

## Procurement Strategy for Local Government – Final Report Briefing Note

Neil Hind 25th April 2008

The National Procurement Strategy (NPS) has been a catalyst for the development of a more strategic approach to procurement in local government and has created a platform for the realisation of efficiency gains and more sustainable procurement. The department for Communities and Local Government has just issued their final report that highlights progress and the main deliverables.

A full copy can be found at: <http://www.communities.gov.uk/documents/localgovernment/pdf/725180.pdf>

This document outlines the main findings where work is still required in relation to the planned North West Efficiency Programme. I.e. Milestones still rated as **amber** or **red**. The NWIEP will be undertaking a further baselining survey to confirm the situation within the region as report figures are from 2006.

### **Achievements – providing leadership and building capacity**

**Milestone:** By 2005 every council should be involved with a regional centre of excellence in procurement and project management.

**National Progress:** 46 per cent of councils have worked with their RCE to improve overall procurement performance.

**Action:** All North West authorities are currently collaborating in some way and interacting with the NWCE/NWIEP, even if via sub-regional groups. Work will continue with the new NWIEP to ensure all councils are engaged in regional and sub-regional collaborative activities.

### **Achievements – partnering and collaboration**

**Milestone:** By 2004 every council's procurement strategy should set out the council's approach to partnering in service delivery and construction projects.

**National Progress:** 55 per cent refer to service delivery partnering in general terms in their strategy and 31 per cent mention it specifically with targets.

**Action:** The majority of NW councils have already achieved this milestone. However, further work will be done around construction procurement with the creation of a construction procurement hub.

**Milestone:** By 2004 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.

**National Progress:** 40 per cent of councils set out their approach to collaboration specifically and with targets or examples

**Action:** The majority of NW councils have already achieved this milestone. However, further work will be done to ensure collaboration and use of existing frameworks continues to be business as usual.

**Milestone:** By 2004 every Best Value Review or strategic review of a service should include a robust and challenging appraisal of the different service delivery models available.

**National Progress:** 75 per cent of councils' procurement strategies cover option appraisal in best value reviews but of these only 32 per cent cover it with examples or targets.

**Action:** Further work in this area needs to be defined to ensure councils are aware of all options and evaluate accordingly.

**Milestone:** By 2006 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.

**National Progress:** 19 per cent of councils report having decreased the average time from OJEU to award by 0–25 per cent compared to 2003 base.

**Action:** The regional portal, The Chest, will ensure all authorities have access to a full OJEU compliant eTendering solution. The NWIEP will continue to support suppliers and local authorities in the use of the system encouraging further take-up in specific service areas, such as health and social care and construction.

# North West Improvement and Efficiency Partnership

**Milestone:** By 2005 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.

**National Progress:** 71 per cent of councils report involvement in a consortium. 38 per cent of councils share a procurement function with other councils

**Action:** All North West authorities are currently collaborating in some way and interacting with the NWCE/NWIEP, even if via sub-regional groups. Work will continue with the new NWIEP to ensure all councils are engaged in regional and sub-regional collaborative activities.

## Achievements – doing business electronically

**Milestone:** By 2005 every council should have implemented an appropriate eProcurement solution as part of its eGovernment programme.

**National Progress:** 31 per cent use eTendering. 35 per cent use eAuctions. 57 per cent use online catalogues.

**Action:** The NWCE ensured options were available for all elements of eProcurement. Work will continue to ensure local authorities are supported in the use of eTendering and eAuctions. A new project will be initiated to look at eInvoicing.

**Milestone:** By 2005 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.

**National Progress:** 51 per cent of councils report using a procurement card.

**Action:** The NWCE implemented a regional scheme with Barclays. This will continue to be supported to encourage further take-up within the region.

**Milestone:** By 2006 every council should be using an appropriate eMarketplace.

**National Progress:** 22 per cent use an eMarketplace.

**Action:** A number of councils are now using the IDeA: eMarketplace or a similar internal solution within the region. Work will continue to ensure that all authorities have access to a marketplace of some nature where felt applicable.

## Achievements – stimulating markets and achieving community benefits

**Milestone:** By 2004 all corporate procurement strategies should address the relationship of procurement to the community plan, workforce issues, diversity and equality and sustainability.

**National Progress:** 28 per cent of councils measure performance on diversity and equality objectives.

**Action:** The Standards Project has produced material to support councils in this area. Further work will be done to ensure diversity and equality considerations are built into procurement processes and contracts where relevant.

**Milestone:** By 2004 all corporate procurement strategies should address how the council will encourage a diverse and competitive supply market, including small firms social enterprises, ethnic minority businesses and voluntary and community sector

**National Progress:** 44 per cent of councils measure their performance on procurement from SMEs; 18 per cent measure performance on procurement from the voluntary sector.

**Action:** The Chest Portal will help ensure local companies have access to local government business opportunities. Work will be required with relevant chambers of commerce to ensure businesses are aware of these opportunities. The Sustainable Procurement project will undertake similar activities within social enterprises.

**Milestone:** By 2004 every council should build sustainability into its procurement strategy, processes and contracts.

**National Progress:** Half of councils address sustainability in all their contracts when assessing needs.

**Action:** The NWCE has produced a Sustainable Procurement policy and a strategy is being developed. Support will be given to authorities who wish to adopt these. Work will also be undertaken to educate procurers on using whole life costs and benefits as contract award criteria.

# North West Improvement and Efficiency Partnership

**Milestone:** By 2005 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.

**National Progress:** 28 per cent of councils include, as standard, issues of community well-being in services contracts and 23 per cent in works contracts. 13 per cent do so for goods.

**Action:** Work will be undertaken to ensure standard clauses are devised to meet this agenda. It will also encourage proposals for the delivery of community benefits.

**Milestone:** By 2004 procurement processes for partnerships should include 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.

**National Progress:** 38 per cent of councils ask bidders for supply chain frameworks which indicate how SMEs will be supported.

**Action:** Work will be required to develop supply chain partnerships. This could be achieved by using the regional portal for advertising of major contract awards and the main supplier.