



Procurement transformation results in improved processes, governance, contract and supplier management



V4 Services were appointed by Tandridge District Council to initially carry out an investigative exercise to determine if a further project could deliver purchasing savings and establish a more formalised approach to procurement. The initial phase was carried out in August 2013 with the results establishing a 15 month procurement transformation project.

THE CHALLENGE

The council was under some pressure to find efficiency savings and reduce budgets.

With no centralised procurement function, procurement processes were carried out by departmental budget holders, allowing little strategic oversight of contracted spend and no consistent approach to driving sustainable improvement.

Culturally, procurement was viewed as a transactional process rather than a professional discipline which could drive strategic value within the organisation.

As a result, there were examples where staff tended not to take a 'commercial' view when purchasing goods and services, and the need for specific commercial skills to be developed.

In addition, existing contracts were managed on an ad-hoc basis with limited application of contract terms and conditions. Opportunities for service improvement, financial benefits and the imposition of penalty credits were often missed.



“The timing of our work with V4 Services was fortuitous as we were reviewing both the governance of our procurement arrangements and our commercial approach. The savings which they helped us to identify in existing contracts were of course very welcome but what was even more helpful was the way in which V4 Services’ personnel were able to work with our staff to impart skill and expertise. Staff report feeling a good deal more confident in both procurement and contract management and we have been left with a much more robust procurement framework, standing us in good stead for the financial challenges to come.”

Louise Round, Chief Executive, Tandridge District Council





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 SOLUTION

The project was initially for six months with the scope to evaluate the top fifty contracts and identify opportunities to deliver savings.

- ➔ 16 contracts were identified as being possible targets to deliver financial benefits. Through a process of contract documentation scrutiny, service/product evaluation and negotiation £155,000 of savings were delivered with a further £475,000 identified as being able to be delivered but were outside the remit of the initial project and on longer timescales.
- ➔ Senior management and officer buy-in was crucial to the success of delivering savings with V4 Services and council staff working together to deliver the outcomes.
- ➔ The success of the initial phase led to the contract being extended by a further eight months.
- ➔ The second phase was predominantly about sustainability and process to put in place professional and timely contract management, compliance and robust documentation.
- ➔ Staff training and awareness was carried out throughout the timescale of the project. Two sessions were held with senior managers taking them through the importance of good procurement, the financial benefits that can be achieved, internal compliance and UK and EU compliance.
- ➔ Further to this, on-the-job training was carried out with all the contract managers, taking them through being able to identify levers and negotiating points in contracts, negotiating with suppliers and ensuring compliance to contract terms and deliverables.
- ➔ The contract managers were also taken through the process of identifying KPIs within their contracts and why these should be measured and managed. V4 Services

working alongside the contract managers then set up a full quarterly business review structure and meetings for each major contract.

- ➔ New Procurement Guidelines and Procurement Spend Level Guidance was produced and issued to all staff with responsibilities for budget management.

THE BENEFITS

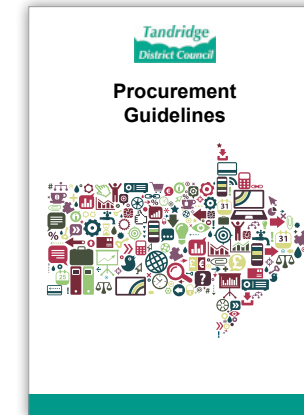
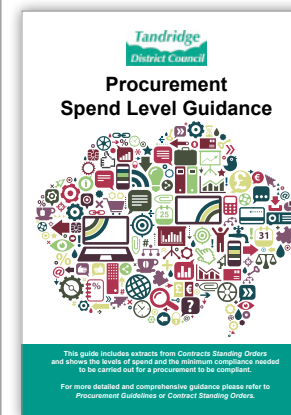
Throughout the fifteen month project there were two main outcomes to deliver:

1. Savings and
2. Improved, sustainable procurement; both have been achieved.

In supporting these two deliverables the council now have:

- ➔ Savings from re-negotiated contracts, 14 of the top 50 contracts.
- ➔ A lower cost base with which to start re-tendered contracts.
- ➔ Staff trained with good negotiating skills and able to spot opportunities.
- ➔ Professional contract management principles.
- ➔ A contract management structure.
- ➔ Procurement documentation and guidance.
- ➔ A Procurement Board to bring governance, structure and direction to all procurement at Tandridge District Council.
- ➔ Practical skills.

Contract management disciplines were evaluated and staff were taken through the benefits of having strong contract management disciplines and routines and the benefits of managing contracts through KPIs and not "gut feeling".



Seven contract managers were taken through the process of identifying contract KPIs, service deliverables, contractor responsibilities, and key issues for each individual contract.

Leading on from this contract management meetings were set up with the various suppliers and meetings held to introduce the new regime. Quarterly meetings were scheduled with consistent agenda's, minute taking and action points. At all times council officers were encouraged to take the lead with V4 Services acting as coach and mentor to all of the contract management staff. This was implemented across 12 of the key contracts.

In tandem with the contract management transformation all documentation was evaluated and checked for compliance and being fit for purpose.

From this work a completely new set of documents were designed and implemented for use both in daily management of procurement and to support the newly formed Procurement Board.