

Society of Purchasing Officers (SOPO)  
Reports & Publications  
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## Effective Procurement for Best Value

**Intelligent strategic procurement is at the heart of Best Value and so it is important that Local Authorities address the effectiveness of their procurement.**

Various articles in Government Opportunities have described how Best Value is set to challenge all local government services and will radically change the way in which Local Authorities perform their duties. Best Value demands that the way in which services are provided is accountable, measurable and above all justifiable. The difficulty for local government is that it does differ from other parts of the public sector market. Local Authorities are independent political bodies who respond to their communities' needs in differing ways. The purchasing function is carried out using a variety of different methods, ranging from a strategic procurement role with the purchasing function being delegated to many staff within an Authority, to a totally centralised system being located within a specialist organisation. This centralised system can either be within the Authority or as part of a Consortium. There are many variations between these two extremes.

Last September, the Society of Purchasing Officers in Local Government published a document - Effective Procurement for Best Value - which attempted to give Local Authorities simple, practical ways to demonstrate effective procurement. At the same time, a survey was published which identified procurement issues for Local Authorities as a whole.

Despite the differences between Authorities and between local government and central government, the majority of issues faced by procurement professionals are common throughout the public sector, and indeed, a significant proportion are common with the private sector. The Society of Purchasing Officers (SOPO) has been developing links with HM Treasury (now OGC), DETR, the Local Government Association, the Improvement and Development Agency (I&DeA), the CBI, the Competitiveness Joint Committee (CJC), 4Ps and others to develop common issues in support of Local Authority procurement. Unfortunately, this agenda has not moved forward quickly enough for some. Good things are happening; CJC has more procurement practitioners supporting their work and the I&DeA has a Procurement Advisory Group developing support for local government as a whole. There has been much talk in procurement circles about a task force for local government procurement and an authoritative approach of this type would be welcomed by procurement professionals providing the outcomes to enable the achievement of individual Authorities' procurement strategies.

The majority of goods purchased by Local Authorities are reasonably well managed. Examples can always be found of poor practice but collaborative procurement has been around in local government for a very long time and 80% of Local Authorities are a member of a purchasing consortium. Half of the Local Authorities in England and Wales use other Authorities to carry out some of its purchasing and a similar number make use of central government contracts. Three-quarters of Local Authorities use framework agreements as an approach to supplier relationships insofar as it is permitted under the European Procurement Directives.

This analysis demonstrates that the purchasing of goods is generally well-managed by Local Authorities. The difficulties start to emerge on managing procurement at a strategic level. It has always been the case that individual professions seek to ring fence their own activity and prevent the involvement of other professionals for the fear of losing control. The Best Value regime brings to local government an opportunity for strategic procurement to buy services that meet the needs of the community.

Procurement staff in Local Authorities need to become enablers so that all departments and services within a Local Authority are able to carry out their own procurement of goods within an agreed framework. These can be from a single source (internal or external) or from a range of

'approved' suppliers. The challenge is then to develop the skills throughout the organisation to manage the supply chain to ensure continuous improvement. The professional procurement staff need to divert their attention to more strategic issues such as the procurement of services, works and construction which account for about 25% of Local Authority budgets. Best Value guidance requires Local Authorities to set a procurement strategy. This high-level document need not be too difficult to produce but a great deal of effort is needed to deliver the practical support for services to deliver the strategy. There is a significant training need for skills in project management, contract management and market development/awareness. Local Authorities not only need to make use of developed markets where they exist but also to develop new markets where they do not exist. The staggering fact is that almost half of Local Authorities spend less than £5,000 per year on procurement training although 83% employ qualified purchasing professionals.

Local Authorities need to become 'joined-up' within each Authority to enable a strategic approach, but also with other Authorities so that there is a more appropriate balance of power between those procuring services and those providing them. Models for this approach already exist. The Central Buying Consortium for example, is an alliance of seventeen Local Authorities who approach the market jointly for the procurement of goods and also for the procurement of some services. This has been possible through the continuous development of openness, honesty and trust in working relationships and by member Authorities taking on a share of the activity on behalf of others.

More and more strategic partnerships are being agreed between Local Authorities and the private sector but is local government missing an opportunity to manage the supply chain and achieve excellence in the delivery of services? Individual Authorities approaching the market place may well achieve Best Value for themselves but does it provide Best Value for local government as a whole? Locally accountable services are essential for meeting the needs of the community but procurement should be able to manage these needs in an effective way to deliver continuous improvement in services at the community level and innovation from the market at a strategic level. SOPo is trying to raise awareness of this agenda.

Those responsible for procurement in local government should be developing networks with their peers to ensure that information about the market place is exchanged and that they are able to develop best practice and continuous improvement for their own Authorities.

The Society of Purchasing Officers offers such a network and exciting new developments will be announced at its conference in October.

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The Society is organised on a regional basis to enable those in a particular area to join together and exchange good practice and provide learning opportunities.