

Strategy Formulation

Why Procurement Should Matter:

Procurement strategy should not only support the overarching corporate strategy of our Member Authorities, but in its own right:

- Improve the cost effectiveness of the procurement process
- Measure and benchmark the cost/value for money of procured services
- Enable the benefits from working in effective partnerships to be realised through
 - Improved volume related category spend
 - Improved knowledge of the supplier markets
 - Improved process learning passed from authority to authority
- Enable benefits from working across the wider local government sector to be realised through:
 - Further increase to volume related category spending
 - Greater ability to collate market intelligence
 - Engagement and shaping selected supplier market
- Promote solutions that support the sustainability agenda, where sustainability means meeting the needs of today's population without harming the ability the ability of future generations to meet their own needs.

Aims of ESPO:

The Mission Statement is set out as:

“To provide a professional, comprehensive commissioning analysis and procurement service on a self-financing basis, giving excellence in customer satisfaction and value for its Member Authorities and other customers.”

Organisation Vision:

ESPO is recognised by its stakeholders as one of the leading centres of procurement solutions in meeting local community needs.

It will achieve this by bringing a vibrant mix of commercialism, market insight, category expertise, and best practice sourcing. ESPO will work in partnership with Member Authorities, its customers, Pro5, and other partners, to engage markets and thereby achieve optimum outcomes for the benefit of its customers. ESPO will proactively challenge current practice, serving as a focal point for Member Authority collaboration, bringing leadership and articulating new commissioning and sourcing strategies.

ESPO's Goal:

To be innovative, flexible and take a leading role in responding on a pan-sector basis to the changing needs of communities.

The core values ESPO aspires to are based around 'Thinking the Future':

- Using knowledge to deliver value
- Taking the initiative and being proactive in all things
- Passionate about sharing (*collaborate to succeed?*)
- Customer focused outcomes (*is this too glib?*)
- Improvement does not come without risk (*needs reshaping?*)
- Look for whom does it better
- Ready, willing and able to recognise and embrace change, and challenge

Corporate Objectives:

(once agreed to be made SMARTER through the Action Plan (which will become the business plan))

1. To work with Member Authorities to ensure ESPO supports their broad strategic objectives that impact on procurement and commissioning.
2. To assist Member Authorities in the delivery of their financial targets, through increasing the value realised through procurement.
3. To ensure procurement and commissioning programmes are delivered using the commercial skills of ESPO that blends the cost focus of the private sector with the fairness and equity of the public sector.
4. To shape and influence the development of best practice in procurement practice for Member Authorities to ensure it reflects the developing needs of the local community.
5. To shape and influence the development of category strategies through research, market analysis and advice.
6. Working with other public sector agencies to act as a catalyst to share best practice and deliver collaborative opportunities where appropriate.
7. To increase our activities in terms of trading, consultancy and joint tendering to support community requirements, in the area or regions of our Member Authorities.
8. To meeting the minimum 3.5% return on capital employed, whilst leverage volume to reduce unit transaction costs.
9. To manage a transparent and clearly accountable risk management and decision making process for procurement projects.

Procurement Objectives

Still to be completed.

Measures of Success

Customer satisfaction measured at a strategic and operational level.

Quantifiable savings supported by benchmarking.

Measuring the degree of collaboration with Member Authorities (annual list of contracts or value of such contracts)

Store Margin

Best Value defines as the optimum combination of procurement costs and benefits that meet the customer requirements

Internal Measures of Success

Reduced waste

Innovation

Etc etc

Action Plan:

Creating a central back office that manages the transactions of the procurement process and:

- Reduces transaction costs by standardising the procurement process (standard operating procedures – SOP), creating and regularly updating guidance notes, standardising documentation wherever possible
- Creates a Gateway review process to minimise risk and enables high risk contracts to be managed

Doing Business electronically to achieve efficiencies in the procurement to payment cycle and reduce transaction costs by:

- Ensuring the procurement system(s) are integrated with the financial back office systems
- E-tendering (e-sourcing) as the mechanism for seeking tenders or quotations
- Web based systems for order from the catalogues (e-marketplace)
- Developing a routine programme of e-auctions
- Maximising payments through e-invoicing

Furthering collaboration that:

- Builds volume and reduce stores procurement costs (transactional and unit costs).

- Where beneficial develop further national and regional contracts (frameworks) utilising existing Member authorities expertise where appropriate

Developing a Knowledge Based View:

- Through the action of defining the specific market, gathering, collating, cataloguing, integrating with other information, analysing, and interpreting
- By communicating and distributing [intelligence](#) about products, suppliers and customers and any other aspects of the environment needed to support better procurement decisions.
- By building, sharing with Members, and retaining a knowledge base through the development of an e-library
- Through a wide range of staff expertise and experience

Developing a Comprehensive Marketing Plan that:

- Supports the four year business strategy and annual business plan
- Establishes a customer relationship management (CRM) strategy for managing all interactions with [customers](#), involving the use of technology to organise, automate, and synchronise business processes to enable ESPO to better:
 - Understand the customer
 - Retain customers through better customer experience
 - Attract new customers
 - Delivers improved value in customer management
- Establishes a supply management process
- Establishes a sector/industry intelligence gathering process
- Defines and manages the ESPO brand
- Differentiates and targets defined customer groups/segments

Developing a new ESPO culture that:

- Uses PDRs to develop individuals and organisational performance
- Shares and explains goals and results with employees
- That provides open communication across the organisation
- Continues to encourage involvement in local community activities.
- Uses a structured training and development programme to enhance ESPO's and Member Authorities' staff procurement skills and knowledge.

{Tabulate Action horizontally – impact vertically linking the what above to the how to follow i.e. link between objectives and the action plan

Questions to be addressed

How are we going to estimate our growth over the next four years? Taking catalogue/stores any growth means an increase in geographical coverage?

What about Directs?

Can we estimate the income from PRO5?

What about other areas such as Health, Police, Fire, etc.?

What do we need from Member Authorities?

And think about:

ESPO's Core capabilities

Building capabilities through new roles/competencies

- Policy and expertise – specialist advice, guidance, policy creation
- Project and partnerships – working with external partners to deliver outcomes
- Operational and service delivery – delivery of front line services, timely outputs against identified standards.

Moving towards a single solution for LG

Commodities – joint buying, joint catalogue, single carrier provision, coverage N of London hub and spoke

Anti fraud and whistle blowing, gifts and hospitality

People Policies

Job evaluation

Succession planning

Training Programme for Officers and Members including Induction Training

Recruitment policies

PDR and appraisal training

IIP?

Effective communication

Corporate Social Responsibility, ethical standards

Supplier Management

Scheme of delegation including budget control

Organisation's environmental impact

Risk Management

More 'e' enabled

Develop Training programme for staff and Member Authorities

Mentoring Role

Structure for learning

Luchtime Seminars

Evidence of learning