



Allan Reid, Chief Executive, Braintree District Council December 2007:

“The procurement hub is an excellent example of a collaborative approach of District Councils working together to provide better value for taxpayers. In addition to better value, it can also improve services through more effective use of resources. The hub members can collectively call on a team of qualified procurement staff with a wide range of experience where previously some of the members had no individual resources. From a Braintree point of view, the team have been very much strengthened by the collaborative approach and joint opportunities for savings and service improvement.”

Summary

A group of local authorities in Essex joined together to form a shared services hub for procurement thereby vastly reducing duplication of effort between member authorities and enabling procurement arrangements arrived at for one authority in the group to be made available to all other members - and to a wider base wherever possible.

In addition, hub members have access to experienced, qualified procurement staff when needed. In the first year of operation the savings and income targets established for the hub were either all met or exceeded.

Project Background

Drivers for Improvement

A study undertaken in October 2005 by the Procurement Agency for Essex (PAE) in response to concerns raised by Essex Councils concluded that it

is not cost effective for every council to have it's own procurement department.

With recent government initiatives continuing to emphasise best value in procurement the specialist skills required are in increasingly short supply. On these grounds the PAE and Braintree District Council worked together to implement a shared solution, which allows the councils involved to collaborate and jointly benefit.

Partners involved

The following are hub members:

- Braintree District Council
- Colchester Borough Council
- Epping Forest District Council
- Maldon District Council
- Uttlesford District Council
- Castle Point Borough Council
- Greenfields Community Housing

The Hub also works with other organisations on wider strategic issues, including the Procurement Agency for Essex, Essex County Council and Improvement East.

Braintree District Council, as a whole has announced an initiative of sharing services with Colchester Borough Council where feasible.

Any public sector body can use hub framework agreements so there are numerous indirect partners benefiting from the arrangements, such as:

Borough of Ealing
Borough of Windsor & Maidenhead
Vale Royal Borough Council
English Partnerships

Vision

The underlying ethos of the hub is co-operation and collaboration. Members have agreed to treat the hub team as part of their own staff and, whilst officially based at Braintree, the team frequently work across all hub sites. Bureaucracy is kept to a minimum and where charges are made for services these are transparent.

Objectives

To deliver a service to hub members which includes:

- Advice on day-to-day services
- Advice on legislation
- Sourcing suppliers
- Conducting tenders
- Analysing spend
- Encouraging compliance
- Identify areas for joint working
- Strategic procurement input
- Championing procurement
- Putting framework agreements in place and generating income to make the service to members cost neutral within 3 years.

Role of Improvement East

The Regional Centre of Excellence (RCE), which in April 2008 merged with Building Capacity East to become Improvement East, supported the procurement hub with initial seeding funding, the first tranche of which

was used for IT equipment to support remote working from different sites.

The support of the RCE was also invaluable when members were initially considering whether a shared service was appropriate for them.

On an ongoing basis Improvement East also support the use of hub framework agreements and provide details to interested authorities.

Benefits achieved Efficiencies Gained

In its first year the hub produced the following savings for members:

Braintree	£285,200
Castle Point	£103,210
Colchester	£233,604
Epping	£172,243
Maldon	£ 52,500
Uttlesford	£ 74,274
Total Savings:	£921,031

Income generated from framework agreements totalled £110,296 and this will be distributed between hub members

The intention is that, by the end of the third year of operation, the hub costs of £342,000 will be entirely covered by income.

Service Improvement

Each hub member has an allocated lead contact with a regular presence at his or her offices. These individuals are all MCIPS qualified and provide both strategic and operational support. They have many years experience in differing areas of procurement and work together to make the best use of this pool of knowledge. They also cover for periods of sickness and holidays in a way that individual authorities would be unable to resource.

The use of hub frameworks by non-members has also proved very popular. The frameworks are good value and provide EU compliance. A refuse freighter framework, for example, has throughput to date of £310 million.

Critical success factors and lessons learned

Essential ingredients for success

- Good communication with hub members to ensure that they perceive they are receiving a fair allocation of the shared service.
- Executive level support from member organisations to ensure that changes can be implemented.
- The right team is essential and should comprise individuals who can work across organisational boundaries and prioritise work effectively.

Challenges and Solutions

As a new organisation the initial challenge was to recruit appropriate senior staff and to establish working practices. There was also a need to develop good relationships with the 6 member authorities and to agree an equitable allocation of resources.

Service Level Agreements give a common point of reference but each authority, naturally, has its own ways of working and the hub needs to be flexible in meeting the needs of members. Change management has been an ongoing challenge, as has prioritisation of workload.

Standardising procedures across hub members proved a challenge but the hub team have overcome this by taking an individual approach to each authority and tailoring individual procurements to specific needs.

Risks

Initially, commitment from members was a risk. Members signed a 3-year service level agreement to allow the hub team to be put in place.

Failure to meet income targets remains a risk, although the target for year 1 has been achieved. This is managed by providing regular information to hub members and ensuring that they are satisfied with services. Many view their rebates as a bonus.

Contacts

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