

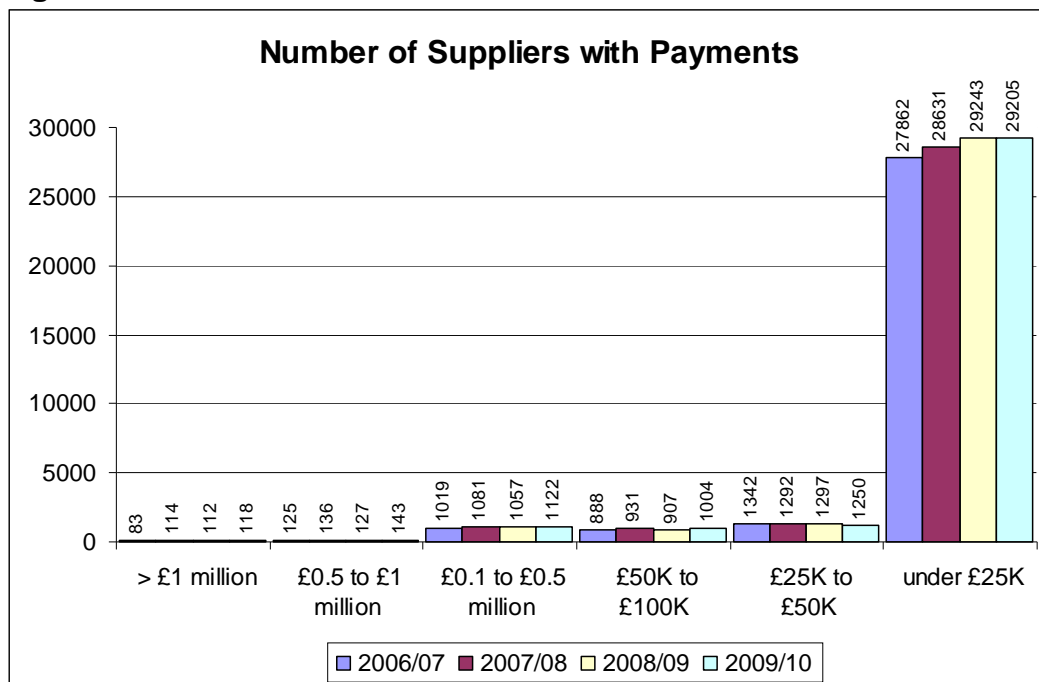
Local Key Performance Indicators for Procurement

1. Number of suppliers in the supply base

The number of suppliers by value is important to measure because having a large and extended supply base tends to make supplier relationship management more arduous and time consuming, reducing opportunities for leverage and supplier innovation and creating unnecessary administrative costs.

Figure 1 shows the distribution of spend with suppliers. It shows that there are relatively few suppliers (1,383) where spend is more than £0.5 million and there is a large 'tail' of suppliers (29,205) who received under £25,000 each during 2009/10. The distribution of the suppliers by value has varied very little over the past few years. The County Council aims to aggregate its purchasing in order to secure competitive deals. This may be indicated by an increase in the number of suppliers receiving larger values of payments although the overall number of suppliers is slowly increasing year on year. However, 2009/10 shows a reduction in the number of suppliers below £50,000 by 85 compared to 2008/09, which is the first year that a reduction has occurred.

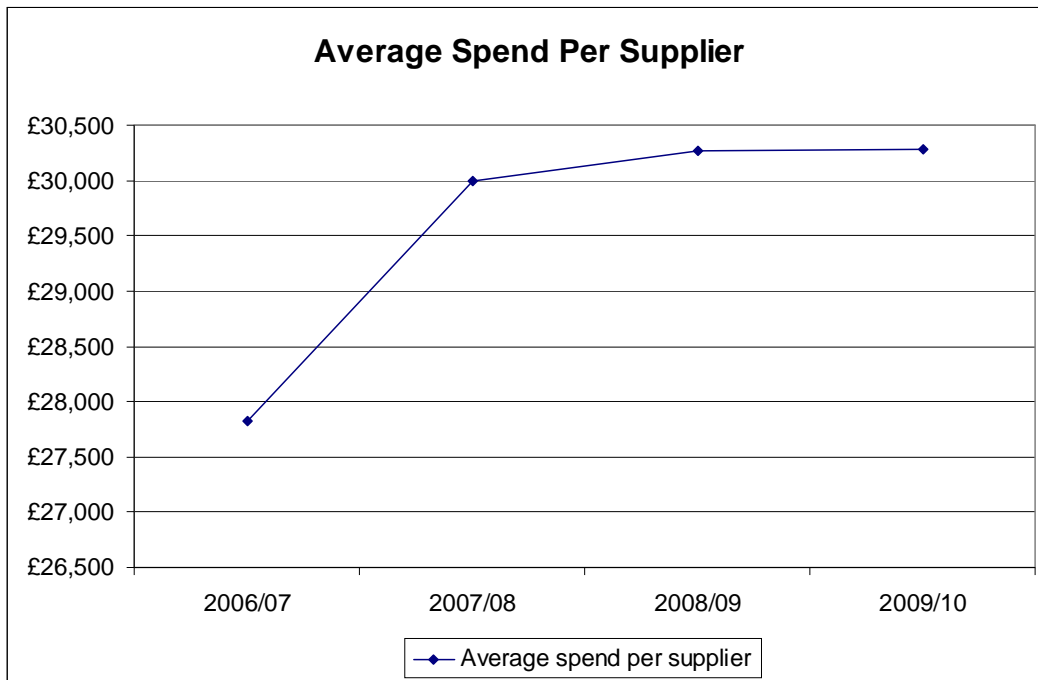
Figure 1



2. Average spend per supplier

An indicator of the level of aggregation of spend is the average spend per supplier. The average value of payments made to suppliers in 2009/10 was £30,281 compared to an average value of in 2006/07 of £27,825, an increase of 8.8%. However the increase in average spend per supplier since 2008/09 has been markedly lower. The average spend per supplier since 2006/07 is shown in Figure 2.

Figure 2



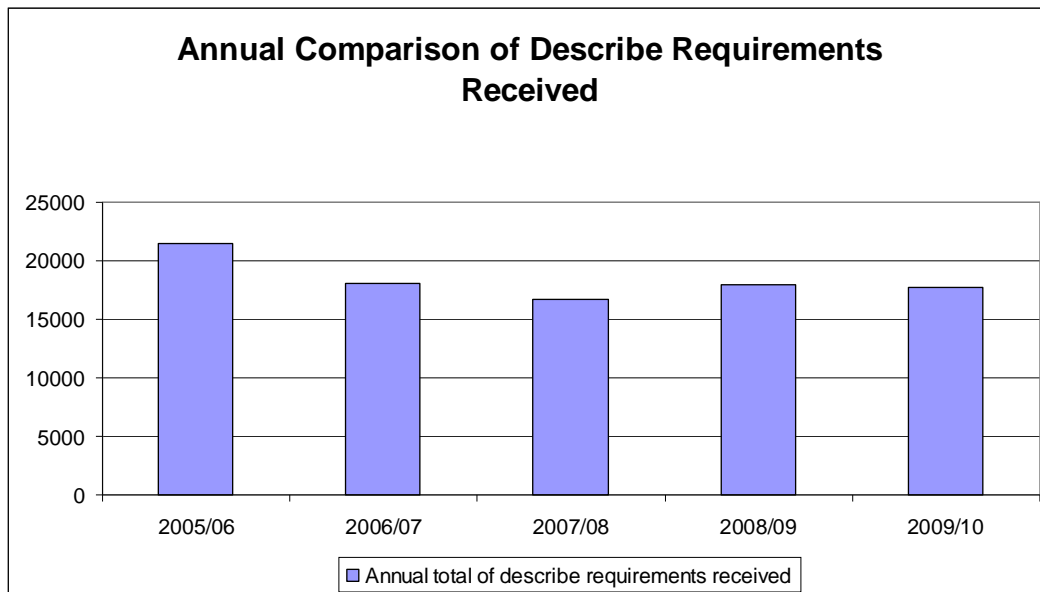
3. Contracted spend

An objective of the Corporate Procurement Strategy is to increase compliance. One of the supporting targets for this is to increase the proportion of spend against contracted and approved suppliers. Analysis of purchase orders raised during 2009/10 indicates that contracted spend is in the region of 52.4%, compared to 47.1% in 2008/09. This is an increase in on-contract spend of 5.3%, which is an overall year on year improvement of 11%. Whilst this is a good improvement in performance, some of this improvement is due to an increased accuracy in the recording of contracts within the corporate SAP system.

4. Non-contracted purchase orders

Where a supplier is not available in the electronic catalogue of goods and services, departments must raise a requisition which is then converted into a non-contracted purchase order, in the absence of an existing contract that can be utilised instead. The majority of these requirements are ad-hoc, specialist purchases and therefore assumed to be 'non-contracted'. The target is therefore to reduce the number of non-contracted purchase orders which are known in SAP as 'describe requirements'. The number of these non-contracted orders continues to be lower than the first year of reporting in 2005/06. The trend has not always been downwards year on year, but in 2009/10 the number of non-contracted orders was lower than in three out of the previous four years (see Figure 3 below).

Figure 3 – Annual comparison of describe requirements (non-contracted orders) received



5. Electronic Tendering

Running tender exercises electronically (e-tendering) enables more efficient administration of the collation and issuing of tenders and it can also help with the collation of information from tender responses. In time, it can also be a tool to help deliver a common, corporate approach to tendering. The corporate electronic tendering system is now in use by all of the four main procurement teams in the County Council. The target is to continually increase the number of tenders handled electronically. Since 2005/06, the number of electronic tenders has increased considerably as the rollout across teams has been phased in. This trend is shown on an annual basis in Figure 4 and the cumulative number of tenders handled electronically, which now exceeds 450, is shown in Figure 5.

Figure 4

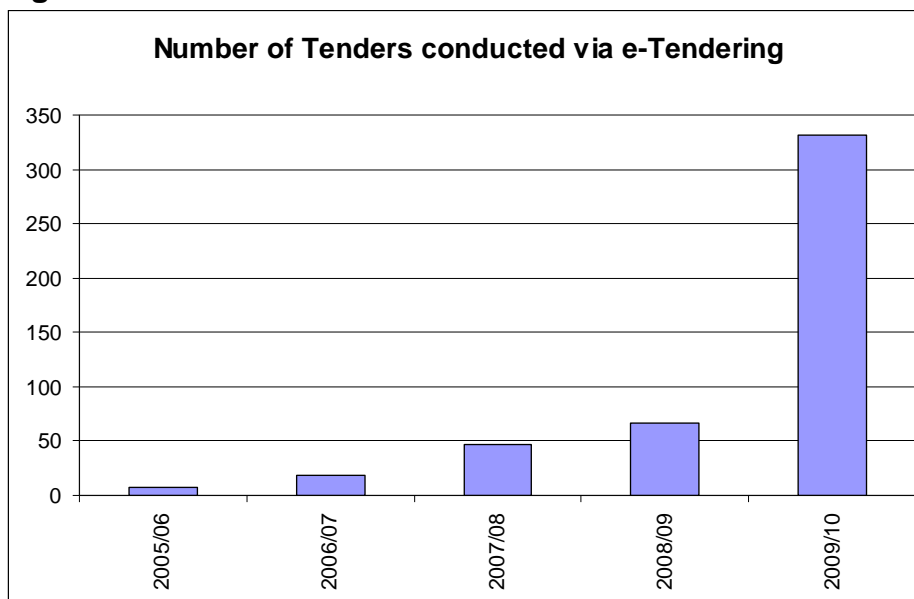
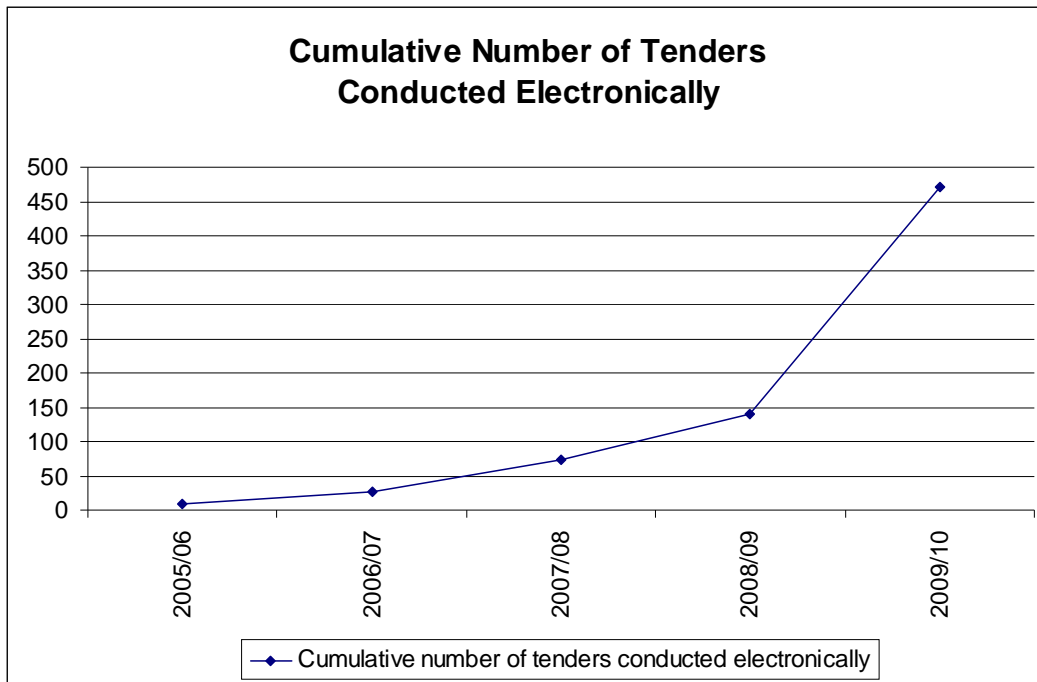


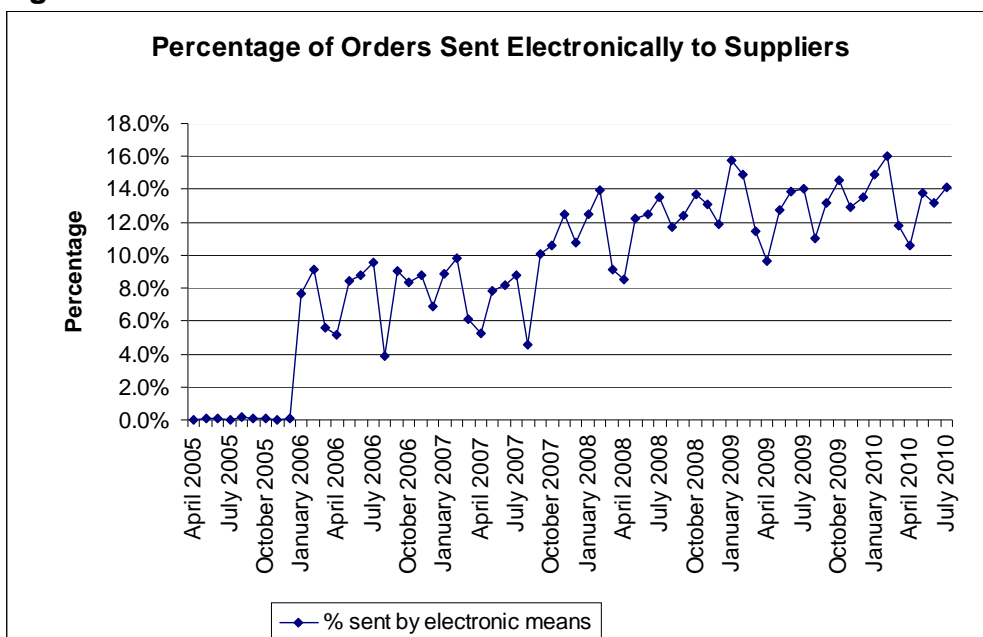
Figure 5



6. Electronic transmission of purchase orders

The electronic transmission of orders, rather than manual printing and posting, helps to reduce the cost of the procurement process. The number of purchase orders sent electronically has reached 16% by January 2010, from a position of zero before January 2006. Figure 6 shows how the percentage of electronic orders has increased over time, although there are monthly fluctuations in the percentages which are primarily influenced by activity within schools.

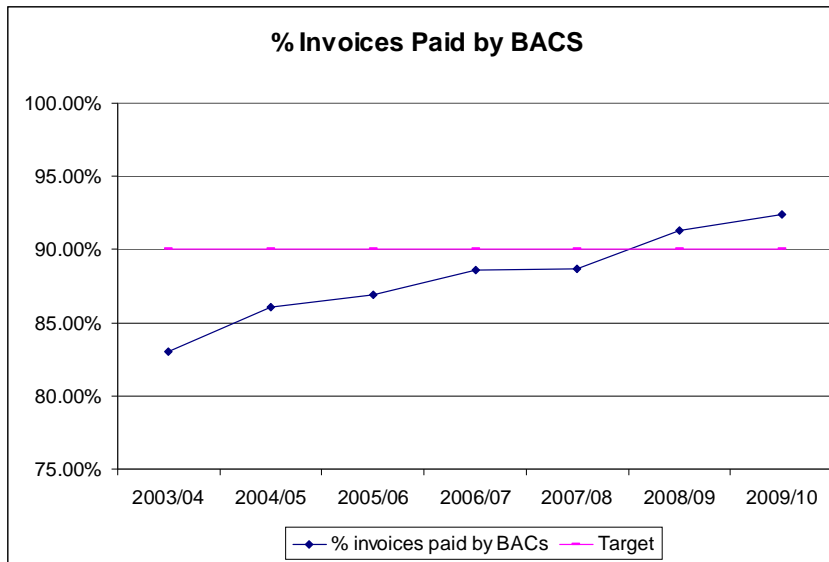
Figure 6



7. Electronic Payments

BACS payments are the most efficient and cost-effective electronic method of making payments to suppliers. Figure 7 shows that there has been a steady increase in the number of payments being made by BACS each year and now exceeds the target of 90%.

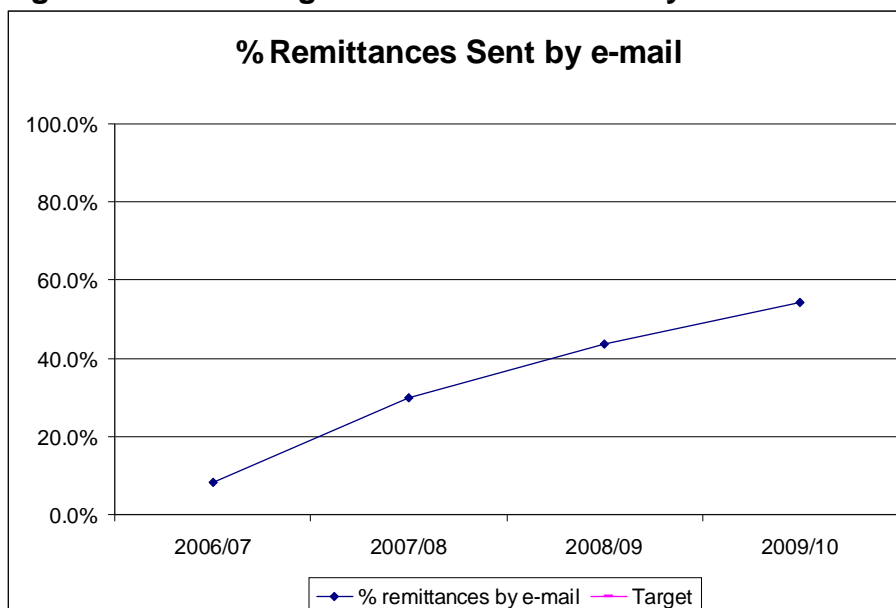
Figure 7 - Percentage of invoices paid by BACS



8. Electronic remittance advice

Electronic remittance advice can be sent by e-mail to the supplier which reduces administration costs from reduced printing and postage. Figure 8 shows that the percentage of remittance advices sent out electronically is steadily increasing since its introduction in 2006/07 and now is just below 60%.

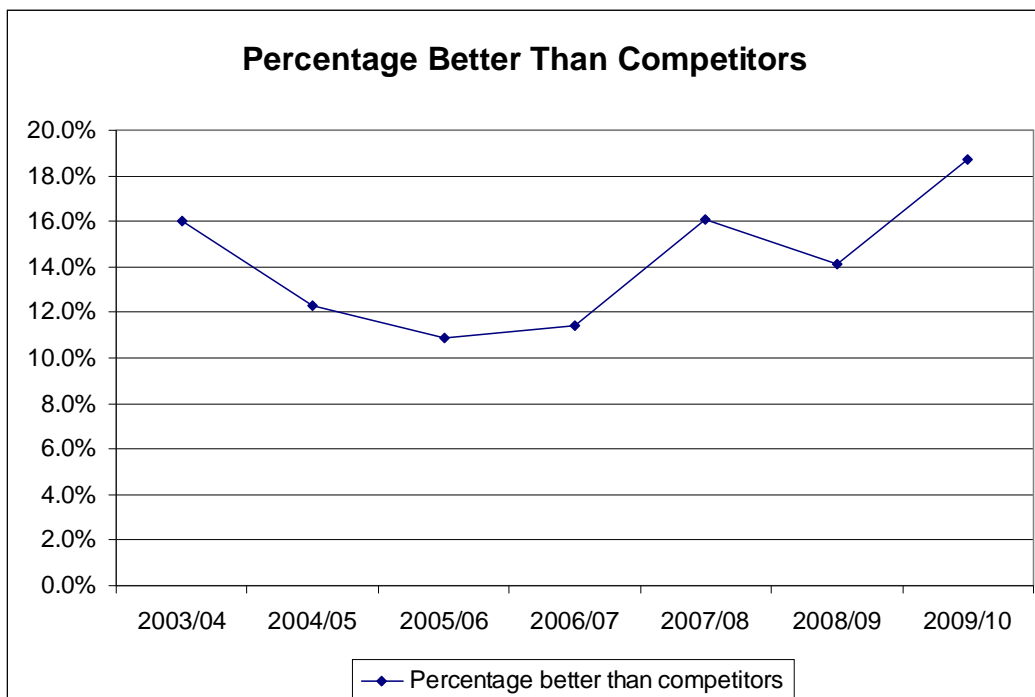
Figure 8 – Percentage of remittances sent by e-mail



9. Comparison of Competitiveness on a basket of common use goods

A standard set of goods which are common across organisations are used to compare contracted prices. Figure 9 shows that the County Council's County Supplies team consistently offers lower prices than key competitors across a basket of goods.

Figure 9 - Comparison of competitiveness on a basket of common use goods



10. Procurement Skills Development

One of the objectives of the Corporate Procurement Strategy is to enhance leadership, governance and skills within procurement. The County Council has provided and commissioned a range of training courses since 2003/04 and the specification of these has changed according to the changing requirements of the County Council. In 2003/4, it was recognised that there were many people involved in procurement that had no formal training to equip them to understand and implement best practice. Therefore, the first training courses were set up to give these staff an overview of effective procurement practice. Since then, training requirements have been reviewed and more strategic, subject specific training courses have been commissioned. During 2009/10 a requirement for the Procurement Overview courses for a wide range of staff was once again identified. Figure 10 shows the quantity and types of training that have taken place since 2003. Since 2003/04, 1,083 training places on the corporately arranged courses have been taken up. Cumulative figures for the attendance at courses are shown in Figure 11.

Figure 10 - Training undertaken by course title

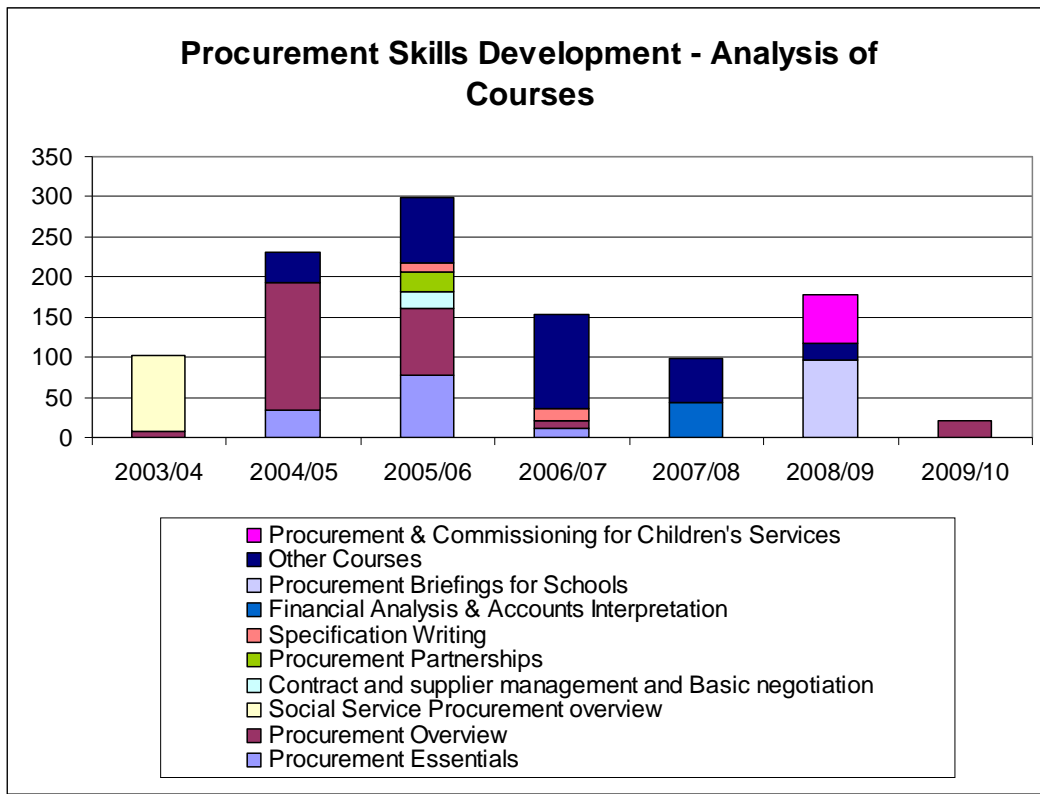


Figure 11 - Cumulative number of procurement training places taken

