

STRATEGIC COMMISSIONING: GETTING MORE OUT OF OUR SPENDING

Proposal 2: Value for Money Procurement

**Portfolio Lead: Communities and Housing, Economy and Regeneration,
Reform and Governance**

1.0 Summary of Proposal

- 1.1 To reduce spending on a recurrent basis across a range of services, we will optimise the value and outcomes expected of those suppliers and providers we commission by introducing new contract management processes; re-procuring some goods and services; changing procurement routes and specifications; and re-negotiating contract terms and prices.
- 1.2 Working closely with STAR Procurement, the new Contract and Provider Management function set out in the Strategic Commissioning strategy will undertake targeted reviews of categories of spend across all category areas.
- 1.3 These reviews will identify savings by:
 - Improving management of 'on and off' contract spend across all services through targeted training and support, new financial controls and the use of new data and procurement tools,
 - Identifying opportunities to renew and unify contracts, or renegotiate prices to reduce spend,
 - Identifying where spend can be better directed through existing frameworks, or (in partnership with others) commissioning new frameworks where necessary to deliver better value for money.
- 1.4 Spend reductions will also be sought in financial administration and in the running costs of STAR.

2.0 Proposal Update

- 2.1 The vision for the work programme has been agreed based on the National Audit Office – Assessing Value for Money guidelines and includes:

Achieving the best value from all publicly funded purchases to enable the optimal use of resources to achieve the intended outcomes.

- Economy: minimising the cost of resources used or required (inputs) while having regard to quality – spending less,
- Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well,
- Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely,
- Equity: the extent to which services are available to and reach all people that they are intended to – spending fairly.

2.2 The overall aim of the programme is:

- To underpin the council's financial stability by delivering a minimum of £950K reduction from the cash-limit budget in 19/20 and further savings over the MTFP timeframe,
- To inform and deliver a robust infrastructure both staffing and technology to ensure controlled spend is understood, rationalised, monitored, follows due process and governed,
- To become an excellent authority to do business with.

2.3 The programme will be delivered over three phases.

Phase 1: October – December 2018

- Analysis on the current spend and contract position has commenced
- Research into best practice with regard to provider and spend management has commenced
- Work has commenced with category managers and budget managers to identify potential cost reductions. STAR category managers are drafting procurement plans based on off-contract as well as influenceable spend at a level of £50,000 and above. This will be reported to Directorate Management Teams
- The Financial Systems Team are assessing all under £50,000 spend to identify off contract spend as well as core common items of spend. The purpose of this is to then develop a core list of controllable goods and services ready for consultation with CLT and Directorates
- Mapping of all 'ordering systems' and associated architecture - developing, agreeing and articulating appropriate controls is currently being scoped out as a project.

2.4 Additionally, links with Manchester City Council are proving to be beneficial as both authorities are defining roles, responsibilities and developing training for contract managers and commissioners.

Phase 2: December 2018 – February 2019

Phase 2 will involve:

- Developing a core list of controllable goods and services that will be on contract and made available to order via a catalogue of core list items and controlled through use of eOrdering.
- Articulating the roles and responsibilities within commissioning, procurement and contract management, developing appropriate Information Advice and Guidance and suggesting a staffing infrastructure to support spend management.
- Set up governance structures to monitor off-contract and/or off core list spend.
- Undertaking provider and supplier mapping to support local wealth building exercises as part of new approach to place-based strategic commissioning.
- Enacting procurement plan pipeline activity.

Phase 3: March 2019

Phase 3 will involve:

- Starting to use new systems (eOrdering/ContrOCC)
- Working with providers to continue to negotiate price
- Implement training for colleagues in commissioning and procurement cycle
- Design, develop and implement provider relationship and quality assurance models
- Develop the marketplace and sufficiency plans based on Strategic Commissioning aims.

3.0 Scope

3.1 Within scope of the proposal is:

- All influenceable third party spend. This will include spend in scope of other implementation or financial recovery plans if contracts require renegotiation but not reflect the savings associated with the reduction.
- STAR budget.

3.2 The financial scope for this review is set out below:

					Phasing	
	Saving Name	2018/19 Cash Limit Budget £000	Full Year Saving £000	Revised Cash Limit £000	2019/20 £000	Cumulative 2020/21 £000
2	Value For Money Procurement.	97,556	(950)	96,606	(575)	(950)

4.0 Key Timescales

4.1 Updated key milestones include:

Milestone description	Date expected	Output at milestone
Phase 1 STaR Category spend management plans in place	December 2018	First iteration procurement plans approved by Senior Leads and budget holders
In line with commissioning priorities, spend review, contact negotiations and re-procurement exercises as necessary	December 2018 – April 2019	Identified spending reductions
Contract and provider management support offer agreed and in place	From February 2019	Improved responsibility and accountability as well as capability to support ongoing spend reductions.

5.0 Consultation and Engagement Update

- 5.1 Councillors will be consulted on the proposed approach and updated on progress with delivery. Effected suppliers, providers and budget managers will be engaged on an on-going basis.
- 5.2 At this stage, no formal consultation is required.

6.0 Interdependencies, Constraints, and Risks

- 6.1 There is a risk that spending reductions in scope of this cross-cutting implementation plan might be inadvertently considered in scope of other implementation plans. Controls are in place through STAR and Finance colleagues to mitigate the likelihood of this.
- 6.2 Reductions in spend can only be managed when genuine, recurrent opportunities can be identified and where relevant goods and services can be supplied to a standard and at a price the Council wants to pay.

7.0 Equality Impact Assessment

Equality Impact Assessment

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Procurement**

24/09/2018

Stage: Draft

Stage 1: Do you need to complete an Equality Impact Assessment (EIA)?

About Equality Impact Assessments

Yes, an EIA is required as this proposal seeks to reduce spending on a recurrent basis across a range of services by introducing new contract management processes; re-procuring some goods and services; changing procurement routes and specifications; and re-negotiating contract terms and prices. Potentially, this will have a negative impact on service delivery.

Further consideration is required once the category spend analysis has been conducted and spending reductions have been identified.

Once proposals have been developed, consultation may be required to take place. The EIA will take incorporate the feedback from consultation. The full EIA will be available when this is completed.

A full EIA will be completed as specific proposals are developed. This will demonstrate the impact of service users and staff against all protected characteristics.

Stage 2: What do you know?

The protected characteristics under the Equality Act 2010 are as follows:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation.

Identification of the affected protected characteristics will be carried out once the category spend analysis has been conducted and spending reductions have been identified.

In addition, consideration will also be given regarding:

- Borough wide demographics and needs
- Consultation and engagement feedback

Stage 2a: Further data and consultation

Subject to approval to progress to the consultation stage, an extensive consultation will be undertaken. The EIA will identify who will be consulted and how it will be accessible.

Stage 3: Results and Measures

To be completed following the consultation stage.

Stage 4: Decision Stage

To be completed following the consultation stage.