

*The National Procurement  
Strategy for Local Government*

*Two Years On*

consolidating progress... becoming  
more efficient

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## Two Years On

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more efficient

On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government (DCLG)

Department for Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 020 7944 4400  
Website: [www.communities.gov.uk](http://www.communities.gov.uk)

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DCLG Publications  
PO Box 236  
Wetherby  
West Yorkshire  
LS23 7NB  
Tel: 08701 226 236  
Fax: 08701 226 237  
Textphone: 08701 207 405  
Email: [communities@twoten.com](mailto:communities@twoten.com)  
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## Foreword

Local Government procurement decisions in England account for around £40 billion per year. It is very important to the tax payer, businesses, charities, councils, their employees and the public that we get the balance right. This document sets out how we are trying to do so.

The National Procurement Strategy and the local government efficiency agenda have given greater impetus to delivering effective and innovative procurement practices. Councils are leading the public sector drive to secure efficiencies and in many cases this is being underpinned by innovative approaches to procurement.

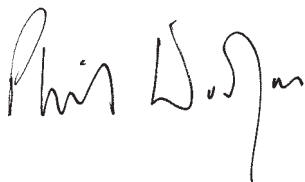
During the last few years councils have given an increasing priority to procurement, often working with other local authorities and they are responding to the National Procurement Strategy. In doing so, they have moved closer to achieving the core vision of the Strategy: the delivery of world class procurement practices.

Much of this has been achieved through sharing and encouraging good practice. That is why the Government included “*Delivering Quality Services through Procurement*” and “*Transforming the delivery of services through Partnerships*” among this year’s Beacon themes. The successful Beacon authorities will supplement the work already being taken forward by the Regional Centres of Excellence, IDeA, 4ps, OGC and other partners.

However still more needs to be done. As we approach the end of the Strategy period, there are some milestones on which there is yet room for improvement. We urge every authority to assess its position in relation to the targets and make a final push to achieve them.

Of course, the achievement of milestones is not the final outcome. The Strategy is an instrument to embed good procurement practices in all authorities. It is an aid to meet the challenges of a changing landscape, where local authorities face rising public expectations and increasing demand for local government services, combined within the constraints of a tighter fiscal environment. Successful procurement strategies are a key part of meeting this challenging agenda.

We look forward to the next year being one in which all councils fully embrace the immediate targets and future challenges in the National Procurement Strategy for Local Government.



**Phil Woolas MP**  
*Minister for Local Government and  
Community Cohesion*



**Lord Bruce-Lockhart**  
*Chairman of the Local Government Association*

## Preface

In my preface to last year's One Year On report, I said how important it will be to continue to build on the momentum that had been generated since the launch of the National Procurement Strategy. Another year on and I am pleased to say that it has, as this report clearly shows.

Local government has responded well to the challenges that the Strategy has thrown down. It is ahead of its efficiency targets, which illustrates its commitment to addressing the efficiency agenda, and it has placed procurement in an increasingly important role in its longer-term transformation. The Strategy's key milestones are being met by local government.

At the heart of this progress lies the work of the Regional Centres of Excellence. I can report that the Department for Communities and Local Government has committed to their funding until March 2008 and the Chief Executives' Task Force will continue to provide leadership and effective support to the wider local government community.

For their part, the RCEs are funding many innovative projects that are starting to deliver exciting results. They will continue to play a key role as change agents by supporting local authorities, particularly through wider collaborative working across local government and across the public, private and voluntary sectors, in order to sustain this very promising direction of travel.

And their hard work is paying off as the annual procurement survey of local authorities shows. Local authorities have reported substantial increases in overall procurement performance, in e-procurement ability and in procurement skills training. These are major steps forward and the majority of local authorities now see the RCEs as the first port of call for procurement matters.

But we shouldn't be under any illusion about the challenges that lie ahead. Pressures on the public purse will intensify over the next few years while expectations of better services will increase. Of course, many local authorities have raised their game considerably, but much more work across local government needs to be done if we are to achieve a first class procurement function and meet these challenges.

Few could have foreseen how procurement has taken an increasingly important role in the transformation of local government and I am confident that it will achieve the key milestones in the national strategy.



**Tim Byles**

*National Procurement Champion*

## Highlights

Last year's *Taking Stock* report recommended a focus on those aspects of the NPS likely to contribute efficiency gains and that emphasis has come through strongly in performance of local authorities in the second year.

The approach introduced by the NPS and supporting national programmes is now firmly embedded. It has become the normal way of going about procurement in local government.

Significant achievements in the period include:

- **£1.9 billion** of **efficiency gains** expected from councils by the end of 2005/06.
- 41% of councils are now **working with their RCE** on improving procurement performance (up from 14% in 2004).
- 59% (31% in 2004) of councils are involved in **joint commissioning** of services (not including health and social care)
- 32% of councils are involved in **creating a shared procurement function**.
- 29% of councils are creating other **shared corporate service functions** and 25% working on other shared services.

**Key**

- green generally implemented across the sector
- amber being actively implemented across the sector
- red not being actively implemented across the sector
- black no data (question left out of 2005 survey)

2004 milestones	2005 milestones	2006 milestones
<b>Providing leadership and building capacity</b>		
G ● councils to adopt a corporate procurement strategy	G ● single tier and county councils to carry out a health check on progress against the NPS and guidance	G ● district councils to have carried out a health check on progress against the NPS and guidance
A ● strategy to be owned by members and senior managers	A ● councils to be involved with an RCE	
<b>Partnering and collaboration</b>		
G ● single tier and county councils to have an approach to partnering in construction and service delivery set out	A ● average time from OJEU notice to contract award to be reduced by 10%	A ● average time from OJEU notice to contract award to be reduced by 25%
A ● district councils to have an approach to partnering in construction and service delivery	A ● smaller district councils to be collaborating with others on procurement	
● councils to have approach to collaboration set out	A ● councils to identify opportunities to create shared services	
● councils to have approach to new trading powers set out		
A ● appraisal of service delivery models included in Best Value reviews		

2004 milestones	2005 milestones	2006 milestones
<b>Doing business electronically</b>		
	<p>A</p> <ul style="list-style-type: none"> <li>● councils to have implemented appropriate eProcurement solution</li> </ul> <p>A</p> <ul style="list-style-type: none"> <li>● councils to be using Government Procurement Card or equivalent for low value purchases</li> </ul>	<p>R</p> <ul style="list-style-type: none"> <li>● councils to be using an appropriate eMarketplace</li> </ul>
<b>Stimulating markets and achieving community benefits</b>		
<p>G</p> <ul style="list-style-type: none"> <li>● councils to address relationship of procurement to community plan, workforce issues, diversity and equality and sustainability</li> </ul>	<p>R</p> <ul style="list-style-type: none"> <li>● councils to have signed up to national concordat for SMEs</li> </ul>	
<p>A</p> <ul style="list-style-type: none"> <li>● councils to address how to encourage diverse and competitive market supply, including small firms, voluntary and community sectors</li> </ul>	<ul style="list-style-type: none"> <li>● councils to invite proposals for delivery of specified community benefits</li> </ul>	
<ul style="list-style-type: none"> <li>● councils to consult with staff on employment issues in procurement processes and contracts</li> </ul>		
<p>A</p> <ul style="list-style-type: none"> <li>● councils to build sustainability into strategy, processes and contracts</li> </ul>		
<p>A</p> <ul style="list-style-type: none"> <li>● councils to conclude a compact with voluntary and community sector</li> </ul>		
<p>G</p> <ul style="list-style-type: none"> <li>● councils to publish a 'Selling to the council' guide on website</li> </ul>		
<ul style="list-style-type: none"> <li>● procurement processes for partnerships to include an information memorandum to prospective bidders</li> </ul>		
<ul style="list-style-type: none"> <li>● procurement processes for partnerships to include invitation to bidders to demonstrate effective use of their supply chain</li> </ul>		

# Chapter 1: Consolidation and efficiency gains

This Chapter covers the following themes:

- The Efficiency Agenda, including the Regional Centres of Excellence and progress on efficiency workstreams.
- Skills Development activity and initiatives (including e-Procurement and Beacons).
- Supplier Diversity.

This is the second annual report on the joint DCLG/LGA *National Procurement Strategy for Local Government* (NPS). Its focus is on progress achieved during 2005. It also considers key strands of activity supporting the procurement agenda.

The publication of *Taking Stock* (the One Year On report) coincided with a shift of emphasis in local government procurement. Procurement is now recognised as a route to both achieve better outcomes for citizens and to realise efficiency gains, leading to improvements in frontline services or keeping council tax down.

## Efficiency Agenda

Efficiency is not a bolt-on activity – it binds together much of what local government does. It underpins the vision for sustainable communities and is a necessary component of high quality services, a good physical environment and a strong economy. Efficiency and service transformation are, therefore, one and the same thing.

Local government has been a successful exponent of efficiency for many years. Sir Peter Gershon's review focused on the drive for greater efficiency to facilitate better services for local people. Consequently, in the Spending Review 2004 the Government set local government the challenge of achieving at least £6.45 billion (£3.0 billion of which from councils) of efficiency gains by 2007-08.

DCLG has sought to ensure that principles of empowerment, flexibility, support and challenge underpin Government's implementation of these targets. Councils have responded positively and there are signs that by the end of 2006-07 they may achieve £3.1 billion efficiency gains – hitting the challenge set by Government a year early.

In many councils, efficiency has been the catalyst to innovation, collaboration, integration and better services. This means that local government has a good start to build on when meeting the challenge of less generous settlements in a tighter fiscal environment. Integrating and co-ordinating services so that they meet the needs of users is a priority. Accelerating the pace of service transformation within tight fiscal constraints will be the challenge of the next five to ten years.

The Annual Efficiency Statements tell an impressive story.

Target by end 05/06	Expected gains by end 05/06	Target by end 06/07	Expected gains by end 06/07
£1bn	<b>£1.9bn</b>	£2bn	<b>£3.1bn</b>

On this basis local government will achieve the target set for it for 2007/08. With continued advances also in schools, the police and fire, the overall £6.45bn of efficiency gains from the local government sector should be delivered.

*Procurement is making a major contribution.* Nationally, over a third of the efficiency gains are expected to come from smarter procurement.

## Regional Centres of Excellence

The nine Regional Centres of Excellence (RCEs) are central to both the efficiency agenda and the embedding of the NPS.

Councils (supported by the RCEs and the LGA Performance Partnership) have achieved a lot in the past year. The Government has invested in nine RCEs to support the local government efficiency agenda. Core funding<sup>1</sup> to 2007/08 is shown below.

Source	2004/05	2005/06	2006/07	2007/08
ECF <sup>2</sup>	£6.0m	£6.0m	£0m	£0m
CBF <sup>3</sup> (Efficiency & NPS)	£10.1m	£10.1m	£10.0m	£10.0m
<b>Total</b>	<b>£16.1m</b>	<b>£16.1m</b>	<b>£10.0m</b>	<b>£10.0m</b>

The Centres are the lead change agents for the sector's efficiency programme. They actively support local government's response to this agenda as well as to the NPS.

The main role of the Centres is to:

- Be the first point of contact for local authorities on the efficiency agenda.
- Analyse data on local authority procurement and help local authorities identify options for improvement.
- Fund and support local authority-led projects.
- Develop collaborative working opportunities across local authorities and across sectors.

<sup>1</sup> In addition, in 2005/06 ODPM allocated supplementary funds, totalling £1.6 million, to a variety of RCE projects together with match funding of £50,000 per centre to support electronic auctions. OGC allocated a further £375,000 from the Efficiency Challenge Fund to support RCE national activity on commodity goods and services.

<sup>2</sup> ECF = Efficiency Challenge Fund

<sup>3</sup> CBF = Capacity Building Fund

Chaired by Tim Byles, the National Procurement Champion, the Chief Executives' Task Force provides leadership and direction to the nine regional centres.

Highlights from the RCEs' first full year of operation include:

- Supporting a national eAuction programme, the first wave of which generated savings of almost £13 million, saving on average 27% of each contract.
- Boosting local authority procurement capacity – a survey reports a 27% increase in councils' overall procurement performance, a 26% increase in e-procurement ability and a 25% increase in procurement skills training.
- Developing a national procurement programme to improve efficiency in local government spend on commodities, goods and services.
- Funding nearly 300 projects that improve efficiency across local authority services, including business process re-engineering. Innovative examples include:
  - Creation of a first-ever London local government mutual insurance company, which could deliver up to £6 million in efficiency gains a year in lower insurance premiums.
  - Developing a framework agreement for the provision of corporate services in which 35 councils in the South West have expressed an interest.

(Achievements of individual Centres are profiled in **Annex 1**.)

## Synopsis of Lead Workstreams

The RCEs have divided the task of coordinating support on these issues between themselves, with a lead Centre for each.

Corporate and transactional services	Yorkshire and The Humber
Commodities, goods and services	East of England
Construction (including highways)	East Midlands
Productive time	London
Adult social care	South East
Children's services	West Midlands
Culture and sport	North East
Environmental services	East of England
Fire	South West
Education	North East
Social housing	London
Supporting people	North East
Sustainable Procurement	North East
Third Sector	North East

Boxed highlights from the major RCE national workstreams are shown throughout this Chapter.

**RCE national workstream: commodities, goods and services**

Lead: East of England Centre of Excellence

Implementing a national procurement programme for commodities, goods and services bought by local government is an exciting, significant piece of RCE work that meshes well with central government commodities initiatives. Good progress is being made.

RCEs will provide reliable benchmarks to every local authority covering the vast majority of commonly bought commodities.

The plan covers five themes:

- Market intelligence – Building on developments at a regional level, work is underway to create a national picture of supplier spend, prices and contracts.
- Strategic markets – This work will enable the RCEs to identify those markets in which there is significant scope for achieving better value for money.
- Procurement landscape – The RCEs will be able to advise local authorities how best to rationalise their supplier base, aggregate demand for specific goods and services and migrate spend to different contracts to achieve better deals.
- E-procurement – Evidence shows that significant cash savings can be made by the use of e-auctions and procurement cards.
- Sustainable procurement – It is clear that contracting decisions made by local authorities can have a significant impact on wealth creation and environmental sustainability in localities.

## Construction Procurement

As the second largest area of spend by councils, efficient procurement of construction-related activity has been a major focus for attention. Whether it is new build, refurbishment, repairs, buildings or highways related, the financial numbers involved are significant – and the potential for obtaining better value enormous.

The East Midlands RCE has established a national construction liaison group, which brings together construction professionals from other authorities along with the OGC and the Highways Agency.

Over the year, there has been particular focus on framework arrangements. A comprehensive report *‘Transforming Local Government Construction – The Power of Framework Agreements’* (May 2006), found that frameworks delivered financial savings and a better product than comparable conventionally procured projects. In virtually every case cost savings of over 10% were recorded.

In May, the Local Government Taskforce (LGTF) also published the topical guide *‘Ten Success Factors that Make a Procurement Champion.’* Both documents have been widely distributed to local authorities and can be downloaded from the LGTF website: (<http://www.constructingexcellence.org.uk/resources/publications/view.jsp?id=3663>).

Further work is underway among LGTF and the RCEs on extending the use of framework arrangements, including their application to the whole supply chain, their relationship with SMEs and how to encourage their take up. Additionally, six of the nine RCEs are funding regional projects. In the South East, for example, the RCE is funding a project led by Hampshire County Council to develop a construction framework open to all local authorities in the region.

The East Midlands RCE and the LGTF are working with the OGC led Public Sector Construction Clients Forum (PSCCF), to act as a single public sector forum at senior management level to strengthen the leadership and co-ordination of public sector construction activity. The forum will also explore ways in which the public sector as a whole can manage construction supply and demand.

OGC is working with the LGTF on the dissemination of the Achieving Excellence good practice across local government. An example of this is the recent publication by the LGTF of the local government version of the *Common Minimum Standards for the Procurement of Built Environments*.

## Adult Social Care Commissioning and the Care Services Improvement Partnership (CSIP)

CSIP has an active national programme for commissioning and this is demonstrated through the initiatives described below.

*The Better Commissioning Network* is a national initiative. It has about 900 members and supports them through:

- Newsletters and web based information accessible on (<http://changeagentteam.org.uk/index.cfm?pid=7> )
- Supporting specific developments that will assist those commissioning social care in particular. This includes the publication of the “Guide to Fairer Contracting – Part 1 Contracts” published in December 2005 (see <http://www.changeagentteam.org.uk/index.cfm?pid=63> ). Part 2, relating to the writing of specifications, is now being prepared and Part 3, covering Market Development, will follow.
- Developing exemplar Long Term Commissioning Strategies with a report and launch of the strategies (plus a guide to writing them) in October/November 2006.
- A Guide to Commissioning on Long Term Neurological Conditions is underway and due for publication in October 2006, as is a report on adult social care contract monitoring.
- Establishing links through the CSIP regions with identified commissioning leads in the CSIP regions. This enables two-way communication between local concerns, developments and policy development, to which CSIP contributes at the highest level.

CSIP has also used its Integrated Care Network (ICN) to assist in some aspects of developing integrated health and social care commissioning, recently around the Practiced Based Commissioning agenda. A pamphlet considering issues relating to this will be published during August 2006. The Housing and Telecare Network have also developed products for assisting commissioners to procure in the areas of extra care housing and telecare development.

Finally, CSIP is addressing issues of future commissioning both through its White Paper programme and through development of Person Centred Planning and Individual Budget pilots. The Care Services Efficiency Delivery programme has a number of initiatives that impact on commissioning and work closely with other programmes to ensure congruence with these aims.

### **RCE national workstream: adult social care**

Lead: South East Centre of Excellence

The strategic direction of this work stream, which was ratified by the Chief Executives' Taskforce in 2005, has been developed around the objectives of the White Paper 'Independence, Wellbeing and Choice'.

The majority of RCEs have emerging projects in social care which focus on improving care provision and delivering efficiencies within an environment of constantly increasing costs. Examples of these include implementing care costing models for high cost placements, regional approaches to commissioning and market management in areas such as learning disabilities and older people with mental health needs.

Formation of the RCE Adult Social Care forum has provided a vehicle for joined up working between the RCEs and includes the leads on Children's Services and Supporting People as well as Department of Health change agents. Areas have been identified where projects can be delivered jointly and support is being provided to the Department of Health's Care Services Efficiency Directorate in areas such as employing ICT to ensure the most effective provision of home care services and the assessment and care management process.

Support is also being provided to local authorities to help them roll out purchasing cards in social care provision and to identify ways to improve the recruitment and procurement of temporary agency staff.

## **Children's Services Commissioning**

In March 2006 the Commissioning and Market Management Unit (CMMU) within DfES's Children Young People and Families Directorate (CYPFD) launched the Joint Planning & Commissioning Framework for Children Young People and Maternity Services.

The framework's focus is that effective joint planning and commissioning is at the heart of improving outcomes for children and young people. Furthermore, the framework highlights the importance of good quality needs assessment to drive planning and commissioning decisions – and to manage the market place – ensuring choice of provision and transparency of the process.

In addition to the framework the CMMU has released a range of case studies from local authorities to support localities implement joint commissioning approaches. These, together with toolkits, such as *Industry Techniques and Inspiration for Commissioners*, provide councils with good practice guidance. The case studies and tools can be found at:

<http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/>

DfES has also established the Centre for Procurement Performance (CPP) in direct response to the efficiency agenda. As part of the cross government drive for more efficient expenditure of public funds, the CPP has a national focus across the education, skills and children and families system, working closely with the procurement and commissioning community nationally.

On children services the CPP, on behalf of the CYPFD, is looking to drive, actively support, challenge, and champion local authority and regional commissioning and procurement practices.

As part of phase 1 of its work, the CPP has been working in 18 locations nationally. It aims to:

- offer councils hands on support, challenge and advice around commissioning to assist them move closer to the broader aims and objectives espoused under the Joint Planning & Commissioning guidance and *Every Child Matters*. CPP also aim to develop a suite of Case Studies, tools, and templates on the improvements and support work it provides in each authority; and
- develop case studies examining why these approaches have worked, what process was adopted and considering whether solutions might be applicable in other locations.

Both the CPP and Every Child Matters websites will be key information sources for case studies, tools and templates.

### **RCE national workstream: childrens services**

Lead: West Midlands Centre of Excellence

Work is progressing well on the development of a clear national approach for the achievement of efficiencies in Childrens Services. The current focus is substantially (though not exclusively) in the area of looked after children and out of authority placements. Here, work is concentrating on making improvements in the areas of:

- Commissioning
- Data analysis and databases
- Market management and working with providers
- Contracting
- Outcomes

A draft strategy was prepared in May and this is now the subject of discussion with the Department for Education and Skills and amongst the RCEs. An audit of the RCEs' response to the agenda is also being undertaken and plans to develop a working group across all the RCEs are in development. The target is to put in place a core national framework for action by early autumn 2006.

A good example of innovative regional activity is the Regional Placement Partnership in the West Midlands which aims to improve the co-ordination of children's placements. After a process of regional evaluation, Coventry City Council has been selected both to lead and host the initiative and a detailed plan of action for the next two years is being developed. The intention is that the £375k investment by the Centre over the next two years will result in a self-sustaining business model for the region which will generate both substantial efficiencies and improved outcomes.

## **Waste Management**

Defra's Waste Implementation Programme (WIP) (<http://defraweb/environment/waste/wip/index.htm>) was established before the NPS and the Gershon Efficiency Review, in order to address the requirements of the Landfill Directive. Nevertheless, WIP assists local authorities in procuring efficient waste services in line with the aims of the NPS.

WIP does this through direct consultancy support, a range of tools and advice to assist with standardised and collaborative approaches to procurement and operations, a range of generic case studies to which the local authorities can refer for guidance and supporting the work of the RCEs (see below).

In addition, Defra funds the Waste and Resources Action Programme (WRAP) to promote good practice in waste minimisation, waste awareness, and approaches to kerbside waste collection.

More recently, Defra have established within WIP a Waste Infrastructure Development Programme (WIDP) to support local authorities and industry to speed up the construction of waste facilities. The establishment of the programme occurred alongside publication of the OGC's study of the municipal waste management market in May 2006 [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1005182](http://www.ogc.gov.uk/embedded_object.asp?docid=1005182)

Involving a collaboration between Defra, PUK and 4Ps, and supported by HMT, DCLG and OGC, WIDP is developing an action plan to give a better picture of the infrastructure needed to meet the landfill directive and the progress being made, and how the investment process can be accelerated. The programme will also provide more focussed support for major projects and improved tools and best practice guidance.

### **RCE national workstream: waste**

Lead: South East Centre of Excellence

A steering group with representation from each of the RCEs has been established to co-ordinate the waste work stream which is led by the South East Centre of Excellence. Its objective is to reduce costs and timelines of waste procurement through the use of e-tendering and the Waste Information Network (WIN). The Centre is also developing a team to provide targeted support for joint decision-making and is examining the potential for budget pooling.

A number of pioneering approaches to e-procurement are being implemented under the work stream. The Centre, for example, is working in partnership with Mid Sussex District Council to help them e-tender their waste collection contract with a view to holding an e-auction. The intention is to prepare a template which can be replicated across the country.

The East Midlands Centre of Excellence has worked in partnership with the Eastern Shires Purchasing Organisation to run an e-auction of wheeled bins and achieved a 14% saving on unit costs. The Staffordshire Waste Partnership, supported by funding from the West Midlands Centre of Excellence, has started on a programme of work which includes looking at options for joint commissioning of collection and disposal contracts. While Telford and Wrekin, again with support from the West Midlands Centre of Excellence, has embarked on a procurement exercise for a new waste treatment facility.

To support local government's drive for greater efficiency in waste services, the Waste Information Network has been created. It is a web portal designed to ensure that all councils have access to:

- Relevant documentation, legal advice and definitions to avoid different councils paying for the same advice.
- Procurement, efficiency, partnership and service delivery information in a single location.
- On-the-job mentoring offered by people who have tendered contracts and supported by experts.
- Advice on specifications.
- Partnership opportunities for joint procurement.

## National Procurement Strategy for Fire and Rescue Service and Firebuy Ltd

In November 2005 the (then) Office of the Deputy Prime Minister published the National Procurement Strategy for the Fire & Rescue Service 2005-2008 as part of the wider modernisation agenda and to enable the Fire and Rescue Service to become better equipped to meet the challenges of the 21st century.

Fire and Rescue Service procurement took a significant step forward on 30 March 2006 with the creation of Firebuy Ltd – a new non-departmental public body which will buy equipment nationally for the service.

Firebuy Ltd will enable savings to be made by negotiating better deals for buying in bulk and will eliminate the duplication of procurement of fire-specific equipment by individual Fire and Rescue Authorities (FRAs). Rather than all 47 FRAs negotiating separately for service-specific items such as vehicles, protective clothing and respiratory equipment, Firebuy Ltd will negotiate contracts on their behalf and take the lead in subsequent contract monitoring and service level monitoring. It will be a Contracting Authority for the purposes of the EU procurement rules but ultimately it will remain the FRAs who acquire the assets and matching liabilities.

During the course of 2006 Firebuy Ltd will start the Respiratory Protection Equipment Project. It will be developing its Technical Services arm to test and accept new equipment, which will save each FRA from doing the work themselves and provide consistent standards. The work on the Integrated Clothing Project continues with the Health and Safety Laboratory undertaking Garment Trials in June and July of the short listed tenderer's equipment with the aim to have the contract let in the first few months of 2007.

Further information on the work of Firebuy Ltd can be found on:  
[www.firebuy.gov.uk](http://www.firebuy.gov.uk).

## Social Housing

DCLG, the Housing Corporation, the Audit Commission and other housing sector organisations are working together as part of a single project to identify and promote good procurement practice in social housing. This has concentrated on greater use of partnering and collective procurement.

A national change agent is helping to establish a network of sub-regional consortia of social landlords to procure major repairs. These consortia will maximise efficiencies throughout the supply chain through “work smoothing” programmes, collective purchasing of materials and services, promotion of standard specifications, and by expanding the local labour pool through training.

In the last year eight new consortia with 83 social landlords covering 640,000 dwellings have been established. They are setting up arrangements to procure jointly over £3.3bn of works by 2010. There is evidence that these type of arrangements can produce net savings of at least 10%. DCLG are aiming for the majority of social housing to be covered by these arrangements by 2008.

The Housing Corporation has produced and commissioned a series of briefings to practitioners on good practice in procurement, focusing on the issues identified by Gershon. The Audit Commission has also published online a series of interactive packs highlighting positive practice in management and maintenance procurement and partnering. These activities have secured wide interest and impact in the sector.

A national purchasing agent for commodity goods and services was launched in 2004. Over two-thirds of Registered Social Landlords (RSLs) use it and it is now offering services to local authority housing departments.

## Value Improvement Projects for the Supporting People sector

The Supporting People programme provides housing related support to prevent problems that can often lead to hospitalisation, institutional care or homelessness, and to help those leaving institutions. The aim of the Value Improvement Projects is to secure substantial improvements in value for money through the procurement of housing related support services.

To date four of the 11 project authorities have awarded contracts, all comfortably exceeding their market assessments of cashable gains. They also point to significant non-cashable efficiency gains from improved quality standards and reduced contract management and administration costs.

The improvements and efficiencies secured by the Projects have resulted from:

- Using systems thinking to redesign local services, resulting in better targeted service interventions and better co-ordinated services.
- The use of advertised competition to bring prices in line with market rates.
- Aggregation of contracts allowing providers to exploit economies of scale.
- The use of output based (performance rather than conformance) specifications so allowing providers freedom (most of which are in the Third Sector) to optimise service delivery models.

Further benefits can now be achieved by applying the lessons learned across the Supporting People programme and particularly by local authorities adopting consistent processes and documentation – which will reduce procurement costs and also facilitate collaborative working and opportunities for shared services.

The project authorities also stress that improvements of this scale can only be delivered through well run procurement exercises using project management tools and techniques.

## Shared Services and Strategic Partnerships

To support councils in the creation of shared services and the development of strategic partnerships, DCLG has updated the Strategic Partnering Taskforce A-Z toolkit and advice. This was published in June 2006 and includes the following publications-

- *Service Transformation Through Partnership*
- *Rethinking Service Delivery. Volume 3: Shared Service and Public-Public Partnerships*
- *Structures for Service Delivery Partnerships – Technical Notes*
- *Structures for Shared Services and Collaboration – Technical Notes*

The toolkit can be downloaded from the local government section of the DCLG website ([www.communities.gov.uk](http://www.communities.gov.uk)).

An interactive CD of the toolkit, which includes an executive overview, practitioner guidance and model process maps, was circulated to councils by DCLG at the end of June 2006.

This updated toolkit will help inform business process improvement options and also help focus on raising public sector productivity (the “productive time” strand of the efficiency agenda), which are both important building blocks for shared services and strategic partnering.

A complementary toolkit for the creation of shared services in the public sector and related resources can be accessed on the Cabinet Office Chief Information Officers (CIO) website ([www.cio.gov.uk/shared\\_services](http://www.cio.gov.uk/shared_services)).

The CBI’s perspective is explained in *Transformation through Shared Services* ([www.cbi.org.uk/pdf/shareservices0606.pdf](http://www.cbi.org.uk/pdf/shareservices0606.pdf))

## Skills Development

In June 2006 the Chartered Institute of Purchasing & Supply (CIPS) formalised an agreement to launch a new Public Sector Faculty (an educational networking group for public sector procurement professionals) sponsored by OGC. This is offering members their own section of the CIPS website, access to a tailored continuous professional development programme, a quarterly newsletter, specialist training events and access to procurement job vacancies.

As part of its new qualifications strategy, CIPS is working with a range of stakeholders to develop specialist units aimed at those procurement professionals working in the public sector.

Working with IDeA, 4ps, OGC and the Society of Procurement Officers, CIPS has developed a new blended learning course aimed at those new to procurement in local government. This course aims to offer a good grounding in Purchasing and Supply Chain Management and will help those in procurement roles understand how to apply professional skills effectively in the local government environment.

The course comprises two parts:

Stage 1 – The CIPS Level 4 Foundation Diploma in Purchasing & Supply. This is equivalent to a foundation degree.

Stage 2 – Local Government E-learning Module, which consists of 4 training modules combining on-line tutorials, multiple choice questions and case studies.

Participants who successfully complete both these elements will be awarded a Local Government Certificate of Competence.

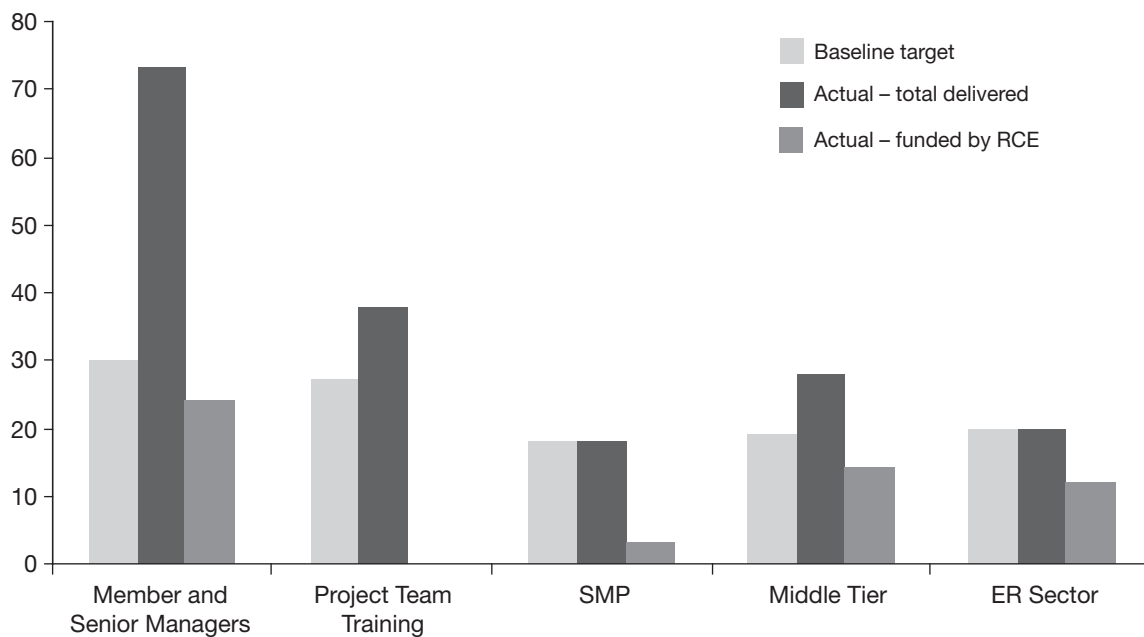
4ps continues to roll out the national efficiency and strategic procurement skills programme on behalf of the LGA Performance Partnership, with strong support from the RCEs.

Some 177 events were delivered to 2,668 participants, of which 53 events were funded by the RCEs. Average quality/evaluation scores remain above target at 4.15/5 with new courses scoring above the target and gaining citations.

The programme comprise:

- Member and senior manager (M&SM) programmes to enable senior teams to understand their role in strategic procurement.
- Two new (efficiency) sector specific programmes to help senior responsible officers, heads of in-scope services and other stakeholders recognise what needs to be done to deliver efficiency and shared service projects in the Corporate and transactional services and Supporting people sectors.
- Training for project teams (PTT) to enable them to manage the procurement process for partnership projects using the negotiated and now competitive dialogue procedure.
- The Middle Tier programme helps managers recognise how procurement techniques can be used to generate efficiencies in departmental spend. The second “open” programme (the SMP programme) helps individuals to improve specific skills such as risk management.

## 2005/06 – target vs actual RCE funded events



Source: National Efficiency and Strategic Procurement Skills Programme Board (April 2006)

Councils can also access support for councilor development on the efficiency and transformation agendas (including procurement dimension) through IDeA’s Local Leadership Academy (LOLA) programme. This programme is focusing on support to groups of councils aiming to work in partnership.

In addition to the eProcurement eLearning package developed with the NePP (see *below*) and its work with CIPS on the Local Government Certificate of Competence, IDeA has launched a procurement eLearning package for budget holders aligned to the NPS. Known as the *Passport to Procurement*, this is delivered through the Learning Pool system. Licences to use the package are available through the RCEs.

### Gateway Reviews

4ps also continues to deliver gateway reviews providing an independent assessment and external challenge for major projects at key decision points throughout their life.

In the period under review 4ps was formally accredited as the provider of OGC Gateway Reviews in the local government sector. The gateway review process involves the use of peers (practitioners from local government and the wider public sector) supporting experienced accredited review team leaders.

To date over 235 reviews have been performed on projects from more than 115 authorities and involving more than 215 local authority officers as reviewers. The reviews have been well received with strong positive feedback from both those reviewed and those participating as reviewers.

Further details are available at [www.4ps.gov.uk](http://www.4ps.gov.uk).

## Peer Review

With the RCEs now firmly established, at the end of March 2006 IDeA closed its national procurement “fitness check” programme. In total IDeA carried out 91 fitness checks under the programme together with a further 13 “challenges” to councils’ own self-assessments.

During this period IDeA’s flagship corporate peer review was refreshed to incorporate (among other things) the resource management and efficiency agendas. Councils can also choose from a range of specialist peer reviews including resource management/efficiency, asset management and customer service.

Procurement is integral to the corporate peer review and specialist reviews. The Agency continues to respond to demand for tailored support in the procurement field. Further details are available at [www.idea.gov.uk](http://www.idea.gov.uk)

## Major Programme/Project support and Know-How

In 2005/06, 4ps provided advisory and transaction support to over 200 local authorities procuring PFI, PPP and major complex partnership projects, including Building Schools for the Future and LIFT.

The following materials have also been published:

- A Project Director’s Guide.
- Corporate services, joint service centres, and leisure procurement packs.
- Project information briefings on the Portsmouth highways management PFI scheme, the Sheffield Kier LLP, and on Westminster corporate services.
- Guidance on transport procurement options, on corporate services solutions, and on procuring jointly.
- Building Schools for the Future guidance for school governors.

## eProcurement

The National eProcurement Project (NePP) has engaged with 89% of councils, including 83% of all district councils. Guidance has recently been produced on topics such as eMarketplace implementation, multi-agency procurement and consultancy engagement.

Together with IDeA, NePP has developed eLearning materials targeted at improving councils’ capability in the eProcurement area. Each RCE is being supported with a series of four eProcurement related workshops.

Funding of £250k has been awarded for the work programme for 2006/07. This is currently being planned and is likely to primarily focus on providing guidance on realising procurement savings in a number of specific functional areas, such as construction and adult social care.

In addition a number of large scale suppliers to local government will be approached with a view to driving down the costs of transacting business. As with previous workstreams these objectives support the drive towards delivery of local government efficiency targets.

Sustainability of the project is addressed by association with the requirements of the RCE where funding is sought to address areas identified as priorities by the Chief Executives' Task Force.

Dissemination activities from 2006/07 onwards are likely to be carried out in conjunction with commercial partners, RCEs and other public bodies such as OGC and OGCbuying.solutions.

e-Tendering projects are now beginning to be implemented regionally. For example, the West Midlands RCE has created an e-Tendering hub based on OGCbuying.solutions e-Tendering system, which will support 100 buyers in 10 councils, two police forces and a housing trust in the area.

Details of this and other projects can be found at:

[http://www.ogcbuyingsolutions.gov.uk/esourcing/about/esourcing\\_about.asp](http://www.ogcbuyingsolutions.gov.uk/esourcing/about/esourcing_about.asp)

## Contract Standardisation

*Taking Stock* flagged contract standardisation as an important source of transaction cost efficiencies.

In consultation with key stakeholders (including the North West RCE, IDeA and 4ps), OGC has published Draft Model Terms and Conditions for goods and services. These terms and conditions can be used by councils. They are designed for low to medium risk general procurement projects where the values are in the approximate region of £140,000 – £1m (procurements with a value over the EU thresholds).

This is the first version of the model terms, and OGC has published them as part of an open consultation process. The final version will be available in summer 2006.

## Beacons

Round 7 of the beacons scheme included the themes “*Delivering Quality Services through Procurement*” and “*Transforming the Delivery of Services Through Partnerships*.” Successful applicants were awarded beacon status in March 2006.

IDeA is working with the beacon councils on a series of open days. On Procurement, the beacons aim to support delivery of the following objectives:

- Targets set in relation to the efficiency agenda.

- Achievement of NPS milestones using the *Taking Stock* report as a baseline and focus for improvement.
- Measurement of procurement performance through tools such as the IDeA/Audit Commission Local Performance Indicators.
- Sustainable procurement objectives, including (but not limited to) environmental sustainability considerations.
- Promotion of, and compliance with, equalities legislation through procurement (at strategic and service delivery levels).
- Implementation of eProcurement.

The beacons are currently developing a 12-month project plan of activities.

## Supplier Diversity

OGC recently completed an 18-month programme to support SMEs and reduce barriers to the government marketplace. Areas where OGC engaged with councils in particular on this agenda were:

- Training over 800 procurers (including those from councils) in thinking about the benefits that SMEs can offer the public sector and the ways to reduce barriers to entry for SMEs into the government marketplace.
- Producing a standard pre-qualification questionnaire (PQQ) for procurements that fall below the OJEU threshold to ease the administrative burden for SMEs in tendering for government contracts.

OGC and the DTI's Small Business Service (SBS) recently updated their *Smaller Supplier...Better Value?* guidance setting out the qualitative business case for using diverse suppliers from all sectors of the community, including third sector organisations.

The national opportunities portal was launched at the end of March 2006. This is the first UK government portal for lower-value contracts. It enables public sector buyers to advertise lower-value (under £100k) procurements, unites buyers and suppliers in one place, gives visibility of opportunities and opens up the market to all types and sizes of businesses. Further details are at: [www.supply2.gov.uk](http://www.supply2.gov.uk)

SBS is working on a number of different initiatives at present including:

- building the evidence base and understanding of the small business share of the public procurement marketplace
- developing an on-line version of the training for small businesses wishing to sell to the public sector

- continuing to develop information on websites and in documents such as ‘Tendering for Government Contracts’
- encouraging RDAs to prepare businesses for opportunities arising from the Olympics.

In June 2005 OGC released an electronic document *Supply Chain Management in Public Sector Procurement: A Guide*, which aims to improve government’s ability to influence the supply chains of its major contracts. The guide covers areas such as:

- ensuring that procurers have a valid business case for using a larger supplier
- empowering procurers to ensure they are getting value for money from the supply chain
- giving practical advice on ways to include SMEs in the supply chain.

OGC plans to release a *Supply Chain Wizard* to summarise the key messages within this guide.

## Chapter 2: Developing policy context

### Introduction

*Taking Stock* contained a round-up of policy and legal developments impacting on local government procurement.

The present chapter picks up the theme, flagging major changes in the local government environment and procurement world which are forming the context for the final year of the NPS.

### The UK Government's Approach to Public Sector Reform

A discussion paper published by the Prime Minister's Strategy Unit on *The UK Government's Approach to Public Sector Reform* sets out the approach Government is taking on public service reform.

([www.strategy.gov.uk/downloads/work\\_areas/public\\_service\\_reform/sj\\_report.pdf](http://www.strategy.gov.uk/downloads/work_areas/public_service_reform/sj_report.pdf)).

### Local Government White Paper

DCLG aims to produce a Local Government White Paper in autumn 2006 to achieve the following aims:

- Revitalise local democracy and empower citizens and communities to shape government action that affects their lives.
- Drive and deliver improved outcomes and value for money across the board.
- Provide equity between the worst off individuals/ communities and the rest of England.

However, the White Paper will not be an end in itself. Instead it will form the next step in the process of implementing proposals to develop a more coherent relationship between central and local Government, and other stakeholders, based on mutual dialogue and trust.

In *Closer to People and Places* (May 2006), the LGA set out its vision for local government based on a “decentralising, devolving and deregulating” agenda.

### Comprehensive Spending Review (CSR07)

The Government is currently undertaking a second Comprehensive Spending Review which will report in summer 2007 (CSR07). This seeks to ensure that spending is aligned to the Government's priorities, that we do not spend on things which are no longer priorities or which can be achieved by more effective means and, critically, that maximum value for money is achieved for every pound that is spent.

DCLG is undertaking some significant activity in developing its approach to CSR07:

- *Roundtables* – holding a series of discussion events to listen to and understand the views of local government and key stakeholders on how the efficiency agenda should be rolled forward over the next five to ten years and the opportunities for achieving significant efficiency gains and service improvements for communities;
- *Analytical research* – Key strands include a comprehensive literature review; detailed case studies on the drivers of efficiency and service performance within councils of a range of costs and performance; and process maps showing scope for improvement if services are redesigned.

## Markets and Contestability

### Developing the Local Government Services Market

To inform *local: vision*, DCLG commissioned PricewaterhouseCoopers to undertake an analysis on the future potential of the local government services market. A more diverse, competitive and innovative supply base supports the Government's longer term strategy for local government as part of its public services reform agenda (see above).

The project has covered all market sectors except children's services and adult social care (given on-going markets work by DfES and DOH). It is also addressing cross-cutting issues such as the future of commissioning, market development, shared services, local authority syndication and franchising and the potential of the third sector (see also below). A series of outputs will be published in the autumn.

### User Choice

To help stimulate debate on the potential for extending user choice in local government, Deloitte Management Consulting is developing a discussion paper to explore this potential (to be published in the autumn also). This will set out a choice framework and outline ideas for reform of local services to offer more choice and empowerment for service users and local people.

## Asset Management

As part of CSR07, DCLG has been tasked with looking at the state of asset management in local government. DCLG has been seeking information by working with local government and other stakeholders including the Audit Commission, the Chartered Institute of Public Finance and Accountancy and the Royal Institute of Chartered Surveyors.

Initial work indicates that some good progress has been made on local government asset management practice. However, further improvement is needed, especially in the involvement of elected members and the adoption of a fully corporate approach.

The Government is also looking at how local government will meet its contribution to the Treasury's £30bn public sector target for asset disposal by 2010. The next phase of work is seeking to provide insight into barriers, incentives and levers for improving local government asset management.

## Trading and Charging

Following the introduction of the new CPA framework for single tier and county councils, and the change in CPA category names, the Government intends to introduce a new Trading Order in summer 2006. This will reflect the Government's commitment to extend freedoms as an incentive for improvement whilst ensuring that these freedoms are available subject to minimum standards.

In 2006 the LGA, IDeA and 4ps published *Enterprising Councils*, a leadership pocket guide for councilors, on trading and charging. The guide was backed up by LGA research on use of the 2003 Act powers.

## Reform of the EU Procurement Rules

The UK has implemented, on time, the revised EU procurement directives, which simplify, clarify and update the previous EU rules to allow for modern procurement methods such as competitive dialogue, eAuctions and framework agreements. Guidance on the new provisions which these new regulations implement can be accessed from the OGC website ([www.ogc.gov.uk](http://www.ogc.gov.uk)).

Work is now being undertaken on a new EU proposal for revising the Remedies Directive (which provides mechanisms for the handling of complaints) and on EU proposals in areas such as public-private partnerships and below threshold procurement. OGC provides ongoing advice and guidance on the application of the EU and WTO procurement rules in the UK.

The European Commission has also published guidance on low value procurement (contracts below EU thresholds and Part B contracts). Further details are available at: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1053&format=HTML&aged=0&language=EN&guiLanguage=en>

## Third Sector

Partnership with the third sector in the delivery of public services (meaning social enterprise as well as the voluntary and community sector) is a shared priority for central and local government.

The new 'Office of the Third Sector' in the Cabinet Office is responsible for delivering the third sector action plan, previously the responsibility of the Home Office's Active Communities Directorate. The action plan aims to gain firm commitments from key departments to open contestability of a range of markets to private and third sector organisations. Publication is expected Autumn 2006.

The new Charity and Third Sector Finance Unit in HMT has been established by a cross-Whitehall team to identify common problems that exist in local commissioning and procurement chains, and identify solutions that could be implemented. The Pathfinder Team is working with a few select local authorities to assist them in applying best practice and raising awareness of working with the third sector at each stage of the procurement process.

The Minister for Local Government and Community Cohesion announced a new *Framework for Strengthening the Third Sector's Role in the Delivery of Local Public Services* in June 2006.

The framework is based on four principles:

- Fair, sustainable and stable funding for the third sector.
- Strong national and local leadership and a constructive working relationship between the sectors.
- Commissioning and procurement practices which are intelligent and encourage innovation.
- Stable and sustained growth of the third sector.

As part of this framework, every local authority, subject to normal democratic controls, will be expected to pass on the certainty of three-year central government financial settlements to third sector partners it grant funds, where it represents good value for money to do so. Where local authorities are contracting with third sector bodies, they should be offered long-term contracting opportunities that are on a level-playing field with the private sector.

The North East RCE will lead on the third sector commissioning and procurement strand. The Centre will work with IDeA and 4ps to develop a national programme of capacity building including:

- Standard contracts and contract solutions.
- Awareness and skills training for councilors and senior officers.
- Access to specialist guidance and support.
- More effective dialogue between commissioners and providers in the third sector.

The Government will bring forward a discussion paper on opportunities for increased third sector involvement. It will focus on:

- waste management,
- local and community transport, and
- neighbourhood and streetscene services.

Opportunities in the areas of community leisure and public libraries will also be explored.

A cross-sector Taskforce established by DOH on third sector commissioning in health and social care have published a report "*No Excuses. Embrace Partnership now. Step towards a change!*" setting out a series of recommendations and supporting guidance notes to:

- promote a sound commercial relationship between the third sector and the public sector;
- help to remove barriers to entry for all providers; and
- promote equality of access for all types of third sector organisations in the provision of health and social care services.

In the coming months DOH, DfES and DCLG – together with the LGA and RCEs – will be considering how the Taskforce’s report will be taken forward within local government.

## Equalities and Diversity

Important developments are taking place in the equalities field. The amended Disability Discrimination Act 2005 introduced a public sector duty on disability which comes into force in December 2006. Additionally, the Equality Act 2006 also introduces a public sector duty on gender (in effect from April 2007). These join the existing race equality duty (Race Relations Act 1976 as amended). Both the new duties require public bodies to pro-actively promote equalities. Both will be supported by Codes of Practice and guidance.

Furthermore, the Equality Act 2006 is now law. Its principal role is to establish a new Commission on Equality and Human Rights. Regulations made under the Act have outlawed discrimination in the provision of goods and services on grounds of religion and belief and these will be extended to sexual orientation in October 2006.

### *Equality Standard for Local Government*

More than 85% of councils have adopted the Equality Standard for local government which was developed by the Employers Organisation (now part of IDEa), the LGA and the three equalities commissions with significant input from the Audit Commission.

Performance on the Standard has been a Best Value Performance Indicator (BVPI) for a number of years and councils cannot achieve levels 2 and 3 without taking on board equalities in procurement. Level 2 requires that local authorities meet their legal duties on race, disability and gender equality, which includes taking the equalities duties into consideration in procurement practices. There are five levels to the Standard. This is driving both interest and a demand for more support.

IDEa intends to hold a conference linked to the Equality Standard in autumn 2006. The Agency is also in the process of establishing a community of practice (including web tools) in the area. The community of practice (including longstanding procurement, equality, HR and policy officers) will help to improve the dissemination of learning.

### *Common standard for Equalities in Public Procurement*

The West Midlands Forum (WMF) Common Standard for Equalities in Public Procurement (used for pre-qualification) has been funded by the West Midlands Centre of Excellence to make it a web based database, with the aim of making it a regional standard. Plans are in hand to use it as the basis of a national standard (similar to CHAS in the health and safety field) and IDEa has part-funded this development.

## Sustainable Procurement

### The Sustainable Procurement Taskforce

In June 2006 the Sustainable Procurement Task Force presented its report, “Procuring the Future”, to DEFRA and HM Treasury Ministers. The report made recommendations in the following key six areas where the Task Force felt the Government needed to act to be recognised as amongst the leaders in sustainable procurement across the EU by 2009:

- Lead by example – Make sustainable procurement a leadership priority and clarify ownership within government
- Set clear priorities – Streamline the framework and provide clarity on policy priorities
- Raise the bar – Meet minimum standards now and set demanding goals for the future
- Build capacity – Develop capabilities to deliver sustainable procurement
- Remove barriers – Ensure budgetary mechanisms enable and support sustainable procurement
- Capture opportunities – Streamline the framework and provide clarity on policy priorities

The Government aims to deliver its formal response in autumn 2006.

OGC has developed *Social Issues in Purchasing*, to provide guidance to procurers on the inclusion of social issues in procurement. This can be found at [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004638](http://www.ogc.gov.uk/embedded_object.asp?docid=1004638). It complements earlier OGC guidance on environmental issues in purchasing.

In the North East a Public Procurement Forum brings together councils and other public sector procurers (such as the RDA, Government Office, CBI, Business Link and the Environment Agency). This regional ‘engine room’ is being used to help councils achieve effective supplier engagement and build relevant economic, social and environmental considerations into their procurement.

The North East RCE is developing this engine room model for roll-out across the other regions with a focus on the SPTF National Action Plan as well as the NPS milestones.

In parallel a national group is being established with representation from key agencies and sectors including the DFES Centre for Procurement Performance. This national group will provide coordination, uniformity, coherence and support for the regional groups enabling two-way dissemination of information, good practice, training and tools. This will enable councils to improve their procurement activities contribution to attaining their wellbeing objectives as well as ensuring compliance with, for example, equalities and diversity legislation (see *above*)



Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Health checks – single tier and county councils</b></p> <p>By <b>2005</b> every single tier and county council should carry out a health check on progress against this National Strategy and the associated guidance as part of their corporate procurement strategy.</p>		N/A. Introduced through NPS.	Half of all single tier and county councils (52 per cent) completed INLOGOV's self-assessment questionnaire.	89 per cent of counties measure progress against NPS milestones.	● (Green)
<p><b>Health checks – districts</b></p> <p>By <b>2006</b> every district council should have carried out a health check on progress against this National Strategy and the guidance endorsed by it as part of their corporate strategy.</p>		N/A. Introduced through NPS.	A third of all district councils (34 per cent) completed INLOGOV's self-assessment questionnaire.	54 per cent of districts measure progress against NPS milestones.	● (Green)
<p><b>Regional centres of excellence</b></p> <p>By <b>2005</b> every council should be involved with a regional centre of excellence in procurement and project management.</p>		RCEs established in 2004 in response to NPS and Efficiency Review.	<p>14 per cent of councils report having worked with their RCE in 2003-04 to improve their procurement performance.</p> <p>66 per cent have worked with their RCE on joint procurement in 03-04 and 55 per cent plan to do so in 2004-05.</p>	<p>41 per cent of councils have worked with their RCE to improve overall procurement performance.</p> <p>42 per cent have worked with their RCE on developing eProcurement.</p> <p>30 per cent have worked with their RCE on the co-ordination of demand and 35 per cent on joint procurement with other public sector partners in the region.</p>	● (Amber)

**Key theme: partnering and collaboration**

The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects, including construction.

The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and national levels to combine their buying power and create shared services.

**Achievements – partnering and collaboration**

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Strategy – partnering</b></p> <p>By <b>2004</b> every council's procurement strategy should set out the council's approach to partnering in service delivery and construction projects.</p>		N/A	<p>Of those councils with a procurement strategy in full effect, more than half (55 per cent) refer to service delivery partnering in general terms in their strategy and 38 per cent mention it specifically with targets.</p> <p>Almost half (46 per cent) refer to construction partnering in general terms in the procurement strategy and 31 per cent mention it specifically with targets.</p>	<p>N/A</p> <p>A third of councils (33 per cent) report that their procurement strategy refers specifically to partnering in construction with examples or targets for achievement.</p>	<p>● (No data)</p> <p>● Districts (Amber)</p> <p>● Single tier and county councils (Green)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Strategy – collaboration</b></p> <p>By <b>2004</b> every council's corporate procurement strategy should set out the council's approach to collaboration (including purchasing consortia, joint procurement and commissioning and shared services), and how it intends to use the new trading powers.</p>		N/A	<p>Where the procurement strategy is in full effect, most councils (83 per cent) set out their approach to collaboration (but only 37 per cent do so specifically and with targets)</p> <p>29 per cent refer to trading in the strategy. Only 6 per cent do so specifically.</p>	N/A	<p>● (No data)</p>
<p><b>Option appraisal</b></p> <p>By <b>2004</b> every Best Value Review or strategic review of a service should include a robust and challenging appraisal of the different service delivery models available.</p>	<p>Carry out a challenging option appraisal.</p> <p>Examine partnering models.</p> <p>Consider uses of the new trading powers.</p> <p>Examine opportunities for collaborative procurement of partnerships.</p>	<p>In most councils option appraisal consists of no more than 'weighing up the advantages and disadvantages of different service models, and of making or buying the service in question'.</p>	<p>Most councils (87 per cent) have published 'make or buy' guidance in a policy, manual or in another way.</p> <p>Where the procurement strategy is in full effect the great majority (84 per cent) cover option appraisal in Best Value reviews in the procurement strategy, but only half of these do so specifically and with targets.</p>	<p>43 per cent of councils cover option appraisal in best value reviews in the procurement strategy with examples or targets for achievement.</p>	<p>● (Amber)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Streamlining the procurement process</b></p> <p>By <b>2005</b> the average time taken from Official Journal of the European Union (OJEU) notice to contract award in a project of more than one year's duration should be reduced by 10 per cent on the 2003 base.</p> <p>By <b>2006</b> the average time taken from OJEU notice to contract award in a project of more than one year's duration should be reduced by 25 per cent on the 2003 base.</p>	<p>Follow best practice in the partnership procurement process.</p> <p>Adopt a structured approach to project and risk management.</p> <p>Implement a gateway review process.</p> <p>Streamline procurement processes.</p> <p>Build continuous improvement into contracts.</p> <p>Manage relationships as well as the contract.</p>	N/A	17 per cent of councils have set targets for the speed of the procurement process.	A third of councils (34 per cent) measure the speed of the procurement process and 24 per cent have set targets for this.	<p>● (Amber)</p>
<p><b>Collaboration</b></p> <p>By <b>2005</b> smaller district councils without dedicated procurement resources of their own, should be collaborating with others, through the regional centres of excellence, to create shared services for procurement and project management.</p>	<p>Procure and commission jointly.</p> <p>Make best use of purchasing consortia.</p> <p>Open framework agreements.</p> <p>Use eMarketplaces.</p>	<p>Less than half of all councils (43 per cent) report using purchasing consortia.</p> <p>A third (31 per cent) make use of central government frameworks.</p> <p>23 per cent of councils report buying on behalf of another council.</p>	<p>The majority (76 per cent) of councils are involved in using consortia and 19 per cent are considering it.</p> <p>Around a third (34 per cent) reported involvement in joint commissioning of health and social care (11 per cent considering).</p> <p>31 per cent are involved in other joint procurement of services (18 per cent considering).</p> <p>For construction it is 21 per cent (32 per cent considering it).</p>	<p>73 per cent of councils report involvement in a consortium.</p> <p>35 per cent are involved in the joint commissioning of health and social care.</p> <p>More than half (59 per cent) are involved in the joint commissioning or procurement of other services.</p> <p>21 per cent of councils are involved in the joint commissioning and procurement of construction services.</p>	<p>● (Amber)</p>


**Key theme: doing business electronically**

The strategic objective are:

- to achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and transaction costs. This will free resources that can be directed into frontline public services.
- to use eMarketplaces to assist councils to access framework agreements and contract.

Progress will be monitored by means of BVPI 157 which includes eProcurement as one of the transaction types that should be carried out electronically by 2006. Take up of National eProcurement Project deliverables will be measured through the Implementing Electronic Government process.

**Achievements – doing business electronically**

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<b>Strategy – eProcurement</b> By <b>2005</b> every council should have implemented an appropriate eProcurement solution as part of its eGovernment programme.	Develop an eProcurement strategy. Build a business case for eProcurement, Work with suppliers to promote adoption. Implement the solution that is right for your council.	45 per cent of councils state that they have not/will not address eProcurement in their corporate procurement strategies. 11 per cent report using eTendering.	The great majority of councils (80 per cent) report that their procurement strategy specifically addresses eProcurement (69 per cent in the case of districts). 24 per cent use eTendering. 13 per cent use eAuctions. 59 per cent of councils use online catalogues.	91 per cent of councils' procurement strategies specifically address eProcurement (88 per cent in the case of districts). 17 per cent use eTendering. 33 per cent use eAuctions. 50 per cent use online catalogues.	 (Amber)

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Procurement cards</b></p> <p>By <b>2005</b> for low value purchase, every council should be making appropriate use of a procurement card, the Government Procurement Card (GPC) or a suitable electronic alternative.</p>	<p>Use procurement cards appropriately.</p>	<p>13 per cent of councils report using procurement cards.</p>	<p>49 per cent of councils report using a procurement card.</p>	<p>47 per cent of councils report using a procurement card.</p>	<p>● (Amber)</p>
<p><b>eMarketplaces</b></p> <p>By <b>2006</b> every council should be using an appropriate eMarketplace.</p>		<p>N/A</p>	<p>19 per cent use an eMarketplace.</p>	<p>16 per cent use an eMarketplace.</p>	<p>● (Red)</p>

### Key theme: stimulating markets and achieving community benefits

The strategic objectives are that councils should:

- engage actively with suppliers
- use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan.

## Achievements – stimulating markets and achieving community benefits

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Strategy – community benefits</b></p> <p>By <b>2004</b> all corporate procurement strategies should address –</p> <ul style="list-style-type: none"> <li>• the relationship of procurement to the community plan, workforce issues, diversity and equality and sustainability.</li> </ul>	Build diversity and equality considerations into procurement processes and contracts, where relevant to contract.	N/A	<p>30 per cent of councils make specific reference to the community strategy in the procurement strategy (56 per cent mention it in general terms).</p> <p>Sustainability is covered specifically by 42 per cent (generally by a further 54 per cent).</p> <p>In 45 per cent of cases there is only a general reference to workforce consultation; specific reference is made by 28 per cent.</p> <p>34 per cent specifically address equalities (another 58 per cent cover it generally).</p> <p>58 per cent of all councils have used CRE guidance on Race Equality and Procurement to set standards.</p>	<p>N/A</p> <p>Sustainability is covered specifically with examples or targets by 46 per cent of councils.</p> <p>N/A</p> <p>40 per cent address equalities specifically with examples or targets.</p> <p>N/A</p>	<p>● (Green)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Strategy – contestability and choice</b></p> <p>By <b>2004</b> all corporate procurement strategies should address:</p> <ul style="list-style-type: none"> <li>•how the council will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.</li> </ul>	<p>Build choice into the procurement process.</p> <p>Promote a diverse and competitive market.</p>	N/A	<p>Where the procurement strategy is in full effect, 17 per cent mention specifically (with targets) the role of the voluntary sector in their strategy and 55 per cent refer to this in general terms.</p>	<p>26 per cent of councils refer specifically (with targets) to the role of the voluntary sector.</p>	<p>● (Amber)</p>
<p><b>Workforce issues</b></p> <p>From <b>2003</b>, where relevant, all councils shall consult staff during procurement projects and build employment considerations into procurement processes and contracts, including compliance with the Local Government Act 2003, Circular 03/2003 and the associated code of practice.</p>	<p>Consult staff and build employment considerations into procurement processes and contracts, where relevant to contract.</p>	N/A	<p>Where the procurement strategy is in full effect, 28 per cent specifically mention (with targets) staff consultation on employment issues and 45 per cent refer to it in general terms.</p> <p>Around two thirds of councils indicate that they consult the workforce in defining needs, developing the business case and the procurement approach.</p> <p>Workforce matters are addressed in contracts by 69 per cent in the case of services and 52 per cent for works.</p>	<p>N/A</p> <p>Workforce matters are addressed in contracts by 69 per cent in the case of services and 52 per cent for works.</p>	<p>● (No data)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Sustainability</b></p> <p>By <b>2004</b> every council should build sustainability into its procurement strategy, processes and contracts.</p>	<p>Adopt whole life costs and benefits as contract award criteria.</p> <p>Implement sustainable design and sustainable procurement strategies and build sustainability into procurement processes and contracts, where relevant to contract.</p>	<p>81 per cent of councils cover environmental issues in specifications and 53 per cent do so in contract conditions. 78 per cent consider environmental issues in bid evaluation.</p>	<p>Approaching half of councils with a procurement strategy in full effect (49 per cent) address sustainability when assessing needs. Engagement continues through designing services, shortlisting suppliers, evaluating bids and monitoring performance.</p>	<p>Approaching half of councils with a procurement strategy in full effect (42 per cent) address sustainability when assessing needs. Engagement continues through designing services, shortlisting suppliers, evaluating bids and monitoring performance.</p>	<p>● (Amber)</p>
<p><b>SME sector</b></p> <p>By <b>2005</b> every council should have signed up to the national concordat for SMEs.</p>	<p>Sign up to a 'concordat' for small and medium sized enterprises in the community.</p>	<p>N/A. National concordat and guidance published in 2005.</p>	<p>N/A</p>	<p>24 per cent of councils report having signed up to the national concordat. A further 33 per cent anticipate doing so before the end of 05-06.</p>	<p>● (Red)</p>
<p><b>Voluntary and community sector</b></p> <p>By <b>2004</b> every council should conclude a compact with the local voluntary and community sector.</p>	<p>Develop a local compact with the voluntary and community sector.</p>	<p>N/A</p>	<p>18 per cent of all councils have an approved compact.</p>	<p>More than half (55 per cent) of all councils have an approved compact. A further 8 per cent anticipate approval by the end of 05-06.</p>	<p>● (Amber)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>'Selling to...' guide and bidding opportunities</b></p> <p>By <b>2004</b> every council should publish a 'Selling to the council' guide on its corporate website together with details of bidding opportunities and contact details.</p>	<p>Publish a 'Selling to the Council' guide.</p> <p>Develop suppliers</p>	N/A	<p>23 per cent of councils publish a guide on the internet alone; another 23 per cent have one on paper as well as the internet. 5 per cent have produced it on paper alone.</p> <p>51 per cent of the councils with a guide report providing information on bidding opportunities and 20 per cent list their prime contractors.</p>	<p>85 per cent of councils report having published a 'Selling to the Council' guide, with 45 per cent doing so on the internet, 4 per cent doing so on paper and 36 per cent publishing versions on both the internet and on paper.</p>	<p>● (Green)</p>
<p><b>Marketing the council</b></p> <p>By <b>2004</b> procurement processes for partnerships should include:</p> <ul style="list-style-type: none"> <li>• issuing an information memorandum to prospective bidders setting out the background to the project, the council's objectives and an outline of the procurement process and timetable, with roles and responsibilities made clear.</li> </ul>	<p>Market the council to suppliers.</p>	N/A	<p>40 per cent of councils provide information memorandums to prospective bidders.</p>	N/A	<p>● (No data)</p>
<p><b>Community benefits</b></p> <p>By <b>2005</b> every council should include in invitations to tender/negotiate for partnerships a requirement on bidders to submit optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the community plan.</p>	<p>Invite proposals for the delivery of community benefits.</p>	N/A	<p>20 per cent of councils include, as standard, issues of community well-being in services and works contracts. 10 per cent do so for goods.</p>	N/A	<p>● (No data)</p>

Milestone	What councils should be doing	Baseline 2000	INLOGOV 2004	INLOGOV 2005	Status
<p><b>Supply chain management</b></p> <p>By <b>2004</b> procurement processes for partnerships should include:</p> <ul style="list-style-type: none"> <li>• inviting bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including use of small firms; this should continue to be examined as part of contract management.</li> </ul>	Develop supply chain partnerships.	N/A	N/A	N/A	<p>●</p> <p>(No data)</p>

## Chapter 4: Conclusions and next steps

*“As we approach the end of the Strategy period, there are some milestones on which there is yet room for improvement. I urge every authority to assess its position in relation to the targets and make a final push to achieve them”* (Phil Woolas, Minister for Local Government and Community Cohesion).

All councils should respond to the next (due to be circulated in Autumn 2006), and subsequent, annual procurement surveys commissioned by DCLG. Results from this research enable consideration of achievements on procurement, while also picking up any issues of concern.

Entering into the final year of the NPS, and in the light of the developments described in this Report, councils should now be focusing on the following areas:

- Responding to the national procurement programme for **commodity goods and services** including through use of market intelligence and strategic markets.
- Considering strategic partnerships to underpin the delivery of **shared services** (frontline, corporate services, front office).
- Sharing best practice within the **commissioning** and procurement of social care and learning the lessons for other council services.
- Improving relationships with the **third sector**.
- Establishing/participating in regional **e-Marketplaces**.
- Supporting **sustainable procurement**, including the new **equalities agenda**.
- For councils who have not done so, adopting the **Small Business Friendly Concordat**.

DCLG aims to publish a third and final report on the NPS in 2007. This will look in further depth at achievements over the life of the Strategy and seek to learn the lessons.

## Annex 1: Achievements of the RCEs:

### Achievements of the South East RCE

#### South East Centre of Excellence

[www.sece.gov.uk](http://www.sece.gov.uk)

01622 696 317

Regional Director: Andrew Larner

[andrew.larner@sece.gov.uk](mailto:andrew.larner@sece.gov.uk)

The South East Centre of Excellence has a number of work streams led by councils throughout the region. Good progress has been made over the last 12 months thanks to the efforts of these lead authorities and the support given to them by officers and members.

The most significant areas of progress have been made in buildings and commodities, goods and services. Hampshire County Council leads the buildings work stream which is notable for having created a regional framework for major construction projects. The first five contractors have been appointed and projects commissioned include schools, an adult day care centre and a civic centre, all worth about £170 million. Anticipated savings from one off projects under the framework is 5% but by taking groups of projects to market under the framework the efficiencies are expected to double.

Under the commodity, goods and services work stream, an analysis of local authority spend in the region has been completed. This rich pool of information is informing the priorities for implementing the regional procurement strategy as well as making cashable savings for the participating authorities.

The Centre has also been piloting the use of price benchmarking and has carried out an analysis of the prices offered by 13 buying consortia for 3,000 items as well as an analysis of prices paid from over 200 sources in the public and private sector. Advice is now being offered to authorities in the region for the best sources for these different commodities.

An OJEU procurement for a regional portal has been undertaken which aims to simplify sharing contract and line item detail between authorities. The portal will also provide e-sourcing tools and a one stop shop for the private and voluntary sector wishing to identify opportunities to work with councils.

## Achievements of the North West RCE

### North West Centre of Excellence

www.nwce.gov.uk

0161 342 4080

Regional Director: Colin Cram

Colin.cram@tameside.gov.uk

The North West Centre of Excellence is working with councils in the region to improve procurement and develop a better understanding of the procurement landscape. A programme board has been established to direct regional procurement activity and has set a target of 12.5% efficiency savings through better procurement practices. Regional activity falls under four themes:

#### **Providing leadership and building capacity**

The Centre has been busy delivering training and development exercises including procurement workshops for middle managers, sessions on the new EU Procurement Directive and leadership training with the IDeA. The IDeA's on-line procurement learning tool is being rolled out across the region while on-line training in efficiency and transformation, gateway review training and activity-based costing training are all scheduled.

A programme of efficiency reviews is underway and 43 out of 47 councils have undertaken or are undertaking purchase spend analyses.

#### **Partnering and collaboration**

Price benchmarking is being used to help councils see the price variation for commodities and develop strategies to deal with this. The Centre is supporting the development of procurement hubs, a strategic partnership is flourishing in East Lancashire and shared service proposals are underway in two other areas. A contracts register is being developed for the region to enable the alignment of common contracts across authorities and foster collaborative procurement.

#### **Doing business electronically**

The Centre's survey has revealed good progress with implementing e-procurement. It found that 98% of local authorities are undertaking collaborative procurement and 53% have a procurement card scheme in place. A further 38% are looking to implement the new Barclay's procurement card. Almost half of authorities are using either an e-marketplace of some sort or planning to implement one shortly. The majority of the remainder are looking towards the Centre to help broker or implement individual or sub-regional solutions.

#### **Stimulating markets and achieving community benefits**

Purchase spend analysis is being used to understand and stimulate markets and, in particular, work is underway on adult care commissioning to identify areas of market development potential.

The Centre is also looking at the cost of agency staffing, a significant area of local authority spend, and a number of projects underway include a proposal for shared services across Greater Manchester.

## Achievements of the East of England RCE

### East of England Centre of Excellence

[www.eastspace.net/eecpe](http://www.eastspace.net/eecpe)

01603 704 010

Regional Director: Steve Holland

[steve.holland@norfolk.gov.uk](mailto:steve.holland@norfolk.gov.uk)

To transform regional procurement practice, the East of England Centre of Excellence has focused on four priorities:

- Tackling the shortage of procurement expertise available to many local authorities
- Making significant improvements to social care procurement
- Promoting e-procurement through e-auctions and the creation of e-marketplaces
- Transforming transactional services

To raise standards across the region, the Centre has established six sub-regional procurement partnerships which bring together procurement expertise from the local authorities in each county area. The Centre has put substantial energy into this programme which is now beginning to bear fruit, with smaller councils in particular gaining access to and using professionally procured contracts.

The biggest area of spend in any service sector is on procuring care packages for children and older citizens. The Centre has invested in two separate projects to enable local authorities to gain, for the first time, a clear understanding of the way these markets operate and the projects will underpin further work by the Centre to promote better deals in social care.

The Centre has a bold policy to incentivise local authorities, particularly smaller ones, to join e-marketplaces to gain immediate access to good value prices for a wide range of commodities. The Centre has also achieved a major breakthrough by aligning the procurement programmes of the two major professional buying consortia in the region which has enabled the running of a number of highly successful e-auctions. The Centre is now in the process of promoting these contracts to all local authorities so that real cash gains can be achieved.

A key project for the Centre has been the biggest single study into transactional services across local authorities anywhere in England. The study has examined the way in which the Revenues and Benefits services in over 40 local authorities are carried out and it points towards a potential cash saving of over £9 million.

The Centre has also taken a lead role in developing access to new contracts for postal services which will result in cash savings of over £200,000 for large authorities and over £30,000 for smaller ones or about £2 million in total. By rolling out the programme nationally, it is estimated that similar savings will be achieved through the Regional Centres of Excellence in the other eight regions.

## Achievements of the London RCE

### London Centre of Excellence

[www.lcpe.gov.uk](http://www.lcpe.gov.uk)

020 7934 9967

Regional Director: Ken Cole

[ken.cole@alg.gov.uk](mailto:ken.cole@alg.gov.uk)

The London Centre of Excellence is tackling the improvement of procurement performance in four key areas. This is being done through co-ordinated projects, some of which are beginning to deliver results:

#### **Capacity building**

Procurement Skills and Commissioning Skills for Social Care staff.

These projects are designed to ensure that the Centre can build new procurement capacity in areas of scarcity.

#### **Market intelligence**

Strategic Supplier Initiative and Contracts and Relationship Management.

These projects are designed to help local authorities negotiate with suppliers to drive down costs and improve service quality.

#### **Supporting systems**

Pan London on-line Contracts Register Service.

This project is designed to help local authorities share and exchange information on major contracts, which is essential for the shared services agenda.

#### **Product/service projects**

Temporary Agency Staff, Energy, Consultants, Insurance, Telephony, ICT Hardware.

These are innovative projects which are helping local authorities to deliver cashable savings over and above what they could achieve on their own.

## Achievements of the West Midlands RCE

### West Midlands Centre of Excellence

[www.wmcoe.gov.uk](http://www.wmcoe.gov.uk)

0121 245 0220

Regional Director: Andy Hancox

[ahancox@wmcoe.gov.uk](mailto:ahancox@wmcoe.gov.uk)

The West Midlands Centre of Excellence has been working hard to build procurement capacity across the region and has achieved a number of notable developments including:

- 11 authorities in the West Midlands have now had procurement fitness checks and the Centre continues to provide focused support to borough and district councils to promote better procurement practices and encourage collaborative working.
- Staffordshire Moorlands District Council has been awarded Beacon council status for procurement and the Centre will help in the dissemination of good practice by this authority.
- The Warwickshire Sustainable Procurement Initiative has received a Government Opportunities Award.
- A number of councils have secured funding from the Centre to carry out a spend analysis and the data will be used by the Centre to identify common areas of significant procurement from which collaborative contracts can be let.
- The Centre has funded a food procurement project in Shropshire in support of the current agenda to help the rural economy respond to public purchasers' needs.
- In liaison with Business Link, the Centre is supporting SMEs and the VCS in the Black Country to encourage public sector investment in products and services provided by local businesses.
- The Centre has funded the Bravo/OGC e-tendering solution to help councils meet e-procurement and OJEU related milestones.
- Work has started on the development of a procurement hub to provide more effective procurement support and additional resources to help councils address the National Procurement Strategy milestones.

## Achievements of the South West RCE

### South West Centre of Excellence

[www.swce.gov.uk](http://www.swce.gov.uk)

01305 757 230

Regional Director: Julian Morley

[j.morley@dorsetcc.gov.uk](mailto:j.morley@dorsetcc.gov.uk)

The Centre continues to embed effective approaches to procurement in the region. Its spend analysis, which covers more than 95% of council spend, has been rolled out to over 30 local authorities and has been instrumental in driving the Centre's support for sub-regional collaboration. Local authorities have also been able to connect on-line to examine their own spend and supplier profiles and those of neighbouring authorities in the region and in the South East.

Since the success of the Centre's £22m agency staff e-auction in Wiltshire which looks to save over £5.5 over three years, the e-auction programme has gone from strength to strength. The current programme covers over £19 million of spend annually across 17 categories and includes over 20 authorities and an NHS trust. The Centre with support from Dorset County Council has let a framework agreement for ten e-auctions and the plan is to further grow this collaborative programme throughout the next 12 to 18 months.

The Centre has run a series of e-procurement workshops over the last seven months to focus on the development of business cases for sub-regional collaboration. The programme has resulted in two sub-regional strategies, one draft sub-regional strategy and has provided key inputs to a fourth strategy. The Centre's e-procurement support also includes a free-of-charge helpline.

Further support is being provided for the roll-out of Dorset and Devon County Councils' e-procurement solution into district and unitary councils while cross sub-regional procurement capacity is being funded in Cornwall and Gloucestershire.

## Achievements of the East Midlands RCE

### East Midlands Centre of Excellence

www.emce.gov.uk

0115 977 3875

Regional Director: Chris Allison

Chris.allison@notsscc.gov.uk

The East Midlands Centre of Excellence work to transform procurement in the region can be pulled together under four themes.

#### **Providing leadership and building capacity**

The Centre has developed a model for a corporate procurement unit to support councils to develop and establish their procurement resource and strategies. The project has been supported by a series of gateway review and PRINCE2 training events.

#### **Partnering and collaboration**

Successful collaboration is at the heart of transforming procurement and the Centre is supporting the development of a number of clusters/shared procurement services. The Centre has also established regional and sub-regional procurement forums to share best practice and to facilitate the delivery of the regional procurement strategy which will be based on the outcome of a regional supplier spend analysis.

#### **Doing business electronically**

The Centre has supported a number of e-procurement projects and developed an e-auction programme with ESPO. In conjunction with NePP, the Centre is providing a series of workshops addressing the e-agenda and offering specific NePP consultancy support to 12 councils.

#### **Stimulating markets**

A series of standard procurement documents has been developed and the Centre has launched a supplier web portal called Source East Midlands which is being supported by a programme of supplier engagement workshops. The Centre is also actively working with various social care groups to develop a coherent commissioning programme.

Numerous projects are being funded by the Centre to deliver savings, both cashable and non-cashable, for councils across the region. Using the RSe-Brent ROI model, it is anticipated that savings of £70 million will be generated through general procurement, over £9 million through social care commissioning and £12 million through construction.

## Achievements of the Yorkshire and Humber RCE

### Yorkshire and the Humber Centre of Excellence

[www.yhcoe.rcoe.gov.uk](http://www.yhcoe.rcoe.gov.uk)

0113 247 5252

Regional Director: Tony Wiltshire

[Tony.wiltshire@leeds.gov.uk](mailto:Tony.wiltshire@leeds.gov.uk)

The Yorkshire and the Humber Centre of Excellence is making significant progress towards the National Procurement Strategy targets.

The regional supplier and contract management system has recently been launched, the first wave of ten councils having gone live with the remainder to follow in Autumn 2006. The system is essentially a regional portal which offers the benefits of electronic tendering and contract management but it also promotes major collaboration and supplier access. Efficiency gains are currently quantified at around £2.5 million.

All local authorities and schools in the region now have access to an electronic marketplace via the Yorkshire Purchasing Organisation and a number of councils have signed up to individual marketplaces. Others are using purchasing cards.

District councils in North Yorkshire have joined with the County Council in a shared procurement function while a regional procurement competencies framework was launched which covers the full range of skills necessary for procurement excellence.

## Achievements of the North East RCE

### North East Centre of Excellence

[www.nece.gov.uk](http://www.nece.gov.uk)

0191 433 2257

Regional Director: David Wright

[davidwright@gateshead.gov.uk](mailto:davidwright@gateshead.gov.uk)

The North East Centre of Excellence has concentrated on establishing good links with its local authorities and other public sector organisations in its first two years. The result is strong collaboration, an effective programme of capacity building and the embedding of efficiency and effective, collaborative procurement.

Key highlights are:

Resources have been provided to support the Northumberland and Durham county procurement officers' forums with the appointment of two procurement development officers who support the district councils within each county. The intention is to engage the respective county councils in developing procurement capacity and seeking joint procurement opportunities.

Phase I of a spend analysis project has been completed with all twenty five authorities engaged. Using the tool, Powerplay, the Centre now has visibility of their spend and it can measure the impact of procurement approaches on the delivery of efficiencies and on the regional economy. Quick wins included a regional purchase card project and an e-auction on construction materials which delivered significant savings.

A programme of projects for 2006/07 has been defined following extensive consultation with local authorities and partners. In particular, it seeks to realise the potential of regional procurement towards the improvement of the social, economic and environmental well-being of the region. Projects include:

- Regional e-procurement strategy
- Cross public sector procurement concordat
- Standardisation of contract documents
- Five-year contract collaboration programme
- Regional commodities, goods and services market strategy
- Unified marketplace
- Regional procurement intelligence

## Annex 2: Technical note

### Technical Note

ODPM (now DCLG) commissioned INLOGOV to carry out a four-year evaluation of the local government procurement agenda. One part of this evaluation is an annual survey of local authorities.

The results of the 2004 survey were published by the ODPM in August 2005. For that 157 local authorities responded (40%). In the 2005 survey (to be published in full in autumn 2006) the response rate was 35% (135) authorities. Although a smaller sample, the 2005 results are more representative of local authorities than those of 2004.

The INLOGOV survey is sent to every local authority in England. It was sent to named officers wherever possible or to local authorities Chief Executives. Chief Executives were briefed about the research before the survey questionnaire was despatched.

In order to reduce the burden on councils, in 2005 a decision was taken to decrease the number of questions in the survey. For this reason this report indicates “no data” against some of the milestones.

A fuller survey against all of the milestones will be carried out for the third and final report on the *Strategy*.

The procurement evaluation is a four-year programme of research comprising:

- annual surveys of all local authorities in England
- semi-structured in-depth interviews and workshops with key people in government, local authorities and with other stakeholders
- longitudinal case studies with 15 local authorities
- a panel of twenty to thirty member authorities used to validate and test findings from the in-depth case studies.
- additional surveys for specific elements of the research programme. These are conducted according to the appropriate technical and ethical procedures to ensure validity and generalisability of results. Telephone surveys, email surveys, and postal surveys are used as appropriate.
- research and policy conferences at key stages to discuss and clarify the emergent findings of, and recommendations from, the research.

Whilst survey data has to be treated with a degree of caution, it has value as an indicator of local authority performance and can complement other data through triangulation, and as a source of questions for case study work.