

Action Plan - Procurement Review



| ID | Description | Priority | Difficulty | Responsible person | Target Date | Comments |
|----|--|----------|------------|--------------------|-------------|----------|
| | Procurement Organisation | | | | | |
| P1 | Work with senior stakeholders to establish a Procurement Service Order (PSO) by way of a strategic procurement document for revision and approval. Develop bitesize sessions delivered to introduce the new Service Order across the organisation. Such documents will provide guidance to the whole business (including Procurement) on how the business will achieve best value from its expenditure, how it will control its expenditure, and how it will manage risk and opportunities with Suppliers. | High | Medium | | | |
| P3 | Create a real-world example of better value at EF&R. Begin internal collaboration to build a business case and procurement plan for waste management services as a project, achieve alignment on specifications and ultimately tendering using an appropriate collaborative framework. Procurement to lead with sponsorship from the CFO. This would also be an opportunity to share a good strategy in which Barkers can support. | High | Medium | | | |
| P4 | Create a real-world example of better value at EF&R. Conduct an independent review and re-specify the consumable parts for spares required for the fleet | High | Medium | | | |
| P5 | Review all suppliers with more than 40 invoices being generated per year and validate processes, consider invoice consolidation and supplier rationalisation | High | Medium | | | |
| P6 | Within this structure, place all activities associated to PO raising and management with business operations and not procurement. | High | Medium | | | |
| | Strategic Procurement | | | | | |

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| P9 | <p>Perform a review of all the key Categories where the Supplier lists are long and, working closely with the business to develop a plan to address and create savings approach in each Category.</p> <p>Of the £16.9m the spend the addressable is approximately between c.£7m – c.£9m which will require further review. The approximate figure excludes spend related to Home Office (£1.6m) and committed contract spend (c.£6m)</p> <p>Given the lack of management of many of these categories, while allowing for inaccuracy in any reporting, we anticipate savings of >10% achievable. Based on the approximate addressable spend, we would approximate savings between c.£700K - £900K to be considered achievable via this programme. Savings may comprise hard cash savings, rationalisation and cost avoidance.</p> | High | High | | | |
| P10 | <p>Develop a project pipeline with outcomes, sourcing options and timelines for agreement with the stakeholders and include all the expired contracts which have been extended where the aggregate spend value meets the public procurement thresholds. Set a priority to manage for CM resource allocation and sponsorship.</p> | High | High | | | |
| P11 | <p>Establish processes to monitor any excessive Waiver (single sourcing) and report as part of a monthly dashboard submitted into the Management Board.</p> | Medium | Medium | | | |
| P12 | <p>Review the need for third party Property Consultants, including Ingleton Wood and Calford Seadon (combined committed spend c.£250K).</p> | High | Medium | | | |
| P13 | <p>While there is c.£211K spent using purchase cards, the Service may consider increasing this spend to cover low public threshold expenditure e.g. up to £5K. Capturing this data on purchase cards would enable the Category Managers review, monitor and address as appropriate.</p> | High | Medium | | | |

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| P14 | Continue to address and report the outcomes for the RSM audit report dated 21 July 2020 and manage reporting at agreed frequencies with Audit/Finance | High | Medium | | | |
| P15 | Control the on-boarding and off-boarding of suppliers from the systems to ensure that the Supplier Base is actively controlled. | High | Medium | | | |
| Contract Management Approach | | | | | | |
| P16 | Establish a Contract management programme and toolkit. In segmenting the Supplier base by opportunity, expenditure and risk, the business will be able to focus its efforts with critical and strategic suppliers, building Executive relationships where appropriate to obtain greater value from these suppliers. | High | Medium | | | |
| P17 | Establish a set of Roles and Responsibilities for the business on a Category (and where necessary, Supplier) basis to ensure that the Business and Procurement's role in managing Supplier Performance is understood. The key principle to establish is that operations should manage day-to-day issues, with Category Managers (those in Procurement Team) being the commercial escalation point. | High | High | | | |
| P18 | Utilise the Contract Management toolkit to develop consistent approaches to Anti- Modern Slavery, Sustainability, Anti-Bribery and Corruption and Health & Safety which can be used by the Procurement team and the business to manage and mitigate risks in the Supply Chain. The scope of this should include going as deeply into the supply chain as Executive management considers appropriate to meet the business's vision and values. It may be necessary to buy Supplier Audit expertise to check on certain suppliers/supply chains | High | High | | | |

Actions outside the Procurement function

Without these changes taking place, the business changes within Procurement will not be fully effective. Discussions with the Directors of the business indicate that it is recognised that the business cannot be fully effective in its management of cost, and the procurement thereof, without making changes to the operations of the business, optimising the flow of activity to the procurement function.

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| B1 | Drive a change in attitude and approach from the business stakeholders that a greater consolidation of suppliers is in the businesses interest to reduce costs. In this regard the business operations should re-focus its touch points with the procurement function (demand management, forecasting, ownership in supplier performance and relationships, and the Procure-to-Pay process). This will help drive savings creation against budget, improve engagement with the business and improve supplier relationships and performance. | High | High | | | |
| B4 | Provide time and resource to work with the Procurement team. This activity should be focussed on building a planned operation which reduces the need for reactive buying and so should have the appropriate reports and monitors in place. | High | High | | | |