

Procurement Programme

CSR07 Briefing Note

Oct 2007

Overview

This document attempts to summarise the recent announcements and paper around Corporate Spending Review 2007 and the impact on local government procurement. Further work is being undertaken to fully understand the impact on these announcements for North West local authorities.

The CSR statement outlines "an ambitious value-for-money programme that will see local government deliver savings of 3 per cent per year". The report shows that shows that £4.9 billion of annual net cash-releasing value for money savings will be achieved by 2010-11 broken down as below. The majority of these savings are expected from better procurement.

	2008-09	2009-10	2010-11
Business process improvement, including collaboration	0.6	1.1	1.8
Smarter procurement	0.9	1.8	2.8
Asset management	0.1	0.2	0.3
Total	1.5	3.2	4.9

To support the delivery of these savings, the **Government is providing an additional £150 million for efficiency support over the CSR07 period**. A new Improvement and Efficiency Strategy will also be developed between local and central government and published later this year.

Regional Implications

There is no doubt that these figures will present a significant challenge to local authorities within the region. Approximate saving figures for the region are below.

NW Breakdown – Approximate Figures	£m (approx)
Business Process Improvement (Including collaboration & shared service)	250
Smarter Procurement (Third Party Spend)	410
Asset Management	40
Total	700

The NWCE will be working with each of the sub-regions to formulate a business plan for delivery of the above under the new Regional Improvement and Efficiency Partnership (RIEP). This will bring together the work of NWCE and North West Improvement Network (NWIN) into a single organisation.

Improvement through efficiency



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Meeting the Challenge of CSR07

CLG have recently issued a guide titled "*Delivering Value for Money in Local Government: Meeting the challenge of CSR07*". Page 45 looks at Smarter Procurement and Enhanced Competition giving the following priority areas.

Regional Improvement and Efficiency Partnerships

- Disseminate information to councils on efficiency benefits from utilising smaller number of consortia and so harness purchasing power
- Strengthen market intelligence data and make available to councils
- Promote, on voluntary basis for councils, national deals negotiated by OGC in areas such as energy and telecoms
- Work with OGC to negotiate further key deals with powerful suppliers and initiate Framework Contracts
- Work in partnership with Government to shape the local government strategic services markets to encourage diverse supply, secure alternative provision in uncontested services and increase capacity and competitiveness in existing markets
- Promote professional procurement organisations and/or authorities providing a shared procurement service on behalf of significant clusters of other councils

Local Level

- Some councils will undertake a shared procurement service on behalf of clusters of other councils
- Utilise shared procurement services where clear business case for doing so
- Utilise regional market intelligence data and provide feedback on it
- Increase the extent of sustainable procurement best practice approaches, including dealing with SMEs/VCS
- Regularly test competitiveness of services and use fair and open competition for underperforming services wherever practical

The NWCE is already working in the majority of these areas and will hopefully continue to do so. However, it could be said that major step changes could be required in some areas of procurement for these savings to be achieved.

Links

You are strongly advised to review the following documents:

- Local Government Impact from CSR07: [PDF file of Annex D5 Communities and Local Government](#)
- CLG Report: [Delivering Value for Money in Local Government: Meeting the challenge of CSR07](#)

The following can give further background:

- HM Treasury's [Pre-Budget Report index](#) and [Spending Review index](#)
- Full Comprehensive Spending Review report [is available here](#)

Contact Details

E: neil.hind@hind.co.uk

T: 0161 342 4080

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Centre of
Excellence
North West

nwce.gov.uk