

I refer to the agenda for the meeting of the Policy & Resources Committee to be held on Tuesday 22 September 2009 and now enclose the undernoted reports which were not available on the day of issue.

ELAINE PATERSON
Head of Legal & Administration

Undernote

NEW BUSINESS

The documentation relative to item 17 has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information in respect of the item being that set out in paragraphs 1 and 11 of Part I of Schedule 7(A) of the Act.

17. **Efficiency Reviews - Facilities Management**
Report by Corporate Director Regeneration & Resources on the findings of the Facilities Management Service Review Team and seeking approval pursuant to the re-structuring and delivery mechanisms within Facilities Services.
18. **Strategic Procurement Framework 2009/11**
Report by Corporate Director Improvement & Performance

Enquiries to - **Rona McGhee** - Tel 01475 712113

Report To: Policy and Resources Committee

Date: 22 September 2009

**Report By: Corporate Director
Improvement and Performance**

Report No: PMP/13/09/PW/AS

Contact Officers: Andrew Spowart/David Baker

Contact No: 2039

Subject: Strategic Procurement Framework 2009/11

1.0 PURPOSE

- 1.1 The purpose of this Report is to present the Strategic Procurement Framework 2009/11 to Committee for consideration and approval.

2.0 SUMMARY

- 2.1 At the Policy and Resources Committee on 26 May 2009 it was agreed that a finalised Strategic Procurement Framework be prepared and submitted to the next meeting of the Committee - a copy of the full Strategic Procurement Framework is attached (Appendix 1).
- 2.2 The McClelland Report, and the subsequent national public procurement reform programme, has placed a significant emphasis on procurement within every public sector organisation in Scotland. Each organisation has been tasked by the national Procurement Reform Board with achieving a set of challenging objectives which are designed to maximise the benefits procurement can bring to an organisation.
- 2.3 Inverclyde Council, like every other organisation, constantly needs to assess the status of its corporate approach to procurement to understand where improvements can and should be made - this will be achieved by introducing a Strategic Procurement Framework, designed to assist the Council to achieve conformance status as envisaged in the McClelland Report.
- 2.4 The increased focus on procurement is borne out of the recognition of the benefits that can be achieved if a procurement function is managed in a coherent manner. As a public body, with an external spend of over £90 million, the Council has a legal responsibility to procure goods and services in an appropriate manner. Poor practice can lead to risks being realised in terms of governance, reputation, financial performance, and possible legal challenge.
- 2.5 The Strategic Procurement Framework 2009/11 acknowledges that the Council's approach to procurement requires significant improvement in a number of areas and that corporate and service performance, together with associated processes, practices, and behaviours, do not comply with the basis requirements of the McClelland Report.
- 2.6 The Strategic Procurement Framework identifies six key areas for improvement:
- Leadership and Governance
 - Resources, Skills and Capacity
 - Management Information/Systems Development
 - Collaboration/Contracts
 - Procedures, Processes and Performance
 - Supplier Strategy and Relationship Management
- 2.7 Implementing the improvement actions identified in the Framework over the next two years will enable the Council to move towards conformance status as envisaged in the McClelland Report and assist with regard to Best Value 2.

2.8 It would then be appropriate to review the Framework and identify further improvement actions which could be included to assist the Council to reach improved or superior performance status, subject to organisational capacity and resource availability

2.9 In terms of delivering the overall Framework the Council will shortly be recruiting a new Corporate Procurement Manager who will lead the implementation process across the organisation – the CMT have also identified that in order to deliver the Framework and achieve conformance status there is a need for some temporary specialist resources but these will need to be sourced on a cost neutral basis.

A further report will be submitted to Committee in November 2009 on this matter.

2.10 The Strategic Procurement Framework and its supporting actions will be assessed against the Scottish Government's recently produced Procurement Capability Assessment. This assessment sets out a mechanism for identifying areas where organisations can strengthen their approach to procurement through a detailed evaluation of their procurement capability.

2.11 In addition, the actions need to align with other key organisational developments taking place, particularly the implementation of the Future Operational Model.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

- a. consider and approve the Strategic Procurement Framework for 2009/11;
- b. agree that a further report is submitted to Committee in November 2009 identifying how temporary specialist resources can be provided on a cost neutral basis to support the delivery of the Framework; and
- c. note that progress with the implementation of the Strategic Procurement Framework will be monitored by the Management of Resources Reference Group and reported to members through the Corporate Performance Report.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 Background

4.1 This Strategic Procurement Framework has been prepared to move the Council forward in both a corporate and coherent way. It has been prepared by making reference to the challenges the Council will face through both the McClelland Report and Best Value 2. The Framework and its supporting actions have been developed and designed to assist the Council achieve conformance status as per the McClelland report.

5.0 Implications

5.1 Finance

There are no direct financial implications arising from this report and Finance were involved in the development of the Framework – further discussions will take place to identify an appropriate funding mechanism for the additional specialist resources required.

5.2 HR

The position of Corporate Procurement Manager has been discussed with representatives from the Head of Organisational Development and Human Resources.

5.3 Legal

Discussions have taken place with the Head of Legal and Administration.

6.0 Consultation

6.1 A series of interviews have been held with members of the Extended Corporate Management Team in developing this framework. In addition, the framework and supporting actions were considered extensively at a Management of Resources Reference in July 2009 and have subsequently been endorsed by CMT. The Management of Resources Workstream Group is the owner of the framework.

7.0 Background Papers

7.1 McClelland Report, Accounts Commission Proposals for Best Value 2 and the Scottish Government Procurement Capability Assessment.

STRATEGIC
PROCUREMENT
FRAMEWORK
2009/11

Strategic Procurement Framework 2009/11

Introduction

Procurement is the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties whilst achieving and demonstrating Best Value. The process spans the whole lifecycle starting with the identification of need to final payment. Other terminology may be used by certain services, such as commissioning, but the activities are similar and all come within the scope of this framework.

Procurement in the public sector has increased in prominence in recent years as a result of the statutory duty of Best Value (2003) and the McClelland Review of Public Procurement in Scotland (2006). In addition the Scottish Government have established the Public Procurement Reform Board to promote more effective and innovative approaches to procurement throughout the public sector. The Reform Board has:

- Established organisational and contractual arrangements for collaborative procurement
- Established a national procurement web portal for advertising all public sector contracts
- Prepared and produced policy guidance including the Scottish Procurement Policy handbook
- Prepared a Procurement Capability Assessment tool for use in the public sector

Finally, developments in EU procurement legislation and case law are making procurement an increasingly complex area of the business with associated risks - both financial, reputational and with regard to service delivery.

The recommendations made in the McClelland Review have been widely adopted and provide a benchmark against which public procurement operations across Scotland will be judged. In addition Audit Scotland has recently developed a range of specialist audit tools which will be applied for all local authorities, Best Value 2. There is now a specific Procurement Toolkit which will be used to judge Inverclyde Council's corporate approach to procurement.

McClelland developed a matrix for the assessment of procurement performance against a range of attributes. Each attribute can be assessed as Non Conformance, Conformance, Improving Performance or Superior Performance. Procurement in Inverclyde Council is under-developed and currently the overall position is considered to be Non Conformance. That is not to say that there are not areas of good practice but, as a whole, there is a significant improvement agenda and change process required to ensure the Council reaches the minimum standard of Conformance.

The Corporate Management Team has recognised that the status quo with regard to procurement is not a viable option. Procurement has been identified as a key area for improvement in the Organisational Improvement Plan. Procurement is also a key workstream within the Future Operating Model. Procurement has traditionally been an activity which could be carried out by employees subject to adherence with Standing

Orders and Financial Regulations with support from a corporate procurement team.

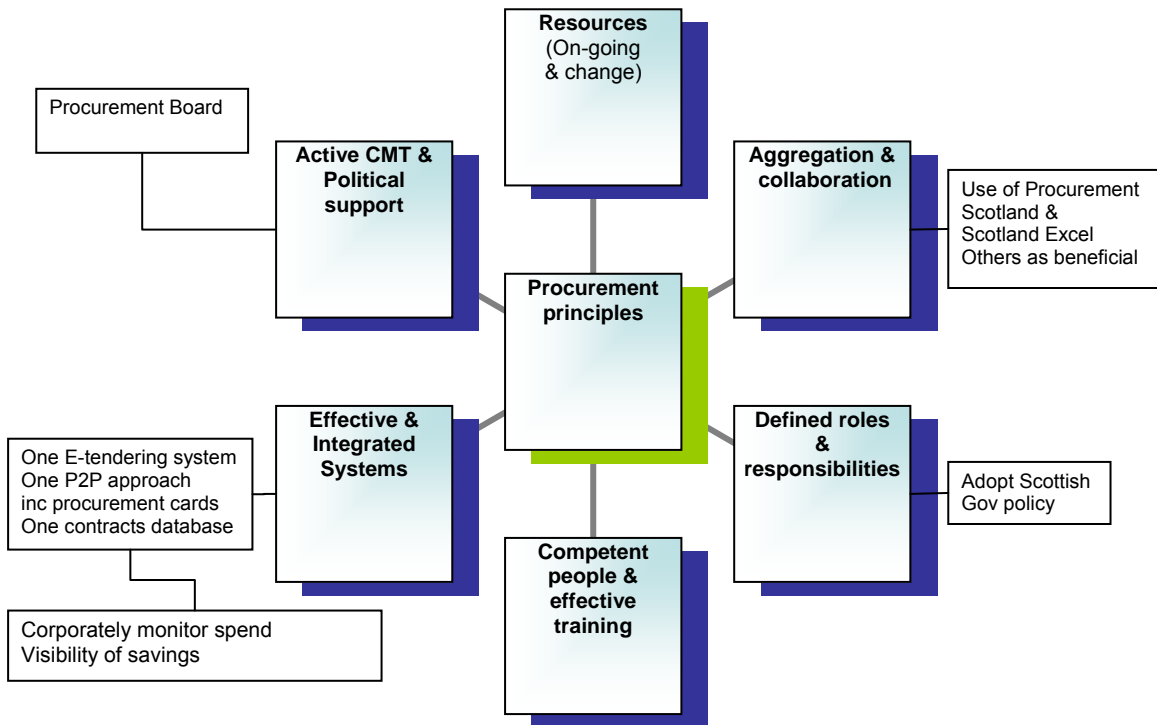
There is now significant need to make a step change in the way procurement is undertaken and managed within the organisation - both to improve the Council's ability to demonstrate Best Value and protect its reputation.

This Strategic Procurement Framework is about establishing some of the essential building blocks on which to base a programme for change. It is very much a new beginning with considerable detail to be developed that strikes a balance between a range of competing priorities.

Vision for change focused on the next 2 years

The vision is for all aspects of the Council's procurement operations to achieve Conformance with McClelland by the end of 2011. This might be viewed as an unambitious target but the nature and scale of the challenges will be considerable and require a step change in the way activities are currently undertaken. It is an integrated vision for the future with progress on all fronts being essential to achieve Conformance. It is definitely not about incremental change; such an approach would fail. The 2 year timescale is consistent with the plan for the Future Operating Model.

Essential elements to developing effective procurement across Inverclyde:



By the end of 2011 procurement will be undertaken across the Council in an increasingly coherent, corporate, consistent and professional manner with work only being done by designated procurement officers who are appropriately skilled on all aspects of the procurement process. The use of approved processes and procedures will be supported by an integrated approach to information management. Baseline data will be becoming available on which to demonstrate reliably claims of benefits (cash savings, cost avoidance and time release savings) achieved.

Objective of the Strategic Procurement Framework (SPF)

The specific objectives of the Strategic Procurement Framework are:

- to agree some fundamental procurement principles for the Council
- to provide an agreed framework to shape a more detailed change process
- to set a high level strategic direction & framework for development over the next 2 years
- to link procurement to the delivery of key Council objectives e.g. Organisational Improvement Plan, the emerging Best Value 2 and the Single Outcome Agreement
- to establish that procurement is a specialism requiring expertise and training
- to form the basis for agreed change and shape any changes required to Standing Orders and Financial Regulations

Basic Principles Underpinning the Council's Approach to Procurement

During senior management engagement prior to developing this Framework, the following principles have been agreed as the basis for the future of procurement operations in the Council:

- Work towards basic conformity with McClelland
- Demonstrate the achievement of Value for Money / Best Value
- Utilise an approach and processes which are always both legal and transparent
- Implement effective & efficient corporate processes which are used consistently by all
- Adopt clearly defined roles and responsibilities
- Effective collaborative working on contracts (internal & external)
- Corporate social responsibility
- Meaningful information and monitoring
- Conform to Scottish Government policy directives
- Promote sustainable procurement as part of agreed processes

Resources, Risk & Benefits

Considerable resources are already deployed across the Council on procurement activity - although the numbers and costs involved are not known. In principle, there should be no need to increase the employee numbers for the long term as the level of external expenditure (and therefore the number of contracts and orders placed) is unlikely to change significantly. The work is already being done - the challenge is to do

it more efficiently and effectively.

It is therefore reasonable to expect that, with the deployment of standard approaches to tendering and order processing, time benefits will be achieved. On balance, any time release will be utilised in undertaking a more rigorous process - which should reduce risks.

The benefits of this Framework are to improve the Council's overall approach to procurement, its organisational arrangements, supporting processes and ultimately performance by attaining the best standards it can that are appropriate to the scale and complexity of its business.

Areas for Development

The Framework will require change and improvement in the following areas:

- Leadership and Governance
- Resources, Skills and Capacity
- Management Information and Systems
- Procedure, Process and Performance
- Contracts and Collaboration
- Supplier Strategy and Relationship Management

During the transitional period associated with delivering these changes additional resources will be required. The Future Operating Model is likely to address change related to procurement transactions, routine ordering, receipt and payment processes. Developments in integrated IT should then facilitate better management information - a key essential to demonstrating Best Value.

Change in relation to tendering etc is about how to utilise existing resources most effectively, making investments in key parts of the process from both internal & external resources. If the status quo does persist it can be argued that the Council will not be demonstrating, in any meaningful way, a commitment to change procurement in line with the vision set out by McClelland. The Council will, therefore, be vulnerable to both criticism from BV2 and of not having taken adequate steps to manage procurement, legal and commercial risks.

The attached improvement plan has been designed to guide the organisations efforts with regard to improvement. The Delivery of the Improvement Plan will be the responsibility of the Performance Management and Procurement service within the Improvement and Performance directorate. The Improvement Plan is owned by a Programme Board, which is the Management of Resources Workstream within the Organisational Improvement Plan. This group will monitor the delivery of the Improvement Plan and report to Committee through agreed mechanisms.

Improvement Plan:

1. Leadership & Governance

Current position: There is a Head of Service, reporting to a Corporate Director, with overall responsibility for Procurement. The Corporate Procurement Manager retired in September 2009. Currently there is a small Corporate Procurement Team consisting of two officers and administrative support. Given the nature and size of the team, procurement is generally devolved to services with any employee being able to undertake procurement activity. As a consequence there is considerable organisational fragmentation and uncertainty about who does what with regard to procurement. There are also examples where procurement practices potentially breach Standing Orders, Financial Regulations and European and national legislation. This Council is vulnerable to legal challenge.

Vision for 2011: All Elected members, Corporate Directors and senior managers actively support the agreed approach to Corporate Procurement. Procurement is recognised as a key aspect of the Council's work and is critical to achieving Best Value. A Procurement Programme Board has been established and is fully operational and driving change and improvement. The Procurement Manual, Standing Orders and Financial Regulations have been updated. Roles and responsibilities for all aspects of procurement are clearly defined, understood and operational. Preparations for BV2 with regard to procurement are in place. It is likely that the Council will be subject to BV2 during the period 2010-2013

Benefits: Risk of a critical BV2 and legal challenge is reduced. Training resources will be focused on those with identified need. There will be evidence of both leadership and change in procurement with a focus on operational improvement, overseeing progress and corporate issues relating to all aspects of procurement being restored.

What we want to achieve	How will we achieve it?	Responsible	Timescale
A shared vision for the future of procurement across the Council with agreement on how we work together to drive and facilitate improvement.	Establish a Procurement Programme Board to lead and manage a corporate approach.	Corporate Director Regeneration & Resources	September 2009
	Develop an updated Procurement Manual which includes revised processes and detailed roles and responsibilities.	Head of Performance Management and Procurement	June 2010
Provide clarity on who does what in the procurement process.	Implement designated procurement officer regime. Only employees on an agreed list will be licensed to make procurement/contract decisions for the service/directorates – financial level to be decided.	Head of Performance Management and Procurement	December 2010

	Designated Procurement Officers will form a network to ensure consistency and adherence to Corporate policies/procedures	Head of Performance Management and Procurement	December 2010
	Establish a procurement practitioner operational group.	Head of Performance Management and Procurement	December 2009
Evidence of compliance & improvement.	Establish a procurement compliance framework to be used to test services adherence to policy, practices and in relation to Standing Orders, Financial Regulations and with reference to Procurement Manual.	Head of Performance Management and Procurement	March 2010
	Highlight procurement policies and operational practices in the revised Employee Code of Conduct.	Head of Performance Management and Procurement/ Head of Organisational Development and Human Resources	October 2009

2. Resources, skills and capacity

Current position: There is limited corporate knowledge and understanding of who is involved in the procurement process or what level of skills and experience is being utilised. The Value Chain Analysis Project indicated that there was in excess of 50 FTE's involved in the whole procurement process. However a high proportion of this number is likely to be devoted to ordering and paying. There is only limited understanding of the number of contracts required or the resources deployed in their execution and management. The Corporate Procurement Team consists of two part qualified (CIPS) employees and administrative support.

Vision for 2011: Procurement in all areas of Council activity is only undertaken by suitably experienced Designated Procurement Officers who have the necessary skills to fulfil their roles and unique responsibilities. The Corporate Procurement Team is led by a fully qualified senior manager supported by others to progress procurement improvement and support service/client demand. Mechanisms have been developed to address areas of development need for all involved in procurement.

Benefits: There will be tangible and intangible improvements in procurement as a result of "professionalising" the process. It is more likely that the correct decisions will be made or referred to others appropriately so reducing legal and financial risks.

What we want to achieve	How will we achieve it?	Responsible	Timescale
Employees engaged in the procurement process shall possess the necessary knowledge, skills and capacity to support strategic and operational needs in line with agreed policies and practises.	Recruit Corporate Procurement Manager.	Head of Performance Management and Procurement	November 2009
	Directorates/Services nominate Designated Procurement Officers.	Various Heads of Service/Service Managers	November 2009
	Undertake a skills gap analysis for all Designated Procurement officers.	Head of Performance Management and Procurement	March 2010
	Develop a package of training support and train / mentor as required.	Head of Performance Management and Procurement	June 2010

	Recruit other specialists on an 'as and when' basis as required to ensure adequate resources with appropriate competences are available to meet organisational need e.g e-Procurement.	Head of Performance Management and Procurement	November 2009
Capacity to achieve substantive change within the scope of this plan.	Develop proposals to establish corporate procurement change team to support delivery of framework.	Head of Performance Management and Procurement	November 2009

3. Management Information and Systems

Current position: There is very little meaningful procurement information as ordering and payments are made through a variety of processes and systems which are neither fully electronic nor integrated with other back office applications. Indeed a majority of invoices are submitted without reference to any formal order. TASK (the FMS system) has a procurement module but it is used for less than 20% of all transactions and there are significant perceived / real limitations of TASK as the basis for an integrated MIS platform which meets even the basic needs of procurement. The contracts register, held by Legal and Administration, does not provide a comprehensive and corporate account of all contracts. Therefore it is difficult to effectively undertake contract planning in a corporate and coherent way.

Vision for 2011: There is an agreed strategy for adopting an integrated approach to capturing and using management information for all aspects of procurement. Progress has been made with adopting an e-procurement approach and a corporate contracts database is fully operational and used to manage resources and plan the tender process.

Benefits: There will be time release savings from improved corporate P2P processes. Integrated IT systems will improve the visibility of spend and provide management information with which to modify corporate behaviour and reduce the instance of “off contract” spend – with the potential for material savings. The contracts database will help ensure that contract work is undertaken in a timely fashion and is based on reliable information. This will reduce the legal risks associated with disaggregation and inappropriate tender approaches being adopted to meet unplanned need.

What we want to achieve	How will we achieve it?	Responsible	Timescale
The adoption and corporate use of one integrated & electronic approach for tendering, P2P transactions and contracts planning.	e-Procurement business case to be developed and aligned with the Future Operating Model.	Head of Performance Management and Procurement/ Head of ICT & Business Transformation	February 2010
	Establish contracts database and populate including Lead Officer and client info.	Head of Performance Management and Procurement	March 2010

	Implement e-Procurement solution and roll out to services.	Head of Performance Management and Procurement/ Head of ICT & Business Transformation	September 2011
Use revised processes and systems to provide accurate procurement information to support spend visibility, commodity tendering and benefits tracking.	Maximise use of electronic purchasing (including e-Procurement and procurement cards).	Head of Performance Management and Procurement	December 2011

4. Procedure, Processes and Performance

Current position: There is no “corporate approach” to almost any aspect of procurement with particular regard to processes. There are multiple systems for ordering and manual invoicing is the predominant payment approach. In tendering, while some standard documentation exists, often the original “master” has been significantly changed by services to reflect their own operational circumstances. Monitoring of performance is related to Scottish Government BPI’s and only against a few easily measured indicators and is not based on robust and dependable data.

Vision for 2011: All essential procedures and processes have been standardised and moved to e-enabled systems. Systems are operated by authorised procurement officers and aligned to the Future Operating Model. These are operating successfully in many parts of the Council with a firm plan to achieve 100% compliance within an agreed period. Monitoring is still in its infancy based on very limited management information yet being available from an e-procurement system.

Benefits: There is a significant reduction in corporate risk and legal challenge due to the use of standard procedure operated by specialist and knowledgeable staff. Processes operate more responsively and there is some evidence of time saving. There is improving management information which is used to influence future direction.

What we want to achieve	How will we achieve it?	Responsible	Timescale
Rationalise and standardise procurement processes consistently across the Council.	Create Procurement Manual.	Head of Performance Management and Procurement	June 2010
	Develop and implement suite of standard tender documentation for use where appropriate across Council.	Head of Legal and Administration Services/ Head of Performance Management and Procurement	March 2010
	Use of e-tendering element of Contracts Scotland and further developments.	Head of Performance Management and Procurement	January 2010

	Re-engineer procurement processes and associated systems in line with the Future Operating Model.	Head of Performance Management and Procurement/ Head of ICT & Business Transformation	December 2011
Measure aspects of procurement performance.	Utilise improved information systems to track costs savings.	Head of Performance Management and Procurement	December 2011
	Adopt the Scottish Government approach to benefits tracking and implement.		

5. Contracts & Collaboration

Current position: Inverclyde was the first local authority member of Scotland Excel and fully recognises the strategic benefits of collaborative procurement. The Council has agreed to participate and procure off national contracts from Procurement Scotland and Scotland Excel.

Vision for 2011: Sourcing goods and services off Procurement Scotland and Scotland Excel contracts will be mandatory unless specifically authorised by the Procurement Programme Board. A number of other sources of public contracts can be accessed by the Council including contracts let by OGC, the NHS, other local Councils (notably Glasgow CC) and others as agreed.

Benefits: Legal risks will be reduced. Purchasing power will be maximised. The number of single council contracts will be minimised so reducing time spent on un-necessary contracts. It will make it easier for officers to identify what is already on contract and so help reduce off contract spend.

What we want to achieve	How will we achieve it?	Responsible	Timescale
Maximise buying opportunities through collaboration (internal & external) while minimising the need to undertake single client contracts.	Adopt and communicate a range of collaborative and one off contracts for use by Council. These include Procurement Scotland, Scotland Excel, OGC, other public bodies in Scotland and the United Kingdom as appropriate.	Head of Performance Management and Procurement	October 2009
	Advertise all tender opportunities using Public Contracts Scotland Website. Reducing payments for advertising as far as possible for tender opportunities.	Head of Performance Management and Procurement	November 2009
	Lead Officers identified for each commodity area.	Head of Performance Management and Procurement	January 2010
	Make full use of the contract database to plan future work and identify opportunities to both aggregate demand internally and with others as opportunities arise.	Head of Performance Management and Procurement	February 2010

	Develop a range of collaborative contracts with neighbouring councils – but only where there is clear evidence that benefits will provide a return on the time invested.	Head of Performance Management and Procurement	ongoing
Ensure the Council has robust processes and systems in place to support the effective management of all local Council contracts.	Issue corporate guidance to all Service Managers and Contract Administrators about how Council contracts are to be managed and delivered.	Head of Performance Management and Procurement	June 2010

6. Supplier Strategy and Relationship Management

Current position: Economic and Social Regeneration have an active programme of Supplier Development events with local companies. This is supported by “meet the buyer” events. Contract management is largely add hoc and initiated when something goes wrong. There is no understanding of how the Council is viewed from the perspective of the supply market.

Vision for 2011: Council seen as “getting easier to do business with” within the confines of legislation. Processes are seen as supplier friendly, sensible and not overly bureaucratic.

Benefits: Competitive suppliers want to bid for Council work and provide value for money goods and services. Opportunities for continuous improvement may lead to cost avoidance.

What we want to achieve	How will we achieve it?	Responsible	Timescale
Be viewed as an organisation which companies want to supply with goods, services and works.	Include section in Procurement Handbook and the Council Website on how to do business with the Council.	Head of Performance Management and Procurement	October 2009
	Economic and Social Regeneration continue current supplier development work.	Head of Economic and Social Regeneration	ongoing
	Migrate to the use of Public Contracts Scotland for tendering of all requirements (but not exclusively when appropriate).	Head of Performance Management and Procurement	November 2009
	Review current Standing Restricted List.	Head of Performance Management and Procurement/Head of Legal and Administration Services	January 2010
	Develop a supplier guide “How to do business with Inverclyde”.	Head of Performance Management and Procurement	October 2009

Appendix

- 1 Who does what in the tender process - Roles & responsibilities matrix
- 2 Terms of Reference for Programme Board
- 3 Terms of Reference for Procurement Practitioners Group
- 4 Flowchart re tenders and financial thresholds
- 5 Generic roles and responsibilities:
 - 5.1 Lead Officer
 - 5.2 Client
 - 5.3 Corporate Procurement Team
 - 5.4 Designated Procurement Officer
 - 5.5 Legal

Who does what in the tender process

X – lead role
x – supporting role

Activity	Client / End user	Procurement (Corp or Service)	Finance	Legal	Committee
Identify need & budget	X		x		x
Draft outline specification	X	x			
Market review (price & suppliers)	x	X			
Decision on approach to market	x	X		x	
Contract objectives (price, secure supply etc)	x	X			
Draft ITT		X		x	
Draft selection & evaluation criteria	x	X		x	
Finalise ITT	x	X			
Publish OJEU notice or on Public Contracts Scotland website	x	X			
Tender receipt				X	
Tender opening		x		X	
Tender evaluation	x	X	x		
Post tender clarification	x	X			
Award recommendation	x	X	x		
Contract award decision (value?)	X			x	x
Update contracts database		x			
Debriefing	x	X			
OJEU award notice		X			
Post award contract management	X	x			
Spend & savings reporting	X	x	x		

Terms of Reference for Programme Board

Sponsor: Chief Executive

Meet at least every 3 months for first year and then review but min twice per year in April and October. Ad hoc meetings to be arranged as required for decisions.

Membership: Corporate Director – Chair
Head of Performance Management and Procurement
Head of Legal and Administration Services
Head of Environmental Services
Chief Financial Officer
Head of Property Resources & Facilities Management
Head of ICT & Business Transformation
Others representing major areas of spend – particularly Education / Social Work

Draft Terms of Reference:

1. Drive strategic change in order to improve procurement performance across the Council and document accordingly
2. Review and approve the annual procurement plan including major contracts to be executed in year ahead
3. Resolve operational issues as raised by Corporate Procurement, Legal or others
4. Recommend change for approval by Policy & Resources Committee (such as changes to Standing Orders and Financial Regulations, Procurement Manual, acceptance of non lowest bid) etc
5. Review performance re BPIs and audit reports
6. Review and decide on instances where Services wish to not use an existing contract
7. Annual review of Designated Procurement Officer list and perceived competence; ditto of training plans
8. Ensure that strategic developments (such as FOM) are in line with the Strategic Procurement Framework or agree adjustments as formally agreed
10. Review instances of non compliance with agreed processes and agree action in order to minimise risk

Terms of Reference for Procurement Practitioners Group

Sponsor: Head of Performance Management and Procurement

Generally meet bi monthly with a minimum of 3 times per year

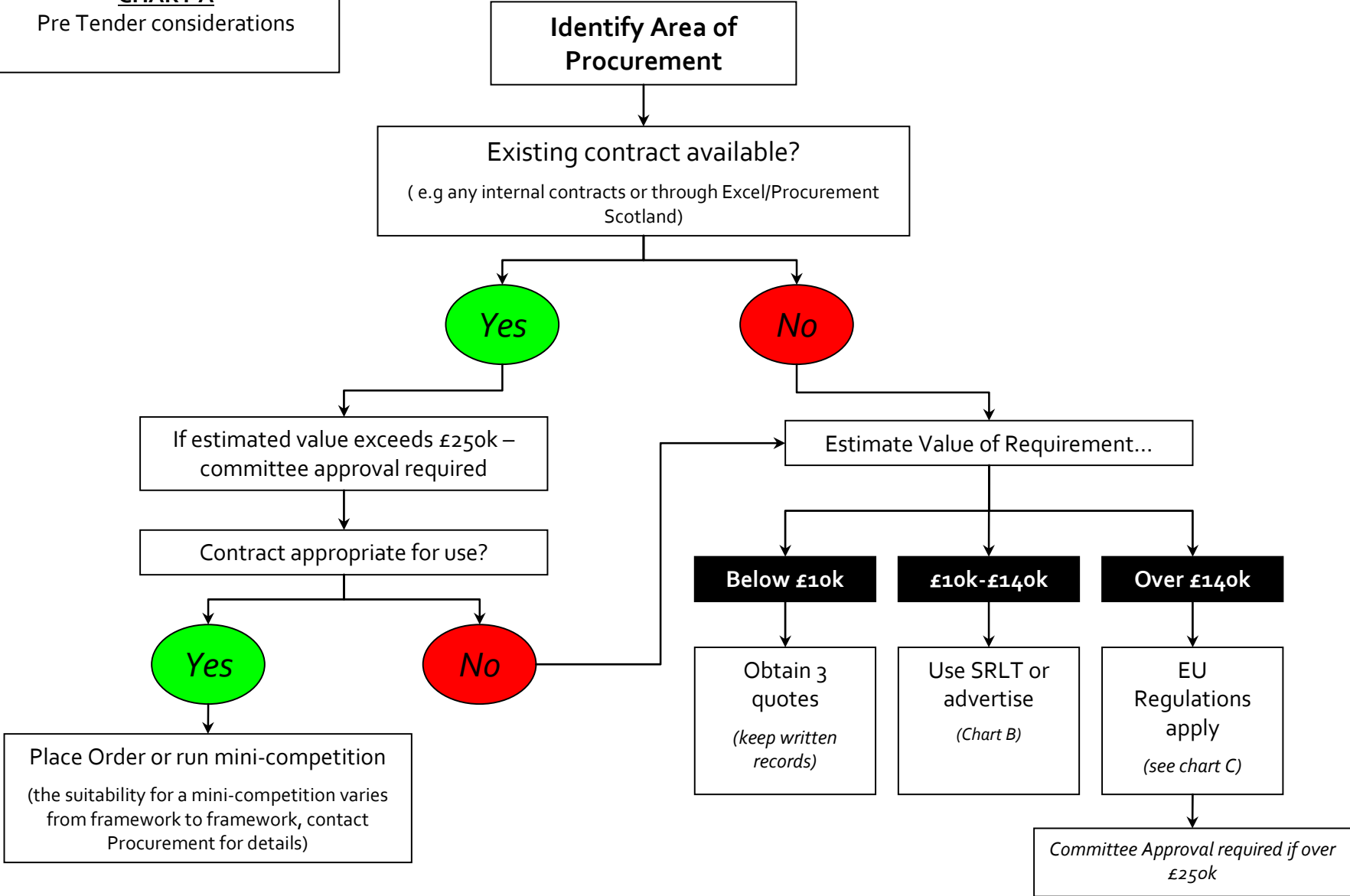
Membership: Corporate Procurement Manager - Chair
All designated procurement officers
Nominated Legal officer
Nominated Finance Officer

Terms of reference

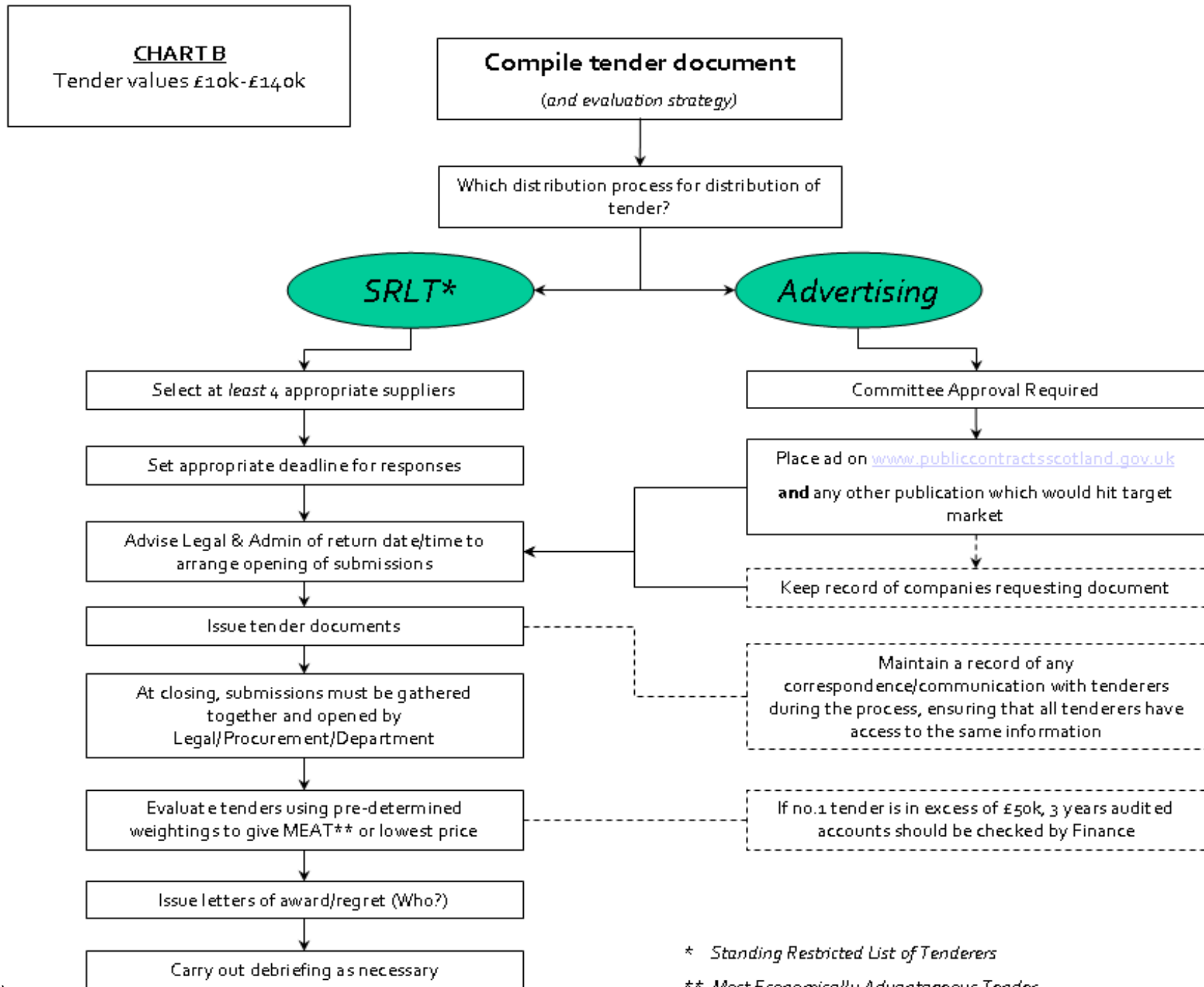
1. Receive information received from others (Prog Board, Legal, Scottish Gov etc) and making operational decisions as appropriate
2. Review and contribute info with regard to BPI returns
3. Resolve operational issues and elevate for decision to Programme Board as appropriate
4. Develop high level approaches to contracting including reviewing contracts database, opportunities for collaboration, contract owner etc
5. Develop training programmes and supporting material
6. Conduit for communication (up and down) with particular reference to legal & Scottish Government guidance

Flowchart re Tenders and Financial Thresholds

CHART A
Pre Tender considerations



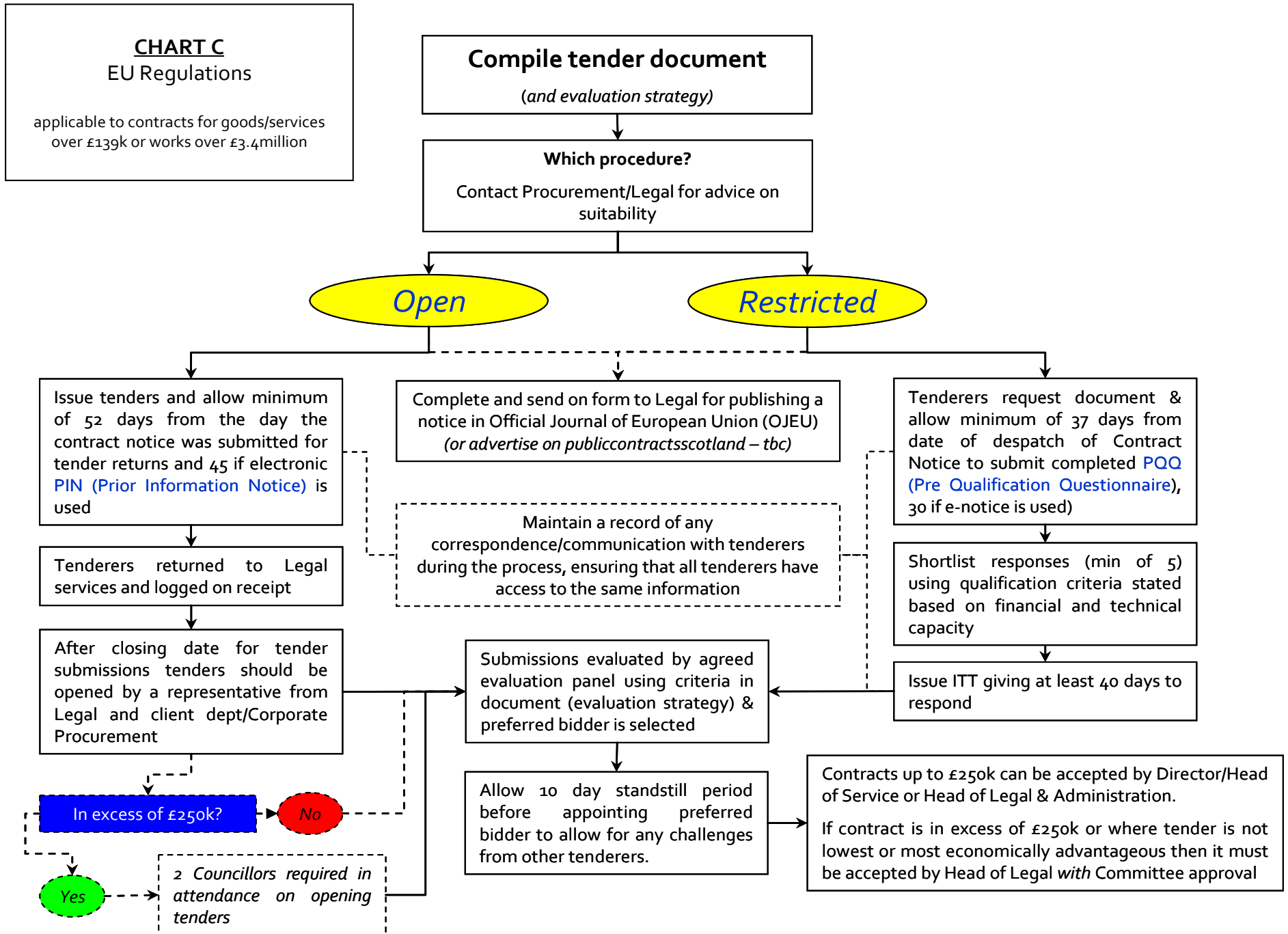
Flowchart re Tenders and Financial Thresholds



* Standing Restricted List of Tenderers

** Most Economically Advantageous Tender

Flowchart re Tenders and Financial Thresholds



Generic Roles & Responsibilities: Lead Officer

A number of contracts are for commodities used by more than one service. The nature of the procurement aggregation rules require all Council requirements to be combined when approaching the market. A “Lead officer” needs to be identified for all commodities and that, under normal circumstances, the lead officer should be nominated by the service with the largest expenditure on that commodity. The Lead Officer will:

1. Be the “client” for the commodity and take responsibility for all matters concerning the commodity from a corporate perspective
2. Lead on all technical aspects of the specification, tendering, evaluation and management of the contract for the commodity including estimating likely demand
3. Liaise with other users of the commodity to ensure that all user requirements are recognized and work to accommodate those requirements in any subsequent contract award
4. Represent the Council’s views as a client when collaborative procurement is being let by others – notably Procurement Scotland and Scotland Excel, working with the Corporate Procurement Team as appropriate
5. When contracts have been let by others, which does not satisfy Council needs, make the case to the Procurement Programme Board not to participate in that contract
6. Lead Officers for each commodity area will be recorded by name in the Corporate Contracts database. Any change must be notified to Corporate Procurement Team. It is the responsibility of the Head of Service to identify any replacement
7. Attend meetings of the procurement practitioners forum – expectation of 80% attendance measured annually

Generic Roles & Responsibilities: Client

The client in the procurement process is the end user who needs the goods or services to undertake their work. The client will often be the budget holder. Their role is to:

1. Adequately define the user's needs, identifying minimum and desirable elements and ensuring that there is adequate consultation with users
2. Work in partnership with the appropriate procurement officers during any procurement process, contributing to the market analysis and tender strategy appropriate to need as outlined in the "roles and responsibilities" table
3. Estimate the volume/spend requirements of the organization and ensure funding is available
4. Seek to order from existing contracts available to the Council (such as from Procurement Scotland, Scotland Excel etc)
5. Contribute to contract management in partnership with the procurement officer – as agreed

Generic Roles & Responsibilities: Corporate Procurement Team

The Corporate Procurement Team will:

1. To take leadership of all procurement across the Council with a particular focus on strategic issues related to both policy and operational matters
2. Lead on the development and maintenance of corporate procurement policy and supporting strategy
3. Prepare and publish an annual procurement plan
4. Service the Procurement Programme Board
5. Lead a Council wide procurement practitioner forum
6. Establish and maintain a corporate contracts database and use it as a tool to manage contract activity and identify areas for collaboration
7. Work with Legal and Administration Services to adapt to changes in legislation and case law, issuing guidance to procurement officers and undertaking other activity to communicate best practice advice to all procurement officers
8. Be responsible for the design & operation of all procurement processes
9. Support services, by agreement, with Procurement Officer services to meet planned need
10. Review procurement competences across the Council and develop appropriate training / support to address skills gaps
11. Lead all aspects of the Corporate Procurement Card programme
12. Collate performance management information for submission to the Scottish Government
13. Prepare, issue and evaluate Invitation to Tender documents where required

Generic Roles & Responsibilities: Designated Procurement Officer

The role of Designated Procurement Officer is new to Inverclyde Council. It was a core recommendation of the McClelland review and is now a requirement of the Scottish Procurement Policy Handbook. Its introduction is both about separation of duties and is key to making procurement more effective and professional. Procurement is getting more complex as the legal framework develops and there is an increasing risk of legal challenge from unsuccessful tenderers. The term "Procurement Officer" is used to describe any member of staff who is formally authorised and licensed to undertake the procurement of goods, services and works on behalf of the organisation. They may work exclusively on procurement work (such as staff in the Corporate Procurement team) or have procurement activity as a significant part (say >50%) of their work. Responsibilities would include:

1. Undertake market analysis and engage in initial market dialogue, where appropriate
2. Challenge the client / end user's requirements for cost-effectiveness and need, taking account of whole life costs etc as appropriate
3. Engage other subject matter experts as required (e.g. client, legal, finance, corporate procurement etc)
4. Develop appropriate specifications (out-put based) designed to attract market interest and stimulate competition and innovation
5. Develop a commodity strategy for their services
6. Manage the procurement process in line with Council policy (procurement handbook, Standing Orders, Financial Regulations)
7. Contract and supplier management

Generic Roles & Responsibilities: Legal and Administration

Legal have a vital role to support procurement practitioners and help to minimise the risks associated with contracts, including:

1. Provide specialist legal advice on request
2. Review changes in legislation and, with Corporate Procurement, issue Council wide guidance
3. Review all any template documentation which may be developed