Institute for Competition and Procurement Studies (ICPS)

Three Counties Procurement Service:
Full Business Case

Prepared for: Denbighshire County Council, Flintshire County Council and Gwynedd County Council.

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EXECUTIVE SUMMARY

This Full Business Case has been prepared for Denbighshire County Council, Flintshire County Council and Gwynedd Council by Bangor University's Institute for Competition & Procurement Studies, to support the adoption of a "Three Counties" sub-regional procurement strategy. The main conclusions are as follows.

Whilst there is currently no strategic approach to purchasing along Category Management lines in any of the Three Counties, clearly a significant appetite to do so exists. Denbighshire and Flintshire have taken moves to merge their corporate procurement units, and while this is very much at an early stage of development, it marks the beginning of the culture change needed to achieve implementation of category management across the Three Counties.

Our research with key stakeholders in each of the Three Counties indicates that the current level of E-procurement, legal, supplier relationship management and policy support for those personnel who are engaged in procurement (at the coalface) is not adequate at present. Clearly, given the complexity and risk attached to the conduct of effective public procurement, major attention needs to be devoted to improving this level of support, as a matter of urgency. This Business Case suggests the way forward.

The research conducted as part of this Business Case with the Three Counties will also give a more complete understanding of which steps in the procurement / commissioning process (defined in the broadest sense, ranging from pre-tender planning to contract management) are currently consuming the bulk of effort devoted by the Three Counties human assets to the procurement or commissioning process. This Business Case will serve to help each Council reorganise their use of human assets in order to redirect human / systems' effort towards several key stages in the procurement /commissioning cycle that require a necessary reorientation of attention.

This Business Case also highlights the multiple benefits of adopting a Category Management (CM) approach. This Business Case gathered and collated spend data across 31 major categories of spend across all Three Counties to demonstrate the aggregate significance of spend in each Category; to suggest how all Categories can be reorganised into six main Category Groupings; and to demonstrate how current spend and staffing to manage same could be rationalised under a CM approach.

A CM approach will overcome the limitations to the existing operating model, whereby the Corporate Procurement Units (CPUs) in each Authority do not

have executive authority to elevate the procurement skills of service departments, and at the same time, will address service department concerns that CPUs do not possess the same level of market sector awareness and understanding as them.

This Business Case also demonstrates how a CM approach implemented across each of the Three Counties could realise <u>major strategic purchasing</u> and <u>financial savings</u> for each Council, once effective governance arrangements are put in place, supported by a shared procurement support service.

<u>Strategic benefits</u> include:

- Purchasing would be organised along strategic lines, based around the principles of CM.

- The benefits flowing from coordinated adoption of CM would allow for more intensified shared procurement support, which in turn would allow more strategic collaborative purchasing to take place, supported by a more comprehensive shared support service.

- Data contained within this report will serve as a useful guide to inform the Three Counties to make more strategic decisions, guided by informed evidence, when they wish to move to more intensive phases of procurement collaboration over the years to come, e.g., the benefits of collaborative spend will become more apparent; and also it will enable the Three Counties to intensify their alignment of procurement spend with the objectives set out in their local economic development strategic development policies to grow the local economies; to support local communities; and to assist the SME sector to become more intensively part of the procurement environment, by involving them more in pre-market engagement so that they are positioned to take full advantage of the Three Counties more strategic approach to category purchasing.

<u>Significant savings benefits</u> can also be achieved by way of strategic purchasing, both in terms of using a variety of approaches to control spend, and also rationalising the cost associated with human procurement assets through more efficient use of resource. This Business case demonstrates that:

- Our Cost/Benefit Analysis for "Model 4" (each Council leading on different Category Management groupings, supported by a shared procurement support service organised on a virtual basis),

demonstrates that a loss of £583,000 would occur in the first year (the loss would be due to implementation costs), followed by a saving of £2.7m in the second year, rising to £9.2m in the fifth year (these savings are generated by the improved service delivery model, as well as through influenceable, cashable, and overall Authority spend savings).

- Similarly, our Cost/Benefit Analysis for "Model 2" (individual Category Management implementation in each Authority, with individual support maintained in each Council and an element of shared service coordination), demonstrates that a loss of £666,000 would occur in the first year (the loss would be due to implementation costs), followed by a saving of £2.2m in the second year, rising to £8.7m in the fifth year (these savings are generated by the improved service delivery model, as well as through influenceable, cashable, and overall Authority spend savings).

Recommendation

It is clear therefore that there is a strong Business Case for implementing either of these Models. The initial Project Brief for developing this Full Business Case stated that a phased approach should be adopted. On this basis, the way forward is for phase one to involve the Three Counties progressing to implement Model 2 in a coordinated fashion, and then move rapidly thereafter to Model 4 in order to deepen the sub-regional solution and realise the more significant savings arising from Model 4. However, moving from Model 2 to Model 4 could result in unnecessary staff disruption and the incurring of avoidable costs (arising from the need to reallocate CM lines of responsibility to orientate with Model 4), therefore, a more apt route forward, might be to proceed straight through to Model 4 assuming there is appetite amongst the Three Counties to do this.

Acknowledgements

The Institute for Competition & Procurement Studies wish to record their thanks to the officers and staff of the Three Counties who worked with us intensively over several months to discuss the issues arising, generate datasets and source evidence to support our work in developing this Full Business Case.

1.0   INTRODUCTION & METHODOLOGY

1.1   Introduction

In 2012, 6 North Wales Local Authorities (Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, and Wrexham) instructed Capita Consulting to develop a regional collaborative procurement business case for the Local Authorities of North Wales.

Subsequent to the North Wales Procurement Business Case; 3 of the 6 Local Authorities, Gwynedd, Flintshire and Denbighshire County Councils, decided to proceed further and were successful in obtaining 3 years of funding from the Regional Collaboration Fund (RCF) to develop a new project – a scalable "Three County Procurement Service" based around category management.

The grant from the RCF[1] has enabled the "3 Counties" Project Board to proceed with the development of a Strategic Outline Case and an Outline Business Case, as well as to commission Bangor University's Institute for Competition & Procurement Studies to develop a Full Business Case.

The remit for the development of the Full Business Case was that it should:

- Be a scalable solution with the possibility for the Isle of Anglesey Council to come on board in future

- Be based around Category Management

- Be structured so that it does not duplicate National Procurement Service (NPS) categories, but still enables NPS arrangements to be utilised and managed by each Council

- Be capable of:

    1. Being introduced in a phased manner

    2. Accommodating differing 'states of readiness' that exist between the participating Authorities

    3. Transforming and professionalising procurement and service delivery in the Local Authorities concerned.

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[1] An offer letter from the RCF of £250,000 of grant funding for year 1 was received in November 2013. Additional funding is also available for year 2 of £364,000, and £414,000 for year 3.

This document is structured as follows:

- Executive Summary
- Introduction and Methodology
- Current Position
- Future Position (including Options Appraisal)
- Cost/Benefit Analysis and Implementation Plan
- Appendices/Supporting Evidence

1.2   Methodology

A combination of primary and secondary research was undertaken to prepare this report, together with senior stakeholder engagement at critical points in the process. The key aspects of the methodology were as follows:

1. Desk Based Review:

This process involved reviewing a range of documentation including: Corporate Plans; Procurement and Commissioning Strategies; Audit Reports and Procurement Fitness Checks; in order to gain a greater understanding of:

    I.   The corporate priorities of each Council

    II.   How procurement, commissioning and contract management currently operates in each Council

    III.   Challenges and issues related to existing operating models.

2. Focus Groups:

Four focus groups took place with senior stakeholders from all 3 Councils. Two of the focus groups included participants from the respective Corporate Procurement Units (CPU), audit and finance department staff; and the other two focus groups were with the devolved service department procurers and commissioners from the 6 key spend areas.

These groups were deliberately conducted separately in order to guarantee a "safe" environment where challenging views could be aired and discussed in an open constructive environment.

The themes of the focus groups were as follows:

    I.   ***"Assessment of Current Position and Benefits/Challenges to Collaboration":***

    The purpose of this focus group was threefold.

        A. First, to understand the procurement, commissioning and contract management governance arrangements in each Council.

        B. Second, to comprehend the processes and systems being adopted, and;

C. Third, to understand the procurement, commissioning and contract management skills base within each Council, alongside the training and development support structures being used.

A questionnaire was distributed at the end of the focus group to more fully understand attendee perceptions of the challenges in creating a workable and sustainable sub-regional procurement solution. In total, 33 employees from Gwynedd, Denbighshire and Flintshire Councils attended this round of focus groups - 29 staff from service departments involved in procurement, commissioning and contract management, and 4 from the CPU and audit departments.

II. ***"Towards a Future Operating Model":***

This focus group round gathered opinion on a range of potential future models that could be used for operating a "3 Counties" Shared Procurement Service. The session culminated with a questionnaire where attendees were formally required to specify their views as to the acceptability and viability of these models. 26 employees from Gwynedd, Denbighshire and Flintshire attended this focus group - 21 from service departments involved in procurement, commissioning and contract management and 5 from the CPU, finance and audit departments.

3. Technical Specialist Interviews:

Interviews were held with Human Resources, E-Procurement and Legal specialists from all 3 Councils in order for them to give their informed view as to issues related to establishing a sub-regional procurement solution in relation to their specialist areas. In total, 9 interviews took place, one with each Council for each subject area.

4. Procurement, Commissioning and Contract Management Resource Baseline:

In order to establish the Procurement, Commissioning and Contract Management Resource Baseline, all employees from Gwynedd, Denbighshire and Flintshire County Councils who undertake a procurement, commissioning and contract management function were requested to complete an on-line survey (see Appendix 7C) identifying what percentage of their time is spent on commissioning, procurement and contract management on behalf of their

organisations.

All staff from within Denbighshire and Flintshire County Council and four departments within Gwynedd County Council were also asked via a survey to quantify the percentage of time they spend on different aspects of procurement, commissioning and contract management and to specify the main category of spend their activities relate to.

5. <u>Spend Analysis Data Interrogation:</u>

In order to establish an understanding of public procurement spend across the three Authorities; Denbighshire, Flintshire and Gwynedd County Council were asked to provide a full account of all public procurement transactions that took place in the business year 2012/13.

In addition, each Authority was also asked to provide a full account of all those transactions that they considered to be 'Influenceable and Cashable'. Influenceable spend is where cost, quality, service level / delivery or the trading process can be influenced by human intervention.

In order to make accurate comparisons and conclusions between the 'Spend Analysis' data and the 'Procurement, Commissioning and Contract Management Resource baseline' all evaluations were founded on the Authority's Grouping Structure (i.e. Service Departments) and the 'ProClass' (level 1) categorisation of procurement spend (ProClass is a procurement classification, not a finance classification of spend – the purpose of ProClass is to classify spend into useful headings that will help identify savings and areas for collaboration, which in turn will lead to more efficient procurement and further savings).

6. <u>Analysis of Shared Procurement Service Case studies:</u>

Research was undertaken to understand the diverse Shared Procurement Service operating models adopted by a selection of 'case study' organisations, as well as to gather cost/benefit analysis information, and understand lessons learnt. Where possible, interviews also took place with key personnel from these initiatives to generate a more detailed insight of the issues at stake. The following cases were investigated:

  I. "Black Country Purchasing Consortium"

  II. "Procurement Lincolnshire Shared Procurement Service"

  III. "Tri Borough London Model".

The implementation of a Category Management approach by Cardiff Council was also examined, given that the remit for the development of the Full Business Case, stated that it should be based upon category management.

7. **Analysis of external dependencies and interfacing elements impacting upon the future operating model:**

This element of the methodology involved examining the purpose, role and remit of the National Procurement Service; the Welsh Purchasing Consortium; and the North Wales Commissioning Hub.

8. **Cost Benefit Analysis of Target Operating Model:**

In order to undertake a cost/benefit analysis, the results from stage 5 of the methodology were combined with a number of standard best practice savings assumptions as identified in Section 5.1.4 of the report. Finally these savings benefits were compared against the range of costs that would materialise as a result of changing from the current model of operating to the future model of operating.

1.2.1 Definitions

1.2.1.1 *Procurement:*

"Procurement" is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical "make or buy" decision, which may result in the provision of services in-house in appropriate circumstances.

1.2.1.2 Commissioning:

Commissioning' is a central feature of local government and public service reform. Councils have been challenged to move away from narrow service delivery functions and adopt a more strategic commissioning role. This means stepping back from traditional service delivery and focussing on understanding the needs of the community and leading activity to secure improved outcomes. It means being open to using the best way of securing service outcomes and thinking creatively about how to get the most from available resources.

With significant influence and purchasing power, Local government is expected to shape local service markets and engage with citizens and service users in the design and delivery of services. This may involve bringing together multi-sector partner agencies to focus their efforts on achieving the outcomes that matter locally and creating synergies between different activities.

1.2.1.3 *Contract Management:*

Contract management is the process that ensures both parties to a contract fully understand their respective obligations and that these are fulfilled as efficiently and effectively as possible to provide the best value for money. The role of the contract manager is almost supervisory in nature, ensuring the contractors meet their "obligations".

2.0   DESIGN PRINCIPLES

The project brief for the "Three County Procurement Service" set out a series of design principles which have informed the development of this Business Case. These design principles were as follows:

- Bring together and connect commissioning and procurement through best practice operating measures

- "Professionalise" the Commissioning and Procurement function

- Support Directorates / Departments to deliver better service outcomes through smarter procurement & commissioning

- Achieve greater efficiencies and value for money on a sustainable basis

- Implementation of various Procurement Policy initiatives

- Facilitate the achievement of corporate priorities of individual Councils particularly regeneration and economic development and encouragement of SME's and Third Sector involvement

- Ensure a governance framework that is fair, open and transparent but allows innovation and exceptions and promotes a strategic approach

- Be capable of engaging with and shaping the marketplace

- Be sufficiently flexible and scalable to allow for potential collaboration arrangements

- Ensure effective consideration of national and regional procurement related developments

- E-procurement implementation including development of Management Information (MI)

- Adoption of category management, demand management and compliance management

- Adoption of contract management and supplier relationship management best practice

- Confirm capacity with regard to contract solicitor support

- Measurement and capture of benefits realisation.

3.0 CURRENT POSITION

3.1 Context

3.1.1 Spend

Subsequent to the Government's spending review, Gwynedd, Denbighshire and Flintshire Councils are facing severe financial pressures. With a current combined spend of £383.7m per year (2012/2013 spend data) on bought-in goods, service and works, there is an inevitable urgent need to realise savings from adopting more efficient and effective ways of working.

3.1.2 Geographical and Demographical Context

There are some significant geographical and demographic differences which contrast the Local Authority areas of Gwynedd, Denbighshire and Flintshire. Gwynedd in the far North-West of Wales is a highly distributed rural area with a land area of 2,548 km^2 and has a low population density. Denbighshire in the centre of North Wales is also largely rural in nature, but Flintshire in the North-East of Wales is very different. Flintshire's land area is just 438 km^2, but it has a population density nearly 7 times higher than that of Gwynedd. The distance between Gwynedd in the west, and Flintshire in the east, is also quite significant (Mold in Flintshire, is approximately 60 miles east by road from Caernarfon, in Gwynedd).

Local Authority	Population: Mid-Year estimates by local authority - 2012	Land Area (km^2)	Population Density
Flintshire	152,743	438	349
Denbighshire	94,066	844	111
Gwynedd	122,142	2548	48
Total	368,951	3830	96

The Councils of Gwynedd, Denbighshire and Flintshire also vary significantly from a language perspective. In Gwynedd, Welsh is the internal administrative language of the Council and 65% of Gwynedd's residents speak Welsh. By contrast, within Denbighshire and Flintshire Councils, English is the administrative language used.

3.1.3 Corporate Priorities

Whilst the Corporate Priorities of all 3 Councils show a strong commitment to supporting local businesses, Gwynedd in particular, with its peripheral location naturally has a strong mandate to maximise spend with local suppliers (i.e., organisations based in Gwynedd). For example, Gwynedd's "Retaining Economic Benefits Locally Project", implements a number of strategic interventions to meet this need. These include: the use of Social Clauses in contracts worth over £500,000 within construction contracts; the identification of supply voids within the County; and a particularly strong pledge to raising awareness amongst local businesses of the Council's procurement contracts, including a forward contracts list. At least 40% of Gwynedd's spend is with locally based suppliers.

Denbighshire County Council also has a similar mandate. Flintshire's location on the border with England, presents a very different environment, one where there is inevitably significantly more competition from companies outside of Wales (the further east one moves, the more likely suppliers outside of Wales will be willing to undertake their business within these adjacent parts of Wales). One of Flintshire County Council's Corporate priorities is therefore to optimise the advantages of its location and to realise cash savings by maximising competition from suppliers both from within and outside of Wales.

Gwynedd, Denbighshire and Flintshire County Councils are therefore clearly all striving to achieve value for money, but are using slightly different methods to achieve this value.

The Corporate plans of the 3 Councils are as follows:

- Denbighshire County Council

    - *"Council Strategic Plan 2013-2017"*

- Flintshire County Council

    - *"Improvement Plan 2013-2014"*

- Gwynedd County Council

    - *"Strategic Plan 2013-2017 Theme: Improving opportunities for the people of Gwynedd to live, work and succeed locally"*

3.1.4 External Environment Changes

The Williams Report *"Commission on Public Service Governance and Delivery"* (Sir Paul Williams, January 2014), concluded that Local Authorities

in Wales should merge, reducing the current 22 Welsh Local Authorities to between 10 and 12.

Of particular noteworthiness (in the context of this business case), is the Williams Report recommendation that the Isle of Anglesey County Council should merge with Gwynedd Council; Conwy with Denbighshire; and Flintshire with Wrexham County Borough Council. These proposed pairings are at odds with the "3 Counties" strategic partnership between Gwynedd, Denbighshire and Flintshire (that this Business Case for a sub-regional procurement solution is founded upon), although confirmation has not yet been to be made as to whether these mergers will take place.

There are also other broader changes occurring within the procurement landscape in Wales, include the establishment in 2013 of the National Procurement Service (NPS), a body designed to enable common and repetitive spend to be procured 'once' for Wales. NPS spend categories will include when it becomes fully operational: Construction and Facilities Management; Corporate Services; Fleet; Information & Communications Technology; People, Services and Communications; and Professional Services. Under each of these categories are also a number of sub-categories.

Denbighshire and Flintshire have joined the Welsh Purchasing Consortium (WPC), alongside 17 other Local Authorities from the rest of Wales. The WPC involves collaborative procurement for a range of Category groups including food; fleet; construction services and energy. Contracting activity within the WPC is undertaken by individual member Authorities on behalf of the whole membership on a reciprocal basis.

The recent report by Sir Paul Williams has also reaffirmed there should be more widespread use of shared services across Local Authorities in Wales. The Williams Report advocates the success of the NHS Shared Services Partnership and suggests (via Recommendation 22) that the Welsh Government should lead work to establish a single shared service organisation to provide back office functions and common services (including procurement) across the public sector by the end of the 2016-17 financial year.

3.1.5 Existing Collaborative Procurement and Shared Services arrangements

Collaborative procurement between Local Authorities in North Wales has been taking place to some extent for a number of years and in more recent

times has been driven forward by the North Wales Procurement Partnership (now dissolved). Feedback from the focus groups which took place with the CPUs and service departments representatives from Gwynedd, Denbighshire and Flintshire Councils in relation to establishing the "Current Position", highlighted that adopting a collaborative approach to procurement with other public sector organisations, was not by any means an alien way of working for them. The level of success of these various collaborative arrangements has varied greatly, but the collaboration mentality is certainly present to some degree.

Furthermore, the North Wales Commissioning Hub (operational since October 2012), is another illustrative example of a collaborative arrangement between North Wales Local Authorities. The Hub is responsible for commissioning and procuring a specific range of complex high value social care, education and health services on behalf of the six Local Authorities of North Wales and Betsi Cadwaladr University Health Board and is hosted by Denbighshire County Council.

The concept of shared procurement services is also something that is not totally new to all "3 Counties" partners - Flintshire and Denbighshire County Councils are implementing a joint Corporate Procurement Unit serving both organisations in 2014. The Procurement Manager for Denbighshire has also undertaken a part-time management role within Flintshire Corporate Procurement Unit within recent times which has resulted in a number of common systems.

3.1.6 Challenges to creating a Sub-regional Procurement Solution: Views from Corporate Procurement Units and the Decentralised Service Departments

Attendees from the focus group designed to assess the "Current Position", were required to complete a questionnaire (see Appendix 7A) stating what they consider are to be the 5 major challenges to creating a sub-regional procurement solution for Gwynedd, Denbighshire and Flintshire County Councils. In total, 33 questionnaires were completed (29 of these were completed by service department employees and 4 by CPU and audit staff).

Unsurprisingly, the service departments who responded to this questionnaire were concerned about ensuring service provision meets local needs; as well as the challenges that different systems, processes and structures could bring. They were also particularly concerned about the issue of geographical distance between the Councils and the wider ramifications of this. For the CPUs and audit departments, the concern, perhaps unsurprisingly, was more

on ensuring strategic alignment between individual Council Priorities and Procurement Objectives.

The table below highlights the 20 top perceived challenges and lists them in order of significance.

Order of Significance	Description of Challenge
1	Potential difficulty in ensuring service provision meets local needs (i.e. risk that a shared service approach might not allow responsive approaches that reflect the local situation e.g. from a language, political or practical perspective).
2	Geographical distance between Gwynedd Council and Denbighshire & Flintshire Councils.
3	Use of differing systems, processes and structures in the Councils (including E-Procurement, Contract Procedure Rules/Standing Orders, Financial Regulations, different aspects of commissioning and information management approaches; etc.).
4	Political appetite for change in Procurement & Commissioning with resultant loss of Council-specific control.
5	Ensuring Strategic Alignment between individual Council Priorities & Procurement Objectives (i.e. aligning regional and local priorities e.g. preference for local spend).
6	Agreeing a governance model deemed appropriate to all "3 Counties".
7	Local Government reorganisation as outlined in the Williams Commission Report (contradiction between make-up of "3 Counties" Project partners and Williams Commission Local Authority merger recommendations).
8	Potential loss of local service knowledge and specialist expertise if shared service approach adopted.
9	Provision of adequate funding to enable appropriate change to take place and to support effective collaboration once systems are in place.
10	Concerns regarding ability to recruit Category Managers who have the appropriate service knowledge and expertise and other requisite skills e.g. language, procurement, contract management.
11	Differing use of Welsh language and Welsh language requirements within the "3 Counties".
12	Risk that a shared service model may compromise response time and result in greater bureaucracy.
13	Differing organisational cultures of each Council.
14	Appetite for localism/protectionism and hence risk of silo working.

Order of Significance	Description of Challenge
15	Differing views amongst the Councils as to a vision for the "3 Counties" Shared Procurement Service.
16	Communication between "3 Counties" Partners.
17	Resistance to change from service areas because of a lack of appreciation of the importance of procurement & fears of relinquishing control to a centralised department.
18	Cultural change required where for instance Category Management introduces a greater level of control within a Central Department.
19	Resistance to change from those fearful of losing their jobs.
20	Supplier and public resistance to adoption of collaborative ways of working.

It is important to note that these challenges relate generically to creating a sub-regional shared procurement solution for the "3 Counties" and not to a specific prescriptive model of operation.

3.2 Organisation

The "3 Counties" partnership of Gwynedd, Denbighshire and Flintshire Councils all run devolved procurement structures, whereby strategy, policy and advice are provided by the centre, but individual council departments are responsible for undertaking procurement/purchasing activities.

The main findings from the focus groups held to establish the "Current Position" are detailed below and categorised according to 3 major themes:

1. Procurement, Commissioning and Contract Management Skills & Performance Issues

2. Governance Strategies

3. Processes & Systems.

3.2.1 Procurement, Commissioning and Contract Management Skills & Performance Issues

Key Findings:

1. **Training Budgets:**

   Very small budgets are allocated to the CPUs of the 3 Councils for procurement and commissioning training (typically £10,000 to £20,000 *per Local Authority per year* – just £146 to £293 per individual involved in such activity).

   These budgets are designed to support *all* those engaged in procurement and commissioning activities throughout each Council, hence underlining how inadequate they are. When viewed in the context of the multimillion pound expenditure that flows through procurement activity, an activity that is highly complex in nature, carrying a high level of risk engagement and professional responsibility, this training budget is entirely perfunctory and inadequate.

   It is also worth noting that the service departments of each Local Authority do not generally set-aside any of their annual training budgets for Procurement & Commissioning training.

2. **Mandate to Attend Procurement & Commissioning Training:**

Within the service departments, there appears to be little or no mandatory training for procurement and commissioning other than attendance at Contract Procedure Rules (CPR) training. Service department line managers ultimately make the decision as to whether staff should attend such training and there is usually significant scope to opt-out of this if individuals believe they have the requisite experience, or if their line managers consider there is not sufficient free time for them to attend the training.

3. **Link between Procurement Spend and Competency Levels:**

There appears to be no definitive link between the value of spend that individuals within service departments engage in and the procurement and commissioning training and qualifications they possess. Service departments appear to fit in procurement activities alongside their other departmental duties. The personnel chosen to undertake a particular procurement activity is more dependent on who is available at that particular time, and the expertise required based on what is being purchased, rather than being dictated by who has the requisite procurement competencies to competently undertake this extremely complex and responsible risk-laden function.

Having said this, the CPUs of the respective Local Authorities do have policies in place where it is mandatory for CPU staff members to be actively engaged in service department procurement exercises that are over a certain threshold value. For example, in Gwynedd, where the value of spend from a procurement exercise is over £500,000, Gwynedd's Sustainable Procurement policy dictates that a member of the CPU must be present.

4. **Chartered Institute of Purchasing & Supply (CIPS) Qualified Procurement & Commissioning Staff:**

On the whole, the service department employees had not engaged in any CIPS training, although there were some examples, for instance in Social Care where a small number of focus group attendees had undertaken the level 4 CIPS qualification. The level 4 CIPS qualification is useful, but really is designed for those in quite junior roles. At the CPU level, 4 of 6 staff at Denbighshire County Council have the MCIPS qualification; 1 of 4 at Flintshire and 3 of 6 in Gwynedd.

5. **Other Procurement & Commissioning Training Courses:**

Typically half a dozen short procurement and commissioning courses are delivered by the CPU or external providers to the service departments of each Local Authority. These courses include a range of areas: "Overview of Procurement"; "Introduction to Procurement"; "Supplier Selection & Award"; "Contract Management"; "Specification Writing"; "TUPE"; "Financial Appraisal of Suppliers" and "Corporate Procurement Rules" training. There appears to be a general need across all 3 Local Authorities for more training on public procurement law.

6. **Performance Measurement & Appraisals:**

Procurement, commissioning and contract management competence rarely features within the annual performance reviews of service department staff and do not usually feature within staff training plans. Additionally, service departments rarely have any specific procurement metrics to deliver on, other than typical expected measures such as on-time payment, up-front purchase orders and savings. In contrast, the CPUs have a range of department metrics related to procurement and commissioning which they are measured on, such as CPR training, spend with local SMEs, community benefits, savings, etc. On the whole it appears that within the service departments, the focus is on the service results, as opposed to assessing procurement competency or procurement outcome.

3.2.2 Governance Strategies

Key Findings:

1. **Overall Governance Structure:**

Individual council service departments and in particular Heads of Service are responsible for undertaking procurement/purchasing activities and contract management, whereas strategy, policy and advice are provided by the CPUs. Heads of Service are responsible for ensuring that all of their staff members are familiar with key procurement documents such as procurement handbooks and the Council Procurement Strategy.

The level of influence of the CPUs varies significantly, with some good collaboration with some service departments, and little influence in other cases where the service departments do not welcome CPU

involvement. Clearly the overall influence of the CPU in each case is severely limited by the small size of the CPUs in comparison to the number of decentralised procurers, which can often result in a 'fire-fighting' type mentality, with the CPU being invited to become involved too late in the process.

For the decentralised procurers, the Contract Procedure Rules are perceived as the overarching procurement and commissioning governance mechanism, although these are not always regimentally followed in practice. Additional governance is provided via the use of various checklists – for example, in Denbighshire and Flintshire all procurements above £100,000 in value have to have a checklist completed and then signed-off by the CPU (for contracts of less than £100,000 in value, the service departments still have to fill out the checklists, but they are kept on the contract file for inspection).

Whilst procurement and commissioning decisions are made within service departments, the CPUs of each Local Authority are viewed by the service departments as a resource that can be utilised to provide support where required. However, the extent to which different service departments and individuals use the CPUs of each Council varies significantly.

There appears to be a feeling amongst the service departments that the CPUs of each Local Authority rarely have the required 'local' service expertise and understanding, and reciprocally the CPUs often feel the service departments do not have the required procurement and commissioning expertise, and lack an understanding of linking the practice of procurement with best practice or with the Council's strategic priorities.

2. **CPU Reporting Mechanisms:**

    The CPUs of each of the "3 Counties" partners are located within different departments and as such have different reporting mechanisms. These reporting mechanisms can be summarised as follows:

    a. The Head of Procurement at Gwynedd County reports to the Head of Strategy and Improvement.

    b. In Denbighshire, the Head of Procurement reports to the Head of Finance and Assets.

c. In Flintshire, the Head of Procurement reports to the Head of ICT and Customer Services.

The Head of Procurement at the merged Denbighshire and Flintshire CPU unit will report directly to a Joint Management Board (hosted and employed by Denbighshire County Council).

3.2.3 Processes & Systems

Key Findings:

1. **CPU Responsibilities:**

   The CPUs of each Local Authority are responsible for driving forward new procurement initiatives and use of better procurement practices. They fulfil a range of functions including: providing guidance, toolkits, checklists and templates; explaining the procurement rules; providing training; and implementing various initiatives such as new E-Procurement developments. They also sometimes take a lead role in undertaking particular procurement exercises.

2. **Issues relating to Procurement Legal Support Capacity:**

   Both the CPUs and the service departments believe there is insufficient legal resource to support procurement activities within each of the Councils. For example, there is only around 1.5 FTE (full-time equivalent) of contract solicitor support for procurement across the three Councils. This is totally inadequate given the combined spend of the Councils is in the region of £384m. The lack of legal support is said to result in major bottlenecks and tends to discourage service departments from contacting the legal department in the first place, which inevitably sometimes leads to significant unnecessary problems later down the line.

3. **Silo Mentality of Service Departments:**

   Given the current devolved procurement structures and governance arrangements within the "3 Counties", a silo service mentality is being adopted within service departments, and this naturally leads to a lack of wider internal collaboration.

   A Category Management operating model provides a potential solution and also simultaneously overcomes some of the inferred weaknesses

that have been put forward by service departments of CPUs having insufficient 'local' service understanding and knowledge to contribute positively.

4. **Contract Management:**

Contract Management also takes place within the service departments. Service departments adopt a variety of contract management techniques – the techniques vary from those that are dictated by the funding provided, or by use of particular industry standards, to personal styles of managing contracts that may or may not align with best practice.

5. **E-Procurement:**

Full details of the E-Procurement systems being used by Denbighshire, Flintshire and Gwynedd County Councils can be found in section 4.6.1.

3.2.4 "3 Counties" – Common Challenges

Analysis of feedback from the "Current State" focus groups (involving "3 Counties" staff from CPUs; audit and finance departments and decentralised service departments), together with evaluation of material from Procurement Strategies, Audit reports and Procurement Fitness Checks, all confirm the same findings, and suggest that the current operating models of the "3 Counties" partners face a number of common challenges.

A historical review of this documentation suggests that these challenges are not new, and indeed there is little to suggest that they will be overcome without a more radical change in approach.

These challenges can be summarised as follows:

1. The expertise, skills and knowledge of service department staff with procurement, commissioning and contract management responsibilities varies significantly across different parts of each Council.

2. In tandem, service departments are adopting varying approaches to procurement, commissioning and contract management activity across each Council, resulting in a number of negative ramifications, including adoption of an inconsistent approach to the supply market.

3. The above 'silo mentality' is also not conducive to each Council operating in a collaborative fashion internally and hence opportunities

to adopt more efficient and effective ways of working are not being capitalised upon.

4. Category management, which is generally accepted as a progressive approach, is currently not in place in any of the Councils, and this means that there is no strategic approach to purchasing, nor to ensuring that there is sufficient transparency in category purchasing. Without the visibility that category management brings, the councils are unable to really be in a position to know whether they are achieving value for money, nor whether they are aligning their distribution of human asset resource to areas where it is most needed.

5. Due to a lack of resources and executive power, there is a disconnection between the promulgation of good procurement policy by the CPUs and the implementation of such policies consistently across each Council. The influence of the CPUs of each Council on the purchasing practices of the service departments is inevitably more limited than it ought to be, and is resulting in the CPUs engaging in too much 'fire-fighting'.

6. Additional wider procurement support, such as legal support, is also inadequate in terms of capacity, which is leading to bottlenecks and unnecessary complications. Service departments require additional training on the European Procurement Regulations.

7. Training and development support structures for procurement, commissioning and contract management within service departments appear to be highly informal and under-developed.

8. Performance Measurement of individuals engaged in procurement, commissioning and contract management activities within service departments is infrequent to non-existent. KPIs are not directed at assessing staff procurement competency, capability or performance, and so do not act as drivers for change in procurement practice.

9. Service departments perceive that the CPUs of each Local Authority rarely have the required 'local' service knowledge and understanding, and hence do not involve the CPUs as much as they could. When the CPUs become involved, it can sometimes be too late in the process. Reciprocally the CPUs often feel that service department procurement, commissioning and contract management skills are sometimes lacking.

10. Contract Procedure Rules are not always complied with and adherence to Corporate Procurement Strategies is inconsistent.

11. There is often a lack of proper planning of procurement activities, resulting in inefficient and ineffective approaches that create unnecessary barriers for suppliers.

12. Service department personnel are generally not specialists in procurement, commissioning and contract management, and perceive these activities as just one of a number of roles they are required to perform alongside other responsibilities that also place significant demands on their time.

13. Contract Management and Supplier Relationship Management approaches vary significantly from the formal to the informal, and the effective to the ineffective.

14. There appears to be a general lack of recognition and awareness within each Council of the wider significance and impact of good procurement, commissioning and contract management practices. Procurement in general is not viewed as a strategic function.

15. Salaries of specialist procurement staff are low given the demanding nature of the roles they perform.

3.3   Performance against Leading Practice Principles

In July 2013, the Welsh Government awarded a contract to KPMG to undertake Procurement Fitness Checks on all Local Authorities in Wales. The purpose of the programme was to provide independent peer reviews and assessments of the procurement maturity of Welsh Local Authorities against the Welsh Government Maturity Model.

The Maturity Model is split into 8 major pillars:

- Procurement Leadership & Governance

- Procurement Strategy & Objectives

- Defining the Supply Need

- Commodity/project strategies and collaborative procurement

- Contract and Supplier management

- Key Purchasing Processes and Systems

- People

- Performance Management.

Each align with different principles embedded within the Welsh Public Procurement Policy Statement and provide a platform for continuous improvement, as well as the infrastructure necessary to ensure effective controls are in place to facilitate a high performing procurement function. The maturity model includes various descriptors that classify the extent of development for each key pillar. These descriptors are:

- Non-conforming

- Developing

- Conforming

- Progressive

The procurement fitness checks delivered by KMPG comprised of an on-line survey and a number of face-to-face interviews with senior officers and members of the authority including both CPUs and decentralised service department staff. The results of the KPMG survey for all 3 Local Authorities are detailed in the table below:

Maturity Model Dimension	Summary Description of Maturity Model Dimension	Current State of Play – Gwynedd	Current State of Play – Denbighshire	Current State of Play - Flintshire
Procurement Leadership & Governance	Identifies key components required to gain best value in procurement as a result of robust and strategic leadership. This encompasses the embedding and auditing of processes and systems that demonstrate clear accountability for procurement throughout the organisation to remain within the procurement function and the necessary communication pathways and process protocols that ensure internal stakeholders are managed appropriately within the procurement context and are provided with the necessary information/tools to ensure a sound and best value approach.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* Need to corporately re-affirm role of procurement within the organisation.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* Implementation of PROACTIS in 2014 will ensure greater levels of compliance due to system parameters.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* Procurement Leadership has been ad hoc over the years with various consultants and part-time resources providing the role. Combining Denbighshire and Flintshire CPUs will result in clearer direction to the organisation.
Procurement Strategy and Objectives	This pillar, further embeds a best practice approach to procurement throughout the organisation, with particular focus on achievement of wider support for the procurement function, continuous improvement, as well as recognition of need for external engagement to ensure the most effective procurement leadership, methods and controls are utilised.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* Requirement to raise the profile of the central team, promote strategy and engage service departments.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* The decentralised structure means the CPU does not actively get involved in service department	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* A new contracts procedure has recently been signed off which supports procurement strategy and objectives

Maturity Model Dimension	Summary Description of Maturity Model Dimension	Current State of Play – Gwynedd	Current State of Play – Denbighshire	Current State of Play - Flintshire
			reviews/category strategies. The procurement strategy is currently being updated.	across the organisation. Flintshire also have a procurement checklist in place across the Authority before departments go to market which incorporates the procurement strategy and objectives and ensures alignment across the organisation.
Defining the Supply Need	The focus in this pillar is on the areas that ensure a meticulous and well designed way of defining supply needs. It includes maturity with regard to liaison between procurement and internal customers; broader rationalisation practices, methods and approaches used to undertake supply market analysis, as well as practices that ensure the principle of 'Open, accessible competition'.	<u>Non-Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Suggested need to develop a 'sourcing plan' that gives the CPU visibility of procurement activity across the authority and an opportunity to influence it.	<u>Developing towards Conforming level of Maturity.</u> *Indicative comments from KPMG Fitness Check:* Move to Category Management will deliver significant benefits and should be pursued as a priority.	<u>Developing towards Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Demand management expected to improve with implementation of E-Sourcing system in 2014. Pre-tender checklists in place.
Commodity/Project Strategies and	This takes account of factors that determine how an organisation	Developing towards Conforming level of	Developing towards Conforming level of	Developing towards Conforming level of

Maturity Model Dimension	Summary Description of Maturity Model Dimension	Current State of Play – Gwynedd	Current State of Play – Denbighshire	Current State of Play - Flintshire
Collaborative Procurement	subsequently satisfies its supply needs. A range of issues come into play; sustainability aspects, collaborative procurement strategies (internally and externally), risk mitigation sourcing strategies, methods to select suppliers and adoption of evaluation criteria that are fit for purpose.	Maturity. *Indicative comments from KPMG Fitness Check:* Consider implementing Category Management across the Authority to drive savings across categories of spend.	Maturity. *Indicative comments from KPMG Fitness Check:* Significant value can be added by the CPU where they are involved in the development of category strategies.	maturity. *Indicative comments from KPMG Fitness Check:* Implementation of E-Sourcing system in 2014 will ensure Procurement Route Planner parameters are incorporated and education of end-users will assist understanding of why the parameters are in place.
Contract and Supplier Management	This pillar includes maturity from the perspective of processes to measure contract expenditure compliance and delivery of benefits as specified in ITT documentation, to management of supply risks and feedback mechanisms between supplier and buyer and vice versa.	Non-Conforming level of maturity. *Indicative comments from KPMG Fitness Check:* Recognised as a key potential area of improvement for the Authority. Presently there is no up-to-date and systems driven Central Contracts Register for the authority.	Developing towards Conforming level of Maturity. *Indicative comments from KPMG Fitness Check:* Contract management is undertaken by the service departments, but there is an opportunity for the CPU to help ensure the service departments adopt a more strategic approach to Contract Management	Developing towards Conforming level of maturity. *Indicative comments from KPMG Fitness Check:* Contract management is undertaken by the service departments, but there is an opportunity for the CPU to help ensure the service departments adopt a more strategic approach to Contract Management

Maturity Model Dimension	Summary Description of Maturity Model Dimension	Current State of Play – Gwynedd	Current State of Play – Denbighshire	Current State of Play - Flintshire
		Suggestion that a Contracts Management directive which outlines roles and responsibilities and good practice should be established.	if new governance arrangements were implemented.	if new governance arrangements were implemented.
Key Purchasing Processes and Systems	This pillar relates to whether there is the architecture in place to enable effective procurement; including stock management and authorising payment.	<u>Developing towards Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* P2P system integrated and well known.	<u>Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Level of maturity is highest for this pillar theme.	<u>Developing towards Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Purchase to Pay integration and E-Sourcing in place in Flintshire.
People	This pillar offers scope to measure maturity from other perspectives including planning future human resources, competency testing, and approach to training and CPD.	<u>Developing towards Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Suggestion that procurement training should be introduced in annual compliance training across the Authority.	<u>Developing level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Level of proficiency of service department procurers in areas including Public sector procurement legislation and various Welsh policies (SME access, community benefits, collaboration	<u>Non-Conforming level of maturity.</u> *Indicative comments from KPMG Fitness Check:* Non-conforming status has resulted primarily from the lack of use of the Welsh Procurement Competency Framework, as well as potential knowledge gaps of service department

Maturity Model Dimension	Summary Description of Maturity Model Dimension	Current State of Play – Gwynedd	Current State of Play – Denbighshire	Current State of Play - Flintshire
			and electronic trading) is low. Suggestion that there should be consideration of the application of 1 full-time equivalent per £10m of spend.	procurers, who buy on behalf of the organisation.
Performance Management	"Performance Measurement" includes a range of procurement measurement methods and approaches to acting upon such data.	Developing towards Conforming level of maturity. *Indicative comments from KPMG Fitness Check:* Opportunity for broader communication of KPIs within the organisation, which may assist in promoting the CPU, procurement as a function and change behaviours across the organisation if more visible.	Developing level of maturity. *Indicative comments from KPMG Fitness Check:* Both CPUs and service department procurers accept that the level of maturity with regard to performance measurement is relatively low.	Developing towards Conforming level of maturity. *Indicative comments from KPMG Fitness Check:* CPU have KPIs for service plans that feed into the corporate plan.
OVERALL RATING		Developing towards Conforming level of maturity.	Developing towards Conforming level of maturity.	Developing towards Conforming level of maturity.

Conclusions

The KPMG Fitness Checks confirm that all 3 Councils are at similar levels of maturity based on the Welsh Government Maturity Model (status: "Developing towards Conforming") and also that each Council is heading in the right direction in terms of the implementation of new initiatives that will ensure that their status is upgraded in the near future to "Conforming".

For example, in Denbighshire and Flintshire, the implementation in 2014 of the PROACTIS E-Sourcing platform and associated training of service department staff in its use will significantly enhance existing arrangements, particularly in terms of system driven controls that will ensure compliance with Council policies/rules and encourage adoption of best practice approaches.

The fitness checks also support the findings from section 3.2.4 of this report ("3 Counties - Common Challenges"). In particular, they provide further evidence that there is a strong need to implement Category Management arrangements in each Council in order to ensure greater consistency of approach and control and to maximise the benefits that arise from both specialist procurement skills, and advanced knowledge of particular spend categories.

3.4 Current Procurement Resources

3.4.1 Introduction

In order to establish the current position with regard to resources, we requested that all those employees within Gwynedd, Denbighshire and Flintshire County Councils who undertake a procurement, commissioning and contract management function identify what percentage of their time is spent on commissioning and procuring goods, services or works, as well as contract management on behalf of their Authority. This was carried out via use of an on-line questionnaire (a copy of this questionnaire is included in Appendix 7C). The following responses were received:

- In Denbighshire 146 recipients responded

- In Flintshire, 224 recipients responded

- In Gwynedd, 302 recipients responded.

All recipients were asked to identify the average time they spent on activities such as:

- Corporate commissioning / procurement strategy development

- Needs / Market / Business Analysis

- Tendering and contracting

- Contract Management

- Contract performance & monitoring

- Giving procurement/legal/commissioning advice and general support.

Furthermore, all recipients were also asked to estimate the average time they spent on any other commissioning duties and also to provide an approximation of the percentage of the time they spend on procurement.

3.4.2 Full-Time Equivalents (FTEs)

Denbighshire

Out of the 146 recipients that responded to the survey from Denbighshire, 145 confirmed that they performed some sort of procurement, commissioning or contract management function within their organisation. From these 145 individuals, initial results indicated a combined full-time equivalent (FTE) effort of approximately 58 (57.8) spread across the authority.

Following further analysis and receipt of additional data (we estimate that 6% of the data linked to spend was unaccounted as a result of the survey) it allows us to conclude that there is probably closer to 154 people within the organisation who perform some sort of procurement, commissioning or contract management function, meaning that there is a combined effort of approximately 61 FTEs spread across the authority. We further estimate that these 61 FTEs salary costs to the Authority work out at approximately £2.6 million (£2,602,168) in 2012/13.

Flintshire

Out of the 224 recipients that responded to the survey from Flintshire, 100% of these recipients confirmed that they performed some sort of procurement, commissioning or contract management function within their organisation. From these 224 people, initial results indicate a combined FTE effort of approximately 68 (67.5) spread across the authority.

Following further analysis, and receipt of additional data (we estimate that 9% of the data linked to spend was unaccounted as a result of the survey) it allows us to conclude there is probably closer to 244 people within the organisation who perform some sort of procurement, commissioning or contract management function, meaning that there is a combined effort of approximately 74 (73.6) FTEs spread across the authority. We further estimate that these 74 FTEs salary costs work out at approximately £2.9 million (£2,943,390) in 2012/13.

Gwynedd

Out of the 302 recipients that responded to the survey from Gwynedd, 276 of these recipients confirm that they performed some sort of procurement, commissioning or contract management function within their organisation. From these 276 people, initial results indicated a combined FTE effort of approximately 53 (53.1) spread across the authority.

Following further analysis, and receipt of additional data, we concluded that there is probably closer to 363 people within the organisation who perform some sort of procurement, commissioning or contract management function meaning that there is a combined effort of approximately 70 (69.8) FTEs spread across the authority. We further estimate that these 70 FTEs salary costs work out at approximately £2.7 million (£2,695,571) in 2012/13.

Full Time Equivalents

	DCC	FCC	GCC
■ Full Time Equivalent	61.3	73.6	69.8
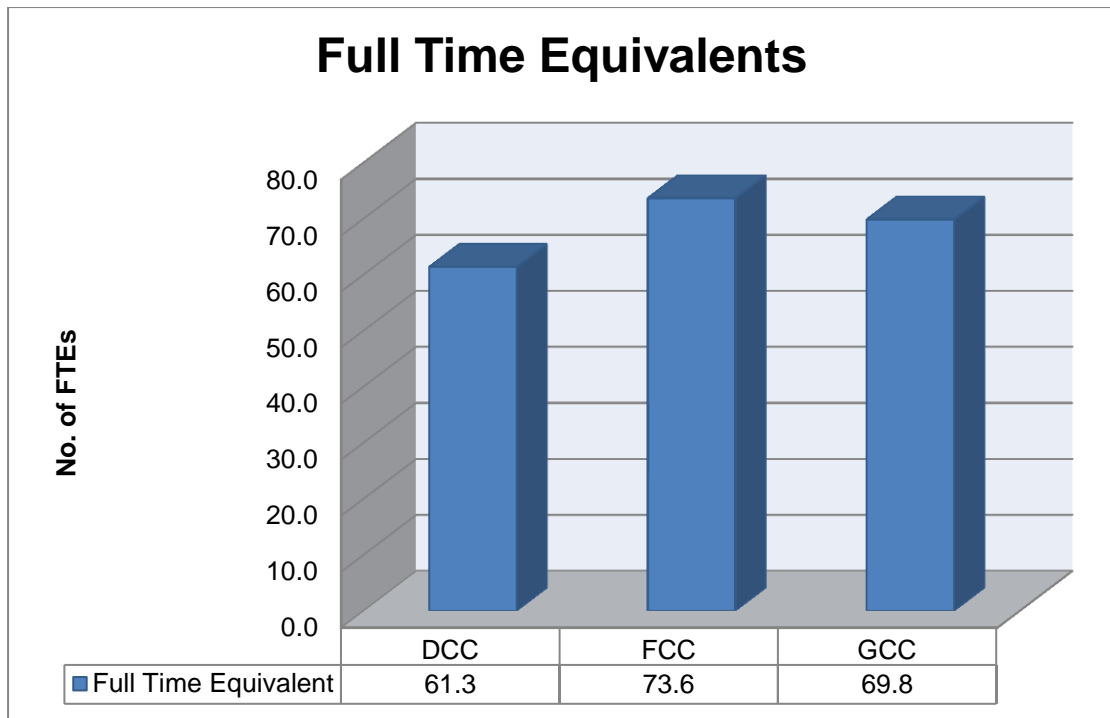
3.4.3 FTEs delineated according to Different Procurement Functions

In addition to identifying the number of FTEs within Denbighshire and Flintshire County Council we were also able to estimate the effort expended by these FTEs on various procurement (commissioning and contract management) functions within the organisation. This granular level of analysis is currently not available from data gathered from Gwynedd County Council.

For example, as can be seen in the following chart, 'FTE Effort on Various Public Procurement Functions', it is apparent that both Denbighshire and Flintshire Authorities are expending a lot of effort on two main functions, namely, Tendering and Contracting, and Contract Management. The data in the same chart illustrates how both Authorities appear to expend considerably less effort on functions such as Performance Monitoring, Corporate Commissioning/Procurement Strategy Development, Needs/Market/Business Analysis, Market Development and Management, or on Procurement Systems and Processes as part of their procurement operations..

As can be seen from the chart, there are a number of items that raise some concern. For example, there is clearly a lack of planning prior to the tendering/specification stage. Additionally, there seems to be a lack of Market Development and Management. These findings align with the results of the "current state" focus groups detailed in section 3.2.

FTE Effort on Various Public Procurement (commissioning and contract management) functions
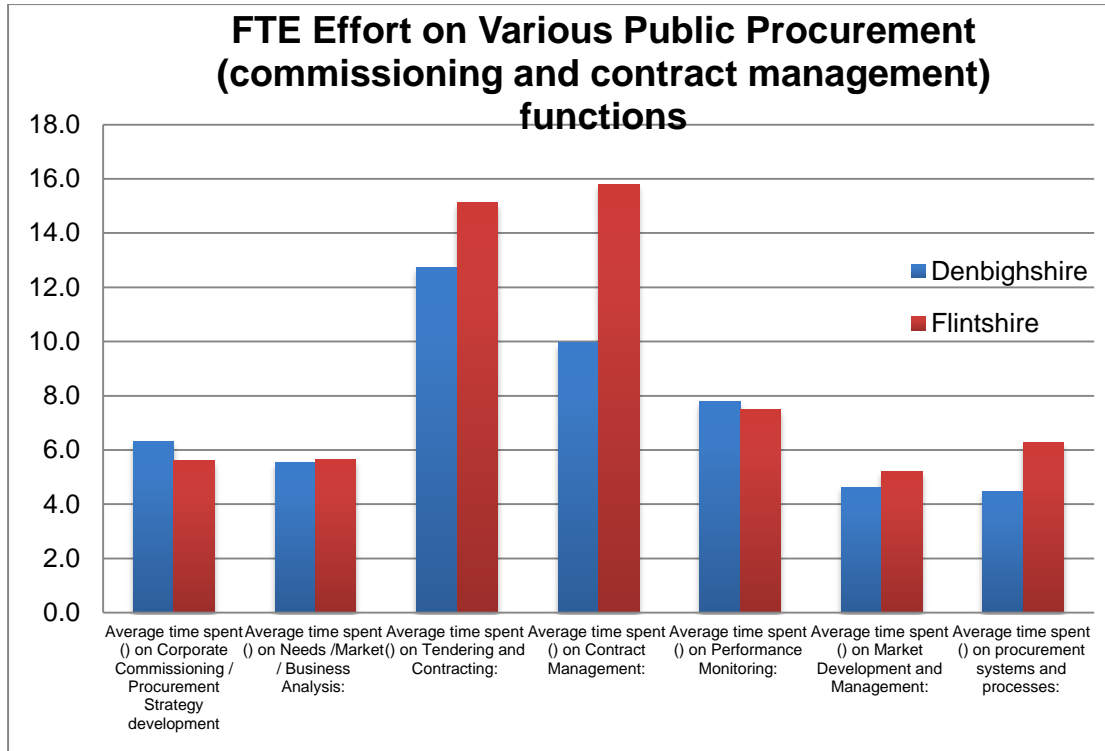
3.4.3 Total Staff Salary Expenditure according to FTE Analysis

Based on our detailed analysis of the amount of personnel that perform some kind of procurement, commissioning or contract management function and what the overall cost (a pro rata rate) of salaries linked to the same functions, we were able to make a number of confident estimates.

A total of 204 FTEs across all 3 Councils are devoted to public procurement, commissioning and contract management activities, with between 61 and 74 individuals involved per Authority.

The average salary of the FTEs is between £37,066 and £41,506, as illustrated below:

	Respondents	Average Salary Per Council
Denbighshire CC	145	£40,747.09
Flintshire CC	224	£41,505.85
Gwynedd CC	274	£37,066.01
Total	204.8	

This data leads us to conclude that the overall salary cost of the FTEs comes to more than £8m, with the salary cost in the case of each Authority, broken down as follows:

- Denbighshire (just under £2.5m)

- Flintshire (just over £3m)

- Gwynedd (just under £2.6m)

This breakdown is illustrated in the chart below:

Staff Expenditure (based on FTE analysis)

Denbighshire CC	Flintshire CC	Gwynedd CC	Total
£2,499,602.67	£3,056,815.77	£2,588,227.72	£8,144,646.17
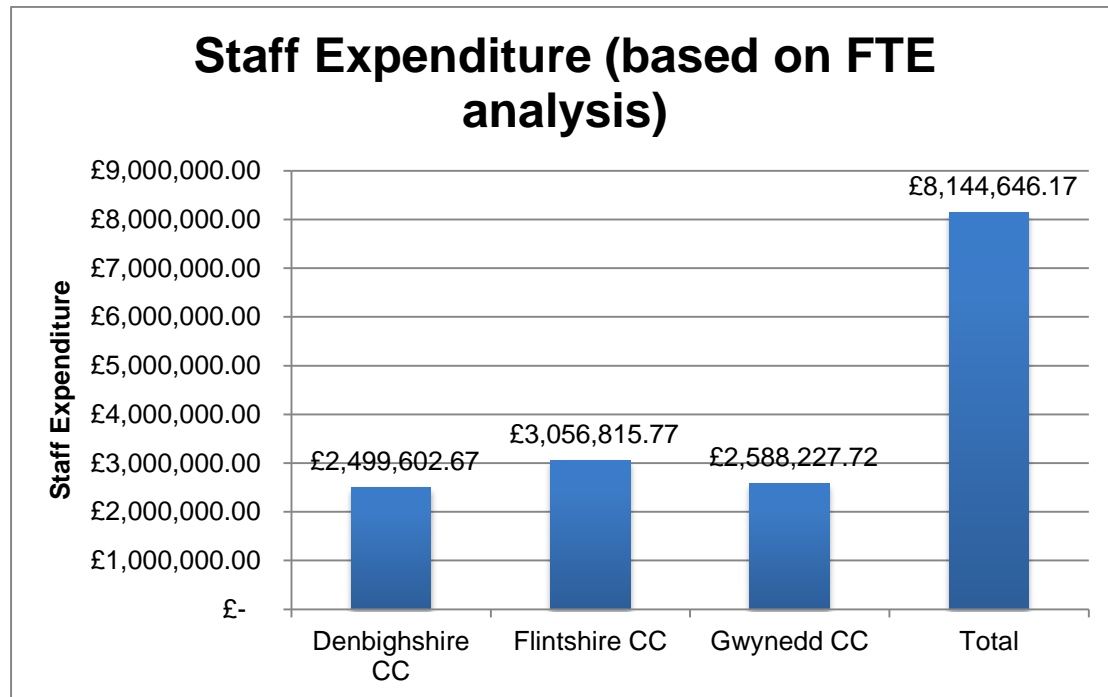
Note: The figs above reported for each Council are approximately £100,000 less (in each case) than those reported at 3.4.2 above for each Council, for the reasons set out at 3.4.2. This minor variation from the above does not compromise the accuracy of the data above.

3.4.4 Conclusion

As our analysis will demonstrate later in this report, we estimate that a reduction of 25% in the FTEs could easily be made, once a category management approach is adopted and could yield significant benefits to all three Authorities, including a reduction in head count devoted to procurement, commissioning and contract management activity.

Note, we are not calling for redundancies – that would be a matter for each Authority to decide, but certainly, this FTE resource would be surplus to requirements in the procurement context, and could easily be moved to other frontline services or areas of need.

4.0   FUTURE POSITION

4.1   Adoption of a Category Management based approach

The evidence in the preceding section on the "current position" clearly demonstrates that adopting a Category Management based approach is vital for all 3 Councils, regardless of whether a "Three Counties" shared procurement service is adopted.

The following narrative is designed to ensure a consistent understanding of the fundamental aspects of category management.

4.1.1   Defining Category Management

Category Management is a strategic approach to managing all aspects of the procurement cycle. It works by taking an organisation wide view of spend, and grouping it into discrete market facing categories (i.e. similar expenditure groups).

In simplest terms, it is a structured way of organising and managing procurement activities and resources by grouping together related products and services across Local Authorities and then mapping them to their relevant supply market. Essentially categories of products and services are grouped together based on the ability of the market to supply and not on the basis of organisational boundaries.

Category Management requires active participation of and engagement with stakeholders, functions and individuals across an organisation to make it successful (i.e. using cross-functional teams to develop and deliver category specific sourcing strategies based on an understanding of business needs and market analysis).

Category Management has an emphasis on planning and use of analytical tools and adopts governance processes that cross organisation boundaries. It relies on combining both advanced procurement skills and specific knowledge and expertise within particular categories.

The key process at the heart of category management is strategic sourcing which challenges what is bought and how it is bought to ensure buying power and value are maximised. Category Management therefore provides an opportunity to professionalise the approach to procurement and contract management within Gwynedd, Denbighshire and Flintshire County Councils. It will enable a high percentage of spend to be channelled through approved arrangements and to be aligned with

strategic priorities, hence ensuring maximum value is obtained from any expenditure.

The sourcing process itself flows from stakeholder engagement to supplier relationship management. A diagram showing a typical strategic sourcing process that would go hand-in-hand with the adoption of a category management based approach is detailed overleaf.

A practical example of how category management works in practice can be found in Appendix 2A.

The Strategic Sourcing Process*

```
┌─────────────────────────────────────┐
│     Establish multi-functional team  │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│  Understand current supply arrangements │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│            Market Analysis           │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│            Business Needs            │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│         Strategy Development         │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│     Preferred Procurement Strategy   │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│            Implementation            │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│          Contract Management         │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│               Review                 │
└─────────────────────────────────────┘
                  ↓
┌─────────────────────────────────────┐
│            Lessons Learnt            │
└─────────────────────────────────────┘
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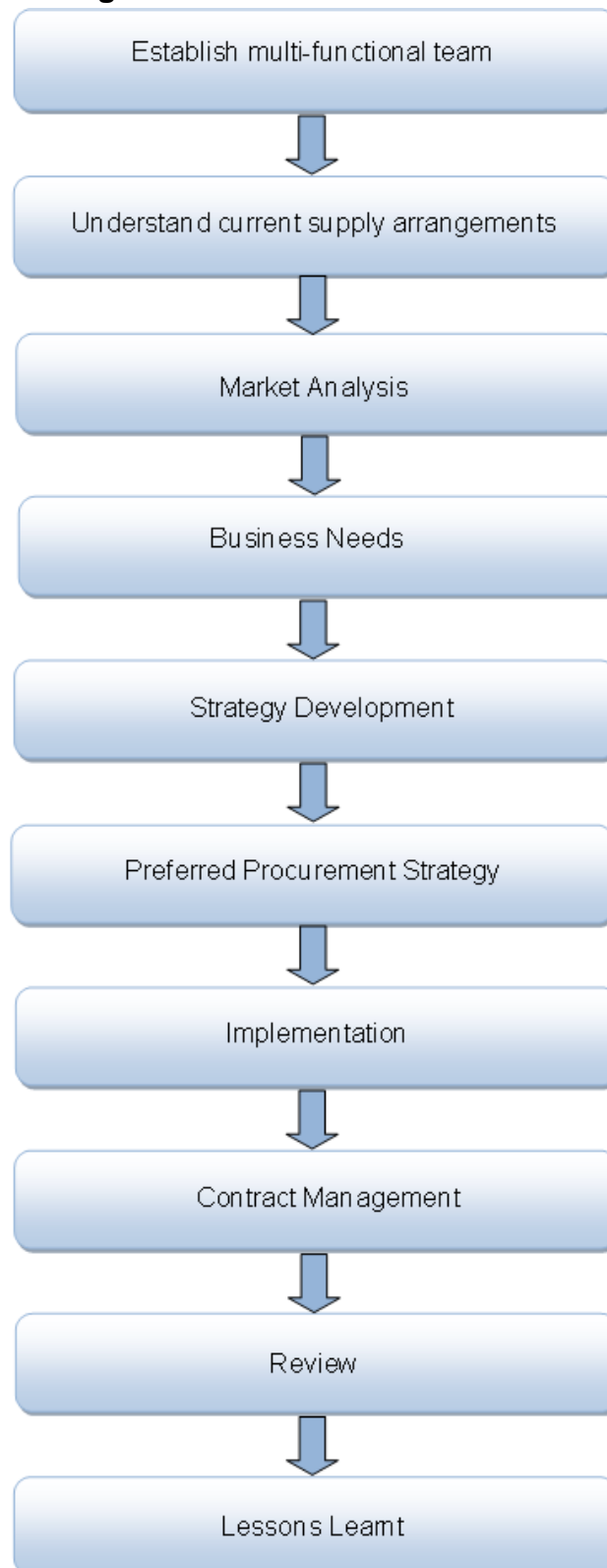
*As defined by PMMS Consulting Group.

Sub-Elements of the Strategic Sourcing Process**

1. Establish multi-functional team
• Identify membership
• Set out clear objectives
2. Understand current supply arrangements
• What is being purchased, why and how?
• Existing suppliers
• What works well?
• Problems/ issues
3. Market Analysis
• How does the market work?
• Suppliers
• Capabilities
• Trends & Developments

• Tools:
    ○ Supply Positioning + Preferencing
    ○ Supply Chain Analysis
    ○ Vulnerability Analysis
    ○ Financial Analysis + Strategy Analysis

4. Business Needs
• What the business really needs
• Technical/ functional spec
5. Strategy Development
• Confirm business needs
• Option analysis
6. Preferred Procurement Strategy
• Select preferred option
• Implementation planning
• Detailed business case
• Endorsement to implement
7. Implementation
• RFP/ RFQ/ Negotiation

• EU Procurement process
    ○ Select procedure
    ○ Selection & award criteria
    ○ Contract notice
    ○ Supplier selection
    ○ Tenders and assessment
    ○ Negotiation plan where appropriate

• Contract documentation
• Contract management plan
• Contract award
8. Contract Management
• Delivery management
• Relationship management
• Contract administration
• Continuous improvement
9. Review
10. Lessons Learnt

**As defined by PMMS Consulting Group.

4.1.2 Category Management Benefits

The major benefits of Category Management are as follows:

1. It focuses attention on the **planning phase** which potentially provides the greatest opportunity for performance improvement.

2. It will enable the Three Counties to **intensify their alignment of procurement spend with the objectives set out in their local economic development strategic economic** development policies, so that procurement drives growth in the local economies and supports local communities.

3. It will assist the **SME sector** to become more intensively part of the procurement environment, by involving them more in pre-market engagement so that they are positioned to **take full advantage of the Three Counties more strategic approach to category purchasing.**

4. It will assist the SME sector because now each Category will have a single point of entry, thereby **removing the long-standing complaint that SME's cannot find the right person to talk to when seeking to do business with the Council.**

5. It provides a process that enables a **strategic approach to procurement** thereby **professionalising the function**.

6. It enables a **closer and more constructive relationship with service departments** and other stakeholders.

7. It **minimises off contract spend** through engagement with service departments, ownership and sign off.

8. It **supports improved compliance with EU/UK procurement legislation** and **reduces risk** (e.g. via consolidated spend through a smaller number of contracts and reduction in direct award without competition).

9. It provides a platform to **enable realistic targeting of savings** and other benefits agreed with and owned by service departments – projects can be focused on benefits delivery.

The savings and value creating potential of Category Management includes:

- Cashable Savings through **improved supply management** (e.g. through economies of scale resulting from aggregating Council-wide spend).

- Cashable Savings through **improved demand management** (e.g. standardising specifications).

- **Reduction or elimination of avoidable spend** (e.g. via greater visibility and control and improved utilisation of internal resources).

- **Improved efficiency of sourcing, ordering and payments** (e.g. through concentration of transactions with fewer suppliers).

- **Securing increased value and innovation in the supply chain** (e.g. through better supplier relationship management).

4.1.3 Typical roles a Category Manager and Category Management function perform

A Category Manager plays a key role in ensuring that the process of category management runs effectively within an organisation and will have (or will develop) specific expertise in the category they manage and its supply base. A Category Manager will develop a Category Plan in conjunction with service departments for procurement of the products and services within a particular the category. The Category Plan gathers all relevant data to identify, quantify and prioritise improvement opportunities in conjunction with service lines/stakeholders. Categories will usually have sub-category areas, which are then assigned to team members.

Category Teams usually comprise of the category manager (who is the procurement specialist and is usually MCIPS qualified or equivalent), as well as other team members including representatives from service departments and other relevant specialist expertise. The service departments in this process still remain accountable for their services. A Category Owner will usually have overall responsibility for the performance of the category teams.

Detailed below are typical roles and responsibilities that a category manager might have to undertake:

- To take responsibility for all aspects of the overall end-to-end Category Management process

- To shape the category vision and strategy for category improvements

- To be fully aware of market opportunities and developments

- To lead on tender exercises on behalf of various corporate departments

- To identify, deliver and report on efficiencies within particular categories

- To ensure category purchases are co-ordinated and joined-up across the Council/s including specification standardisation and uniformity of procuring across service areas

- To build Category Approved Lists

- To approve spend within particular categories

- To apply best practice procurement tools within defined categories

- To undertake detailed planning activities with service departments including time plans and procurement approach plans for sub-

categories within defined category portfolios and adopt a gateway approach to sign-off

- To challenge draft purchase orders outside corporate contract arrangements

- To manipulate data sets and seek potential opportunities for standardisation and aggregation of corporate spend

- To ensure management of contracts within defined categories achieves optimum value throughout the life of the contract by, for example, eradicating unmanaged use of vendors

- To ensure compliance with Category rules

- To reduce vendor base per category through supplier rationalisation

- To design and implement efficient procurement processes per category

- To work with category teams consisting of representatives from service departments to implement innovative approaches to delivery of goods, services and works.

An example of a category manager job specification can be found in Appendix 1.

4.2 Model Options for a "3 Counties" Shared Procurement Service Using Category Management

The following narrative sets out the advantages and disadvantages of a range of different model options for structuring a "3 Counties" shared procurement service between Gwynedd, Denbighshire and Flintshire County Councils (using category management as a standard and comprehensive approach).

Each of the following models will be analysed in turn:

- Model 1: Maintain the Status Quo.

- Model 2: Category Management Implementation in each Authority (with no shared support service and no collaborative category management in place)*.

- Model 3: Collaborative Category Management with each Council leading on some category management aspect (but with no shared procurement support service).

- Model 4: Collaborative Category Management with each Council leading on some category management aspect, with shared procurement support (either in hub or virtual).

- Model 5: Shared Procurement Support and Category Management Hub in one host council.

- Model 6: Shared Procurement Support and Category Management hub on greenfield site (i.e. an external organisation).

*Model 2 as originally proposed did not contain a shared procurement service element, however it was included should each Council decide that the first step forward is adoption of category management, but without utilising a shared procurement service initially (to allow change management to take place). As this Full Business Case research progressed, a shared co-ordination element was added to Model 2 (see section 4.3.1) to ensure that all three Councils proceeded to implement Category Management along similar lines in order to lay the foundation for expected deeper collaboration once Category Management is embedded across each Council. That revised Model 2 is considered in section 4.3.1, but for the purposes of this "Models Options" section of the report, it is presented without the shared element in order to allow the advantages and disadvantages of Category Management to be highlighted *per se*.

4.2.1 Model 1 – Maintain the Status Quo

Maintaining the status quo, namely each Council individually conducting its procurement, will not be compatible with national policy, nor will it allow each of the councils to achieve efficiencies that they could achieve from either individual category management, or a collaborative category management approach.

It was generally accepted that, if the three counties in question were to collaborate, efficiencies would be achieved, the requirement to professionalise the procurement of commissioning function would be realised, and councils would be able to dedicate procurement resource to areas of greater spend.

It was accepted that the current level of procurement resource is out of line with the McClelland Report recommendation that there should be one, properly trained procurement professional for every £10m procurement spend.

The table that follows summarises the advantages and disadvantages of this model.

Advantages of Model 1	Disadvantages of Model 1
1. Each council will be allowed to align its procurement strategy with its corporate priorities if there is the will to do so. (For example, Gwynedd has a clear priority to spend more locally, i.e. within the county, and this is an objective that is being realised as figures available to us indicate that local procurement spend (by Gwynedd) has increased significantly in recent years pursuant to an active policy of supplier engagement).	1. The purchasing power of each council is undoubtedly weakened if they remain as sole purchasers, rather than collaborative purchases – hence a major efficiency that could be realised, will be lost if the status quo is maintained.
2. No direct costs would be incurred if there is no change - in other words, if no change programme is put in place, then naturally, no costs associated with the programme would arise.	2. Unsustainable long-term costs that will arise from the dedication of a large number of personnel to commissioning and procurement activity in terms of numbers of personnel far exceeding the *McClelland* recommendations.
3. Autonomy: each Council would continue to be the master of its own destiny, and also, it would not be challenged to develop new governance structures which would be required in the event of collaboration with at least one other council.	3. A failure to engage in collaboration, at least, with some other council, will mean that the councils will not develop a model for future procurement and commissioning operations that needs the clear requirement of scalability. (This means that a sub-regional procurement solution would not be developed, so the advantages and the flexibility that a sub-regional procurement solution could bring would be lost to each of the councils).
	4. The opportunity to abandon the silo mentality would not be taken up (There would be a failure to adopt progressive policies across

Advantages of Model 1	Disadvantages of Model 1
	each organisation, as the centralised model would continue to predominate, disallowing the Head of Procurement any strong mandatory executive power to drive through change).

In conclusion, maintaining the status quo, clearly, is not an option for each council, and this was confirmed in the "future state" focus groups.

4.2.2 Model 2 - Category Management Implementation in each Authority (with no shared support service and no collaborative category management in place):
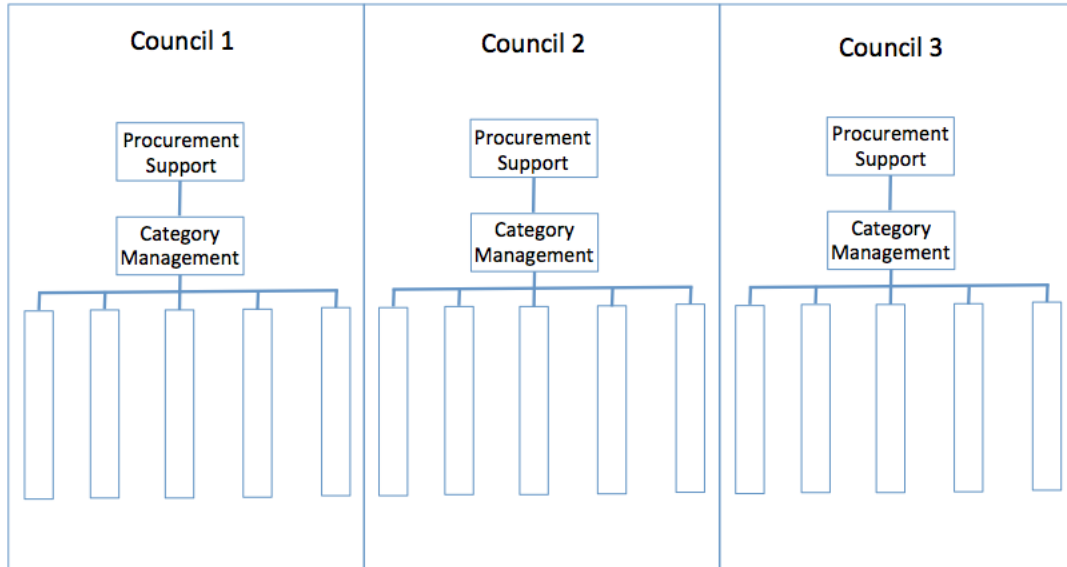
Under this model, each council would implement category management separately across each organisation, without collaborating with the other two councils[2].

The table that follows summarises the advantages and disadvantages of this model.

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[2] Note that Denbighshire and Flintshire Councils are implementing a joint Corporate Procurement Unit serving both organisations in 2014.

Advantages of Model 2	Disadvantages of Model 2
1. The adoption of category management would achieve a certain measure of purchasing power advantages for each council, which would undoubtedly result in the adoption of category management by each Council.	1. If each council were to adopt an individual category management solution, this would not amount to a sub-regional procurement solution.
2. A new *cadre* of officers would need to be introduced into each council, namely the category manager grade. (These managers would have to be highly trained. It is not clear that current personnel will possess the relevant skills, so consideration may need to be given to hiring external skilled personnel. Inevitably, as a result of their adoption, the need for professionalisation of procurement across all levels of the function would become an imperative, and councils would have to devote serious training resource to ensuring that all officials involved in procurement were properly trained, so that the councils could take full advantage of the work that would start with the category managers).	2. Councils would not be initially fully achieving the desired level of collaboration envisaged by the Welsh Government, although the adoption of Category Management would still be a major achievement in itself.
3. It would give greater budgetary control over the current devolved arrangements. (Currently, key purchasing decision are made by officers working in devolved procurement silos – once category management is introduced, while these officers will continue to be involved in identifying purchasing needs, they would no longer retain purchasing decision-making power. This would now rest with the category managers, who would be identifying need across various silos in the organisation, and hence, bringing about greater budgetary discipline, as they would control the decision to purchase, and secondly, the organisation would achieve better transparency of its	3. The savings that would be achieved would be less significant than would be realised in more intensive Models, described below. (In other words, whilst purchasing efficiencies may well be achieved, and indeed, some savings realised, in terms of purchasing power, the effectiveness of these arrangements to save money for each council could potentially be limited by the cost of hiring some supplemental category management expertise from external sources, and simultaneously, incurring heavy retraining costs for current personnel to train them into a category management role).

Advantages of Model 2	Disadvantages of Model 2
purchasing needs requirement through the concentration of this information in the respective category managers).	
	4. The introduction of category management on a unilateral basis, within each Council, could lead to each council implementing category management at different speeds, using varying parameters and different structures, all of which would undoubtedly inhibit the future scalability, were the councils to move to a collaborative model in the future. (In fact, the move to category management should not be underestimated by each council in terms of the significant extent of change management culture that category management will require, and so, future substantial costs could well build up if the desire to collaborate became inevitable, because each category management model adopted by each Council might not gel easily with each other. This is why, in order to counteract these risks to future scalability, a shared co-ordination element was added to Model 2 as the work on the Full Business Case progressed; see pp75/76 for further information).
	5. There would be no imperative to achieve effective contract and supplier relationship management. (In other words, this is the sole preserve of each council, so again, progress at different speeds can be expected, which could again make future scalability, whether with any of the three councils, or with any other council, difficult and costly to achieve).

See Appendix 2a for a Case Study based on the Category Management Model implemented by Cardiff Council.

4.2.3 Model 3 – Collaborative Category Management with each Council leading on some Category Management aspect (but with no shared procurement support service)
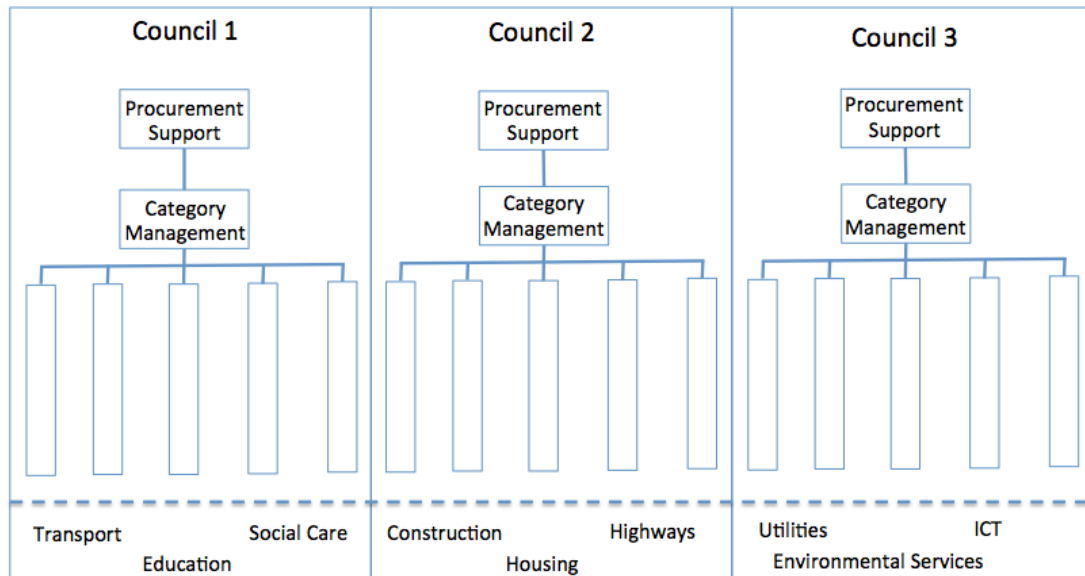
Under this model, each council would engage in collaborative category management, which would mean that one council out of the three would be nominated to lead on purchasing in a particular category *for all three councils*. So, for example, in the model given above, Council 1 would lead on transport, education and social care; Council 2 would lead on construction, housing and highways; Council 3 would lead on utilities, environmental services and ICT.

The table that follows summarises the advantages and disadvantages of this model.

Advantages of Model 3	Disadvantages of Model 3
1. There would be increased efficiencies achieved in terms of achieved combined purchasing power.	1. No shared procurement support would be a feature, so this would mean that the category managers would continue only to have the current level of procurement support available to them, as currently exists within each council, rather than having a combined share of the procurement support service available to them, which would inevitably have greater depth and range of expertise.
2. It would provide a framework for future scalability for other councils to join this model.	2. Failure to include this procurement support service aspect would minimise some of the expected efficiencies that could be expected from this model, and would also inhibit the achievement of the scalability of this model, because of the maintenance of different support services cultures within each organisation. (For example, there are undoubtedly different human resources, legal and e-procurement cultures existing within the Three Counties. This has become quite evident to us from our interviews with key stakeholders. This is not meant as criticism, but is simply states as a fact. Therefore, to collaborate on category management without also collaborating on developing a shared procurement support service could present serious practical difficulties, as well as organisational culture challenges to the operation of successful Category Management).
3. A significant advantage would be that the opportunity for	3. Even within this model of collaborative category

Advantages of Model 3	Disadvantages of Model 3
duplication of effort would be seriously minimised. This would be a serious advantage for all three councils in terms of efficient use of resources, increased acquisition of significantly improved purchasing/leverage power, and more efficient use of procurement and commissioning human resources. (In other words, governance structures could be put in place, whereby each council would agree that, say; Council 1 would take the lead on all purchasing in the transport sector on behalf of the other two councils, subject to *de minimis* exceptions. This would ensure that no purchasing, apart from agreed *de minimis* purchasing, could take place either within that council by any other department, or by any of the other two councils, thereby ensuring that duplication of purchasing effort is minimised across all three councils).	management, it is likely that category management would progress at different speeds within each council, and thereby making the practical operation of collaborative category management difficult to operate in practice. (The only way to overcome this would be to have extremely tight governance arrangements in place, as well as a tight timetable, whereby each council would agree to introduce and train a cadre of category managers within an agreed timeframe in order to facilitate the lead purchasing principle – without this, this model would be doomed to failure. However, as suggested earlier above, its practical operation, even if this obstacle could be overcome, would be seriously inhibited without the additional presence, also, of shared procurement support).
	4. The failure to achieve effective supplier and contract management, because again, this is not a feature of category management, unless it is expressly built into the model, and agreed between the partners.
	5. This model would not constitute a sufficient measure of collaboration, as is envisaged by Welsh Government policy.
	6. This would be a relatively weak form of sub-regional procurement solution, because collaboration would be confined purely to category management.

Advantages of Model 3	Disadvantages of Model 3
	(In other words, because there will be no shared procurement support service, collaboration would only take place at the category management level. A shared procurement support service would mean that the following key services that support procurement and commissioning would be shared between the Three Counties, namely: ■ Legal Services Support ■ E-procurement Support ■ SME/Third Sector Engagement Support ■ Supplier Relationship Management Support ■ Policy Support

See Appendix 2b for a Case Study of the Black Country Purchasing Consortium.

4.2.4 Model 4 – Collaborative Category Management with each Council leading on some category management aspect, with shared procurement support (either in a hub or virtual model)
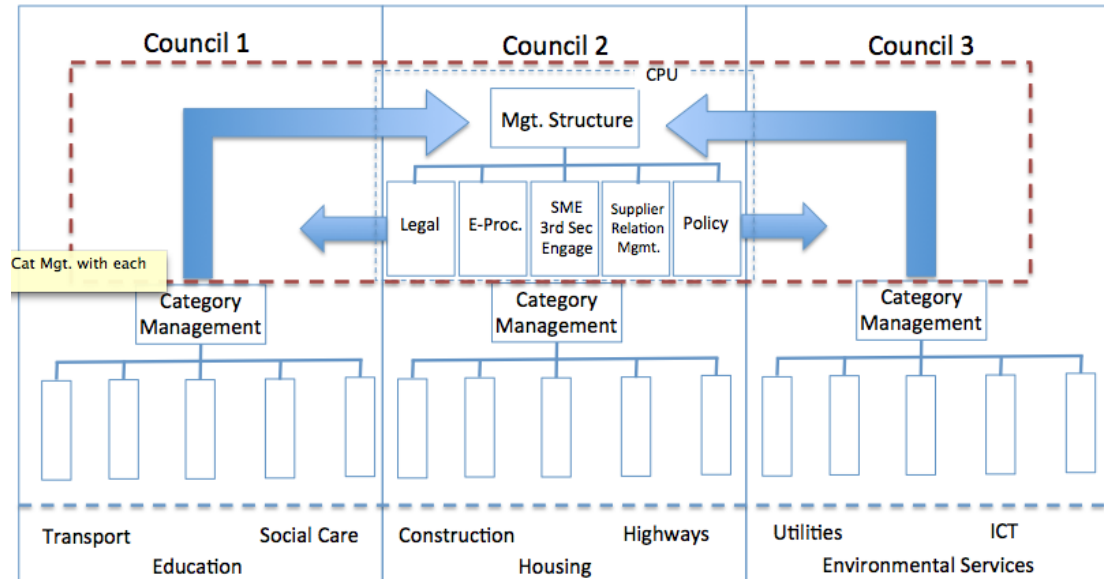
Under this collaborative model, a particular council would be designated as a category management lead, just as in the previous model, but the added element is that there would be a shared procurement support service available to all category managers across the three councils.

The table that follows summarises the advantages and disadvantages of this model.

Advantages of Model 4	Disadvantages of Model 4
1. It could lead to concentration of procurement resource support, either in a hub council (i.e. one of the councils would be designated as physical hosts to the shared procurement resource support), or the procurement resource support will remain in its current geographical location in each council, but would operate as a shared service between all three councils	1. It does not achieve full efficiencies, as the fact remains that there will still be a risk of duplicative purchasing behaviour, either within a particular lead council in a particular category, or within the other two councils. (Only extremely tight governance structures can prevent this inevitability. Undoubtedly, some evidence of a solo culture will still persist, and in fact, may be necessary in some areas where *de minimis* purchasing in areas where consumer demand cannot be predicted by way of long term planning continue to exist – for example, hospital or social care taxi need).
2. A greater level of scalability, flexibility and collaboration would be achieved, in the sense that all councils would get to experience a combination of control by way of their participation in the governance arrangements.	2. The salary scales for each council would need to be aligned, so that persons doing the same work across all three councils would be paid on an equitable basis. (The current situation is that the average salary scale of one of the Councils is £3,000 higher than their equivalents in one of the other Councils, with the third in the middle of this range).
3. There would also be benefit from lead purchasing experience by way of collaboration	3. Transfer of control: individual councils now have to submit to a new governance structure, and would have to accept that other councils would be buying from them in a range of categories, with each council no longer having autonomy to engage in such purchasing, except where it has been agreed by way of *de minimus* arrangements in advance.

Advantages of Model 4	Disadvantages of Model 4
	(This will undoubtedly raise governance challenges, and may lead to conflict between the political cabinet of each council, and the executive board of each council. Individual council policies – e.g. local buying/saving money, might be less easy to achieve under the new governance arrangements, as there may be a divergence in priorities between the participating councils as to what exactly category management should achieve).
4. There would be scalability of procurement resource support in the five key areas identified previously: ▪ Legal Services Support ▪ E-procurement Support ▪ SME/Third Sector Engagement Support ▪ Supplier Relationship Management Support ▪ Policy Support by way of the development of a shared procurement resource service supporting the category managers across all three councils.	**4.** Collaborative category management would not tend to favour local spend, unless determined efforts were agreed, and made, to disaggregate supply arrangements. (In other words, while there may well be aggregation of demand, where councils had very strong pro-SME strategies, there would need to be a disaggregation of supply, and of course, this could only be achieved if there was strong agreement as part of the governance arrangements. This could conflict with the achievement of the efficiency agenda).
5. It takes advantage of the existing cooperation that has begun between Denbighshire and Flintshire (Denbighshire is now hosting a combined procurement unit for both councils).	**5.** Another major culture change will be required to be undertaken, within a short period. There have been some suggestions that each council could proceed to introduce category management *as a first step*, but as should be evident from this report, we do not advise that such an approach is

Advantages of Model 4	Disadvantages of Model 4
	adopted, unless it is undertaken by each council on an agreed basis, which would allow future scalability and collaboration to take place with the minimal disruption.
6. Collaboration will inevitably lead to development and promulgation of common procurement policies (those highlighted above for weakness remains in that the CPU does not have executive powers to mandate such policies), but at least a good start has been made to achieve critical mass. (There has been agreement between the two councils that the CPU will be hosted in Denbighshire, with a transfer of staff from the Flintshire CPU into Denbighshire. It is too early to say how this model will work in practice, but the omens are positive. Certainly, if this level of cooperation could also be realised across the areas of legal support, e-procurement support, supplier relationship management and SME engagement support, then undoubtedly, a stronger and deeper procurement support service will be available to procurers and commissioners in both councils, so there is a precedent for this kind of cooperation already).	6. An additional major culture change impact would be associated with the sharing of procurement support services. (For example, insofar as legal support is concerned, issues would arise as to who does the in-house solicitor have a legal duty to advise? Is it just to their employer? Or to other councils who are not their employer? Again, this could mean a major culture change would be required. Another area where a major culture change would be required would be in the field of e-procurement, as two councils, Denbighshire and Flintshire, are using one system, and Gwynedd is using another).
7. Category management lead positioning could lie with the Council that has the greatest level of spend / expertise / historical experience of a positive nature in the particular category. This could accelerate the achievement of efficiencies that category management could bring to all three councils.	7. The need to redeploy staff no longer required for engagement in procurement and commissioning activities, and the possible need to make redundancies.

Advantages of Model 4	Disadvantages of Model 4
Councils could vie for category management leads in particular areas on the basis of it allowing them to service their basic corporate individual priorities. For example, Gwynedd's local buying objective could be facilitated by being allocated lead category management responsibility in categories where local buying could be enhanced within their county, whilst at the same time achieving efficiencies with the other two partner councils.	

See Appendix 2c for a Case Study of the adoption of a shared procurement service by Procurement Lincolnshire.

4.2.5 Model 5 – Shared Procurement Support and Category Management Hub in one Host Council
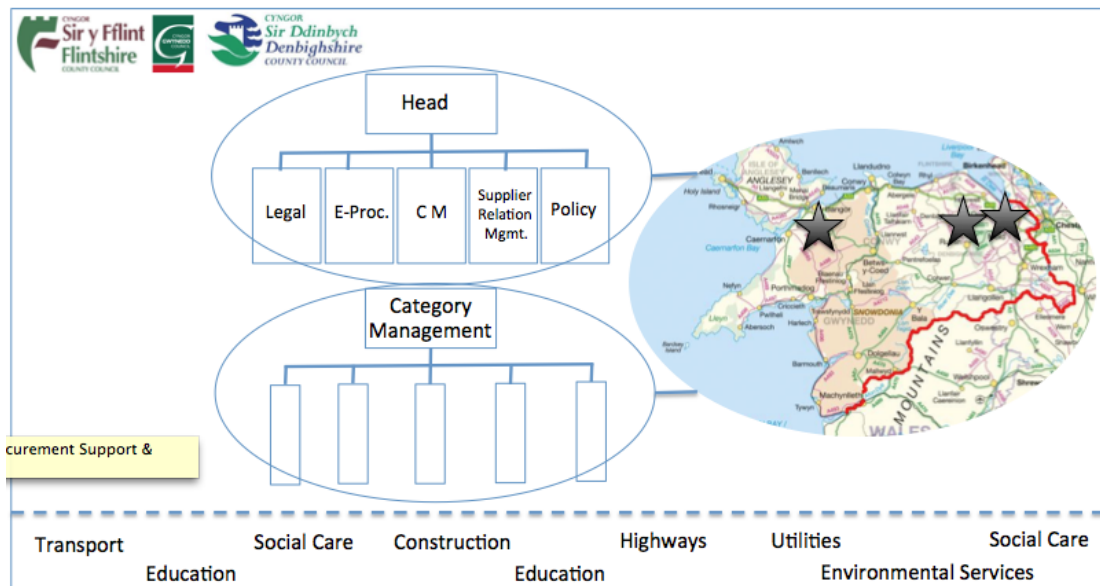
Under this model, all category management responsibility and resource, and all procurement support resource, would be located in a hub within one of the three councils.

The table that follows summarises the advantages and disadvantages of this model.

Advantages of Model 5	Disadvantages of Model 5
1. Collaboration within category management would lead to significant production and procurement process costs, as purchases in particular categories would now be amalgamated to one category manager for all three organisations, thereby greatly reducing the number of personnel needing to make purchasing decisions.	1. Implementation challenges (such as change management, the timeline and resources). (At the moment, we do not perceive a serious appetite on behalf of most key stakeholders that we have interacted with to go beyond the adoption of category management in each council, on a non-collaborative basis, as a first step. Therefore, to adopt the current model proposed would go much further than the mere adoption of category management, and so, were this model to be adopted, serious consideration would have to be given to the implementation of a change management culture programme, resource alignment programme, and resource concentration programme, within a defined timeline, supported by strong governance structures. This would pose a major challenge to all Three Counties, but again, could be done, if the will exists to bring collaboration to this level).
2. Also, significant savings could be expected as there will be fewer contracts to process, because duplication on purchasing would be significantly eliminated across all three councils (the current position).	2. The risk of duplication purchasing will remain, unless all procurement activities cease in other councils. In other words, some elements of the solo purchasing culture would continue to persist, unless extremely strong governance arrangements were agreed and in place.
3. This model would anticipate and achieve "Williams Plus" in terms of advancing the collaboration agenda, and although while, admittedly, not within the three councils that Sir Paul Williams envisages, nevertheless, "Williams Plus" would be achieved in substance.	3. Significant scalability costs to be incurred in concentrating all shared procurement resource to one council, as well as all category management resource to one council.
4. Achieve a large degree of scalability and maximisation of	4. A major challenge that could face all Three Counties is that the

Advantages of Model 5	Disadvantages of Model 5
efficiency savings in both cashable and non-cashable spend.	hub, or host council culture will dominate once these arrangements are put in place, and this could lead to serious work organisational cultural challenges between the three counties. (Our recommendation is that a major cultural change programme be implemented within a short period, because in our view, given the severe challenges in the external environment facing all UK councils, adopting a major cultural change programme over a long period (between 5-10 years) may not be an option that remains open for much longer. Therefore, having to adopt a major culture change programme within a shorter period (say 2-4 years) could pose major challenges to all three counties).
5. Would allow the Three Counties the best chance for attracting, and retaining, high quality personnel, because the high level of responsibility required for purchasing for the three councils would lead to the creation of significant positions, attracting enhanced salaries, and working conditions. It would also feature a high degree of on-the-job training, which is often of serious attraction to high quality candidates.	**5.** Salary scales would need improvement, in order to attract and retain the best personnel, and this could lead to organisational friction within each council, but undoubtedly, if this model were adopted, there would be a need to revise current salary scales, which are simply out of kilter, even with current levels of responsibility. It is our recommendation that there be an immediate review of procurement salary scales in each council, so that the very high level of responsibility and risk that is incumbent with these positions is allied to salary scale. It is not clear that current personnel will possess the relevant skills, so consideration may need to be given to hiring external skilled personnel.
6. Budgetary spend control for all three councils would be centralised in a collaborative budget governance model, and the increased visibility of spend could drive further progressive reforms towards having a tighter purchasing process for all	**6.** There would be a serious level of redeployment, or the need to make redundancies, which will arise when all category management and shared procurement resource be centred within one host council, but inevitably, there will be savings as

Advantages of Model 5	Disadvantages of Model 5
three councils through the single category management model.	well, on salary costs.
7. The deeper level of expertise that would now be available to the category managers through the shared procurement support service would be that the potential would exist for procurement risks to be reduced for all three councils, because there would be continuity of relationship between the procurement support service staff and the category managers, as they would all be based within one host council.	

See Appendix 2d for a Case Study of the Tri Borough London Model.

4.2.6 Model 6 – Shared Procurement Support and Category Management Hub on Greenfield site (i.e. an external organisation)

This model is similar to model 5, except with one key difference – all of the category management resource, and all of the shared procurement resource support would be moved to a green field organisation.
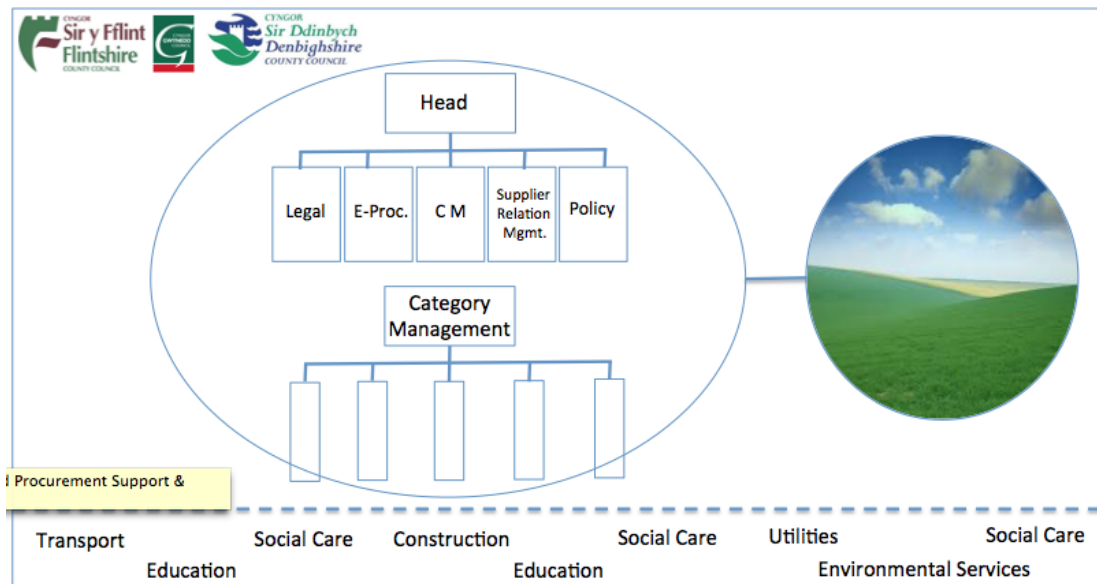
The table that follows summarises the advantages and disadvantages of this model.

Advantages of Model 6	Disadvantages of Model 6
1. The opportunity to develop a new governance structure, free from existing organisational constraints, on account of the fact that this organisation would be an external organisation	1. **Considerable investment would be required** by each of the three councils in order to ensure that the venture was properly financed. (Potentially, it could be a costly model to establish, although, of course, serious consideration should still be given to the model, because the savings it might achieve for the client councils might easily outweigh its set-up, and implementation costs, within a relatively short period).
2. The opportunity to develop a flexible, competitive salary structure to attract and retain the right category management and shared procurement support service personnel - again, free from the constraints of current historical salary structures pertaining within the "Three Counties".	2. Were large numbers of key procurement purchasers and finance personnel to leave the three counties, and move to the new greenfield enterprise, there could be **a major loss of legacy knowledge and corporate memory from the three counties to the new organisation**, which might disrupt the internal workings of each council.
3. It would be the "cleanest" model to implement from a Human Resource perspective, in that it would involve staff transferring out of the "Three Counties", and so would afford the opportunity for new contracts to be drawn to meet the needs of the model. TUPE regulations would need to be adhered to in this model.	3. Where to **locate the new greenfield operation would be an issue**. The political acceptability of setting up a greenfield organisation with staff on enhanced remuneration arrangements would also be an issue. (There is no doubt that enhanced remuneration arrangements would be required because of: a) The level of responsibility b) The level of expertise the posts would require c) The need to make it attractive for progressive personnel to move from the three counties to the new organisation

Advantages of Model 6	Disadvantages of Model 6
	(However, this could be a dual-edged coin, as, having the procurement function now positioned at arms' length to the council, it may also provide political cover for the political cabinets of each council, who would no longer have to defend procurement prioritisations or procurement strategy decisions because, henceforth, they could say that procurement is the responsibility of the external organisation which is no longer accountable to them for day-to-day operations).
4. The opportunity to establish a single working culture within the organisation, free from the constraints which current procurement personnel have to operate under, whereby they are subservient to the hierarchy of culture existing within each of the "Three Counties". The new working culture that could be developed would be defined by a new set of collaborative policies and procedures, thereby affording the opportunity for all staff who choose to transfer to the new green field organisation to "buy into" a new collaborative model of working with a sense of shared enterprise.	4. **Implementation challenges (timeline, resources, etc.)**: this, clearly, is the most far-reaching model. (From a resource point of view, the three counties would have to give serious consideration to the cost of setting up this external service; its governance structures; what level of resource to continue supporting them until it became self-financing; and the timeline for implementation. Insofar as the timeline for implementation is concerned, it is our view that, were the political will to exist to set up a greenfield organisation, it could be done within a relatively short period – e.g. within 1-2 years of decision. In order to prepare for this to occur, category management would have to be introduced within each council, so that all actors involved in the procurement and commissioning process were fully familiar with its operation before the establishment of the greenfield operation. Upon the establishment of the greenfield operation,

Advantages of Model 6	Disadvantages of Model 6
	category managers would transfer to the new operation, and would cease their activities inside each council. All IT, e-procurement, legal and other procurement support such as relationship management, would also move to the external organisation. Governance structures would need to be set in place so that devolved procurement units would cooperate readily with the external category management service. Also, the finance function of each council would have to agree to collaborate on an intensive basis with the external service).
5. Each of the councils would have a sense of joint ownership, as now they would become clients of this greenfield enterprise, and would participate in its collaborative governance structure.	

It was very interesting that, in the focus groups, it was the former view of the political unacceptability of this model that predominated, but challenged to consider it from the latter view, several candidates conceded that they had not considered it from that point of view, and it made them think about the attractiveness of the model to the political cabinet, when looking at it from that latter point of view.

4.3 Target Operating Model

4.3.1 Introduction

Each of the preceding models, alongside their advantages and disadvantages, were presented to senior stakeholders from all 3 Councils. Attendees included a group of CPU staff, audit and finance department staff, and a second group of devolved service department procurers from the 6 key spend areas.

Attendees were given an opportunity to ask questions about the models during the focus groups and also to raise any issues or make any additional comments. The process of formally gathering views regarding potential future models of operating took place at the end of each focus group and these views were documented through use of a questionnaire (see Appendix 7B), which each focus group participant had the opportunity to complete.

In total, 19 of the 26 attendees from the focus group completed the questionnaire (all 5 from the CPU, finance and audit departments completed the questionnaire, as did 14 of the 21 service department attendees involved in procurement, commissioning and contract management). Of those 19 individuals who contributed:

- 5 represented Denbighshire County Council

- 10 represented Flintshire County Council

- 4 represented Gwynedd County Council

It was clear from the questionnaire results that Model 4 (Collaborative Category Management with each Council leading on some category management aspect, with shared procurement support either in hub or virtual) was considered both the most workable and the most acceptable model - 89% of respondents stated that Model 4 was the most workable / acceptable model. Having said this, the model ranked second in terms of how the participants rated each local authority as being ready to adopt this new model (Model 3 ranked highest).

Of those surveyed, 45% of individuals chose Model 4 as their most preferred Model, and a further 23% chose Model 4 as their second most preferred model. In comparison to all other models, Model 4 was by far the most preferred.

The table overleaf provides some indicative comments from the questionnaires results relating to attendee views on Model 4:

Why Model 4 is considered Acceptable?	Readiness to Adopt Model 4	Why Model 4 is considered most preferable?
Shared category management, but also allows joint approaches on much more.	Flintshire County Council and Denbighshire County Council are currently on this journey with E-Sourcing policy etc…our two councils are well placed for this.	Model 4 gives a balance between what is practically achievable, given the nature of the different organisations, but gives the opportunity to make significant changes and potential savings.
This model has the advantages of Model 3 with clear areas of expertise, but with the further advantage of enhancing the specialisms of procurement support.	Staff resources and skills would be an issue in this Model, including the willingness to transfer to a new location could also be problematic. Other problems linked to this Model, would be items such as staff retention and attracting new staff. For example, attracting staff to West Wales might prove more difficult than the east.	Model 4 would be my preferred option as all resources are available. It would be within the control of a single management structure and governance procedures. I think it could be operated on a virtual basis so location may not be an issue to local authority staff.
Good structure, resources are available. Management responsibilities would need identifying along with governance. Different working practices may be an issue.	To some extent this Model is already being put into place within Flintshire as the collaborative work is currently being done with Denbighshire.	The option that I have picked is probably the more realistic model, although I personally believe model 4 is my perfect model on a personal level. So my selection is based on achievability and practicality rather than optimal solution.
This is the model that has the biggest potential, since it brings collaboration and support as well as collaboration on category management. This model will probably need to be virtual, however this model would require the category management process to be clearly defined. This model would need to ensure a rationalisation of staff understanding procurement, with tighter control between strategic and operational functions.		Combines efficiency in terms of cost and effectiveness in terms of procurement expertise and provides local accountability.

Why Model 4 is considered Acceptable?	Readiness to Adopt Model 4	Why Model 4 is considered most preferable?
This is a good model for regional joined up thinking on policy, SME & Third sector engagement. Joining legal may be more difficult.		Model 4 is the most achievable to implement in these uncertain times.
Suitable 'mid-term' position to achieve. Reasonably known quantity. Not excessive stretch for existing systems and resources		Joined up collaborative working and spending must be considered and delivered without crossing the boundary of remote working and without consideration for service and geographical (local) needs. Setup costs and accountability back to service departments are prohibitive to centralized hub proposals.
This model presents the 'half-way' house to provide collaborative procurement and sharing of resources, whilst ensuring local impact and knowledge are retained and considered.		Flintshire and Denbighshire are currently working towards this at the moment and this needs to be progressed, but with the overall intent to move quickly relatively speaking to the more advanced models.

The questionnaire results were presented to the "Three Counties" Project Board in March 2014. Following the outcome of this discussion, it was decided that Model 4 should be further investigated from a cost/benefit analysis point of view. In addition, given that Model 2 has a predominant focus on Category Management, it was also deemed appropriate to undertake a cost/benefit analysis of this model, but with this model containing a lesser element of shared procurement support service element added to this model, i.e., confined to a shared overview element to ensure coordination between the Three Counties in their adoption of category management (Model 2 in the initial options appraisal exercise [Section 4 above] did not include any such coordination element).

Model 4 comprises of both collaborative category management (with each Council leading on a different category management aspect) and shared procurement support as illustrated in the diagram below:
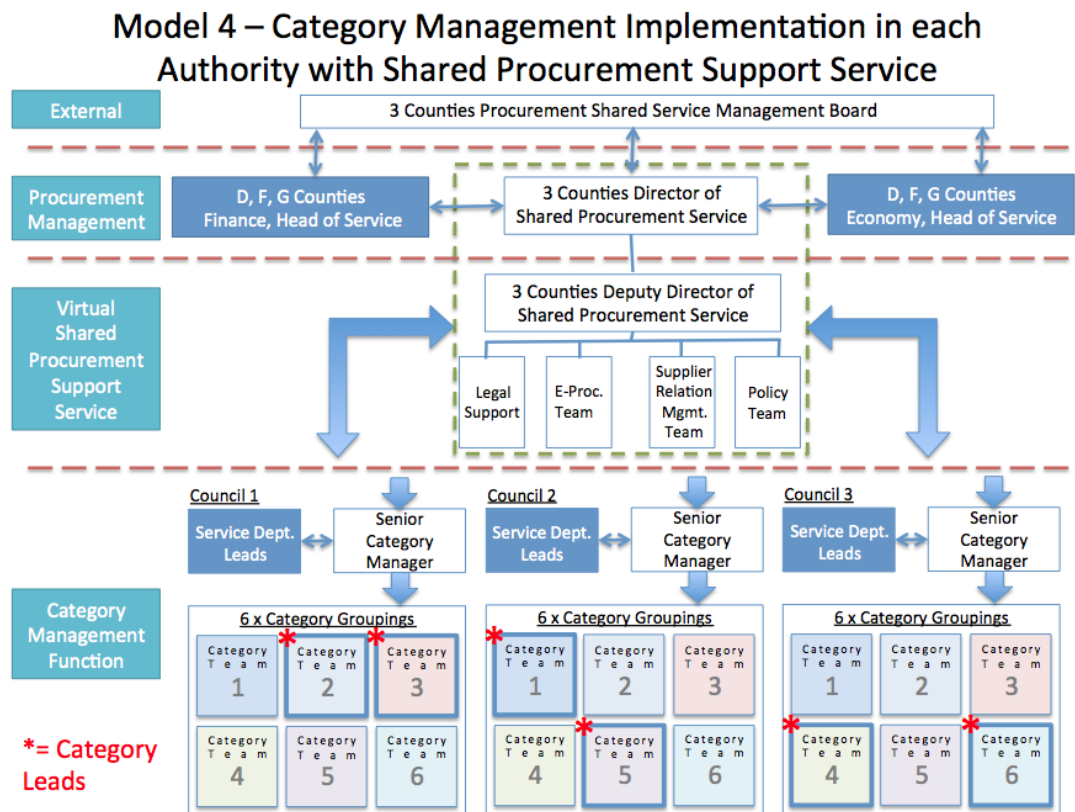
Model 2 (overleaf) involves an individual Category Management model for each council, and an accompanying support service on an individual basis, but with a shared overview element to ensure coordination between the three counties.

Model 2 – Category Management Implementation in each Authority (with Individual Support in Each Council and an Element of Shared Service Coordination)
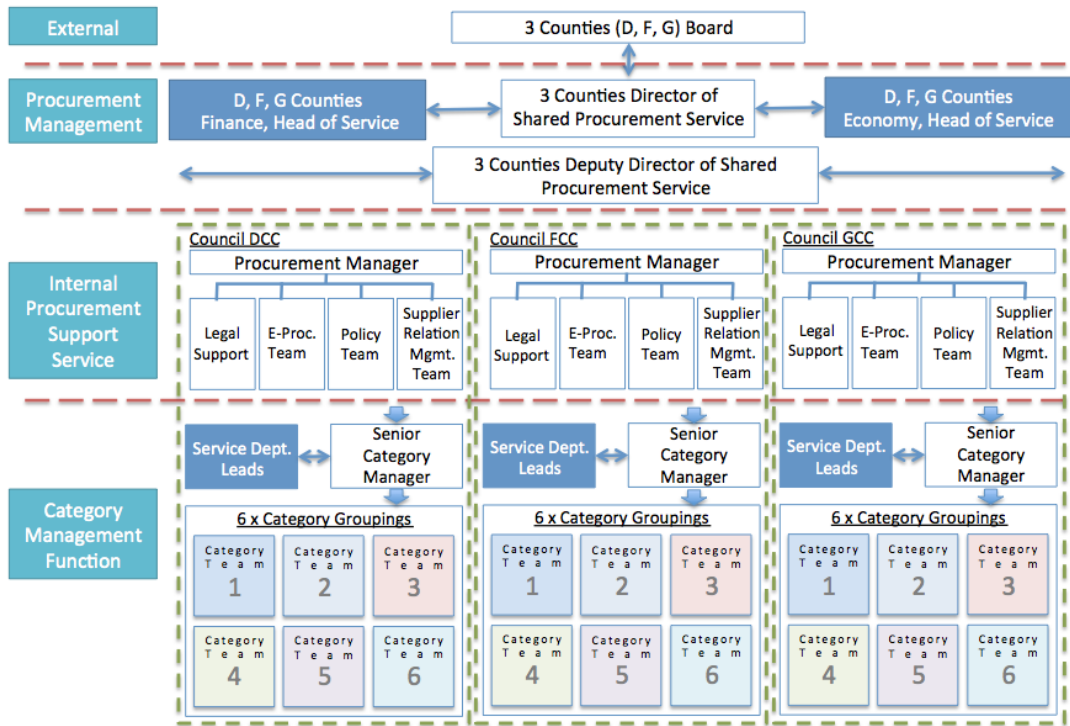
4.3.2 Overview of how the Target Operating Model would work

This section provides an overview of how the Target Operating Model would work in practice (note only Model 4 is addressed in this section; model 2 is not addressed).

The "3 Counties" shared procurement service (via Model 4) will involve each Council leading on different category management aspects together with a shared procurement support element (organised on a virtual basis). The workings of both of these elements are now addressed in turn.

4.3.2.1   Category Management

The chart overleaf identifies the different category management groupings for the "3 Counties" shared procurement service. These six spend groups were created by clustering areas of complementary spend. For example, Group 2 in the chart merges together all the "Professional Services" such as consultancy, financial services, health & safety, human resources and legal services; and Group 5, clusters areas that have a direct impact on the environment.

"3 Counties" Shared Procurement Service Category Management Groupings (by Proclass 1)

Group 1** Purchasing Responsibilities:	Group 2** Purchasing Responsibilities:	Group 3** Purchasing Responsibilities:	Group 4** Purchasing Responsibilities:	Group 5** Purchasing Responsibilities:	Group 6** Purchasing Responsibilities:	Catch All Group NOTE: This is a catch all group
*Construction (Works) *Facilities & Management Services *Highway Equipment and Materials	*Consultancy	Catering	Arts and Leisure Services	*Environmental Services	*Information Communication Technology	Cemetery & Crematorium
	*Financial Services	*Furniture and Soft Furnishings	Education	Public Transport	Mail services	Uncategorised
*Utilities *Construction materials	*Health and Safety *Human Resources	Cleaning and Janitorial *Clothing	Healthcare Housing Management Social Community Care	Vehicle management Horticultural	*Office and stationery	None
Street and Traffic Management	*Legal Services	Domestic goods	Sports and Playground equipment and maintenance Education			

*It is important to state that some of the sub-groups above align with NPS categories of spend (core NPS categories are detailed with an asterix), however, the NPS is not yet fully functional. Some of the categories above will therefore require some adjustment once the NPS is fully servicing the sub-category areas, although Councils will still have to interact with the NPS in these categories.

**NOTE: The allocation and purchasing responsibilities of the above Category Management Groupings were partly based on other examples of best practice (as mentioned by this report) and partly based on areas of Authority spend that were considered complementary in nature.

Who leads on what categories is likely to be determined according to the specialist procurement category expertise available within each Council and also according to the value of Council spend specific to those categories.

The Category Management function will adopt a Strategic Sourcing Process as defined in section 4.1.1. The diagram below provides a detailed insight into the structure of the proposed Category Management function.

Model 4 – The Category Management Function (In Detail)
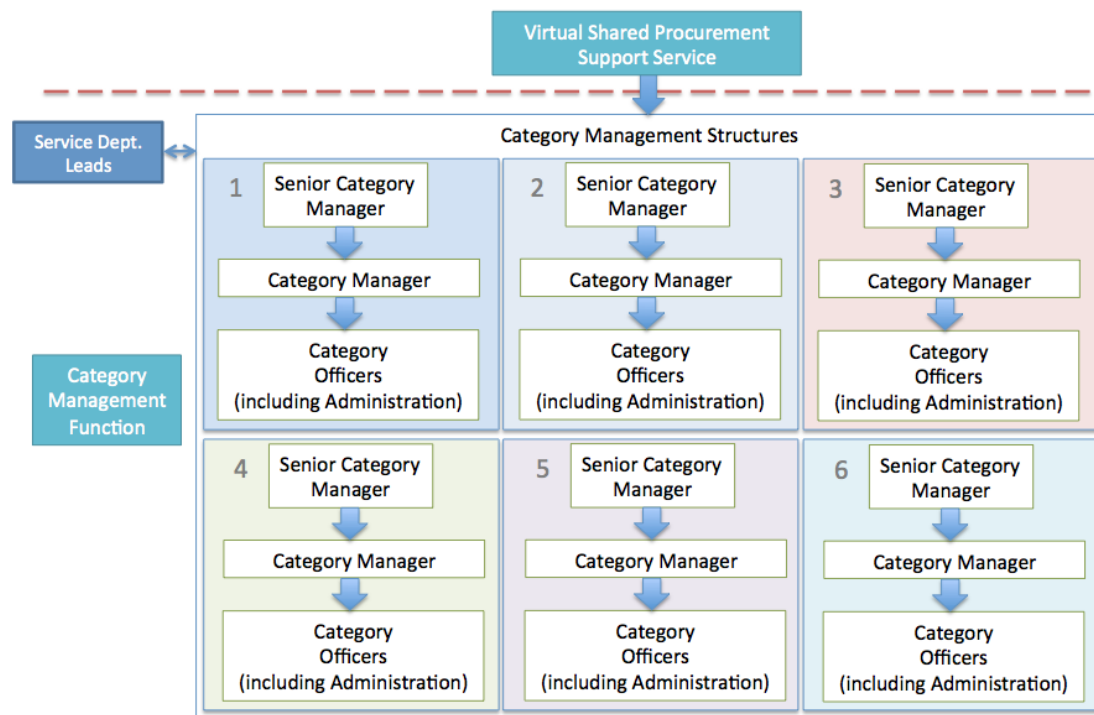
The Category Managers and Senior Category Managers will be procurement professionals (MCIPS qualified or Masters level qualified in procurement). Category Managers will liaise with nominated service department Category Officers from each Council to identify and agree service requirements and to ensure an appropriate specification is developed.

The Category Officers will still be responsible for contract management activities, but will work in close unison with the category managers and the shared procurement support service (who will be able to provide additional advice and support to ensure best practice approaches are adopted).

A Senior Category Manager from the lead Council for each category will provide a strategic and oversight role for a particular category and will report to the Director of the "3 Counties" Shared Procurement Service (and his/her deputy) to ensure they are delivering on targets and equitably representing all 3 Councils. The Senior Category Managers will also liaise with the relevant Heads of the Service departments.

Section 4.1.3 provides a more detailed account of the role that category managers will perform and provides a description of the overall remit of the category management function.

4.3.2.2   Shared Procurement Support Service

The shared procurement support service elements will comprise of the following:

1. E-Procurement
2. Procurement Policy
3. Legal
4. Supplier Relationship Management

The diagram below provides a detailed insight into the structure of the shared procurement support service:
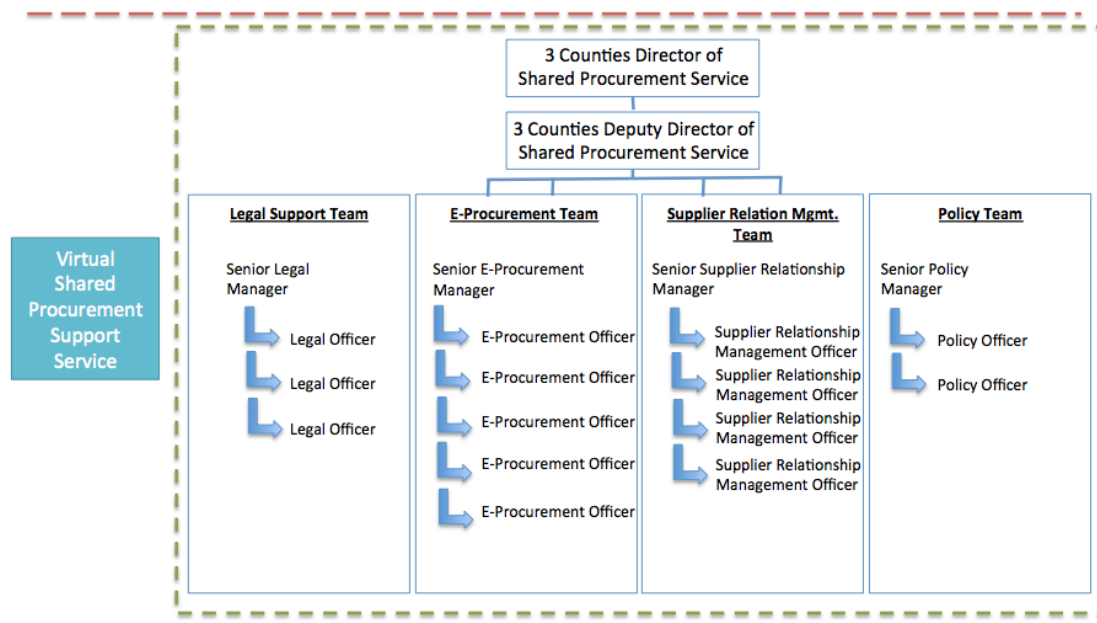
An outline of the role that each of these elements could perform for the "3 Counties" shared procurement service is detailed in the table overleaf. Each support element aligns with the "3 Counties" project design principles and relate to core areas of weakness identified in relation to the "current position" (see section 3.2).

Note that if the shared procurement support service is to work effectively on the basis of a virtual working approach, then clearly there would still be a

need for regular meetings to aid with activities such as work planning; sharing workload and sharing experience.

Table showing indicative elements of the Shared Procurement Support Service

Procurement Policy Support Element – Indicative Role	Legal Support Element – Indicative Role	Supplier Relationship Management (SRM) Support Element – Indicative Role	E-Procurement Support Element – Indicative Role
• Procurement Strategy	• Legal checks of procurement documents	• Managing development and delivery of a strategic approach to relationships with the "3 Counties" key suppliers	• E-Procurement Strategy
• SME/Third Sector improvements including forward contracts programme / lists and single point of contact	• Training on legal issues in procurement	• Jointly working with suppliers to find opportunities to make savings, improvements and efficiencies	• Creation of management information reports on E-Procurement usage/bottlenecks
• Collaborative Procurement	• Provision of guidance documents on legal issues in procurement	• Facilitating service and performance improvements	• E-Procurement training
• Social procurement including community benefits	• Interfacing with other parts of the Council regarding legal matters (e.g. Health & Safety violations by suppliers)	• Identifying specific rationalization opportunities	• E-Procurement helpdesk across "3 Counties"
• Environmental	• Contract Case Law monitoring	• Supply Chain Risk Management	• E-Procurement Supplier engagement activities
• Equalities	• Dealing with Public Procurement Remedies Regime issues	• Supply Chain Innovation	• Expenditure analysis monitoring
• Welsh Language	• Dealing with breach of contract	• Compliance to Contracts	• Liaison with external players such as xchangewales programme and Value Wales SQUiD team
• Health & Safety	• Advising on all procurement law matters	• Improving supply chain resilience	• E-Procurement innovation and best practice

Procurement Policy Support Element – Indicative Role	Legal Support Element – Indicative Role	Supplier Relationship Management (SRM) Support Element – Indicative Role	E-Procurement Support Element – Indicative Role
• Financial Appraisal	• Procurement Freedom of Information requests	• Driving and encouraging continuous improvement in Supplier Relationship Management	• Implementation and support of:

• Procurement Training & Audit	• OJEU specialist advice	• Ensuring Supply Chain Management delivers economic, environmental and social benefits	o Purchase to Pay system
			   o E-Invoicing
			   o E-Trading

• Procurement Manual including code of practice	• OJEU statistical returns	• Supplier Approved List management	o E-Tendering including SQUiD
• Procurement benchmarking against LG and WG procurement policies.	• WEFO Procurement guidance/advice	• Corporate Contracts register	o E-Auctions o Welsh Purchasing Card
• Procurement KPI measurement, management & monitoring	• Contract Terms and conditions development and maintenance (including Terms and Conditions library)	• To help develop appropriate performance measures and to report on outcomes against plan	o E-Supplier Relationship Management o E-Contract Management
• Reporting to Value Wales/Welsh Government on policy actions and annual returns and linkage with National Procurement Service		• To ensure contractors meet contractual objectives and assist with any failure to meet such requirements	o Dynamic Purchasing Systems

4.3.3 Governance Arrangements for the Target Operating Model

The following section provides an overview of how the governance arrangements for the Target Operating Model would work in practice (note only Model 4 is addressed in this section; model 2 is not addressed).

Clear governance arrangements and management structures would need to be established at an early stage. Because this project is leading to a major collaborative effort on the part of three Authorities, major operational and collegiate challenges can be expected to arise, particularly during the transition period, but provided the right structures are in place these challenges will not be insurmountable.

It is essential that there is CEO level support and involvement in the Governance arrangements at the outset in order to establish 'from the top' that all three Authorities senior personnel:

a. *understand* that the 3 Counties Director and his/her deputy of Shared Procurement Support Service and the shared support project team personnel have the full backing of the CEO's to proceed to drive change, and

b. *ensure* that all key personnel across the three Authorities who will be bringing about this change understand that the shared support service represents a major and significant strategic move that is of the highest priority for all three Authorities.

As the arrangements bed-down over a two to three year period, then CEO tracking can fade into the background as the shared support service takes hold across the culture of all three Authorities.

Governance arrangements would need to include the following key items:

- Creation of a "3 Counties" Procurement Shared Procurement Service Management Board:

This Management Board would comprise of:

- CEO's of each Authority or nominated representatives/deputies

- 3 Counties Director of the Shared Procurement Service and their deputy

- External Advisors who will advise the Board on Change Management challenges raised by Heads of Procurement and how to deal with them

The Management Board will be responsible for agreeing and monitoring performance against strategic targets, benefits realization and shaping the work programme for the shared procurement service.

It would also ensure that all 3 Authorities are contributing and benefitting proportionally as stated in the Joint Council Agreement. 3 Counties collaboration will be underpinned by a formal inter-Authority agreement which will set out the extent and nature of the shared procurement service; detailing how challenging issues will be considered and addressed and in particular how to ensure early identification of bottleneck or cohesion issues.

The KPIs set out in section 4.7 of this Report will help inform decision making for the management board.

At operational level, the 3 Counties Shared Procurement Service (Operations) Board would consist of:

– 3 Counties Director of the Shared Procurement Service and their deputy

– Heads of Finance

– Heads of Economy

– Heads of Service

The Operations Board will be responsible for:

- achieving strategic targets set by the Management Board

- ensuring that KPI performance is assessed and kept on track

- supporting the work of the Director of the Shared Procurement Service to roll out the Change Management Programme that will be needed across all 3 Authorities

- reviewing the work of the Virtual Shared Procurement Support Service Team

- ensuring that the Category Management Training Programme is achieved on schedule for all "3 Counties" employees

Reporting lines:

The "3 Counties" Director of the Shared Procurement Service will report to the Management Board on progress against agreed objectives.

The "3 Counties" Deputy Director of the Shared Procurement Service will report to the 3 Counties Shared Procurement Service Operations Board on progress against agreed objectives, with line management conducted by the "3 Counties" Director.

Senior Category Mangers in each Authority will liaise with the relevant Heads of the Service departments and Category management implementation 'on the ground' will be via the work of the individual Category Manager's teams assembled within each Council.

The deputy director of the Shared Procurement Service will head up the Virtual Shared Procurement Support Service team (and will be overseen by the director of the shared procurement service):

- Senior Legal Manager

- Senior E-procurement Manager

- Senior Supplier Relationship Management Manager

- Senior Policy Manger

Each of the aforementioned senior managers will lead cross-Authority teams which will both support the work of the Director and deputy director of the Shared Procurement Service, whilst also providing shared support in their respective arenas to the three Authorities' Senior Category Managers seeking support for individual Category Managers.

The "3 Counties" Director of Shared Procurement Service will be empowered to make day-to-day decisions according to the agreed priorities of the 3 Councils and within agreed resources. The Director will also be authorised to make decisions to ensure that these priorities are aligned with Welsh Government Policy and legislation in this area.

4.3.4 Systems and Data Requirements to support the Target Operating Model

Section 4.6.1 provides a detailed breakdown of system and data requirements should Model 4 be adopted.

4.4 Resourcing the Target Operating Model

Section 3.4 revealed there are approximately 204 FTEs currently involved in carrying out procurement, commissioning and contract management duties across the 3 Councils.

According to the McClelland Report ('*Maximising the Welsh Pound', August, 2012*), McClelland estimates that there should be one qualified procurement professional for every £10m of procurement spend.

Therefore, according to this ratio, the recommended number of procurement professionals for each of the three Councils should be as follows:

- Denbighshire – with £100m spend - should have 10 FTEs

- Flintshire - with £123m spend - should have 12 FTEs

- Gwynedd - with £159m of spend- should have 16 FTEs

Each of these procurement professionals will also need to have an appropriate number of personnel to support them in their function and/or category (these support staff are the Category Officers defined in section 4.3.2.1).

For example, for Model 4 we have assumed 1 individual per £3.5m of spend – this is partly based on the existing FTE support arrangements for procurement across the three councils and from our research into category management and shared procurement service best practice. For Model 2 we have assumed 1 individual per £3m of spend (the support level requirements per million of spend for Model 2 are greater because this model does not generate the same level of efficiencies as Model 4).

4.4.1 Model 4 Resourcing

The table below illustrates the optimal amount of human resources that would be required to enable a fully functioning shared procurement service based on Model 4 and the category management groupings illustrated in section 4.3.2.1.

This table below shows that a total of 148 staff would be required to run the shared procurement service; comprising of 38 Procurement Professionals and 110 support staff.

Model 4 - Human Resource Requirements (including indicative savings per Group) – 3 Counties

Combined (Model 4)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	
Procurement Professionals Required	14 (2)	2	1	11 (2)	5	2	3 (2)	38 (6)
Support Staff Required	41 (5)	7 (1)	3	31 (3)	14 (1)	5	9 (4)	110 (14)
Total Human Resource	55 (7)	9 (1)	4	44 (5)	19 (1)	7	12 (6)	148* (20)**

*See below for an explanation of why some of the staff figures in the chart above are in brackets.

As per the Table above 148 staff are required to deliver Model 4 (denoted by *). 20 (denoted by **) of the 148 are needed to resource the Shared Procurement Service.

The 20 Shared Procurement Service staff in the table above will need to originate from the allocations above specified for the 6/7 Category Management Groups.

For example, in Group 1 (as above), we estimate that 55 staff members are needed to manage and deliver the activities of that Group. In order to deliver the Model, we have revised the human resource required in this Group to 48 and taken 7 members of staff (as captured by the parenthesis in the row 'Total Human Resource') from the Group to contribute to resource the Shared Procurement Service.

We have replicated this same approach to all other grouping categories, allowing us to identify the 20 (denoted by **) staff needed to resource the management level of the Shared Procurement Service. We envisage that the remaining 128 members of staff would resource the various category management groups. Detailed overleaf is a diagram providing an illustrative example of how Category Grouping 1 (see section 4.3.2.1) would be resourced in alignment with the headline figures in the table above.

Model 4 – Category Management (Group 1: 1st Illustrative Example)

Category Management Function	

Model 4: Group 1 Required Personnel	Group 1
Procurement Professionals Required	14 (2)
Support Staff Required	41 (5)
Total	55 (7)

*For further information on this diagram please see the Strategic Sourcing Process

2 x Senior Category Manager

↕ **Service Dept. Leads**

10 x Category Managers

⬇

36 x Category Officers (including Administration).

For example, these Officers would be responsible for:

- Market Needs
- Market Analysis
- Tendering & Contracting
- Contract Management
- Performance & Monitoring
- Etc...

Purchasing Category:
- Construction (Works)
- Facilities & Management Services
- Highway Equipment and Materials
- Utilities
- Construction materials
- Street and Traffic Management

4.4.2 Model 2 Resourcing

The tables below show the resource requirements for Model 2 detailed on a per Council basis. The final chart illustrates the resource requirements for the internal procurement support service.

Model 2 - Category Management Human Resource Requirements (including indicative savings per Group) - DCC

Denbighshire County Council	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Total
Procurement Professionals Required	3.6 (1)	0.6	0.3	3.2 (1)	1.4 (0.4)	0.6	0.4 (0.4)	10.1 (2.8)
Support Staff Required	11.9 (3)	2.2	1.0	10.6 (3)	4.5 (1.5)	2.0 (0.4)	1.3 (1.3)	33.5 (9.8)
Total Human Resource	15.5 (4)	2.8	1.3	13.8 (4)	5.9 (2.9)	2.6 (0.4)	1.7 (1.7)	43.6* (13)**

As per the Table above 43.6 staff are required to deliver Model 2 (denoted by *). 13 (denoted by **) of the 43.6 are needed to resource the internal procurement support service.

The 13 internal procurement support service staff in the table above will need to originate from the allocations above specified for the 6/7 Category Management Groups.

For example, in Group 1 (as above), we estimate that 15.5 staff members are needed to manage and deliver the activities of that Group.

In order to deliver the Model, we have revised the human resource required in this Group to 11.5 and subsequently taken 4 members of staff (as captured by the parenthesis in the row 'Total Human Resource') from the Group to resource the internal procurement support service. We have replicated this same approach for all other grouping categories, allowing us to identify the 13 (denoted by **) staff needed to resource the management level of the internal procurement support service. We envisage that the remaining 30.6 members of staff would resource the various category management groups.

Model 2 - Category Management Human Resource Requirements (including indicative savings per Group) - FCC

Flintshire County Council	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Total
Procurement Professionals Required	4.5 (1.5)	1.0	0.5	3.6 (1.5)	1.5 (0.5)	0.7	0.5 (0.5)	12.3 (4)
Support Staff Required	15.0 (2)	3.5 (1)	1.6	12.1 (2)	5.0 (1.5)	2.4 (0.9)	1.6 (1.6)	41.1 (9)
Total Human Resource	19.5 (3.5)	4.5 (1)	2.1	15.7 (3.5)	6.49 (2)	3.1 (0.9)	2.1 (2.1)	53.5* (13)**

As per the Table above 53.5 staff are required to deliver Model 2 (denoted by *). 13 (denoted by **) of the 53.5 are needed to resource the internal procurement support service.

The 13 internal procurement support service staff in the table above will need to originate from the allocations above specified for the 6/7 Category Management Groups.

For example, in Group 1 (as above), we estimate that 19.5 staff members are needed to manage and deliver the activities of that Group.

In order to deliver the Model, we have revised the human resource required in this Group to 16 and subsequently taken 3.5 members of staff (as captured by the parenthesis in the row 'Total Human Resource') from the Group to resource the internal procurement support service. We have replicated this same approach for all other grouping categories, allowing us to identify the 13 (denoted by **) staff needed to resource the management level of the internal procurement support service. We envisage that the remaining 40.5 members of staff would resource the various category management groups.

Model 2 - Category Management Human Resource Requirements (including indicative savings per Group) - GCC

Gwynedd County Council	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Total
Procurement Professionals Required	6.2 (2)	0.6	0.4	4.0 (1.5)	1.9 (0.5)	0.4	2.4 (1.4)	16.0 (5.4)
Support Staff Required	20.6 (3)	2.1	1.3	13.4 (2)	6.4	1.5	7.9 (2.6)	53.2 (7.6)
Total Human Resource	26.2 (5)	2.7	1.7	17.4 (3.5)	8.3 (0.5)	1.9	10.3 (4)	69.2* (13)**

As per the Table above 69.2 staff are required to deliver Model 2 (denoted by *). 13 (denoted by **) of the 69.2 are needed to resource the internal procurement support service.

The 13 internal procurement support service staff in the table above will need to originate from the allocations above specified for the 6/7 Category Management Groups.

For example, in Group 1 (as above), we estimate that 26.2 staff members are needed to manage and deliver the activities of that Group.

In order to deliver the Model, we have revised the human resource required in this Group to 21.2 and subsequently taken 5 members of staff (as captured by the parenthesis in the row 'Total Human Resource') from the Group to resource the internal procurement support service. We have replicated this same approach to all other grouping categories, allowing us to identify the 13 (denoted by **) staff needed to resource the management level of the internal procurement support service. We envisage that the remaining 56.2 members of staff would resource the various category management groups.

Model 2 – Category Management Implementation in each Authority (with Internal Procurement Support Service).
Further Details of the Procurement Management & Internal Procurement Support Service for DCC, FCC & GCC

Procurement Management

3 Counties Director of Shared Procurement Service

3 Counties Deputy Director of Shared Procurement Service

Procurement Manager

Internal Procurement Support Service

Legal Support Team

Legal Officer

E-Procurement Team

Senior E-Procurement Manager

E-Procurement Officer

E-Procurement Officer

Supplier Relation Mgmt. Team

Senior Supplier Relationship Manager

Supplier Relationship Management Officer

Supplier Relationship Management Officer

Policy Team

Senior Policy Manager

Policy Officer

4.5 Risk Analysis

The table below provides a summary of the main risks associated with implementing the target operating model (note only Model 4 is addressed in this section; model 2 is not addressed), together with risk mitigation measures (note these risks are not listed in any particular order).

Ref	Main Risk	Risk Management/Mitigation
1	Risk that service departments may not be able to embrace such radical change to current operating model	Effective change management practices required with particular emphasis on effective communication and necessity for change given changes to the external environment and lack of internal resource
2	Establishing common agreed service levels for shared procurement support	Prioritise as key decision making issue and establish "task and finish" group to ensure effective progress
3	Lack of Change Management Resource	Establish an effective and experienced project / programme team for internal change management and buy-in additional suitable change management expertise
4	Failure to engage with key stakeholders	Internal stakeholder groups established to manage expectations and ensure feedback to "3 Counties" Project Board. Sufficient time and resource allocated to establishing and maintaining relevant relationships.
5	Limited ownership of Category Management approach/structure	Relevant and appropriate engagement activity identified and undertaken with stakeholders
6	Potential loss of service area expertise due to redundancies and redeployment	Adopt strict redundancy and redeployment policies
7	Challenge of balancing different Council Priorities	Prioritise as major issue and establish "task and finish" group to agree route forward
8	Failure of new working model to commence on "go live" date	Regular board updates on progress. Clear reporting arrangements. Programme Manager recruited to facilitate transition. Change Management programme initiated
9	Williams Report Recommendations and local government reorganisation plans materialise	Watching brief
10	Regional Collaboration Fund spend profile/timing of funding	Robust project management required with careful monitoring of progress against spend profile

11	Failure to achieve benefits and savings as stated in the Business Case	Careful and close monitoring of benefits from the outset. Involve Change Management professionals. Fully involve key stakeholders
12	Staff changing roles do not agree to new terms and conditions	Clearly communicate new responsibilities and negotiate appropriately
13	Ability to recruit appropriately skilled and experienced procurement professionals (e.g. Category Mangers and procurement law staff)	Carefully draft job specifications. Ensure salaries and benefits are competitive and advertise widely both internally and externally
14	Loss of key personnel during project implementation	Ensure a wide base of key decision makers are involved and ensure early dialogue to enable knowledge and skills transfer
15	Maintaining Senior Management Commitment	Ensure effective communication and clear focus on benefits
16	Cultural and language gaps between Denbighshire and Flintshire on the one hand, and Gwynedd Council on the other	Effective change management approaches adopted. Language issue prioritised to ensure an acceptable outcome for all
17	Delay in agreeing route forward with common E-Sourcing system, thus leaving insufficient time for implementation of new working model by "go live" date	Prioritise as major decision issue; with "task and finish" group established to manage transition going forward
18	Delay caused by negotiations over which Councils will be leading particular product/service categories	Prioritise as major decision issue and agree clear decision-making protocol as to how allocation of categories are assigned.
19	Virtual model of operation hinders effective communication	Ensure clear communication protocols are established and IT enablement of virtual working
20	Geographical distance between Gwynedd Council on the one hand and Denbighshire + Flintshire on the other could make co-operation difficult	As above
21	Service disruption during transition period	Ensure well thought out mobilisation and implementation plan
22	Complex governance arrangements given model based on each Council leading on different product/service categories	Governance mechanism must be clear and ensure sufficient inter-authority collaboration
23	Different states of readiness of Councils for change	Utilise professional change management consultants
24	National Procurement Service activity	Watching Brief

4.6 E-Procurement, Human Resource and Legal Issues surrounding the adoption of the Target Operating Model

The following narrative provides a summary of the key E-Procurement, legal and human resource issues that would arise if the target-operating model was to be adopted (note only Model 4 is addressed in this section; model 2 is not addressed).

4.6.1 E-Procurement Issues

Would new E-Procurement Solutions need to be adopted?

As illustrated in the tables below, both Denbighshire and Flintshire County Councils are using identical E-Procurement systems. Gwynedd Council has a different E-Procurement system.

This immediately presents a challenge in that a common E-Sourcing system would be required across all 3 Councils should Model 4 be adopted (if Model 2 was to be implemented, a common E-Sourcing system would *not* be required, but planning would have to be put in place for its eventual adoption, as the Councils would be expected to collaborate more intensively once Category Management was embedded).

Denbighshire and Flintshire are using the Proactis E-Sourcing system. Full roll out of this system to service departments in both Councils will be complete by December 2014 by which point it will be mandatory that *all* those engaged in procurement in these two Councils use this system. Gwynedd Council on the other hand is using the Welsh Government's xchangewales E-Sourcing system, though it is not (at the moment) mandatory for those engaged in procurement to utilise this.

Given that both Denbighshire and Flintshire are using an identical E-Sourcing system, then one solution could be for Gwynedd to adopt the same one, although this naturally is likely to result in significant resistance to change from Gwynedd given the effort and cost that has gone into implementing existing systems and the likely cost and disruption of change. Another possible solution would be for all three Councils to use the E-Procurement tools available via the Welsh Government.

Denbighshire and Flintshire would however be able to help expedite the adoption of Proactis by Gwynedd, given they would be able to share their experience and lessons learned from implementation within their own Councils.

A question arises as to whether the Proactis E-Sourcing system could be configured in such a way that it would be suitable for use when a shared procurement solution (as defined in Model 4) is adopted.

Further research should be undertaken to establish whether all 3 Councils would be able to access exactly the same shared E-Procurement system (i.e. one licence), thus enabling information symmetry. An alternative scenario is for each Council to have their own Proactis E-Sourcing licence (i.e. their own standalone systems), and for each Authority to have (where necessary) access as users to each others systems. For example, if Gwynedd was to be the category management lead on a particular product/service, then Denbighshire and Flintshire could be users on the Gwynedd system and hence receive emails based on workflow and task items, just as if they were located within Gwynedd County Council.

In the above scenarios, adoption of Model 4 would mean that common templates would have to be embedded within the E-Sourcing system. A common spend analysis tool would also be required, as would a common data warehouse solution.

Would adoption of specialised Category Management software be necessary?

Further research would be required to investigate whether adoption of specific category management software would be necessary. Such software would help enable a highly structured approach to category management and allow ease of management and governance, particularly given that templates, workflows, and the tasks of category management, alongside supportive on-line tutorials would be built into such a system. This software would however duplicate some aspects of the functionality of an E-Sourcing system.

The tables that follow provide a factual account of key headline information extracted from the interviews with the E-Procurement specialists which decision makers would need to take into consideration should a shared procurement service be adopted.

	Gwynedd County Council	**Denbighshire County Council**	**Flintshire County Council**
E-Procurement Systems in Use (and contract commitment)	• ABS P2P (purchase to pay) system. • Version One Invoice Scanning System. • xchangewales E-Trading, E-Trading for Schools and E-Sourcing tools (until 2016).	• Proactis P2P (annual maintenance contract until 2016). • Proactis E-Sourcing (until 2016). • xchangewales E-Trading (until 2016, although early exit possible).	• Proactis P2P (until 2018). • Proactis E-Sourcing (until 2018). • xchangewales E-Trading (until 2016, although early exit possible).
Implementation State	• P2P – Roll out to service departments complete. • Roll out of xchangewales to service departments is complete apart from the Social Services department and Property department, who use their own systems. There are differing levels of take-up across the Council.	• P2P – Roll out to service departments complete (including schools). • E-Sourcing – Roll out to service departments and training expected to be complete by December 2014. • xchangewales E-Trading implementation complete, but usage very low.	• P2P – Roll out to service departments complete (apart from schools). • E-Sourcing – Roll out to service departments and training expected to be complete by December 2014. • xchangewales E-Trading implementation complete, but usage very low.
Illustrative Benefits	xchangewales E-Trading includes requisition, order and invoice processing as well as an on-line marketplace facility providing access to catalogues of suppliers and purchasing frameworks, making it a	Once the new E-Sourcing system is fully rolled out to the service departments in 2014, only processing of electronic tenders and quotes will be permitted (the Contract Procedure Rules have been amended to ensure compliance).	Once the new E-Sourcing system is fully rolled out to the service departments in 2014, only processing of electronic tenders and quotes will be permitted (the Contract Procedure Rules have been amended to ensure

	Gwynedd County Council	Denbighshire County Council	Flintshire County Council
	one-stop shop. There are a small number of suppliers returning electronic invoices to the authority with the remainder being scanned and converted to be matched electronically. E-Sourcing tools are used by a number of departments, with the central procurement team providing advice and guidance. The E-Sourcing tool is also being used to create a contracts register and a future procurement register.	compliance). Everything will therefore need to be implemented within the E-Sourcing system, including Contract Management and Supplier Performance Management. The E-Sourcing system is highly configurable – the CPU have configured the system in such a way that it gives them much greater levels of control in governing the activities of the service departments. For example, service departments will not be able to complete a task within the system, until a predecessor has been completed; additionally there are a number of project templates configured to comply with OJEU and CPRs. The system also enables much greater levels of monitoring. For instance, it will be possible to run various dashboard reports to identify those who are doing retrospective Purchase Orders.	Everything will therefore need to be implemented within the E-Sourcing system, including Contract Management and Supplier Performance Management. The E-Sourcing system is highly configurable – the CPU have configured the system in such a way that it gives them much greater levels of control in governing the activities of the service departments. For example, service departments will not be able to complete a task within the system, until a predecessor has been completed; additionally there are a number of project templates configured to comply with OJEU and CPRs. The system also enables much greater levels of monitoring. For instance, it will be possible to run various dashboard reports to identify those who are doing retrospective Purchase Orders.
Illustrative Challenges	It is not mandatory for service departments to use the xchangewales system. The CPU reports on usage to Heads of Service and encourage uptake by promotion	Long-term resource challenges of CPU maintaining E-Sourcing Helpdesk support, as well as the finance department providing P2P support.	Long-term resource challenges of CPU maintaining E-Sourcing Helpdesk support, as well as the finance department providing P2P support.

	Gwynedd County Council	Denbighshire County Council	Flintshire County Council
	of system benefits and through training; they can not guarantee compliance. The system is bound by tight parameters and the invoice matching process demands users to amend any discrepancies. Although this ensures strict control, it is discouraging some users from using the system due to the complexity of the process. Maintaining and supporting the use of the system is also challenging in terms of resources.		
E-Procurement Licence Costs	• xchangewales E-Trading - £27,000 per year for licence. • Free licence to use xchangewales E-Sourcing (etenderwales).	• Proactis P2P – Annual maintenance of £21,000 per year. • xchangewales E-Trading - £27,000 per year for licence. • Proactis E-Sourcing – £10,000 per year (for a 5 year licence, including maintenance)	• Proactis P2P – £36,000 per year (for a 5 year licence). • Proactis E-Sourcing – £10,000 per year (for a 5 year licence, including maintenance costs)
Illustrative Additional Costs	Implementation costs for P2P and xchangewales implementation approximately £110,000.	£50,000 to £80,000 in consultancy fees for roll out to service departments (including training costs) for E-Sourcing roll out.	£50,000 to £80,000 in consultancy fees for roll out to service departments (including training costs) for both P2P roll out and E-Sourcing roll out.

	Gwynedd County Council	Denbighshire County Council	Flintshire County Council
		In addition, there have been significant organisational costs in terms of configuring the E-Sourcing system, as well as the costs of designing various templates and supporting documents to be held within the system. These documents (for use by service departments) include invitation to tender and specification templates; pre-loaded terms & conditions and evaluation methodologies.	In addition, there have been significant organisational costs in terms of configuring the E-Sourcing system, as well as the costs of designing various templates and supporting documents to be held within the system. These documents (for use by service departments) include invitation to tender and specification templates; pre-loaded terms & conditions and evaluation methodologies.
Likely Resistance to Change should an alternative E-Procurement System/s be adopted	There is likely to be resistance to any significant change given the effort and cost that has gone into implementing the new systems and training the users.	There is likely to be major resistance to any significant change given the effort and cost that has gone into planning and implementing new systems. The linkage to job costing systems further complicates matters.	There is likely to be major resistance to any significant change given the effort and cost that has gone into planning and implementing new systems. The linkage to job costing systems further complicates matters.

4.6.2 Legal Issues

The interviews with the heads of the legal departments from Gwynedd, Denbighshire and Flintshire County Councils raised a number of issues that would need ironing out if Model 4 were to be adopted. However, none of these were regarded by the interviewees as issues that could not be overcome.

The Contracting Authority for Contracts

The first issue is the identification of the contracting authority for each contract. Given that Model 4 involves each Council leading on different categories, an obvious and logical arrangement would be for the contracting authority to be the Council leading the particular category being purchased. There would clearly however need to be an inter-authority agreement regarding liability if the approach adopted was one where different Councils were leading on different categories.

Where does the public procurement liability lie?

The second issue raised by the legal respondents concerns who will be held liable for the public procurement procedure. Again following on from the logic above, then the contracting authority (i.e. whichever Council is leading the category being purchased) should assume responsibility.

Naturally the entity undertaking the procurement should carry the appropriate insurance to cover all potential losses.

How will the legal support element of the shared procurement support service be provided?

A number of issues were raised in this case. For example, would these procurement law staff be based in a hub, or would it be a virtual arrangement? Their view was that the best solution would be to create a virtual team pooling together the current procurement law expertise available in all 3 Councils and that this could be achieved via a service level agreement whereby the contribution from each authority would be specified. In tandem, it could be necessary to create a cost model/structure that would attribute the costs to the relevant authority that required the support. One respondent mentioned that a pilot virtual legal team spanning a number of North Wales Councils already existed and that to date, it had worked very well.

Inevitably some additional procurement law experts would also need to be recruited, given that there is only around 1.5 FTE of contract solicitor support

for procurement across the three Councils currently. The heads of legal did however raise the issue that recruiting suitably qualified and experienced staff was a major problem in the North Wales area. In section 4.3.2.2, we recommend there should be 4 FTE legal support personnel dedicated to supporting procurement – consisting of 1 senior legal manager and 3 legal officers. The senior legal manager would manage the 3 legal officers, and the Director of the Shared Procurement Service would manage the senior legal manager. There is also likely to be some line management input from the Heads of Legal from the 3 Authorities.

4.6.3 Human Resource Issues

The interviews with staff from all 3 Counties responsible for human resource (HR) functions identified some pertinent issues that could arise in moving from the current arrangements to Model 4.

What Governance Arrangements are necessary to ensure the effectiveness of the service?

The HR interviewees strongly felt that adopting a shared procurement service solution would introduce relevant procurement resources, skills and expertise to the Councils and would result in significant benefits. However they noted that to ensure these benefits materialize in practice, strong governance arrangements would be required.

Their view was that a joint board chaired by one of the Chief Executives of the councils, with representatives from all Councils would be necessary. They referred to a number of potential Board responsibilities including approving the shared procurement strategy; sign off of annual procurement plans; scrutiny of the actions of the leadership of the service and related directorates. They suggested it could be useful for the Head of the shared procurement service to report directly to the Board.

What terms and conditions of employment would be required?

Given that Model 4 would generally not entail the transfer of staff contracts to a lead Council, TUPE would not be a major issue. However of greater significance would be to ensure that the new roles that individuals may need to adopt (e.g. for an individual from the CPU taking on a Category Manager role) are made clear to them in terms of defining their roles and responsibilities. Human Resources representatives also pointed out that out revised terms and conditions of employment would probably be necessary - the aim in this case should be to find a solution that meets individual aspirations and caters for the Councils' requirement to not disadvantage personnel by a change to their current terms and conditions of employment.

Additionally there is the issue of the need for common job descriptions across roles that may be impacted by different job evaluation schemes in each Authority. This in practice could lead to different pay grades in each Council for undertaking essentially the same roles, resulting in a number of negative ramifications.

In terms of the reassignment of staff from service departments into new roles such as a Category Officer, it was felt there might be a mixed reaction from these employees. Whilst some may see the reassignment or transfer as a new opportunity or challenge, others may not be too open to taking on a new role. It would appear that the essential issue here is to ensure continual communication with staff as to the likely future approach. It is therefore essential that as early as possible, all staff who are likely to be impacted by the creation of the shared procurement service must be engaged with and their fears resolved in a mutually beneficial manner reflective of both the needs of the Councils and the affected staff.

An important factor to bear in mind is that given that staff are generally aware that the future landscape of local government governance is to be impacted upon by recommendations made in the Williams Review, it maybe that a larger number of personnel would be more amenable to change, so there is an opportunity to ensure a positive acceptance of change.

How to ensure the right staff are retained and recruited?

One significant HR issue that the interviewees felt needed addressing was to ensure that the future model offers staff the right incentives (performance evaluation, reward, career structures) to secure their commitment to the service.

A significant risk that must therefore be considered in this regard is the appropriate level of staff incentives that would mitigate the risk of staff seeking new opportunities, which could result in significant loss of 'corporate memory' regarding the Council's contracts. It is therefore essential that an assessment of the required skills necessary for the success of the service is made, together with a career and pay structure that reinforces the recruitment and retention of high calibre professionals.

It was also pointed out that there would have to be some decision as to whether or not to make the applicable terms and conditions of employment of the affected staff comparable with that generally applicable in similar public sector organisations. This is seen to be necessitated by the fact that recent vacancies in the region have resulted in some Council procurement staff

leaving for more rewarding opportunities. To forestall or minimize the impact of this re-occurring, there may need to be detailed consideration needed to be given to this issue.

Where would the shared procurement service staff be located?

Model 4 would not necessarily involve staff being moved to a new location – a virtual set-up would suffice. If a decision is made that personnel should continue to work from where they are presently located, there could be implications for how they are managed across three separate sites. Clearly effective communication will be essential to prevent the potential loss of the sharing of knowledge available from a co-location and to ensure the benefits from the shared procurement service materialize.

Clearly there would be a need for staff to travel more frequently between the sites and there might need to be an arrangement for example that, each week, particular members of the shared procurement service would come together in a central location for team briefing, work planning and supervision, administration, training, project work and shared activities, etc.

It might also be necessary that officers spend some significant time (particularly initially) in each Council to undertake a variety of activities such as working on strategy and policy, leading on major projects, providing professional advice, guidance and support, and delivering procurement training.

What would be the business language and culture of the future service?

A further issue, which emerged from the HR enquiries, relates to the business language that would be adopted by the staff in the shared procurement service. The point is significant because while the prevalent business language in Gwynedd is Welsh, staff in Denbighshire and Flintshire communicate mainly in English. It is recognized that though this could be a challenge, efforts could be made to ensure that it does not become an insurmountable one.

In relation to the working culture, even though there may not be stark cultural differences between Flintshire and Denbighshire (because these teams have been working jointly for some time and have had a common procurement manager), there will still need to dedicated efforts to encourage the evolution of a complementary culture across the organization, where other services see procurement as contributing to the Councils values and outcomes.

Other Issues

The HR interviewees were also highlighted that to ensure the anticipated benefits flowed from the shared procurement service occur in practice, that it would be vital to provide clear definition of:

- Key performance indicators that staff would be required to achieve, and;

- Other general performance measurement arrangements.

Summary

From the information provided above, at first it may appear that the HR issues could be a real challenge to creating a shared procurement service as envisaged in Model 4. Our view is that though these issues constitute challenges, they are not insurmountable as demonstrated by one of the Best Practice models which we highlight – Procurement Lincolnshire (see Appendix 2c).

4.7   Key Performance Indicators

The following table provides a list of generic KPIs that would help monitor and assure performance of the target operating model (note only Model 4 is addressed in this section; model 2 is not addressed). A number of these KPIs are deliberately designed to be consistent with Value Wales' "Common KPIs".

The KPIs are illustrative measures only and are not an exhaustive list. It is suggested that a full performance framework is developed with input from key personnel from all 3 Local Authorities. The KPIs would need to be compared (where possible) to existing baselines.

KPI Measure	Rationale
Percentage total annual influenceable spend with contracted suppliers on contract	To ensure greater level of influence and control over spend (compliance)
Number and value of contracts over £25,000 advertised through sell2wales	To ensure greater levels of transparent advertising
Annual procurement savings as percentage of total influenceable spend	To ensure savings from new operating model materialise in practice from purchase price savings and cost avoidance savings.
Percentage of total annual	To ensure SME and Corporate Social

KPI Measure	Rationale
influenceable spend channelled to SMEs	Responsibility Agenda is given adequate focus.
Spend with organisations based in Gwynedd, Denbighshire and Flintshire	To ensure a balanced spend profile across the "3 County" areas
Average contract value	To ensure that aggregation of demand does not limit opportunities for smaller suppliers
Annual spend through electronic means: • Number and value of electronic tenders/card transactions as a percentage of total annual influenceable spend • Number and value of Purchase Orders and Invoices managed electronically (i.e. from raising of Purchase Orders to payment as a percentage of total annual influenceable spend)	To drive efficiency in procurement primarily through reduced transaction costs and improved turnaround times
Average invoice Value	To reduce transactional costs
Percentage of annual influenceable spend channelled through collaborative contracts.	To ensure shared procurement service aims and objectives are occurring in practice
Percentage level of compliance to CPRs	To ensure new working model leads to greater levels of control
Percentage degree of supplier consolidation	To ensure Category Management and collaborative approach leads to efficiencies
Percentage of procurement challenges	To ensure new arrangement is effective in professionalizing procurement and therefore reducing the number of procurement challenges
Contract/framework coverage as a total of percentage spend	To provide assurance that spend is being influenced through most appropriate and controlled avenues
Cost of procurement function as a percentage of 3^{rd} party spend or overall running costs	To provide a benchmark for value for money assurance and to help with strategic direction.

KPI Measure	Rationale
Evidence of benefits arising from improved contract management; supplier relationship management; demand management; legal support; CPU and service department engagement	To ensure key design principles of the "3 Counties" project are delivered in practice
Qualified (MCIPS or equivalent) Procurement Full Time Equivalents as a percentage of staff who can procure & number of staff working towards MCIPS status	To ensure the professionalization of the procurement function occurs in reality and that development opportunities are provided
Percentage level of procurement related staff satisfaction	To gauge whether the new working model results in a better working environment for procurement related staff

Clearly outcome KPIs would also be required per product/service category and according to end user satisfaction/service satisfaction. The latter could be measured by annual customer satisfaction surveys and would indicate the added value created by the professional procurement function.

5.0 COST/BENEFIT ANALYSIS AND IMPLEMENTATION PLAN

5.1 Cost/Benefit Analysis

5.1.1 "3 Counties" Analysis of 2012/13 Spend Data

In preparing the Full Business Case, it was necessary to analyse approximately £383m of public procurement spend across the three Authorities. The total procurement spend per Authority ranges from just over £100m in the case of Denbighshire, to £159m in the case of Gwynedd. The chart below details all the categories of spend across the 3 Councils' 31 spend categories (note one of these is classified as "Uncategorised spend"):

Categories of Spend per Authority	DCC	FCC	GCC	Grand Total
Social Community Care	£25,587,664.60	£28,613,658.68	£32,283,386.24	£86,484,709.52
Public Transport	£6,825,137.38	£8,894,221.67	£10,112,649.21	£25,832,008.26
Construction	£25,927,366.35	£29,421,824.22	£45,369,462.98	£100,718,653.55
Utilities	£3,859,002.01	£6,198,250.02	£7,706,825.95	£17,764,077.98
Vehicle Management Information Communication Technology	£2,652,330.49	£3,870,207.78	£5,778,471.55	£12,301,009.82
	£5,023,202.14	£6,155,055.29	£3,667,410.53	£14,845,667.96
Uncategorised	£3,853,195.95	£4,924,438.74	£23,807,247.73	£32,584,882.42
Human Resources	£3,118,042.30	£4,727,324.76	£1,854,881.07	£9,700,248.13
Education	£3,267,849.62	£4,964,659.80	£5,874,416.40	£14,106,925.82
Catering	£1,679,954.37	£2,858,195.36	£2,958,493.08	£7,496,642.81
Construction Materials Facilities & Management Services	£2,164,691.01	£5,180,601.05	£2,625,096.88	£9,970,388.94
	£1,905,446.13	£2,940,111.35	£3,344,352.60	£8,189,910.08
Financial Services	£2,061,275.28	£3,705,797.24	£1,197,562.29	£6,964,634.81
Environmental Services Highway Equipment & Materials	£3,636,873.39	£1,936,217.07	£2,986,967.14	£8,560,057.60
	£1,657,828.84	£739,058.08	£2,342,867.17	£4,739,754.09
Consultancy	£775,654.27	£1,287,858.65	£2,578,126.94	£4,641,639.86
Cleaning & Janitorial	£678,861.13	£883,321.39	£482,135.49	£2,044,318.01
Mail Services	£623,537.72	£544,277.03	£481,178.14	£1,648,992.89
Arts & Leisure Services	£596,366.98	£454,939.86	£1,321,456.76	£2,372,763.60
Legal Services	£428,928.09	£528,073.99	£458,232.94	£1,415,235.02
Horticultural	£472,161.37	£249,053.21	£383,670.03	£1,104,884.61
Healthcare	£1,681,249.71	£1,461,782.61	£341,458.38	£3,484,490.70
Clothing	£107,070.45	£346,055.86	£127,078.18	£580,204.49
Housing Management	£343,881.41	£120,589.12	£135,115.65	£599,586.18

Categories of Spend per Authority	DCC	FCC	GCC	Grand Total
Stationery	£379,331.18	£444,410.97	£296,301.09	£1,120,043.24
Sports & Playground Equipment & Maintenance	£252,129.60	£612,256.13	£305,902.45	£1,170,288.18
Furniture & Soft Furnishings	£353,362.46	£547,010.29	£320,383.23	£1,220,755.98
Street & Traffic Management	£215,672.84	£649,802.04	£323,653.00	£1,189,127.88
Health & Safety	£109,009.22	£161,593.82	£119,018.88	£389,621.92
Domestic Goods	£301,831.31	£75,414.57	£49,889.21	£427,135.09
Cemetery & Crematorium	£8,780.00	£268.96	£2,863.81	£11,912.77
Grand Total	**£100,547,688**	**£123,496,330**	**£159,636,555.0**	**£383,680,572.21**

5.1.2 Category Management – illustrative examples

The rationale for category management is explained in section 4.1 of this report. What this section of the report does is take five illustrative categories of expenditure and demonstrates how, in most instances, there would appear to be a definite need for a Category Management Approach as at present there is no strategic approach to managing many categories of spend - this argument will become very apparent when one looks at the amount of expenditure taking place in each individual category, across the *different Services* in each Authority. It should be noted that each of the three Authorities employ a very different structure in terms of how services/departments are organised across the organisation – obviously this makes a direct comparison impossible, however we were able to identify some significant key trends and activities that enforce the need to implement Category Management across all three Authorities at the earliest opportunity.

The 5 categories that we looked at in detail were:

- Construction

- Information Communication Technology (ICT)

- Facilities and Management Services (F&MS)

- Environmental Services

- Vehicle Management

i. **Construction**

The three charts that follow on spend data within construction demonstrate that:

- Denbighshire County Council – four Services spend more than £2m on procurement annually, with two further Services spending more than £1m each

- In Flintshire, three Services spend more than £2m on construction annually, with an additional Service spending more than £1m

- In Gwynedd, seven Services spend more than £2m annually on construction

Construction Spend - DCC

6 > £1,000,000
4 > £2,000,000
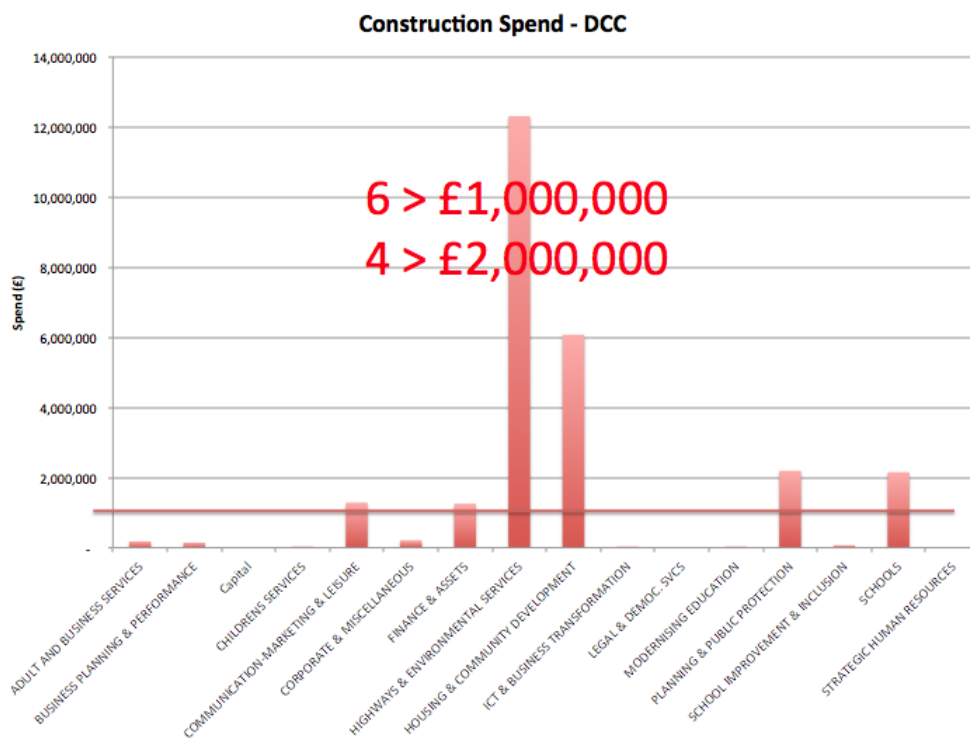
Construction Spend - FCC

4 > £1,000,000
3 > £2,000,000
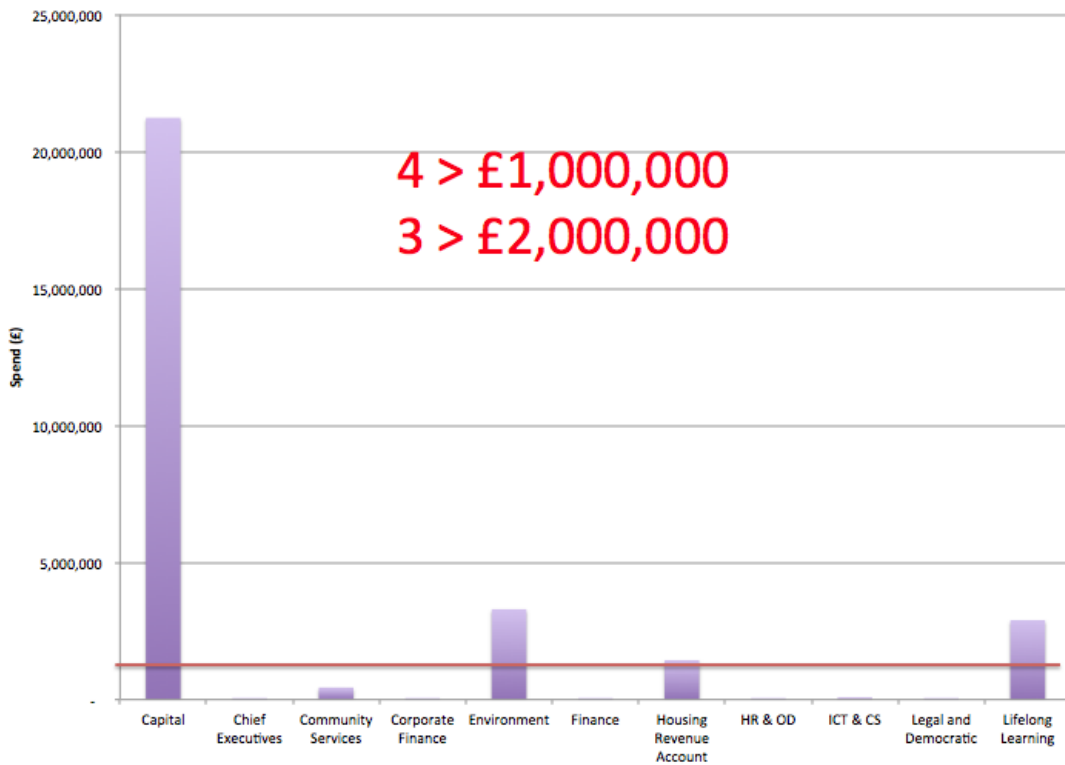
Construction Spend - GCC

7 > £2,000,000
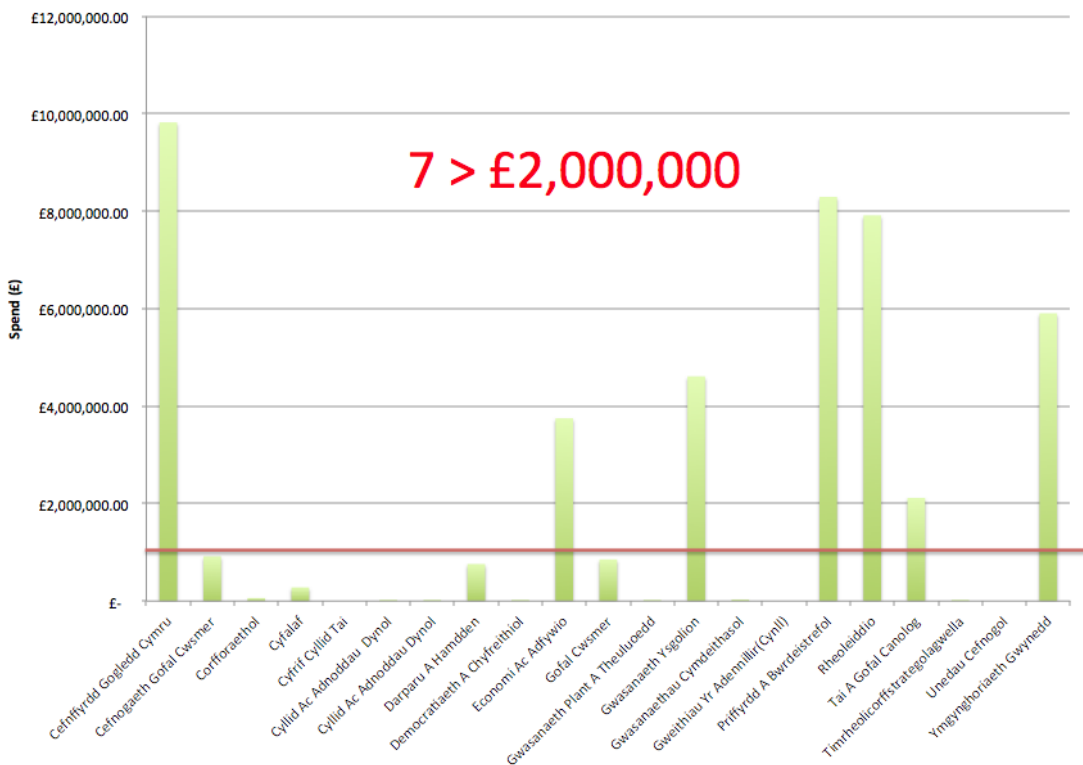
What the above clearly demonstrates is that there is no strategic approach to purchasing common items relating to construction across the different Services and across all three authorities. It is also very evident, from the data

that is presented, and information provided in this report that Category Management approach should be implemented, without delay, to remedy this organizational-wide non-strategic purchasing practice.

The Category Management approach would yield significant benefits for the Authorities concerned, because it would allow them to obtain all of the advantages of Category Management, i.e. spend control, and would also allow for <u>control of demand management</u>, as well, of course, as yielding the necessary process/cost efficiencies and savings.

There would also be significant advantages for, not just the Authorities, but also for local suppliers. For example, once the construction spend comes under the influence and control of a single Category Owner, there would be a single point of entry/contact for all suppliers in the field of Construction. Further benefits have also been mentioned elsewhere in this report; including reference to how the Procurement Policy support element of the shared procurement support service would help ensure adoption of a consistent approach towards SMEs.

The National Procurement Service (NPS) will, at some point, assume more responsibility under the Construction Category, but until that is established, this report proceeds on the basis that significant efficiencies will be achieved in the short term by way of the implementation of Category Management strategy across the three Authorities in <u>every category</u> of spend, including those that the NPS will remain active or inactive in, and the analysis proceeds on that basis. Obviously, the approach can be adjusted over time, as the NPS becomes functional, and its utility is taken advantage of. At that time, any necessary adjustments can be made, so that the Councils and the NPS work in tandem with each other comfortably.

The same analysis as above has been conducted for another four illustrative categories as follows:

ii.   ICT Category

What the data reveals in the ICT spend category is that:

- In Denbighshire, eight Services spend more than £100,000 per year on ICT, with three of them spending more than £500,000 per year.

- In Flintshire, six Services spend more than £100,000, with four of them spending more than £500,000 per year.

- In Gwynedd, two Services spend more than £500,000, with another eight spending more than £100,000 per year.

Information Communication Technology Spend - DCC

8 > £100,000

3 > £500,000

Information Communication Technology Spend - FCC

6 > £100,000
4 > £500,000

Categories (x-axis): Capital, Chief Executives, Community Services, Corporate Finance, Environment, Finance, Housing Revenue Account, HR & OD, ICT & CS, Legal and Democratic, Lifelong Learning

Information Communication Technology Spend - GCC

10 > £100,000
2 > £500,000

Categories (x-axis): Cefnffyrdd Gogledd Cymru, Cefnogaeth Gofal Cwsmer, Corfforaethol, Cyfalaf, Cyfrif Cyllid Tai, Cyllid Ac Adnoddau Dynol, Cyllid Ac Adnoddau Dynol, Darparu A Hamdden, Democratiaeth A Chyfreithiol, Economi Ac Adfywio, Gofal Cwsmer, Gwasanaeth Plant A Theuluoedd, Gwasanaeth Ysgolion, Gwasanaethau Cymdeithasol, Gweithiau Yr Adennillir(Cyrill), Priffyrdd A Bwrdeistrefol, Rheoleiddio, Tai A Gofal Canolog, Timrheolicorffstrategolagwella, Unedau Cefnogol, Ymgynghoriaeth Gwynedd

Again, without re-stating the obvious, it is clear that there is no strategic approach to the spend in the ICT field in the three Authorities at present, and

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the introduction of Category Management would greatly rationalise the spend in this area.

iii.   Facilities and Management Services Category

The data in the facilities and management services category of spend reveals the following:

- In Denbighshire, eight Services spend more than £100,000 on facilities and management services, with three of them spending more than £200,000 per annum

- In Flintshire, six Services spend more than £100,000 per annum on facilities and management services, with five of them spending more than £200,000 per annum

- In Gwynedd, eight Services spend more than £100,000 per year, with six of them spending more than £200,000 per year on facilities and management services

Facilities & Management Services Spend - FCC

6 > £100,000

5 > £200,000

Facilities & Management Services Spend - GCC

8 > £100,000

6 > £200,000
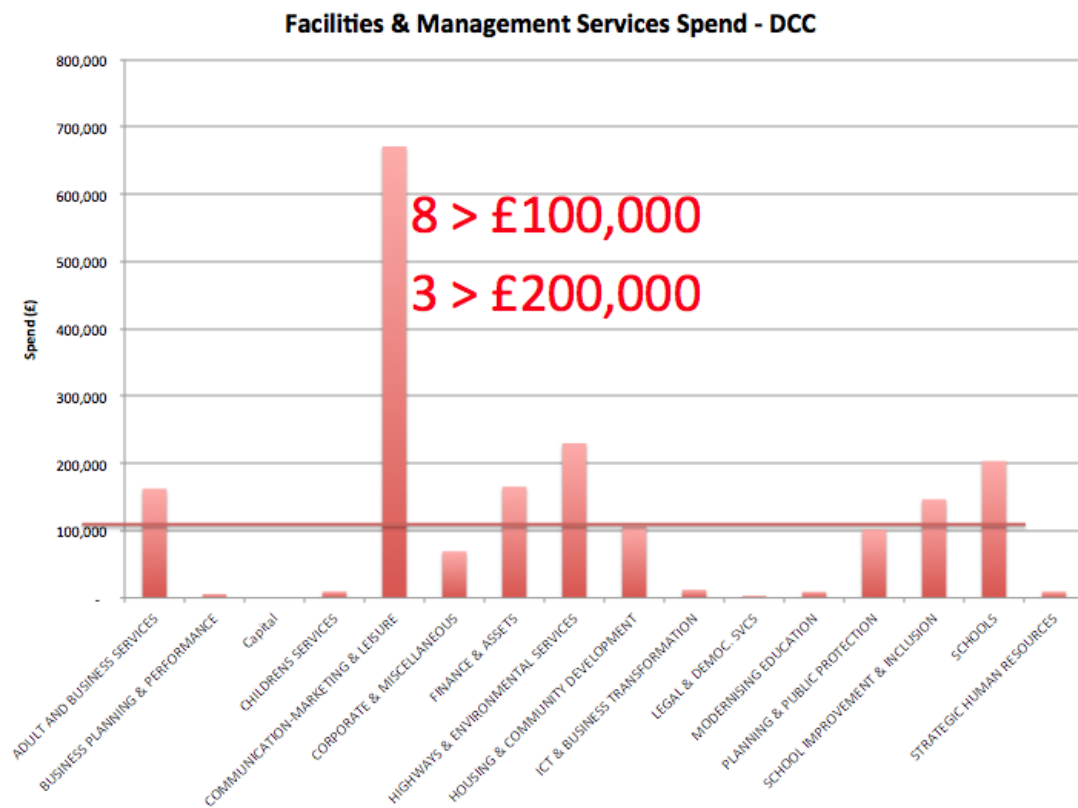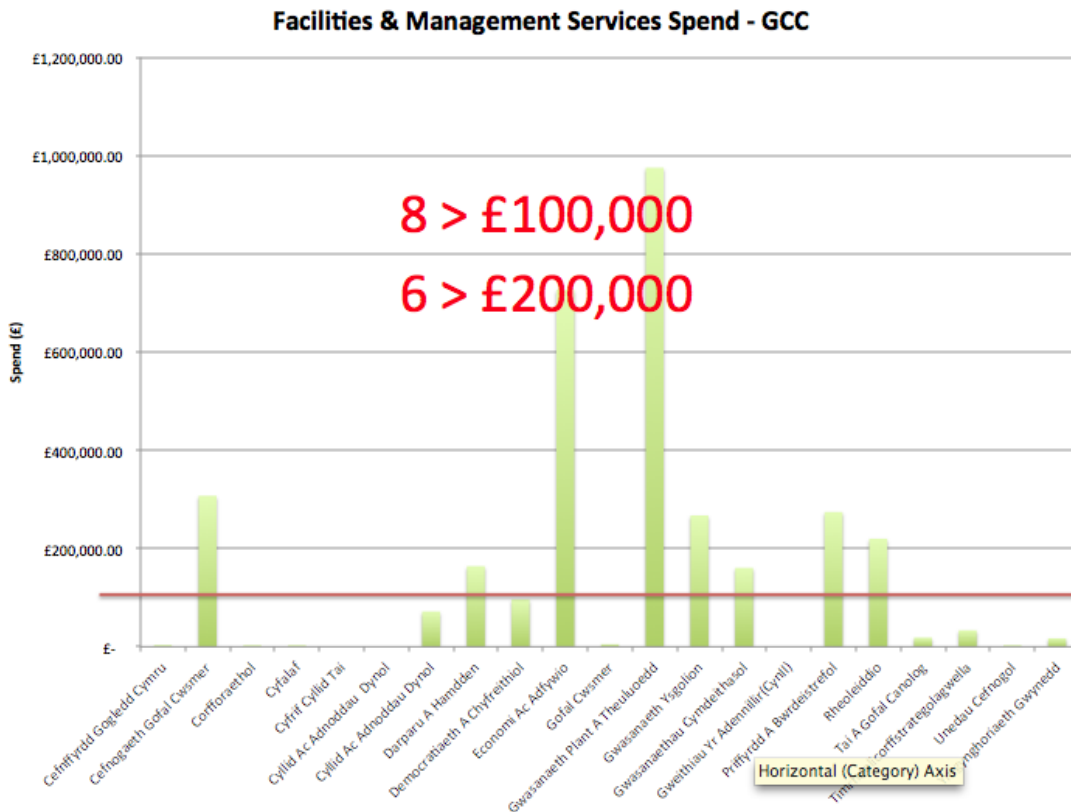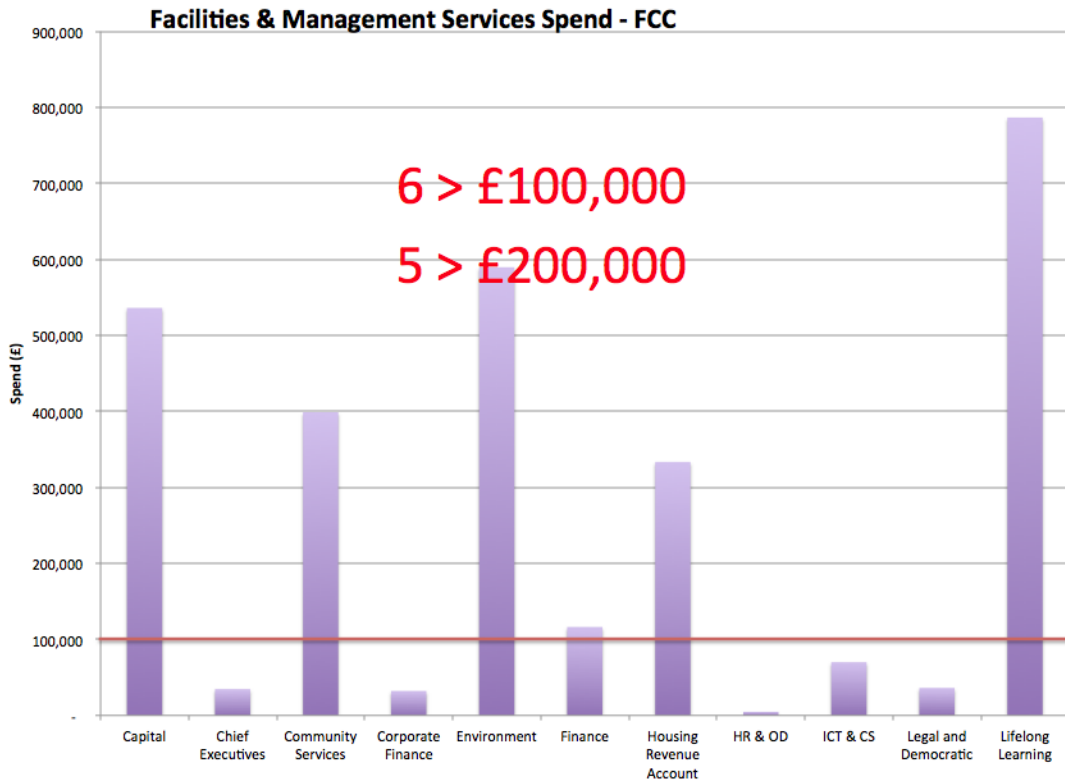
Again, the conclusions from Facilities & Management Services seem to point in only one direction, namely that spend is not undertaken strategically, control rests with the many Services Departments, there is no alignment of

spend control with demand control, and therefore it is very difficult to achieve savings in this non-category spend environment.

iv.   **Environmental Services**

The data collected for Environmental Services reveals a somewhat different picture to Construction, Information Communication Technology and Facilities Management Services, which is encouraging:

- In Denbighshire, one Service spends more than £250,000 on Environmental Services, with other Services spending considerably less than that. This would indicate that there is some attempt made here to rationalise and control spend within the Authority.

- In Flintshire Council, two Services spend more than £250,000.

- In Gwynedd Council, two Services spend more than £250,000.

Environmental Services - DCC

Environmental Services - FCC

2 > £250,000

1,200,000
1,000,000
800,000
600,000
400,000
200,000
-

Capital | Chief Executives | Community Services | Corporate Finance | Environment | Finance | Housing Revenue Account | HR & OD | ICT & CS | Legal and Democratic | Lifelong Learning

Environmental Services - GCC

3 > £250,000

£2,000,000.00
£1,800,000.00
£1,600,000.00
£1,400,000.00
£1,200,000.00
£1,000,000.00
£800,000.00
£600,000.00
£400,000.00
£200,000.00
£-

Cefnffyrdd Gogledd Cymru | Cefnogaeth Gofal Cwsmer | Corfforaethol | Cyfalaf | Cyfrif Cyllid Tai | Cyllid Ac Adnoddau Dynol | Cyllid Ac Adnoddau Dynol | Darparu A Hamdden | Democratiaeth A Chyfreithiol | Economi Ac Adfywio | Gofal Cwsmer | Gwasanaeth Plant A Theuluoedd | Gwasanaeth Ysgolion | Gwasanaethau Cymdeithasol | Gwethiau Yr Adennillir (Cynll) | Priffyrdd A Bwrdeistrefol | Rheoleiddio | Tai A Gofal Canolog | Timrheolicorffstrategolagwella | Unedau Cefnogol | Ymgynghoriaeth Gwynedd

It would appear, that in this area, that some quasi-category management-like strategy is being implemented. Therefore, we recommend that the authority should concentrate on up-skilling the human resource within this area of

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spend and help realise further efficiencies and savings across the three Authorities.

v. **Vehicle Management Category**

The fifth category that we considered for illustrative purposes is that of vehicle management. Again, it would appear that there seems to be a significant element of quasi-category management-like behaviour and control of spending within this particular category.

- In Denbighshire Council, only one Service spent more than £250,000 on vehicle management

- In Flintshire Council, only one Service spent more than £250,000

- In Gwynedd Council, three Services are spending more than £250,000

Vehicle Management - DCC
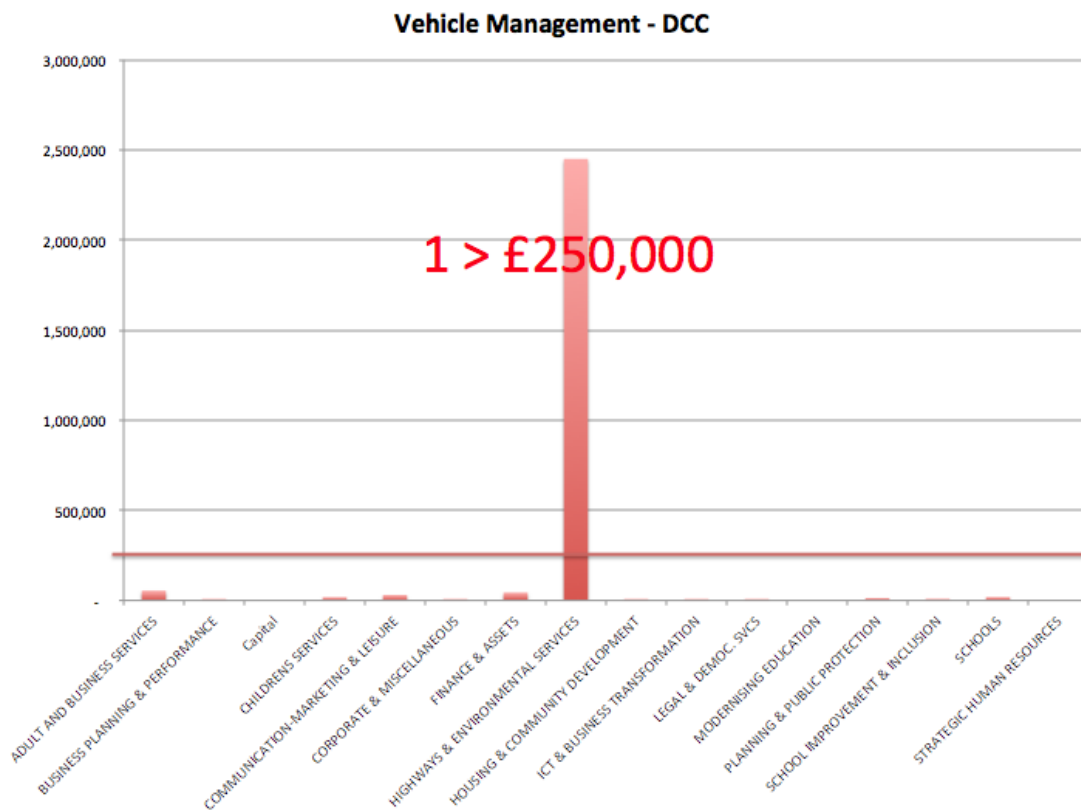
Vehicle Management - FCC

1 > £250,000
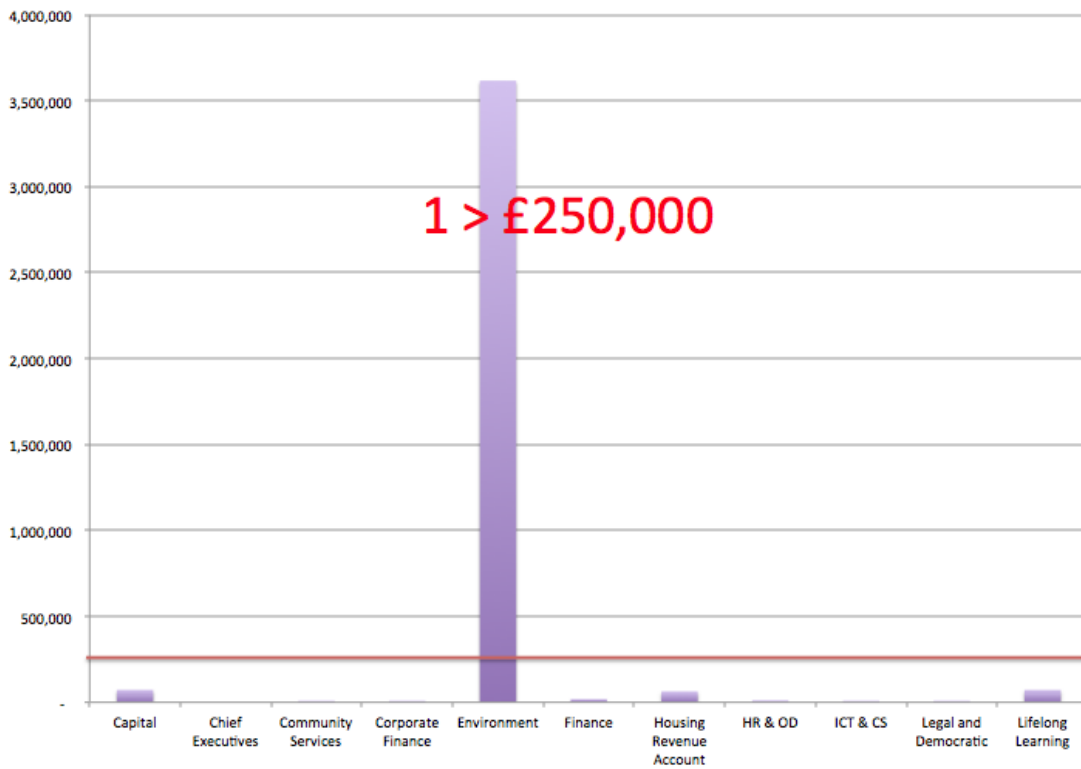
Vehicle Management - GCC

3 > £250,000
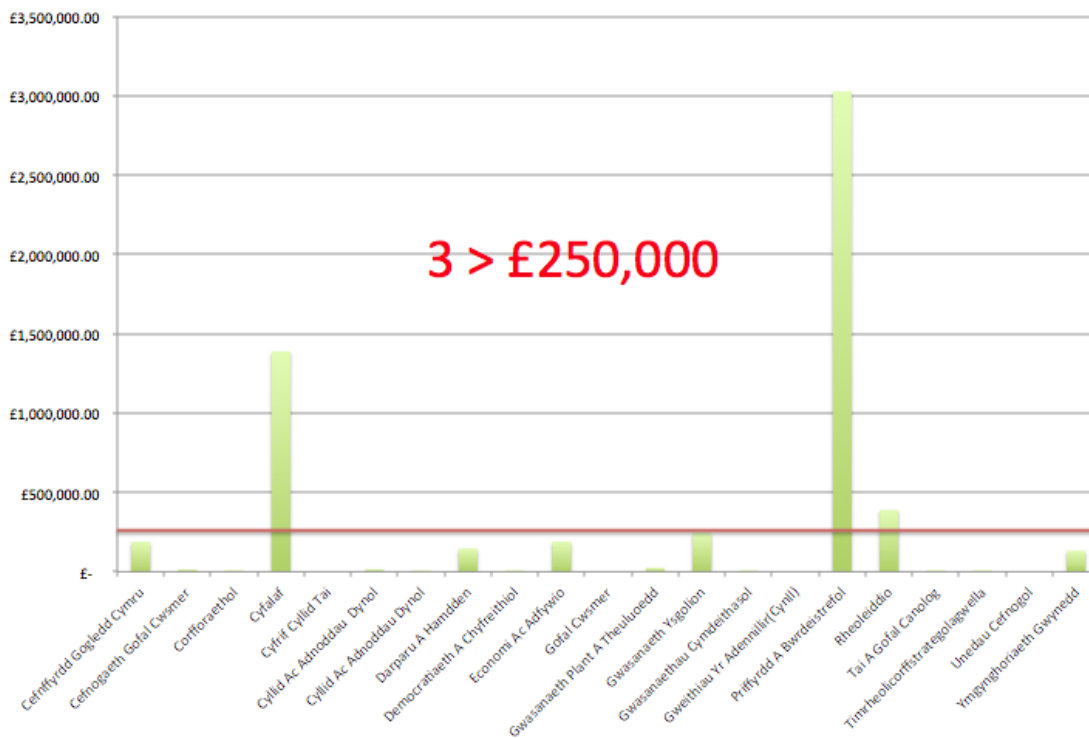
What the three charts above demonstrate is that, in the first two aforementioned Authorities, there would seem to be an element of Category

Management. Whereas in the third Council (Gwynedd), the category approach is less evident for this category, given that there are three Service Departments with significant spend in this category.

5.1.3 Total Influenceable & Cashable Spend Across the Three Authorities

In addition to understanding the total procurement spend across three Authorities, our task was then to identify the amount of 'Influenceable and Cashable Spend' out of the overall spend. The table overleaf provides this information according to the various categories.

Annual Cashable and Influenceable Spend mainly consists of revenue budgets (excluding capital, housing revenue, schools, and other grant funding budgets). For example, what the data in the chart below demonstrates is that there is significant influenceable & Cashable spend in each Authority - this ranges from £33m in Denbighshire; to £67m in Flintshire; and £55m in the case of Gwynedd, resulting in a combined total of approximately £156m across the three Authorities.

Influenceable & Cashable Savings Identified by each Authority: Category of Spend (Pro Class 1)	DCC	FCC	GCC	Grand Total
Social Community Care	£11,104,307.25	£25,882,331.00	£21,261,445.19	£58,248,083.44
Public Transport	£6,251,651.74	£6,217,193.00	£6,183,769.74	£18,652,614.48
Utilities	£2,090,102.55	£3,503,575.00	£2,057,962.75	£7,651,640.30
Information Communication Technology	£1,905,008.18	£2,917,623.00	£2,429,378.62	£7,252,009.80
Construction	£1,857,719.43	£4,920,386.00	£2,167,039.40	£8,945,144.83
Human Resources	£1,298,269.77	£2,480,630.00	£1,308,351.82	£5,087,251.59
Vehicle Management	£1,271,585.85	£3,635,323.00	£799,192.59	£5,706,101.44
Construction Materials	£1,126,078.84	£1,345,187.00	£1,601,089.06	£4,072,354.90
Uncategorised	£1,012,556.60	£3,052,115.00	£9,104,657.58	£13,169,329.18
Highway Equipment & Materials	£726,178.89	£505,098.00	£119,091.15	£1,350,368.04
Facilities & Management Services	£715,718.81	£1,420,921.00	£1,130,450.77	£3,267,090.58
Education	£498,618.14	£2,702,078.00	£446,052.00	£3,646,748.14
Financial Services	£444,942.73	£1,601,548.00	£447,637.13	£2,494,127.86

Environmental Services	£419,280.44	£1,192,413.00	£1,063,378.54	£2,675,071.98
Consultancy	£330,728.37	£745,309.00	£436,962.71	£1,513,000.08
Mail Services	£321,425.09	£427,393.00	£386,871.90	£1,135,689.99
Catering	£302,419.83	£2,417,875.00	£2,464,278.35	£5,184,573.18
Horticultural	£298,857.53	£169,551.00	£83,690.14	£552,098.67
Arts & Leisure Services	£289,578.96	£327,220.00	£124,310.64	£741,109.60
Housing Management	£287,226.80	£36,997.00	£63,767.16	£387,990.96
Cleaning & Janitorial	£259,062.43	£633,862.00	£313,296.02	£1,206,220.45
Street & Traffic Management	£146,697.25	£92,496.00	£227,984.22	£467,177.47
Stationery	£131,573.12	£176,602.00	£208,057.55	£516,232.67
Healthcare	£116,525.64	£302,108.00	£143,976.34	£562,609.98
Sports & Playground Equipment & Maintenance	£99,807.36	£185,161.00	£127,700.15	£412,668.51
Legal Services	£81,695.89	£453,530.00	£124,444.12	£659,670.01
Furniture & Soft Furnishings	£72,980.29	£176,479.00	£164,978.30	£414,437.59
Clothing	£69,624.34	£276,920.00	£70,914.54	£417,458.88
Health & Safety	£69,552.05	£82,651.00	£92,933.44	£245,136.49
Domestic Goods	£13,332.67	£48,493.00	£37,806.56	£99,632.23
Cemetery & Crematorium	£8,780.00	£63.00	£2,863.81	£11,706.81
Grand Total	**£33,621,887**	**£67,929,131**	**£55,194,332**	**£156,745,350**

5.1.4 Savings possible via Influenceable & Cashable Spend

In this section we identify the potential savings that could be realised from spend that is categorised as 'Influenceable and Cashable Savings' across the three authorities.

The 'recommended savings' amounts realised from Influenceable and Cashable Spend has been calculated using three complementary measures:

A. Demand Management Control, is a methodology used to manage and forecast the demand of products and services, whilst achieving efficiencies that often cannot be controlled by the organisation. For example, ensuring over-supply is reduced.

B. Better Procurement Efficiency and Effectiveness, can be achieved via Category Management.

C. Cost Avoidance Strategies, is a negotiation and forecasting strategy that involves attempting to slow the rate of market cost increases.

As a quantitative foundation for the three measures above we thoroughly interrogated each Authority's transaction ledger, and for every category of spend we were able to identify and later cross-examine:

1. The total number of transactions recorded that were considered influenceable:

   a. 94,104 Denbighshire County Council.

   b. 223,009 Flintshire County Council.

   c. 93,632 Gwynedd County Council.

2. The total number of influenceable Suppliers:

   a. 2,511 Denbighshire County Council.

   b. 3,113 Flintshire County Council

   c. 4,416 Gwynedd County Council

3. The percentage of suppliers who were considered 'influenceable' (by spend) versus those suppliers who were considered 'non-influenceable':

   a. 60% Denbighshire County Council's suppliers were considered influenceable.

   b. 70% Flintshire County Council's suppliers were considered influenceable.

   c. 70% Gwynedd County Council's suppliers were considered influenceable.

Based on the measures outlined above (A to C) and interrogations 1 to 3, the amount of potential savings that could be generated by each category of spend was arrived at.

What these tables will show is that, by a combination of these three strategies, potential savings of between 4.2% (Denbighshire & Gwynedd) and 4.4% (Flintshire) can be achieved across all Authorities with relative ease.

The data sets that follow show how each percentage of Demand Management Controls, Better Procurement Practices, Efficiencies, and deployment of effective Cost Avoidance Strategies <u>have a measurable impact on every category of spend in each Authority.</u>

We estimate, that the net outcome of this cost saving strategy is that £6,704,721 of savings can be realised by a combination of these three business and procurement strategies, with the headline figures for each Authority being as follows:

	TOTAL (£)
Potential Savings on Influenceable & Cashable Expenditure in DCC in 2012/13 (4.2%)	1,404,713
Potential Savings on Influenceable & Cashable Expenditure in FCC 2012/13 (4.4%)	2,985,049
Potential Savings on Influenceable & Cashable Expenditure in GCC 2012/13 (4.2%)	2,314,959
	6,704,721

Our research in the area of 'Influenceable and Cashable efficiencies' has found numerous examples of methods that calculate the potential savings that could be realised from this type of spend. We are aware that other organisations (and consultancies) have used/recommended Influenceable and Cashable savings percentages that are both below and above the 4% percentage amount we have modelled. For example, Cardiff County Council have ambitiously aimed to achieve a 6% saving. We believe our saving recommendation, between 4.2 & 4.4%, is on the conservative side, and we encourage the Project Board to consider setting an even more ambitious target, perhaps in the 6% range like Cardiff Council, which would obviously yield more significant savings as a result.

The exact 'Influenceable and Cashable efficiency' figures are detailed in the charts below:

Denbighshire County Council					
Potential Savings realised from Influenceable & Cashable Spend	**DCC**	**Demand Management Savings**	**Better Procurement Savings**	**Cost Avoidance Savings**	**Potential Savings (4.2%)**
Social Community Care	11,104,307	2.5%	2.0%	0.5%	555,215.36
Public Transport	6,251,652	2.0%	1.5%	0.5%	250,066.07
Utilities	2,090,103	1.5%	1.5%	0.5%	73,153.59
Information Communication Technology	1,905,008	1.5%	2.0%	1.0%	85,725.37
Construction	1,857,719	1.0%	1.5%	0.5%	55,731.58
Human Resources	1,298,270	1.5%	1.5%	1.0%	51,930.79
Vehicle Management		2.0%	1.5%	0.5%	50,863.43

Denbighshire County Council Potential Savings realised from Influenceable & Cashable Spend	DCC	Demand Management Savings	Better Procurement Savings	Cost Avoidance Savings	Potential Savings (4.2%)
	1,271,586				
Construction Materials	1,126,079	1.5%	1.5%	1.0%	45,043.15
Uncategorised	1,012,557	1.5%	1.0%	1.0%	35,439.48
Highway Equipment & Materials	726,179	2.0%	1.0%	1.0%	29,047.16
Facilities & Management Services	715,719	1.0%	1.5%	1.0%	25,050.16
Education	498,618	1.0%	1.0%	1.0%	14,958.54
Financial Services	444,943	2.0%	1.0%	1.0%	17,797.71
Environmental Services	419,280	1.0%	1.0%	1.0%	12,578.41
Consultancy	330,728	1.5%	1.0%	1.0%	11,575.49
Mail Services	321,425	1.0%	1.0%	1.0%	9,642.75
Catering	302,420	1.5%	1.5%	1.0%	12,096.79
Horticultural	298,858	2.0%	1.0%	1.0%	11,954.30
Arts & Leisure Services	289,579	1.5%	1.0%	1.0%	10,135.26
Housing Management	287,227	1.5%	1.0%	1.0%	10,052.94
Cleaning & Janitorial	259,062	1.5%	1.5%	1.0%	10,362.50
Street & Traffic Management	146,697	1.5%	1.0%	1.0%	5,134.40
Stationery	131,573	1.0%	1.5%	1.0%	4,605.06
Healthcare	116,526	1.5%	1.0%	0.5%	3,495.77
Sports & Playground Equipment & Maintenance	99,807	1.5%	1.0%	1.0%	3,493.26
Legal Services	81,696	1.0%	1.0%	1.0%	2,450.88
Furniture & Soft Furnishings	72,980	1.0%	1.0%	1.0%	2,189.41
Clothing	69,624	1.0%	1.0%	1.0%	2,088.73
Health & Safety	69,552	1.5%	1.0%	1.0%	2,434.32
Domestic Goods	13,333	1.0%	1.0%	1.0%	399.98
Cemetery & Crematorium	8,780	0.0%	0.0%	0.0%	-
Grand Total	33,621,887	1.4%	1.2%	0.9%	1,404,712.66
					4.2%

Flintshire County Council					
Potential Savings realised from Influenceable & Cashable Spend	FCC	Demand Management Savings	Better Procurement Savings	Cost Avoidance Savings	Potential Savings (4.4%)
Social Community Care	25,882,331	2.5%	2.0%	0.5%	1,294,116.55
Public Transport	6,217,193	1.5%	1.5%	0.5%	217,601.76
Utilities	3,503,575	1.5%	1.5%	0.5%	122,625.13
Information Communication Technology	2,917,623	2.0%	2.0%	1.0%	145,881.15
Construction	4,920,386	2.5%	1.5%	0.5%	221,417.37
Human Resources	2,480,630	1.5%	2.0%	1.0%	111,628.35
Vehicle Management	3,635,323	1.5%	1.5%	0.5%	127,236.31
Construction Materials	1,345,187	1.5%	1.5%	1.0%	53,807.48
Uncategorised	3,052,115	1.5%	1.5%	1.0%	122,084.60
Highway Equipment & Materials	505,098	1.5%	1.0%	1.0%	17,678.43
Facilities & Management Services	1,420,921	2.5%	1.5%	1.0%	71,046.05
Education	2,702,078	2.0%	1.5%	1.0%	121,593.51
Financial Services	1,601,548	1.5%	1.0%	1.0%	56,054.18
Environmental Services	1,192,413	1.5%	1.5%	1.0%	47,696.52
Consultancy	745,309	1.5%	1.0%	1.0%	26,085.82
Mail Services	427,393	1.5%	1.0%	1.0%	14,958.76
Catering	2,417,875	1.5%	2.0%	1.0%	108,804.38
Horticultural	169,551	1.5%	1.0%	1.0%	5,934.29
Arts & Leisure Services	327,220	1.5%	1.0%	1.0%	11,452.70
Housing Management	36,997	1.0%	1.0%	1.0%	1,109.91
Cleaning & Janitorial	633,862	1.5%	1.5%	1.0%	25,354.48
Street & Traffic Management	92,496	1.5%	1.0%	1.0%	3,237.36
Stationery	176,602	1.0%	1.5%	1.0%	6,181.07
Healthcare	302,108	1.5%	1.0%	0.5%	9,063.24
Sports & Playground Equipment & Maintenance	185,161	1.5%	1.0%	1.0%	6,480.64
Legal Services	453,530	1.5%	1.0%	1.0%	15,873.55
Furniture & Soft Furnishings	176,479	1.5%	1.0%	1.0%	6,176.77
Clothing	276,920	1.5%	1.0%	1.0%	9,692.20
Health & Safety	82,651	1.0%	1.0%	1.0%	2,479.53
Domestic Goods	48,493	1.5%	1.0%	1.0%	1,697.26
Cemetery & Crematorium	63	0.0%	0.0%	0.0%	-

Flintshire County Council					
Potential Savings realised from Influenceable & Cashable Spend	**FCC**	**Demand Management Savings**	**Better Procurement Savings**	**Cost Avoidance Savings**	**Potential Savings (4.4%)**
Grand Total	**67,929,131**	1.5%	1.3%	0.9%	2,985,049.30 4.4%

Gwynedd County Council					
Potential Savings realised from Influenceable & Cashable Spend	**GCC**	**Demand Management Savings**	**Better Procurement Savings**	**Cost Avoidance Savings**	**Potential Savings (4.2%)**
Social Community Care	£21,261,445.19	2.5%	1.5%	0.5%	956,765.03
Public Transport	£6,183,769.74	1.5%	1.5%	0.5%	216,431.94
Utilities	£2,057,962.75	1.5%	1.5%	0.5%	72,028.70
Information Communication Technology	£2,429,378.62	1.5%	1.5%	1.0%	97,175.14
Construction	£2,167,039.40	1.5%	1.5%	0.5%	75,846.38
Human Resources	£1,308,351.82	1.5%	1.5%	1.0%	52,334.07
Vehicle Management	£799,192.59	1.5%	1.0%	0.5%	23,975.78
Construction Materials	£1,601,089.06	1.5%	1.5%	1.0%	64,043.56
Uncategorised	£9,104,657.58	2.0%	2.0%	1.0%	455,232.88
Highway Equipment & Materials	£119,091.15	1.5%	1.0%	1.0%	4,168.19
Facilities & Management Services	£1,130,450.77	1.5%	1.5%	1.0%	45,218.03
Education	£446,052.00	1.0%	1.0%	1.0%	13,381.56
Financial Services	£447,637.13	1.5%	1.0%	1.0%	15,667.30
Environmental Services	£1,063,378.54	1.5%	1.0%	1.0%	37,218.25
Consultancy	£436,962.71	1.0%	1.0%	1.0%	13,108.88
Mail Services	£386,871.90	1.5%	1.0%	1.0%	13,540.52
Catering	£2,464,278.35	1.5%	1.5%	1.0%	98,571.13
Horticultural	£83,690.14	1.0%	1.0%	1.0%	2,510.70
Arts & Leisure Services	£124,310.64	1.0%	1.0%	1.0%	3,729.32
Housing Management	£63,767.16	1.5%	1.0%	1.0%	2,231.85
Cleaning & Janitorial	£313,296.02	1.5%	1.0%	1.0%	10,965.36
Street & Traffic Management	£227,984.22	1.5%	1.0%	1.0%	7,979.45

Gwynedd County Council Potential Savings realised from Influenceable & Cashable Spend	GCC	Demand Management Savings	Better Procurement Savings	Cost Avoidance Savings	Potential Savings (4.2%)
Stationery	£208,057.55	1.5%	1.5%	1.0%	8,322.30
Healthcare	£143,976.34	1.5%	1.0%	0.5%	4,319.29
Sports & Playground Equipment & Maintenance	£127,700.15	1.0%	1.0%	1.0%	3,831.00
Legal Services	£124,444.12	1.5%	1.0%	1.0%	4,355.54
Furniture & Soft Furnishings	£164,978.30	1.0%	1.0%	1.0%	4,949.35
Clothing	£70,914.54	1.5%	1.0%	1.0%	2,482.01
Health & Safety	£92,933.44	1.5%	1.0%	1.0%	3,252.67
Domestic Goods	£37,806.56	1.5%	1.0%	1.0%	1,323.23
Cemetery & Crematorium	£2,863.81	0.0%	0.0%	0.0%	-
Grand Total	£55,194,332.30	1.4%	1.2%	0.9%	2,314,959.43 4.2%

In addition, to the 'Influenceable and Cashable efficiencies' we recommended previously, we also advise that the same saving percentages are also used when calculating the potential savings that could be realised from the authorities total spend (excluding the 'Influenceable and Cashable' spend element). Again we believe our saving recommendation, between 4.2 & 4.4%, is on the conservative side, however, the exact figures for additional savings generated from 'Overall Authority Spend' can be seen in the table below:

	LA's Net Spend (Excluding Influenceable Spend)	TOTAL (£)
Additional Savings Generated from Overall Authority Spend (excluding Influenceable & Cashable Savings) in DCC, in 2012/13 (4.2%)	66,925,801	2,796,140
Additional Savings Generated from Overall Authority Spend (excluding Influenceable & Cashable Savings) in FCC, in 2012/13 (4.4%)	55,567,199	2,441,822
Additional Savings Generated from Overall Authority Spend (excluding Influenceable & Cashable Savings) in GCC, in 2012/13 (4.2%)	104,442,223	4,380,513
	226,935,222	9,618,476

5.1.5 Indicative 5 year Cost/Benefit Analysis for Model 4

Our Cost/Benefit Analysis for "Model 4" (each Council leading on different Category Management groupings, supported by a shared procurement support service organised on a virtual basis), demonstrates that a loss of £583,000 would occur in the first year (the loss would be due to implementation costs), followed by a saving of £2.7m in the second year, rising to £9.2m in the fifth year. Note that the salaries stipulated below reflect existing Three Counties pay structures. However, there is scope to increase these salaries (using the savings generated from the shared procurement service), in order to attract the highest quality candidates. There is also similar scope to increase investment in other costs such as training and change management as deemed appropriate.

	Model 4: DCC, GCC & FCC New Public Procurement Structure (Indicative Costs)								
	Strategic Procurement Unit						2014/15		
	Income/ Existing Budget / Funding	Notes			DCC	GCC	FCC	Total	
	WG Budget (Shared across partnership)				120,000	124,000	120,000	364,000	
	Gross Income				120,000	124,000	120,000	364,000	
QUANTITY	Costs (Current Procurement Structure)				DCC	GCC	FCC	Total	
204.8	Current Staffing Costs. The 2014/15 figures (right) are based on ur analysis/estimate of all procurement related FTEs in each Authority (204.8 FTEs Total); 61.3 DCC, 73.6 FCC, 69.8 GCC.	Figures for refer to current model & previous year's estimates			-2,499,603	-3,056,816	-2,588,228	-8,144,647	<- Current Cost
QUANTITY REQUIRED	Costs (New CPU Structure)	Notes	Salary (including Oncosts)	Total Cost	DCC	GCC	FCC	Total	
1	3 Counties Director of Procurement	Cost Spread Across 3 Authorities.	67,413	67,413	22,471	22,471	22,471	67,413	
1	3 Counties Deputy Director	Cost Spread Across 3 Authorities	59,607	59,607	19,869	19,869	19,869	59,607	
1	Senior Legal Manager	Cost Spread Across 3 Authorities	59,607	59,607	19,869	19,869	19,869	59,607	
1	Senior E-Procurement Manager	Cost Spread Across 3 Authorities	54,559	54,559	18,186	18,186	18,186	54,559	
1	Senior Supplier Relationship Manager	Cost Spread Across 3 Authorities	54,559	54,559	18,186	18,186	18,186	54,559	
1	Senior Policy Manager	Cost Spread Across 3 Authorities	54,559	54,559	18,186	18,186	18,186	54,559	
3	Legal Officer	1 Person in Each LA	54,559	163,677	41,389	41,389	41,389	124,166	
5	E-Procurement Officer	1 FTE in DCC, 2 FTEs in GCC & FCC	41,389	206,944	41,389	82,778	82,778	206,944	
4	Supplier Relationship Management Officer	1 FTE in DCC & FCC & 2 FTEs in GCC	41,389	165,555	41,389	82,778	41,389	165,555	
2	Policy Officer	0.5 FTE in DCC & FCC & 2 FTEs in GCC	41,389	82,778	20,694	41,389	20,694	82,778	
7	Senior Category Manager	Cost Spread Across 3 Authorities	54,559	381,911	127,304	127,304	127,304	381,911	
25	Category Manager	Cost Spread Across 3 Authorities	46,253	1,156,317	385,439	385,439	385,439	1,156,317	
96	Category Officer	Cost Spread Across 3 Authorities	37,242	3,575,218	1,191,739	1,191,739	1,191,739	3,575,218	
148								0	
	Total Staff Costs (Model 4)				-1,966,110	-2,069,582	-2,007,499	-6,043,192	
	Costs/Savings generated by New Resourcing Model				£533,492.62	£987,233.62	£580,728.82	£2,101,455.05	<-Potential Saving
	Other Costs								
52	Category Management Training - Managers	Invest £5000 per staff member - Managers	£5,000.00	£260,000.00	43,333	43,333	43,333	130,000	
96	Category Management Training - Officers	Invest £2000 per staff member - Officers	£2,000.00	£192,000.00	32,000	32,000	32,000	96,000	
50	Training Budgets	Ongoing training for 50 staff per year @ £1500pp	£1,500.00	£75,000.00	0	0	0	0	
148	General (Stationery etc)	£150pp	£150.00	£22,200.00	7,400	7,400	7,400	22,200	
30	IT Hardware £300 pp	Upgrade a fifth of staff (30) every year @ £400 per machine	£400.00	£12,000.00	4,000	4,000	4,000	12,000	
148	IT Software - (£180 1st Yr, £60 thereafter) Office Upd.	Estimated software costs (Office etc..) £120pp in year 1 & £60pp thereafter.	£120.00	£17,760.00	5,920	5,920	5,920	17,760	
52	Travel	Staff Travel (approx. £1000pp per year)	£1,000.00	£52,000.00	17,333	17,333	17,333	52,000	
	Procurement Software	E-Trading			27,000	27,000	27,000	81,000	
		P2P			15,000	36,000	15,000	66,000	
		E-Sourcing			10,000	10,000	10,000	30,000	
		Implementation Consultants			12,500	60,000	12,500	85,000	
					-174,487	-242,987	-174,487	-591,960	
Qty	One off Implementation Costs	Notes	Per Unit Cost	Total Cost					
15	Redundancy Costs (DCC)	DCC offers a 45wk redundancy package. Average Salary cost is £40747	£ 35,261.83	£ 528,927.40	528,927	0	0	528,927	
19	Redundancy Costs (FCC)	FCC offers a 45wk redundancy package. Average Salary cost is £41506	£ 35,918.65	£ 682,454.42	0	0	682,454	682,454	
23	Redundancy Costs (GCC)	GCC offers a 66wk redundancy package. Average Salary cost is £37066	£ 47,045.31	£ 1,082,042.08	0	1,082,042	0	1,082,042	
112	External Change Management, Category Management and Implementation Plan Consultancy Support (£1,500 per day)	£1500 per day	£ 1,500.00	£ 168,000.00	28,000	28,000	28,000	84,000	
25	Recruitment Costs	This recruitment cost is included incase some recruitment is required in case any redeployment strategy is unsuccessful.	£ 1,500.00	£ 37,500.00	12,500	12,500	12,500	37,500	
					-569,427	-1,122,542	-722,954	-2,414,924	
	Expenditure				-210,421	-378,295	-316,712	-905,429	
	Net Expenditure				-90,421	-254,295	-196,712	-541,429	
	Savings				DCC	GCC	FCC	Total	
15	Savings Staff (Headcount) (DCC)	Average Salary cost is £40747	£ 40,747.00	£611,205.00	82,278	0	0	82,278	
19	Savings Staff (Headcount) (FCC)	Average Salary cost is £41506	£ 41,506.00	£788,614.00	0	0	106,160	106,160	
23	Savings Staff (Headcount) (GCC)	Average Salary cost is £37066	£ 37,066.00	£852,518.00	0	-229,524	0	-229,524	
	Influenciable & Cashable Savings (DCC)			£ 1,404,712.66	0	0	0	0	
	Influenciable & Cashable Savings (FCC)			£ 2,985,049.30	0	0	0	0	
	Influenciable & Cashable Savings (GCC)			£ 2,314,959.43	0	0	0	0	
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (DCC)	Authority Savings Target (4.2%)		£ 2,796,140.00	0	0	0	0	
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (FCC)	Authority Savings Target (4.4%)		£ 2,441,822.00	0	0	0	0	
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (GCC)	Authority Savings Target (4.2%)		£ 4,380,513.00	0	0	0	0	
	Other Achievable Savings				82,278	-229,524	106,160	-41,087	
	Potential Cost/Benefit				-8,144	-483,819	-90,553	-582,516	

	2015/16					2016/17			
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
138,000	138,000	138,000	414,000					0	
138,000	138,000	138,000	414,000		0	0	0	0	
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
-1,966,110	-2,069,582	-2,007,499	-6,043,192	<- 2014/15 Cost	-2,015,263	-2,121,322	-2,057,687	-6,194,272	<- 2015/16 Cost
DCC	GCC	FCC	Total 2.5%		DCC	GCC	FCC	Total 2.5%	
23,033	23,033	23,033	69,098		23,609	23,609	23,609	70,826	
20,366	20,366	20,366	61,097		20,875	20,875	20,875	62,624	
20,366	20,366	20,366	61,097		20,875	20,875	20,875	62,625	
18,641	18,641	18,641	55,923		19,107	19,107	19,107	57,321	
18,641	18,641	18,641	55,923		19,107	19,107	19,107	57,321	
18,641	18,641	18,641	55,923		19,107	19,107	19,107	57,321	
42,424	42,424	42,424	127,271		43,484	43,484	43,484	130,452	
42,424	84,847	84,847	212,118		43,484	86,968	86,968	217,421	
42,424	84,847	42,424	169,694		43,484	86,968	43,484	173,936	
21,212	42,424	21,212	84,847		21,742	43,484	21,742	86,968	
130,486	130,486	130,486	391,459		133,748	133,748	133,748	401,245	
395,075	395,075	395,075	1,185,225		404,952	404,952	404,952	1,214,855	
1,221,533	1,221,533	1,221,533	3,664,599		1,252,071	1,252,071	1,252,071	3,756,214	
			0					0	
-2,015,263	-2,121,322	-2,057,687	-6,194,272		-2,065,645	-2,174,355	-2,109,129	-6,349,129	
-£49,152.76	-£51,739.56	-£50,187.48	-£151,079.80	<-Potential Cost	-£50,381.58	-£53,033.05	-£51,442.17	-£154,856.79	<-Potential Cost
43,333	43,333	43,333	130,000		0	0	0	0	
32,000	32,000	32,000	96,000		0	0	0	0	
25,000	25,000	25,000	75,000		25,000	25,000	25,000	75,000	
7,400	7,400	7,400	22,200		7,400	7,400	7,400	22,200	
4,000	4,000	4,000	12,000		4,000	4,000	4,000	12,000	
2,960	2,960	2,960	8,880		2,960	2,960	2,960	8,880	
17,333	17,333	17,333	52,000		17,333	17,333	17,333	52,000	
27,000	27,000	27,000	81,000		27,000	27,000	27,000	81,000	
15,000	36,000	15,000	66,000		15,000	36,000	15,000	66,000	
10,000	10,000	10,000	30,000		10,000	10,000	10,000	30,000	
5,000	60,000	5,000	70,000		5,000	5,000	5,000	15,000	
-189,027	-265,027	-189,027	-643,080		-113,693	-134,693	-113,693	-362,080	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
4,500	4,500	4,500	13,500		4,500	4,500	4,500	13,500	
-4,500	-4,500	-4,500	-13,500		-4,500	-4,500	-4,500	-13,500	
-242,679	-321,266	-243,714	-807,660		-168,575	-192,226	-169,635	-530,437	
-104,679	-183,266	-105,714	-393,660		-168,575	-192,226	-169,635	-530,437	
DCC	GCC	FCC	Total 100.5% 5%		DCC	GCC	FCC	Total 101.0% 20%	
611,205	0	0	611,205		611,205	0	0	611,205	
0	0	788,614	788,614		0	0	788,614	788,614	
0	852,518	0	852,518		0	852,518	0	852,518	
70,587	0	0	70,587		283,752	0	0	283,752	
0	0	149,999	149,999		0	0	602,980	602,980	
0	116,327	0	116,327		0	467,622	0	467,622	
140,506	0	0	140,506		564,820	0	0	564,820	
0	0	122,702	122,702		0	0	493,248	493,248	
0	220,121	0	220,121		0	884,864	0	884,864	
822,298	1,188,965	1,061,314	3,072,578		1,459,777	2,205,003	1,884,842	5,549,623	
717,618	1,005,699	955,600	2,678,918		1,291,202	2,012,777	1,715,207	5,019,186	

	2017/18					2018/19		
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total
			0					0
0	0	0	0		0	0	0	0
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total
-2,065,645	-2,174,355	-2,109,129	-6,349,129	<- 2016/17 Cost	-2,117,286	-2,228,714	-2,161,857	-6,507,857	<- 2017/18 Cost
DCC	GCC	FCC	Total 2.5%		DCC	GCC	FCC	Total 2.5%
24,199	24,199	24,199	72,596		24,804	24,804	24,804	74,411
21,397	21,397	21,397	64,190		21,932	21,932	21,932	65,795
21,397	21,397	21,397	64,190		21,932	21,932	21,932	65,795
19,585	19,585	19,585	58,754		20,074	20,074	20,074	60,223
19,585	19,585	19,585	58,754		20,074	20,074	20,074	60,223
19,585	19,585	19,585	58,754		20,074	20,074	20,074	60,223
44,571	44,571	44,571	133,714		45,685	45,685	45,685	137,056
44,571	89,142	89,142	222,856		45,685	91,371	91,371	228,427
44,571	89,142	44,571	178,285		45,685	91,371	45,685	182,742
22,286	44,571	22,286	89,142		22,843	45,685	22,843	91,371
137,092	137,092	137,092	411,276		140,519	140,519	140,519	421,558
415,076	415,076	415,076	1,245,227		425,452	425,452	425,452	1,276,357
1,283,373	1,283,373	1,283,373	3,850,119		1,315,457	1,315,457	1,315,457	3,946,372
			0					0
-2,117,286	-2,228,714	-2,161,857	-6,507,857		-2,170,218	-2,284,432	-2,215,903	-6,670,553
-£51,641.12	-£54,358.87	-£52,728.22	-£158,728.21	<-Potential Cost	-£52,932.15	-£55,717.85	-£54,046.43	-£162,696.42	<-Potential Cost
0	0	0	0		0	0	0	0
0	0	0	0		0	0	0	0
25,000	25,000	25,000	75,000		25,000	25,000	25,000	75,000
7,400	7,400	7,400	22,200		7,400	7,400	7,400	22,200
4,000	4,000	4,000	12,000		4,000	4,000	4,000	12,000
2,960	2,960	2,960	8,880		2,960	2,960	2,960	8,880
17,333	17,333	17,333	52,000		17,333	17,333	17,333	52,000
27,000	27,000	27,000	81,000		27,000	27,000	27,000	81,000
15,000	36,000	15,000	66,000		15,000	36,000	15,000	66,000
10,000	10,000	10,000	30,000		10,000	10,000	10,000	30,000
5,000	5,000	5,000	15,000		5,000	5,000	5,000	15,000
-113,693	-134,693	-113,693	-362,080		-113,693	-134,693	-113,693	-362,080
0	0	0	0		0	0	0	0
0	0	0	0		0	0	0	0
0	0	0	0		0	0	0	0
0	0	0	0		0	0	0	0
4,500	4,500	4,500	13,500		4,500	4,500	4,500	13,500
-4,500	-4,500	-4,500	-13,500		-4,500	-4,500	-4,500	-13,500
-169,834	-193,552	-170,922	-534,308		-171,125	-194,911	-172,240	-538,276
-169,834	-193,552	-170,922	-534,308		-171,125	-194,911	-172,240	-538,276
DCC	GCC	FCC	Total 101.5% 30%		DCC	GCC	FCC	Total 102.0% 45%	100%
611,205	0	0	611,205		611,205	0	0	611,205
0	0	788,614	788,614		0	0	788,614	788,614
0	852,518	0	852,518		0	852,518	0	852,518
427,735	0	0	427,735		644,763	0	0	644,763
0	0	908,948	908,948		0	0	1,370,138	1,370,138
0	704,905	0	704,905		0	1,062,566	0	1,062,566
851,425	0	0	851,425		1,283,428	0	0	1,283,428
0	0	743,535	743,535		0	0	1,120,796	1,120,796
0	1,333,866	0	1,333,866		0	2,010,655	0	2,010,655
1,890,365	2,891,289	2,441,096	7,222,750		2,539,396	3,925,740	3,279,548	9,744,684
1,720,530	2,697,737	2,270,175	6,688,442		2,368,271	3,730,829	3,107,308	9,206,408

5.1.6 Indicative 5 year Cost/Benefit Analysis for Model 2

Similarly, our Cost/Benefit Analysis for "Model 2" (individual Category Management implementation in each Authority, with individual support maintained in each Council and an element of shared service coordination), demonstrates that a loss of £666,000 would occur in the first year (the loss would be due to implementation costs), followed by a saving of £2.2m in the second year, rising to £8.7m in the fifth year. Note that the salaries stipulated below reflect existing Three Counties pay structures. However, there is scope to increase these salaries (using the savings generated from the shared procurement service), in order to attract the highest quality candidates. There is also similar scope to increase investment in other costs such as training and change management as deemed appropriate.

Model 2: DCC, GCC & FCC New Public Procurement Structure (Indicative Costs)

	Strategic Procurement Unit				2014/15			
	Income/ Existing Budget / Funding	Notes			DCC	GCC	FCC	Total
	WG Budget (Shared across partnership)				120,000	124,000	120,000	364,000
	Gross Income				**120,000**	**124,000**	**120,000**	**364,000**
QUANTITY	Costs (Current Procurement Structure)				DCC	GCC	FCC	Total
204.8	Current Staffing Costs. The 2014/15 figures (right) are based on ur analysis/estimate of all procurement related FTEs in each Authority (204.8 FTEs Total); 61.3 DCC, 73.6 FCC, 69.8 GCC.	Figures for refer to current model & previous year's estimates			-2,499,603	-3,056,816	-2,588,228	-8,144,647 <- Current Cost

QUANTITY REQUIRED	Costs (New CPU Structure)	Notes	Salary (including Oncosts)	Total Cost	DCC	GCC	FCC	Total
1	3 Counties Director of Procurement	Cost Spread Across 3 Authorities	67,413	67,413	22,471	22,471	22,471	67,413
1	3 Counties Deputy Director	Cost Spread Across 3 Authorities	59,607	59,607	19,869	19,869	19,869	59,607
3	Procurement Manager	1 per Authority	54,559	163,676	54,559	54,559	54,559	163,676
3	Senior E-Procurement Manager	1 per Authority	54,559	163,676	54,559	54,559	54,559	163,676
3	Senior Supplier Relationship Manager	1 per Authority	54,559	163,676	54,559	54,559	54,559	163,676
3	Senior Policy Manager	1 per Authority	54,559	163,676	54,559	54,559	54,559	163,676
3	Legal Officer	1 per Authority	54,559	163,677	54,559	54,559	54,559	163,677
6	E-Procurement Officer	2 per Authority	41,389	248,333	82,778	82,778	82,778	248,333
6	Supplier Relationship Management Officer	2 per Authority	41,389	248,333	82,778	82,778	82,778	248,333
3	Policy Officer	1 per Authority	41,389	124,166	41,389	41,389	41,389	124,166
3	Senior Category Manager(DCC)	As per diagram in report	54,559	163,676	163,676			163,676
4	Category Manager (DCC)	As per diagram in report	46,253	185,011	185,011			185,011
23	Category Officer (DCC)	As per diagram in report	37,242	856,563	856,563			856,563
4	Senior Category Manager (FCC)	As per diagram in report	54,559	218,235			218,235	218,235
4	Category Manager (FCC)	As per diagram in report	46,253	185,011			185,011	185,011
32	Category Officer (FCC)	As per diagram in report	37,242	1,191,739			1,191,739	1,191,739
5	Senior Category Manager (GCC)	As per diagram in report	54,559	272,793		272,793		272,793
6	Category Manager (GCC)	As per diagram in report	46,253	277,516		277,516		277,516
46	Category Officer (GCC)	As per diagram in report	37,242	1,713,125		1,713,125		1,713,125
159								0
	Total Staff Costs (Model 2)				-1,727,327	-2,785,513	-2,117,063	-6,629,902
	Costs/Savings generated by New Resourcing Model				**772,276**	**271,303**	**471,165**	**1,514,745** <-Potential Saving

	Other Costs				DCC	GCC	FCC	Total
58	Category Management Training - Managers	Invest £5000 per staff member - Managers	£5,000.00	£290,000.00	48,333	48,333	48,333	145,000
101	Category Management Training - Officers	Invest £2000 per staff member - Officers	£2,000.00	£202,000.00	33,667	33,667	33,667	101,000
53	Training Budgets	Ongoing training for 53 staff per year @ £1500pp	£1,500.00	£79,500.00	0	0	0	0
159	General (Stationery etc)	£150pp	£150.00	£23,850.00	7,950	7,950	7,950	23,850
33	IT Hardware £300 pp	Upgrade a fifth of staff (33) every year @ £400 per machine	£400.00	£13,200.00	4,400	4,400	4,400	13,200
159	IT Software - (£180 1st Yr, £60 thereafter) Office Upd.	Estimated software costs (Office etc...) £120pp in year 1 and £60pp thereafter.	£120.00	£19,080.00	6,360	6,360	6,360	19,080
58	Travel	Staff Travel (approx. £1000pp per year)	£1,000.00	£58,000.00	19,333	19,333	19,333	58,000
	Procurement Software	E-Trading			27,000	27,000	27,000	81,000
		P2P			15,000	36,000	15,000	66,000
		E-Sourcing			10,000	0	10,000	20,000
		Implementation Consultants			12,500	5,000	12,500	30,000
					-184,543	-188,043	-184,543	-557,130

Qty	One off Implementation Costs	Notes	Per Unit Cost	Total Cost	DCC	GCC	FCC	Total
11	Redundancy Costs (DCC)	DCC offers a 45wk redundancy package. Average Salary cost is £40747	£ 35,261.83	£ 387,880.10	387,880	0	0	387,880
15	Redundancy Costs (FCC)	FCC offers a 45wk redundancy package. Average Salary cost is £41506	£ 35,918.65	£ 538,779.81	0	0	538,780	538,780
19	Redundancy Costs (GCC)	GCC offers a 66wk redundancy package. Average Salary cost is £37066	£ 47,045.31	£ 893,860.85	0	893,861	0	893,861
112	External Change Management, Category Management and Implementation Plan Consultancy Support (£1,500 per day)	£1500 per day	£ 1,500.00	£ 168,000.00	28,000	28,000	28,000	84,000
25	Recruitment Costs		£ 1,500.00	£ 37,500.00	12,500	12,500	12,500	37,500
					-428,380	-934,361	-579,280	-1,942,021
	Expenditure				**159,352**	**-851,101**	**-292,658**	**-984,406**
	Net Expenditure				**279,352**	**-727,101**	**-172,658**	**-620,406**

	Savings				DCC	GCC	FCC	Total
11	Savings Staff (Headcount) (DCC)	Average Salary cost is £40747	£ 40,747.00	£448,217.00	60,337	0	0	60,337
15	Savings Staff (Headcount) (FCC)	Average Salary cost is £41506	£ 41,506.00	£622,590.00	0	0	83,810	83,810
19	Savings Staff (Headcount) (GCC)	Average Salary cost is £37066	£ 37,066.00	£704,254.00	0	-189,607	0	-189,607
	Influenciable & Cashable Savings (DCC)			£ 1,404,712.66	0	0	0	0
	Influenciable & Cashable Savings (FCC)			£ 2,985,049.30	0	0	0	0
	Influenciable & Cashable Savings (GCC)			£ 2,314,959.43	0	0	0	0
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (DCC)	Authority Savings Target (4.2%)		£ 2,796,140.00	0	0	0	0
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (FCC)	Authority Savings Target (4.4%)		£ 2,441,822.00	0	0	0	0
	Additional Savings Generated from Overall Authority Spend, excluding Spend Categorised as Influenceable & Cashable (GCC)	Authority Savings Target (4.2%)		£ 4,380,513.00	0	0	0	0
	Other Achievable Savings				60,337	-189,607	83,810	-45,460
	Potential Cost/Benefit				**339,689**	**-916,708**	**-88,848**	**-665,866**

	2015/16						2016/17		
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
138,000	138,000	138,000	414,000					0	
138,000	138,000	138,000	414,000		0	0	0	0	
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
-1,727,327	-2,785,513	-2,117,063	-6,629,902	<- 2014/15 Cost	-1,770,510	-2,855,150	-2,169,989	-6,795,650	<- 2015/16 Cost
DCC	GCC	FCC	Total	2.5%	DCC	GCC	FCC	Total	2.5%
23,033	23,033	23,033	69,098		23,609	23,609	23,609	70,826	
20,366	20,366	20,366	61,097		20,875	20,875	20,875	62,624	
55,923	55,923	55,923	167,768		57,321	57,321	57,321	171,962	
55,923	55,923	55,923	167,768		57,321	57,321	57,321	171,962	
55,923	55,923	55,923	167,768		57,321	57,321	57,321	171,962	
55,923	55,923	55,923	167,768		57,321	57,321	57,321	171,962	
55,923	55,923	55,923	167,769		57,321	57,321	57,321	171,963	
84,847	84,847	84,847	254,541		86,968	86,968	86,968	260,905	
84,847	84,847	84,847	254,541		86,968	86,968	86,968	260,905	
42,424	42,424	42,424	127,271		43,484	43,484	43,484	130,452	
167,768	0	0	167,768		171,962	0	0	171,962	
189,636	0	0	189,636		194,377	0	0	194,377	
877,977	0	0	877,977		899,926	0	0	899,926	
0	0	223,691	223,691		0	0	229,283	229,283	
0	0	189,636	189,636		0	0	194,377	194,377	
0	0	1,221,533	1,221,533		0	0	1,252,071	1,252,071	
0	279,613	0	279,613		0	286,604	0	286,604	
0	284,454	0	284,454		0	291,565	0	291,565	
0	1,755,954	0	1,755,954		0	1,799,852	0	1,799,852	
0	0	0	0		0	0	0	0	
-1,770,510	-2,855,150	-2,169,989	-6,795,650		-1,814,773	-2,926,529	-2,224,239	-6,965,541	
-43,183	-69,638	-52,927	-165,748	<-Potential Cost	-44,263	-71,379	-54,250	-169,891	<-Potential Cost
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
48,333	48,333	48,333	145,000		0	0	0	0	
33,667	33,667	33,667	101,000		0	0	0	0	
26,500	26,500	26,500	79,500		26,500	26,500	26,500	79,500	
7,950	7,950	7,950	23,850		7,950	7,950	7,950	23,850	
4,400	4,400	4,400	13,200		4,400	4,400	4,400	13,200	
3,180	3,180	3,180	9,540		3,180	3,180	3,180	9,540	
19,333	19,333	19,333	58,000		19,333	19,333	19,333	58,000	
27,000	27,000	27,000	81,000		27,000	27,000	27,000	81,000	
15,000	36,000	15,000	66,000		15,000	36,000	15,000	66,000	
10,000	0	10,000	20,000		10,000	0	10,000	20,000	
5,000	5,000	5,000	15,000		5,000	5,000	5,000	15,000	
-200,363	-211,363	-200,363	-612,090		-118,363	-129,363	-118,363	-366,090	
DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
0	0	0	0		0	0	0	0	
4,500	4,500	4,500	13,500		4,500	4,500	4,500	13,500	
-4,500	-4,500	-4,500	-13,500		-4,500	-4,500	-4,500	-13,500	
-248,047	-285,501	-257,790	-791,338		-167,126	-205,242	-177,113	-549,481	
-110,047	-147,501	-119,790	-377,338		-167,126	-205,242	-177,113	-549,481	
DCC	GCC	FCC	Total	100.5%	DCC	GCC	FCC	Total	101.0%
448,217	0	0	448,217	5%	448,217	0	0	448,217	20%
0	0	622,590	622,590		0	0	622,590	622,590	
0	704,254	0	704,254		0	704,254	0	704,254	
70,587	0	0	70,587		283,752	0	0	283,752	
0	0	149,999	149,999		0	0	602,980	602,980	
0	116,327	0	116,327		0	467,622	0	467,622	
140,506	0	0	140,506		564,820	0	0	564,820	
0	0	122,702	122,702		0	0	493,248	493,248	
0	220,121	0	220,121		0	884,864	0	884,864	
659,310	1,040,701	895,290	2,595,302		1,296,789	2,056,739	1,718,818	5,072,347	
549,263	893,200	775,500	2,217,964		1,129,663	1,851,497	1,541,705	4,522,865	

	2017/18					2018/19				
	DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
				0					0	
	0	0	0	0		0	0	0	0	
	DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
	-1,814,773	-2,926,529	-2,224,239	-6,965,541	<- 2016/17 Cost	-1,860,142	-2,999,692	-2,279,845	-7,139,680	<- 2017/18 Cost
	DCC	GCC	FCC	Total	2.5%	DCC	GCC	FCC	Total	2.5%
	24,199	24,199	24,199	72,596		24,804	24,804	24,804	74,411	
	21,397	21,397	21,397	64,190		21,932	21,932	21,932	65,795	
	58,754	58,754	58,754	176,261		60,223	60,223	60,223	180,668	
	58,754	58,754	58,754	176,261		60,223	60,223	60,223	180,668	
	58,754	58,754	58,754	176,261		60,223	60,223	60,223	180,668	
	58,754	58,754	58,754	176,262		60,223	60,223	60,223	180,669	
	89,142	89,142	89,142	267,427		91,371	91,371	91,371	274,113	
	89,142	89,142	89,142	267,427		91,371	91,371	91,371	274,113	
	44,571	44,571	44,571	133,714		45,685	45,685	45,685	137,056	
	176,261	0	0	176,261		180,668	0	0	180,668	
	199,236	0	0	199,236		204,217	0	0	204,217	
	922,424	0	0	922,424		945,485	0	0	945,485	
	0	0	235,015	235,015		0	0	240,890	240,890	
	0	0	199,236	199,236		0	0	204,217	204,217	
	0	0	1,283,373	1,283,373		0	0	1,315,457	1,315,457	
	0	293,769	0	293,769		0	301,113	0	301,113	
	0	298,854	0	298,854		0	306,326	0	306,326	
	0	1,844,849	0	1,844,849		0	1,890,970	0	1,890,970	
	0	0	0	0		0	0	0	0	
	-1,860,142	-2,999,692	-2,279,845	-7,139,680		-1,906,646	-3,074,685	-2,336,841	-7,318,172	
	-45,369	-73,163	-55,606	-174,139	<-Potential Cost	-46,504	-74,992	-56,996	-178,492	<-Potential Cost
	DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
	0	0	0	0		0	0	0	0	
	0	0	0	0		0	0	0	0	
	26,500	26,500	26,500	79,500		26,500	26,500	26,500	79,500	
	7,950	7,950	7,950	23,850		7,950	7,950	7,950	23,850	
	4,400	4,400	4,400	13,200		4,400	4,400	4,400	13,200	
	3,180	3,180	3,180	9,540		3,180	3,180	3,180	9,540	
	19,333	19,333	19,333	58,000		19,333	19,333	19,333	58,000	
	27,000	27,000	27,000	81,000		27,000	27,000	27,000	81,000	
	15,000	36,000	15,000	66,000		15,000	36,000	15,000	66,000	
	10,000	0	10,000	20,000		10,000	0	10,000	20,000	
	5,000	5,000	5,000	15,000		5,000	5,000	5,000	15,000	
	-118,363	-129,363	-118,363	-366,090		-118,363	-129,363	-118,363	-366,090	
	DCC	GCC	FCC	Total		DCC	GCC	FCC	Total	
	0	0	0	0		0	0	0	0	
	0	0	0	0		0	0	0	0	
	0	0	0	0		0	0	0	0	
	0	0	0	0		0	0	0	0	
	4,500	4,500	4,500	13,500		4,500	4,500	4,500	13,500	
	-4,500	-4,500	-4,500	-13,500		-4,500	-4,500	-4,500	-13,500	
	-168,233	-207,027	-178,469	-553,729		-169,367	-208,856	-179,859	-558,082	
	-168,233	-207,027	-178,469	-553,729		-169,367	-208,856	-179,859	-558,082	
	DCC	GCC	FCC	Total	101.5%	DCC	GCC	FCC	Total	102.0%
	448,217	0	0	448,217	30%	448,217	0	0	448,217	45%
	0	0	622,590	622,590		0	0	622,590	622,590	
	0	704,254	0	704,254		0	704,254	0	704,254	
	427,735	0	0	427,735		644,763	0	0	644,763	
	0	0	908,948	908,948		0	0	1,370,138	1,370,138	
	0	704,905	0	704,905		0	1,062,566	0	1,062,566	
	851,425	0	0	851,425		1,283,428	0	0	1,283,428	
	0	0	743,535	743,535		0	0	1,120,796	1,120,796	
	0	1,333,866	0	1,333,866		0	2,010,655	0	2,010,655	
	1,727,377	2,743,025	2,275,072	6,745,474		2,376,408	3,777,476	3,113,524	9,267,408	
	1,559,144	2,535,999	2,096,603	6,191,746		2,207,041	3,568,620	2,933,664	8,709,326	

5.2 High Level Mobilisation and Implementation Plan including outline 3 year work programme

This section of the report sets out how the "3 counties" may move forward in implementing the target-operating model (note only Model 4 is addressed in this section; model 2 is not addressed). The table below provides an outline mobilisation and implementation plan.

Activity	Work Activity Completed by
Leaders of each Council to approve Full Business Case	May 2014
Partners to formally sign-up to shared procurement service	July 2014
Procure supplier to develop a detailed Implementation Plan	July 2014
Internal Director of Shared Procurement Service and Deputy in place	August 2014
Develop job specifications and responsibilities for other key roles	August 2014
Agree which Councils will lead particular categories and agree how the operation of the shared procurement support service will work, together with clarity on phased approach to implementation	August 2014
Commence roll out of agreed work programme	September 2014
Initial briefing on principles of new model of operation to all affected staff	October 2014
Confirm whether existing staff are in scope	November 2014
Commence recruitment of additional staff	December 2014
Consultation with staff regarding role changes	December 2014
Procure external change management consultants	December 2014
Commence redundancy process	January 2015
Procure business support systems	January 2015
Brief supply market	February 2015
Commence shared procurement support service (phased implementation with legal support the first element to be initiated)	February 2015
Procure external category management consultancy	March 2015
Analyse existing framework contracts in place in all 3 Councils	March 2015
Procure external category management trainers	July 2015
Agreement on and harmonisation of policies and templates and other relevant documents including handbooks to support the new working model	September 2015

Activity	Work Activity Completed by
External category management experts provide training to staff	October 2015
Implement Business Support systems including common E-Sourcing System	February 2016
"Go Live" date for fully functioning Shared Procurement Service utilising Category Management approach	April 2016
External category management experts to complete provision of consultancy support	April 2016

Note that if Model 2 is to be adopted initially, followed by a rapid progression to Model 4, the Director (and Deputy Director) of the Shared Procurement Service will need to play a key role in ensuring a smooth managed transition to Model 4, in particular, in avoiding unnecessary change that could lead to significant staff disruption and the incurring of avoidable costs.

APPENDICES

J O B   D E S C R I P T I O N

DEPARTMENT:	**CORPORATE SERVICES**

DIVISION/SECTION/UNIT:	Legal, Corporate Services & Procurement / Procurement

TITLE:	Category Manager

POST NO:		**GRADE:**	Salary: Grade 10: £34894-£38422 per annum

RESPONSIBLE TO:	Procurement Manager

1.MAIN PURPOSE OF JOB/JOB SUMMARY/OVERALL OBJECTIVE

1.1   The activities and responsibilities of this post involve the management and implementation of procurement improvements in high value, high risk, complex procurement within defined Categories within the Corporate Category Management Methodology. Officers will need to lead and mentor procurement and corporate stakeholders and provide advice and guidance of; best practice sourcing activities, systems use, policy implementation, and relevant procurement legislation.

2.SUMMARY OF MAIN DUTIES/KEY TASKS OF THE POST

2.1   To own and manage all activity within defined Category Portfolios within the Corporate Category Management Methodology and to assist with the implementation and operation of the Commercial Strategy.

2.2   Lead on high value and high risk tender exercises within defined Categories on behalf of various corporate departments, and other collaborative partners, from early engagement to final reporting and sign-off

2.3   To develop and deliver Cabinet reports for all complex high value contract award decisions, and attend various panels and scrutiny meetings as required.

2.4   To lead and represent the Authority on Regional and National collaborative procurement exercises

2.5   To identify, deliver and report on substantial efficiencies within defined Categories, in accordance with the corporate efficiency policy

2.6   To be licence owners and lead on all OJEU procurement exercises undertaken by the authority within defined Categories within the corporate Category Management Methodology.

2.7   To ensure the use of modern corporate e-Procurement tools throughout the tender and transaction process.

2.8   To assist in the development of the corporate standard tendering and reporting documentation packs.

2.9   To mentor procurement officers in ensuring that procurement exercises conducted on behalf of the authority and collaborative partners provide value for money and compliance.

2.10 To ensure the management of the contracts within the defined Categories achieves optimum value through the life of those contracts.

2.11 To minimize risk to the Authority by interrogating category data, aggregating corporate spend and preparing procurement time-plans for sub-categories within their defined Category portfolios

2.12 To manipulate data sets and identify potential areas for standardization and better methods of procuring works, goods and services across corporate users within the defined Category portfolios.

2.13 To draft tenders, specifications and method-statements, and lead on tender exercises within a defined Category portfolio

2.14 To ensure that Local, and Welsh Government Policy and Strategy are delivered through all procurement exercises.

2.15 To develop and maintain successful relationships with suppliers through early engagement via pre-tender workshops, and throughout the life of awarded contracts.

2.16 To evaluate and roll out the use of National, Multi-Regional and Regional contracts within a defined portfolio of Categories.

2.17 To monitor and manage the post tender usage and performance of contracts to optimise the value through the duration of contracts within the defined portfolio of Categories.

2.18 To promote and utilise the corporate e-Sourcing and e-trading tools in all

tendering procedures and provide early engagement to stakeholders and early adoption with suppliers.

2.19 To ensure that the acceptance, evaluation and award of contracts comply with relevant legislation to mitigate the risk of challenge by third party providers

2.20 To undertake market analysis, benchmarking and alternative supply scrutiny to all Categories within the defined portfolio

2.21 To lead on commercial thinking and apply best practice tools such as positioning, market perception, demand management in all supply of works, goods and services within the defined portfolio of Categories.

2.22 To represent as required the Principal officer or other procurement staff at meetings and/or other functions.

P E R S O N   S P E C I F I C A T I O N

POST TITLE:	Category Manager	**GRADE:**	

DEPARTMENT:	Legal, Corporate Services & Procurement	**SECTION:**	Procurement

REQUIREMENTS FOR SAFE AND EFFECTIVE PERFORMANCE

EDUCATION QUALIFICATIONS	MCIPS Qualified and at least 3 years experience in a commercial and tendering environment.
TECHNICAL COMPETENCE	Candidates must possess a good level of technical competence in work related skills involved in the post.
EXPERIENCE	A high level of competence and experience in delivering market analysis and complex procurement exercises in the OJEU regime is essential. Competent use of the MS Office suite is required. To be fully conversant with the Council's Contract Procedure Rules, Commercial and Procurement Strategy is also essential.

SKILLS & ABILITIES	Post-holders must demonstrate a number of key skills and abilities which will enable him/her to carry out the duties effectively:- 1. An understanding of the Environments and Markets within which Local Authority Procurement operates 2. Understanding of Public Sector procurement environment. 3. Understanding of the Corporate Procurement Strategy 4. Fully conversant with OJEU tendering procedures 5. Possess good commercial acumen, and undertake complex negotiations on behalf of the Authority 6. Experience in Category Management 7. The ability identify and work with key stakeholders 8. The ability to persuade key stakeholders and influence new methods of working, overcoming perceived barriers 9. Experience in collaborative procurement exercises 10. The ability to solve work problems logically. 11. Good oral and written communication and Inter-personal skills. 12. A good understanding of electronic sourcing and transacting methods
SKILLS & ABILITIES CONT	13. A high degree of flexibility, with the willingness to undertake a wide range of tasks. 14. Good IT operational skills 15. The ability to establish, maintain and develop constructive working relationships with Council Staff, and external stakeholders. 16. Good interpersonal skills with the ability to facilitate workshops and meetings. 17. The ability to be flexible confident and self-motivated and able to progress jobs to timely completion. 18. Good numerical skills. 19. The ability to work with corporate Systems. 20. Candidates should be literate and numerate. 21. The ability to be self-motivated and be able to work without close supervision
COMMITMENT TO EQUAL OPPORTUNITIES	Candidates should have commitment to the Council's Equal Opportunities Policy and an appreciation of how the policy affects Council procedures and practices.
SPECIAL REQUIREMENTS	Flexible approach to working hours. Commitment to Customer Care and the delivery of quality services **METHOD OF TRAVEL:** Use of own car for which the post holder must be appropriately insured for business

	purposes. Should the post holder have a disability and/or be unable to drive, then they may seek alternative means of transport/assistance, which must be an effective and cost effective method of travelling.

Appendix 2: Examples of Best Practice and Typical Baseline Budgets

2A: *Practical Example - Category Management Model as implemented by Cardiff Council*

In 2012, as part of its Commissioning and Procurement Strategy, Cardiff Council opted to implement Category Management – an approach whereby the Council manages its buying activity by grouping together related products and services across the entire Council. Under Category Management, decisions about what products and services are bought by the Council, which suppliers are used and what contracts the Council enters into are made on a category-by-category basis.

The key process at the heart of category management is strategic sourcing which challenges what the Council buys to ensure that buying power and value are maximized. It involves consideration of the 6 key steps highlighted below in order to identify suitable suppliers and place contracts by means of tenders:

- **Opportunity** – This involves review of buying behavior to identify opportunities for potential projects
- **Need** – This ensures that the Council understands Service demands and requirements
- **Market** – This involves research into the market to identify trends and supplier capability
- **Strategy** – The development of a strategy to undertake the type of procurement that best meets the need
- **Execution** - This is concerned with carrying out tendering and contracting process
- **Perform** – This ensures that the contract is well implemented and managed.

What is the rationale for the introduction of Category Management?

Prior to the introduction of Category Management at Cardiff Council, its procurement service was based on back office support to directorates with the service being largely reactive with limited time to plan and challenge expenditure. There were a number of practices across the Council that prevented it from maximizing the value that can be obtained by procuring as a single organization. Principally the Council's spend was fragmented with an excessive number of suppliers and contractors – nearly 10,000. There was little focus on demand management, supplier relationship and contract management as well as issues with compliance with financial requirements and a significant level of spend awarded directly to suppliers with no competition.

In a bid to transform the service and as part of the Council's seven process transformation programme, aimed at optimising quality, improving service delivery and maximising savings, the Category Management approach was elected as central to the delivery of significant savings and improved value from the Council's external spend.

What steps were involved in moving to a Category Management approach at the Council?

The first step towards the introduction of Category Management required the Council to improve information regarding its spend data. Following this exercise and visibility of the data, a high-level opportunity analysis was undertaken by an external consultant to identify potential savings opportunities. Subsequent work with University of Glamorgan produced a business case which identified category management to help transform procurement and service delivery. The spend across the service areas was segmented into categories based on six discrete market-facing areas namely:

- Social
- People and Professional Services
- Construction and Special Projects
- Environment
- Transport & Facilities Management
- Corporate & ICT

Subsequently, 3 category structures were identified and progressed under lead Category Managers responsible for:

- Social, People & Professional Services contracts
- Environment/Construction & Special Projects contracts; and
- Corporate & ICT / Transport & Facilities Management contract

Implementation was delivered through key workstreams:

- **Commissioning & Procurement Strategy**, which entailed the development of a 3-year Commissioning & Procurement Strategy to ensure there is an understood and co-ordinated approach to Commissioning and Procurement within the Council. This strategy contained a performance management framework to monitor and track progress.

- **Organisation and Process,** which required the Council to re-focus and strengthen its staff strength both in terms of the number and capability of resources. There was the recognition that the delivery of the benefits from category management and strategic sourcing required a step change in core procurement operations including strategic and tactical sourcing, supplier relationship management, contract management and ordering and payments.

- **Strategic sourcing** was implemented to deliver cashable savings and reduce spend reduction and as a means of managing the development, prioritisation, resourcing and monitoring of projects.

How does Category Management work in Cardiff Council?

With its £316 million spend a year with its suppliers, the category management approach entails integrating procurement with commissioning, and understanding needs to effectively influence spending decisions. Detailed processes and strategies exist on how procurement is to be conducted. For instance, a pre-tender report must be produced and signed off for every procurement above £10,000.00. A procurement plan must be developed and signed off for procurement above £15,000.00. Consultations are required to be undertaken across directorates to determine what needs exist. In addition, there exists requirements for category management and sourcing plans to be put in place and for contract reports to be prepared after the award of any contract above £10,000.00. Furthermore, every quarter, a report is prepared and sent to senior managers to highlight areas of non-compliance. There is emphasis on monitoring of compliance with process, contracts and suppliers, and actions are taken where necessary to ensure visibility and accountability for all key commissioning and procurement decisions.

In general, there is clarity around the procurement vision and staff now engage more proactively with category managers and are aware that they cannot procure any requirement above £10,000 without consulting with the Commissioning & Procurement Unit.

Regarding the structure of the unit, the Head of Commissioning & Procurement Service is at the apex and exercises responsibilities over the three Senior Category Managers, and other related support functions such as the Strategy and Development Team and the Operations, Transition and Projects Team. The three category teams are supported by senior category managers, category managers, senior category specialists and category specialists and sourcing officers who work together to influence spending decisions and emphasize internal collaboration. While category management has been introduced, budgets are held by the respective service areas and they are responsible for day-to-day monitoring of contracts.

Have benefits been realised from the approach?

The Council indicates that introduction of category management has acted as a catalyst for transforming the Commissioning and Procurement process. Financial savings have been achieved following the introduction of the model. For example, using Category Management, the Council has saved £2 million in the procurement of Domiciliary Services and is on track to achieving its savings target of £18 million over 4 years in all categories.

Collaborative Category Management with each Council leading on some Category Management aspect – "Black Country Purchasing Consortium"

The Black Country Purchasing Consortium (BCPC) was formed in 1985 as a purchasing partnership between the Local Authorities of Dudley, Sandwell, Walsall and Wolverhampton and is governed by a management panel who meet on a quarterly basis.

One of its primary objectives is to establish collaborative framework agreements for the supply of goods and services that are commonly purchased across all four Councils. The Consortium has a wide portfolio of contracts and each authority will act as the lead on a proportion of these. The Consortium concentrates on contracts that are suitable for aggregation and where advantages could be obtained by comparing specifications and common requirements. The Consortium obtains best value for money for all its users through economies of scale and in 'partnership' reduces administration procedures in the process.

The Black Country Purchasing Consortium has established contracts for a range of goods and services with more than 90 collaborative contracts, a recent example being the £4.8 million fuel contract led by Sandwell. Also within Social Inclusion & Health, there are joint contracts with neighbouring Authorities for the provision of childcare services and work with Primary Care Groups in respect of joint funded contracts and collaborative working with members of the West Midlands Construction Forum.

What were the underlying objectives for this solution?

Councils in the area have worked together for almost 30 years, with an on-going review of opportunities for collaboration to achieve both cash and process efficiency savings. With each council as the lead on particular categories there is some saving in workload for the other three councils. It also gives the staff in each council an opportunity to interact with those in neighbouring procurement departments and to gain expertise in particular categories.

The Review Team are currently seeking to develop the Black Country Purchasing Consortium to become a more dynamic and proactive medium to share information; and secure efficiencies through joint procurement and economies of scale. Longer term a more formal BCPC could develop joint procedures, harmonised processes and category management specialisms with a view to develop a single service across the Black Country.

What are the main issues for Black Country Purchasing Consortium?

This arrangement is very much a "hearts & minds" philosophy. There is no contract mandate, it is a virtual arrangement with no extra resources.

Councils take the lead on specific categories and the others can join as they wish. There is no fee to join and no dedicated staff. There is some benefit in not having to work on every category individually and it is an easy solution to implement as there is no commitment to achieve.

Having no commitment is the main disadvantage as it means suppliers are not able to offer their best prices. In turn, this means that better deals can be had at individual councils by negotiating a fixed contract. This again then weakens the collaborative deal as there is less scope. It becomes a vicious circle.

Procurement Related Tasks and Split of Responsibilities

✓✓ **denotes lead responsibility**

Service Description	Consortium	Individual Council
Tender Management		
Identify requirement		✓
Prepare business case		✓
Research markets	✓✓	
In house research	✓	✓
Develop procurement strategy and options	✓✓	✓
Prepare specification	✓✓	
Supplier selection	✓✓	
OJEU notices	✓✓	
Pre Qualification Questionnaire	✓✓	
PQQ Evaluation	✓✓	
Invitation to Tender	✓✓	
Receipt of Tenders	✓✓	
Tender Evaluation	✓✓	
Contract Award	✓✓	
Tenderers' debrief	✓✓	
Implementation	✓✓	✓
Communication/Liaison	✓	✓
Liaison with client manager	✓	✓
Project Closure	✓✓	
Contract Management	✓	✓
Support in disputes	✓	✓
Contract Review	✓	✓
Contract Administration	✓	✓
Guidance and Advice		
Provide advice on procurement, EU legislation and contract management	✓	✓
Provide advice on financial regulations and		✓

Service Description	Consortium	Individual Council
who should be placing orders		
Provide advice on suppliers and supplier management	✓	✓
Provide advice on sourcing	✓	✓
Compliance		
Undertake training/awareness raising exercises of contracts and procedures	✓	✓
Monitor compliance across organisation	✓	✓
Identify compliance issues	✓	✓
Take remedial action	✓	✓
Supplier Management		
Manage supplier enquiries	✓	
Foster supplier base	✓	
Develop markets	✓	
Supplier analysis	✓	
Procurement Strategy Development		
Develop a procurement strategy for the partnership	✓	✓
Develop a work programme to implement the strategy	✓	✓
Monitor progress against the work programme	✓	✓
Policies and Procedures		
Develop contract procedures	✓	
Develop contract documentation	✓	
Identify opportunities for process efficiencies	✓	
Consultancy		
Input into best value reviews	✓	
Introducing systems involved in procurement	✓	
Input in working groups	✓	
Input into sustainability agenda	✓	
Training End Users		
Purchasing awareness	✓	

How does the Service deal with areas of Spend that are not common to all the Councils?

In these circumstances, the procurement is carried out by the relevant Council.

Summary

As a model of Collaborative Category Management with each Council leading on some Category Management aspect, the Black Country Purchasing Consortium provides evidence that a sub-regional procurement solution can work to a limited extent. However it is important to ensure that appropriate mechanisms are established to ensure that the service delivers the desired objectives. This revolves around using an operating framework, governance issues and service level agreement to guarantee firm commitment to support the contracts made by BCPC.

Based on the theme, "together we are stronger", Procurement Lincolnshire is a shared service partnership between eight local authorities in Lincolnshire. The members are: Lincolnshire County Council, Boston Borough Council, City of Lincoln Council, East Lindsey District Council, North Kesteven District Council, South Holland District Council, South Kesteven District Council and West Lindsey District Council. The service is hosted by Lincolnshire County Council (Host Authority).

The shared procurement service supports the local authorities in Lincolnshire in working together and aims to transform the way procurement is organised and delivered across the member authorities.

What were the underlying objectives for the Shared Procurement Service solution?

Based on the recognition that good procurement is critical to the cost effective discharge of local authorities' functions, the various Councils in Procurement Lincolnshire take the view that by joining together to form a shared procurement service, they could eventually secure cash savings on purchasing costs of at least £2.546 million a year, with a further £660,000 process efficiency savings per year.

Other anticipated benefits included:

- Streamlining policies and procedures which will generate further efficiency gains;
- Developing and stimulating local markets;
- Developing, attracting and retaining high calibre staff and
- Ensuring procurement supports wider corporate objectives such as sustainability and economic development.

What process led to the establishment of Procurement Lincolnshire?

The process towards the establishment of Procurement Lincolnshire began with the production of a Strategic Outline Case which identified five potential options for the alternate provision of a procurement function across the county. The five options were evaluated and two options - a shared service consisting of District Councils, and a shared service consisting of District Councils and the County Council were deemed worthy of further exploration.

Following this selection, an outline business case was produced which provided further understanding on the two options. Thereafter a detailed business case on the anticipated format of the service was produced along with consultations with various stakeholders. Eventually in 2008, the service commenced its operation based on a category management approach.

How did the Service deal with Staff issues and transfers?

During initial discussions regarding the model and its mode of operation, an assessment of the impact of the service on staff was undertaken and a decision was made to transfer all relevant staff from their Council's terms and conditions of employment to new employment contracts with the County Council. TUPE applied to the transfer. For staff who transferred to the shared Service, a disturbance allowance was paid for the change to their administrative base.

How does the Shared Procurement Service operate?

The service operates with 45 staff, some based within District Councils and others based centrally in Lincoln, who focus on strategy, policy and lead on major projects. The team based in Lincoln also works closely with regional and national experts and pathfinders to maximise advantages for the Councils. Usually, the whole Service come together one day per week at Lincoln for team briefing, work planning and supervision, administration, training, project work and other shared activities.

Procurement is organized by taking a holistic view of a particular category of spend (such as construction, or vehicles for example) and looking for opportunities arising from a variety of techniques including aggregation, removal of duplication, standardisation of specifications or streamlining processes. As a result, Category Management is embedded as part of the delivery model for the procurement service, and is the main driver for delivering efficiency savings through procurement. The partnership approaches this through the use of Category Management Leads for:

- Adult Care – Older People & Physical Disabilities

- Adult Care – Learning & Mental Health

- eCommerce & Leisure

- Construction, Facilities Management, Grounds Maintenance and Utilities, and

- Professional Services/Waste Collection/ICT and Fleet

Through this approach, the Category Managers develop expertise in the category they manage and its supply base. They work with all Districts and the County, as appropriate, to identify what is required from that category of goods and services and put these requirements together to deliver the optimum solution, i.e. highest quality at most economic cost. The relevant Category leads identify and agree service requirements and work closely with a procurement officer to develop a service specification.

The costs for setting up and running the service are split between the County Council (which contributes 70% of the cost of the service) and the District Councils (which together contribute the remaining 30%). The set up costs included the cost of equipping the team members with laptops, a server, furniture and equipment, and for updating the Supplier Spend analysis to

enable the work programme to be developed.   The cost for running the service was estimated at £1,041 million per year (mainly salary costs for the 45 members of staff, transport related costs associated with change of the staff's base, and non-staff related cost for the service such as Central support cost).

The work of the shared procurement service is overseen by a Strategic Procurement Board (SPB), with responsibility for setting out the work and service at a high level and making budget and performance decisions. It also ensures that service delivery is acceptable. The SPB comprises senior representatives from each authority, with the Chief Executive of one of the Councils as its Chair. The SPB reports to the Procurement Advisory Board (PAB), which is the governance advisory board with key responsibility for oversight of the overall performance of the service and structure. The PAB is chaired by a Chief Executive from another Council, and representatives and an elected Member from each partner authority.

To help authorities understand what services the shared procurement unit provides, and those that remain as a residual function within each Council, the services were delineated as detailed below:

Procurement Related Tasks and Split of Responsibilities

✓✓ **denotes lead responsibility**

Service Description	Shared Service	Individual Council
Tender Management		
Identify requirement		✓
Prepare business case		✓
Research markets	✓	
In-house research	✓	✓✓
Develop procurement strategy and options	✓✓	✓
Prepare specification	✓	✓✓
Supplier selection	✓	
OJEU notices	✓✓	✓
Pre Qualification Questionnaire	✓✓	✓
PQQ Evaluation	✓✓	✓
Invitation to Tender	✓✓	✓
Receipt of Tenders	✓✓	✓
Tender Evaluation	✓✓	✓
Contract Award	✓	
Tenderers' debrief	✓	
Implementation	✓✓	✓
Communication/Liaison	✓	✓
Liaison with client manager	✓	✓
Project Closure	✓	

Service Description	Shared Service	Individual Council
Contract Management		✓
Support in disputes	✓	✓✓
Contract Review	✓	
Contract Administration	✓	
Contracts Database		
Establish database of existing contracts	✓✓	✓
Maintain contracts database	✓✓	✓
Guidance and Advice		
Provide advice on procurement, EU legislation and contract management	✓	
Provide advice on financial regulations and who should be placing orders	✓	
Provide advice on suppliers and supplier management	✓	
Provide advice on sourcing	✓	
Compliance		
Undertake training/awareness raising exercises of contracts and procedures	✓	
Monitor compliance across organisation	✓	
Identify compliance issues	✓	
Take remedial action		✓
Supplier Management		
Manage supplier enquiries	✓	
Foster supplier base	✓	
Develop markets	✓	
Supplier analysis	✓	
Spend Analysis and Research		
Analyse spending across partners	✓	
Identify opportunities for savings	✓	
Procurement Strategy Development		
Develop a procurement strategy for the partnership	✓✓	✓
Develop a work programme to implement the strategy	✓	
Monitor progress against the work programme	✓	
Policies and Procedures		

Service Description	Shared Service	Individual Council
Develop contract procedures	✓	
Develop contract documentation	✓	
Identify opportunities for process efficiencies	✓	
Consultancy		
Input into best value reviews	✓	
Introducing systems involved in procurement	✓	
Input in working groups	✓	
Input into AES, Use of Resources	✓	
Input into sustainability agenda	✓	
Training End Users		
Purchasing awareness	✓	
Corporate and unit training	✓	
Induction of new staff	✓	
Web presence		
Establish and maintain intranet pages	✓	
Establish and maintain internet pages	✓	
Liaison with external bodies		
Liaise with ESPO, Procurement Forum, EMCE	✓	
PCard project		
Administer pcard project	✓	
Purchase order administration		✓
Authorise orders out of central budgets		
System administrator for purchase order system		✓
System administration for P Cards		✓
Creditor Management Managing accounts payable		✓
Efficiency measures		✓

How does the Service deal with areas of Spend that are not common to all the Councils?

Where a requirement is unique to a Council, possibly because the other partner Councils are not required to provide the service, the procurement of

such requirement is undertaken by the concerned Council. This is the situation for instance with Child Care and Highway Services which are required by the County Council, but not by the other partner Councils.

Summary
As a model of a shared procurement service with a lead Hub, Procurement Lincolnshire provides evidence that a sub-regional procurement solution can be designed to work across a large geographical rural location. However care must be taken to ensure that appropriate mechanisms are established to ensure that the service delivers the desired objectives. This can be achieved through decisions on the operating framework, governance issues, service level agreement and staff related issues.

Shared Procurement Support & Category Management Hub in 1 Host Council – "Tri-Borough"

Building on a tradition of local working, Tri-Borough takes localism and Big Society ideas to the next level with an attempt to reduce costs and re-invent local government. The members are: London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Westminster City Council, whose spend is over £1.5bn. The service is led by a new senior structure based around "Lead Commissioners" and fully accountable to each borough for specified services/outcomes. However each borough retains sovereignty over policy making safeguarded by a sovereignty guarantee.

What were the underlying objectives for the shared procurement service solution?

A number of authorities were looking at the case for integration but few at systems-wide models; the boroughs were willing to commit early due to scale and timing of budget cuts. The broad rationale was:

• Management structures for service delivery are triplicated across the boroughs with potential for rationalisation.

• There was a likelihood that certain services could be delivered, commissioned or procured together to achieve savings through more efficient delivery models and economies of scale

• It would be likely that there would be additional benefits, for example service resilience and the ability to offer services that individually would be too costly to provide. Alongside this, risks and infrastructure investment could be spread. Also to offer a more varied career path and better promotion opportunities supporting the recruitment and retention of key staff.

Why these Boroughs?

• There was an appetite to share certain services /management functions at systems-wide level.

• These Boroughs were willing and able to commit early to looking at the case for integration given the scale and timing of budget cuts.

• There was commitment and trust from earlier partnership working across the

boroughs.

• Hammersmith & Fulham, Kensington & Chelsea and Westminster have good geography for collaboration being small and densely populated boroughs with shared borders.

• Boroughs have expressed a desire to look for opportunities for wider collaboration where this can further reduce costs.

What process led to the establishment of Tri-Borough?

The Chief Executives commissioned feasibility studies into four service areas, including senior managers across the functions:

• Children's Services
• Adult Care and Health
• Finance and Resources
• Environmental Services

These were designed to ascertain whether it was justifiable that there were economies to be obtained through greater collaboration. The outcome outlined the possibility of savings in the order of between £10-15m per borough which led to a more detailed report for implementation. The report asked each authority to consider the plans and put them to their Cabinets in June 2011 together with detailed implementation proposals. The three Cabinets met separately and all agreed to implement the proposals.

What was the operating model for Tri-Borough?

Detailed below are the design principles in the development of integrated services (note this material has come directly from the Tri-Borough Proposal Report):

• The assumption is that all services will be integrated – unless there are strong arguments to the contrary. Excluded services: housing; policy and communications; development control; elections; licensing; committee services.

• Each Borough will retain sovereignty over policy-making, but there is an assumption that unless there are considered reasons to set unique expectations boroughs ought to standardise specifications because these ought to deliver better prices. Elected Members will make these choices, on the basis of costed options.

• Boroughs will take the opportunity to radically redesign services, drawing on each authority's strengths.

• A clearly defined commissioning structure will enable all three councils to clearly specify what they want to pay for.

• Accountability: A new senior structure based around "lead commissioners" who would be fully accountable to each borough for the delivery of specified outcomes / services.

• Departments should outline proposals for a 50% cut in managerial posts and 50% reduction in overheads and advise around any associated risks.

• There is a willingness to encourage employee-led business transfers to new providers, subject either to a business plan showing a substantial saving to the commissioning councils and/or market testing.

What were the initial outcomes?

There has been a bonus from making savings as three councils, it gave greater choice of how to make savings and to protect key areas, and more flexibility to spread management costs so not cutting from the frontline. Also, combining services has kept council tax low, Hammersmith & Fulham was able to cut council tax by 3.75%, in large part as a result of the efficiencies being created by Triborough and Westminster and Kensington and Chelsea could both freeze council tax. A further benefit has been that by sharing services there has been an opportunity to make better use of spare capacity. For example, by sharing resource between the Parks Police and Parks Constabulary, support can be given to major events, such as the Japanese Emperor's visit to Holland Park and the Queen's Flotilla, without depleting frontline officers elsewhere. Joint procurement, entailing honest comparison and fair challenge, has created benefits that would not otherwise have realised. For example, by jointly re-tendering the insurance arrangements there will be a saving of £347,000 per year on the insurance bill. There have been total savings of £7.7m with forecasted savings of £33.4m for 2014/15. In particular there is evidence of how joint procurement can work across three sovereign authorities, creating additional benefits and savings. The largest savings came from aggregating the biggest spending services. Examples are joint procurement on facilities management, finance and HR back office services and IT integration, leading to expected cost reductions from purchasing at scale. Significant savings are expected from combining client side functions and leveraging reduced costs from bigger contracts in Adult Social Care and Children's work. Also, each borough has retained sovereignty, safeguarding the role of local councillors and communities to

tailor shared services to meet local priorities.

Was the shared procurement service implemented smoothly?

Through the hard work, dedication and enthusiasm of staff, the project was realised in the projected timescale despite being a time of substantial change which created some uncertainty and anxiety.

A critical element was to ensure that the appointment process for the new structure was fair and open with good proactive communications to diffuse rumour or misunderstanding. Also, that communication generally was managed in a pro-active manner. Campaigns supported by media relations that have successfully promoted Tri-borough in the national, local and specialist press. A recent feature in the Public Servant Magazine celebrated Tri-borough as 'becoming a by-word for innovation...that is going to unlock savings and improved services'. For staff, there were a series of well attended joint events, providing the chance to talk with the chief executives, executive directors and heads of service about the progress made in the first few months of Tri-borough working, share success stories and learn about the future direction for Tri-borough.

A key feature of having single management teams put an end to the often tedious debate about whether costs and delivery can ever be compared and using techniques of deep compare and contrast ensures value is challenged and reviewed.

Procurement Related Tasks and Split of Responsibilities

✓✓ **denotes lead responsibility**

Service Description	Shared Service	Individual Council
Tender Management		
Identify requirement	✓✓	✓
Prepare business case	✓✓	✓
Research markets	✓✓	
In house research	✓✓	✓
Develop procurement strategy and options	✓✓	✓
Prepare specification	✓✓	✓
Supplier selection	✓✓	

Service Description	Shared Service	Individual Council
OJEU notices	✓✓	✓
Pre Qualification Questionnaire	✓✓	✓
PQQ Evaluation	✓✓	✓
Invitation to Tender	✓✓	✓
Receipt of Tenders	✓✓	✓
Tender Evaluation	✓✓	✓
Contract Award	✓✓	
Tenderers' debrief	✓✓	
Implementation	✓✓	✓
Communication/Liaison	✓✓	✓
Liaison with client manager	✓✓	✓
Project Closure	✓✓	
Contract Management	✓✓	✓
Support in disputes	✓	✓
Contract Review	✓✓	
Contract Administration	✓✓	
Contracts Database		
Establish database of existing contracts	✓✓	✓
Maintain contracts database	✓✓	✓
Guidance and Advice		
Provide advice on procurement, EU legislation and contract management	✓✓	
Provide advice on financial regulations and who should be placing orders		✓
Provide advice on suppliers and supplier management	✓✓	
Provide advice on sourcing	✓✓	
Compliance		
Monitor compliance across organisation	✓✓	
Identify compliance issues	✓✓	
Take remedial action	✓✓	✓
Supplier Management	✓✓	
Manage supplier enquiries	✓✓	

Service Description	Shared Service	Individual Council
Foster supplier base	✓✓	
Develop markets	✓✓	
Supplier analysis	✓✓	
Spend Analysis and Research		
Analyse spending across partners	✓✓	
Identify opportunities for savings	✓✓	
Procurement Strategy Development		
Develop a procurement strategy for the partnership	✓✓	✓
Develop a work programme to implement the strategy	✓✓	
Monitor progress against the work programme	✓✓	
Policies and Procedures		
Develop contract procedures	✓✓	
Develop contract documentation	✓✓	
Identify opportunities for process efficiencies	✓✓	
Web presence		
Establish and maintain intranet pages	✓✓	
Establish and maintain internet pages	✓✓	

Summary

As a model of a shared procurement service, Tri-Borough provides evidence that a radical solution can be designed to work across a geographical location with shared boundaries. However care must be taken to ensure that appropriate mechanisms are established to support the desired objectives as in this model the shared service has executive authority so decision-making is executed swiftly. The model demonstrates the success which can be achieved by agreeing a joint operating framework, protecting governance issues and having a committed plan with dedicated staff to deliver it.

Appendix 3: Example Category Management and Strategic Structure from Cardiff Council

Commissioning & Procurement Structure Chart
April 2013

Steve Robinson
Head of Commissioning & Procurement Service

CATEGORY MANAGEMENT TEAMS

Craig Woolcock
Senior Category Manager (Social / People & Professional Services)

- **Sam Harry** — Category Manager
  - **Charlotte Gaden** — Senior Category Specialist
    - **Ben James** — Category Specialist
- **Bethan Jones** — Category Manager
  - **Sarah Phillips** — Senior Category Specialist
    - **Lee Hourahine** — Category Specialist

Dylan Roberts
Senior Category Manager (Construction / Environment)

- **Bev Davies** — Category Manager
  - **Mike Bennett** — Senior Category Specialist
    - **Charlotte Williams** — Category Specialist
- **Natalie Cooper** — Category Manager
  - **Kevin Shackson** — Senior Category Specialist
    - **Gareth Berry** — Category Specialist

Chris McLellan
Senior Category Manager (Corporate / ICT / Transport / Facilities Management)

- **Adam Wdowik** — Category Manager
  - **Shauket Ali** — Senior Category Specialist
    - **Lucy Williams** — Category Specialist
- **Ola Ogunfiditimi** — Category Manager
  - **Dave Pearn** — Senior Category Specialist
    - **Ben Hurford** — Category Specialist

SOURCING TEAM

- **Ron Dimech** — Sourcing Officer
- **Alex Dearsley** — Sourcing Team Leader
- **Lynn Jones** — Sourcing Officer
- **Paula Bryant** — Sourcing Officer
- **Ceri Gordon** — Sourcing Officer

STRATEGY & DEVELOPMENT TEAM

John Paxton
Strategy and Development Manager

- **Lesley Smith** — Category Information Analyst
- **Dean Corbisiero** — Systems & Process Development Officer
- **Sion Horan** — Strategy Development Officer

BAU TEAM

Huw Charles
Operations, Transition and Project Manager

- **Yvette Campbell** — Principal Procurement Officer

E-PROCUREMENT TEAM

Julie Reed
E-Purchasing Supply & Development Manager

- **Lauren Gonzales** — E-Purchasing Support & Development Officer
- **Joanne Salter** — E-Purchasing Support & Development Team Leader
- **Vacant** — E-Purchasing Support & Development Officer

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Appendix 4: Example Procurement Skills and Capability Assessment Tool – Welsh Government Procurement Competency Framework

Introduction

The Welsh Government utilises the GPS Competency Framework. The content of the Competency Framework has been tweaked to ensure its alignment with the principles of the Wales Procurement Policy Statement (WPPS). The Framework is also aligned, as far as is possible, with professional qualifications offered by the Chartered Institute of Purchasing and Supply (CIPS).

Note that a new Competency Framework is currently being developed by Value Wales and their partners.

Expertise Definitions

The Framework is aligned to levels of expertise required for the elements of a role that an individual is expected to perform. The skills and competences are cumulative – i.e. to be assessed as an Expert, an individual must be able to demonstrate all of the skills and competences expected of a Practitioner.

There are 4 levels of competence identified within the framework:

Awareness

Awareness demonstrates that somebody is able to understand key issues and their implications, and to ask relevant and constructive questions on the subject. They may be early in their procurement career or a practitioner of another profession with some involvement in procurement, or the subject may not be a priority skill area within their current role.

Developing

Developing demonstrates behaviours and outcomes above an awareness level, but has not had sufficient opportunity or experience to put the skill into practice to merit Practitioner level.

Practitioner

They display detailed knowledge of the subject and are capable of providing guidance and advice to others as well as undertaking procurement functions, based on significant commercial experience and qualifications.

Expert

They display extensive and substantial experience and applied knowledge of the subject. They have significant commercial experience and may be at the top of their profession in the skill area.

Key Sections of the Competency Framework:

The framework content has been divided into 12 key sections. Each section identifies the skills required to achieve the 4 levels of competence highlighted above. The sections are detailed below:

Strategic Awareness	Public Sector Procurement Context
Procurement Processes	Contract Management
Relationship Management	Category Management
Markets	Inventory and Logistics Management
Finance	Programme and Project Management
Measurement and Impact	Innovation in Public Sector procurement

Strategy and Context

Section 1 – Strategic Awareness consists of the following skill areas:

1.1. Organisational Procurement/ Commercial Strategy.

1.2. Commercial Management.

1.3. Economic, Social and Environmental Impact.

1.4. Community Benefits.

Section 2 – Public Sector Procurement Context consists of:

2.1. Government Accounting.

2.2. Regulatory Framework.

2.3 Professionally Resourced.

2.4. Corporate Social Responsibility.

2.5. Ethics.

2.6 Ethical Trading.

Technical Skills and Processes

Section 3- Procurement Processes consists of:

3.1. Confirming the Requirement.

3.2. Refer to section 6, Category Management.

3.3. Business Case.

3.4. Specification.

3.5. Contract Administration.

3.6. Legal.

3.7. Intellectual Property Rights (IPR).

3.8. Invitation to Tender (ITT).

3.9. Open, Accessible Competition.

3.10. Procurement Planning.

3.11. Terms and Conditions.

3.12. Pricing.

3.13. Proposal Evaluation.

3.14. Negotiation/ Clarification.

3.15. Award.

3.16. Debriefing.

3.17. Operational processes.

3.18. Import/ Export.

3.19. E-procurement.

Managing Contracts and Relationships

Section 4- Contract Management consists of:

4.1. Contracts.

4.2. Benefits Realisation.

4.3. Variations.

Section 5- Relationship Management consists of:

5.1. Supplier Management.

5.2. Supplier Engagement and Innovation.

5.3. Customer and Stakeholder Management.

Category Management

Section 6- Category Management consists of:

6.1. Principle and process knowledge.

6.2. Initiating a Category Management Process.

6.3. Developing the Category Strategy.

6.4. Implement the Category Strategy.

6.5. Maintaining and Improving the Category.

Section 7- Markets consists of:

7.1. Market Awareness.

7.2. Collaborative Procurement.

Inventory and Logistics

Section 8- Inventory and Logistics Management consists of:

8.1. Stock control.

8.2. Distribution.

8.3. Transportation.

8.4. Storage.

Management Measurement and Control

Section 9- Finance consists of:

9.1. Financial Appraisal.

9.2. PFI/PPP.

Section 10- Programme and Project Management consists of:

10.1. Project Management Methods.

10.2. Change Controls.

10.3. Risk Management.

10.4. Reviews.

Section 11- Measurement and Impact consists of:

11.1. Performance Measurement.

Section 12- Innovation in public sector procurement consists of:

12.1. Welsh Government Innovation Strategy

12.2 Outcome based specifications

12.3   Small Businesses Research Initiative (SBRI)

Detailed below is the full extract from the Competency Framework focusing on Section 6 (Category Management):

Extract from the Category Management section of the Competency Framework (Section 6):

Section 3 - Category Management	Skill / Competency Area	Awareness/Developing	Practitioner	Expert
1.Principle and process knowledge	Knowledge of category management principles and processes and the main benefits/issues with this kind of approach.	Understands the principles and processes of category management and recognises the needs of stakeholders Appreciates the main components, benefits and constraints to taking a category management approach, can organise requirements into appropriate categories and understands the relationship between existing and emerging requirements for goods and services within discrete categories	Provides a procurement lead and manage cross-functional teams in order to implement category management as required, and can manage stakeholder expectations Understands the benefits, risks and issues of a category management approach and can take the lead in developing solutions	Provides advice and guidance on implementation of category management approaches Implements collaborative category management solutions and drive through benefits realisation plans
2.Initiating a category management process	Identifying and understanding business needs. Identifying the pipeline. Benchmarking current category state and determining desired state.	Aware of the importance of understanding the needs of the business and translating them into category objectives. Understands the importance of ensuring the whole category management cycle is considered from the start. Familiar with how to obtain data on past patterns of spend. Identifies those parts of the organisation that have or are likely to have needs in the particular area in question. Aware of tools and techniques that can be used to benchmark the current state of the category and to determine future requirements and is able to use some under	Works with key stakeholders to develop a clear and agreed view of business requirements and target outcomes. Explains the importance of the whole category management cycle, including contract management and build it into the plans from the start. Works alongside customers to identify and agree present and future needs, linkages to other areas of activity and related potential needs for procurement. Fully conversant with the use of tools and techniques in order to benchmark categories and determine the future requirements.	Agrees requirements with stakeholders and is able to shape the requirement, building and agreeing areas such as contract management up front. Analyses related needs from a variety of customers and negotiates changes to their shape or timing to maximise commercial advantage. Manages the resulting contracts, and identifies linkages to other related contracts or impending procurements to agree combined procurement strategies where necessary. Understands the marketplace and strategically influences the requirement, challenging wants over needs, seeking

| Section 3 - Category Management	Skill / Competency Area	Awareness/Developing	Practitioner	Expert
	Engaging and managing stakeholders. Risk Management.	supervision. Supports others in engaging and managing stakeholders. Aware of the impact of risks and perceived risks, and ability to identify possible risks and escalate appropriately.	Plans, delivers and maintains strong relationships with stakeholders. Identifies perceived and relevant areas of risk, confirms there is a shared understanding of risk, how it is to be allocated and gains agreement on how it is to be managed.	innovative solutions. Develops strategic relationships both internally and externally. Applies knowledge and understanding of guidelines on risk management and implications of relevant legislation.
3. Developing the category strategy	Gathering data and conducting research. Conducting stakeholder needs analysis and determining strategic business priorities. Prioritising opportunities and identifying potential suppliers.	Aware of tools and techniques associated with gathering commercial data and limited ability to apply them under supervision. Aware of the importance of working with stakeholders both internally and externally in order to understand the needs of the business and wider cross-government strategies and then building those needs into the category strategy. Confirms the type of supplies/services that are required and identifies potentially suitable suppliers and markets. Contributes to the development of category and sourcing strategy. Maintains strategies and implements agreed sourcing plans. Understands the importance of base-lining costs in order to build expected benefits into category strategies and is able to contribute	Familiar and comfortable with tools such as PEST, SWOT and Porters 5 Forces model coupled with an appreciation of when and how to exploit them to support procurement processes. Builds relationships with key internal and external stakeholders in order to develop a clear and agreed view of the needs of the business and wider cross-government strategies which can then be built in to the category strategy. Understands the requirement, the market place and potential solutions. Can provide advice and is able to challenge where necessary. Develops category strategies, product road maps and sourcing plans. Maintains these taking into account outputs from market analysis.	Knowledge of how analysis tools should be used and ability to apply judgement to determine best use in order to secure the best outcomes. Builds and maintains relationships with key stakeholders internally and across government, and able to agree outcomes whilst helping them to shape the requirements. Analyses information on the procurement of supplies/services. Has a thorough understanding of the marketplace and can strategically influence the requirements. Publishes and presents market analysis and recommendations. Mentors team in best practice category management and strategic sourcing.

Section 3 - Category Management	Skill / Competency Area	Awareness/Developing	Practitioner	Expert
	Defining the sourcing strategy, quantifying the benefits and preparing the implementation plan.	to the development of sourcing plans.	Base-lines costs using market knowledge and research and manages sourcing and benefits realisation plans.	
4. Implement the category strategy	Market engagement. Carrying out a sourcing process. Contracting with a supplier.	Refer to: **Section 1. Sourcing** Sub-sections: 5.Pre-procurement market engagement 6. Executing the sourcing strategy 7. Contract Award	Refer to: **Section 1. Sourcing** Sub-sections: 5.Pre-procurement market engagement 6. Executing the sourcing strategy 7. Contract Award	Refer to: **Section 1. Sourcing** Sub-sections: 5.Pre-procurement market engagement 6. Executing the sourcing strategy 7. Contract Award
5. Maintaining and improving the category	Managing and evaluating internal relationships. Managing contract variation and changes. Measuring and reviewing performance.	Understands the differences between strategic and non-strategic suppliers and the associated supplier management principles. Aware of and understands the importance of formal contractual variations, and works to achieve VFM through variations. Understands the role of key performance indicators (KPIs) in delivering contracted risks and reward mechanisms. Understands the benefits specified in the	Develops and applies the principles of supplier management and manages strategic and non-strategic supplier relationships appropriately. Effectively manages relationships with strategic partners to enable sound partnership arrangements. Manages complex contract variations, providing practical advice and strategic direction.	Actively manages supplier relationships through structured supplier and contract management processes and identifies, develops and implements best practice in supplier relationship management. Leads variation negotiations to resolve issues and seeks further clarification where necessary. Ensures non-discriminatory behaviour and legal compliance. Effectively resolves issues on

| Section 3 - Category Management	Skill / Competency Area	Awareness/Developing	Practitioner	Expert
	Identifying improvement opportunities and delivering continuous improvement actions. Continuing to align strategy and business needs Communicating progress in delivering strategy and benefits	business case and the impact on their own role. Adapts to changing circumstances without losing sight of business objectives. Understands the importance of communicating with stakeholders at different levels and ensuring they understand what progress and benefits have been achieved.	Ensures that variations are planned and agreed, negotiates them and seeks appropriate authorisation. Manages risk and reward mechanisms in contracts and manages KPIs effectively. Monitors progress against the business objectives and works with suppliers to suggest improvements throughout the life of the contract. Identifies changes in the business needs of the organisation and develop new strategies for the category accordingly. Maintains relationships with strategic and non-strategic stakeholders and communicate progress with the category strategy and benefits realisation.	performance between contract manager and supplier. Oversees and measures the realisation of benefits, challenging non-delivery. Understands and recognises the impact of emerging initiatives, both externally and within the organisation and leads the ongoing development of the category strategy. Operates as a senior level contact with strategic and key stakeholders to maximise engagement, support and contractual benefit.

Appendix 5: Target Operating Model Charts

Model 4 – Category Management Implementation in each Authority with Shared Procurement Support Service
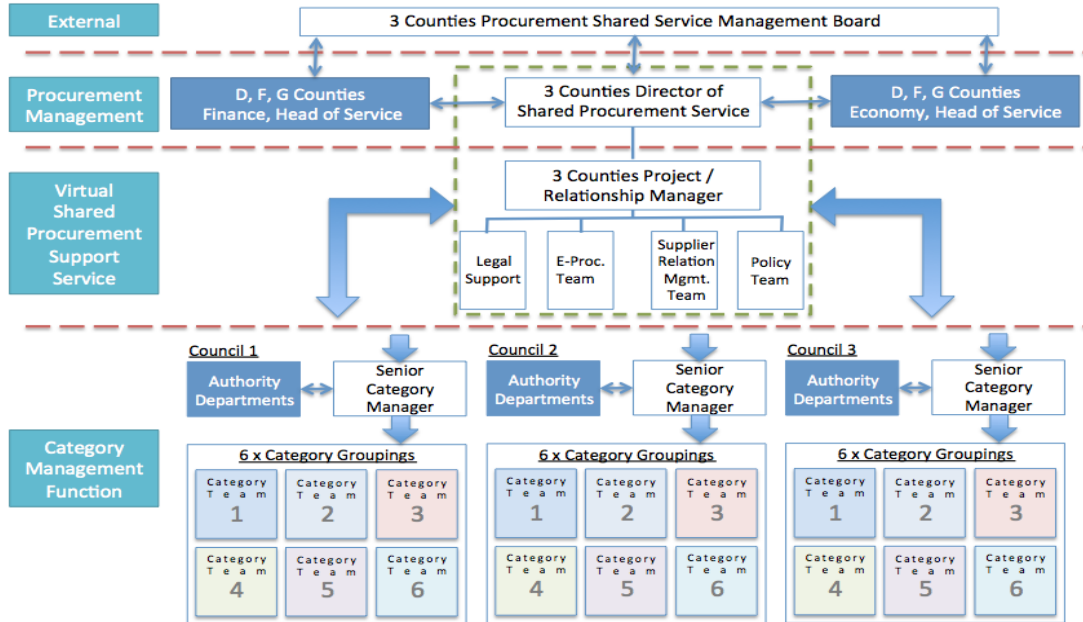
Model 2 – Category Management Implementation in each Authority (with Shared Procurement Support Service)
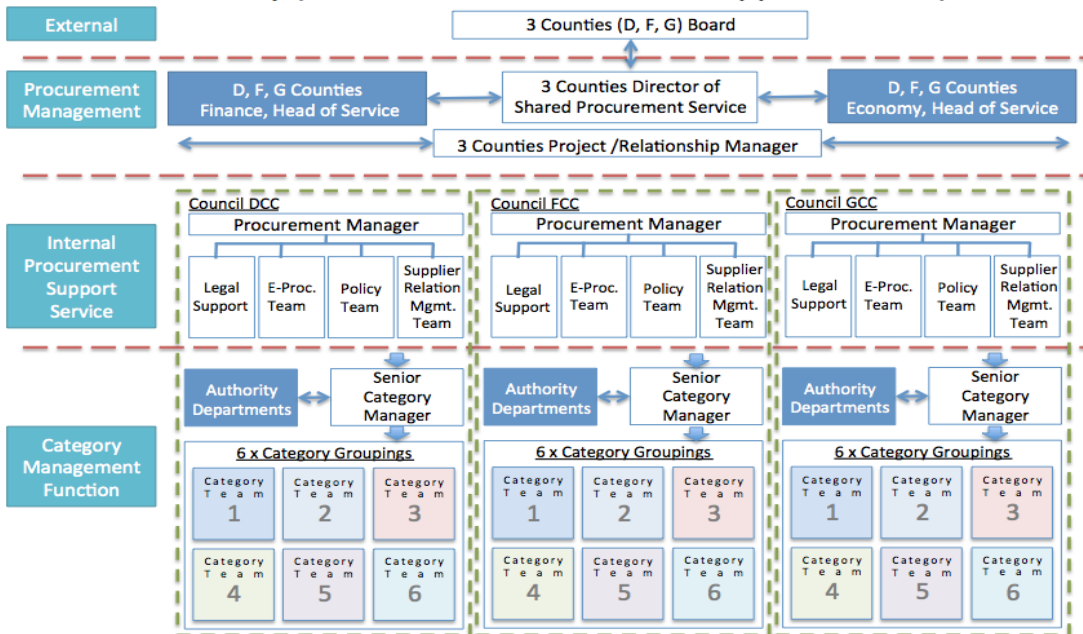
Appendix 6: Category Management Activity Descriptions

A Category Manager plays a key role in ensuring that the process of Category Management runs effectively within an organisation. A Category Manager will develop a Category Plan in conjunction with service departments for procurement of the products and services within a particular the category. The Category Plan gathers all relevant data to identify, quantify and prioritise improvement opportunities in conjunction with service lines/stakeholders.

Category Teams usually comprise of the Category Manager (who is the procurement specialist and usually MCIPS qualified), as well as other team members including representatives from service departments and other relevant specialist expertise. The service departments in this process still remain accountable for their services.

Detailed below are typical roles and responsibilities that a Category Manager might have to undertake:

- To take responsibility for all aspects of the overall end-to-end Category Management process

- To shape the category vision and strategy for category improvements

- To be fully aware of market opportunities and developments

- To lead on tender exercises on behalf of various corporate departments

- To Identify, deliver and report on efficiencies within particular categories

- To ensure category purchases are co-ordinated and joined-up across the Council/s including specification standardisation and uniformity of procuring across service areas

- To build Category Approved Lists

- To approve spend within particular categories

- To apply best practice procurement tools within defined categories

- To undertake detailed planning activities with service departments including time plans and procurement approach plans for sub-categories within defined category portfolios and adopt a gateway approach to sign-off

- To challenge draft purchase orders outside corporate contract arrangements

- To manipulate data sets and seek potential opportunities for standardisation and aggregation of corporate spend

- To ensure management of contracts within defined categories achieves optimum value throughout the life of the contract by for example eradicating unmanaged use of vendors

- To ensure compliance with Category rules

- To reduce vendor base per category through supplier rationalisation

- To design and implement efficient procurement processes per category

- To work with category teams consisting of representatives from service departments to implement innovative approaches to delivery of goods, services and works.

Appendix 7: Questionnaires

7A) Challenges to Creating a Sub-regional procurement solution for Gwynedd, Denbighshire and Flintshire County Councils

Please state what you consider to be the 5 major challenges to creating a sub-regional procurement solution for Gwynedd, Denbighshire and Flintshire County Councils.

Please state these in order, so that the biggest challenges appear first and the less significant ones last.

Name of Your Local Authority:

Your Service Area:

1. _____
   _____
   _____
   _____

2. _____
   _____
   _____
   _____

3. _____
   _____
   _____
   _____

4. _____
   _____
   _____
   _____

5. _____

_____

_____

_____

<u>**3 Counties Procurement Questionnaire: Models for the Future**</u>

This questionnaire is designed to establish <u>preferences</u> as regards potential future models of operating for the 3 Counties Procurement Project.

We kindly request that when answering these questions, you **clearly** and **objectively** <u>stipulate your reasoning</u> for the preferences that you outline.

Name of Your Local Authority:

Your Service Area:

1. **"Model Acceptability & Readiness"**

   A) *<u>Model 1: "Do Nothing – Maintain the Status Quo":</u>*

   Is this model acceptable to you *(please tick the appropriate box)***?**

   Yes ☐   *No* ☐

   Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must <u>circle</u> the correct answer)***?**

Not at all Acceptable	1	2	3	4	5	Fully Acceptable

   Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

   _____
   _____

   <u>Model 2: "Category Management Implementation in each Authority (with no Shared Procurement Support Service & no collaborative Category Management)"</u>

   Is this model acceptable to you *(please tick the appropriate box)***?**

   Yes ☐   *No* ☐

Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must <u>circle</u> the correct answer)***?**

Not at all Acceptable	1	2	3	4	5	Fully Acceptable

Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

_____

_____

For your Council to participate in this model, how *ready* do you think your Council is on a scale of 1-5 *(with 1 being not at all ready and 5 being fully ready – respondents must <u>circle</u> the correct answer)***?**

Not at all Ready	1	2	3	4	5	Fully Ready

Please tell us why you have scored the above aspect as you have?

_____

_____

<u>*Model 3: "Collaborative Category Management, with each Council leading on some Category Management aspect (but with no Shared Procurement Support Service)"*</u>

Is this model acceptable to you *(please tick the appropriate box)***?**

Yes ☐   *No* ☐

Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must <u>circle</u> the correct answer)***?**

Not at all Acceptable	1	2	3	4	5	Fully Acceptable

Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

183

_____
_____

For your Council to participate in this model, how *ready* do you think your Council is on a scale of 1-5 *(with 1 being not at all ready and 5 being fully ready – respondents must <u>circle</u> the correct answer)***?**

| Not at all Ready | 1 | 2 | 3 | 4 | 5 | Fully Ready |

Please tell us why you have scored the above aspect as you have?

_____
_____

Model 4: "Collaborative Category Management with each Council leading on some Category Management aspect (with Shared Procurement Support Service – in Hub or Virtual)"

Is this model acceptable to you *(please tick the appropriate box)***?**

Yes ☐   *No* ☐

Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must* <u>circle</u> *the correct answer)***?**

| **Not at all Acceptable** | 1 | 2 | 3 | 4 | 5 | **Fully Acceptable** |

Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

_____
_____

For your Council to participate in this model, how *ready* do you think your Council is on a scale of 1-5 *(with 1 being not at all ready and 5 being fully ready – respondents must* <u>circle</u> *the correct answer)***?**

| **Not at all Ready** | 1 | 2 | 3 | 4 | 5 | **Fully Ready** |

Please tell us why you have scored the above aspect as you have?

_____
_____

Model 5: Shared Procurement Support Service and Category Management Hub in 1 Host Council

Is this model acceptable to you *(please tick the appropriate box)***?**

Yes ☐   *No* ☐

Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must* <u>circle</u> *the correct answer)***?**

Not at all Acceptable	1	2	3	4	5	**Fully Acceptable**

Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

_____

_____

For your Council to participate in this model, how *ready* do you think your Council is on a scale of 1-5 *(with 1 being not at all ready and 5 being fully ready – respondents must <u>circle</u> the correct answer)***?**

Not at all Ready	1	2	3	4	5	**Fully Ready**

Please tell us why you have scored the above aspect as you have?

_____

_____

B) <u>**Model 6: Shared Procurement Support Service and Category Management Hub on Greenfield Site (External Organisation)**</u>

Is this model acceptable to you *(please tick the appropriate box)***?**

Yes ☐   *No*   ☐

Overall, how would you rate the acceptability of this model on a scale of 1-5 *(with 1 being not at all acceptable and 5 being fully acceptable – respondents must <u>circle</u> the correct answer)***?**

Not at all Acceptable	1	2	3	4	5	**Fully Acceptable**

Please explain the basis for your scoring and elaborate on what you consider are to be the strengths and weaknesses of this model?

_____

_____

For your Council to participate in this model, how *ready* do you think your Council is on a scale of 1-5 *(with 1 being not at all ready and 5 being fully ready – respondents must <u>circle</u> the correct answer)***?**

| Not at all Ready | 1 | 2 | 3 | 4 | 5 | Fully Ready |

Please tell us why you have scored the above aspect as you have?

_____

_____

2. **"Model Preferences"**

    Please rank the 6 models in order of preference *(so for example, if Model 3 is your most preferred model, put a number 1 in the box for model 3; if model 2b is your 3rd most preferred model put a number 3 in that box and if Model 4 is your least preferred model, put a number 6 in this box and so on!)***?**

    A) *Model 1: "Do Nothing – Maintain the Status Quo":*

    [ ]

    B) *Model 2: "Category Management Implementation in each Authority (with no Shared Procurement Support Service & no collaborative Category Management)"*

    [ ]

    C) *Model 3: "Collaborative Category Management, with each Council leading on some Category Management aspect (but no Shared Procurement Support Service)"*

    [ ]

D) Model 4: "Collaborative Category Management, with each Council leading on some Category Management aspect (with Shared Procurement Support Service in Hub or Virtual):

> [ ]

E) Model 5: "Shared Procurement Support Service & Category Management Hub in 1 Host Council"

> [ ]

F) Model 6: "Shared Procurement Support Service & Category Management Hub on 1 Greenfield Site (External Organisation)"

> [ ]

Explain *why* you have chosen your <u>most preferred model</u>?

_____
_____

**Note that the questionnaire above was distributed to the CPU, audit and finance department staff. The terminology of the questions for the service department staff was amended slightly to ensure appropriate responses. This involved:

- Changing the word "acceptable" in Section 1 of the questionnaire to "workable".

- Replacing "please rank the 6 models in order of preference" to "please rank the 6 models in order of what you consider are most viable" in section 2 of the questionnaire.

Cyffredinol / General

Pwrpas y rhan yma yw i gael manylion am staff cyffredinol sydd yn ymwneud â gweithgareddau Comisiynu a/neu Caffael

The purpose of this section is to capture general staff details who are involved in Commissioning and/ or Procurement activities.

✱1. Enw'r Atebydd / Name of Respondent:

[   ]

✱2. Teitl y Swydd / Job Title:

[   ]

✱3. Nodwch eich Awdurdod Cyflogedig / Please indicate your employing Authority:

◯ Ynys Môn / Anglesey

◯ Sir Ddinbych / Denbighshire

◯ Sir y Fflint / Flintshire

◯ Gwynedd

Arall (rhestrwch, os gwelwch yn dda): / Other (please specify)

[   ]

✱4. Nodwch eich Ardal Gwasanaeth, os gwelwch yn dda / Please indicate your Service Area :

[   ]

✱5. Nodwch eich Adran Gwasanaeth, os gwelwch yn dda / Please indicate your Service Section:

[   ]

✳ 6. Ticiwch prif gategori gwariant (e.e. ticiwch un categori yn unig) lle yr ydych yn ymgymryd â gweithgareddau Comisiynu a/neu Caffael / Please tick the main category of spend (i.e. tick one category only) in which you undertake Commissioning and/ or Procurement activities?

◯ Gwasanaethau Celf a Hamdden / Arts and Leisure Services

◯ Arlwyo / Catering

◯ Glanhau a phorthoriaeth / Cleaning and Janitorial

◯ Dillad / Clothing

◯ Adeiladwaith (Gwaith) / Construction (Works)

◯ Deunyddiau Adeiladwaith / Construction Materials

◯ Ymgynghoriaeth / Consultancy

◯ Nwyddau Domestig / Domestic Goods

◯ Addysg / Education

◯ Gwasanaethau Amgylcheddol / Environmental Services

◯ Gwasanaethau Cyfleusterau a Rheolaeth / Facilities & Management Services

◯ Gwasanaethau Cyllidol / Financial Services

◯ Dodrefn a Dodrefn Meddal / Furniture and Soft Furnishings

◯ Iechyd a Diogelwch / Health and Safety

◯ Gofal Iechyd / Healthcare

◯ Cyfarpar a Deunyddiau Priffyrdd / Highway Equipment and Materials

◯ Garddwriaethol / Horticultural

◯ Rheolaeth Tai / Housing Management

◯ Adnoddau Dynol / Human Resources

◯ Technoleg Cyfathrebu Gwybodaeth / Information Communication Technology

◯ Gwasanaethau Cyfreithiol / Legal Services

◯ Gwasanaeth Post / Mail Services

◯ Trafnidiaeth Cyhoeddus / Public Transport

◯ Gofal Cymdeithasol yn y Gymuned / Social Community Care

◯ Cynhaliaeth Cyfarpar Chwaraeon a Meysydd Chwarae / Sports and Playground equipment and maintenance

◯ Swyddfa ac Offer Swyddfa / Office and Stationery

◯ Rheolaeth Stryd a Thrafnidiaeth / Street and Traffic Management

◯ Gwasanaethau / Utilities

◯ Rheolaeth Cerbydau / Vehicle Management

Arall (rhestrwch, os gwelwch yn dda): / Other (please specify)

[   ]

Comisiynu a Chaffael / Commissioning and Procurement

Pwrpas y rhan yma yw i benderfynu yr amser, ar gyfartaledd, sydd wedi ei wario yn ystod y flwyddyn ddiwethaf ar wahanol weithgareddau Comisiynu a Chaffael.
Os gwelwch yn dda, nodwch eich atebion fel % o'r amser, ar gyfartaledd, ydych wedi ei wario yn eich swydd nodweddiadol:

The purpose of this section is to determine the average time spent during the past year on various Commissioning and Procurement activities.
Please stipulate your answers as a % of average time spent in your typical job role.

*7. Amser wedi ei wario ar gyfartaledd (%) ar ddatblygu Comisiynu Corfforaethol/Strategaeth Caffael neu wrth ymgymryd â'r cyfnodau Dadansoddi a Chynllunio mewn Cylch Comisiynu er mwyn asesu opsiynau comisiynu.

Average time spent (%) on Corporate Commissioning / Procurement Strategy development or in undertaking the Analyse and Planning stages in a Commissioning Cycle in order to undertake an appraisal of commissioning options.

_____

*8. Amser wedi ei wario ar gyfartaledd (%) ar Farchnad Anghenion/Dadansoddi Busnes:
e.e. Dadansoddiad gwariant ac adnoddau, dadansoddiad Anghenion, rhagweld galwad/anghenion busnes neu ddadansoddiad Marchnad

Average time spent (%) on Needs /Market / Business Analysis:
e.g.Spend and resource analysis, Needs analysis,forecasting demand/ business requirements or Market analysis

_____

*9. Amser wedi ei wario ar gyfartaledd (%) ar Dendro a Chytundebau:
e.e. Datblygu dogfennau tendro (yn cynnwys manylion datblygiad), termau ac amodau, gwerthusiad o gynigion tendro, cytundeb/dyfarniad SLA, drafftio Cytundeb, Fframwaith cystadleuthau bach, Ceisiadau am Ddyfynbrisiau, Broceriaeth, Trafodaethau gyda chyflenwyr.

Average time spent (%) on Tendering and Contracting:
e.g. Development of tender documents (including specification development), terms and conditions, evaluation of tender proposals, contract/SLA award, Contract drafting, Framework Mini-competitions, Request for Quotations, Brokerage, Negotiation with suppliers

_____

✱10. Amser wedi ei wario ar gyfartaledd (%) ar Reoli Cytundebau:
e.e. Rheolwr cytundebau mewn cysylltiad â chontractwr ar sail dydd i ddydd, yn cynnwys gweinyddiaeth cytundebau (amrywiad cytundebau, hawlio ar gytundebau, a thaliadau cytundebau), a rheolaeth cyflawni cytundebau

Average time spent (%) on Contract Management:
e.g. In the role of a contract manager liaising with the contractor on a day to day basis including contract administration (contract variations,contract claims & contract payments) and contract delivery management

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✱11. Amser wedi ei wario ar gyfartaledd (%) ar Fonitro Perfformiad:
e.e. Monitro ac adolygu perfformiad cyflenwyr/gwasanaeth yn erbyn cyflawni targedau – e.e. Gwybodaeth Adroddiadau Rheolaeth a gwelliant parhaol, cynnal adolygiad o feincnodau i edrych ar fentrau sydd yn dod i'r amlwg, neu darparu adborth i'r cylch comisiynu.

Average time spent (%) on Performance Monitoring:
e.g. Monitoring and reviewing performance of suppliers / service against delivery targets e.g. Reporting Management information and continuous improvement, undertake benchmark review to look at emerging initiatives or provide feedback into commissioning cycle.

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✱12. Amser wedi ei wario ar gyfartaledd (%) ar Ddatblygu a Rheoli Marchnad:
e.e. Datblygu perthynas efo'r darparwyr, ymchwilio i farchnad botensial/ffynonellau cyflenwi, rheoli perthynas bresennol efo'r cyflenwyr

Average time spent (%) on Market Development and Management:
e.g. Developing relationships with providers, investigating potential market/ sources of supply, managing existing supplier relationships

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✱13. Amser wedi ei wario ar gyfartaledd (%) ar brosesau a systemau caffael:
e.e. Rheoli prosesau a systemau i gefnogi caffael a rheolaeth cytundebau: e.e. gweinyddiaeth o systemau megis Rhestrau Cymeradwy, cardiau pwrcasu, systemau prisio swyddi, Pwrcasu i Dalu, eTendro, eRheoli Cytundebau ayyb

Average time spent (%) on procurement systems and processes:
e.g. Managing processes and systems to support procurement and contract management; e.g. administration of systems such as Approved Lists, purchase cards, job-costing systems, Purchase to Pay, eTendering, eContract Management etc

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✱14. Amser wedi ei wario ar gyfartaledd (%) ar roi cyngor Caffael/Cyfreithiol/Comisiynu, a chefnogaeth gyffredinol:
e.e. Darparu cefnogaeth gyffredinol mewn perthynas â chaffael, comisiynu neu materion cyfreithiol cytundebau, yn ogystal â chomisiynu cyffredinol/cefnogaeth caffael yn cynnwys sicrhau buddion.

Average time spent (%) on giving Procurement / Legal / Commissioning advice and general support:
e.g. Providing general advice in relation to procurement, commissioning or contract legal issues as well as general commissioning / procurement support including capturing benefits realisation.

[   ]

✱15. Amser wedi ei wario ar gyfartaledd (%) ar unrhyw dasgau Comisiynu a/neu Caffael sydd heb ei amlygu eisoes yn yr arolwg.

Average Time (%) spent on any other Commissioning and/ or Procurement Tasks not already highlighted in this Survey.

[   ]

✱16. Beth yw cyfanswm yr amser, ar gyfartaledd, o'ch swydd yn gyffredinol ydych yn ei wario ar:

What is the total average percentage time of your overall job that you spend on:

Gomisiynu a/neu gweithgareddau Caffael (Fe ddylai hyn fod yn gyfartal â'r cyfanrediad o amser sydd wedi ei roi yn eich ymateb i Gwestiynau 7 i 15) / Commissioning and / or Procurement activities (This should equate to the total aggregation of time stipulated in your response to Questions 7 to 15)   [   ]

Gweithgareddau eraill / Other activities   [   ]