



Nottinghamshire County Council

Business Plan

Professionalising Procurement

Status: Draft

Version 0.85

24 August 2006

Deloitte.

Contents

1.	DOCUMENT CONTROL	3
1.1	Control Details	3
1.2	Document Amendment Record	3
1.3	Document Sign-off	3
2.	MANAGEMENT SUMMARY	4
2.1	Procurement Context	4
2.2	Key Findings	4
2.3	Summary of recommendations	5
2.4	Financial summary	7
2.5	High-level programme plan	7
3.	INTRODUCTION	8
3.1	Background	8
3.2	Our approach	8
4.	CURRENT PROCUREMENT PRACTICE	10
4.1	Introduction	10
4.2	Policy and governance	10
4.3	Processes and systems	11
4.4	Current sourcing approach	13
5.	IMPROVEMENT PROGRAMME COMPONENTS	15
5.1	Introduction	15
5.2	Programme governance	15
5.3	Organisational Change	16
5.4	Strategic sourcing	22
5.5	eProcurement	27
5.6	Collaborative procurement	29
5.7	Financial analysis	30
6.	APPENDIX A - CATEGORY ANALYSIS	32
6.1	Overview	32
6.2	Agency Workers	32
6.3	Advertising & Promotions	34
6.4	Books and Publications	36
6.5	Catering	37
6.6	Construction & Maintenance (Facilities, Grounds and Highways)	38
6.7	Financial Services	40
6.8	Equipment, Furniture and Materials	41
6.9	Leisure & Other Facilities	43
6.10	Office Consumables	44
6.11	Professional Services	45
6.12	Social Care Services	47
6.13	Telecommunications	48
6.14	Transport – Purchase, Contract Hire and Operating Leases	49
6.15	Computer Hardware, Software and Peripherals	51
6.16	Utilities & Energy	52
6.17	Print, Design and Post	54
6.18	Waste Management	55
7.	APPENDIX B – OUTLINE IMPLEMENTATION PLAN	57

1. Document Control

1.1 Control Details

Document Location: D:\Documents and Settings\rhaynes\My Documents\Clients\nottinghamshire\7 - Deliverables\Notts_Procurement_BusinessPlan_v0.85.doc

Production Software: Microsoft Word 2003

Author: R Haynes, Deloitte

Owner: R Ratcliffe, Nottinghamshire County Council

1.2 Document Amendment Record

Issue	Amendment Detail	Author	Date	Approved
V0.1	Initial draft	Carlos Lopez	28/06/06	
V0.2-0.5	Initial revisions	Richard Haynes	14/07/06	
V0.6	Updated financial and category information	Carlos Lopez	31/07/06	
V0.7	Revised Structure and additional material	Richard Haynes	03/08/06	
V0.8	Further update	Richard Haynes	15/08/06	
V0.85	Revision following review by D Parr & R Ratcliffe	Richard Haynes	24/08/06	

1.3 Document Sign-off

Deloitte Engagement Partner (Mark Lawrie):

Signature:

Printed Name:

Position:

Date:

Project Executive (Nottinghamshire County Council):

Signature:

Printed Name:

Position:

Date:

2. Management Summary

2.1 Procurement Context

At present, the Council has seven corporate procurement professionals within the Corporate Procurement Unit, and there is a growing network of procurement collaboration both within the Council and with other public sector agencies. In addition, the CPU is developing extensive information on the Council's spend and its suppliers, using data analysis by Spikes Cavell & Company, and has delivered an electronic marketplace system that is being rolled out to departments. The Corporate Procurement Unit (CPU) has been in existence for two years, and recent savings reported demonstrate that whilst it is not achieving the £1m savings target originally set, it is delivering savings beyond its own cost¹. The CPU delivers savings through a combination of both responsive support to sourcing projects identified throughout the year, and a set of planned, corporate sourcing initiatives.

Beyond the CPU, there is a significant level of sourcing activity within departments, particularly regarding the largest areas of spend such as adult social care. However, the standard of procurement within departments does vary, depending on, for example, the capacity of the department to support sourcing projects, the level of professional procurement expertise, individual's understanding of current best practice and the marketplace, and the level of engagement with CPU.

In many ways, this baseline position is better than many comparable authorities in England and the region. However, the increased pressure to deliver greater financial savings, and concerns regarding the achievability of the planned £1m annual target, prompted this review to consider the effectiveness of current procurement practices across the Council and make practical recommendations for improvement. The first step was to commission a supplier and spend analysis, which is now available to the Council's procurement officers. Using this information, and drawing on support from Deloitte consultants to engage consumers and buyers from across the departments, the Council is preparing a three year procurement plan to maximise procurement benefits.

2.2 Key Findings

This review has delivered a series of successful consultations with all Departments across the Council. As a result of these, an understanding of the specific strengths and weaknesses of current procurement practice has been derived.

Most areas of significant spend are already centralised within each department. However, few departments are able to demonstrate the achievement of tangible, cashable procurement benefits; specifically savings. This is, in part, attributable to:

- Categorisation - procurement savings not being allocated or being claimed as 'Departmental' rather than 'Corporate'.
- Tracking - poor or non-existent measurement and monitoring of savings.

From our analysis it appears that there are also organisational, cultural and capacity issues preventing the maximisation of the potential benefits of procurement. These are described for each of the main categories in Appendix 1. Below are some examples of the most typical and significant issues:

- **Variability of procurement standards and delivery of savings** – There appears to be a lack of clarity regarding how procurement savings are delivered and who is responsible for them. In particular, there does not appear to be an acceptance by some senior officers within departments that procurement savings can only be delivered through adopting rigorous procurement and supplier-management processes, in compliance with specified guidance, policies, and processes. This has resulted, for example, in some major categories of spend being tendered without price being a material part of the evaluation process, whether focused on cost reduction or cost management.

¹ The value of these savings over the total life of the associated contracts is £2m, with savings of approximately 16% against previous prices. However, the annual savings relating to these contracts is much less.

- **Mistrust of corporate procurement** – Relationships between the CPU and the departments sometimes appear tense and adversarial. This impacts on the success of procurement projects, as collaboration between services and CPU is not as positive as it could be. Much of the initial mistrust comes from a lack of clarity about the role of the CPU in delivering savings.
- **Knowledge of and compliance with corporate contracts** – Although CPU have successfully negotiated corporate contracts, it is apparent that the take-up of these contracts across the Council is not strong. This reduces the ability of the Council to achieve savings as it continues to pay higher prices for goods and services collectively, and also limits the possibility of negotiating better corporate contracts in the future.
- **Not focusing on the largest savings opportunities** – In some instances, the CPU has invested its effort on areas that do not appear strategically important or financially material in terms of potential savings. One example of this was the contract for the supply of timber, which despite its small value, became important due to concerns regarding the legality of existing procurement activity. If procurement practice across the Council were improved, CPU could be more strategically focused.
- **Limited use of modern, efficient procurement process and technology** – The Council has access to a range of technologies that would help deliver significant cash savings such as eAuctions and electronic requests-for-proposals (eRFQ). However, in the 18 months following the implementation of the Council's eAuction system, only one auction has been completed using it. A further e-auction has been hosted, using a third party system, for street lighting energy. Furthermore, despite a significant investment in e-purchasing technology, take-up of new business processes and this technology to reduce procurement transaction costs has been very low across the Council. For example, since the new marketplace went live in April 2006, it has only been used to process 585 orders in total.

2.3 Summary of recommendations

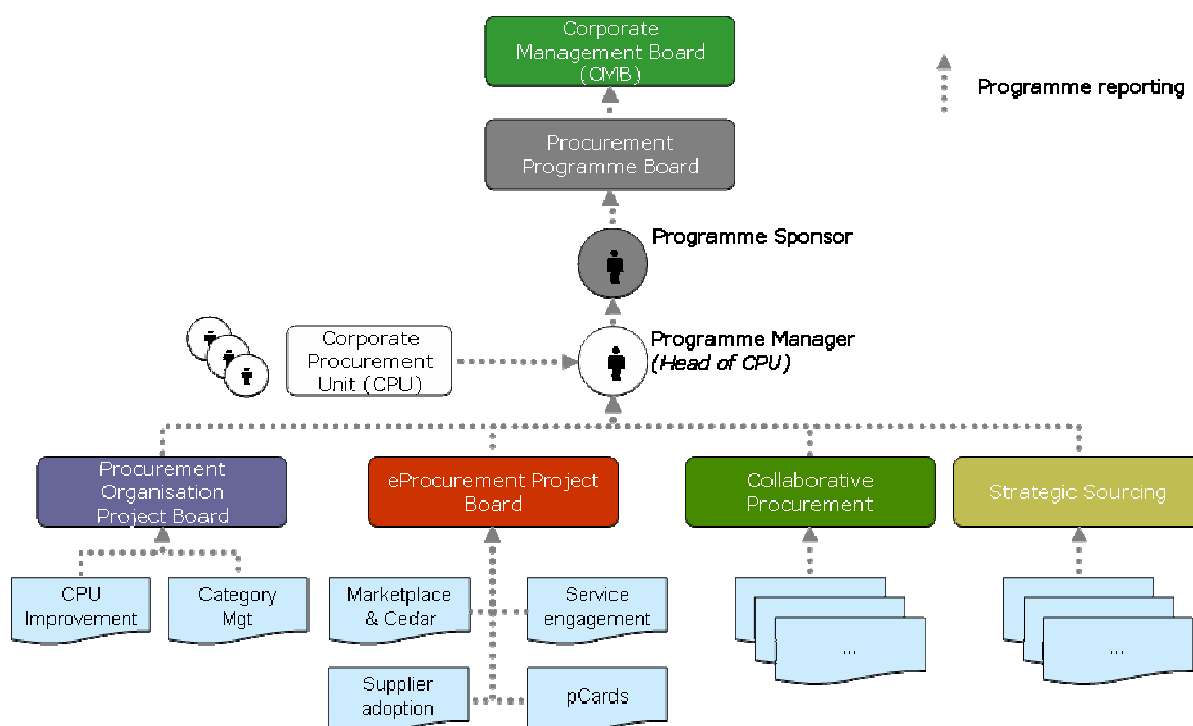
2.3.1 Developing a programme of improvement

To deliver the anticipated benefits of effective, efficient and professional procurement practice, substantial changes to the approach taken to procurement across the Council will be required. To deliver these changes, a Procurement Improvement Programme is recommended tackling four work streams:

- **Procurement Organisation** – Focusing on the development of the CPU as the strategic lead for procurement improvement, being more proactive in leading corporate contracts and actively advising service-specific sourcing projects. In addition, this stream will support the implementation of 'category management' across the Council to ensure that all major procurement spend is professionally managed in line with contemporary best practice.
- **eProcurement** – Delivering greater value from the Council's existing investment in the corporate marketplace and Cedar systems, by both engaging more with services and promoting take-up of e-procurement processes and tools by the Council's supplier base. Critically, this stream needs to improve the efficiency and control of purchasing processes, and ensuring that more useful and accurate procurement intelligence is available.
- **Strategic sourcing** – Defining, managing and implementing sourcing projects focusing on the Council's major areas of spend. In section 3.4, we provide an initial list of the key sourcing projects that should be initiated.
- **Collaborative sourcing** – Building on existing relationships and discussions, particularly with the other East Midlands County Councils; this workstream will focus attention on supporting collaborative projects that will add significant value to Nottinghamshire.

To effectively manage the accelerated implementation of procurement improvement, we are proposing that a Prince2-based management approach is adopted, to ensure specific projects have a clear business case, scope, resources and plan. To oversee these projects we have also recommended the establishment of a Procurement Programme Board.

We have made a number of recommendations regarding the components projects, and establishing the programme on firm foundations. An overview of this programme is presented below:



2.3.2 Leadership and performance management

To maximise the success of the programme, a number of key principles were agreed with the Council's Corporate Management Board (CMB) regarding the management of and approach to transforming procurement practice across the Council. In summary, these were:

- To ensure that the transformation of procurement is managed at a senior level, with a formal Procurement Programme Board (PPB) that will report to the Corporate Management Board. The remit of the PPB will be restricted to delivering the programme agreed by CMB, rather than making strategic make or buy decisions;
- To implement the programme with a portfolio of clearly defined projects, supported by robust business cases, using Prince2, with appropriate project governance and management. This will enable the PPB to effectively monitor progress, sign-off achievements and make targeted decisions to drive the improvement programme.

2.3.3 Category management and Corporate Procurement Unit (CPU)

Category management is a key component of the business plan, which underpins the successful identification, delivery and sustainability of procurement savings. The key points regarding category management and the role of the CPU are as follows:

- To ensure that all key areas of supplier expenditure are professionally managed, using a 'category management' approach, with a specific person or team responsible for supplier management, managing requirements and enforcing compliance. In some areas of spend, this may not lead to a significant change from the existing approach within some services.
- Procurement categories that are largely aligned to a service will be managed within that service. Spend categories that are common across services will be managed centrally by the Corporate Procurement Unit (CPU).
- The CPU should be more strategically focused, as the centre of excellence for procurement across the Council. Category Managers or category management teams across the Council will professionally report to the CPU. CPU will focus on: EU and other procurement approach advice; disseminating best practice; corporate category management; spend analysis; compliance; and procurement training and development.

3. Introduction

3.1 Background

Nottinghamshire County Council (the Council) is embarking on a three year programme to professionalise procurement across the organisation through organisational change, process improvement, skills development and technology investment. The primary goal for the proposed transformation of procurement is to realise significant cashable and process efficiency benefits for the Council, while sustaining the provision of high performing services to the people of Nottinghamshire.

The Council engaged Deloitte to carry out an evaluation of current procurement practices and an assessment of the likely benefits available through improvements to procurement practices, as well as the investment required to successfully deliver this improvement.

The following two sections of the report describe the current procurement practices and the potential benefits that can be derived through changes in each area. This analysis focuses on the categories of spend representing the largest proportion by value of the Council's purchasing activity. The majority of the analysis that underpins our recommendations is included in Section 4, which outlines current procurement practice and spend across the Council.

3.2 Our approach

3.2.1 Project objectives

The project will provide the Council with an assessment of the anticipated benefits resulting from improving the approach to, structure of and investment in procurement. This business case will be supported by an outline plan of how these benefits could be achieved over the coming 2-3 years.

The outcomes of this project will be:

- A business plan for investing in procurement practice; and
- Recommendations to facilitate the realisation of these benefits for service departments.

3.2.2 Defined analysis method

The project comprised the following stages, undertaken principally by Deloitte:

Stage 1 – Baseline Analysis

Assessing the Council's current procurement environment, in terms of:

- Spend and Supplier profile (using Spikes' "Observatory");
- Current procurement practice and processes (day visit to each directorate);
- Existing procurement skills (self assessment questionnaire per service); and
- Clarifying the Council's vision for procurement (workshop with corporate representatives).

This information formed the basis of the assessment of potential benefits to the Council and has been used to produce an outline savings plan that could be used to re-align budgets and initiate detailed discussions with each of the services.

Stage 2 – Gap Analysis and Prioritisation

Drawing on the above baseline analysis, this stage focused on engaging with service managers to build outline departmental procurement recommendations and test the ease of delivery of the identified potential benefits. This involved half day working sessions with each directorate/department, including:

- Confirmation of our analysis of their department's current procurement practice;

- Discussion of the potential savings opportunities from improved procurement skills and approaches;
- Clarification of the barriers (skills and processes); and
- Identification of approaches and investments required to overcome / manage these barriers.

Stage 3 – Outline Business Case and Plan

This key stage resulted in the production of the main project deliverable, namely the business case and outline plan. This phase defines the achievable benefits from procurement, a prioritisation of the main opportunity areas, and the investment required to deliver it within suitable timescales, focusing on:

- Potential benefits per category group;
- Potential benefits from process and systems improvement in procurement;
- Additional resources required; and
- Cost of change needed (for example, training, systems, and organisation).

4. Current Procurement Practice

4.1 Introduction

In this section, the current purchasing process environment is described across the various areas of the Council. This review was the outcome of interviews with service specialists within departments and an analysis of trade creditor invoice expenditure data, processed by Spikes, Cavell & Co. It has resulted in the production of an expenditure analysis, summarised using high level expenditure categories.

4.2 Policy and governance

4.2.1 Structure

The Council currently has a Corporate Procurement Unit reporting into the Assistant Treasurer for Finance and Trading, within the Resources Directorate. This unit was tasked with leading procurement activity to deliver £1m of savings per annum, but current results show that approximately £500k per annum is being saved – this equates to approximately £2m savings over the life of the contracts agreed. This unit is also responsible for overseeing the eProcurement Project and the trading unit County Supplies.

There is no formal corporate decision making body for procurement, but the CPU has access to a procurement network of officers representing their departments. These officers are typically area managers so are effectively a user level consultation panel rather than a decision making body.

In the services, most major areas of spend have identified procurement resources, even if they are not full time, and many large categories have been centralised corporately, such as legal services and vehicle maintenance.

4.2.2 Policy and regulation

Although the Council's last Procurement Strategy was approved in 2003 and was a three year strategy, there is, in effect, no agreed and communicated direction for procurement within the Council.

Over previous years, a variety of messages have been broadcast from the CPU as the only body trying to set procurement direction, but the lack of corporate backing has meant their proposed policies or strategies are not sustained or implemented. This in turn means they often have the opposite effect, causing confusion among the users and undermining confidence in the CPU.

4.2.3 Systems and process

The Council has access to a range of procurement systems, but they are mostly in the early stages of use and their value to the Council remains to be proven.

Over a quarter of a million paper invoices are received every year and processed manually by Council officers devolved across various sites and departments. With the exception of 585² orders raised on the Marketplace to date, all orders are raised using an order book or without any 'corporate' record (phone, fax, internet, etc.) until payment is made. We understand that one of the key barriers to the successful implementation of new e-procurement technologies has been a widespread resistance to process change. This resistance appears to come from services, suppliers and internal departments such as legal services. In many ways, this resistance has been able to persist due to no strong leadership of e-procurement across the Council and the absence of a business-focused strategy to define its roll-out and use.

2

This is the cumulative number of orders raised during the 4 months to the end of August 2006

4.3 Processes and systems

4.3.1 Overview

Significant resources are consumed to support purchasing processes – from meetings with managers and operational staff, there is a consensus that many of the Council's purchasing processes are too resource intensive. The Council processes over 130,000 invoices per year that are worth under £100 (see tables below) through its formal payment process, and has 88 suppliers that each send more than 500 invoices per annum.

Value band	Invoices
£0 to £100	130,493
£100 to £250	47,155
£250 to £499	29,886
£500 to £999	20,653
£1,000 to £4,999	22,240
Over £5,000	6,954
Total	257,381

Volume Band	Suppliers
Over 1,000	28
500 to 999	60
250 to 499	78
100 to 250	247
6 to 99	3,895
1 to 5	10,920
Total	15,228

Different ordering systems and processes – in the absence of a corporate, end to end procurement system, departments have evolved to use local systems to meet their specific business requirements. Examples of these are stock systems in environment, libraries, etc.

Dependence on paper based workflows – the Council processed over 250,000 invoices in the 12 months analysed. Associated with each invoice will be paper orders, goods receipt notes, coding slips and numerous manual authorisation steps.

Corporate purchasing information is poor – knowledge of spending behaviour, supplier strengths and weaknesses, compliance with quality standards and value for money is dependent upon local knowledge within sections of departments. At a corporate level, it is difficult, if not impossible, to evaluate whether one supplier provides better value – cost or quality – than another. Within departments, knowledge of suppliers and their value for money is largely held by individuals and is not easily accessible using statistical evidence.

4.3.2 e-Procurement Project

Two years ago the Members allocated £500k to an eProcurement project, with a strong emphasis on developing a Marketplace and meeting the milestones set by the National Procurement Strategy and the Implementing eGovernment Priority Outcomes.

The eProcurement project team was set up under the direction of the Head of Corporate Procurement, with a brief to implement an electronic Marketplace. Staff were seconded from three of the departments to bring in service knowledge and act as links with the end users, and fixed term contractors were brought in to lead and manage the project. The Marketplace project encountered a number of barriers and despite severe delays the system went live before the 2005/6 year end and the project was within its budget.

Despite having achieved its original success criteria, the project has yet to deliver tangible benefits to the Council other than meeting the government modernisation targets. Just over 20 catalogue suppliers have been loaded, some of them with several thousand items on their catalogue, but in the months since the system went live less than 600 orders have been raised through the system.

The Council's eProcurement project faces a number of challenges:

- The focus on the Marketplace system project has driven a one-size-fits-all behaviour, limiting benefits, alienating users, and not dedicating resources to other more beneficial aspects of eProcurement such as Auctions or broader electronic ordering and invoicing;
- The lack of senior sponsorship of eProcurement has meant that changes have been introduced where the project team were able to grow good relationships with users rather than

where they would add most value to the organisation. This has been a very ineffective use of project resources, and has included investing time and money into schools;

- eProcurement does not appear to feature prominently in the day to day running of the Corporate Procurement Unit, and the approach to improving procurement towards the services has so far been disjointed; and
- The eProcurement budget runs out in October and no provision or plan has been made to secure ongoing benefit realisation for the £500k investment made to date. This includes how to manage the risk of loss of skills from contractors within the team.

4.3.3 e-Procurement Tools

To help assess the Council's current e-procurement environment, below is an overview of the current position by e-procurement theme:

Process	Current Status
ePurchasing	
<ul style="list-style-type: none"> • Desktop requisitioning, enabling staff to buy online; • Orders transferred automatically to suppliers via the internet; • Cost centre and account code captured at order stage; • Automated commitment accounting. 	<ul style="list-style-type: none"> • Available only for orders raised on the Vantage Marketplace.
eCatalogues	
<ul style="list-style-type: none"> • Self service, online catalogue used for repetitive, low value purchases. 	<ul style="list-style-type: none"> • Available for over 20 suppliers that have been adopted onto the Vantage Marketplace – these cover mainly high volume low value ordering.
ePayments	
<ul style="list-style-type: none"> • Procurement cards for certain purchases. 	<ul style="list-style-type: none"> • Approximately 200 pCards have been handed out, but their roll out has been slow and focused to a few niche applications.
<ul style="list-style-type: none"> • Invoices entered into purchase ledger via the internet or electronic transfer. 	<ul style="list-style-type: none"> • This is being trialled with the internal Trading Unit 'County Supplies' later this year.
eSourcing (also transactions, content and MI)	
<ul style="list-style-type: none"> • Supplier self-service (ability to view own account). 	<ul style="list-style-type: none"> • Limited to certain aspects of catalogues or transactions present on the Vantage Marketplace for the suppliers using this tool.
<ul style="list-style-type: none"> • Reverse auctions. 	<ul style="list-style-type: none"> • One auction was run with mixed results and support for further auctions is limited
<ul style="list-style-type: none"> • Request for electronic quotations. 	<ul style="list-style-type: none"> • Available to four suppliers that have been specifically adopted for this on the Vantage Marketplace. 72 RFQs have been made.
<ul style="list-style-type: none"> • e-Tendering. 	<ul style="list-style-type: none"> • Being trialled by the CPU since June 2006: 1 tender completed; 2 are in-progress; and 1 is planned. All future tenders will be through this system.
<ul style="list-style-type: none"> • Opportunity notification on-line. 	<ul style="list-style-type: none"> • "Source Nottinghamshire" has just gone

Process	Current Status
	live and it will allow buyers to publish opportunities electronically across the region.
<ul style="list-style-type: none"> Supplier Accreditation. 	<ul style="list-style-type: none"> Third party accreditation (Exor) is encouraged for suppliers that regularly tender for Council business. This is currently run as a county wide initiative, inviting local districts to participate.

4.4 Current sourcing approach

Sourcing is one of the most important aspects of procurement. It includes forecasting demand, defining specifications, assessing the market for best fit to needs, evaluating competing suppliers for best deals, agreeing and implementing contracts, monitoring quality of supply and compliance to contracts, ensuring benefits and saving are achieved, and managing the transition between contracts on termination. Critically, sourcing should not be confused with transactions processes such as stocking, ordering, transporting, invoicing, paying, etc.

In recent years, there have been significant initiatives to make the sourcing of certain categories more corporate (for example, vehicles, legal services), or at least centralised by department (for example, food products, ICT, transport, books). Despite this effort, many supply categories do not display the extent of corporate control that we would normally expect, given their value and the potential to realise financial benefits; examples of these categories include, agency workers, ICT, and print.

This issue is recognised within the CPU. Indeed, recently three new projects were initiated to deliver significant savings: Print Services, Agency Workers and Printer Consumables. Unfortunately, despite the potential to deliver savings, these projects have not been as successful as expected, due to a number of issues, for example:

- Print services tender: was abandoned after an external partner pulled out;
- Agency workers tender: was broken up into numerous sub-projects, due to differing views of requirements and how the end contract should be structured, and is only 30% complete to date; and
- Printer consumables contract: this contract could, theoretically, deliver significant savings. However, take-up of the contract across the Council has been very low – estimated as approximately one third of printer consumable spend – and, therefore, the benefits of this contract are not being delivered.

There has been work across the Council for the past few years to improve the procurement practices, but our analysis shows there are still areas for improvement:

Value for money – is not consistently obtained due to resistance from the users. Several procurement projects run by the CPU have had price criteria as a minor factor in the decision making process. Indeed, we have found that price has contributed as little as 20% to the overall procurement evaluation for some commoditised goods and services, whereas between 50% and 75% is typical in the sector for these spend areas. We understand that this issue is often worse in procurement projects not involving the CPU; for example, the recent procurement of photocopying machines.

Selection of suppliers and compliance with corporate contracts – there is evidence of a drive towards supplier rationalisation which should yield important benefits, but evidence from data analysed suggests that over 15,000 suppliers are still used every year by the Council, with expenditure ranging from a few pence to many millions of pounds. Although many departments buy the same goods and services, they select their own suppliers, at times ignoring corporate contracts that have been set up. This reduces the Council's overall spending power.

Creation of contracts – many of the relationships that the Council has with suppliers selected by Departments are not the result of competitive and open market tendering, hence breaching public sector procurement legislation. A consequence of this has been that many of the areas where savings could be achieved through an open competitive process have not been delivered as relationships have been formalised non-competitively. More recently, procurement legislation is being more actively followed. However, a number of long term contracts have been put in place without a high emphasis on delivering savings. Examples of this include building supplies and agency workers.

Collaborative working – the Council has ongoing discussions with the local districts and with neighbouring County Councils, but the main area for collaboration is typically with the City Council, and it relies on officers' goodwill rather than any senior sponsorship. An example of this is the collaborative print project, which was abandoned when the City pulled out of the project after it had started. Collaboration with the health sector is a key requirement for social services commissioning, and although relationships have been fraught, we understand effective progress is being made. Recent examples of collaborative procurement have included, broadband provision with other organisations in the region, food supplies with the City Council, and Legal Services with approximately half the local authorities across the region.

We have provided a more detailed analysis of spend categories in Appendix A.

5. Improvement programme components

5.1 Introduction

This section provides more details on the scope, objectives and activities within each of the proposed project streams, and on the overarching programme organisation and governance arrangement to enable the transformation of procurement and the delivery of the projected benefits.

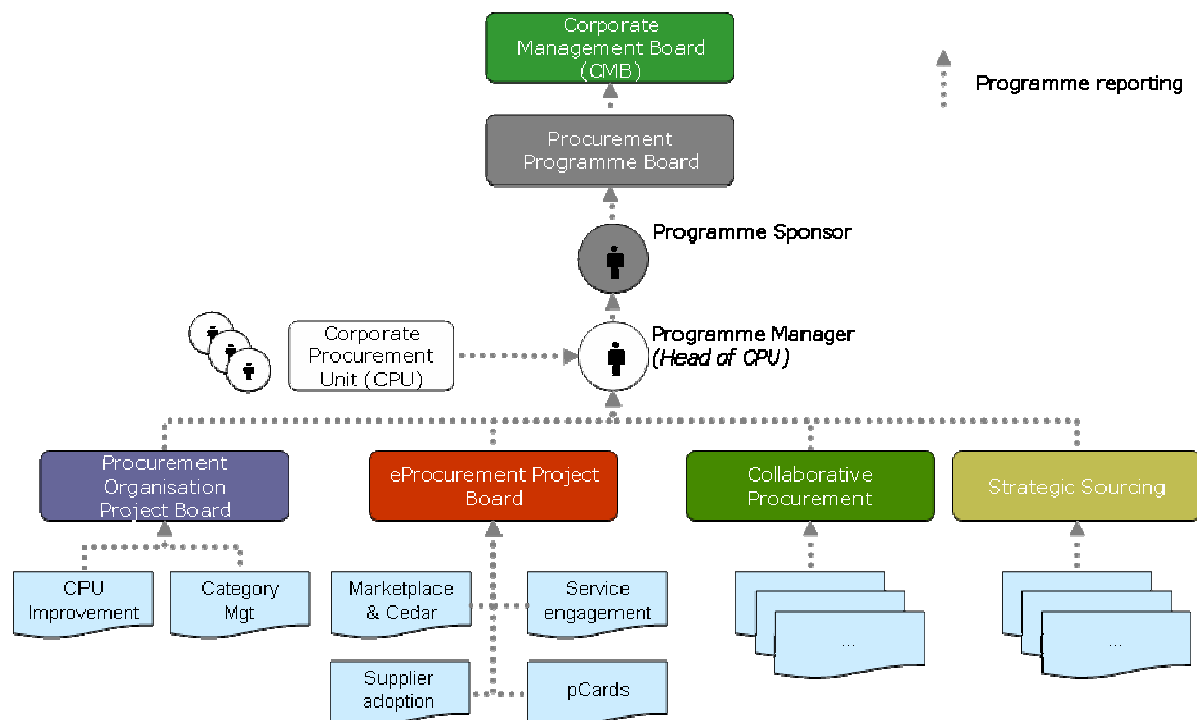
Costs and benefits are listed within each of the streams. It is important to understand that whilst the majority of costs relate to the Organisation and eProcurement streams, and the quantified cash savings come solely from the Strategic Sourcing project, these cannot be delivered in isolation and the delivery of the Strategic Sourcing savings are subject to the successful implementation of an appropriate procurement structure in the Council.

Furthermore, efficiency benefits which could be expected from eProcurement have not been quantified. Nevertheless, we believe that these should at least equal the required investment in the short term.

Costs quantified in this section are incremental costs related to specific project activities, costs which would not be incurred if the projects were not carried out. Costs such as staff time or use of existing infrastructure are not included in this assessment. However, to be prudent, we have included the full staffing costs associated with the Corporate Procurement Unit as part of our analysis, as we believe these resources will be fundamental to the delivery of the programme benefits in the medium term.

5.2 Programme governance

From our analysis of current procurement practice, existing procurement projects and our recommendations, it is apparent that the Council should establish a formal programme of procurement improvement. We would recommend the following as a potential programme structure, showing the key projects and workstreams that would be managed by the Programme Board:



The Programme Board

The Programme will be led by a Chief Officer sponsor, who will be responsible for leading the procurement improvement agenda across the Council. The Board should comprise of the following key roles:

- Programme Sponsor – the chair of Board meetings and over-arching leader of procurement improvement across the Council. This role may be taken either by the Director of Resources, or the Director of one of large procurement spending departments.
- Lead Supplier – this is likely to be the senior manager responsible for the Corporate Procurement Unit that will, in turn, be key to delivering much of the work for the programme.
- Senior Service representatives – we would encourage no more than two senior service managers to be part of the Board. The role of these individuals will be to provide the link between services and the programme, ensuring that the objectives and direction of the programme and operational departments are aligned.

Programme Management

We would recommend that the programme, to be effective over the coming 2-3 years, has a dedicated Programme Manager. This role is responsible for reporting the progress of the key projects to the Board, acting on the direction of the sponsor, co-ordinating the key projects, escalating key risks and issues, and ensuring that the Procurement Business Plan is delivered on time and to budget.

All the Project Managers responsible for the component parts of this programme should report to the Programme Manager.

Programme Mobilisation

Having established a strong governance structure, the Board will need to agree the plan and approach to implementing the Procurement Business Plan. This may include, for example:

- Evaluate and sign-off Procurement and eProcurement plans – the Procurement Programme Board (PPB) should scrutinise the proposed plans and ensure the Council is in a position to commit resources to deliver them before it becomes responsible for delivering them.
- Establish the programme delivery structure for the agreed plans – the structure and investment described in the implementation plan needs to be implemented: including category manager recruitment and training; training and development of for CPU officers; recruitment of project teams to deliver the programme.

Communications and Compliance

Raising the profile and importance of good procurement will be critical not only to delivering potential savings by achieving compliance to corporate contracts, but also to running successful tendering projects. The Programme Board will be responsible for the promotion of procurement initiatives and will support the objectives of the CPU to increase take-up of corporate contracts.

5.3 Organisational Change

5.3.1 Description

This project will build on the analysis within this business plan, to:

- Design and implement a more strategic proactive Corporate Procurement Unit – which has a refocused objective and prioritised plan to support and lead sourcing projects across the Council, to deliver cashable savings and improve supplier performance.
- Design and implement a Council-wide 'category management' structure, embedding best practice professional procurement, managing sourcing projects, and promoting use of and compliance with official contracts. The aim should be to establish centres of procurement excellence within each service to improve the effectiveness and value of procurement activity.

The objectives of this workstream are:

- To define the operational structure of CPU;

- To define the staffing levels and composition of the new CPU;
- Implementation of CPU structure, roles and responsibilities;
- Define Category Management roles and responsibilities;
- Establish Category Management organisation and process Council wide;
- Change management and 'marketing' of Category Management principles and practice with Departments.

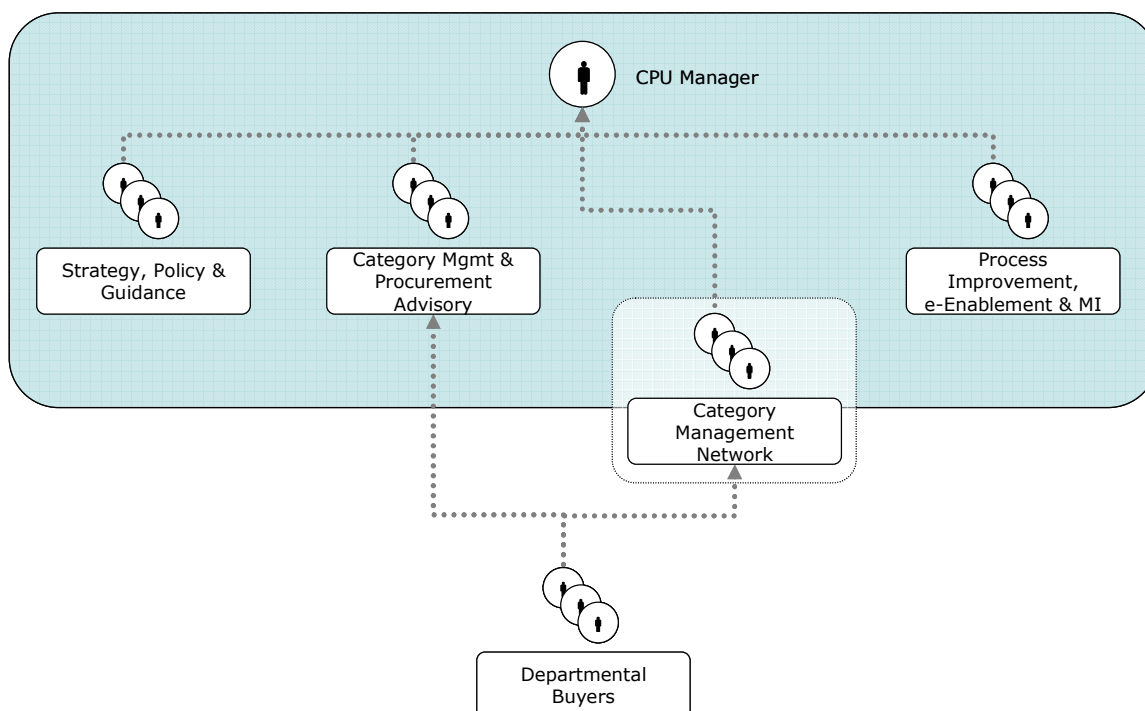
5.3.2 Rationale

Consolidation and focusing of procurement resources will be necessary to take advantage of the significant buying power of the entire Council within the constraints of the establishment budget for the CPU. To effect this change to the procurement operations in a sustainable manner it is necessary to establish a pool of resource dedicated to the task.

The delivery of each of the other workstreams defined within Strategic Procurement is predicated on establishing this corporate function.

5.3.3 Corporate Procurement Unit

It is expected that the CPU will adopt the following structure:



The CPU will have the following responsibilities:

Key area	Explanation
Strategy, Policy & Guidance	<ul style="list-style-type: none"> • Overall procurement strategy – based on best practice and new policy priorities set by the Council and nationally; • Legal compliance; • Monitor government agenda & policy; • Engage with local, regional and national centres of procurement activity; • Develop procurement guidance; • Lead organisation of procurement training.

Key area	Explanation
Category Management & Procurement Advisory	<ul style="list-style-type: none"> • Develop supplier account & management plan; • Coordinate supplier relationships; • Own & manage single Council-wide contracts register; • Lead defined corporate categories; • Support service based category managers; • Develop role of SMEs; • Support special projects and provide procurement advice.
Coordination of the Category Management Network	<ul style="list-style-type: none"> • Coordinate the role of Category Managers across the Council • Assist CMs to develop supplier account & management plans • Support the professional development and training of category managers • Support special projects
Process Improvement, e-Enablement & Information Management	<ul style="list-style-type: none"> • Define purchase to pay process; • Develop and maintain eProcurement tools; • Prepare and own business case for procurement process/technology change; • Provide spend analyses; • Deliver savings reports; • Monitor contract compliance and benefit delivery; • Maintain catalogue & systems content.

5.3.4 Category Managers

Category Managers will typically manage between £5m and £10m of spend, so it is possible that some Category Managers will oversee more than one category, or that they will have responsibilities beyond their assigned procurement categories.

Category Managers are responsible for securing quality, value for money and supply improvements across the life cycle of their nominated categories for the entire organisation. Within their categories their responsibilities would include:

- Applying category and market expertise to the benefit of the Council;
- Acting as a source of procurement expertise and a driver for procurement related developments for officers involved in buying or using their categories;
- Develop specifications and requirements for the various categories (goods and services), based on both existing business needs and emerging trends that may alter the Council's future demand;
- Defining the tender/sourcing strategy and the approach to market (collaboration, block contracts, spot buying, framework contracts, etc.);
- Overseeing procurements and managing them for significant contracts;
- Design, agree and drive changes to how supplies are managed, including tendering, supplier management, contract terms, ordering and payment, stocking, etc; and
- Ongoing management including performance, contract compliance, escalation point for issues, capturing and improving expected benefits, etc.

Category Managers would not be responsible for transactional procurement activity, such as:

- Processing orders and payments, or queries related to these;
- Inspecting quality of deliveries;
- Authorising expenditure;
- Operation of contract and management of delivery of goods/services procured.

Based on our analysis of the Council's spend, the table below shows our proposed set of categories which should be assigned to a professional Category Manager or Category Management team. It should be noted that this list is an initial proposal. Indeed, one of the first tasks of the Organisation Project within the Procurement Improvement Programme, will be to confirm the list of categories, to appropriately assign individuals to these roles, identify current gaps in skills and capacity, and develop an initial development plan to address training, recruitment and possibly any redeployment requirements.

Category	Spend	Category Responsibility
Care Provision (Adults)	£ 93,250,000	Adult Care
Equipment, Furniture & Materials (Care Homes)	£ 750,000	Adult Care
Legal Services	£ 2,900,000	Chief Exec's – Legal
Care Provision (Children)	£ 6,700,000	Children Services
Catering (Schools, Care, Country Parks)	£ 7,325,000	Communities – Catering
Engineering Consulting	£ 2,500,000	Communities – Highways
Highways Commodities (Goods and Services)	£ 2,000,000	Communities – Highways
Road Surfacing contractors	£ 1,250,000	Communities – Highways
Books (Library & Schools)	£ 2,260,000	Communities – Libraries
Traning (Learning & Skills Council)	£ 2,850,000	Communities - Regeneration
Passenger Transport (NITC)	£ 18,350,000	Communities – Transport
Waste Management	£ 17,700,000	Communities – Waste
Equipment, Furniture & Materials (Corporate)	£ 1,533,000	Corporate
Hotels & Conference Facilities	£ 950,000	Corporate
Office consumables (paper, stationery, IT)	£ 2,500,000	Corporate
Post (Services & Equipment)	£ 1,200,000	Corporate
Technical & Management Consultants	£ 2,300,000	Corporate
Print & Design (External Services)	£ 1,100,000	Resources - DP&P
Printing & Copying Equipment	£ 2,167,000	Resources - DP&P
Advertising	£ 2,575,000	Resources - HR
Agency Workers	£ 7,500,000	Resources - HR
Training (Corporate)	£ 950,000	Resources - HR
Insurance	£ 3,500,000	Resources - Finance
Computer Consultants	£ 900,000	Resources - ICT
Computer Hardware (Corp & Schools)	£ 10,500,000	Resources - ICT
Computer Software	£ 4,200,000	Resources - ICT
Telecoms (Voice & Data)	£ 5,000,000	Resources - ICT
Building Contractors	£ 6,100,000	Resources - Property
Building Commodities (Goods and Services)	£ 1,000,000	Resources - Property
Double Glazing Suppliers	£ 1,875,000	Resources - Property
Roofing Services	£ 1,200,000	Resources - Property
Utilities & Energy	£ 9,250,000	Resources - Property

5.3.5 Assumptions

The main assumptions associated with this work area are as follows:

- That there will be acknowledgement of and agreement to the assumption that a centralised procurement (CPU) team dedicated to developing procurement strategy, professionalism and compliance continues to be necessary.
- The design of the new CPU will be based on the roles of corporate category management, procurement advisory and procurement development.
- Non-corporate or specialist Category Managers will be physically located in departments, i.e. they will not be co-located within the CPU.
- The Category Managers will be engaged in the management of demand for corporate commodities, such as office equipment, furniture, advertising, publicity, venue hire, etc to help control procurement expenditure.

5.3.6 Costs

It is expected that the new CPU will be designed within the constraints of the current establishment budget; hence no additional revenue budget will be required for it.

Most category management roles will be absorbed by existing resources in the services, hence attracting no further investment. However, it is expected that some categories will need additional investment and an assumption of 3.5 FTE new posts (£45k each including on-costs) has been made for the purposes of the business case. To improve the cash flow of the project, only categories where adequate resources exist will be addressed in Year 0, and new category managers will be recruited to start in year 1 (for April 2007). During the implementation of this project, the categories where additional investment is required will be identified and this section of the business case updated.

Expecting that, in some cases, initial responsibilities of Category Managers will require additional time, provision has been made for backfilling some posts during the initial years of the programme. Similarly there will be requirement for training relating to, for example, category management, strategic sourcing, technology, and implementing new procurement policies.

	2006-07	2007-08	2008-09	2009-10	2010-11
Programme costs					
Corporate Procurement Unit Budget	-£329,000 ³	-£317,000 ⁴	-£331,000 ⁵	-£346,000	-£359,000
New Category Management posts	£0	-£157,500	-£164,000	-£170,000	-£177,000
Backfill provision	-£10,000	-£40,000	-£30,000	-£20,000	£0
Training	-£10,000	-£20,000	-£15,000	-£5,000	-£5,000
Total Costs	-£349,000	-£534,500	-£540,000	-£541,000	-£541,000

5.3.7 Non-quantifiable benefits

Building capacity and expertise in the Council to professionalise procurement is the most important enabler to delivering financial savings from procurement. However, we have not attributed financial savings directly to this project stream as they are associated with specific areas of spend (detailed within the 'Strategic Sourcing' workstreams). The following represent the key benefits that will be achieved by this project, although it is not possible or appropriate to quantify them:

- **Organisational capability** – the establishment of a centralised team of procurement expertise will provide the Council with the potential to achieve sufficient 'critical mass' in terms of procurement good practice to result in an increase in the 'average' level of skill and knowledge across the Council. Having a permanent, internal team (rather than temporary, external in the

³ £308k is the base budget for CPU, excluding carry forwards and other one-off revenue items

⁴ Incorporates the planned efficiency savings target already set for the CPU

⁵ Anticipates 4% increase in salaries, on average per annum

case of consultants) should improve the effectiveness of knowledge transfer through the organisation.

- **Recognition of procurement excellence** – successful outcomes of the proposed organisational changes will provide the Council with credibility both regionally and nationally as a leading player in procurement innovation in Local Government
- **CPA achievement** – successful outcomes of the changes will contribute towards the Council's continued performance in the CPA process.

In addition, our aim will be to ensure that key stakeholders – for example, heads of service, internal users of corporate contracts and category managers – recognise the financial and performance benefits of actively working with the CPU and complying with corporate procurement policies and processes. Their perception of the CPU can be assessed both informally, and formally; for example through questionnaire-based assessment.

5.3.8 Risk assessment

Description / Implication	Mitigating action	Probability / Impact
The concept and definition of 'category management' is not understood consistently by senior management. This may result in a disjointed implementation of the approach and hence a reduction in effectiveness and compliance with the business case.	PPB to facilitate consistent understanding between senior managers. Work to establish a single, agreed definition prior to the start of the project implementation.	Medium / High
Not establishing sufficient or adequate resource within the Corporate Procurement Unit will result in lack of coordination of all elements of the Strategic Procurement project resulting in reduced effectiveness against the business case.	Ensure that the Procurement Programme Board are aware of the dependencies associated with the CPU in terms of its coordinating role and the potential effect on the outcome of the programme	Medium / High
There is resistance from departments or individuals to the establishment of Category Manager roles and/or to the use of the CPU based on existing 'custom and practice'. This may cause the perpetuation of unconsolidated buying and significantly undermine the effectiveness of the programme.	Ensure that departments are engaged and bought into the concept at a senior level through discussion with CMB and DMTs. Define appropriate mechanisms with individual Directors for effectively implementing Category Management in each Department.	Medium / High
Unable to recruit to new posts because of lack of market interest or inadequate (internal) skills	Ensure that posts are advertised/targeted appropriately, including the potential use of recruitment agencies. Engage consultancy support on a temporary basis where necessary. Consider alternative structural arrangements.	Medium / High
Unable to recruit to new posts because of lack of market capacity – demand is high and suitable candidates may not be obtained.	Consider the possibilities of establishing 'home-grown' category managers.	Medium / medium

5.4 Strategic sourcing

5.4.1 Description

Strategic sourcing is the improvement to current and future contracting arrangements with suppliers used across the Council. It will consider procurement opportunities in a Council-wide context to ensure that buying power and value are optimised.

The objectives of this project are:

- Creation of a sourcing plan demonstrating what contracts are expiring and when;
- Definition of what opportunities exist to consolidate or otherwise alter contracting arrangements to realise cost reductions while maintaining service levels;
- Definition (by contract) of how savings will be realised and on what timescale;
- Define the quantity of savings to be realised; and
- Launch and oversee delivery of the projects associated with the prioritised opportunities below.

Based on combined savings potential and ease of implementation, the table below is an optimal workplan for the Council to drive during the 2006-07 year, for benefits to be realised partly this year but mostly in 2007-08. Estimates from these projects suggest that there could be a reduction of up to £2m to the 2008-09 budgets, but further investigations into each project at the outset will validate these projections.

This is just a shortlist of the highest opportunity projects from the proposed Sourcing Plan, and implementing category management and strategic sourcing principles across more categories will speed up the delivery of savings.

Spend category	Explanation
Landline Telecommunications – Voice	<p>Independent of the infrastructure used, each Council site may rent voice lines from a common provider and use that same provider to carry voice calls. Moving from one of the larger more established companies can often derive reductions in cost. Consolidation of disparate contracts (e.g. within libraries, care homes or other remote sites) within a larger, corporately negotiated arrangement is also likely to result in cost reductions through an economy of scale.</p> <p>Experience from running similar projects elsewhere suggests savings of between 10% and 50% are possible. Such a project would be simple to run, with switching costs between suppliers tending to be low. It is also a perfect opportunity to demonstrate the value of eAuctions.</p>
Computer Hardware	<p>Desktop hardware (PCs, laptops, tablet PCs, etc.) have become hugely commoditised and providing a contract is let with recognised manufacturers and distributors, there is great flexibility in both the choice of equipment available and the replacement cycle.</p> <p>Recent comparable projects run by the Office of Government Commerce using eAuctions have claimed savings of between 15% and 40% on the incumbent cost of hardware. The Council's current contract with XMA has the flexibility to ensure all savings made by XMA are passed on to the Council. As such, working that contract harder through tighter management of the vendor is likely to realise great savings.</p> <p>Some negotiation will have to take place internally as there is resistance to multi-manufacturer hardware environment. These issues will need to be well understood and factored into the selection criteria as appropriate. Again, this is a well proven area to realise benefits from reverse auctions.</p>
Passenger Transport	The integrated passenger transport initiative has proposed a saving of

Spend category	Explanation
	several hundred thousand pounds in the first few years of operation. If this proposal is approved, appropriate resources should be allocated to the successful and speedy implementation and roll out of the function.
Postage	<p>Recent regulatory changes provide the opportunity to generate savings of over 10% simply by changing who comes to collect the mail at the end of the day. The Council should act to better understand how it currently manages the process of transferring mail into the postal network. Many activities may represent a source of savings such as simple pre-sorting software, replacing franking machines by pre-printed envelopes, printing addresses in standard formats onto envelopes, etc.</p> <p>Some authorities have claimed over 20% savings on this category by combining a cheaper provider and changing the process through which mail is posted.</p>
Agency Workers	<p>For the categories of spend that have not yet been formalised within framework contracts, a more commercial approach should be taken to setting up the contracts, with the financial aspect of the bids being given greater prominence in the selection criteria.</p> <p>Further, and relevant to all frameworks currently in place, two process improvements will maximise cash savings while increasing service quality.</p> <ul style="list-style-type: none"> • Use of eRFQs - Utilising available eRFQ functionality with the suppliers on the framework will allow the user to choose the best qualified candidate for the lowest price in a fraction of the time that they would usually just be able to obtain one or two quotes. Typically this will not only save time but increase competition within the framework and drive out further savings. • Quality feedback - Every placement should be scored by the service user which is subsequently aggregated into an overall score for the agency. In time, it will become clear which agency is providing a better service allowing the Council to place more orders with the agency delivering the highest levels of service thus increasing overall quality. <p>Other aspects of agency worker management such as paying them through payroll after 12 weeks and expanding current registers with suitable candidates should also be maximised.</p>
Social Services & Building/Environment	<p>Due to the significant size of procurement expenditure in both of these areas, only a small percentage reduction in contract price is required to realise significant savings.</p> <p>Two feasibility studies have been proposed to identify specific opportunities within these specialist areas.</p>

5.4.2 Rationale

This work package forms the basis of the financial case for Professionalising Procurement. It is required to ensure that further value is extracted from current and future contracting arrangements and to fulfil the cost saving and efficiency targets set for procurement as a whole.

5.4.3 Assumptions

The main assumptions associated with this work area are as follows:

- A more influential Corporate Procurement Unit (CPU) will be established under the sponsorship of the CMB and PPB to provide the expertise to coordinate the activity required to realise the financial savings described below;
- There will be continued buy-in from departmental management and personnel to sustain the activity going forward;
- A Category Management structure will be established as part of the current organisational re-design;
- The CPU will complete and maintain a sourcing plan including full information about nature and expiry of current contracts around the Council from Quarter 3 (2006/07); and
- The quantifiable benefits stated in this report have been developed as estimates through discussion with purchasing staff around the Council associated with each spend category. Specific detail will be developed for each contract on expiry.

5.4.4 Costs

No incremental costs have been identified for this workstream.

5.4.5 Quantifiable benefits

Potential cash savings from strategic sourcing are estimated to be between £2.4m and £5.3m of annual spend. The business case is based on the average savings projected from this workstream, £3.85m. Using estimates of when certain projects may be completed we can arrive at a cash flow projection for the benefits of this workstream:

Project Savings	2006-7	2007-8	2008-9	2009-10	2010-11
Strategic Sourcing	£869,000	£1,760,000	£2,750,000	£3,390,000	£3,840,000
Total	£869,000	£1,760,000	£2,750,000	£3,390,000	£3,840,000

The table over the coming pages details the projected savings per sub category, based on the proportion of spend in the subcategory that is deemed to be most 'addressable' by strategic procurement practices. It should be noted that some of these anticipated savings – such as those associated with, for example, transport – are already being addressed by the Council.

CATEGORY	Addressable Spend	Savings					
		Low		Medium		High	
Advertising							
Publishers & Media	£ 2,317,500	2%	£ 34,763	3%	£ 75,319	5%	£ 115,875
Publicity Agencies	£ 59,000	1%	£ 590	2%	£ 1,033	3%	£ 1,475
Agency Workers							
Care & Social Workers	£ 2,700,000	7%	£ 189,000	10%	£ 270,000	13%	£ 351,000
Light Industrial & Professional	£ 1,800,000	7%	£ 126,000	10%	£ 180,000	13%	£ 234,000
Admin & Clerical	£ 900,000	7%	£ 63,000	10%	£ 90,000	13%	£ 117,000
Supply Teachers	£ -	7%	£ -	10%	£ -	13%	£ -
Books & Publications							
Library Stock	£ 1,808,000	1%	£ 9,040	1%	£ 18,080	2%	£ 27,120
Other Publications	£ 73,750	1%	£ 738	2%	£ 1,291	3%	£ 1,844
Catering							
Food	£ 1,340,000	1%	£ 13,400	2%	£ 20,100	2%	£ 26,800
Catering Equipment	£ 125,000	2%	£ 1,875	3%	£ 4,063	5%	£ 6,250
Computer Hardware & Software							
Hardware	£ 3,520,000	10%	£ 352,000	15%	£ 528,000	20%	£ 704,000
Hardware and Software	£ 850,000	10%	£ 85,000	15%	£ 127,500	20%	£ 170,000
Software	£ 1,250,000	1%	£ 12,500	2%	£ 25,000	3%	£ 37,500
Lease	£ 275,000	0%	£ -	1%	£ 1,375	1%	£ 2,750
Construction & Maintenance							

CATEGORY	Addressable Spend	Savings					
		Low		Medium		High	
Building Contractors	£ 3,050,000	1%	£ 15,250	2%	£ 53,375	3%	£ 91,500
Roofing Services	£ 600,000	1%	£ 3,000	2%	£ 10,500	3%	£ 18,000
Buildings (Section & Portable)	£ 167,500	1%	£ 838	2%	£ 2,931	3%	£ 5,025
Double Glazing Suppliers	£ 937,500	1%	£ 4,688	2%	£ 16,406	3%	£ 28,125
Highway Materials	£ 1,000,000	1%	£ 5,000	2%	£ 17,500	3%	£ 30,000
Road Surfacing contractors	£ 625,000	1%	£ 3,125	2%	£ 10,938	3%	£ 18,750
Building Commodities	£ 500,000	3%	£ 15,000	5%	£ 25,000	7%	£ 35,000
Equipment Furniture & Materials							
Office Furniture & Equipment	£ 1,150,000	3%	£ 28,750	5%	£ 57,500	8%	£ 86,250
Printing & Copying Equipment	£ 560,000	3%	£ 14,000	5%	£ 28,000	8%	£ 42,000
Mailing Machines	£ 450,000	3%	£ 11,250	5%	£ 22,500	8%	£ 33,750
Welfare Equipment	£ 375,000	1%	£ 3,750	2%	£ 7,500	3%	£ 11,250
Financial Services							
Insurance Premiums	£ 3,150,000	0%	£ -	1%	£ 15,750	1%	£ 31,500
Leasing Services	£ 300,000	0%	£ -	1%	£ 1,500	1%	£ 3,000
Leisure & Other Facilities							
Hotels and Conference Centres	£ 475,000	3%	£ 11,875	5%	£ 23,750	8%	£ 35,625
Leisure and Recreation Centres	£ 137,500	3%	£ 3,438	5%	£ 6,875	8%	£ 10,313
Children's Activity Centres	£ 20,000	3%	£ 500	5%	£ 1,000	8%	£ 1,500
Office Consumables							
Computer Consumables	£ 525,000	10%	£ 52,500	20%	£ 105,000	30%	£ 157,500
Paper	£ 840,000	3%	£ 21,000	6%	£ 52,500	10%	£ 84,000
General Stationery	£ 560,000	3%	£ 14,000	6%	£ 35,000	10%	£ 56,000
Print Design & Post							
Postage	£ 630,000	10%	£ 63,000	15%	£ 94,500	20%	£ 126,000
Printing	£ 420,000	3%	£ 10,500	5%	£ 21,000	8%	£ 31,500
Design	£ 120,000	3%	£ 3,000	5%	£ 6,000	8%	£ 9,000
Copyrighting	£ 100,000	1%	£ 1,000	2%	£ 2,000	3%	£ 3,000
Professional Services							
Legal Services	£ 2,320,000	2%	£ 46,400	5%	£ 104,400	7%	£ 162,400
Training Services	£ 3,420,000	1%	£ 17,100	1%	£ 34,200	2%	£ 51,300
Computer Consultants	£ 720,000	1%	£ 7,200	2%	£ 14,400	3%	£ 21,600
Management Consultants	£ 400,000	1%	£ 4,000	2%	£ 8,000	3%	£ 12,000
Environmental Consultants	£ 350,000	1%	£ 3,500	2%	£ 7,000	3%	£ 10,500
Engineering Consulting	£ 250,000	1%	£ 2,500	2%	£ 5,000	3%	£ 7,500
Social Care							
Care Homes	£ 37,500,000	1%	£ 187,500	1%	£ 281,250	1%	£ 375,000
Home Care	£ 5,500,000	1%	£ 27,500	1%	£ 41,250	1%	£ 55,000
Children Care	£ 3,350,000	1%	£ 16,750	1%	£ 25,125	1%	£ 33,500
Day Care	£ 1,375,000	1%	£ 6,875	1%	£ 10,313	1%	£ 13,750
Supported Living	£ -	1%	£ -	1%	£ -	1%	£ -
Telecoms							
Voice Lines and Calls	£ 3,150,000	15%	£ 472,500	23%	£ 708,750	30%	£ 945,000
Mobiles	£ 495,000	15%	£ 74,250	28%	£ 136,125	40%	£ 198,000
Broadband	£ 1,350,000	3%	£ 33,750	6%	£ 84,375	10%	£ 135,000
Landline Infrastructure	£ 252,000	1%	£ 2,520	2%	£ 5,040	3%	£ 7,560
Transport							
Bus and Coach Hire	£ 11,700,000	2%	£ 234,000	3%	£ 292,500	3%	£ 351,000
Taxi & Private Hire	£ 3,600,000	2%	£ 72,000	3%	£ 90,000	3%	£ 108,000
Ambulance Services	£ 1,215,000	2%	£ 24,300	3%	£ 30,375	3%	£ 36,450

CATEGORY	Addressable Spend	Savings					
		Low		Medium		High	
Bodybuilders & Repairers	£ 475,000	2%	£ 7,125	2%	£ 10,688	3%	£ 14,250
Utilities & Energy							
Water	£ 495,000	0%	£ -	2%	£ 7,425	3%	£ 14,850
Electricity	£ 3,600,000	0%	£ -	0%	£ -	0%	£ -
Street Lighting	£ 2,160,000	0%	£ -	0%	£ -	0%	£ -
Gas	£ 2,070,000	0%	£ -	0%	£ -	0%	£ -
Waste Management							
Recycling Centre	£ -	0%	£ -	0%	£ -	0%	£ -
Waste Disposal	£ -	0%	£ -	0%	£ -	0%	£ -
TOTALS	£ 119,457,750	2.0%	£ 2,413,138	3.2%	£ 3,854,999	4.4%	£ 5,296,861

5.4.6 Non-quantifiable benefits

The primary non-quantifiable benefit of Strategic Sourcing will be the acknowledgement by management, purchasing and operational personnel of an increased effectiveness of buying at the Council. Additionally, Strategic Sourcing will contribute to the Council's evaluation during its Comprehensive Performance Assessment.

5.4.7 Risk assessment

Description / Implication	Mitigating action	Probability / Impact
The savings estimated within this business case are not sufficiently accurate to form appropriate detailed targets for the workstream going forward.	The figures contained in this document should be revised in the context of specific contract renewal activity.	Medium / High
Category Managers will not have the experience or skills needed to deliver the required savings on expiry/renewal of a contract.	Ensure the job descriptions for Category Managers reflect the requisite duties and skills. Ensure nominees/appointees understand and can demonstrate these skills. Where no demonstrable previous experience exists, a development plan is to be created and appropriate mentoring arrangements made.	Medium / High
Lack of buy-in to a corporate approach to sourcing undermines the effectiveness of the CPU and its ability to generate savings from revised contracting arrangements.	Ensure Departmental Management Teams are supportive of both the Category Management and CPU concepts. The PPB and the Head of Procurement to ensure Directors are fully briefed on the requirements and implications of the outputs of this organisational change.	Medium / High

5.5 eProcurement

5.5.1 Description

The e-Procurement workstream should build on the existing Marketplace Project which will complete the technology implementation in October 2006. The focus of this project should be to accelerate the process of engaging with both suppliers and services, to roll-out:

- The use of the corporate, on-line 'purchase to pay' system (using Cedar and the marketplace);
- On-line request for quotations (using the marketplace);
- Management reporting and procurement intelligence; and
- Purchasing cards.

This project stream should be evaluated by the volume and value of transactions being processed through the e-procurement infrastructure, reductions in transaction administration costs, and through the quality of management information that is generated to assist with monitoring compliance and informing future sourcing projects.

To deliver process efficiencies from e-procurement – whether it is pCards for agency workers, eInvoicing for library books, consolidated invoicing for milk, eRFQs for Highways materials or self billing for internal trading units – there is a need to modernise both procurement processes and improving aspects of existing procurement policy. The eProcurement Board should undertake a more detailed analysis of spend areas to prioritise the opportunities and secure support for the roll-out of e-procurement technologies and process improvements.

The future eProcurement roll out might be characterised by the following key points:

- Senior officers signing up to a plan to pilot a number of procurement technologies and process changes with a view to formally assessing their value and then deciding to reject the concept or firmly support its corporate implementation;
- Increasing the visibility, scrutiny and accountability of the eProcurement project;
- Ensuring that beyond October 2006 there is capability and expertise to define, demonstrate and deliver the business benefits of procurement technology; and
- Integrating the operation and planning of the Corporate Procurement Unit and the eProcurement team.

5.5.2 Rationale

The e-enablement of procurement processes is seen as a major source of cashable and non cashable efficiencies, as well as the foundation of effective delivery of sourcing benefits through contract compliance and monitoring. At this point in time the capital funding associated with eProcurement has been spent and business cases have not yet been submitted for future development.

5.5.3 Assumptions

The main assumptions associated with this work area are as follows:

- The current eProcurement project team is dissolved on completion of their contracts and the CPU will retain capacity only to maintain the rolled out infrastructure with limited expansion plans;
- The PPB will sponsor a review of the technology and processes supporting procurement and a business case for prioritise future activity and investment; and
- Any future projects will be part of the wider procurement programme overseen by the PPB.

5.5.4 Costs

As the exact content of this project is not yet known, some assumptions were made about potential investment levels over the coming years. These are based on moving from a large team and broad activity range to a more focused implementation of specific tools overseen by a small team. The permanent staff would be funded from within the CPU budget and do not appear in this section.

	2006-07	2007-08	2008-09	2009-10	2010-11
Technology & roll-out costs	-£100,000	-£75,000	-£50,000	-£25,000	-£10,000
Total Costs	-£100,000	-£75,000	-£50,000	-£25,000	-£10,000

5.5.5 Quantifiable benefits

Further work needs to be undertaken to quantify potential benefits, and these would include:

Potential benefit	Measurement method
Reduce invoice processing costs.	Unit cost of invoice processing x number of invoices processed.
Improve speed of purchasing transactions.	Average time of order to goods received x number of orders raised.
Increased speed of supplier payment.	BVPI8.
Improved compliance with corporate contracts.	% transactions and % value of relevant spend actually channelled through corporate contracts.
Faster RFQ & ITT processes.	Unit cost of running tender projects and of requesting quotes from framework contracts.
Deliver greater contract discounts through eAuctions.	Difference between best indicative quote during ITT and quote at end of auction.
Compliance to modernisation agenda (NeSS).	Meeting eProcurement Priority Outcomes.

5.5.6 Non-quantifiable benefits

As no specific project has been set up, it is not practical to quantify the expected benefits, but they will include:

- Easier to access and more intuitive management information; and
- Enhanced traceability and accountability as transactions can now be easily audited.

5.5.7 Risk assessment

Description / Implication	Mitigating action	Probability / Impact
The current systems being rolled out may not achieve critical mass by the time the implementation teams are disbanded. This would result in a reduction in their use and gradual disappearance rather than growth, hence delivering very limited benefits from the £500k investment.	Start evaluation of required future infrastructure as early as possible, ideally with the expertise of the current implementation team, to focus available resources and engage users to secure a viable future for key technologies and benefit delivery to the Council.	High/High
An uncontrolled end to the two year eProcurement project could	Effective internal communication of plans and activity for eProcurement, as well as of	Medium/Medium

Description / Implication	Mitigating action	Probability / Impact
result in a significant loss of goodwill with potential users and undermine future activity and benefit realisation.	successes and benefits delivered to services.	

5.6 Collaborative procurement

5.6.1 Description

This is defined as the procurement activities in which the Council is involved with other agencies. This may include District Councils, other local authorities or other procurement organisations.

The objectives of the project are to:

- Assess available collaborative procurement opportunities;
- Identify the Council's procurement priorities (with reference to the Procurement Strategy etc);
- Define which opportunities are aligned with the priorities and recommend to the Board which the Council should be involved in;
- Define what specifically the Council's role and activities will be in each opportunity; and
- Establish effective management arrangements for ongoing collaboration partners, for example, such as the East Midlands Centre of Excellence, the 3 counties partnership, Nottingham City Council. We appreciate that the Council will be formalising its relationship with PCTs for social care services, along with other care agencies, to deliver joint commissioning arrangements.

5.6.2 Rationale

In order to contribute to the overall benefits sought from the Strategic Procurement workstream, it will be necessary to develop procurement arrangements with other entities whether they are neighbouring Councils or other bodies such as Health Trusts.

5.6.3 Assumptions

The main assumptions associated with this work area are as follows:

- This work package will become part of the day-to-day operational work of the Corporate Procurement Unit;
- The drive for closer working with regional County Councils, District Councils, City Council and Health will continue to be a focus area for the Council; and
- Where sought, cooperation from organisations with which collaborative procurement arrangements are made, will be given.

5.6.4 Costs

No incremental costs are predicted.

5.6.5 Quantifiable benefits

By definition, this work is operational in nature and as such has no specific quantifiable benefits at this point in time. However, the following are stated as critical success factors for the purposes of benefits realisation going forward:

- Documented and rationalised statement of the percentage and/or absolute cost savings associated with each collaboration opportunity pursued; and
- Realisation of measurable cashable savings (in relation to strategically sourced arrangements without collaboration) for pursued opportunities.

5.6.6 Non-quantifiable benefits

Collaborative procurement is expected to deliver opportunities for:

- More efficient use of procurement and contract management resource between local authorities on joint projects;
- Spreading best practice and closer working at both tactical and strategic levels; and
- Potential improvements to market competitiveness through joint working.

5.6.7 Risk assessment

Description / Implication	Mitigating action	Probability / Impact
The other duties of personnel within the CPU will mean that collaborative procurement objectives will not be progressed.	Ensure that there is unambiguous and approved (by the Procurement Programme Board) priority setting for the CPU and for agreed collaboration projects.	Low / High
The business model/ethos adopted by potential partners is not compatible with the objectives and critical success factors of this workstream.	Build close working relationship with management at key partners to communicate requirements of Council buyers. Maintain contingency plans for all collaborative projects should collaboration become unviable.	Medium / High
Political (small 'p') motivations for entering into specific collaborative procurement arrangements undermine an objective financial assessment.	Any such issues will be identified by the Head of Procurement the implications of which are communicated quickly and clearly to the Programme Board.	Medium / High

5.7 Financial analysis

5.7.1 Overview

From our analysis, we believe that this programme should return an indicative, positive net present value (NPV) of £8.75m over the coming 5 years. This is based on a reduction in annual expenditure of over £3.8m (by year 5) and annual costs of around £0.6m for the CPU, category managers and project resources. It should be noted that, from a budgetary perspective, the costs for the CPU are already incurred by the Council and we are not proposing an increase in CPU spend.

	2006-07	2007-08	2008-09	2009-10	2010-11
Programme costs					
Corporate Procurement Unit Budget	-£329,000	-£317,000	-£331,000	-£346,000	-£359,000
New Category Management posts	£0	-£157,500	-£164,000	-£170,000	-£177,000
Backfill provision	-£10,000	-£40,000	-£30,000	-£20,000	£0
Training	-£10,000	-£20,000	-£15,000	-£5,000	-£5,000
Technology	-£100,000	-£75,000	-£50,000	-£25,000	-£10,000
Initial consultancy	-£50,000	£0	£0	£0	£0
Contingency	-£25,500	-£43,875	-£38,850	-£33,000	-£28,800
Total Costs	-£524,500	-£653,375	-£628,850	-£599,000	-£579,800
Savings					
Procurement cash savings (Medium)	£869,000	£1,760,000	£2,750,000	£3,390,000	£3,840,000

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Cash Flow	£345,000	£1,107,000	£2,121,000	£2,791,000	£3,260,000
Discount Factor @3.5%	1.0000	0.9662	0.9335	0.9019	0.8714
NPV	£345,000	£1,069,000	£1,980,000	£2,517,000	£2,841,000
Cumulative NPV (cashable)	£345,000	£1,414,000	£3,394,000	£5,911,000	£8,752,000

5.7.2 Additional assumptions

Aside from the assumptions discussed earlier in this section around staffing and eProcurement, a provision has been made to engage consultants to help shape, design and kick off the transformation programme, including support for the implementation of the new structure and new ways of working.

A 15% contingency cost has been included based on variable costs (not including the establishment CPU budget). These have not been allocated, and will serve to mitigate the effect of unforeseen issues on the successful delivery of the identified savings. Examples of difficulties can include not being able to recruit adequate staff at planned salaries or quickly enough, or needing to buy in category expertise for one off projects.

5.7.3 Financial model sensitivity

The largest number in the financial model is the projected cash savings from strategic sourcing, and this is based on an average of a low savings estimate and a high savings estimate. The below table shows that if the programme were to deliver on either extreme of this band, the impact on the NPV could be as much as £4.3m over the next five years.

This emphasises the importance of the timely and successful delivery of the building blocks identified as enablers for the Strategic Sourcing workstream: Organisation, eProcurement and Collaboration.

Scenario 1 - Low procurement savings	2006-07	2007-08	2008-09	2009-10	2010-11
Procurement Cash Savings	£578,000	£1,130,000	£1,720,000	£2,120,000	£2,410,000
Total Cash Flow	£53,500	£476,625	£1,091,150	£1,521,000	£1,830,200
Discount Factor @3.5%	1.0000	0.9662	0.9335	0.9019	0.8714
NPV	£53,500	£460,507	£1,018,600	£1,371,855	£1,594,914
Cumulative NPV (Low savings)	£53,500	£514,007	£1,532,607	£2,904,462	£4,499,376

Scenario 2 - High procurement savings					
Procurement Cash Savings (High)	£1,160,000	£2,396,000	£3,774,000	£4,662,000	£5,276,000
Total Cash Flow	£635,500	£1,742,625	£3,145,150	£4,063,000	£4,696,200
Discount Factor @3.5%	1.0000	0.9662	0.9335	0.9019	0.8714
NPV	£635,500	£1,683,696	£2,936,031	£3,664,593	£4,092,467
Cumulative NPV (High savings)	£635,500	£2,319,196	£5,255,227	£8,919,820	£13,012,287

The worst case scenario from our sensitivity analysis would be a positive NPV of only £4.5m over 5 years, assuming that only minimal savings are realised with no commensurate reduction in procurement costs.

6. Appendix A - Category analysis

6.1 Overview

The Council's recent spend analysis project identified some key issues which illustrate the current purchasing process environment. These are summarised below:

- The Council actively uses approximately 15,000 suppliers to provide revenue funded goods and services per annum;
- Total annual revenue trade creditor expenditure, excluding grants, is approximately £200m per annum, relating to over 250,000 invoices and credit notes;
- Our analysis of current procurement practice and expenditure indicates that the potential savings from implementing a strategic approach to procurement, supported by e-procurement tools, could equate to budget reductions of between £2.4m and £5.3m over a four year period. Apart from the actual benefit of each project varying, the amount of spend which is not part of the Council's revenue budget will influence where within this band the final savings really are. For example, the data analysis carried out includes spending by schools, on capital schemes and by trading units that would pass savings onto external parties.

The financial purchasing data used within this section has been taken from the Spikes Cavell & Co analysis and is based on objective coding and the Thomson categorisation of supplier names. The spend data was extracted by the Council's finance department with an aim to only analyse revenue, recurrent creditor expenditure and exclude:

- Payroll, staff and Member expenses;
- Project and capital expenditure;
- School expenditure; and
- Grant expenditure.

Validation with departmental contacts confirmed that some grant, capital and school expenditure had been included. Some of this was identified and removed where appropriate before proceeding with the full analysis.

The analysis below relates to the main areas of Council expenditure, rather than providing a definitive assessment of all procurement activity.

6.2 Agency Workers

Definition	Agency fees, commissions and labour costs	
Total annual expenditure	£8,100,000	
Number of suppliers used	103	
Invoice volume	17,483	
Average invoice value	£463	
Largest spend categories	Care & Social Workers	c£3,000,000
	Light Industrial & Professional	c£2,000,000
	Supply Teachers	c£1,500,000
	Admin & Clerical	c£1,000,000
Largest buying areas	Social Services	£3,950,000
	Education	£1,900,000
	Environment	£890,000
	Policy & Resources	£670,000

	Culture & Community	£630,000
--	---------------------	----------

The approach to sourcing

Buying in this area displays some evidence of supplier rationalisation in all departments as no more than three or four suppliers account for the top 50% of spend. However the remaining 50% is supplied by almost 100 suppliers across the organisation, suggesting a potential for significant simplification and savings.

Care & Social Workers

The majority of spend (c80%) is managed by eight (8) suppliers in Social Services and there is work underway to set up a contractual framework for their operation. From the point of view of the CPU the focus of this project seems to be to implement a robust formal arrangement with the suppliers rather than to drive savings, and this balance should be addressed to ensure the opportunity to drive savings is not wasted.

Each care home places orders with any supplier they choose from the panel, depending on availability of suitable workers at each supplier and price. Some of the care homes are starting to use the electronic 'request for quotation' (eRFQ) functionality to quickly and easily compare the offerings from their panel of suppliers, and finding that this realises large time and cash benefits, the latter estimated at around 20%.

Supply Teachers

As part of the Management Choices package, the County operates a register of supply teachers that can be made available to schools as requested. When a specific skill set is not available within the register the County will source these requirements from outside agencies and pass the cost onto schools. Savings in this category will not directly impact the revenue budget of the Education Department as they would be passed onto schools.

Admin & Clerical

An in-house register of up to 200 staff is maintained by the Employee Service Centre (ESC) and requests for these types of skills are first sent to them. The use of these workers is paid through payroll and is not included in the c£1m of external spend. When suitable skills or capacity is not available from within the register, end users are referred to a framework agreement set up with two external providers at preferential rates.

The existing framework has been launched this year and is formed of two of the larger previous suppliers to the Council. The saving claimed from this project is £70,000, which is around 7%, below the average seen by other local authorities for this category. This may be due to the focus the project took, for example price was only 20% of the evaluation criteria for the suppliers, which is unusual for such a commoditised service.

Light Industrial & Professional

There are no formal contracts or managed long term relationships with the main current providers, but through reputation and experience of officers they continue to receive the majority of the business.

The framework contract which the City Council currently holds is being investigated to assess suitability and value for money to Nottinghamshire C.C. If it is deemed a good fit the Council will probably try to join into the framework to improve the current arrangements.

Strengths	Weaknesses
<ul style="list-style-type: none"> Large proportion of spend concentrated in few suppliers (top 10 suppliers account for 60% of spend) Range of providers used to encourage competition and secure supply Admin & Clerical internal register saves agency fees for much of this type of 	<ul style="list-style-type: none"> Long tail of unmanaged suppliers (over 100 in total) Competition not maximised as relationships with larger suppliers are not formally managed. Large amounts of manual invoice processing are needed to manage this

supply	category
Opportunities	Threats
<ul style="list-style-type: none"> Rationalising the supplier base into strong formal relationships through a competitive process can yield significant savings Collaborating with local councils or other public bodies would increase buying power and secure more attractive rates Challenge the need for agency staff on a "Make or Buy" basis. In some areas the Council should challenge whether it can more effectively manage staffing itself to reduce reliance on Agency staff. The experience from managing a register for school supply teachers and internal admin resources should be exploited to understand opportunities in this area 	<ul style="list-style-type: none"> The ongoing work to set up contractual frameworks across major spend areas is not being strongly supported by the services, resulting in a weakening of its competitive aspect and hence limiting the financial savings to be derived from it.

Recommended additional activity

- Care Workers: The Care Worker project should be reviewed to ensure there is an appropriate level of financial savings consideration given to the setting up of the framework agreement.
- All: Compliance to framework contracts should be encouraged through their promotion and usage monitoring. Service levels and price should be actively managed within the constraints of a medium term framework. Using eRFQ technology, as trialled by some care homes, could be extended to other areas and contracts, if successful.
- All: Use of modern procurement technologies such as eInvoicing or PCards should dramatically reduce the administrative burden of processing the invoices relating to this supply.
- All: Simple cost saving measures like paying agency workers out of payroll rather than through an agency after week 12 should be tracked and enforced.

6.3 Advertising & Promotions

Definition	Fees for creating and publishing advertisements (recruitment and other) and for support in running promotions or campaigns	
Total annual expenditure	£2,870,000	
Number of suppliers used	43	
Invoice volume	741	
Average invoice value	£3,871	
Largest spend categories	Publishers & Media	£2,575,000
	Publicity Agencies	£295,000
Largest buying areas	Policy & Resources	£2,470,000
	Environment	£220,000
	Education	£80,000
	Social Services	£75,000

The approach to sourcing*Advertising space in media*

The majority of advertising procurement is carried out by the Advertising and Recruitment team in the ESC. All recruitment adverts should go through the ESC, who charges departments internally for the cost of the advert plus a fee for typesetting and merging with other NCC adverts on that publication. This results in significantly cheaper rates than going direct to the market so take up is very high and virtually all adverts are now placed through this team for the Council.

As an organisation the Council is PPA accredited ('agency status') meaning it can negotiate discounts with publishers directly, and only needs to use external agencies for a limited number of publications where the Council's spend is not enough to attract good discounts.

By running an advertising agency in-house the Council avoids paying the related fees for these services, and by providing this service to some regional districts and other public bodies it is able to derive additional economies of scale. The last Best Value Review was carried out in 2001 and it found that the internal service was providing good value to the Council.

All advertisement requests are sent to the ESC for typesetting, consolidation and publishing in the relevant media. The ESC provides advice on where it is most effective to place each type of advertisement and provides alternatives to expensive publications where appropriate.

The ESC negotiates annual contracts with the main publications it uses. These all need renewing at different times of the year which makes it difficult for a large co-ordinated procurement project to provide any complete solutions.

The most significant area of improvement that is yet to be exploited to deliver savings is the concept of signposting, or web-centric advertising. This delivers savings by reducing the amount of space that each advert requires by limiting the information provided in expensive media and encouraging interested parties to access the information on cheaper media, such as the Council's own recruitment website. Barriers to this are cultural as managers fear that smaller ads will result in reduced interest, but also one of skills and resources, as if the ESC is to reduce the size of ads it receives from the users ('copyright') it will need to increase capacity and broaden the skill base of the current team.

Publicity & Agencies

The majority of spend in this sub category is grant funded promotional campaigns ran by the Environment Department (Road Safety) and publicised through radio and bus advertising. As these are not recurring expenditures there is no formal contract or structure to manage them beyond the specific campaigns.

Strengths	Weaknesses
<ul style="list-style-type: none"> ● PPA recognition means reduced prices without needing to pay agency rates ● Established existing process with which staff are familiar ● Centralised processing of ads means opportunities for cost saving initiatives like condensing space used, typesetting and publication advice are maximised ● Increased volume from outside partners affords greater discounts to the Council 	<ul style="list-style-type: none"> ● There is a very high dependency on one local publication for the majority of advertising (top supplier 30% of spend, top 5 suppliers 75%)
Opportunities	Threats
<ul style="list-style-type: none"> ● Reducing usage of printed press for advertising jobs and moving to a more web-centric approach could save a large proportion of the spend without necessarily impacting effectiveness of the campaigns 	<ul style="list-style-type: none"> ● Departments have become used to drawing up ads as they wish. Recruitment is an important issue and changing this approach may be difficult. ● The current employment freeze has reduced significantly the advertising spend and may impact on the ability to negotiate good rates for when normal activity resumes

Recommended additional activity

- Advertising: Investigate the possible savings available from moving to a web-centric advertising strategy and ascertain the impact this would have on response rates and on staffing/training costs.

6.4 Books and Publications

Definition	Books and Publications for stock in Libraries and for Professional Staff as learning and reference material	
Total annual expenditure	£3,700,000	
Number of suppliers used	183	
Invoice volume	19,122	
Average invoice value	£197	
Largest spend categories	Library Stock	£2,260,000
	Other Publications	£295,000
Largest buying areas	Culture & Community	£2,260,000
	Education	£960,000
	Policy & Resources (Personnel)	£290,000

The approach to sourcing*Library Stock*

Every four years a new contract is let in collaboration with Nottingham City Council and with support from the CPU. Key suppliers are awarded the categories of adult and children books, with a framework being set up for additional requirements such as CDs, tapes, etc. The current contracts have approximately three years left to run.

Competition in this market is very limited with only a small number of suppliers able to handle the two larger categories. Regional and National initiatives are underway to increase purchasing power and reduce prices but marginal savings are generally expected to be very small.

The very high volume nature of orders means that the ordering and invoicing process is extremely labour intensive and some work has already delivered some benefits by starting to rationalise invoices with one of the larger suppliers.

Professional and other publications

Publications and information services required for certain professions are bought by each of the services. The largest buying areas are the Education Department and Personnel.

Strengths	Weaknesses
<ul style="list-style-type: none"> • A competitively let contract awards the main sub-categories of spend within Libraries • This process is run collaboratively with the City Council to increase buying power 	<ul style="list-style-type: none"> • Very few suppliers are able to meet the required breadth and volume of business and so competition is typically very limited • The number of invoices received by the main suppliers is a problem for libraries and the back office staff alike
Opportunities	Threats
<ul style="list-style-type: none"> • A number of national and regional initiatives are trying to address the lack of competition in the market by proposing new approaches to sourcing these demands 	<ul style="list-style-type: none"> • Grouping with more councils for the purchase of books may in fact reduce competition further, and consideration should be given to the award of smaller or more frequent contracts

Recommended additional activity

- Books: When the contracts are again up for renewal a regional (or national) benchmarking group could be set up (or joined if already in existence). This would help to demonstrate value for money and learn from comparable councils about possible approaches to reducing costs. It should not be assumed that bigger is better and perhaps breaking the contracts into smaller groups or renewing them more often would increase competition in this market.
- Books: In the meantime additional investment in technology for ordering and invoicing will yield significant process efficiencies and should be considered further.

6.5 Catering

Definition	Food and catering services for Schools, Care homes, internal facilities and County Parks	
Total annual expenditure	£7,360,000	
Number of suppliers used	76	
Invoice volume	16.617	
Average invoice value	£443	
Largest spend categories	Food	£6,700,000
	Catering Equipment	£625,000
Largest buying areas	Environment	£4,800,000
	Social Services	£1,325,000
	Education	£570,000
	Culture & Community	£280,000

The approach to sourcing*School Meals*

The Education Department runs an independent advisory unit to support schools in their appointment of meal providers and the general management of school meals. The majority of schools source their meals from the Council, always done through a competitive process and typically awarding 4 year contracts.

Traditionally a third party had been used by the Environment Department to manage the contracting of food for school meals, but recent procurement activity supported by the CPU has resulted in the catering department bringing this function in-house, which will cost a small proportion of the savings that are available from the new contracts. The category completed is Frozen & Groceries, with work having started on other categories such as green groceries, bakery and fresh meat. Future plans include catering equipment, repairs, consumables and vending contracts. These savings will not help deliver the Department's procurement savings targets because they will be passed onto schools as per usual operation of the Trading Unit.

School Milk

This area of spend is overseen directly from within the Education Department. The contracting activity is almost completely managed from within the CPU, and has been completely integrated to the ongoing projects for corporate food contracts.

Welfare catering

Contracts for main foodstuffs are let centrally by the catering team within Social Services and the chefs within each site then call off the contract as required. Approximately one third of the catering spend within Social Services is by the sheltered employment group County Enterprise Foods.

The recent project for frozen food and groceries run by the CPU for the Environment Department and Nottingham City Council was not joined by the Social Services Department, but the decision has now been made to join into the corporate food contracts. The current projects mentioned above being run for School Meals are being run in collaboration with the Social Services Department.

County Parks

County Parks run restaurants and cafés. A central team at Rufford do the purchasing for all county parks, with two people spending only a small proportion of their time on procurement.

The spend by the County Parks on foodstuff is seen as relatively small and more varied compared to the larger corporate spend areas, and as such the contracting team has not joined previous corporate contracts and is not involved in the current corporate projects.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> The majority of the spend is already strongly concentrated and centrally managed within the consuming Departments A lot of work has recently taken place to better understand this category and work jointly across the Council to source requirements 	<ul style="list-style-type: none"> The amount of increased buying power available is questionable as the biggest spend area is already managed centrally within the Environment Department
Opportunities	Threats
<ul style="list-style-type: none"> Continue to let contracts corporately for the remaining categories of foodstuff Use of modern tools such as e-invoicing and PCards to reduce the number of paper invoices received and simplify the ordering processes 	<ul style="list-style-type: none"> A large amount of time can be spent on improving procurement in this category and it will have no impact on the Council's revenue budgets, as all savings are passed onto Schools

Recommended additional activity

- School Meals: Most of the spend on food is as part of the trading unit that delivers school meals and as such any savings are simply passed onto schools and do not yield benefits to the Council. This must be taken into account and a firm steer obtained before any further corporate investment in this category is made.
- County Parks: Respecting the different nature of the County Parks business, an assessment should be made of their ability to benefit from using existing corporate contracts and from consolidating suppliers to obtain better prices.

6.6 Construction & Maintenance (Facilities, Grounds and Highways)

Definition	Goods, Services and Works related to the construction and maintenance of Buildings, Highways and Parks. Where possible this excludes capital projects.	
Total annual expenditure	£22,200,000	
Number of suppliers used	529	
Invoice volume	19,743	
Average invoice value	£1,124	
Largest spend categories	Construction Contractors & Builders	£6,100,000
	Double Glazing Suppliers	£1,875,000
	Buildings (Section & Portable)	£1,675,000
	Road Surfacing contractors	£1,250,000

	Roofing Services	£1,200,000
Largest buying areas	Environment	£13,850,000
	Policy & Resources	£4,100,000
	Education	£2,300,000
	Social Services	£1,350,000

The approach to sourcing

Highways

This area oversees the design, commissioning and management of public highways. All operational projects for under £1m are run internally and above this figure they are put to tender.

The majority of revenue spend is on materials and contractors, and a team of five people manage the supply of goods. Two qualified procurement officers let contracts and three officers call off services and goods as required.

There are approximately 10 framework contracts being used and re-tendered annually. These cover the majority of commodity goods and services used. Traditionally the CPU is only involved in larger and non recurring procurements, with the Highways team managing these frameworks themselves.

Collaboration to drive down prices and improve supply is being explored with some private sector partners and with local districts.

Buildings

This area provides building maintenance services to Council properties, including a majority of schools. The existing school contracts are let by the Education Department as part of their Management Choices service offering to schools, and won in open competition by the Building Direct Trading Unit.

Specialist high volume work such as roofing and double glazing is primarily bought in externally under the CLASP contract framework. Of the remaining £1m - £2m of spend, the majority is either in a framework contract or being put into one. The expectation is that around three quarters of that spend will be within managed framework contracts through the ongoing work being supported by the CPU.

Recent work includes setting frameworks up for Building Materials, for Electrical Materials, and for Plumbing. These three amount to an estimated £1m of annual spend, but initial take up by the users has been limited and work is underway to increase their utilisation after a supplier complained of only having a few hundred pounds of business a month. Planned work includes Heating, plant hire, fencing, drain cleaning and other smaller value areas.

Projects in value under £150k are delivered by in house resources, and an agreement with Robert Woodhead sees them receive all jobs of between £150k and £350k. A partnership has recently been set up to deliver projects between £350k and £7.5m in value, which is expected to run for another six to eight years.

Portable and Section Buildings

The majority of these costs relate to insurance related expenditure, where temporary accommodation was provided for users of damaged premises. As such it is unexpected and managed as a one-off requirement.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> High degree of concentration of procurement functions around high spend categories allows specialisation and dedicated supply management Commodity nature of many of the goods and services consumed allows for very competitive procurement processes to drive down costs Framework contracts in place or being arranged for large works contracts 	<ul style="list-style-type: none"> Quality and availability of supply sometimes limits capable suppliers and restricts competition Costly and time consuming process as many invoices are processed for small amounts Operational nature of work carried out means compliance to centrally let contracts can be hard to achieve
Opportunities	Threats
<ul style="list-style-type: none"> Cost reductions through volume buying within collaborative purchasing arrangements Continue cost reduction through consolidation of suppliers providing the same commodities, but increase benefit by using more aggressive competitive techniques such as electronic auctions Use electronic procurement tools to increase compliance to contracts, simplify ordering process and reduce burden of high number of paper invoices 	<ul style="list-style-type: none"> The ongoing work to set up contractual frameworks across major commodity spend areas is not being strongly supported by the services, resulting in a weakening of its competitive aspect and hence limiting the financial savings to be derived from it The incompatibility of the stock management systems with corporate eProcurement tools hinder the deployment of modern processes and tools

Recommended additional activity

- Highways: Recognising that this area of spend is unique within the Council, the CPU could support improvements in this area by identifying and facilitating collaboration opportunities with suitable outside bodies, such as the ongoing discussions with Leicestershire and Derbyshire Counties around Highways Design services.
- Building: The framework contracts being let for materials are not currently being given a large financial savings emphasis. The use of electronic auctions and other more aggressive commercial techniques should be considered to ensure that the process yields financial as well as quality and service benefits.
- A more detailed review of these operational services of the Council is being carried out that will provide specific recommendations for service improvement and cost reduction

6.7 Financial Services

Definition	Insurance claims and excesses, premiums paid to insurance companies, school education excesses, general property excesses. Financial advise and miscellaneous lease agreements	
Total annual expenditure	£4,500,000	
Number of suppliers used	64	
Invoice volume	2141	
Average invoice value	£2,301	
Largest spend categories	Insurance Premiums	£3,500,000
	Leasing Services	£600,000
Largest buying areas	Policy & Resources	£3,800,000
	Education	£600,000

The approach to sourcing

Insurance

The Council has an annual spend of around £8m on insurance, including schools and all premises. Most of this cost is towards self-cover, but disaster cover is sourced externally, with excesses currently set at £500k for fire and £100k for liability insurance.

Most of the covers are let at the same time, and traditionally for five year periods. The current contracts are due for renewal on May 2007 and activity has already started in preparation for this. An external broker is used to facilitate the procurement process and provide expert advice on the market and best approach. There are limitations to the effectiveness of this process as there are very few suppliers in the market that provide these kind of services, and the Council has recently had a few large claims related to fires.

In the area of employee covers, two separate schemes are offered, one administered by the ESC and one by the Finance team. It was not possible to determine the degree to which these two schemes complement or duplicate each other.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> Majority of Insurance spend is actively managed centrally for schools and Council within the Risk Management group, where expertise on this category exists The grouping of schools and the Council allows it to self insure for large sums and need only outsource disaster insurance 	<ul style="list-style-type: none"> A limited supplier base for the industry, combined with an unfortunate recent claims record, limits the opportunity for cost savings through competition
Opportunities	Threats
<ul style="list-style-type: none"> An upcoming contract renewal for all major insurances to go live in April '07 will be carried out with the support of a broker, and approaching the market and working with them in advance may be beneficial New thinking within Local Government is moving towards bigger groupings for larger self-insurances and potentially tap into the re-insurance market for lower rates 	<ul style="list-style-type: none"> Major impact on insurance premiums is the security infrastructure and record across the insured buildings and this is always subject to chance

Recommended additional activity

- Insurance: The CPU could support the insurance procurement process by engaging the market and educating suppliers to try to build up the potential supplier base and hence competition.
- Insurance: The potential of duplication in the sourcing of cover provision of employee benefits was identified and this should be explored further.

6.8 Equipment, Furniture and Materials

Current spend

Definition	New plant and tools, plant repairs, furniture purchase, domestic renewals, handicapped persons' equipment, teaching materials and heavy equipment
Total annual expenditure	£4,950,000
Number of suppliers used	174
Invoice volume	16,780

Average invoice value	£302	
Largest spend categories	Office Furniture & Equipment	£2,300,000
	Printing & Copying Equipment	£1,400,000
	Welfare Equipment	£750,000
	Mailing Machines	£500,000
Largest buying areas	Policy and Resources	£1,700,000
	Education	£1,550,000
	Social Services	£1,250,000

The approach to sourcing

Office Furniture & Equipment

As a category of spend the Council does not manage this expenditure on a corporate basis. Preferred suppliers exist for specific departments or services, but most procurement is either for one off capital projects (hence individual tenders) or through organisations like County Supplies.

Printing and Copying Equipment

The majority of this spend is the provision of large printer/copiers to Council departments and schools. These are bought off frameworks set up corporately every four years by the CPU. One such tender is currently in progress, due to go live after the summer.

Welfare Equipment

The largest individual supplier out of this expenditure relates to beds for care homes, hoists for helping people up, and the ongoing maintenance of these hoists. Other than a few relationships with suppliers that dominate certain categories each home has flexibility to source requirements independently and this is demonstrated by the long tail of over 60 suppliers used.

Mailing Machines

Whilst there is no formal corporately managed contract for the Council, local market conditions and historical considerations mean that most of this spend is concentrated with one large provider. Evidence that it is not managed corporately includes the fact that the largest supplier sends almost 600 paper invoices every year to the Council.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> Copiers have been managed corporately for several years and they are a well understood category 	<ul style="list-style-type: none"> Large furniture procurements seem to be carried out as independent tenders as part of broader projects
Opportunities	Threats
<ul style="list-style-type: none"> Based on experience on category and large competition in the market drive costs down and service up Most mailing machines seem to be supplied by one only provider, making change in this space probably easy to manage Establishing corporate designs for furnishings, fixtures, fittings and décor. This should result in cost reductions through volume buying, time savings, elimination of cost centre decision making and reduction of re-work. We would recommend that the Council develop a standard specification for office furniture, fittings and décor to both standardise 	<ul style="list-style-type: none"> Departments do not support the procurement process, resulting in relatively uncompetitive tenders (no auctions, low weighting to evaluation criteria, no collaboration, etc.) Departments might not accept the standardisation of supplies and use of corporate suppliers.

costs and promote a corporate brand.	
--------------------------------------	--

Recommended additional activity

- Copiers: Ensure that price is strongly taken into consideration in the upcoming selection of a supplier for corporate copiers.
- Copiers: Combine roll out of these printers with the broader Print Project to capture not just savings from the value of the equipment and its servicing but also the savings from migrating printing requirements from desktop printers, DPP and external companies to internal devolved equipment.
- Mailing: Include the use of mailing machines in the broader Post Project to understand the cost/benefit of preparing mail internally compared to using pre-printed envelopes and/or using an external organisation. This should include the cost of running the machines (consumables) as well as the time aspect of processing the mail through the machines and receiving and paying over 600 invoices for franking machines.

6.9 Leisure & Other Facilities

Current spend

Definition	Use of hotel and other conference and lodging facilities. Leisure, activity and recreation equipment and centres.	
Total annual expenditure	£1,690,000	
Number of suppliers used	161	
Invoice volume	2,941	
Average invoice value	£575	
Largest spend categories	Hotels and Conference Centres	£950,000
	Leisure and Recreation Centres	£275,000
	Children's Activity Centres	£200,000
Largest buying areas	Education	£1,150,000
	Social Services	£225,000

The approach to sourcing

Large proportions of this spend relate to schools organising teacher conferences, which tend to include overnight stays. Much of the spend, however, is for off-site meetings and events for Council staff. These are primarily initiated because of the lack of high quality meeting facilities available to officers, the lack of meeting facilities specifically in the northern areas of the County, and for when large numbers of staff (e.g. several hundred) need to gather.

These tend to be sourced by the admin support

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • None identified in interviews with officers 	<ul style="list-style-type: none"> • Spend diluted across numerous suppliers/venues
Opportunities	Threats
<ul style="list-style-type: none"> • Appoint preferred venues and negotiate corporate rates • Review off-site meeting policy and agree arrangements for specific problem areas 	<ul style="list-style-type: none"> • Disperse nature of ordering may make controlling category difficult

Recommended additional activity

- Off-site meetings: Better understand the actual Council cost (as opposed to school costs) of these expenditure areas and review the off-site meetings policy. This will save not only money but time travelling off site and back. Where locations have particular issues, the solutions may include corporate contracts with local facilities.

6.10 Office Consumables**Current spend**

Definition	Stationery, paper, card and other consumables for office use including for computers and printers.	
Total annual expenditure	£2,500,000	
Number of suppliers used	78	
Invoice volume	7,531	
Average invoice value	£322	
Largest spend categories	Paper	£1,050,000
	General Stationery	£800,000
	Computer Consumables	£650,000
Largest buying areas	Policy and Resources	£1,700,000
	Education	£400,000

The approach to sourcing*Paper*

The majority of spend on paper and card is with two suppliers used by the Trading Units within the Resources Department, County Supplies and DPP. They in turn use this to supply paper to Council departments and schools, and to produce printing jobs. There is very little spending by Council departments on paper that does not go through the County Supplies contract.

Stationery

The majority of spend is again part of the County Supplies Business, but in this instance the compliance to this route is not as high, with approximately two thirds of expenditure being done with other suppliers directly.

Computer consumables

In contrast to paper, the County Supplies' prices for IT consumables were deemed not to provide best value to the Council and the CPU carried out a project to appoint a corporate contract. This was successful in that a 20% reduction in cost was achieved, but the compliance to the contract has been poor, with only 38% of computer consumable expenditure being put through it.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> A non profit making organisation dedicated to sourcing and supplying consumable items exists within the Council and works with all these categories There are ample skills in negotiating and sourcing these categories within the CPU 	<ul style="list-style-type: none"> A corporate contract either does not exist, is not enforced or is not complied to for the majority of this spend area
Opportunities	Threats
Define and implement corporate approach to	<ul style="list-style-type: none"> Compliance to chosen contracts is

<p>these categories:</p> <ul style="list-style-type: none"> Choose to work with County Supplies or manage it in-house Provide consistent messages around compliance and suppliers Implement appropriate technology for ordering and paying for these categories, such as eOrdering, PCards, etc. Implement catalogue based buying, restricting end user choice of items Automated sourcing approaches such as electronic auctions should be standard for commodity consumable categories as these 	<p>undermined by mixed messages and confusion about role of County Supplies and the eMarketplace</p> <ul style="list-style-type: none"> Potential duplicate efforts by both CPU and County Supplies working on the same categories Changes to trading volumes of these subcategories with County Supplies could impact its sustainability as a trading unit
--	---

Recommended additional activity

- Consumables: Clear communications must be made to users regarding the use or otherwise of suppliers for managed categories. A decision should be made on which items of the County Supplies' range provide best value and they should become corporately mandatory for these. Items which are not deemed best value should be excluded from the on-line catalogue that the Council users see and a suitable better value alternative made available.

6.11 Professional Services**Current spend**

Definition	Agency fees for complex highways, agency fees for childcare, mental health and adoption, audit fees, management consultancy, legal expenses, mortuary facilities, post mortem fees and publicity expenses.	
Total annual expenditure	£17,500,000	
Number of suppliers used	627	
Invoice volume	7,645	
Average invoice value	£2,289	
Largest spend categories	Training Services	£3,800,000
	Legal Services	£2,900,000
	Engineering Consulting	£2,500,000
	Management Consultants	£1,600,000
	Computer Consultants	£900,000
	Environmental Consultants	£700,000
Largest buying areas	Environment	£5,600,000
	Culture & Community	£3,750,000
	Policy & Resources	£3,000,000
	Education	£2,500,000
	Social Services	£1,350,000

The approach to sourcing*Training Services*

The majority of this spend is from within the Culture and Community Department and it relates to expenditure on services designed to incorporate people back into work. These services are provided by charities, schools, colleges and specialist training and support centres.

The majority of the money comes from grants from the Learning and Skills Council which are tied into outputs rather than inputs, so the Council has a team of 10 people dedicated to following each case and sourcing the appropriate support/training/tuition/counselling to maximise the benefit from the investment in these individuals.

Legal Services

The Council maintains an in-house team of legal professionals that are able to deal with the majority of the services that are usually required. A framework of suppliers of legal services is managed by the Legal Department and is primarily aimed at instances where there are peaks in demand that cannot be met by the in-house team or where there are specialist skills needed.

Large benefits are being derived from the management of this framework as it now includes over half of the local authorities across the East Midlands. Aside from the attractive prices negotiated within the framework, a knowledge management repository is being created to reduce the need for duplicate work being carried out across the member bodies.

Engineering Consulting

This kind of expenditure is largely Capital funded and so of limited scope for addressing revenue budget shortfalls. The majority of this spend relates to Highways Design work carried out by an external partner when capacity or skills are not available in house. The existing contract with this external partner is expiring this summer and work is underway to set up a framework agreement in collaboration with Leicestershire and Derbyshire County Councils.

Management Consulting

The majority of spend in this area is for one-off requirements and these are tendered as independent projects. No preferred list of suppliers or corporate structure exists to manage these services.

Computer Consulting

This area has traditionally been tendered as independent and separate project requirements. Work is currently underway to reduce tendering time, to assure service delivery and to reduce expenditure. The use of existing framework contracts is being rolled out within corporate ICT along with a more rigorous process to authorise and monitor the ongoing use of consultants.

Environmental Consulting

The majority of spend in this area is for one-off requirements and these are tendered as independent projects. No preferred list of suppliers or corporate structure exists to manage these services.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> Centralised negotiation and supplier management for larger spend areas Leading best practice example of sourcing and managing the supply of Legal Services 	<ul style="list-style-type: none"> Despite the large spend most expenditures are significantly different from each other, making framework agreements less useful or feasible
Opportunities	Threats
<ul style="list-style-type: none"> Deliver further benefits from legal services framework by case knowledge sharing with partners Work collaboratively with neighbouring authorities 	<ul style="list-style-type: none"> None identified in interviews with officers

Recommended additional activity

- All: Create framework contract with key range of suppliers within main spend areas for easy ongoing tendering and improved value for money.
- Legal Services: Support the development, roll out and adoption of the case sharing web site
- Engineering Consulting: Support collaborative approach to appointing Highways Design partner.

6.12 Social Care Services

Definition	Children's homes, contributions to voluntary Organisations, payments for domiciliary care, payments for nursing homes, payments for residential care	
Total annual expenditure	c£100,000,000	
Number of suppliers used	350 – 700	
Invoice volume	70,000 – 140,000	
Average invoice value	n/a	
Largest spend categories	Care Homes	£75,000,000
	Home Care	£11,000,000
	Supported Living	£4,500,000
	Children Placements	£4,200,000
	Day Care	£2,750,000
	Fostering	£2,500,000
Largest buying areas	OAP	£51,000,000
	Learning Disabilities	£35,000,000
	Children	£6,700,000
	Physical Disabilities	£4,800,000
	Mental Health	£2,200,000

The approach to sourcing*Learning Disabilities*

In care homes the use of special open contracts works towards a baseline fee for specialist high cost care home provision without committing the department to an agreed volume of service. Most of the day care is provided internally by Direct Services. The supported living service is delivered by appointing a list of over 20 accredited suppliers (including Direct Services), and part of the terms of the tender are year on year service improvements based on the principles identified in 'Valuing People'.

Physical Disabilities

The department has no clear commissioning strategy for this low volume high value group, but by using special open contracts it tries to manage cost without taking on risk of volume uncertainty.

Mental Health

Efforts are underway to involve the central commissioning team more in improving the way these requirements are taken to market. Traditionally these are combined with other departmental requirements to increase economies of scale in tendering.

Older Persons

Care homes are by far the largest spend area within Older Persons and despite attempts to increase extra care there is no sign of decreasing demand in the short term. The use of block contracts is limited to a small number of pilots and most requirements are based on open contracts with no guaranteed volumes. Several hundred suppliers are used, in addition to the 15 Council owned residential homes.

Domiciliary care is another significant spend area. The management and control of this has been significantly improved through the use of an electronic time recording system (InfoCare) to track and manage actual care provision at an individual care user level. This implementation at Nottinghamshire, which has gained favourable publicity across the sector, enables the Council to both reduce administrative processing costs and also to monitor the delivery of care by independent providers against their contracts. This is already leading to the Council identifying under-delivery by providers, beginning the process of reclaiming care charges.

There is a large drive towards direct payments and the Council has the seven highest amount of care provided through this route in England. The majority of day care is provided internally by Direct Services, in one of the 15 Council run centres.

Recommended additional activity

- A detailed review of the care provision strategy and approach is being carried out that will provide specific recommendations for service improvement and cost reduction

6.13 Telecommunications

Current spend

Definition	Telephones for all Council buildings, for the chronically sick and disabled, hire of private lines, mobile telephones, broadband, radio and other communications.	
Total annual expenditure	£6,500,000	
Number of suppliers used	39	
Invoice volume	8,888	
Average invoice value	£672	
Largest spend categories	Voice Lines and Calls	£3,500,000
	Broadband	£1,500,000
	Landline Infrastructure	£360,000
	Mobiles	£550,000
Largest buying areas	Policy & Resources	£4,500,000
	Social Services	£535,000
	Environment	£400,000
	Culture & Community	£300,000

The approach to sourcing

Voice Lines and Calls

A large proportion of the voice lines and calls are managed centrally by ICT, primarily for the larger Council buildings. Smaller offices or devolved sites such as libraries tend to source their own arrangements. The existing corporate contract is up for renewal at the start of next year.

Broadband

The Council has joined the Regional Aggregation Board set up under the name of AdIT for provision of broadband. The commitment to source broadband through this forum is there for six more years, but during next year the group will need to renew the current contract. Looking at historical and market data, there does not seem to have been a direct price benefit from jointly sourcing this kind of supply in this manner.

Landline Infrastructure

As per voice lines and calls, the larger sites are managed by the central ICT team and the same supplier has built and maintains the infrastructure. At a local level each office or site tended to manage the provision independently, but there are now plans to establish a framework agreement corporately for these services.

Mobiles

Unlike the rest of the ICT equipment and services, the mobile phone contract is managed corporately by the CPU. It was renewed last year providing a further saving compared to previous year's rates, but attracting criticism at the same time from end users who felt their needs had not been taken into account in the tendering process, and who felt the migration was not as smooth as it could have been.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> A large proportion of the telecoms services provision to the Council are managed corporately, achieving some benefits of scale Strong regional structures exist to support sourcing of broadband services 	<ul style="list-style-type: none"> Landline services are only managed corporately for the larger Council sites There is no integrated approach to telephony across mobile and landline as independent teams in different services source these categories Costly, time consuming and non standard process as many invoices are processed, and in different ways at different locations Benefits from current market competition not being fully realised
Opportunities	Threats
<ul style="list-style-type: none"> The merging of all IT services into the Resources Department opens possibilities of increased benefits of scale Centrally negotiate contract for landline services for all Council sites The use of automated sourcing tools (e.g. electronic auctions) to maximise competition in commodity areas such as these should be standard Introduce on-line billing for all sites and users 	<ul style="list-style-type: none"> Regional collaboration for Broadband, for which there is a long term commitment, may not deliver significant additional benefits Lack of engagement and inclusion of end users makes realisation of mobile phone contract savings more difficult

Recommended additional activity

- Landline: The negotiation for provision of line rental and voice calls should be centralised and tendered using modern eAuction technology for all Council properties. As part of this the processing of invoices from suppliers can be e-enabled and streamlined.
- Landline: The use of VOIP technology for the better connected Council buildings should be considered in parallel to the above centralisation process. Consideration should also be given to the roll out of VOIP technology to remote sites.
- Broadband: Market testing should precede the renewal of the ADIT contract for broadband next year and the Council should provide a strong input to the process to ensure value for money is delivered from the collaborative approach.
- Mobiles: As a growing area of spend, a stronger link to the user group should be created to ensure the service's requirements are well understood and its expanding use can be both controlled and well serviced.

6.14 Transport – Purchase, Contract Hire and Operating Leases

Current spend

Definition	Contract hire vehicles, hire / commissioning of transport and repair of vehicles
Total annual expenditure	£25,000,000

Number of suppliers used	264								
Invoice volume	16,691								
Average invoice value	£1,508								
Largest spend categories	<table> <tr> <td>Bus and Coach Hire</td><td>£13,000,000</td></tr> <tr> <td>Taxi & Private Hire</td><td>£4,000,000</td></tr> <tr> <td>Ambulance Services</td><td>£1,350,000</td></tr> <tr> <td>Bodybuilders & Repairers</td><td>£950,000</td></tr> </table>	Bus and Coach Hire	£13,000,000	Taxi & Private Hire	£4,000,000	Ambulance Services	£1,350,000	Bodybuilders & Repairers	£950,000
Bus and Coach Hire	£13,000,000								
Taxi & Private Hire	£4,000,000								
Ambulance Services	£1,350,000								
Bodybuilders & Repairers	£950,000								
Largest buying areas	<table> <tr> <td>Environment</td><td>£17,000,000</td></tr> <tr> <td>Education</td><td>£4,900,000</td></tr> <tr> <td>Social Services</td><td>£2,000,000</td></tr> <tr> <td>Policy and Resources</td><td>£1,000,000</td></tr> </table>	Environment	£17,000,000	Education	£4,900,000	Social Services	£2,000,000	Policy and Resources	£1,000,000
Environment	£17,000,000								
Education	£4,900,000								
Social Services	£2,000,000								
Policy and Resources	£1,000,000								

The approach to sourcing

Integrated Transport Centre

The largest transport spend areas across the Council are the service contracts with external providers for passenger transport. This is currently a mix of School, SEN, Social Care and public transport, which is managed across several departments.

A project to assess the options for improvement and efficiency around transport has produced a report recommending the creation of an Integrated Transport Centre for the Council. This project has savings targets based on the £20m+ of expenditure the Centre would manage.

The integration of fleet transport is presented as a possible Phase II for this project.

Vehicle Purchase and Maintenance

All vehicle procurement and maintenance is currently carried out by the team based within the Environment Department. The Council buys all vehicles out right and then leases them internally to the users. The procurements are run by the team within the Environment Department in collaboration with the CPU.

All maintenance of Council vehicles, except public transport buses and other niche plant equipment, is carried out by the Council's workshops. Traditionally the supply of goods and services to support this function has not had CPU input, although some of the larger contracts such as glass and tyre repairs/replacements have recently been let jointly with the CPU.

Vehicle Hire

The existing corporate contract runs out at the end of this year and a regional framework contract is currently being prepared, with ESPO taking a lead. The Council is currently feeding its requirements into this project to participate in the outcome.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> The procurement and maintenance of vehicles is strongly centralised in the Council Extensive analysis has been carried out for centralisation and improvement of the passenger transport functions and a case for an integrated transport centre is being recommended to cabinet Most contracts are currently let competitively 	<ul style="list-style-type: none"> Utilisation of internal fleet is low, causing unnecessary reliance on contracted transport Visibility of passenger demand is fragmented across departments Transport procurement is split, due to a breadth of service requirements, rather than a consideration of the similarities in supply Transport provision is not actively evaluated to assess utilisation and unit pricing

Opportunities	Threats
<ul style="list-style-type: none"> Implement NITC proposal and invest in it to deliver savings quickly 	<ul style="list-style-type: none"> Insufficient investment and support in implementation and ongoing roll out of proposed plans will jeopardise potential benefits

Recommended additional activity

- Integrated transport: Given the large efficiencies that can be afforded in the long term by the NITC project it would be prudent to focus significant resources on securing a prompt and successful implementation and roll out.

6.15 Computer Hardware, Software and Peripherals

Current spend

Definition	Leasing charges, rental and maintenance agreements	
Total annual expenditure	£15,250,000	
Number of suppliers used	235	
Invoice volume	7,050	
Average invoice value	£2,165	
Largest spend categories	Hardware	c£8,800,000
	Software	c£2,500,000
	Hardware and Software	c£3,400,000
	Lease	c£550,000
Largest buying areas	Education	£7,800,000
	Policy & Resources	£5,500,000
	Social Services	£900,000
	Environment	£700,000

The approach to sourcing

Hardware

The largest managed portion of the hardware spend is that by Corporate ICT on Council hardware (servers, PCs, etc.) It is currently being sourced via an appointed value added reseller who provides technical and market advice and also runs procurements on behalf of the Council. The current arrangement is for a further 3 years, but the terms are that the reseller charges the Council on a cost-plus basis, meaning that if the Council can help reduce the cost of hardware it will reap the benefits. The Council currently builds up demand for a few months and goes to market for bulk buying, typically around 500 machines around three times a year.

The next largest managed portion of spend is that by the Trading Unit Education IT (EdIT). Approximately £2.3m of servers, PCs and laptops are bought for schools and sold on to them. The arrangement here is an overarching framework of six providers set up for four years that participate in a mini competition each term for a forecasted (but not guaranteed) demand. One supplier only is awarded the business for the term, ensuring that prices are being maintained competitive within a medium term agreement. There are three years left on this agreement.

The remaining c£3m spend relate to schools buying equipment with the Council's accounts.

Software

The majority of software spend is on buying and modifying new products, which is typically done as part of formal procurements within broader projects. ICT are involved in supporting most of these projects, but it is not often that the CPU plays a significant role.

A large amount of this spend is not easily influenced as it related to annual maintenance fees for existing products, or modifications/additions to existing systems where only one supplier is able to carry out the work.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> Most hardware purchases are centralised within two IT units, in corporate resources and in Education Rigorous policies about connecting machines onto the network ensures high compliance to contract within the Council 	<ul style="list-style-type: none"> Long term agreement with reseller limits flexibility to utilise innovative and aggressive sourcing techniques proven successfully elsewhere Most procurement of Council hardware is on an ad-hoc basis, and there are no long term procurement plans or relationships with suppliers The Council reduces potential benefits and competition by not introducing flexibility of manufacturer
Opportunities	Threats
<ul style="list-style-type: none"> Consider planning demand in advance and working with the market to increase competition (e.g. multi manufacturer environment, review specifications, etc.) Introduce proven modern sourcing techniques into the relationships with the corporate reseller and within the Education framework agreement 	<ul style="list-style-type: none"> Contractual obligations may limit short term benefits from merger of ICT functions Lack of clarity over benefits of investment in procurement for Trading Units may slow down improvements or divert resources Introducing a corporate standardised refreshment programme for PCs may increase spend in some areas that currently run machines for longer than average Possible resistance to moves towards a multi-manufacturer environment

Recommended additional activity

- Hardware: Within corporate ICT several initiatives could improve the purchasing position and hence the price paid and service received. The first would be to review the specification of machines, which seems consistently high across the Council. A multi-manufacturer policy would enable much greater competition in the market and ought to be analysed for cost/benefits in the light of increasingly standardised machines across manufacturers. An improved forecast of demand would help to obtain better prices by committing larger volumes over a period of time such as a year. In addition to these, the contractual arrangements with the reseller should be examined for the possibility of encouraging modern sourcing techniques which have been successfully proven elsewhere in the sector, such as electronic auctions.
- Hardware: Within the Education IT unit, the term-by-term mini competitions could easily be run using electronic auctions, hence maximising competition with the assurance of an agreed set of terms and quality service levels of the framework.

6.16 Utilities & Energy

Current spend

Definition	Provision of electricity, water, gas and coal to County properties (including schools), street lighting and other applications.
Total annual expenditure	£12,750,000
Number of suppliers used	17
Invoice volume	2,592

Average invoice value	£4,823	
Largest spend categories	Electricity	£4,000,000
	Street Lighting	£2,400,000
	Gas	£2,300,000
	Water	£550,000
Largest buying areas	Environment	£12,000,000
	Policy and Resources	£400,000
	Education	£400,000

The approach to sourcing

Electricity & Gas

The supply of electricity and gas for all Council properties is negotiated centrally by a specialist team within the Environment Department. This team influences all aspects of energy consumption, being responsible for usage policies and broader environmental issues surrounding the supply of energy.

The Council acts as an agency and also includes many schools and other local public sector partners (districts, fire & rescue, etc.) in the contracts.

Supply is typically managed in four main lots, or contracts. Electricity for sites of over and under 100KWh are separated into contracts, and Street Lighting is a separate contract from these two. There is only one contract for the supply of gas.

These tend to be renewed in similar cycles, although they don't always coincide exactly. The street lighting supply needs to be re-let this September and the other three contracts all need to be re-let by next April. Given that energy prices have been going up rapidly over the last years, it is known that spend will go up in this category after these dates.

Recent legislative changes have made the procurement of utilities more complicated for the Council and it will probably need to either set up a framework agreement with various providers or use an external agency to source these services in the near future.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> Procurement of electricity and gas is completely centralised for the Council within the energy policy department, where suitable expertise exists Increased volumes and hence negotiating power is achieved by providing outside bodies with electricity and gas too 	<ul style="list-style-type: none"> Costly and time consuming process as many invoices are processed manually
Opportunities	Threats
<ul style="list-style-type: none"> The use of modern sourcing techniques such as electronic auctions should be standard on commoditised categories such as these and should help reduce the cost increase expected 	<ul style="list-style-type: none"> Increased energy prices over the past years mean that the new contracts will be for higher prices than are currently paid, but any benefits achieved from a good procurement process should be measured In light of recent legislation, the time sensitive nature of this type of procurement makes the process more complicated to run internally, with the need for framework contracts to be set up in advance of the bidding

Recommended additional activity

- Electricity & Gas: Modern procurement technologies such as reverse auctions are ideally suited to sourcing commodities such as gas and electricity. The Council has the infrastructure to run eAuctions for these categories and the opportunity should be taken if the Council decides to continue to source these internally.
- Electricity & Gas: In light of this area of spend is becoming ever more commoditised and legal complications relating to the speed in which contracts are awarded, there is a case for considering the benefits of continuing to run these projects internally and diverting expert resources to them compared to using external agencies.
- Water: The possibility of rebates being available from water rates calculated on standard estimates should be explored.

6.17 Print, Design and Post

Current spend

Definition	Services relating to the design, printing and postage/delivery of letters, parcels, news papers, brochures, flyers and other specialist documents that cannot be designed and printed internally.	
Total annual expenditure	£1,800,000	
Number of suppliers used	100	
Invoice volume	2,585	
Average invoice value	£686	
Largest spend categories	Printing	£700,000
	Postage	£700,000
	Design	£200,000
	Copyrighting	£200,000
Largest buying areas	Policy and Resources	£580,000
	Education	£450,000
	Environment	£260,000
	Culture & Community	£230,000

The approach to sourcing

Print & Design

The Council maintains an internal Design Publications and Print unit (DPP) which meets the majority of these needs internally. When specific jobs it takes on are of a niche specialist nature or where capacity and deadlines mean it cannot meet demand, a number of pre-tendered external suppliers are available to carry out the work.

The DPP is not used exclusively by departments and the majority of the external spend is not channelled through the DPP. Some of the larger items not managed by the DPP will include the production and distribution of newspapers and newsletters.

Post

Given the state monopoly on postal services in place until recently, Royal Mail carries all the mail and a large proportion of parcels. A number of franking machines are in use across the Council with accounts set up for monthly payments of postal costs.

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • The majority of print and design work is carried out by the internal Design 	<ul style="list-style-type: none"> • Discounts for volume buying are not achieved on all spend as so many

Publishing and Print unit (DPP)	individual orders raised independently
Opportunities	Threats
<ul style="list-style-type: none"> Large amount of internal expertise exists within the DPP which could be used for the benefit of the external print spend commissioned by non expert users Consider the possibility of using DPP contracts whether through DPP or not Consider the use of procurement technology such as eRFQ for maximising value for money from panel of suppliers 	<ul style="list-style-type: none"> Resistance to loss of control over sourcing of design and print requirements For the DPP to negotiate contracts for the Council to use will require balancing the interests to help the Council reduce costs while trying to be commercially viable

Recommended additional activity

- Print: There is a possibility that by centralising the procurement of print corporately better rates could be achieved for all, as well as an increased utilisation of machines and staff within the DPP. Assigning the role of Category Manager for Print to the head of the DPP would ideally align the expertise and business activity with the category management. These possibilities need to be explored further as the DPP is a Trading Unit and these roles might conflict with its 'independent supplier' position.
- Print: This could form part of a broader print project where the use of networked copiers, pre-printed stationery, desktop printers and other related materials/equipment could be reviewed.
- Post: The deregulation of the postal market opens up opportunities and it is a good opportunity to look at the entire cost of posting mail. This project should include the review of franking machines as opposed to pre-printed envelopes, the various bulk mailing services available to larger organisations, the reduction in costs afforded by new suppliers in the market and new pricing mechanisms being introduced, and the possibility of streamlining external mailings and communications.

6.18 Waste Management

Definition	Goods, Services and Works related to the construction and maintenance of Buildings, Highways and Parks. Where possible this excludes capital projects.	
Total annual expenditure	£17,800,000	
Number of suppliers used	22	
Invoice volume	962	
Average invoice value	£18,511	
Largest spend categories	Recycling Centre	£13,500,000
	Waste Disposal	£4,200,000
Largest buying areas	Environment	£17,650,000
	Social Services	£75,000
	Resources	£50,000

The approach to sourcing

Recycling Centres & Waste Disposal

Recent regulatory and capacity constraints triggered a full scale evaluation of the Waste service which resulted in a long term (26 year) contract being set up for the entirety of these services. This project realised significant non cashable savings and has opened the possibility of future revenue streams to the Council.

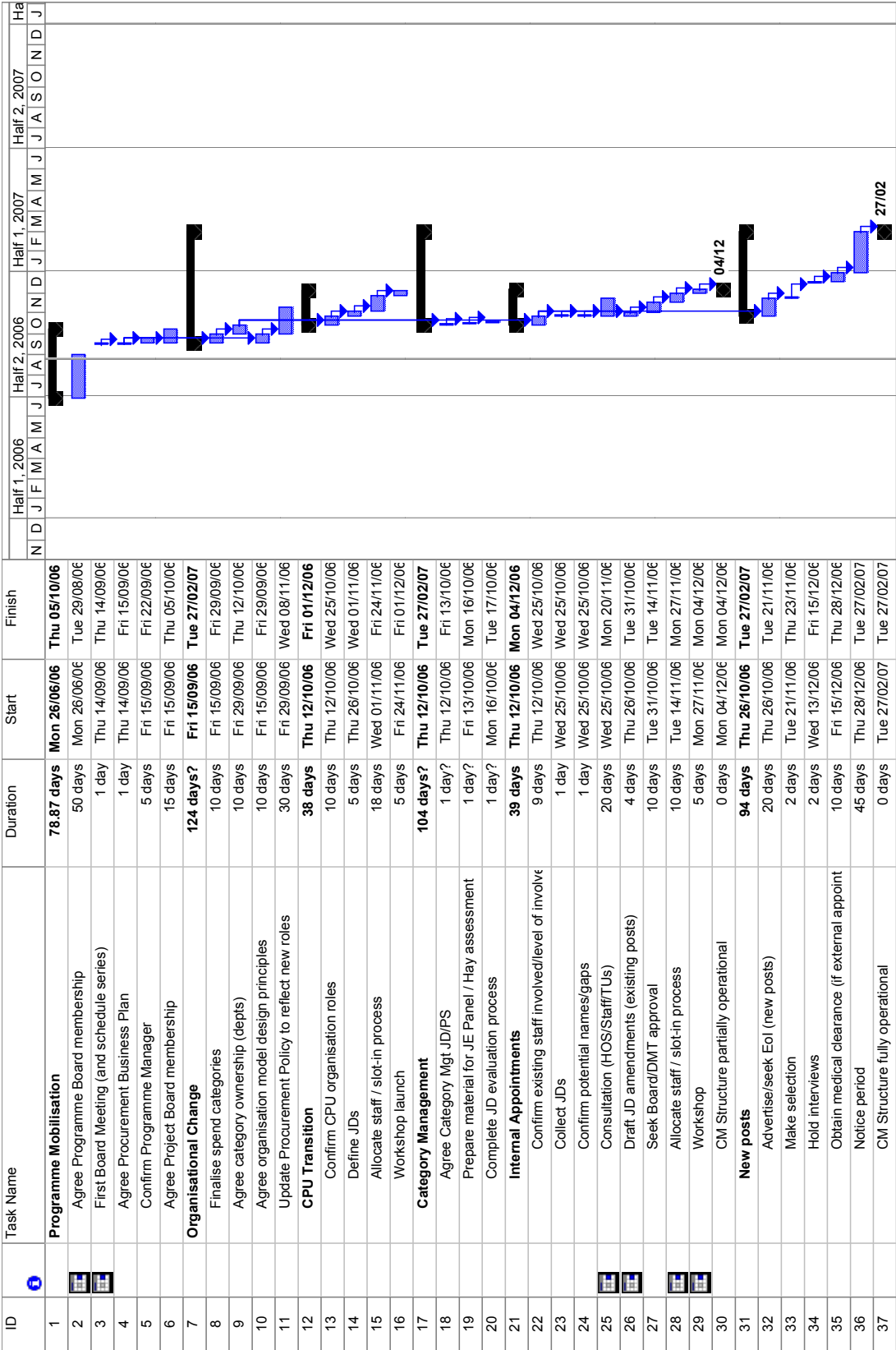
SWOT







Strengths	Weaknesses
<ul style="list-style-type: none">• A long term PFI deal has recently been agreed that will avoid the risk of fines and potentially generate income by renting capacity to neighbouring Waste Disposal Agencies.	<ul style="list-style-type: none">• None identified in interviews with officers specific to procurement and beyond the existing project
Opportunities	Threats
<ul style="list-style-type: none">• Future revenue stream as neighbouring WDAs may use the commissioned infrastructure	<ul style="list-style-type: none">• None identified in interviews with officers specific to procurement and beyond the existing project









Recommended additional activity

No specific activity recommended beyond existing project.

7. Appendix B – outline implementation plan



ID	Task Name	Duration	Start	Finish	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J
38	 E-Procurement																														
39	Marketplace Project closure	414.23 days	Mon 02/10/06	Thu 27/03/08																											
40	 Complete formal Project Closure report	52.68 days	Mon 02/10/06	Fri 08/12/06																											
41	 Complete Lessons Learnt Report	20 days	Mon 02/10/06	Thu 26/10/06																											
42	 Commission Post-Implementation Review	10 days	Mon 02/10/06	Fri 13/10/06																											
43	Agree actions resulting from PIR	20 days	Fri 13/10/06	Thu 09/11/06																											
44	eProcurement Roll-Out	22.88 days	Thu 09/11/06	Fri 08/12/06																											
45	Revise eProcurement Strategy	361.55 days	Fri 08/12/06	Thu 27/03/08																											
46	Revise eProcurement technology design	10 days	Fri 08/12/06	Thu 21/12/06																											
47	Revise eProcurement business case	15 days	Thu 21/12/06	Wed 10/01/07																											
48	Board sign-off of business case	10 days	Wed 10/01/07	Wed 24/01/07																											
49	Create eProcurement PID (roll-out plan)	5 days	Wed 24/01/07	Tue 30/01/07																											
50	Consultation/quality review of PID	15 days	Tue 30/01/07	Mon 19/02/07																											
51	Agreement of PID for roll-out	10 days	Mon 19/02/07	Mon 05/03/07																											
52	Project relaunch	0 days	Mon 05/03/07	Mon 05/03/07																											
53	Implementation Phase 1 (Resources)	7 days	Mon 05/03/07	Tue 13/03/07																											
54	Implementation Phase 2 (Internal Requisitioning)	25.08 days	Tue 13/03/07	Mon 16/04/07																											
55	Implementation Phase 3 (Community)	40 days	Mon 16/04/07	Wed 06/06/07																											
56	Implementation Phase 4 (Chief Execs)	25.5 days	Wed 06/06/07	Tue 10/07/07																											
57	Implementation Phase 5 (Adult Care)	26 days	Tue 10/07/07	Tue 14/08/07																											
58	Implementation Phase 6 (C&YP Services)	26.6 days	Tue 14/08/07	Tue 18/09/07																											
59	Lessons Learnt Report	27.33 days	Tue 18/09/07	Tue 23/10/07																											
60	Project Closure	18.04 days	Tue 23/10/07	Thu 15/11/07																											
61	Commission Post-Implementation Review	1 day	Thu 15/11/07	Fri 16/11/07																											
62	 P-cards	10 days	Thu 13/03/08	Thu 27/03/08																											
63	Update PID for roll-out project	262.25 days	Fri 13/10/06	Mon 24/09/07																											
64	Consult regarding PID / review	5 days	Fri 13/10/06	Fri 20/10/06																											
65	Board sign-off PID	5 days	Fri 20/10/06	Thu 26/10/06																											
66	Rolling programme of training/familiarisation	5 days	Thu 26/10/06	Thu 02/11/06																											
67	Lessons learnt	228.21 days	Thu 02/11/06	Wed 29/08/07																											
68	Project closure	18.04 days	Wed 29/08/07	Fri 21/09/07																											
69	Collaborative Procurement	1 day	Fri 21/09/07	Mon 24/09/07																											
70	Base line	62.6 days	Fri 15/09/06	Thu 07/12/06																											
71	 Identify current projects (EMCE etc)	62.6 days	Fri 15/09/06	Thu 07/12/06																											
72	Assess initial opportunities	15 days	Fri 15/09/06	Thu 05/10/06																											
73	Identify priorities	15 days	Thu 05/10/06	Wed 25/10/06																											
74	Define NOCs role/activities	2 days	Tue 14/11/06	Thu 16/11/06																											
75	Make initial recommendations to Board	5 days	Thu 16/11/06	Thu 23/11/06																											
76	Priorities agreed	1 day	Thu 23/11/06	Fri 24/11/06																											
77	Update sourcing plans	0 days	Fri 24/11/06	Fri 24/11/06																											
		10 days	Fri 24/11/06	Thu 07/12/06																											

ID	Task Name	Duration	Start	Finish	06 A M J J A S O N D J F M A M J	Half 2, 2006 J J A S O N D J F M A M J	Half 1, 2007 J J A S O N D J F M A M J	Half 2, 2007 J J A S O N D J F M A M J	Half 1, 2008 J J A S O N D J F M A M J
78	 Strategic Sourcing	349.6 days	Mon 05/06/06	Wed 05/09/07					
79	 Sourcing Plans	44.6 days	Mon 05/06/06	Tue 01/08/06					
80	 Confirm savings methodology/incentivisation &	15 days	Mon 05/06/06	Fri 23/06/06					
81	 Seek Board approval	1 day	Fri 23/06/06	Fri 23/06/06					
82	 Prepare detailed sourcing plans	23.6 days	Mon 26/06/06	Wed 26/07/06					
83	 Agree plans	5 days	Wed 26/07/06	Tue 01/08/06					
84	Make or Buy Projects	54 days	Mon 05/06/06	Mon 14/08/06					
85	 Identify areas for review	4 days	Mon 05/06/06	Thu 08/06/06					
86	 Undertake options appraisal for initial area	5 days	Thu 08/06/06	Thu 15/06/06					
87	Consult regarding findings / recommendations	20 days	Thu 15/06/06	Wed 12/07/06					
88	Board approval	1 day	Wed 12/07/06	Thu 13/07/06					
89	Member approval process	24 days	Thu 13/07/06	Mon 14/08/06					
90	Update Sourcing Plan	0 days	Mon 14/08/06	Mon 14/08/06					
91	Sourcing Projects	305 days	Tue 01/08/06	Wed 05/09/07					
92	Voice Comms (fixed lines)	170 days	Tue 01/08/06	Tue 13/03/07					
93	Line and usage audit	30 days	Tue 01/08/06	Fri 08/09/06					
94	Confirm current spend	10 days	Fri 08/09/06	Fri 22/09/06					
95	Evaluate telephony options (VoIP, etc)	20 days	Fri 22/09/06	Thu 19/10/06					
96	Agree procurement approach	5 days	Thu 19/10/06	Wed 25/10/06					
97	Define requirements	10 days	Wed 25/10/06	Wed 08/11/06					
98	POQ	30 days	Wed 08/11/06	Mon 18/12/06					
99	ITT	40 days	Mon 18/12/06	Wed 07/02/07					
100	e-Auction	5 days	Wed 07/02/07	Wed 14/02/07					
101	Agree contract	20 days	Wed 14/02/07	Tue 13/03/07					
102	Confirm savings	10 days	Wed 07/02/07	Wed 21/02/07					
103	End User Computing (desktops, laptops)	135 days	Tue 01/08/06	Thu 25/01/07					
104	Define requirements / scope	30 days	Tue 01/08/06	Fri 08/09/06					
105	Confirm procurement options / approach	10 days	Fri 08/09/06	Fri 22/09/06					
106	POQ	30 days	Fri 22/09/06	Wed 01/11/06					
107	ITT	40 days	Wed 01/11/06	Fri 22/12/06					
108	e-Auction	5 days	Fri 22/12/06	Fri 29/12/06					
109	Agree contract	20 days	Fri 29/12/06	Thu 25/01/07					
110	Confirm savings	10 days	Fri 22/12/06	Fri 05/01/07					

ID	Task Name	Duration	Start	Finish	06 A M J J A S O N D J F M A M J J A S O N D J F M A M J	Half 2, 2006	Half 1, 2007	Half 2, 2007	Half 1, 2008
111	Postal services	140 days	Tue 01/08/06	Thu 01/02/07					
112	Current usage & spend analysis	30 days	Tue 01/08/06	Fri 08/09/06					
113	Agree procurement approach	5 days	Fri 08/09/06	Fri 15/09/06					
114	Define requirements	10 days	Fri 15/09/06	Thu 28/09/06					
115	PQQ	30 days	Fri 29/09/06	Wed 08/11/06					
116	ITT	40 days	Wed 08/11/06	Fri 29/12/06					
117	e-Auction	5 days	Fri 29/12/06	Fri 05/01/07					
118	Agree contract	20 days	Fri 05/01/07	Thu 01/02/07					
119	Confirm savings	10 days	Fri 29/12/06	Thu 11/01/07					
120	Temporary Staff Agency Services	300 days	Tue 01/08/06	Thu 30/08/07					
121	Analyse current provision & spend	90 days	Tue 01/08/06	Tue 28/11/06					
122	Identify current unit cost per worker type	60 days	Tue 28/11/06	Wed 14/02/07					
123	Evaluate Agency supply models	20 days	Wed 14/02/07	Tue 13/03/07					
124	Agree procurement approach	5 days	Tue 13/03/07	Mon 19/03/07					
125	Define requirements	10 days	Mon 19/03/07	Mon 02/04/07					
126	PQQ	30 days	Mon 02/04/07	Thu 10/05/07					
127	ITT	50 days	Thu 10/05/07	Mon 16/07/07					
128	BAFO	15 days	Mon 16/07/07	Fri 03/08/07					
129	Agree contract	20 days	Fri 03/08/07	Thu 30/08/07					
130	Confirm savings	10 days	Mon 16/07/07	Fri 27/07/07					
131	Passenger Transport Services	305 days	Tue 01/08/06	Wed 05/09/07					
132	Model current demand, supply & unit cos	60 days	Tue 01/08/06	Thu 19/10/06					
133	Evaluate make or buy options	40 days	Thu 19/10/06	Mon 11/12/06					
134	Agree preferred supply model	60 days	Mon 11/12/06	Tue 27/02/07					
135	Agree procurement approach	5 days	Tue 27/02/07	Tue 06/03/07					
136	Define requirements	40 days	Tue 06/03/07	Thu 26/04/07					
137	PQQ	30 days	Fri 27/04/07	Wed 06/06/07					
138	ITT	40 days	Wed 06/06/07	Fri 27/07/07					
139	Agree preferred supplier(s)	10 days	Fri 27/07/07	Thu 09/08/07					
140	Agree contract	20 days	Fri 10/08/07	Wed 05/09/07					
141	Confirm savings	10 days	Fri 27/07/07	Thu 09/08/07					