
Report To:	Policy & Resources Committee	Date: 4 February 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: FIN/07/14/JB/BH
Contact Officer:	Brendan Hurrell	Contact No: 01475 712654
Subject:	Procurement - Update	

1.0 PURPOSE

- 1.1 The purpose of the report is to update Committee on the progress being made with Procurement since the last report in September.

2.0 SUMMARY

- 2.1 The Corporate Procurement Manager previously developed a Strategic Procurement Framework (SPF) with the target of achieving, "conformance status", against the McClelland report. This was achieved in December 2011. The Policy and Resources Committee agreed a refreshed SPF for 2012 to 2014 and this is contained in Appendix 1 with updates on progress.
- 2.2 As detailed in a report to the November 2013 Policy and Resources Committee, the work completed on the SPF has contributed to a further significant improvement in the annual Procurement Capability Assessment from Scotland Excel with a score of 54% being achieved.
- 2.3 The Procurement Work stream savings achieved for 2010/13 of £1.027million have been "banked" and a new target of £413,000 for 2013/16 has been agreed. £283,000 has been secured in 2013/14 with a further £130,000 to be achieved.
- 2.4 The Policy and Resources Committee approved a proposal contained within the February 2013 Procurement Update report to pay Inverclyde based suppliers within 20 days rather than 30 days. Since approval was given to proceed with this proposal, 90% of payments to Inverclyde based suppliers have been made within 20 days.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note progress on the Strategic Procurement Framework.
- 3.2 That the Committee note the progress made in savings delivery.
- 3.3 That the Committee note the progress being made on paying Inverclyde suppliers

4.0 STRATEGIC PROCUREMENT FRAMEWORK

- 4.1 There are 4 performance standards identified within the McClelland report on Public Procurement in Scotland: Non Conformance, Conformance, Improved Performance and Superior Performance.
- 4.2 The work completed on the SPF has contributed to a further improvement in the annual Procurement Capability Assessment (PCA) from Scotland Excel with a score of 54% being achieved in the most recent assessment in October 2013. This means that the Council is now in the 'Improved' performance criteria.
- 4.3 The 2013 score places Inverclyde Council well when the return on investment in Procurement resources is compared to PCA scores and savings delivered, at all Scottish Local Authorities.
- 4.4 The Scottish Government are using a Procurement Capability Assessment as a means to measure each of the 32 Local Authority's Procurement performance. There are 8 procurement sections assessed as part of the PCA. The section and standards, as found at the most recent PCA, are listed below and compared to the 2012 assessment in each case.

PCA Section	2012 Score	2013 Score
Procurement Leadership and Governance	Conformance	Improved
Procurement Strategy and Objectives	Improved	Improved
Defining the Supply Need	Conformance	Improved
Project Strategies and Collaborative purchasing	Improved	Improved
Contract and Supplier Management	Conformance	Conformance
Key Purchasing Processes and Systems	Conformance	Conformance
People	Improved	Superior
Performance Measurement	Conformance	Conformance
Overall Value of Results	47%	54%
Overall Status	Conformance	Improved

- 4.5 The attainment of Improved performance reflects well on the investment the Council has made in Procurement and the drive and commitment shown by the Corporate Procurement Manager and his team. The individual section scores illustrate the strengths of the Council in terms of people and demonstrates the opportunities for further improvement in areas such as supplier management and processes and systems

5.0 RECENT PROGRESS

- 5.1 The Strategic Procurement Framework, with updates against each work item, is contained in Appendix 1

- 5.2 As shown in Appendix 1 the bulk of the workload on the SPF has been focused towards improving Purchase to Pay and Management Information as well as further work on supplier management.
- 5.3 Officers from Finance have considered and agreed a number of developments to the Finance Management System (FMS) and associated processes which will improve both the efficiency of the current processes and the quality of management information. Any direct costs associated with these changes are minimal and will be contained within the Procurement earmarked reserve.
- 5.4 A further key element of the PCA is to evidence how the Council stimulates market and supplier competition. The financial constraints the Council faces mean that we must deliver services differently in the challenging economic climate, It is therefore crucial to have flexible supply arrangements in place to cope with change. This is particularly so when much of the strategic capability to deliver services is dependent on the performance of suppliers.
- 5.5 Contract and Supplier Management continues to be a major focus. This is an area of Procurement that has traditionally been neglected across all Local Authorities in Scotland. Officers previously undertook this activity but it was not monitored or standardised. Supplier Management ensures that the Council manages its priority suppliers and addresses performance issues as they arise rather than dealing with larger problems at a later date. The Procurement Board agreed that a pilot process should commence in order to ascertain the benefits of a standard process.
- 5.6 These supplier meetings are conducted using a scorecard to rate supplier performance. Reviews are scheduled quarterly and suppliers are rated on quality, service, delivery and cost.

The suppliers currently part of this process are as follows:

William Tracey, Waste Management
BSS, Printing
Tarmac, Roadstone
Brakes, Catering
Northgate, ICT Software
Pride of the Clyde, Schools Transport
GT Roofing, General Builders Works

- 5.7 There have been a number of benefits resulting from this work. Relations with all suppliers continue to improve via schedule of regular meetings. All suppliers have found the two way feedback process to be valuable and this has led to improvements in processes that have benefited both parties. This has proved to be particularly beneficial for Pride of the Clyde who supply the Council with schools transport with contracts managed directly with Council and SPT.
- 5.8 A pilot involving the use of weighted tender questions on Community Benefits is underway. One tender, Kerb Maintenance, has been returned and evaluated using a 5% weighting as part of the pilot agreed at Policy and Resources Committee in November 2013. The tender to refurbish Ardgowan Primary has also been advertised but delays in this process mean that the outcome on the inclusion of the community benefits clauses is not known as yet. A report on the outcome of the pilot and future proposals will be submitted to the next Policy and Resources Committee. The Council's approach to the Living Wage, with respect to supplier employees, has been included in all tenders since this was approved by the Council in December 2013.

6.0 PROCUREMENT SAVINGS

- 6.1 Appendix 2 shows the position in respect of savings achieved during 2013/14. From this it can be seen that savings totalling £281,000 have been achieved to date. The target for 2013/14 was £253,000.
- 6.2 In addition, Scotland Excel are continuing to investigate and put in place contracts for Social Care and for Construction. Procurement Scotland continue to look at further contracts for ICT and improving energy contracts which should yield further long term benefits. Efficiencies on local contracts become harder to achieve in the current climate, however any savings will assist in addressing future financial pressures.

7.0 SUPPLIER PAYMENT

- 7.1 The Policy and Resources Committee approved a proposal contained within the February 2013 Procurement Update report to pay Inverclyde based suppliers within 20 days rather than 30 days. Since approval was given to proceed with this proposal, 90% of payments to Inverclyde based suppliers have been made within 20 days. This is a slight reduction in performance since last reported and Finance Service is working with the Services to improve this performance.

8.0 IMPLICATIONS

- 8.1 Financial Implications – Annual Savings

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Savings Work streams	Procurement	2013/16	£413,000	-	£130k remains to be achieved.

9.0 REPOPULATION

- 9.1 Procurement has a key role to play in the Council's drive to stabilise and grow the Inverclyde population. Engagement with Economic Development and making Council contracts more accessible to local businesses are viewed as key requirements and as such are an integral part of the Strategic Procurement Framework.

Appendix 1

1. Resources, skills and capacity

What we want to achieve	How will we achieve it?	Responsible	Update	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.	Complete a skills gap analysis for all Corporate Procurement Officers, Designated Procurement Officers and Procurement Practitioners in Services	Corporate Procurement Manager	Complete with ongoing training to be delivered via Corporate Procurement	Complete
	Plan, design and deliver a Learning & Development Plan for Procurement Officers and Designated Procurement Officers.	Corporate Procurement Manager	Ongoing and on target.	Ongoing

2. Management Information and Systems

What we want to achieve	How will we achieve it?	Responsible	Update	Timescale
The adoption and corporate use of one integrated & electronic approach for tendering, Purchase to Pay transactions and contracts planning.	Undertake good practice review of P2P in other public/private sector organisations and Scottish Government recommendations. Use best practice from Clyde Valley and interface with Councils who show an interest.	Procurement Project Officer.	Complete	Complete
	Assess detailed current state of P2P in the Council create business case detailing change required	Procurement Project Officer.	Complete	Complete
	Implement changes to P2P	Procurement Project Officer.	Project officer working with services and suppliers to implement changes to purchase to pay processes and systems.	December 2014

3. Procedure, Processes and Performance

What we want to achieve	How will we achieve it?	Responsible	Update	Timescale
Rationalise and standardise procurement processes consistently across the Council.	Trial of e-tendering element of Public Contracts Scotland.	Corporate Procurement Manager/ Head of Legal and Democratic Services	Complete	Complete
	Implement increased use of e-tendering if approved.	Procurement Project Officer.	Trial evaluated. Use to be incorporated in new Standing Orders from November 2013.	From November 2013
Deliver council business priorities through commodity/category strategy	Engage with Directors and Heads of Service - determine business requirements to facilitate creation of enhanced tender workplan	Corporate Procurement Manager/ Procurement Board	Now embedded	Ongoing & embedded
	Undertake detailed spend analysis to identify further savings opportunities, Develop strategies, including a risk register and devise reporting process.	Corporate Procurement Manager	Contract Strategy now being used and includes a risk register	Complete
Commit to Corporate Social Responsibility	Review internal objectives in plans/strategies taking into consideration Scottish Government and national reform agenda for Corporate Social Responsibility ambitions.	Procurement Team Leader and Designated Procurement Officer network	Corporate Social Responsibility Group established and reported to Procurement Board.	Complete
	Establish a working group on the Corporate Social Responsibility agenda for procurement and develop a resourced and scheduled work plan. Agree measures and reporting schedule with the procurement board	Procurement Team Leader and Designated Procurement Officer network	Complete	Complete

4. Contracts & Collaboration

What we want to achieve	How will we achieve it?	Responsible	Update	Timescale
<p>Maximise buying opportunities through collaboration (internal & external) while minimising the need to undertake single client contracts.</p> <p>Collaboration for category C commodities with other local authorities.</p>	<p>Identify potential partners for collaboration - councils and other public sector</p>	<p>Corporate Procurement Manager</p>	<p>Ongoing activity with West of Scotland Councils discussed at Quarterly reviews with Scotland Excel.</p>	<p>Ongoing but embedded.</p>
	<p>Agree scope, remit and approach of each collaboration group</p>	<p>Procurement Team Leader</p>	<p>Ongoing</p>	<p>Ongoing</p>
	<p>Review council's tender workplan to identify potential areas for future collaborative opportunities Formal workplan for the group is agreed with a clear approach and responsibilities</p>	<p>Procurement Board./Corporate Procurement Manager/ Designated Procurement Officers</p>	<p>2012/13 Plan Reviewed at March Procurement Board</p>	<p>Complete</p>

5. Supplier Strategy and Relationship Management

What we want to achieve	How will we achieve it?	Responsible	Update	Timescale
Promote Economic Development in contracts where appropriate	Analyse current economic development activity, carry out stakeholder engagement, review tender workplan and establish opportunities.	Head of Regeneration & Planning / Corporate Procurement Manager	Ongoing Committee agreed reduction in supplier terms to 20 days for Inverclyde suppliers.	Ongoing
	Develop framework of activities for delivery of Procurement Improvement Plan and implement.	Head of Regeneration & Planning/ Corporate Procurement Manager	Ongoing work with Economic Development and Legal Services	Ongoing
Improved understanding of contract management process and appropriate levels of contract management.	Review current contract and supplier management processes and related information on service by service basis	Procurement Project Officer.	Phase 1 completed June 2012. Procurement Board have now agreed plans to expand	Complete
	Develop and agree an appropriate level of supplier management with Procurement Board	Corporate Procurement Manager	To be reviewed at the next Procurement Board meeting	Ongoing review
	Develop governance, process, roles and responsibilities, training and communication for implementation	Procurement Project Officer	Dependant on outcome of above	Ongoing review
	Implement plan for supplier and contract management	Procurement Project Officer	Dependant on outcome of above	Ongoing review

Commodity	New Supplier	Start Date	Annual Spend/ (Income)	Achieved or Planned	New Projected 2013/14 Savings	Full Year Savings
School Transport 2012	Various via SPT	01/08/12	£340,000	a	£13,000	£46,000
Scrap Metal	ERM	01/06/12	(£60,000)	a	£25,000	£60,000
Debt Recovery	AMA	01/10/12	£80,000	a	£22,500	£45,000
Telecare	Seniorlink Eldercare	01/04/13	£73,000	a	£40,000	£40,000
Waste Disposal	Tracey/ Greenlight	01/04/13	£2,700,000	a	£138,000	£138,000
Scrap PCs	Tes-Amm	01/04/13	(£49,000)	a	£11,000	£11,000
School Transport 2012	Various via SPT	01/08/2013	£160,000	a	£7,000	£10,000
Mobile Phones	Vodafone	01/06/2013	£70,000	a	£15,000	£19,000
Software	Northgate	01/05/2013	£85,000	a	£2,500	£2,500
Personal Protective Equipment	Parker Merchant	01/09/2013	£46,000	a	£8,000	£16,000

Total Achieved and Planned
Total Workstream Target

281,500
253,000