In 2013/14 the City of Edinburgh Council invested in a five-year, co-sourcing agreement with an external consultancy firm. The aim of the partnership was to increase the effectiveness of existing commercial activity and to improve the quality and control of procurement across the Council. The combination of in-house expertise and assistance from an external agency has saved the council £118m since 2013/14 with £150m of cumulative savings targeted by March 2018.

Background

There were both internal and external drivers for change in the way support services operated in Edinburgh. Internally, the procurement function had a low status and was perceived as transactional, compliance-led and little value-adding. There was historically limited investment in the service with a lack of capacity and, in some respects, capability.

Externally, there was a push for efficiency and joint working agendas. The McLelland review and sector-wide assessments highlighted a need to raise the profile and professionalism to drive procurement more efficiently. These drivers were further intensified by the need to make financial savings.

Edinburgh City Council entered a five-year, co-sourcing agreement with EY which was effective from April 2013. A co-sourcing remit includes a combination of in house resources and assistance from external colleagues. The contract works on a “gainshare” basis which in turn is linked to delivery of cashable savings.

Key Activities

Edinburgh City Council entered a five-year, co-sourcing agreement with EY which was effective from April 2013. A co-sourcing remit includes a combination of in house resources and assistance from external colleagues. The contract works on a “gainshare” basis which in turn is linked to delivery of cashable savings.

Key strands of activity are:
• Generation of savings through improved commercial activity
• Improving the quality and control of all purchasing activity
• Improving the Council's capacity and capability with regards to commercial and procurement activities through skills transfer and sharing of ideas.

Benefits and Impact
• £118m of cumulative savings delivered since 2013/14.
• £150m of cumulative savings targeted by March 2018.
• Greatly improved control of procurement activity with 90% of expenditure initiated by means of purchase order, compared to 30% in April 2014.
• Customer-driven improvements, including development of punch-out sites.
• Customer Service Excellence accreditation.
• Steadily increasing Procurement Capability Assessment scores, with recent Procurement and Commercial Improvement Programme score of 85% (The highest in Scotland as far as Edinburgh are aware).
• CIPFA Scotland Award winners in 2015, GO Excellence in Procurement successes.
• Pioneer of the use of “WARPit” – Gumtree for the Public Sector in Scotland.

Learning
There is still some enduring siloed thinking in some areas. Service areas are not always willing to highlight opportunities and the sheer volume of initiatives means that there is a risk of overload and a need for prioritisation.

Contract management still variable and there is a need to secure targeted savings. In recognition of this, the Council has now invested in a dedicated contracts and grant management team to facilitate more strategic thinking and service re-design whilst better monitoring the realisation of expected benefits following contract go-live. Demand management projects are still at a relatively early stage, key to longer-term financial sustainability.