

# East Midlands Improvement and Efficiency Partnership



## Shared Service for Small Councils – Welland Procurement ▼

### East Midlands Improvement and Efficiency Partnership Case Studies

The East Midlands Improvement & Efficiency Partnership is committed to celebrating the successful, innovative and imaginative project work that exists in the East Midlands region.

The EM IEP Support Team publish case studies showing how East Midlands councils are improving services, and delivering significant improvements and efficiencies.

The case studies are intended to inspire councils in the region, and indeed nationally, to transform services and benefit from the processes developed by those councils that have pioneered the way forward.

### Introduction ▼

Welland Procurement Unit has been established as a shared service, serving initially five small councils, with active support and funding from, amongst others, the East Midlands Centre of Excellence (the forerunner of the Improvement and Efficiency Partnership).

This case study revisits the Shared Procurement service on its third anniversary, to see how its remit, benefits, influence and impact have developed, what has worked and what has not, and what others may be able to learn from this very early example of a shared service.



## What is Welland Procurement?

Welland Procurement is a genuine shared service supporting six small adjoining councils across Leicestershire, Rutland and Northamptonshire:

East Northamptonshire Council  
Rutland County Council  
Melton Borough Council  
Harborough District Council  
Borough of Oadby & Wigston  
Blaby District Council

Rutland County Council is in fact an all purpose authority providing both county and district services. The other councils are all districts / boroughs.

The shared service sits alongside a shared audit service, ultimately

reporting to a Joint Committee consisting of members from the Welland Partnership councils.

Below that is an officer board, chaired by the Chief Executive of Harborough DC, who is the Welland's Chief Executive Procurement Champion.

The Unit is hosted by Melton Borough Council.

Welland Procurement is a slim organisation, with a headcount of just three. However, the nature of the operation is such that it is able to offer a level of experience, skills and resilience to each of its member councils at a lesser cost than any one could afford alone. New members have carefully evaluated other options before coming on board.

## A growing remit ▾

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Although one member council in Lincolnshire decided to join their county shared service initiative, the remit of the Welland Procurement Unit has subsequently been extended to cover first Oadby & Wigston, in 2007, and then Blaby, in 2008.

Clearly the activities of a Unit of three serving six councils are sharply focused.

The Unit has seen several successive phases in its development:

**Year 1:** Making savings through implementing national and regional

framework arrangements;

**Year 2:** Significantly greater involvement in service tendering, supporting staff at all levels and members in the six councils;

**Year 3:** Greater strategic input into major infrastructure developments, regeneration, large construction projects and funding partnerships; And increasingly in the year ahead:

**Year 4:** Embedding procurement good practice sustainably through uniform procedures, training and accreditation of staff with procurement responsibilities in member councils.



## Operating flexibly ▾

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The host council, Melton, suffered a major fire which destroyed much of its office accommodation in 2008. Following this, the Unit now operates flexibly, including home working. However, whenever a face to face meeting is required WPU always attends the site concerned. Phone and e-mail contacts keep such time commitments under control.

This minimises unnecessary travelling but gives councils the “on hand” support that they would expect from procurement staff on site.

The experience of the Unit, and its extensive networks both regionally and nationally, provide high level skills and reliable and authoritative support.

## Savings and tender activity ▾

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The adjusted savings target for the Unit of £2,100,000 over five years has been 88% achieved after just three years. Savings are defined as cashable savings only, and do not include process efficiency savings, inflation avoidance, or savings connected with new procurements.

33 contracts have been concluded by the Unit or with its support, including a new college building in Rutland, and a long term waste, recycling and street cleaning contract for Harborough. Also of note are:

- **Collaborative insurance:** Following on from work with the EMCE / IEP, Welland Procurement has conducted two powerful collaborative insurance tenders for districts and boroughs, forging new links with non-member councils on tenders led by Welland but with ultimate decision making residing with each of the councils concerned.

This model has been successful in generating potentially over £5 million in savings, and through innovative terms has helped to redress the balance of commercial power with the insurance companies.

- **Neutral vend training:** The Unit has developed a framework, let through OJEU processes and available to every council in England, which enables each participating authority to save 10% or more on externally sourced training, without any constraint on the trainers used. So councils may maintain their existing training relationships. Local government in England spends over £100 million p.a. on training, so this framework has the potential to save £10 million p.a.

## Have the expectations been met? ▾

The original business case and the objectives for the Unit produced a number of expectations, some of which have had to be revised:

- **Collaborative purchasing across the Welland authorities would bring substantial savings:**

In the event, savings came from two main sources: Powerful framework arrangements, such as those developed by the Office of Government Commerce, or purchasing organisations like ESPO; and from collaborations with authorities outside the Welland (as in the insurance contracts, above).

**Expectations met?** Yes, but not in the way that was anticipated.

- **Low impact on staffing:**

Two members of staff were already employed by Melton, and the Head of the Unit, Tony Hall, was recruited at the launch. There was no TUPE involved. **Expectations met?** Yes.

- **Quick wins could be achieved:**

Where there had been no procurement presence before, quick wins were available. Where a previous procurement officer had implemented national frameworks, making cashable savings has been more difficult. **Expectations met?** For the majority of members, yes.

- **Common ICT systems needed to be implemented:**

The Unit has not found this a key factor, and ICT initiatives started prior to the launch of the Unit have not been widely implemented.

The perceived benefits are not always worth the cost and effort of implementing new systems in small councils with very limited resource.

**Expectations met?** No, but without significant impact.

- **Delivery of service efficiency:**

Collaborative tenders and use of frameworks has reduced administrative load and produced cash benefits. Certain member councils have rationalised the building control service, ICT support and revenues with support from the Unit. **Expectations met?** To some degree, yes.

- **Return on Investment:**

There has been greater than expected progress on savings, where the five year target is already close to being achieved; while the costs of the Unit have been held down although the number of councils served has increased.

**Expectations met:** Yes.

## Lessons learned ▼

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- Setting up a shared service is not easy. Less formal collaboration is a good starting point.
- Shared procurement can bring benefits given that it is provided cost-effectively; and the benefits come not just from collaborating

within the group, but on a much wider basis.

- Getting the right skill mix is essential. The interpersonal demands are much greater, and the professional and cultural challenges encountered are substantial.

Notes ▾

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## Contacts and Further information ▾

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