

# Corporate Policy and Scrutiny Committee

Procurement Services

March 2018



Essex County Council

# **Agenda**

## **March 2018**

- Review of approach to procure contracts and the effectiveness of this approach
- Review ECC's capability for procuring large/high value contracts

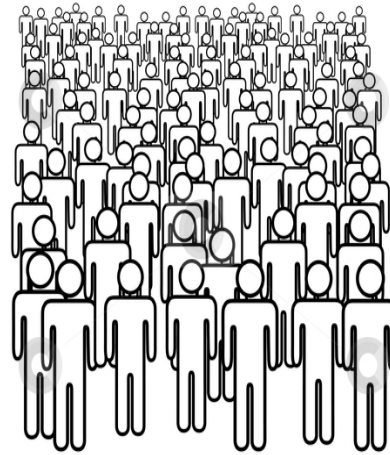
## **Discussion item**

- Consideration of procurements that the Committee could engage in through a Task & Finish

# Who do we contract with?



£1.2 billion  
per annum  
(5 x pay bill!)



9,000  
suppliers  
40 strategic\*



1 OJEU per  
week

\* Tier 1a suppliers (spend and risk dimension)

# **Managing the market:**

## **Procurement and Commissioning Cycle**

Procurement is part of the end-to-end commissioning cycle, and must support through the cycle:

- Help to inform the commissioning strategy – spend analysis, market analysis, existing contract performance, commercial insight.
- Inform the make v buy decision.
- Run the sourcing process.
- Manage contract mobilisation.
- Manage the contract and supplier relationship throughout the life of the agreement.

# The Procurement Cycle

- Review service delivery Vs business needs
- Review customer feedback

- Determine business requirements
- Run tender process
- Select successful supplier(s)

Reviewing service

Going to market

Managing Contract

Awarding Contract

Trends



Issues and complaints

One off



- Performance manage
- Risk management
- Contract compliance
- Relationship management

- Award contract
- Transition to new service

# Managing the market

## A risk based approach to sourcing

- OJEU rules for services (£181,302) or works (£4,551,413)
- Strategic contracts need to provide best value overall not on every component; so we may not always get the best price on every element of a contract
- Suppliers need profitable sustainable contracts

Value	Approach	Estimated annual value of awards
< £10k	Single price, best value consideration. Self serve	£4m
£10k - £100k	Request for quotation (3 prices), select cheapest. Self serve	£25m
£100k – OJEU threshold	Simple tender. Central team manage	£26m
> OJEU threshold	Central team manage	£1,100m

# Managing the market:

## Supplier & Contract Management

1. Manage contracts to retain the benefits & drive additional benefits
2. Feed in issues and complaints to management cycle: formal & informal

### Sourcing

- Using procurement rules
- Category Management methodology (to aggregate)

### Contract Management

- Complaints and Issues
- Variations
- Delivery/quality
- Performance indicators
- Supplier audits & reviews
- Financial performance
- Sustainability (including supply chain)

### Supplier Management

- Annual benchmarking
- Relationship surveys
- Cost down initiatives
- Efficiency improvements
- Continuous Improvement
- Eliminate waste

**Internal  
Focus**

**External  
Focus**

# Procurement Capability

Only County Council to be CIPs accredited

Good assurance rating from internal audit on Contract Management

More than 50% of team formally CIPs qualified

Year on Year savings delivered throughout the procurement lifecycle

Benchmark extremely positively Vs Public and Private sector

Extensive good practice and guidance in place

Excellent reputation in the sector and beyond





# What is on the horizon

Next 2 years major decision points for strategic suppliers

Supplier	Decision	By When
Servelec Annual Spend £0.6m	Contract extension	<b>July 2018.</b> Extension of up to 3 x 12 months possible.
MITIE 17/18 spend £22.7m	Contract extension	<b>October 2018.</b> Up to 5 year extension possible beyond expiry of October 2021.
Ringway Jacobs 17/18 spend £150m	Contract extension	<b>March 2019.</b> Up to 5 year extension possible beyond expiry of March 2022
Fujitsu Annual spend £3.6m	Extension or new procurement	<b>Contract expires July 2019.</b> Extension of up to 2 years possible.
Capita Annual spend £21.2m	Re-procurement of resourcing services	<b>Mobilisation by September 2019</b>
ECL (equipment) Annual spend £8.3m	New procurement	<b>To conclude by Q1 2020/21</b>
Veolia Annual spend £12m	Extension or new procurement	<b>Contract expires March 2021.</b> Extension up to October 2028 possible.
ECL and Allied (reablement) Annual spend £8.4m	New procurement	<b>Contract expires May 2021</b>

Dates shown are the 'drop dead' ones. Decisions need to be made well in advance to allow time to re-procure should that be agreed. .

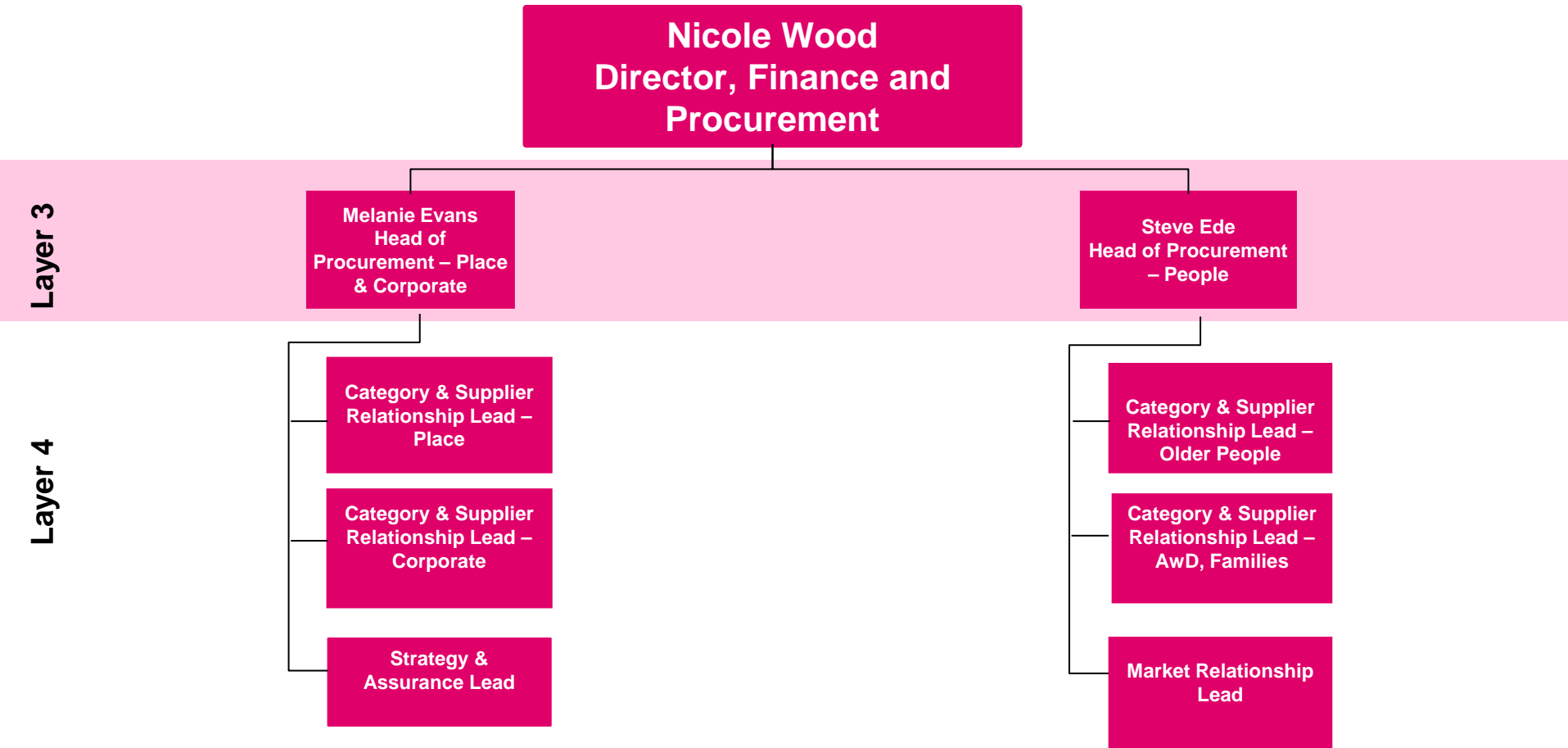
# Any questions?



Essex County Council

# Appendix 1

## Procurement High Level Structure (as at 1<sup>st</sup> April)



Procurement have a total of 69 FTE across a range of disciplines