

e-Procurement in Local Authorities, an issues paper for schools

Title:	e-procurement in local authorities, an issues paper for schools
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1. Introduction

The arrangements for local management of schools (LMS) amongst other things enabled schools to make their own purchasing decisions. However, schools may have continued to take advantage of the benefits afforded by local authority central purchasing and consortia arrangements. Many local authorities are now adopting e-procurement to improve the way they purchase goods and services. e-Procurement allows authorities to make their purchasing more efficient and cost effective. Although some local authorities, are working with schools to include them in their e-procurement plans, schools may need to approach authorities so that they can also benefit from these savings. This paper introduces the key issues for schools who are interested in working with their local authority to gain savings from e-procurement.

What is e-Procurement?

If you are unsure about what e-procurement is and what it can do, you can find out more information here:

www.nepp.org.uk

[www.idea-](http://www.idea-knowledge.co.uk)

knowledge.co.uk

www.ogc.gov.uk

2. Why is your local authority doing this?

The main reason local authorities are choosing to change the way they purchase is to make their procurement activities more efficient and to save money.

How much do authorities spend?

“Collectively the local authorities of England and Wales spend approximately £40 billion per annum on bought-in goods and services”
- ODPM

“£2.5 billion is spent on purchasing itself.” - IDeA

e-Procurement can be used by purchasing departments to cut internal costs and secure better prices from suppliers. Already authorities are discovering that e-procurement gives them valuable information, and allows them to cut down maverick or unauthorised spend and encourages authorities to consolidate their purchasing and to purchase from fewer suppliers.

The government is keen to see the profile of procurement raised within local authorities and has established a target to make all local authority

purchasing electronic by 2005.

3. How can schools benefit?

The same efficiencies and savings that local authorities are enjoying are available to schools. That means less money being spent on goods and services leaving more money for front-line classroom activities.

Where schools choose to collaborate with their local authority, they can expect to be able to receive access to the same key supplies but because they are effectively purchasing collaboratively. This collaboration will usually mean significantly cheaper prices for goods and services bought by schools.

e-Procurement allows schools to begin to standardise their purchasing processes. Even basic changes like having a standard format for a purchase order can provide valuable efficiency savings. These efficiency savings can allow for staff involved in

purchasing to be freed to complete other areas of work. This is particularly valid in schools where resources are pressured and procurement is usually only one part of a wider job role.

Schools who purchase electronically can also expect to start gathering information on how they are purchasing, which items they are purchasing most often and which suppliers they are purchasing from most. This valuable information will allow them to make informed decisions on their purchasing activity, creating a positive spiral of savings.

4. The value of collaboration

By choosing to channel spend towards chosen suppliers, authorities can guarantee a high volume of purchases with their chosen suppliers, in exchange, suppliers give the authorities improved prices. This strategic approach to sourcing goods and services is best practice for procurement.

When a school chooses to join an authority's e-procurement system they automatically benefit from the price savings the authority has gained through strategic sourcing. Where schools are buying goods that are specific to schools, the more schools that are on the system the better the prices they can hope to achieve. There is also a reduction in the amount of time spent on sourcing goods and services by teachers and other school staff.

The problem with e-procurement is that it is often too expensive to implement for a small organisation. By working with its local authority, a school can bypass the expense of buying their own e-procurement system and still benefit from strategic sourcing, and other economies of scale. The suppliers of goods and services to schools also benefit from this collective approach.

5. Issues concerning collaboration

It is important to have a realistic view of the nature of this form of collaborative arrangement; firstly the school will have to adopt new systems and business practices in their everyday purchasing. The changes may not be welcomed by all staff, and some staff may resist changing their original behaviour.

Collaboration may mean that the school has to relinquish some of their hard-won independence back to the authority; however, the decision to join an e-procurement solution should be seen as a strategic decision with costs and rewards on both sides. It is up to both the authority and the school to develop a collaborative model that is attractive to both parties. The basis for any agreement must be to achieve shared information and shared rewards from cheaper goods and services.

6. How do local authorities benefit from having schools on-board?

Local authorities know that collaboration with schools on e-procurement must be mutually beneficial for both schools and themselves.

Firstly, when schools are purchasing the same goods and services as the local authority; the authority can benefit by increasing the amount of spend that is going to their chosen suppliers offering these goods. When more spend goes to a supplier both the school and the authority can achieve greater price savings or improved service delivery terms.

Secondly, the local authority will be able to make more accurate budget assessments and to predict the future needs from schools.

Thirdly, by using e-procurement schools will begin to standardise their purchasing procedures and documentation. This will make tasks such as auditing simpler and more efficient.

7. Where are the issues?

There are a number of issues for schools who wish to work with local authorities on e-procurement. These can be broken down in to technical, purchasing and people issues.

Technical issues:

- Schools who use SIMS to manage their finances will need work with the authority to integrate data between the systems. This may require extra inputting activities by staff.
- Schools must have a broadband connection to use e-procurement.

Purchasing issues:

- Schools have different approaches to purchasing, these will need to be catered for in the e-procurement system.
- Deliveries and goods receipting must be sure to meet the needs of the school, this is particularly key for rural schools.
- Schools have specialist supply needs, these may not be available on the authority's system in the first instance, so existing systems must be retained for specialist purchasing needs.

People issues:

- This collaboration will need a champion in schools and in the authority.
- The experience of purchasing and contract management staff varies between schools and this can affect the ability of the school to adopt new systems
- A clear, authoritative message about the long-term value e-procurement may need to be communicated to overcome staff resistance

8. What can you do to take the next step towards procuring electronically?

The first thing you can do is start to explore the issues around e-procurement and what it means. The websites listed below all have information on e-procurement and what it can do.

www.nepp.org.uk

www.idea-knowledge.co.uk

www.ogc.gov.uk

Contact your local authority to find out more about what they are doing, why they are doing it and how the authority is benefiting.

Approach your LEA to discuss e-procurement, have they considered it? Are they aware of the issues? Are they willing to work to consolidate some of the school's purchasing in the area?

Work with your local authority to establish the business case for e-procurement in your school.

Remember, the rewards available from e-procurement will allow your school to start saving money that the school will be able to re-invest directly into the classrooms.

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