

Procurement Service Vision & Strategy

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February 2019

Procurement Vision

A Procurement approach which hits the 'triple bottom line':

People → Societal → local economic development and more social value embedded into our contracts

Profit → Financial → efficiency savings and improved whole life value for money

Planet → Environmental → improved sustainability

We will achieve optimal whole life value for money by taking a balanced approach to risk, reward and innovation in all of our third party spend



Strategic Context of the Procurement Service

Economy, Efficiency, Effectiveness

- **Economy** – prioritising scarce resources to deliver corporate choices
- **Efficiency** – buying the goods , works and services we need in the quickest and simplest way to deliver best value outcomes
- **Effectiveness** – procuring the optimal goods, works and services to deliver best value services to residents and to achieve our social aspirations



Current position

- Strong, valued support from Legal to help deliver projects pragmatically and compliantly
- Spend data is available
 - Can be categorised to identify opportunities
- Contracts information currently in Excel
 - Contract Management module available in In-tend system (would allow for active contract management)
- Off-contract / maverick spend
 - Requires stronger procurement project discipline
- There is an appetite for change
 - Needs corporate buy-in and top-down leadership & support

Procurement Service

We will:

- Measure what is important to Spelthorne, e.g.
 - Regular analysis of spend to identify where and how we spend our budgets
 - Review contracts to identify level of compliance (spend under contract)
 - Measure contract effectiveness (performance against KPIs)
 - Set improvement targets
- Establish and agree our Procurement Policy and consider options, for example:
 - Larger contracts with economies of scale, *or* SMEs and Local Providers *or* a Mixed Economy (e.g. construction contractors)
 - Investment in further assets *or* continued Spot Purchases (Temp. Accom.)
 - Develop in-house capability *or* buy-in services when needed (construction professional services)
- Adopt a phased approach



Developing the Procurement Service Phased Approach

Discovery Phase

We Will:

Analyse and
Categorise Spend

Review Contracts
Register

Stakeholder meetings
to gather
commissioning and
procurement intentions

Stakeholder meetings
to gather views on
service design

Design Phase

We Will:

Develop Procurement
Plan (projects and
resources)

Identify savings and
benefits opportunities

Design benefits
tracking systems and
methodologies
Develop Procurement
Strategy

Design RACI chart
with stakeholder
responsibilities

Implementation Phase

We will:

Engage with
stakeholders, getting
their buy in to the Plan
and the Strategy

Regularly review our
processes, plans and
performance on a 'Plan,
Do, Check, Act (PDCA)'
cycle

Discovery Phase

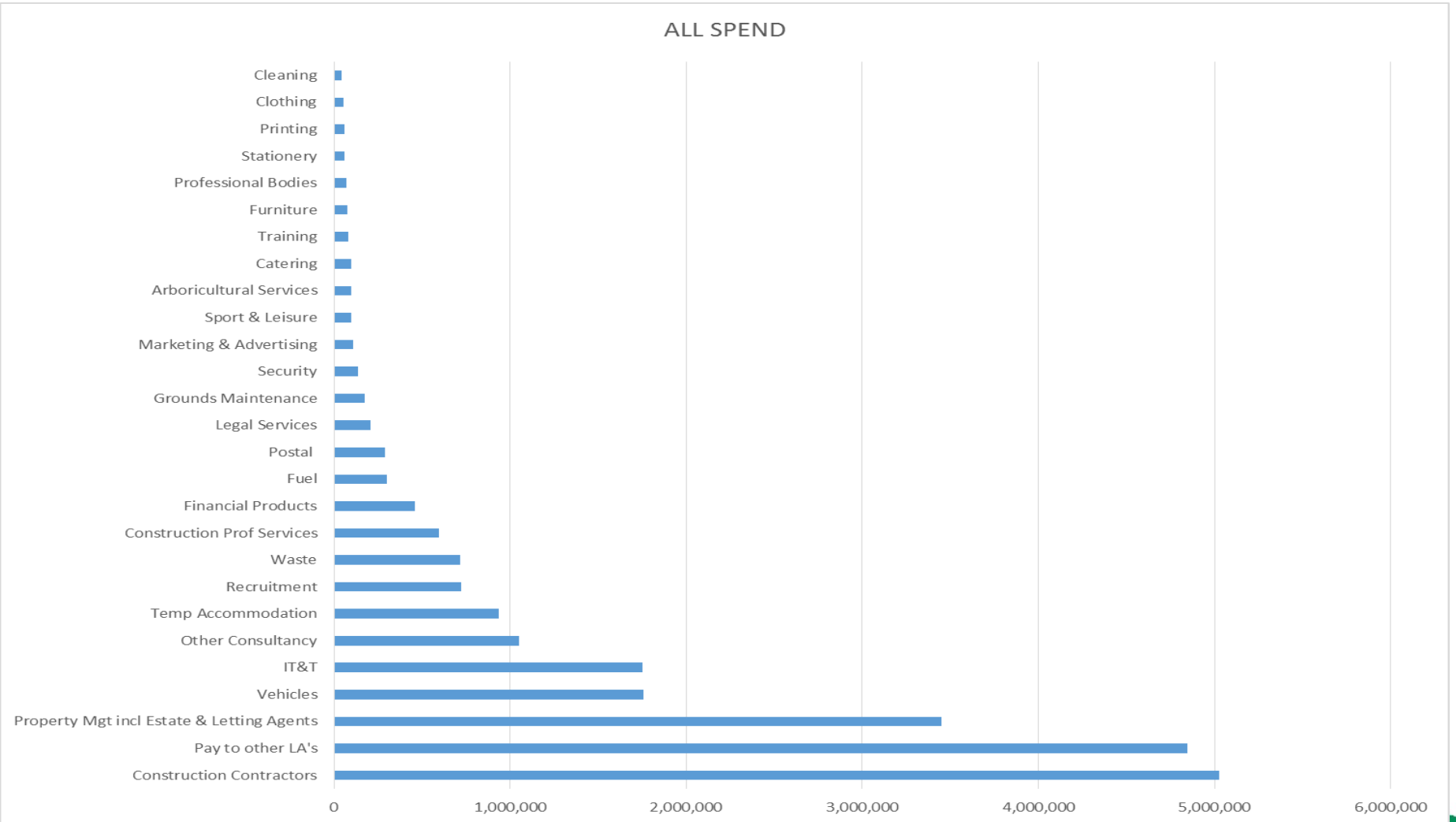
Procurement Service – progress to date

- ✓ Indicative Spend analysis completed (basic, non-automated...)
 - ✓ Initial opportunities identified
- ✓ Contracts register review underway
 - ✓ In-tend Contract Module module up and running – needs populating with live contracts
- ✓ Discussions underway with service leads to establish intentions to build the Procurement Plan

Spend Analysis (indicative)

Categories of Spend*

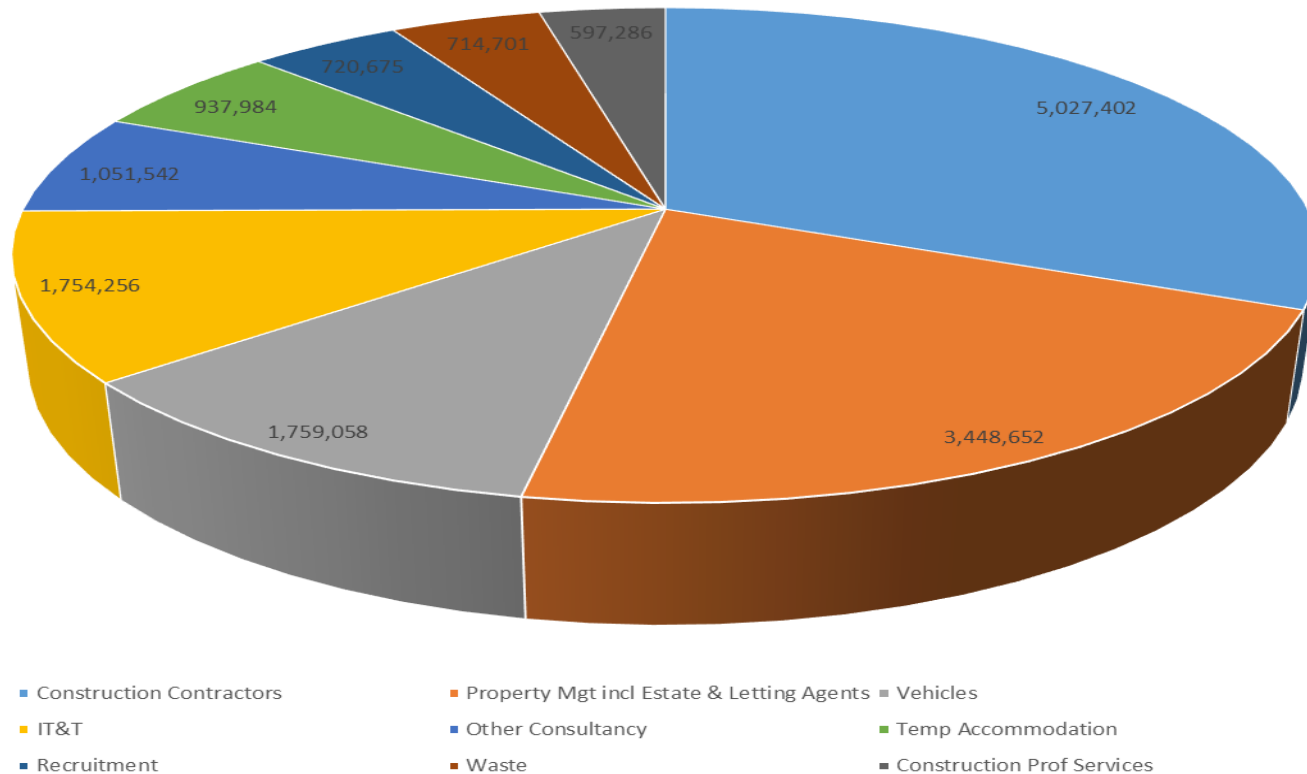
ALL SPEND



*Spend Analysis has been undertaken manually and categorisation is fairly crude!

Key Categories of Spend

CATEGORIES OF SPEND OVER £0.5M
(excl. PAY TO OTHER LA's)



Key Categories

Examples of Opportunities

- **Construction-related consultants (professional services)**
 - 17/18 spend shows 48 different consultants
 - Reduced number → improved rates; better relationships; reduced transactional cost; minimised supplier management
- **Recruitment agents**
 - 17/18 spend shows 17 providers
 - Different model (e.g. neutral vendor) → much improved rates; reduced transactional cost; less officer time to manage
- **IT & T**
 - 17/18 spend shows 74 hardware, software and telecoms providers
 - Transparency data also indicates additional credit card spend
 - Strategic relationship → volume related rates; reduced transactional costs;

What you've told us so far ...you want:

- Focus on the Service as a customer
- No added bureaucracy or red tape
- No new compliance burdens on Services
- Quick and pragmatic solutions
- Better engagement with procurement staff
- To remove the hassle from procurement
- Better knowledge of the opportunities out there
- Help for local businesses
- Better visibility of future projects and track current ones
- Help to engage the market
- Better knowledge of where the money goes
- Help to get better VFM
- Support on Contract Management

Developing our Service Strategy

- **Our Vision** – to undertake procurement delivery that hits the triple bottom line
- **Mission** – to deliver an excellent procurement service which helps the Council achieve its financial, environmental and social objectives and takes the hassle out of procurement for Services
- **Phased approach** – **Discover, Design, Implement**
- **Monitor & measure** - work through a phased approach of improvement we will monitor our progress to bring the Council from its current low state of performance to sector leading outcomes

How to raise visibility and buy-in:

- Work through a monthly Procurement Projects Group
 - Focus on delivery
 - Links with good Project Management
 - No compulsory attendance!
- Quarterly monitoring of progress at MAT and O&S?
- Categorisation in E-series?
- Monthly reporting on status of current initiatives
- Initially - 3 simple metrics:
 - **Better** - Improved compliance with more spend under control
 - **Faster** - Improving procurement cycle time
 - **Cheaper** - Better whole life value for money

Outputs

Procurement Policy

The principles of our engagement with external markets

Acknowledges all applicable rules and legislation

Sets out our value for money principle

Procurement Plan

Records and tracks all projects which have a requirement to procure

Plans and allocates the necessary support services, Procurement, Legal, ICT, Finance etc

Procurement Strategy

Details our procurement approach

Takes into account our Corporate Strategy and our Values

Supports our approach to innovation and to the management of cost and risk