



Measuring the value of good Procurement Practice-APSE 16 June 2008

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STOCKPORT
METROPOLITAN BOROUGH COUNCIL

Content

- Objectives
- Historically how we have recorded savings
- What we are currently doing
- Context
- Recording Efficiencies
- Measurement mechanisms
- Good practice procurement
- Stockport
- The future



CONTEXT

- Gershon Efficiencies
- CSRO7
- Audit Commission Requirements
- Efficiencies Spreadsheet
- VFM Index
- Performance Management VFM developments
- Spikes Cavell Expenditure Analysis
- Stockport's drive for VFM
- Delivering good quality services



What is good procurement ?

- What is procurement ?
- What is good procurement ?
- A package of a large number of factors
- The Procurement Equation
- Is it just about saving money, or is it about getting better value-for-money ?
- Tender evaluation criteria
- MEAT Evaluation or lowest price wins
- A more challenge based culture is emerging



Why is Procurement Important ?

- Improves services
- Helps achieve best value
- Improves efficiency
- Encourages innovation
- A large part of the Council's budget is spent on buying goods and services
- Part of VFM Financial Appraisal for the Audit Commission
- VFM self assessment



Stockport Council-Procurement Facts

- Revenue Expenditure of £140 Million per annum
- Capital Expenditure £75 Million per annum
- 35% of the Council's Expenditure is within the Borough (£75 Million)
- 72% of our expenditure is within North West England
- Member of AGMA-Collaborative and Shared Procurement



Procurement Measurement Context

- 2004 Releasing Resources to the Front Line(Gershon)
- -2.5% efficiency gains from each Council
- -Collaboration and use of frameworks
- -Sharing Services
- -CRS07
- NWIEP set up to deliver efficiencies and improvements
- 3% Averaged out across Local Authorities
- The pressure is on to deliver efficiencies and savings



Public Accountability

- Procurement activity is governed by a set of European and National Legislation as well as the Council's own Contract Procedure Rules
- Designed to ensure openness, accountability and transparency and to protect Members and Officers
- All procurement requires a documented and detailed audit trail to justify key decisions and meet potential challenges



Measuring Value for Money

- Procurement VFM Index in development
- A collection of indicators
- Primary and Secondary indicators chosen
- Different weightings given against the chosen indicators
- Collection of KPI Information continues



Efficiencies Spreadsheet

- At Stockport we have developed an efficiencies spreadsheet
- This accounts for savings made on new contracts and contract renewals
- Constantly evolving and being developed
- Will feed into VFM Index
- Also into the corporate balanced scorecard



Performance Management VFM

- A new VFM Tool is under development to track linkages and examples of VFM throughout the Council
- This will also capture examples of good procurement for the KLOE's



CASHABLE SAVINGS ?

- Debate on what is cashable continues ?
- Are they Corporate, Directorate, or Service-based savings ?
- What happens to the savings within each authority?



CONCLUSIONS-The Future

- Good Procurement Practice needs to be embedded throughout an organisation and its key partners
- The recording of savings and efficiencies has moved into more accountable mechanisms
- It will continue to develop into a more quantitative environment
- Each organisation will need to develop some bespoke recording mechanisms of procurement that will feed into national recording

