



Report to the Finance, Performance and Resources Select Committee

Title:	Commercial Activity Update
Committee date:	5 September 2013
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Signed off by Cabinet Member:	Peter Hardy; Cabinet Member for Finance and Resources Gillian Hibberd, Strategic Director Resources & Business Transformation
Electoral divisions affected:	All

Purpose of Agenda Item

1. At the request of the Chairman of this Committee, this is a report to provide the Committee with a Commercial Activity Update.

Background

2. This report follows that provided in October 2012 and updates the Committee on the progress of Commercial Services and Commercial Activity within the organisation.

Summary

3. This has been an exciting time in Commercial Services, with a new Commercial Manager, alternative delivery vehicles, Transformation phase II, integration of Public Health to name but a few.

4. Contract Management

- a. The development of the Contract Management Application (CMA – a software solution) and Contract Management Framework (CMF) is progressing well and will deliver benefits to the Authority.
- b. We have a Strategic Relationship Manager (SRM) lead in post on a 12 month FTC (March 14).

- c. Platinum contracts are now segmented and have had an initial best practice review. Platinum contract managers have undergone technical and soft skills training and are about to go through Business Continuity Management training. This training will be rolled out to Gold contract managers.
- d. We will be bringing all of our Platinum suppliers together for a conference in September 2013.
- e. Contract Managers will be starting best practice reviews of Gold Contracts in the next months.
- f. We are planning a strategic review of all contracts with a value greater than £500,000.

5. Contract Management Application

- a. The Contract Management Application (CMA) is a cloud based computer contract management solution. We have designed and built this specifically for Bucks CC's needs to support our Contract Management Framework, this system will increase in importance as the new TOM evolves.
- b. The CMA will facilitate robust performance management of BCC contracts with 3rd party suppliers.
- c. The CMA will be an important tool for contract managers and allows visibility of all contract information e.g. performance, contact, communications and complaints history. In addition the system will allow early warning of the expiry of contracts. This in turn will reduce the need for Exemptions from Contract Standing Orders.
- d. The CMA is now in user acceptance testing and will go live in mid-September.
- e. This is an exciting system and we believe that with continued development this will be an attractive system to other local authorities and offer an opportunity to generate income.

6. Complaints

- a. Priority contracts have been reviewed to ensure that an appropriate complaints clause is included.
- b. All new contracts should now have the appropriate complaints clause.
- c. Reporting of complaints is via Respond, a corporate system operated by the Customer Insight and Complaints team

7. Commercial Skills

- a. Many senior officers in Support Services have been through a Commercial skills course designed to improve commercial skills and awareness.

- b. The move to becoming a Commercial Council will require Commercial thinking. We hope to be collaborating to develop a passport to practice with neighbouring authorities.

8. SME / Local Business.

- a. The relationship with Bucks Business First (BBF) is good and regular meetings continue.
- b. We report regularly on the value of business the County conducts with local businesses.
- c. We are supporting a P2P (Purchase to Payment) project which should enable automated reporting.
- d. Esourcing: The use of the system has increased significantly from £19 million to £37 million. There is therefore greater visibility of procurement activity, which in turn means that local SME's are able to access these opportunities.

9. Savings

- a. The target for 12-13 of £2 million was exceeded and delivered £3.2 million.
- b. The Category review for older people is completed and this identified potential savings of £4.2m against spend of £33m – i.e. 12.9%.
- c. The Hard FM Category review identified potential savings of £0.475m against a capital (90%) and revenue (10%) spend of £16.2m.
- d. We are proposing a greater focus on Category Management.
- e. The pipeline of savings will be strengthened once Category Management is fully implemented.
- f. We recognise that the financial position of the Council requires a focus on delivering savings. Objectives for Category Managers now include a requirement to review spend on a 5 year rolling cycle (approx. 20% per year). We are confident that this refocussing will identify opportunities.
- g. Revenue Generation: This is a major theme in the Council and whilst there are opportunities there are also risks. We are confident that we will be able to support the revenue initiative once we are in a position to market the CMA to other authorities.

10. Other Achievements

- a. Public Health has transitioned to BCC. We are now working on integrating health colleagues with BCC commercial procedures.
- b. We have been involved with and supporting a number of high profile projects (Bucks Learning Trust, Buckinghamshire Care

[previously known as LATC – Local Authority Trading Company] etc.). Use of Pcards has also increased significantly (from £602,000 to £1,097,000) – this results in reduced numbers of transactions.

- c. Exemptions: We have completely reviewed the exemptions process. The new system went live in August 2103 and will be reviewed once the system has been tested.
- d. Broadband – we have supported this complex cross county initiative to deliver superfast broadband to Buckinghamshire.

11. Resource Implications:

- a. The new TOM will require high calibre public sector commercial specialists to be providing expertise to the Council. This skill set will need to be embedded across the Council and is a key priority going forward.

12. The next six months

- a. A strong focus on Category reviews and the identification of savings
- b. Strong focus on Transformation II and the new Target Operating Model
- c. Review of Contract Standing Orders to ensure fit for purpose for future shape of Council
- d. Support the implementation and launch of alternative vehicles
- e. Embed the Contract Management Framework (gold contracts)
- f. Complete User Acceptance testing of CMA and roll out across BCC
- g. Identify opportunities for Revenue Generation
- h. Develop plans for the Commercial Academy
- i. Feasibility study Project Sterling

Rose Younger
Commercial Manager
12th August 2013