



**Application to the North East Centre of Excellence:
Grant aid for projects**

Application Form

Background

Piloting new and innovative approaches to local government improvement through achievement of the aims and objectives of the Efficiency Review and National Procurement Strategy are central to the grant aid programme. The fund is designed to support projects from across the region that are targeted at generating efficiency gains/savings through collaborative working between local authorities in the priority areas listed in the guidance and criteria notes.

The learning and outcomes realised from projects will be published by the NECE and shared with the ODPM/LGA and other government agencies as required.

PROJECT INFORMATION			
<i>Title of the proposal</i>	<i>A joint pilot programme to develop a shared approach to best practice procurement in Teesdale and Wear Valley District Councils.</i>		
<i>Brief summary of proposal</i>	<i>To jointly develop a best practice pilot for procurement that can be used as the baseline for implementing modern procurement processes in both Councils The pilot will be delivered over 18 months and will be led by a procurement professional appointed on a fixed term contract to work across and with both Local Authorities.</i>		
<i>Is the project feasibility or delivery?</i>	<i>Delivery</i>		
<i>Local Authority (lead authority)</i>	<i>Wear Valley District Council</i>	<i>CPA Rating</i>	<i>Fair</i>
<i>Name:</i> <i>Address:</i>	<i>John Docherty Head of Management Support, Wear Valley District Council, Civic Centre, Crook, Co Durham, DL15 9ES</i>		
<i>Phone No:</i> <i>Email:</i>	<i>01388 761545 j.docherty@wearvalley.gov.uk</i>		
<i>Partner authorities involved</i>	<i>Teesdale District Council</i>	<i>CPA Ratings</i>	<i>Poor</i>

Partners : Name Address	Susan Reay Teesdale District Council Teesdale House Galgate Barnard Council Co. Durham DL12 8EL Tel: 01833690000 e-mail: s.reay@teesdale.gov.uk	
Duration of project	18 months from July 2005	
Completion date	31 January 2007	
Overall cost of project	£57,500	
Total amount of bid	£30,000	
Details of any match funding	£20,000 from WVDC £7,500 from TDC (£5,000 pa)	
Other funding streams available	None identified	
Please list any previous or complementary bids	Nil	

SCORED SECTIONS

1. Project objectives

The project seeks to develop a joint procurement programme between Wear Valley and Teesdale, two of the smaller local authorities in the region. The size of the two council's has mitigated against them finding the capacity to put in place the necessary resources needed to address what is recognised as a low standard of procurement capability within the 2 authorities. This procurement weakness has been highlighted in external assessments, such as CPA. Both authorities recognise that they would score on any assessment of procurement and both have recently carried out reviews of the function that has highlighted the current lack of procurement expertise and progress on national agendas within the respective organisations.

This project will seek build capacity and assist in the delivery of the recommendations of the reviews as well as allowing us to begin to implement national best practice and through this approach provide training and support to staff and elected members.

Initial 'invest to save' investment is fundamental to delivering this project with the objective of using a successful pilot to develop awareness and capacity as well as delivering identifiable savings and putting in place a core procurement infrastructure that does not currently exist in either council.

Objective 1:

To ensure that human and financial resources associated with procurement are utilised to maximum effect throughout both organisations through the development of a best practice procurement framework that is common across both authorities

Objective 2:

To build procurement capacity and add value to both organisations through strong working relationships, joint commissioning of work and the combination of best practice across the two Councils.

Objective 3:

To deliver above-target efficiency savings and improved value for money through improved procurement processes by defining and then implementing the joint frameworks, systems and processes.

2. Project deliverables (outputs)

Through the appointment on a fixed-term contract of a Procurement specialist for a period of 18 months, work will be undertaken to develop a procurement framework relevant

and outcomes)

to both organisations that will allow both councils to establish a core functional capability. This capability will be used as the baseline for rolling out a best practice approach to procurement. The framework will be fully supported by procurement strategies and policies that will be early key deliverables for the project. The project aims to provide efficiency savings, productivity improvement, service enhancement and the achievement of various National Procurement Strategy milestones. Initiatives such as p-cards will be assessed and, where benefits exist, tested, implemented and evaluated.

Through capacity resource constraints neither authority has progressed on the National procurement agenda, nor incorporated many of the recommendations of either the Byatt review or the Gershon review. We recognise that we are therefore operating ineffective and inefficient procurement arrangements.

To introduce the framework as outlined above will be challenging, however both authorities believe that with professional guidance, improvements can be made. However, without external support and drive, the ongoing capacity constraints will continue to impede the introduction of effective, best-practice procurement processes.

The project will be monitored by a process of regular progress reports to both Corporate Management team.

Success will be measured with regard to processes through a reduction in numbers of invoices processed, the number of aggregated procurement opportunities and the number of joint procurement opportunities that are taken up by the two councils.

If successful the project should assist in not just efficiency savings, improved procurement practices and improved value for money, but also in terms of external challenge from CPA and as a successful model for joint working on procurement initiatives for smaller authorities in two tier areas.

Projected outcomes

- *Joint procurement framework established in pilot areas in both authorities with supporting strategies, policies and procedures.*
- *3% savings in associated procurement of the pilot business area within the initial twelve months. Although this figure appears fairly modest it is also stretching as both organisations are currently operating at a low base line in terms of procurement excellence.*
- *10% Savings in number of invoices processed in the initial 12 months.*

3. Project planning and delivery

Corporate Management in both authorities support this project. A cross organisation working group framework has been drafted focussed on input from all departments in the organisations. The working group will allow a 'corporate' ownership culture and allow growth and development throughout both

authorities.

The project will be managed and maintained by both authorities using relevant project management methodology, setting realistic and achievable time scales for the development and implementation phases of the project. The project bid will allow a dedicated procurement expert to oversee and direct the working group and develop the procurement expertise within the authorities as well as building cross-authority and cross-departmental relationships. In addition a cross authority 'review group' will be established to monitor and assess progress via regular reports.

The monitoring and delivery of the project plan will be undertaken in accordance with the Wear Valley performance management framework which has to date proved very successful on the delivery of various projects, such as best value reviews and the production of the Council plan. The process involves gateways or milestones at critical points in the review whereby progress will not be 'signed off' until a review panel is satisfied that the progress to date is satisfactory. The initial phase of this review will concentrate on the development of a comprehensive delivery plan to be agreed between authorities and the NECE. The targets established will be challenging in order that fully supportive evidence clearly illustrates successful outcomes in terms of the development of procurement excellence and also to service delivery in terms of cost and quality. The proposed performance management process incorporates detailed risk management procedures.

Risk, at all levels of the project, will be identified, assessed and monitored at a very early stage. The group will implement measures to reduce or, where possible, eradicate identified risk. The review panel prior to the project commencing will agree all risk management assessments and regular reports submitted regarding the management of key risks. The process of good risk management that the possibility of not achieving the required outcomes is minimised.

Action Plan

Action / milestone

Date of delivery

To be agreed

4. Forward strategy

This proactive strategy will establish procurement excellence in one service area within each authority. Systems, policies, expertise and knowledge will be put into practise in both pilot areas. The recognition of the benefits of good procurement systems resulting from the review of a single service department will enable both authorities to utilise this experience to implement a best practice approach to procurement across all other departments. This will be through a phased introduction that will allow us to build capacity and deliver significantly enhanced efficiency savings through effective. Procurement across all departments.

Cross departmental working groups will allow each department to have their own procurement 'champion' responsible for providing support to the department. This will enable the authorities to develop and in-house procurement function within the existing

	<p>resource capacity. <i>If successful it is hoped that identified savings will allow the recruitment of a permanent procurement officer to work jointly across both organisations. This resource will incur additional costs, however these costs should be considered against the potential joint savings and service benefits to both authorities.</i> <i>As part of the Wear Valley best value review of procurement external consultants, SPS Limited undertook a volume/value analysis. This analysis indicated the potential for significant savings throughout the organisation by adopting revised procurement processes and practices. These are yet to be realised as the lack of dedicated resource is, at present, stifling development.</i></p> <p><i>In essence the project will provide a pilot led approach to the development of best-practice in both councils that once implemented, will embed a procurement excellence culture that becomes self sustainable.</i></p>
<p>5. Links to other organisations / agencies</p>	<p><i>The bid looks to build on previous successful collaborative workings between two of the smaller local authorities, Wear Valley and Teesdale. As previously stated both authorities have struggled to adopt the pace of change required to deliver on the procurement agenda both regionally and nationally. With Government emphasis on cross authority working, there is the intention that any best practises developed can also be shared with other district councils in the area.</i></p> <p><i>The establishment of the Regional Centre of Excellence enables smaller authorities to obtain procurement advice and support. This project will look towards the NECE for exactly that support and advice, providing the NECE with an opportunity to illustrate both locally and nationally the advantages of the NECE for smaller authorities. The project can be used as an example of the use of collaboration and strong working partnerships in developing the procurement function.</i></p> <p><i>At a national level the Byatt report refers to the need for smaller authorities to work collaboratively to deliver procurement activities. This project will achieve that recommendation.</i></p> <p><i>Locally the Wear Valley and Teesdale reviews have evidenced the need for improved procurement and this project will use these studies as the basis for the development of this project.</i></p> <p><i>Both authorities are members of the Durham Procurement partnership and will use these forums to regularly feedback information, progress and suggestions during the project. In addition the group will consider the e-procurement agenda and look towards potential assistance from NePP.</i></p>

<p>6. Evaluation and performance measurement</p>	<p><i>Evaluation of the project will be undertaken on a regular agreed basis in terms of progress and benefits reported back to the Review panel as well as to the Corporate Management Teams of both authorities. Following the guidelines of the performance management framework all actions will be evidenced prior to progressing.</i></p> <p><i>The ultimate aim of the project is to substantiate a well structured, efficient and effective procurement function that is adopted corporately – this will only be achieved if results and outcomes are monitored and communicated.</i></p> <p><i>In addition to this, the ODPM Monitoring Board will monitor Teesdale District Council, as the project will form a key element of the Council's improvement plan.</i></p>
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7. Addressing Priority Areas

As previously detailed the rate of progress by both authorities on the National Procurement Milestones has been slow. Improving the capacity of both councils to engage with the procurement and efficiencies agenda will be achieved by dedicated resource leading a project team that will establish a core of procurement best practice in both authorities. Linked to this will be the requirement for the authorities to evidence efficiency gains in line with the Gershon review. Efficiency gains have already been identified by the best value review and supported by independent, external consultants. The implementation of best practice in procurement will be an effective way to achieve at least the 2.5% year on year gains required, although during the initial year we are estimating 3%.

It is also vital that staff and elected members are trained and supportive of the proposed revised procurement processes; they will be responsible in delivery of the recommendations and proposals. In this capacity the procurement lead will play a vital part. The ability of the employees to adapt to change and the ability for the organisation to manage the change effectively has previously been established. Employees and members have illustrated the capacity to change and engage with new ideas and processes, for example the implementation of a new financial management system.

The project will deliver more economic, efficient and effective services to the public as evidenced through many national procurement initiatives.

Please insert yes next to the National Procurement Strategy themes and/or efficiency review priority areas addressed and list the milestones/areas in question.

Procurement of commodity goods and services (list):	Yes/No Yes
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National Procurement Strategy milestones (list):	Yes
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- Establishing partnerships
- Collaborative working
- P cards
- E procurement
- Leadership and capacity
- Market simulation
- Community benefits
- Corporate acceptance/strategies

<i>Construction (list):</i>		Yes
<i>All construction related activity encompassing Rethinking Construction agenda</i>		
<i>Corporate Services (list):</i>		Yes
<i>Anticipated future adoption</i>		
<i>Transactional Services (list):</i>		No
<i>Social Care (list):</i>		No
<i>Cultural Services (list):</i>		Yes
<i>Anticipated future adoption</i>		
<i>Environment & Waste Management (list):</i>		Yes
<i>Anticipated future adoption on grounds maintenance, refuse services and planning</i>		
<i>Education (list):</i>		No
8. Project finances		
<i>Action/milestone</i>	<i>Date of Delivery</i>	<i>Cost</i>
Appointment of Procurement professional at £30k p.a. (inc on-costs) for 18 months.	Early September	£45,000
Budget for managing the project over 18 months	ongoing	£12,500
<i>Justification of finances</i>	<p>The bid total is £57,500 broken down into the cost of employing a dedicated procurement specialist who will work with and advise both authorities in developing a joint approach to procurement. It is anticipated the cost will be in the order of £45,000 for the 18-month period. Other costs include employee time and training costs totalling £12,500. Match funding will be forthcoming – Wear Valley has identified £10,000 from the housing revenue account and a further £10,000 from service development budgets. Teesdale are providing £5,000 per year from existing budgets. The requirement for this project and the potential delivery of value for money can be evidence from external consultants' reports and analysis on the current under performing situation at Wear Valley and Teesdale.</p> <p>In terms of alternative financial sources the working group will utilise the expertise of consultants and NECE in establishing such sources. The NePP will be approached to consider funding e-procurement development, for example. At the end of the 18 month project both authorities should have clear evidence as to the benefits of the revision of the procurement function in a service area. This will enable the process to be adopted corporately by both authorities and that the evidence of efficiency and service improvement will be such as to consider self financing a dedicated shared</p>	

	<i>procurement resource.</i>
LEAD CONTACT DETAILS	
<i>Name of lead contact:</i>	<i>John Docherty</i>
<i>Contact Details: Phone E_Mail</i>	<i>01388 761545 j.docherty@wearvalley.gov</i>
<i>Lead council</i>	<i>Wear Valley District Council</i>
<i>Date:</i>	<i>27 May 2005</i>

To only be returned by e-mail to : nece@gateshead.gov.uk

Please title e-mails with applications attached 'Funding Application

NOTE: ALL APPLICATIONS MUST BE RETURNED BY E-MAIL