

# GETTING MORE OUT OF OUR SPENDING

## **Proposal 5: Value for Money Procurement – Phase 2** **Portfolio Lead: Commissioning Resources and Governance with Others**

### **1. Summary of Proposal**

- 1.1 This is phase 2 of the Value for Money proposal and will support further cost reductions by reducing the spend across a range of goods and services. We aim to reduce costs by re-procuring some goods and services, renegotiating contract terms and prices and questioning whether orders are business critical. We will optimise the value, outputs and outcomes expected of suppliers and providers by continuing to develop robust contract management processes.

### **2. Proposal**

- 2.1 Working closely with STAR Procurement, the new Sourcing, Provider Engagement, Negotiation and Delivery (SPEND) team will undertake targeted reviews of spend and budget across all categories of procurement and ensure the emphasis on social value.
- 2.2 The work has been split by value with STAR taking a lead on all spend with suppliers that is over £0.050m. The SPEND team will concentrate on under £0.050m.
- 2.3 These reviews will identify savings by:
- 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.
  - Reviewing and reducing budgets that can be controlled and/or where past spend analysis highlights opportunities for recurrent reductions.
  - Improving management of 'on and off' contract spend across all services through the development of tools, workflow and information, advice and guidance. This will support more rigor in applying contract procedure rules, enforce financial controls and enable better quality data to inform our future procurement activity.

### 3. Scope

- 3.1 The initial scope for this review includes all budgets and spend across the Council that we are able to influence which excludes the care management budgets within Children and Adult Social Care, and expenditure with the Totally Local Company (TLC).
- 3.2 The activity undertaken to achieving best price will benefit the associate bodies that use the Council's eProcurement system PECOS.
- 3.3 The financial scope for this review is set out below:

| Saving   | <2019/20><br>Cash Limit<br>Budget<br>£000 | Full year<br>Saving<br>£000 | Revised Cash<br>Limit<br>£000 |
|--|---|-----------------------------|-------------------------------|
| 1-3% of non-staffing expenditure budgets across the Council achieving efficiencies via improved procurement. | Varied                                    | (750)                       | Varied                        |

### 4. Key Timescales

| Milestone description  | Date expected  | Output at milestone                                       |
|--|----------------|---|
| Influence-able spend, budget analysis and prioritisation of types of spend requiring review completed. | September 2019 | Targeted spend areas agreed.                              |
| Monthly meetings with STAR to outline process with prioritised areas of spend.                         | Monthly        | Agreed log of procurement activity and actions.           |
| Procurement pipeline established for 2020/21.  | December 2019  | Procurement expectations and routes to market identified. |
| Final proposal presented to Cabinet.   | January 2020   | Approved by Cabinet.                                      |
| Contract monitoring system go-live.  | January 2020   | Contract monitoring and performance system in place.      |
| Budget re-alignment and reductions completed following Cabinet approval.                               | April 2020     | Budget Reductions identified.                             |

## 5. Consultation and Engagement

| Stakeholders   | Engagement Method  | Engagement Period |
|--|--|-------------------|
| STAR Procurement                                       | Formal meetings  | Ongoing           |
| Financial Systems Team                                 | Co-production  | Ongoing           |
| Financial Landscape Team                               | Co-production  | Ongoing           |
| Council requisitioners, authorisers and commissioners. | Co-production and ongoing liaison over procurement changes | Ongoing           |

5.1 Elected Councillors will be involved throughout all stages of Consultation and Engagement, both at Scrutiny Committee and in other settings.

5.2 Additional consultation will be carried out with other stakeholders following the completion of the review if appropriate.

## 6. Interdependencies and constraints

6.1 The proposal relies on STAR pro-actively supporting the business case and objectives.

6.2 The work, prioritisation and focus will be influenced by the evolving Corporate Strategy and Commissioning function.

## 7. Risks

| Description of risk   | Action  |
|---|---|
| Spending reductions in scope of this cross cutting plan might be inadvertently considered in scope of other proposals.  | Controls established between STAR and Finance colleagues to mitigate likelihood.                    |
| The complexity of individual service budgets, the individual budgetary commitments and apportionment of the reduction in costs per service becomes over-complicated and very difficult to agree and action the reduced budget figure. | Consider centralisation of common non-staff spend.  |
| Procurement achieves cost avoidance rather than savings.  | Recognition that cost avoidance is equally valuable, but does not contribute to the overall target. |
| Systems required to be developed to support the ability to control spend are not prioritised for digital support.   | Ensure requirements are identified and discussed regularly.   |

## 8. Equality Impact Assessment

### Equality Impact Assessment

**Value for Money Procurement- Phase 2**

Date: December 2019

Stage: Draft

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

This will be determined following the completion of the review.

### Stage 2a: Further data and consultation

### 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

Analysis will be required following the completion of the review to determine if any protected characteristics will be affected by the proposal.

To be completed following the completion of the review and any necessary consultation.

### Stage 3: Results and Measures

To be completed following the completion of the review and any necessary consultation.

### Stage 4: Decision Stage

To be completed following the completion of the review and any necessary consultation.