

National Procurement Strategy- Evaluation Report

January 2018



Acknowledgements

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Introduction

This report provides an overview of the views of senior officers within councils as to the impact of the National Procurement Strategy (NPS) on councils both in terms of the savings and benefits accrued from more intelligent procurement and linked to this, the extent to which the recommendations of the 2014 NPS have played a part. A series of eight telephone interviews were conducted during November and December 2017 in order to establish the impact of the NPS.

Background

The NPS was developed in 2014 to help local councils develop more effective procurement processes.

The LGA Research & Information team was commissioned to run a series of telephone interviews during November and December 2017 in order to understand and capture the views of senior officers on the financial savings and other benefits that have accrued for their councils in more effective procurement as a result of the recommendations set out in the NPS.

This report provides an overview of comments received from councils about the benefits, savings and developments in approaches to procurement resulting from the NPS.

The Interviews

Participants were asked about:

- The benefit of the NPS to their council
- The estimated monetary value of savings achieved by the introduction of the NPS 2014 recommendations
- Whether these savings were as expected; and
- How the council will continue to develop its procurement approaches and the extent to which these will be based on the 2014 recommendations; and

Those participating were also offered the opportunity to comment more generally on any aspects of NPS that they had not covered during the discussion.

Emerging themes

This section of the report provides a brief overview of the key points made under each section.

Benefit of the 2014 NPS Guidance to councils

Seven respondents noted that the NPS had both complemented and underpinned procurement work that they had already started and had given weight to, and supported the procurement approach that they were already on. The NPS 2014 guidance was felt to reflect the good practice within local authorities and also it highlighted areas where more development could take place. As well as this, the guidance was useful in that it was felt to provide robust themes and action points for local councils to adopt. It also provided a structure around which local authorities could focus their local activities and a rationale with which to better explain their processes, procedures and approach to suppliers. Additionally the NPS guidance was felt to have provided confirmation on and clarity around the approach that councils were undertaking on procurement which gave credibility with internal partners and stakeholders.

Six authorities said that in addition to reflecting back activity already being undertaken, and identifying that which it would be preferable to avoid or to do better, information in the NPS had enabled them to plan their strategic development pathway of their internal guidance and procurement strategies (for instance around future commercialism and income generation) and had provided a useful benchmark for them.

Savings achieved by the introduction of the NPS 2014 recommendations

Participants were asked to provide an overview of the monetary value of the savings which their councils had achieved as a result of the recommendations in the NPS. In some instances a figure was reported by respondents but four (half of all participants) said that although the strategy had helped with their approach they couldn't accurately give a monetary figure or quantify any additional savings as a result of the support the NPS guidance had provided. The reason for this was because these councils had already started to implement techniques and different approaches, prior to the publication of the strategy and this earlier activity had been the primary factor in making savings rather than the NPS itself. In addition, the NPS was described as having provided a baseline position for councils rather than producing any direct financially attributable savings.

Additionally of these, three councils were unable to provide a figure as they thought that some benefits were not necessarily directly financial. Examples given included:

- Efficiencies in work through collaboration and innovation.
- Using e-procurement (to reduce both the time spent and the number of people involved in procurement processes).

Two councils were also keen to highlight the importance of ensuring the best possible outcome in terms of the social value rather than financial savings for local communities. Again, whilst respondents were at times unable to provide a direct financial benefit from NPS guidance, other benefits were felt to be equally important in terms of their direct impact on both process and outcome for local communities.

Where examples of savings were given these included:

- Two million pounds achieved in savings.
- A group of councils in a consortia have achieved combined savings of around £13m since the 2014/15 financial year.
- £23m in savings over the last three years.
- Savings in the 2016/7 financial year were £1.6m in addition to cost avoidance savings of around £100,000.

Savings expectations

A majority of respondents noted that their authorities had either achieved or slightly exceeded their savings expectation, though they did not think that this was primarily attributable to the adoption of the NPS guidance. More generally, where there had been savings accruing from NPS guidance, it was noted that these approaches were in place prior to the guidance so were not achieved as a direct consequence, but it did affirm that they were moving in the right direction.

Reasons given for councils achieving savings expectations included:

- Having robust processes in place for identifying and targeting savings from procurement.
- Setting realistic targets and recognising that it was still possible to make savings by achieving best value, though it was noted that there would come a point when no additional savings could be accrued and a more radical service

redesign would be needed to enable further and ongoing efficiencies and associated savings.

- Talking direct to service suppliers and through this dialogue, improving specifications, collaborating where possible and changing suppliers if need be.
- Savings generated through root and branch organisational transformation.
- More effective procurement within the context of budget reductions of between 20 and 30 per cent.
- Collaboration within and between councils and their partners, including joint procurement.
- Ensuring robust contract management for all procurement activities; and
- Investigation of income generating opportunities through procurement activity, where the council acts as service provider.

Continued development of procurement approaches and the extent to which these will be based on the 2014 NPS recommendations

Respondents provided a range of examples through which their councils aimed to continue developing their procurement approaches. Common to most was the intention to collaborate and partner where possible with other councils and partners, to seek more meaningful engagement with suppliers (for example through encouraging innovation from them in the way services are delivered). In addition, councils were keen to develop their approaches to commercialism within a procurement context. This involved:

- Developing greater commercial acumen
- More effective contract management; and
- A tighter focus on income generation.

Other approaches that were mentioned included:

- A more systematic approach to the management of contracts
- The opportunity (and encouragement) for staff to consider innovative procurement solutions to issues – for example, a ‘blue sky’ programme for surfacing unusual ideas.

- Development of a corporate scorecard to identify who is a good supplier to the organisation.
- Further expansion of a commercial team launched in 2017.
- Promoting service redesign and changing specifications.
- Developing a focus on risk management.
- Including a social value clause within contracts.
- Ensuring that elected and lead members are fully cognisant of the contract letting.
- Making best use of the new technologies available to support intelligent commissioning.
- Ensuring social value and positive environmental outcomes from all procurement activities.
- Delivering services for others –whereby the council is the service provider rather than always being the buyer.

Seven authorities regarded the 2014 NPS as confirming or validating the work that they had already been undertaking prior to its publication or as providing best practice guidance to them as they continued their procurement improvement journey. As such it was hoped that any further development of councils procurement approaches would continue to use these recommendations. Respondents noted that, over time, the approaches as laid out in the 2014 guidance would become 'business as usual' and in this way, the good practice would be seamlessly folded into what happened as a matter of course.

Additional comments

All respondents were very positive about the 2014 NPS guidance, noting that it was produced at the right time, supported activity that authorities were, at that time, beginning to undertake with the result that they had taken a more strategic direction than would otherwise be the case. There was recognition that the strategy had focused on the key issues that it was felt that local government needed to improve and in this, it had achieved its aim. This said, there was some discussion around the need for revised guidance to ensure continued applicability. Respondents added that LGA was aware of this and was working to produce revised guidance within the next 12 months.

Other comments included;

- In the 2014 NPS there was a section on leadership and one on modernisation and respondents suggested that in any future iteration, these could be merged into one with a focus on the development of a cohesive procurement function within the organisation. This could then be used as a basis for discussion with senior council officers and elected members. Once in place, this function would also, it was felt, have a positive impact on the relationship and engagement with suppliers.
- The need for the 2018 iteration of the NPS to focus on core basics (for example, collaboration, transparency, equal treatment and proportionality) and be succinct, clear and to contain a checklist of actions needed.
- Transparency, equal treatment and proportionality.
- Thought to be given to the target groups for the 2018 NPS. Whereas the 2014 version was focused on those working in procurement, the revised version also needs to be targeted at suppliers.
- The importance of highlighting in the guidance, the need for councils to note regional/local priorities given that NPS 2018 will be a national level document.
- The Inclusion of a review checklist/appendix to the next NPS would be useful as this would provide a visual prompt to reflect upon key areas.
- The importance of the 2018 NPS retaining the social value and category management principles.
- The next NPS should provide a focus on commercialisation, innovation and also social value rather than purely a focus on making savings.
- More generally, respondents suggested that consideration should be given as to how a career in procurement could be highlighted at a school and university level, emphasising the broad range of opportunities that exist in the profession.



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