



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of Meeting: Thursday 6th April 2006

Title: PROCUREMENT POLICY MONITORING REPORT

Report of: The Director of Corporate Services

Report reference: FS5/06

Summary

The following information is designed to inform members of progress made within the area of Procurement during the past 12 months and provide details of the projected direction of the service.

Recommendations:

That members note progress to date and that further updates will be given on specific work areas at future meetings.

Contact Officer: Malcolm Mark

Ext: 5008

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

Procurement Policy Monitoring.

1. Introduction and Background.

The City Council is committed to developing an approach to procurement that will ensure that procurement decisions are made to obtain the best product at a cost-effective price to provide maximum benefit for the citizens of Carlisle.

To this aim the Executive Director presented a Procurement Strategy to members in 2005 which, set out the main themes of the Council's approach and defined the purpose and aims of the strategy as: -

- To ensure that procurement planning reflects the Council's core values and Corporate Aims and Objectives and is congruent with the key strategic objectives and the National Procurement Strategy.
- To secure commitment to effective procurement from Members and Officers at all levels throughout the organisation, and to support and publish guidance.
- To provide a corporate focus to procurement and guidance to assist co-ordination of activities, optimise resource allocation and avoid duplication.
- To map the way forward on reviewing and continuously improving the procurement function.
- To facilitate procurement programming and encourage long-term planning and a commitment to procurement.
- To adopt a Council-wide approach to procurement and risks.
- To promote the benefits of strategic procurement.
- To identify potential partners and forge relationships and an understanding of the Council's procurement strategy.
- To reduce processing costs.
- To manage and monitor high value/risk procurement of significant and strategic importance.
- To produce a procurement project plan and to develop specific, measurable, achievable realistic targets and milestones.

The following information is designed to inform members of progress made during the past 12 months and provide details of the projected direction of the service.

2. Current Position.

2.1 The City Council procurement function has until recently been de-centralised with the operational aspect of purchasing and procurement carried out by members of the Commercial and Technical Services Support Service section, and the strategic element has been undertaken by the Strategic and Performance Services Procurement and Project Co-ordination Officer. This arrangement has subsequently been revised as part of the Council re-structure and all aspects of procurement are currently being re-organised and centralised within the Finance section of the Corporate Service Directorate.

2.2 The aim of the revised arrangement is to centralise and maximise the control of expenditure and Gershon efficiencies.

2.3 During the financial year 2005-06 the Council's procurement activities have centred on the following main areas:

- Flood recovery commissioning and purchasing.
- Achievement of corporate objectives.
- Collaborative Procurement initiatives.

2.4 These broad headings can be further analysed into the following specific activities, each of which has been completed and implemented: -

2.4.1 Flood Recovery commissioning and purchasing.

- Replacement of the print room facility incorporating review of the Council's photocopying requirements.
- Replacement of the Council telephone system – incorporating a full review of the telephony network and a collaborative purchasing arrangement with Allerdale Borough Council.
- Provision of a Framework arrangement for Construction related consultancy, e.g. Architects, Quantity Surveyors, Engineers etc.

2.4.2 Achievement of Corporate objectives.

- Single supply arrangement for photocopying equipment.
- Single supply arrangement for office furniture.
- Single supply arrangement for protective clothing and uniforms.
- Review of leasing arrangements for vehicles, plant and equipment.
- Framework agreement for Agency / temporary labour.
- Bi-annual agreement for summer and Spring Bedding Plants and shrubs.

2.4.3 Collaborative Procurement Initiatives.

The City Council has during the past nine months been instrumental in the formulation of the Cumbria Procurement Initiative (CPI). The purpose of the initiative is to improve the quality and effectiveness of procurement activity in Cumbria, through collaboration and other means. Members of the initiative are all District Councils, the County Council, Lake District National Park and Cumbria Constabulary. A project initiation document (PID) is attached for information as appendix A.

The CPI project organisation structure incorporates a full-time Project Manager funded by the North West Centre of Excellence (NWCE) supported by a project team based on a group of collaborating procurement officers from each of the above organisations. The function of this team is to ensure that improvement activity is identified and delivered and the project scope will look at improvements for all areas of external spend in the Cumbrian Authorities, whether or not these are traditionally regarded as the responsibility of procurement teams. The collaboration is not necessarily limited strictly to authorities in the sub-region; for example work is likely with Lancashire Authorities and with the Scottish Borders.

The method of approach will encourage a structured and evidence-based approach to decision making. The earliest actions have therefore been about building robust governance and an evidence base. The project operates on the following very broad principles: -

- The measure of success is not that every organisation joins in with everything. There will be flexibility about bringing together those with an appetite for individual activities and recognising that the needs of different authorities will vary.
- The project will be helped by the awareness and capacity building activities of ACE and will actively contribute to ACE activity.
- Outputs of generic applicability will be shared with NWCE and the Office of Government Commerce as appropriate, recognising their role in the project.
- As far as possible decisions will be based on evidence and the business case.

The CPI project consists of nine interdependent work areas the specific detail of which is included within Appendix A. These work areas and project deliverables are principally: -

- Work Area 1 – Project Management, Governance and terms of reference.
- *Deliverables – Full project documentation, protocol for collaborative working.*
- Work Area 2 – Spend Analysis. A comprehensive understanding of where Council money is being spent.
- *Deliverables – Analysis of the County’s expenditure, by supplier, industry code and geographical location. Analysis of this will be appropriate to different needs and audiences, including addressing the sustainability agenda across the County.*
- Work Area 3 – Develop a “radar” for sharing information about upcoming activity.
- *Deliverables – simple information sharing and future look, plus contracts register for all work over £50,000.*
- Work Area 4 – Actual Collaborative Procurements.
- *Deliverables – New commercial arrangements available to all authorities in the areas selected, demonstrating improved value for money, information sheet on national discount deals, template for procurement project selection, standard wording for sharing contracts in future.*
- Work Area 5 – Cumbria Supplies.
- *Deliverables – initially a plan for Cumbria Supplies to better meet the needs of all Councils, followed by implementation.*
- Work Area 6 – ACE Activity.
- *Deliverables – two launch workshops, several authority based workshops, analysis of three potential areas for shared service collaboration.*
- Work Area 7 – IT Buyers Best Practice event.
- *Deliverables – bespoke specialised IT event.*
- Work Area 8 – Electronic Procurement.
- *Deliverables – an electronic procurement strategy for authorities collectively affordable by and appropriate to district needs.*
- Work Area 9 – Individual intra-district Collaborations.
- *Deliverables – help to individual procurement projects, route map for general future application.*

The CPI reports to a project board fulfilled by the Connected Cumbria Strategy Board, and documents are routed via the Connected Cumbria Programme Board. In respect of the Cumbria Procurement Initiative the board will: -

- Reflect the wishes of the chief executives as the clients for the project.
- Formally approve the PID, project plan and any subsequent amendments
- Ensure that the methods to be used by the project team reflect priorities effectively
- Monitor progress against the plan
- Address barriers to progress and assist actively with resolution
- Consider how ACE or other external agencies can help address barriers and request/act as necessary
- Consider especially external presentation and stakeholder commitment
- Act as champion within their own organisation
- Contribute to “lessons learnt” activity.

3. Vision for the future.

The National Procurement Strategy (NPS) sets out five key areas, which represent the vision for Local Government Procurement. These are: -

- Cultural Shift
- Providing leadership and building capacity
- Partnering and collaboration
- Doing business electronically
- Stimulating markets and achieving community benefits.

3.1 Within the wider context of procurement, Carlisle will pursue a procurement vision, which will be informed by the following key criteria:

- Addressing the five themes identified in the NPS.
- Driving forward the Cumbrian Procurement Initiative project.
- Introduction of a tender evaluation policy ensuring full consideration of the Council’s priorities and best value principles.
- Producing regular reports identifying savings and/or efficiency improvements across the Council’s procurement activities.
- Producing measurable targets and achievements.
- Engaging fully in collaborative working.
- Identifying and implementing a professional approach to Council wide procurement.

- Develop a suitable team to generate efficiency requirements and deliver procurement principles.
- To implement framework agreements for a range of applicable services.
- To produce a “how to do business with Carlisle City Council” guide.
- To produce a three year procurement prospectus.
- To implement electronic procurement for the purpose of achieving economy, efficiency and effectiveness generally.

4. Recommendations.

Members are recommended to note the progress to date and that further updates will be provided on specific work areas at future meetings.

PROJECT DOCUMENTATION

PROJECT INITIATION DOCUMENT

Cumbria Procurement Initiative

Release: Draftv2
Date: 3 January 2006

PRINCE 2

Author: Clare Poulter

Client: Cumbria Local Authority Chief Executives

Project Initiation Document History

Document Location

This document is only valid on the day it was printed.
The source of the document will be found on the project manager's PC.

Revision History

Date of this revision: 24th November 2005

Date of Next revision:

Revision date	Summary of Changes	Changes marked
24.11.2005	First issue	
03.01.2006	Takes account of feedback on governance from CEs meeting 11 th November 2005 and project team comments on first draft	no

Approvals

This document requires the following approvals.

Name	Signature	Title	Date of Issue	Version
Chair of Connected Cumbria Strategy Board (on behalf of Board)				

Project Initiation Document

Purpose of Document

The purpose of this document is to define the project, to form the basis for its management and the assessment of overall success.

Background

1. The most recent initiative started with ODPM publication of the National Procurement Strategy
2. This was supported by the creation of Regional Centres of Excellence
3. Collaborative activity was already under active consideration within the subregion before this project was formally initiated
4. Cumbria has a number of other initiatives operating subregionally in particular the ACE programme.
5. The Gershon review created efficiency targets with a particular focus on procurement
6. From April 2005 OGC was given responsibility for developing commercial excellence in the wider public sector, not just central civil government
7. Consequently OGC has been willing to make a project manager available on secondment

There are several conventional areas available for better procurement, and examples of what is already working elsewhere and the plan tackles these. However there is a significant opportunity to create a unique and innovative approach by redesigning the Cumbria Supplies operation into a vehicle to deliver a range of future improvements. This involved recognising that success is not simply about doing 'good deals'. It is about ensuring those deals are easily available to the user, and that the user is confident that they give best value. It is also about selecting the best deals from elsewhere and bringing them into Cumbria. Potentially it is about offering a greater range of services on a shared cost basis. It could become an exemplar copied elsewhere.

Project Definition

Project Objectives

The purpose of this initiative is to improve the quality and effectiveness of procurement activity in Cumbria, through collaboration and other means

Other means might entail sharing of best practice, use of frameworks, use of electronic procurement tools for example.

Project Scope

The project will look at improvements for all areas of external spend in the Cumbrian Authorities, whether or not these are 'traditionally' regarded as the responsibility of procurement teams. The

Lake District National Park Authority are actively involved and the Cumbria Constabulary is represented.

Collaboration is not necessarily limited strictly to authorities in the sub-region, for example work is likely with north Lancashire authorities and with the Scottish Borders.

Procurement is defined as the end to end process from identification of business need through to contract management and disposal, it is not just about the acquisition process per se.

Method of Approach

The project will encourage a structured and evidence-based approach to decision making. The earliest actions are therefore about building a robust governance and an evidence base, but work on the 'doing' will start at the same time – we will test tools by using them on pilot projects, not by thinking about them!

The project will operate to the following very broad principles:

1. The measure of success is not the 'everyone joins in with everything'. There will be flexibility about bringing together those with an appetite for individual activities and recognizing that the needs of different authorities will vary.
2. The project will be helped by the awareness and capacity building activities of ACE and will actively contribute to ACE activity
3. Outputs of generic applicability will be shared with NWCE and OGC as appropriate, recognizing their role in funding the project
4. As far as possible decisions will be based on evidence and the business case.

Project Deliverables and/or Desired Outcomes

We should expect to see cashable savings of at least 10% in the individual procurement projects and auctions as they work through. Because we will know the original level of spend from the analysis work done, we will be able to assess savings accurately and if desired reflect the new costs in budgets. In other areas we will release resource by deciding to use arrangements already created by others. Longer term there are significant process cost savings to be had from electronic procurement tools. Experience suggests that process cost savings can at least equal cash savings.

The project will consist of nine interdependent work areas.

Work Area 1

Project Management, Governance and Terms of Reference

The first step in this process was for the Chief Executives on 11th November to agree the broad principles of working and the overall thrust of this plan. The PID and outline plan will then be formally routed through the Connected Cumbria Programme Board (January 11th 2006) to the Connected Cumbria Strategy Board (February 2nd 2006) which will act as the Project Board for the Cumbria Procurement Initiative. The proto- Project Team (with representation from all authorities) has already met five times. On 28th November meeting drafts of the Project Initiation Document, Terms of Reference and the draft plan were discussed and this draft incorporates comments from the group. It is proposed that the Project Team will meet monthly hereafter. The dates shown in the plan chart are for the moment indicative only.

On a similar timescale a 'Protocol for Collaborative Working' will be drafted and submitted for approval. This will be based on models already in use, one by a collaboration of Essex Councils and one by a group of Higher Education Institutions. It will recognise that the degree of rigour and commitment required will be different for different sorts of procurements, and that in some cases a fully legal agreement may become necessary.

The effectiveness of this protocol will be reviewed after three and six months, and the lessons learnt will form a contribution to the Shared Services Workstream of ACE.

Deliverables: full project documentation, protocol for collaborative working.

Work Area 2

Spend Analysis

Fundamental to improving procurement is a comprehensive understanding of where the money is being spent. The County Council have already received analysis of their spend from an organisation called Spikes Cavell; it was agreed by the Project Team that it would be desirable for all authorities to use the same method as a consolidated view for Cumbria as a whole could then be obtained and shared. All Districts have received quotes for this work, and NWCE have offered a £2000 subsidy to each of the districts, and £5000 to the County (whose fee was proportionately higher). Additionally, as an early win for collaboration we were offered a 10% discount as more than five Cumbrian Authorities signed up, this is worth a reduction in cash outlay of between £12k and £14k overall. The LDNPA and the Police will also join in this analysis.

This analysis will highlight, amongst other things:

1. Spend by business sector and supplier (thus picking up external expenditure not always in the traditional 'procurement' remit)
2. Geographical spread of spend: how much of district spend is with suppliers within the district? Within the County?
3. Spend with non-mandated suppliers eg for stationery
4. Suppliers with a significant dependence on Local Authority business (to help understand the economic implications of changes to procurement strategy).

Figures should start to become available by early January, and the whole set should be available by the end of the month. The results will be of wide interest to both officers and members, and will be used as part of the ACE2 awareness work.

Most significantly however they will allow the selection of projects for procurement action on a more objective basis than we can manage at present, and give us an expenditure baseline to work from and measure improvement.

The Spikes Cavell work is important, but hopefully recurring expenditure of this nature will be avoided through the creation of a 'public sector owned' tool either nationally or regionally, we will be monitoring these developments closely.

Deliverables: comprehensive analysis of the County's spend, by supplier, industry code and geographical. Analysis of this appropriate to different needs and audiences, including addressing the sustainability agenda across the County.

Work Area 3

Develop a 'radar' for sharing information about upcoming activity

This is already happening informally through the Project Team. However there seems scope to develop a simple 'collaborative space' probably working with Connected Cumbria through the Information Hub technology so that key documents can be accessed in their latest form, progress on projects and shared opportunities can be posted, and some sort of discussion forum established. It is important that this is seen as a tool, not an end in itself, and will be specified quite rapidly before the end of the year. Anything that takes longer than a month to implement is likely to be 'over the top'.

An important element of shared information will be the 'contracts register' for each authority. We have agreed to consolidate all information relating to contracts worth over £50k by the 28th November meeting, and will keep updated thereafter. (This is different to the spend analysis as it shows for example when existing contracts expire, and whether there are options for extension).

An effective radar is essential to the future 'flow' of collaborative ventures between individual authorities.

Deliverables: simple information sharing and future look, plus contracts register for all work over £50k

Work Area 4

Actual Collaborative Procurements

A simple 'decision making' tool has already been developed and is being piloted at present. The purpose of this is to make sure we 'do the right projects'. On a simple weighted score sheet suggested areas for collaborative procurement are assessed against factors such as level of spend, scope for saving, convenient expiry of existing arrangements, willingness to participate, and any 'showstopping' factors.

We are currently looking at insurance, paper, training services, recruitment consultancy and temporary labour. The preliminary score sheets were prepared for the project team meeting on 28th November, and we agreed to go forward to look at insurance, training and temporary labour in more depth. Experience from similar collaborations suggests that we will see 10-15% (cashable) savings from these pieces of work.

Additionally the County Council have already instigated a programme of electronic reverse auctions to run between now and the end of March 2006, to which the Districts have been invited to contribute. These will cover Car Hire, electricity, fuel and heating oil and mobile phones. The dates shown on the project plan are indicative at present.

Finally as an early win, a short paper was circulated week commencing 24th October setting out the 'national' and 'regional' deals to which Councils can have immediate access. This focuses particularly on the discount arrangements with suppliers almost everyone uses such as BT, Microsoft and High Street Retailers, which have not always been well communicated in the past but which are savings simply there for the asking.

We will also re-emphasise the advantage of placing contracts in future which are explicitly available for use by other public sector organisations, giving additional flexibility for future collaborations.

Deliverables: new commercial arrangements available to all authorities in the areas selected, demonstrating improved value for money, information sheet on national discount deals, template for procurement project selection, standard wording for sharing contracts in future.

Work Area 5 Cumbria Supplies

A revitalisation and refocus of Cumbria Supplies represents the major opportunity to make a step change in improved procurement performance throughout the County. It has the potential to provide an effective and efficient means of putting ‘the best deals’ in front of users in an accessible and palatable form, and forming a sustainable base for collaborative procurement after this ‘initiative’ has run its course. The logic of this is well accepted and understood, and that the new procurement management in which the County is investing will be happy to rise to the challenge. Because it will be their task to deliver the refocused organisation, they will need to be in control of the detailed plan, and this project cannot pre-empt that. However some key features already emerging are:

1. the need for some sort of shared ‘ownership’ of the success of the organisation
2. greater transparency in charging
3. a shift of emphasis from ‘doing procurements’ to encompass ‘finding the best deals’ which may be already available
4. targets relating to achieving savings for users and increasing ‘take up’ or market share
5. consideration of offering procurement services such as electronic tools as well as traditional supply.
6. review of logistics
7. electronic catalogue and desk top ordering available

The development will also fit neatly with emerging national thinking as it will provide a vehicle to roll out national commodity deals quickly and effectively, on the other hand it can also be used to help suppliers within Cumbria relate more easily to public sector procurement opportunities.

The plan shows a three month review and planning phase for this refocus, followed by an indication of three months for implementation and change before a ‘relaunch’ – however the length of the latter phase will need to be altered as the first gets under way and the scale of the task is understood.

Deliverable: initially a plan for Cumbria Supplies to better meet the needs of all councils, followed by implementation.

Work Area 6 ACE activity

Over the last two months ACE 2 has been scoped, and the proposal which has been accepted by NWIN for funding for ACE 2 has Shared Services as one of its workstreams. The assumption is that any practical development of a shared service involves commercial and contractual activity at least as an ‘enabler’ of the shared service. Additionally the thought process in building the initial

business case for sharing services is similar to that for any business case for a major procurement. There is also the possibility that procurement (or parts of procurement) might be appropriate areas to consider as a potential shared service, and that the work on Cumbria Supplies might lead in that direction.

As the spend analysis work will also be of great interest to senior officers and members, it is felt that this will be a good introduction to discussing the economic impact of local government's commercial activity relating to service delivery in the region.

The project team will actively participate in delivering elements of the ACE 2 programme for the shared services strand.

Deliverables: two launch workshops, several authority based workshops, analysis of three potential areas for shared service collaboration

Work Area 7 IT buyers Best Practice event

This will be a one-off event offering some external views on 'best practice' and what is available in the way of assistance, and some workshops on potential for future collaboration on for example maintenance and licensing issues.

It recognises that IT buying is in some cases at least somewhat separate from other procurement activity, and this will be an opportunity to address a slightly different audience for collaborative procurement.

The first phase however will be to research what is wanted with the idea of delivering the event in the late winter.

Deliverable: bespoke specialised IT event

Work Area 8 Electronic Procurement

There is no doubt that the process cost savings from e-procurement can be substantial. However the implementation costs can also be high and this makes the business case for a small organisation to invest in this area something of a problem. The County Council has reached the stage of piloting electronic ordering on its own systems and has enthusiasm for extending this, for example to invest in e-tendering. There is also the possibility of accessing a 'marketplace' where various contracts let and suppliers 'electronically adopted' by others would be available, and there are several public sector options under development or in existence. The Project Team, or individual members, have already had several demonstrations.

Subject to more detailed feasibility work both on the technical options and on the business model (ie who pays who, how much, for what!) the best way forward seems to be for a single investment in the elements of e-procurement, rolled out appropriately to individual organisations: for example most districts probably do not want access to a 'whole marketplace': what they want is for a subset of approved best deals to be made available – but perhaps available to be ordered electronically. Facilities such as e-tendering could be made available on a pay-as-you-go basis.

If feasible, this would fit very well with the relaunch of Cumbria Supplies and would represent real added value and reduced cost to smaller organisations. The trick will be to sort out the licensing and subscription issues to best advantage.

In the short term the plan shows a phase of employing some early consultancy from the project budget to work up the feasibility in more detail and assuming a sensible way forward is apparent, feed in to the Cumbria Supplies activity.

There is one particular aspect of e-procurement which we may wish to pull out for some separate and early attention which is the concept of a 'Supplier Portal' whereby opportunities to do business with the councils are advertised in an easy accessible internet-based form. We will therefore ask the consultants specifically to look at the extent to which this facility would be provided as a side-offer by any package we might purchase for example for e-tendering, and what is available nationally as a free 'template' or system we could customise or brand for the County.

Deliverable: e-procurement strategy for authorities collectively affordable by and appropriate to district needs.

Work Area 9

Individual intra-district Collaborations

Following the principle that we are not pursuing 'total' collaboration, there is a need to support proposed collaborative work between self-selected groups of districts on particular projects. There is a specific target in the National procurement Strategy for districts to be working together by 2005.

As well as the ad hoc advice the Project Manager may be able to provide for individual projects, there is an element of developing a 'route map' for this sort of activity which will capture lessons learnt and help us do them better in future. A draft has already been prepared for early consideration in the Allerdale/Carlisle City collaboration on HR. This will also interface with the development of Collaborative Working protocols in Work Area 1, and will feed into the ACE 2 work

Deliverable: help to individual procurement projects, route map for more general future application.

Exclusions

none

Constraints

1. The project manager's secondment is initially for one year (ie until summer 2006). OGC are covering salary costs only.
2. The budget (In addition to Project Management costs met by OGC) is £60,000 in FY2005-6 from the NWCE.
3. Other resource is constrained as a redeployment of existing internal effort and therefore has an associated opportunity cost.

Interfaces

1. There is an interface with the financial and delegation regime of each participating council in terms of decisions affecting specific procurements.
2. There is an interface with ACE in terms of capability and capacity: To allow this procurement activity to happen effectively certain enablers have to be in place. These are in two categories:
 - shared understanding between and within participating organisations of the scope of procurement (right through from defining need to contract management and disposal, not just the acquisition process)
 - capability and capacity (have we got the right people with the right skills and knowledge eg legal departments up to date with EU procurement regulations and their interpretation)
 - the delivery of the Cumbria Procurement Initiative needs ACE to support work in these areas if it is to succeed. ACE will see delivery of successful and improved collaborative procurement as an outcome it has enabled.
3. There is an interface with Connected Cumbria in terms of shared governance through the Connected Cumbria Strategy Board and through the fact that several workstreams or IT enabled.
4. It is important that the priorities of ACE, Connected Cumbria, and the Cumbria Procurement Initiative are shared.
5. NWRCE by their financial contribution are in effect sponsoring the Cumbria Procurement Initiative as one of their regional exemplar delivery projects, and as such will be regularly reviewing progress of the project and looking for lessons learnt to be shared. We will undertake to make what we do *available* for roll out and use by others, one of the things the RCE will then want to explore is whether or not such roll out is possible/effective and the reasons behind this.
6. OGC does not wish to play any direct part in governance or oversight of the collaborative work per se. They will however have an interest in
 - effective tools for collaboration and lessons learnt
 - ensuring the savings are achieved
 - gaining a better understanding of the needs of Local Government
 - gaining a better understanding of the practical issues around 'local' procurement and impact on local economies

Assumptions

1. That via the CE's group all authorities are now committed to this
2. That the existing members of the Project Team will continue to contribute
3. That the Connected Cumbria Strategy Board provides effective governance for this project and that if necessary its terms of reference are revisited to allow this

Initial Business Case

From the point of view of the Client Authorities the initial Business Case is quite straightforward, as there is no requirement for additional resource, while the benefits outlined above are expected to be significant.

However there are likely to be some emerging changes to business process especially in a more rigorous approach to adoption of 'best deals' which will demand management attention.

The benefits from aggregation and shared effort are perhaps more immediately obvious to the districts, the County might argue that it could achieve most of this saving on the basis of its own larger spend, and by improving its own procurement performance without the overhead of collaboration. However the plan offers the County a real incentive in terms of the new role for Cumbria Supplies if that can offer a sustainable and lower net cost future through greater use by others. The County will also gain from the greater understanding of economic activity and procurement impact throughout the County and the ability to present a joined up approach to the local business community which is offered through collaboration.

Individual business cases will need to be made for aspects of the different workstreams eg e-procurement and relaunch of Cumbria Supplies.

Project Organisation Structure

1. There is a full time **Project Manager** who will also provide 'hands on' resource to elements of the project.
2. There will be a **Project Team** based on the existing group of collaborating procurement officers. The current practice of rotating the chair will continue. Membership is based on the 'head of procurement' concept, accepting pragmatically that each organisation will send the most suitable individual(s).

The function of this team is to ensure the improvement activity is identified and delivered. In particular it will have the following terms of reference:

- Propose a PID, and project plan to the Project Board (Connected Cumbria Strategy Board)
- Provide regular reports on progress and updates to the plan to the Project Board and if requested to the Chief Executives
- Work to the plan (as agreed or amended) in proposing and implementing individual activities
- Identify resource (or make and progress the business case for additional resource) to carry out individual activities
- Review exceptions; where possible deal with issues arising, if issues are generic or 'too big' refer to the Project Board for resolution with options for solutions
- Collect and share information on benefits realisation
- Contribute to 'lessons learnt' activity
- Consider the potential to join in other wider collaborations
- Meet once a month

-
3. There will be a **Project Board**. This role will be fulfilled by the Connected Cumbria Strategy Board, and documents will be routed via the Connected Cumbria Programme Board. In respect of the Cumbria Procurement Initiative the Strategy Board will:
- Reflect the wishes of the Chief Executives as the clients for the project.
 - Formally approve the PID, project plan, and subsequent amendments
 - ensure that the methods to be used by the project team reflect priorities effectively
 - Monitor progress against the plan
 - Address barriers to progress and assist actively with resolution
 - Consider how ACE or other external agencies can help address barriers and request/act as necessary
 - Consider especially external presentation and stakeholder commitment
 - Act as champions within their own organisation
 - Contribute to ‘lessons learnt’ activity

Communications Plan

1. The background and purpose of the project will be communicated to a wider audience of members and senior officers as part of the ACE programme
2. Members of the Project Board have it as part of their Terms of Reference to champion the project in their own organisations. Communication will feature on the agenda of each Board meeting and the Board may request the Project Manager and/or the Project Team to contribute to or create material to aid communication.
3. Members of the project Team will communicate project activities at a working level.

Initial Project Plan

See Appendix

Initial Risk Log

	RISK	Controls
1	OGC withdraw funding for project manager	Regular reports and communication, show success of project
2	NWCE funding does not continue into 2006-7	Regular reports and communication, show success of project
3	Individual councils focus entirely on benefit to themselves individually not collective benefit	
4	Procurements are done poorly and expected benefits are not realised	
5	Wrong activities are chosen as priorities	Structured decision making process, quantified where possible

Cumbria Procurement Initiative

Project Initiation Document

Date: 29 March 2006

6	Governance slow to materialize/ineffective	Prepare to engage with CEs directly again if this becomes a problem.
7	CEs redefine priorities for Cumbria	Make sure this is signaled early, understand new priorities
8	Rebranded Cumbria Supplies not engaged by Collaborative Partners	Communicate well, create shared ownership, transparency of charges, proven vfm
9	Poor interface with other collaborative Cumbrian projects	Project Managers to continue to work together. Governance bodies to consider how best to ensure shared priorities
10	Lack of political support, fear that this looks like a 'unitary' Cumbria	Make sure benefits exceed soft as well as hard costs
11	Lack of capacity for individual team members to progress initiative in their own authority	Realistic apportionment of work Generate commitment to team goals Demonstrable benefits Through formal governance and informally, share understanding that this is now 'the day job'
12	Individual Authority constitutions not aligned to enable collaboration	
13	Collaborations outside the subregion cause confusion over priorities or even conflict	Open communication, sharing of what is afoot at an early stage

