

# EFFICIENCY IN PRACTICE

Local Government responding to the Efficiency Review



**SOLACE**  
Society of Local Authority Chief Executives and Senior Managers

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## Local Government responding to the Efficiency Review

New ways of working in local government are already delivering efficiency, savings and improved services for citizens. Savings achieved include:

- Smart partnership working producing cash efficiencies of up to £15m on one contract.
- Percentage savings ignoring the 2.5% laid down and achieving 10%, 25% and even 60% reductions
- Effective national, regional and local leadership ensuring there are far more savings still to come.

Below are set out the new leadership that will make it happen, five key examples of efficiency, one key to purchasing, networks that work and finally a more detailed examination of the Efficiency Review's key workstreams.

### Making it happen – a new leadership

The original ODPM-funded Regional Centres for Procurement Excellence have been given a new role to lead each of the nine English regions and achieve the local authority efficiency savings targets.

The National Procurement Champion, Tim Byles, has established a Chief Executives' Taskforce, consisting of the eight other hosting authority CEOs, to ensure effective use of the Centres by local councils.

The Centres have been directly linked to the key decision makers in top tier local authorities. Change Agents in the main Government departments are joining the Taskforce to work with and through the Centres.

### Five key deals – exemplars of efficiency

This highly focused new approach has already produced real success in local government. Here are just five examples of the progress already made:

- Wigan and Wakefield Councils in a Public Service Partnership with another council have created public sector trading companies. RESULT: 10% saving on £150m worth of business.
- Norfolk County Council and St Helens Borough Council have applied Rethinking Construction principles to tackle construction and facilities management services costs. RESULT: 12% reductions

- Southend Borough Council has renegotiated costs for its fixed mobile phone network. RESULT: Cash savings of 48k per year and a further 25% on future call costs.
- A reverse e-auction for stationery on behalf of Essex County Council and Essex district councils. RESULT: Savings of more than 60%.
- One borough council formed local authority procurement teams. RESULT: Cash savings of more than £900,000 in the last eight months.

### One key to purchasing – Aggregated Demand Purchasing

Many local authorities are using purchasing consortia to maximise their spending power and achieving low priced deals for the procurement of a wide range of commodity goods and services.

#### Here are three examples of how this works:

- The Central Buying Consortium is an innovative virtual procurement agency of more than 20 councils who share administration and support costs. RESULT: One council has saved £170,000 on more environmentally friendly electricity.
- The Taskforce is already working successfully with the OGC as Commodity Change Agent to ensure strategic development of consortia to win the best deals. Councils are encouraged to tap into private sector expertise at low cost. RESULT: This will deliver savings of at least 2.5% on commodity goods and services.
- Local authorities have invested to expand the Eastern Shires Purchasing Organisation. RESULT: extend aggregated purchasing to more councils and increase the efficiency of stores and logistics.

### Networks that work

The Regional Centres are already planning to link with Change Agents to support efforts to achieve savings. This is happening in key areas facing significant market difficulties such as social care and construction which will result in substantial savings in the longer term. The Centres are sponsoring Supplier Spend Analysis and the collection of other key market intelligence to enable them to identify opportunities for improvement and collaborative working which again will deliver substantial savings in the medium to long term.



## Efficiencies in Workstreams

### Workstream 1 - Commodity goods and services

#### Essex

##### *Print Management Contract*

Procurement Services closed the in-house Printing facility and engaged a Print Management organisation to manage its £1.6m per annum spend. RESULT: Savings of 17.5%.

##### *Procurement Agency for Essex*

The County Council working closely with Chief Executives' Association of Essex Authorities developed a Procurement Agency for Essex (PAE). All District Councils and both Unitary Councils as well as the County Council, Fire Authority and Police Authority have joined the Agency. This consortium contributes funding to support a Director and Procurement Consultant to carry out Strategic Contracting on behalf of member authorities.

##### *Reverse Auction Stationery Contract*

The first reverse auction for a stationery contract for all members of the PAE. RESULT: Savings of between 53% -64% and linkage to e-Procurement and Essex Marketplace solutions.

##### *Electricity Tenders*

Joint contracting on behalf of Central Buying Consortium Authorities using electronic tendering systems gave instant access to pricing information which required rapid acceptance. RESULT: Sourcing through a green supplier prevented 6,500 tonnes of CO2 emissions per annum with cost savings of about £170k per year.

#### Southend

Has reduced the cost of fixed line call charges by switching service providers. RESULT: This exercise will reduce costs by £87k a year.

**Mobile Phones:** The Council has moved all its handsets on to an OGC contract RESULT: Savings of £72k a year on the cost of calls, handset, line rentals and accessories. An OGC contract deal will further reduce call charges by 25% to £48k

### Workstream 2 - Construction

#### Essex

PFI Clacton A Private Finance Initiative contract with a private sector partner to build a new school at Bishops Park plus extensive works at Clacton County High and Colbayn High Schools. £35.7m credits including £5.4m from ODPM for joint service centres at each of the three schools. RESULT: Total value £100m over 32 years.

#### Norfolk County Council

NPS Property Consultants – a subsidiary company of the county council – has signed deals with Wigan and Wakefield worth in excess of £150M with continuous improvement targets and profit share included in both agreements. This is targeted to produce 10% savings over the next 3 years.

NPS is working with a number of district councils to provide property services and reduce costs. RESULT: Mid-Suffolk District saved in excess of 10%.

The implementation of Re-Thinking Construction has saved Norfolk over 12% on capital costs.

Partnering has reduced professional design services fees from 15% to 12.5%.

#### National

Development of CoProp (the Association of Chief Corporate Property Officers in Local Government).

The CoProp Procurement Network Initiative promotes collaborative procurement and supply chain integration and shares performance information to help reduce costs and improve the quality of property construction.

#### The initiative will:

- Work with DfES to develop long-term relations with regional contractors and suppliers and the development of integrated project processes.
- Compare current procurement models and develop Co-Prop best practice guidance.
- Share cost and other performance information.
- Provide tailored training for CoProp clients.
- Demonstrate standardisation, modular and off-site pre-assembly techniques.



## Workstream 3 – Corporate Services

### Southend

Southend-on-Sea Borough Council following a tendering exercise has reduced the number of administrative and White Collar agencies it uses from 170 to 2. By working closely with two suppliers the Council also expects to generate significant efficiency savings through consolidating invoices, using the internet to place orders for staff etc. RESULT: £279k savings per year.

### Suffolk County Council

A joint venture with two private sector partners and a district council will unify front of house and back office services. RESULT: Savings well in excess of the 2.5% target.

### Management of Civic Amenity Sites

£32m contract for the management of the Essex's civic amenity sites. RESULT: savings of £2.5m.

### London

The London Centre of Excellence plans to deliver cashable savings in a number of key markets including temporary staff, advertising, ICT, Consultancy and Utilities. It is estimated that the current expenditure in these areas across London alone total approx £850m. In addition, significant savings are anticipated from a range of exemplar projects including Partnerships in Parking, London Recruitment Portal and Integrated waste disposal. More than 50 local authorities have submitted bids to improve efficiency.

## Workstream 4 - Transactional Services

### LONDON CENTRE

Improved co-ordination of Council Tax and Pension Administration

The London Centre's Business Plan includes delivering cashable savings with improved co-ordination of Council Tax and Pension Administration across the London Region.

### WEST MIDLANDS CENTRE

The SMART region initiative is linking with KEN (the knowledge engine network), IEG projects and other ICT areas such as Black Country smart cards. This will allow them to share information. There will be gains from gaining best prices for hardware, peripherals and licensing. Big ticket efficiencies are expected from several councils using the same back office systems. The work will begin with Staffordshire and its district councils. Shropshire and Birmingham are also rapidly developing their efficiency saving initiatives.

### SOLACE Publication

SOLACE has produced a booklet explaining how the Efficiency Review will affect local government, if you would like a copy of this publication which has the title "Efficiency, Gershon and Procurement - everything you need to know" please visit our online publications store at <http://publications.solace.org.uk>

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