

Report to: **Audit, Best Value and Community Services Scrutiny Committee**  
 Date: **18 November 2014**  
 By: **Chief Operating Officer**  
 Title of report: **Procurement performance update**  
 Purpose of report: **To provide an update on the ongoing development of Procurement and Category Management and provide the Committee with an update on performance.**

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**RECOMMENDATION: The Committee is recommended to note and consider the report.**

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## **1. Financial Appraisal**

1.1 There are no direct financial implications from this report.

1.2 Since the last report to the Audit, Best Value & Community Services Scrutiny Committee (ABVCSSC) in November 2013, a number of activities have been delivered that have contributed to the ongoing development of procurement at the Council. Progress has been made to identify and deliver procurement support to the broader organisational savings demanded by the Reconciling Policy, Performance and Resources (RPPR) process, and Appendix 3 provides a summary of the forecast for procurement and contract related savings.

1.3 The Procurement Service has implemented a new performance management tool to monitor its own effectiveness and to identify and track Medium Term Financial Plan (MTFP) and other savings. Work is ongoing with finance colleagues to enable us to monitor and report against MTFP savings by Q3 2014/15. Work will also continue during Q3 and Q4 to identify opportunities for 2015/16 and beyond and agree targets.

## **2. Background**

2.1 This report provides an update on the effectiveness of the Procurement Service based on its achievements against a range of performance measures. The report also provides an update on the progress of the partnership between the Procurement Services of East Sussex County Council and Surrey County Council.

2.2 The Procurement Service Plan for 2014/15 (Appendix 1) was developed and approved in early 2014 and provides a clear set of objectives and performance measures for the Procurement Service that align with the Council and Portfolio Plans.

## **3. Summary of Performance Measures**

3.1 The Procurement Service Plan includes a number of performance measures which are monitored throughout the year to track progress and development of the Procurement Service. The summary of performance as at the end of Q1 can be found in Appendix 2. Of the fourteen measures included in the 2014/15 service plan, there are four included in either the Council Plan or Portfolio Plan, and these are described in more detail below.

3.2 Percentage of spend covered by procurement category strategies: Target 80% and Q1 performance 18% with Q2 performance to be 30%+. This measure is designed to demonstrate and track how much of the Council's spend has been subject to a more detailed procurement review. By working with service areas to develop and refresh category strategies a number of benefits will be delivered. These benefits include, the identification of opportunities to bring together common areas of spend to create leverage; the use of market and supplier intelligence to help make us a more informed customer; and a clearer 3 – 5 year plan for the category. Current performance against this measure is as expected and we are still expecting to meet the 80% target for the full year.

3.3 Organisational-wide savings achieved: Target £10.5m and performance as at Q1 was £822k with Q2 performance expected to be closer to £2m. This year is the first time that this measure has been in place, with the target set based on a combination of (i) known procurement-related savings activities already planned in MTFP, and (ii) an industry average of 2 – 3% year on year savings being delivered through improved procurement. Performance is slightly below where expected; though overall it is anticipated to be within tolerances by Q4, and all RPPR related savings to be delivered by year end. Agreeing the approach to identify and capture procurement related savings has been important to enable the Council to recognise the benefit from improved procurement, contract and supplier related activities.

3.4 Percentage of retrospective orders: There was no target set at the start of 2014/15 as this was a new measure and a baseline was not known. Current performance is 9% which, when compared to other organisations, is good (the lower the number the better). Work currently underway to review the purchase-to-pay processes, and develop the business case for eInvoicing (as part of wider activities on our transactional business services), will further drive efficiencies in this process.

3.5 Percentage increase in procurement spend with local suppliers: No formal target was set at the start of 2014/15 to allow for work during the year to identify where a focus on 'local spend' will have the biggest impact on our local economy and business community. The cumulative performance as at the end of Q1 is 48%, meaning a total of £114m was been spent with our local suppliers in the first three months of this year. Section 4 below provides more detail against this measure.

## **4. Supporting local suppliers**

4.1 Driving an increase in the percentage of spend with local suppliers is recognised as being an important performance measure for the organisation. However, to deliver a substantial shift in performance requires a number of approaches – moving approximately £5m of spend from 'non-local' to 'local' suppliers over a single year would have only a 1% impact on the overall performance. It is illegal within European and National regulations for the County Council to discriminate when awarding contracts on the grounds of a supplier's location and therefore broader and wider efforts continue to be made to support local businesses. Where spend is committed to long term contractual relationships longer-term planning is necessary, whereas with smaller and shorter-term contracts we have more opportunity to influence the spend within a quicker timeframe.

4.2 Part of our strategy is around encouraging and enabling local suppliers to compete. We have engaged with suppliers at events to brief them on how to access our contract opportunities, and continue to work with organisations including Locate East Sussex, ACES and Sussex Enterprise to encourage and engage with our local market. This work will continue in order to encourage smaller providers to access our contract opportunities.

4.3 The introduction of standardised and simpler tender documents, endorsed by the Federation of Small Businesses, has ensured a consistent approach, look and improved standard of quality in the information provided to the market. This, along with engagement in business events, has gained positive feedback from our smaller and local suppliers, and we continue to look for opportunities to improve our processes.

4.4 As a result of the procurement partnership between East Sussex and Surrey County Councils, a single electronic portal has been launched where all new contract opportunities are advertised across both councils. The success and ease of this has also attracted West Sussex County Council, along with a number of borough and district councils across the region including Hastings Borough Council, Rother District Council, and Wealden District Council. This makes it easier and less time consuming for local businesses to identify potential contract opportunities, and allows suppliers to only have to register once.

4.5 When developing new sourcing plans for tendering and awarding contracts, the local supply base is always researched and opportunities to identify and encourage participation built into our processes. As part of developing category strategies, we also look for specific areas where local suppliers can play a stronger part of our supply chain. For example within construction we have strengthened our collaborative approach with suppliers, and established a KPI (Key Performance Indicators) Hub in February 2014 to allow a greater degree of performance measurement. Targets

and indicators around local spend through the supplier chain are built into our major contracts and performance is currently at:

- 92% Small & Medium Enterprise (SME) spend;
- 70% East Sussex spend;
- 78% spend within 30 miles of site.

4.6 In addition to the local business events, we continue to drive Build East Sussex (BES). Since inception in 2010 it has seen 743 work opportunities for local smaller suppliers and 1000+ potential work experience and apprentice places being advertised. A number of additional packages will be advertised in our forthcoming schools build programme and Agile programme. The most recent BES networking event took place at Hastings College on 4 November 2014 and was well attended.

## **5. Technology**

5.1 Investment in the systems used to support better procurement and contract management has also been made. Implementation of the electronic Contract Management System (eCMS) and Performance+ systems has now been completed, with 1,215 current contracts loaded onto eCMS and 87 projects either completed or monitored through Performance+.

5.2 The introduction of Intend as our new electronic tendering (eTendering) system has simplified and further reduced the processes involved in running tenders. As described in paragraph 4.4, it has also provided suppliers with a single point of reference for contract opportunities within and beyond East Sussex. Working with our public sector colleagues, we have successfully introduced a single portal across a number of local authorities and public bodies in the region.

## **6. Partnership working with Surrey County Council**

6.1 The Procurement Partnership with Surrey County Council continues to develop. Recruitment to the joint senior management team is complete, and work is underway to ensure that the skills and experience of the wider joint department are best utilised. Activities delivered across the partnership since the last report to ABVCSSC include:

- recruitment into three shared posts across the two organisations, leading on Children's, Waste and Environmental services spend;
- Working closely with colleagues in both Surrey and East Sussex to deliver a Dynamic Purchasing System (DPS) for Client Transport that provides an improved procurement approach for a total value of contracts estimated at between £30-40m per annum;
- development of a single learning and development plan for the joint service, with shared and common training activities.

## **7. Next steps**

7.1 For the remainder of 2014/15 a number of key activities will take place. These will include:

- designing an integrated resource model that delivers a high quality procurement service to both ESCC and SCC;
- agreeing the mechanism for identifying and recording those savings across the organisation delivered through procurement, contract and supplier related activities;
- identifying and building the 2015/16 forecast and stretch targets for procurement savings;
- responding to the UK adoption of new EU Procurement Legislation, with briefings, training and, where necessary, updates to our Procurement Standing Orders;
- Commencing Phase 2 of the eCMS rollout, which will enable the recording and reporting of key performance information relating to key contracts, initially working with and piloting in the Adult Social Care Department.

## **8. Conclusion and reasons for recommendation**

8.1 It is recommended that the Audit, Best Value & Community Services Scrutiny Committee notes the contents of this report and continues to provide support for the development of procurement and category management across the County Council.

### **BACKGROUND DOCUMENTS**

Previous papers to ABVCSSC:

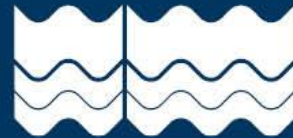
5 November 2013: Procurement at East Sussex County Council

28 February 2012: Surrey and East Sussex Procurement Partnership

**KEVIN FOSTER**

**Chief Operating Officer**

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# Procurement Service Plan 2014/15

## Who we are and what we do

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East Sussex County Council (ESCC) faces unprecedented challenge in respect of budget constraints, demographic change and demands for public services. Under these circumstances the procurement function of an organisation becomes more important than ever and this is a really exciting opportunity for the procurement profession within the Public Sector. The Procurement Service at ESCC is transitioning into a strategic and commercial category management team, which continues to see the grouping of common areas of spend and resource in order to take a more coordinated approach to procurement activities.

The Procurement Service is responsible for ensuring the Council's contract opportunities are tendered effectively and efficiently, and that sound commercial arrangements are put in place for the monitoring of contract performance. Working alongside colleagues in Services, we aim to deliver savings from better procurement and contracting which contribute to delivery of the Medium Term Financial Plan and continue to deliver quality services to our residents and end users.

The Procurement Service provides;

- Advice to support make or buy decisions around Service re-design
- Tendering of contract opportunities over £100,000
- Advice and Insight around market trends and our key suppliers

And is responsible for;

- Developing and implementing clear strategies for our categories of spend to delivery savings and improvements
- Provide leadership for the organisations approach to contract and supplier management

## Key achievements and improvements made in 2013/14

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The Procurement Partnership with Surrey County Council continues to develop, with the appointment of a joint Head of Procurement into an Assistant Director leadership role, and an Interim joint Children's Services Category Manager, along with performance management, technology development, and spend and supplier analysis and intelligence being developed jointly across the two authorities.

Category Management development workshops have been delivered across the Procurement Service and with the involvement of key stakeholders. This has resulted in a Category Strategy Plan for the following major areas of spend;

### **Adult Social Care:**

- Public Health
- Older People (DomCare/ExtraCare)
- Older People Residential
- Learning Disabilities Residential
- Social Care Equipment
- Supported Accommodation
- Third Sector ('Prospectus')

### **Children's Services:**

- Looked After Children
- Disabled Children
- Special Educational Needs (SEN)
- Education Improvement
- School Nursing

With Category Strategies for Early Years and Youth Services areas of spend to follow later in 2014/15.

**Corporate & FM:**

- Travel, Conferences & Venue Hire
- Soft FM
- Temporary & Agency Staff
- Consultancy (all categories)

Category Strategy for Print Services to follow in 2015/16.

**Environment, Transport and Waste:**

- Taxi, minibus and coach transport
- Fleet Management
- Horticultural Services
- Waste & Environmental Services

**IT:**

- Mobile Telephony
- Telecommunications
- Hardware
- Software

**Property:**

- Construction & Maintenance
- Utilities

A programme for the further development of the above Category Strategies and those for the remaining areas of spend will be put in place during 2014/15.

## **Procurement Key Successes 2013/14**

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**Category: Economy, Transport & Waste (ET&W)**

- Over £225k saving achieved through efficiencies gained from the retendering of supported bus services in the Lewes area, and a new joint contract with WSCC to administer the concessionary fare scheme arrangements and pass issuing.
- Successful implementation of the Wheels to work and Education Service – an £800k, 2 year contract funded by The Local Sustainable Transport Fund Devon Wheels to Work were the successful providers and have set up East Sussex Wheels to Work as a social enterprise employing 5 staff who were all currently unemployed.
- Renegotiation of the Street lighting Maintenance contract with Colas achieved a £300k saving in maintenance costs through changes to the service specification.

**Priorities for 2014/15**

- Ensure the successful delivery of the Highways procurement, providing a lead on commercial models and options.
- Develop opportunities for a common market management and category approach across the partnership with Surrey County Council within the Transport spend.
- Review and identify opportunities within the Fleet Management category, using the Blue Light collaboration work to identify the greatest possible efficiencies.

**Category: ICT**

- Procurement of new Service Management System for ICT Services to provide additional functionality including automated job logging, enhanced customer portal with the potential

to provide shared help desk services with other authorities. This delivered a saving of £110K over 5 years.

- Procurement of Inventory Management System, web Portal and specialised audio visual display equipment for The Keep. This enabled The Keep to open on time as planned, provide an online portal for the public to view and book access to items across three separate archives being housed at the Keep covering ESCC, B&H and University of Sussex.

#### **Priorities for 2014/15**

- Ensure high quality procurement and commercial support into the signification change and transformation programmes, including Agile and SCIS.
- Increase contract and supplier management support with a clear role in Link.
- Identify opportunities for further savings, and support for the growing digital agenda.

#### **Category: Property**

- Further development of our relationship with suppliers through greater collaboration, including the launch of a KPI Hub, funded by Contractors, to enable better management of performance.
- Build East Sussex and related activities focussed on local economic development secured 743 work opportunities for local SMEs; 900 potential work experience & apprentice places. During 2013/14 78% of our spend in this area was with local suppliers.
- TrAC - only 5% Local Enterprise Partnership (LEP) spend, but 30% apprentice placements
- Work to control costs within project has delivered significant improvements in our benchmarks against comparable contracts, including:
  - School build cost per sq m - £200 less than IESE Tranches 1&2
  - Utilities – 20% per sq m less than WSCC

#### **Priorities for 2014/15**

- Establish a strong presence and commercial leadership to the collaborative SE7 / IESE workstream.
- Continue focus on driving apprentices, skills & employment and local spend through using Build East Sussex as platform for local economic development.

#### **Category: Corporate & FM**

- Collaboration with West Sussex and other SE7 members for the PCard Framework to award and commence Feb 2014 with RBS will deliver greater rebates.
- Library Shelving – Seaford; worked with the Library Service team to award shelving contract for the New build in Seaford for May 2014 completion.
- 1 year award to Southern Water for microbiological testing (across swimming pools) delivered an initial saving circa. 45-50%.

#### **Priorities for 2014/15**

- Use emerging category strategies to increase influence and impact across the organisation around corporate areas of spend, establishing a clear role in policy development.
- Develop opportunities for a common market management and category approach across the partnership with Surrey County Council within Temporary Labour spend.

#### **Category: Children's Services**

- During 2013/14 a number of activities to embed procurement and category management with Children's services were held, including workshops run with Looked After Children (LAC), school nursing, and schools Improvement. Strong engagement and positive stakeholder feedback.
- Procurement presented at the management conference at the Amex, to embed the new approach.



- Increased engagement with all Assistant Directors in Children's Service to produce a full forward work plan for the first time.
- Change in focus of delivery for key services, including Educational Improvement, concentrating on flexibility, commercial value and output focus

#### **Priorities for 2014/15**

- Continue to develop the overarching approach to social care procurement, with particular focus around Care Leaver services.
- To embed the new approach to Educational Improvement with the Dynamic Purchasing System (DPS) – giving new opportunity to benchmark both performance and cost for the first time, whilst retaining flexibility that is key to that marketplace.

#### **Category: Adult Social Care**

- Successful transition of the Contracts and Purchasing Unit within the Strategy, Commissioning and Supply Management division, which has enabled even closer joint working between commissioning and procurement and delivering better outcomes and alignment of RPPR process.
- Community Services Tender, which is a large area of spend for ASC and has involved using Category Management techniques offering a framework for managing the change to reablement over the next contract period.
- Working Age Adults Savings: working closely with WAA Commissioners to negotiate savings through approaching providers strategically.
- Supported Living Approved Provider list, which was approached in a Category Management style.
- The team now make placements on behalf of the Integrated Continuing Health Care Team (ICHCT) which has resulted in improved market influence, and a consistent approach to maximise the use of quality provision in the community and to make savings for the CCGs.
- Transition of the procurement function on behalf of Public health has delivered some early successes.

#### **Projects, Systems and Performance (PSP)**

The PSP team in Procurement provides all the infrastructure and support needed for the Service to function well. In 2013/14, the team worked with colleagues across the Service to deliver:

- A standard and consistent approach regarding templates and documents are embedded e.g. Procurement Standing Orders and Category Strategies.
- Updated Contract Standing Orders into Procurement Standing Orders and had them agreed by full Council.
- New Performance Plus tool to support programme management and benefits tracking in the Service.
- The In-Tend e-tendering tool, now in place for all tenders.
- New spend reporting to support category strategies.

#### **Priorities for 2014/15**

- Development of communications strategy for the Procurement Service.
- Implementation of eCMS to support contract and supplier management.
- Work to drive further efficiencies from the partnership with Surrey County Council.
- Support the BSD work around optimising SAP and improved approaches to transactional services.

## Background

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During 2013/14 a process of consolidation created the new Business Services directorate. At this early stage, Procurement established seven key 'procurement priorities' to mobilise the department in the short term. The objectives and performance targets for 2014/15 map to these priorities, and therefore provide strategic continuity to take forward the work that has been started by the team.

### Aligning 2014/15 Objectives with existing 'Procurement Priorities'

|   |   |  |   |
|---|---|--|---|
| <b>2014/15 Objective</b> <ul style="list-style-type: none"><li>• <i>Builds on existing 2013/14 'procurement priorities'</i></li></ul> | <b>Category Management</b> <ul style="list-style-type: none"><li>• Agile, Robust, Compliance</li><li>• Best Practice Templates and</li><li>• IT Systems</li></ul> | <b>Procurement Governance</b> <ul style="list-style-type: none"><li>• Agile, Robust, Compliance</li><li>• Best Practice Templates and</li><li>• IT Systems</li></ul> | <b>Contract &amp; Supplier Management</b> <ul style="list-style-type: none"><li>• Procurement team identity</li></ul> |
| <b>Staff and People Development</b> <ul style="list-style-type: none"><li>• Procurement team identity</li></ul>                       | <b>Partnership &amp; collaboration</b> <ul style="list-style-type: none"><li>• Strategic &amp; Partnership Alignment</li></ul>                                    | <b>Driving Economic Growth</b> <ul style="list-style-type: none"><li>• Strategic &amp; Partnership Alignment</li></ul>   | <b>Communication</b> <ul style="list-style-type: none"><li>• Procurement team identity</li></ul>                      |

## Consultations and feedback

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This is the first annual service plan to be produced for the Procurement Service following the creation of the new consolidated Business Services Department in ESCC. The wider procurement department have been fully involved in creating the plan, and feedback from Assistant Directors from across the directorate and broader Council has been sought. It is anticipated that during 2014/15, further consultation and feedback will take place to shape the revised Procurement Strategy.

## Comparative performance

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The Procurement Service operates in partnership with Surrey County Council, which has enabled an accelerated deployment of a category management approach and provides comparators at every level.

More widely, we are part of the South East 7 group of Councils, which has provided the opportunity to compare approaches and work plans both for category projects and our processes and systems.

Some of the key indicators below will be specifically compared with those at Surrey County Council to identify further opportunities for development at both authorities. In addition during 2014/15 a sample of performance indicators will be benchmarked externally with the wider public and private sectors using industry recognised measures.

## Equalities

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We want to ensure that all of our services are delivered fairly, equitably and without causing discrimination. We will improve the quality of our Equality Impact Assessments (EqIAs) and, more importantly, be mindful of equalities issues in all that we do. We will put in place a programme of EqIAs that we will complete over the next three years and will identify any actions that we need to eliminate any unintentional discrimination through clear targets in our plans.

EqIAs will be carried out on a project by project basis as part of our work-plan as necessary.

An EqIA was carried out for our update of Contract Standing Orders to become Procurement Standing Orders.

## Council Policy

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East Sussex Council have four priority outcomes with objectives for our work across all services which contribute to them. The priorities are interdependent and a clear link has been made between the objectives and performance targets for the Procurement Service, and the priorities in the East Sussex Council Plan 2014/15.

### **Making the Best Use of our Resources**

Not only within the County Council, but in the public sector across the county. This means acting as a single unified organisation to deliver our priorities; ensuring high quality, value for money services are commissioned and developed in partnership; working in partnership to reduce demand for services and focusing on our residents and communities.

Our service objectives around Category Management, Procurement Governance, Contract & Supplier Management, and Collaboration, all contribute to the organisation in delivering this priority.

### **Driving Economic Growth**

By creating the environment and infrastructure business needs, utilising local assets, and using the Council's resources to support the local economy and ensuring local people have the skills they need to take advantage of the opportunities available.

Our service objectives around Driving Economic Growth, Staff and People Development and Communication contribute to the organisation in delivering this priority

### **Keeping Vulnerable People Safe from Harm**

Protecting people at risk from harm and neglect, intervening earlier to improve outcomes for individuals, families and communities.

### **Building resilience for Individuals and Families to live independently**

Providing people with the support they need to help themselves. We aim to deliver better outcomes for local people and reduce the need for more expensive services.

Working with our Services to deliver our 2014/15 work plan of procurement, contract and commissioning activities all contribute to the achievement of these two priorities

## Business Services priorities for 2014/15

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In addition to the clear link between the objectives and performance targets for the Procurement Service, and the priorities in the East Sussex Council Plan, the objectives for the Procurement Service directly support the priorities for the wider Business Services department:

### Strategic Priorities to Achieve a Step Change

The outcomes which Business Services need to deliver remain unchanged;

- The creation of a single, unified organisation delivering corporate outcomes
- Provision of high quality advice and the systems and processes to manage departmental resources
- Develop managers to be able to efficiently manage their resources
- Sound governance and risk management
- Business as usual – deliver corporate and departmental priorities as one Council through effective use of Partnerships and a Commissioning approach. Demonstrate this through the East Sussex Way.



#### What are we focussing on:

- Reducing the focus on transactional activity in order to increase focus on strategic advice and support
- Leading an organisational approach to reviewing sources of income generation and commercialisation opportunities
- The user experience – what is in it for our customers
- Medium Term Financial Planning as part of the Reconciling Policy Performance and Resources planning process



#### What are we focussing on:

- Exploiting our investment into the SAP system and developing the SAP strategy
- Developing the South East Shared Services Partnership
- Undertaking Service specific Business Process Review activity



#### What are we focussing on:

- Developing functionality within SAP and other corporate applications
- Developing the South East Shared Services offer
- Skilling managers to be able to operate with greater self service – this links to the Strategic People Change and Workforce Strategy



#### What are we focussing on:

- SPACES (Strategic Property Asset Collaboration across East Sussex)
- The Link (Our Public Services Network)
- Districts and Boroughs
- Schools and Academies

- South East Seven Partnership (East Sussex, West Sussex, Surrey, Brighton and Hove, Hampshire, Kent and Medway)
- Health
- South East Shared Services



**What are we focussing on:**

- Agile Programme
- Social Care information System replacement
- People Change and Strategic Workforce Strategy delivery
- Shared Services (includes but not limited to South East Shared Services)
- SAP exploitation
- Supporting service change:
  - Thrive
  - SEND
  - Bexhill Hastings Link Road
  - Better Care



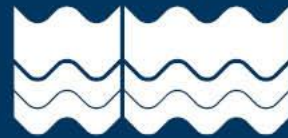
**What are we focussing on:**

- Business Services Workforce Strategy
- Delivering the Awesome plan
- Staff Appraisals



**What are we focussing on:**

- BSD Lunch and Learn
- Awesome Plan
- Agile Programme
- Budget Management rollout
- Working with BSD Heads of Service group



## Objectives and Performance Targets

## **Objective 1: Category Management**

Category Management development workshops have been delivered across the Procurement Service, with the involvement of key stakeholders. Category Strategies are to be developed for all major areas of spend, using the best practise approach and through increasing our influence with service area colleagues.

The Procurement Service will continue to implement and embed a category management approach, delivering:

- Greater focus on market knowledge
- Better negotiations and improved supplier delivery
- Reduction in overlapping spend across the Council
- Improved purchasing power

Through a consistent focus on our team, and through stronger resource planning and project and programme management we will ensure available resource is used to support the shift to strategic procurement activity.

### **Desired outcomes**

- The organisation can demonstrate that category management, and improved procurement, contract & supplier management is helping to make the best use of our resources
- The approach to procurement further shifts from tactical to strategic
- Use of data and intelligence to inform our thinking and decision making has led to improved outcomes on projects

| <b>Actions</b>   | <b>Timescales</b>        | <b>Lead contact</b>                                  |
|--|--------------------------|--|
| i. Embed process of projects and benefits tracking   | Q1 2014                  | Laura Langstaff, Head of Procurement                 |
| ii. Deliver category strategies in line with agreed plan   | April 2015               |  |
| iii. Deliver savings and efficiencies against plan   | April 2015               |  |
| iv. Development of the market, supplier and spend data available to category leads   | September 2014 & ongoing | Derek Lancaster, Performance and Development Manager |
| <b>Performance measure</b>   |                          | <b>2014/15 Target</b>                                |
| 1. Percentage spend covered by procurement category strategies   |                          | 80%  |
| 2. Organisational-wide savings achieved through procurement, contract and supplier management activities (Tracked through Performance Plus for BSD and through RPPR process for ASC) |                          | £10.5m   |



## **Objective 2: Procurement Governance**

Implementing and embedding a standard and consistent approach to procurement governance and compliance, establishing improvement plans with relevant stakeholders in Finance and Services. Ensure purchase-to-pay process is operating effectively.

### **Desired outcomes**

- The organisation has high levels of compliance with Procurement Standing Orders in order to be confident of delivering value for money
- The Procurement workplan is well-aligned to support delivery of the Council's MTFP targets, and projects are delivered on time and to the required quality to support the organisations overall budget position and to provide value add to our customers
- Services report satisfaction with Procurement Service
- Systems are properly controlled in line with best practice for procure-to-pay process

| <b>Actions</b>  | <b>Timescales</b> | <b>Lead contact</b>  |
|---|-------------------|--|
| v. Procurement projects managed with appropriate documentation, including Strategic Sourcing Plans as appropriate                                   | June 2013         | Derek Lancaster,<br>Performance and<br>Development Manager<br>and Category<br>Managers |
| vi. Baseline average timescales of tenders  | October 2015      |  |
| vii. Agree a target for reduction in amount of time it takes to deliver a sourcing process and action plan to deliver                               | April 2015        |  |
| viii. Improve compliance with Procurement Standing orders; benchmark and understand reason for waivers and put improvement plan in place to address | Sept 2014         |  |
| <b>Performance measure</b>  |                   | <b>2014/15 Target</b>  |
| 1. Projects: All procurement projects are managed via Performance Plus, with exception reporting to Senior Team in place for key projects           |                   | 100% by May 2014   |
| 2. All orders between £10k and £100k have three quotes attached, or an agreed waiver has been logged.   |                   | 90% by April 2015  |
| 3. Percentage of retrospective orders   |                   | Target to be agreed  |
| 4. Customer / Stakeholder feedback  |                   | Target to be agreed  |

### **Objective 3: Contract and Supplier Management**

Weak or limited contract management practice could result in poor service delivery, failure to drive contractual improvements or additional financial expenditure through scope creep, risk of supplier failure, or inaccurate or fraudulent payments. Developing the approach to contract and supplier management will drive greater efficiencies, both in terms of the time and resource given to managing the relationships we have with our suppliers, and increasing the opportunities for identifying financial savings.

Our objective is to drive improvements across three areas:

- **Operational Contract Management** or **contract administration**; the formal management of the contract including how contracts are stored and logged, reporting of ongoing contract management information, and administration around contract expiry or termination.
- **Commercial Contract Management** or the **management of service delivery**; ensuring that the service is being delivered in accordance with the agreed performance and quality levels set out in the contract, and that changes in needs are captured and there is an ongoing review of the value for money a contract is delivering, including performance standards and incentives.
- **Supplier Management** or the **management of the relationship** with the **supplier** (SRM); maintaining and developing an open and constructive relationship with the supplier to ensure a focus on continuous improvement and achieving value for money. This is particularly important with our key suppliers, or where there are several contractual relationships with the same supplier.

#### **Desired outcomes**

- An organisational-wide Contract Management Framework established and embedded across all of our major contractual relationships.
- Improved awareness, understanding and approach to operational contract management, commercial contract management and supplier management.
- eCMS embedded across the organisation to give greater visibility to our contractual commitments and performance of our key contracts.

| Actions  | Timescales                       | Lead contact                         |
|--|----------------------------------|--------------------------------------|
| ix. CMT support for organisational-wide review of contract management                                    | May 2014                         | Laura Langstaff, Head of Procurement |
| x. Contract management framework established   | July 2014                        |                                      |
| xi. Outline Improvement Plan agreed with Key Supplier Forum  | July 2014                        |                                      |
| xii. Improvement Plan agreed by CMT and AD community and being delivered against                         | October 2014                     |                                      |
| xiii. Scope volume of contracts for scanning and define action plan to migrate to eCMS                   | June 2014 complete<br>March 2015 |                                      |
| Performance measure  |                                  | 2014/15 Target                       |
| 1. (a) eCMS implementation and (b) contract coverage in eCMS by spend                                    |                                  | (a) Sept 2014 (b) 80% by March 2015  |
| 2. Performance Indicators for all key contracts available in eCMS (or KPI Hub for Contractor Frameworks) |                                  | 100% by March 2015                   |
| 3. Organisation wide Contract Management Framework approved by CMT and established                       |                                  | Approved by CMT July                 |
| 4. Efficiencies and improvements being delivered through contract and supplier management                |                                  | Baseline set in 2014/15              |

#### **Objective 4: Staff and People Development**

Develop a high performing and highly skilled team, whilst also growing the organisations' skills around procurement, contract and supplier management and commercial awareness.

##### **Desired outcomes**

- The Procurement team is recognised as contributing innovative, commercial options and sound professional input to Services, as they develop Category Strategies to meet business requirements.
- The Procurement team is adequately qualified and trained to ensure a professional standard of work which meets the expectations of stakeholders.
- The Procurement team offers an attractive career path at all levels, attracting the best candidates for vacancies as they arise and retaining high performing individuals.

| <b>Actions</b>  | <b>Timescales</b>              | <b>Lead contact/s</b>                                |
|---|--------------------------------|--|
| xiv. Develop Team Training Plan in conjunction with the BSD Organisational Development Team   | June 2014                      | Stephanie McCann & Lynn Mounfield, Category Managers |
| xv. Identify and deliver a series of Lunch & Learns for 2014-15   | June 2014 ongoing              |  |
| xvi. Confirm Apprentices for Procurement team for 2014-15. Develop management skills in team by assigning responsibility to non-LMG team members.   | July 2014 ongoing              |  |
| xvii. Complete Legal training for team on new EU Public Procurement Directives  | June / October 2014            |  |
| xviii. Develop a Customer / Stakeholder feedback process to enable a responsive service   | Process developed by Sept 2014 |  |
| <b>Performance measure</b>  |                                | <b>2014/15 Target</b>                                |
| 1. % CIPS qualified as per job description  |                                | TBC (current 50%)                                    |
| 2. Positive feedback received from Lunch & Learn sessions   |                                | 75%  |
| 3. Evidence can be provided on market knowledge and expertise being developed by individuals in their Category areas (e.g. attending conferences/CIPS branch events, reading market publications, providing input to forums etc.) |                                | Sept 2014  |
| 4. Customer / Stakeholder feedback  |                                | Target to be agreed                                  |

**Objective 5: Partnership and Collaboration (with Surrey County Council, SE7, Districts & Boroughs, Health and the wider public, voluntary and private sector)**

There are significant financial challenges facing the public sector, and a number of collaborative procurement arrangements are in place to drive efficiencies, collaborative procurement programmes exist across the south-east through the SE7 work plan, working in partnership with Surrey County Council, Districts and Boroughs and Health.

- This aims to deliver shared skills and excellent procurement resource across the partnership
- Create and nurture the ongoing capacity and resilience to allow a top performing procurement team to deliver organisational benefit and personal career satisfaction.

**5.1 Desired outcomes**

To move towards a more collaborative procurement approach that involves shared work plans, shared learnings and joint tendering opportunities where appropriate to deliver savings. This will be delivered through implementation of the Surrey and East Sussex Procurement Partnership (SESPP) Development Plan, and greater regional and partnership working.

| <b>Actions</b>  | <b>Timescales</b> | <b>Lead contact</b>                   |
|---|-------------------|---------------------------------------|
| xix. Deliver SESPP Development Plan                               | March 2015        | Laura Langstaff, Head of Procurement  |
| xx. Complete sharing of plans across SE7 and Districts & Boroughs | June 2014         |                                       |
| xxi. Deliver shared SESPP projects for joint benefits             | April 2015        | Dean Fazackerley, Partnership Manager |
| <b>Performance measure</b>  |                   | <b>2014/15 Target</b>                 |
| See SESPP Development Plan  |                   |                                       |

## **Objective 6: Using Procurement to drive economic growth**

The Procurement Service has a unique opportunity to use our procurement processes and contract opportunities to drive economic growth, deliver the Social Value Act and implement the Employment and Skills through Procurement Policy

The purpose of the Employment and Skills through Procurement Policy is to harness public sector buying power to achieve outcomes on jobs and skills, specifically pathways to employment through work experience, apprenticeships and targeted recruitment.

We are able to use procurement activities to support the local economy and ensure local people have the skills they need to take advantage of the opportunities available to them, and focus resources where they can deliver against the best opportunities to support local businesses.

### **6.1 Desired outcomes**

- Procurement is recognised as driving a broader economic balance in East Sussex
- Greater use of local suppliers for Council contracts and sub-contracts
- A significant proportion of suppliers are actively supporting the local recruitment charter and encouraging new pathways to employment

| <b>Actions</b>  | <b>Timescales</b> | <b>Lead contact</b>                                  |
|---|-------------------|--|
| xxii. Continue to develop Build East Sussex to support local firms  | April 2015        | Stephanie McCann & Lynn Mounfield, Category Managers |
| xxiii. Carry out Employment and Skills Impact Assessments on all relevant projects  | Ongoing           |  |
| xxiv. Capture social value benefits via Performance Plus tracking tool  | Ongoing           |  |
| xxv. Support the development of the Local Recruitment Charter, leading on engagement with business and suppliers  | As required       |  |
| <b>Performance measure</b>  |                   | <b>2014/15 Target</b>                                |
| 1. By category:<br>a. 25% of new contractors and 15% of existing contractors over £1m signed up to the Local Recruitment Charter by end March 2015<br>b. 25% of new procurement activity is subject to an Employability & Skills Impact Assessment<br>2. Percentage increase in procurement spend with local suppliers to support targeted areas of economic growth |                   | To be agreed at category strategy level              |

## **Objective 7: Communication**

To raise the profile of the Procurement Service, building a high reputation with Members, Stakeholders and local Suppliers, and being regarded by staff as a great place to work.

### **7.1 Desired outcomes**

- For Members, Stakeholders, and Suppliers to report high levels of satisfaction with Procurement
- For Staff to report high levels of employee satisfaction and understanding of Procurement's strategy
- For Procurement to be recognised externally
- For successes to be publicly shared as appropriate

| <b>Actions</b>  | <b>Timescales</b> | <b>Lead contact</b>  |
|---|-------------------|--|
| xxvi. Establish and deliver Communications Strategy for the Procurement Service         | June 2014         | Derek Lancaster,<br>Performance and<br>Development Manager |
| xxvii. Identify key successes for promotion internally and externally                   | Ongoing           |  |
| xxviii. Continue to deploy Social Media to promote contract opportunities and successes | Ongoing           |  |
| xxix. Work with the LGA, regional and national groups to communicate ESCC Procurement   | Ongoing           |  |
| <b>Performance measure</b>  |                   | <b>2014/15 Target</b>                                      |
| 1. Customer / Stakeholder feedback  |                   | Target to be agreed  |

## Summary of Performance Targets

## Summary of Performance measures & targets

| Measure   | Baseline                                | 2014/15 Target        | Current performance | Council Plan | Portfolio Plan | Corporate Health |
|---|---|-----------------------|---------------------|--------------|----------------|------------------|
| Percentage spend covered by procurement category strategies                     | New measure / baseline being calculated | 80%                   |                     | ✓            | ✓              |                  |
| Organisational-wide savings achieved £  | £3.6m                                   | £10.5m                |                     |              | ✓              | ✓                |
| All procurement projects are managed via Performance Plus                       | New measure                             | 100% by May 2014      |                     |              |                |                  |
| All orders between £10k and £100k have three quotes                             | New measure                             | 90% by April 2015     |                     |              |                |                  |
| Customer / Stakeholder feedback   | New measure                             | TBA                   |                     |              |                |                  |
| Percentage of retrospective orders  |   |                       |                     |              | ✓              | ✓                |
| Contract coverage in eCMS by spend  | 54%                                     | 80% by March 2015     |                     |              |                |                  |
| Performance Indicators for key contracts in eCMS / KPI Hub                      | n/a                                     | 100% by March 2015    |                     |              |                |                  |
| % CIPS qualified as per job description   | 50%                                     | TBA                   |                     |              |                |                  |
| Positive feedback from Lunch & Learns   | n/a                                     | 75%                   |                     |              |                |                  |
| New contractors signed up to the Local Recruitment Charter by end March 2015    | New measure                             | 25% by end March 2015 |                     |              |                |                  |
| Existing contractors over £1m signed up to the Local Recruitment Charter        | New measure                             | 15% by end March 2015 |                     |              |                |                  |
| New procurement activity subject to an Employability & Skills Impact Assessment | New measure                             | 25%                   |                     |              |                |                  |
| Percentage increase in procurement spend with local suppliers                   |   | Local measures        |                     | ✓            | ✓              |                  |





## Appendix 2: Procurement Performance measures (as at Q1 2014/15)

|    | Measure  | Baseline                                  | 2014/15 Target        | Q1    | Comments   |
|----|--|---|-----------------------|-------|--|
| 1  | % spend covered by procurement category strategies                       | New measure/<br>Baseline being calculated | 80%                   | 18%   | This measures the influence of the Procurement Service in reviewing, and developing our approach for major areas of spend.   |
| 2  | Organisational wide savings achieved £                                   | £3.6m                                     | £10.5m                | £822k | This measures the savings delivered to the organisation through procurement, supplier and contract related activities and includes those savings already assumed in RPPR                     |
| 3  | All procurement projects are managed via Performance Plus                | New Measure                               | 100% by May 2014      | 80%   | This measure ensures robust and transparent approach to the delivery of projects to improve resource planning.   |
| 4  | All orders between £10k & £100k have 3 quotes                            | New measure                               | 90% by April 2015     | -     | This measures compliance with the Procurement Standing Orders and that the organisation is competing lower-value requirements to ensure VFM.<br>To be measured and reported at the end of Q4 |
| 5  | Customer / Stakeholder Feedback  | New measure                               | TBA                   | -     | Our approach to gathering and reporting customer satisfaction is being developed in Q3 with an ambitious target to be ready to complete the CSE standard by April 2015.                      |
| 6  | % of retrospective orders  | New measure                               | New measure           | 9%    | See report commentary.   |
| 7  | Contract coverage in eCMS by spend                                       | 54%                                       | 80% by March 2015     | 57%   | This shows progress in our ongoing implementation of eCMS during 2014/15.  |
| 8  | Performance indicators for key contracts in eCMS / KPI Hub               | n/a                                       | 100% by March 2015    | -     | This measure builds on (7) above and reflects a further development in our management of key contracts. Expecting progress during Q3 and Q4.   |
| 9  | % CIPS qualified as per job description                                  | 50%                                       | TBA*                  | 50%   | This measures the progress of the Procurement Service in their continual professional development.   |
| 10 | Positive feedback form Lunch & Learn                                     | n/a                                       | 75%                   | -     | As above.  |
| 11 | New contractors signed up to the Local Recruitment Charter               | New measure                               | 25% by end March 2015 | -     | This aligns with the Employment and Skills Strategy Action Plan  |
| 12 | Existing contractors over £1m signed up to the Local Recruitment Charter | New measure                               | 15% by end March 2015 | -     | This aligns with the Employment and Skills Strategy Action Plan  |

|    |  |             |                |     |   |
|----|--|-------------|----------------|-----|---|
| 13 | New procurement activity subject to an Employment & Skills Impact Assessment | New measure | 25%            |     | This aligns with the Employment and Skills Strategy Action Plan |
| 14 | % increase in procurement spend with local suppliers                         | -           | Local measures | 48% | See report commentary.  |

\*Support for staff to achieve the required level of CIPS professional qualification is determined by their PDP and the available training budget.

### Appendix 3: Target Procurement savings 2014/15

The target for savings to be delivered through procurement, contract and supplier management activities (shown by each category of spend) agreed at the start of the financial year are shown below. See section 3.3 of the report for further detail.

Table 1: Summary of savings targets

| <b>Category</b>                | <b>Target 14/15</b> | <b>Forecast to end 2014/15</b> | <b>Delivered</b>  |
|--------------------------------|---------------------|--------------------------------|-------------------|
| Adult Social Care              | £3,100,000          | £3,100,000                     | -                 |
| Children's Services            | £800,000            | £100,000                       | -                 |
| Corporate & FM                 | £1,200,000          | £1,157,771                     | £850,271          |
| Construction & Maintenance     | £1,200,000          | £1,360,500                     | £113,660          |
| Environment, Transport & Waste | £3,900,000          | £5,179,478                     | £789,853          |
| ICT                            | £300,000            | £236,630                       | £46,086           |
| <b>Total</b>                   | <b>£10,500,000</b>  | <b>£11,134,379</b>             | <b>£1,799,870</b> |