



**CROSS SECTOR COLLABORATION**  
A LOGICAL APPROACH FOR PUBLIC SECTOR SPEND,  
SAVINGS AND EFFICIENCIES





## Introduction

When comparing public sector procurement mechanisms with those of the private sector, some characteristics stand out.

Public sector procurement practitioners are rightly constrained by statutory regulations designed to protect the public purse. The benefits must be balanced with the loss of agility and speed of innovation in processes that the private sector can adopt. The entire life cycle from tendering to pay ments must be transparent and auditable and must follow the steps laid down by government.

However, the public sector has one major advantage that is as yet practically untapped. Its massive buying power is diluted across the many sectors, individual bodies and local authorities such that each has no more negotiating capability and impact than a commercial organisation of similar size. While centralised procurement on a national scale is the basic remit of the CCS, there is much scope for voluntary collaboration, not just within individual sectors and regions but on a national scale and across all sectors.

The keys to unlocking this significant potential are the availability of information and a willingness by procurement practitioners to proactively seek out opportunities for collaboration when requesting tenders or novating supplier contracts. They need tools to achieve this. It boils down to utilising Big Data to focus on collating the relevant information and adopting a new collaborative mindset and process by the individuals involved in procurement.



## CCS and frameworks

While government is undoubtedly dedicated to improving framework processes with special focus on making the CCS successful, reported criticism from SMEs, especially in the IT sector, indicate that there is still some way to go to achieve efficiency and cost savings objectives. The perception is that a one-size-fits-all-categories-of-procurement mindset still holds sway. Changing this may be comparable to the turning circle of the Titanic but we have no doubt that it will happen over time. The CCS has been charged with a mammoth task and, in fairness, it needs time to implement its new brief. In the meantime, the sentiment amongst buyers is that using the CCS facilities is a recognised step towards collaboration.

However, it is like to take time for the internal processes to mature to enable meaningful cross-sector collaboration.

Nobody is suggesting that a procurement professional should ignore the obvious routes put in place by the Cabinet Office to assist in their task. But it makes perfect sense to pursue other avenues in parallel. The objective is to make the money go further. The route taken is immaterial. Results count, not blind adherence to official central government facilities.



## Efficiencies lead to savings

Francis Maude (Minister for the Cabinet Office) in Nov 2011 alluded to the overly complex tendering process due to the UK's much more stringent interpretation of EU regulations than other countries had adopted. Primarily, the high cost of tendering by potential suppliers, which ran to as much as four times the cost as in our other EU partners.

Changes in early 2015 are designed to go some way towards easing restrictions, reducing complexity, shortening the procurement process and enabling a more agile approach. However, it will take time to refine established practices. The admirable concepts expressed in new policies require a bedding in period and quite likely a good deal of revising before becoming part of established practice on the ground.

What the procurement practitioner CAN do meanwhile is collaborate with counterparts in any or all of the 1300+ public bodies and 400+ Local Authorities nationwide to seek approaches to efficiencies and savings in all manner of areas, from reduced service costs to pooling knowledge of best practice, supplier quality, and visibility of new viable offerings as they come online in the marketplace.

This area of cross sector collaboration represents a relatively untapped seam of value that can be extracted and realised at negligible financial cost.

A stated objective of the Local Government Association (LGA) business plan 2014-2015 is "greater ability to promote collective working across local public services". There is no impediment inferred in that objective to extending its scope to include total cross sector collaboration. Although that may be beyond the remit of the LGA, the option is available to every procurement practitioner in every public sector organisation. They just need the tools to enable it.



## Spend and Savings

Savings represent the measurement of improved spend efficiencies. If the entire UK central government and public sector spend is somewhere in the region of £250 billion annually, then every pip (0.0001%) that can be shaved off that figure will realise around £25 million saving for the Treasury in indicative terms.

However, in this report we focus only on the categories that can broadly be classified as consumables as opposed to civil infrastructure. That ranges from all manner of services, from IT and fleet through to management consultancy and utilities. We would hope and expect individual bodies to achieve a much greater efficiency in their own procurement area.

So what are realistic potential savings through cross-sector collaboration?

The Local Partnerships website presents case studies of savings achieved working through PFI partnership structures. These ranged from annual savings of 0.005% (Sandwell) to 0.02% (North Tyneside). These numbers appear quite small when taken into the context of consumables as defined above.

In commercial contract novation by individual companies and conglomerates, cost savings targets of at least 5% are commonplace. Suppliers achieve this level of cost reduction through innovative internal restructuring of their own supply chain and delivery mechanisms.

In summary, we see no reason why similar, and possibly greater, savings cannot be achieved by public sector bodies that collaborate, especially cross sector.



## Suppliers' perspective

The collaborative approach appeals to suppliers as they glimpse the prize of winning new business from a competitor who is the incumbent in, say, a local authority.

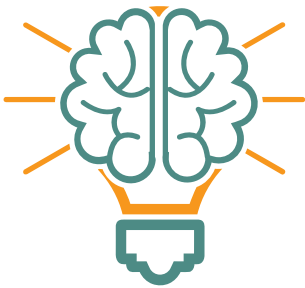
There is no doubt that the combination of increased sales volume combined with greater market share will increase the appetite of a supplier to review costs favourably.

Into the mix, add the hidden attraction of what may lie around the corner should other local authorities, nationwide, collaborate and row in with additional business and it represents a heady mix for the supplier.

Top it off by broadening the potential to not just other local authorities but to the total cross sector market for that category and it represents a whole new vista for the commercial sector.

That will go some way to easing the apparent pain and cost of tendering for public sector business. It will make the potential win more attractive to suppliers who may previously have avoided the tender process.

The bottom line is that it represents a win-win scenario for both sides and a definite win for the taxpayer.



## Efficiencies in knowledge sharing

Plans, strategies and best practice exist in silos for many procurement categories. Reinventing the wheel is a bugbear faced by managers when sourcing or planning products and services or seeking alternative options for supplies. One hour spent reading how counterparts have implemented a strategy or developed a plan can save days and weeks of effort, not to mention the cost of trial and error.

The key is access to such documentation that is efficiently indexed and organised to enable fast identification of relevant information. In the old days, the only avenue open was word of mouth, a network of counterparts built up through personal contact

The modern day tool for the procurement professional pools the collective experience and real life examples from across the public sector and makes it readily available on demand. Such systems exist and should be embraced by professionals in each discipline that is known to benefit from a resource such as this.

In summary, a catalogue of documentation as described is now available. The benefits of tapping into it will be realised in the form of time and effort saved, and costly errors avoided.



## Summary

The role of procurement professionals in the public sector grows more difficult with every budget and that is not going to change. Success is measured in pounds saved. This does not just mean buying at lower cost but also in applying efficiencies and tighter risk controls.

The old saying that two heads are better than one can be extrapolated to encompass cross sector collaboration in a whole range of activities from joint procurement for more buying power to pooling knowledge so as to save reinventing the wheel and to improve one's own operations.

Key to progressing down this path is the availability of information, both the contract intelligence itself and knowing whom to contact in disparate organization across sectors. Efficient use of focused IT offerings together with a willingness to explore and utilise new options then leverages the available information and potentially converts it into actions that bring results.



Procure Tools supplies contract and operational intelligence about public sector organisations that is a true enabler for the type of collaboration discussed in the report. It provides public sector procurement professionals with unrestricted access to relevant and significantly useful information about what other organisations are doing, as well as contact details for each discipline (procurement, plans, and strategies). The service requires no investment in IT infrastructure or application software. It is web based with a minimal learning curve. That means you literally can be deploying it as part of your procurement efficiency strategy within 24 hours or less.  
contact us on 0845 533 9095 or [info@cspg.co.uk](mailto:info@cspg.co.uk)