

# J

## oint Procurement

Joint Procurement is the name given to the practice of combining the procurement activities of two or more contracting bodies. This has become particularly popular with local government authorities. The key defining characteristic is that there should be only one tender published on behalf of the purchasing parties.

Several benefits are claimed for contracting authorities engaging in Joint Procurement Arrangements including lower prices, reduced administration and shared expertise. It is evident that the greater volumes involved in such purchasing activities leads to economies of scale and are likely to generate more attractive offers from suppliers. These advantages can be quite significant for small contracting authorities

The total administrative work for the organisations involved in preparing and carrying out one rather than several tenders can be substantially reduced. How much it is reduced will depend on the type of Joint Procurement arrangement used. One local authority has estimated savings of up to 60% on administrative costs from such exercises.

Joining the procurement actions of several organisations also enables the pooling of different skills and expertise between the parties. Procurement skills are scarce and not every contracting authority can develop high quality skills across the full range of its functions. Smaller organisations in particular can benefit from the capacities of staff in larger bodies. This is particularly useful when procuring complex products and services like facilities management. Investigating the market for new products and services can be time-consuming. However, if resources from different organisations are combined, the workload can be shared.

In simple terms there are two different types of organisational arrangements for Joint Procurement. Some organisations have established permanent bodies to provide a centralised procurement function on behalf of a number of different contracting authorities. One example of this is the Eastern Shires Purchasing Organisation ESPO which is owned by a number of local authorities giving it a combined annual spend of more than £700 million.

However, Joint Procurement does not necessarily require the setting up of new organisations. Another approach is for contracting authorities to collaborate through their existing purchasing departments.

Such arrangements may be permanent in nature such as the London Contracts and Supplies Group (LCSG) which has provided collaborative buying services for London Boroughs since the mid 1970's. Such groups, without legal status or common assets tend to work according to agreed protocols with a different lead local authority taking responsibility for sourcing markets, tendering and arranging contractual documentation for specific procurements in consultation with other members of the group. The LCSG claims to achieve savings of £2.25m million per annum for its members through collective purchasing.

*For more information on the Eastern Shires Purchasing Organisation visit [www.espo.org](http://www.espo.org)*

*For more information on the London Contracts and Supplies Group visit [www.lcsg.org](http://www.lcsg.org)*