



PRESS RELEASE

For immediate release

July 13, 2007

NWCE launches drive to transform third party spend

The North West Centre of Excellence has launched a major drive to investigate the way councils invest £6.5bn annually on third party spend.

Local authorities pour around 45 per cent of their costs into third party spend and the NWCE has pin-pointed it as an area where councils should start to look for efficiencies and improvements if they are serious about meeting the targets set in the Government's Comprehensive Spending Review 2007.

The NWCE's project will create a comprehensive picture of third party spend in the north west for local government to explain how it is currently managed, to compare this with best practice and to make recommendations for future improvement.

The centre has already carried out an analysis of spend patterns for councils in the north west and discovered that around 4 million invoices are processed annually in the north west but that one million of these are for values of less than £50.

On the other hand, less than 1 per cent of invoices covers 25 per cent of spend across the region.

The analysis has also revealed that a massive 7,000 suppliers, representing two thirds of the total spend, are used by more than one council.

The NWCE's third party spend project has been launched to help local authorities to prepare for the CSR07; this autumn, all Government departments have been required to submit value for money delivery plans – CLG has indicated that, for local government, this must mean a 3% cut in budgets in each year of April 2008 to March 2011 without cutting services.

Project director Clare Poulter commented: "This implies a real reduction of over £560 million a year in the £6.5 bn annual spend by 2011, on a pro rata basis. In fact, it is likely that the pressure will be put disproportionately on third party spend budgets."

And she 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:

The NWCE will build up its comprehensive picture of third party spend via:

- **Questionnaires**
- **Face to face interviews**
- **Examination of specific procurement practices within sample councils**
- **Creation of an ideal matrix of staffing resources and skills required to deliver procurement objectives**
- **Analysis of performance requirements**
- **Understanding of current procurement resource and skills**
- **Assessment of merits of various procurement structure models**

- **Recommendations for improvement prioritized in terms of benefits and achievability**

The nine regional centres of excellence are the lead change agencies for local government efficiency. They are supporting councils to secure millions of pounds in efficiencies that are being reinvested in better front-line services. Uniquely placed to bring councils together, they are run by local government, bring additional capacity and are results focused.

Issued on behalf of the North West Centre of Excellence by:

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