



PRESS RELEASE

For immediate release

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Procurement overhaul would be a winner says NWCE

COUNCIL procurement teams could become more efficient and deliver better value by adopting the recommendations of a new report published by the North West Centre of Excellence.

'Is Buying A Burden?' is a detailed study of the third party spend of local authorities in the region that reveals, among other things, that 64 per cent of the region's £6.5bn a year spend is invoiced within the region and a different, but overlapping, 64 per cent is with small to medium enterprise.

The report, launched today at the 4th National Public Sector procurement Conference, also reveals that, of the estimated 200 people currently operating in professional procurement units within the north west's local authorities, around 50 per cent are professionally qualified.

However, although the cost of the formalised procurement activity in the region has been estimated at around £24million a year, this figure does not take into account the fact that there are around 20,000 council employees across the north west who are able to requisition and/or approve orders.

The author of the report, Dr Clare Poulter comments: "Is Buying A Burden is an important move towards helping local authorities to understand the

procurement picture and how they can make changes in the approach to purchasing for the better. The first step to improvement is, undoubtedly, for individual councils to gain their own understanding, if they have not already done so, of the totality of their third party spend – not just their existing procurement function.”

Is Buying A Burden contains a range of recommendations for local authorities in the region, based on research from a variety of sources, and reveals that, although collaboration is a ‘well-worn theme’, there are strong arguments for it to be developed and encouraged.

Dr Poulter, reveals: “Collaboration to date has been generally, poorly conducted and, in particular, the participating individuals have not been effectively empowered by their own management.”

The report suggests a range of recommendations for the north west’s local authorities that include:

- Create a regional intelligent client function for national deals that would consist of a team of about 10 professionals who would, in effect, mediate between the national deals and the needs of the council in the region.
- Identify quick wins on a project basis that would benefit a wide number of councils who buy-in to common suppliers such as BT, ADT Fire and Security, Zurich Insurance and Newsquest.
- Create a central resource for construction that would address directly the north west’s local authorities’ single biggest market – construction which is 28 per cent of total third party spend.
- Create a virtual hub for shared expertise and market knowledge in social care procurement.
- Create sub-regional hubs or shared services that would specifically address sub-regionally significant markets as their priority.

The NWCE's regional director Colin Cram commented: "The NWCE's third party spend project has been launched to help local authorities to meet the efficiency challenges set by CSR07. A 3% cut in budgets in each year of April 2008 to March 2011 without cutting services implies a real reduction of more than £560 million a year in the £6.5bn annual spend by 2011, on a pro rata basis.

And he added: "Reducing third party spend is just about the most straightforward way to achieve cashable savings. At its most effective, management of the spend will be achieving 'more for less', so that there is no reduction in the quality/scope of services delivered to the citizen."

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Notes for Editors:

Copies of 'Is Buying A Burden' is available on the NWCE website -

http://www.nwce.gov.uk/project_page.php?id=110

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