FY
2020

The benchmarking to enhance council procurement outcomes series

A snapshot of Local Government Procurement within Victoria

Overview

The COVID-19 pandemic emerged in early 2020, transforming the norms of business and altering service delivery models. The impacts of the early days of the pandemic are reflected in Councils spend profile in the fourth quarter of the 2019-20 financial year. With Councils still actively improving their procurement frameworks, the environment and opportunity exists for Councils to progress savings and benefit realisation programs.

MAV Procurement, the not-for-profit unit of the Municipal Association of Victoria, are primarily focused on achieving better procurement outcomes for the local governments throughout Victoria.

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Introduction

This is the 4th edition of the annual benchmarking to enhance council procurement outcomes series. This series has been made possible through the commitment of the Victorian councils participating in the MAV LEAP Program. Through the spend data provided by these councils, including the current council participants listed at the end of this paper, MAV can continue to provide specialist support to the sector.

Councils participating in the MAV LEAP Program have access to the shared council data used to produce this paper. This data is available via a shared and categorised procurement dashboard which can be used to assist councils in their collaboration, procurement development, savings and reporting programs, in addition to supporting economic recovery.

Sector Insights for FY20

The COVID-19 pandemic has left an indelible mark on the year 2020. The impacts of the pandemic have been felt across every business and local government in Victoria was not exempt.

With council revenue streams under added pressure due to the pandemic conditions, procurement, now more than ever, are required to generate and implement opportunities for savings and efficiencies through procurement activities. Councils need to have a clear understanding of their spend profile and the conditions that each category operates within. This paper will provide insights and clarity on the impacts of the commencement of the COVID-19 pandemic on key categories of council spend during the fourth quarter of the 2019-20 financial year, addressing questions such as …

What impact did the commencement of the COVID-19 pandemic have on the councils spend?

Which categories of spend performed differently based on their demonstrated history?

What observations can be made about these categories during this period?

Can councils still generate savings and further benefits from these categories?

This paper has been developed by ArcBlue Consulting, in collaboration with MAV Procurement and through the support of the Victorian councils participating in the MAV LEAP Program, to explore these questions, and to continue to provide valuable resources to assist councils in driving improved procurement outcomes.

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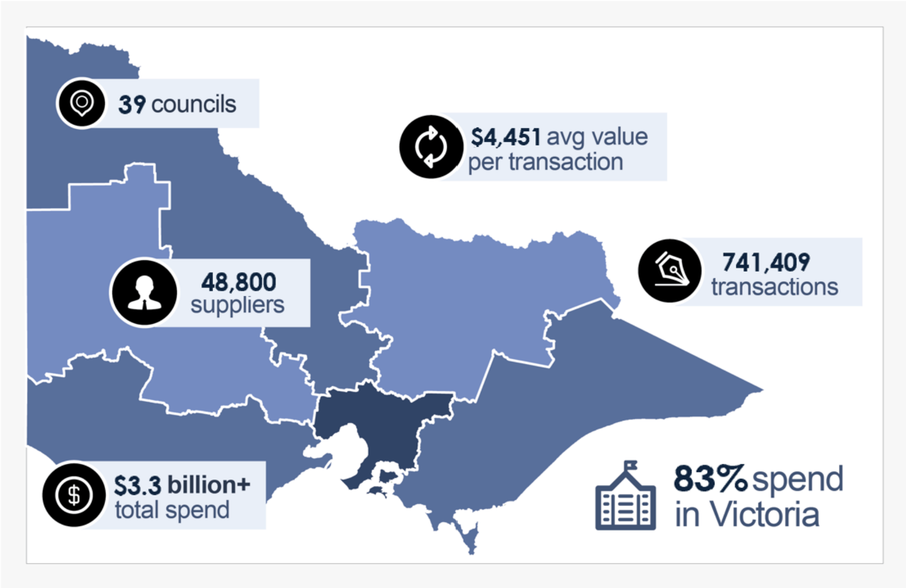
FY2020 LEAP Snapshot*



* Accurate as per 12 November 2020 based on FY20 data provided through the MAV LEAP Program.

Objectives

The objective of this paper is to highlight trends, insights and developments of the Victorian councils during the 2019-20 financial year identified through the MAV LEAP Program. The paper highlights high level findings from several sector relevant Key Performance Indicators (KPIs) and provides insights into changes that have occurred on these KPIs across the financial year.

The paper will investigate the impacts of the emergence of the COVID-19 pandemic early in 2020 on council procurement spend within the fourth quarter of the 2019-20 financial year. The paper will provide insights into how council spend profiles have been impacted during this period by analysis of council spend data through the MAV LEAP Program.

As a result, ArcBlue Consulting, in collaboration with MAV Procurement, will undertake an analysis of the key impacted categories highlighting key findings and potential opportunities for councils to gain further savings and benefits from these categories.

Sector Key Performance Indicators (FY20)

The following are the KPIs for Victorian Local Government for the financial year 2019-20:

61.5%	44.2%	49.7%	23.8%	40.4%
▲ -1.5%	▲ +2.8%	▲ +2.3%	▼ -0.6%	▲ +1.5%
Process Efficiency transactions below $1,000	**Procurement Maturity** maturity assessment score	**Uncontracted Spend** Spend not identified as under contract	**Local Spend** spend in local area	**Regional Spend** spend in the region

The findings contained within the KPIs mentioned above are based on the council provided information and data available as at 12 November 2020.

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What are we looking for in these measures?

Procurement Maturity

The Procurement Maturity measure has been established utilising ArcBlue's nine dimensions of procurement excellence model and assesses sector-wide procurement maturity against leading procurement practice.
The model benchmarks organisational procurement across all key dimensions of procurement – Leadership & Influence | Organisation | People & Skills | Process & Governance | Technology | Supplier Management | Category Management | Sustainability | Value Realisation & Results. Organisations are benchmarked as "Emergent" (0 to 25%), "Developing" (25 to 50%), "Advanced" (50 to 75%) and "Leading" (75 to 100%).

We are looking for an increase in the current sector average procurement maturity which will indicate that councils are addressing the improvement opportunities they have targeted for action.

Process Efficiency

The Process Efficiency measure targets an area of procurement that generally creates a significant workload across councils. The measure highlights the volume of invoices below $1,000 that have been generated and are required to be processed by councils. The processing of invoices is time consuming and can be costly for councils, with benchmarking highlighting a cost of approximately $73 per invoice.[1]

We are looking for a reduction in the current quantity of invoices valued less than $1,000, through the establishment of consolidated invoicing arrangements with suppliers and / or an increase in the use of purchase cards.

Uncontracted Spend

The Uncontracted Spend measure is an indicator of how much control and / or visibility a council has over their procurement spend. Council procurement activities aim to deliver value for money outcomes within their legislative framework so significant spend that isn't readily identified as being under contract may not allow councils to be able to satisfy these two key procurement principles. It is worth noting that this measure is heavily reliant upon the capability of organisational systems to capture, extract and report on key contract data.

We are looking for a reduction in the current percentage of uncontracted spend to ensure that councils have addressed their risk exposure and have a satisfactory portfolio of contractual arrangements in place.

Local Spend & Regional Spend

The Local Spend and Regional Spend measures indicate how much economic support councils are providing via suppliers within their municipality and regions through their procurement activities. Councils are often one of the largest spending organisations in the areas they are located, consequently strong local / regional spend policies can have significant positive economic impacts within their communities.

We are looking for an increase in the current levels of local and regional spend by councils to enable councils to continue to demonstrate how they are delivering on their economic development objectives.

[1] Figures based on Deloitte Touche Tohmatsu B2B Payments 2015 Australian and New Zealand Research.

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What are the key findings?

Procurement Maturity

The MAV Leap Program assists councils in structuring and supporting their procurement improvement programs which has resulted in a continued overall growth of procurement maturity across the sector during FY20. Over half the councils assessed took substantial steps towards improving procurement outcomes within their councils by commencing and / or completing key actions within their LEAP development plans.

An example of significant procurement maturity growth, one council has led the sector by achieving a growth of 25% by addressing actions within the Leadership and Influence, Organisation, People, Process and Governance, Sustainability and Value Realisation & Results dimensions.

The new Local Government Act will increase the importance of procurement maturity within the sector. The sector procurement maturity benchmark overall remains at “Developing” but is progressing well to the targeted “Advanced” state.

Process Efficiency

Councils continue to improve their payment processing efficiency with a consecutive year of positive reduction in the processing of purchase order and invoice transactions below $1,000. There has been a 10% reduction in these transactions over the past 4 years.

Over 50% of LEAP councils continued to reduce the number of transactions processed.

Positively, an additional three councils during FY20 are now processing less than 60% of their transactions with a value below $1,000.

Uncontracted Spend

The actual level of council contract spend is still not adequately represented by the LEAP data provided by participating councils as it is not consistently recorded across council finance systems.

The data held however, indicates contract spend has regressed during FY20.

Many of the councils have recognised the need to improve the visibility of their contract spend through system and process improvements and are progressing internal projects to achieve this objective.

The council with the highest level of visible contract spend had only 15% uncontracted spend in FY20.

Local Spend & Regional Spend

60% of metro councils have seen a decrease in their spend within their municipalities however 64% of metro councils have increased their regional spend during FY20.

Only 25% of the regional councils increased both their local and regional spend over the FY20 period.

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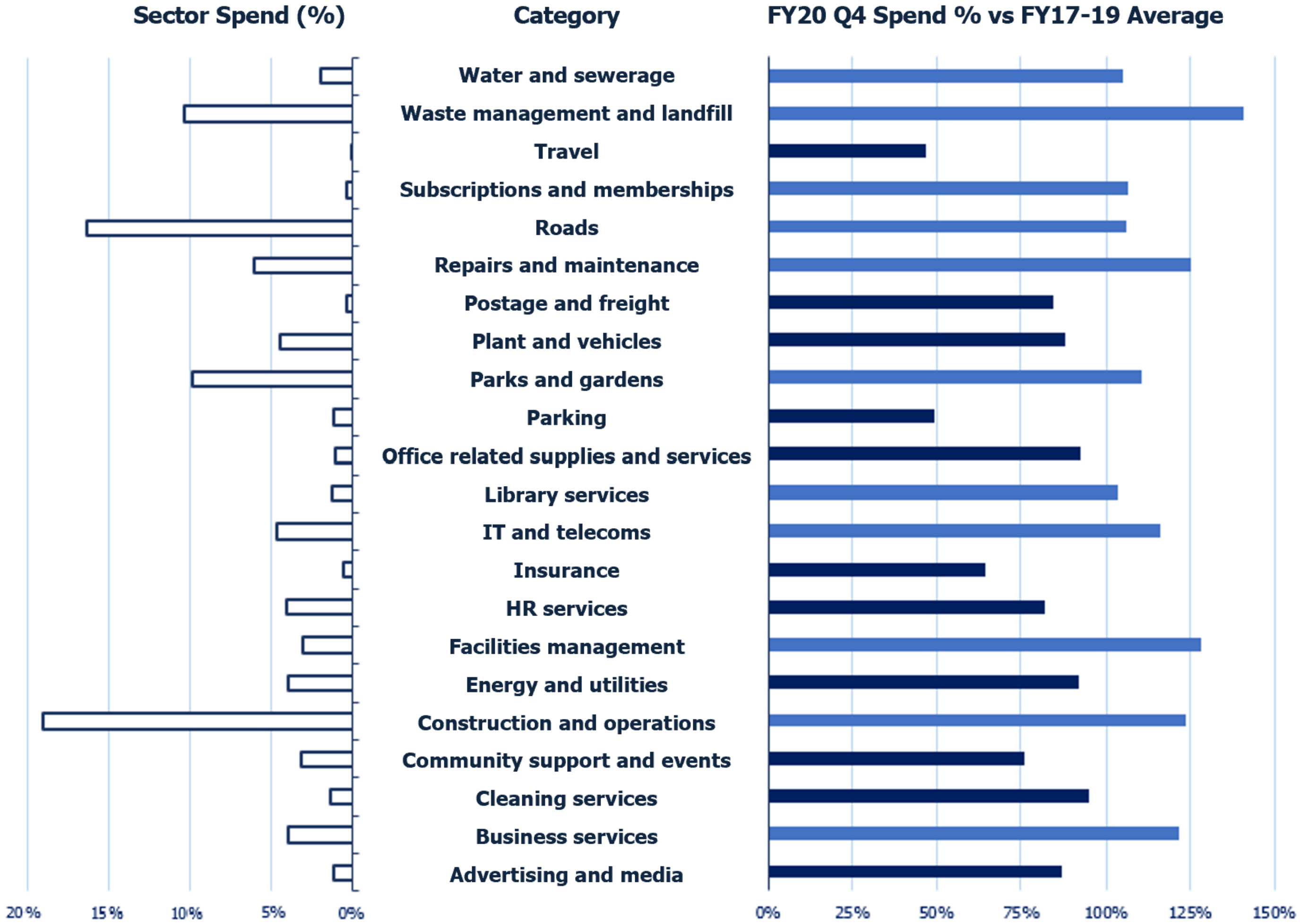
The Impact of the COVID-19 Pandemic on Council Spend Patterns

By the end of June 2020 Victoria was gripped by the COVID-19 pandemic. Borders were closed and social restrictions were put in place. Quarter four (Q4) of the 2019-20 financial year (FY20) was the first full quarter that businesses had to operate under these altered conditions. To varying degrees, every business had to review and adjust their business practices. Victorian councils were no different, however they still had to meet community expectations that essential services will continue.

In this paper, we have explored and benchmarked the initial impacts of the COVID-19 pandemic on council spend patterns.

The overall spend for Victorian councils during this quarter increased by an average of just under $1M per council from the corresponding quarter the previous year. This increase in overall spend was led by the sectors top three categories – construction and operations, roads and waste management and landfill.

A closer analysis of the data uncovers considerable changes to council spend patterns for a number of categories. The table below shows the percentage breakdown of sector spend for each category and the percentage of FY17-19 Q4 average quarterly spend that occurred during FY20 Q4.



The following pages provide further insights into these categories that have been most impacted through the first COVID-19 quarter - FY20 Q4. It is worth stating that FY20 Q4 was at the commencement of the COVID-19 pandemic in Victoria. Trends across other categories may emerge during FY21 Q1 and beyond that may vary the spend profile represented by FY20 Q4.

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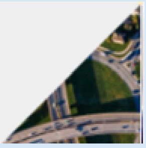
Category Insights

Travel
Category



COVID-19 Victoria Industry Impact[1]
Very High

Sector Category Rank
23rd

FY20 Spend $0.4M

4th Quarter Analysis FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
47%	39%	21%

Key Subcategories

- Bus and Coach Charter / Car Hire / Taxis
- Road Tolls
- Accommodation

The travel industry has been one of the most heavily impacted categories during the COVID-19 pandemic. The restrictions imposed during FY20 Q4 rendered many of the subcategories within this category as inaccessible and unnecessary for businesses.

Councils, in general, do not have a significant need for services within this category but do utilise various travel services from car hire through to accommodation providers.

Key Insights:

An analysis of council quarter four spend highlighted the following:

The travel category experienced the greatest retraction of all council spend categories during FY20 Q4.

This category registered the largest percentage reduction in spend, suppliers used and transactions processed.

- Spend on the airfares subcategory was non-existent for FY20 Q4
- Travel management and accommodation subcategories spend was at 10% of the FY19 spend level
- Only 28% of the number of FY19 suppliers for this category were used
- The percentage of p-card over purchase order transactions was reduced from 36% to 7%

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Centralise management and administration of this category
- Utilise p-cards as the primary payment method within this category
- Identify local suppliers within this category and implement a targeted approach to utilising these suppliers when the demand for the services within this category returns.

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

Community Support & Events
Category

COVID-19 Victoria Industry Impact[1]	Sector Category Rank
Very High	**12th**

FY20 Spend $21.4M

4th Quarter Analysis FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
76%	58%	64%

Key Subcategories

- Contributions
- Community Services and Respite / Aged Care
- Community Events

A crucial role for councils is to provide various types and levels of support to communities including financial support for key community service organisations and / or impact projects.

The community support and events category felt the dual impact from COVID-19 – the direct impact of having to deal with the virus threat within community services operations and the economic impact of COVID-19 restrictions in the events and related subcategories.

COVID-19 has been particularly impactful for the recreation, events and arts sectors with a review of FY20 Q4 council spend in this category further highlighting the challenges for suppliers within this category.

Key Insights:

An analysis of council quarter four spend highlighted the following:

The ongoing need for community services resulted in relative stability within the community services related subcategories during FY20 Q4.

However, the major arts and events subcategories had significant reductions in spend, supplier usage and transactional volume over the same period.

Entertainers spend was at 21% of the FY19 spend level with only 41% of the number of suppliers used

Community events spend was at 39% of the FY19 spend level with only 48% of the number of suppliers in this category used

Only 60% of FY19 suppliers were Victorian suppliers in the entertainers subcategory but there was an increase to 85% of Victorian suppliers used in FY20

Councils made community group contributions to only 72% of the number of organisations in FY19

Potential category opportunities to explore

The following potential savings, efficiencies and other benefits opportunities to be explored within this category are:

- Look at opportunities to establish consolidated invoices with suppliers as the average spend per transaction in this category is approximately half the value of the overall sector average spend per transaction
- Provide greater numbers of and access to council opportunities within this category for more potential suppliers
- Ensure arts related and community events agreements have appropriate clauses inserted to deal with unforeseen events including scheduling changes.

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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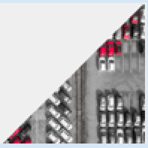
Parking
Category



COVID-19 Victoria Industry Impact[1]
High

Sector Category Rank
19th

FY20 Spend $5.6M

4th Quarter Analysis — FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
49%	86%	73%

Key Subcategories

- Car Park Infrastructure
- Parking Enforcement Services
- Parking Meters

Many councils rely on their parking services as a key stream of revenue. To facilitate this revenue generating service, councils incur significant servicing costs and manage a large portfolio of car parking infrastructure and equipment.

At its peak, the COVID-19 pandemic drastically reduced the demand for parking services.

Key Insights:

An analysis of council quarter four spend highlighted the following:

In line with a significant reduction in parking revenue, spend in this category during FY20 Q4 significantly reduced with less suppliers used and transactions processed.

Councils committed minimal investment in this category during the period.

- Car park infrastructure spend reduced to 11% of the FY19 spend level
- Parking enforcement services subcategory was at 78% of the FY19 spend level
- The reduction in parking revenue is not fully reflected in parking enforcement services category spend
- The key suppliers within this category are used by multiple councils

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Review insourcing or outsourcing options for parking enforcement services
- Investigate collaborative procurement opportunities with other councils
- Explore alternative car park management options to assist and support economic recovery activities through local retailers

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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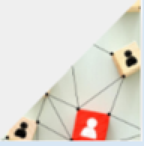
HR Services
Category



COVID-19 Victoria Industry Impact[1]
High

FY20 Sector Category Rank
11th

FY20 Spend $28.6M

4th Quarter Analysis — FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
81%	61%	47%

Key Subcategories

- Temporary Labour
- Training Services
- Recruitment Services

The introduction of COVID-19 restrictions forced the closure of many facilities during FY20 Q4, with the limiting of social contact being a primary driver. Many council facilities were closed forcing the redeploy of staff to other operational areas of council.

Councils rely on external temporary labour hire to support the workforce across various service areas. Since the commencement of the MAV LEAP Program in FY14, the key HR services sub-category of temporary labour is the 4th highest spending subcategory for councils with nearly $750M spent to date.

Further exploring this category, traditional methods of training delivery have been disrupted with onsite training activities being halted and / or transitioning to online delivery models and platforms.

Key Insights:

An analysis of council quarter four spend highlighted the following:

There was a clear reduction in spend, suppliers used and transactions within this category during the FY20 Q4 period.

There was primarily led by a reduction in demand for the services within this category.

- The highest spending council within this category in FY19 reduced their category spend to 29% of their FY19 spend level
- Spend increased with the top supplier in this category with all other top ten suppliers seeing their spend reduced in FY20 from FY19 spend levels
- There was an increase in visible spend under contract and spend with Victorian suppliers
- Training services and external training courses spend was at 73% of the FY19 spend level

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils can explore within this category:

- Implement a vendor neutral managed system to better manage, control and track temporary labour spend (MAV contract details are available via https://www.mav.asn.au/what-we-do/procurement/contracts/recruitment-neutral-vendor-managed-services)
- Centralise the management of temporary labour contracts and reporting
- Incorporate online training into the suite of council training programs (MAV training options are available via https://www.mav.asn.au/what-we-do/procurement/training-events)

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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Advertising & Media
Category

COVID-19 Victoria Industry Impact[1]

High

Sector Category Rank

17th

FY20 Spend $8.5M

4th Quarter Analysis FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
87%	72%	63%

Key Subcategories

- Outsourced Printing
- Advertising and Media Buying
- Creative Services and Graphic Design

During challenging times, businesses often review their advertising and marketing spend, and frequently target these as savings opportunity areas.

Councils generally maintain a high level of advertising and media presence spend with their local media platforms, using these platforms to communicate important messages to ratepayers. The emergence of the COVID-19 pandemic created an additional focal point for council communication programs, the costs associated were offset by the reduction of other planned council activities.

The advertising and media category profiles supports a proportionately large number of mainly locally based suppliers, with a lower average spend per supplier than many other categories.

Key Insights:

An analysis of council quarter four spend highlighted the following:

FY20 Q4 highlighted that although councils maintained a significant presence within the advertising and media category, councils needs and activity in this category were reduced during this period.

Councils reduced their spend, used less suppliers and processed considerably less transactions with the key subcategory of advertising and media buy being a key contributor to these outcomes.

The top 3 spending councils in the advertising and media subcategory are regional councils with the average subcategory spend at 81% of the FY19 spend

Spend in the market research subcategory was at 56% of the FY19 spend

The top spending council in FY19 for the advertising and media subcategory dropped to 5th spot with their subcategory spend at just 43% of their FY19 spend

There was an increase in spend with Victorian suppliers yet a reduction in visible spend under contract

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Investigate media buying and marketing / print services contract options (MAV contract details are available at https://www.mav.asn.au/what-we-do/procurement/contracts/marketing-print-services)
- Co-ordinate printing and graphic design panels to maximise volume and align with media strategies.
- Investigate opportunities to engage with additional local suppliers

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

Office Supplies

Category

COVID-19 Victoria Industry Impact[1]

High

Sector Category Rank

18th

FY20 Spend $8.4M

4th Quarter Analysis FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
92%	60%	53%

Key Subcategories

- Catering Services
- Office Furniture and Fit Out
- Stationery

At the commencement of the COVID-19 pandemic businesses, including councils, were forced to review their office-based operations and transition workforces, where possible, to home-based working. Many council officers were required to set up home-based offices and standard office supply items were no longer accessible.

The food and catering industry were hit hard by the pandemic. Although some elements of council food / catering services continued to operate, overall council demand for catering services was severely reduced.

Key Insights:

An analysis of council quarter four spend highlighted the following:

Councils in the office supplies category reduced their spend and drastically cut the number of suppliers used and their transactional volume during FY20 Q4.

This decline was led by key subcategories, such as catering services and stationery, which saw a sharp decline in all spend metrics during this period.

Stationery spend was at 59% of the FY19 spend level with only 53% of the number of suppliers used

The top spending council in FY19 reduced their stationery spend to just 6% of their FY19 spend level

Catering services spend was at 48% of the FY19 spend level with only 53% of the number of suppliers used

All top 10 catering services suppliers in FY19 have seen their spend reduced with the top spending council reducing their subcategory spend to 16% of their FY19 spend level

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Review available stationery category strategies (e.g., develop an agreed basket of goods, establish online ordering, consolidate invoicing)
- Review catering policy to support opportunities for consolidation of the number of suppliers used and p-card payments
- Explore opportunities to expand and increase spend with local and social benefit suppliers

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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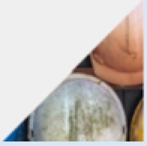
Constructions & Operations

Category



FY20 Spend $181.7M

COVID-19 Victoria Industry Impact[1]	Sector Category Rank
High	**1st**

4th Quarter Analysis — FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
124%	97%	92%

Key Subcategories

- Building Construction Materials and Services
- Architectural and Design Services
- Engineering Consulting Services

With a significant proportion of the Victorian economy being required to substantially alter or suspend operations during the COVID-19 period, the construction industry maintained a reasonable level of operations to ensure a key part of the state's economy remained functional.

Councils generally have sizeable capital programs which operate within an annual budget cycle often resulting in peaks in expenditure during Q4 of each financial year.

With continued government commitment to target construction to stimulate the Victorian economy through to the post COVID period, councils are likely to expand their capital programs over the coming period.

Key Insights:

An analysis of council quarter four spend highlighted the following:

The construction and operations category continued to be a lead category of council spend with a strong increase in FY20 Q4 spend.

While spend within design services subcategories did decline, the category was the top spending council category by over $40M during the quarter.

- Two of the top three spending councils are regional with the top ranked regional council jumping from a previous 10th ranking in category spend in FY19
- There was an average of $800K per council increase in capex spend from FY19 within this category
- There was a reduction in engineering consulting and architectural and design services spend from FY19 spend levels with less suppliers used
- Town planning services spend was at 72% of the FY19 spend level overall yet regional councils spend increased

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Consider value engineering as a standard process for all major projects
- Develop detailed whole of life estimates and use this as the basis of selection (not just construction cost)
- Implement a formal negotiation process option, such as Best and Final Offer (BAFO), within your RFx documentation and processes

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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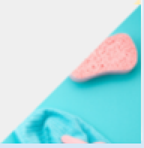
Cleaning Services
Category



COVID-19 Victoria Industry Impact[1]	Sector Category Rank
Moderate	**15th**

FY20 Spend $10.6M

4th Quarter Analysis — FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
95%	78%	96%

Key Subcategories

- Commercial Cleaning
- Graffiti Removal Services
- Janitorial and Cleaning Products

The temporary closing of facilities during FY20 Q4 reduced the need for the regular level of commercial cleaning services. In response to this changed environment, some councils proactively reduced their cleaning spending during FY20 Q4 through negotiations with their contracted suppliers however other councils spend has not been visibly adjusted.

With a new norm forming where organisations are managing facilities through a pandemic, it is anticipated that council cleaning requirements will be expanded to best ensure a safe environment for facility users.

Key Insights:

An analysis of council quarter four spend highlighted the following:

The cleaning services category was not as severely impacted by COVID-19 during FY20 Q4 as might have been expected.

Council spend during this period aligned with the overall industry performance although considerably less suppliers were used during this period.

T

Six of the top ten spending councils in this category significantly reduced their cleaning spend during this period.

The top spending council in FY19 saw a reduction in their cleaning spend to 48%.

Another top spending council within this category in FY19 reduced their category spend to 14% of their previous FY19 spend level

Spend with the top FY19 supplier for the category increased however nearly all of the other top ten suppliers had their spend reduced

Graffiti removal spend was at 87% of the FY19 spend level

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities to be explored within this category are:

- Standardise council cleaning requirements and specifications
- Consolidate cleaning contracts and align all cleaning budgets to reduce internal contract management costs e.g. multiple departments operating separate cleaning contracts
- Actively manage contracts and work with contractors on joint process improvement

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

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Waste Management
Category

COVID-19 Victoria Industry Impact[1]
Moderate

Sector Category Rank
3rd

FY20 Spend $112.5M

4th Quarter Analysis — FY20 spend % vs FY17-19 average spend

Spend	Suppliers	Transactions
141%	91%	98%

Key Subcategories

- General Waste Collection and Disposal
- Landfill Management Services
- General Recycling

The delivery of waste collection services is a major service provision for all Victorian councils. Service delivery continued during COVID-19 with an increase in the volume of household waste generated and recycling collected during this period.

For most councils, the waste management category is always ranked as a top three category in terms of spend with the primary waste contractor consistently ranked as a top five spend supplier.

With the introduction of further streams of council waste collection services, the importance of this category for councils will continue to grow.

Key Insights:

An analysis of council quarter four spend highlighted the following:

The cost of managing waste services continues to increase for councils.	The top three spending councils in FY19 increased their category spend on average to 130% of their FY19 spend levels
FY20 Q4 council spend analysis confirmed that although there was a reduction in the number of suppliers used and transactions processed during the period, COVID-19 had minimal impact on waste services and the projected growth within the category.	The number of suppliers has reduced in this category, but the top four subcategories have all seen an increase in spend
	Hard waste and mattress recycling spend was at 92% of the FY19 spend level
	There was an increase in spend with Victorian suppliers

Potential category opportunities to explore

The following are potential savings, efficiencies and other benefits opportunities that councils may wish to explore within this category:

- Investigate collaborative procurement opportunities for waste collection services
- Centralise management of internal council-wide waste collection services
- Investigate industry alternatives, options, innovations

[1] Sourced from IBISWorld (https://www.ibisworld.com/industry-insider/press-releases/ibisworld-releases-covid-19-special-report/)

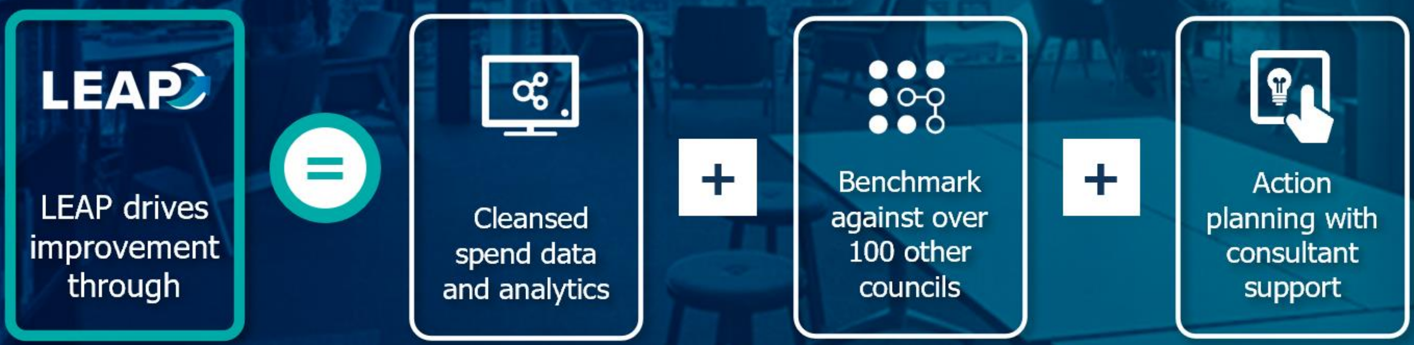
What is the MAV LEAP Program?

LEAP is a continuous improvement program designed specifically for local government. It combines data analytics, maturity assessment and benchmarking to provide you with a roadmap for improvement.

Typically, over 60% of a council's costs are derived from the use of third-party suppliers. Even though it is such an important area, many councils do not have visibility of good quality spend data to be able to reduce costs and deliver real bottom line benefits to the organisation.

The MAV LEAP Program is designed to provide a **structured approach to embedding leading practice** across all aspects of organisational procurement. Leading practice procurement enables councils to demonstrate **value-for-money to their ratepayers**.

The MAV LEAP Program is a practical, outcomes-focused program that uses **spend analytics** to **identify opportunities to reduce costs** and improve procurement performances. LEAP provides deep analytics visibility of your spend at an individual council, regional and state level. It also provides a roadmap for functional improvement and practices to identify opportunities for greater collaboration, efficiency, support to local economies and enhanced value and probity through procurement.



MAV is excited to announce the latest enhancements to the MAV LEAP Program which will be released soon. Participant councils will still benefit from LEAPs continuous improvement focus using data analytics, maturity assessment and benchmarking to provide you with a roadmap for improvement. But additionally, councils will have access to even more through the program including, but not limited to, the following:

- ✓ An updated look and feel – making the dashboards fresh and more user friendly
- ✓ Benchmarking against your peers. Taking a greater level of key benchmark data collected through participant councils which will allow councils to compare themselves against key metrics. All council names and commercial information are kept completely confidential
- ✓ The ability to export dashboards and reports into PDF as well as Excel
- ✓ Hosting through the ArcBlue digital procurement platform – mybuy. mybuy has the capacity to bring your procurement world together in a single home

Further developments are planned for this year and we look forward to bringing these to the sector.

Visit the MAV Procurement website for further information on the MAV LEAP Program: http://www.mav.asn.au/what-we-do/procurement

mav.asn.au
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MAV wishes to acknowledge the following current participant councils for their support of the MAV LEAP Program:

Banyule City Council
Bayside City Council
Boroondara City Council
Brimbank City Council
Cardinia Shire Council
Casey City Council
Colac Otway Shire Council
Corangamite Shire Council
Darebin City Council
Frankston City Council
Glen Eira City Council
Glenelg Shire Council
Greater Bendigo City Council
Greater Dandenong City Council
Greater Geelong City Council
Greater Shepparton City Council
Hobsons Bay City Council
Hume City Council
Knox City Council
Latrobe City Council
Loddon Shire Council
Maribyrnong City Council
Melton City Council
Mitchell Shire Council
Monash City Council
Moreland City Council
Nillumbik Shire Council
Port Phillip City Council
Stonnington City Council
Strathbogie Shire Council
Surf Coast Shire Council
Warrnambool City Council
Whitehorse City Council
Wyndham City Council
Yarra City Council
Yarra Ranges Shire Council

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