

Peter Bishop

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Local Government Task Force



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Today

- **Where has the LGTF come from**
- **Where is it now?**
- **Where is it going?**

Where have we come from?

Role of the LGTF

- **To encourage and assist local authorities adopt the principles of Rethinking Construction**

What is Rethinking Construction?

- **Report of the 1998 working party chaired by Sir John Egan**
 - **Quality not cost alone**
 - **Partnering not confrontation**
 - **Performance management**
 - **Customer focus**
 - **Innovation**
 - **Commitment to people**

What Do We Do?

- **Practitioner Guidance**
 - Newsletters
 - Info on Web Site
 - Case Studies
 - Reports
- **Lobby group for local authorities with central government**

Where are we now?

- **Delivering Best Value**
- **Delivering Efficiency**

Best Value – What is it?

- The Services of specialists, contractors, sub contractors and suppliers should be selected on value for money grounds, not lowest price tenders. Value for money means securing a construction which is fit for purpose, fulfils user needs, and achieves a balance between quality and costs throughout its life.
- NAO report “Modernising Construction” – Jan 2001

Best Value – What is it?

- **National Procurement Strategy – Oct 2003**
- **“In the context of a procurement process, obtaining “best value for money” means choosing the bid that offers the optimum combination of whole-life costs and benefits to meet the customers requirements. This is not the lowest initial price option and requires assessing the on-going revenue costs as well as initial capital investment”**

What is Efficiency?

- Reduced number of inputs, whilst maintaining the same level of service provision; or
- Lower prices for the resources needed to provide public services; or
- Additional output, such an **enhanced quality or quality of service for the same level of input**; or
- Improved ratios of output per unit cost of input; or
- Changing the balance between different outputs aimed at delivering a similar overall objective in a way which achieves a greater overall output for the same inputs.

THE BIG ISSUE for the Future

- **Sustainability**
 - **Economic**
 - **Social**
 - **Environmental**
- **Lots of talk – Not much action!**

Potential Drivers?

- **Sustainable Procurement Task Force**
 - Reporting end of April 06
 - Ten Point Action Plan
 - Unlikely to mandate
- **OGC “Social Issues in Purchasing”**
 - Procure on the basis of Whole Life Costs
 - Central Government “instruction”
 - Issued February 06
 - Has anyone heard of it?

Impediments?

- **HM Treasury?**
 - **Separate Capital & Revenue accounting**
 - **Short-termism – 3 years**
- **DfES**
- **CSR 04 – Capital is part of the baseline**
- **CSR 07 – Could we measure revenue impacts only?**

Yet More Impediments!

- **The comfort zone:**
 - **Lowest price is easy**
 - **Standing Orders & Financial Regulations**
 - **EU Rules**
 - **Elected members**

Potential Levers

- **Sustainability must be moved from the**
 - **Desirable**
 - **It's a good thing**
 - **Green issues****category into the**
 - **It is the only sensible use of resources category**
- **Audit Commission “Use of Resources” consultation document**
 - **Deadline 17 March**

Your Chance to Make a Difference

- **All procurement should be based on a proper Whole Life Cost – Best Value Basis**
- **Insist on it and lobby the Audit Commission to get it embedded in CPA!**

Thank You

www.rcoe.gov.uk

www.lgtf.org.uk



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