



# PARTNERSHIPS IN PROCUREMENT

EXECUTIVE SUMMARY



society of local authority chief executives and senior managers



### Executive summary

This summary sets out the main findings of research carried in the summer of 2004 into partnerships in procurement for SOLACE. The survey was conducted by BMG research and consisted of telephone and face-to-face interviews.

### Procurement strategies

It was found that most local authorities have procurement strategies in place and that many councils share information relating to the strategies with each other.

Involvement of elected members was found to be critical with regard to effective procurement strategies.

There was a view that procurement strategies should be linked to other council strategies and priorities, but success in embedding procurement strategies varied. Smaller authorities suffered from a lack of internal capacity, whereas larger councils tended to have centralised procurement teams who could co-ordinate implementation and monitor procurement activity.

### Benchmarking

Interviewees expressed concern about the lack of useful benchmarking data. Baseline information was considered important, but some authorities

that had been setting targets using baseline information felt that the 'law of diminishing returns' made it difficult to continue to make savings.

It was felt that it could be difficult to benchmark directly against other authorities because different councils worked in different ways - for example if one authority was using value added criteria as part of its measurement and another did not.

### Procurement partnerships

While interviewees were familiar with the concept of multi-agency procurement partnerships, there was no evidence of them operating in practice, although informal partnerships and collaboration were in place.

Examples of collaboration and partnerships included:

- a procurement forum, where officers from different authorities met every two months to discuss procurement issues
- formal service level agreements between two authorities
- purchasing consortia – especially for commodities
- collaborative tendering work by some Scottish authorities
- examples of up to 12 councils collaborating on specific initiatives.

The larger collaborative projects tended to be ad hoc, relying on personal relationships between procurement officers and there were also concerns that this type of arrangement could slow down tendering and procurement. It was felt that local authorities needed to take a more strategic approach to collaborative and partnership arrangements.

One authority said that it regarded its commitment to strategic partnering as being crucial to its future survival and viability. Many of the authorities with written procurement strategies made reference to partnership working in their strategic plans.

Concerns about procurement partnerships included:

- the possible conflict between being part of a large consortium to maximise buying power and the desire to ensure sustainability of the local economy through supporting local business
- the danger of taking a decision on cost alone – it was thought necessary to take account of whole life costs and take a long term view to make the best uses of resources within the authority to serve the community over time
- tension between officers and member about awarding contracts.

### Drivers for partnerships

Authorities sought partnerships for a number of reasons:

- lack of internal capacity
- focus on service objectives and the need to ensure efficiency and effectiveness
- sharper focus on the customer
- help to develop the council as a learning organisation
- local government reorganisation and 'Better Value Wales' report - for Welsh authorities
- the Gershon efficiency review.

### What is a partnership?

The research showed that there are different ideas about what 'partnership' means in the context of procurement. A number of different partnership models were identified.

One interviewee commented that it was possible to have partnerships for procurement and different partnerships for delivery of services.

### Barriers to partnerships

Several potential barriers to partnership working were identified. Some of these reflected different priorities and perceptions between central and local government; others related to cultural issues within the individual authorities.

Possible barriers included:

- opposition from members – particularly in relation to advanced savings
- lack of resources for procurement professionals
- resistance to change.

### Regional networks

Wales and Scotland both have regional networks to support the procurement officers. In Wales this takes includes a range of public sector organisations, not just local government.

In England, it was felt that regional and sub-regional networks played an important role in sharing information and good practice, but that the effectiveness of the networks varied greatly.

### Centres of Procurement Excellence

It was felt that there was greater focus on regional partnerships through the establishment of the Centres for Procurement Excellence. However, mixed views were expressed about the centres. While views were generally positive, some authorities were cautious about the emerging role of the centres.

It was thought that centres:

- could influence the thinking and practice of local authorities, particularly by stimulating the imagination of chief executives and council leaders
- could help councils take a more strategic view of collaborative procurement arrangements
- could take responsibility for collecting data and promoting best practice
- would have an important role in collecting financial data
- should have mutually beneficial relationships with local authorities
- should be seen to encourage closer collaboration and joint work between authorities
- should encourage a closer relationship between senior officers, chief executives, senior politicians and procurement professionals.

### Benefits of partnerships

Many of the authorities commented on how procurement partnerships could benefit the council. Examples included an improvement in the public perception of the service in question and a report of work with a private sector partner providing a 'more commercial edge'.

### **Efficiencies, economies and savings**

Respondents recognised that the Government's strategy was to drive up efficiency and procurement savings. It was felt that current savings targets were challenging, but councils were working hard to achieve these. Many authorities thought that in relation to the three levels of saving – basic, intermediate and advanced – their performance would be considered 'intermediate'. However, one chief executive noted that to deliver the 'modernising local government' agenda, the authority would have to work towards the advanced level.

Before the July 2004 spending review the National Procurement Strategy was considered to be very important by many of the interviewees. It was now suggested that the spending review would be the focus for members and chief executives for 'cashable savings' that could be generated from procurement activity.

Concern was expressed about whether the best value 2 per cent efficiency saving was

being adequately measured and monitored. There were also concerns about potential conflicts between central government priorities and the perceived priorities of local residents. Value for money was felt by some interviewees to be as important as efficiency and cost.

### **Learning organisations**

Respondents noted the importance of sharing information, experience, knowledge and good practice in relation to efficiencies, savings and procurement, internally and externally. But they also commented that doing this presented a major challenge. The Gershon review meant that learning had to happen at a faster pace.

It was felt that there was a good learning opportunity in allowing regions to develop their own regional models and share their learning with other regions.

### **The future of partnerships in procurement**

Many of the organisations interviewed were generally very positive about the future development of partnerships in procurement – and some

had already made a heavy commitment and investment in partnerships.

Although partnership working was challenging, interviewees recognise the opportunities and considered that the only way forward for authorities was to continue to develop their experience and expertise in procurement partnerships.

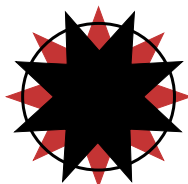
However, it was felt that there were some barriers to partnering. For example:

- poor understanding of risk
- lack of consistent and comparable baseline information
- lack of procurement skills among officers
- lack of a long term financial commitment to support the Centres of Procurement Excellence
- procurement is not a part of the internal culture of some organisations.

---

### **Executive summary written by Alan Pickstock**

The full report can be downloaded from [www.solace.org.uk/partnerships](http://www.solace.org.uk/partnerships)



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

society of local authority chief executives and senior managers