

Procurement Update

Summary

1. This report updates the Board on progress in developing and delivering a procurement work programme and identifies other possible national programmes to support authorities in delivering efficiency savings through better procurement practice. The report also updates the Board on a business case to be put to CLG for improvement funds to support the development of better procurement practice in the sector.
2. The meeting will feature a presentation from experts in the procurement field to assist members in assessing the work programme and providing further political leadership of this agenda.

Recommendations

3. Members to approve the proposed support programme, case studies and member guides and approve the approach, reflecting on the lessons learnt by procurement experts.
4. Members to approve the business case to CLG for funding to support improvement work.

Action

5. Officers to implement work plan as agreed and submit bit to CLG

Procurement Update

Background

1. The Improvement Board has previously received reports on developments in procurement, most recently at its meeting on 24 March when the Board asked for a further report to be made to this meeting on opportunities for procurement savings. The RIEP Member Forum has also considered the work RIEPs are undertaking to support authorities deliver savings through better procurement practice. At its meeting on 30 April the Forum asked for further work to be carried out on the benefits of a category management approach to procurement, and for case studies to be commissioned on the key themes of category management, procurement portals and procurement cards.
2. This report updates the Board on progress in delivering this work programme and identifies other possible national programmes to support authorities in delivering efficiency savings through better procurement practice. The report also updates the Board on a business case to be put to CLG for improvement funds to support the development of better procurement practice in the sector.
3. In delivering the work programme requested by the Board and Member Forum, officials from across the LGA Group have worked closely with RIEP procurement specialists, a wider group of experts from across the sector including representatives of professional officer groups and the Pro 5 purchasing consortia, and officers of the Office of Government Commerce(OGC), the Government's purchasing body.

Case Studies

4. Good progress has been made in producing the three case studies requested by the RIEP Member Forum in April. A case study on the West Midlands regional procurement hub has been completed and placed on the IDeA website <http://www.idea.gov.uk/idk/core/page.do?pageld=10002855&aspect=full>. The hub has, to date, delivered savings of £10.7m for West Midlands' authorities. A further case study, showcasing the category management approach to procurement adopted by Leicestershire CC has recently been signed off by the county and is **attached** for information. The third case study, highlighting the benefits of using procurement cards in a large metropolitan authority, Manchester City Council, is currently being drafted.

“What does good look like?” guides

5. At its March meeting the Board agreed that one way of raising the profile of the procurement function in local authorities would be to identify for elected members the savings that could be delivered through improving procurement practice, especially the “quick wins” that could be achieved. One way of doing this would

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be through a series of “What does good look like?” guides, aimed at elected members and key decision makers, that outlined a good practice approach to procurement in key category spend areas such as social care, IT and energy. We have been working with OGC colleagues engaged in the category management approach across government to identify the spend areas that offer the scope for the greatest returns and how we might best structure the guides to maximise their usefulness to members.

6. Good progress has been made in this work but in order to expedite the delivery of these member guides, LGA has commissioned some additional resource through Chris Wilson, the former Executive Director of 4ps. Chris will provide a progress report to the Board, including a draft of one of the guides, the categories to be covered, and a timetable for production. The categories that seem to offer the greatest potential for savings include: construction, social care, energy, vehicles, IT, professional services, waste and environmental services.

IDeA Programme

7. The IDeA is currently reviewing its wider offer of improvement support to authorities to complement the procurement work programme outlined above. A number of programmes have been identified for further development which includes:
 - **Refresh of Member and Senior Manager pocket guides**
Pocket guides were previously published by IDeA in response to the National Procurement Strategy (NPS) – these guides proved to be very popular. The recent increased focus on procurement from the Roots report and the Operational Efficiency Programme (OEP) would justify a refresh and re-publication.
 - ***‘Procurement in hard times’* councillors’ workshops**
These would consist of inter-active training sessions based on a programme previously delivered to the Leadership Academy and Centre for Public Scrutiny workshops but refreshed to reflect OEP and Roots Review. The focus of the workshops would be on the member leadership role.
 - **Procurement Challenges**
External ‘capability review’ style challenges, based on the former NPS Fitness Check model, focussing on strategic leadership, delivered in partnership with RIEPs. Components might include desk research, on-site interviews, and on-site facilitated challenges.
 - **Procurement “Champions” Conference**
This would be a facilitated conference with break-out sessions targeted at procurement political leaders. A key outcome would be to create a social network for collaborative knowledge sharing and problem solving.

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8. The roll out to other regions of the Efficiency Challenge approach currently being piloted in London, through Capital Ambition, the London RIEP, provides a further opportunity to peer challenge authorities' procurement practice. The associated development of an efficiency hub will allow the self-assessment, benchmarking and best practice arising from the efficiency challenge approach to be shared across the sector.
9. CLG have indicated that they would be willing to consider a well presented case from the sector for improvement funds to support improvements in the procurement function in local government. The Department had previously given a commitment for a funded implementation plan for the Roots report when published in April 2009. As part of his wider commission Chris Wilson, former Executive Director of 4ps has been asked to work up a case to CLG for improvement funds. Chris will outline the elements of this case to the meeting.
10. To assist members in determining whether the proposed approach of member guides, case studies and procurement support is appropriate, we have invited experts in delivering procurement savings (including through shared services) to outline what they have achieved, what they learnt, barriers they faced and critical success factors. Presentations will be made by:
 - Bob Hogg, Business Development Director - Serco
 - Cllr Tony Williams and Mike Britch, Managing Director from the NORSE Partnership in Norfolk
 - 4Ps (now Local Partnerships)
11. Members might wish to ask about barriers faced, what support should be provided and what if any blockages they faced where political leadership from the Improvement Board would help.
12. Reflecting on the presentations, members are asked to approve the proposed support programme, case studies and member guides and approve the business case to CLG for funding to support improvement work.

Financial Implications

The work programme will be delivered through a combination of existing resources within the IDeA and additional funding from CLG.

Implications for Wales

None direct though there may be lessons to share.

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