

Innovation and Collaboration in a Cost Cutting Environment

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Efficiency
West Midlands

£6.2 Billion!

1. The Local Government contribution to the £6.2bn will be £1.166bn (2010 – 2011).
2. By January 2011 all council will be publishing online details of their spending over £500 (local taxpayers ability to see how councils are spending money).
3. Steps have been taken to limit the impact on local authorities and make savings proportionally.
4. Councils have the flexibility to determine where they make savings and no extra burden must fall on local taxpayers.



Efficiency and Reform Group (ERG)

1. The OGC and Buying Solutions will move to the Cabinet Office where they will form part of the Efficiency and Reform Group (ERG).
 - Sir Peter Gershon (procurement)
 - Dr Martin Read (back office and IT)
 - Lucy Neville-Rolfe (workforce issues)
2. Cabinet Office priorities will be; Civil Service Reform, Quango Reduction, ICT Strategy, **Driving Efficiency**, Transparency and Society Building.



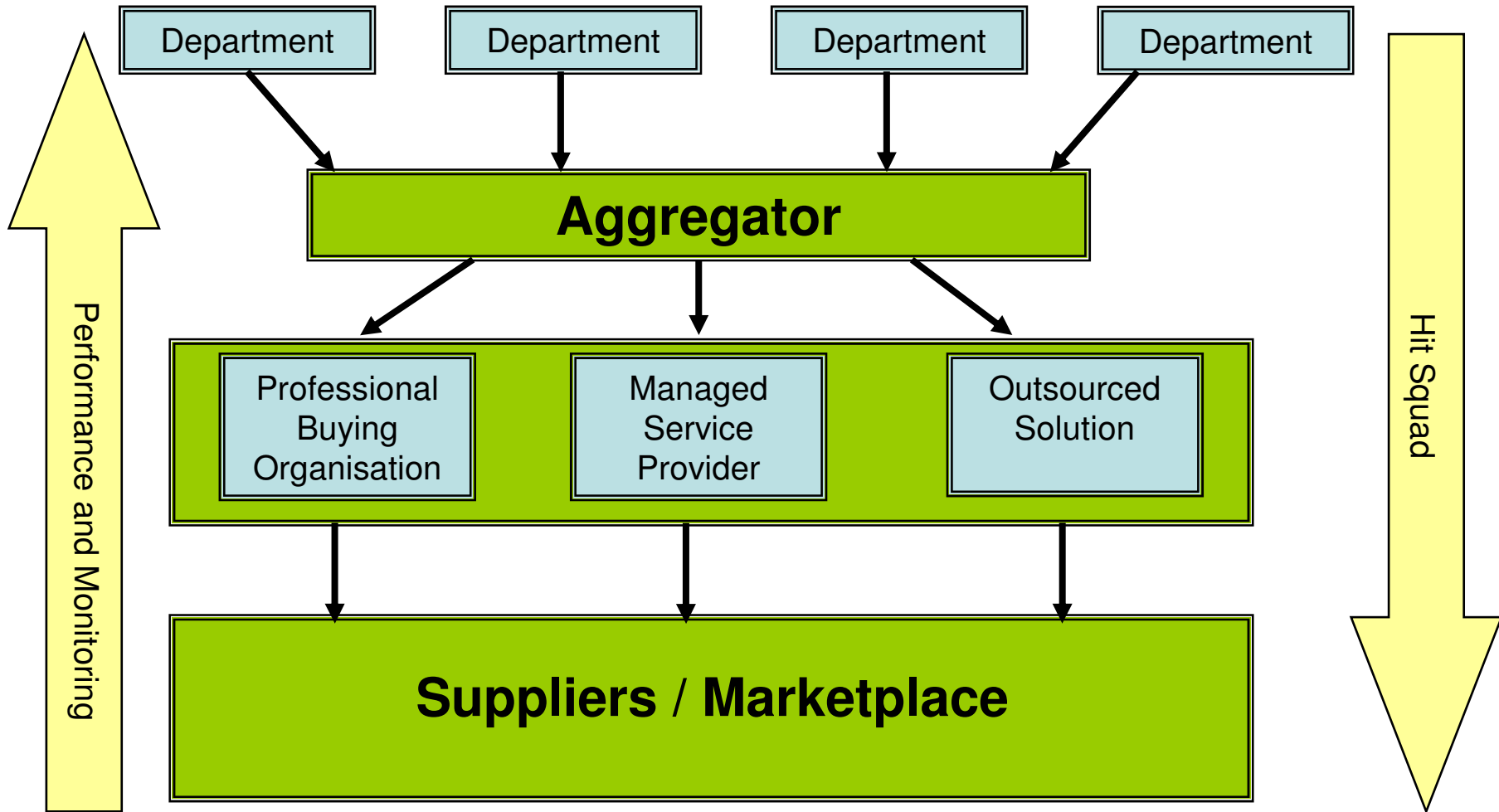
Driving Efficiency in Government Operations

Key Themes

1. Centralise commodity procurement
2. Enhance public sector markets
3. Change the process for managing large projects
4. Cut the costs of existing contracts
5. Review advertising model
6. Asset and property management
7. Energy efficiency
8. Take out costs of service



Central Government Approach



Central Government Approach

New approach

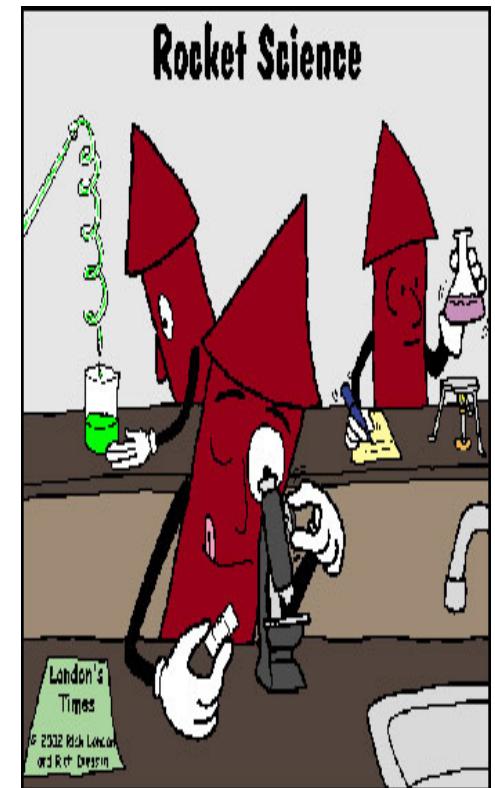
Collaborative - Bad!

Centralised procurement / aggregation - Good!

Audit Commission (May 2010)

“A review of collaborative procurement across the public sector”
Recognised savings drivers;

1. Collaborative procurement (fewer tendering exercises!)
2. Standardised specifications (too many excuses for being different!)
3. National, regional and local approaches to procurement (SME's)
4. Use of framework agreements (where available)
5. Category management (looking inwards and outwards)
6. Working within the OGC Category Programme
7. E-auctions



Audit Commission (May 2010)

“A review of collaborative procurement across the public sector” VFM - Consequences;

1. Significant buying power lost (pan public sector)
2. Major duplication of effort (with limited resources)
3. Loss of aggregation opportunities (improved service and pricing)
4. Budget pressures (that need not be there)



Procurement Programme (as June 2010)

1. An investment of £1.7 million will have delivered nearly £50 million of procurement efficiencies for the 33 West Midlands authorities in the last three years!
2. A further £25 million will have come from helping and supporting others!
3. £22 million has been saved via e-auctions alone (home to school, furniture, PPE, office supplies via an investment of £150,000!)
4. £4 million saved via insurance and banking services efficiencies!
5. £4 million saved on energy procurements (national project)
6. Plus lots of small savings.....



National Recognition

1. IEWM is the national lead innovating region for e-auctions, insurance, the procurement hub and energy!
2. Three GO awards, two SOPO awards!
3. WM authorities supporting implementation of fleet programmes and the consultancy value programme!



What should you be doing!

1. Collaboration and aggregation to drive savings on spend is now a mainstreamed position!
2. Use of e-auctions in most key areas (6 per year for a county!)
3. Consultancy value programme (demand management!)
4. Use spend analysis to drive aggregation and standardisation!
5. Use of the Hub and Collaboration Corner!
6. National energy programme (£350 million pan public sector by March 2011)



Thank you

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