



# **The National Procurement Strategy for Local Government – Final Report**

## **Towards public service transformation**

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## Context...

- VFM; transformed services; rising public expectations
- National Procurement Strategy -2003; Gershon; Regional Centres of Excellence; CSR 07 fiscal limitations
- councils response – e-procurement; innovation; BPR; collaborative working
- Regional Improvement and Efficiency Partnerships
- procurement – powerful tool



## Efficiency savings

Year	Target (£bn)	Reported (£bn)
<b>2004-05</b>	Nil	0.76
<b>2005-06</b>	1.0	1.93
<b>2006-07</b>	2.0	3.06
<b>2007-08</b>	3.0	4.16 (forecast)



## RCEs

- change agents in procurement, business process and shared services
- national coordination
- working with strategic partners
- E-auctions e.g. £10m saving in NW
- largest study of supplier spend in LAs



## Service areas

- construction – biggest area of LA spend, benefit of long term relationships and framework arrangements
- adult social care – support from DoH in tendering, market analysis, contracting and demand forecasting
- children, young people and families – co-ordination vital, Centre for Procurement Performance
- waste management – WRAP, other support mechanisms



# eProcurement

- big investment in eProcurement
- can have big impact on costs of procurement and data
- Research showed –
  - 34% of orders raised electronically
  - 13% of orders sent electronically
  - 3% of invoices received and processed electronically
  - 34% of Las use a marketplace
  - 18% of potential Purchasing card transactions are being used



# Towards public service transformation (1)

- Strong and prosperous communities – implementation plan
- CSR 2007 – 3% per annum cash releasing efficiency gains
- Transformational government – role of technology, no one size fit all approach, Varney report, understanding users, challenge
- Business Improvement Package -
  - Business Process Improvement
  - Transaction costs and access channel management
  - Shared services and collaboration



## **Towards public service transformation (2)**

- Commissioning – move from narrow service delivery to commissioning, commissioning v procurement
- Third Sector – increasing role
- Asset Management – co-location of services, shared use, reviewing under performing assets, importance of property expertise
- Local Govt Trading – benefits revealed





# Towards public service transformation (3)

- EU rules – standstill period, new guidance
- Equality and Diversity legislation
- Sustainable Procurement – Securing the Future, Stern report, reducing carbon footprint, local procurement, Latham report



# Conclusions and next steps

- considerable progress made
- efficiency gains > transformation
- sustainable procurement
- National Improvement & Efficiency Strategy
- skills



# Comment on 'red' milestones

- speed of procurement
  - barriers – complexity, cautious approach, capacity
  - need to address this issue
- take up of eMarketplace
  - 22%/34% of LAs use them
  - room for greater level of take up



# Issues

- is commissioning role appropriate?
- room for more savings?
- what is transformation?
- what are aims?



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