

THE CONSTRUCTION CHALLENGE

Colin Cram

Regional Director

North West Centre of Excellence



© C M Cram

Anticipated CSR'07 Efficiency Targets (£bn)

National Baseline

Revenue Expenditure	40.9
Capital Expenditure	12.0
Total Expenditure	53.0
Efficiency Target 2010/11	4.9

Note baseline is:

Total net service expenditure plus Passenger Transport and Waste Authority minus Schools, Fire, Police, Courts Services minus specific grants

Improvement through efficiency

Savings Calculations (£bn)

(£bn)	Baseline	Efficiency 2010/11
Business Process Improvement	21.2	1.6
Shared Services		0.2
Asset Management	N/A	0.3
Procurement (Third Party Spend)	31.8	2.8
Total	53.0	4.9

Improvement through efficiency

Breakdown of AGMA Purchase Spend

	%
Construction	30
Commodities, Goods & Services	20
Social Community Care	17
Consultancy	7
Environmental Services	6
ICT	4
HR	4

Improvement through efficiency

The Challenge for Construction

Squeeze on Funding **9% in 3 years**

Inflation **7% pa**

Maintaining Quality and Outcomes

Improvement through efficiency

North West Local Government Spend on Construction

**£2200m (EXCLUDING BUILDING
SCHOOLS FOR THE FUTURE)**

Improvement through efficiency

NWCE Programme

1. DBM Framework Agreement

2. 10 Demo Projects including:

Morecombe Sea Defences

St Helens Blackbrook

St Pauls Square Development

3. 5 Case Studies on Framework Agreements

- **MCC Frameworks**
- **NWDA Construction Excellence Training**

WORKING WITH CCI

Improvement through efficiency

NWCE Programme

- 4.3 Case Studies on Supply Chain Integration and Aggregation of Spend**
- 5. NW Scoping Study to get better understanding of Construction Market for next 8 years**
- 6. Identify/promote/create further frameworks for Construction**
- 7. Explore bulk purchasing opportunities in the North West**

NWCE Research

Cost of letting Purchasing Agreements

Above OJEU

£20k

Below OJEU

£10K

Cost for suppliers:

£1k - £1m

Benefit of commitment:

5 – 10%

Improvement through efficiency

Benefits of Framework Agreements

- **Reduced cost all round**

Benefits of Collaborative Agreements

- **More cost taken out**

Improvement through efficiency

THE CHALLENGE FOR CONSTRUCTION

- **MAKE THESE AGREEMENTS
WORK**
- **MAXIMISE BENEFIT**
- **TAKE ADVANTAGE OF
NWCE/CCI OPPORTUNITIES**

Improvement through efficiency

With thanks.....

Colin Cram

Regional Director

North West Centre of Excellence

Email colin.cram@tameside.gov.uk

Telephone 0161 342 3301

Improvement through efficiency