



New Commercial Procurement Unit delivers £2 million savings and promotes commercial culture



V4 Services were appointed by Woking Borough Council to establish a Commercial Procurement Unit – 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.

With no centralised procurement function, procurement processes were carried out by departmental budget holders, allowing no strategic oversight or approach to managing spend or 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 commercial skills were not recognised.

THE SOLUTION

V4 Services set up a central Commercial Unit, providing on-demand procurement negotiation capability.

The Commercial Unit was supported by senior level buy-in and a strong governance structure, with monthly meetings where new savings ideas were presented and approved, and senior colleagues receive progress reports.

By combining a category management approach with a Supplier Engagement Programme targeting the top 100 suppliers by spend, the Commercial Unit identified significant savings across a range of key areas.

The Commercial Unit also implemented a demand management programme, with 'gateway' processes introduced to curb and validate demand for various categories of spend.

At all stages the Commercial Unit worked closely with council staff, transferring vital commercial skills and encouraging an increasingly commercial attitude across departments.



THE BENEFITS

- ➔ £2 million savings delivered within two years (includes £1.15 million through integrated housing management outsource).
- ➔ Improved insight into where and how the council spends its money through detailed spend and category analysis.
- ➔ More open and commercial relationships with many suppliers, enabling further negotiation and improved value for money.
- ➔ Return on investment on our fees of 4.7:1.

“V4 Services have brought a fresh commercial perspective to our organisation. With focus and enthusiasm, they have delivered £2 million of savings representing a return on our investment of just under £5 for every pound spent. Procurement is becoming a strategic tool, rather than an administrative process, by which we can start to better shape our services and achieve improved financial, operational and environmental performance.”

Ray Morgan, Chief Executive