

MONDAY, 24 APRIL 2023



## PROCUREMENT MODERNISATION

**Purpose of report:** To update committee members on the progress of the modernisation of the procurement service.

### Introduction:

1. The Procurement Modernisation programme has been designing and implementing significant change across the procurement service.
2. The Committee are asked to acknowledge the changes and the progress against each focus area identified by the programme.

### Overview of Modernisation

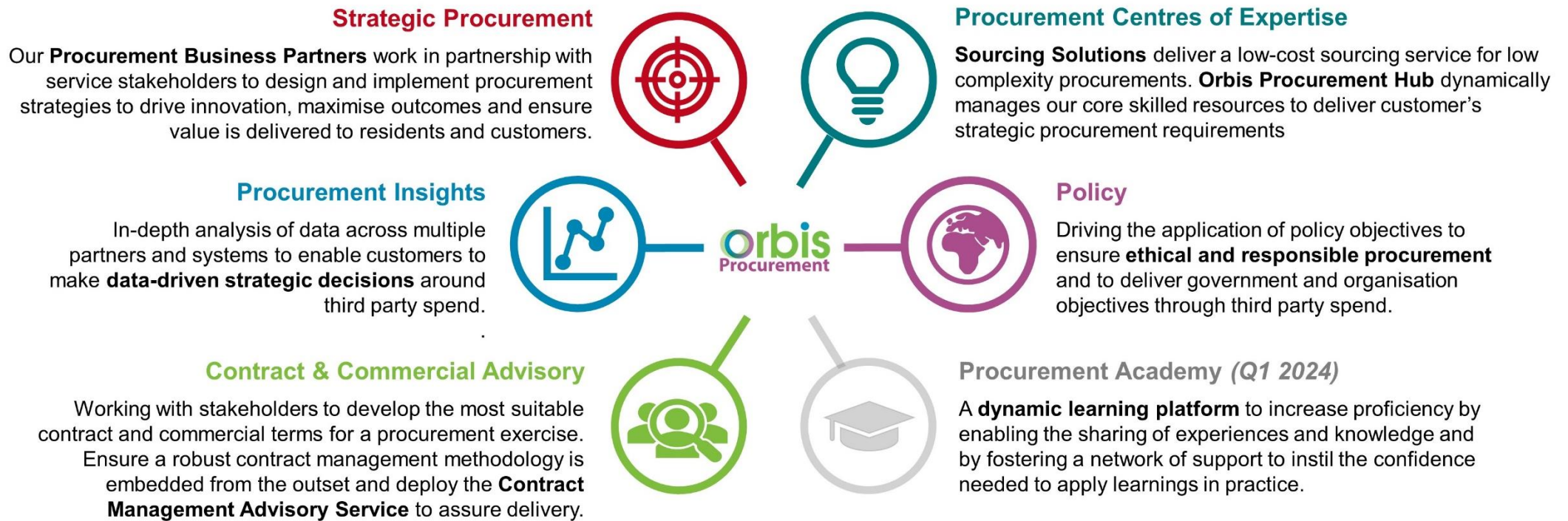
3. The Procurement Modernisation Programme was initiated as part of the wider Resources Directorate Improvement Programme (RDIP). A full and detailed review of the procurement service was undertaken by the incoming Director of Procurement and delivered as an integrated part of RDIP. This review highlighted several weaknesses that required addressing. These have been categorised into four focus areas:
  - a) **Clarity of service offer:** Not everyone throughout our partner authorities was clear on what procurement could offer them, beyond simply “buying stuff”. Feedback indicated instances of poor customer service and there was a focus on the tactical aspects of running a procurement tender rather than managing a strategic procurement project that could add value to the delivery of service requirements.
  - b) **Governance:** A ‘one size fits all’ approach was clearly evident with a lack of proportionality in terms of governance, in which the procurement service generally applied the same level of governance and oversight regardless of the project risk or complexity. Approach to quality assurance varied across procurement teams, and a lack of senior oversight on key projects risked poor decisions.

- c) **Systems:** Poor or non-existent IT systems meant that the service was delivering in excess of 600 procurement projects a year through Excel spreadsheets, resulting in a lack of consistent and valuable management information and hindering strategic planning and proportional management.
  - d) **Operating Model:** The procurement service consisted of many siloed teams leading to inefficient resource utilisation, a lack of specialisms and an inability to flex resource deployment depending on peaks and troughs of activity. A Business Partnering approach was not consistently applied and there was a lack of clarity over role of service management teams. This led to a confused operating model that hadn't taken advantage of our shared service approach.
4. As a result, the procurement modernisation programme initiated a number of interventions to address the issues highlighted, with the four areas of focus presented below accompanied by status updates against each area.

<b>Clarity of Service Offer</b>
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5. Service propositions are the clear definition and articulation of the services that the Procurement function can deliver to customers, including support material to help customers work in partnership with the service.
6. The Procurement service have defined their service propositions as follows and as shown in Figure 1:
- a) **Strategic Procurement:** Our Procurement Business Partners work in partnership with service stakeholders to design and implement procurement strategies to drive innovation, maximise outcomes and ensure value is delivered to residents and customers.
  - b) **Procurement Centres of Expertise:** The Sourcing Solutions Team deliver a low-cost sourcing service for low complexity procurements. The Orbis Procurement Hub dynamically manages our core skilled resources across the entire portfolio to deliver customer's strategic procurement requirements in the most efficient manner.
  - c) **Procurement Insights:** In-depth analysis of data across multiple partners and systems to enable customers to make data-driven strategic decisions around third party spend.
  - d) **Policy:** Driving the application of policy objectives to ensure ethical and responsible procurement and to deliver government and organisation objectives through third party spend.

**Figure 1: Orbis Procurement Service Propositions**



- e) **Contract & Commercial Advisory:** Working with stakeholders to develop the most suitable contract and commercial terms for a procurement exercise. Ensure a robust contract management methodology is embedded from the outset and deploy the Contract Management Advisory Service to assure delivery.
7. **Procurement Academy (in progress):** A SharePoint based e-learning and knowledge platform that will provide procurement and contract management related information and training for staff and members across our Partnership. This will help with sharing intelligence, lessons learned, and examples of good practice. The training and guidance on the system will be focused on up-skilling people on procurement, especially where procurement is not their profession. The Procurement Academy is under development and due to launch in FY24. It will further include training programmes for procurement and non-procurement staff alike, and where there is existing training - whether internally on Olive and similar platforms, or externally, for example, training provided by Cabinet Office – the Academy will link out to these sources
8. With the exception of Procurement Academy, these propositions have been developed and embedded throughout our organisation. Material has been developed to support each proposition, and all procurement staff have access to this material through our Procurement Intranet (OPTICS). Over time, this material will be utilised when updating other information platforms, such as Our Surrey. Further, this material is being used to articulate our service offerings to other public sector bodies – such as District and Boroughs, other Local Authorities and Schools – who express interest in being supported by Orbis Procurement.
9. These service propositions have supported the development of a new operating model which is outlined further on in this report.
10. In addition to the Service Propositions, we have developed a standard scope of services for procurement projects, to allow us to clearly articulate what would be the standard nature of support customers can expect from us. This can also be used as baseline for example to discuss additional support that a service would value, be that in the area of contract management, policy, enhanced data or more extensive support to a procurement project.

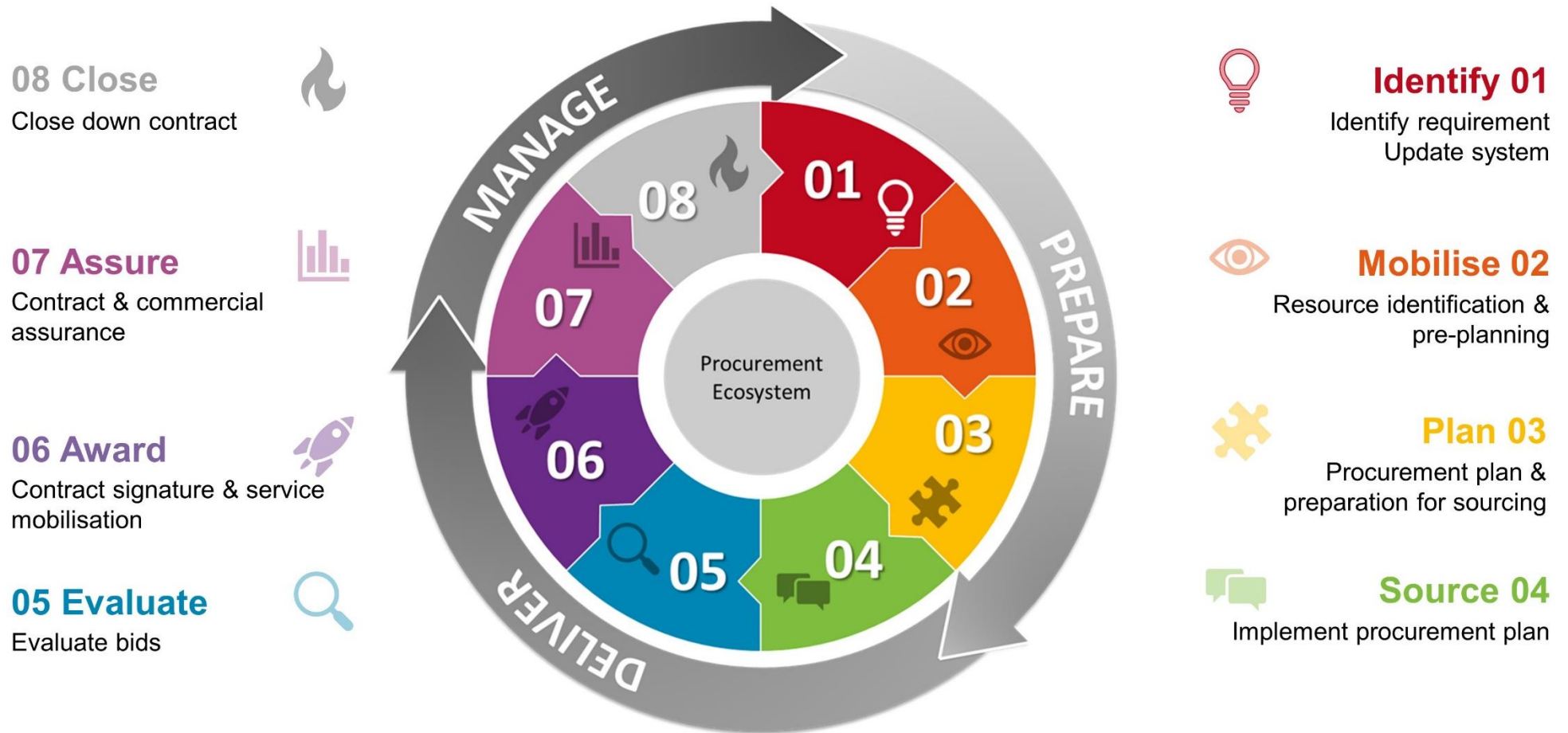
<b>Governance</b>
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11. This element of modernisation concerns the implementation of a proportionate approach to governance, project monitoring and risk management. Projects are now banded according to risk and complexity with standardised processes implemented where appropriate.

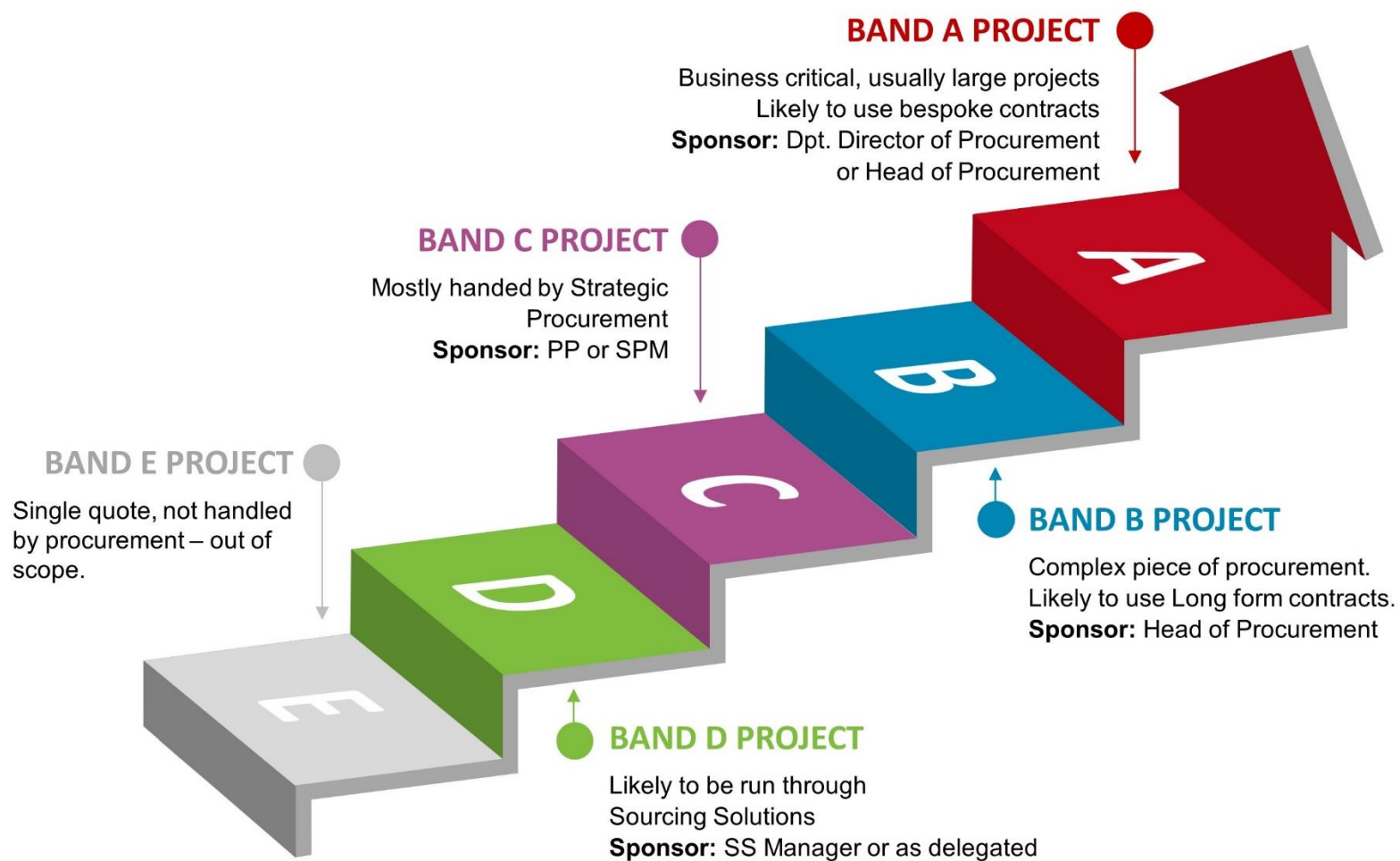
12. Steps that have been taken to achieve this are as follows:

- a) **Procurement Ecosystem:** The implementation of a standardised, staged lifecycle approach to all procurement projects, which forms the basis of all systems and reporting and provides a framework for a more standardised scope of services and proportional governance (see Figure 2 below).
- b) **Project Banding Methodology:** an approach to banding projects A-D, depending on risk and complexity, which drives governance, oversight and quality reviews (see Figure 3 below).
- c) **Portfolio Reviews:** a twice-yearly review of each category/service area to consider the future pipeline of work, the strategy to deliver it, potential for collaboration or service improvement, and the impact of current market pressures. These reviews have commenced for the up-coming financial year.
- d) **Procurement Project Review Board (PPRB):** A governance and oversight body that will periodically review all Band A projects as well as any project deemed to be incurring significant risk or for which the project data is raising any other concern. Procurement Officers may also refer any other project for senior strategic advice. The reviews focus on the detail of the project including risks and issues, commercial models and policy risk and opportunities. PPRB launches in April 2023.
- e) **Quality Assurance:** The implementation of retrospective, sample checking of procurement projects to assess compliance with organisational requirements and procurement regulations, and a quality assessment of the project deliverables. The methodology has been developed and the inaugural review cycle is due to take place at the end of March 2023. Ongoing, a peer review process is being established as part of the Orbis Procurement Hub along with quality improvement training as required.
- f) **Business Partnering:** Significant training and engagement has been undertaken with Directorates and the Procurement Business Partners to ensure that the service is adopting the Resource Directorate wide Business Partnering programme.
- g) **Compliance Dashboards:** A series of dashboards, developed using Tableau and extracting data from PM3 (see Systems section below). These will inform Surrey wide performance metrics, Procurement Senior Leadership Team reviews and general working practices. Significantly more data will be available for staff to manage workflow and plan more strategically.

Figure 2: Ecosystem



**Figure 3: Project Banding Methodology**



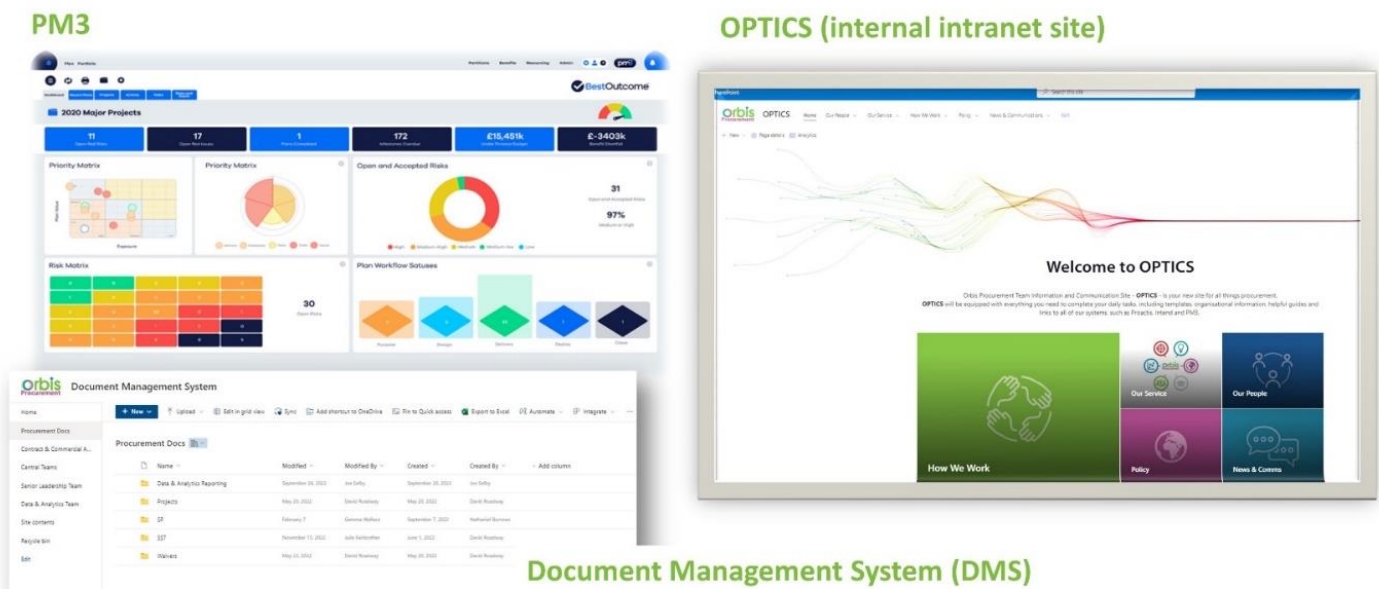
## Systems

13. To resolve the issue of all procurement projects being run through multiple, unconnected spreadsheets, new systems have been implemented to support many aspects of Procurement's operations:
- a) **PM3:** A programme and resource management platform, customised to record the stages of a procurement project from stage 1 Identify (the forward pipeline) to stage 6 Award (point of handover to the services). This system not only supports day to day working and project tracking, providing critical information for our Business Partners to use for strategic planning, it also feeds into various standardised reports (reducing significantly the time spent of report creation) and performance dashboards (see below). The platform was implemented in October 2022 and is currently going through a data improvement exercise. This is also the system through which procurement projects will be resourced utilising staff in the Orbis Procurement Hub (see Operating Model section below).
  - b) **Document Management System (DMS):** A SharePoint site set up as a document library, with access for all procurement team members, to be used to record all working files and project records. Access can be shared with service stakeholders to specific folders and files to ease collaboration and ensure safe file sharing. The DMS went live in October 2022 and is already proving a useful means for central teams to easily access a range of project files. It will also facilitate future developments such as quality assurance reviews.
  - c) **Orbis Procurement Team Information and Communication Site (OPTICS):** A web-content based SharePoint site set up as a Procurement intranet site to house all of our key service content – from information about, for example, our service offering (propositions), user guides for our systems, procurement governance and policy guidance. OPTICS went live in December 2022 and has received positive feedback. Whilst currently internal in that it is only accessible by Procurement staff, the material is likely to form the basis of refreshed intranet content for all Surrey staff to access information about the Procurement service.
  - d) **Performance Dashboards:** Using Tableau, dashboards have been created to use data from PM3 for various reporting channels. These dashboards have already begun to prove invaluable for oversight and governance, as well as regular reporting. Figure 5 provides examples, which include:
    - Extractions of projects with high levels of risk;
    - Extractions of our highest banded projects (assisting proportionate oversight from senior leadership);

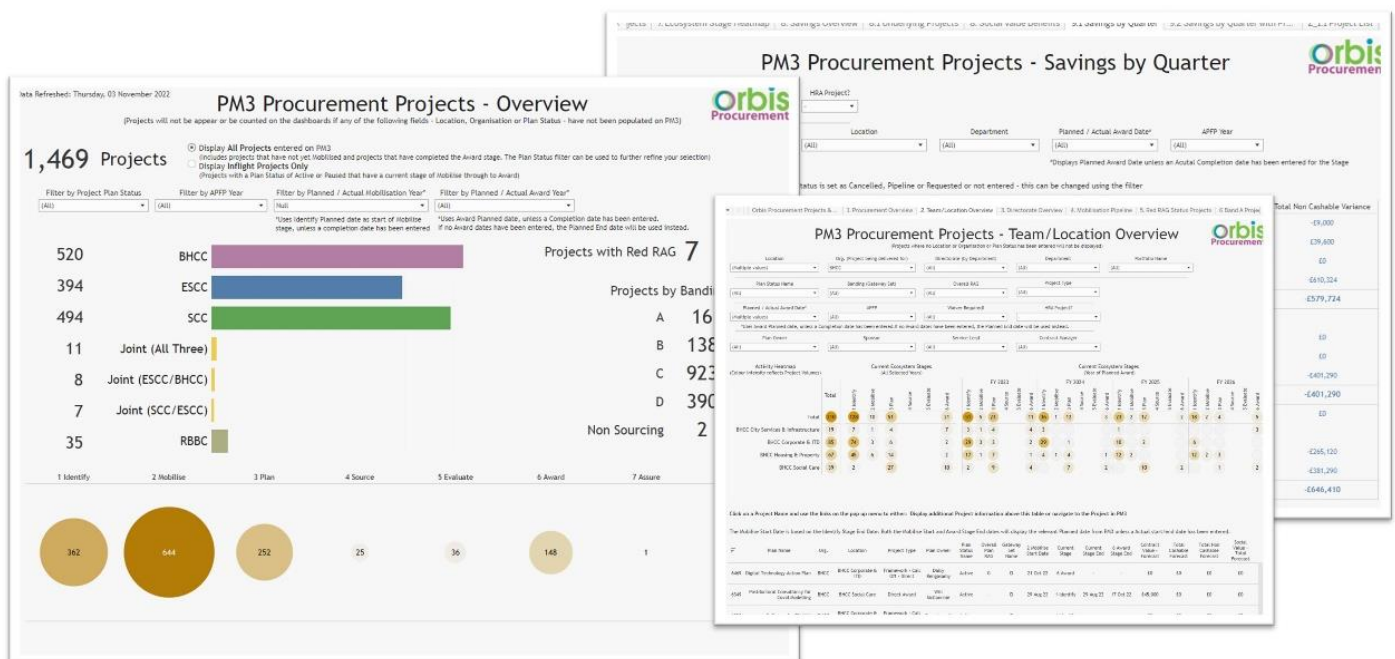


- Specific details of projects yet to mobilise but due to do so imminently; and
- Automated reports of waivers, social value benefit commitments and off plan spend, to name a few examples.

**Figure 4: PM3, OPTICS and DMS**



**Figure 5: Performance Dashboards**



- e) **Tendering software:** as part of the Digital Business & Insights (DB&I) programme, last year we completed the migration from an old technology platform onto a new leading tendering system called Proactis.

<b>New Operating Model</b>
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14. The final stage of transformations planned under the modernisation banner is the implementation of a new operating model. This will include:
- a) Expanded use of the Sourcing Solutions Team to provide transactional, low value procurement services across the partnership;
  - b) Strengthened and enhanced Business Partnering approach and networks;
  - c) Policy expertise organised in a central team;
  - d) A Procurement Hub to dynamically resource staff onto procurement projects across the portfolio, helping the service smooth out peaks and troughs of activity across teams and focus resources where they are most required.
15. All changes with the exception of the Procurement Hub, have been implemented, and work is underway to fully embed and develop new and re-focused teams.
16. The Sourcing Solutions Team's coverage has been expanded so they now provide services to District and Borough clients, and clarity has been added around what projects they are best placed to deliver.
17. Senior Strategic Procurement staff – Procurement Partners and Strategic Procurement Managers, lead by respective Heads of Procurement – are developing a more Business Partnering approach, in line with SCC's Resources Directorate emphasis on enhancing this function.
18. The Hub is due to launch in Summer 2023. This is running later than the other operating model changes as the implementation of the programme and resource management platform, alongside the proportional governance and quality assurance process, were required before the Hub could operate effectively.
19. When the Hub is active, all Procurement Specialists and Procurement Managers across the partnership will be in a united resource pool and will be resourced onto procurement projects according to the greatest need and their respective skill set.

20. For the Hub to work effectively, not only did the systems need to be in place but there needed to be a revised approach to Business Partnering. Alongside the wider Resources Directorate Business Partnering development programme, we worked closely with our senior procurement team members to provide training and materials to enable them to become more business partnering focused and operate essentially as Key Account Managers for each Directorate within Surrey.
21. A significant issue within the Authority has been contract management, noting that once a contract is awarded is passed to the service to manage. Enhanced contract handover procedures have been developed and implemented and we are currently trialing a Contract Management Advisory Service (CMAS) in Environment, Transport and Infrastructure (ETI) and Surrey Fire and Rescue Service (SFRS). The CMAS pilot will explore the potential benefits from adopting a business partnering model for contract management to help service based Contract Managers ensure their contract is delivering contractual requirements, continues to provide Value for Money, and that we are capturing benefits (such as Social Value commitments).
22. The development of a centralised Policy Team has provided great benefits to procurement teams and service stakeholders. The new Policy Through Procurement Framework brings together approaches to capture Social Value, enhance Environmentally Sustainable outcomes and mitigate against unfair work practices such as Modern Slavery. This team is also a great example of how many of these interventions are mutually reinforcing, as experts in the Policy Team are developing training material for the Academy and guidance for OPTICS, so are working to upskill all procurement staff in policy matters, whilst also providing dedicated advice to projects with the greatest policy risk and opportunities.
23. Other Local Authorities are regularly asking for information on our policy through procurement framework as our approach is seen as an example of best practice. Additionally, our approach to environmentally sustainable procurement has been shortlisted for an award at the upcoming Local Government Chronicle (LGC) awards. Positive feedback is being received from service stakeholders as to the benefits that our policy expertise brings to the design of their service delivery models.
24. The Policy Through Procurement Framework is shown in Figure 6 below.
25. The final element of the new operating model will be the Procurement Academy which consists of a learning portal, currently under development, that will provide procurement related resources such as training and guidance to procurement and non-procurement officers as well as Members and other stakeholders and partners.

**Figure 6: Policy Through Procurement Framework**



### Benefits to Customers

26. Critically, the Modernisation Programme has been designed to bring benefits to all our customers be they Orbis Partners, District and Borough Councils or Schools and Colleges. These can be summarised against the four areas of focus as follows:

- a) **Clarity of Service Offer:** Customers can now understand the support we can give them, specifically being clear on what procurement can do beyond simply “buying stuff”. Critically it is also clear what the standard scope of a procurement project is to allow for realistic conversations and agreement around what additional support may be required.
- b) **Governance:** Stakeholders can be confident in a new approach to governance that focuses effort based on risk and complexity, has implemented mechanisms to enhance strategic opportunity (e.g. portfolio reviews), and seeks out development opportunities for staff (e.g. quality assurance process). This, combined with an enhanced approach to Business Partnering, will ensure that oversight, management, and delivery focus is concentrated on those projects that have significant risk, both in terms of complexity and impact on services/residents.
- c) **Systems:** Over time the volume and quality of information available from procurement will increase significantly. Not only will this help service representatives in their day-to-day roles but will give greater opportunities to tackle issues such as maverick and off-contract spend.
- d) **New Operating Model:** The added benefit of subject matter experts in a policy function is already being felt, as are the improvements to Business Partnering. The Hub, when implemented, will drive improved efficiency of resource use and allow all areas to share any pain (and gain) resulting from peaks of activity.

<b>Conclusions:</b>
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- 27. Procurement Modernisation is a continual journey. Although it has taken time to move from being able to get the basics right to a position where the service is working strategically, it was needed to make sure we designed and implemented the right changes and took the services with us on that journey. There has been a considerable amount of change which was required to bring the service up to the level expected of a modern, dynamic local authority. Time now needs to be taken to fully embed those changes, alongside an ethos of continuous improvement.
- 28. We are proud to have been shortlisted in this year’s LGC awards which is a recognition of the new procurement service, and very much hope to see further awards recognition in the coming years.

<b>Recommendations:</b>
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29. That the committee notes the progress made so far and achievements of the Procurement Modernisation Programme as we move to continuous improvement.

<b>Next steps:</b>
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30. To report updates to further Select Committees as required

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**Report contact**

Anne Epsom, Head of Policy and Improvement, Orbis Procurement

**Contact details**

[anne.epsom@surreycc.gov.uk](mailto:anne.epsom@surreycc.gov.uk)

07977 350 180

**Sources/background papers**

[n/a]