CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of Meeting: 11 January 2007

Title: SHARED SERVICES PROCUREMENT

Report of: The Director of Corporate Services

Report reference: CORP69/06

Summary:

This report advises the Council on the progress made towards the development of a Cumbria wide shared service for the procurement of commodities. The business case proposes that the shared service be hosted, but not operated by Cumbria County Council on behalf of the partners. It also requires the Council to make a decision on whether to sign up to, or opt out of further development of the project.

Recommendations:

It is recommended that members sign up to be a partner in the development and delivery of the shared service and support and progress the project, subject to the following considerations;

i)   The service generates more savings than the investment required (this will be affected by (the number of authorities 'opting in' to the shared service and further investigations into the financial model to be used)

ii)   The cost of service is paid for by the savings generated.

Contact Officer: M Mark   **Ext:**   7353

To: The Chairman and Members of the   CORP69/06
        Corporate Resources Overview and Scrutiny Committee
        11 January 2007

        CUMBRIA SHARED SERVICE FOR PROCUREMENT OF COMMODITIES

1.0   Introduction

1.1 The Achieving Cumbria Excellence (ACE) programme 2006/07 identified that 'Shared
    Services' be investigated and subsequently the Cumbria Local Authorities Strategic Board
    (CLASB) identified that a business case be produced for 'Procurement' as a shared service
    (Attached as Appendix A).

1.2 This report advises the Council of the progress made towards the development of a
    Cumbria wide shared service for procurement of commodities. CLASB commissioned the
    business case for the project, which was completed by the Cumbria Procurement Initiative
    (CPI) in participation with each Council in Cumbria. A presentation of the business case
    was made to CLASB on 6th October 2006.

1.3 The Cumbria Procurement Initiative (CPI) met for the first time in May 2005 and exists to
    develop and improve procurement within the Cumbrian local authorities (Cumbria County
    Council, six District Councils, and Lake District National Park Authority).   The CPI is
    supported practically and financially by the North West Centre of Excellence (NWCE) and
    the Office for Government Commerce (OGC). The work of the CPI so far has already
    identified significant scope for savings both through better deals and the use of electronic
    processes.

1.4 The business case proposes that the shared service should be hosted, but not operated, by
    Cumbria County Council on behalf of the partners, with governance a key issue to ensure
    transparency and impartiality. It also requires Councils to make a decision on whether to
    formally sign up to, or opt out of further development and delivery of the project.

        In the interim stages of this project the Project Board has identified capacity for project
        management to be delivered through the Connected Cumbria Partnership (CCP) for both
        phases of the project, i.e. up to the December cut off point and from December until end
        March 2007.

As of 19th December 2006 Eden DC has decided to opt-out of further development. However, Allerdale, Barrow, Copeland, South Lakeland and the County Council have all confirmed their commitment to the shared service.

The LDNP is expected to take a similar report to their committee for decision prior to the 31st December.

1.5 There are two options for Carlisle City Council to consider;

1. Formally sign up to the Shared Service for procurement of commodities and to be a partner in the development and delivery of the project and to support and progress such a decision.

2. Formally opt-out of further development of Shared Service for the procurement of commodities

1.6 Carlisle City Council has recently produced a "shared services policy" whose strategic intent is to share services wherever this supports the delivery of corporate priorities.

1.7 The purpose of the policy is:

- To describe the City Council's approach to shared services
- to define roles and responsibilities within the authority for Shared Services
- to define the policy framework within which decisions can be taken about Shared Services
- to define the criteria that must be satisfied before any arrangements for Shared Services are entered into
- to define the governance arrangements within the City Council in relation to shared services

1.8 The delivery of shared services in partnership with other organisations has the potential to save money and improve quality. The decision about whether or not to share a service should always be based upon a sound business case that clearly demonstrates benefits to Carlisle City Council and the communities it serves that outweigh any costs incurred.

2.0   <u>Content</u>

2.1   Outline of the Business Case
        The shared service would be hosted (but not operated) by Cumbria County Council and
        would enable commodity goods and services procured by all authorities collaboratively
        to be available to purchasers within each authority. The target date set to go live with
        the service is 1st April 2007, with flexibility for authorities to subscribe to a greater or
        lesser range of commodities dependent on their requirements and contractual
        commitments.

        Commodity goods and services are those where there is a commonality of requirement
        across the partners, and procurement is relatively 'low risk'. These tend to be goods and
        services bought on a routine basis.

        The table below presents a view of how the service may look in terms of delivery;

To 'orderpoints' -Desktop icon 'purchasing service' -No more paper orders, all on line -No need to shop around -Preloaded with preferred suppliers -Get prices and quotes on-line -Offered prequalified alternatives for quotes and tenders	**To procurement professionals in each authority** -Frees time to concentrate on core business major contracts -Commodity spend is controlled -Getting the best of national, regional and local deals -Visibility of procurement activity
To governance and stakeholders: -Reassurance on value for money -Opportunity to set strategy and targets for procurement, including both social impact and savings -Regular reports on performance -taking advantage of deals done by others -Visibility of procurement activity	**To suppliers and potential suppliers:** -Consistent dealing with all local government in Cumbria -Lower costs -Greater awareness of opportunities -More competitive market

Scope of the service
Based on the collaborative spend analysis of suppliers undertaken by all Cumbrian authorities, it is estimated the potential 'addressable spend' is some £100 million.

Looking at the data collaboratively a significant amount of commonality exists between authority's suppliers, for Carlisle 50% of suppliers we used during Oct 04 - Oct 05 also supplied to at least one other Cumbrian authority.

The Shared Service project board has reviewed spend and category data to determine a more accurate figure based on the following 3 classifications: -

Category 1 – Definitely included in the shared service
Category 2 –Very attractive and potential for inclusion in the shared service in 12-18 mth

Category 3 – Definitely Excluded from shared service.

(A summary of these Suppliers is attached at Appendix B.)

Identifying existing commitments and contracts has also been a part of this exercise. Ultimately, it is anticipated the shared service will grow to include a wider range of 'commodity services' that would be included with the agreement of partners who wished to participate i.e. those procurements tendered on a more ad hoc basis.

The use of electronic systems to support the Shared Service

Delivery of the project is dependent on the partners progressing a collaborative 'Electronic Purchase Order Processing and Electronic Marketplace', which for Carlisle City Council requires some development of their existing electronic purchasing system (Civica) and installation of the IDeA marketplace. The IDeA Marketplace system was identified through a joint procurement exercise and each Council is progressing a business case for approval to implement the system within each authority.   The date of delivery and implementation of the 'e-marketplace' within each partner authority will have an impact on the level and speed in which savings for the Council can be accessed. The system will provide electronic access to the contracts let through the shared service and in some case use of the contracts will be enforced through the controls of the system.

The table below identifies a number of pros and cons to the shared service:

PROS	CONS
Commodity solutions delivered to user desk-top	Based on historic spend analysis data, (Oct 04 – Oct 05), level of potential savings therefore not 100% accurate.
Reduced maverick (off contract) spend	Actual costs will depend on number of partners and governance so may be higher.
Reduced duplication of tender exercises (both	Still require procurement resources within

internal and external)	partner authorities to monitor, control, etc.
Reduced numbers of suppliers per commodity area.	Goods/services will be more standardised and so will go against officers favoured supplies and suppliers
Increases capacity for internal procurement resources to focus on areas of strategic spend.	
Single pricing across the authority	
Economies of scale through combining purchasing power	
Consistent application of 'community benefits', sustainability and equalities across Cumbria	
Single point of contact for suppliers, and tendering (reduced costs etc)	
Potential for 'real-time' spend data (not historic) so can review and amend policies procedures more efficiently and effectively.	

2.2 Risks

The table below identifies risks associated with the project.

RISK	IMPACT	LIKELIHOOD	MANAGEMENT
County Unwilling to host	H	L	Ensure decision by end December. Identify an alternative host and/or review options for Districts only shared service
Numbers and assumptions in business case incorrect	M	L	Project board review data etc, confirm/amend ahead of December cut-off decision
Lack of resources available during implementation phase	H	M	Identify PM resource; demonstrate benefits to ensure allocation of resources
Resistance to using new service/identified suppliers	H	M	Good communication; Identify quick wins/recognisable benefits for users. Enforce use of contracts through electronic purchase ordering system and eMarketplace
Delays in E-Marketplace approval/implementation etc	H	M	Ensure significance understood, business case presented and adopted; resources available
Objections from suppliers	H	L	Good communications – engagement with Business community (locally & sub-regionally in particular)

Political Concerns – Government White Paper	H	M	Ensure business case is clearly understood and benefits accepted
Resistance to Change (culture)	M	M	Prepare joint communications strategy & timetable. Involve potential users/beneficiaries

2.3   Costs and savings

Development costs up to going live (1st April 2007) are split into 2 phases. Initial phase to December sign up/opt out – estimated as not more than £4,000 for the Council, which has already been secured.

Development costs from December 06 to March 07 are estimated at £75,000 [50% Cumbria County Council and 50% (£37,500) other participating organisations] depending on how many second tier authorities opt in (so if only 3 Districts were to pursue, that would require a further £12,500 per District to be found, or for 4 authorities £9,375 or for 5 authorities £7,500).

The Council is advised that a definite formula for sharing costs has not been confirmed and two models for contributions towards the shared service have been suggested for the operational costs from 1st April 2007. The model used is dependent on the number of authorities who opt-in to the shared service.

The first model, applying the CLASB formula for development costs identified above, (50% costs by CCC and 50% split amongst other partners) to the initial business case, reveals that over the 3 years a 'lump sum' share for Carlisle City Council would be no more than £25,000 per annum with an estimated benefit of £100,000 savings in first year, £175,000 in second year and £250,000 in third year. These assumptions were made in the original business case, which assumes the Council would be putting £5m worth of business through the shared service. A more detailed review of the commodity data may reveal this figure to be lower.

The second model for individual authorities contributions to be made could be based on the activity and use of the shared service – so the greater the use the greater the cost but also the greater the benefit. This seems to be the favoured option at present and will be an issue for the partners to determine before April 07 as a key element of the governance arrangements. Similarly as part of the governance arrangements it will be necessary to determine accountability mechanisms and not least the duration/review date of the shared service.

Further financial details are still required to assess which model will be most cost effective, it is agreed between all partners that the service will cost no more than the

return on investment to be gained. It is also anticipated that the contribution towards the shared service will be paid for from the savings made. As a minimum, it is expected that the benefit to cost ratio would have to be at least 2:1.

There are also a number of non-cashable efficiency savings that will be gained from the shared service. Non-cashable efficiency savings are notoriously difficult to estimate given the devolved nature of purchases; however it is felt these will come from activities such as;

- Reduction in administrative time by passing control of organising procurement arrangements to a central resource (benchmark figures suggest non-cashable efficiencies of £6000 for take up of an existing framework arrangement),
- Reduction in administrative time as staff will directly approach approved contracts (electronically) instead of researching suppliers and getting quotations.
- Reduction in administrative time by processing purchase orders electronically
- Reduction in administrative time gained through central management of suppliers and their electronic catalogue content (i.e. suppliers also deal with one central resource instead of each Council).
- Reduction in administrative time by processing supplier invoices electronically.
- Improvement in BV Performance Indicators.

2.4   Staffing
As the project is to provide a 'commodity based procurement service' there will continue to be a requirement for a Corporate Procurement Unit within the Council. This resource will co-ordinate and monitor delivery and use of the Shared Service; provide expert advice, assistance and support to officers undertaking other procurement exercises, plus continuing to provide capacity to drive corporate improvement and consistency including 'e-Procurement'.

3.0   Conclusions
3.1   The business case and benefits for a shared procurement service are clearly demonstrable. Dedicated project management resources have been identified for the project through Connected Cumbria Partnership and are in place.   The number of partners in the project has still to be confirmed and this impacts the potential costs both for development and in terms of the projects operation.

3.2   The Government white paper 'Strong Prosperous Communities' and the responses to it may influence the final outcome in terms of number of partners, duration etc regardless of the strength of the business case.

3.3   Other related documents;

- Minutes of CLASB meetings are available on request
- The Business Case for a Shared Procurement Service produced for CLASB is attached at Appendix A.

4.0   Recommendations

4.1   It is recommended that members sign up to be a partner in the development and delivery of the shared service and support and progress the project, subject to the following considerations;

      i)   The service generates more savings than the investment required (this will be affected by (the number of authorities 'opting in' to the shared service and further investigations into the financial model to be used)

      ii)   The cost of service is paid for by the savings generated.

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Cumbria Local Authorities Strategic Board
Connected Cumbria Partnership
Cumbria Procurement Initiative

Business Case for a Shared Procurement Service

1. Summary

The case for improving procurement across local government in Cumbria is strong, and the scope to do so can be readily identified. This business case examines options for a shared procurement service as a means of achieving this improvement.

2. Context

2.1 In October 2003 ODPM launched the National Procurement Strategy for Local Government. This recognised the importance of effective procurement of goods and services in contributing to the delivery of services to the public, both in terms of cost and quality. It had a particular focus on the need to raise the standard and efficiency of procurement in local government, and to work together to share best practice and increase purchasing power. Professionally qualified procurement staff are however still scarce in much of local government.

2.2 The 2004 Gershon Review echoed these themes in its overall case that there were efficiencies of at least 2.5% year on year which could be obtained by local government without compromising the standards of service to the public. The Gershon Review had a particular emphasis on procurement and the scope for efficiency through 'shared services' generally. The idea of a shared procurement service therefore scores a double hit.

2.3 Shared procurement services are under development in many other areas (eg Derbyshire which has a two tier structure) and in the NHS (where Cumbria and Lancashire are developing a procurement 'hub').

2.4 The Cumbria Local Authorities Strategic Board (CLASB) has commissioned this Business Case for a procurement shared service.

2.5 This is a timely development if it can be used as an opportunity to position Cumbria to take advantage of new national and regional deals being developed as another arm of the Gershon work, whilst creating a sufficiently significant procurement unit to keep control of its distinctively Cumbrian destiny.

2.6 This is especially important when we recognise some of the challenges facing the Cumbrian subregional economy and the potential impact of changes in the spending pattern of local government.

2.7 Both the Office of Government Commerce and the NW Centre of Excellence are supporting the procurement work in Cumbria financially and practically.

2.8 To date this support has enabled the formation of an informal collaboration (the Cumbria Procurement Initiative) which has already identified significant scope for savings both through better deals and through the use of electronic processes. The baseline for this business case takes this into account, along with improvements already identified in individual councils.

3. Assumptions and Constraints

3.1 Procurement is defined as the total process of acquisition which starts with the identification of a need and goes through many stages ending with the conclusion of a service or the disposal of an asset.

3.2 Experience in Cumbria and elsewhere indicates that good procurement in an organisation involves much more than the quality of the officially recognised procurement team and the deals that they do. Indeed it is arguable that 'doing the deals' is the easy bit. The information about the selected suppliers and their products has to be easily and simply available for everyone to use, otherwise the deals are useless. There have to be controls in place to enforce compliance with agreed procurement policies. Such factors have an important bearing on the risks to *this* business case and to a proper understanding of the costs and commitments which need to be factored in to create an effective shared solution.

3.3 This business case will take into account the costs of providing an 'intelligent client' function in each participating authority. This assumes that there will be a continuing requirement for each authority to retain a corporate capacity to ensure that its procurement arrangements are fit for purpose; this will also relate to the creation of an effective and sufficiently resourced governance for the service.

3.4 As there is no concurrent examination of shared financial systems and services across Cumbria we have assumed that the actual processing, receipting, payment, accounting and auditing processes will remain the separate responsibility of each participating authority.

3.5 Electronic Procurement projects are already underway (discussed below) and these should continue where there is a good case in parallel and complementary to the establishment of a shared service.

3.6 We have also assumed that despite local capacity issues the creation of a shared service will lead to NO overall increase in procurement staff costs in Cumbria overall (the possibility of reduction is discussed below)
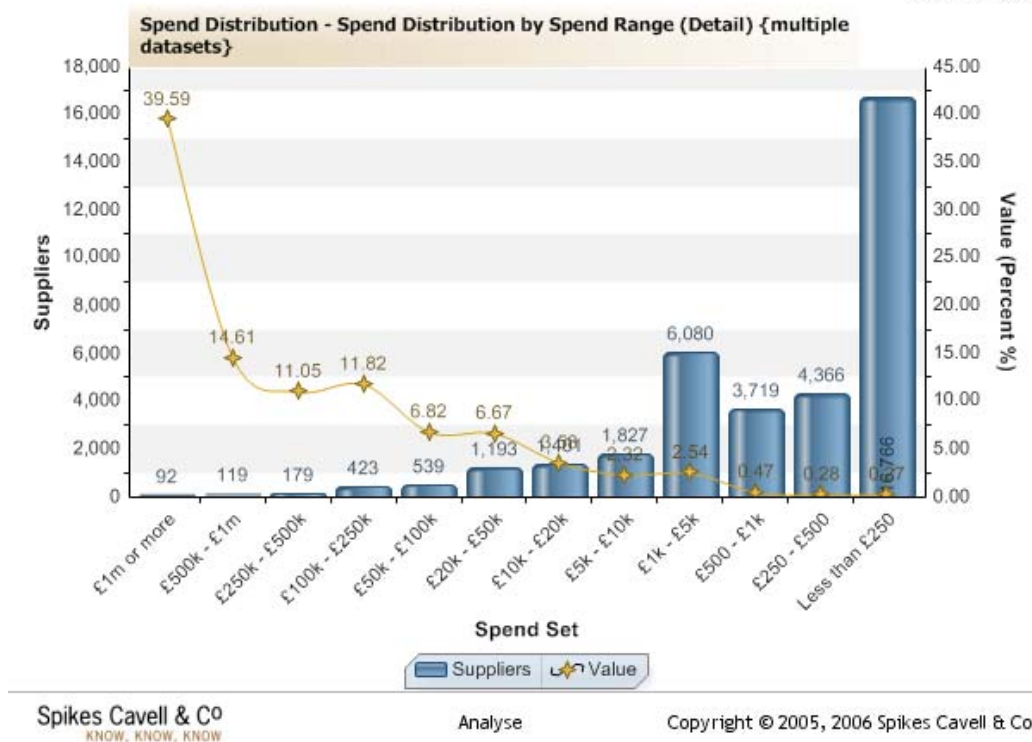
4. Current Status of Procurement in Cumbria

4.1 At present each authority in Cumbria is wholly responsible for its own procurement activity. Some make use of arrangements put in place by other organisations (eg Copeland use of Cumbria Supplies, Cumbria Supplies in turn use Hertfordshire CC services, Carlisle City use the North East Purchasing Organisation NEPO, and several authorities use OGCbuying solutions' national contracts). This is mainly through use of so-called Framework Agreements, a key tool for collaborative procurement, which allow many organisations to 'call-off' their requirements from an arrangement which is already compliant with EU regulations and which has been competitively tendered to provide reassurance on value for money.

4.2 One of the initial pieces of work conducted through the Cumbria Procurement Initiative has been a comprehensive spend/supplier analysis. The figures shown include the Lake District National Park Authority as well as that of full members of CLASB.

4.3 The initial high level views run through a process of deduplicating the raw data, removing any detail on the 'tail' of suppliers with whom less than £1000 was spent and checking the remainder against standard databases to establish common classifications in terms of their type of business and postal address. In this process 'non-trade' transactions eg those between one authority and another are excluded.
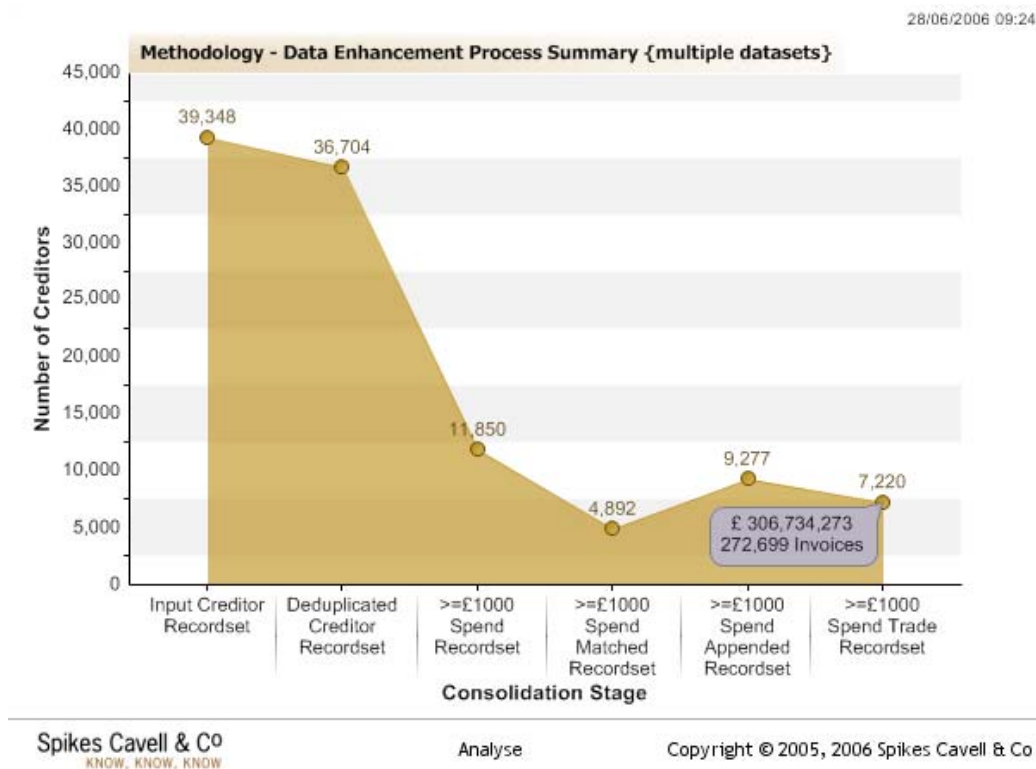
4.4 This shows us that across Cumbria spend there were about 26,000 'suppliers' to whom we paid less than £1000; the analysis leaves us with almost 8,000 genuine trade suppliers with whom we spent over £1000 and with whom business totalled about £300m.

Spend Distribution - Spend Distribution by Spend Range (Detail) {multiple datasets}

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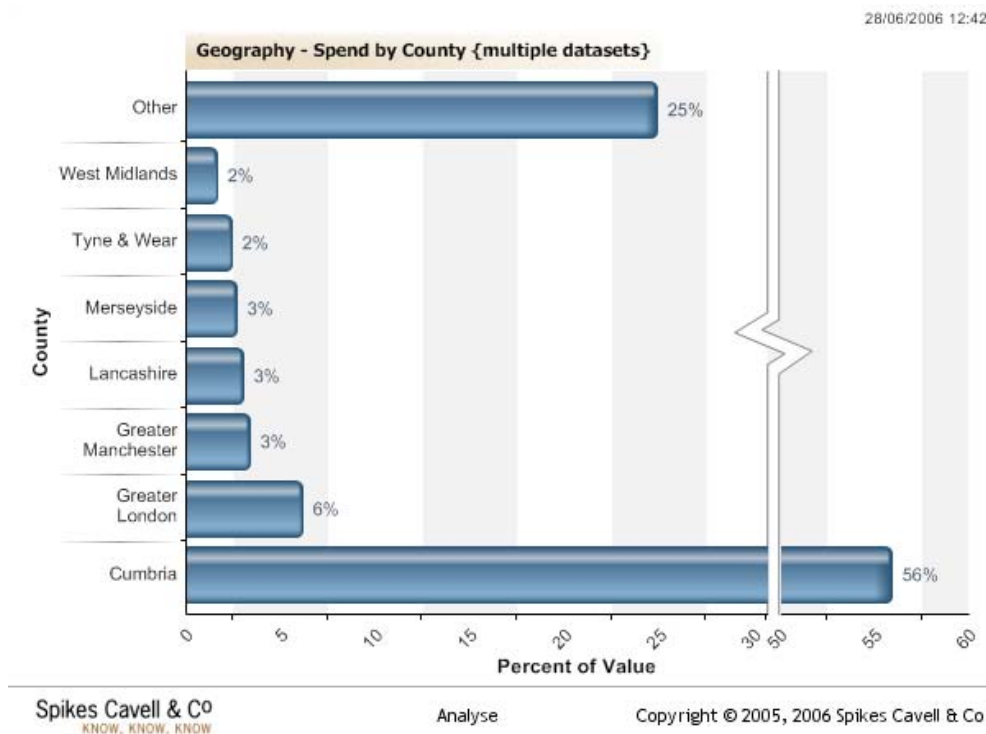Copyright © 2005, 2006 Spikes Cavell & Co

4.5 Looking at this picture in a slightly different way shows
- 40% of spend is with 96 top suppliers, each taking >£1m of business (this will be skewed towards construction)
- 77% is with the top 868, each taking over £100k of business
- 0.25% of the total value is with the bottom 17,500 'suppliers' receiving less than £250 of business each

4.6 One of the big procurement challenges is to ensure that resource is focused on managing the significant spends rather than processing the insignificant.

4.7 In terms of where the money is spent geographically, we find that the existing pattern is strongly biased towards local spend (with suppliers using invoice addresses within Cumbria).

Geography - Spend by County {multiple datasets}

County	Percent of Value
Other	25%
West Midlands	2%
Tyne & Wear	2%
Merseyside	3%
Lancashire	3%
Greater Manchester	3%
Greater London	6%
Cumbria	56%

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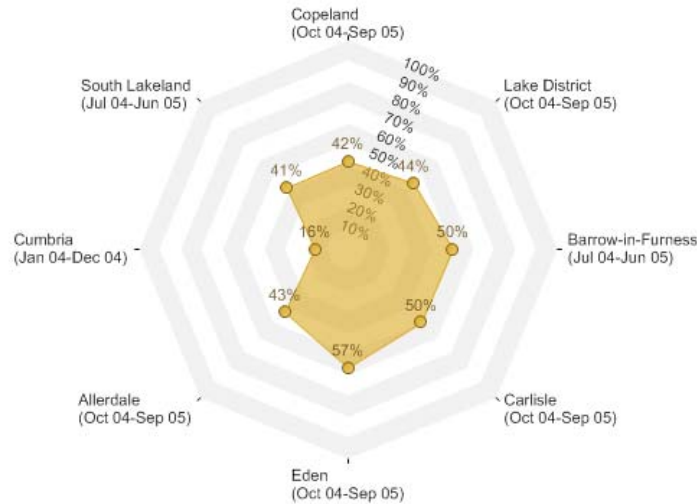
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4.8 We are assuming that this overall pattern of local spend should be at the very least maintained by any new shared service, although this is discussed in more detail below.

4.9 Finally, an important feature which argues strongly for a shared service, is the commonality of suppliers between authorities. Whether or not suppliers are local, we should ensure that we are not subject to a 'divide and rule' policy; equally we should make it easy for these suppliers to deal with us collectively especially as we move to encouraging adoption of electronic alternatives to trade with us. We believe business would welcome a common 'face' local government procurement and standardised forms and procedures.

Methodology - Common Supplier Distribution (Selected Datasets) {multiple datasets}
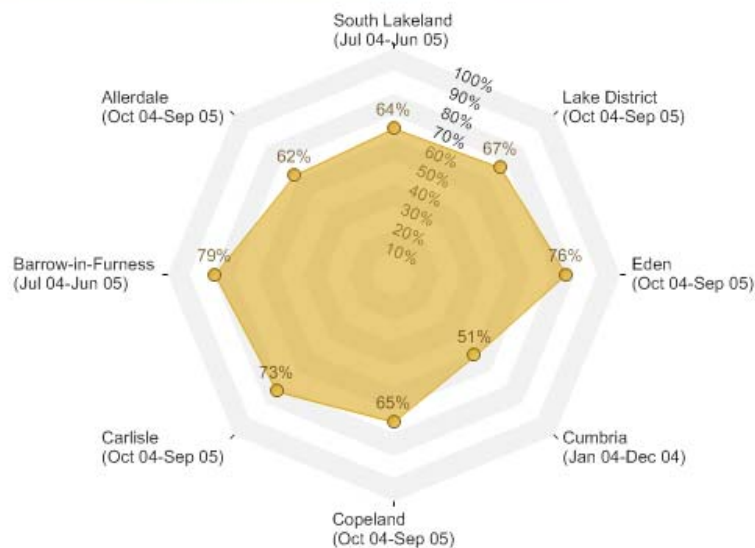

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4.10 This picture tells us that for example 50% of suppliers to Barrow also supply at least one other authority in Cumbria. The relatively low figure for the County reflects different services provided and rises to 46% when compared with the whole database which has other county councils and unitaries included. This is shown in the next diagram. This also shows an even more striking pictures for districts, for example Eden shares 76% of its suppliers with at least one other local government authority in the UK.

Methodology - Common Supplier Distribution (Whole Observatory) {multiple datasets}

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4.11 What resources are currently involved in handling this traffic? The following table gives a good picture but should be treated with some caution as the categories do not 'fit' precisely, especially in terms of the County Council operation .

	County	SLDC	Eden	Carlisle	Allerdale	Copeland	*Barrow (est)*	LDNPA	Total
Total FTEs in Procurement	26	7.39	6.1	14	10	10	*6*	7	86.49
- purchasing (POs etc)	9.5	1.49	1	5	3	3		2	34.5
- invoice management	2.5	2.08	2	4	4	4		3	23.58
- contract management	6	2.26	3	3	2	2		1	20.26
- other	8	1.56	0.1	2	1	1		1	14.66
Total cost est. (staff, excludes premises etc)	£700k	£215k	£170k	£392k	£300k	£300k	*£170k*	£210k	£1551.5k

4.12 This does of course exclude the time spent by individuals actually placing orders where they have delegated authority, and the processing of requisitions through the budget holders. Purchasing is decentralised in all councils, for example in Carlisle City there are 28 purchasing points over 5 Directorates. Although a good electronically delivered service will offer considerable (non cashable) savings these may be hard to capture and have not been included in this case.

4.13 As a final piece of scene setting, the number of transactions and suppliers broken down by Authority is as follows:

	Approximate annual spend £m (not all 'trade' spend, see above)	Number of suppliers (note, not all are 'trade' suppliers, see above)	Number of invoices
Allerdale	25	4973	13995
Barrow	29	1258	12400
Carlisle	22	2394	18623
Copeland	17	3326	14545
County	428	21148	343669
Eden	12	1191	5446
LDNPA	3.5	852	5510
South Lakeland	18	1562	13469

4.14 The picture based on the above and on the experience of the project team is one of

- a significant procurement activity
- biased towards transactional process costs in terms of use of resource
- under capacity for change and professional impact, especially in districts
- a largely shared supplier base (within Cumbria and with public authorities elsewhere)
- strong local bias in terms of suppliers
- decentralisation and 'control' issues within individual authorities

5. Scope for Saving and Improvement – the 'top down' view

5.1 Looking first at cashable price savings - as a very general rule, but based on considerable experience in the project team and borne out by the work done through CPI so far, there will be at least a 5% variation in prices paid for the same goods or services, often from the same supplier, between the authorities in Cumbria. In this case simply moving everyone to the best of what is currently available achieves results. The initial work we carried out on selected commodity areas identified over £2m savings at the first pass.

5.2 National benchmarking indicates that most public sector organisations lose 5-10% to 'maverick spend' in those areas where negotiated agreements are in place (and may even be declared 'mandatory'.)

5.3 To back up this view, initial benchmarking on commodity goods through the North West Regional Centre of Excellence suggests that North West councils generally are paying above the national average, and that Cumbria is not doing particularly well within that. Add to this the potential of aggregating spend and therefore creating greater purchasing power both within Cumbria and by latching on the some of the excellent national and regional deals now available. Additionally there is overwhelming evidence from national benchmarking and from electronic auctions that in some areas savings of over 30% on price have been possible even for large Government Departments which were already considered to be 'good buyers'. Over the next three years it would be reasonable to look for savings equivalent to 10% on procurement spend, allowing for existing contracts to run their course.

5.4 This can be a hard message to accept, as everyone likes to think they are already getting a bargain. However the business case for a shared procurement service – or indeed any programme to improve procurement – will only stand up if there is an acceptance that such improvements are possible.

5.5 Those areas where we have looked at improving the procurement process also show considerable promise although the savings here are not necessarily cashable.

6. Current Progress with Electronic Procurement

6.1 As mentioned above, 'electronic procurement' is critical to the overall modernisation of procurement, and consistency in approach to e-procurement will underpin the successful delivery of a shared procurement service.

6.2 Essentially electronic procurement allows:
- easy access to existing frameworks and 'deals'
- effective sharing and promulgation of 'new' deals
- the ability to control which deals/suppliers are 'available' for staff to use
- real time management information
- streamlined tendering and quotation processes
- better access to opportunities for suppliers
- genuine 'opening' of the market to competition rather than getting quotes from the same suppliers every time
- reduced process costs
- encouragement to suppliers to trade electronically which will open new opportunities to local suppliers and help the local economy

6.3 Fortunately, there is already a high degree of coherence in the developing position in Cumbria, and most authorities are able to make a case for investment in e-procurement on a stand-alone basis.

6.4 Cases where individual authorities may incur some additional costs to allow participation in a shared service (eg where their individual investment case on a stand alone basis is marginal or where they have already made commitments and modifications are now needed, or where they would otherwise postpone investment) have for the purposes of this case been 'lumped together' as an additional cost for shared service achievement; how this cost is to be allocated is an implementation issue.

7. Discussion of Options and How the Case for a Shared Service can be Built

7.1 There are a number of variables, largely independent of each other, in defining what this business case should be about. The variables are: scope of procurements covered, what activities in the procurement cycle are performed by the service and the various delivery models. In truth there are over two hundred possible variations on the theme and it is unrealistic and unnecessary to consider all of these separately.

7.2 The approach taken is to look first at those which define the service itself and consider the balance of service requirements and resource which would give the greatest value 'in an ideal world'.

7.3 A second phase then considers the options for implementing such a service and compares alternative solutions.

7.4 The key considerations for the first phase are scope (what is procured), extent of service (is this just about making deals or about 'delivering them to the desktop'), in what areas should policies and targets be set, what is the scope for saving and achieving other benefits and what resource would be needed?

7.5 In assessing potential benefits, we have taken a view that the baseline is what is happening already, therefore shared service is about doing more, more quickly.

7.6 The key considerations for the second phase are, what form of organisation is appropriate, what governance would be needed, where would the people sit, what are the IT implications, how will the organisation be funded, and what is its initial life (will it be sustainable)? How far do the various practical options degrade the solution from the 'ideal world' and at what cost/loss of benefit?

7.7 This case does not attempt to solve all the HR and other issues, but is limited to assessing their potential difficulty/risk.

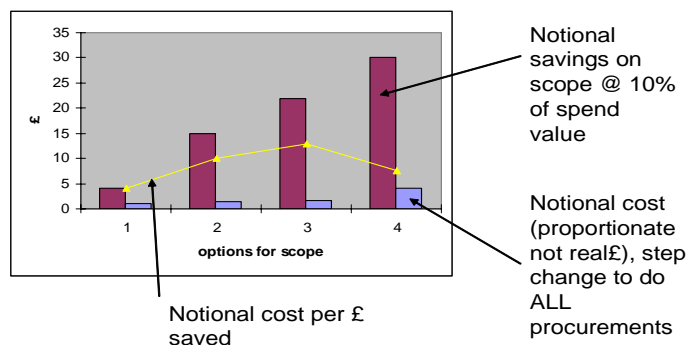## 8. The Ideal solution - Scope of Procurement

8.1 Clearly the actual work programme setting out what a shared service would tackle will be agreed through its business plan and approved through its governance mechanism. However to get a feel for the spend that a shared service might possible address (and thereby the scope for savings), the project team considered four scenarios.

Definition of scope	Estimated total value within this scope	Pros	Cons
A narrow definition of commodity goods ie the obvious things, stationery, paper, IT consumables	£40m	Easy to recognise common interest. Goods easier to do collaboratively than services as no complications of site conditions etc	Small and unambitious. Mainly covered by national agreements little scope long term for a distinctive Cumbrian input
A wider definition of commodity goods including for example vehicles, some software and after sales service elements	£150m	As above Starts to tackle some higher values, potentially more benefits	Still avoids some major areas of spend where others have proven savings can be made. Higher values may make it harder for internal customers to 'let go'

As above but with the inclusion of 'commodity services' eg some building, maintenance on site, consultancy, some professional services and provision of temporary labour	£220m	Some low hanging fruit in this category it would be a pity to ignore. Plenty of examples of common approaches to services elsewhere	Potentially more complicated contractually because of site conditions etc
All procurements	£300m plus	A 'neat' solution Allows the best chance of using limited professional resource effectively on the most important contracts	Removes responsibility for major contracts around core business too far from each authority Potential arguments over priorities could be a real issue

8.2 We did not feel able to produce accurate costed options of each of the above, but recognised that a move to option 4, all procurements covered, would imply the creation of a much larger team with a wide range of skills, whereas the other three options are scaled by the volume of work rather than particular expertise. With the highly electronic delivery mechanism we anticipate, volume does not of itself generate proportionate increase in staffing. It could still be that option 4 is the more cost-effective overall than the status quo (as the expertise is at present often supplied by consultants on a project-specific basis). It could also be that for higher value and more specialised procurements the scope for saving is more than 10% and that savings may be more subtle (improved value) than the simplistic 10% used for commodities.

Illustration of likely relationship between scope for savings and cost of delivery

Notional savings on scope @ 10% of spend value

Notional cost (proportionate not real£), step change to do ALL procurements

Notional cost per £ saved

8.3 The conclusion of the Project team was that the option of all procurements would be a 'step too far' for an unproven service, and that the scope for benefit and savings would be substantial without taking this final step. This option would add considerable risk to the undertaking. However we recognise that there is potential almost immediately for individual authorities to negotiate a greater scope of service from the shared team (and to pay accordingly) and that this might make good use of overall professional resource.

8.4 The scope should include services in principle as there is good evidence that there are substantial savings to be made.

8.5 However for the purposes of this plan we need to be realistic that some areas will prove too fragmented to tackle and that a sensible estimate of the 'addressable spend' for a shared service **is probably about £100m.**

8.6 Depending on the final decision about which goods and service categories are 'in' or 'out' and more detailed analysis of the spend data, the likely split of spend between the authorities will be:

Authority	Lower estimate of % split	Higher estimate of % split
LDNPA	1	1.5
South Lakeland	5	6
Allerdale	4.5	8
Barrow	7	10
Carlisle City	4	6.5
Copeland	4	5
Eden	2	5
Cumbria County	59.5	71

These figures are important as savings and, we assume, contributions to cost, would follow the same pattern.

9. Ideal Scope of Service

9.1 The Project Team considered a 'long list' of possible activities forming part of the procurement cycle and categorised three levels of scope.

Definitely to be Included 'Box 1'	• An overall strategy • Placing frameworks for member authorities to use • Identifying existing frameworks, promulgating those already good value • Manage catalogues/marketplace content • Collaborative procurements (not necessarily frameworks) • Contract management and problem-solving for

	frameworks
	• Benchmarking and provision of management information
Very Attractive 'Box 2'	• E-tendering and sourcing service • Pre-qualified supplier list for non-framework areas • Deal with expressions of interest • Advertise opportunities, manage a 'supplier portal'
Definitely not included 'Box 3'	• Process orders from requisitions • Individual authority high value procurements • Project managing shared implementations

9.2 These also form natural groups of activity in that for example most of the items on the lists in Box 1 are interdependent, the same goes for Box 2. In terms of electronic procurement, for the effective implementation of Box 1 all participating authorities need to have access to the same Marketplace. For effective implementation of Box 2 they need to have access to the same e-sourcing/supplier management system.

9.3 Our conclusion is that the service should include the activities in boxes 1 and 2. It is worth noting that the balance of work is as much about identifying good deals to use as in setting up new arrangements. Effective administration, communication and presentation of deals will be as important as doing the deals themselves, and to talk of a 'procurement' shared service is almost a misnomer.

10. What is the Scope for Saving on this spend?

10.1 As a very broad assumption therefore from the 'top down' discussion earlier, Cumbrian authorities should be looking for £10m savings on the £100m covered by the potential shared service.

10.2 However some of this benefit could be achieved without a shared service by authorities acting independently. As an example, individual authorities are currently improving their procurement performance, and making their cases for investment in electronic procurement, in particular a Marketplace, which will allow them access to at least part of these savings on an individual basis.

10.3 The fact that we have these separate cases does nevertheless give us a robust basis for determining 'bottom up' one aspect of the benefits of a shared service *per se*. Currently the **total NPV of these cases for all authorities is estimated at about £ 250k over a three year lifetime** calculated from a simple addition of the existing cases**.**

10.4 This figure is derived from, on the benefit side
(i) price savings on a range of goods achieved by that council acting alone
(ii) factored for the time taken to research these from the marketplace (ie dependent

on that council's own resource)
(iii) factored for the likely 'take up' of the approved deals in the authority in question

10.5 No assumption is made about savings of staff costs from an electronic process. If the council has parallel procurement improvements planned they are also likely to feature as a benefit in the case as only with effective roll out through an electronic system will the improvement benefits actually be controlled and realised.

10.6 On the cost side is, already included in calculating the NPV
(i) software including interfaces with FMS
(ii) supplier adoption
(iii) project management of implementation and training

10.7 The business case for a shared service depends on improving the NPV by
      - delivering the benefits more quickly
      - achieving greater take up more rapidly
      - delivering better deals than a council can do on its own through greater
        purchasing power
      - covering a wider range of good and services than the current case envisages.

10.8 Allowance has been made for the fact that, in the case of the County Council the acceleration of benefits is proportionately less than for smaller authorities (as realistically the addition of district resource and spending power will not make that much difference to what the County could achieve anyway).

11. In summary:

Costs included in stand alone cases with approval (not part of this case)	£ 150 000
Additional Costs to bring in all to the same marketplace	£ 50,000
NPV from existing cases	£ 250 000
NPV from shared service implementation across all	£ 1,000,000
Net Increase in NPV from Shared Service	£700,000

11.1 This all covers cashable savings and largely relates to the Box 1 set of activities for the service.

11.2 Similar calculations could be made for any other 'procurement improvement' activity in which authorities might invest….there will be a cost and a saving on an individual basis, and a greater or quicker saving from treating the cost as part of a wider resource so that benefits can be shared. Each authority, in looking at the case for a shared service, will need to form its own judgement on the investment that would be needed to achieve the available 10% on an individual basis compared with the pro-rata subscription to a shared activity. Bearing in mind the capacity issues, it is unlikely that most districts could approach the potential savings speedily on an individual basis. (There is also a consideration that for smaller spending authorities their own purchasing power may mean that 10% is over ambitious).

11.3 The assumption for this case is that Districts could attribute half of potential savings to shared service per se, and the County 20%. So for the County, with say 65% of the £10m, would attribute £1.3m to the shared service, a typical district with 5% (£500k to save) would attribute £250k to the shared service.

11.4 Similarly each authority will need to consider what it might save in non-cashable or staff time terms from passing the work to a shared provider. These are notoriously difficult to assess, especially as noted above where procurement activity is dispersed. There are some benchmark figures available for non cashable savings for using existing frameworks £6000 on first take up (rather than doing your own), and again when the framework is renewed (by others) up to £12,500 if a particularly complex area is covered. Of course this would need to be cross checked in individual authorities against 'reality' of staff time saved and appearance as a 'real' efficiency elsewhere, however each district would expect two or three at least of these a year, say £20k.

11.5 Non-cashable savings would also be expected to arise from, for example avoiding repeated RFQs by agreeing a standard price, benchmarked at £280 an occurrence. We would expect the Box 2 of shared activities, around e-sourcing and RFQs to generate many tens of such cases each year, for a district say an additional 20 x £280 = £5,600 pa

11.6 There will also be savings arising from Box 2 around e-tendering pa, sourcing and managing the supplier interface. These are likely to be largely non-cashable and in some cases represent increase in quality/quantity for the same input. These are in any case better treated as scope for future efficiency of the shared service itself, although authorities will wish to consider what savings they will make from not carrying out many of these functions themselves in future.

11.7 The estimated cost (after approaches to market) for the hosted software and implementation for these facilities is well under £ 50k for all Cumbrian authorities combined plus annual charge of £15k, therefore cost over three years £95k. However the County are probably going to make their own case to invest in this and the additional cost of a service available to the districts will probably amount to less than £5k each.

11.8 To get a feel for the savings, the benchmark data suggests a £1000 non cashable saving can be claimed per advertised tender if all done electronically. The County tenders will be included in their own case, but districts can take this as part of the payback on their estimated £5k contribution.

12. Policies and Targets

12.1 The project team also considered a number of features of the service, and

although we recognise that these would need to be determined finally in the implementation phase we believe it is helpful to spell them out here to show that the business case has many attractions in terms of soft features and achievability as well as hard numbers.

12.2 Governance should:
- represent everyone (very important)
- determine and implement a fair charging mechanism, or share of costs (financial model) especially if not everyone is involved in everything
- have the ability to resolve disputes
- be accountable to CLASB for delivery of benefits
- approve plan, set targets, monitor performance
- prevent 'drift'
- be open and transparent
- relate to Corporate Governance
- include a strong link back into own authorities so that decisions 'stick', champion/enforcer/mentor

12.3 The service itself should be:
- accountable
- easy to use, accessible, responsive, idiot-proof
- able to track savings
- objective and impartial (and therefore maybe not self-funding)
- financially viable
- demonstrably adding value
- customer/outcome focussed
- electronic
- professional
- supporting the local economy
- but outward looking beyond Cumbria
- supporting sustainability

12.4 Appropriate areas for formal Targets would be:

- Use of electronic tools
- Meeting NPS and eGov targets
- savings (cashable)
- quality/value (non cashable)
- support for annual efficiency statements
- Benefit to Local economy (related to community Benefit plans)
- sustainability
- other Procurement PIs (identified eg by IDeA)
    - control/reduction of unit's own running costs and therefore charges

12.5 A schedule of targets might look like:

	2007/8	2008/9	2009/10
Cashable savings	**£4m**	**£7m**	**£10m**
Non cashable savings	**£0.5m**	**£0.75m**	**£1m**
Proportion spent locally	**50%**	**53%**	**58%**

12.6 The project group felt that 'governance' should be light touch – it should be about setting targets and monitoring progress, not overseeing individual decisions. We envisage a group meeting about twice a year only.

12.7 CLASB may wish to review progress at a strategic level after 18-24 months to reconsider the scope of the service in the light of the proportion of 'Cumbria Spend' which is being handled on a shared basis.

13. What resource would be needed to deliver this (and what would it cost)?

13.1 We have obtained information from the North east Purchasing Organisation (NEPO) which offers a service to 12 full member and 13 associate (district) authorities. They reckon to employ 14 FTEs running 92 contracts (although this is due to reduce to 42 contracts). It is worth noting that the NEPO organisation is considered over resourced by some NEPO members. The NEPO offer is not exactly comparable to our ideas, however as they run mostly their own frameworks whereas we would expect to 'piggy back' on others (including possibly NEPO).

 13.2   A suggested staffing for the new organisation would be something like this (in practice individuals would cover more than one aspect of the work):

1	**FTE Manager**
2	**FTEs managing Cumbria-specific frameworks, say 10 good quality contracts per person including contract management and trouble shooting, includes 0.5 FTE contributing to 'North West' frameworks from which Cumbria will benefit.**
1	**FTE acting as 'customer' for national and Consortia deals and benchmarking, demonstrating vfm**
2	**FTEs prequalifying suppliers and running the e-sourcing service**
1	**FTE dealing with communication within Cumbria, customer liaison**

13.3 This totals 7 individuals with an average staff cost perhaps a little higher than the average at present say total £250k, assuming total cost is about twice this,

the cost of the unit would be about £500k. Note again that this is not new resource for Cumbria but collected from what we already have.

13.4 There may separately be scope for councils to share procurement resource for the work they 'keep' eg major non-commodity procurements or as mentioned at 8.3 to extend the scope of the service they take individually from the shared arrangements.

14. What will the new service 'look like' in delivery terms?

To 'orderpoints' -Desktop icon 'purchasing service' -No more paper orders, all on line -No need to shop around -Preloaded with preferred suppliers -Get prices and quotes on-line -Offered prequalified alternatives for quotes and tenders	**To procurement professionals in each authority** -Frees time to concentrate on core business major contracts -Commodity spend is controlled -Getting the best of national, regional and local deals -Visibility of procurement activity
To governance and stakeholders: -Reassurance on value for money -Opportunity to set strategy and targets for procurement, including both social impact and savings -Regular reports on performance -taking advantage of deals done by others -Visibility of procurement activity	**To suppliers and potential suppliers:** -Consistent dealing with all local government in Cumbria -Lower costs -Greater awareness of opportunities -More competitive market

In summary the user should receive a 'one stop shop' on their desktop for straightforward purchasing of goods and services.

15. Options for implementation

15.1 The project team structured this discussion around some generic options suggested by the 4Ps in various workshops which have been run in Cumbria to consider shared services, these are:

- do nothing
- informal collaboration
- joint outsource
- all contract with one authority to provide
- shared service hosted by one authority
- create a new entity

15.2 For each option we have considered six key headings:

(i) Match against ideal service
(ii) likelihood of delivering benefits
(iii) Implementation issues including set up costs, legal issues, HR issues
(iv) Risk
(v) long term sustainability
(vi) cost

	Likely to deliver 'ideal' service?	Delivery of benefits?	Implementation issues?	risk	Long term sustainability?	cost	Summary of pros	Summary of cons
Do nothing ie unresourced informal collaboration	No, at least not for districts and LDNPA. County can probably 'look after itself'	Poor. Less benefit than CPI delivers now.	None!	High risk for at least districts of not achieving Gershon targets	Not really. There is external pressure to collaborate more formally and move from the status quo	As now	Low effort	
Informal collaboration with some jointly funded resource (eg one person)	The minimum that is needed to even move towards the ideal	Poor. Still dependent on the capacity of individual authorities to deliver internal change	easy	Risk less than above of not achieving targets but still significant	Does not really solve capacity issue. Danger of 'mission creep', the individual becomes a small department with no greater value added	Relatively low	Easy to do, low cost, some benefits. Allows each authority to follow own path	Does not address capacity in districts
Joint outsource (eg to a purchasing consortium or private sector)	Could work either through private sector (Liberata, BT, Capita) or public sector eg NEPO	Could be good if manage to 'sell' internally to users. Possibly innovation and greater aggregation	Difficult, long lead time, could fall at the last hurdle. TUPE, potential redundancy costs, still need to keep some internal capacity to manage supplier	High risk of failure May be politically unacceptable	Tackle through well constructed evaluation criteria, 5-7 year contract	Likely to be high, plus set up costs	Risk transfer. Innovation, knowledge sharing	Money might be going out of Cumbria. Market doesn't look good (potential suppliers rated low)
All purchase from one authority on a contractual basis	ALL current operations would either need to grow or change or both to deliver, especially re customer focus	Difficulties of communication within client authorities may limit effectiveness. Some may 'choose' not to use	Quite difficult. Host authority staff may be tempted to think it's 'no change' Needs commitment to continuous improvement	Could become very focused on contractual process, possibly adversarial. Clients can buy through this route but do not choose to	If well done, stable and robust. Danger of 'petering out' as individual authorities opt out of various elements either formally or informally.	Low for clients, could provide host with 'offset' against existing costs	Clear, well understood	Worries about favouring hosts local suppliers

Shared service (hosted by one authority)	Potentially good	More likely than others to deliver benefits as generates 'buy-in' and ongoing involvement in decision making	Not entirely straightforward eg need to audit all current contractual arrangements, some cultural issues, costs if some staff transfer or are seconded to the shared service, need to set up governance	Potentially unwieldy, leading to poor/fudged decisions. Danger of governance focusing on process not strategic outcomes.	Has advantages especially if flexible on benefit sharing. Generally flexible model, could extend in future	No greater than now in total, probably less	Nearest to our stated 'ideal'	Joint governance unwieldy Care needed to ensure finances are ring-fence by host and transparent
Create a new entity (eg SPV)	Goes beyond what we envisaged	good	Long lead time, terms and conditions of staff start from scratch for new body, new policies and procedures, legal issues around vires to create such a trading body	High, it could just not work	Large number of possible outcomes. A trading body has to land 'on a sixpence' generating enough income but not too much	High running costs if own all its own overhead activities	Might be an ambition for the future	Too difficult for now

15.3 As with the options for scope, we did not feel that we had sufficient cost or benefit data to produce an accurate cost benefit options appraisal. We have however attempted to quantify on a comparative basis the performance of the six models. Given the uncertainties in the outsourced model we have used both a best and worst scenario in this case.
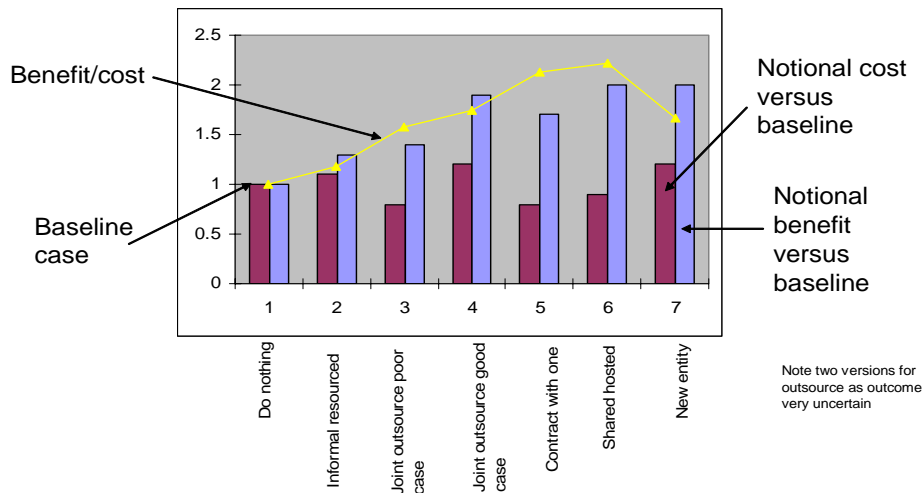
16. Conclusion on Service model

16.1 The conclusion of the project team was that the best fit between possible models and our ideal service would be a shared service hosted by one authority, and that this would be relatively east to implement. There was a general recognition that the realistic option would be the County to act as host but this is not central to this business case and is not logically necessary.

16.2 The team felt that there were attractions in the idea of a 'contract' between provider and Clients and thought that a formal document which spelt out the service levels to be provided and costs would be helpful. The solution could therefore include some aspects of the 'outsource to one authority' model.

16.3 The team also felt that if the business case for a full shared service were rejected CLASB should nevertheless pursue the path of employing even one individual as a shared resource to continue CPI in its current format.

Issues for service model chosen:

17. Charging

17.1 There is an expectation that charging should be proportionate to spend/savings. On the basis of the figures quoted above the charge would represent only 0.5% of the value of goods and services procured through the shared service; experience would suggest that this level the charge, if added at the point of purchase, would make little difference to the users perception of the price being paid for goods, especially if generally price reductions are being achieved. A 'surcharge' also has the merit of ensuring that the costs are fairly apportioned within each customer organisation ie in accordance with use. So some sort of 'pay as you go' method seems desirable.

17.2 There are however some potential drawbacks to this method:
-   It has an associated implementation cost (ie transactions have to be processed through the parent system to allow the on-cost to be added to the price and then recovered.)
-   It leaves an incentive to users to extract larger value purchases from 'the system' to avoid the charge, which although a low percentage looks higher in absolute terms on a larger item
-   It does not provide security of income for the providing authority and this could be a problem in the early days.

17.3 It is therefore suggested that, if this method is adopted then some sort of 'minimum usage' guarantee based on past year's pattern of spend would need to be agreed with customer authorities.
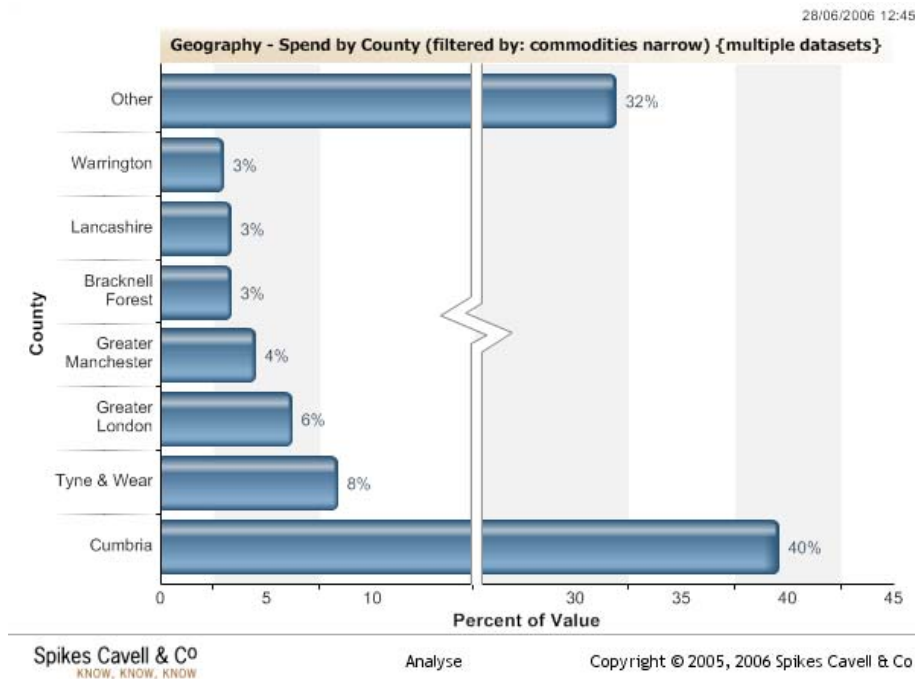
17.4 An alternative would be to agree on an authority by authority basis what their proportionate fee would be based on historic purchase patterns of the relevant goods and services and charge this as a 'lump sum'.

18. Local economy

18.1 This has already been alluded to – we have some initial views from the spend figures but need a more sophisticated understanding of the relationship between local authority spend and the local economy before setting really meaningful targets – for example which areas are vulnerable, what is the pattern of subcontracting from out top suppliers, where is the local economy 'under-represented' in our supply base (is the capacity is there but we are not using it). Some research has been commissioned from the Centre for Regional Economic Development to tackle some of this.

18.2 It is however interesting to note that, for narrowly defined commodities our % usage of the local economy is already less than for spend overall – which is not

surprising as these are nationally available goods. Only 40% of these commodities are invoiced within Cumbria, and a good proportion of this will simply be via national distributors.

Geography - Spend by County (filtered by: commodities narrow) {multiple datasets}

County	Percent of Value
Other	32%
Warrington	3%
Lancashire	3%
Bracknell Forest	3%
Greater Manchester	4%
Greater London	6%
Tyne & Wear	8%
Cumbria	40%

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18.3 It may therefore be, not surprisingly, that we need to focus strongly on services in terms of local targets.

19. Legal – we do not think that there are any major legal hurdles to overcome in implementing this model. We assume that any contracts themselves would be dealt with in accordance with the SFIs of the host authority.

20. Cumbria Supplies

20.1 The existing 'Cumbria Supplies' operation run by the County Council does most of its business with schools and within the County Council. (It has about £25,000 of business with districts).
20.2 We suggest that the Cumbria Supplies catalogue should be made available through the IDeA Marketplace (to which the districts are subscribing) but that otherwise the County Council 'ring fence' the existing CS operation and associated income. In due course it may be possible to generate further savings for both operation of CS and of the new shared procurement service by amalgamating them, but in the interest of transparency their finances should be kept separate initially.

21. Staffing

It has already been stated that there will be no net increase in staff numbers working in procurement within Cumbria. At some point during implementation of the shared service it may be appropriate to offer authorities the 'choice' of contributing to costs in cash or in resource; assuming that the host is the County, where most resource is at present, any contributions in resource could be handled through secondment, numbers are not likely to be significant. It is not expected that there will be any redundancies as a result of the shared service.

22. Costs of implementation

The costs of implementation will be:
- the estimated £50,000 identified earlier to bring all participants into the same Marketplace where they do not have a business case to do so in isolation (ie to enable the IT infrastructure for the project)
- similarly estimated £25k maximum for districts for 'Box 2' services (e-sourcing etc) – although there may be a case to do this anyway, without the full shared service.
- Project management for implementation say £50k

- **Total implementation cost £125k maximum.** It is suggested that if possible this should be recovered in the first year of operation of the service through the usage fees.

23. Summary of Costs and Benefits

NB this is the costs and benefits of SHARED service, over and above costs and benefits of individual authorities investing in improved procurement.

Overall case for Cumbria

Staff = neutral
Additional e-commerce marketplace £50k
Additional e-commerce 'Box 2' £25k
Implementation project management £50k
Ongoing governance over 3 years say £15k

Total cost over three years £140k

Benefit: (calculated as explained above, 50% district share of savings, 20% County share of savings)

First year £1.22m

Second year £2.135m
Third Year £3.05m

Summary of case for a 'notional' district (assuming £5m business annually through service)

Staff = less
Share of costs £ 25k per annum (plus share of implementation costs taken in first year)
Share of governance – less than £1k over three years
Benefit:
First year £100k
Second year £175k
Third year £250k

Plus non-cashable savings to be calculated on the basis of what the particular district thinks is achievable from understanding their own resource

Summary of case for County (assuming County hosts the service)

Staff = same or slight increase
Share of implementation costs for first year

Benefit:
Contribution of charges to own costs £175k per annum
First year Cashable savings £520k
Second year £910k
Third year £1300k

Plus non-cashable savings

24. Project Team

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This case was prepared at the request of CLASB, and will be considered by the Connected Cumbria Partnership Programme Board and CCP Strategic Board before a recommendation is made to CLASB.

Procurement Commodities - Carlisle City Council.	Box 1. Definitely to be included.	Box 2. Potential for later inclusion.	Box 3. Definitely not applicable.	Spend Summary
Clothing - Personal	1			1,071.00
Clothing - Uniforms	1			3,429.00
Furniture - Domestic	1			3,475.00
Horticulture - Tools & Equipment	1			3,816.00
Environmental - Pest Control	1			3,850.00
ICT - Consumables	1			4,255.00
Cleaning & Janitorial - Cleaning Materials	1			10,710.00
Mail Services - Freight	1			10,852.00
Sports & Playground - Playground Equipment	1			11,540.00
Sports & Playground - Sports Equipment	1			11,583.00
Furniture - NEC	1			14,247.00
Furniture - Commercial	1			15,259.00
Stationery - Sundries	1			18,394.00
Mail Services - Postage	1			23,953.00
Stationery - Paper	1			25,985.00
Mail Services - NEC	1			30,622.00
Catering - Services	1			35,195.00
Domestic Goods - NEC	1			43,373.00
ICT - Telecoms Mobile	1			60,114.00
Clothing - Protective	1			62,504.00
Mail Services - Couriers	1			69,877.00
Stationery - NEC	1			70,008.00
Utilities - Gas	1			78,384.00
HR - Professional & Advisory Services	1			93,723.00
Utilities - Electricity	1			144,546.00
Furniture - Office	1			150,739.00
HR - Training & Conferences	1			157,985.00
Vehicles - Fuel	1			220,777.00
HR - Temporary & Agency Staff	1			279,669.00
Catering - Food & Beverages	1			8,644.00
Cleaning & Janitorial - NEC	1			8,691.00
ICT - Reprographics Equipment	1			10,932.00

Facilities Mgmt - Retail		2	1,516.00
Facilities Mgmt - Reprographics		2	2,393.00
Const Materials - Fencing		2	4,510.00
Environmental - Technical Equipment		2	8,012.00
Catering - Vending Machines & Dispensers		2	9,598.00
Environmental - Testing & Inspection		2	9,686.00
Highway Equipment - Paving & Kerbstones		2	10,262.00
Const Materials - Heating		2	10,595.00
Utilities - Heating Oil		2	12,433.00
Environmental - NEC		2	16,038.00
Catering - Equipment & Utensils		2	18,135.00
Const Materials - Plumbing		2	20,493.00
Const Materials - Floor Coverings		2	22,050.00
Const Materials - Machine & Hand Tools		2	22,460.00
Const Materials - Timber		2	26,630.00
Const Materials - NEC		2	28,569.00
Vehicles - Parts		2	37,210.00
Const Materials - Paint & Finishing		2	45,977.00
Cleaning & Janitorial - Services		2	46,976.00
Const Materials - Signage		2	50,552.00
Highway Equipment - Bitumen & Surface Dressing		2	59,577.00
Vehicles - Maintenance		2	63,117.00
ICT - Hardware		2	64,667.00
Facilities Mgmt - Design & Photography		2	66,686.00
Const Materials - Electrical		2	93,944.00
Facilities Mgmt - Printing		2	99,069.00
Facilities Mgmt - Advertising		2	114,635.00
Vehicles - Industrial		2	133,743.00
Const Materials - General Materials		2	140,797.00
Facilities Mgmt - Travel		2	188,882.00
Utilities - Water		2	233,993.00
ICT - Software		2	398,526.00
Vehicles - Commercial		2	457,790.00
Transport - Haulage		2	7,875.00
Vehicles - NEC		2	11,956.00
Unclassified Trade		2	469,386.00

Transport - Taxi Services			3	5,626.00
Legal Services - Specialist Support			3	6,031.00
Legal Services - Legal Opinion			3	7,586.00
Environmental - Tree Management			3	16,871.00
Facilities Mgmt - Market Research			3	19,943.00
Vehicles - Leasing			3	215,560.00
Facilities Mgmt - Security			3	220,208.00
Consultancy - Business			3	334,210.00
Consultancy - IT			3	371,056.00
Unclassified Non Trade			3	215,243.00

6,109,274.00

Category 1	1,688,202.00
Category 2	3,008,738.00
Category 3	1,412,334.00
Carlisle Totals.	**6,109,274.00**