas of Moore (1995) but also the underpinnings of quality management (Boyne, Gould-Williams, Law & Walker 2002). One of the major strands of the quality management literature equates a definition of value with quality (Feigenbaum 1991, p.9; Juran & Gryna 1988, 35 E.6). Juran and Gryna (1988, 35 E.6) acknowledged the importance of the financial dimension by defining value as being quality divided by cost (value = quality / cost).

The concept of best value has attracted varying interpretations throughout the world and been primarily deployed at Local Government level (England, Wales, NI, Scotland & Victoria). In Australia, the Bracks Victorian State Labor Government, elected in 1999, replaced CCT with a best value regime that came into effect at the start of 2000. Similar to the introduction in the UK, best value in Victoria was designed to remove the inflexibility and rigidity of CCT while ensuring that local councils remained accountable for their expenditure with an obligation to ensure that they

sought the best value in providing services (Local Government (Best Value Principles Act) 1999). The Bracks Government objectives in introducing legislation for the best value principles were to foster: local accountability; whole-of-organisation response; consultation on performance; best value outcomes; benefits, not costs; and encourage innovation (Best Value for Building: A Local Government Guide 2004). However, Krüger (2004) noted that some of the benefits of taking a VFM approach may be frustrated by some of the institutional barriers to negotiation taking place in the tendering processes associated with the TIP. Whilst best value has not been applied in the same manner, the ideas do appear to have resonated in other levels of Australian Government (State and Federal), and there has been increasing recognition that value-for-money does not equal lowest cost when externalizing public services (Commonwealth Procurement Rules 2012). This research sought to explore whether best value thinking had permeated state governments and was evident in the manner in which large strategic investments in the form of construction projects were procured.

### **Public Procurement**

Murray (2009) highlighted that most of the procurement research uses the procurement officers of private sector companies as the chief informants. Whilst there is a considerable literature on public sector contracting, there is a scarcity of empirical studies on public procurement. However, there are emerging research strands in the literature in the areas of: sustainable procurement (Brammer & Walker 2011; Walker & Brammer 2009); e-procurement (Croom & Brandon-Jones 2007); post GFC procurement (Murray 2009b); procurement as a policy lever for tackling a variety of public sector problems including sustainably procured school lunches (Morgan & Sonnino, 2007), engagement of unemployed (Erridge 2007) and SME involvement (Morand 2003). In a survey of 47 UK local authorities, VFM was perceived as the primary objective of purchasing by 89% of the leaders of council, 84% of chief executives and 77% of purchasing managers (Murray 2001). By comparison, the primary objective of private sector procurement was found to be cost reduction and the author considered it strange that not one of the responding local authority purchasing managers considered cost reduction to be an objective (Murray 2001). NPM has increased the externalization of public services and encouraged private sector management practices. Murray (2001; 1999) posited that

through solely trying to transfer private sector rationale to local government they are likely to be procuring sub-optimally. Murray (2001) advocated that local governments transfer what they can from the private sector's procurement approaches particularly with respect to quality improvement and cost reduction but also remain focused on seeking to improve their performance against the other strategic goals identified by chief executives. Murray (2009a) believes there is an absence of public sector studies that deal with strategic procurement issues, and that any strategic issue should involve politics, and perhaps the interface between the public sector and politics. One area that has garnered attention in the literature has been the area of construction procurement (Walraven & de Vries 2009; Kelly, Male & Graham 2004; Kelly, Morledge & Wilkson 2002; Kenley, London & Watson 2000) although most of this work has emerged from the construction discipline and does not connect with important public procurement scholars like Murray (2009a; 2002; 2001) who advocated aligning public procurement with the strategic objectives of public organisations.

### **Construction Project Procurement**

There is a great deal of evidence in the literature that best value, or VFM is important in construction project procurement (Palaneeswaran, Kumaraswamy & Ng 2003; Tookey, Murray, Hardcastle & Langford 2001; Wong, Holt & Cooper 2000). Increasingly, Public Private Partnerships (PPPs) have been used by governments as an externalization approach. The uncertainty around assessing VFM over these longer contractual time periods is extremely complex and riddled with uncertainty (Burger and Hawkesworth, 2011). Australian State Governments make significant investments in infrastructure related construction projects each year. There is an emerging body of literature that focuses on construction project procurement by Australian State Governments (McCabe, Parker and Brown 2011; Staples and Dalrymple 2011; Love, Davis and Baccarini 2010; Love, Davis, Edwards and Baccarini 2008; Furneaux, Brown and Allan 2008; Dalrymple, Staples, Bryar and Boxer 2004). Furneaux, Brown and Allan (2008) highlighted the way in which state and federal governments in Australia have externalized much of their public works design, construction and maintenance capability. Love et al (2008) provide insight into the selection of procurement approaches by public sector clients, in particular by focusing on Western Australia. The authors highlighted the risk averse

nature of State Government clients. Their research showed that uncertainty avoidance was a major factor in choosing predominantly, a traditional lump sum (TLS) approach. Traditional construction procurement involves separate contracts between: the client and the designer, and; the client and the contractor. The advantages of this procurement approach are that a well-developed design should enable a greater degree of accuracy in the quote from a lead contractor which provides cost certainty to a client enabling a lump sum payment. Love et al (2008) also viewed the perceived capacity of the supply side to deliver non-traditionally, and that cost certainty and the issues associated with probity and accountability were important elements of public sector procurement. The perceived strength of a lump sum approach was that it provided cost certainty to the client and avoided the risk associated with cost escalation. Love et al (2008) comment that “public clients are under increasing pressure to obtain VFM from the services they use and projects they deliver” and “that clients are considering the procurement methods selected so as to obtain better VFM”. Love et al. (2008) described the NEDO (1986) 9 criteria that clients could use to select their priorities for projects and presented a raft of further developments reported since both by academicians and practitioners. Of particular interest are the criteria used by the Department of Commerce, NSW State Government (See Table II & III in Love et al 2008, pp.759-762) on which Love et al (2008) commented that there are too many criteria, demonstrating the complexity of best value. The authors concluded that a “procurement framework should be able to guide the decision maker rather than provide a prescriptive solution. Learning from previous experiences with regard to procurement selection will further provide public sector clients with knowledge about how to best deliver their projects”. Love et al. (2010) found that there was an inconsistent understanding of project objectives amongst public officers procuring construction projects, and they also reported that the public sector client made a point of stating that cost certainty was achieved with a TLS approach. They concluded that repeatedly using a traditional lump sum method is not an effective way to obtain VFM. McCabe et al. (2011) focused on the social outcomes from construction projects in particular the incorporation of art in construction projects in WA. The authors did not necessarily conclude that incorporating public art meant that a project delivers VFM but they were assessing attempts to deliver different types of value on a project. There is still a gap in the literature relating to understanding how infrastructure procurement is undertaken operationally by

public sector clients. Love et al. (2008) describe it for one state government department group WA and Furneaux et al. (2008) provided an overview of Australian government jurisdictions but there still remains a paucity of rich qualitative data about how procurement is undertaken.

### **DATA COLLECTION**

In order to explore what VFM means thirty-six (n=36) project managers who were involved in the preparation, evaluation and awarding of construction contracts through a tender process were interviewed. These project managers had, on average, over twenty years of public sector procurement experience and were drawn from ten public sector agencies across five Australian states (5 roads & 5 works). The average length of time per interview was 66 minutes and the interviews ranged from the shortest at 44 minutes to the longest at 123 minutes. This multi-respondent, multi-jurisdictional, cross agency (works & roads) data set was felt to provide an excellent basis to explore value for money in construction procurement. This research focused on the client side of the supply chain by examining public procurers, rather than the supply side (contractor) perspective of working for public sector clients. These public procurers are proxies for the public interest and seek to create public value via the projects they procure for citizens. They are also the key decision makers in the TIP processes for road and building procurement in their States. A qualitative, semi-structured interview featuring a mixture of open-ended and closed questions was designed to explore their perceptions of what VFM means, and to what extent it was a priority when procuring. Open-ended questions were used in a stem-plus-query design (Cavana et al. 2001, p.139) which allowed room for other issues to emerge, and for the researcher to prompt and probe, based on the answers provided by participants. The pattern of the interview was designed to be a series of funnel sequences (Cavana et al. 2001, pp.142-143) starting with a broad unstructured open-ended question and then proceeding to more structured less open questions and closed questions directly related to the research questions (see Table 1)

Interviews were recorded and Nvivo was used to manage the data and create broad bucket coding (Richards 2005; Bazeley 2007; Richards & Morse 2007). These broad bucket codes were then further analysed in a manner consistent with what Strauss and Corbin (1998) described as axial coding following the steps laid out by Dey (1993) including: reading and annotating, creating categories, assigning categories, linking data, making connections and producing an account.

## RESULTS

The interviews with project procurers uncovered multiple perspectives of VFM reflecting the complex and multidimensional nature of defining value in the public sector context. When defining VFM seven major themes emerged from the interviews:

1. The meaning of VFM differs from project to project depending on a number of factors as one road procurer commented:

We keep getting these discussions where people are trying to get a universal formula or calculation of what is VFM. I think VFM can change on a network depending on the section of the road you're talking about, the environment you're in, how much money is available, what your forward plans might be and so on, which makes it very difficult to come down and argue or demonstrate value for money. – Interviewee 26

2. Financial Perspective – one participant commented on the fundamental importance of expending taxpayers' funds:

We treat it as if it was our own money so VFM needs to be fairly reasonable for a tenderer and for a contractor, but nothing more than that. – Interviewee 14

Another participant commented that the competitive process of tendering or market testing was deemed to be an important element of justifying VFM but also the outcome delivered:

I think it's selecting the right procurement path, but I think it's also then being able to demonstrate that you've sourced the market and that the supplier that you're going with, is the supplier who can deliver you the best outcome. – Interviewee 31

As highlighted by one participant, quotations were frequently compared against either an internally produced estimate or by an external quantity surveyor (QS):

Having selected a preferred tenderer, there was a VFM assessment and a resource evaluation at the end, but it wasn't taken into account in the comparison. We put the QS all over their proposals so that we made sure there weren't anomalies in the people they were proposing, with the rates. – Interviewee 2

3. Quality - price is clearly a major factor in determining what is 'best value' but not the only factor and one participant commented on the balance of quality and price that was sought:

We're not after the cheapest tender, we are after the best tender. We look for the best design as far as life-cycle and quality is concerned. As far as tendering is concerned, I suppose we are looking for the right price for the right quality work. – Interviewee 22

One of the most highly experienced project managers who is also a figure of peer esteem in the industry elucidated these ideas in more depth:

My personal view - and we haven't yet got it cast in concrete as an organisation -- but I think that we need to be able to describe or articulate what is the level of service we want, and what are we prepared to pay for that level of service, and that sounds like a bit of a copout, but you might deliberately say here are two proposals. Proposal A might give you a level of service which you think is probably at the top or upper end of what you'd like it to be, but the cost that goes with it is just too high. So somehow you've got to be able to combine that level of service with a unit rate for delivering it and come down with an idea. At the other end, you might have a very low level of service, again for a very low price, and there will be circumstances where for a number of reasons, that lowest price and lowest level of service, is the right VFM because it might mean, you've got plans in four or five years time to retire that bit of infrastructure, and therefore there is no value in spending a lot more money and having a high level of service if in two or three years times you're going to retire it. So that's the sort of conundrum we're now in. – Interviewee 26

4. Client Perspective – for building procurers, a strong theme evident was that of the delivery agency justifying expenditure on projects and providing cost certainty to client departments and treasury as described here by one participant:

VFM means getting the best or the most appropriate quality outcome for the particular client that requires a facility to be able to deliver its operations. So, it's ensuring that their needs are met rather than their wants are met, in the most cost-effective manner. – Interviewee 17

This was far more relevant for building than for roads procurers, as building procurers (delivery agencies) generally procure for client departments whilst road procurers are procuring for their own organization and will then manage the asset through its life cycle. This client perspective of VFM was very important in building projects, as centralized agencies largely procure for others, and in cases where they are free to use private sector providers, the agencies' legitimacy is dependent on clients procuring through them. Roads do not have this same client complexity as they procure on behalf of their own organization and hence have an organisation-wide perspective of VFM influences on procurement.

5. Complexity – when procuring either buildings or roads, the larger in dollar value, or more complex, a project, the greater the likelihood of VFM becoming more than just financial considerations and socio-economic outcomes being incorporated into a project. One respondent commented on the incorporation of non-price criteria assessment into assessing VFM:

We are adamant about selecting the best VFM proposal from the contractor. And that's why we go into great detail with our non-price criteria to try to assess the best value bid. – Interviewee 1

In some instances VFM becomes more focused on value adding through innovation whilst viewing the way to achieve that end was by getting project teams working collaboratively. One participant suggested the focus was on engaging a team (consultants, contractor and subcontractors) that can successfully deliver the project, but also work as part of a non-traditional (design & construct) project team:

So what you are doing in fact if you think about it is getting the team, motivating the team, and what you are always looking for is VFM of outcomes ... so we are getting teams. – Interviewee 20

The same participant commented on embracing and searching for innovation, where considered appropriate, on large or complex projects:

but we are forced into it often rather than an doing it as an initiative, now that's a bit of a shame, imagine if you did it as an initiative, now I don't know it depends what value for money is, its very rarely what you've got in line delivering under budget or ahead of time, it tends to be, because that's difficult to do, it tends to be an opportunity to add real value, to add scope or finish something off that wasn't intended to be finished off, or give an experience to the community using the building that they wouldn't have got if you did it as business as usual. – Interviewee 20

There was also recognition of the political and public interest a large project can attract.

6. Design – the scope of a project, its design and the consideration of an asset's use and life cycle are intrinsically linked to the value created by any project and these were viewed as important elements of assessing VFM. The consideration of an asset's life cycle was more prevalent for roads procurers, perhaps because the roads agencies have responsibility for the ongoing maintenance of the road over the course of its life cycle, whereas building procurers hand over a built asset to a client department, which then assumes responsibility for ongoing maintenance. One participant noted that when engaging consultants, related to the design of a project, that VFM was not equivalent to lowest price, and that design was a crucial part of shaping the value that could be achieved from any project:

I mean, we all say it is. I think the belief that consultancies is high now that we try to get better teams and better people for the money and hence just had 50% - probably a lot more than that now - go to non lowest price bid. So in that sense I think getting a design team right is important and there's a huge focus. I think most people in this organisation would still believe that in low escalation CPI periods of time a lump sum contract is VFM. If you can define what you want. – Interviewee

7. Political authorisation – project managers were conscious of how the political environment could influence VFM on a project. One participant commented on the overarching authorisation that is needed from the political environment to legitimise interpretations of VFM:

it's the old efficiency versus effectiveness argument and sort of how much do we, in VFM, has that effectiveness part, or, and effectiveness means long term, whereas efficiency means doing something now cheaply and to spend the Governments money efficiently across a number of outcomes so it's always a paradox in how far you go in, and it can be driven by the thinking of the organisation, of what they think value for money for them but them in their little world versus VFM in the more global ministerial world, so we'll say if we can have those sorts of then that will be value for government but in reality but because it's only a micro thing in the whole thing the secondary effects of what you are doing is sometimes overlooked. so you can, limited, you can bury yourself in it, it trying to prove that it was really and truly VFM or not, often just knowing what, knowing the outcome, it's really about whether the project delivers the outcomes you want to the largest extent, the strategic assessment of whether the outcomes were achieved and their evaluation afterwards is something we don't do that well ... yeah VFM is really quite subjective and has to be driven from the top, really from the top, and the ministers, at the higher levels, ministers are there to decide what is VFM, not us, we try to represent to a large extent the minister has to be aware of what is VFM. – Interviewee 25

There was only one project manager out of the thirty-six interviewed (Interviewee 28) who offered an official definition of VFM. This definition was focused on balancing price with achieving objectives:

I can give you the official definition ... the fulfillment of objectives for the lowest whole-of-life cost, maximisation of the objectives – Interviewee 28

oh look its critical, at the end of the day the SA Government is looking at the most effective and efficient means of expending the taxpayers dollars and you know low bid selection has time and time again been proven to be fraught with danger in terms of not really being VFM, because through cost blow outs or extensions to the time or programs, features or whatever the ultimate cost of the project is more than what it was budgeted for, so the government here is attune to the fact that VFM is critical in the delivery of services including infrastructure and what we are concerned about is a good product for a good price. – Interviewee

One respondent commented on the complexity of assessing VFM on PPP projects:

It's a very tricky thing to compare, but I guess we probably can't until the very end of the day, because the arguers would say well it's all about innovation, it's all about whole of life costs, and, you know until 30 years time you will not be able to compare the value-for-money outcomes ... So it's very difficult, you know, very tricky. – Interviewee 2

This accords with the work of Burger and Hawkesworth (2011).

### **To what extent is VFM an objective?**

Value-for-Money was considered a crucial objective by all thirty-six procurement managers interviewed. All respondents indicated that procuring on the basis of VFM was an important objective of their work:

It is a huge objective. – Interviewee 4

It's a major objective. All our tendering systems are really focused on doing just that. It seems obvious to me, sorry [Laughing]. I mean, I suppose it is obvious, but that's what we have been trying to do for years. – Interviewee 16

There was little discernible difference between the responses from roads and building procurers or between States as to the relative importance of procuring VFM.

To what extent? About a hundred (percent). It might be 101 actually. Because the public expect to get value for money. They not only expect to get it, they actually want to see we're getting it too. – Interviewee 5

Oh look its critical, at the end of the day the Government is looking at the most effective and efficient means of expending the taxpayers dollars – Interviewee 12

Oh, ultimately to me, it's the objective. – Interviewee 1

I think it is a total focus in procurement. – Interviewee 9

I think it's a very, very, very strong objective, it's probably the biggest factor in anything that we do. – Interviewee 30

[...] we're always looking for value for money, and we want to achieve that, get the most out of the money we've got to play with so to speak. – Interviewee 25

## DISCUSSION AND CONCLUSION

### Managerial and Policy Implications

The fact that most of the cases featured highly experienced project managers procuring large projects and spending large sums of public money means that the study addresses Murray's (2009a) call for more strategic public procurement research. However, it also is likely that the views of the participants are not generalisable to public procurement more broadly as their specialisation and expertise in procuring large, tangible, capital projects is unlikely to be representative of the wider public procurement population. The managers interviewed always sought to ensure that the needs of the community, as determined by the client government department were met. That element of public value was, therefore, consistently being delivered by all State construction procurement managers. In many cases, the managers were also tailoring the procurement approach to deliver local public value for the community that was over and above that derived from the built facility. The results of this study extend the findings of Murray (2001; 1999) in UK Local Government, and show the VFM is a major objective for Australian State Governments when procuring buildings and roads construction projects. The results provide considerable insight into the complexity of VFM for

procurers of public sector infrastructure. Apart the formal definition offered by *Interviewee 28*, the lack of a universal approach to defining VFM fits with the findings of Love et al. (2008) and Burger and Hawkesworth (2011) who concluded that a best value procurement approach to selecting contractors cannot be prescriptive. Further, this is in keeping with both jurisdictional interpretations of best value in which value must be negotiated locally (Communities & Local Government 2010; Best Value Scotland 2009; Best Value Commission 2007) and public value management's embracing of accountability by defining value locally (Stoker 2006; Smith 2004; Moore 1995). The fact that value cannot be universally designed means that the skills and abilities of procurement staff are crucial to the public value created via their procurement. Project managers were acutely aware of the implications of spending public funds and the duty upon them to discharge that responsibility diligently (efficiently and effectively). A strong financial perspective on VFM was expressed by public managers when asked to define what VFM meant. In keeping with a definition of VFM that recognises how important it is to account for the expenditure of public funds, competition in the tender process was viewed by many managers as a crucial component in being able to justify that VFM had been achieved. The extent to which the ability of these managers to consistently deliver VFM is a function of their very extensive experience is not addressed by this research. However, in view of the extensive experience, it is likely that the accumulated knowledge of these practitioners has at least some bearing on their approach to achieving VFM. From a policy perspective, the loss of this capacity and capability through retirement from the workforce presents a cause for concern.

A consistently used definition of VFM was in keeping with Juran and Gryna's (1988) value-based definition of quality which acknowledges the combination of fitness for purpose, being best for customer use, and the importance of price. Hence, best value would appear to be providing the most 'value' as assessed by the user. This is likely to be intimately connected to the procurement professional's knowledge and experience coupled with the confidence to make these VFM judgments.

### **Further research**

The official definition offered by *Interviewee 28* and by the UK HM Treasury (2006) provide sufficiently broad advice to guide the decision maker rather than provide a prescriptive solution as advocated by Love et al. (2008). The skills, experience and expertise of those procuring are crucial

in obtaining VFM. Therefore, issues around the development of future procurement staff and procurement capability and capacity would seem to be an area worthy of considerable further empirical research. This research design only explored the client side for construction projects. This paper argues that it is really their perspective that is the most important in shaping and creating public value via procurement. Government policy officers might report on government policy designed to procure value, but it is the perspective of those procuring that provide important insight into how it is operationally undertaken. There is however, the risk that procurement officers are responding in socially desirable ways and telling the researchers how they want to, or should procure, and not how they actually do procure. Further research may seek to triangulate these findings from the client side with the experience of contractors and designers on the supply side of working with government to gauge their perceptions of what government values. Research indicates that major contractors may be a barrier to the promulgation of VFM through the supply chain, so this research may need to consider both contractors' and subcontractors' perspectives to see how far down the supply chain value for money approaches reach. Another perspective may also take account of key community stakeholders' views of value for money. Whilst the study addresses Murray's (2009a) call for more strategic public procurement research it does not explicitly draw upon the politicians for their perspective on procurement. However, value for money as a procurement concept encapsulates political ideologies about the role of procurement, so by talking to public managers about the inherently political value for money, we are, in effect, proxying a political input. Future research may therefore choose to focus on the procurer/politician interface. Frequently, in procurement, there are procurement policy people who have more involvement with politicians and these actors may be a focus for further research rather than the operational procurers involved in this research.

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**Table 1: Value for money Interview approach**

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| Open-ended question: I am very interested in value-for-money. Would you tell me about Value for Money? |
| Closed question focused on RQ 1a: To what extent is purchasing value for- money an objective?          |
| Open-ended question focused on RQ 1: What does value-for-money mean to your department?                |