

REPORT

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject: FUTURE OF ABC	
From: DIRECTOR OF FINANCE		
Date: 13 January 2006	Ref: AC/BC	

1 Introduction

- 1.1 The Council is one of 12 member Councils of the Authorities Buying Consortium which has operated since Local Government re-organisation in April 1996.
- 1.2 This report outlines the developments and direction which the Authorities Buying Consortium Joint Committee are considering to enable ABC as an organisation to react to the changing environment within which procurement operates.

2 Background

- 2.1 The importance and profile of procurement has risen significantly over recent years recognising the role procurement has in providing savings opportunities and the efficient use of resources.
- 2.2 Within Scotland the Efficient Government Agenda and the forthcoming report by J McClelland on Public Sector Procurement are the main influences on the future shape for procurement across Scotland.
- 2.3 A report "Future for ABC", was presented to the ABC Joint Committee meeting on 9 December 2005. The Joint Committee meeting continued its consideration of the report to the next meeting. The report outlined a number of issues which contribute to the intention to review and redirect the operation of ABC.
 - 2.3.1 Efficient Government Agenda - The underlying premise of this initiative is to promote joint-working across public sector organisations aimed at developing/embracing new procurement practices and delivering savings which could be re-targeted to front-line service delivery. ABC and a number of Councils, including NLC, are engaged in submitting a bid for funding from the Efficient Government Fund.
 - 2.3.2 The McClelland Report – John McClelland is undertaking a review on the approach to Public Sector Procurement with a report to be made to the Minister for Finance and Public Reform. The publication of the report is imminent, however, John McClelland has indicated that it is likely to promote the need for greater collaboration within the public sector on a National, Cross Sector and Sector basis, the need to improve both the level of and access to procurement expertise in the public sector, and the need to improve the governance arrangements for procurement within organisations.

2.3.3 Access to ABC – The present arrangements for ABC operate for the benefit of the 12 members authorities with any other Councils wishing access to contracts doing so via an associate membership and a fee. Associate members have no role on the governance or direction of ABC.

2.3.4 Funding Of ABC – The present arrangement for ABC provides funding from 3 main streams:-

- 1 Premium Recharge – an addition to contract prices paid which is then returned to ABC.
- 2 Volume Rebates – a rebate paid to ABC if volumes of spend exceed certain targets, and,
- 3 Subscription – a pro-rata payment from the 12 member Authorities based on population.

3 Proposal

3.1 The Joint Committee is considering a proposal which would transform ABC into the basis for a Local Government Purchasing Hub for Scotland.

3.2 The proposal would mean significant changes to the existing ABC operating model including:-

- Access for all 32 Local Authorities
- Development of National Contracts
- Link to a Centre of Excellence for training
- Develop a new Minute of Agreement, ie, the legal basis for the establishment of the organisation
- Introduce a new governance model
- Develop a new and sustainable funding model
- Refreshing the management team of ABC through early retirement and recruitment

3.3 The Joint Committee considered the report and continued to the next meeting its decision on the recommendations for the development of ABC.

3.4 North Lanarkshire Council, as a member of ABC, is involved in the decision process of ABC. A further report will be submitted to P&R (Finance) Sub Committee, following the consideration at the ABC Joint Committee.

4 Recommendation

4.1 The Committee is asked to note the report.



Director of Finance

Members wishing further information please contact Mr Brian Cook, Head of Revenue Services, Tel:- 01698 – 302801.