



Overview and Scrutiny Committee  
13 March 2013

**Procurement Partnership with East Sussex County Council**

**Purpose of the report:** The purpose of this report is to provide an update of progress to date in establishing and operating the Procurement Partnership between Surrey County Council and East Sussex County Council.

**Introduction:**

1. The purpose of this report is to provide an update to Members on the progress made in establishing and operating the Procurement Partnership with East Sussex County Council.
2. The report provides a summary of progress to date, including milestones achieved, and next steps.
3. The report also provides members with an update on leadership arrangements for the partnership, and summarises the lessons learnt from the first year of operating the partnership model.

**Background**

4. As outlined in detail in the report and business case brought to Lead Member and Deputy Leader in February 2012, as well as the update in November 2012, the benefits of entering into a partnership arrangement with ESCC are:
  - a. The opportunity to leverage our external spend with another County Council. The intention is to develop opportunities to procure jointly where that is the best option and manage jointly the major suppliers that we both use in order to drive additional savings.
  - b. The procurement partnership model will strengthen our current procurement capacity and capability by building a stronger and more resilient team. The arrangement has been recognised

across the SE7 as supporting the agenda towards greater sharing and collaboration.

- c. It will position SCC at the forefront of any regional procurement discussions as this is the first procurement partnership model in the SE7. It will allow SCC to shape the regional picture in the future to ensure we are able to take advantage of further opportunities as they arise.

### **Update on progress**

5. Since member approval was gained at both authorities a number of milestones have been achieved, include ongoing work to increase the readiness and enable both organisations to work together in partnership, through a category management approach.
6. The shared leadership arrangement has been operating in practise for 10 months, with 7 months having passed since formal ratification of the Joint Working Agreement. This is still relatively early in the development of the procurement partnership, with the current stage of the partnership outlined below, and the leadership model as the arrangements enters year two also described.

### **Achievements**

7. As described in the last report in November, senior procurement capacity from Surrey County Council has been shared with East Sussex County Council since April 2012, and forecasted income for this financial year from the arrangement is approximately £130k. Two senior officers from Surrey operate in East Sussex on average two to three days per week in total.
8. There is now much closer working between the 2 procurement teams, with regular visits between category teams taking place each month to share information and identify and work on joint projects.
9. We have started to establish a single procurement lead across the 2 Councils on some of these projects to ensure minimal duplication of officer and more efficient use of resources.
10. For East Sussex County Council, the development of the Procurement Partnership with Surrey County Council was part of a larger review of the organisations' corporate functions, and continues to be recognised as one of the strands of their overall improvement and efficiency programme. For the first time, East Sussex CC have been able to identify procurement savings as part of their budget setting process for 2013/14. This gives added senior support and focus to those joint projects which both authorities are working on together.
11. Surrey County Council senior officers led the restructure, staff consultation and the creation of a new structure and job descriptions for the East Sussex procurement resource, which went live on 1 January

2013. This new structure at East Sussex mirrors the Surrey category structure making it easier for both teams to work together and start to share resources.

12. Procurement resource across both East Sussex and Surrey County Councils is structured around categories of spend. This means that there are teams in each authority responsible for spend in Adults Social Care, Children's services spend, and Corporate, Environment and Communities spend; covering categories such as property, waste, highways, IT and HR.
13. There has been a lot of progress in the last few months on joining the Councils' procurement systems and processes together. Both Councils are now using the same spend reporting and supplier classification in SAP which will make it easier to identify joint opportunities through analysis of category and supplier spend.
14. Officers are currently evaluating proposals for electronic tendering and contract management software, with the winning provider being implemented across both organisations during March and April. This will make it easier to let joint contracts in the future and will give us the ability to jointly report and manage shared suppliers.
15. The formal governance arrangements for the Procurement Partnership have also been established with meetings of the Partnership Oversight Group, a senior officer meeting attended by two Corporate Directors from each local authority and intended to provide direction and accountability for the partnership, planned for the rest of the year.
16. During this time, opportunities for joint procurement projects have been identified across a range of categories, including Adults Social Care, Highways and IT. So far this has led to a range of active projects and the identification of forecasted savings of £500k for 2012/13 and a further £2m in 2013/14, with the majority of these savings arising from projects in Highways and IT. These savings will be realised throughout the financial year as activities and projects are completed.
17. The first phase of joint projects has now been established. In Adults Social Care both teams continue to share information to identify joint opportunities in Telecare and Extra Care Services. As proof of concept around our common strategic suppliers £16,000 has already been delivered through a joint negotiation with further savings expected to be achieved as this approach develops further. A further example of where opportunities with shared suppliers are being pursued is within the IT category for example both organisations have worked together to re-negotiate Citrix licence costs with savings of £63,000 delivered through leveraging our joint spend. Finally the Highways workstream continues to be delivered through a joint procurement team established under the East Sussex and Surrey partnership.

#### **Leadership**

18. The shared leadership arrangements continue to require ongoing review to ensure both Councils are getting the right level of support. It has been

recognised that it is difficult for the shared Head of Procurement to have a significant impact in leading and influencing the joint agenda across both Councils whilst spitting their time, and to date this challenge has been met in part by sharing the leadership role at East Sussex CC across the two most senior officers in the Surrey Procurement function.

19. With the recent resignation of the Head of Procurement and Commissioning at Surrey, there is an opportunity to review the current leadership model to ensure a realistic approach is agreed going forward.
20. The Chief Officers of both Councils have reaffirmed their commitment to working in partnership on procurement and to continue with a shared Head of Procurement
21. However, in recognition of the large workload that both teams currently need to deliver, and in order to provide more senior capacity across the two teams in the short-term, it has been agreed that East Sussex will recruit an interim Head of Procurement to allow the Acting Head of Procurement and Commissioning to focus on delivery the challenging procurement agenda for Surrey CC. The two roles will work very closely together to ensure that the teams are continuing to identify and deliver joint procurement opportunities during this interim period, and a recruitment exercise for a shared Head of Procurement will follow later in the year.

#### **Conclusions:**

22. Although relatively early in establishing the arrangements, progress is being made in developing the Procurement Partnership, and the last six months have seen key components put in place to allow ongoing success.
23. Senior officer support to align commissioning strategies and approaches across the 2 Councils is also going to be vital as the partnership moves into year two and beyond and this will impact on how quickly efficiencies can be delivered.
24. The focus of the partnership, and of both Procurement functions is now turning to delivering the second phase of projects and further identification of new savings opportunities. Spend in Children's services and Property will be looked at next across the 2 Councils to identify further opportunities.

#### **Financial and value for money implications**

25. It should be noted that East Sussex County Council spends in excess of £350m annually and Surrey County Council has an annual revenue spend of approx £680m. Both organisations have a medium term financial plan in which procurement activities are contributing to the overall savings being delivered.

#### **Equalities Implications**

26. This report does not have any direct equalities implications. The commissioning of services, and awarding of contracts will continue to be

subject to individual equality impact assessments (EIAs) as appropriate. Any development of procurement strategies and relevant policies for both ESCC and SCC will also be subject to EIAs as required and responsibility for these will remain with the individual local authority.

**Risk Management Implications**

27. Any risks associated with the projects being delivered through the partnership will be managed appropriately. The Partnership Oversight Group provides overall governance, including risk management and will in particular monitor the resources being shared across the two organisations to ensure that these are driving the expected benefits.

**Implications for the Council’s Priorities or Community Strategy**

28. None.

**Recommendations:**

29. That the Committee notes the progress of the Procurement Partnership with East Sussex.

**Next steps:**

Officers will continue to work in partnership with their respective teams at East Sussex on the projects already identified in Adults, IT and Highways to deliver the estimated savings.

Recruitment for a shared Head of Procurement will commence later in the year, with ongoing progress reported to Members accordingly.

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**Sources/background papers:**

Report to the Overview & Scrutiny Committee on 20<sup>th</sup> Jan 2012 and 14<sup>th</sup> November 2012

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