

Written Response by London Councils and the London Procurement Strategy Board

The following is a response on behalf of London Councils and the London Procurement Strategy Board

London Councils is a cross-party organisation, representing London's 32 boroughs and the City of London.

The London Procurement Strategy Board (LPSB) is the principal, strategic procurement board for London local government. It brings together senior finance and procurement officers to develop and deliver a procurement strategy for London local government.

Introduction

London local government recognises the important role of procurement in supporting the continued delivery of high quality, value-for-money services to local residents, particularly in the current public finance environment.

London local authorities spend approximately £9 billion each year on a diverse range of goods and services. This represents approximately 15 per cent of all local government third party expenditure and analysis suggests that on average, 80 per cent of procurement spend in London takes place with 6 per cent of suppliers.

These figures are significant and highlight not only the important role procurement can play in supporting the government's deficit reduction programme, but also in supporting local, regional and national economic growth.

London local government has long recognised its significant purchasing power and the need for a joined up and supportive approach to procurement.

Following London Councils Leaders' Committee endorsement of the London procurement strategy in 2010, the London Procurement Strategy Board (LPSB) was convened to bring together directors of finance and heads of procurement from across London, the Greater London Authority and London Councils. The Board, supported by the London Heads of Procurement Network, seeks to address some of the key strategic challenges in local government procurement. To date, the Board has focused on the following issues:

- The sharing of best practice, intelligence and knowledge (question 1-3)
- The communication of opportunities for collaboration (question 2)
- The need for a robust understanding of procurement expenditure (question 3)
- The development of clear category management strategies for key areas of spend (question 3)

This approach has been complemented by other initiatives taken forward by London Councils and the boroughs, including the promotion of apprenticeships (question 1), and the improved interaction with small and medium sized businesses (question 1).

In considering local government procurement, London Councils and the London Procurement Strategy Board would highlight three key issues:

- London's Leaders, with their democratic mandate, are best placed to assess and respond to local circumstances and priorities, particularly when considering how procurement can address broader social, environmental and economic outcomes.
- London local government is exploring all potential opportunities for collaboration. However, collaborative procurement will not always be the solution, particularly given the speed at which local government resources are reducing. As such, there is a need for pragmatism as well as a robust assessment of the costs and benefits of any such undertaking.
- Local government has a background of strong financial management and is arguably the most efficient part of the public sector. Combined with its local governance structures and democratic mandate, local authorities are best placed to understand, scrutinise and assess local practices.

Background and Context

It is important to recognise that London local government and the wider local government sector is working within a significantly constrained financial environment. By 2014-15, there will have been a reduction in core funding from central government of around 35 per cent with a further 15 per cent cut expected in 2015-16. In this context and against a backdrop of rising demand for local services, London local government has continued to provide high quality services to its local communities – some of which experience some of the most stubborn challenges of social and economic deprivation.

Over the past few years, it has become very clear that local government is, arguably, the most efficient part of the public sector and has risen to the challenges in ways that other sections of the public sector haven't been able to. The localisation of council tax support and the recent changes to responsibilities for children-on-remand are examples where local government has been asked to deliver savings on behalf of other Whitehall departments.

It is also clear from recent government announcements that local government is set to face a period of prolonged financial austerity – in all probability up to 2020 and beyond. These challenges raise important questions about local public service delivery.

Within this debate, London local government continues to recognise the need to use its resources as effectively and efficiently as possible and to exploit its significant purchasing power. At the same time, local authorities are also mindful of their social and environmental responsibilities within the procurement process – some of which could potentially increase cost. Balancing these potentially competing demands creates a number of issues and challenges and how these are managed will very much depend on local priorities and circumstance. With their strong local democratic mandate and knowledge of their communities, local authorities are best placed to respond to these challenges.

London Councils would refer the Committee to responses from our individual member authorities.

London Councils and the London Procurement Strategy Board would be happy to provide further clarification on any of the information contained within this submission.

1. To what extent is local government procurement organised to deliver value for money and social, economic and environmental objectives, including stimulating the local economy? To what extent are local authorities achieving the involvement of local residents in delivering value for money? To what extent are local authorities able to develop long-term relationships with contractors?

As outlined above, local government in London faces an extremely challenging financial environment and authorities are very mindful of the need to prevent reductions in funding from having a significant and negative impact on local services, particularly to those most vulnerable in the community. As such, local authorities recognise that back office support functions (including procurement) need to be as efficient as possible.

Significant work has been undertaken to ensure that local authorities in London understand their procurement behaviour, interact with the market in the most effective way possible and develop strong and sustainable relationships with key suppliers.

Interacting with Business

London's local authorities recognise the government's objective of economic growth. London's growth supports, funds and drives the UK economy and London boroughs, in conjunction with the Mayor of London and others, play a crucial role in supporting the conditions to ensure London's economic performance.

Supporting small and medium sized businesses to interact with local authorities is a crucial element of this. In line with one of the Federation of Small Businesses' (FSB) recent requests, the London Heads of Procurement Network have committed to publishing all contract opportunities on the CompeteFor¹ platform. This will

¹ <https://www.competefor.com/business/login.jsp>

allow all businesses, irrespective of size, to have a clear and easy way to see potential opportunities and then apply for contracts, without excessive bureaucracy.

Both the City of London and Harrow have recently been selected by government as one of the top 10 best councils to do business with.² Their efforts have included streamlining the tendering process, ensuring prompt payment of invoices and developing a diverse and wide-ranging approach to communications and engagement.

Indeed, London Councils, in conjunction with the Federation of Small Businesses, recently held the inaugural Small Business Friendly Borough Awards³ to highlight and showcase the efforts of boroughs in London.

Skills and Jobs

London boroughs also use their contracts and supply chains to generate substantial skills and employment opportunities for their young people.

In 2009, London boroughs agreed through London Councils to set a target of creating 2,000 apprenticeships by March 2012. This was in response to an awareness of low numbers of apprentices in most London boroughs; rising numbers of young people out of work; and issues around an ageing workforce and the risk of losing skills and expertise if long-serving staff retired without any knowledge transfer. Between 2009 and 2013, over 3,700 new apprenticeships have been created by London boroughs. These apprentices are employed in boroughs' own workforces and with their supply chain – many of which have been generated in the construction industry. Such has been the appetite and enthusiasm for apprenticeships in London that there has been an annual awards ceremony for the past two years, recognising borough success.

Facilitated through London Councils, all borough Leaders also endorsed and signed a Procurement Pledge in 2012. This simple statement asked boroughs to commit to the creation of jobs and training opportunities through their supply chains. Underneath this pledge lay a number of options that boroughs can choose to sign up to or not, depending on their local circumstances and priorities.

Further to this, the Social Value Act places an obligation on public bodies to consider social value ahead of procurement. Indeed, a recent FSB survey found that 86% of those London boroughs that had responded had changed their procurement processes in response to the Act.

There are other examples of good practice, including:

- Lambeth Council's Community Benefit Checklist takes councillors through tender documents for contracts valued at over £100,000 to establish which social and economic benefits they want to generate from particular contracts.
- Harrow Council has created at least 40 apprenticeships in the supply chain since bringing in their Sustainable Procurement Policy in 2012. Recent contracts include printing, transport, leisure & library services and aids & adaptations. The Economic Development team support contractors to deliver their commitments.
- Tower Hamlets is committed to working with contractors, partners and suppliers to create apprenticeship and job opportunities. The borough, through Skillsmatch, works proactively with a large number of organisations: JP Morgan, Barts & The London Hospital and Starbucks to promote and recruit to apprenticeships and jobs. The council is currently tendering for a contractor to improve housing stock to the 'Decent Homes Standard'. A contract requirement is that 250 apprenticeships and jobs will be created.
- Seven London boroughs have just started delivering employer engagement projects, funded by NAS, to create 550 new apprenticeships between now and February, and to encourage employers to consider taking on a 16-18 year old. London Councils is co-ordinating the project.

² <https://www.gov.uk/government/news/best-councils-to-do-business-with-awards>

³ <http://www.londoncouncils.gov.uk/policylobbying/economicdevelopment/boroughecdev/smallbusinessboroughawards.htm>

Though, it is accepted that there is room for boroughs to leverage additional value out of their contracts. With some boroughs potentially undertaking further outsourcing exercises, this could provide some opportunity to create additional apprenticeship and other job opportunities for local residents, particularly at a time when there is very little direct funding for local employment programmes. We believe this is an area where there is still a lot of untapped potential. We estimate that London boroughs could generate up to 5,500 apprenticeships a year via their contracts, as opposed to the current 300 per year.

However, there are barriers:

Borough capacity: Some boroughs are facing resourcing and capacity issues which means that it is becoming increasingly difficult to monitor or follow up contractor commitments. It may be the case that outcomes are being generated but they are not recorded. Another concern is the lack of resource for a central database which has an overview of contract outcomes.

Contractor expertise: Many big suppliers to local government are aware of the 'asks' that will be coming their way in relation to generating opportunities for local people. However some myths remain in relation to the legalities around generating social value from contracts. In addition, some smaller and medium sized enterprises may lack expertise both in relation to how to build these opportunities into their bids and also in relation to how to implement and monitor the outcomes.

Recruitment barriers: Some contactors may be hesitant to recruit a young person due to their lack of experience and perceived challenges it will generate.

Engagement of young people: London Councils is concerned about information advice and guidance (IAG) going to schools; some will give excellent advice but the quality of advice is likely to be patchy and there is a disincentive for schools to recommend the vocational option if they have a Sixth Form. This means opportunities such as apprenticeships may not be promoted, or in some cases young people will not be getting the IAG they need to make an informed choice.

What should change?

- Boroughs need additional resource to help them monitor the social and economic outcomes of their contracts.
- The government could provide capacity building support to SMEs to help them get 'bid' ready in relation to social value 'asks' from the public sector.
- There needs to be better business understanding of what it means to recruit a young person. Islington Council have developed toolkits in recruiting young people. A similar toolkit could be developed and rolled out to suppliers.
- Young people need good access to IAG which promotes all careers options available, including apprenticeships and other construction opportunities.

Long Term Relationships with Suppliers

Individual approaches will depend on local circumstances, but where appropriate there are some examples of authorities entering into long term arrangements with suppliers. These include:

- The London Borough of Barnet and Capita plc have recently signed two long term contracts.
 - The first contract, worth £320 million over ten years, for the New Support and Customer Services Organisation (NSCSO) will see Capita plc take over the running of the council's back office services which includes customer services, human resources, finance and payroll, IT, revenues and benefits, estates, corporate procurement and commercial services. Capita will also make an £8 million pound investment in technology to improve council back office services.
 - The second contract will see Capita's property and infrastructure business entering into a joint venture with Barnet Council to deliver development and regulatory services (DRS) in the borough. These services include; Building Control, Land charges, Planning (Development Management), Strategic Planning and Regeneration, Highways Services, Environmental Health, Trading Standards and Licensing; and Cemetery and Crematorium services to the borough.

- Three West London boroughs – Brent, Ealing and Hounslow – have entered a five year contract with Serco to run parking services. It will introduce ‘virtual’ parking permits for controlled parking zone, introduce new IT software and pool back office resources.

2. Do authorities take sufficient advantage of collaborative and joint procurement opportunities, including those available from central government? In addition, the Committee would welcome information on PFI contracts and their operation with local government.

Local authorities in London are very aware of the opportunities and advantages afforded from collaborative and joint procurement exercises, particularly in the current environment when resources are reducing and some organisations may be losing some expertise.

Hosted jointly by the London Procurement Strategy Board and London Councils, the inaugural London Procurement Summit was held in July 2013. It featured senior and influential figures from across central government, local government and the wider public sector. Attended by over 100 local authority finance and procurement professionals, this event highlighted the opportunities for joint working and facilitated the sharing of expertise, best practice and intelligence.

Whilst there are some clear benefits for collaboration in some cases, it is felt that there needs to be an understanding and acceptance that such approaches will not be appropriate in all circumstances. Whether that is at a national or regional level or through small groups of local authorities, the procurement route must align and be proportionate to the potential size of the financial reward or improved outcomes.

The procurement route will also reflect the wider social and environmental outcomes highlighted as part of question one. There may well be some tension between addressing some of the more stubborn local challenges such as deprivation and poverty through a broader national or even regional opportunity.

At the same time, it is worth reflecting on the fact that the scale and speed at which local government funding is reducing will also act as a barrier to further collaboration. In Spending Review 2010, reductions to core funding were front-loaded. At the time, it was announced that 40% of cash cuts to local councils would occur in the first year (of a four year period). The front-loading of cuts meant that authorities had to reduce expenditure further and faster than previously anticipated. This afforded a limited amount of time to re-design and re-engineer services where this made business sense and created considerable challenges for local authority financial planning and service redesign. Since the SR2010, there has also been a number of further incremental cuts to local government funding, which have accelerated the speed at which savings and efficiencies have had to be found. Having to react to a fast-moving financial landscape does, to some extent, militate against some collaborative efforts, which often require considerable time and resources to deliver.

Given this broader context, local authorities have needed to develop a multi-dimensional approach to both savings delivery and their wider procurement strategy. In some cases, collaboration will deliver the scale of savings required within the timescale needed. In other instances, local solutions will provide a more effective and focused solution. Collaboration should not become an end in itself and focus must remain on delivering strategic objectives – improved outcomes or identifiable cash savings. Local authorities will be best placed to balance these competing issues within the context of their wider financial strategies.

Please see case studies in annex A to see how authorities in London have worked together to deliver value for money for their residents.

3. How can local authorities access the skills, expertise and capabilities to implement effective procurement strategies, including value for money and social and economic objectives? More specifically, does local government have sufficient understanding of its procurement expenditure and the markets for goods and services to deliver quality procurement strategies-locally and regionally. If not, how can deficiencies be addressed?

Skills and Expertise

London boroughs are increasingly focused on improving the skills of not only procurement professionals, but ensuring that service managers have an understanding of procurement and contract management. Each borough will approach staff development differently, but initiatives include:

- Establishing a stronger core team and introducing Category Specialists who report to the core team, but work with service areas;
- Requiring all procurement staff to have completed or be in the process of undertaking Chartered Institute of Purchasing and Supply (CIPS) training at appropriate levels;
- Developing a potential 'graduate' programme for participating boroughs to share skills and attract new entrants to the profession;
- Organisation of compulsory training sessions for all managers; and
- Running of themed workshops on key developments within Procurement.

Understanding Procurement Expenditure

London local government recognises that it is imperative to have a detailed understanding of its procurement behaviour and that this should be underpinned by robust and comprehensive data and analysis. Since 2003-04, London boroughs have shared expenditure data on an annual basis through a bespoke Online Expenditure Analysis (OEA) tool. This has facilitated an understanding of:

- The scale and coverage of third party expenditure,
- The degree to which suppliers are engaged across multiple boroughs,
- The number of transactions processed by each borough.

Whilst these exercises have proved useful to gauge a broad sense of borough procurement expenditure, it is fair to say that the quality and robustness of some of the data has been subject to some variation. In an attempt to address some of these issues, the overwhelming majority of London boroughs have recently signed up to the use of spend analysis software from BravoSolution. This venture will be funded by London Councils, using a framework from the Government Procurement Service (GPS). In the short term, it is hoped that this will allow a more granular and detailed understanding of procurement expenditure on an annual basis. In the medium term, this software could allow detailed analysis to be carried out on a quarterly and even monthly basis across London.

In conjunction with the OEA tool, London boroughs have also benefitted from a Contracts Register Service (CRS). The CRS is an on-line service for maintaining and sharing contract data and was designed to facilitate collaborative working as well as internal contract management. One of the barriers to collaboration is often the non-alignment of contract expiry dates and this tool allows for more effective forward planning and identification of future opportunities. The pan-London CRS currently contains 7,615 live contracts with a combined total whole-life value of £26.1 billion.

The London Procurement Strategy Board: The Category Management Approach

One of the principal activities of the London Procurement Strategy Board has been to lead the development of category management strategies for London, identifying the optimum procurement route for different categories and sub-categories of spend. With funding from Capital Ambition⁴, the London Procurement Strategy Board has focused its initial efforts on six areas of significant spend⁵. These areas represented a combined spend of £4.7 billion in 2011-12 – approximately half of all third party spend in London.

One of the principal aims of developing the strategies was to understand the optimum spatial level for different types of expenditure – whether that be at a national, regional, sub-regional or local level. In determining this, it has been important to understand the type of expenditure incurred and the need to balance commercial risk against the value of the potential reward.

Case study six in Annex A shows an example of delivering a high quality procurement strategy.

4. To what extent is risk in local government procurement and contracting understood and managed and contracting strategies adopted, which are tailored to product and supplier market places? More specifically, do

⁴ The Regional Improvement and Efficiency Partnership (RIEP) in London

⁵ Agency Staff, Adult Social Care, Children's Social Care, Construction, Facilities Management and ICT

local authorities maintain and operate effective client management functions and have they entered contractual arrangements which allow the flexibility to meet changing circumstances such as budget reductions or changes in the way a service has to be delivered?

Client Management Functions

This is becoming an area of increasing focus. As mentioned above, there is a tension between stable, long term relationships that allow contract investment to take place and the desire for flexibility to respond to changing priorities and other unexpected events. It is recognised that flexibility can create uncertainty from a contractor's perspective and they will want comfort that their predicted and agreed return is protected. As such, a robust and equitable change mechanism need to be agreed between the client and the supplier – these will depend on local assessment of the potential risk and reward.

In terms of knowledge, a blend needs to be struck between knowing the category of provision and the market that delivers it. This requires a much more commercially driven approach to be adopted and for organisations to recruit and retain staff that understand value - not just costs - and who can develop relationships based on a mutual benefit over the life of the contract model.

5. How is regularity and propriety of procurement secured and are the arrangements for detecting and addressing impropriety and fraud effective?

6. Is local authority procurement fully transparent, audited effectively and does it provide appropriate mechanisms for redress? Specifically, are the arrangements for securing the accountability of procured services and goods to local authorities and local residents adequate and effective? More specifically, to what extent are local authorities able to provide assurance to central government that value for money (in the broadest sense of the term) is delivered?

A response to both questions 5 and 6 is provided below.

It is important to consider the need to ensure both propriety and value-for-money as part of the wider monitoring and assurance framework within local government. Each London borough will have a different approach, but we would highlight four overarching elements of the current system. They include:

- **Local Democratic Accountability:** Local authorities have an important role at the heart of their local communities. Armed with a strong democratic mandate, they are best placed to respond to the often complex and dynamic needs of their local residents. For each local authority to operate efficiently and effectively in line with its democratic accountability, a council will operate under an agreed constitution. Whilst subject to local variation, this will set out clear processes for how decisions are made and the systems in place to ensure that these are efficient, transparent and accountable to local people. As such, members will perform a range of duties either within full Council, Cabinet, the Executive or within dedicated scrutiny committees. Whilst local approaches may vary to some extent, Scrutiny Committees will have a number of objectives, including:
 - to hold the Executive to account,
 - to assist with policy development
 - to review existing policies
 - to monitor the performance of departments or services with a view to improving service delivery, and to engage with service users, residents and partners

As such, they play a vital role in examining local decision making.

Both members and officers will also have regard to a series of agreed organisational policy documents, including a set of financial regulations, standing orders and scheme of delegation. These set out clear expectations of behaviour and the decision making process in order to deliver the appropriate level of assurance.

In summary, local government benefits from a clear and embedded governance framework. There exist a number of checks and balances at the local level to ensure that decisions taken within the local authority comply with expectations of regularity, propriety and value for money.

- **Operational Processes and Controls:** The procurement function itself will have a number of approaches within its business-as-usual model that supports the above. This could include, but would not be limited to, the use of procurement process maps, a contracts register and agreed performance indicators. It would be expected that for many boroughs, this would all fit under the organisation's wider procurement strategy.
- **Statutory Roles:** The above framework is also supported by appointed officers and in particular, three statutory roles – the head of paid service, the monitoring officer and the section 151 officer. These roles are designed to ensure the effective administration of an authority, including its financial and legal compliance. In general, the Section 151 officer will be responsible for putting in place arrangements to ensure proper stewardship and governance of an authority's resources. Systems and process will then be reviewed regularly to verify the adequacy and effectiveness of these, primarily via an internal audit function.
- **External Audit:** On an annual basis, a local authority is subject to an audit of its Value-for-Money arrangements as part of the wider audit of its statement of accounts. The auditor is required to verify whether the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report its conclusions as part of the Annual Governance Report.

London Councils and the London Procurement Strategy Board would be happy to provide further clarification on any of the information contained within this submission.

**The London Procurement Strategy Board and London Councils
September 2013**

Annex A: Examples of Procurement Practice in London

Case Study One: London Big Energy Switch Project

London's boroughs have recognised the need to support their local residents in their procurement choices. The Big London Energy Switch is an exercise known as collective switching. This approach allows a group of consumers to join together to negotiate a better deal with energy suppliers. Funded by DECC, 21 London boroughs⁶, supported by London Councils, signed up to the project in 2013.

The scheme had a specific focus on vulnerable residents and those in fuel poverty and was the largest scheme of its kind in this respect. Approximately 300,000 homes in the 21 boroughs that participated in the scheme spent more than 10 per cent of their income on energy, which classified them as living in 'fuel poverty'.

In the auction held to date, over 32,000 residents signed up to the process, which itself was part of a larger UK auction of 160,000 people. Estimates suggested that nearly 20,000 Londoners could save an average of £122 a year each on their gas and electricity bills after signing up - around £2.4 million.

A further exercise is planned in autumn 2013.

Case Study Two: London Energy Project

The London Energy Project (LEP) was first established in 2006 to conduct an initial review of energy procurement processes and strategies within London. This took place at a time when energy prices had risen significantly. The project has since developed into a comprehensive energy category management strategy, funded by its 35 participating authorities. Membership includes 27 London boroughs, the City of London, the London Fire Brigade and the Metropolitan Police.

Energy expenditure in London's public sector equates to approximately £350 million each year with a further cost of £15 million for carbon. The LEP has allowed a more collaborative, public sector approach to energy procurement and carbon management and has achieved an estimated £43m in savings.

Further work is currently being undertaken, including:

- Further developing London's energy category strategy through a revised statement of requirements, 2013 annual price assessments, small electricity supplies contract review, supplier benchmarking, stakeholder-specific procurement support eg Schools, Housing, and joint procurements
- Leading energy management initiatives on back-office process and administration efficiency
- Supporting carbon and compliance reporting
- Leading authority representation, influencing and market shaping in support of our shared energy category strategy

In 2009, the LEP won the GO Best procurement initiative award.

Case Study Three: London Commercial Fleet Project

Since 2009, the London Commercial Fleet Project has been developing and delivering a collaborative category management strategy for fleet management. London boroughs spend in excess of £100 million a year on acquiring and maintaining a combined commercial fleet of 6,000 vehicles. The project has sought to deliver a coordinated approach to acquiring and managing commercial fleet, sharing best practice and delivering cashable savings through a programme of collaborative acquisitions including e-auctions.

Since the start of the programme, a number of key initiatives have been taken forward, including:

- Pan London review of current fleet make up, facilities and plans for the future
- Production of a Best Practice Guidance on Vehicle Acquisition
- Core specifications for refuse freighters, commercial vans, mini-buses, accessible buses and coaches

⁶ Bexley, Brent, Camden, Croydon, Ealing, Enfield, Greenwich, Hackney, Haringey, Harrow, Islington, Kingston-upon-Thames, Lambeth, Lewisham, Merton, Redbridge, Richmond, Southwark, Sutton, Tower Hamlets and Waltham Forest.

- Creation of a commercial fleet website (www.alto.org.uk)
- Availability of a cloud based category planning tool (www.fleetcol.org.uk)
- Major input into Pro 5 / GPS Specialist Commercial Vehicles Contract

Discussions are currently underway with the Government Procurement Service to assess how this project can be taken forward to build upon the good work to date.

Case Study Four: London Highways Alliance Contract (LOHAC)

Transport for London (TfL) and the London boroughs have awarded four new area-based joint highways contracts which will run for eight years from April 2013 until the end of March 2021. It is expected that this will deliver a more reliable, reputable and cost effective highways service across London. Four service providers will cover the whole of London with each borough forming its own call-off contract.

One of the key elements of the arrangement is that it provides flexibility for participants. There are a range of services on offer in 3 categories:

- Highways maintenance and improvements activities
- Related services: winter; horticulture; cleansing etc
- Professional services: inspections; surveys; design

There are also no minimal contractual commitments or membership charges. Local authorities can also add further services when required and this can be applied to more services beyond highways such as schools, housing and parks.

It is anticipated that this arrangement will deliver a range of benefits for participants, including:

- A cost effective highways maintenance and management service (savings 5-30%)
- Reduced congestion through joint forward planning and improved collaboration
- Better and more consistent customer experience
- Shared technical expertise
- Reduced traffic disruption
- Creation of a minimum of 250 apprenticeships across London
- Utilisation of local SME & BAME supply chain, and
- Implementation of the London Living Wage

Case Study Five: The London Taxicard Scheme

The London Taxicard Scheme provides subsidised transport for people who have serious mobility impairment and difficulty in using public transport. Taxicard holders make journeys in licensed London taxis and private hires vehicles, and the subsidy applies directly to each trip. The London Taxicard Scheme, managed by London Councils' Transport and Environment Committee (TEC), is funded by the participating London boroughs and the Mayor of London. Through a pan-London procurement exercise, the boroughs and the Mayor exploit significant bargaining power. This delivers greater value for money, better terms and conditions and reduced costs. The current contract will run for three years from 1 April 2012 and is expected to deliver savings of approximately £1.8million.

Case Study Six: ICT – an example of Delivering a High Quality Procurement Strategy

Led by the London Borough of Camden, this project brought together Chief Information Officers (CIOs), the Government Procurement Service (GPS) and the Pro5 buying organisations to better understand the ICT market and identify potential savings through renegotiation and collective procurement.

Under a steering board of senior CIOs and procurement officers across London and resourced by LB Camden, a programme of collaborative work was developed and taken forward, including:

- A collaborative competition involving 11 boroughs to award concessions to use council street furniture to mount wireless telecoms equipment. To date, five boroughs⁷ have awarded the contracts with a further

⁷ Camden, Hammersmith & Fulham, Hounslow, Islington and Wandsworth

six boroughs⁸ indicating a preference to do so. Commercial dialogue with suppliers prevents the award from being disclosed, but it is estimated that this will generate revenue income of around £20m over the term of the concessions.

- An outline approach to datacentre consolidation has been broadly agreed by CIOs with additional support for a programme of consolidation secured from London Grid for Learning (LGfL) and Public Services Network/Virgin Media. Potential savings of approximately £3-5million per annum are estimated.
- A detailed 'map' of key line-of-business software applications was produced, highlighting the potential for a more joined-up approach. This work has led to ongoing discussions with suppliers to reduce costs in this area.
- The ICT supplier relationship development project created a series of negotiation teams. To date, their work has secured an estimated £220,000 savings per annum for boroughs as well as a range of other non-cashable benefits such as access to Application Programme Interfaces (APIs).
- Increased participation in e-auctions has been encouraged, and as a result 5 boroughs in London participated in a mobile telecom e-auction which saved an average of 50% on previous prices. This represented a cash saving of £290,000 per annum.
- A web portal was developed by LB Camden to enable the secure distribution of commercial information and for sharing project documents. This worked well and was a key enabler for the wireless concession project; improving the engagement processes with suppliers; and increasing awareness of e-auction possibilities. Exploratory work is currently being taken forward with the LGA to explore whether a similar portal can be created to support a national programme.

This work has changed the ICT landscape in London and is influencing the future of ICT procurement nationally. GPS has committed to continuing to provide a dedicated programme manager and has created two additional full-time posts within London. These are accountable to London's ICT Programme Board, which is also being retained as a valuable forum for decision-making. The London ICT Programme Board is preparing a strategy to build upon the work carried out to date.

⁸ Barnet, Brent, Ealing, Hackney, Haringey and Merton.