

FOI number: **HBC_FOI_20200065**
Date FOI Received: **23/01/2020**
Department: **Finance**
Title: **LGA procurement project**
Description: **Information on the Council's procurement processes.**

Request: (As Redacted sent by requestor)

Dear FOI Team, Section 151 Officer or Head of Procurement

I am conducting research for my MBA which is being produced for the Local Government Association to support their Strategic Supplier Management project which aims to help councils reduce procurement spend and has a number of objectives that would be enhanced by the availability of more detailed data on what local government is procuring.

My MBA project is researching procurement data as a sector wide challenge for Local Government. The research aims to identify options that will aid the development of data gathering, analytics and intelligence to enhance Local government procurement capabilities that may benefit all the sector including your organisation.

This questionnaire is designed to be quick and easy to complete with multiple choice answers and should be treated by your organisation as a Freedom of Information request and responded to within 20 days.

Thank you in advance for your cooperation

Response: (Response as Redacted sent by service)

Please see completed questionnaire attached.

If you have any queries about the processing of your request then please do not hesitate to contact me. Further information explaining the Council's process for responding to information requests together with a complaints/appeals procedure is available in our reception or via our website at:

<https://www.hertsmere.gov.uk/Your-Council/Official-Publications--Guides--Policies/Access-to-Information.aspx>

The Information Commissioner oversees the application of the Freedom of Information Act. You may contact the Information Commissioner at:

Information Commissioners Office
Wycliffe House, Water Lane
Wilmslow
Cheshire SK9 5AF
Telephone: 01625 545700
Website: www.informationcommissioner.gov.uk

Please include the above reference number on all correspondence related to this request.

Thank you for your request.

Kind regards
Information Services

This questionnaire is designed to be quick and easy to complete with multiple choice

Please enter a "x" in boxes you wish to select, or enter free text as appropriate.

When using the "Other" free text boxes please create additional boxes if required

Thank you in advance for your cooperation.

Q1 What is your position in your council?

| | |
|---|---|
| S151 Officer | |
| Head of Procurement | |
| FOI coordinator | |
| Other (please specify in the box below) | X |
| Senior Financial Accountant | |

Enter "x" where relevant

Q3

What finance (Enterprise resource planning [ERP]) system does your council use?

Microsoft

Oracle

Sage

SAP

Workday

Other (please specify in the box below)

eFinancials

Enter "x" where relevant

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| X |

Q4 Do you host your ERP system on premise or is it cloud based?

- Hosted on premise
- Cloud based system
- Don't know

Enter "x" where relevant

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| X |
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| |

(If Yes please proceed to Q6)

Q5 If your ERP system is not cloud based is your organisation considering moving to a cloud based system?

No

Maybe, the business case is currently being evaluated

Yes

Don't know

Enter "x" where relevant

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| X |
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Q6 Which Procurement classifications does your organisation use for spend reporting purposes?

- None
- Spend is only recorded by cost centre and not classified by type of procurement spend
- Yes - we use Common Procurement Vocabulary codes (CPV)
- Yes - we use Proclass
- Yes - we use Thomson Reuters Business Classification
- Yes - we use United Nations Standard Products and Services Code (UNSPSC)
- Yes - we use National Sales Vocabulary (NSV) system
- Yes - we use a bespoke spend classification structure developed in house specific to our council.
- Yes - we use multiple spend classification systems - e.g. Proclass combined with CPV codes.
- Yes - we use other spend classification, **please provide detail in the box below**

We use CIPFA standard account codes

Enter "x" where relevant

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| X |

(If No please proceed to Q8)

(If selected please proceed to Q8)

Q7 If your organisation uses a spend classification such as Proclass, CPV or UNSPSC to classify spend please indicate to what level you classify spend (i.e. drill downs, family tree levels).

We don't use spend classifications.

Level 1 e.g. Proclass Level 1 111250 Catering

Level 2 e.g. Proclass Level 2 i.e. 111250 Catering - Social Care

Level 3 e.g. Proclass Level 3 i.e. 111250 Catering - Social Care - Meals on Wheels

Level 4 (available in some systems)

Level 5 (available in some systems)

A mixture of levels depending on the sufficiency of the level of detail required.

Enter "x" where relevant

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| X |
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Q9 At what level of detail does your organisation capture the detail of products or services ordered on purchase orders?

- We raise orders with a quantity of 1 and a value that matches the invoice/order total so no line level detail is captured.
- We raise orders at line level detail capturing the aggregated/extended price but with no quantity detail recorded.
- We raise orders at line level detail capturing quantity, unit price and the aggregated / extended price.
- We raise orders at line level detail capturing quantity, unit price, the aggregated / extended price and a spend classification.
- Other – please specify in the box in the box below.

Other

Enter "x" where relevant

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| x |
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Q10 If your organisation raises orders at item level do you capture purchasing spend classification on the item level record?

My organisation does not raise orders with item level detail

Yes

No

Other (please specify in the box below)

Other

Enter "x" where relevant

x

Q11

Do you capture any other pricing information in your finance system?

- No
- Yes - Early payment discounts
- Yes - Volume discounts
- Yes - Marketing support
- Yes - Retrospective rebates
- yes - Other (please specify in the box below)

Other

Enter "x" where relevant

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| X |
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Q12

What capabilities does your organisation derive from spend classification data? **(Please tick as many boxes as apply to your organisation.)**

| | |
|---|---|
| None - we don't use spend classification. | |
| None - we have spend classification but we do not use it anymore. | |
| It helps to track the benefits delivery of projects and contracts. | |
| It enables the extraction of data to compare it with other organisations to support collaborative Procurement activities on a like for like classification basis. | |
| It supports evidenced based decision making | X |
| It provides intelligence to support Category Management and/or Procurement strategy plan and prioritise areas for improvement/savings. | X |
| It helps with tracking purchase price, deal histories and/or net buying prices. | |
| It makes producing reports easier without further need for data manipulation. | |
| It reduces errors in data manipulation. | |
| It reduces miscoding of invoices. | X |
| It helps identify opportunities for supply base consolidation / rationalisation. | |
| It helps to identify efficiencies in ordering processes. | |
| It helps to identify opportunities for cost reduction and saving programs. | |
| It enables easier spend compliance, control and governance i.e. tracking on and off contract spend | X |
| It provide intelligence to support Commissioning. | |
| It provides intelligence to help shape markets. | X |
| It assists with duties to publish Transparency data. | |
| It creates awareness of spend classification and helps make spend analysis an activity owned by commissioners across the organisation. | X |
| It assists supply chain risk analysis, i.e. identifying "bottleneck" items or modern slavery risk assessments. | |
| It identifies price differentiations charged by suppliers across different business units for the same product or service. | |
| It enables faster and more regular reporting on procurement and commissioning activity | |
| Other. Please detail in the box below: | |
| Other | |

Enter "x" where relevant

* Please scroll down for more options

Q13 If spend classification was (or is) available to your organisation what capabilities would your organisation like to derive from spend data?
(Please rank from 1 descending as appropriate to your organisation i.e. maybe 1 reason, 5, 10 or more but all specified in order of importance to your organisation)

| | |
|---|---|
| Tracking the benefits delivery of projects and contracts. Enabling the extraction of data to compare it with other organisations to support collaborative Procurement activities on a like for like classification basis. Supporting evidenced based decision making | |
| Providing intelligence to support Category Management and/or Procurement strategy plan and prioritise areas for improvement/savings. | |
| Tracking purchase price, deal histories and/or net buying prices. Producing reports easier without further need for data manipulation. Reducing errors in data manipulation. Reducing miscoding of invoices. | 6 |
| Identifying opportunities for supply base consolidation / rationalisation. Identifying efficiencies in ordering processes. | 3 |
| Identifying opportunities for cost reduction and saving programs. Enabling easier spend compliance, control and governance i.e. tracking on and off contract spend | 4 |
| Providing intelligence to support Commissioning. Providing intelligence to help shape markets. Providing evidence relating to social value Providing intelligence to help capture and create possible social value Assisting in the publication of Transparency data. | 2 |
| Creating awareness of spend classification and helps make spend analysis an activity owned by commissioners across the organisation. Assisting supply chain risk analysis, i.e. identifying "bottleneck" items or modern slavery risk assessments. Identifying price differentiations charged by suppliers across different business units for the same product or service. It enables faster and more regular reporting on procurement and commissioning activity | 5 |
| Other Other. Please detail in the box below; | 1 |

* Please scroll down for more

⇒ options

Q14

Please confirm the level of savings achieved by your organisation's existing use of spend classification in the box below.
(N.B. This needs to be the level saving confirmed by the S.151 Officer or Finance team as achieved).

My organisation does not record spend classification.

My organisation does record spend classification but does not record savings it may have enabled.

My organisation has recorded the amount of savings enabled by its use of spend classification to be ->

Enter "x" or "£" where relevant

| |
|---|
| |
| x |
| £ |

Q15 With which organisations do you share your spend classification data with?

None - my organisation's ERP does not classify spend (n.b. cost centres do not count)
Purchasing organisations in the same buying group e.g. Central Buying Consortium.
Organisations with which you are in a "shared service arrangement" with.
Other. Please detail in the box below;

Internal use only

Enter "x" where relevant

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| x |

Q16 If your software provider built in the capability to enable spend to be classified in future releases to what extent would you use it?

- We already do use spend classification
- Yes - We would implement spend classification
- Don't Know
- No - We would not use the functionality

Enter "X" where relevant

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|---|
| X |
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Q17 Would you like to participate in sharing procurement data?

Please tick as many boxes as apply.

- No
- Don't know
- Yes - My organisation already shares spend data with other organisations using the same classification system
- Yes - In my region only
- Yes - Nationally
- Yes - If the data could be retrieved automatically and compliantly by a government organisation with no effort on behalf of my council other than populating the data fields.
- Yes – Even if this meant my council had to send a data file to central aggregator
- Yes – If this meant my council would not have to publish separate transparency spend data.
- Other. Please detail in the box below;

Other

Enter "x" where relevant

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| X |
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Q18

What potential barriers do you see that may prevent your organisation sharing procurement data to assist collaborative procurement by Local Government?

Please tick as many boxes as apply.

| | |
|---|---|
| None | |
| Don't know | |
| Buy in from Senior Leaders in your council that the benefits of collaborative procurement are worth the investment in data capture. | X |
| Buy in from Directorates and Services in your council that classifying procurement spend on purchase requisitions and orders will benefit them. | X |
| The project costs of updating your ERP to include spend classification | |
| The coordination of data extraction and compilation | |
| General Data Protection Regulations | X |
| The absence of category management in my council | |
| The existence of non disclosure agreements | |
| Information being of commercial confidence | X |
| Other. Please detail in the box below; | |
| Other | |

Enter "x" where relevant