

# Implementation plan

Provider name/consortia members	<b>ACER</b>
Project title	<b>Cross Regional Procurement Service</b>
Project summary	<p><b>Save over £300K by implementing cross regional procurement skills at ACER.</b></p> <p><b>The main goal of the project was to embed sustainable procurement skills and knowledge within colleges in London and the East of England, ensuring EU compliance and mitigating the risk of legal challenge. The project has delivered total savings of £331,928 to date – surpassing the target of £80,000. This has ensured a 16.5 x ROI for LSIS.</b></p>
What were the aims of the project?	<p><b>The project aimed to fast track the development of strategic procurement in up to 12 FE colleges in London and the East through collaborative procurement within key spend categories. The project aimed to deliver cost savings by managing up to three collaborative exercises.</b></p> <p><b>In addition, the project aimed to deliver procurement training to a minimum of 100 people and stage six procurement network meetings between London and the East.</b></p>
What did you do?	<p><b>Since the start of the project the Procurement team have been involved in a wide variety of procurement activities, including;</b></p> <ol style="list-style-type: none"> <li><b>1. IT Collaboration exercise involving 11 colleges</b></li> <li><b>2. IT tendering exercise for individual college</b></li> <li><b>3. Spend analysis</b></li> <li><b>4. Procurement training events involving 132 participants (this exceeds our target by 32 individuals)</b></li> <li><b>5. Negotiation of discount deal for D1 (minibus) driver training</b></li> <li><b>6. MFD/photocopier tendering exercises for individual colleges</b></li> <li><b>7. Procurement strategy report for individual college</b></li> <li><b>8. Development of a contracts register application which is available online to shared use among the colleges</b></li> <li><b>9. Arrangement of three network meetings to date: two within the London region and one in the East</b></li> <li><b>10. Recruitment of procurement specialists to provide extra resource</b></li> </ol> <p><b>The IT Collaboration exercise has proved to be a great success, generating total savings in excess of £108,000. Prior to beginning the exercise, it was essential to appoint and consult with a ‘working group’, assembled from volunteer IT Managers based within the colleges. This group not only created the tender specification and assist in recruiting colleges to take part, but they also evaluated the goods provided by shortlisted suppliers. The success of collaborative exercises is largely dependent upon the co-operation of all parties, therefore it is very important to involve participating colleges as much as possible.</b></p> <p><b>The production of a project timeline at the beginning of the exercise is imperative, and the details should be provided to all participating colleges. Each stage of the exercise should be allocated a generous amount of time to</b></p>

avoid any problems further down the line caused by delays.

Before proceeding with a collaborative exercise it is also essential to request signed 'Expression of interest' forms from all colleges who wish to take part. The forms should indicate the minimum order quantity requested by the college and will serve as a contract to ensure that each college meets their order obligations.

Keeping participating colleges informed after every significant stage of the exercise is very important. Tendering exercises can prove to be lengthy processes so keeping participants engaged in the progress will improve their overall impression of the project execution.

Promoting the collaborative exercise to the widest possible audience is desirable. Ideally the collaboration should be promoted to specialist staff (eg IT Managers) as well as finance and procurement personnel. The greater the number of units ordered, the greater the economies of scale which can be achieved.

Another deliverable component for the project has been the delivery of procurement training to college staff in London and the East. The training events have been attended by a total of 159 participants, exceeding our target by 59 individuals.

Following the release of a Crescent Purchasing Consortium framework agreement covering MFD/photocopiers, we have worked with three colleges on individual projects, leading to impressive savings (see details below).

As a result of the successes encountered during this project, we would recommend taking the following steps to encourage positive outcomes:

1. Encourage widest possible participation from all relevant college staff for each procurement collaboration/exercise.
2. Effective project management is a key to successful collaboration
3. Allow a very generous timescale for all procurement activities, in particular collaborations
4. Obtain written agreement for participants for their minimum order volumes
5. Obtain written agreement for all participants to accept the group decision making
6. Clear communication at all stages of the projects
7. Membership of the collaboration team should include all interested parties. One college, one vote.
8. It is important to research training requirements for the target participants, and to offer to conduct the training within their own institutions.

The Procurement team has faced various difficulties engaging with college staff during the project. It is unfortunate that during times of economic hardship and budget cuts, procurement staff appear to be prime targets for redundancy. Generating savings may be an objective every institution would like to accomplish, but without any financial investment via specialist staff or consultants. Two colleges in the Eastern region have made their procurement staff redundant within the last 12 months.

As a result of the difficulties encountered during this project, we would recommend taking the following steps to avoid possible mistakes and

	<p><b>negative issues.</b></p> <ol style="list-style-type: none"> <li>1. <b>Ensure that the service offer is clearly communicated. Confusion was encountered during this project following contradictory messages regarding the financial model for the service.</b></li> <li>2. <b>Allow very generous timescales for any tendering exercises, in particular for collaborations. The East London projects have made slow progress due to the co-operation required between the colleges. Therefore unfortunately the projects are yet to conclude and we are unable to include any savings generated.</b></li> <li>3. <b>Marketing of any service must be targeted to the key decision makers, for procurement we circulated information to Principals, Finance Directors and other staff who attended procurement network meetings.</b></li> <li>4. <b>Collate information about current spend from colleges prior to beginning a collaborative exercise. In some cases it has been difficult to obtain the savings feedback from colleges. Requesting the information beforehand will make the process quicker and easier.</b></li> <li>5. <b>The benefits of embracing procurement need to be clearly communicated. Colleges may see procurement merely as needing to be compliant with EU regulations. The benefits of good procurement (savings, ensuring high quality goods/service etc) should be heavily promoted.</b></li> <li>6. <b>Careful consideration needs to be paid to the financial model required for the service to ensure sustainability (day rates in London are not cheaper than the rest of the UK and the £330 rate is well below the standard public sector rate for procurement) A rate between £450 and £550 is acceptable for professionally qualified and suitably experienced procurement consultants.</b></li> <li>7. <b>College requirements for procurement training need to be researched in greater detail to ensure good attendance. It is also advisable to schedule the training at a convenient location for the target audience and not immediately prior to holiday periods. Free of charge procurement training hosted in both the London and Eastern regions has been poorly attended.</b></li> <li>8. <b>Incorporate a vigorous process for issuing service level agreements and ensuring their return within agreed timescales.</b></li> <li>9. <b>Perception of procurement as a cost to the colleges business.</b></li> <li>10. <b>Colleges are reluctant to collaborate with neighbouring institutions as they are seen as competitors. This should be considered when targeting possible participants.</b></li> </ol>
<p>What did the project cost, including LSIS funding?</p>	<p><b>The total project costs to date have been calculated to be £29,593, which can be broken down as follows;</b></p> <p><b>Consultants= £9874</b>  <b>Travel= £1735</b>  <b>Staff hours= £17,984</b></p> <p><b>Following the receipt of LSIS funding totalling £20,000, ACER will absorb total project costs of £9,593.</b></p>
<p>Impact</p>	<p><b>The project has ensured a positive impact in terms of cashable and non-cashable savings which are detailed in the tables below. In addition the project has involved the training of 159 college staff located within London</b></p>

and the East of England. The training sessions have examined EU legislation as well as how the procurement function aligns with equality, corporate social responsibility and Ofsted's common inspection framework (CIF).

What were the benefits of the project?

The project has led to improved procurement practices for a number of colleges. We have engaged with 27 Finance Directors and specifically within the East London colleges collaborative group.

During the course of the project we have raised awareness of procurement and facilitated through network meetings the sharing of best practice amongst a number of colleges.

What were the savings and benefits?

**The financial benefits:**

	Savings
Cashable total	£313,568
A. IT collaboration	£113,715
B. MFD / photocopier tenders	£199,853
Non-cashable total	£18,360
<b>Total</b>	<b>£331,928</b>

How did you calculate them?

The total savings achieved have delivered a project ROI x 16.5.

To date the IT collaboration and other work related to the project have achieved total cashable savings of £113,715 – based upon figures provided by all of the colleges who took part (please see table below for a breakdown).

In addition, each college who took part in the collaboration has saved approximately six days of procurement time. Taking the average cost of employing a procurement professional to be £40,000 per annum, this equates to non-cashable savings of £1080 per college / £12,960 overall.

The savings achieved by the IT collaborative project and individual IT tendering exercise were calculated from unit price savings reported by each participating college. The results of this feedback are demonstrated in the table below.

Three MFD/photocopier tendering exercises have saved a total of £199,853.

College A is a 3-year agreement saving £20,012 (19%) against previous expenditure.

College B is a 5-year agreement saving £59,068 (19%) against previous expenditure.

College C is a 4-year agreement saving £120,773 (29%) against previous expenditure.

In addition, each college who received assistance with their MFD tender has saved approximately ten days of procurement time. Taking the average cost of employing a procurement professional to be £40,000 per annum, this equates to non-cashable savings of £1800 per college / £5400 overall.

College Name	Order Qty for DESKTOPS	Order Qty for LAPTOPS	Savings	Notes
College 1	400	50	£47,000	
College 2	125	10	£10,900	Desktops £80 cheaper than 2010 prices. Laptops cheaper by £90.
College 3	50	0	0	Only ordered 3 machines so far
College 4	91	22	£1,650	Savings made on Laptops, £75 per unit
College 5	100	100	0	No additional savings on 2011 prices
College 6	250	0	0	
College 7	379	1	£38,703	102.12 saved per unit
College 8	1	1	0	
College 9	0	70	0	Only committed to buy 1 laptop, but price could not be matched so 70 units ordered. No savings but very happy with spec.
College 10	0	250		
College 11	250	80	£10,600	Savings on desktops
	<b>1646</b>	<b>584</b>	<b>£108,853</b>	

**We expect the savings achieved by this project to increase significantly beyond the project close. Unfortunately due to time constraints the East London collaborative projects are yet to conclude and therefore it is not possible to calculate the savings which will be generated by these exercises. However, at the final meeting prior to project end, the East London colleges collaborative group have identified an IT spend of £1.2 million for 2013/14 with a potential saving of 19%, equalling £228,000.**

What were the lessons learned?

**Finance Directors would not be non-compliant regarding accountancy procedures and internal and external audit recommendations, which appear to have completely missed procurement activity.**

**The procurement service provided by the LSC was free to colleges, centrally funded and made significant impact on procurement activity in colleges and regions. The current AoC national procurement service is policy and advice with regional procurement activity declining from 9 regions to only 4 having a regional procurement presence.**

**Crescent Purchasing Consortium (CPC) is owned by the colleges and could play a greater role in procurement activity in colleges and has recently been awarded the procurement training from AoC Create.**

<p>What tips do you have for other providers?</p>	<ol style="list-style-type: none"> <li>1. From time of award of funding, there needs to be a quicker lead time to start first project. We were hampered by the London 2012 Olympics during the summer and first engagement was delayed from May until September.</li> <li>2. Agree potential collaborations and member participation over two meetings rather than at meetings scheduled every two months.</li> </ol>
<p>Further information and key resources</p>	<p>Further information regarding the Crescent Purchasing Consortium IT framework (Desktop Hardware and Peripherals framework) can be found via their website, <a href="#">click here</a></p> <p>Additional information regarding the Crescent Purchasing Consortium Stationery framework can be found via their website, <a href="#">click here</a></p>
<p>Contact details for further information</p>	<p><b>Phil White</b>  Regional Procurement Manager, ACER  Suite 1, Lancaster House  Meadow Lane  St. Ives, Cambs, PE27 4LG  Email: <a href="mailto:phil.white@acer.ac.uk">phil.white@acer.ac.uk</a>  Tel: 07889 602158</p> <p><b>Emma Harman</b>  Procurement Administrator, ACER  Suite 1, Lancaster House  Meadow Lane  St. Ives, Cambs, PE27 4LG  Email: <a href="mailto:emma.harman@acer.ac.uk">emma.harman@acer.ac.uk</a>  Tel: 01480 409305</p>