

## Procurement – Eastern Shires

### 1. Summary

The report provides a summary of current activity in the procurement field. It has been produced by way of background to the presentation to the Board by the Chief Executive of the Eastern Shires Purchasing Organisation (ESPO)

### 2. Recommendations

The Board is asked to note the report and to offer comments.

### 3. Action

LGA and IDeA officers to implement the actions as appropriate.

## Procurement Round-up

### Background

1. The Eastern Shires Purchasing Organisation (ESPO) is a local authority purchasing and distribution consortium, formed in early 1981 by the County Councils of Leicestershire and Lincolnshire and has since been joined by the County Councils of Cambridgeshire, Norfolk, Warwickshire, and Leicester City and Peterborough City Councils.
2. ESPO was established by the member authorities to provide a comprehensive procurement service to their spending departments and other approved customers.
3. The Board will receive a presentation from the Chief Executive of the ESPO setting out its role in relation to the procurement function. The presentation is timely because a combination of a number of factors will lead to procurement having a higher profile over the coming months.

### Contribution to cashable efficiency savings target

4. Local authorities have been set a challenging target for cashable efficiency savings of £4.9bn over the CSR07 period. This compares with an overall target of £3bn for all efficiency savings over the SR04 period, against which authorities have delivered savings of £4.3bn (£3.4bn cashable).
5. Smarter procurement is forecast by CLG<sup>1</sup> to contribute £2.8bn (57%) of the £4.9bn savings target. Though hard evidence of the contribution savings from procurement have made to the total of efficiency savings in SR04 is lacking, delivery of the CSR07 target will require a step change in performance by authorities.

The first indication of authorities' performance in meeting the CSR07 target will come with the publication of the cashable efficiency savings indicator NI 179 within the next few weeks. Early signs are that the 2008-09 target (£1.5bn) will be met, taking into account surplus cashable efficiency savings from SR04 that can count towards the CSR07 target.

### RIEP activity on procurement support

6. Support for procurement features in all RIEP regional strategies with significant budget provision made for programmes. The focus is on procurement in high spend areas including construction, adult social care and waste. Among the more common initiatives are collaborative procurement, capacity building, regional hubs and IT focused projects around eg e-auctions and e-billing.

### Procurement review

7. The Minister for local government has commissioned an independent procurement efficiency review which is being led by Bill Roots, former Chief Executive

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<sup>1</sup> Delivering Value for Money in Local Government: meeting the challenge of CSR 07, CLG

of Westminster City Council. Mr Roots' brief is to assess the effectiveness of procurement support arrangements and to make recommendations on how support activity and practice might be strengthened. The report is expected to be published soon and is likely to contain practical recommendations that can be quickly acted upon. The Board will want to give consideration to the recommendations in the report when it is published.

#### **Operational Efficiency Programme**

8. In July the Chief Secretary to the Treasury launched the Operational Efficiency Programme which has the objective of identifying further savings beyond the £30bn planned for the current spending review period. Five workstrands have been identified including one for collaborative procurement that is looking at reducing the complexity of current arrangements in areas such as travel, and the scope for increasing the scale of collaborative procurement across the public sector. The Programme will make recommendations by the time of the Budget 2009; it is likely that a progress report will be made in the Pre Budget Report (PBR).

#### **Glover review of procurement from small business**

9. In the 2008 Budget, Anne Glover was appointed by the Chancellor to provide advice on measures to improve small businesses' access to public procurement contracts. The review is considering issues such as improved tendering procedures, better information for small businesses and reducing the barriers small businesses face when competing for public sector contracts. The report, which is likely to have implications for local government, will be published at the time of the PBR.

#### **Financial Implications**

10. The report identifies policy initiatives that are relevant to the delivery of local authority efficiency savings in the CSR07 period.

#### **Implications for Wales**

11. This report relates to arrangements in England only.

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