

Procurement Programme funding opportunity



Supporting sector-led procurement category management

The LGA has funding (up to a total of £100,000) to award to council run projects that demonstrate innovative approaches to procurement that result in replicable efficiencies in our 'Big Win' categories.

This prospectus provides a guide to bidding for this funding.

Foreword

The Local Government Association (LGA) has identified funding in order to target support to the sector's approach to procurement, specifically in their work to further develop a category management approach.

The sector has worked with the support of the LGA as part of Productivity Programme's Phase 1 and 2 workstreams to produce a 'Quick'¹ and 'Big Wins' strategy and a draft National Procurement Strategy. Within these strategies there is a proposal for a more wholesale and focussed category management approach for local government.

The LGA would now like to support a more consistent and joined up approach to local government category management, by inviting councils to bid for seed funding for initiatives that seek to provide innovative solutions and efficiencies around the areas of major spend.

The intention is that this money would help to support the successful bidding council to develop and implement a pilot. Our wider aim is to promote efficiency, using concepts which are innovative and that can be replicated within the sector on a local, regional or national scale.

We hope that councils will take this opportunity to show how innovative they can be in making their contribution to LG procurement improvement.



Councillor Peter Fleming (Chair of the LGA Improvement Board)

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¹ Please see:

http://www.niepbuiltenvironment.org.uk/documents/PCSAWorkstream-QuickWinsStrategyOct2010_001.pdf

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1. Background

This initiative builds on the work of the Local Government Association (LGA) productivity programme on procurement – it specifically aims to complement the strategic areas of major spend already identified, to help a number of councils kick-start real and practical projects, aiming to then share their learning more widely – ultimately helping the sector to be more efficient.

The LGA is keen to discover and promote innovative approaches to procurement that result in replicable efficiencies in the following areas of major spend²:

1. Social care
2. Property
3. Highways
4. Waste
5. Corporate services

The LGA has identified resources (up to a total of £100,000) to award to projects run by councils that take forward these categories.

The objective is to simulate a small number of approaches to procurement that will drive savings within the five categories identified in the list above, producing concepts that can be replicated within the sector on a local, regional or national scale, whichever is most appropriate/beneficial. Where practicable they should also demonstrate innovation either in their approach or application.

2. The grant available

- A grant of approximately £20,000 for each of the five category areas, but this will ultimately be driven by quality of bids received.
- Conditions attached to the grant:
 - publicising project and findings
 - willingness to share learning across sector
 - grant will be paid once the project proposal has been agreed and an Memorandum of Understanding (MOU) signed.

3. How to apply

There is no set application form. Applicants can bid for funding by sending their proposals (via email) in a brief summary document of no more than four A4 pages, at least one of which must

² See Appendix 1 for more details on each of these categories

be a clear financial presentation of efficiencies in spreadsheet/table format, with supporting assumptions.

The application will highlight how the project will contribute to efficiency savings, be replicable, and demonstrate innovation, thus supporting the 'Big Win' categories outlined in Appendix 1. Applicants may also wish to review the 'Full protocol of the evaluation approach' at Appendix 2.

They will need to clearly outline the following:

- which category you are proposing to work on (please see Appendix 1 below)
- what your initiative is aiming to achieve
- what timescales you are hoping to deliver within
- the level of resources required and what they will be needed for
- what the grant will be used for
- who will be involved in achieving your aims
- the scale of savings and efficiencies to be delivered, over what timescale, and any offsetting costs, with assumptions stated
- an outline of the replicability expected of the initiative i.e. local, sub-nationally or nationally. A rationale that explains how replicability can be achieved
- how the approach is innovative
- the names of the organisations involved
- the name of senior responsible officer for the project.

The funding will only be awarded to the lead local authority; however, the project could include other organisations, including those from the private sector.³

4. Evaluation

The evaluation of bids will be carried out as follows:

- Criteria and weighting:
 - Efficiency (50 per cent)
 - Replicability (30 per cent)
 - Innovation (20 per cent).
- The evaluation panel and independent scrutiny – the LGA will assemble a panel to assess applicants against the criteria highlighted. This panel will benefit from sector-led moderation notably the LG National Advisory Group for Procurement.
- Evaluation process – the evaluation process will be based solely on the application as provided, although the LGA reserve the right to contact the lead

³ Where there is private sector involvement the bidding Council should confirm they have considered and satisfied themselves there are no State Aid issues.

applicant for clarifications if required. There will be no interview or due diligence period.

- Notification – successful bidders will be notified promptly of the outcome by e-mail within one month of the closing date for submissions.

5. Timescale

- Date of submission – bids must be submitted by no later than **12 January 2012**.
- Date of awards – award letters will be provided within a month of the application dead-line setting out the terms of the award.

6. Applications

- Completed Applications should be sent to:
LGApurementprospectusbids@local.gov.uk
- Receipt of submissions will be acknowledged.

For more information please contact:

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Appendix 1

The five main categories of spend for local government to be considered

(1) Social care

(a) Managing the whole market place for social care

Personalisation of services and real choice for clients will necessitate a new model in the social care marketplace. As more people have their own budgets, they will need to know where to go to buy services. In addition, self-funders currently account for about 60 per cent of the social care spend, much of which is not managed wisely due to lack of good information.

(b) Collaborate on commissioning

Use of managed frameworks as a basis for social care commissioning. This approach offers authorities the dual benefits of both extra market leverage and localism and is equally applicable to adult's and children's services.

Collaborate also in specialist procurement management – centralised procurement hubs to manage specialist low volume, high cost areas of social care purchasing, where expert skills and knowledge are needed but low volume precludes every local authority from developing the optimum skills base.

(2) Property

(a) Public Sector Asset Management collaboration

Local Authorities can join together with other authorities and agencies and establish locality based shared governance and asset management arrangements; through this partnership they can consider asset requirements on a broader basis, the total cost of ownership, and long term needs of their communities.

(b) Build using a managed framework

Using managed frameworks as a basis for construction procurement. This approach offers authorities the dual benefits of both extra market leverage and localism, as managed frameworks provide the long term competitive vehicle for influencing local economic benefit to SMEs, apprentices and improved carbon reduction.

(3) Highways

(a) **Helping to create a national highways efficiency programme and associated work**

Central government has committed £6 million to supporting local authorities to deliver greater efficiencies in highways maintenance. A predominantly sector led – local authority and contractors/suppliers – efficiency programme has been established. The intention of the programme is to provide local authorities with a range of practical, usable and adaptable products.

(b) **Join a highways alliance**

Join or create your own highways alliance with local neighbours and work with the national programme described in 'Big Wins' Strategy 1 to accelerate improved local highways procurement and reap the benefits.

(4) **Waste**

(a) **Use a waste collection framework**

Waste collection contracts are procured infrequently in local authorities (usually once every 7 years) and therefore the capacity to procure a good quality waste collection contract is often limited. This can result in contracts which offer scope for improvement. Often bidders have no real incentive to be open about pricing of the service offering and transparency on this can only be achieved using the Contract Framework approach.

(b) **Form a waste partnership**

In an advanced waste partnership, waste collection authorities (for collection and disposal authorities) come together to work in a formal partnership to deliver efficiencies while improving/maintaining quality services. For example, DEFRA and iESE have been running the Joint Waste Authority and Advanced Waste Partnership programme for the last three years.

(5) **Corporate Services**

(a) **Obtain and use the best deals**

Around a third of local government external spend is on commodities. A reduction of 10 per cent in these prices would make savings of £1.5 billion. To do this we need to ensure we have the best possible deals, make sure that we use them and work together to improve them.

(b) **Reshape the market for corporate services**

Set up national managed frameworks for back office services, including legal; IT; finance; and HR, including the provision of practical help to councils considering new models of provision. Currently the market is fragmented with individual authorities going to market individually and tendering costs are high for both councils and bidders.

Strategic context

Bidders will want to have cognisance of the strategic context in which good local authority procurement should operate:

(a) **Being fit for purpose**

Local government procurement needs to be fit to respond to both the government's economic policy and local need. Central to this policy is the deficit reduction programme, whose scale and pace will require new approaches in delivering the required savings.

(b) **Responding to localism**

Local government also has the challenge of delivering this response in a manner that reflects the government's political direction. Key to this will be the promotion of localism in how procurement operates in the future. Balancing the need for local control and the development of local economic benefit with scale driven leverage will be critical to success. The development of the role of the voluntary and community sector and the increasing need for more public visibility and personal involvement in procurement is also vital.

(c) **Becoming a more joined up client sector**

Although collaboration does exist, the local government sector collectively represents a very large procurement spend but one that is delivered through a fragmented structure. More joint working and less sovereignty can release hard to reach efficiencies whilst promoting local communities.

(d) **Improving our commercial acumen**

Local government balances many competing forces effectively in its procurement thinking. Given the unprecedented financial pressures, however, significantly increased commercial skills could strengthen its capability.

(e) **Making procurement more strategic**

Finally, procurement can contribute even more by raising its game and becoming a strategic enabler of service re-design. Historically, purchasing or procurement was essentially seen as a transactional buying activity. The private sector has seen the financial benefits of having a stronger procurement function that can contribute at Board level. Given the efficiency challenge, the procurement prize will increasingly be around constructively challenging the business need and working with colleagues to design new service models, rather than transactional buying.

Appendix 2

Full protocol of the evaluation approach

- A small team (containing at least one of the final assessment panel and ideally two) will “sift” applications initially, to determine two points only:
 - Is further information required to be able to assess whether the application can be assessed – to contact applicant and obtain it. This would be particularly in the case of sector description and ability to be able to score against criteria. However onus is on applicant to get this right and poorly defined/ written applications unlikely to survive initial sift.
 - To make a “first cut” score against the criteria:
 - Criteria and weighting:
 - Efficiency (50 per cent)
 - Replicability (30 per cent)
 - Innovation (20 per cent).
 - From this process a shortlist will be produced of applications from each category. This shortlist to be selected on the basis of comparing the first-cut scores against the criteria and each other.
 - From the shortlist the final evaluation of applications will be made by the full panel. The LGA will assemble a panel to assess applicants against the criteria highlighted. The Panel may consist of [3] to [7] members with a chair who shall have the casting vote in the event of a tie.
 - This panel will benefit from sector-led moderation notably the LG National Advisory Group for Procurement.
 - Particular scrutiny in terms of the evaluation in light of the criteria weighting should be given to the following two issues:
 - The scale of savings and efficiencies to be sought. It would be expected that a clear but relatively simple financial presentation in spreadsheet/table format with supporting assumptions will be presented by the applicant.
 - An outline of the replicability expected of the initiative i.e. local, sub-nationally or nationally. A rationale that explains how replicability would be achievable should be presented here by the applicant.

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- A combination of these two will make for the most convincing bids; i.e. the most deserving applications will be able to credibly put forward propositions in qualifying categories that will produce meaningful efficiencies that can be replicated widely.
 - The panel will be asked to select up to [5] winners although the panel may decide to split the budget in a different proportion, but at least [2] awards will be made. A maximum of [2] awards will be made in any one of the identified five areas.
 - The evaluation process will be based solely on the application as provided (subject to clarifications needed). The decision of the Panel will be final, with no appeal.



Contact the Local Government Association

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We consider all requests on an individual basis.