

# Eric Pickles - councils must become savvy shoppers

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Too often councils are getting ripped off when procuring goods or services even though the nation's deficit is running at £156bn.

Communities Secretary Eric Pickles is calling on councils to buy smarter and make every pound go further. Local Government spends £42bn a year on outside contracts including everything from construction and IT to telecoms and catering. That is more than the national GDP of ninety countries including Luxembourg, Jordan and Albania.

There are massive (in some cases up to 745 per cent) differences between what parts of the public sector, including councils, are paying.

Ministers believe that a fortune could be saved if more councils use their collective buying power and innovative technology like e-auctions to bring the full weight of the public pound to bear on driving down costs and getting better value for taxpayers money.

If councils work together to jointly buy goods and services they can achieve major economies of scale through better deals from suppliers.

The Office of Government Commerce (OGC) found that only 12 per cent of local government used approved collaborative deals, way below the recommended level of fifty per cent.

Next week the Local Government Association will host an 'enhancing productivity' meeting chaired by Eric Pickles and Baroness Eaton to help councils improve value for money, procurement practices and collaboration in an effort to protect services.

Councils own and maintain a lot of assets. For example 470,000 civic buildings; over 50,000 vehicles including more than 6,000 bin lorries; over 1 million (1.27m) computers. The National Audit Office found that what the public sector was paying varied dramatically:

- The cost of toner varied widely by 745 per cent between the lowest and highest prices (£0.0022 to £0.0186 per sheet) paid for the same broad specification of laser printer black toner.
- The cost of envelopes varied by 348 per cent between the lowest and highest prices (£2.04 to £9.13) paid for the same broad specification of manila envelopes.
- The cost of paper varied by 116 per cent between the lowest and highest prices (£6.84 to £14.79) paid for the same broad specification of paper.

Secretary of State for Communities and Local Government Eric Pickles said:

"Some councils have a supermarket sized budget but a corner shop mentality. This has got to change. Local authorities need to look at where every penny is going and what that money is delivering.

"Shining a light on spending will help to put savings before cuts. Whilst councils have already delivered significant efficiencies there is still more excess waste to cut back.

"A renewed and concerted focus on better procurement, greater transparency and shared services that puts the emphasis on productivity above processes will end duplication, wasteful spending and wasteful working."

The Secretary of State has written to councils to tell them that transparency and openness must be the default setting for the way they do their business and called on local government to move at speed to adopt plans to publish details of all spending over £500 in full and online.

Greater transparency will root out wild overspending, expensive mistakes and waste and could be the key to saving the public purse millions of pounds.

For example, the Audit Commission has abandoned plans to appoint a new Chief Executive after Eric Pickles, the Communities Secretary, said the proposed remuneration deal on offer was against the spirit of public sector austerity and that it would send a signal to councils across the country that they too can stop paying ridiculous sums to chief executives.

The expectation is that councils will see the benefits for residents and grasp this agenda. Increased scrutiny is not just about savings. It is about new approaches to the way services are delivered. Efforts to deal with some of the most complex problems in communities are too often approached in a separate rather than joined up way.

Police, social services and health work are too often approaching the same problem from a different perspective rather than working together to achieve a shared result. This duplication of spending, targets, reports and paperwork are costly, time intensive and do not provide the solutions that are needed.

There is real scope for joint working between agencies and between authorities that could transform the way that services are delivered and make the challenge of doing more for less a reality.