



BEDFORD
BOROUGH COUNCIL

Transformation of procurement and development of a Commercial Hub



V4 Services were appointed by Bedford Borough Council to help the council to establish and develop a Commercial Hub – a central core of commercial specialists with the remit to transform the way in which the council approaches procurement and supplier relationship management.

THE CHALLENGE

- ➔ The council was under severe pressure to find efficiency savings and reduce budgets.
- ➔ The existing procurement function was small; procurement processes were carried out by departmental budget holders with limited strategic oversight or approach to managing spend or driving sustainable improvement.
- ➔ Procurement was primarily seen as an administrative function that did not add significant value to the organisation.
- ➔ The procurement strategy had no procurement toolkit or “know-how” guidelines available.
- ➔ There was no contract register/repository and a lack of robust contract management practices, with no Supplier Relationship Management Strategy in place.
- ➔ Suppliers were not categorised, it was uncertain as to whether they had been approved and what approval processes or methods had been used.
- ➔ The tendering process was inadequately resourced, leading to a “let and forget” culture.
- ➔ The council’s purchasing system was decentralised and paper-based which in itself led to process inefficiencies.

THE SOLUTION

The council, supported by V4 Services, set up a central Commercial Hub, providing on-demand procurement resource with service specific skills and negotiation capability.

- ➔ A tasked and focused Corporate Procurement Strategy was produced.
- ➔ A strong governance structure was developed, supported by senior level buy-in. Regular meetings are held where new savings ideas are presented and approved, and senior council colleagues are updated on progress.
- ➔ By combining a category management strategy approach with a supplier engagement programme, 100 top suppliers were targeted by spend; the Commercial Hub identified an initial savings target of £2.7 million across a range of key areas.
- ➔ A demand management programme was implemented, with “gateway” processes introduced to curb and validate demand for multiple services.
- ➔ A dedicated procurement section on the council’s intranet was developed, and is maintained, to serve as a “resource and data bank” where an extensive library of procurement information, tools, guidance, templates, e-procurement systems and procurement tools are easily accessible from the home page.
- ➔ Development of a Supplier Relationship Management Strategy to actively manage suppliers.
- ➔ An e-procurement solution has been implemented to source a tender and enable contract and supplier management.
- ➔ Development of a contract register to manage procurement activity and deliver better outcomes.
- ➔ Enabling compliance through effective systems (P2P).
- ➔ Developing markets for the supply of goods and services, particularly the local economy.



Expected impact and target benefits

To work alongside the council to prepare and implement a detailed procurement roadmap, tailored to transform the procurement capabilities of each directorate based on a clear understanding of individual needs and potential. To develop procurement roadmaps to assist the council to compile the necessary data and track future progress.

To demonstrate continuous improvement and achievement of value for money through the effective procurement of goods and services ensuring that the council’s needs, and those of the local community, are met.

The goal is to centralise sourcing, whilst maintaining a decentralised buying function. Tools, expertise, systems, training and mentoring to be put in place to enable self-sufficiency.





About V4 Services Limited

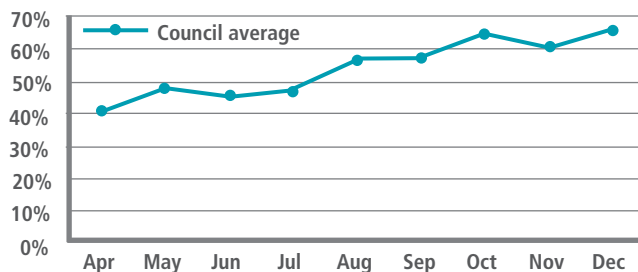
We have worked in partnership with over 120 UK public sector organisations including: councils, NHS, social enterprises and trading bodies providing hands-on delivery support to set up new business structures, improve the efficiency of in-house services, encourage a commercial approach and generate savings and service improvements.

THE BENEFITS

The Commercial Hub has delivered tangible benefits to the council.

- ➔ Savings of over £1.3 million were accrued to the end of 2012/13 with a further significant saving of £1.4 million identified for delivery.
- ➔ The core foundations to support further development of procurement across the council and deliver real value have been put in place, in particular:
 - Category management has been established as a way of working within the council, rather than merely a concept.
 - Revised Procurement Strategy.
 - Contract review.
 - Support to over 68 tenders with a contract value in excess of £30 million (2012/13).

Purchase invoices: April 2012 to December 2012



The Commercial Hub's spend analysis, has improved insight into where, why and how the council spends its money.

- ➔ The council has also moved its relationships with many suppliers onto a more open commercial footing, enabling negotiation and tipping the balance of power away from the supply side.
- ➔ Purchase to Pay (P2P) process embedded. Following a review of purchase orders a P2P programme was established to implement and embed the use of purchase orders. This included:
 - Development of a P2P Action Plan to enforce the use of purchase orders for committed monies.
 - Establishing governance and ongoing management.
 - Review and compliance capability.
 - Identifying savings opportunities.
 - Investigating issues that prevent compliance with the use of purchase orders up front and if required, entering these on to the exceptions register.

The council received over 78,000 invoices for payment in financial year 2011/12, of which 40% had a purchase order. The P2P Project Board set a target of 70% purchase orders by end of March 2013 (with 30% exemptions i.e. non-purchase order invoices).

The Commercial Hub led the P2P programme implementation with the support of all directorates on the P2P Project Board. Between August and December 2012 the percentage of invoices with a valid purchase order increased from 40% to 66%.



“The council has identified procurement as a major strand of its efficiency programme. Working with V4 Services has enabled the council to put in place the right skills and discipline to make a real difference.”

Andy Watkins, Assistant Director (Finance & Corporate Services), Bedford Borough Council

Transferring knowledge

We worked closely with staff transferring vital commercial skills and encouraging an increasingly commercial attitude across council departments. This has been supplemented by training (*Contract Management and Introduction to Procurement*); presentations; workshops and team meetings.

