

PROCUREMENT

SERVICE DELIVERY

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1 VISION

1.1 OVERARCHING VISION

Our overarching service vision is one where Capita's support to Barnet extends beyond the NSCSO scope, enabling Barnet to be recognised as a Borough where the supply of services are owned by those who live and work here, and where citizens, staff, business and the community are aware of and participate in an environment of opportunity and success.

To achieve this we will enable citizens and customers to live in sustained and supported independence, as Insight allows people's individuality to be understood, recognised and reflected in getting the help they need, in the manner they need it and within the financial constraints they understand. Customers will become co-designers, shaping relevant and valued services as well as being willing partners in delivery, helping us to build on what already works in Barnet, working with existing organisations to improve their capacity, rather than creating our own. This allows us to provide the infrastructure to deliver a One Public Sector single solution through unified customer interaction and an integrated supply EcoSystem, extending beyond Council services to interaction with the wider public sector.

In the future the Council will be unique in the public sector, recognised as a business-led and truly customer-focussed organisation, all staff, suppliers and delivery partners feeling supported and informed as they work to achieve their best for citizens - whether that be through continually improving existing services or helping to design new services to meet new emerging needs.

Delivering the Overarching Vision

As Barnet's trusted NSCSO service provider, we will deliver a step change in service delivery and customer experience so that interactions with Customers (be they Citizens, Barnet Businesses, Voluntary Organisations, Suppliers, Members or Council Employees) are valued and easy to complete. To do this, we have defined 3 key over-arching design objectives for the NSCSO:

- **Build Service Delivery Differently** – Create a new service delivery paradigm to change the customer relationship. Enable multi-channelled delivery and the ability to bundle services in ways that relate to and are valued by Customers and put them at the heart of service delivery
- **Manage Service Delivery Differently** – Transform the way Customers interact with our services (and the Council) by transferring control to them. A new level of transparency, rapid process improvements and built-in deeper levels of Insight are inherent in this approach
- **Maximize Efficiencies Differently** – Changing the way Customers interact will impact how services can and should be delivered. Changes will be co-designed with users of the services; focussed on their needs and supported by tools and technology platforms enabling transformation and continual improvement.

Our objective is to offer high quality and relevant services. We will provide effective, engaging and personalised services at every touch point. To achieve this, we will promote a shift from the typically supply dominated "Push" approach to service

design and delivery to a Customer Orientated “Pull” approach, which is time and location independent, personalised and contextual.

We will use the intelligence gathered through co-design and our on-going management of processes and operations to create dynamic and personalised service delivery for all customer groups. This rich understanding of Customers drawn from behavioural analysis, and combined with our experience and Barnet specific Insight, will enable us to identify and understand patterns of Customer behaviour and will be embodied as Single Customer View.

Service Delivery Model

We will establish a robust Service Delivery Model which enables certainty of delivery and performance, partnership flexibility (commercially and operationally), with investment in infrastructure and capability to support achievement of the Council's outcomes. All Customer groups, internal and external, will interact through the same service delivery model structure, as shown in the diagram below:

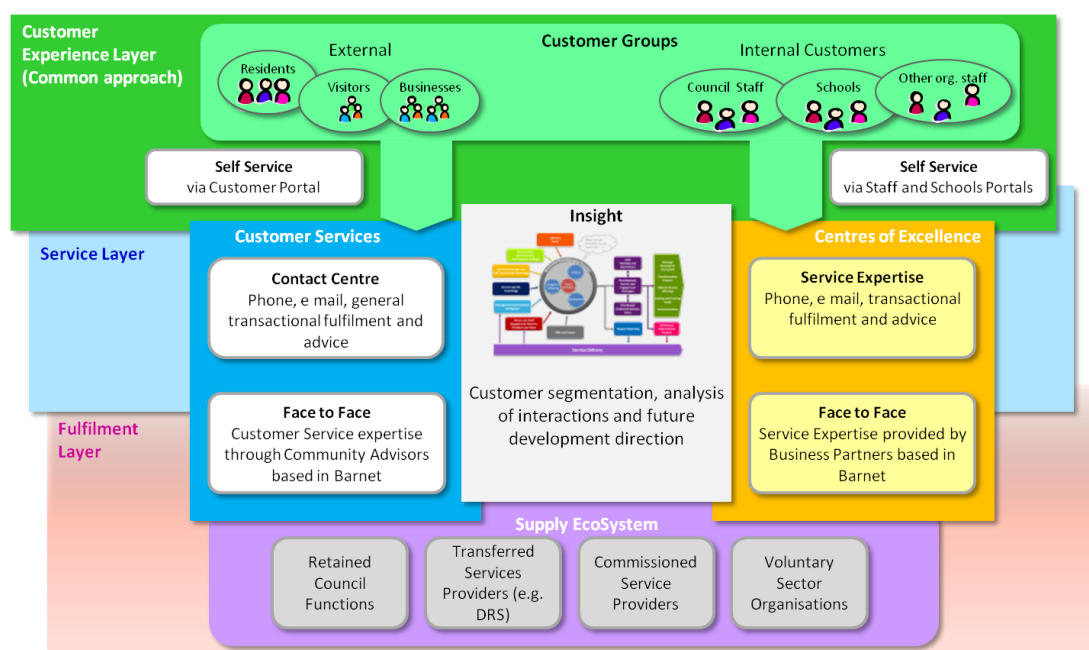


Figure 1 - NSCSO Service Delivery Model

We will invest in and deploy **technology and repeatable strategies** that shift the focus from merely surfacing the service offerings, to providing a single window to bundled services from ourselves, the Council and other providers where appropriate.

We will build our service architecture using **flexible rapid service deployment frameworks**. These will enable us to carry out efficient transaction handling, irrespective of channel, and deliver an organisational change capability that enables us to respond effectively to the changing environment. They will also allow us to promote a culture of service excellence and improving delivery while at the same time lowering cost.

At the heart of our proposition is a drive for effectiveness and increased self-help and self-service. This will only be realised if the customer experience is excellent, the

services are relevant and execution is timely. To achieve these, we need to understand what our Customers want to do and design our services, and their constituent transactions, around those needs, ensuring we deliver effectively from beginning to end.

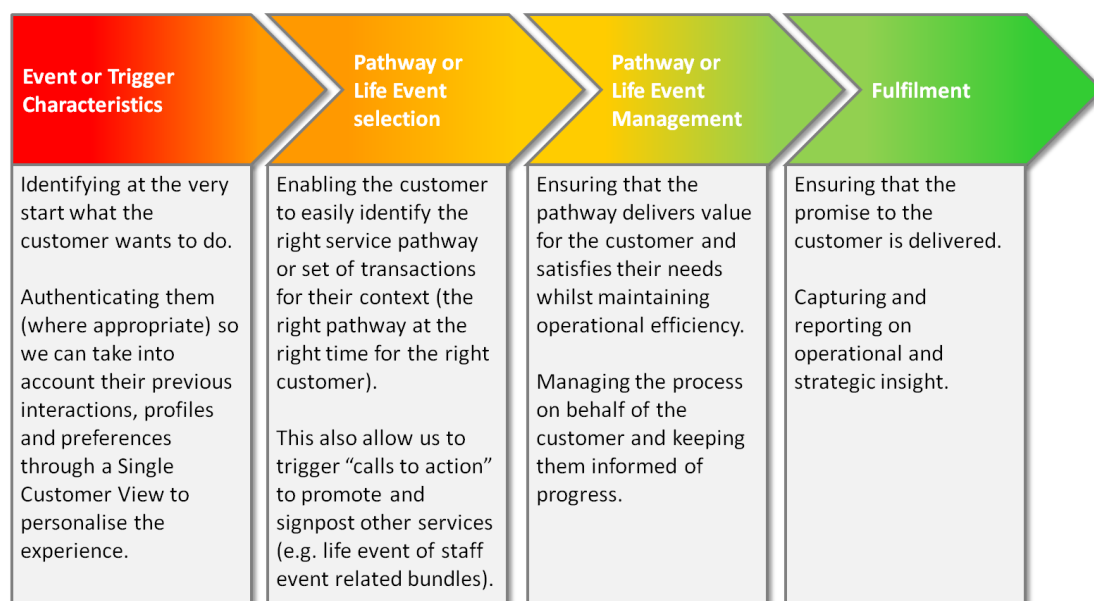


Figure 2 - Customer centric, effective end to end service delivery

This approach will make our services effective and our experience shows us that "efficiency" follows "effectiveness" – this is a fundamental element of our business ethos. We will deliver value by:

- Building Delivery Capacity, not just channels - through an integrated Service Delivery Model that is channel transparent
- Building Delivery Capability, not just Services - making things easy to do
- Building Operations Competency- delivering operational excellence, continual improvement, service alignment and business assurance.

1.2 PROCUREMENT SERVICE VISION

Our overall vision, approach to services design and Service Delivery Model form the basis of the services we will deliver in relation to the Procurement Service, which will play a vital role as a fundamental enabler to realising your ambition for an independent, sustainable and prosperous Borough.

We will deliver our service through an embedded procurement model, where we provide flexible subject matter expertise to work alongside transferred employees and work directly with LBB's commissioning and operational teams to deliver best value procurement solutions. Business partners aligned to your stakeholders in your Commissioning Group and Delivery Units will ensure that we develop strong stakeholder relationships and fully understand the business drivers for procurement activity. The approach allows for optimisation of resources and delivery of sustainable benefits, meeting the service output specification and going beyond to ensure additional added value. It ensures alignment to corporate procurement

policies and procedures, and it is underpinned by innovative tools and techniques, and investment in enabling technology.

Having experience in both the Private and Public sectors, we have a strong track record of delivery and working with single location and the most complex, fragmented organisations. Our team of professionals are both strategic thinkers and hands-on practitioners that will engage with you at all levels and transfer skills and knowledge to the transferred team. Together, we will tackle the whole spectrum of business costs to improve your total cost of ownership.

Our solution for the delivery of the Procurement Service is linked to the overall Capita **Service Delivery model (SDM)**. We will be operating in line with this model within one year of service commencement and will continually improve the services during the contract by: refining the mix of interactions at each touch point, reviewing the locations of the services and striving to continuously improve the services.

Customer Experience Layer We will implement best practice customer service principles, integrating all contacts and delivering increased resolution through using the right channels for the right customer. We will ensure all customers benefit from improved communication, customer advocacy and self-help enablement (e.g. internet, SMS, natural voice, IVR) via multiple contact channels.

Service Layer This ensures effective and efficient handling of contacts from all channels through to completion.

The **Front Office** will manage contacts received through all non-automated channels. Staffed by Customer Service Professionals and supplemented by Barnet/Local Government Subject Matter Experts (SMEs), we will leverage the skills, expertise and Insight Engine capability of our Customer Service expertise. We will achieve a significant increase in the number of calls resolved at first contact and reduce the number of repeat calls by ensuring all calls are handled by an Advisor with appropriate skills/knowledge. To support this, we will use natural voice and IVR call routing, as well as investing in training, multi-skilling, script production and a supporting knowledgebase.

Face-to-face services will be provided by Frontline Service Delivery Professionals. We will place Community Advisors at Community Hubs; the Advisors will also carry out home, community and small-to-medium business visits. We will use Business Partners and SMEs to handle complex cases, property audits, user desktop problems, and classroom training where face-to-face contact is required. They will be agile workers, located in Barnet when required.

We will also provide forums at least quarterly for customers and retained staff across the range of services we provide.

Fulfilment Layer All processing-based activities for Barnet will be delivered through Centres of Excellence, staffed by Service Experts, and seamlessly integrated using technology. The Specialist Procurement Shared Service Team supporting Barnet will be based in Southampton.

We will leverage our broader capability and drive efficiency by:

- Developing and multi-skilling staff
- Undertaking a Lean review for processes (e.g. debt collection)
- Continually reviewing, improving and automating processes (e.g. payment reminders).

Through **Commissioned Services**, we will increase the providers of Council services as well as the customers receiving those services (e.g. community groups, schools, small-to-medium businesses).

We believe the SDM will meet the current and future needs of LBB and will deliver value to other public sector agencies through its service flexibility, utility approach and customer engagement. We also commit to developing and delivering services to meet the needs of the London Borough of Barnet as expressed in your Output Specification and progressed through dialogue.

1.3 DELIVERING THE PROCUREMENT SERVICE

1.3.1 IN SUMMARY

The Procurement Service will meet all elements of the output specification and will be delivered as an integrated element of the wider SDM.

We will drive Self-Help (ready access to knowledge) and Self-Service (intuitive ability to complete transactions on line) for standard requisitioning activity improving efficiency and driving increased compliance. Subject Matter Experts (SMEs) and Face to Face (F2F) support will work with users and suppliers to deliver the core service. Over time, transactional support will transfer to our procurement shared service centre benefitting from economies of scale.

The table below shows how each element of the output specification is delivered through the overarching Service Delivery Model:

OUTPUT SPECIFICATION REFERENCE	DELIVERED THROUGH		
	Self Help	SME / F2F	Procurement Shared Service
PROC1.1		X	X
PROC1.2	X	X	

OUTPUT SPECIFICATION	DELIVERED THROUGH		
PROC1.3	X		X
PROC1.4		X	X
PROC1.5		X	
PROC1.6		X	
PROC1.7		X	
PROC1.8		X	X
PROC1.9		X	
PROC1.10		X	
PROC1.11		X	X
PROC1.12		X	
PROC1.13			X
PROC1.14		X	
PROC1.15		X	
PROC1.16		X	X
PROC1.17		X	
PROC1.18		X	
PROC1.19		X	X
PROC2.1		X	
PROC2.2		X	X
PROC2.3		X	

OUTPUT SPECIFICATION	DELIVERED THROUGH		
PROC2.4	X		X
PROC3.1		X	X
PROC3.2		X	X
PROC3.3			X
PROC4	X	X	
PROC5			X
PROC6		X	
PROC7.1		X	
PROC7.2		X	X
PROC7.3		X	X

The Future Procurement Service will ensure that it supports the overall One Barnet objectives and Corporate Priorities of LBB, and is agile to the changing needs and requirements of the Council including:

- New relationship with the Citizen
- Relentless drive for efficiency
- One Public Sector
- Better Services with Less Money
- Sharing Opportunities, Sharing Responsibilities
- A Successful London Suburb
- Local economic diversity and prosperity.

The Service will look to consolidate volumes to leverage the supply base wherever possible. This will achieve the following benefits:

- Achieve the optimum number of suppliers
- Deliver increased cashable savings
- Achieve the optimum mix of suppliers (3rd Sector, SME, Local)

- Drive efficient and compliance processes
- Challenge and consolidate demand / specification requirements.

1.3.2 THE EMBEDDED PROCUREMENT MODEL

We will redesign the service to deliver an embedded procurement model, by the end of Year 1. This model will deliver dedicated category expertise to the following spend areas:

- Adult Social Care and Health
- Children's
- Planning, Environment & Regeneration.

Embedded procurement is the provision of flexible subject matter expertise to work alongside transferred employees and work directly with LBB's commissioning and operational teams to deliver best value procurement solutions. The approach allows for optimisation of resources and delivery of sustainable benefits. It ensures alignment to corporate procurement policies and procedures, and it is underpinned by innovative tools and techniques. The core principles include:

- Alignment of commissioning, operations and procurement
- Full visibility of spend, categorised and under management
- Strategic and tactical procurement, incorporating Category Management philosophies combined with flexible expertise and supported by up to date market intelligence and customer alignment
- Continuous Improvement and measurement
- Customer and Supplier Relationship Management principles embraced and executed across supply chain and wider EcoSystem
- Technology deployment and optimisation
- Full training and staff development to up-skill the existing team aiding staff retention and engagement
- Enhanced stakeholder engagement, enabling a collaborative culture and alignment of strategic objectives and outcomes
- Guaranteed long term cashable benefits
- Manage risk on behalf of LBB.

We operate this model in our engagements in both public and private sector including Southampton City Council, Staffordshire County Council, Leicester City Council, BDR Thermea and DS Smith Packaging.

The scope of the Procurement service will cover:

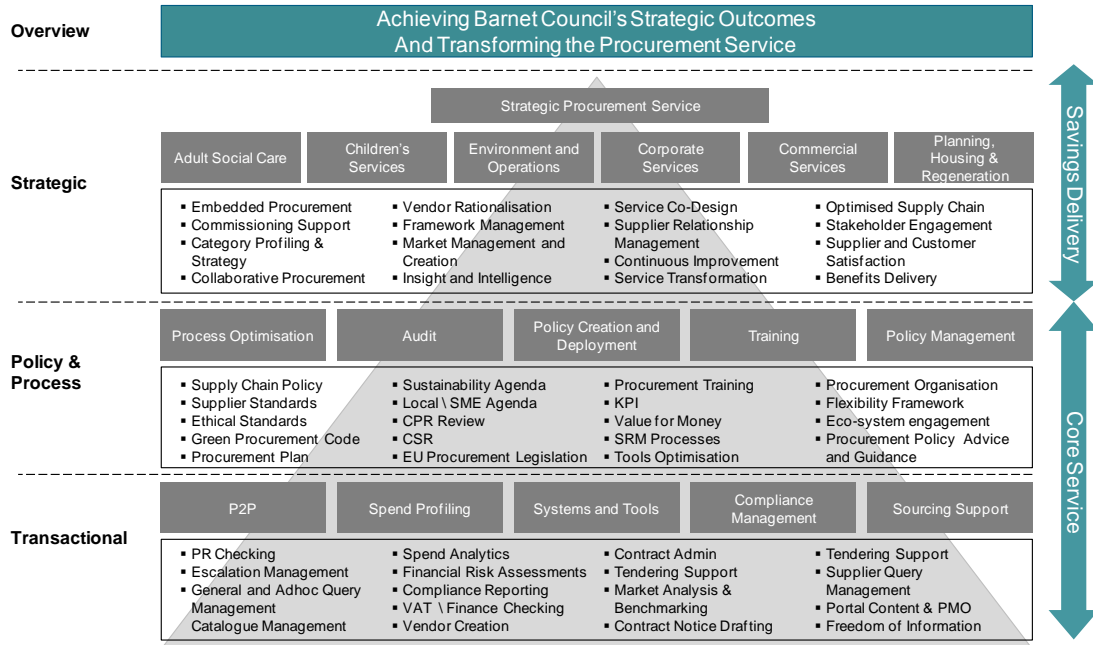


Figure 3 - Scope of Procurement Service

The following table shows the baselined levels of addressable spend:

Type of spend	Amount - £m	Notes
LBB-wide spend	398.2	All spend across LBB for FY 11-12
Spend not considered addressable:		
SWIFT spend - Adults & Children's	(16.6)	SWIFT payments to individuals and public bodies - not addressable
Spend on individual vendors	(4.9)	Not considered addressable
Local Authorities and Govt	(53.9)	£46.1m of this relates to the GLA, the remainder is spend to other LAs or Govt depts. None of this is considered influenceable spend as it is non-negotiable
Schools (incl. DSG) & Further Education institutes	(16.7)	Not considered addressable, part of this relates to schools funding which is passported through LBB and DSG ringfenced spend
Capital spend	(21.7)	Not considered addressable, spend is non-recurring and so difficult to contractualise
Barnet Homes	(36.4)	This is spend to the Council's ALMO which is covered within the SLA and so unlikely to be influenced by the provider. Further, most of this is capital spend
Other	(10.0)	Includes £1.5m spend on 3rd Party Solicitors & Grants/vol. orgs, £5.8m for HRA ringfenced spend and £1.9m for Health authorities payments
Specific GL lines	(29.3)	This relates to specific GL lines such as Government Grants, Govt-third-party spend, Grant payments, interest payments, all of which are not considered addressable
Vendors not considered addressable	(38.3)	This is from an analysis of top 40 vendors and includes vendors such as Transport Trading Limited (£13m - this is a public body with negligible negotiation), North London Waste (£8m), TheBarnetGroup (£6.4m) and the LBB Pension Fund.
FY 11/12 Addressable spend	170.4	
Reductions for future events/NSCSO baseline:		
NSCSO baseline	(23.6)	Spend already within NSCSO services expenditure baseline - covered within core deal
Other One Barnet projects	(20.1)	This relates to spend transferring with other OB projects. It includes £3.3m for DRS, £2.2m for Parking, £3.6m for Passenger Transport and £6.1m for HNR & LATC
Potential future OB projects	(7.7)	Leisure/Streetscene - Wave II OB projects. Spend relates to GLL contract, Copthall stadium, recycling, waste and refuse
Future MTFS Savings	(18.3)	MTFS savings for 12/13 to 14/15 related to spend in-scope
Sub-Total of reductions	(69.6)	
Revised gross addressable spend	100.8	
SWIFT Income - Health Authorities	(2.4)	
SWIFT Income - Client contributions	(8.3)	
Net Addressable spend	90.1	NCSO addressable spend

Figure 4 - Baselined levels of addressable spend

The following is the MTFS profile related to Procurement already in the Council plans:

	2012/13	2013/14	2014/15	TOTAL MTFS
Adult Social Services	£4,140,000	£2,535,000	£4,929,000	£11,604,000
Chief Execs	£95,000	£85,000		£180,000
Children's Services	£894,000	£1,265,000	£3,450,000	£5,609,000
Commercial	£840,000			£840,000
EPR	£200,000			£200,000
Grand Total	£6,169,000	£3,885,000	£8,379,000	£8,379,000

To support the embedded procurement model we will develop wider category and commercial expertise, supplementing the Transferring Employee structure in the delivery of Procurement services with five procurement specialists primarily focusing on developing category strategy, implementing savings initiatives and managing service transformation. The supplementary resources will also deliver a knowledge transfer programme, and detailed training ensuring all staff have the opportunity to study for CIPS Membership. All training will be secured through the Management Academy to ensure professional recognition of the service and that the enhanced level of service delivery is sustainable by the procurement team.

We will:

- Ensure category experts provide strategic category advice, combined with strong stakeholder engagement skills, knowledge share to Transferring Employees delivering the Procurement services
- Collaborate with other local authorities including the West London Alliance and other parts of the Barnet public sector in joint commissioning and procurement activities where economies of scale are possible
- Promote improvement and innovation through supplier relationship management, development programmes and co-design activities, and by bringing providers of services together to leverage their combined capability for the overall benefit of Barnet
- Appoint a Savings Programme Manager for Years 1-4 to lead and train the team of category managers and manage benefits realisation. By Year 4 the category managers will possess sufficient skills to become self sufficient in managing their category areas, associated 3rd party expenditure and benefits realisation

- Provide access to a pool of specialist procurement analysts with strong analytical skills and experience in benchmarking and market intelligence. This expertise is an additional external resource which the Barnet team would be able to access as and when required.

We will also provide the Barnet Procurement Service access to Capita's wider resource base across our multi-client procurement organisation. In doing so we will provide:

- Advice and support from senior category experts
- Access to our knowledge base, benchmarking and market intelligence.

We will utilise the Capita supply chain to the benefit of Barnet within the scope of the NSCSO Agreement.

We will combine the Service Transformation team and Core Procurement delivery team to develop internal business projects for future service provision underpinned by return on investment data and ensure where appropriate 'best value supply chains' are utilised.

Our embedded procurement model meets all of the requirements set out in the Output specification.

1.3.3 PROCUREMENT BUSINESS PARTNERS

In transforming the service we will build on the recently introduced business partner model, enhancing the service and shifting the relationship with Directorates from enforcing a compliance agenda to one based on commercial expertise and insight and enablement of tangible business benefits. Business partners aligned to stakeholders in your Commissioning Group and Delivery Units will ensure that we develop strong stakeholder relationships and fully understand the business drivers for procurement activity.

The Procurement Business Partners will be important in effective stakeholder management, they will become the 'eyes and ears' of the Service, helping to determine end user perception of the service delivery and working closely with the procurement service, and other elements of NSCSO, such as finance, to target areas for improvement.

Whilst currently out of scope, for 'complex procurement' activities Capita will provide advice and support to the retained team as appropriate.

1.3.4 PROCUREMENT SHARED SERVICE CENTRE

Our Procurement shared service centre is a significant driver of efficiencies for our service to LBB. It provides transactional support to our onsite embedded procurement teams, allowing the majority of our resources to focus on value driving activities such as proactive opportunity identification, stakeholder engagement and supplier management. The shared service centre currently delivers:

- Transactional P2P Support
- New Supplier Setup process management

- Sourcing Help Desk
- Ad hoc and planned research and intelligence
- Tendering support for high volume low value activity
- Production of spend analysis and dashboards
- Supplier Analysis and Segmentation
- Supplier Categorisation and data cleansing
- Benefit Tracking and Reporting
- Provision of Surveys
- Portal Content management
- Catalogue Management
- P-Card administration
- Policy and Process Adherence.

The overarching procurement processing activities for LBB that will move to the procurement shared service centre include:

PROCESS CATEGORY	PROCESS ACTIVITY
Requesting information	<ul style="list-style-type: none"> ▪ Supplier contact details ▪ Procurement Support ▪ Clarification of Procurement Process ▪ Log on details for P2P Platform including eCatalogue ▪ Log on to Contracts Database ▪ Systems access and set up ▪ P-card user set up ▪ Attend training session ▪ General end user support ▪ Supplier end user support.
Request for services	<ul style="list-style-type: none"> ▪ Request a new external service to be procured ▪ Request for Procurement Support ▪ Request for Benchmarking Services.
Application for services & eligibility assessment	<ul style="list-style-type: none"> ▪ Request for new vendor set up ▪ Financial Risk Assessments.

PROCESS CATEGORY	PROCESS ACTIVITY
Changing circumstances/ information & notification of incidents	<ul style="list-style-type: none"> ▪ Change of supplier details ▪ Change of user details for systems ▪ Notification of poor supplier performance ▪ Notification of poor procurement team performance / support.
Cash in & out	<ul style="list-style-type: none"> ▪ Raise a service credit.
Case/ project management	<ul style="list-style-type: none"> ▪ End User Issue Resolution ▪ Supplier Payment Issue Resolution ▪ IT support resolution.
Provision of service	<ul style="list-style-type: none"> ▪ Vendor Setup ▪ eCatalogue Management ▪ Compliance and Spend Reporting once configured ▪ Publication of notices for tendering activity ▪ Tendering support ▪ KPI reporting ▪ SME / Local Supply Chain reporting.
Strategic and Management support	<ul style="list-style-type: none"> ▪ Would be dealt with by the Capita embedded procurement team via SME / F2F.

1.4 BUILDING A SUSTAINABLE ECOSYSTEM

1.4.1 INTRODUCTION

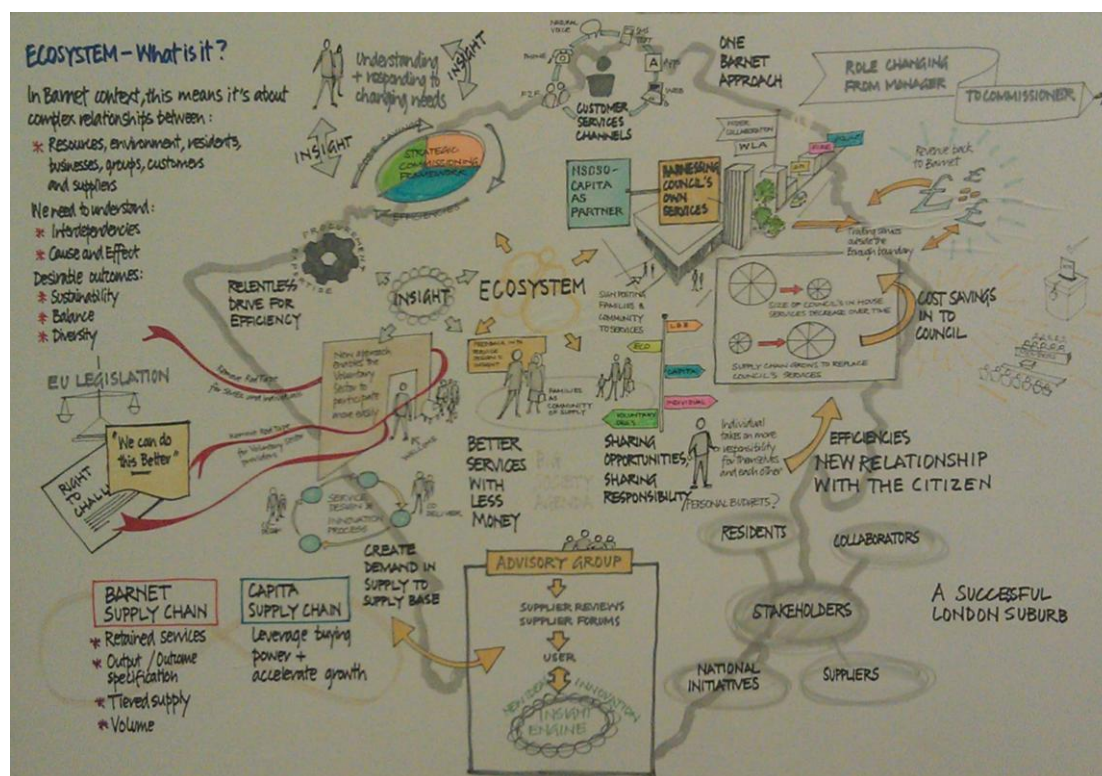


Figure 5 - EcoSystem

Barnet's third party suppliers and thus the procurement service are part of the overall EcoSystem of suppliers, customers, commissioners and stakeholders. As the NSCSO partner we will play a key role in shaping the EcoSystem to the benefit of LBB and its Customer base. We also recognise the role the community, 3rd sector and family have to play in the development of the EcoSystem.

By adopting a systems thinking and co-design approach to the design of services in the overall Service Delivery Model, we ensure that we leverage the whole EcoSystem for the benefit of Barnet, enabling citizens and communities to share responsibility, and signposting customers to support that is available to them elsewhere, not just from the Council e.g. from other parts of public sector at national, regional or local level, or from the community itself through community organisations and self-help groups. This approach will drive initial development of scripting and business rules within the Customer Services organisation, as well as identification of business cases for wider transformation during Phase 2 of our Customer Services transformation.

In developing the overall Barnet EcoSystem, the Procurement Service will also support other workstreams such as:

- Our Corporate Programmes service (for commissioning support and outsourcing advice)

- Customer Service operations (e.g. requiring suppliers to provide information to support signposting their services, and comply with data governance policies)
- HR Service Management Academy (e.g. development of commissioning skills across the retained organisation).

The Procurement Service will also feed into the Insight Engine, providing consolidated data around procurement expenditure. It will also exploit insight to improve procurement, for example exploiting customer surveys to garner insight around user experience of services.

1.4.2 DEVELOPMENT OF LOCAL SUPPLY ECOSYSTEM

We will adopt a proactive approach to optimising the supply chain and stimulating the market where necessary as part of a holistic approach to the overall EcoSystem and support Barnet in moving towards its vision of becoming a Commissioning Council. This section outlines how we will develop local procurement and supply chain opportunities, directly contributing to LBB's Skills, Employment and Enterprise Plan.

To support development of the local supply EcoSystem we will implement the following series of processes to engage with local suppliers in a new open, transparent and innovative manner:

- Procure4London – continue to utilise the Procure4London platform to allow access and visibility of new opportunities and to ensure engagement of local suppliers
- Opportunity Matching - matching Council tenders to local companies, SMEs and voluntary sector on a demand register
- Market Making - providing expertise in market development and management to complement our sourcing strategies, mapping future supply requirements to the local supply chain, identifying gaps in local supply, and identifying critical supply streams
- Consolidating local supply by identifying clusters of product/service suppliers, appointing local consortia on a framework contract as a gateway for local companies and support collaborative bidding
- Adopting a Supplier Relationship Management approach that ensures that providers of services are brought together to leverage their combined capability for the overall benefit of Barnet
- Adopting Socially Responsible Procurement Practices and leveraging the legislative opportunities provided by Public Contracts Regulations on the use of social and environmental criteria. For example, we will incorporate and tailor the London Council's guidance and toolkit on Employment and Skills opportunities through Procurement into the Council's procurement policies and practices
- Supporting delivery of the London Procurement Pledge to make jobs and training opportunities part of the deal when negotiating contracts with suppliers
- Appointing a Local Supply Champion to work with local suppliers, SMEs and voluntary sector to provide visibility of future procurements and run 'Meet the

buyer' events. We will also publicise opportunities across the organisation by supporting the benefits that can be derived from working with local businesses

- Reducing the administration in tender processes. For example, we will consider the business case for use of supplier accreditation services such as exor to exempt suppliers from certain elements of pre-qualification
- Implement a Supplier Development Programme through the use of a simple supplier relationship management toolkit.

We will work with LBB to ensure an optimised supply base with agreed metrics and meeting the correct politically accepted mix of suppliers.

1.4.3 COMMUNITY DEVELOPMENT PROGRAMME

In addition to leveraging LBB's public procurement expenditure, we will invest money and skills up to a value of [£500,000] over the Initial Term in a Community Development Programme (CDP) to build capacity and capability of the local Barnet supply base of small and medium sized enterprises, and voluntary and community organisations, supporting Barnet's economic development and increased sustainability of the Council's supply chain.

As a subset of the overarching Partnership governance outlined in Schedule 12, we will also work with LBB to establish a Local EcoSystem Development Board that oversees the programme of interventions funded from this investment, aligned with LBB's Business Engagement Strategy, and community capacity strategy with CommUNITY Barnet. The Growth Landscaper below has been used to provide insight into the current business landscape in Barnet and design a number of targeted interventions to develop the opportunities further and contribute to local economic development. We envisage three primary workstreams in the CDP described below:

- The successful Winning Business Academy® format
- Voluntary Sector capacity building
- Investment to develop a thriving marketplace for personalised budgets/direct payments.

Growth Landscaper designed for Barnet Council Local Authority	Number / profile of business stock 16,000 businesses - 3 rd highest number of businesses in London L... Very few large but many small and especially service based firms	Existing / potential high growth businesses Relatively low number of high growth "Gazelle" businesses (200...) Additional 750 businesses with 'high growth potential'	Current Business Support initiatives Growth Accelerator but a shortfall of approx 790 places
Local Authority / LEP growth aspirations LEP objectives too vague /unspecific Forward thinking Council - open to radical ideas & new funding models Specific objective to increase the number of businesses & especially start ups Keen to make Barnet an enterprising place to both live & work in	Business births / deaths Highest level of self-employment in London after Brent Business death rate is far worse than London average	Growth hotspots / incubators Under-served in terms of Business Incubator space & no Enterprise Zone Hot spot areas are Oakleigh, West Finchley & Edgware	Funding streams for any support initiatives Unlikely to receive R&F or ERDF funding Council looking for a sustainable self financing model
	Priority sectors Service industries predominate No other specific sector targeted for growth by Council	Stagnated businesses Relatively high number of Stags driving the poor survival rates	Given the predominance of small firms, company contributions will be low Possibility of some HEIF, Growing Places or even Tax Increment Financing
Large employers Very few large employers e.g. Middlesex Uni (1,800 emps.)	Social Enterprise Sector Opportunity for Social Enterprises to deliver services	Higher Education Institutes Middlesex University + Barnet & Southgate FE College	

Figure 6 - Growth Landscaper

We will work with our external partners, Winning Pitch, to deliver the Winning Business Academy®. The target community will be:

- Barnet businesses or organisations that are existing suppliers to the Council who want to be better at identifying and winning local authority opportunities, and also reduce their reliance on LBB by identifying new markets and customers
- Local Barnet businesses or organisations that are currently not existing suppliers to the Council but who want to win work with the local authority either on their own or through collaboration with other Sector Barnet business.

Typically the Academy will comprise a series of three half-day boot camps for groups of approximately 20 cohorts, followed up by 1-2-1 coaching to help convert theory into action.

This approach has been proven to generate jobs. In a relatively short period of time, the Winning Business Academy® format has spread across the UK, has recently passed the 1,000 delegate mark and, most importantly, helped to create over 1,400 new jobs. By targeting the Council's supply chain, we will also aim to improve security of supply to LBB by de-risking suppliers that may be over-reliant on shrinking funding streams.

Our Local Supply Champion will train and develop local small, medium enterprises and voluntary sector in LBB's own particular requirements by:

- Conducting supplier forums and training on public sector procurement rules and publishing 'How to...' advice on e.g. 'Writing a winning tender'
- Providing transparency of future tenders and running 'Meet the buyer' events.

Organisations participating in the Academy will be automatically registered with our Local Supply Base champion to receive proactive communications regarding future tender opportunities. We will also signpost wider business support networks such as the BIS-funded Growth Accelerator programme targeted at high growth businesses.

Not all services need to be commissioned from commercial or public sector organisations. Furthermore, funding for services from the voluntary sector is under threat. Therefore, in order to play a sustainable role in the future, voluntary sector organisations will need to be successful in finding alternative sources of funding, and developing sustainable business models that reduce their reliance on LBB funding.

Barnet benefits from an active civic society, heavily involved in doing things for others. Just over a quarter of Barnet residents volunteer once a month, compared to just a fifth of the wider London population. There are around 1000 local voluntary and community organisations in the Borough. Local faith communities play a particularly important role.

The challenges of the changing demographic in Barnet are well understood. Nevertheless it presents an opportunity as well, for example, with significant proportional growth predicted in the 65 – 69 year old group, through extending working lives and managing transition towards retirement. There is a large body of evidence that formal volunteering offers retired people a huge range of benefits: easing transition from paid work, an opportunity to continue practising skills built up in the workplace, a sense of purpose and a link into the wider world and health benefits. Organisations benefit from the contribution of experience, commitment, expertise and capacity of older people.

We will develop a tailored programme for voluntary sector organisations based on the Winning Business Academy® and our broader work with social enterprises and voluntary sector organisations. This investment will stimulate, leverage and increase the capability and capacity that exists within communities, voluntary organisations and individuals through:

- Linking into, leveraging and promoting existing voluntary networks to promote volunteering in Barnet e.g. CommUNITY Barnet, and the Jewish Volunteering Network. This will align with our Customer Services offer to maximise opportunities to conduct proactive campaigns in areas of identified high need
- Using the skills and expertise available across Capita to provide mentoring support and business acumen to Barnet community organisations. We have already agreed a package of mentoring support for Nutmeg to assist their development of a sustainable business model contributing to youth services in Barnet, as well as engaging them in our co-design activities
- Utilising Capita's position in the market and network of partners, such as Google and Apple, to explore and encourage their participation in Barnet initiatives e.g. LBB's young person's entrepreneurship scheme.

We will also work with the Commissioning Group to provide proactive market development and market stimulation activities in segments of the market undergoing significant shifts in buying behaviour in order to achieve the strategic transformation desired. We have already recognised that personalisation and the move to direct payments in adult social care requires a major behavioural shift in the supply base

(as well as in the Council staff, and citizen/user base). We will therefore design and deliver a programme of sector-specific readiness events and communications activities for current and potential care providers to support LBB's strategic commissioning intentions. This may include activities aimed at new market entrants such as personal assistants and brokerage services.

1.5 STRATEGIC COMMISSIONING

During years 1 and 2, we will transform procurement to have a commissioning focus. We will adopt the following commissioning framework when working with the Commissioning Group to assess, decommission and re-commission current and future services.

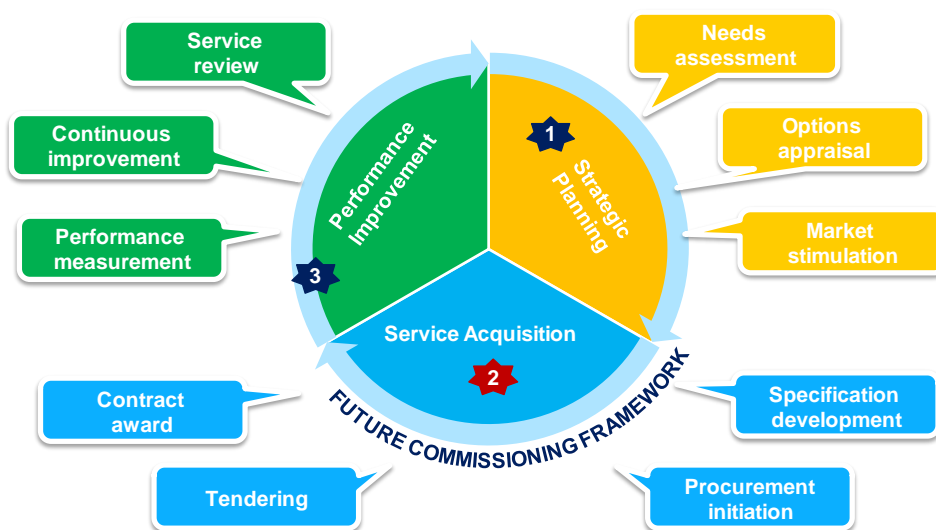


Figure 7 - Future Commissioning Framework

Our Insight Engine will provide evidence to support strategic planning and effective commissioning decisions.

In supporting commissioners to develop specifications for new or replacement services we will engage customers so that we can address needs and co-design service specifications, including exploring options for citizens taking on responsibility themselves. Our approach to co-design is described further in the Transformation and Corporate Programmes Method Statements. We will also involve them directly in sourcing activities e.g. involvement in evaluation panels, in agreement with LBB.

As we support the Council's retained teams to commission services, we will encourage them to think holistically about options for services and leverage the capability in the wider EcoSystem as we work with them to develop the procurement approach and specifications for their services. We have developed a simple Excel tool that will measure the return on investment of Social Value within the EcoSystem. This ensures maximum impact by assigning financial proxies to non-financial values, such as the cost of a volunteer's time, the contribution family members make to a service or the social value of improving the quality of life for an individual or group. In this way the costs of an initiative can more easily be compared against the value of outcomes that it generates. This can help commissioners to think differently about

the services they commission, and help recognise the wider contributions and impact beyond the traditional supplier specification.

Our Social Value calculator is compatible with a number of methodologies such as nef's (the new economics foundation) Social Return on Investment model and the Social Appraisal Toolkit. The Capita tool is designed to be compatible with these methodologies, but maintains a distinction so that commissioners and budget holders can understand the implications of a project in both social and financial terms.

We also provide access to extensive expertise and experience in public sector reform through the Corporate Programmes Service. This includes access to a pool of specialist advisors on developing employee-led mutuals.

Our EcoSystem approach and strategic commissioning framework will support the wider Council Transformation activities and journey towards becoming a Commissioning Council. Therefore the procurement team will work closely with the Corporate Programmes team, to engage with current in-house services in meeting their corporate objectives e.g.:

- Adult Social Care and Health - alternative delivery vehicles for services currently provided 'in house'
- Children's - enabling community groups and the voluntary sector to build their capacity to support vulnerable young people with positive extra-curricular activities
- Planning, Environment and Regeneration - engage with local businesses to develop plans to help people into employment.

The Procurement Service will contribute to the development modules within the Management Academy to equip managers in the retained Council with the skills to fulfil their new role in the Commissioning Council of the future. A consistent framework and toolkit will be valuable, alongside other softer skills, such as relationship management and influencing.

Our procurement service delivery model provides LBB with full flexibility where we can act as a managing agent to ensure the correct commissioning strategy is utilised for LBB's own supply chain or, where appropriate, utilise the Capita Supply Chain to deliver the goods or service directly. Managing Agent propositions are set out separately in Schedule 40.

1.6 SERVICE IMPACT AND CUSTOMER JOURNEY

Within the Procurement Service there are three typical customer journey's; firstly requisitioning goods and services from a contract, secondly specification design, and thirdly procuring services from the market. Our proposals will have a significant impact on how customers will interact with the service. In the examples below, we have shown how we anticipate this working and how the future procurement service will enhance the customer experience:

Dave Requisitioning goods and services



Services Access Org. Position Capability Case Expertise Experience

Dave's Situation

Dave has worked in the Council for several years and always ordered goods and services over the phone and authorised the invoice once the goods are delivered. Recently Dave has attended a training course on how and why to requisition goods and services via the eProcurement system. He understands this is now the sole route to buy goods and services and has received his new log on details.

Experience



Moments of Truth

- ▶ Easy access to information on policies and procedures
- ▶ Refresher on-line training
- ▶ Pro-active HR coaching
- ▶ Reminders and alerts

Key Enablers

- ▶ Intuitive e-enabled procure to pay system
- ▶ Up to date information on procurement portal
- ▶ Access to relevant training
- ▶ Best value catalogues in place

Helen Sourcing goods and services – Specification



Services Access

Org. Position

Capability

Case Expertise

Experience

Helen's Situation

Helen is a commissioner in the Adult Social Care team and has been previously managing the tendering and contract management activity for a number of complex spend areas. This has meant that the majority of Helen's time has been spent on commercial activities rather than supporting the operational requirements of her role.

Experience

<p>Helen has an initial meeting with Jeff, the new embedded business partner for Procurement and understands that there is now a central team of flexible expertise to support her in tendering key spend areas. Jeff spends time to understand Helen's current ways of working, challenges and future strategic objectives. They agree that Procurement can help Helen to develop a procurement strategy and provide commercial expertise that will achieve the best outcome for the unit, and running the tendering activity to ensure compliance.</p>	<p>Helen mentions that due to previous initiatives the Standing Orders and CPRs within the council are rigid and don't allow her the flexibility to deliver outcomes and drive best value. Jeff assures her that the nature of requirements and maturity of the market will be taken into account - since Adult Social Care falls under Part B of the regulations, there is greater scope to adapt the process whilst remaining compliant, and the team have experience of investing in developing nascent markets. In parallel, a separate project is launched to ensure the policies and processes in the centre are fully compliant, but allow delivery units the flexibility they need. Jeff works with Helen and her colleagues to workshop the issues and co-design the future CPRs.</p>	<p>Jeff introduces Helen to Graham, a procurement expert with over 10 years procurement experience in the ASC sector. Graham has worked with multiple authorities and has relationships at a strategic level with a number of the providers that Helen works with on a day to day basis. The outline project is defined in a Project Initiation Document which includes the roles, scope and outcomes that Helen and Graham are looking to deliver. The project is jointly governed with health commissioners to ensure an integrated pathway.</p>	<p>Graham works with Helen to define the procurement strategy and specification of requirements. This is done based on several aspects of additional information, including the Council's needs assessment and additional evidence from the insight team; insight of the current market place based on the Procurement teams knowledge and available data sources – this includes voluntary sector organisations and local suppliers; current ways of working and review of previous contracts – what worked, what did not work well; a review of related services to ensure an joined up approach and avoid duplication; co-design workshops with citizens and user advocacy groups (this includes exploring redesign of the service to place greater responsibility on the citizen and their own support network such as the family); supplier feedback; work other authorities and collaborative hubs are doing; and 3rd Sector feedback.</p>	<p>Once the specification is agreed, Graham informs the Procurement Local Supply Champion who engages with SMEs and the 3rd sector to how he can support development of the local supply ecosystem by providing early visibility. Helen fully supports this activity and is keen to work with and develop local small, medium enterprises and voluntary sector by supporting procurement at supplier forums, training on public sector procurement rules and providing transparency of all her future tenders.</p>
Business Partner		Procurement SME		

Moments of Truth

- ▶ Access to knowledgeable Business Partner
- ▶ Responsiveness to issues
- ▶ Access to procurement expertise
- ▶ Support through joint working

Key Enablers

- ▶ Flexible CPRs and Standing Orders
- ▶ Access to Market Knowledge and Insight
- ▶ Skilled Procurement professionals
- ▶ Understanding the requirements of the delivery unit
- ▶ Business Partner support

Helen Sourcing goods and services – Going to Market



Services Access

Org. Position

Capability

Case Expertise

Experience

Helen's Situation

Helen has agreed a specification with Procurement expert Graham (see Sourcing goods and services– Specification). Before tendering, she would like to test the market to see the appetite and also to ensure the specification is optimum for the supply market.

Experience

<p>Helen and Graham meet multiple suppliers to gain feedback and discuss the proposed tender and specification as part of a soft market test organised by Graham. All amendments are discussed and a final specification is drafted and signed off along with the preferred procurement route. In this case, Graham and Helen agree that an open process meets their requirements.</p>	<p>Helen and Graham agree the evaluation criteria for the tender and post the notice on the council's supplier portal as well as via special social care journals. Whilst not required for Part B services, an optional notice is placed in OJEU to access as wide a market as possible. The local supplier champion makes relevant local SMEs or 3rd sector organisations aware of the tender to ensure their involvement in the process.</p>	<p>Clarification questions come into the Procurement team who gain information from Helen as required and circulate back to the participating suppliers. All of the tender responses are completed via the e-procurement portal and the procurement team provide Helen with copies of each response.</p>	<p>Helen, various other key stakeholders and Graham meet the suppliers to understand their offer and service delivery model in more detail. Following completion of the evaluation, where Helen reviews the operational aspects and Graham the commercial aspects, a recommendation report is produced by Procurement for Helen to review.</p>	<p>Once Helen and the Adult Social Care leadership team are happy with the recommendation, Graham works with Helen and the Council legal team to ensure the most appropriate contract is put in place and includes flexibility for the council and also rewards the provider for continued cost saving and innovation.</p>	<p>Once the contract is signed, the procurement team fully support Helen with any change of supplier and ongoing implementation to ensure the supplier is performing. Helen and Graham meet the supplier quarterly to review performance. Any issues are discussed and corrective actions put in place as well as future innovations discussed and planned.</p>
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Moments of Truth

- ▶ Access to expert knowledge of procurement processes and contracting
- ▶ Support from SME and Procurement Team

Key Enablers

- ▶ Market Knowledge and Insight
- ▶ Skilled Procurement professionals

2 DELIVERY OF PROCUREMENT REQUIREMENTS

This section sets out an outline of the high level solution that Capita will provide to ensure we meet and exceed all aspects of the output specification.

2.1 SOURCING / OUTPUT SPECIFICATION REF: PROC1.1

We will deploy an embedded procurement model which allows the optimisation of resource, development of the market place, acceleration and sustainability of benefits whilst ensuring alignment to corporate procurement policies and procedures, underpinned by innovative tools and techniques. The core principles include:

- Alignment of commissioning, operations and procurement
- Full visibility of spend, categorised and under management
- Strategic and tactical procurement incorporating Category Management philosophies combined with flexible expertise supported by up to date market intelligence and customer alignment
- Continuous Improvement and measurement
- Internal and External Customer Focus and involvement
- Market Creation and Development
- Customer and Supplier Relationship Management principles embraced and executed across the whole supply chain
- Technology deployment and optimisation
- Full training and staff development provided to up-skill the existing team aiding staff retention and engagement
- Aligned Governance Model and enhanced stakeholder engagement enabling a collaborative culture and alignment of strategic objectives and outcomes
- Guaranteed long term cashable benefits.

2.2 SOURCING - ANNUAL PROCUREMENT PLAN/ OUTPUT SPECIFICATION REF: PROC1.2

Through detailed analysis of LBB's current state, spend analysis, stakeholder engagement and contract database analysis, a Procurement Plan will be developed to cover the current and next financial year. The plan will identify short, medium and long term projects and objectives identified on a category or service area basis (whichever is more appropriate) to give a focussed forward view for resource and effort required and in order to meet all financial standing orders of LBB. The Plan will be shared across the Council and with the Cabinet Resources Committee in order to allow resource planning and sign-off. The procurement plan will be maintained and refreshed based on new identified projects and agreed changes with the Council.

2.3 SOURCING - CPR COMPLIANCE / OUTPUT SPECIFICATION REF: PROC1.3

We will implement and maintain a 3rd party online supplier contracts database, which will contain all supplier information necessary to manage the Council's procurement activity. We will ensure that new contracts are fully promoted and utilised by users in agreement with LBB to drive improved compliance throughout the Term. Capita will also produce monthly dashboard reporting of compliance to process, and spend influenced by the Procurement team, as well as contract coverage by service and category areas.

The Contract Database will be used to build the forward plan to provide visibility and to schedule when contract renewals/ extensions/ negotiations can take place at the appropriate time.

2.4 SOURCING - AGGREGATION AND EC COMPLIANCE / OUTPUT SPECIFICATION REF: PROC1.4

Through the use of our skilled procurement team who are MCIPS qualified and via our experience across a number of live public sector engagements (Southampton, Leicester, Staffordshire, Lambeth councils) we are used to working to EU legislation. Our tried and tested processes and tools are all compliant. Based on this and ensuring we follow the Council's CPR's, we will ensure that all procurement activities, including all processes and procedures relating to contract/ tendering/ specifications/ advertisements/ communication, comply with all relevant legislation, guidance and other requirements, including but not limited to:

- EU Public Procurement Legislation
- UK Government Legislation and guidance including Equality
- Council Standing Orders \ Contract Procedure Rules
- Council Policy
- Treaty of Amsterdam
- CDM regulations 2007
- Public Procurement Reform Group
- Case law.

We will also monitor legislative change and ensure that all future policies, processes and standing orders are also fully compliant.

2.5 SOURCING - STRATEGIC SOURCING PROJECTS / OUTPUT SPECIFICATION REF: PROC1.5

We will complete a Project Initiation Document (PID) for any projects that will require engagement across many functions and/or include significant effort, to achieve savings. The PID must be completed and approved by LBB before commencement of the project.

As part of the Contract Award and Implementation stage, Capita will confirm the expected benefits and phasing via a benefit sign off form which will be cross referenced back to the PID. The benefits sign off form will include a qualitative overview of benefits, the service areas affected, stakeholders engaged in the project, total saving broken down in line with the savings definitions and benefits start date including phasing and incremental impact to the organisation's business plan. Each sourcing project will include:

- Sourcing Project Initiation Document
- Spend Analysis
- Requirement analysis
- Supply & Market engagement
- Sourcing strategy including recommendations.

2.6 SOURCING - SPECIFICATIONS / OUTPUT SPECIFICATION REF: PROC1.6

Our Procurement ProMPT2 methodology can be used to develop any required specifications, which can then be reviewed in conjunction with LBB to ensure it is fit for purpose. The process will consist of collecting the existing specifications (if available), comparing against future requirements and with reference to current market conditions and trends, making any changes necessary and finally signing off the specification.

We will engage with stakeholders (including cross organisational consultation when necessary) to jointly understand, develop and define functional specifications, volumes and underlying requirements that underpin these opportunities. In accordance with the agreed governance structure, each functional specification will be approved with the commissioner.

We will develop strategies to deliver the functional specifications and ensure that each strategy addresses all requirements of the functional specification and demonstrates the ability to deliver Best Value.

All specifications will be legally compliant.

In developing specifications and contracts for new services, our Procurement team will consider how they fit within the overall delivery EcoSystem and include provisions to facilitate collaborative working, effective information exchange, and a seamless customer experience. For example, compliance with the overall customer access strategy and interfaces with the customer services organisation and infrastructure to enable effective delivery of services such as information and advice, customer advocacy and case management.

2.7 SOURCING - INNOVATION AND COLLABORATION / OUTPUT SPECIFICATION REF: PROC1.7

This requirement will be fully met by our embedded procurement model. See section 2.1 for further information.

2.8 SOURCING - MARKET RESEARCH / OUTPUT SPECIFICATION REF: PROC1.8

We will provide LBB with Insight and access to relevant market intelligence, data and benchmarking from a variety of industry sources through our current portfolio of tools. Where possible we will also leverage Capita and client base information where appropriate. Through this process, we will

- Leverage pricing and benchmarking information as well as utilisation of cross client benchmarking (price, specification and intelligence) through our partnerships with organisations (across all sectors)
- Provide a comprehensive range of procurement resources including a suite of market industry and category based information sources. These focused tools include but are not restricted to Ovum, FAME, Companies House, Experian and Marketresearch.com and institutes such as CIPS, CITL and BCS
- Provide a foundation for consistent intelligence reporting
- Utilise appropriate external benchmarking information (financial, product and operational) to develop the business case and overall strategy for each procurement project
- Provide Insight within each category area to identify opportunities for future procurement savings.

Reporting will be on a quarterly basis.

2.9 SOURCING - CHANGES TO REGULATIONS / OUTPUT SPECIFICATION REF: PROC1.9

We will maintain, develop and implement procurement policies in accordance with Council Standing Orders, Contract Procedure Rules, Policies and processes, whilst ensuring alignment to LBB's overarching objectives in relation to procurement. Any recommended changes proposed to such procurement policies will require approval by LBB prior to introduction.

We will ensure that all policies and procedures are kept up to date with changes and developments in the industry, legislation, best practice and sustainability.

Once developed and approved, any changes to Procurement templates or tools will be uploaded to the Procurement intranet space and communicated through the most appropriate method.

2.10 SOURCING - ECONOMIES OF SCALE AND SME/VOLUNTARY SECTOR INVOLVEMENT / OUTPUT SPECIFICATION REF: PROC1.10

We will, via our embedded procurement model, review current expenditure and identify areas for leverage, and also for market matching to create opportunities for local, voluntary and SMEs. We will develop a member of the transferring team or provide resource to act as a dedicated 'Local Supply Chain Champion'.

We will also identify opportunities to develop trade with local firms, both as first-tier suppliers, and through the supply chains of major contractors. We will also provide support and training to local businesses, SMEs and the 3rd sector to help them to understand how to compete for Council contracts. We will ensure this is achieved in full compliance with EU and national legislation.

Engaging the local supply chain provides an excellent opportunity to support SMEs, the third sector and develop the local supply base, whilst also delivering on sustainability targets. Where appropriate we will evidence how a co-ordinated local supply chain can often deliver lower costs and better services that are more responsive to local needs.

See also section 1.4.2 on development of the local EcoSystem.

2.11 SOURCING - SUSTAINABLE PROCUREMENT / OUTPUT SPECIFICATION REF: PROC1.11

We will operate sustainable procurement processes and policies. To operate sustainably we focus our activities in our key impact areas. These impact areas reflect both opportunities to make a positive difference and those that manage non-financial risks. We will use both Council strategy and feedback from internal and external stakeholders to define these areas of focus and agree them with the Council in advance. Examples for areas of sustainability include:

- The supply chain delivering excellent service for citizens to meet their needs. We will ensure that we manage their services responsibly, adhering to any legal requirements
- Developing mutually beneficial relationships with your suppliers and being committed to working with those suppliers who meet the agreed business and sustainability standards. Our procurement team will manage relationships with significant suppliers (in terms of spend and complexity) to ensure that good practice is understood and shared in the supply chain
- Identifying, managing and minimising the environmental impact of the Supply Chain
- Developing risk management process which consider environmental risks
- Engaging with the local communities, in which the supply chain works, and identifying areas to making a positive social and economic impact and understanding and managing any negative impacts of those operations
- Employee volunteering and fundraising
- Regeneration of local communities.

2.12 SOURCING - APPRENTICESHIPS / OUTPUT SPECIFICATION REF: PROC1.12

We will develop innovative contracts and identify new market opportunities to further develop the scheme in line with LBB's strategy and policies.

We will support delivery of the London Procurement Pledge to make jobs and training opportunities part of the deal when negotiating contracts with suppliers. We will work with LBB to incorporate and tailor the London Council's guidance and toolkit on Employment and skills opportunities through Procurement into the Council's procurement policies and practices.

2.13 SOURCING - eTENDERING AND eAUCTIONS / OUTPUT SPECIFICATION REF: PROC1.13

We will maintain processes and procedures to operate and develop appropriate electronic procurement solutions, including eAuction, eTendering and eInvoicing, which are freely accessible to all relevant suppliers, with all relevant software to be provided. Our own eProcurement solution has the ability to:

- Link to TED for posting of notices and can be integrated to the Council website if required
- Ability to build PQQ, ITTs and eAuctions
- Weighted sections & questions
- Allow electronic evaluation and the ability to invite other Council officers
- Provide an automatic award and rejection notification
- The solution also has full audit capabilities to see when amendments were made and by who.

2.14 SOURCING - EU COMPLIANCE / OUTPUT SPECIFICATION REF: PROC1.14

See section 2.4.

2.15 SOURCING - SPECIFICATIONS / OUTPUT SPECIFICATION REF: PROC1.15

See section 2.6.

2.16 SOURCING - CONTRACT COMPLIANCE / OUTPUT SPECIFICATION REF: PROC1.16

We will ensure compliance with the Council's standard contract terms and conditions (where applicable appropriate terms and conditions). Any variation from these will be agreed in advance with the Council's Service Areas. We will ensure that the Council's terms and conditions are provided within all tender documents.

See also section 2.4.

2.17 SOURCING - EVALUATION / OUTPUT SPECIFICATION REF: PROC1.17

We will operate and maintain an end to end procurement and contract management process in accordance with Council Policy, procurement policy, legislative requirements and guidance which covers:

- Contract advertisement to award
- Evaluation criteria agreed in advance with each relevant service area
- A robust and secure process for opening and evaluating responses and tender documentation received to ensure transparency and equal treatment amongst bidders
- A secure system for the issue and collection of tenders
- Evaluation based on the Most Economically Advantageous Tender
- Debriefing of unsuccessful bidders
- Notifying and facilitating LBB as a matter of urgency of any potential risks
- A tendering process that is robust and secure throughout, minimising the potential for challenges.

Post award we will conduct supplier reviews in accordance with the criticality and strategic nature of the supplier (monthly, quarterly or annually).

2.18 SOURCING - SUPPLY CHAIN / OUTPUT SPECIFICATION REF: PROC1.18

Where permitted by Public Contracts regulations and within scope of the NSCSO procurement, we will include options to leverage the Capita supply chain to LBB benefit as part of sourcing strategy. We will give access to our entire supply chain to ensure benchmarking, innovation and best value. If we are using the Capita supply chain to provide the outsourced services and not the delivery units specific services we will follow the Constitution and Contract Procedure Rules of Approval.

2.19 SOURCING - BENCHMARKING / OUTPUT SPECIFICATION REF: PROC1.19

See Section 2.8.

2.20 SERVICE IMPROVEMENTS - PROCESS / OUTPUT SPECIFICATION REF: PROC2.1

We will identify process efficiencies throughout the engagement and work with LBB to implement and realise benefits of service, process and savings. Examples of this will include technology enhancement, compliance management, focused contract management and elimination of duplicate effort. All improvements will lead to increased efficiencies and / or increased customer satisfaction.

2.21 SERVICE IMPROVEMENTS - P2P/ OUTPUT SPECIFICATION REF: PROC2.2

We will identify P2P efficiencies and work with LBB to optimise the end to end P2P process. The Council will authorise business cases but we shall look to:

- Increase the compliance to e-catalogues
- Increase the usage and availability of e-catalogues
- Extend the use of e-Invoicing
- Drive process efficiency by using supplier managed catalogues and punch-out functionality.

2.22 SERVICE IMPROVEMENTS - ETENDERING/ OUTPUT SPECIFICATION REF: PROC2.3

See Section 2.13.

2.23 SERVICE IMPROVEMENTS - FIT FOR PURPOSE DOCUMENTATION/ OUTPUT SPECIFICATION REF: PROC 2.4

We will ensure all procurement documentation is fit for purpose and regularly updated, annually as a minimum, or as and when required to, to reflect any changes to Public Procurement Regulations and Statute law. Information where applicable will be made available via the supplier and employee portals to improve self-help. Such information will include:

- EU Public Procurement Legislation
- UK Government Legislation and guidance including Equality
- Council Standing Orders / Contract Procedure Rules
- Council Policy
- Treaty of Amsterdam
- CDM regulations 2007
- Public Procurement Reform Group
- Case law.

2.24 CONTRACTS REGISTER / OUTPUT SPECIFICATION REF: PROC3.1

We will maintain a Contract Database for those contractors and suppliers where a contracted supplier arrangement exists for the supply of a particular product or service. The database will hold details of the vendor, contract value, contract start and expiry date, council lead officer as a minimum. We will maintain this database with details of any Council contracts where the contract value exceeds £25,000. This threshold will be reviewed annually.

2.25 CONTRACTS REGISTER / OUTPUT SPECIFICATION REF: PROC3.2

See section 2.3 above and Section 4 on supporting technology below.

2.26 CORPORATE CONTRACT REPOSITORY/ OUTPUT SPECIFICATION REF: PROC3.3

We will deploy an online contract database to replace the current Corporate Contract Repository that will hold all contracts, specifications, and other documents supporting the procurement process. We will work with Service areas as necessary to maintain the Repository. This will give a central point of access to all contracts held within the Council and to support contract monitoring and management. The database will also provide an auditable trail for contract amendments / variations, owners and highlight key milestones.

2.27 TRAINING / OUTPUT SPECIFICATION REF: PROC4

We will identify and deliver a programme of specialist and relevant procurement training to appropriate Council staff to ensure skills development, including providing access to industry recognised training.

See also section 3.1.

2.28 CONTRACT MANAGEMENT / OUTPUT SPECIFICATION REF: PROC5

We will ensure via our supplier relationship management processes that all potential and current suppliers are managed to ensure that we minimise risk to LBB by ensuring that:

- Financial risk assessments are carried out
- Regular performance reviews occur
- Alternative sources of supply and contingency plans are in place for high risk suppliers.

We will strengthen LBB's existing supplier development programme by working more collaboratively with other local authorities, the West London Alliance and the voluntary sector through the use of our supplier relationship management toolkit.

We will develop a solution that allows LBB to appropriately pre-qualify suppliers, manage the database and maintain up to date information and provide access to baselining and market intelligence. The solution will also include an online customer survey toolkit as part of the functionality. We will act on, and share, lessons learned feedback from stakeholders at the end of each procurement project, putting in place improvement plans as appropriate.

We will work with the Delivery Units to optimise supplier performance and utilise our SRM module to record KPI information for key providers. Roles and responsibilities for supplier performance management will be agreed for each contract with the relevant Service Areas. The Managing Agent role as outlined in Schedule 40 is responsible the overarching Delivery Unit performance management. Through the SRM module we will also implement an annual customer and supplier survey to

obtain additional feedback to check that suppliers are satisfied with their interactions with LBB and to ensure any issues can be identified and quickly resolved.

2.29 SOURCING STRATEGIES / OUTPUT SPECIFICATION REF: PROC6

We will produce category and individual project specific strategies in consultation with key stakeholders and in line with departmental, Council and government objectives and agendas. For all strategies we will collect and provide, as a minimum, the following:

- Spend Overview
- Stakeholder Analysis and Map
- Market Overview – internal and external forces, benchmarking and intelligence; level and detail of supply market engagement
- Opportunity Assessment – savings opportunities
- Sourcing Strategy – make versus buy, route to market, outsourcing
- Compliance Opportunities
- Demand Management
- Project Timelines
- Set of recommendations.

We will refresh the category strategies on a six monthly basis.

2.30 ANCILLARY ACTIVITIES - EXCEPTIONS / OUTPUT SPECIFICATION REF: PROC7.1

We will review and evaluate any requests for exception to the Council's Contract Procedure Rules that are forwarded by the Council Service Areas. We will evaluate, recommend approval or rejection to the Council Service Area in line with the stated exceptions in the Contract Procedure Rules. The decision will however rest with the Council Service Area subject to existing Governance and Constitutional arrangements. This will ensure compliance with the Councils Contract Procedure Rules and EU Regulations; and mitigate risk to the Council.

2.31 ANCILLARY ACTIVITIES - ADVICE / OUTPUT SPECIFICATION REF: PROC7.2

We will represent LBB, providing professional advice and guidance as reasonably requested/required.

2.32 ANCILLARY ACTIVITIES - STATISTICAL RETURNS / OUTPUT SPECIFICATION REF: PROC7.3

We will fully comply with the process for annual statistical returns.

3 STAFF

As part of the initial transfer of service and staff, we will undertake staff consultation and communication in accordance with TUPE regulations, as outlined in our Transition Method Statement. Furthermore, we will undertake a range of induction and communication activities, in particular introducing the procurement transformation capability alongside the transferred team and holding a team building event with the combined team.

We will undertake an in depth review with transferring individuals which will incorporate the following key areas:

- Mapping existing roles and responsibilities to initial and future roles and responsibilities in the Embedded Model
- Review of job descriptions
- Competency assessments
- Training needs analysis.

The outcomes of this review will provide the foundation for individual staff member's development plans and ensure that all training is tailored specifically to each team member, as well as informing the detailed future operating model.

By month 6, we will ensure that all staff are aware of Capita policies and procedures and will have implemented a robust staff management structure, incorporating the following:

- Regular team meetings
- Monthly / regular 1:1's with all team members
- An annual appraisal mechanism which focuses on an individual's development.

3.1 TRAINING

All transferring staff will be provided with induction to Capita and have access to training in relation to their development e.g. what it means to be a leader in Capita.

We will secure procurement and commissioning skills for the Core Procurement Service through professional recognition of the service via positive external positioning (awards, acknowledgements and coverage) and employee skill development through the Management Academy, alongside other core skills, such as customer service and effective stakeholder engagement.

Through clear and effective staff management, we will be able to identify an individual's training need or development requirement and address these accordingly through 1:1's, specialist training and Personal Development Plans.

We will create annual training programmes to ensure we deliver or oversee delivery of targeted and periodic procurement training sessions for both the Council's and our employees on procurement procedures and processes and general procurement training.

This training will also be conducted as and when there have been changes in EU regulations, new case law, changes in statute law or changes in procurement systems and processes within the Council. We expect that the transformation of the service will have a significant bearing on the procurement guidance. We will ensure that all employees within the Procurement Service are made aware and trained in any changes, where appropriate.

We will also give all our employees the option to study for CIPS level 4 and above.

We will provide training to retained LBB employees through the Learning and Development Academy. For example procurement master classes, and procurement guidance events on topics including specification development and bid evaluation. As part of the journey to a Commissioning Council, the Learning and Development Academy will support development of commissioning skills through strategic commissioning framework, provision of toolkits in priority areas such as Supplier Management, and softer skills such as influencing and negotiating, in recognition of the shift from managing services to delivering through others. Development programmes targeted at Delivery Units will also be available e.g. leadership skills around developing a delivery culture, and commercial skills for operating as a business unit.

A Learning and Development Academy for Barnet will deliver a comprehensive management development programme consisting of essential generic and tailored workshops managed via a bespoke learning portal. We will design a Management Development Programme that will offer Barnet Council Managers the opportunity to enhance their competencies, knowledge, skills and behaviours to make a measurable difference to their performance.

It will:

- Provide leaders and managers with generic and essential skills required to lead and manage their teams through the challenges of the changing organisation
- Ensure managers are accountable and responsible for their staff and develop workforce management skills beyond the basics
- Add additional investment through the Learning and Development Academy, offering senior and mid-level managers tailored development (i.e. classroom, modular, online forums, coaching, blogs, self directed learning).

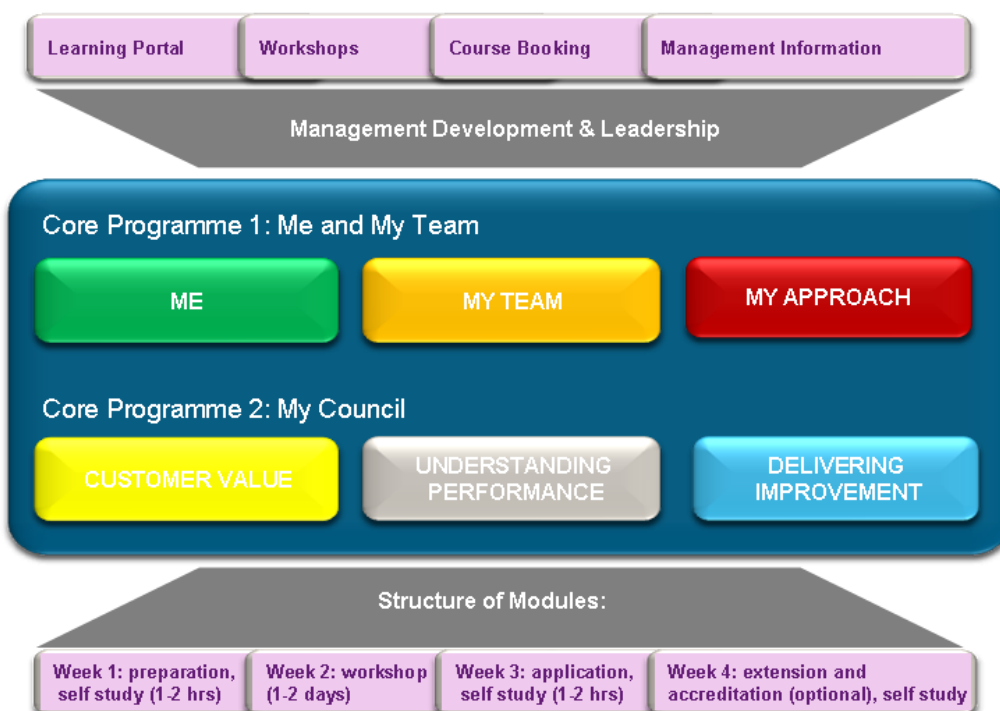


Figure 8 - Example: Barnet Learning and Development Academy

Content will be designed and delivered to cover specific work stream requirements for retained staff, including:

- **Commissioning Group**
 - The role of the strategic commissioner and strategic commissioning framework
 - Commissioning and Procurement Process Overview
 - Influencing and negotiating skills i.e. moving from directly managing services to delivering through others
- **Delivery Units**
 - Leadership skills – Developing a delivery culture and understanding importance of e.g. customer service, innovation and continuous improvement
 - Commercial skills – delivering against SLAs, understanding your cost base and pricing strategy, winning new work
- **All Council staff**
 - A range of events and guidance including procurement master classes and events and guidance on the use of corporate catalogues/frameworks, P2P, specification development, supplier relationship management.

3.2 LOCATION

The embedded procurement service will reside in Barnet alongside the service areas and retained procurement teams. The help desk will be part of the customer service contact centre and transactional elements of the procurement service will be delivered from our current procurement shared service centres (as set out in the overview in section 1).

Flexible overflow resources to deal with any peaks in demand and specialist subject matter experts required on an infrequent basis will be situated in our existing procurement hubs. We will ensure that the identity, integrity and performance of the Barnet service is not impaired as a result of these arrangements.

In exceptional circumstances, for example, a service outage, these facilities can also be used to support business continuity.

4 SUPPORTING TECHNOLOGY

We will utilise our integrated approach with the finance service stream to deliver efficient, automated options for reducing order processing via P-card/e-Invoicing implementation.

We will support the service improvements by:

- Implementing spend analytics and web based dashboard output within three months of contract start
- Automating the current vendor set up process
- Providing an integrated solution for P2P across our procurement and finance work-streams
- Utilising the current Procure4London e-Sourcing platform or replace with our own as appropriate
- Implementing Supplier Relationship Management process and web based tracking tools
- Implementing a web based project tracking system by the end of Year 1 to track progress and manage risks on specific procurement projects
- Implementing a standalone benefits tracking system by the end of Year 1 to track and manage the delivery of Procurement savings
- Implementing a web based Contracts Database by the end of Year 1 to electronically store contract documentation and track contract renewals to help plan future Procurement projects
- Implementing a staff procurement portal on the intranet, giving access to staff delivering the Procurement services all relevant procurement information
- Providing incremental resource to support the development of process documentation, templates and collateral to enable self service

- Implementing a new knowledge management system and market intelligence system by the end of Year 1 to support staff delivering the Procurement services in providing a broader range of accurate and up to date information
- Implementing a 'supplier portal' by end of Year 1. The portal would allow suppliers to check the status of their invoice, reducing the volume of calls and queries which are handled by the Personnel delivering the Procurement Services, whilst providing suppliers with greater visibility of their own cash flow. Access to the portal would be controlled through robust authentication
- Using geographical mapping of the supply chain to allow clear visibility of differing supplier categories (SME, Local, Voluntary, Families, Regional) and the inter-relationships
- Using spatial analysis through the more advanced GIS tools within the Insight Engine, for example analysing domiciliary care with respect to optimising travel times for carers.

Our solution will enhance LBB's commissioning agenda via improved internal management and engagement, some examples of the benefits are shown below:

TOOLS	EXAMPLE OF THE BENEFITS TO BARNET
Spend Analytics, Dashboards and Geographical Information Systems	Transparency of reporting, compliance and measurement of all metrics including geographic mapping. Supply Chain value analysis.
Market intelligence	Insight and Intelligence available for benchmarking and market innovations.
Web enabled Projects and Benefits Trackers	<p>Full visibility of all projects and stage sign off ensuring stakeholders and management have full transparency on projects, deliverables and tracks savings forecast and delivered on a monthly basis.</p> <p>Underpinning the delivery of each project ensuring each project is compliant with the ProMPT2 sourcing approach and strengthens collaborative working across the Authority.</p>
Contracts Database	Providing a full audit trail in the authoring and sign off of contracts as well as providing full visibility of all contracts including any in flight contracts enabling spend to be fully leveraged and risk is effectively managed and assessed.
How to Buy Guide via Intranet	Communicating policy and process, providing clear and articulate guidance will drive compliance and ensure procurement are accessible and easy to work with across the Authority.

TOOLS	EXAMPLE OF THE BENEFITS TO BARNET
Catalogues	Increasing the number of e-catalogues will reduce PO and invoice processing time further.
Online survey toolkit	Obtaining feedback from stakeholders to measure the success of the projects and the satisfaction of the customer.

We will also continue to develop our process to ensure we are connecting with Suppliers in the most efficient way, such improvements include:

TOOLS	EXAMPLE OF THE BENEFITS TO BARNET
Supplier Relationship Management Tools	Full SRM toolkit including collaboration, market creation and engagement of local, SME and Voluntary communities. Measurement of satisfaction and adoption processes.
Online Supplier Portals	Enabling two-way communication with Suppliers making the Authority easy to work with from an external perspective and enabling the Authority to communicate efficiently and consistently. Enabling suppliers to express interest in working with the Authority and the Authority to appropriately prequalify their suppliers manage their database and maintain up to date information.
eSourcing	Reduced effort in the tendering process through the use of e-tendering applications, standardisation of forms, and enhanced evaluation process.

5 PERFORMANCE MANAGEMENT, REPORTING AND QUALITY ASSURANCE

5.1 PERFORMANCE MANAGEMENT

Performance will be reviewed monthly in line with the over-arching Monitoring arrangements as outlined in Schedule 13. We will agree the specific contents of the monthly performance report with LBB which we will then provide in advance of each meeting. The monthly report will include all information required by the Procurement service specification including KPI and PI performance. It will provide early notice of any potential problems with service delivery. Many of these targets will be cumulative so we will also provide details of projected performance for the year as well as details of the quarterly returns submitted.

We will hold regular relationship management sessions with each Service Area to review performance, discuss any issues or areas of improvement, as well as tracking

benefit realisation as per the agreed plan. The Process for Benefits realisation is set out in section 5.4.

5.2 REPORTING

Our Procurement reporting will be aligned to the outcomes which have been identified by the Council, these include:

- Customer Satisfaction Surveys
- Supplier Satisfaction Surveys
- Contract Compliance Management
- Benefits Tracking
- Project progress highlights
- Risk and Issue Logs
- Improving Council performance - Procurement indicators
- Usage of Catalogues
- Green Route Procurement versus Retrospective Purchase Order Creation
- Active contract and supplier reports
- Market Intelligence and Benchmarking.

We will produce clearly defined system generated reports allowing for ease of production and importantly, ease of interpretation. Working closely with LBB, we will agree reporting metrics and formats within a standard suite.

Through the implementation of the new Procurement Service, we will enable improved information flows between day-to-day operational teams and strategic management decisions.

- We will deliver a new reporting suite, where management and performance information will be reported against required KPIs, PIs, Procurement objectives, etc
- We will ensure the Procurement service has the most appropriate view of their data, whether to ensure Insight for Service Experts, Business Partners, Strategic Commissioners, Service areas and the Procurement Head of Service
- We will ensure that relevant Procurement data is part of the wider Insight engine and draw on Insight to inform future strategy (e.g. supplier innovation workshops and market trends and data to understand how the market place is evolving and ensure the Council is at the forefront of service delivery).

5.3 QUALITY ASSURANCE

From dialogue we understand there is a drive towards cost reduction but not at the detriment of quality. We take quality assurance seriously. Capita's Procurement services are built upon established measures (such as Satisfaction Surveys, KPIs and PIs) to determine quality of service and we will apply these to the Barnet Procurement service ensuring that the experience received by customers, employees and Suppliers is one of satisfaction. Our reputation is based upon good quality services which are reflected in our long term contracts with many clients.

Fundamental to the delivery of our Procurement Service, will be the information on which decisions are made. We will cleanse the 3rd party spend data as part of the Service Transition to ensure we understand the profile of data and then ensure that the underlying data continues to be accurate, a critical component to delivering new 3rd party contract arrangements.

The cornerstone of our commitment to Quality Assurance is to put in place processes that mean dealing with the service is easy, flexible and supports the needs of each service area. In order to ensure accuracy and quality we will nominate a senior member of our wider Procurement practice who will be responsible for a Quality Assurance regime and ensuring delivery of the contractual commitments. The role will include:

- Impartial review of performance of the contract from a delivery expert not involved on a day to day basis with the service
- Ensure maximisation of leverage and collaboration across the Capita supply and client base
- Ensure consistency of approach and knowledge transfer
- Gain feedback from key stakeholders informally on the Procurement Service and support the Head of Service with continuous improvement initiatives.

We believe that our focus on effective staff training and documented procedures contributes significantly to the reduction of error. However, we understand the importance of ensuring that all procurement processes are routinely checked for both accuracy, quality and compliance to CPR's, UK and EU Procurement legislation. We will monitor every aspect of the Procurement Service and we have detailed below some examples of the checking that will take place. However, it should be noted that the underlying emphasis will be on having business processes in place where quality and checking are an inherent component of day-to-day service delivery. Each process will therefore incorporate the most appropriate method of checking, including:

- Random checking
- Sampling
- Targeted checking
- New starter checking.

Staff carrying out these checks will be provided with guidance, process steps and checklists so that there is consistency throughout the checking and auditing process and we will provide the results of the accuracy check as part of our monthly reporting.

In addition, the results of the checks will be used as a feedback mechanism to inform staff of their own performance and to contribute towards their individual training needs. Trends or patterns in error that are identified as part of the check will be addressed in a similar fashion and will inform on potential changes to procedures or generic training requirements.

Delivering Assurance via Clear Governance

We will implement a governance model to facilitate the delivery of the Procurement Service by:

- Identifying, communicating and securing ownership of actions
- Escalating issues requiring decision/resolution through the governance model
- Disseminating key messages through appropriate media and stakeholder engagement activities.

This activity will:

- Align to the Governance Model as set out in Schedule 12 and ensure the right people and structures are in place
- Determine expectations to help control scope and manage change
- Govern the delivery of programmes, ensuring that they are progressing to plan and that timely decisions are made, and actions are taken to enable delivery of the target outcomes and benefits.

The governance model will be covered by two board's membership, functions and frequency of which will be agreed jointly with the Council:

- Operations Board - to ensure achievement of benefits is progressing to plan and that timely decisions and actions are taken to enable delivery of the benefits
- Business Partner Service Area Reviews - to ensure achievement of service area objectives plans, and that project benefits delivery is progressing to plan, aligned to user requirements and that timely decisions and actions are taken to enable delivery of the benefits.

BOARD	KEY FUNCTIONS FOR PROCUREMENT SERVICE
Operations Board (Monthly)	<ul style="list-style-type: none"> ▪ Reviewing the success of procurement savings delivery versus contract plan ▪ Agreement of future procurement activity ▪ Escalation of key process blockages ▪ Sign Off of Procurement Savings

BOARD	KEY FUNCTIONS FOR PROCUREMENT SERVICE
	<ul style="list-style-type: none"> ▪ Ownership and review of compliance ▪ Agreement of behavioural and change requirements.
Business Partner Services Area Reviews (Monthly or Shorter if required)	<ul style="list-style-type: none"> ▪ Service area specific forum for taking decisions on all operational procurement matters ▪ Developing, obtaining approval and achieving the goals of the business plan for each service line ▪ Internal governance and stewardship arrangements ▪ Operational processes for service delivery and for interfacing with service area customers and suppliers ▪ Risk management procedures, reporting and mitigation ▪ Reviewing and monitoring all aspects of performance ▪ Maintaining and monitoring ongoing service improvement plans ▪ Development and agreement of Service Review Plans and associated Budget Change Plans. ▪ Issue resolution ▪ Review of benefits realisation progress ▪ Review of Pipeline/In-flight Projects ▪ Agreement of communications with regards to new contracts.

Through our procurement governance structure, which has been developed across multiple client engagements and is in operation today at Leicester City Council, Birmingham City Council, Staffordshire County Council and BDR Thermea, we ensure that all projects have a senior sponsor who is either the overall director of the service or a member of the senior team in order to ensure overall alignment and agreement to the project strategic outcomes and approach. We also ensure that the project team is represented by all key internal users of the services or goods are represented on the project teams. Internal and external customers are also more likely to be satisfied if they are involved through all of the stages. To ensure this engagement happens, Capita will create internal and external user groups as well as SME and local supply base forums.

5.4 BENEFITS DELIVERY & REALISATION

The Capita approach to Benefits Enablement & Realisation is a key component of the engagement with LBB. The approach to Benefit Enablement from savings identification, baselining and sign off is an integral component of our benefits

realisation methodology, which ensures a consistent and robust process, is followed with several gateways. We will report benefits within the Corporate Programmes PMO and capture in Verto, a benefits tracking tool, to ensure alignment with the overall benefits tracking approach and avoid double-counting of benefits.

Capita will engage with LBB stakeholder(s) who will typically include both the budget holder and finance. The purpose of this is to jointly understand and define specifications, volumes and underlying requirements. This knowledge is usually based on a combination of historic information, budget information, future demand and strategies to ensure optimum output. At this stage, the key deliverables is documenting, developing and signing off the scope, baseline and specification in the form of a Project Initiation Document (PID).

The diagram below sets out the high level sign off process:

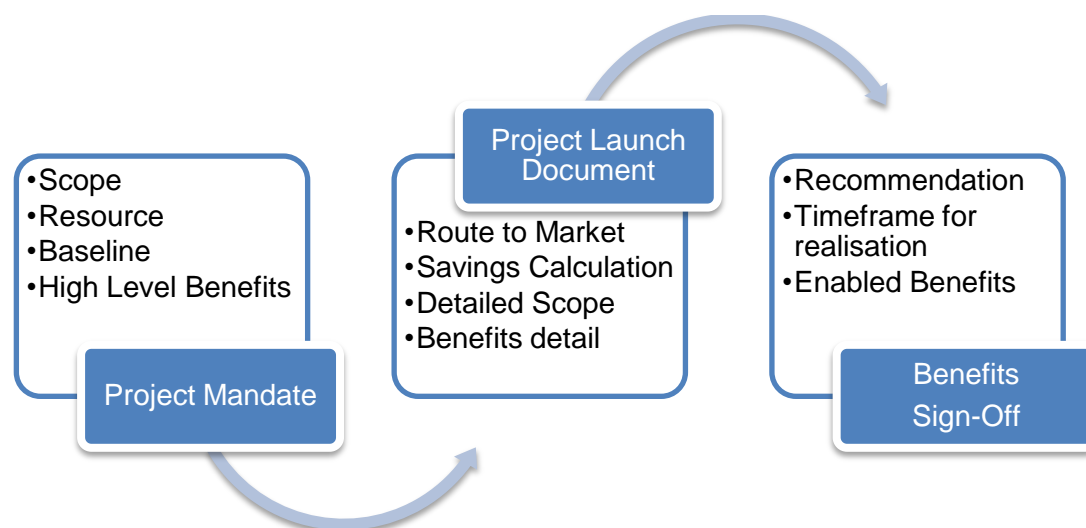


Figure 9 - High Level Sign Off Process

The full process will be completed by Capita for complex projects or projects with a Savings value of £25,000 or more. All projects with a Savings value below £25,000 will be noted and incorporated into the incumbent project management process, for clarity as a minimum the information should include:

- Business area within LBB Group/Stakeholder who made the work request
- Date of the request
- Commencement date, forecast end date
- Current status.

Capita will complete a Project Launch Document for any projects that will require engagement across many functions and, or include significant effort, to achieve Savings.

The Project Mandate form is designed to provide a high level overview of the project its details at the concept stage covering high level scope, resource requirements and associated benefit. This will be signed off by:

- Transferred Procurement Team
- LBB Key Stakeholders
- LBB Finance.

The Project Launch Document typically includes unit costs, price fluctuations, volumes, payment terms, service level agreement, risk, compliance, and income streams. The baseline data is gathered from a variety of sources provided by the key stakeholders. As part of the PLD, we would determine and agree the appropriate methods of calculating savings in line with our agreed saving definitions.

Projects that require a Project Launch Document to be completed will need to be signed before commencement. Signatories must include:

- Transferred Procurement Team
- LBB Key Stakeholders
- LBB Service Area
- LBB Corporate Finance.

As part of the Contract Award and Implementation stage, Capita will confirm the expected benefits and phasing via a benefit sign off form which will be cross referenced back to the PLD. The benefits sign off form will include a qualitative overview of benefits, the departments affected, stakeholders engaged in the project, total saving broken down in line with the savings definitions and benefits start date including phasing and incremental impact to the organisation's business plan. Typically, the benefits sign off form would be signed off by:

- Transferred Procurement Team
- LBB Key Stakeholders
- LBB Service Area
- LBB Corporate Finance.

Throughout the entire process and documentation the following definitions will be used to calculate benefits and will be measured against to ensure they count towards the Procurement Savings Guarantee:

- Contract renegotiation - leading to a lower price for the same or improved level of service/product
- Management of supplier performance – for example greater compliance by ensuring suppliers adhere to terms and conditions (for example. monitoring use of the correct mobile phone tariff)
- Management of demand – for example monitoring adherence to existing procurement policies or introducing additional policies and/or monitoring the impact of variations in volume driven expenditure where, unless as the result of a

direct action by the Authority, the Service Provider can demonstrate the incremental value of its involvement

- Collaboration - collaborative approach to procurement between Authorities or Authority departments in order to achieve savings from greater buying power and negotiating better contract terms (e.g. volume discounts)
- New product / service price reduction - reduction in price for a new product or service not previously bought (either from budget or market price)
- Indexation / RPI removal - leading to a contractual change that reduces or amends a budget increase forecast in the Council's MTFS Plan due to indexation being applied or reduces the demand by retained services for an additional budget allocation from the indexation provision within the Councils MTFS Plan managed by the Authority's corporate finance team. Indexation savings will be reviewed on an annual basis and confirmed at the point of new contract placement or via contract management indexation removal. (compliance management - reduction in cost by driving compliance by Authority employees to contracted providers and / or lower cost solution via forced compliance (i.e. product substitution at source)
- Revenue streams - via direct Service Provider involvement with supply base to improve commercial terms or create Service Provider increased revenue streams
- Recovered money - savings related to returned monies due from compliance audits
- Process and specification optimisation - savings related to efficiencies through the Service Provider contribution to the specification and/or procurement process
- Vendor rationalisation and leverage – determining better pricing per item based on increased volume and leverage through supplier rationalisation
- Process efficiency – where direct procurement impact has led to a clearly identified cost reduction via a re-engineered process
- Rebates – where no budget exists or it is agreed to receive a central cash rebate the Service Provider will work with suppliers to bill the service areas the current price levels but recover the cost saving as a rebate to the Centre. Examples where this may occur is for Agency Staff or Consultancy engagements.

6 IMPLEMENTATION PLAN & BUSINESS CONTINUITY

6.1 IMPLEMENTATION PLAN

The approach we will adopt is to Transition (12 months), Transform (Month 5 post contract go live -Year 4), and continuously improve (years 4+) the service.

Please refer to our Transition and Transformation Method Statements for detailed plans. We have included a high level draft transformation plan below, which would be subject to agreement with the various stakeholders, and has inbuilt contingency to be flexible enough to adjust to any changing circumstances. It also balances the

requirement to quickly begin generating savings with the need to create lasting embedded change.

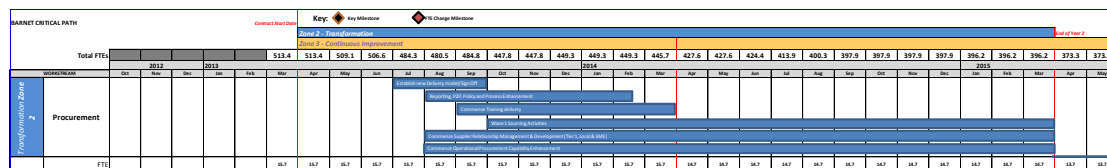


Figure 10 - Draft Transformation Plan

Our delivery programme is split into two elements, these work streams are Transition and Transformation.

The key elements of Transition include:

Value Capture Workshops: A series of workshops based on categories of expenditure with key stakeholders to understand the current procurement landscape, challenges and potential opportunities to reduce 3rd party expenditure.

Tools Deployment: We will look to utilise our best in class tools and techniques including our Online Project Management and Benefits Tracking tool, Contracts Database and also provide LBB access to our market intelligence, benchmarking and risk assessment tools should they be required. These tools are all compliant with EU procurement regulations and allow us to accelerate the delivery of the programme and provide LBB with a transparent view of our progress though out the life of the engagement.

Spend Analysis and Dashboards: We will develop a suite of spend reporting dashboards and configure the data extract reports from the current LBB systems. The dashboards will provide insight for compliance and contracting opportunities.

Quick Wins: We will work with the transferred and retained resource to identify immediate opportunities to support the delivery of current MTFS programmes, in-flight projects or provide resource to deliver incremental benefits within the first 12 months of the engagement.

Skills Assessment: for all members of the transferred team we will conduct a skills assessment and identify key opportunities of development via formal training, knowledge transfer or on the job activities.

The key elements of Transformation include:

- **Set up Project Governance:** Responsible for ensuring the project runs to time and meets the overall objectives and compiling all of the required project reporting and savings tracking as well as working with the Programme Board to ensure success
- **Wave 1 Sourcing Activities:** Responsible for the planning and delivery of cashable savings during the programme. Initially this team will focus on finalising a priority plan, picking up “in-flight projects” and developing a prioritised list of savings opportunities, including a number of opportunities that will be delivered across programme. The remainder of the savings delivery work will be delivered according to a ‘savings wave plan’, the timing of which will be determined by a

number of factors including the size of savings opportunity, the complexity of the service provided, any contractual restrictions and alignment with the overall Council strategy

- **Tools & Processes Enhancement:** We will review the Council's current standing orders, CPR's, Procurement policy and processes to identify areas of efficiency and allow flexibility to support each service areas requirements
- **Training & Knowledge Transfer:** The initial focus will be to develop a procurement communication strategy that aligns with LBB's authority communication strategy. The output of this will include the implications for each business area, and the change required across the business. In parallel, a communications plan will be developed to ensure that the message is communicated to the business. This transition and transfer of best practice procurement tools, processes, techniques and methodologies will enable the incumbent procurement team to sustain and further augment the savings strategies and continue to realise significant value, savings and efficiencies after we have exited. To achieve this, we will utilise our 'Alongside' Methodology - the principle is to engage with Council retained and transferred procurement staff and stakeholders throughout the life of the engagement and introduce a structured knowledge transfer programme. The sustainability of benefits will be inherent from the skills transfer and development undertaking throughout the process.

We will apply a customer led service design approach to delivering all of the proposed changes to the Procurement Service. As a minimum we will identify representative sample of Council staff and suppliers and engage with each of these groups to:

- Conduct research surveys and set up focus groups to assess customer needs
- Set up focus groups to test proposed services designs and prototypes
- Provide ongoing feedback and evaluation to support continuous improvement of the Procurement services.

We will consult with the appropriate Council representatives for all customer led design activities to ensure equality is integral to the solutions developed.

6.2 BUSINESS CONTINUITY

Our approach to business continuity is closely aligned to the BS25999-1 standard 'Code of Practice for Business Continuity Management' and both our Business Continuity (BC) and Disaster Recovery (DR) strategies are based on key principles that form best practice.

Maintaining business continuity during the period of transition and transformation is something we recognise to be of significant importance to ensure a smooth handover. Detrimental service delivery at this time will have an impact on the confidence which is held about the procurement service. We will utilise additional Procurement resource to support the transfer, both in terms of providing resilience and support to the day to day service as transferring staff become accustomed to working for Capita, but also bringing staff that are experienced in delivering procurement transformation activities.

Our systems implementation will be carried out by staff who have detailed knowledge of those systems, thus reducing the risks associated with the implementation. Integra P2P platform is a Capita owned system therefore we will have access to the staff who have developed the systems. This will make it easier to make changes and to interface to other core Council system.

Although day to day risk management activity will help delivery units identify the impact/likelihood of a risk and the best way to manage that risk, it is widely acknowledged that some high impact risks cannot be predicted, and cannot be easily mitigated; hence the requirement for business continuity management and business continuity recovery plans.

There is a requirement within the wider Capita organisation that there will be Business Continuity and Disaster Recovery arrangements for Capita sites and all essential systems. The essential approach is to ensure we have robust management and processes to minimise the likelihood of problems. This expectation is enunciated and underpinned by Capita's overarching Information Security Policy Charter.

In broad terms, the business continuity planning for Procurement will follow the approach below:

- Understanding the range of risks facing the Authority – assessing the infrastructure to identify any single points of failure or areas of high risk
- The likelihood of each of the risks materialising
- The potential business impacts should any of the risks materialise
- A priority map of core infrastructure services and application services
- Roles, responsibilities and escalation points
- Conditions for invocation of the Business Continuity and Disaster Recovery plan
- Creation of a detailed plan
- Avoidance, minimising and mitigation of risk
- Maintenance – an ongoing cycle throughout the life of the contract.

The Business Continuity and Disaster Recovery plans will include the following:

- How Capita and the Council will deal with the highlighted disaster recovery or business continuity scenarios
- Detailed communication plans and procedures to all involved parties including Council and Capita employees, customers and third parties
- Information technology back-up and recovery procedures to be invoked
- The location and the set-up, including any network links, of any Disaster Recovery site to enable priority staff to work following any Business Continuity/Disaster Recovery Incident

- Review (quarterly) and testing (annually) requirements.

The disaster recovery planning and test process is part of the same pattern as that of Business Continuity. The two aspects are addressed together by Capita, to ensure integration in the overall plan between, disaster recovery planning for IT systems, and business continuity planning for the associated business processes.

The Business Continuity and Disaster Recovery plans and information will be regularly reviewed and updated in collaboration with the Council to take on board any lessons learnt and to ensure all risks are appropriately identified, assessed and mitigated (for example through the implementation of countermeasures or increasing the resilience of specific infrastructure components).

This information will be stored securely both on and off-site to ensure it can be easily retrieved regardless of the situation.

Every process will be reliant in some way on an activity or item, without which there could be a catastrophic and costly failure of the business. We will ensure that the critical areas are identified, how much we can afford to lose, and how long we can sustain an outage. Additionally, we will ensure awareness of the risks posed to these critical areas, so that the likelihood and impact of a risk event can be reduced and where required a recovery plan produced.

This Business Continuity Plan (BCP) will cover the activities related to an incident within the business operation and covers the following:

- Emergency Response Plans and initial response to an Incident (but not the incident management process)
- Building evacuation and staff safety
- Relocation of the operation to an alternative location
- Recovery plans and operational functional recovery activities
- 'Return to base'.

In particular for the Procurement Service we will:

Develop Business Continuity and Disaster Recovery Plans which will address the specific requirements through transition and transformation in consultation with the Council to meet its requirements and incorporate the BC/DR plans already in place for the in scope Support Services. As the majority of our programs/tools are web based, this would enable us to support operations from any location, for example:

- Outside of the P2P process we use web based technology for reporting, contracts management, project management, tendering and SRM
- The majority of employees have laptops, remote access (Activ Cards), 3G cards and mobile telephones. In any instance where employees do not have the aforementioned, we would establish (in conjunction with IT) the number and allocation of laptops available to be relocated and the number of employees requiring remote access

- Once staff are working at the new site, managers would continue to monitor KPIs, SLAs, quality and volume of work. In order to minimise slippage and backlog, split shifts and increased working days may be considered. We would ensure postal services/couriers have been informed to redirect/hold post and that third parties, suppliers are able to find alternative site and are able to continue supplying/servicing while at the new site
- There would also be the option for staff to relocate to home ensuring that staff that do so will remain in contact with their team leaders, continue to work and report as directed and report any IT issues.

Premises:

- In the event of loss of premises, operational activity required to support the Procurement Services would be transferred to one of our Procurement Offices across the UK or a predetermined recovery site. Our infrastructure of Procurement Offices includes 6 locations employing 240 people in Procurement including two locations in London, undertaking a full range of procurement activities.

IT/ Telephony:

- In the event of loss of IT and/or telephony, we would expect that staff would be able to relocate to home. Working with IT, we would ensure that staff affected would have remote access/correct permissions and equipment to do so. We would divert phone lines to other locations (using the BT provided telephony), use voicemail to forward calls and activate messages online.

P2P Platform:

- Enact a manual / emergency PO process as already in place within the Council
- Retrospectively add PO's to the P2P system once back online
- Communicate to supplier base.

eTendering Platform:

- Communicate to suppliers
- Reschedule eAuction events and training
- If required run a manual tendering process.

Contracts Database:

- Use manual process for hard copy storage and access
- Reporting
- Move hosting from back up files to alternative URL
- Add new contracts into system or variations once back on line.

Managing the Supply Chain:

- For top suppliers ensure BCP in place for complex, high risk categorised suppliers as part of SRM process
- Utilising company risk assessment and supplier watch lists to monitor financial performance for complex and high / medium risk suppliers.

All IT systems will have appropriate DR and BC resilience plans with appropriate data backup to ensure continuity of service delivery

7 COMMITMENTS & PROCUREMENT GUARANTEE

7.1 COMMITMENTS

We commit to developing and delivering services to meet the needs of the London Borough of Barnet as expressed in the Output Specification. Our detailed commitments are listed in Schedule 35 - Service Provider Commitments

7.2 PROCUREMENT GUARANTEE

As set out in Schedule 4 the Procurement Service is committing a Procurement Guarantee to the Council. This Guarantee has been underwritten based on our confidence to deliver significant revenue savings for the Council over the period of the contract from the 3rd party addressable spend of £90m as set out in section 1.1.2.

Summary of Findings

Having reviewed all categories of expenditure the same underlying principles are found across each spend category area these include:

- Central Procurement acting as a compliance vehicle
- High Level of retrospective PO's
- Limited flexibility in CPR's
- Contract Management varied across the Council
- Low average invoice value
- High number of invoices
- Large number of providers with low level of expenditure
- Large amount of low value invoices
- Wide range of service users (buyers)
- Contracted vendor average higher than expected.
- Difficulty of gaining transparency and cross-Council leverage

- Usage and experience of West London Alliance varied
- Differing routes to market and levels of procurement advice and experience and skills across the Council.

A Proven Methodology for Identifying Savings

We are confident of our approach and the Procurement Guarantee based on a robust methodology for identifying savings and our track record for delivering significant benefits for a number of public and private sector organisations including Southampton City Council, Birmingham City Council, Leicester City Council, Staffordshire County Council, BDR Thermea, DS Smith Packaging, Anite Telecoms and RSM Tenon

Our initial approach for Barnet was to merge all the data files provided by the Council as well as reviewing external available information from the forward plan. Further analysis was then carried out by sub-category and driven from vendor level expenditure for 2011/12. This insight has been used to evaluate the new baseline information and drives the savings forecast. Through the recent due diligence discussions and based on Capita's previous experience in both public and private sector procurement initiatives, we have reviewed each sub-category, current in flight projects, MTFs savings plans and the current contract coverage to build an addressable spend and savings profile over a 10-year programme. These assumptions were tested with the due diligence team and members of each service area.

Based on the output from the spend file, the following opportunity identification methodology activities have been completed:

- All expenditure has been consolidated in the centralised data repository to allow cross examination by delivery unit, contract, vendor and category level detail
- The GL code structure was then mapped to our spend categorisation via SIC code 2007 mapping tables (our own spend database containing £6bn of categorised expenditure and suppliers) to allow a rationalised view of the expenditure at Level 1 and Level 2 status
- Each category was reviewed based on our experience, contract coverage and findings from the due diligence sessions
- Each sub-category was then reviewed and a low to high saving range provided by our team of Category Managers and where possible comparators and benchmarks used to validate this information
- Each Category team also provided a list of savings levers and questions on key contracts that were reviewed during the due diligence process
- A risk adjustment has been assumed based on the potential political nature and complexity to implement each saving initiative
- Current MTFs plans have been reviewed, and discussions held to understand the level of current confidence

- Each year was then forecast as a percentage of incremental addressable spend based on contract lock-out and findings during due diligence
- Annual savings and 10-year confidence adjusted profiles for each area of expenditure have been produced
- Meetings were then held with each Delivery Unit to validate and understand the current procurement projects, challenges and review the findings
- These findings were then re-profiled within the database and included the following amendments from our original analysis include:
 - Removed Adults and Children's - voluntary sector expenditure
 - Re-profiled opportunities in Adults and Children's based on current projects which will be completed prior to NSCSO engagement
 - Direct Payments Spend Profiled to 10 % by Year 5. (Day Care/Meals/Home Care)
 - Year 1 & 2 MTFS savings removed
 - Based on like for like '0' Inflation but contains inflation modelling capability to address spend and savings accordingly.

Below is a high level diagrammatic representation of the process that has been undertaken:

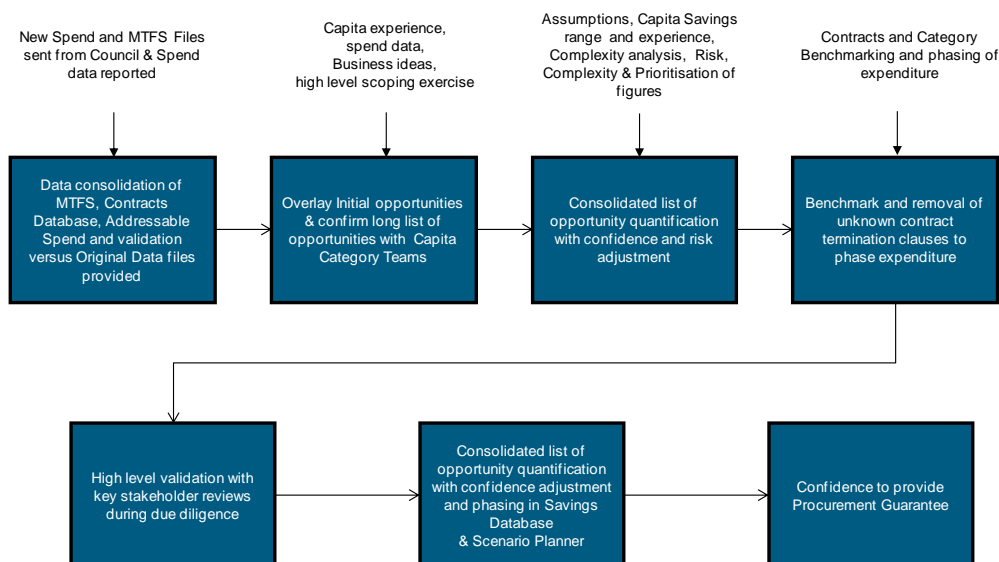


Figure 11 - High Level Process Map

We have built a centralised savings planner and model based on a modular approach. These modules are defined as:

- Inputs – All external and internal data points, savings levers, market intelligence and evidence that will help build a structured view of the current situation

- Assumptions – Allows the manual input based on the subjective inputs and due diligence findings to manipulate the input information to balance the findings specific to Barnet
- Calculation Sheets – The engine room of the model that takes all the inputs, evidence and assumptions and generations the annualised and 10 year profile of savings
- Outputs – Finalised output reports allowing flexibility and filtering of all key outcomes and allowing scenario planning including inflation, revenue/capital split, scope changes and budget reduction impacts.

Each of the modules are shown diagrammatically below:

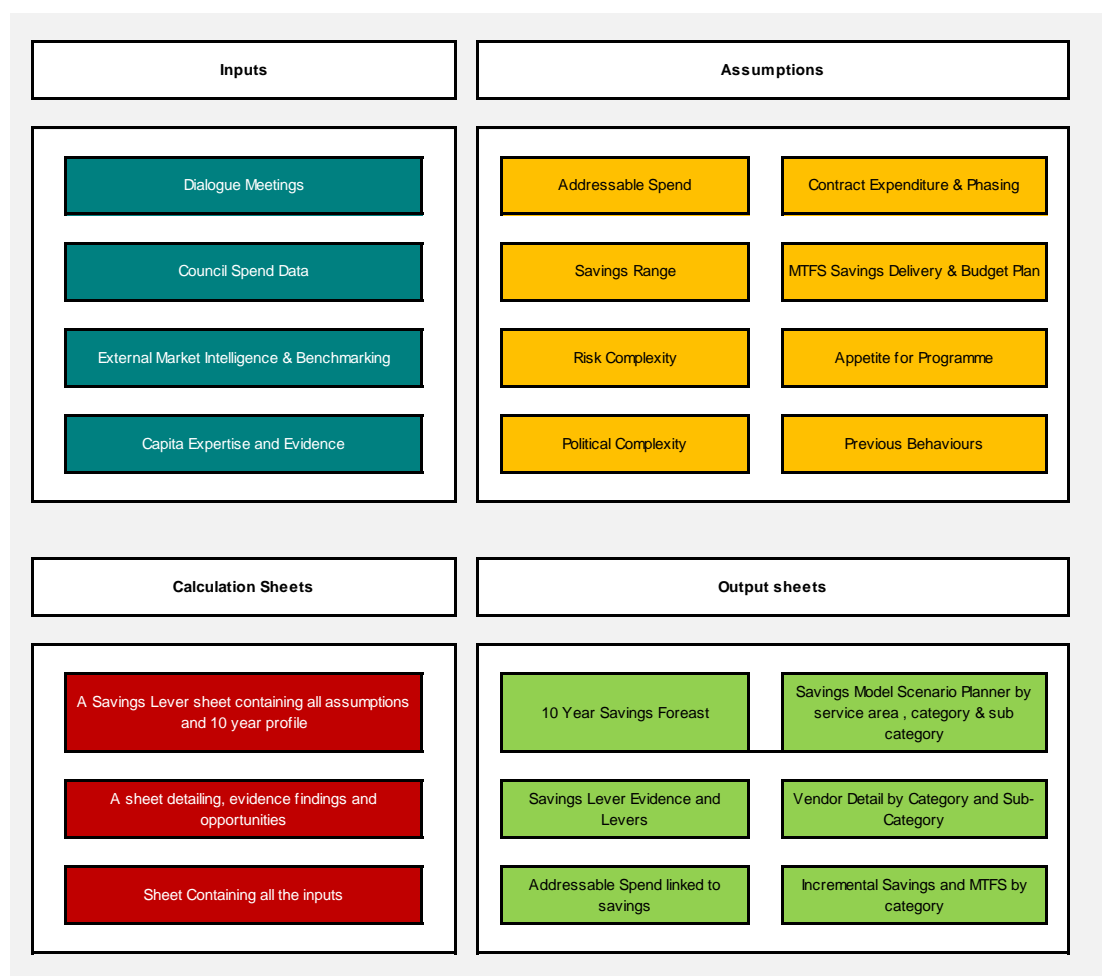


Figure 12 - Modules

This scenario planner contains all inputs and savings levers and all our findings linked to the Council’s contract database and third party expenditure. This detailed analysis has ensured we have validated all aspects of expenditure and have a high degree in confidence in the size of the opportunity and our ability to deliver on our Procurement Commitments and Guarantee.

8 KEY PERFORMANCE INDICATORS

Please see the Payment Mechanism, Schedule 4 for details of the Key Performance Indicators.