



PROCUREMENT

Welland Partnership Shared Services - Procurement Unit



Introduction: Shared Services

The partnership saw the announcement of the capacity building funds as an opportunity to gain the capacity needed to enable delivery on some of the partnership's aspirations.

It was agreed that a bid would be submitted seeking support for the shared services agenda. The partnership had always intended to assess the potential for shared services, but had lacked the capacity to do so, and given that the partner authorities are small and short on resources the capacity building fund offered an ideal opportunity.

In January 2004, the Welland Partnership received a Capacity Building Grant of £250,000 from the Office of the Deputy Prime Minister to develop a way of achieving the effective integration of a range of services that were undertaken individually by each Council.

Welland Procurement Unit

An evaluation exercise short listed eight service areas, which had the potential to be a Shared Service; the following four service areas were selected owing to their potential for efficiency savings and business cases were developed to identify probable benefits for each area.

- Procurement
- Internal Audit
- Revenues and Benefits
- Legal

A fifth and challenging area of "business transformation" was also identified.

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A key project was the implementation of the Welland Partnership joint procurement partnership - to establish, implement and operate a 'central' procurement unit owned jointly by the five Welland partner councils in accordance with the business plan agreed by the Welland executive panel.

The Partnership selected Procurement for development into a Shared Service because the business case identified the potential for significant savings through collaborative procurement and process efficiency gains.

Only one of the five Welland authorities had dedicated full time staff working in procurement, so this allowed for scope to develop a central Welland Procurement Unit (WPU). This in turn delivered additional savings and efficiencies that were not identified in the original business case.

Several other benefits were identified in the business case:

- Low impact on staffing
- Quick wins in identified commodity groups, with medium to long term savings realised in realistic time scales, which would be captured through a Welland strategic approach
- The implementation of a change programme would make it easier to deliver Gershon savings on the bottom line.

Two clear strategic streams were identified in the original business case in order to implement a working procurement unit.

- Development of the foundation work required
- An implementation stream for the new unit.

The Welland Partnership secured additional funding from the East Midlands Centre of Excellence in the Summer of 2005. This led to the creation of a Procurement Project Board which devised a programme of activities designed to guide the project through to implementation.

A gateway review, funded by the EMCE had the impact of escalating the implementation programme and as a result specialist programme management and procurement expertise was recruited.

The programme of activities included spend analysis at each authority through contract register and benchmarking exercises; revisiting the original business case commodity spend area to ensure that it was still valid; reviewing the legal procedures; reviewing the financial procedures; implementation of the adoption plan; nomination of a Project Owner (Christine Marshall, Corporate Director); recruitment of the Programme Manager (James Johnston, Consultant) and the secondment of internal resources (Peter Bignell,

Procurement Officer). A Head of Welland Procurement has now been recruited (Tony Hall) and a Welland Liaison Officer also recruited (Diane Clayton-Smith).

Benchmarking

A benchmarking exercise was undertaken on each of the commodity spend areas. This clearly identified potential savings on offer and helped to position the procurement approach to the letting and renewal of Welland wide contracts.

Risks and revising the business case

It was essential for the Partnership to revisit the business case on an on-going basis. This ensured that the Partnership adhered to or modified the business case accordingly as the focus of the project altered. The experience gained from developing the initial business case proved invaluable in producing the medium and long-term procurement strategies of the Welland Partnership, especially as regards developing the partnerships procurement activity.

A risk in partnership working is that one or more of the partners may not be able to play a full role from start to finish. During this project, one of the Welland authorities was unable to commit significant resources during part of the start-up process, but was able to re-join later in the process. The Partnership was robust enough to progress in its objectives and to maintain momentum while one authority was dealing with other urgent priorities.

In addition, one clear risk that has been identified is the potential impact on our SMEs as a result of procurement collaboration; consequently, significant effort is being made to address this issue.

Welland Procurement Unit goals

The Welland Procurement Unit has the following goals:

- To improve service efficiency
- To have an effective strategic overview
- To show a return on investment
- To enhance the Vision of the Welland Partnership
- To undertake and deliver effective procurement solutions for the Welland Partnership.

Project benefits

It is anticipated that significant savings could be made by partners by exploiting economies of scale and improving the level of expertise available to exercise greater purchasing power to drive down prices. The East Midlands Centre of Excellence provided £126,500 in grant aid and identified cashable benefits of £3,349,000, non cashable benefits totalling £1,891,000 and a qualitative improvement of 70%. This was calculated using the RSe Brent ROI model over a period of 5 years from commencement of the project.

Partner authorities



- East Northamptonshire District Council, Northamptonshire
- Harborough District Council, Leicestershire
- Melton Borough Council, Leicestershire
- Rutland County Council, Rutland
- South Kesteven District Council, Lincolnshire.

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Websites

The Welland Partnership:
www.welland-partnership.com

East Midlands Centre of Excellence:
www.emce.gov.uk

Transferability

The East Midlands Centre of Excellence together with the Welland Partnership have been working together to explore opportunities available to secure efficiency gains and improve services. The Welland Partnership Procurement Shared Service was launched in March 2006 at the EMCE Shared Services Workshop. The Welland Partnership is an example of a shared services partnership working at its very best; the lessons learned from this project will be invaluable to anyone wishing to implement a shared services project.

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