



A SYNOPSIS OF THE MEETING OF THE CHIEF EXECUTIVES TASK FORCE HELD 17TH JANUARY 2006

1. The meeting was chaired by Tim Byles. Tim is the ODPM National Procurement Champion and is the Chief Executive of Norfolk County Council who hosts the East of England Centre of Excellence. For details of all the Regional Centres of Excellence go to <http://www.rcoe.gov.uk/rce/core/page.do?pagelid=10101> Tim welcomed David Prout, ODPM, Seth Brook, Programme Management Team and Alan Cross, OGC to their first meeting of the Task Force.
2. Each of the Chief Executives is taking a lead nationally for delivering one or more strands of the Efficiency Review. These leads are identified in a wiring diagram available at <http://www.rcoe.gov.uk/rce/core/page.do?pagelid=10103> A report charting the progress so far was welcomed by the Task Force in particular an appendix wherein each RCE has identified some exemplars that will deliver gains for authorities in the area of their national lead both in the short and more medium term (see attached). The Chief Executives agreed to prepare a statement outlining what success in each of these national leads will look like ahead of a number of bi-lateral meetings with the RCE lead and the relevant government departments responsible.
3. The Performance Partnership reported back on their work to support the Efficiency Programme. For more information on the Performance Partnership and the services that they provide go to <http://www.idea-knowledge.gov.uk/idk/core/page.do?pagelid=425006>
4. Steve Holland the Regional Director for the East of England Centre and the national lead on Commodities Goods and Services introduced an Action Plan to the Task Force outlining a number of strategic priorities that will deliver opportunities for local authorities to make efficiencies. These priorities include a national e-auction programme and a market intelligence service. An evaluation of resource implications for delivery and an update will be reported back to the next Task Force Meeting. Further details of the Market Intelligence Service will be posted on the RCOE website once they are available. www.rcoe.gov.uk
5. Peter Bishop, Programme Manager reported back to the Task Force on a number of recent developments. Of particular note was:
 - The West Midlands RCE has merged their Management Board with the Board of the Regional Improvement Partnership and has created a joint Director post. For more information on the West Midlands RCE go to www.wmcoe.gov.uk

6. The Programme Management Team has developed a mechanism for charting all the projects that have been funded by the RCEs. It was noted that this was in its early stages but would be progressed in consultation with the Regional Directors. In particular further work needs to be undertaken on measuring potential efficiency gains from these projects. This information would be published on the website as soon as it is ready.
7. The Task Force welcomed David Wright as the new Chair of the Regional Directors Group, taking over from Steve Holland. David emphasised that the Regional Directors welcomed the opportunity to have an input to the Task Force meetings.
8. Future Meetings will be held on the following dates:
 - Tuesday 6th June 2006
 - Tuesday 19th September 2006
 - Tuesday 12th December 2006
 - Tuesday 20th March 2007

Appendix 2 National Lead Exemplar Projects

1. Corporate & Transactional Services

Short Term:

VOCA - Transactional Efficiency Gains - Credit and Debit Payments - £1.8m per annum

Objectives: To provide "quick win" transactional efficiency gains at a minimum cost. A business transformation through an active approach and skills transfer thus increasing capacity building to ensure that initial efficiency savings can be sustained. To provide a measurable auditable framework for reporting efficiency gains as part of the IEG and AES reporting framework. Providing the Y&HCoE with specialist skills, performance data and a co-ordinated programme to share Best Practice across all the other RCE's.

Joint Collaboration Opportunities: Project has ODPM support and will cover all local authorities.

Benefits: A "quick win" minimal investment business transformation project to achieve efficiency savings through the business transformation of Credit and Debit payments. The project can be replicated both regionally and nationally.

Cost:

Year 1 2005/06	£128,000	100% funded by ODPM
Year 2 2006/07	£72,000	met by each Centre £8,000 each
Year 3 2007/08	£54,000	met by each Centre £6,000 each

Project Delivery/Timescales: Y&HCoE/ VOCA

Development of Transaction Performance database for all 9 Centres by 31/12/05

Reports and savings calculator by 31/12/05

Quarterly Performance Review 31/3/06

Cashable Savings: VOCA have estimated the efficiency savings to be £1.8 m per annum. On that basis the benefits to each Region are in the order of £200k per annum.

Medium Term:

Mobile Working in Regulatory Services - £752k per annum

Objectives: To develop and implement technology solutions to enable mobile and flexible working across four service departments covering some 212 frontline staff. To re-engineer business processes and deliver widespread organisational and cultural change to increase efficiency. To reduce office space requirements.

Joint Collaboration Opportunities: Partnership between two authorities Barnsley and Sheffield. Involving four service departments. Barnsley: Regulatory Services and Strategic Housing, Sheffield: Environmental Regulation Division and Private Sector Housing. Outputs from this project will assist others to adopt new ways of working that will reduce office space. The partners will deliver two national road shows and attend relevant annual seminars to demonstrate the capabilities of the project. Both will actively assist and guide others in implementing mobile and flexible working solutions.

Benefits: There is a national shortage of Environmental Health and Trading Standards officers and as a result many authorities deliver services with reduced staffing resources. This pressure demands that existing staff are used efficiently and their capacity to make professional judgements and give specialist advice is maximised through reduction in administration, travel and other non productive activity. Both authorities have accommodation pressures and need to adopt modern approaches to support a move to new offices. More professional image to the customer. Both partners have participated in the ODPM's Project Nomad, delivering small scale proof of concept mobile working projects.

Cost: Full implementation £450k involving 212 officers as follows:

ICT	£100k
Project Management	£50k

Contribution to LA costs £300k for hardware equipment

Potential Savings: Cashable: Reduction in accommodation costs. Administrative support savings. Savings schedule produced for £752k per annum for full implementation. Non Cashable: Significant Productive time gains on administration and reduced travelling costs.

2. Procurement of Commodity Goods & Services

Short Term:

National Programme of Reverse e-Auctions - £15+ m

Objectives: RCEs have recognised that reverse e-auctions enable very competitive prices to be achieved following the aggregation of demand for various commodities and services. Acting at national level, the Centres have recognised the need for a national programme enabling the requirements of local services providers to be satisfied, maximising aggregation of demand and efficiency gain.

Benefits: As a direct result of concerted and co-ordinated action by the Regional Centres of Excellence, a national e-Auctions programme has been developed. By 15 March 2006, RCE-supported e-auctions covering:

Agency staff worth £21 million

ICT consumables worth £5.2 million

Rock sale worth £2 million

Supply of bathroom suites worth £0.36 million

Potential Savings: By utilising resources previously obtained to support the plan, the RCEs are able to offer these auctions at no cost to local services providers. Further e-Auctions worth £150 million with expected savings of £15+ million are planned to be delivered at no cost to local services providers during 2006.

Medium Term:

Supplier Spend Analyses

Objectives: The Centres of Excellence recognise that key decision makers in local government are unlikely to make radical changes to procurement and contracting behaviour unless there is a firm evidence base which demonstrates that much better value for money is obtainable. For this reason, the Centres are establishing two major new services which will be available on-line through each of the 9 Centres of Excellence by the end of 2006.

Benefits & Potential Savings: The Centres are co-ordinating a comprehensive supplier spend analysis programme covering every local authority in England and at no cost to them, which will enable an on-line supplier spend advice service to be provided from each of the 9 Centres of Excellence. This will enable Regional Directors to identify on behalf of local authorities, quick wins arising from:

- The reduction in cost of transactions, for example: a sample of 30 local authorities had 39,275 transactions with BT in a single year. Simplifying this will lead to a reduction in administration costs on both sides, as well as a rationalisation of the billing process leading to a reduction in service costs.
- Leveraging better prices from suppliers. The spend analysis will identify common suppliers being used by a number of local authorities where collective spend is high but individual authorities do not have a significant share of the business. Regional Directors will be able to advise on opportunities for re-negotiating with suppliers using the maximum spending power of authorities working together.
- Supplier rationalisation plans. Every local authority will have access through their Regional Centre of Excellence to a service which identifies the opportunities for rationalising the number of suppliers and, therefore, transaction costs, whilst balancing the needs of small and medium sized enterprises.

In summary, every local authority will be able, for the first time, to access through their RCE comprehensive evidence-based advice enabling maximum efficiencies to be gained in procurement through supplier spend analysis.

The second service will be based upon a comprehensive price benchmarking analysis programme currently being undertaken at national level by the 9 Centres of Excellence. For the first time, every local authority and other service providers will have access through the Regional Centres of Excellence to information on prices being paid on over 1500 commonly purchased commodities. The service will enable Regional Directors to identify the highest, lowest and average prices being paid to suppliers for common commodities, enabling the Centres to provide advice to local authorities as to which contracts represent the best value for money. The service will also incorporate on-line web functionality promoting outstanding value deals available to local authorities to choose from.

An example of how valuable this service will be for local authorities can be seen in the case of the small unitary authority in the South East of England which was spending £400k a year on stationery and computer consumables. The price benchmarking intelligence indicated a possible saving of 30% was immediately achievable by changing supplier and that a further 30% was achievable by ensuring that staff only ordered from core list products. Not only is this authority already realising these savings, but the supplier is now delivering direct to the authority rather than through distribution points, further reducing the Council's costs.

3. Construction Procurement including Highways Construction

Short Term:

Research Study into Framework Agreements - 5% on contract work costs if frameworks adopted

Objectives: The present exercise is directed towards the identification of exemplars of framework processes capable of replication up and down the country. It is expected that the results will embrace a range of possible options and solutions reflecting differing local circumstances and contexts. The intention is to identify models and alternatives lending themselves to the range of programmes existing in counties, the major cities and also to smaller districts. Performance measurement is an integral part of the exercise. Reliable and consistent systems of measurement which accurately demonstrate what has been achieved and facilitate wider comparison are what must be sought from the initiatives in use and under development.

Potential Benefits/Savings: It is widely expected that the exemplars will show that good framework agreements and resultant partnerships should produce a minimum of 5% saving on contract works costs. Given that this piece of work is targeted at national audiences and if the good practice were adopted for the annual capital programmes of all local authorities (£14bn) then £700 million savings could be realised. Obviously this will be achieved over a period of time, say 5 years.

Medium Term:

a. Local Authority Construction Consortium

Objectives: This project is to develop the concept of a Regional Local Government Construction Consortium and promote efficiency gains within Local Authorities. Led by Local Authorities, the project investigates cross-authority collaboration, performance measurement, impact on construction skills and exemplars in highways and property workstreams.

The aim of the project is to provide and promote a structure which enables authorities to work individually and on a regional basis, to collectively drive forward change and achieve actual savings.

This unique project pulls together 9 top tier Local Authorities and representatives acting on behalf of second tier authorities. The delivery of the project is divided into several work-packages, each have a specific authority contact responsible for developing the area of work in collaboration with authorities, key industry stakeholders and academic partners. The areas of focus are:

- Scape Building Systems Ltd – Regional Construction Consortia

The primary objective of this property procurement initiative is to provide a regional construction supply contract jointly owned by Local Authorities for a range of capital and maintenance projects.

Targets: 10% off the budget – from outset and ongoing, 4% off the cost of works (DFES guideline cost the benchmark), 2% per annum off the cost of the works – accumulative.

The initial capital projects quantum in year 1 is anticipated to be £20m.

- Summary of a performance metrics model for Highways and Property

The main objective is to develop a common performance measurement model, which is robust but flexible, considering private sector practices to provide the following benefits to authorities:

- Cross-authority and potential regional comparison inline with government requirements.
- Work together to achieve an improved CPA score.
- Drive continuous improvement and value for money as advised and guided by government.
- Provide a standard regional authority performance measurement model which promotes a coherent approach to demonstrate efficiency and share best practice through benchmarking.

- Sub-regional Highway Exemplar Operational Model

The main objective is to develop and implement a joint local authority procurement exercise, for a highways operational partnership and establish collaborative contracts that have demonstrable value for money with the following benefits:

- Strategic arrangement combining the purchasing power of joint procurement to create economies of scale to achieve cashable savings.
- Increase the bid flow through cross-authority project collaboration.
- Greater provision and capacity for supply of materials and resources
- Providing an opportunity for the supply chain to invest, continuously improve and work as a team to enhance service and identify savings through innovation and collaboration.

Target: 10% savings on material procurement

- Sub-regional Highways Internal External Professional Services Partnership

The main objective is to provide a sub-regional contract for design and engineering services to promote cross-Authority and Private Sector cooperation which will benefit through:

- Reduce and shared costs of procurement across the partnership.
- Lower costs, better service provision and improved quality by increasing base workloads and turnover.
- Clear investment in training and career development through a matrix of skills and competences to ensure the effective use of skills and knowledge across the partnership.

- A combined and skilled resource will greatly increase potential to complete work.

Target: 10% savings on professional design service costs

b. Building Control Service - c£160K per annum

Objectives: To explore the potential to provide a single Building Control Service for all eight local authorities in Nottinghamshire. This is a high value service with a reputation for strong delivery. It is considered highly suitable for shared working as each local authority works to the same national standard, and local input to the decision making process is limited. There are trading opportunities associated with Building Control, with the possibility of utilising the trading powers to increase revenue and explore new areas of work. Completion date April 2006

Anticipated Benefits/Savings: Estimated to be c£160K per annum when fully implemented (say 2006/07)

4. Local Public Transport

Introduction: Upper tier and unitary local authorities have a number of responsibilities requiring the provision of passenger transport services ranging from local bus services, which are not provided commercially, to specialist services for pupils and Social Services clients with significant mobility difficulties.

Across England this involves an annual expenditure of £2bn, the largest proportion of which (outside London) relates to Education Transport. The public transport industry has, for some years, been characterised by considerable instability of costs against a continuing decline (outside London) in the level of use of local bus use. As a consequence local authorities have been experiencing transport contract price rises well in excess of normal rates of inflation, peaking in 2001 at an average annual growth rate in excess of 20%, and remaining in the region of 10-20%.

There are a range of opportunities to make significant savings in this volatile supply environment, through modernisation of process, applying collected best practice and innovative experiences and integration of the local authority approach to transport within specialist professional units.

Given the scale of both total expenditure and the opportunities for efficiency it is considered realistic to anticipate savings in excess of the 7.5% Gershon requirement which points to global sums in excess of £150m. These might be captured in a mix of reduced procurement costs, avoidance of growth in costs and higher quality delivery.

As an early priority it is proposed to develop three or four exemplar models for integrated transport in modernised Local Transport Authorities (LTAs).

Steering and Working Arrangements and Resourcing: A Steering Group has been established with 12 members at director or senior level from local transport authorities and the Departments for Transport and for Education and Skills. It is to be chaired by the Director General/Chief Executive of Merseyside Passenger Transport Executive/Authority. The inaugural meeting will take place on 27 February 2006

The Departments for Transport (DfT) and Education and Skills (DfES) are already engaged as full partners in joint working initiatives, and a 9 point draft Action Plan has been produced. The scale of local authority expenditure on Education Transport requires that a specific element of the project will focus on opportunities for efficiencies and savings in the areas of statutory school transport.

Progress on the Action Plan will depend on adequate resourcing. The DfT has already agreed to commission additional support staff for project 1, but it is now

essential for NWCE to consider support to the Project Manager in the detailed specification and execution of the rest of the programme. This will be mainly in the form of supporting work, and in some cases total project commissioning from consultants. Preliminary assessments of the scale of the individual projects planned suggests a total annual expenditure on this NWCE National Transport Project of £300,000 p.a. for a period of at least three years. (Project Management £100,000, travel and expenses £20,000 and consultant support £180,000).

Scoping Analysis and Action Plan: An extensive series of meetings with transport professionals and organisations has established key contacts, gathered preliminary information on current and developing good practice and initiated joint working arrangements, essential to avoid duplication and optimise levels of output.

The Action Plan begins to identify priorities focussing on main criteria:

- Proposals capable of early delivery: Mainly applying identified good practice in the area of process modernisation.
- Proposals likely to deliver the Greatest Financial Savings: Larger scale savings are likely to necessitate longer lead times and may need structural and/or legislative change to be fully effective.
- Proposals which will also address quality improvement and meet the accessibility and sustainability objectives of national and local transport policy

and it is concluded that the outcomes will be categorised as follows:

- Process modernisation
- Local authority integration
- New partnerships and structural change.

Priority Project Areas:

The 9 priority projects within the Action Plan are as follows:

- 1: Proposals for Early Delivery (Best Practice and Process Modernisation)
- 2: Identification of the Benefits/Disbenefits and Potential Savings from Integrated Transport Units.
- 3: Upgrading / Introducing New IT and Communications Systems
- 4: Integration with Non-Emergency Health Service Transport in Shire Areas
- 5: Integrated Social Needs Transport in the Metropolitan Areas
- 6: Taxis (An investigation focussed specifically on taxi contract arrangements in the Shire Authorities is to be specified and managed by Buckinghamshire County Council through partnership with the South-East Centre of Excellence. This will complement similar work focusing on Metropolitan Authorities and London Boroughs being led by NWCE)
- 7: Reducing Bus Operating Costs and Stimulating Passenger Growth
- 8: The Journey to School
- 9: Concessionary Fares (to be led by SECE and Buckinghamshire CC in association with DfT)

In the longer term there may be the opportunity to consider a further project on Holistic Bus Network Development involving new partnership developments between LTAs and bus operating companies.

Potential Efficiency Savings: Total expenditure on Local Transport Authority (LTA) functions is estimated to be in excess of £2bn, to which can be added an expenditure by NHS agencies in the region of £250m for non-emergency patient transport. Quantification of deliverable savings within the 9 project areas must take into account the following factors:

The commercial passenger transport industry is fundamentally unstable in terms of the durability of the commercial bus network and the real rate of growth of procurement cost for LTAs. These matters are dictated by the need for bus

companies to provide clear short-term returns for investors when the wider environment needs long term stability and investment to generate passenger growth.

The deregulated framework and the requirements of competition legislation under which road passenger transport operates means that it is difficult to form stable partnerships with bus and taxi operators, to plan provision where more than one operator is present and to be sure that any agreed improvements will ultimately be delivered

The current low and falling levels of provision of public transport services which will need to be addressed through higher levels of expenditure if the government's accessibility agenda is to be delivered.

The poor quality of service where all but the better performing commercial local bus services and high profile supported services are characterised by elderly and less-accessible vehicles. This applies particularly to school bus services.

The last two suggest that there is considerable scope for reinvestment by the public sector of efficiency saving derived, into service level and quality improvement.

Greater control and stability of the supply side of passenger transport through some degree of re-regulation will not necessarily bring cost reduction to the public sector, because implicit in this change would be a transfer of risk from commercial operators to the LTAs

The initial priority will therefore be to pursue output from projects 1,2 and 5 above. Because of the fragmentary nature of these aspects of delivery quantification of savings will be difficult, especially as there is a wide variation in the extent to which different councils have progressed in the modernisation agenda.

There are, nevertheless, given the overall scale of transport expenditure (£2bn op cit), opportunities to make substantial real efficiency savings and the objective is to exceed the 7.5% Gershon target. Clear opportunities lie in the areas of procurer authority processes and integration of local authority transport provider organisations.

First Priorities

Project 1: Proposals for Early Delivery

Experience so far suggests that "quick hits" can best be achieved by a thorough investigation of best practice through a programme of discussion with practitioners in Local Transport Authorities. Information gathered so far, suggests a willingness of officers to provide examples of good practice and to discuss areas for potential development. The work programme in this area therefore falls into two sections:

- Assembly of Good Practice for dissemination to all authorities through existing networks and with the assistance of the Improvement and Development Agency (IDEA).
- Identification of areas for focussed research, where clear issues have been identified, suggests opportunities for efficiency savings but for which there is, as yet, no practical experience.

Outputs: This will be a continuing process through the whole project, and part of the procedure will be to encourage authorities and other agencies to develop and feed back new ideas for good practice on a continuing basis.

By applying the above methodology the project will enable an evaluation of the relative merits of each proposal to identify

- "Quick hits" with obvious efficiency benefits

- Worthwhile schemes which nevertheless need considerable “lead-in” to achieve satisfactory delivery.
- Proposals which should not be pursued further because of implementation difficulties and/or unacceptable outcomes in terms of worsening service delivery.

Good practice worthy of dissemination will be documented and published in regular bulletins from the Centre, (probably quarterly from March 2006), for distribution to authorities and website publication.

Scale of Savings: In the main, “quick hit” savings are likely to be focused on specific processes and the extent of their applicability will vary on the basis of both local circumstances in individual LTAs and the extent to which they are already in place (ie In some cases an already widely used procedure may produce opportunities for modernisation in only a few non-conforming authorities). Hence efficiency savings, which may be significant, will not be relevant to all LTAs.

Conversely, a new process, which has only arisen in one or two LTAs, may have potentially widespread application, but, by its nature, is likely to produce modest but nonetheless worthwhile savings.

This project is therefore likely to deliver very significant savings for some LTAs and more moderate savings on a widespread basis.

Project 2: To Identify the Benefits of, and Potential Savings from, Integrated Transport Units in Shire Authorities

Objectives:

- To examine the benefits of an integrated approach to the planning and delivery of local bus, education and social services transport
- To identify the number of LTAs yet to progress towards the establishment of an integrated operation
- To define models for integrated units in LTAs (and in Metropolitan and London Boroughs with respect to Education and Social Care Transport provision).
- To quantify, in broad terms, the potential savings arising from integration in the context of:
 - Better use of local authority, fleets in providing social needs transport, with the use of software systems to facilitate integrated fleet operations and to optimise journey planning and vehicle utilisation.
 - Optimisation of the division between fleet and contract operations for taxis and accessible mini buses.
 - Consideration of the fleet and contract vehicle make-up in terms of vehicle size to address the optimisation of vehicle and staff costs and client journey time.

and so to establish a framework for further development of projects 3,4,6,7,8 and 9

Outputs:

- Assessment of the duplication/sub-optimisation of activities where separate transport teams are operating (e.g. separate contracts with the same operator for different functions, duplicate CRB vetting).
- Assessment of the degree to which functions can be integrated in planning and operational terms.
- Quantification of financial benefits arising from integrated operations, particularly in the context of shared use of resources and of procurement (tender and contract procedures).
- Identification of three or four exemplar models for integrated transport operation in modernised Local Transport Authorities (LTAs).

Resourcing: A preliminary analysis of the information gathered will enable, in early 2006, decisions on whether the case for integration is sufficiently clear for inclusion in early good practice advice or whether further research is required in specific areas to clarify costs and benefits of this approach. In the latter case a project brief will be prepared.

Scale of Savings:

Initial benefits will vary according to:

- The degree to which an authority is already integrated
- The extent to which good practice (in terms of contract procedures etc) is already operating within the separate transport units of the non-integrated LTA
- The extent to which integration facilitates quality, safety and probity enhancement through more efficient use of resources rather than cashable financial savings.

In broad terms the shift from non-integrated to integrated operation within an LTA might be expected to deliver saving in the region of 7-10% with a significant part non-cashable in the context of the third point above.

Draft Programme

1st November 2005 – 31st January 2006	Visits to LTAs
1st November 2005 – 31st January 2006	Assessment of Information gathered
1st February 2006 – 31st March 2006	Formulation of preliminary models and decisions on further work requirement
1st March 2006 (continuing)	Publish guidance

5. Productive Time

The ODPM has set up a national Productive Time Advisory Group (PTAG) with key local government stakeholders to identify ways to support local authorities in increasing the productive time of employees. The London RCE is the lead on the development of the delivery plan in the context of this group.

Project Nomad

Re-engineered service and business processes and increases in productive time from the application of ICT and expansion of mobile working.

- Brief summary of Major Achievements/ Activities this period (Oct – Dec 2005)
- Refreshed case study material – draft received
- Ongoing engagement with RCE network
- Managed and delivered a successful national mobile efficiency event
- Establish financial sponsorship of Forum through six confirmed sponsorship
- Completion of 'Regulatory Services' business case
- Progressing of One-Stop Mobile business case and engagement with London Joint Team Network
- Refresh of web-site with technology tool and new case studies.
- Good Communications Award for Mobile Technology
- Presentation to a number of events including – FT Efficiency / Kable Flexible & Mobile working / Anite + Microsoft event / Briefing at Ministerial e-Government Conference / European eGovernment event/ Public Sector Work Space transformation conference / Housing Q Network

6. Adult Services

Short Term:

Roll Out of Learning Disabilities Fair Pricing Tool in the South West - £91k 05/06, £2.7m 07/08 & £5.5m 08/09

Background: SWALD has adapted Gloucestershire's Fair Pricing Tool and further developed and piloted for the South West. The tool allows care workers and providers to baseline care costs for residential care no matter what level of support is

required. 75% of LD costs are in residential care. Initial results from the pilot are very encouraging. 5% gains through better informed price negotiation are not uncommon

Project Objectives: Accelerate the roll-out of the tool across the SW. Training for council staff and service providers. Track benefits associated with the use of the tool. Expand the functionality of the tool to include supported living and adult placement schemes. Additional spend impacted is £22.9m.

Anticipated Benefits/Savings: Based on the findings from an initial pilot an average 5% price reduction in residential costs was gained across 88 placements by using the Fair Pricing Tool. SWALD estimates that there could be efficiency gains of £91k pounds in the next financial year, followed by £2.7m in 2007-08 and £5.5m in 2008-09. This assumes that 5% savings apply to a maximum of 60% of all South West learning disability placements by the end of year 3. Based on spend of £182m in South West on people with learning disabilities in residential care in 2003-04.

Medium Term:

Roll Out of Procurement Card

Kent County Council is achieving cost and time savings which can benefit other Council services with the help of the Royal Bank of Scotland's Transaction Data Matching system (TDM). The initial project in Kent has been to work with over 70 suppliers providing 2.5m hours of domiciliary care to 36,000 adults, including 19,000 elderly people, to implement a genuine end to end e-enabled solution to make significant transactional savings. Whilst used for domiciliary care payments in Kent, a similar solution has been applied at Edinburgh City Council for housing maintenance and other Councils are looking at this solution for a range of transaction types. TDM is an outsourced, automated payment and data matching solution to manage invoices from care providers for the services which they provide to individual clients. TDM works by electronically matching data from the care providers systems and paying the suppliers through virtual Government Purchasing Card Visa solution.

Project Objectives: To enhance the quality of life for individuals in the area. To streamline administrative processes. Ensure that everything is managed in the most cost effective manner. Enable resources and money saved to be redeployed into more critical work.

The Process: Kent CC worked closely with RBS, PCCL the outsourced provider, care managers and care providers to produce a practical e solution to replace the 25,000 paper invoices which are previously processed. The solution is based upon the electronic matching of data from KCC and care provider systems by PCCL to include all the variables that apply specifically to domiciliary care. For example, a facility was built into the system to take into account work being billed by the hour meaning there is no set price as there is for the purchase of a product. The process built reflects how KCC contracts for care and can be customised to fit how other Councils work. Flexibility was also built into the system to allow for specified tolerances where there were small inconsistencies between KCC and care provider data. Some flexibility was also necessary in the system to cater for any anomalies. In response to any slight inconsistency, the TDM system will still complete the payment but produces a 'variance' report which is e mailed to Care Managers for attention.

Results:

- The system guarantees payment for suppliers within four days through a Visa badged Government Purchasing card, as opposed to the thirty day payment terms when invoices were manually processed on a monthly basis.
- The knock on effect is improved cash flow for suppliers while at the same time not impacting on the Council's cash flow
- Crucial administration time savings
- Cutting out bureaucracy

- The system eliminates costly and time consuming manual procedures and in so doing eliminates potentially costly human error or fraud

7. Children's Services

Short Term:

South West Out of County Placement Service - £50-100k in 06/07

The South West is delivering an out of county placement service on a pilot basis which should deliver £50k- £100k of savings in 2006/7. The project will pilot some framework and relationship management work with a multi authority provider in the SW. The project will be run as a pilot and should deliver a business case for others to sign up to and some short term cashable gains. The project manager (for all SW children's projects) commences on Monday 9th January. The benefits will be delivered more quickly than the West Midlands Commissioning Unit as this is a pilot rather than regional implementation.

Project Objectives and Scope: The project will aim to obtain greater value for money by collaborating with partners at local and regional level. The project will achieve this by piloting a joint local-authority out-of-county service for children with a service provider. The project will deliver better outcomes for children/young people through the use of "partnership" procurement to:

- Drive up performance of services
- Reduce costs of services through reducing service providers process costs

The project will establish:

- Procurement models for commissioning placement services
- An option appraisal for current and future regional commissioning of services
- Governance and performance monitoring arrangements for jointly commissioned services

Anticipated gains from the project: This project should achieve a number of savings:

- Reduction in process costs. Individual practitioners across the region will have a resource to access for efficient referral and sourcing
- Streamlined payment transactions e.g. four placements with one payment process as opposed to four different local authorities payment processes
- Outcome-based commissioning frameworks to correctly incentivise providers. For example outcome based contracts which will limit the duration of high cost services.
- Frameworks based on partnership relationships with providers designed to reduce overall costs. For example forward demand plans which support and reduce the cost of providers' investment strategy.
- The project will also help achieve the following National Procurement Strategy milestones:
 - Identify opportunities for collaboration with neighbouring councils for shared commissioning and/or delivery of services
 - Stimulating markets and using buying power creatively to drive innovation in the design and delivery of services

Potential Savings: The pilot should deliver between £50k and £100k of savings in 2006/07. The project could be of benefit to other Regions who are also looking to address similar issues.

Medium Term:

West Midlands Regional Commissioning Unit

Project Objectives:

- The West Midlands plan to pump prime a central unit and regional database. Significant effort has been made over the last few months to work with practitioners and leaders to sign up to the concept. They are calling the unit a Regional Commissioning unit (RCU) however this will be a long term ambition

requiring significant work and collaboration before they reach a real RCU. There will be many short term gains (over the next 2 years).

- They plan to deliver the business case and the argument for a unit sustained across the region by actually doing it. The West Midlands has been talking about tackling this market area for some time and already has a strong history of collaboration.

Benefits & Potential Savings:

- WM region spends £150m per annum on (mainly) spot purchased placements; a small % reduction in these prices will deliver cashable benefits starting in 2007.
- There will also be considerable improvement in quality outcomes for children; this is a key driving force for change. This is more difficult to quantify and could well become a pilot project for measuring gains through the ODPM new capacity building initiative (aimed at supporting authorities with the issue of measuring gains- £200k secured by Neil Reeder based on the feedback from the West Midlands Toolkit workshop).
- There will also be considerable process/ productive time savings.
- They aim to calculate the impact of the unit by March 2007 with a view to securing Regional funding support from the 14 authorities by March 2008.
- Early analysis for the project by colleagues in Birmingham has provided detailed information regarding placement location and price. This is the first time that this data has been captured in this way and is already enabling authorities to question and challenge their procurement practices and rates. The project support staff will provide some capacity to capture the impact of this.
- The West Midlands are linking this project with our Regional Business Process Re-engineering project currently under development. This will provide some real impetus for process change surrounding the regional resource and help drive out non cash gains.

8. Culture & Sport

Short Term:

Norfolk CC Library Services

The Centre of Excellence in the East of England is providing direct support to Norfolk County Council's library services as part of the Council's overall efficiency programme. The Centre will provide support and challenge for key Directors and Heads of Services enabling efficiency gain targets to be met.

Medium Term:

National Support Plan for Library Authorities

The Centres are co-ordinating their efforts at national level, working with the MLA to ensure that a national support plan for library authorities is established, enabling libraries authorities to access the support that is available through their Regional Centre of Excellence. This arrangement will ensure that opportunities for collaboration are identified both within and across regions, will avoid unnecessary duplication of effort and make best use of support resources.

9. Environmental Services

Short Term:

Single Collection Service for 2 Authorities in the East of England - £0.5m per annum

The Environmental Services market has been particularly difficult due to a number of significant uncertainties regarding the National Waste Strategy and its deliverability. Nonetheless, the Centres of Excellence have been engaging with local authorities in number regions to add value now. In the East of England, two smaller local authorities with waste collection responsibilities recognised the potential value of jointly procuring a single collection service covering both local authorities concerned

but were unable to move forward without financial support to develop the detailed business case. The Centre of Excellence in the East of England has provided the financial support required by the authorities concerned who are now making good progress towards procuring what will be the first waste collection contract covering more than one collection authority in the East of England, setting the scene for further, sensible collaboration in this area in the future. The two local authorities concerned will share in savings of £0.5m a year as a direct result of the new arrangements.

Medium Term:

National Support Plan

Centres of Excellence are working in a concerted and co-ordinated manner together with DEFRA to formulate a national support plan for local authorities with environmental services responsibilities. The plan will ensure that local authorities can access the full range of support available, both from DEFRA and Centres themselves through their Regional Centre of Excellence. This arrangement should ensure that the resources that are available to support local authorities are used to best purpose, that duplication of effort is reduced and that opportunities for a collaborative approach are identified and taken. These arrangements will maximise the probability of local authorities achieving their Annual Efficiency Savings targets.

10. Fire

Development of Exemplar Maintenance Arrangements with Royal Berkshire Fire & Rescue Service (South East Centre of Excellence)

Project Objectives: As the lead authority for the building workstream of the South East Centre of Excellence (SECE) Hampshire County Council (HCC) is collaboratively working with the Royal Berkshire Fire and Rescue Service (RBFRS) to develop arrangements for planned and reactive maintenance works. It is proposed that these arrangements will take the following form:

- A 1 year contract for the provision of reactive and planned mechanical and electrical maintenance services, from April 2006. This will be based on HCC's engineering maintenance term contract, adjusted to suit the requirements of RBFRS. It is also proposed to establish a longer term contract for engineering maintenance through a joint OJEU tender process. The longer term arrangement would commence in April 2007.
- A contract for the provision of reactive building maintenance work with one of RBFRS preferred local building contractors, from April 2006. This will be for an initial 1 year period from with an option to extend, subject to RBFRS requirements and the satisfactory performance of the contractor.

The work being undertaken with RBFRS covers spend of between £200k and £250k and is intended to establish templates for the procurement and delivery of maintenance work. The templates could then be applied by other authorities. At the SECE conference on 14 October, a large number of authorities expressed an interest in sharing knowledge and experience on maintenance arrangements. Contract arrangements are due to go to the RBFRS Executive Committee on 23rd January.

Implementation of an Exemplar Procurement Card Project Across the Eight F&R Authorities in the SW (SW Centre of Excellence) - £3m pa if rolled out regionally

Project Objectives: F&R authorities in the SW are implementing a Procurement Card system across all eight authorities during 2006/07. The system consists of 100's of cards and full integration into back-office financial systems. The funding from the

SW Centre of Excellence (SWCoE) allows the appointment of a full-time project manager and the creation an implementation team from stakeholders within the participating F&R in the SW. The key objectives of the project are:

- Demonstrate an exemplar implementation of Procurement Cards
- Support the national e-procurement milestones for implementation of purchasing cards of December 2005
- Support the National Procurement of Commodities, Goods and Service CEx Taskforce workstrand

Anticipated gains from the project are:

2005/06 incremental benefit estimate		2006/07 incremental benefit estimate		2007/08 incremental benefit estimate	
Lower	Upper	Lower	Upper	Lower	Upper
£0	£0	£256,500	£513,000	£256,500	£513,000

Note: these are annually reoccurring savings
30% coverage in the first year, further 30% coverage in the second year

SWCoE estimates savings of about £3m pa if the approach from this project was rolled-out across all local authorities in the SW.

11. Education

It should be noted that schools procurement efficiencies will not benefit LA's directly and neither are LA's accountable for such efficiencies in their AES's. However LA's are generally interested in assisting schools to gain efficiencies which can then offset their resource pressures.

Short Term:

An early project has involved surveying LA's in each region to determine the level of interface and influence with schools procurement and the potential for schools to be encouraged to utilise more effective procurement opportunities in the future. As regional collaborative approaches to procurement are developed in each region then enabling schools to have access to these opportunities is a key priority in the work of RCE's with the Centre for Procurement Performance (CPP).

Medium Term:

The CPP are also leading national work on a range of common, critical issues to determine the most appropriate National and/or Regional solutions to be made accessible to schools. NECE are currently developing a NE Building Schools for the Future (BSF) Network in conjunction with 4p's to enable more effective collaboration between BSF projects and identify potential efficiencies. The CPP are involved and if successful this model will be promoted to other regions.

12. Social Housing

The initial attempts to gain interest in this area in June 2005 were disappointing, with only one person wishing to engage with the Centre. However, following on from a presentation by the LCE Director to the London Housing Directors Forum at the end of September 2005, requests were received for a further effort to be made based around the boroughs and ALMOs driving the agenda. A highly successful workshop, supported by ODPM, OGC, ALG and the London ALMO Procurement Network was held on 7th November which, amongst other things, led to the creation of a unified project board which met on 25th November. Members of the board include representatives from the Office of Government Commerce, the Office of the Deputy

Prime Minister, LCE, ALG, 4 London boroughs and ALMOs. OGC has agreed to fund some of the work that was identified on 25th November.

The next meeting is being held on 25th January, and we should be in a position to report on the core deliverables and associated timescales.

13. Supporting People/Voluntary & Community Sector

Supporting People

The lead role involves liaison with the ODPM who have established 11 Value Improvement Projects (VIP's) across the regions whose role is to 'path find' the efficiencies and procurement improvements available in developing their SP projects to then disseminate that learning to the other 139 SP projects across the country. There has also been specific involvement with the VIP based in the NE to contribute to their development and support the regional SP Network to enable sharing of good practice and identifying common procurement requirements that will benefit from collaborative working.

Short Term:

The early project has involved developing a programme of capacity building (including project management, business planning and understanding procurement) which has been rolled out to every SP project in every region. This has provided a step change in each SP projects capabilities to determine use of resources more effectively and encourage a closer involvement and engagement with their respective Corporate Procurement teams. This is to be followed in the early Spring with regional workshops and a national event to enable dissemination of the learning from the VIP projects.

Medium Term:

The medium term project is addressing the forthcoming £80m funding being provided by Government to every top tier LA to invest in improving their Social Care 'telecare' arrangements. At best there is an opportunity to provide regional or national collaboration to enable effective and efficient procurement. At worst there is the potential for a very random and fragmented procurement process to develop which would inevitably lead to inconsistencies and inefficiencies. Preparatory work is in hand to identify the scope for a coordinated approach to the 'telecare' developments and resultant procurement.

Engagement with SME's/Voluntary & Community Sector

The lead role has involved developing national and regional networks of key players (RDA's, OGC, Government departments, SBS, DTI, NCVO, FutureBuilders, IDeA, Business Links, CBI, Chambers, FSB) to try and assure some coherence to the range of initiatives and developments to improve the relationship between public sector procurers and the SME/VC sectors. This relates to the Sustainable Procurement strategic priority within the Commodities, Goods and Services National strand but is also relevant to a number of other national strands where the visibility of these sectors and their accessibility to public sector supply opportunity needs to be improved. Equating this to LA's economic and social wellbeing objectives increases the range of efficiencies that are available to LA's if they can make these improvements.

Medium Term:

The spend analysis work being undertaken in the NE has been combined with the rollout (a project jointly funded by NECE and the RDA) of the 'Local Multiplier' toolkit to all NE LA's (and other public sector). This will greatly assist the improved visibility of current SME suppliers and the establishing of positive action (coordinated by the NE Public Procurement forum which includes LA's, Health, Emergency Services,

RDA, Business Links, Chamber, CBI) to support and enable more SME's to have access to public sector supply opportunity in the future. This is running in parallel to a NE project to improve the understanding and awareness between the 3rd sector (VCS and Social Enterprise) and public sector procurers which is expected to identify major improvements to enable a more positive engagement of the 3rd sector in future public service delivery. Both these projects are taking account of national developments including the work of the Better Regulating Task Force. Work is necessary to monitor developments in other regions seeking to achieve similar improvements to develop guidance which can be promoted for adoption in other regions. RDA's have recently formed a Strategic Procurement Network which involves RCE's, OGC, SBS and others from which it is intended to develop a consistent approach in each region which it is anticipated will bear some similarities to the NE model.