



Council Overview and Scrutiny Committee
11th July 2012

Procurement and Commissioning Service Performance

Purpose of the report: Scrutiny of Service and Budgets

To scrutinise the role, performance and strategy of the Procurement and Commissioning Service including how it works with Services across the Council to deliver their objectives.

Introduction:

- 1 The Procurement and Commissioning Service is responsible for the procurement of all contracts with a value of over £100,000 across the whole Council. Procurement works closely with Services across the Council using a category management approach to ensure that the Councils c£680m external spend is managed as effectively as possible.
- 2 This report introduces and supports discussion of the Service's performance and future strategy.

Service Strategy and Targets

- 3 The Service has a clear vision, developed and updated as part of the recent Public Value Review approved by the Cabinet in December 2011: To be a centre of excellence in commercial procurement:
 - Providing professional sourcing to deliver the best commercial solutions
 - Offering powerful insight into markets and suppliers throughout the life of our contracts
 - To be a leading procurement team in the public sector
- 4 Our achievement of this vision is measured by three key targets:

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| - Cashable savings from better contracting | £25m for 2012/13 |
| - % spend with Surrey suppliers | 60% by end 2013 |
| - Number of apprenticeships via contracts | 135 by 2017 |

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| Service Delivery |
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- 5 The business planning cycle is the foundation which is used by Procurement to work with Services as they develop their Medium Term Financial Plans. By working closely with senior Officers in each service at an early stage, Procurement provide advice on commercial options and solutions, as well as intelligence about current market for relevant goods or services and the potential for market development.
- 6 During the planning process, an overall programme of projects is developed with Services which will enable them to deliver best value from contracts and efficiency savings. Progress against targets is regularly monitored. In 2011/12, this collaborative approach resulted in a cashable saving of £35m from Procurement-related activity.
- 7 There is always a balance between setting up Council wide agreements and mandating these for use in order to use our volumes to save money versus allowing local arrangements and controls.

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| Service Development and continuous improvement |
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- 8 The continuing development of Procurement is based on listening to their customers. For example, as a result of feedback that the tendering process was too slow and complex, the Service is implementing a Sourcing Team and lean sourcing techniques to speed up delivery.
- 9 Procurement's role as market experts is a growing one – the Service has now established a business analytics function which provides both support for projects and a regular programme of reports on key suppliers and markets.
- 10 Operational contract management is undertaken by the services to ensure that suppliers deliver on their contractual obligations. However the Procurement service is now providing a commercial lead on the management of our major contracts, and a programme is in place to work with suppliers to improve efficiency and reduce costs without affecting the quality of service provision.
- 11 Procurement can be an enabler to pursue different policy agendas from developing the local economy, providing apprenticeship places through our contractors, commissioning jointly with partners across the public sector and delivering on sustainability targets
- 12 As an example of this Procurement is leading an initiative to drive more of our spend to Surrey-based suppliers, moving towards a target of 60%. The challenge is to manage the tension between using local suppliers and the economy of scale of larger suppliers operating in some markets.

Conclusions:

- 13 Procurement has a clear strategy for the delivery of professional sourcing and expert market insight for customers throughout the life of our contracts with suppliers.
- 14 Working alongside front-line Services, Procurement is delivering a significant proportion of the MTFP requirement and is supporting the Surrey economy with initiatives to use more local suppliers.

Financial and value for money implications

- 15 None.

Equalities Implications

- 16 None.

Risk Management Implications

- 17 None.

Implications for the Council's Priorities or Community Strategy/Local Area Agreement Targets

- 18 The work of the Procurement Service strongly supports delivery of the key priorities set in the 'One Council, One Team' Strategy.

Recommendations:

- (a) The Committee is invited to note and comment on the direction, strategy and targets of the Procurement Service.

Next steps:

None.

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Sources/background papers:

Cabinet Report 20th December 2011 'Change and Efficiency Public Value Review of Procurement and Commissioning'
<http://online.surreycc.gov.uk/legcom/CouncilP.nsf/f5fb086c73d64f3000256954004aed25/21b7fb07a316300f80257964005fbc39?OpenDocument>

Procurement Strategy 2012-2017

www.surreycc.gov.uk/__data/assets/pdf_file/0006/297852/Procurement-Strategy-2012-v1.00.pdf