

# Opportunity Outline

This document is to be used for all new ideas / initiatives as an initial assessment / scope



**Title:** Procuring and Managing Services Strategic Review

**Name of Business Sponsor** Michael Cogher **Directorate** Comptroller and City Solicitor

**Author of document** Suzanne Jones Huw Lewis **Date** 8th December 2014

<input type="checkbox"/> <b>Mandatory</b> <i>Compliance with Legislation, Policy and Audit</i>	<input type="checkbox"/> <b>Sustainability</b> <i>Essential for business continuity</i>	<input checked="" type="checkbox"/> <b>Improvement</b> <i>New idea / opportunity that improves or increases Service Levels</i>
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## Case for Change / Objective

*Explanation as to why the proposal has come about (e.g. Audit Requirement; new idea, Service Improvement; Business Plan).*

As part of the Service Based Reviews, a number of opportunities to mitigate cost and risk to the Corporation across our asset base have been identified.

Due to the diversity, scope and complexity of all the different suggestions, an overarching proposal “Strategic Asset Management” has been created to ensure that the strategic aims are aligned across all the assets related opportunity outlines. Where appropriate joint working will be utilised to achieve better outcomes overall.

Beneath the overarching “Strategic Asset Management” proposal sits four sub proposals which are:-

- Strategic Review of Operational Properties
- Procuring & Managing Services (All Contracts)
- Project Management (All Project / Programme Management) and
- Facilities Management (could include some IS services or be joined)

This outline focuses on the “Procuring and Managing Services” work stream (See diagram below).

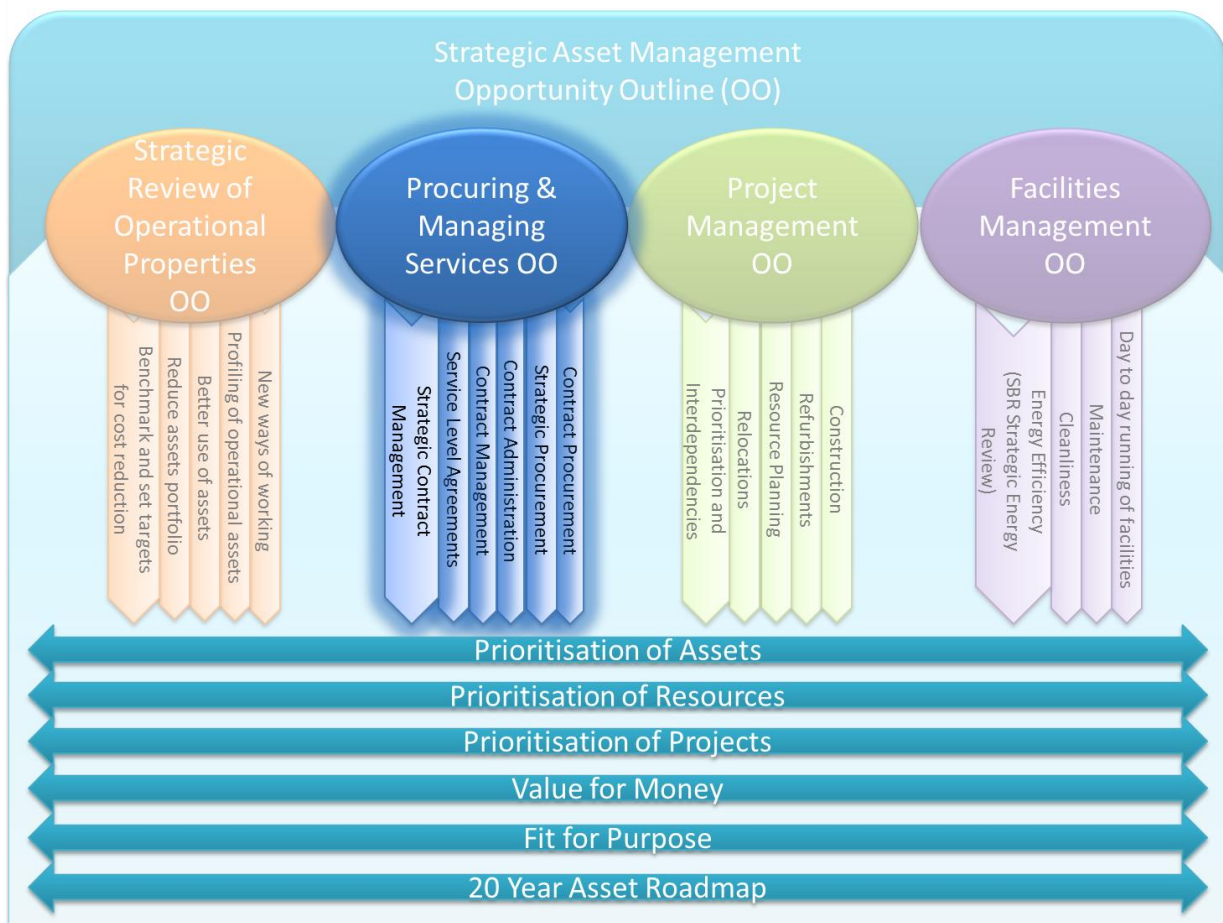
## Where do we want to get to?

Clear Overview	Clear visibility	Structured Approach	Clear vision
<ul style="list-style-type: none"> <li>• All contracts are kept in a <b>contract database</b> accessible for all stakeholders</li> <li>• Ability to leverage existing contracts with approved suppliers and <b>consolidate purchasing power</b>. Ensures no spend with suppliers not on contract</li> <li>• For every contract, it is clear who is the <b>owner, budget holder and manager</b></li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and analysis of <b>supplier performance</b> against negotiated contractual terms to maximise savings opportunities</li> <li>• A <b>central repository</b>, providing audit trails and reports to ensure regulatory compliance is adhered to and monitored</li> </ul>	<ul style="list-style-type: none"> <li>• There is a <b>single approach</b> to contract management with <b>clear roles and responsibilities</b> defined</li> <li>• Realization of <b>uniform approach</b> towards cross business unit contracts</li> <li>• <b>Collaboration</b> between cross functional teams including the suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on <b>clear and transparent</b> contracting and contract management</li> <li>• Focus on <b>total cost of ownership</b> (optimal lead times, quality, service levels, replacement and purchase costs)</li> </ul>

The purpose of this outline is to take a holistic view and identify areas where we can improve across procurement and contract management lifecycle. This will help to identify within the end to end process where improvements could be made to:

- Get us better value from contracts
- Provide us with more control over contract performance
- Embed the appropriate amount of governance and reduce the risk to CoL and Customers
- Improve relationships with suppliers and how we engage

This will enable CoL to get into a model of transitioning business needs into “fit for purpose” services.

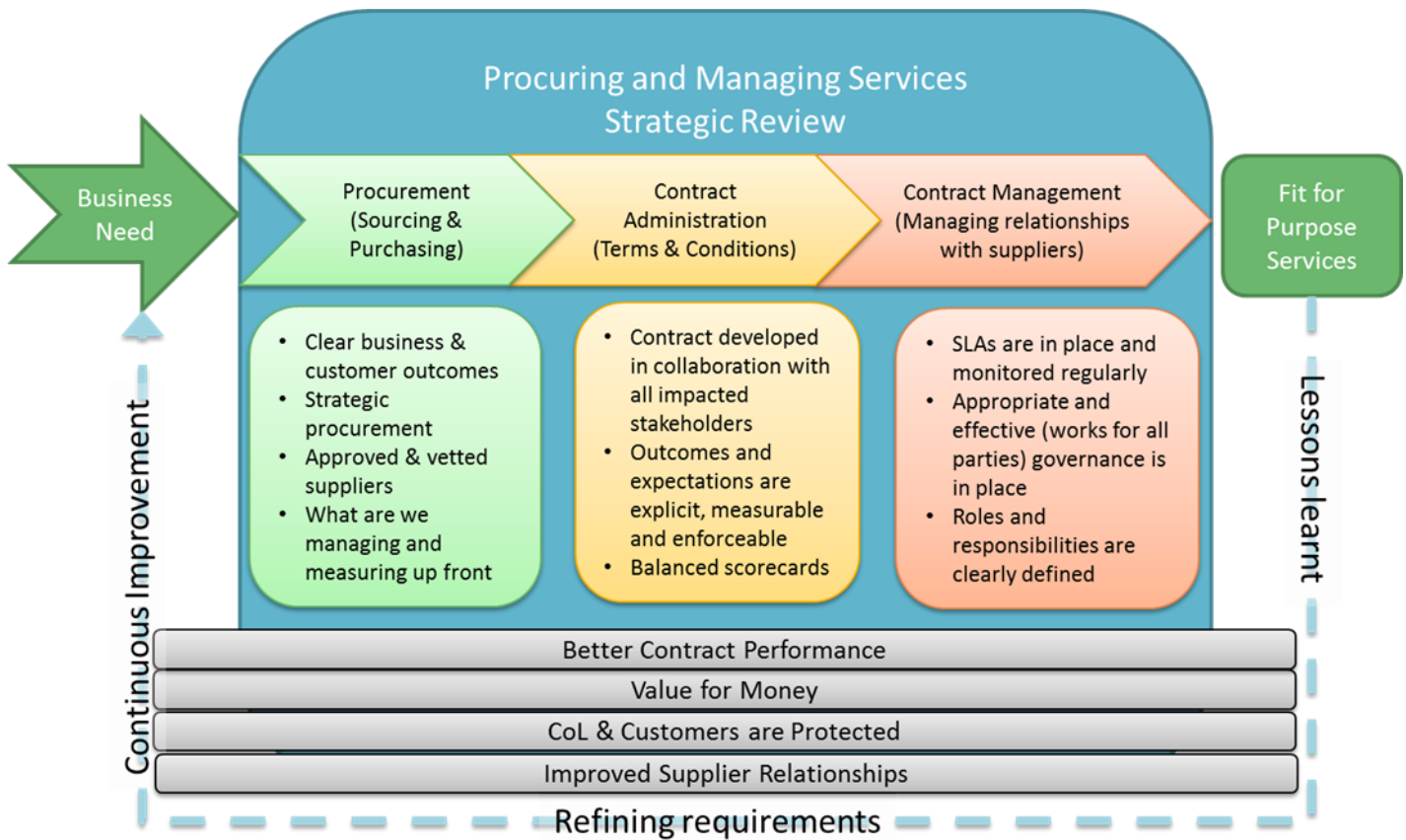


## Opportunity Description

*What is the proposed solution you are putting forward, describe in 50 words (couple of sentences)*

Focus on six areas:

1. Getting the contract right in the first place: adequate specification of output, quality standards and performance measures.
2. An agreed approach/framework for robust contract management used by client managers throughout the Corporation, identifying and building on any best practice models within the public sector
3. Clarity on the definitions of contract management and contract administration
4. Whether we have got the right structures in place across the Corporation to undertake strategic contract management
5. Ensuring that those managing contracts have adequate skills
6. A City wide process and standard of contract management developed to deliver commercial value and the wider contractual objectives.



## Expected Outcomes

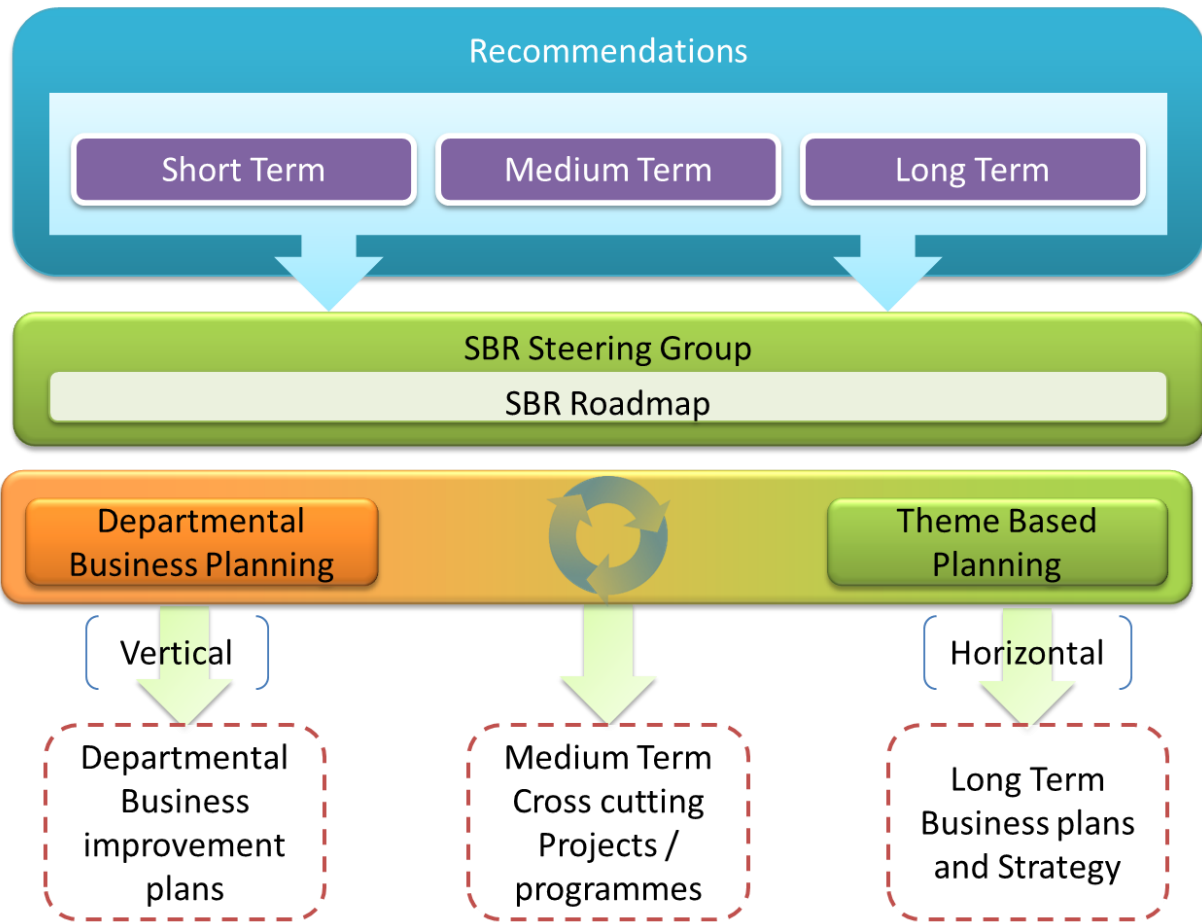
*What is the scope of what will be delivered*

- Improved contract management across the organisation, leading to improvements in, or maintenance of, quality delivery at a lower cost.
- Understanding and application of best practice in contract management
- Identification of skills gap and development of training programme to plug it.
- Addressing problems with current contract management to give confidence that the facilities management proposal can be achieved.
- Recommend the appropriate governance and structure for contract management
- Monitoring of performance ensuring delivery of all objectives: Best Value, Corporate Social Responsibility (CSR), Risk, Supply Chain resilience, Billing, Health and Safety.

Recommendations will be categorised into:

- Short term – quick wins that can be delivered either departmentally or cross service where appropriate
- Medium Term – more complex implementations that will likely have a high impact and require careful management
- Long Term – Strategic objectives and longer term change that requires gradual development and progression, which will be reflected in business and theme based plans.

## Direction of Travel



### Impact Analysis

*What departments, teams and services are impacted and how*

<input type="checkbox"/> <b>In-Service</b>	<input type="checkbox"/> <b>Multiple Services</b>	<input checked="" type="checkbox"/> <b>Whole of Corporation</b>
<i>Solely impacts the department</i>	<i>Impacts more than one department</i>	<i>Impacts all areas within City of London Corporation</i>

#### Details

Contract Management effects all departments that require 3<sup>rd</sup> party supplier services, the inconsistency on the discipline of contract management is what requires to be tackled to ensure we have a standard contract management delivery process in place. Initial key challenges that will need to be overcome include:

- No visibility into contracted commitments – financial, legal etc.
- Fragmented contract procedures
- Labour-intensive processes
- Ineffective contract compliance management & monitoring
- Lack of qualified and trained resource
- No consistent scorecard or KPIs

### Outline Costs

*Rough costs, for equipment, software, staff time, contractors*

Description	Estimated Cost
Software will be part of the new eProcurement suite.	
Resource costs will be dependent on strategy adopted	

### Potential Benefits

## Cashable and non-cashable benefits

Benefit Description	How you will measure the benefit	
	Area of Impact	Average Industry Improvement*
<ul style="list-style-type: none"> <li>Look holistically at sourcing &amp; procurement</li> <li>Develop structured standard agreements</li> <li>Manage and enforce compliance across the spend base</li> <li>Mitigate operational risk</li> <li>Deliver benefits across commercial, risk, service quality and CSR objectives</li> </ul>	Higher Contract Revenues	1-2%
	Compliance with policies & regulatory guidelines	90-100%
	Reduction in erroneous payments	75-90%
	Faster contract negotiation cycles	50%
	Increase in renewal revenue	30%
	Reduction in operating & processing costs	10-30%
	Reduced headcount or increased productivity	10-20%

## Budget / Funding Source Identified

*Will this be funded departmentally, corporately via capital budget request or a combination of both*

Source of funds	Amount	Status
Departmental Budget	£	
Additional Funding Required (Capital budget) / Grant	£	
<b>Total</b>	£	N/A

## Resources / Delivery Team & Assurance

*What resources will be needed for delivery and the business areas*

Name	Role	Department
Suzanne Jones	Project Sponsor	Chamberlain's
Philip Mirabelli	Legal Advisor	Comptroller's
Huw Lewis	Subject Matter Expert	City Surveyors
Peter Collinson	Subject Matter Expert	City Surveyors
Christopher Bell	Subject Matter Expert	Chamberlain's
TBC	Learning and Development Advisor	Town Clerks – HR

## Timescales

*Is there an inflexible timescale this is needed by? If yes then provide specific reasons. Or is it simply as soon as possible? What would the project milestones look like? E.g. Weeks 1-4, Preparation of project PID*

Although this has been identified as a significant contributor to leakage of contracted savings there is some flexibility on timescales. Consideration of the continued change programme of procurement bedding in has to be taken into account. The strategy could be being developed further with any decision on running a programme held mid 2015.

## Risks

*Type = Project, Service, Corporate, Regulatory*

*Likelihood = High, Medium, Low*

*Impact = High, Medium, Low*

*Mitigating Plan = Proposed options to address the risk*

Description of Risk	Type	Likelihood	Impact	Mitigation Plan
Too many changes programmes running concurrently	Project	High	Medium	Prioritisation of the various change programmes to be agreed.
Initial set up costs could be extensive if City wide training or a Contract Management	Corporate	High	High	Cost benefit analysis to be completed to ensure the business case is robust.

Centre of Excellence is to be established				
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### Assumptions

*What assumptions have been made whilst constructing this Opportunity Outline?*

The assumption is that the City is not managing contracts well, with inconsistent approaches taken.

### Dependencies

*Is this opportunity dependent or linked to other projects or initiatives?*

Dependent on Sourcing and Specification development. Vital that good contracts are in place to allow Contact Management to function.

Dependent on buy in City wide.

### For Mandatory/Compliance proposals only

*Is this opportunity dependent or linked to other projects or initiatives?*

Compliance Type	References	Penalty for non-compliance
<b>Statutory / Regulatory</b>		
<b>Audit Recommendation</b>		
<b>Council Policy</b>		
<b>Contractual obligation</b>		

### Authorisation

*This must be completed by the Author and the Senior Responsible Officer and Head of Department*

Name	Role	Date Approved
		SBR Steering Group – 10.12.14 Summit Group – 21.01.15