



meeting           CORPORATE STRATEGY AND COORDINATION SELECT COMMITTEE

date               20 DECEMBER 2004

agenda item number

## **REPORT OF THE CHAIR OF THE CORPORATE STRATEGY AND COORDINATION SELECT COMMITTEE**

### **THE GERSHON REVIEW – PRESENTATION BY THE CHIEF EXECUTIVE**

#### **Purpose of the Report**

1. The purpose of this report is to set the scene for a presentation by the Chief Executive, Roger Latham on the Gershon Review and its impact on local government and the County Council.

#### **Background**

2. Sir Peter Gershon was commissioned to undertake an independent review of public sector efficiency. He produced a report entitled 'Releasing Resources to the Front Line', commonly known as the Gershon Review.
3. In July 2004 the Chancellor of the Exchequer presented the Government's 2004 Spending Review to the House of Commons. This took into account the implications of the Gershon Review.
4. The Chief Executive, Roger Latham will give a presentation on the Gershon Review in general and the impact that it will have on local government – and Nottinghamshire County Council – in particular.

#### **The Gershon Review – Overview**

5. The main findings of the Gershon Review are as follows:
  - Government spending is set to grow by 2.8% in real terms between 2006-2008. Priority areas for investment include security and defence, technological and educational innovation and the renewal of public services.
  - The level of debt and low unemployment, in addition to the Public Sector Efficiency Programme developed by Sir Peter Gershon, should enable the delivery of additional resources to front line services.
  - Key elements of the Public Sector Efficiency programme include:
    - a. relocation of 20,000 civil service staff from London and the South East to the regions by 2010
    - b. rationalisation of the civil service workforce - a reduction of 84,150 posts by 2007-08, the result of administrative efficiency savings

- Public sector efficiency targets set by Sir Peter Gershon total **£21.5 billion**. The greatest savings to be achieved will be in the Department of Health, Local Government and the Department for Education and Skills.
- Deliver efficiency savings in Local Government of 2.5% per annum (equating to £6.45 billion) by 2007-8.
- The Gershon Review makes recommendations for improvements to public sector financial management, improvements in approaches to procurement within and across departments, and the reinforcement of processes to achieve the take up of e-enabled transactional services.
- The implementation of department efficiency and relocation programmes will have significant implications for the management of the public sector estate. The public sector capital receipts target for the period 2004-10 is set at **£30 billion**.
- The Lyons Review makes recommendations for Government to 'slim down' and better manage its administrative/back-office estate in Whitehall. In order to generate capital receipts of £30 billion by 2010 however, departments will need to consider the opportunities that exist for them to rationalise their front line/operational estate in addition to their back-office estate.
- Departments will need to review their property holdings to ensure they are properly configured and to unlock resources for re-prioritisation.
- The Office of Government Commerce (OGC) Efficiency Team will adopt the monitoring and scrutiny function of the Public Sector Efficiency Programme. Government departments will be tasked with producing Efficiency Technical Notes.

### **Implications for Local Government**

6. From the report Members will see that Local Government is expected to deliver efficiency savings of 2.5% (equating to £6.45 billion) by 2007/08. It also should make a contribution to the realisation of capital receipts of £30 billion by 2010.
7. The County Council has already made significant steps to realise efficiency savings through procurement. A report from the Chief Executive on the east Midlands Centre for Procurement Excellence is set out as Appendix A.
8. It will be important for this Committee to gain an understanding of the implications of the Gershon Review for the County Council as it may be an issue that we would wish to scrutinise in the future.

### **RECOMMENDATION**

9. It is recommended that:

the Committee makes comments and asks questions on the Gershon presentation made by the Chief Executive, Roger Latham.

**Cllr Darrell Pulk**

**Chair of the Corporate Strategy and Coordination Select Committee**

Background Papers:

None.

# APPENDIX A



## **CORPORATE STRATEGY AND CO-ORDINATION SELECT COMMITTEE**

**20 DECEMBER 2004**

### **REPORT OF THE CHIEF EXECUTIVE, NOTTINGHAMSHIRE COUNTY COUNCIL**

#### **EAST MIDLANDS CENTRE OF PROCUREMENT EXCELLENCE – PROGRESS REPORT**

1. Purpose of report
  - 1.1 To provide a briefing on progress towards establishing the Centre of Procurement Excellence (CPE).
2. Background
  - 2.1 Members may be aware that Nottinghamshire County Council was awarded host status for the above initiative, which forms part of the requirements within the National Procurement Strategy.
  - 2.2 The scope of the National Centres of Excellence programme, is to build on the existing good examples of procurement practice and joint commissioning in the nine regions and to develop an appropriate environment enabling all local authorities to engage fully with the new Centres – thus meeting the overall objectives of the programme and realising the 22 milestones within the National Procurement Strategy.
3. Progress to date
  - 3.1 Despite the prolonged and difficult negotiations between the National Task Force (made up of the nine host Chief Executives) and the ODPM the overall role for the CPE's has not been finalised.
  - 3.2 However, it is clear that apart from the outline role described above, some involvement in assisting the regions authorities achieve the required level of Gershon efficiency savings, will now be encompassed in an expanded role for the CPE's. It is expected this issue will be clarified in December following a further meeting of the Task Force. It is envisaged the CPE budgets will be increased to c.£1 million per annum for two years , with a further pot held centrally for Efficiency Review projects relating to 'back office' services and collaborative working.

### 3.3 Within the East Midlands the following progress can be reported:

- A launch seminar was held at County Hall, Nottingham, in July to identify priorities and bring all 45 East Midlands Authorities up to date with the CPE development.
- A Management board has been established made up of Chief Executives/Senior Managers from ten of the regions Councils, plus Nottinghamshire County Council as Chair of the Board. **Appendix B** contains the full list of Board Members.
- The Management Board has met on two occasions and approved the following :
  - A business plan which is compliant with 4Ps/ODPM criteria plus an action plan for 2004/05 and 2005/06.
  - Governance arrangements and a Constitution for the Management Board and the COPE EM.
  - Political reporting line to the East Midlands Regional LGA.
  - An outline staff structure for the COPE EM.
  - Progress reports concerning exemplar procurement activity within the region in the wider context of the National Procurement Strategy and the Efficiency Review themes.
  - Promotion of the 4Ps/IdEA training programme and co-ordinating implementation across the region.
  - Appointed Mr C J Allison (Assistant Treasurer – Nottinghamshire County Council) as Acting Director, pending completion of a recruitment process for the Director on a 2 year secondment.
  - Published the first CPE EM 'News Update' in October.

3.4 The final business plan, submitted by the deadline of 29 October, will be signed off by the ODPM/4Ps shortly. However, there will need to be an expansion of the terms of reference relating to the efficiency review work, when this is finally signed off by the Task Force.

## 4. Next Steps

4.1 The Acting Director, with support from colleagues at Nottingham City Council, is now working towards realising the actions within the revised business plan, and in particular:

- Establishing a regional expertise group. Three workshops are planned for December, January and February 2005.

- Themes of the workshops are:
  - Developing the terms of reference, products and lead officer arrangements
  - E-procurement how to do it and quick wins
  - Collaborative procurement within county areas and pan regionally
- Delivering the training modules (7) for 22 of the regions Councils in conjunction with 4Ps/IdEA. The COPE EM budget is being used to finance this programme at a cost of c£16,000 for approximately 120 East Midland officers.
- Assisting the IdEA to examine/disseminate the governments 'Efficiency Review' guidance pack. This will be included in the first workshop session in December.
- Working with and advising individual authorities on specific matters relating to the National Procurement Strategy/Efficiency Review. These include:
  - An approach from a Unitary Council to become involved with a wide ranging review of Support Services and back office functions.
  - Advising a group of District Councils consider the path to engage and implement an e-procurement (order to pay) solution.
  - Working on a series of collaborative procurement activities involving Nottinghamshire County Council , Nottingham City Council and the Notts. Districts. The programme includes procuring an e procurement solution that will work for all 9 Councils. Contract signed with Lloyds TSB/ Best Value Procurement limited, on 8 November. Examining areas where collaborative procurement will bring financial benefits to the District Councils ie sharing existing or new contracts and providing support from the two larger Councils on a range of procurement issues. Examining a new process/ system of supplier accreditation. Following an analysis of suppliers and expenditure, Nottinghamshire CC and Nottingham City have developed a strategy for supplier rationalisation including identifying opportunities for savings from smarter procurement practice.
  - Examining the potential of establishing a local authority company to manage the design and build activity related to the procurement of new buildings, in partnership with Norfolk CC.

The latter has the potential to deliver considerable financial benefits to the large Councils, with significant capital programmes.

- 4.2 Information on exemplar projects is continuing and a library of good practice for dissemination around the region will be established and eventually published on the CPE EM website.
- 4.3 In addition, it has been possible to identify those Councils who do not appear to be engaging with the CPE EM on a series of performance indicators. A small group of Councils will be contacted shortly to establish where support from the CPE EM will be required, to assist in the achievement of the NPs milestones. The Chair of the Management Board has been informed of difficulties experienced to date.
- 4.4 The Acting Director will need to review the approved staff structure in the light of the increased role for the CPEs in respect of the Efficiency Review workload. Therefore, at this stage, recruitment has been suspended pending the Task Force approval of the revised role. A further report will be prepared for the next Management Board meeting.
- 4.5 The final IdEA baseline report has been promised before the end of November 2004, and this will be shared with the Management Board. The Acting Director will also provide an analysis of where specific East Midlands authorities require more support to realise the NPS milestones.
- 4.6 The 4ps have been approached to influence and increase the rate of development of the national and regional web site on a hub and spoke basis, in order to improve communications .
- 4.7 Further Management Board meetings are being planned for January, April and September 2005. A July conference for all Authorities is also scheduled in the forward programme of activity.

**Roger Latham**  
**Chief Executive**  
**Nottinghamshire County Council**

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## APPENDIX B

### East Midlands Centre of Excellence Management Board

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#### **Host Authority arrangements**

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