



CAI.21 13/14

Challenge and Improvement  
Committee

Date: 29 October 2013

**B**

**Subject: Procurement - Annual Report 2012/13**

Report by:

Russell Stone

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Purpose / Summary:

To present the Procurement Lincolnshire Annual  
Report 2012/13

**RECOMMENDATION(S): That Members note the content of the report.**

**IMPLICATIONS**

**Legal: None**

**Financial Ref FIN/30/14**  
**The WLDC target savings for 2012/13 from procurement activity facilitated by Procurement Lincolnshire was £86k, the actual savings achieved was £156k resulting in a rate of return of 3.36%. The cumulative 5 year savings attributed to WLDC is £652k.**

**Staffing : None**

**Equality and Diversity including Human Rights :**  
*NB: Please explain how you have considered the policy's impact on different groups (for example: young people, elderly, ethnic minorities, LGBT community, rural residents, disabled, others).*

**Risk Assessment : None**

**Climate Related Risks and Opportunities :**

**Title and Location of any Background Papers used in the preparation of this report:**  
*Wherever possible please provide a hyperlink to the background paper/s  
If a document is confidential and not for public viewing it should not be listed.*

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

*i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)*

<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<input checked="" type="checkbox"/>
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**Key Decision:**

*A matter which affects two or more wards, or has significant financial implications*

<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<input checked="" type="checkbox"/>
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## **Executive Summary**

The attached Procurement Lincolnshire 2012/13 Annual Report provides an overview of the achievements and key benefits delivered on behalf of its members.

### **1 Introduction**

- 1.1 Procurement Lincolnshire is part of a wider shared services programme which has been delivered in response to elected members desire for authorities to work collaboratively to generate benefits that would not be achievable by working alone.
- 1.2 The partnership aims to deliver cashable savings through socially responsible, and efficient and effective, procurement.
- 1.3 Each year an Annual Report is prepared by Procurement Lincolnshire detailing their performance, and the report 2012/13 is attached for consideration.

# PROCUREMENT LINCOLNSHIRE

## 2012/13 ANNUAL REPORT



## **Forward**

I am pleased to present our 2012/13 Annual Report which sets out the work that Procurement Lincolnshire has delivered on behalf of its eight partners. The service continues to deliver significant savings through better procurement and has further strengthened its relationships with local businesses, working alongside the Chamber of Commerce and the Federation of Small Businesses. Procurement Lincolnshire is an excellent example of the benefits of collaborative working and a model that other authorities are keen to learn from.

As the Chair of the Procurement Advisory Board I work closely with the service and colleagues from across the partnership to ensure that the service maintains its high standard and continues to deliver value for money. The service faces increasing challenges with budgets continuing to be tightened and possible changes in the way that services are provided. Procurement Lincolnshire however has a proven record of continuous improvement and is in a strong position to carry this forward over the coming months and years.

This report provides an overview of the work of the service over the last year and highlights some of the key benefits that have been delivered by Procurement Lincolnshire on behalf of its partners.



**Manjeet Gill**

**Chair - Procurement Advisory Board**

## **2012/ 13 Highlights**

- Implemented a "Supporting Local Suppliers and SMEs" policy encouraging the use of local suppliers for low value purchases.
- Delivered a comprehensive supplier training programme with over 600 individual suppliers attending training workshops and events in 2012/13.
- Introduced SME friendly documentation to make it easier for small businesses to bid for Council contracts.
- Delivered over £5.1 million cashable savings in 2012/13 through procurement.
- Influenced procurement policy at a regional and national level raising the profile of the Lincolnshire Councils.
- Worked with East Midlands Councils to develop best practice spend analysis through LCAT (Lincolnshire Category Management Tool). To date 16 authorities are buying the LCAT service, with significant additional interest from across the country.
- Supported more of our staff to achieve their professional qualification through the Chartered Institute of Purchasing and Supply.
- Promoted the Public Services (Social Value) Act 2012. Working with the Voluntary and Community Sector to build this in to our procurement process.

## **Executive Summary**

Our annual report for 2012/13 presents the achievements of Procurement Lincolnshire over the last financial year, highlighting our work to deliver two key objectives:-

1. Socially Responsible Procurement
2. Efficient and Effective Procurement

Delivering savings through procurement will always be at the core of our work; however the value of the shared service goes well beyond benefits that can be measured in monetary terms alone. Our continuing engagement with the local business community supported by our close working relationship with the Federation of Small Businesses and the Chamber of Commerce helps us to understand how we can encourage more local businesses to bid for Council contracts. We have met with many suppliers over the last year at our regular training events and through our annual Meet the Buyer event - we have listened to local businesses and worked with our eight Partner Authorities to agree and implement a 'buy local' policy which demonstrates the commitment from all Partners to support local suppliers for lower value purchases. Our Community Purchasing Action Plan sets out the work that we are doing to support growth in the local economy through procurement, this work ranges from making sure our processes and documentation are as simple as possible through to working with large contractors to ensure that they have fair payment terms in place throughout the supply chain.

We are proud of our work to help deliver savings of over £18 million since we began as a shared service and of the £5 million of savings that have been delivered in 2012/13. These savings mean that each of our partners enjoys a sound return on investment (ROI), the average ROI is 4.33 but for some of our partners this is much higher.

Our Partner Authorities have access to high quality procurement support from a professional team of Procurement and Contracts officers with a wide range of knowledge and experience. The team provides expert advice on all aspects of procurement, from advising on complex EU procurement processes to minimise risk to practical help and guidance on how to get the most from suppliers. We have adopted a Category Management structure within the team which means that our officers have developed in depth expertise within their specialist area, for example our construction category manager has over thirty years' experience in construction procurement and has worked in the private and public sector on a national and international level. The service provides a forum for discussion around shared issues and joint solutions to



problems common to more than one Partner – a good example of this is the work that is now happening to look at the provision of leisure services. This project is being sponsored by a Chief Executive from one of the eight partner authorities and it is bringing together representatives providing a forum for the authorities to discuss current and future requirements and potential joint opportunities.

We continue to invest in the development of our Procurement and Contract Officers, for example we support our staff to achieve professional qualifications through the Chartered Institute of Purchasing and Supply (CIPS). This year three of our officers became full Members of the Chartered Institute of Purchasing and Supply (MCIPS) making a total of ten Officers in the team who have achieved this prestigious qualification.

Procurement Lincolnshire influences procurement policy at a national level through its membership on the LGA National Advisory Group for Procurement (NAG4P) and on a regional level through the East Midlands Property Alliance (EMPA). We have secured project funding through our work at a national and regional level for a number of projects; LGA funding to support the Refuse Fleet project and as lead Council on the LGA National Construction Stream work-stream which is part of the National Procurement Strategy for Local Government.

Our e-procurement programme continues to develop. Firefly, our comprehensive contract management system helps us to plan for the future and manage risk effectively and our spend analysis tool LCAT (Lincolnshire Category Analysis Tool) is helping us to identify greater opportunities for joint procurement across the East Midlands. LCAT attracted great interest from other Local Authorities throughout the development process and 16 authorities across the East Midlands have now signed up to LCAT for a five year period.

In 2012/13 we actively encouraged greater feedback from our clients and suppliers and we have used this to look at how we can strengthen and further improve the service going forward. Feedback from our partners is that the service represents excellent value for money – we are determined to continue to provide great value to all of our partners and to support them during the extremely challenging times that they face by providing an excellent service and delivering savings and wider benefits.

## **Procurement Lincolnshire Strategic Objectives**

- Socially Responsible Procurement – developing and embracing socially responsible procurement that delivers value for money, engages with local and regional suppliers to promote the local economy, and takes into account the social and environmental impact of spending decisions.
- Efficient and Effective Procurement – delivering year on year efficiencies, but not at the cost of quality.

### **1. Socially Responsible Procurement**

#### **1.1 Training in Public Procurement**

A successful series of Training in Public Procurement (TIPPs) events has been completed during the last year. With support once again from the Chamber of Commerce and the Federation of Small Businesses, two blocks of training took place; the first during April and May 2012 and the second block between September and November 2012. A total of 16 events attracted over 140 suppliers.

#### **1.2 Local Purchasing Policy**

With the vast majority of suppliers in Lincolnshire being Small and Medium Sized Enterprises (SMEs) it is important that they are given every opportunity to bid for work and are not disadvantaged by their size. Support for local suppliers is seen as a priority for all partners, which is why a 'buy local' policy has been adopted. This means that for low value purchases below £5,000, it is expected that a local supplier will be used, while for contracts between £5,000 and £25,000, at least one local supplier will be asked to provide a quote. This work is in addition to the other training and support that PL gives to local suppliers

#### **1.3 Community Purchasing Action Plan**

Procurement Lincolnshire's Community Purchasing Action Plan sets out how we support local suppliers within the constraints imposed by procurement related legislation. A summary of the current plan is attached as Appendix A. Within the Plan, we recognise that local purchasing can be a catalyst for economic regeneration and social development and as such, it is one of the priorities for the partnership. We have actively worked with the local supplier community over the last 12 months to help suppliers understand what is required of them, that our documents are clear and unambiguous and that we recognise what suppliers can contribute to the process.

As part of our approach to support the supplier community, we have:

- Continued to work closely with the Federation of Small Businesses (FBS) and the Lincolnshire Chamber of Commerce (CofC).
- Delivered a range of training courses for suppliers through our Training in Public Procurement Programme, (TIPPs)

- Arranged Meet the Buyer events and supported supplier engagement events across the county.
- Worked with the voluntary and community sector to ensure they are aware of opportunities and understand how to get involved.

### **Case Study 1 – Supporting Local Enterprise through effective Partnership Working**

#### **City of Lincoln Housing Stock**

The City of Lincoln Council manages and maintains a housing stock comprising around 8,000 properties. In order to meet its responsibilities, the Council packaged all its improvement investment works together into one partnering contract.

The Council wanted to appoint one main Contractor for all the work for a potential 10 year partnering arrangement. It was therefore important that the procurement exercise considered SME opportunities and ensured inclusion of the local supply chain.

#### **Benefits Include:**

- Engagement of local SMEs through the hosting of a contract specific Supplier Day.
- Bespoke high value training session provided to suppliers in line with contract timescales.
- 100% of the contract work-force lives within the Councils definition of “local” area.
- A structured Apprenticeship Programme established which incorporates local Colleges.
- The main Contractor able to harness the local supply chain partners, maximising training and employment opportunities.
- The contract incorporates the delivery of several community based projects ranging from providing tools, seeds and plants for allotments, working with young people to teach about money management and running a time bank where Contractor staff can donate hours to help community run schemes.

## **1.4 Staff Training and Development**

CIPS (Chartered Institute of Purchasing and Supply) qualifications are recognised throughout the world as a mark of professionalism in the procurement industry. Procurement Lincolnshire invests in the future of its staff by encouraging them to study through one of the various routes offered by CIPS which will allow them to achieve their professional qualification. Procurement Lincolnshire works closely with CIPS to ensure staff progress with their qualification in a way that best supports business needs and underpins their knowledge at each stage of their career.

Procurement Lincolnshire is pleased to have supported an additional three of its Officers in achieving their MCIPS award this year, the final stage in the qualification process. This is in addition to the seven Officers who have already achieved the qualification previously, with the rest continuing their studies to achieve it in the near future.



Jacqueline Gray, Matthew Hird and Marie Kaempfe-Rice

## 1.5 Wider Partnership Working

Procurement Lincolnshire represents the eight Lincolnshire Councils and the East Midlands authorities on a number of regional and national groups. This work helps to raise our profile and provides a forum for the service to influence policy at a regional and national level. Through this work the service has successfully secured funding to support a number of key projects, examples include £20,000 for the refuse fleet project, £20,000 to lead on the LGA national construction work stream and over £100,000 to support the further development of LCAT. Examples of our wider partnership work include:

### ***LGA National Advisory Group for Procurement***

The National Advisory Group for Local Government Procurement (NAG) is a national group of senior procurement officer leads who advise on and support the development of local government procurement. They have links to the Regional Improvement and Efficiency Partnership (RIEP) legacies, regional procurement lead groups, Pro 5 and Society of Procurement Officers in Local Government (SOPO). In 2012/13 the group worked with the Cabinet Office and European Commission in responding to the proposed changes to the EU Procurement Directives and was central in the development of the National Procurement Strategy for Local Government.

### ***East Midlands Property Alliance (EMPA)***

PL is on the Board of EMPA and is able to influence the development of new construction frameworks to ensure that the needs of the Lincolnshire Councils are fully considered by EMPA. Additionally PL is represented on a regional project team working with EMPA to review and re-let two major frameworks.

## 2. Efficient and Effective Procurement

### 2.1 Savings

Cumulative savings for the period 2008, when Procurement Lincolnshire was established, up to June 2013 are shown in Table 1. Return on Investment for 2012/13 and Savings delivered in 2012/13 are set out below in Tables 2 and 3 respectively.

Savings have been calculated using the savings methodology agreed by the partners at the outset of the partnership. A comprehensive review of the savings methodology is being undertaken to ensure that it remains fit for purpose. As part of this review feedback received through formal scrutiny reviews undertaken by the District Councils will be considered. The review is also looking at the wider benefits that Procurement Lincolnshire deliver and will make recommendations about these wider benefits can best be reported. Future savings figures will be calculated using the new savings methodology.

**Table 1 - A Comparison of Cumulative (5 Year) Savings against Cumulative Targets**

Authority	Cumulative Savings	Cumulative Target	Variance
Boston Borough Council	£ 554,530	£ 224,038	+148%
City of Lincoln Council	£ 1,393,482	£ 306,318	+355%
East Lindsey District Council	£ 971,621	£ 652,565	+49%
Lincolnshire County Council	£ 9,688,839	£ 6,648,963	+46%
North Kesteven District Council	£ 2,544,770	£ 392,566	+548%
South Holland District Council	£ 1,547,304	£ 367,952	+321%
South Kesteven District Council	£ 975,317	£ 226,741	+330%
West Lindsey District Council	£ 652,327	£ 283,602	+130%
<b>Total</b>	<b>£ 18,328,190</b>	<b>£ 9,102,745</b>	<b>+101%</b>

\*The variance shows the variance in performance against the target, a fully met target would show 0% variance, rather than 100%. The calculation is:  $((\text{Savings} - \text{Target}) / \text{Target}) * 100$

**Table 2 – A comparison of 12/13 contributions against 12/13 targets**

Authority	Current Contribution	Saving	ROI
Boston Borough Council	£ 20,000	£ 97,293	<b>3.86</b>
City of Lincoln Council	£ 39,953	£ 468,602	<b>10.73</b>
East Lindsey District Council	£ 39,953	£ 166,912	<b>3.18</b>
Lincolnshire County Council	£ 721,133	£ 2,047,968	<b>1.84</b>
North Kesteven District Council	£ 35,875	£ 1,317,510	<b>35.73</b>
South Holland District Council	£ 35,875	£ 667,095	<b>17.59</b>
South Kesteven District Council	£ 39,953	£ 238,885	<b>4.98</b>
West Lindsey District Council	£ 35,875	£ 156,291	<b>3.36</b>
<b>Total</b>	<b>£ 968,617</b>	<b>£ 5,160,556</b>	<b>4.33</b>

*\*calculated as follows*

*ROI = (cashable savings – partner contribution )/partner contribution*

**Table 3 - A comparison of 12/13 savings against targets**

Authority	Savings	Target	Variance*
Boston Borough Council	£ 97,293	£ 61,734	<b>+58%</b>
City of Lincoln Council	£ 468,602	£ 85,402	<b>+449%</b>
East Lindsey District Council	£ 166,912	£ 193,071	<b>-14%</b>
Lincolnshire County Council	£ 2,047,968	£ 1,828,207	<b>+12%</b>
North Kesteven District Council	£ 1,317,510	£ 116,151	<b>+1034%</b>
South Holland District Council	£ 667,095	£ 108,391	<b>+515%</b>
South Kesteven District Council	£ 238,885	£ 67,748	<b>+253%</b>
West Lindsey District Council	£ 156,291	£ 86,333	<b>+81%</b>
<b>Total</b>	<b>£ 5,160,556</b>	<b>£ 2,547,037</b>	<b>+103%</b>

\*The variance shows the variance in performance against the target, a fully met target would show 0% variance, rather than 100%. The calculation is: ((Savings – Target)/Target) \* 100



**Case Study 2 – Achieving savings through collaborative procurement****Refuse Collection Vehicles (RCV's)**

In 2012 Procurement Lincolnshire led a project for the collaborative procurement of refuse collection vehicles and associated fleet management and maintenance services.

The project involved the standardisation of vehicle specifications and fleet acquisition methods and aggregating demand across the County and with neighbouring regions. This was achieved by working closely with all of the Lincolnshire waste collection authorities who deliver an in-house waste collection service, as well as a number of authorities in the North Yorkshire region and other stakeholders including the LGA, in order to maximise the benefits of the collaboration.

The benefits of this exercise are substantial and demonstrate an excellent example of partnership working.

**Benefits include:**

- Significant savings derived from the collaboration. The two phase process will result in savings in excess £2.5m over the initial 7 year term of the fleet management & maintenance contracts for the participating Lincolnshire Authorities.
- Positive experience of collaborative working for all participating partners.
- Common specification and common acquisition method agreed making the contract more attractive to the market.
- Staggered start dates enabling all possible districts to participate and ensuring a common contract period for future procurement.
- Provides the opportunity for a consistent approach to support effective contract management and continuous improvement.
- Challenging existing ways of doing things (because we have always done it this way).

## 2.2 Category Management

We have adopted a category management structure to consolidate specialist knowledge and better able it to identify collaborative opportunities that will best serve the needs of its partners.

*"Category management is a process which relies on cross functional teamwork to generate procurement outcomes that fully satisfy agreed business needs. Categories group products and services together based on the ability of the market to supply not on the basis of organisational boundaries." (CIPS)*

### Our Category Management Structure

CATEGORY 1	CATEGORY 2	CATEGORY 3
<ul style="list-style-type: none"> <li>• Facilities Management</li> <li>• Housing Stock</li> <li>• Grounds Maintenance</li> <li>• Utilities</li> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Management</li> <li>• Consultancy</li> <li>• Information Communication Technology</li> <li>• Financial Services</li> <li>• Waste Collection</li> <li>• Fleet</li> </ul>	<ul style="list-style-type: none"> <li>• eProcurement (inc. LCAT; Firefly; Commissioning Review)</li> <li>• Arts and Leisure</li> <li>• Miscellaneous</li> </ul>

During 2012/13, our category teams have worked on a large number of projects including:-

- Provision of the Select Lincolnshire (SL) service – the service is provided to suppliers who are from the local agriculture, horticulture and food sectors.
- Supply, install and maintain Solar PV for Waste Transfer Stations
- Wall Repairs for Lincoln Castle – the first of a programme of contracts let regarding the £20 million refurbishment of the Castle
- Refuse Collection Vehicles
- Lincs2Print, a print framework open to all partners
- MSTAR – a temporary agency staff contract

## 2.3 E-Procurement Programme

### e-Contract Management

We have been working very closely with the developer of 'Firefly', the system used to register and manage contracts, to make sure it is robust and meets the complex and variable requirements of our partner authorities.

The system provides an overview of all contracts across every partner authority. This will set the foundations for a much more data driven strategic approach to category management in the future.



**Benefits include:**

- Comprehensive contract management system and the ability to forward plan
- The ability to more accurately forecast demand
- Provides the ability to set up collective contracts
- Compliance with the transparency agenda; Procurement Lincolnshire has the ability to easily publish an up-to-date and accurate contract register.

**Spend Analysis**

Our independent spend analysis platform 'LCAT' (Lincolnshire Category Analysis Tool) was developed by Procurement Lincolnshire and with funding from East Midlands Regional Improvement and Efficiency Partnership (EM RIEP) it has been successfully established as a valuable analysis tool, not only for category management but when analysing partners spend.

A Grounds Maintenance collaborative opportunity and a Leisure Management commissioning strategy project have been identified by analysing spend data through LCAT.

The tool has proven to be so effective that it has attracted large amounts of interest from other Councils in the East Midlands; to date 16 authorities have joined the project and others are considering joining.

**Benefits include:**

- Compares like for like spend across the partners
- Provides analysis and comparison of accurate spend data for successful category management
- Supports collaborative category analysis
- Aids joint market development and using combined purchasing power to reduce future costs
- Resilient infrastructure will ensure Procurement Lincolnshire is able to respond to the demand for information to assist in delivering increased savings.

**2.4 Process Savings**

Non-cashable savings made through improved processes are shown below.

<b>Process Savings Total</b>	
<b>Projects</b>	<b>Process Savings</b>
e-Tendering / Collaboration / One-off	766,430
P-Card / Continuous savings	1,601,517
<b>Total Savings</b>	<b>2,367,947</b>

## 2.5 Supporting Best Practice Procurement

Over the last 12 months we have reviewed all of our procurement documents to ensure they are fit for purpose and reflect legislative changes that have occurred during the year. The team has worked closely with colleagues from Legal Lincolnshire and across the councils to ensure that the documents reflect the needs of everyone likely to make use of them.

As a result of this work, a series of documents are now available which take account of the changes that have been identified and reflect best procurement practice. The documents are wide ranging and include simplified versions where contracts are for a lower value or are lower risk, together with revised 'Invitation to Tender' documents for both goods and services.

## 2.6 Communication and Feedback

Communication is an important aspects of our work which is why, over the last twelve months, we have reviewed how we communicate with a range of organisations, from suppliers wanting to work with us, through to partner authorities who need to understand about projects we are working on. During the year we have:

- Developed a twitter account which now has over 350 followers
- Reviewed and updated our web-site.
- Issued a regular supplier newsletter to over 300 suppliers.
- Produced fortnightly procurement bulletins to make sure the team are all aware of developments.
- Reviewed how we communicate with elected members and developed a members' newsletter.
- Following each tender exercise we request comments on our performance from colleagues that we have worked with. An example is shown below:-

*"Dear Mark, I thought it appropriate to feedback back to you Lincolnshire Procurement's support and involvement for the procurement of a supplier for senior leadership. Firstly, I was behind in my timescales and rather rushed, I spoke to HS at a meeting (on another matter) the day before she was due to go on leave to the USA. I knew HS had a very busy diary up to the point of her leave. I asked if anyone could help, thinking, this is now a difficult and challenging ask and a bit unfair on my part! HS smiled and said 'leave it with me'. Within a short time HS brought JA to meet me who was able to offer her services at such notice. We discussed the work and JA very swiftly determined the tasks that needed doing related to pricing and evaluating each tender fairly, openly and able to withstand any legal challenge. JA then produced that work. It made evaluation scoring simple yet in-depth.*

*JA took the Evaluation Panel through the whole process including presenting to the Chief Executive and leading a Corporate Executive Director, Assistant Director, Head of Service and some of my Team members, including myself. JA was extremely professional, delivered the work to a high standard and timely, withstood challenge, and produced many written responses to some tricky requests. Overall the service JA provided was excellent and well briefed by HS. We achieved our outcome as planned. We have commissioned an excellent organisation. One of the Bidders spoke to me during the procurement process to comment that the whole Tender document was excellent, very clear and easy to follow".*

**Martin Purnell, Head of Workforce Strategy – Lincolnshire County Council**

- We also ask for feedback from suppliers following all TIPPS training events. The comment below is an example of how suppliers view our support:-

*“I wanted to record my sincere thanks for what was a most informative event, providing such invaluable insight and understanding of the requisite protocols & processes involved with public sector procurement. As a new, local start-up business (with ambition!), I now feel informed and equipped to take the steps required to seek and secure public sector work within Lincolnshire”*

**Nigel Herbert, Director of Husol Ltd after attending a TIPPS event**

### 2012/ 13 Key Performance Indicators

KPI	Performance Indicator	Performance indicators to understand how we are improving	2012-13 Annual Target	2012-13 Actual
12/13 – 1	Efficiency and Value for Money	<p>Savings delivered by the shared service partnership</p> <ul style="list-style-type: none"> <li><i>– this measure will be the Cashable savings, as defined within the savings model agreed by the partnership governance board</i></li> <li><i>– includes savings from LCC grey fleet review</i></li> </ul>	<b>£2,547,037</b>	<b>£5,160,556</b>
12/13 – 2	Efficiency and Value for Money	<p>Average partner ROI from service</p> <ul style="list-style-type: none"> <li><i>– calculated as follows:</i></li> </ul> $ROI = (cashable\ savings - partner\ contribution) / partner\ contribution$ <ul style="list-style-type: none"> <li><i>– includes savings from LCC grey fleet review</i></li> </ul>	<b>1.63</b>	<b>4.33</b>
12/13 – 3	Collaborative Procurement and Partnerships	<p>% of new contract spend through collaborative arrangements</p> <ul style="list-style-type: none"> <li><i>– calculation as follows:</i></li> </ul> $total = (total\ collaborative\ contract\ value / total\ contract\ value) * 100$ <ul style="list-style-type: none"> <li><i>– only includes projects that PL have lead i.e. excludes general advice / support</i></li> </ul>	<b>60%</b>	<b>57.4%</b>

12/13 – 4	Regeneration	Number of engagement events held to engage with local suppliers and SMEs	<b>34</b>	<b>30</b>
12/13 – 5	Regeneration	Number of local suppliers trained as a % of the local supply market	This KPI was introduced in 12/13, this figure will represent the baseline for reporting in the future	<b>2.5%</b>
12/13 – 6	Regeneration	The % of bids received by local suppliers  <ul style="list-style-type: none"> <li>– <i>we have developed our systems to report on this data but we are unable to access a baseline. Once a baseline has been established we will be able to report on this KPI.</i></li> <li>– <i>calculation as follows:</i>   <math display="block">\text{total} = (\text{total bids from local suppliers for the year} / \text{total bids for the year}) * 100</math> </li> </ul>	This KPI was introduced in 12/13, this figure will represent the baseline for reporting in the future	735 Local 576 not local  <b>56.1%*</b>
12/13 – 7	Regeneration	Increase in spend with local businesses**	<b>+0.25%</b>	<b>-2.9%</b>
12/13 – 8	Community / Customer Involvement	Average internal directorate satisfaction score  <ul style="list-style-type: none"> <li>– <i>Post procurement support questionnaire provides feedback for these scores to be calculated.</i></li> </ul>	<b>4 / 5</b>	<b>4.5 / 5</b>

\* The Housing Planned Maintenance Partnering Contract for City of Lincoln was let in quarter 3 with a total value of £52m. Without this contract the figure would be 97% of new contract spend through collaborative arrangements.

\*\* Local is defined by having a Lincolnshire postcode. The business is matched by using its invoicing address from partner FMS systems.

Our key performance indicators changed in 2012/13 and, therefore, in order to demonstrate our performance over the life of the shared service we have included a summary below of our direction of travel measured over the five key areas of our service.

Key Service Area	2009/10	2010/11	2011/12	2012/13
Efficiency and Value for Money	↑	↑	↑	↑
Training and Development	↑	↑	↑	N/A
E-Procurement and Procurement Cards	→	→	→	N/A
Collaborative Procurement and Partnerships	↑	↑	↑	→
Community and Customer Involvement	→	↑	↑	↑
Regeneration	→	↑	↑	↓

**2012/ 13 Financial Statement**

2012/13 PL Budget	£
<i>Staffing Costs</i>	
Salaries	616,801
On costs	164,303
Other Staffing Costs e.g. travel	40,700
<b>Total Staffing Costs</b>	<b>821,804</b>
<i>Non Staffing Costs</i>	
Supplies and Services	114,517
Legal Fees	16,271
Other Support Costs	37,122
<i>Total Non-Staff Costs</i>	<i>167,910</i>
<b>Total Staffing Costs</b>	<b>821,804</b>
<b>Total Non-Staff Costs</b>	<b>167,910</b>
<b>Total Costs</b>	<b>989,714</b>
Other Income	(63,522)
<b>Total Net Costs</b>	<b>926,192</b>
Budget	968,633
<b>(Under)/overspend</b>	<b>(42,441)</b>

The underspend for this financial year will be utilised to support development for the benefit of the Partnership over the coming year.

### **Looking forward 2013/ 2014**

There is continuing pressure on Local Authorities to make budget savings across the board while still delivering core services that meet quality standards, represent best value for money and take into account the wider benefits that can be provided to the local community through their procurement activities. Procurement Lincolnshire is ideally placed to support each of its Partners in meeting this significant challenge, both individually and wherever possible, on a collaborative basis.

Procurement Lincolnshire has demonstrated to its Partners through projects successfully completed over the year that there are significant savings to be made where collaborative opportunities are exploited. Procurement Lincolnshire will continue to work hard towards identifying future opportunities by analysing the available spend data, through its specialist category management expertise and the local knowledge built up by the strong working relationships its district liaison officers have with its Partners.

All eight Partners have given a commitment to remaining in the shared service for the next financial year with an agreement extending the Service Level Agreement for a further three year period currently being prepared for signature. Feedback from Partners is that the service represents excellent value for money with a significant Return on Investment that they would not be able to achieve separately and Procurement Lincolnshire remains committed to continuing to work with all of its Partners going forward to achieve maximum benefits over the coming years.

Procurement Lincolnshire has an excellent opportunity to influence national strategy and raise the profile of procurement having being chosen and awarded funding to lead the Construction Work-Stream of the National Procurement Strategy for Local Government and work is already underway to achieve this.

### **CONTACT DETAILS**

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## APPENDIX 1

# COMMUNITY PURCHASING ACTION PLAN

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*Local purchasing is increasingly recognised as a catalyst for economic regeneration and social development and it was therefore a key priority for Procurement Lincolnshire to implement this Action Plan to enhance mutually beneficial trading relationships with small businesses. The activities set out in this plan should not be considered as positive discrimination that favours local suppliers over those in the wider market, as this is counter to the EU treaty principles, but rather a way of ensuring the local market is equipped and supported well enough to ensure economic benefits are maximised.*

**This Action Plan is aimed at supporting and enabling the Council's procurement function(s) in supporting local communities in the areas identified below.**

## **1. IDENTIFY OPPORTUNITIES**

*How to identify appropriate contracts for local procurement - Priority Contracts are identified by analysing existing contracts or new procurement requirements in order to identify which opportunities may be suitable for local purchasing.*



**APPENDIX 1**

<b>Action to date</b>	<b>Future Action</b>
Currently collating 12/13 spend data	Review spend and supplier data to identify new opportunities
	Each category group plan to undertake refresh analysis
Contract register developed - Firefly rolled out (excl. SHDC & Boston)	Identify new collaborative contract opportunities
Incumbent supplier contract negotiations underway	Further engagement planned with key suppliers to identify opportunities for improvement in existing contracts
Development of 'local' and 'SME' reporting	Work to further develop 'local' and 'SME' reporting  Arrange to meet with the LRO to better understand the characteristics of the local supply market.  Better engagement and collaboration with Community Development teams across the partnership  Meet with key supplier (with local influence) – to discuss 'Social Value'

**2. ESTABLISH AND MANAGE CONTRACTS**

*How to reduce internal barriers to local procurement.*

<b>Action to date</b>	<b>Future Action</b>
New PQQ & ITT – Documents simplified and include additional guidance for both officers and suppliers.	Focus group with the VCS to review documents and pilot TIPP's planned for 18 <sup>th</sup> July - Sleaford
Work underway to roll out category led 'Procurement Surgeries'	Develop and introduce supplier surgeries across all categories and appropriate

**APPENDIX 1**

	works stream
SME & local supplier engagement and project / tender specific workshops - Suppliers days for collaborative projects  i.e. Responsible repairs and maintenance  Gas Appliance Service, repairs & maintenance contract	Hold more project & category specific workshops
Dedicated training offered to local suppliers for both the Repairs and the Gas Appliance Service contracts	Continue to undertake peer reviews and implement best practice

**3. BUILD LOCAL SME CAPACITY**

*How to understand and support the local supplier base.*

<b>Action to date</b>	<b>Future Action</b>
Raising the profile of Procurement Lincolnshire through improved and increased Supplier Engagement.  Recent events: <ul style="list-style-type: none"> <li>• 25<sup>th</sup> April 2013 – Responsive repairs &amp; maintenance</li> <li>• 8<sup>th</sup> May 2013 – Grandstand Lincoln – Collaborative gas appliance service, repairs and maintenance contract.</li> <li>• 14<sup>th</sup> May – Chamber of Commerce Business Breakfast -</li> </ul>	Planned events: <ul style="list-style-type: none"> <li>• Business Live Event</li> <li>• Build a Better Business Event – incl. Top Tips workshop</li> <li>• Autumn TIPP’s – Dates and venues to be confirmed</li> </ul>

**APPENDIX 1**

<p>Sleaford</p> <ul style="list-style-type: none"> <li>• 20<sup>th</sup> May – Grandstand Lincoln - TIPPs</li> <li>• 7<sup>th</sup> June – VCS Focus Group</li> <li>• 19<sup>th</sup> &amp; 20<sup>th</sup> June – Lincolnshire Show</li> <li>• 27<sup>th</sup> June – The Green business event – Boston</li> <li>• 1<sup>st</sup> July – Lincolnshire County Council Business Tent - England Women's Cricket day</li> <li>• 10<sup>th</sup> July – Third Sector Commissioning – Conference</li> </ul>	<ul style="list-style-type: none"> <li>• TOP TIPS workshops</li> <li>• 'Meet the Local Buyer' – NKDC</li> <li>• PL – Annual Meet the Buyer event</li> <li>• Chamber of Commerce Business Breakfasts</li> </ul>
<p>A very positive focus group meeting with representatives from the Voluntary and Community Sector to discuss the Social Value Act and understand how we can work together to embed social value into our processes</p>	<p>Further focus group / workshop</p> <p>Pilot TIPPs programme - assess suitability for the Voluntary and Community Sector.</p> <p>Review tender documents and T&amp;C's with the aim of identifying barriers.</p> <p>Develop a programme of support and guidance for the sector including signposting additional resources.</p>
<p>Developed procurement guidance</p> <ul style="list-style-type: none"> <li>• Selling to Procurement Lincolnshire – A Guide for Suppliers</li> <li>• A Pocket Guide for Suppliers – Procurement Top Tips</li> <li>• A Pocket Guide – Procurement (for Officers)</li> </ul>	<p>Continue to work closely with both Chamber of Commerce and Federation of Small Businesses.</p>
	<p>Develop closer links with Economic Regeneration colleagues to develop capacity</p>
	<p>Implement an 'Annual' Pre- Qualification Questionnaire (PQQ)</p>

APPENDIX 1

**4. MONITOR AND EVALUATE STRATEGY**

*How to monitor and evaluate strategy – It is vital in order to understand whether the intended outcomes have been achieved. The following table sets out a method of assessing the impact both internally and externally.*

<b>Action to date</b>	<b>Future Action</b>
Our category management approach challenges how goods and services are procured delivered and managed, presenting alternative options for improving value for money and quality.	Work to further develop 'local' and 'SME' reporting
We have built and marketed the Lincolnshire Category Analysis tool, a software application, allowing us to effectively measure and analyse our spending, enabling us to better identify opportunities suitable for SMEs. This has been rolled out to 14 no Public Sector Organisations across the region. (including Procurement Lincolnshire partners)	Identify collaborative opportunities with other users of LCAT across the region.
Working closely with the East Midlands Property Alliance (EMPA) we ensure that their frameworks are assessable to SMEs. EMPA and its members are committed to the social and economic agenda for the East Midlands which includes maximising opportunities available to SMEs & apprentices.	Further work is being done to capture and report on information that can be used to monitor and evaluate strategy.
We have rolled out Firefly, a contract management system with details available on our website (contracts register).	Publish complete Contract's Register

**APPENDIX 1**

Supporting SMEs and the local economy forms part of our Council's business plans for 2012 to 2015 with a number of associated KPI's	<ul style="list-style-type: none"> <li>• Number of local businesses submitting bids for contracts</li> <li>• Total council spending on local businesses</li> </ul>

**5. ORGANISATIONAL IMPROVEMENTS**

*How to address entrenched business processes, cultures, attitudes and reward systems in order to change focus and make local purchasing a core business objective.*

<b>Action to date</b>	<b>Future Action</b>
A new <i>draft</i> Sustainable Procurement strategy for the period 2013 – 2016 has been created. This incorporates the requirements of the Public Services (Social Value) Act 2012	Publish Sustainable Procurement Strategy
Training for procurement staff in economic, social and environmental benefits	Embed 'Social Value' within the wider organisations in which we work.  Influence our supply chain to consider social value