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INTRODUCTION

Procurement transformation journey

The London Borough of Harrow spends around £160 million revenue annually on procuring a wide range of works, goods and services. The Council has recognised the importance of an effective commercial and procurement function by adopting a new procurement operating model for which implementation commenced in September 2013.

Procurement is therefore undergoing a transformation journey that will culminate with the setting up of the new operating model with a commercial focus. Harrow Procurement over the last 3 years has relied on a large number of interim staff which has made it difficult to provide a shared vision and strategic aims whilst control over procurement spend and savings was limited and not maximised. The rate of change required of the procurement function to keep pace with business demands and take a more commercial approach continues to accelerate so we are in the process of implementing a new Commercial and Procurement structure headed up by a new Divisional Director to ensure that Harrow has the right people to deliver high class services to the Council.

Our Vision

To become an enabling Division that supports the Council to be commercially effective, providing value for money, supporting local business and achieving social value to meet the needs of Harrow's residents and businesses

Working with Service Departments

Our key objectives are to:

- Provide high quality support to Services
- Support delivery of a balanced Council budget
- Improved customer service



HARROW PLAN- Commercial & procurement

Commercial & Procurement - meeting the Harrow Plan

How Commercial & Procurement will contribute to the delivery of the Harrow Vision

Overview

Sustainability

- Work with suppliers to create job opportunities for Harrow residents and to support the creation of local employment for hard to reach communities
- Pro actively work with suppliers to create apprenticeships, training and work experience opportunities for Harrow residents
- Embed equality considerations into our procurement activities
- Embed local supply chain opportunities into our procurement activities
- Through procurement activity support the delivery of the green agenda such as reducing carbon emissions, improving air quality and increasing the range of green products bought
- Assess whether logistics can be organised differently to reduce carbon emissions
- Involve stakeholders in decision-making through a transparent and open approach
- Engage residents and users as appropriate in contract development and performance
- Explore alternative procurement processes such as Dynamic Purchasing Systems to assess whether these would enable SMEs to gain more business opportunities
- Develop a baseline of council expenditure and a commitment to increase spend in the local economy
- Work with first tier suppliers to create supply chain opportunities for Harrow businesses
- Promote council contracts through a single portal to make it easier for local SMEs to access more procurement opportunities

Commercial Approach

- Explore opportunities for revenue generation
- Provide commercial acumen to Service Departments to assist with key projects and to identify improved procurement opportunities
- Encourage early engagement of Commercial & Procurement in strategic decision-making to maximise savings and service quality opportunities

Savings and efficiencies

- Ensure all significant contracts are effectively managed by improving our approach to Contract Management
- Continue to deliver and identify savings and efficiencies whilst ensuring strategic objectives are delivered cost effectively
- Review our procurement processes, systems and tools to ensure they are fit for purpose



Sustainability-
DELIVERING LOCAL
ECONOMIC, SOCIAL
VALUE AND COMMUNITY
BENEFITS

01

economic, social value and community benefits

The Sustainability theme will contribute to Council Priorities by making a difference for the vulnerable, communities and local businesses

Commercial, Contracts and Procurement Current position

Whilst Harrow is at the forefront of supporting local businesses and has won several awards, barriers can still be experienced by SMEs and VCS organisations when seeking to access contract opportunities. The employment, training and skills of local residents are not currently always fully considered in all our procurements.

Our Vision

Is to view the spend on third parties as an opportunity to invest in Harrow and to promote business and supply chain opportunities for local SMEs and VCS organisations and as an opportunity to provide employment and apprenticeship opportunities for residents. We will also aim to continuously improve the 'green' credentials of the goods and services we procure and companies we do business with.

Our aims-

1. **'Harrow First'** – implement a 'Harrow First' approach by enabling Harrow businesses and Voluntary Sector Groups to be able to fairly compete for 1st tier and 2nd tier supply chain work suppliers' sub-contract opportunities. Our aim is that our systems and procedures will also act as a catalyst for Harrow Business to Business (B2B) activity to further stimulate opportunities for local businesses.
2. **Creating local employment, training and skills opportunities-**
 - i) Creating apprenticeships training and skills opportunities for Harrow residents through our contracts to include work placements, training, work experience and any other suitable programmes. We will undertake an Apprenticeship Survey of our key suppliers to assist with this.
 - ii) Creating employment opportunities for Harrow residents
 - iii) Expand opportunities to include other business sectors not considered before such as IT, Care Services, transport etc.
 - iv) Support delivery of the Leaders' Procurement Pledge made by London Councils Leaders
3. **London Living Wage** – ensure that payment of the London Living Wage (LLW) is considered in our procurements by seeking contract prices both with and without payment of LLW. Encourage first tier suppliers to adopt LLW for their wider workforce and sub-contractors employees who deliver services on our behalf.
4. **Management Information** - improve management information so that Harrow has full visibility of its spend with local, small and medium enterprises and with voluntary sector (VCS) groups. We will also seek to establish a single view of spend for all our suppliers, and develop mechanisms to record the numbers of local residents employed and trained through our contracts.

economy employment and green – cont.

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Our aims-

5. **Embedding** - embed a 'think local economy' and green procurement philosophy throughout the organisation for procurement and supply chain management.
6. **Innovation**- we will investigate the use of *Dynamic Purchasing Systems* to identify whether these might be applied to avoid SMEs being "locked out" of framework agreements for periods of time.
7. **Ensuring green products and services are provided wherever possible –** develop and implement a 'sustainable' philosophy by producing a procurement outcomes framework with well defined deliverables to facilitate the embedding of sustainability requirement into our contracts.
8. **Equalities –** as a procurer of goods and services, the Council is committed to ensuring our commissioning and procurement processes embed our duty to avoid discrimination and promote equality. We are committed to ensuring that service providers delivering services for and on behalf of the Council share our commitment to equality and diversity.
9. **Logistics and transport**- explore options for establishing efficient distribution networks and consolidation logistics in order to minimise the number of vehicle deliveries into Harrow so as to reduce carbon emissions.

Sustainability - delivering local economy, employment and green benefits

Sustainability - key deliverables	2014	2015	2016
<p>Implement a 'Harrow First' approach- Aims to bring together our 1st tier suppliers and local businesses and VCS organisations together to provide access to contract opportunities</p>	←→		
<p>Creating local employment, training and skills opportunities - create employment and training opportunities in a broad number of areas</p>	←→		
<p>London Living Wage</p>	←→		
<p>Management Information- review and improve access to information on spend with Voluntary & Community Sector organisations, Small & Medium Enterprises, employment & training</p>	↔		
<p>Embedding – embedding sustainable thinking in all procurement activity</p>	←→		
<p>Innovation - Investigate use of Dynamic Purchasing Systems- as an option to avoid SMEs being "locked out" of framework agreements for periods of time</p>		←→	
<p>Ensure green services and products are supplied wherever available- increasing the number of sustainable services and products purchased</p>	←→		
<p>Equalities – ensure procurements promote equalities</p>	←→		
<p>Logistics and Transport - explore setting up efficient distribution networks and logistics and building requirements into contracts requiring deliveries to be minimised through consolidation</p>		←→	



Commercial Approach and Savings

02

02. Theme: Savings and Efficiencies

The Commercial Approach and Savings theme will contribute to Council Priorities by helping to deliver the Council's savings targets

Commercial, Contracts and Procurement Current position

A category management approach is being implemented to identify and deliver savings. Procurement not engaged early enough in pre-procurement discussions.

Our Vision

Is to become an enabling and more commercially focussed organisation delivering savings, efficiencies through the development of new delivery models, collaborative working generating revenue and category management

Our Aims

- 1. Savings-** work collaboratively with Directorates to identify joint savings and efficiency targets for the period 2014/15 to 2017/18 and deliver these. To continue to undertake a detailed spend analysis of each area of activity using spend analysis tools to identify where improved service or savings and efficiencies might be achieved and minimise off-contract spend. **Savings Tracker** – we will implement a Commercial and Procurement Performance Agreement document to agree with Services our contribution to the delivery of savings and track delivery to justify the costs of the function.
- 2. Commercial approach-** to shape supply markets to meet the Council's current and future requirements, to improve our supplier management capabilities, explore investment and income generation opportunities, identify opportunities to commercialise our expertise, facilities and assets and increase return and volume on existing revenue generating activities. We will seek to ensure we are exploiting our assets effectively and for opportunities to sell services. **Innovation** – we will engage with supply markets early in procurement processes to identify and encourage innovation.
- 3. Category management** – proposals for savings and cross cutting opportunities based on category management work will be completed by July 2014.. These will be regularly reviewed to direct the activities of the Division and help to inform the Council's overall savings plans. Market shaping and development will be critical to meet out future needs. Commercial, Contracts and Procurement will participate and, where appropriate, lead on collaborative London wide procurement opportunities to deliver savings and reduce duplication of work.
- 4. West London Alliance (WLA)** - Harrow will continue to play an active role in the work of the West London Alliance (WLA)) and participate in key procurements.

02. Theme: Commercial Approach and Savings

Commercial Approach and Savings - key deliverables	2014	2015	2016
<p>Savings- work collaboratively with Directorates to identify joint savings and efficiency targets for the period 2014/15 to 2017/18 and deliver these.</p>			
<p>- Savings Tracker implement processes to track and agree procurement's contribution to savings</p>			
<p>Commercial approach- explore investment and income generation opportunities, identify opportunities to commercialise our expertise, facilities and assets and increase return and volume on existing revenue generating activities.</p>			
<p>Category management – initial category plans for each Directorate will be completed by end March 2014 and regularly reviewed.</p>			
<p>West London Alliance – continue to play an active role in WLA work</p>			



Modernising
Procurement

03

03. Theme: Modernising Procurement

The Modernising Procurement theme will contribute to Council Priorities by ensuring that the Commercial, Contracts and Procurement Division uses best practice techniques to deliver the needs of Services

Procurement Current position

Perception in some cases is that procurement is bureaucratic, risk averse and compliance driven. There is a lack of recognition of procurement as a strategic partner and how to maximise the benefits of early engagement.

Our Vision

Our vision is that we will evolve our role to become a true enabling partner to the business pro actively helping to deliver the Council Priorities and other key drivers for the organisation rather being a passive service provider.

Actions to achieve our aims

- 1. Contract management-** implement tools and techniques that will support Directorates and Commissioners to drive more value from our contracts and ensure benefits intended from procurement are realised. Ensure that CCP staff sit in on contractor meetings for all large contracts. We will also undertake Supplier Relationship Management with selected strategic suppliers to deliver effective solutions and realise benefits.
- 2. Service models and service re-design -** supporting Services to develop alternative service models such as shared services, social enterprises and mutuals to enable innovative approaches to be adopted to the way the Council does business. To consider ways in which services may be re-designed to provide better outcomes.
- 3. Whole life costing** – apply whole life costing and total cost of ownership (TCO) techniques to procurements as appropriate to ensure that the total cost of ownership and sustainable features of services and items procured are fully considered.
- 4. Systems, tools and processes** The Council's procurement systems tools and processes that ensure good and appropriate governance will be overhauled to ensure they are fit for purpose. In particular to implement revised Contract Procedure Rules and a Tollgate system for large procurements.
- 5. Learning and development-** provide support, learning and development opportunities to all staff engaged in procurement processes to ensure they deliver effectively and are empowered to deal with any procurement issues
- 6. Early Engagement-** the involvement of procurement at the earliest phase of a project will deliver greater commercial benefits to Harrow. The modernisation programme is predicated on early engagement and aims to shift from tactical to strategic and commercially driven procurement . For all co-production or “make or buy” decisions it will be expected that Procurement are engaged from the outset in the decision making.
- 7. Transparency** – ensure the Council meets its requirements under the Transparency Code. Seek to share contract pricing data with other councils to improve market knowledge.

03. Theme: Modernising Procurement

KEY DELIVERABLES

Modernising Procurement - key deliverables	2014	2015	2016
Contract Management - implementation of new contract management principles			
Service Models – explore alternative delivery models			
Whole-life costing – ensure total cost of ownership and sustainability is considered in procurement			
Systems, tools and processes - examine ways of improving our relationship with selected strategic suppliers – those that are vital to our service delivery – to realise cash savings from our budgets and improve quality			
Learning and development - the procurement team will continue to work closely with Service Departments to ensure we are able to provide commercial advice on ‘make or buy’ decisions			
Early engagement - continue to ensure that Procurement policies and procedures comply with the transparency agenda			
Transparency – ensure the Council meets its duties under the transparency code			

03. Theme: Modernising Procurement

Current position

People

Reliance on interims
Limited formal procurement experience

Processes

Long and unclear CPRs
Focus on detail, few templates or tools

Systems

Limited use of spend or supplier analysis
Basic reporting systems

Future position

People

Business partnering approach
Experienced permanent commercial staff

Processes

Processes designed to be fit for purpose
Established reporting and performance

Systems

E-enabled end to end processes
High quality management information

Investing in our Staff

Our aim is have staff who:

- Recognise the enormous contribution they can make and are empowered to make changes, come up with ideas and continuously improve what we do.
- Are clear on the service outcomes that front line services are delivering and how they can support those.
- Who show clear and visible personal commitment to all the Council's services and who show an enthusiastic tone and ethos.
- Help to remove silos to provide more effective support.