

Drive down costs and **increase** efficiency

With years of budget challenges ahead

...let your challenges become ours



“The team provided a rapid delivery of benefit, particularly in terms of the high level of skills they brought which were required to effect the changes; skills which were not available in-house. Their practical knowledge, local government experience and specialist procurement approach ensured all issues were dealt with expediently and, where required, they were both responsive and flexible in delivery. The program has catalysed significant positive cultural change within the procurement function and within the directorates in which they worked.”

Diane Cheesebrough, Deputy Chief Executive, Calderdale Borough Council



Years of budget challenges ahead

Local Authorities are familiar with change and the need to plan and respond to new legislation, growing and changing communities and the ever increasing auditing regime. What lies ahead in terms of the financial, social, political and environmental climate is unprecedented.

Having already delivered substantial savings, Local Authorities have difficult choices to make to preserve frontline services while driving even greater financial efficiencies.

It is estimated that budget challenges faced by the Public Sector will not be short-lived and are here for a generation (Public sector net debt £829.7 billion, October 2009 – Office of National Statistics).

This is set against a Government vision of three goals:

- **excellent outcomes for all** – unlocking the talent and potential of every individual by providing first class education and skills, ensuring people are healthy and cared for, and ensuring all citizens live in safe, secure and thriving communities;
- **excellent personal experiences for all** – meeting the rising expectations by matching standards offered by the best of the private sector, with flexible, personalised, tailored public services and
- **value for money for the taxpayer** – ensuring that world-class public services are delivered by targeting resources on the most effective policies, raising productivity and increasing efficiency.

Not only are the public continuing to demand more and better services, the worst recession in 100 years has led to an increased demand for services such as benefits, housing advice and school places.

Fast emerging is 'Total Place', a "whole area" approach to public services leading to better services for the customer at less cost. It seeks to reduce costs and introduce new ways of working, through collaboration and local leadership, within the context of constrained resources and public expectations of higher quality services.

Gordon Brown's 'Putting the frontline first – smarter government' (Dec 2009) supports local authorities that wish to use their trading powers to create further commercial opportunities. New guidance on effective use of joint ventures by local authorities and their partners and consideration of single area-based capital funding will be published this year.

The time is right to take positive action to understand your authority's total spend, where savings can be made in the short, medium and long-term, and seize the opportunities that collaborative partnerships present.

*The time is right to take positive action...
do you have the internal commercial skills to deliver?*



Your challenges become ours

V4 Services, provide an instant solution. With a proven track record of delivery in Local Government and running commercial and procurement services for a range of clients, we can establish a strategic Commercial Unit within your Local Authority to deliver savings quickly.

What are the benefits?

- Payback period – between 3 and 6 months,
- Return on investment – typically 300%,
- Short-term quick wins e.g. temporary labour, contracts review, long-term benefits from collaborative procurement and partnerships,
- Bespoke analysis and reporting software,
- Grow and embed core commercial skills with internal employees,
- Financial decisions based upon greater knowledge of both demand and supply, service and customer impacts,
- Risk management – reduced risk from breaches to contracts, financial regulations and EU legislation as these become more wide-ranging and complex,
- Sustainable solutions which deliver enhanced financial, environmental and quality performance,
- Better position for Total Place.

What does the Commercial Unit consist of?

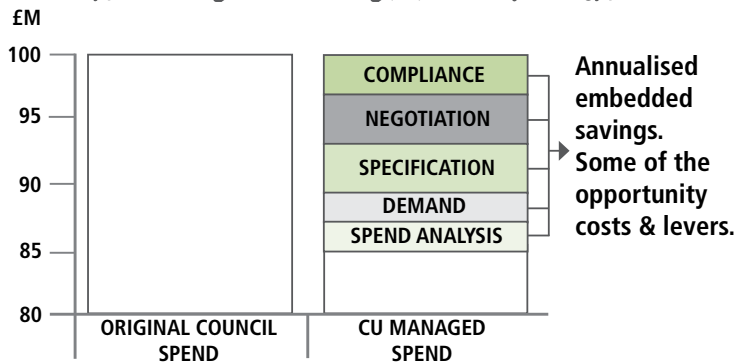
The delivery model is tailored to meet the needs of the organisation in terms of size and expenditure.

The Unit is embedded within the organisation working closely with the existing procurement function and a nominated internal Project Manager. It has support from additional V4 Services expertise including operations, communications and client relationship management.

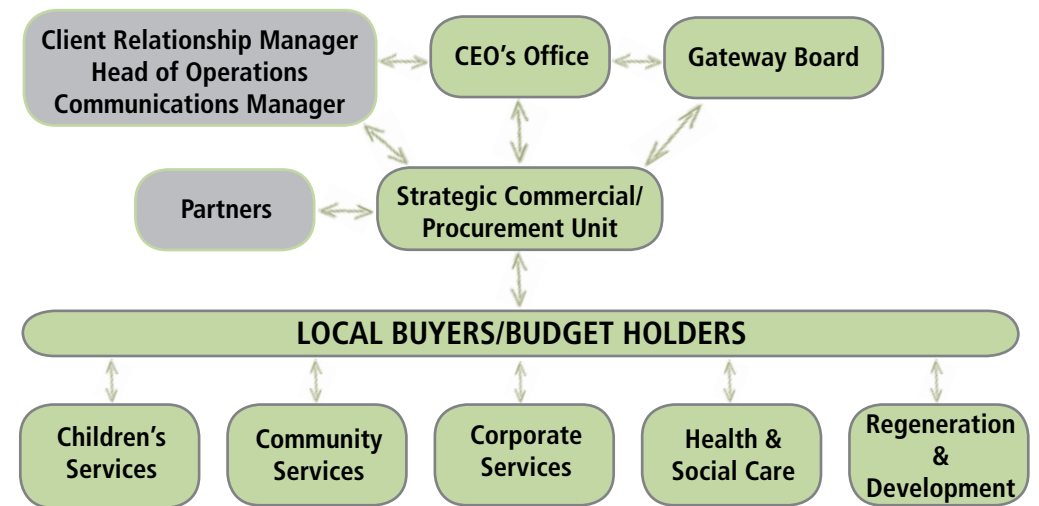
There is a clear governance structure with the Commercial Unit reporting into the council's Gateway Board, with representatives from finance, legal and strategic resources and in turn the Senior Management Team.

- Functions of the team include:*
- Demand management
 - Category management
 - Strategic sourcing
 - Supplier relationship management
 - Contract management
 - Commercial management
 - Negotiation
 - Activity based costing
 - Make/buy decision making

Benefits of the Commercial Unit



Commercial Unit: delivery model



What are the steps to set up a strategic Commercial Unit?

STEP 1

Commercial Procurement Diagnostic – establish the current position (6 – 8 weeks)

The team will carry out a detailed analysis of:

- all the non-pay spend across the council to identify who buys what, the breakdown of products and services, number of suppliers and spend categories;
- procedures and regulations to develop policy and process enabling the council to get better control, transparency, and align decision making processes to the desired strategic objectives and outcomes;
- procure to pay systems to assess the effectiveness of existing information systems;
- strategic contracts to establish what contracts exist and timings;
- a high level, prioritised savings plan will be delivered.

“The procurement project has been a cornerstone of Peterborough’s transformation programme. Having delivered significant savings, it is now in a position to move to the next level, both through further initiatives and through shared services with other organisations.”

John Harrison,
Executive Director Strategic Resources,
Peterborough City Council

STEP 2

Work through a transitional period and deliver outcomes (3 – 6 months)

The team will:

- implement a demand management programme;
- adopt new procurement processes;
- train budget holders/managers;
- optimise key supplier relationships;
- implement a contract register;
- deliver ‘quick win’ savings;
- build relationships for collaborative procurement opportunities within the region
- control consultancy spend.

STEP 3

Achieve the optimised position (6 months onwards)

By concentrating on outputs and the required outcome at the lowest possible price, the team will:

- become the custodian of best practice sustainable commercial approaches;
- shape and manage demand and supply markets;
- deliver savings through collaborative contracts/ aggregated purchasing;
- reduce transactional/procurement cost
- drive trading services and income generation
- improve project management through the implementation of best practice.

What are the options for buying in the service?

The commercial unit can be procured immediately through a Buying Solutions Framework Agreement which is EU compliant and means that cashable savings can be delivered straight away.

About V4 Services

We design and deliver nationally recognised and award-winning business transformation/change programmes across the public sector.

With a blend of private and public sector experience, our approach is innovative and challenging. We understand our clients’ key drivers and make savings quickly to re-invest in sustainable service improvement.

Our people have held senior level positions in Local Authorities and the commercial sector and bring with them an understanding of the political, environmental, social and technological setting faced by today’s public sector.

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