
Report To:	Policy & Resources Committee	Date:	1 February 2022
Report By:	Interim Director Environment and Regeneration	Report No:	PR/01/22/EM/DA
Contact Officer:	Eddie Montgomery / David Aitken	Contact No:	01475 712472/2964
Subject:	Procurement Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on procurement related activity including the development of a Fair Work First Action Plan.

2.0 SUMMARY

- 2.1 The procurement update report to the November 2021 Policy & Resources Committee included a summary of the revised policy and guidance around Fair Work First issued by the Scottish Government in September 2021. The report also noted that a Fair Work First Action Plan would be developed and reported to the February 2022 Committee which is attached as Appendix 1 to this report.
- 2.2 Scotland Excel have recently published sector and Council specific annual value reports which include a high-level update on financial indicators resulting from the use of Scotland Excel frameworks and services. Some of the key information in the report is included in section 6 whilst a link to the published reports is included in 6.2.

3.0 RECOMMENDATIONS

- 3.1 That the Committee:
- notes the Fair Work First Action Plan included as Appendix 1 and the current position including on-going actions to embed/apply the revised Fair Work First principles in line with the updated policy and guidance;
 - notes the Scotland Excel Annual Value Reports published in November 2021.

Stuart Jamieson
Interim Director
Environment and Regeneration

4.0 BACKGROUND

- 4.1 The procurement update report to the November 2021 Policy & Resources Committee included a summary of the current position including actions required to embed/apply the revised Fair Work First principles in line with updated policy and guidance. It also noted that a Fair Work First Action Plan would be developed and reported to the February 2022 Committee.
- 4.2 Since its launch in April 2008 Scotland Excel has continued to evolve its leading change services to help local authorities develop their procurement skills, tools and processes. As champions of procurement, Scotland Excel remains committed to increasing procurement and commercial capability within the Public sector to ensure that councils get the most from their local procurement activities. Scotland Excel issue sector and individual Council annual value reports providing a detailed view of the value derived from membership as outlined in 6.1 below.

5.0 FAIR WORK FIRST IN LOCAL GOVERNMENT

- 5.1 Following the letter from Scottish Ministers to all Local Authority Leaders and COSLA Chief Executive in early September 2021 re-stating the Scottish Governments commitment to Fair Work, an updated procurement policy note was issued at the end of September 2021. Public bodies were advised to start an incremental approach to implementing the expanded Fair Work First criteria in new procurement processes from 31 October 2021, with a view to having fully developed internal procedures so that Fair Work First is incorporated in all relevant procurement processes in the financial year 2022/23.
- 5.2 The Action Plan included as Appendix 1 to this report provides a summary of the work completed to date and on-going activity across the three key areas of Employment Practices; Procurement; and Funding/Grants.

6.0 SCOTLAND EXCEL – ANNUAL VALUE REPORT

- 6.1 The Council continues to participate in and utilise Scotland Excel's portfolio of collaborative framework agreements and contracts as these ensure best value is being achieved through combined spending power along with well-managed and effective supply chains that are regularly market tested.
- 6.2 Scotland Excel have recently published their annual value reports which provide detail on the value derived from membership of Scotland Excel. The reports include a high-level update on financial indicators resulting from the use of Scotland Excel frameworks and services, demonstrating the value Scotland Excel provides to each council. In addition to financial savings, the reports also include information on the social value aspects i.e. community benefits, local spend, living wage, and support for local economies. A high level summary of the key performance information contained within the report is provided below:

Inverclyde Council Overview, covering period of 1st April 2020 to 31st March 2021

- £9.8m Spend;
- Participated in 93% of frameworks (not all frameworks will have spend within the last 12 months);
- 5 Local suppliers represented on frameworks;
- £137k spent locally in the Inverclyde area;
- 47hrs of community benefits have been delivered:
 - Staff members of Amey Construction who are a supplier on the engineering consultancy framework volunteered at Inverclyde foodbanks;
 - Kelvin Books, who are a supplier on the library books and textbooks framework, donated library books to Inverclyde schools.

Scotland Excel have been engaging with local authorities with a focus on increasing the number of local suppliers and SME's who are represented on their frameworks.

This has resulted in strategy changes in relation to how Scotland Excel go to the market with requirements and has resulted in new approaches such as the use of Dynamic purchasing systems and alternative lotting strategies with a view to increasing the number of suppliers who are able to secure a place on their frameworks.

It should be noted however, that the frameworks tend to be awarded for a four year period and as a result it will take time for the improvements and potential increases in local supplier representation to be realised.

Savings & Rebates

- £161k Saving (through use of Scotland Excel frameworks);
- £15k Rebate across multiple frameworks.

The methodology Scotland Excel use to calculate savings involves a comparison of prices received within the tender evaluation and does not benchmark against what each council currently pays. The savings figure advised above represents a cost avoidance to the Council for using the framework agreements as opposed to cashable savings.

It should also be noted that the majority of the frameworks are in their third or fourth iterations and therefore pricing has become stable. Although this results in a market tested rate, the scope for achieving savings becomes more limited with each iteration of the framework agreement.

The key benefits now come from added value areas such as how they support sustainable procurement initiatives and increase social value across each authority area.

Living Wage and Fair Work Practices

- As of December 2020, 899 (85.5%) of the 1051 suppliers appointed to Scotland Excel frameworks notified that they pay the Real Living Wage as of December 2020.

The sector and Inverclyde annual value reports can be viewed at the following link:
<https://www.inverclyde.gov.uk/business-and-trade/procurement/annual-procurement-report>

7.0 IMPLICATIONS

Finance

7.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

Legal

7.2 There are no known Legal implications contained within this report.

Human Resources

7.3 There are no known Human Resources implications contained within this report.

Equalities

7.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

Repopulation

7.5 There are no repopulation implications contained within this report.

8.0 CONSULTATIONS

8.1 The report has been prepared in consultation with the Interim Director, Finance & Corporate Governance; the Interim Head of Legal and Democratic Services; the Head of Organisational Development, Policy & Communications, the Head of Culture Communities & Educational Resources, the Service Manager Community Learning and Development, Community Safety and Resilience, and the Regeneration Manager.

9.0 BACKGROUND PAPERS

9.1 None.

Objective(s)	Milestones	Procurement Lead	Service Lead	Target Date	Progress / Comments	RAG Status
1. Fair Work First Inverclyde Employment Practices	Update the Councils Work Life Balance Policy to allow employees to make an application for flexible working from day one of employment.	David Aitken	Steven McNab	Jan 2022	Following agreement at November 21 P&R this was put in place. The policy and procedure was updated and communicated to employees.	Complete
2. Fair Work First Procurement	Develop and agree: (i). standard technical question(s) and proposed weightings in accordance with most recent SPPN detail; (ii). standard contract clause / specification wording for inclusion within tenders; (iii). new instructions to tenderers template for inclusion within all tenders. Develop a communication in SPPN format to be communicated to Designated Procurement Officer (DPO) Group	David Aitken / Andrew Duncan	Denese O'Donnell	Dec 2021	Both a combined and individual question set have been drafted. Special T&C's have been adopted and updated.	Complete
		David Aitken / Andrew Duncan	N/A	Jan 2022	Develop a suitable template for technical procurement. This will be uploaded to ICON and communicated to the wider DPO Group.	On track

Objective(s)	Milestones	Procurement Lead	Service Lead	Target Date	Progress / Comments	RAG Status
2. Fair Work First Procurement	Develop and agree mechanism to capture, monitor and report to ensure Fair Work First is contained and delivered on within all relevant tenders/contracts in line with policy and internal / external procurement guidance.	David Aitken / Andrew Duncan	All	Mar 2022	Can be achieved through contract strategy sign off process with reporting thereafter from PCS-T information.	On track
	Develop a tender completion report to support ongoing monitoring and reporting of Fair Work First.	David Aitken / Andrew Duncan	All	Mar 2022	Develop template by end Jan 22 and circulate to CPU in advance of communicating to wider DPO Group.	On track
	Review current internal thresholds for inclusion of Fair Work First in works contracts.	David Aitken	All	Mar 2022	Addressed as part of ongoing review of corporate governance documents including procurement manual and the current development of revised/updated Procurement Strategy planned for submission and approval by end of Mar 22.	On track

Objective(s)	Milestones	Procurement Lead	Service Lead	Target Date	Progress / Comments	RAG Status
3. Fair Work First Funding Applications	Convene short life working group of relevant service leads to discuss conditionality and scope of where Fair Work First could be implemented and embedded.	David Aitken / Andrew Duncan	Jennifer Horn / Hugh Scott	Jan 2022	Working Group meeting arranged for early Jan 22.	On track
	Establish roles and responsibilities in relation to grant funding process.	David Aitken / Andrew Duncan	Jennifer Horn & Hugh Scott	Feb 2022	Potentially for consideration within on-going Council governance document review.	On track
	Establish a pipeline that details the volume, value and frequency of grant funding.	David Aitken / Andrew Duncan	Jennifer Horn / Hugh Scott	Feb 2022		On track
	Identify what conditionality requirements are applied with grants and what can be influenced and what cannot.	David Aitken / Andrew Duncan	Jennifer Horn / Hugh Scott	Feb 2022	Aligned to action above.	On track
	Draft a proposal for minimum thresholds for funding applications in which Fair Work First could be included.	David Aitken / Andrew Duncan	Jennifer Horn / Hugh Scott	Feb 2022		On track
	Develop and agree mechanism to capture, monitor and report to ensure Fair Work First is contained and delivered on within all relevant funding applications.	David Aitken / Andrew Duncan	Jennifer Horn / Hugh Scott	Mar 2022	Potential to consider use of PCS-T for grants, direct awards and tenders. Establish if selection criteria (SPD) templates would be required.	On track