


Lean, Mean and Frontline

Service Transformation for the Frontline
“Squeezing the Procurement Juice”

Workshop 4

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- Maximising the procurement spend to transform front line services
- Achieving community benefits in procurement
- Pushing the boundaries of procurement
- Fair trade, organic, local? Staying within the law

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- Maximising the procurement spend to transform services
- 7 steps to fully transform procurment:

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1:
Quality Management Information

- What we are buying and why?
- Can we standardise across the council?
- Do we have too many suppliers or contracts?

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2:
Visibility of Spend Information

- Do we need multiple contracts for goods all at different prices
- Do we need to proactively manage spend on contract/identify not bold new opportunities not old
- Re-negotiate one contract with a core list

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3:
A Simple Approach – To Procurement and Partnering Across the Organisation

- Approach must align with corporate objectives, be supported from the top and be understood by all key stakeholders. Centralised –v- Decentralised models?

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4:
Understanding of the Market Place
Market Intelligence/Consultation

- Monitoring of supply market conditions, enabling optimum decisions on how best to procure (eg: current energy market)

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5:
Strong Contract Management with Feedback to Improve Supplier Performance

- Improve supplier performance through collaboration, reduce the cost of contract and project management

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6:
Robust Purchase to Pay Process, Enabling Compliance Monitoring, Reducing Maverick Spend

- Identify non contract spend, heads on a spike?

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7:
**Trained Core Procurement Team-Working
Alongside Service Experts**


- Model for procurement designated officers, deal with **ALL** matters procurement
- Procurement employees have access to key tools/techniques...service experts add specialist knowledge


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How do you measure up?





One I prepared earlier...



- Spend visibility limited...M I poor all spend through a corporate system?
- Procurement policies and strategy in place...
- Evidence of non compliance...process...contracts standing orders...Mavericks in departments
- A single corporate approach to procurement?



Looked at “as – is” position



Without Transformation it will be difficult for Councils to:

- Be sure it is delivering best value across its organisation
- Maintain cross visibility of spend
- Adjust spend behaviour and activities to achieve efficiency savings that can be invested into front line
- Monitor and ensure compliance with standing orders
- Be sure that procurement strategy objectives are being delivered on eg: relationship with 3rd sector
- Monitor and act upon market trends
- Take a “life cycle” view on procurement



Next steps:



- Conduct spend diagnostic across council services.
- Consolidate spend into appropriate categories and analyse opportunities for savings
- Identify the “hot spots” which form the basis of commodity reviews
- Develop medium term category strategies
- Work up plan to deliver savings



More bang for the public buck

A guide to using procurement to achieve community benefits

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Background to research



- Earlier research
- Economic footprint
- £1 rising to £1.64
- Public procurement spending £175 billion
- Age of financial austerity
- Council budgets 5% > 25%????

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Policy context



- More for less or better for less
- Budgetary pressures
- Council tax levels
- Recessionary impact on public services
- Burgeoning public need
- Unemployment, housing, skills, obesity, care for older people.....

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What do we mean by community benefits




- Sustainability?
- Climate change issues?
- Employment and skills?
- Local economy?
- Support to SMEs?
- Well-being / community health?
- Local initiatives



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Our survey said.....





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Survey findings

- 63.6% reported engagement with suppliers
- 60% tailored tender evaluation criteria to favour the inclusion of community benefits
- 45.6% advertised locally through a procurement portal
- 45% used community benefit clauses
- 40% had adapted procurement rules in ways to support local suppliers



Overcoming the hurdles



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Barriers



- EU procurement rules
- UK procurement and legislative framework
- Can't do it.....
- Big bundles.....
- Market pressures.....
- Cost.....

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Jumping the barriers



- Building strong relationships with local suppliers
- Undertaking robust engagement
- Having a positive and enabling approach
- Needs to be part of local authority culture
- Support from senior officers and political leaders
- Incorporation in the procurement process
- Overcoming risk aversion but staying within the EU and UK legislative framework

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