

Directorate / Service Improvement Plan

1 April 2017 to 31 March 2018

Commercial and Procurement Shared Service
Aberdeen City Council

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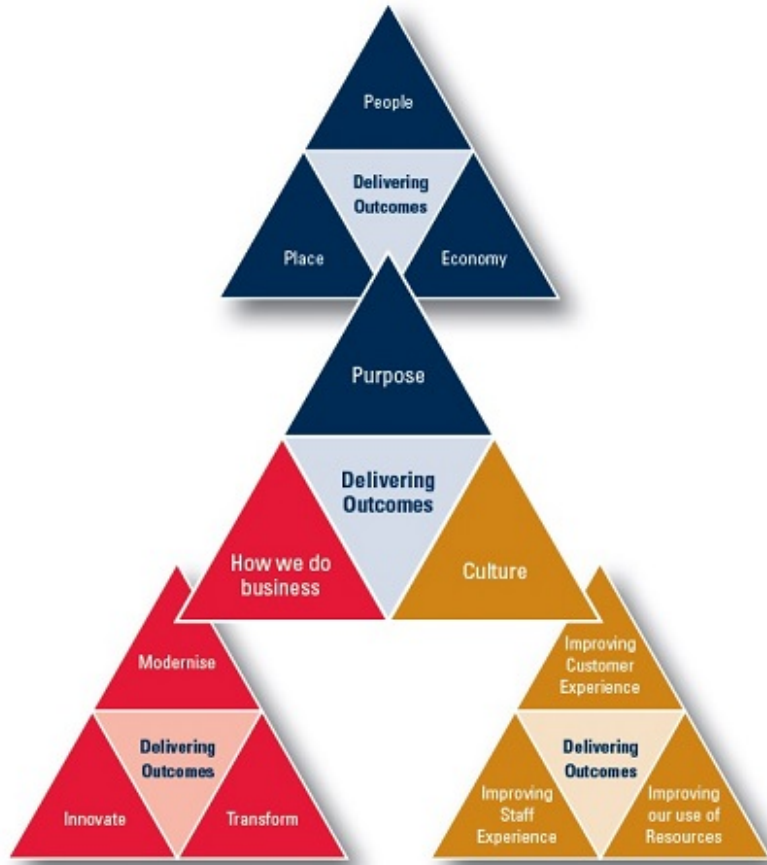
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1. Introduction and Service Description

1.1 Shaping Aberdeen

The Council's Strategic Business Plan 2017/18 sets out an ambitious programme of change called "Shaping Aberdeen" and it has 3 parts:



Our purpose - What Our Business is

To ensure the alignment of all Council strategies and plans to the LOIP's vision, as well as ensuring clear delivery plans for the Council's own set of strategies and priorities.

How we do business

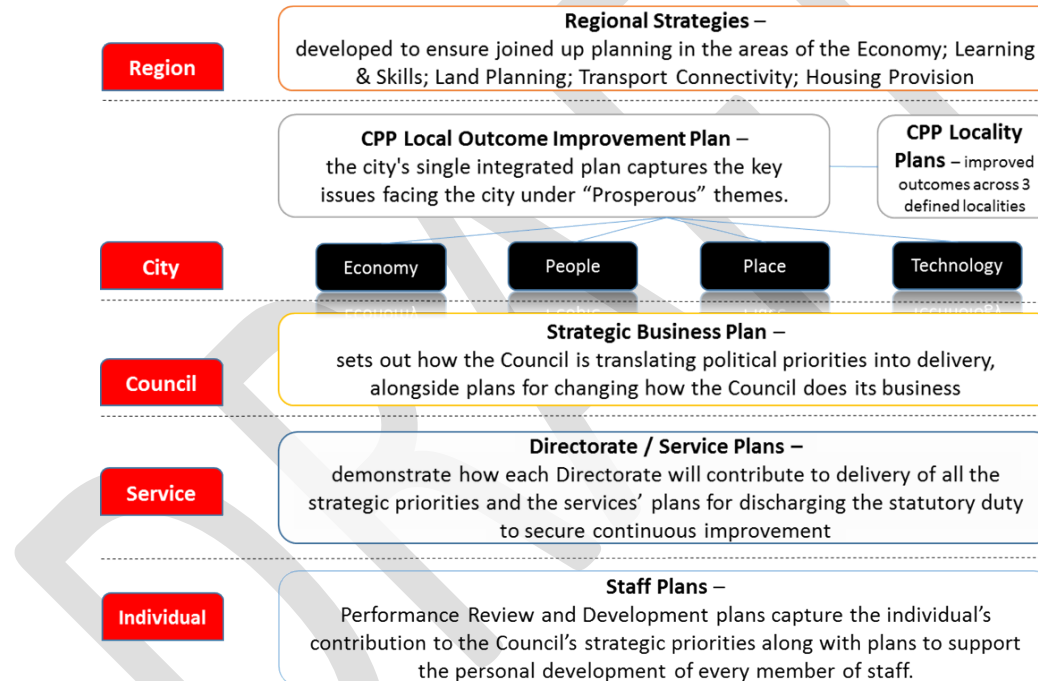
The modernisation and transformation of how we deliver our services through making best use of technology.

How we behave as an organisation (Culture)

Capable, confident, engaged and positive *staff* who deliver excellent *customer* service and consciously make best use of our *resources*. An organisation that maintains its focus on its customers, its staff and how it uses the resources available to it.

1.2 Role of the Service Improvement Plan

1. The Commercial and Procurement Shared Service Service Improvement Plan supports the delivery of the both the Directorate Improvement Plan and the Strategic Business Plan. It connects the Service’s priorities, actions and resources to the “Shaping Aberdeen” programme of change.



In terms of the **Region** we will support businesses to be competitive across all public and private sectors, encourage inward investment, and help grow the economy.

Throughout the **City** we will support the delivery of the Local Outcome Improvement Plan covering the Prosperous Economy, Prosperous People, Prosperous Place and Enabling Technology by delivering sustainable procurement and realising community benefits.

Within the **Council** under tier 1 “Improving the Stewardship of Aberdeen City”, we will drive a category management approach to release savings; extend the reach of the Procurement Centre of Excellence; complete options appraisals and deliver appropriate delivery models; and optimise income through cost recovery and new revenue streams. Under tier 2 “Performance Improvement” we will support service redesign by undertaking functional reviews, extending shared services, exploring alternative delivery models and collaborating with other partners.

At a **Service** level we will enable radical transformation by changing the culture of how we spend our money through enhanced commercial thinking.

At an **Individual** level we will ensure that we embed accountability, setting clear objectives for staff that link to service, directorate and Council objectives, measuring these regularly at one to one meetings and annual staff appraisal (PR&Ds).

2. The Service Improvement Plan has been developed through a review and understanding of the current and anticipated external and internal environment, including policies, legislation, socio-demographics, demand, available resources, risks and opportunities. The most significant issue for C&PSS is to be able to create the culture and environment that accepts and embeds commercial awareness and a dynamic approach to procurement and project management.
3. The key areas where the Commercial and Procurement Shared Service will be key to the enablement of service improvement are:-
 - Development of outline business cases to full business cases
 - Data and business intelligence
 - Market intelligence and engagement
 - Benchmarking
 - Options analysis
 - Programme and project management
 - Benefits Tracking

1.2 Overview of the Service

Commercial & Procurement Shared Service is now a shared service with Aberdeenshire and Highland Councils. The service comprises many functions that support the Council to deliver effective and efficient services by helping achieve maximum value from every commercial relationship and providing the necessary support and governance to deliver on our priorities and make informed decisions.

C&PSS are responsible for a wide range of services, including:

- Business and Procurement Improvement
- Category Management
- Commercial Management
- Commercial and Procurement Legal Advice
- Social Care Commissioning, Procurement and Contract Management
- Programme Management
- Accounts Payable
- Insurance

As well as specific areas of service delivery, the service plays a key role in delivering the 'Shaping Aberdeen' vision by having an active role in innovating and modernising 'how we do businesses'. This is achieved through the efficient procuring and commissioning of goods, services and works and the provision of robust project governance arrangements.

In Commercial and Procurement Shared Services we are responsible for: -

- Developing Procurement Strategy and Policy, Monitoring Performance in Procurement particularly in relation to on/off contract spend, Benefits Tracking, Data and Business analytics, Supplier Development Programme
- Providing collaborative driven category management, ensuring sustainable procurement and associated community benefits are delivered, supply chain management
- Service redesign, income generation, fees and charges, cost reallocation.

- Providing dynamic, commercially aware, legal advice, whilst managing risk in a solution focused way.
- Delivering person-centred, locality based commissioning, including offering flexible and innovative procurement approaches resulting in compliant contracts and using a robust contract management framework.
- Governance of the key council portfolios (Strategic Infrastructure Programme (SIP) and Change and Capital Programmes), visibility and assurance for major programmes and portfolios of work, mapping of all interdependencies and resource requirements and benefits realisation.
- An efficient Purchase to Pay (P2P) process, increased usage of e-procurement and prompt/advance payment, supplier incentivisation.
- Shared insurance service for Aberdeen City and Aberdeenshire responsible for all administration, procurement, and management of insurance policies, claims submitted to the Councils and relationship with our Insurers. Work closely with departments/services to improve their claims experience with an aim to minimise annual premium increases.

SERVICE ASSESSMENT

2.1 PESTLE analysis *(External factors that will/may impact on the service)*

P	E	S	T	E	L
Political	Economical	Social	Technical	Environmental	Legal
Local Government elections 2017	Reduction in Grant Funding	Community Empowerment	Need and opportunity for flexible working	Flooding	Procurement Regulations
Scotland Bill	Scottish Fiscal Framework	Local based planning	Changing information and communication media	Climate Change	Legislative programmes (UK and Scottish)
Membership of SLGP	Commission on Local Taxation	Diverse demographics including Asylum seekers	Demand for digital services	Energy Legislation	Increasing complexity of organisation / group governance
Brexit	Oil and Gas decline	Young and Old age demographic profile	Multiple Operating Platforms and financial systems	Increasing expectation in energy efficiency targets	Regulatory Inspections
Changes to non-domestic rates	City Regional Deal	Recovering reputational damage		Geographical spread of service delivery	Data Protection
Potential Independence Referendum	Regional Economic and Wellbeing Strategy	Sustainable Procurement and Community Benefits			IR35
Introduction of National Living Wage	High cost property market				FOI
	Bond Conditions/London Stock Exchange Listing				
	Diverse and complex Supply Chain				

Summary of critical issues from the PESTLE analysis that will influence the plan

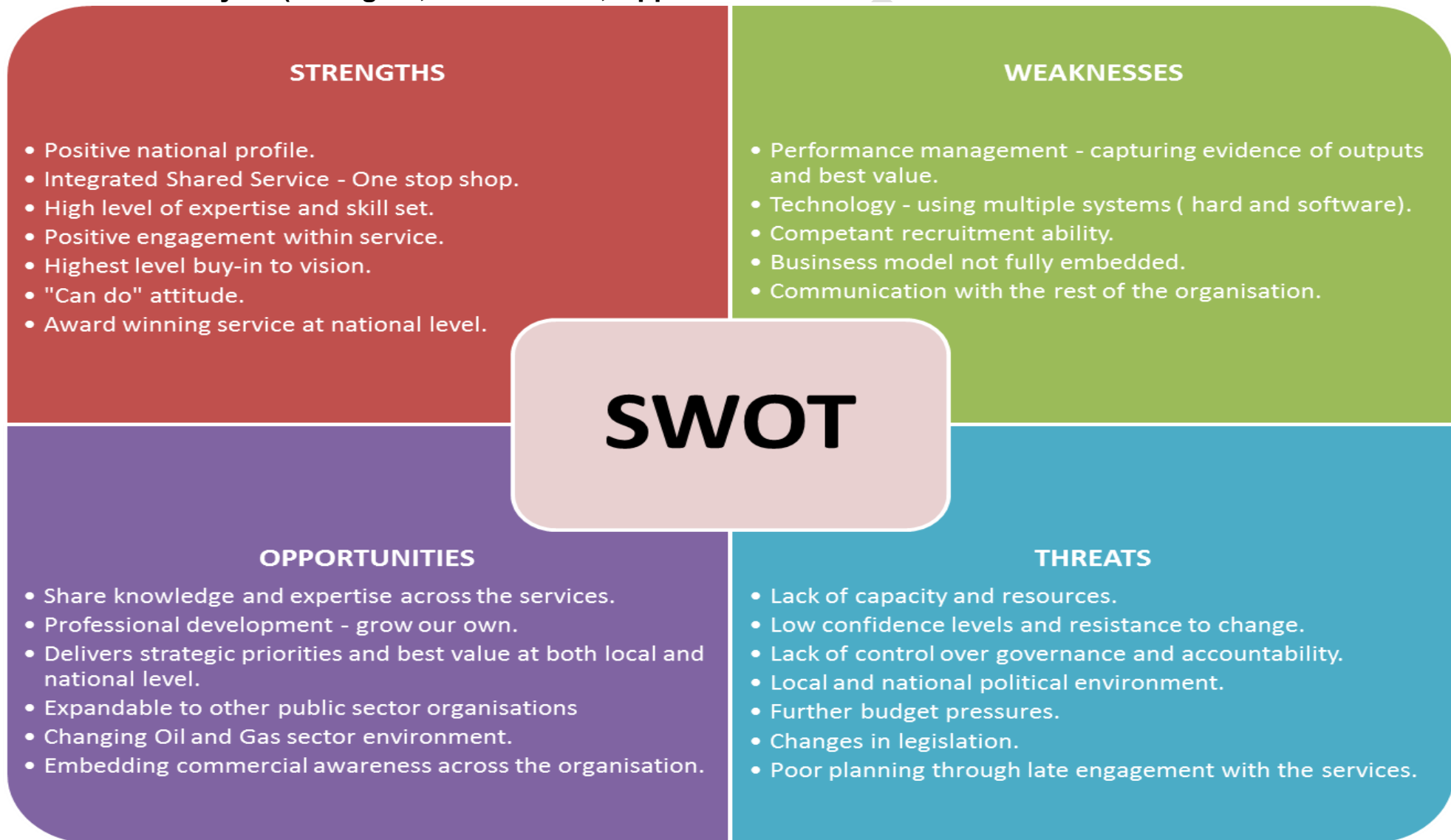
The Supplier Development Programme will lead on market stimulation and development to assist in the enablement of major projects being delivered from the local supply chain supporting the regional Buy North East campaign improving the local economy.

Continued decline in Oil and Gas performance both locally and nationally provides a significant opportunity to capitalise on the new shared service restructure and attracting candidates with the appropriate skill mix to deliver on major programme of works.

Reduction in grant funding provides C&PSS with the opportunity to lead on the identification of options for alternative delivery service models/service re-design during 2017.

Community benefits will become the driver for awarding contracts rather than price in certain cases, supporting the community empowerment agenda.

2.2 SWOT analysis (Strengths, Weaknesses, Opportunities & Threats for the Service)



Summary of critical success factors emerging from the SWOT *(Commentary)*

The integrated service approach has enabled the initial development of becoming a centre of expertise across the public sector in the north of Scotland.

C&PSS will be a key enabler in further shared service and service re-design options that will be required to be appraised as a major workstream in the transformation programmes.

Improve visibility, accessibility and engagement and establish customer service standards and a process for actively seeking feedback using the results to inform future service improvement.

3. Planned Improvements

3.1 Strategic Priorities – Driver Diagram

Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
Investment in Infrastructure											
We will regenerate our city centre to become a vibrant and attractive place to live, work and invest in	All major project related objectives.	For C&PSS to be involved at the earliest possible opportunity.	Percentage of major projects where C&PSS involved at an early stage.	25%	50%	75%	100%	Cat. Mgrs, Comm, Mgrs, PMO, Legal Insurance	✓		✓
We will develop infrastructure for commuter, visitor and freight transportation	We will refresh the City’s Local Housing Strategy and link this to broad City priorities, including improving health and social care, giving children the best start in life.	Deliver on the commissioning strategies of both Children’s Services (Social Care) and the Aberdeen City Health and Social Care Partnership	Proportion of commissioning activities delivered as per commissioning plans.	25%	50%	75%	100%	SCCPC Team			
We will improve deployment of low carbon transport in the city and urban areas, through active travel networks									✓	✓	✓
We will modernise our utilities infrastructure to support the economic growth ambitions.											
Innovation											
We will provide research and design infrastructure to support development of advanced technologies and innovation in other	We will link innovation in “tele-health” and “tele-care” to local economic development	Deliver on the commissioning strategy of the Aberdeen City Health and Social Care Partnership	Proportion of commissioning activities delivered as per commissioning plans.	25%	50%	75%	100%	SCCPC Team	✓	✓	✓

Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
sectors											
Inclusive Economic Growth											
We will ensure housing that is affordable, across markets, is widely available, and in particular to support vital key workers in the education, care and health sectors	We will refresh the City's Local Housing Strategy and link this to broad City priorities, including improving health and social care, giving children the best start in life.	Deliver on the commissioning strategies of both Children's Services (Social Care) and the Aberdeen City Health and Social Care Partnership	Proportion of commissioning activities delivered as per commissioning plans.	25%	50%	75%	100%	SCCPC Team	✓	✓	✓
We will significantly improve the city through regeneration of our communities and ensuring a vibrant economy	We will develop and implement Locality Plans for those communities experiencing socio economic disadvantage	Deliver flexible locality based commissioning.	% of adults agreeing that they can influence decisions affecting the delivery of health and social care services in their area.	0%	20%	40%	60%	SCCPC Team	✓	✓	✓
We will develop the people and skills necessary to deliver economic development and, as a result, support diversification of businesses and economy	We will develop a specific economic footprint action plan across directorates with a focus on ensuring that community benefit clauses deliver against Locality Plans.	Community benefits to be considered for every tender in line with PGN 10. And to include supported businesses, food poverty, fuel poverty, energy efficiency.	No. of Community Benefits requirements included in tender documentation.	2	5	15	20	Cat. Mgrs, Comm, Mgrs, PMO, Legal Insurance	✓	✓	✓
	We will develop a specific economic footprint action plan across directorates with a focus on ensuring that community benefit clauses deliver against Locality Plans.	Community benefits to be considered for every tender in line with PGN 10. And to include supported businesses, food poverty, fuel poverty, energy efficiency.	No. of Community Benefits delivered.	0	0	0	2	Cat. Mgrs, Comm, Mgrs, PMO, Legal Insurance	✓	✓	✓
Internationalisation											
We will improve the attractiveness for international trade and investment	All major project related objectives.	For C&PSS to be involved at the earliest possible opportunity.	Percentage of major projects where C&PSS involved at an early stage.	25%	50%	75%	100%	Cat. Mgrs, Comm, Mgrs, PMO,	✓	✓	✓

Prosperous Economy

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	People	Place	Technology
We will improve multi-modal access to Aberdeen								Legal Insurance			

Prosperous People

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	Economy	Place	Technology
Children are safe and responsible											
We will improve multi agency support for vulnerable children and young people	We will implement Reclaiming Social Work	Re-commissioning third party Services	Proportion of commissioning activities delivered as per commissioning plans.	0%	20%	40%	60%	SCCPC Team	✓	✓	✓
	We will implement the requirements of the Carers (Scotland) Act as it relates to children and families	Vary existing contract to reflect changes brought in by the act.	Varied contract in place	0%	100%	100%	100%	SCCPC Team	✓	✓	✓
Children are respected, included and achieving											
We will ensure that all children are supported to live and be educated in their local community	All major project related objectives.	For C&PSS to be involved at the earliest possible opportunity.	Percentage of major projects where C&PSS involved at an early stage.	25%	50%	75%	100%	Cat. Mgrs, Comm, Mgrs, PMO, Legal Insurance	✓	✓	✓
People are supported to live as independently as possible											
We will empower citizens to feel they have	We will develop self-management options/resources e.g. education,	To develop person centred commissioned care services	Percentage of commissioned services	25%	50%	75%	100%	SCCPC Team	✓	✓	✓

Prosperous People

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	Economy	Place	Technology
real and meaningful choice and control over their own lives.	information, peer support, person centred staff and services, technology and carer support.		that have a person centred outcomes service specifications								

Prosperous Place

Improvement Outcome	ACC Objective	Change Activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	Economy	People	Technology
People Friendly City											
We will be a city whose built environment is fit for keeping an ageing population safe and healthy and puts the child at the centre of design <hr/> We will create an attractive, welcoming environment in partnership with our communities	All major project related objectives.	For C&PSS to be involved at the earliest possible opportunity.	Percentage of major projects where C&PSS involved at an early stage.	25%	50%	75%	100%	Cat. Mgrs, Comm, Mgrs, PMO, Legal Insurance	✓	✓	✓

Enabling Technology

Improvement Outcome	ACC Objective	Change activity	How We will Measure Success	Baseline	17/18	18/19	19/20	Who will do it	Economy	People	Place
Digital skills and education											
All employees, managers, elected officials, and management boards of our organisations will have the skills	We will provide appropriate training to ensure that Aberdeen city Council employees have the right skills to work in a modern business environment	Use of PCST as the primary system for tendering.	Number of tenders using PCST	25%	100%	100%	100%	Cat. Mgrs, Comm, Mgrs, SCCPC Team	✓	✓	✓
	We will provide appropriate training to ensure that Aberdeen city Council employees have the right skills to work in a modern business environment	Use of e-auctions	Number of e-auctions	0	2	4	6	Cat. Mgrs, Comm, Mgrs,	✓	✓	✓

3.2 Service Improvement – Driver Diagram

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
<p>Commercial Hub Streamlined and easy to understand and digitised end to end processes</p> <p>Clarity on roles and responsibilities</p> <p>Improved management information</p>	<p>Implement a commercial approach and business model that optimises spend with third parties and transactions</p>	<p>Implement category and commercial management approach</p> <p>Embed the C&PSS Business Model and ethics</p> <p>Undertake a full review of purchase to pay (P2P) systems</p>	<p>Reduced off contract spend.</p> <p>Increased usage of PO's and electronic invoicing – efficiency of invoice payment</p>	<p>TBC</p>				<p>Strategic Commercial Manager</p> <p>Financial Services Manager</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>
<p>Service delivered from one place</p> <p>Consistent approach</p> <p>Better use of resources ensuring maximum value from commercial relationships</p> <p>Lean and multi-skilled service</p>	<p>Establish a regional centre of expertise for commercial, procurement and programme management</p> <p>A one stop shop approach</p>	<p>Expand centre of expertise by implementing regional shared services for procurement, commercial legal, social care commissioning and programme management</p> <p>Develop an internal and external communication and engagement plan</p> <p>Improve management information and develop a website that is fit for purpose</p>	<p>Consistent approach and advice given</p> <p>Better use of resources ensuring maximum value from commercial relationships</p> <p>Lean and multi-skilled service</p>	<p>TBC</p>				<p>C&PSS Management Team</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
<p>Service delivered from one place</p> <p>Consistent approach</p> <p>Better use of resources ensuring maximum value from commercial relationships</p> <p>Lean and multi-skilled service</p>	<p>Embed a commercial competence to service delivery by exploiting new opportunities, joint procurement initiatives and alternative delivery models</p>	<p>Develop a professional development programme for the service</p> <p>Review and investigate potential joint procurement initiatives for service delivery</p> <p>Explore potential alternative delivery models that would enhance best value and improve service delivery</p>	<p>Signed up shared service delivered from one place</p> <p>Consistent approach – cost savings</p> <p>Better use of resources ensuring maximum value from commercial relationships</p> <p>Lean and multi-skilled service</p>	TBC				C&PSS Management Team	✓	✓	✓
<p>Governance which is clear, easy to understand, streamlined and meets the requirements of the Council</p> <p>Improved services to our customers</p> <p>Improved staff experience through change programme</p>	<p>Develop an effective and rigorous governance and accountability framework, enabling effective and informed decision making to deliver best value outcomes</p>	<p>Develop and embed effective governance arrangements for transformation and SIP and Capital portfolios.</p> <p>Embed strong and consistent project management principles</p> <p>Develop an effective benefits realisation methodology</p>	<p>Effective programme and project delivery</p> <p>Alignment of key programmes to deliver better outcomes and use of resources</p>	TBC				Service Manager PMO	✓	✓	✓

Improvement Outcome	Primary Change Activity	Secondary Change Activity	Measures	Baseline	17/18	18/19	19/20	Who will do it	Customer Experience	Staff Experience	Best Use of Resources
		Develop robust resource plans, both service and organisation wide, as part of the governance framework									

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4. Resources Summary

4.1 Revenue Budget 2017/18

Head Of Service - Commercial & Procurement Services	Budget 2016/ 17 £'000	Outturn 2016/ 17 £'000	Variance to 2016/17 Budget £'000
Staff Costs	3,177	3,232	55
Premises Costs	543	543	0
Administration Costs	540	530	-10
Transport Costs	481	689	208
Supplies & Services	359	368	9
Commissioning Services	0	0	0
Transfer Payments	0	0	0
Government Grants	0	0	0
Recharges To Other Heads	-65	-48	17
Other Income	-1,117	-1,381	-264
Total	3,918	3,933	15

Commentary on Revenue Budget

The key reason for the overspend relates to increased Insurance premiums – we are working with the service to improve responsibility / behaviours to reduce future premiums in relation to vehicles..

C&PS generate income from Aberdeenshire for 50% of the Procurement team (including Social Care) – this was greater than budgeted.

We continue to endeavour to be within budget.

4.2 Capital requirements

No capital requirements for the C&PS service specifically.

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4.3 Asset Management

Asset Demand

C&PS is a shared service with Aberdeenshire, and recently Highland Council in terms of Procurement. The majority of staff are based at Woodhill House, and within The Highland Council headquarters in Inverness. The nature of much of the activity involves staff visiting service clients and we also embrace the culture of smarter and flexible working.

Current Asset Summary

Not applicable.

Gap Analysis

Not applicable

4.4 Workforce Planning

COMMERCIAL AND PROCUREMENT SERVICES

This is not yet fully complete, with the business cases to be finalised as described below, and also the completion of the structure with the transfer of The Highland Councils procurement team to ACC. We are focussing on retraining authorised procurers across the organisation and developing our service as a centre of expertise with strategic approach /skills.

**Demand analysis – current and future
Not yet fully completed review. Examples of activity are:**

The PMO have a pending business case to revise the structure to ensure the change and capital plan can be fully supported. This is under review in relation to change and transformation programmes.

The Social Care Procurement team whilst recently a shared service continually review and consider the appropriate staffing – levels and skills - required to support commissioning of care. .

Demand and supply analysis. This involves:

- **Identifying and analysing the gaps/issues** to enable the support and delivery of new ways of working and the change programme of ACC; we through effective category management skills will enable savings to be achieved by services.
- **Prioritising areas for action, based on the assessment of risks associated with each gap/issue**, for C&PS this is the identification of who requires training throughout the whole organisation not only within C&PS.
- **Setting priorities for action** – involves ensuring that as well as the staff within C&PS that the service managers / budget holders we work with are aware of the role they undertake and that we are through our business model to address skill gaps.

The structure is currently under review to support the priorities of the organisation in terms of category management, and completion of business cases for service redesign. The impact may be that additional resource is required on fixed term basis to achieve the outcomes. Where this resource comes from is likely to be a combination of staff development through external support. .

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5. Assessment of Risks

This section will summarize the high level risks which could prevent the Service delivering its Service Improvement Plan.

Service Delivery Area	Risk Category *	Risk Description	Risk Severity	Risk Owner	Controls & Mitigation
C&PSS	Legal and Regulatory Financial	Lack of accurate and up to date data in relation to contracts and spend		Category Managers	Financial data defined and cleansed to reflect the needs of the category managers; consistent reporting for all authorities
C&PSS	Financial Reputation	Lack of robust and consistent contract management procedures.		Category Managers	Procurement Guidance Notes / Training programme sign off for all staff at any one of 4 levels of Delegated Procurement Authority. Skilled staff
C&PSS	Employee	Lack of Capacity		HOS	Staff appraisal (PR&D) – Monthly one to ones – recorded actions
C&PSS	Reputation	Potential reputational damage from non-delivery		HOS / Management team	Customer focussed / engagement with team / staff survey
C&PSS	Reputation Legal and Regulatory Financial	Lack of awareness of and involvement in key projects.		HOS / Service Manager PMO	Key role in the transformation / change programmes
C&PSS	Property	Future relocation of Woodhill House to Inverurie		HOS	Represented on working groups /mpact on staff

- Customer / Citizen; Employee; Legal and Regulatory; Property; Financial; Reputation