



Development of an NECE Collaborative Procurement Programme encompassing Spend Visibility Assessment



Challenge: To develop a 5 year collaborative regional and sub regional sourcing programme in the North East region.

Solution: Macro and micro analysis of spend data across all local authorities. Engagement of key procurement personnel.

Situation

The North East region has a successful track record for sourcing collaboratively and the North Eastern Purchasing Organisation (NEPO) has been established for 30 years. However, the region was cognisant of a significantly greater opportunity for collaborative sourcing than what is currently underway. The North East Centre of Excellence (NECE) was keen to undertake a detailed spend visibility assessment at the macro and micro level to assist in the development of a robust collaborative sourcing programme for delivery over a 5 year period.

Process

NECE collected and analysed at a micro level, all of the local authorities spend data. e-Three further categorised this spend data using Thomson classification. Contract register information was also reviewed to help determine availability of spend. Key procurement representatives from each local authority were engaged in the process and meetings set up to discuss collaborative opportunities and identify potential barriers to the deployment of a collaborative sourcing programme. Projects were also categorised by complexity level and internal and external resource requirements were evaluated.

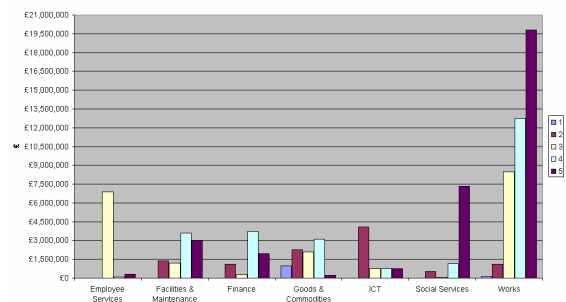


Fig. 1. Savings categorised by project complexity

Results

434 spend categories covering a spend of £1.351 billion were identified as potential areas for collaboration with 38% of the spend areas of low to medium complexity with the potential to eAuction the goods and services. 62% of the spend areas were of a higher complexity. 156 of the 434 spend areas were identified as collaborative sourcing projects that could potentially save £50,000 or more per annum.

A programme of potential projects to deliver significant savings over a 5 year period was identified in addition to resource efficiency gains of up to 40% as a result of collaboration.

Duncan Olive from NECE says “this detailed exercise has provided our region with a unique picture of opportunity which will significantly help in driving our collaborative programme forward.”

To find out how e-Three can improve your competitiveness, call us on **+44 (0)20 7484 5077**, or email **info@e-three.com**

