

Taunton Deane Borough Council

Executive - 13 October 2010

Southwest One Joint Procurement Strategy

Report of the Performance and Client Lead

(This matter is the responsibility of Executive Councillor Terry Hall)

1. Executive Summary

Southwest One's Strategic Procurement Service (SPS) has a contractual requirement to create a single joint procurement strategy, setting out a framework for the procurement services provided to the partner authorities by Southwest One. This strategy forms the subject of this report.

The strategy was considered by the Corporate Scrutiny Committee on 23rd September 2010. The committee did not recommend any modifications be made to the strategy.

The Executive are asked to approve acceptance of this strategy.

2. Background

- 2.1 As part of the Southwest One partnership, the Council's procurement activity forms a discreet transformation project.
- 2.2 The primary focus of the project is to deliver procurement savings to the Authority. To support this central objective a number of deliverables were built into the contract with Southwest One.
- 2.3 One of the contractual deliverables was for Southwest One's Strategic Procurement Service (SPS) to draft a single Joint Procurement Strategy for the Client partners; setting out the approach and methodology to be adopted by SPS in relation to the procurement activities it undertakes on behalf of the partner authorities.
- 2.4 The strategy is designed to operate in conjunction with relevant legislation (including the European procurement rules), procedure

documents, the Council's Financial Regulations and Standing Orders as well as wave plans and category plans developed by SPS, detailing the areas of the Council's expenditure that will be subject to strategic review.

- 2.5 The strategy has been written with input from officers of each of the Southwest One partner authorities and has been reviewed by Client representatives of Taunton Deane BC, Avon & Somerset Police and Somerset County Council at the Procurement Steering Group (PSG).
- 2.6 Avon and Somerset Police and Somerset County Council have approved the strategy at officer level.
- 2.7 At the suggestion of the Council's Responsible Officer the strategy has been scheduled to come before Corporate Scrutiny and the Executive as procurement is such a key high profile Southwest One service.
- 2.8 A procurement update, detailing the savings made to date and the short-term plans for realising further savings, is the subject of a separate report being presented to Corporate Scrutiny on 18th November 2010.

3. Procurement Strategy

- 3.1 The strategy is provided at Appendix 1.

4. Finance Comments

The strategy in itself has no direct financial implications although it is designed to support the SPS key objective of delivering procurement savings to the Authority over the 10 year term of the Southwest One contract.

5. Legal Comments

It is a contractual obligation of Southwest One to provide the partner authorities with a procurement strategy setting out its approach for delivering procurement services to the partner authorities.

6. Links to Corporate Aims

Southwest One provides largely back-office support services to the Authority. The links to specific corporate priorities are therefore generally indirect and minimal. However procurement savings significantly affect the ability of the Authority to fund priorities.

7. Environmental and Community Safety Implications

SPS will ensure that environmental implications are addressed and fully considered in procurement exercises (e.g. reducing waste, using environmentally friendly materials wherever possible and energy efficiency).

8. Equalities Impact

No new projects are being formally introduced within this report and therefore no new equalities impact assessments have been undertaken. However, equality issues will be fully taken into consideration and built into evaluation models for new initiatives. For example, by considering whether suppliers are committed to equal opportunities and fairness in employment practises and service delivery.

9. Risk Management

Specific risk management processes are in place between the Authority and Southwest One to manage risk within the partnership.

10. Partnership Implications

The Southwest One partnership is one of the Authority's key partnerships. The success of the partnership and associated transformation projects is vital to delivering the key back office support services for the Council and in delivering procurement savings.

11. Recommendations

The Executive are asked to approve acceptance of this strategy.

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APPENDIX 1



SOUTHWEST ONE PROCUREMENT STRATEGY

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1 Foreword

The following strategy for the Strategic Procurement Service is key in the success of Southwest One supporting our partners reducing their expenditure whilst maintaining the same level of service. The professional approach to procurement and the importance of that can be seen here.

Fiona Capstick, CEO, Southwest One

2 Executive Summary

The aim of this procurement strategy is to set a clear framework for the procurement services provided by Southwest One, which reflect the corporate plans and guides for each partner organisation. Wherever possible a single process will be adopted to maximise the shared service aspect and benefits accruing from a consolidated approach. The intention is to provide a framework for Best Value which stands alongside the various contract standing orders and constitutions issued by the partner organisations.

Procurement is more than just the buying of goods and services, or outsourcing. SPS seeks to become a commercial business advisor influencing and assisting from the earliest stages with strategy identification right through to deployment and ultimately contract management. When used well, procurement is a mechanism to challenge current services and to explore new models for service delivery.

SPS aims to provide support to each organisation's key strategic aims and will work to encourage and promote the South West economy within a strong commercially focussed culture.

Procurement strategy has 3 main areas of focus Internal Customers; Suppliers and the SPS Team as depicted in the diagram below:-



SPS seeks to work closely with 3rd party suppliers to manage the relationship between the Supplier and the client. Essentially SPS works collaboratively with the Client and the Supplier in order to maximise value delivery, developing, utilising and maintaining "best in class" procurement practices. These will typically involve elements of supply and commodity market knowledge and understanding.

SPS seeks to achieve the following procurement objectives:

- A strong, clear and demonstrable element of competition will typically run through the whole procurement process. SPS's prime aim is achieving value for money
- Procurement processes will be clear and all potential suppliers will be treated fairly and comply with relevant laws and regulations
- Options will be chosen on the basis of the degree to which they fulfil the Clients aims and objectives as well as specific operational needs
- SPS will ensure that Equality, Sustainability and Environmental implications are addressed and fully evaluated.
- Where appropriate, to seek out and develop new methods of service delivery, including those developing in immature and emerging markets
- SPS will pro-actively engage with the market to identify new sources of supply
- In choosing the Best Value procurement method, the process of balancing cost against benefit is made in a transparent way and supported where appropriate with clear evidence.
- SPS will seek to stimulate markets and encourage suppliers and voluntary organisations to build-in community benefits to the extent permitted without transgressing EU procurement rules

To ensure that these objectives are delivered, the following key actions will be pursued:

- Category Management will be rolled out and embedded within the SPS organisation as the chosen methodology.
- SPS team members will become experts within the various categories and commodities they are responsible for, gaining clear understanding of industry & market trends to become trusted advisors back into the Client organisations
- Latest e-procurement technology will be deployed allowing e RFx; e auctions etc to take place effectively, minimising processing time and maximising benefit delivery
- Full and transparent auditable tracking of benefits delivered will take place through an agreed Benefits Tracking System.
- The involvement of all interested parties is vital in delivering Best Value and continuous improvement. Cross functional working will be encouraged to ensure full consideration of all pertinent aspects is undertaken
- Shortfalls in skills requirements within the SPS team will be addressed and individually tailored training provided to fill gaps in experience or capability.
- Membership of CIPS will be encouraged and personnel will be supported in studying for this qualification
- Change management and soft skills training will be provided where appropriate.

- Close engagement with all partner organisations will take place to ensure a full and accurate vision of future activities and projects is held within SPS, ensuring these can be built into future category Strategies.
- SPS will establish an intranet presence in order to ensure good and active communications of sourcing initiatives are provided around the Client communities
- Social, economic and environmental policies will be fully taken into consideration and built into evaluation models. For example, by considering
 - how local businesses can be ‘encouraged’ to establish new markets
 - the effects of procurement decisions on local and national/world environments (e.g. reducing waste, using environmentally friendly materials, energy efficiency).
 - Whether suppliers are committed to equal opportunities and fairness in employment practises and service delivery
- The SPS will work closely with partner clients in the development and delivery of major strategic initiatives. The SPS will provide commercial advice and supporting data to inform the strategic decision making process including full consideration of ‘make or buy’ decisions on complex transformations.

3 Southwest One

Southwest One is a joint venture company, initially set up in late 2007, between Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Police and IBM. Unique in the whole of the UK – as a partnership, the vision of Southwest One is to enable the social transformation of Taunton, Somerset and the South West to deliver better value for money for council taxpayers and improve access to services for local residents.

Southwest One is a shared service provider providing to public sector organisations in the South West of the United Kingdom:

- Finance;
- HR;
- IT
- Customer Care;
- Property & Facilities Management
- Design & Print
- Revenues & Benefits
- Procurement Services

This document describes the procurement strategy that will be utilised to provide a full strategic procurement service to the client organisations.

Southwest One is committed to delivering a multi million £ savings target, to be achieved by a transformation of the procurement processes, employing state of the art procurement methodologies and through challenging the ways of working and processes used, thereby promoting efficiencies through the use of technology and/or better “ways of working”

This exciting “Transformation” provides an opportunity to work closely with partners to look at services and processes, re-designing them in some cases and determining how they can be delivered more efficiently and effectively across varied working environments. Central to this strategy, existing staff have been provided the opportunity to enhance their skills and capabilities, routinely utilising a range of tools and techniques employed by the leading procurement teams in the public and private sector.

It is recognised that success of the procurement initiatives to reduce costs is a central part of the Clients affordability model.

4 Procurement definition

In this document ‘Procurement’ concerns the acquisition of all ‘in Scope’ goods, works and services acquired through third parties by Somerset County Council (SCC); Taunton Deane Borough Council (TDBC) and Avon and Somerset Police (ASP). It relates to all third party expenditure with the exception only of staff costs (i.e. salaries and wages). When appropriate, for example to generate greater aggregation of spend, the SPS will seek to influence spend decisions that do not provide a direct ‘cashable’ benefit to client authorities. This may include some grant fenced, traded, and partnership spend.

Procurement encompasses every aspect of the purchasing process from determining the needs for goods, works or services, to buying and delivery in order to help achieve an organisation’s key objectives and outputs. The procurement process spans the **whole life cycle** from identification of needs, through to the end of the services contract or the end of the useful life of an asset and its subsequent disposal.

In the context of the procurement process, obtaining “the most economically advantageous commercial proposition” means choosing the proposal that offers the optimum combination of whole life costs and benefits that meet the requirements in the most effective and appropriate way. This may not necessarily be the lowest cost price.

In addition, SPS will be responsible for negotiating and managing commercial terms relating to certain revenue generating services for Avon and Somerset Police.

5 Purpose

This strategy sets out for everyone engaged in procurement activity on behalf of the Client organisations how the Category Management processes will be used to provide:-

- A baseline of current processes
- Identification of key aims and objectives
- The procurement methodology and approach
- Visions and values of strategic procurement within Southwest One

In acquiring goods and services for and on behalf of Public authorities, Southwest One will conform to all appropriate European Economic Community procurement rules and will ensure procedures utilised conform to OJEU rules.

Procurement covers the process of obtaining supplies, services and construction works spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial definition of the business strategy or need through to the end of the useful life of the asset or service contract.

SPS's focus is on the front end of the activity up to and including agreement with a 3rd party and preparation of a handover to the client for ongoing service management. In certain circumstances, where client contracts have been novated to Southwest One to manage on its behalf, the procurement and ongoing contract management activity is in scope for Southwest One's own procurement function and is managed in accordance with IBM Global Supply Procurement Policies and Practices, known as "the Blue Book".

Procurement is about securing services and products that best meet the needs of users and the local community in its widest sense. This strategy provides a common framework within which all procurements by Southwest One are to be managed.

Post-contract, SPS will apply SRM principles to managing complex, strategic, supplier relationships. SPS will invest time into these relationships to ensure full value is delivered from contracts, and to seek joint identification of efficiencies and benefits along the length of the supply chain.

Southwest One will work to procure the Best Value for money supplies, services and construction works by:

- adopting the life cycle approach to the assets or contract
- applying effective and up-to-date procurement procedures
- ensuring effective procurement enables services to deliver the partners key objectives.

This strategy gives support to the partners various mission statements and will play a pivotal part in moving the partners into a new corporate way of working.

SPS will ensure the use of appropriate competition, giving full consideration to the application of OJEU rules and regulations. Existing practices at all levels may be challenged as will requirements to ensure the most appropriate and effective sources are identified. This procurement strategy should be viewed as

laying the foundations for the deployment of a strategic procurement culture across the Client organisations.

6 Strategy Aims

The aims of this strategy are to promote the application of Category Management principles as a methodology which will work to promote a culture of “Best Value” logic and principles. It does not aim to be a blue print on how to buy. Rather, it aims to establish a mechanism and a culture in which innovative and value added procurement can take place.

The SPS strategy has been created in the context of several key (recent) national policies:

- As a result of the 2007 Comprehensive Spending review (CSR07) period (2008-09 to 2010-11), English councils are collectively required to achieve £4.9bn cash-releasing efficiency gains. Delivering Value for Money in Local Government set an expectation that nearly 60 per cent of this total (£2.8bn) would arise through smarter procurement.
- The Police, focus is to redirect resources to the front line.
- The Independent ‘Roots Review’ highlights the value that the Regional Improvement and Efficiency Partnerships (RIEPs), Communities and Local Government, and others can provide in enhancing procurement efficiency.
- The Glover review titled “Accelerating the SME Economic Engine through transparent, simple and strategic procurement”, which was accepted by government in 2008.
- An increasing focus on strategic commissioning of services as opposed to self delivery of services
- A review of collaborative procurement across the public sector carried out by the NAO in May 2010
- The Home Office White Paper entitled ‘Protecting the public: supporting the police to succeed’ published in Dec 2009 which seeks to encourage collaborative procurement within the Police Services in the UK

These national policies also feed into corporate strategies created by TDBC, ASP, and SCC, which are supported by this procurement strategy.

7 Procurement Vision and Objectives

The Southwest One Strategic Procurement Service will through a consultative and inclusive process provide professional, commercial expertise to stakeholders in order to deliver significant reductions to the cost base whilst improving supplier delivery and service. It will develop and propose standardised best practice processes across the Client organisations including standardised Contract Standing Orders.

This vision will be supported by meeting a number of objectives:

- Delivering the identified benefits within the Category Strategies, as identified within the Benefits Tracking Slips (BTS)
- The SPS will establish itself at the centre of each of the Client organisations and become fully integrated into key strategic decision making.
- Creation of an optimised operating model through restructuring
- Revenue growth (attracting additional clients)
- Embedding a consistent Risk Management approach both within and outside the SPS
- Delivering performance improvement
- Providing end-to-end expertise to our clients projects and investment initiatives
- Transforming the procurement function
- Close collaboration with the businesses we support
- Creating a means of communication with the disparate stakeholder groups within the Client organisations

8 Spend Data

The total spend data across SCC, TDBC, and ASP is shown below, from financial year 2006/7 and has been grouped into core categories.

(This data will be refreshed once the new SAP system has built up spend data)

Category	2006/7 Spend/£ m	Included
Social care	228	Adult, LD, CYP
IT	86	Publications, Scientific Services, Fleet, Public Services, I.T., Police Specific
EBI	126	Highways, Soft & Hard FM, Waste, Utilities
Professional services	23	Consultancy, Legal Services, Comms & Marketing, Banking & Finance Services
Travel	4	T&S, Events, Leisure
Tactical	24	Office MRO and other tactical
	492	

9 Team Structure

A team comprising Seconded employees from the client organisations procurement teams alongside newly recruited Category Managers and a Chief Procurement Officer will be assembled to implement this Strategy.

10 The SPS Strategy

Key Action	Strategy
10.1 General Principles of procurement within Southwest One	
	<p>The SPS acts as the procurement organisation supporting the interests of the Client organisations in their dealings with external providers of goods and services. To that end this Procurement Strategy seeks to support the client organisations own strategies and specifically seeks to develop policies which target deprivation within the SW Region, encourages growth in the local economy whilst supporting sustainability within the Supply Chain. Specifically Procurement Category Strategies will contain sections that that seek to focus on such aspects and recognise value</p>
10.2 Procurement Mandate and Policy	
<p><i>The SPS will work closely with partner clients in the development and delivery of major strategic initiatives. The SPS will provide commercial advice and information for example the consideration of 'make or buy'</i></p>	<p>The Strategic Procurement Service reports directly into the Chief Executive of Southwest One. This status reflects the critical importance of procurement to clients objectives, and also shapes the focus of the SPS strategy in moving away from tactical activities. Savings generated through procurement activities continue to support the provision of improved services to the citizens of Somerset, as well as enabling other transformational initiatives in client authorities.</p> <p>It is the intention of the SPS to transform from providing a transactional service to becoming a major business influencer. The SPS will continue to build visibility and trust at all levels within client authorities, and will be instrumental in setting the business direction of client authorities.</p> <p>To cement this influence throughout client organisations, the SPS will provide high-value commercial expertise to significant sourcing and commissioning projects. The SPS will work in partnership with the business to align resource to such projects and support end-to-end.</p> <p>It is critical that SPS policies are followed by all levels of client management, staff, and SPS members. Exceptions to procurement policy can only be granted by the CPO. The SPS recognise that this will require a significant change in culture in some client organisations, and will support this change by:</p>

<p><i>decisions on complex transformations.</i></p>	<ul style="list-style-type: none"> ▪ Harmonising and documenting one set of procurement policies to be followed, and agreeing these at the highest level with client authorities. This will encompass procurement mandate, process, and EU regulations (notably European Consolidated Procurement Directive). ▪ Implementing a culture of risk management in the way transformation projects are planned and suppliers selected ▪ Communication of procurement policies to all staff within client organisations ▪ Providing eLearning material to all client staff regarding procurement tools ▪ Providing additional information, clarification, and education where required ▪ Highlighting non-compliance to Director level within client organisations. ▪ Attending Senior Management Team meetings as required helping communicate procurement policies and procedures as well as explaining reasoning behind the processes. ▪ Client service managers will also be invited to participate in the cross functional Category teams to ensure their full involvement in, and understanding of, such projects. <p>This cultural change will also need to be supported by client authorities by:</p> <ul style="list-style-type: none"> ▪ Promoting and communicating the objectives of the SPS to all staff ▪ Clarifying to all staff that SPS procurement policy is mandatory ▪ Taking action against staff that regularly defy procurement policy <p>The SPS will seek this mandate across all client organisations, to enable the service to deliver the highest value in savings and supply chain quality.</p>
<p>10.3 Procurement Organisation</p>	
<p><i>SPS team members will become experts within the</i></p>	<p>A scalable organisational structure for the SPS has been created. Teams are aligned by category, led by a Category Manager who reports into the CPO. Each category manager is supported by a team of procurement managers and analysts. Systems, processes, and low value transactions are managed by an operational team, led by the Head of Procurement Operations, again reporting into the CPO.</p>

various categories and commodities they are responsible for, gaining clear understanding of industry & market trends to become trusted advisors back into the Client organisations.

This structure facilitates the development, communication, and implementation of strategies, policies and processes via the close management of clearly defined areas of spend. The category teams will have a deep knowledge of their supply base and clients, will set longer term category strategy, negotiate contracts and work in partnership with client organisations. They have visibility of spend against each category to highlight and communicate where clients are operating outside procurement policy and take appropriate action.

The operational team will support the organisation transformation providing technology, process expertise, and business controls. They will also have a key role in securing additional value from low value off-contract transactions. As 'gatekeepers' of the flow of POs out from the client organisations they will monitor requisitions and where appropriate re-route requisitions via contracts or use their market knowledge to negotiate additional savings with the identified supplier.

Chief Procurement Officer					
8	4	5	3	5	2
Head of Procurement Operations	Master Category Manager Social Care	Master Category Manager EBI	Master Category Manager Travel	Master Category Manager IT & Police Specific	Master Category M Professional Ser
Senior Procurement Manager	Senior Procurement Manager	Senior Procurement Manager	Senior Procurement Manager	Senior Procurement Manager	Senior Procurement
Senior Procurement Manager	Senior Procurement Manager	Senior Procurement Manager		Senior Procurement Manager	
Procurement Manager	Procurement Manager	Procurement Manager		Procurement Manager	
Procurement Manager				Procurement Manager	
Procurement Manager					
Analyst		Analyst	Analyst		
Analyst					

The SPS will not normally manage operational relationships with suppliers on a daily basis. It is expected that once a contract has been put in place either the client business or the operational team within Southwest One responsible for delivering the relevant services will work with their supplier to manage service performance against this contract, and SPS involvement will then only be invoked as the result of an escalation of a contractual issue, or to lead a commercial discussion. The SPS will however apply supplier segmentation principles and identify strategic suppliers where there will be a mutual benefit in deploying a Supplier Relationship Management programme to develop products and services in line with longer term client objectives, or to jointly identify supply chain efficiencies. For these suppliers there will be an ongoing relationship maintained by the SPS in collaboration with key service users within the client authorities. The exception to this is where corporate contracts exist such as stationery that cover services or equipment provided across numerous Client service areas. Such contracts will be managed centrally by SPS.

As the scope of the SPS grows to include more client organisations, additional staff will be recruited or seconded into the team to supplement expertise, and maintain the balance of spend managed vs. headcount. These staff are expected to be category-aligned as per the SPS model and not solely support a specific client.

As required, the SPS will recruit high calibre category-related expertise from private and public sector backgrounds. A structured interview and assessment process has been implemented and the SPS continue to focus will continue on relevant commercial awareness and procurement skills as evidenced by previous experience and achievement.

Staff are currently located in two primary locations: County Hall (centre), and Portishead (satellite). Staff are aligned by category but may specialise in managing the spend of one client organisation, and therefore their physical location will reflect a need to be close to their client. It is not expected that these two locations will be rationalised to one. Instead a local team leader will manage satellite offices and Category Managers will split their time between offices as appropriate to provide support to their team and maintain a presence with their clients.

SPS managers will also be aligned to client organisations as a single point of contact to continue to build a strategic partnership between the organisations and ensure full representation of client interests to the supply base.

It is expected that Southwest One will continue to develop the I.T. infrastructure to enable mobile working. As this matures

within the organisation, SPS staff will be expected to be geographically mobile, and spend a significant proportion of their working time with either suppliers or clients.

10.4 Category Management

Category Management is the adopted methodology for the strategic management of external costs and resources within the Client organisations and will be rolled out and embedded within the SPS organisation.

The involvement of all interested parties is vital in delivering Best Value and continuous improvement. Cross functional

The SPS will manage all non-pay expenditure on behalf of the founding client authorities. During 2008/9 the spend across founder members has been analysed as per section 2.3 above.

The SPS will manage and monitor this spend and categories may change over time to reflect client expenditure, however there will be sourcing strategies in place for all relevant spend categories, reviewed annually and fully refreshed every 3 years.

To enable this a leading-edge category management approach will be consistently applied across spend categories.

“Category Management is the strategic ‘end to end’ process whereby supply capability is fully aligned to business goals & customer requirements. The fulfilment of these business goals is supported by processes that deliver optimal value, service & innovation over the life of the product or service.”



The actual process of category management encompasses aspects of demand management, total cost management, strategic sourcing, and supplier relationship management. The SPS will apply this approach consistently across all key spend categories and translate outputs into sourcing strategies. For this approach to be successful, the client organisations must understand and be fully engaged in this process.

The outputs of this process are appropriate sourcing strategies, owned by the SPS that reflect both client needs and the supply market conditions, present and forecast. Using this information, the SPS will apply advanced sourcing techniques,

<p>working will be encouraged to ensure full consideration of all pertinent aspects is undertaken</p>	<p>enabled by technology investment, across the categories to generate best value across the supply chain.</p> <p>Advanced Supplier Relationship Management principles will be embedded within the SPS. These include processes to formally evaluate, classify and assigned an appropriate level of management attention to suppliers, according to the importance of the supplier and category to the business. The SPS will tailor relationships and investment into collaborative activities accordingly to deliver measurable joint benefits with key suppliers from collaborative efforts in areas such as supply chain, product development, marketing, etc</p>
<p>Close engagement with all partner organisations will take place to ensure a full and accurate vision of future activities and projects is held within SPS, ensuring these can be built into future category Strategies.</p>	<p>The implementation of a formal Supplier Performance Programme is also critical to maintaining a strong supply base to the authorities. Consistent approaches to supplier performance reviews will be carried out in conjunction with clients, the outcome will be reviewed with suppliers and follow-up actions will be agreed.</p> <p>It is a key principle of the SPS (as per all aspects of the shared service model) that a consistent service is provided to all clients. Therefore whilst aspects of a clients spend may be agreed to be out of scope, all aspects of the category management process will be implemented across client organisations. This will include demand management, procurement bypass, and compliance expectations. This will enable the SPS to drive innovative approaches to managing all in-scope spend across all clients, and create collaborative teams to share and review best practice in the categories.</p>

<p>10.5 Control and Compliance</p>	
<p>Latest e-Procurement technology will be deployed through and</p>	<p>Alongside the category management structure, the SPS employ an operational team to monitor and improve policy adherence, implement tools to maximise contract usage, and streamline the full requisition-to-pay process.</p> <p>Compliance: The SPS manage all 3rd party spend. This means that clients will not be empowered to make commitments to spend with any 3rd party suppliers unless sanctioned by SPS. To enable this the SPS will provide clear, consistent</p>

<p>fully integrated with the SAP system, allowing e RFX; e auctions etc to take place effectively, minimising processing time and maximising benefit delivery</p>	<p>communication of policy, controls, agreed suppliers, and relevant contracts to requisitioners. Policy compliance will be actively built into requisitioning and approval systems.</p> <p>Controls: The operations team will be responsible for ensuring that robust controls are in place around 3rd party spend, and that processes and systems incorporate these controls. For example, agreed 'clip' levels for requisition approval routing in the ERP system, new supplier approval and related terms and conditions, consistency in supplier selection and validation. Detailed procurement policy will be documented and agreed with senior management teams in the client authorities, and the operations team will conduct internal audits at agreed intervals.</p> <p>Contract Coverage: SPS will maintain 3rd party supply contracts covering an agreed proportion of spend. The ops team will provide consistent contract templates, and contracts will be centrally stored and effectively managed against auditable targets (e.g. number of expired contracts)</p> <p>Supply Base: SPS will implement a controlled list of suppliers, and category managers will control the addition and removal of suppliers on this list using a consistent selection and validation process. The list will not be owned by client organisations. When a procurement bypass does occur it will be visible to the SPS and escalated accordingly. The SPS will consistently reduce the number of non-strategic suppliers on this list.</p> <p>Enterprise Spend Analysis: The operations team will deploy internal spend analysis tools across the entire spend profile of clients, to provide cross functional 3rd party spend visibility by supplier, organisation, and category, in support of category management and sourcing activity.</p> <p>Efficiency: The reduction of volume-related activities, for example the number of active suppliers, paper invoice volumes, free-text requisitions, will be enabled by fully integrated processes and systems with a particular focus on reducing 'buyer-touched' transactions and improving information available to SPS staff. The operations team will identify ongoing continuous improvement programmes to realise further efficiencies.</p> <p>Savings: The operations team will provide technology and consistent processes to ensure the category teams can achieve best value, maximise competitive advantage, and review TCO. This may include the deployment of knowledge management tools to support benchmarking programmes, or sourcing tools such as eSourcing and reverse auction technology.</p> <p>Reporting: The operations team will report KPI's, to both internal and external stakeholders, using an agreed dashboard of measures (e.g. bypass/£, free text orders/volume, contract coverage/volume, %non-strategic suppliers etc)</p> <p>Communications: The SPS will develop tools to communicate with clients and suppliers. These may include an SPS intranet presence, and a supplier portal, giving the supply base access to various contract and invoice information.</p> <p>Integration: A procurement I.T. roadmap will be developed by the operational team to review the existing technical</p>
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	<p>infrastructure (2009/10) particularly with regard to the points above, and prioritise areas for investment over the next 3-5 years.</p> <p>Specific areas of focus are expected to include, but not be limited to:</p> <ul style="list-style-type: none"> ▪ SAP – testing of new releases, configuring reporting functions, creation of spend analysis tools ▪ R2P Process – requisitioning, PO placement, catalogues ▪ Contracts – storage, status, and management ▪ eInvoicing – EDI / XML / Web based options to enable supplier efficiency and accuracy ▪ eProcurement – RFx technology, including eAuctions ▪ Supplier Portal – Communications and provision of a ‘front ‘end’ to online supplier tools ▪ Dashboard – SPS and clients performance (reporting KPIs, bypass, eInvoicing targets etc) ▪ Knowledge capture tools supporting supplier selection and sourcing decisions <p>The three founder organisations operate on a SAP platform, through which detailed spend data is available to category teams. However this team will also have a key role in integrating new SPS clients, in terms of both processes and systems where appropriate. The operational team will need to ensure that transactions for all client organisations are visible to the category teams, and performance for each client can be monitored.</p>
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10.6 Key Metrics	
<p>Full and transparent auditable tracking of benefits delivered will take place through an agreed Benefits</p>	<p>To reiterate the SPS Vision: <i>“The Southwest One Strategic Procurement Service will provide professional, commercial expertise to deliver a significant reduction to the cost base whilst improving supplier delivery and service.”</i></p> <p>Progress towards the SPS vision will be evaluated through the delivered value that the SPS delivers to client organisations, and it is critical that an effective management dashboard is in place to demonstrate this. The SPS will seek to address areas of operational efficiency, process compliance, and tactical savings in the shorter term, whilst creating a solid platform for SRM and regional collaboration in the longer term. Whilst focus on specific priorities will therefore change over time, a base set of consistent performance measures will ensure that the progress of the SPS can be evaluated and communicated.</p>

Tracking System.	<p>Performance measures will be categorised into 4 key areas, the aim being to evaluate the SPS based on a consistent and comprehensive set of Performance Indicators</p> <p>Voice of the SPS Team</p> <ul style="list-style-type: none"> ▪ Satisfaction survey feedback ▪ Regular two way communications ▪ Skills continuously developing ▪ Recruitment raising the bar ▪ Seen as preferred employer <p>Voice of the Partner Authorities</p> <ul style="list-style-type: none"> ▪ Positive customer satisfaction feedback ▪ SPS fully integrated with businesses ▪ Citations published outside Authorities ▪ Awards <p>Voice of the Supplier</p> <ul style="list-style-type: none"> ▪ Supplier satisfaction feedback ▪ Effectiveness SPS communications ▪ Transparency of processes <p>Value add</p> <ul style="list-style-type: none"> ▪ Benefits pipeline up to date ▪ £ savings on target ▪ Implementation of benefits on track ▪ Cat Plans and BTS refresh on track ▪ Projects on track <p>Operations</p> <ul style="list-style-type: none"> ▪ Best in class processes ▪ KPIs ▪ Operational project objectives (e.g. Catalogues and contracts coverage, free text order volume and turnaround etc)
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	<p>As part of transformational activity already completed, the SPS has built a robust benefits tracking tool This captures benefits identified, and benefits delivered. The SPS will continue to use this tool to report all benefits achieved for clients, and will work closely with finance teams in client authorities who will audit the results published.</p> <p>The SPS success depends on how well the team achieves individual goals and contributes to strategic objectives. Therefore the vision must also be linked to individual objectives supporting SPS. Each member of the team will understand how their activity directly supports the team objectives, and individual success will be recognised. The intention is to use this process to create a high performance culture directly aligned to achieving the SPS vision.</p> <p>The SPS will not only report progress against internal targets and historical baselines, but will also benchmark itself against similar organisations and the supply market as a whole. This will be against operational efficiency metrics as well as market-basket pricing for goods and services. It is only by monitoring progress against external benchmarks that the SPS will be able to track meaningful progress towards ‘Best in Class’ status.</p>
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10.7 Capability and Training

<p>Shortfalls in skills requirements within the SPS team will be addressed and individually tailored training provided to fill gaps in experience or capability.</p> <p>Membership of</p>	<p>The SPS will actively develop talented people who have a passion for procurement and are excited by the opportunities within this challenging profession. It is these individuals who will provide the drive and inspiration to make transformation a success. As individuals develop through coaching and experience there will be a clear career path aligned to their skills and aspirations, and the needs of the organisation.</p> <p>To enable this, a ‘Capability Accelerator’ programme started in 2008, based on a coaching model with procurement staff and category teams to develop their capabilities in key areas of leadership, influencing, negotiations, and strategy development. In addition to this, the SPS will continue investing in CIPS membership, training, and qualifications to develop well rounded and multi-skilled procurement personnel, and to train users and cross-functional teams in procurement-related topics.</p> <p>The SPS will embed this model into the organisation and continue to provide coaching and education to all key SPS staff, both new and existing. Staff will have agreed training plans to complete annually, based on individual and organisational skills gaps.</p>
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<p>CIPS will be encouraged and personnel will be supported in studying for this qualification</p> <p>Change management and soft skills training will be provided where appropriate.</p>	<p>The SPS will strengthen its profile within client organisations through communications tools such as a well-publicised intranet presence containing procurement policy, supplier details, and contacts. It will actively promote the commercial value of involving SPS, and ensure significant savings achievements are known throughout client organisations. The SPS will also provide additional support and training to requisitioners who are experiencing difficulty using procurement systems.</p> <p>The SPS will be demonstrably knowledgeable of Commercial legal issues and will provide basic support on procurement related Legal issues, specifically focussed around EU rules compliance and provide advice to Clients where additional, specialist legal support may be necessary eg Employment law for TUPE matters etc.</p> <p>Early consideration of project risks contributes to avoiding future supply issues and additional costs. It is also presents the opportunity to address the risk in specifications or contracts. The SPS will develop a process and templates for evaluating risks associated with complex initiatives and work closely with clients to identify and address these risks through specifications, supplier evaluation, and contracting strategies.</p> <p>It is also key to the continued collaborative growth of the SPS that it actively markets the service outside the existing client base. One route to achieve this will be seeking industry recognition through awards. The service has already won a prestigious SOPO ‘Outstanding Achievement in Procurement’ award in 2008.</p>
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<p>10.8 Collaboration</p>	
	<p>The SPS has a significantly broader remit than comparable procurement services, as part of Southwest One it will actively promote itself to win additional procurement clients within the Southwest. To that end it will become a highly visible presence in the region and become widely recognised as the procurement organisation representing Clients; Southwest One and IBM. It recognises that all existing clients will benefit from new authorities joining the service through the greater opportunities around spend, benchmarking information, shared innovation, and additional resource capabilities available to the SPS.</p> <p>To enable this, the shared services procurement unit must have the scalability to be a leader in the Southwest, an aspiration met by the structure, staff and systems investments and strategy that are being implemented.</p>

	<p>The SPS will therefore support Southwest One in securing new public-sector clients, by the provision of marketing materials, subject matter expert support, and also by collecting client citations. Furthermore, the SPS will create a clear approach and 'onboarding' plan for new clients covering all aspects of joining the service.</p> <p>From a procurement perspective the SPS will also seek opportunities to collaborate further with partners in the Southwest and nationally where such collaboration can achieve better value. For example by forming or joining consortia, working with national purchasing organisations, for example the OGC and NIAP, leveraging framework agreements, and working with local centres of excellence and being an active participant in the SouthWest RIEP.</p> <p>It is not the intention of Southwest One to offer contractual agreements to authorities that are not clients of Southwest One. However, there will be occasions where the SPS undertakes procurement work on behalf of organisations that are not in Southwest One, for example to aggregate spend. At these times the SPS may seek to recover the resource costs of this activity from beneficiaries.</p> <p>Unlike other public sector procurement services, the SPS can also leverage IBM spend and contracts when appropriate, and this will be a further collaborative direction to be considered when making sourcing decisions.</p>
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10.9 Corporate Social Responsibility

<p>Social, economic and environmental policies will be fully taken into consideration and built into evaluation models.</p>	<p>To support client corporate objectives, the SPS will seek a greater understanding of the demographic characteristics of its supply base and how this reflects the demographics of the Southwest as a whole. Where it is recognised that a demographic group is significantly under-represented in the supply base, the SPS will identify opportunities to engage with this group and encourage participation in sourcing events.</p> <p>The SPS will actively promote sustainable and ethical knowledge pre-contract award when appropriate, this information will be collected about each bidding supplier during the registration process. It is anticipated that there will need to be additional diligence in this area should an international supplier be evaluated, to better understand their own ethical stance and that of their supply chains. The SPS will also undertake a review of all categories to identify which could cause the most risk to</p>
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	<p>sustainability and ensure that procurement activities in these areas reflect this.</p> <p>Furthermore, to promote sustainable and ethical practice amongst suppliers contracted by SPS, contract specifications will include such requirements where appropriate, and a supplier charter will be issued to all suppliers outlining Southwest One and client expectations around environmental issues, human rights issues, and other ethical practices. Social, economic and environmental policies will be fully taken into consideration and built into evaluation models. For example, by considering how local businesses can be ‘encouraged’ to establish new markets and the effects of procurement decisions on local and national/world environments (e.g. reducing waste, using environmentally friendly materials, energy efficiency) and how suppliers are committed to equal opportunities and fairness in employment practises and service delivery.</p> <p>The SPS will therefore exert this influence on the supply chain in the expectation that over time, suppliers promote and consider sustainability, equalities and social inclusion issues.</p> <p>SPS recognises the value of working with 3rd Sector and Voluntary Sector providers and will actively seek to promote the involvement of suppliers in this area within its procurement activities. SPS recognises that both SCC & TDBC have signed up to the Somerset Compact agreement and are committed to the principles contained therein.</p>
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<p>10.10 Small and Medium Enterprise Supplier Market</p>	
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	<p>The SPS will actively seek to stimulate local and small suppliers. The economic advantages of investment into the local economy are clear, and where appropriate the SPS will use evaluation tools which recognise the net benefit of local sourcing and sustainability of the local market. This may be through direct sourcing with small and medium suppliers or by stipulating the usage of local suppliers in large management contract awards.</p> <p>To support this aim, the SPS will make every effort to make Southwest One procurement available to local and small suppliers. A Supplier portal, providing easy access and sources of information for suppliers will be provided. The SPS will continue to host and attend ‘meet the buyer’ days and other events aimed at giving local businesses access to the public sector, and assisting small businesses with the processes involved in supplying the Public sector.</p> <p>SPS will establish a SME Agenda aimed at simplifying processes to encourage small businesses to bid for and win work with the organisation. Measurements will be developed and implemented to track SPS’s success in developing the local</p>
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	<p>supply chain. Furthermore, the SPS will proactively communicate its role to local and small businesses, through direct communications and through the supplier portal, which will give visibility of contracts to all registered suppliers. Using these and other communications methods local suppliers will be made aware of the SPS and how to apply for contracts with SPS clients. To track the success of these initiatives, the SPS will regularly seek feedback from local suppliers and also report on the value of contracts placed with such suppliers.</p>
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