

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **17 July 2015**
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 members with an update on performance**

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

1. Background

Financial Appraisal

1.1 There are no direct new financial implications from this report. It provides an update on Procurement performance so far this year; describes the areas from which the organisation has achieved efficiencies through procurement; supplier and contract management savings; the current timetable for both creating and refreshing category strategies; and an overview of the refreshed strategy for the Procurement Service.

2. Supporting Information

Procurement Strategy

2.1 A fully revised strategy for the Procurement Service 2015-2018 is now in place across the Orbis Partnership, with the support of Lead Members in both Councils (Appendix A). This sets out how the Service will continue to deliver and develop a high-quality service offering for our customers. For each of eight strategic themes the longer term ambition is explained, with key actions and measures to deliver it. The eight themes are:

- People, Skills and Development
- Category Management
- Contract and Supplier Management
- Technology and Processes
- Strategic Sourcing
- Programme Management & Governance
- Social Value
- Innovative Commercial Support

Social Value

2.2 Social Value through Procurement delivery is a key strategic theme for the service, and a strategy for driving greater Social Value from our contracts is being developed. We are working to ensure that all our major tenders have an Employment and Skills plan agreed as part of the contract, and we are taking part in a national pathfinder project to identify and track wider Social Value benefits for our procurement projects. We are also using the electronic Contract Management System to help record and identify which contracts are adhering to this agreement. This enables us to report on our Council Plan target of the "Percentage of new County Council procured contracts awarded following a tender process that include an Employability and Skills Plan."

2.3 We will also continue to report the Council Plan target to increase the percentage of spend with Local Suppliers to over 50% by 2016, in support of economic growth in the county. Within Procurement, specific targets are being set by business sector.

Forward plan of category strategies

2.4 Attached as Appendix B is the latest version of the category strategy development plan. The scope of this includes both East Sussex and Surrey requirements. The plan continues to be developed as the potential for alignment across the partnership emerges, and will be used to help develop the shape of 2016/17 work plan for the Procurement Service.

Procurement Service Savings Sign off Approach: Delivery for Q1 2015/16

2.5 The Procurement service continues to seek appropriate common approaches across the Partnership. In this context a clear savings methodology has been put in place, and agreed with Finance following a series of knowledge share workshops. This enables greater clarity in the identification of savings against the sources of funding and the lead activities for the opportunities.

2.6 It should be noted that the below tables identify the major savings which are already relied upon in the Councils RPPR budget process. This shows the status as at the end of Q1 and will be further reviewed during the financial year. These are where the organisation has met existing budget pressures through procurement, contract and supplier related activity. The actual projects are delivered through cross-functional working, and are often led from within Services with the support of the specialist commercial skills provided by the Procurement Service. The savings both realised and forecasted are either deployed to support already agreed programmes of work or support delivery of a service where there is increasing demand pressure (for example, in the case of Independent Fostering Agencies).

2.7 To date the signed off cashable saving total is £1,752k. This includes:

Project	Capital	Identified in RPPR*	Cashable Revenue**	Commentary
Reformulated Supported Bus Network Tender		1,310,000		Delivered as planned
Building Services Framework			147,000	Recent tender delivered additional savings over previous rates
Liabilities Insurance			146,602	Saving against forecast already assumed in budget
Mobile Voice and Data			89,054	Additional saving negotiated over standard quoted rate from framework
Servers WS2003 Migration (compliance)	42,333			Delivered via an e-auction, making a saving against the quoted price from Dell
Provision of Grounds Maintenance services			17,715	Saving delivered through negotiating zero uplift rather than index-linked as in contract

*service led by commissioning strategy

**Procurement-led through category management & re-tendering approaches

What are the key savings, major contracts or tenders planned for rest of the year?

2.8 The current forecast that has been identified for 2015/16 is £5m in BSD procurement-related areas and £6.5m from Adult Social Care.

2.9 The savings and tenders for 15/16 that are individually estimated to deliver over £100k savings are:

Project	Capital	Identified in RPPR*	Cashable Revenue**	Commentary
Professional and Technical Consultancy Service	400,000			Joint initiative following opportunities identified earlier this year. Will help ensure that the projects are delivered within existing capital programme.
Terminus Road Eastbourne Town Centre Improvements	200,000			Estimated forecast against the overall project budget of £2m – budget set assuming such savings.
Fostering IFA Efficiencies			150,000	Deployed our market insight to inform negotiations with high spend suppliers to address their costs in order to deliver services within budget. This is a challenging high pressure marketplace and in some cases, this has actually resulted in the Service stopping referrals through some of the high spend

suppliers where they were not willing to have a dialogue with us.

Supporting People	340,000	Final tranche as in 3 year plan, re-procurement of STEPS project
Working Age Adults	1,900,000	Final tranche as in 3 year plan, reviewing the cost of placements
Older People	4,290,000	Final tranche as in 3 year plan, in a range of projects including Telecare and Integrated Care Equipment Service

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3 Conclusion and reasons for recommendation

3.1 It is recommended that Audit, Best Value and Community Services Scrutiny Committee note the progress outlined in this report.

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