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<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b>	<b>22<sup>nd</sup> September 2015</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/79/15/AP/BH</b>
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<b>Subject:</b>	<b>Procurement Strategy 2015/18</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek Committee approval of the new Procurement Strategy and resultant Action Plan for the period 2015/18.

## **2.0 SUMMARY**

- 2.1 A key requirement in the development of Procurement is that the Council requires to develop an ongoing Procurement Strategy. Previous versions of the Procurement Strategy have been approved by Committee and the actions have been monitored for progress.
- 2.2 The proposed Strategy for 2015/18 replaces the current strategy. The attached document is split into discrete sections and where appropriate, actions against each of the sections have been identified.
- 2.3 Since the first Procurement Strategy was put in place in 2010, Procurement has improved and this has been evidenced by increasing Procurement Capability Assessment scores each year. Previous strategies have concentrated on getting the structure, training and governance of Procurement in place. This Strategy aims to improve on that by engaging in more Service specific enhancements whilst also attempting to improve synergy between Procurement and Economic Regeneration.
- 2.4 Once approved, the Strategy will be rolled out within the Council and placed on the Council website. Progress on the actions will be reviewed by the Procurement Board at regular meetings with updates coming to Committee every second cycle.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee review and approve the attached Procurement Strategy 2015-18 and the associated Action Plan.

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 A key requirement in the development of Procurement is that the Council requires to develop an ongoing Procurement Strategy. Previous versions of the Procurement Strategy have been approved by Committee and the actions within have been monitored for progress

## 5.0 PROPOSALS

- 5.1 The proposed strategy replaces the current strategy. The attached document is split into discrete sections and where appropriate, actions against each of the sections have been identified
- 5.2 Since the first Procurement Strategy was put in place in 2010, Procurement has improved and this has been evidenced by increasing Procurement Capability Assessment scores each year. Previous strategies have concentrated on getting the structure, training and governance of Procurement in place. This strategy aims to improve on that by engaging in more Service specific enhancements whilst also attempting to improve synergy between Procurement and Economic Regeneration.
- 5.3 The Strategy has been developed on a service basis identifying the specific issues as well as common issues across the Council.
- 5.4 Each section has been signed off by the relevant service and the Procurement Board.

## 6.0 IMPLICATIONS

### Finance

- 6.1 Procurement has delivered recurring savings of over £1.4 million since 2011. To achieve further efficiencies requires concentration on the make up of contracts and strategies to maximise local benefit.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

##### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

### Legal

- 6.2 There are no matters of a legal nature arising from this report.

### Human Resources

- 6.3 There are no matters of a HR nature arising from this report.

## **Equalities**

6.4 Has an Equality Impact Assessment been carried out?

Yes See attached appendix

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

## **Repopulation**

6.5 A Procurement Strategy which supports local opportunities will have a positive impact on the Council's Repopulation agenda

## **7.0 CONSULTATIONS**

7.1 The Corporate Management Team have endorsed the attached strategy.

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 None

# Procurement Strategy

# Inverclyde

council



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## **1. Introduction**

- 1.1. Inverclyde Council's initial Procurement Strategy was produced in 2010 to cover the period 2010- 2014. The Council invested heavily in developing the staff and capabilities of the Corporate Procurement Team to support the delivery of this strategy. During this period the Procurement Team has successfully supported the Council to modernise its approach to procurement and achieve substantial benefits in the cost and quality of the goods and service purchased. Increasingly it has also been able to achieve a range of Community Benefits through its contracting activities by working with colleagues from Economic Development, Property and partners.
- 1.2. The Procurement Team recognises how the role of procurement within the public sector is changing. These changes create an opportunity to review the Council's approach to procurement and determine how an innovative and forward thinking procurement function can best support the Council and its Services to deliver these objectives going forward.

## **2. The Strategic Context**

- 2.1. This strategy has been developed in the context of an unprecedented period of financial constraint on council budgets. Savings are currently being delivered and will take the Council to the end of 2016/17, but with further budget reductions being required in subsequent years, further service transformation and new ways of working will be essential.
- 2.2. The Procurement Team, like all corporate support functions, will play its part in delivering efficiencies within its own operations during 2015/16 and beyond. More importantly however, the Procurement Team must look at what it can do to ensure it is providing the professional procurement advice that customers need to support the transformational changes and efficiencies they plan to make within front line services.
- 2.3. A consequence of the success of the Council's focus on embedding best procurement practice over the last five years is that an increasing proportion of the Council's addressable spend has been subject to one or more rounds of rigorous competitive tendering. This has reduced the opportunities for procurement to deliver substantial annual savings from contract retendering activity. The Procurement Team will continue to seek savings opportunities in areas of non-compliant spend and through better contract management, but opportunities may also exist for the expertise and capability within the Procurement Team to add value in other areas of strategic importance for the Council.

## **3. Strategic Procurement Review**

- 3.1. The Council has a strong focus on delivering community benefits through procurement and further building on the success achieved to date in this area. The UK Government's welfare reform programme and continuing impact of the recession in the Inverclyde area create a special impetus to develop procurement innovations that can help promote the adoption of the living wage by suppliers, create job opportunities for young people and encourage more local businesses to participate in the Council's supply chain.

- 3.2. While much of the strategic context outline above is challenging, there are also a number of significant new developments emerging within the Inverclyde area which offer significant opportunities for procurement to be creatively engaged to support their successful implementation and the delivery of wider community benefits. This includes the ground breaking £1.3bn City Deal programme of infrastructure investment across the Clyde Valley, with Inverclyde delivering 3 significant projects with a value of £28m. Moreover, the ongoing integrations between Health and Social Care and the creation of the Health and Social Care Partnership creates new opportunities for synergy and collaborative commissioning.
- 3.3. The Scottish Government continues to promote a national strategy of procurement reform to drive continual improvement in procurement practice across the public sector in Scotland. This is supported by a mix of policy initiatives and legislative changes including the planned introduction of a new national procurement assessment framework, The Procurement Reform (Scotland) Bill and The Social Care (Self-directed Support) (Scotland) Act 2013. In addition to these Scottish legislative changes, public sector procurement also has to take account of the changes contained within the 2014 EU Directive.
- 3.4. The continued drive for reform at a national level will create further opportunities for the Council to continue to innovate and lead in its approach to procurement.

#### 4. **Our Tactical Operational Plans for 2015/18**

- 4.2. **Procurement Team Staffing** - The Council restructured its Procurement function in 2010 with a core Procurement Team complemented by Designated Procurement Officers for each Service area.
- 4.3. Ongoing negotiations and improved contract management with suppliers ensure that our contracts remain best value, we achieve Community Benefits through appropriate contracts and, that we achieve the Council's objectives with regards to Corporate and Social Responsibility (CSR).
- 4.4. The Procurement Team has secured a training budget for the last three years which has allowed investment in training staff and development on an ongoing basis. All permanent staff have been encouraged to obtain the Chartered Institute of Purchasing & Supply (CIPS) Qualifications and are now all fully qualified. Although retention of procurement staff has been relatively high, the market for procurement specialists is dominated by our larger neighbouring authorities. It is therefore important to develop our own staff and to that end the Procurement Team have been given the opportunity to develop a Procurement Modern Apprentice and more recently have created a Procurement Development Officer post aimed at attracting a graduate. For all officers, ongoing training is provided in areas such as updates to EU Legislation and Procurement Directives. A Procurement specific competency framework has been created and is used to set Individual Training and Development Plans and contributes to setting Goals and Objectives for the team.
- 4.5. **Service Focus**- The Procurement Team works closely with Council Services and seeks to tailor operations to suit each Service's procurement needs. We will continue

to look for ways of strengthening our engagement with Services throughout the year to support the delivery of their priority outcomes.

- 4.6. **Collaboration and Shared Services** - The Council participates in contracts put in place nationally by the Commercial Crown Service, in Scotland by Scotland Excel and Scottish Procurement and locally by actively participating and leading on collaborative contracts.
- 4.7. Local collaboration with neighbouring Councils is always considered when a contract strategy is put in place and often implemented. The Council is currently working closely with Renfrewshire Council with a view to collaborate on Roads contracts as well as Social Care.
- 4.8. The Council has worked closely with its Clyde Valley partners in securing the City Deal and will be supporting the procurement of several of the key infrastructure projects within this ground breaking initiative.
- 4.9. The Council is committed to collaborative procurement and actively takes part in many National and Sectoral contracts. We will continue to look for collaborative procurement opportunities where these will support the delivery of benefits for the Council and its communities.
- 4.10. The Council has standardised its procurement documentation. In partnership with colleagues from Legal Services, the Contract Standing Orders (CSO's) were reviewed during 2013 to reflect changes to the law and best practice. The CSO's will be subject to ongoing review as the procurement landscape changes and in particular when the new EU legislation and directives have been issued during 2014. The Council has implemented a consistent approach to contract and supplier management. A review of the current suppliers managed will be undertaken during 2015 with a view to relevance and appropriateness based on high value, high complexity and/ or high risk contracts. The process will be embedded to drive best value within existing contracts.
- 4.11. The Procurement Team are working closely with the Council's Economic Development and with Riverside Inverclyde to identify areas where procurement support is required. The Team regularly take part in supplier development events to encourage local suppliers, and advertise all contract opportunities above £25,000 for goods and services and £50,000 for works, on the Council website and the Public Contracts Scotland Portal. Contracts below this threshold are issued via the same website as a quick quote and the Procurement Team will propose (where possible) to include 50% of the companies selected with an Inverclyde post code in this process to support local business.

## 5. **Processes and Systems**

- 5.1. In July 2014, Scottish Procurement advised that the EU Directive for Electronic Invoicing in Public Procurement came into force on 26 May 2014 and is to be



implemented into national law by amendment to the Scottish Regulations (Public Contracts (Scotland) Regulations 2012) no later than 27 November 2018.

- 5.2. Support and guidance is being developed for contracting authorities, suppliers and others affected by the Directive. The guidance will be designed to help compliance with the new legislation.
- 5.3. The Council has a Strategy and Enablement Plan which aims to ensure all purchasing is carried out using approved systems and processes. The Council uses e-tendering which offers clients and their consultants a simple, secure, standard, efficient and cost effective way to managing tenders online. This is complemented with purchase to pay systems which allow the Council to requisition, order, and pay for goods, services and works.
- 5.4. Further improvements implemented in relation to P2P include:
  - Further rollout of a purchasing card which has improved rebates and management information.
  - An ICT systems review is being conducted with results and recommendations to be deployed into a revised ICT Strategy.
  - FMS authorisation levels have been reviewed and embedded in the system across the Council.

## 6. Procurement Action Plan

A range of activities have been identified which will allow the Council to achieve the objectives and outcomes set out in the previous section. These are divided into the following three areas, more detail on which can be found in the following tables:

- a) Strategy, Policy and Advice
- b) People and Organisation
- c) Processes & Systems

### a) Strategy, Policy and Advice

In light of the significant changes being driven by the reduction in the Council's budget, the Procurement Team will be working with Council Services during the year to undertake a strategic review of procurement within the Council and identify how it can add most value to support delivery of the Council's strategic priorities.

We will continue to act as the procurement centre of expertise for the Council and develop clear procurement policies, providing guidelines to employees on how to purchase goods, services and works. We will also continue to ensure compliance with relevant legislation and integration with Council policies and processes.

Issue	Action	Target Date	Who By
<b>Procurement Strategy 2015/18</b>	The Procurement Team will work with the Council Services to build a deep understanding of the strategic challenges and opportunities and to identify how procurement can best support the delivery of Council strategic priorities. The conclusions and agreed changes in the Council's approach to procurement resulting from this review process will form the basis of a new Procurement Strategy for 2015/18.	New Strategy approved by September 2015	Procurement Board/ CMT and Committee
Individual contract strategies being prepared for spend above £50k.	All spend above will have a contract strategy agreed prior to advertising.	Ongoing	Services/ Procurement Team
<b>Community Benefits</b> With a view to increasing community benefits achieved through contracts tendered by the Procurement Team Committee approved the recommendations to, where possible, implement a total of 5% evaluation	Procurement Team will review further areas and spend levels and report back to the Committee with proposals.	Update/Review report to Committee due by January 2016	Procurement Manager/ Head of Service Regeneration and Planning

weighting for community benefits within construction and infrastructure procurements over £1m.			
<b>Local employment</b> <b>The Living wage</b> The Council are committed to encouraging payment of the Living Wage to all employees working for or servicing the Council. This is promoted through all tender exercises conducted by the Procurement Team	Procurement Team will review the use of the procurement approach to the Living Wage with partners and other Local Authorities and adopt further changes if necessary	Report due to Committee before end of 2015 on new Procurement Regulations	Procurement Manager and HOS Legal and Property Services
<b>Standing Orders – Contract Standing Orders</b> are revised	Revise in line with new EU legislation and Directives when fully implemented.	New CSOs to be in place by end of 2015.	Head of Service Legal and Property Services
<b>Document Standardisation</b>	Documentation to be kept up to date according to legislation and lessons learned.	Ongoing and review to 2018	Procurement Manager and Services at DPO meeting every 6 weeks
<b>Supplier Management</b> Refresh Supplier management/ Governance for the top high value and/or high risk suppliers in each service.	A review of the supply base is underway in 2015 to consider the contracts currently being managed from a high value, high complexity and/or high risk perspective. The aim is to establish if Procurement Team is managing the correct contracts and how this process interacts with Governance of external organisations.	December 2015	Procurement Manager/ Procurement Board

<p><b>Sustainability</b> Refresh and consolidate Sustainability policy and action plan.</p> <p>The Council has a Corporate Sustainability Policy (CSR), with recommendations to incorporate CSR in all strategies; where relevant. This has not been fully rolled out and is not consistent.</p> <p>Policy requires to be refreshed and consolidated</p>	<p>Sustainability policy and action plan to be embedded. Sustainability is built into the procurement process. Implementation of the Sustainability Policy will ensure consideration at contract strategy stage.</p> <p>CSR and Sustainability rolled out and included as a consideration at a contract strategy stage; where relevant. Introduction and implementation initiatives such as:</p> <ul style="list-style-type: none"> <li>• Ongoing Supplier events for SME's to cover areas of concern and help educate on how to become a supplier to the Council.</li> <li>• 50% of suppliers selected in the quick quote process will be local (where possible).</li> <li>• Policy for dealing with Supported Business</li> </ul> <p>Encourage main contractors to engage with local suppliers and SME's.</p>	<p>June 2016</p>	<p>Procurement Manager/ Procurement Board/ Committee</p>
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## b) People and Organisation

Effective implementation of the strategy is dependent on having staff with the right skills and experience in place and on a close working relationships with the Procurement Team

Issue	Action	Target Date	Who By
<p><u>Training</u> The Procurement Team have secured a training budget year over the last 3 years to ensure staff are professionally trained and staff are encouraged to achieve certification with the Chartered Institute of Purchasing and Supply (CIPS).</p>	<p>During the period 2015/18 it is intended to continue providing professional training for Procurement Team staff. Procurement Team focuses on training staff within Services and providing training and information to suppliers and third sector partners.</p> <ul style="list-style-type: none"> <li>• Roll out e-learning course and ensure all officers involved in procurement have passed.</li> <li>• Ensure All Procurement staff have undertaken training in the latest updates to the Procurement reform bill and EU legislation.</li> </ul>	<p>March 2017</p>	<p>Procurement Team and Designated Procurement Officers</p>
<p><u>Engagement with Services</u> The Procurement Team has developed effective working relationships with Services. However, this could be further developed with more formal communication and regular meetings.</p>	<p>Strengthen the ongoing operational engagement between the Procurement Team and Service management teams to ensure Procurement Team fully understands service priorities and challenges and is best able to highlight areas where procurement innovation can help support the delivery of Service objectives in the short to medium term</p>	<p>Review at Procurement Board June 2016 And ongoing review to end of 2018</p>	<p>Procurement Team and Designated Procurement Officers/ Procurement Board</p>
<p><u>Compliance</u> New EU Procurement Directive came into force in April 2014 The New Regulations are expected to be in place by the end of 2015.</p>	<p>Ensure all updates are implemented where not already in place by the completion date e.g.</p> <ul style="list-style-type: none"> <li>• Agree revisions required to the procurement strategy on an annual basis.</li> </ul>	<p>Dec 2015</p>	<p>Procurement Team and Designated Procurement Officers/ Procurement Board</p>

	<ul style="list-style-type: none"> <li>• Continue to promote e-tendering for all tenders.</li> <li>• Continue to consider lot structure within tenders to ensure quality and opportunity for SMEs.</li> <li>• Implement new rules for Part B services.</li> <li>• Increase market research at strategy stage.</li> <li>• Consider how to incorporate new rules within tendering and evaluation.</li> </ul>		
<p><u>Collaboration</u> The Council makes use of many of the contracts put in place by the centres of expertise. These are mainly Scotland Excel, Scottish Government and the Crown Commercial Service (CCS).</p> <p>The Council is now actively working with Scottish Future Trust (SFT) Hub initiative and should ensure all communication and joint work leads to a successful conclusion.</p> <p>The Council is part of the City Deal project</p>	<ul style="list-style-type: none"> <li>• Ensure the best possible pricing is being obtained from frameworks</li> <li>• Communication, collaboration and sharing of best practice with other Local Authorities.</li> <li>• Continue to work with the (SFT) Hub West Scotland to ensure successful conclusion of two Primary schools.</li> <li>• Regular meetings are held with City Deal partners and Local Authorities</li> </ul>	Review at quarterly Procurement Board and report to Committee	Procurement Manager/ Procurement Board
<p><u>Serious organised crime accessing public funds through public procurement</u></p>	Work with Police Scotland, Scottish Government and partner public bodies to ensure that measures are in place to avoid serious organised	Review tender Workplan every 6 months	Head of Service Legal and Property Services

	<p>crime getting access to public funds.</p> <p>Share tender workplan with Police Scotland</p>		
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**c) Process & Systems, P2P, Benefits Tracking, E-Procurement**

This element of the strategy is essential if the Council is to achieve the efficiencies identified. If we do not have detailed processes and systems, which are adhered to, savings achieved through the tender process will not materialise.

<b>Issue</b>	<b>Action</b>	<b>Target Date</b>	<b>Who By</b>
<b><u>Purchase Cards</u></b>	<ul style="list-style-type: none"> <li>• Increase the rebate on purchase cards by increasing the volume of spend</li> <li>• more use of Pcards instead of non-matched payments</li> </ul>	December 2016	Procurement Team/ Services/ Creditors
<b><u>Electronic Invoicing</u></b> Legal requirement to have electronic invoicing in place by 2019	Ensure e-invoicing is in place by 2019 by working with Scottish Government and Finance System supplier.	December 2018	Procurement Team/ Services/ Creditors
<b><u>E-Procurement eTendering</u></b>	Ensure Public Contracts Scotland – tender system known as pcs-t, is fully rolled out to all services	August 2017	Procurement Team/ Legal/ Designated Procurement Officers

## **7. Procurement Strategy by function**

### **7.1. The following sections explore the key spends by Service area.**

Procurement Spend is a greater proportion of the overall budget in some Service areas more than others. For example Environmental and Commercial Service, Property and Community Care have a large portion of budget allocated towards spend with external suppliers. For this reason the strategy by function concentrates on the Services that spend a greater proportion of their budget with external suppliers. There may be some areas that have a contract that is designated as being higher risk but lower in spend and these have been included in the narrative due to their strategic importance to the Council.

### **7.2. Common Issues Structural and Cultural Change**

Procurement has been under the management of the Chief Financial Officer since 2010. As such, the structure of the team and activity within this area is well established.

The structure of the Procurement Team is reviewed on a regular basis to ensure it meets Service demands. A planned programme of training has been in place for the Procurement Team to ensure they have the necessary skills and knowledge for the role.

There is senior management support of the Procurement function and this is evidenced through Procurement Team representation at the meetings of the Senior Management Team and regular meetings with Heads of Services via the Procurement Board.

#### **Contract and Supplier Management**

Supplier relationship management is a comprehensive approach to managing the Council's interactions with the organisations that supply the goods, works and services it uses. The goal of supplier relationship management is to streamline and make more effective the processes and contracts between the Council and its suppliers. The key actions required are:

- progress with the agreed ownership of the contract and supplier management process;
- deliver the standardised contract and supplier management processes with key suppliers;
- identify and implement efficiencies within existing contracts; and
- implement and monitor achievement of community benefits.

A review of the Contract and Supplier Management Strategy is being undertaken taking cognisance of the suppliers currently being managed. Following this review, the Procurement Team will ensure the correct suppliers, representative of the majority of spend, are managed.

The opportunity to rationalise and deliver savings through the 2nd and 3rd tier supply chains will also be targeted and contractors will be measured on their approach to their 2nd and 3rd tier supply chains, e.g. ability to pay subcontractors quickly. The success of the overall partnering approach will be closely monitored and together with any lessons learned, will be applied to future contracts and framework agreements.



Consideration is given during the development of contract strategies to maximise opportunities for SMEs and third sector organisations whilst exploiting opportunities that may arise from aggregation of spend. This approach will include consideration of proportionality in terms of minimum financial criteria, indemnity levels and the requirement for bonds etc. Consideration is also given to lotting contracts and framework agreements based on value band, the encouragement of consortium bids and reserved contracts.

As part of the SME engagement process, the views / input of SME's are sought during the market research phase of strategy development. Further, it is intended that Supplier Awareness events will be held at the point of tendering any new, high value or high risk contracts and framework agreements.

When tendering any high value arrangements, tenderers are asked to submit proposals on supply chain development including how they will engage with and create opportunities for SMEs.

### 7.3. **8.12 New EU Directive on Electronic Invoicing in Public Procurement**

In July 2014, Scottish Procurement advised that the EU Directive for Electronic Invoicing in Public Procurement came into force on 26 May 2014 and is to be implemented into national law by amendment to the Scottish Regulations (Public Contracts (Scotland) Regulations 2012) no later than 27 November 2018.

The Directive requires contracting authorities to be able to receive eInvoices and make payment electronically for all contracts regulated under the EU Procurement Directives. However, while the acceptance of eInvoices by all contracting authorities is mandatory, the exchange of invoices in other formats will still be allowed if both the contracting authority and supplier agree. Support and guidance is being developed for contracting authorities, suppliers and others affected by the Directive. The guidance will be designed to help compliance with the new legislation.

To date, the Scottish Government eInvoicing Team (SGeIT) has 'on-boarded' 15 Category national and 41 sectoral suppliers who have indicated their willingness to issue eInvoices.

The SGeIT are in the process of identifying the level of 'readiness' of over 25 buying organisations who have already indicated their interest in receiving eInvoices.

The Procurement Team will work with the Scottish Government and Service colleagues to ensure that the Council is ready to implement the full suite of mandatory directives by 2018.

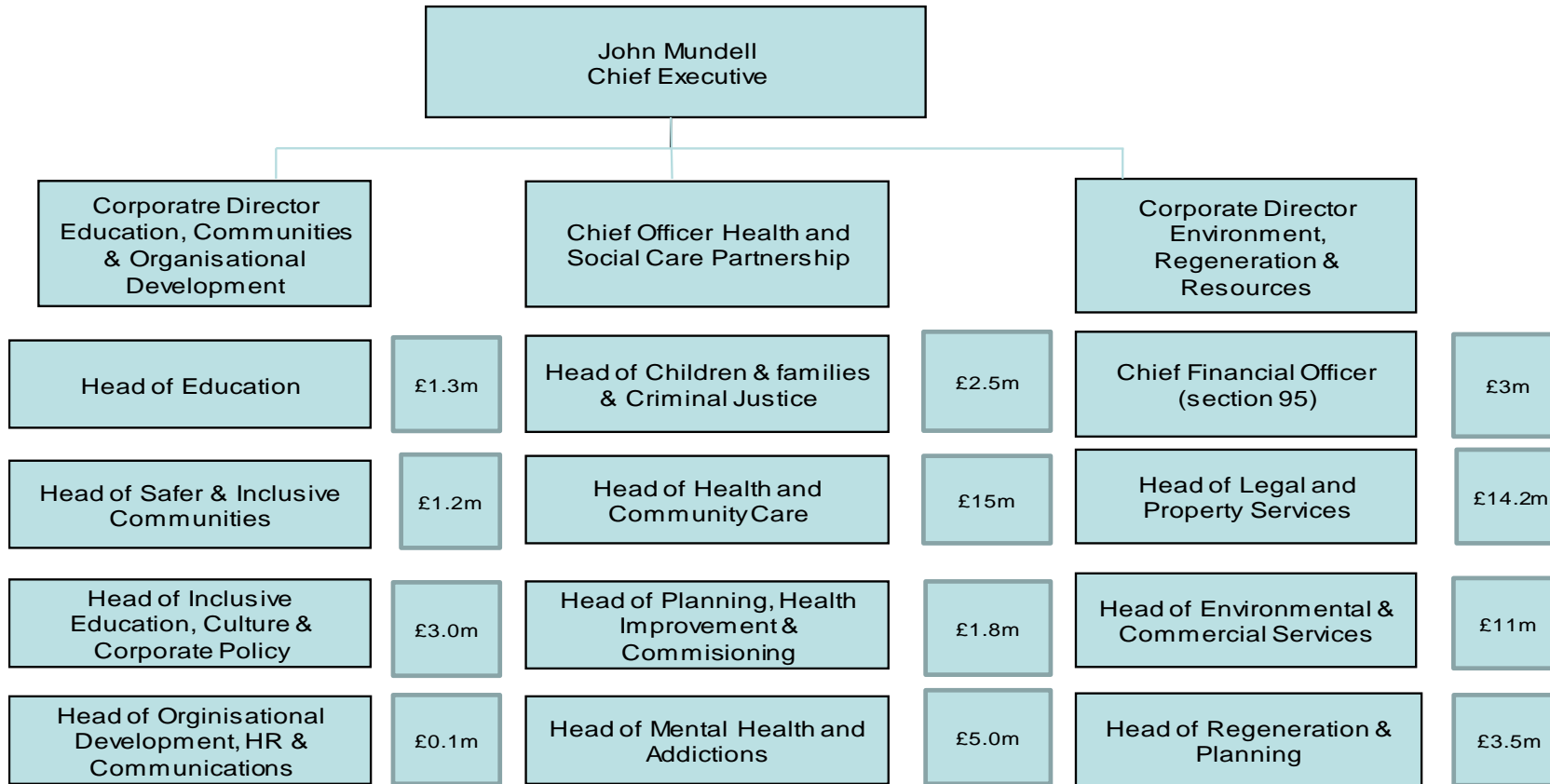
### 7.4. **The key summary of common issues are as follows -**

- Implementation of key strategic framework agreements and ensuring core spend goes through these;
- Ensure all spend is compliant;
- Continue to work with service to prioritise work plan to enable effective resource planning;
- Review, develop and implement the supplier management process for all key contracts and suppliers as outline in the section above;

- Negotiate additional savings and community benefits from existing contracts with key suppliers;
- Continue to create opportunities for SME's whilst exploiting opportunities available through aggregation of spend;
- Continue to support the work of the Supplier Development Programme.
- Continue to provide training and awareness sessions for those service staff actively involved in the tendering process;
- Review and develop an approach which ensures value for money for the renewal of contracts
- Review existing contracts for further improvements prior to renewal or re-tender.
- Continued utilisation of a contract renewal plan to feed into work plan for future years;
- Utilisation of Public Contracts Scotland – Tenders e-tender system, where appropriate, in accordance with the Council's Contract Standing Orders. This will in turn support the development of a contracts register; and ensure that the Council supports CAT A and B contracts from both a technical and commercial perspective to maximise the benefits.
- Work towards the requirement for e-invoicing by 2018
- Ensure that performance and opportunities across contracted spend is optimised, driving value from existing contractual arrangements;
- Develop greater engagement with our supply based and partners with the aim of promoting best practice, continuous improvement, delivering innovation, increased collaborative working and consideration of shared service opportunities;
- Greater engagement with potential partnerships with consideration to more collaborative working; shared services and outsourcing opportunities;
- And utilisation of the work plan and service wide review to ensure contract delivery timescales support best value.

**7.5. The following Council structure chart is designed to illustrate where responsibility for the main procurement spend areas lie as follows –**

# Inverclyde Council Structure and Procurement spend responsibility



## Summary Spend by Service area

The following sections summarise the procurement approach on the major contract spends over the short and long term by Service as identified in the chart above. Each Service with a total spend responsibility over £2.5M has been given a more extensive summary.

## 8. Finance, ICT and Corporate Spends

### 8.1 Scope / Key Spend Areas

Commodity area	Total Annual Spend
ICT Software	£900k
ICT Hardware	£218K
ICT Peripherals	£80K
ICT MFDs	£200K
ICT Broadband and Telephony	£455K
ICT Mobile phones	£75K
Printing (inc high vol)	£233K
Stationery	£160K
Debt Recovery	£100K
Insurance	£550K
Total	£3M

### High Level Strategy

- 8.2 The Chief Financial Officer has responsibility for Procurement and therefore has responsibility for the goods and services of a Corporate nature that are common to all other services. Moreover, the Chief Financial Officer has recently taken over the management of ICT and already has responsibility for Revenues and Benefits and Customer Services.
- 8.3 The Procurement Team reports to the Chief Financial Officer and supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team will continue to work with the Service to develop a forward plan of procurement activity which takes cognisance of the lessons learned and opportunities arising from first generation contracts and framework agreements that have been established.
- 8.4 The Procurement Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations and best practice. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. The Procurement Team and colleagues from the Finance Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.
- 8.5 The Procurement Team and the Finance Management Team will ensure early engagement with procuring officers to ensure sufficient time for the procurement

process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved

**8.6 Insurance and Debt Recovery** - Procured individually by Inverclyde Council rather than national contracts, though Scotland Excel are looking at possible collaborative contracts for both. Efficiencies have already been embedded within the previous procurement exercises for these contracts. For example, the Insurance tender was advertised with a specification based on the Councils decrease in building assets and an increase in the excess payable in light of this being more cost effective versus the risk of likelihood of some events. The Debt recovery tender focussed on the more cost effective elements of debt that would lead to income rather than older debts. These changes led to some efficiencies and the Service will look at further changes that could be introduced to minimise cost increases and or introduce possible savings in future. The Insurance contract ends in September 2016 with 2 possible annual extensions and the Debt Recovery contract is now reviewed annually before 1 year extensions are agreed which can run until the Autumn of 2017.

**8.7 Software** - Procured using UK National Frameworks. There are moves to create more local Scottish Frameworks using the services of the Scottish Government procurement team or Scotland Excel, however, the timescales for delivery will be in the longer rather than shorter term. That being the case, it is likely that the current strategy of extending relationships with current software suppliers on their products will continue. This strategy avoids the requirement for another Capital outlay at the start of a new software contract and allows the intended benefits of the system to be utilised. This means that the market is not tested for new product on a regular basis; however, there have been no instances, where the market has been tested, of a new product being more cost effective in terms of the whole life costs (including internal costs) over the lifetime of a new agreement. A business case is required in each instance that the client, ICT, Finance and procurement are happy with before such an agreement is put in place. This has been the standard practice in other instances of this in the recent past and CMT and the relevant committee have been appraised and approved in each instance. The suppliers of these contracts will need to be managed in order that longer term agreements reduce in cost due to the benefit to the supplier.

**8.8 ICT Broadband & Telephony / Mobile Phones** - The Council's existing wide area network contract with Virgin Media commenced in June 2006. The original contract duration was 5 years with options to extend for 3 additional years. The Council made the decision, in February 2015, to join SWAN contract. The Scottish Wide Area Network (SWAN) Programme will deliver a single public service network available for use by any public sector organisation within Scotland. Initially, SWAN will deliver core network infrastructure and connectivity services. i.e. The basic network infrastructure and local circuits required to connect users to the Council's network. The SWAN contract was awarded in early 2014 and following this, ICT engaged with NHS National Services Scotland (as contract managers) and Capita to initiate discussions on the Council's migration to SWAN. Ultimately, savings will be generated across a range of council services by the nationwide sharing opportunities that will be offered across the SWAN infrastructure.

As the Council is going through an intensive period of modernisation, the demand for the equipment to support that change is increasing. In the past there has been a reliance on officers to be contacted using mobile phones. As technology changes towards the tablet market the blend between mobile phones and laptops may converge

into a single device solution and this will see a decrease in the demand for mobile phones. For now, the Council will manage the contract for mobile phones using the available national frameworks and take advantage of the associated economies of scale and rates.

**8.9 ICT Hardware, Peripherals and MFDs** - ICT have been managing the PC and laptop hardware refresh against the background of changing technology and decreasing budgets by increasing the lifespan of this hardware with end users. These products are purchased using National frameworks when there is a requirement and this is seen as the most cost effective route to market with the associated economies of scale. Peripheral ICT equipment or computer supplies as well as ink cartridges are also purchased on National Frameworks. This is again likely to continue though there is the opportunity to analyse and rationalise this spend by buying more cost effective products in bulk and reducing the number of desktop printers and making more use of the MFD fleet. The MFD fleet has been subjected to a recent mini competition which has resulted in a new contract where the number of machines is being rationalised and the lower rates have led to significant savings. There are still too many standalone single desktop printers and these will be rationalised.

**8.10 Printing and Stationery** - Again all of these commodities are largely purchased using National contracts with the exception of the High volume printing and mailing contract. The nature of these Services is such that modern service solutions are likely to see a reduction in spend rather than a procurement solution providing savings though there are opportunities to analyse and rationalise spend on stationery.

## 9. Environmental and Commercial Services

### 9.1 Scope / Key Spend Areas

<b>Commodity area</b>	<b>Total Annual Spend</b>
Residual Waste	£2.3M
Waste Recycling	£150K
Organic Waste	£100K
Roadstone	£2M
Proprietary Treatments	£600K
Street Lighting Maintenance	£390K
Street Lighting Capital	£1.3M [£3.8M (2015/18)]
Hire of Surfacing Plant	£450K
Fleet Replacement	£1.6M [£4.9M (2015/18)]
Fleet Fuel	£630k
Fleet Maintenance Spares	£120k
Schools Catering contracts	£1M
Building Services	£120K
Total	£11M

### High Level Strategy

- 9.2 The Head of Environmental and Commercial Services has responsibility for Roads, Waste Management, Facilities Management, Vehicles, Grounds Maintenance and Facilities Management.
- 9.3 The Procurement Team supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team will continue to work with the Service to develop a forward plan of procurement activity which takes cognisance of the lessons learned and opportunities arising from first generation contracts and framework agreements that have been established.
- 9.4 The Procurement Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations and best practice. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. The Procurement Team and colleagues from the Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.
- 9.5 The Procurement Team and the Services will ensure early engagement with procuring officers to ensure sufficient time for the procurement process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved.
- 9.6 **Waste Management**  
Scotland Excel has recently put in place a framework that covers both recyclate and residual waste. The Inverclyde Council contracts end in July 2016. The Scotland Excel framework has been developed to ensure flexibility in meeting these requirements and includes the following three service model options:

Model A: Where a council delivers material direct to a service provider's treatment facility.

Model B: Where material is bulked at an agreed reception point and transported to a treatment facility.

Model C: A treatment only option, where councils retain ownership of material post treatment for market sale.

"National Brokerage" type model, (not dissimilar to Model C as outlined above).

The Scotland Excel framework prices for these commodities are exclusive of transport costs and therefore a modelling exercise will be required to be completed to benchmark total costs including transport with the current contract costs. A mini competition would be likely to secure a reduction on these modelled costs but it remains to be seen if the shorter term 3 year maximum contract would be as attractive to suppliers as an open tendered long term contract which could be up to 5 years in length.

The maximum length of contract that could be awarded resulting from a mini competition against this framework is 3 years and it remains to be seen if this length of contract is desirable to partner suppliers who are seeking longer term contracts in order to return lower tendered rates. Prices are fixed for year 1 and linked to CPI thereafter.

The reliance on energy from waste had a large bearing on the current contract price sustainability and the resale of paper continues to impact the overall price that contractors can subsume versus their contracted rate with the Council. A longer term contract may be more beneficial though senior management and members may prefer budget certainty over a shorter period that is guaranteed via a 3 year contract using the Scotland Excel route to market. Officers would be asked to demonstrate with a great degree of certainty that a longer term standalone tender would be more beneficial than a shorter term 3 year contract using Scotland Excel.

Organic Waste processing has been procured using the Scotland Excel framework and a contract is in place until July 2016. The same route will be used for future iterations of this contract.

#### 9.7 **Roadstone**

Again, Scotland Excel has a Framework in place and the Council is using this. In order to competition in the market, regular mini competitions are conducted that are better than the framework ceiling rates. This process will continue for the duration of the framework and as a sizeable proportion of the RAMP improvement funding, assist with achieving efficiencies to maximise the volume of work that can be done.

#### 9.8 **Proprietary Treatments**

These treatments are used primarily on carriageways as a relatively low cost method of prolonging the life of the existing surfacing. A discrete contract is let on an annual basis, and it is proposed to continue this approach.

#### 9.9 **Hire of Surfacing Plant**

There is an existing Council let framework contract for this commodity and which end September 2016. It is proposed to let a further framework contract using the experience obtained with the current contract to ensure that any new contract fully meets the need of the Service.



#### 9.10 **Street Lighting Maintenance**

The Council uses the Crown Commercial services Contract and ran a mini-completion during 2014 for the current contract. The Council is currently running a further mini completion as the current contract terminates on 30 September 2015. The new contract reflects the ongoing investment in new lantern technologies and the likelihood for reduce maintenance activity, and will have a duration of 2 years with options to extend for up to a further 2 years.

#### 9.11 **Street Lighting Capital**

The Council is in the process of engaging a Consultant via the existing Scotland Excel framework for Consultancy, in order to assist with the design of street lighting renewal schemes. There will be a works contract tendered early in 2016 for the bulk replacement of lanterns with white light and using low energy technologies, along with some targeted column replacement. This will be a discrete contract with an estimated duration of 21 months and value in the region of around £3m.

#### 9.12 **Fleet**

Scotland Excel have three distinct frameworks in place for the procurement of Light Commercial Vehicles, Heavy Commercial Vehicles and Plant/Grounds Maintenance Equipment which the Council make use of. Regular mini-competitions are held within the framework to take advantage of current market conditions with the advantage of having the framework ceiling price in place. There is also a Scotland Excel framework in place for fleet spares which the Council uses. Fuel is procured using the Crown Commercial Services contract.

#### 9.13 **Schools Catering contracts**

Scotland Excel have frameworks in place for these areas of spend. The intention is to continue to buy from these in future but rationalise the products used and work with suppliers to look for efficiencies in areas such as transportation and deliveries.

#### 9.14 **Building Services**

Scotland Excel, have a number of building material Frameworks in place and the Council is using these as detailed below. In addition the service uses termed contracts put in place by Legal & Property for items such as, heating, floor coverings, blacksmith works, alarms & fire systems etc. The service will continue to use Excel frameworks going forward.

## 10. Regeneration and Planning

### 10.1 Scope / Key Spend Areas

Commodity area	Total Annual Spend
Fairer Scotland Fund	£2M
Riverside Inverclyde	£1.5M
Total	£3.5M

### 10.2 High Level Strategy

The Head of Regeneration and Planning has responsibility for Planning and Economic Development. The majority of Procurement Spend is in Economic Development and this Service also has a close strategic relationship with Procurement as explained in other parts of this strategy.

The Procurement Team supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team will continue to work with the Service to develop a forward plan of procurement activity which takes cognisance of the lessons learned and opportunities arising from first generation contracts and framework agreements that have been established.

The Procurement Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations and best practice. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. The Procurement Team and colleagues from the Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.

The Procurement Team and the Services will ensure early engagement with procuring officers to ensure sufficient time for the procurement process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved.

### 10.3 Regeneration Fund

This funding is subject to regular tendering with a number of partners now delivering the associated services. These contracts are lotted to give SMEs a chance to bid and to separate the differing types of employability deliverables that are targeted via this spend. This approach is intended to continue and the suppliers and providers will be monitored via the Governance process were this is relevant.

### 10.4 Riverside Inverclyde

Though this is not a spend with a supplier and is not unlike the spend with Inverclyde Leisure, the relationship with our Urban Regeneration Company is key to the targets agreed as part of the partnership. There are many positive opportunities as well as synergies forming in the developing relationship between RI and the Economic Development Service and this is expected to continue with joint work on City Deal. The RI opportunities are advertised under separate cover.

## 11. Legal and Property Services

### 11.1 Scope / Key Spend Areas

<b>Commodity area</b>	<b>Total Annual Spend</b>
Capital Projects	£9M
Maintenance	£2M
Utilities	£3.1M
Postage	£92K
Total	£14.2M

### 11.2 High Level Strategy

The Head of Legal and Property Services has total responsibility for the Councils Legal compliance with procurement law. The Head of Service also has responsibility for all Property procurement including capital and maintenance as well as ongoing management of property assets. The Councils Internal Audit team also reside within this remit.

The Procurement Team supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team does not tender construction contracts but this is carried out by the Service experts with assistance from the Procurement Team. This work takes up the vast bulk of all required procurement under the remit of Legal and Property Services. The capital programme in 15/16 will produce an expected spend of £8M though some payments from 14/15 will be made for projects in 15/16 that will skew this figure.

The Procurement Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations and best practice. The Procurement Team and colleagues from the Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.

The Procurement Team and the Services will work together to ensure early engagement with client officers to ensure sufficient time for the procurement process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved.

#### **Capital Projects planned spend**

Asset Management Plan - Offices	£493K
Asset Management Plan - Depots	£1.2M
Ardgowan PS Refurbishment	£119K
St Patricks PS Refurbishment	£2.4M
St Johns Primary	£791K

Kilmacolm Primary	£1.9M
Other	£2.1M
Other Projects < £250k	£97K

The above are all one off spends with some ongoing activity as part of a longer term project such as Offices and Depots. The spends in relation to St Patricks and Kilmacolm Primaries will be taken forward as procurement projects by the West Hub. The Spend on consultants to help facilitate these projects are now being carried out using the new Riverside Inverclyde and Scotland Excel contracts.

### 11.3 **Maintenance Contracts**

The Council has several ongoing maintenance contracts such as blacksmiths maintenance, roofing maintenance, flooring etc. These contracts are now being lotted to give smaller suppliers a chance to win business with the Council. This has resulted in more competition locally with these contracts with some good examples of supplier growth and there have been cost benefits as a result to the Council.

### 11.4 **Utilities**

The Procurement Team ensured that the Council took advantage of the economies of scale that were available via National and collaborative contracts. This has certainly been the case with Utilities where the reduction in prices has seen a number of budget savings that have contributed to the Procurement Workstream savings target. Further renewal of these Utilities contracts will hopefully see costs increases managed via further innovative solutions to those already in place such as forward purchasing of electricity and gas. The renewal date for Electricity is the 1<sup>st</sup> of April 2016 and Gas the same date in 2017. The Current contract for water is in an extension period and will be subject to change in the Autumn of 2015.

## 12. HSCP (Directorate)

The HSCP is dealt with in this document as one summary. The nature of the Services is such that they are integrated, e.g those receiving children's services then potentially become adult services clients. Therefore each strategy should not be dealt with in isolation and it is important that the narrative on services is understood to apply across the Directorate.

### 12.1 Scope / Key Spend Areas

<b>Contract or spend area</b>	<b>Total Annual Spend</b>
National Care Home Contract	£12.5M
Homecare	£2.5M
Supported Living	£5M
Learning Disability	£3.4M
Former Grants	£1.8M
Total	£25.2M

### 12.2 High Level Strategy

The Procurement Team supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team will continue to work with the Services to develop a forward plan of procurement activity which takes cognisance of the lessons learned and opportunities arising from first generation contracts and framework agreements that have been established.

The Procurement Team will continue to work with the Services to prioritise their procurement and commissioning requirements in line with budget and to ensure compliance with EU regulations and best practice. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. The Procurement Team and colleagues from the Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.

The Procurement Team and the Services will ensure early engagement with procuring officers to ensure sufficient time for the procurement process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved.

### 12.3 National Care Home Contract

COSLA currently undertake the negotiations with Scotlands 900 care homes to agree annual pricing structures that member Councils can use. Scotland Excel are now involved in this process and are willing to support COSLA in their annual negotiations as well as providing market knowledge, bench marking and an early warning of potential provider financial concerns.

COSLA has recently supported a process to enable low pay within the care home sector to be addressed and as a result it is likely that a shared cost uplift will be agreed with further funding coming from the Scottish Government and Local Authorities. Providers will also provide a portion of the increase in funding which will see a minimum pay ceiling closer to the Living Wage becoming mandatory.

The HSCP will monitor discussions between COSLA and Scotland Excel and provide input on the future of the National Care Home Contract in conjunction with colleagues from Procurement, Finance and Legal.

#### 12.4 Homecare

The tender for Home Care services was advertised in November 2014. The tender process was concluded in March 2015 with successful providers informed following committee approval with a commencement date of 1 May 2015. There was an agreed implementation period of 3 months up to the end of July 2015. The phased implementation was agreed to enable the transition from the existing service providers to the new successful providers in the tender process. The Council is working with all new and existing providers for a smooth transition and as little disruption to service users as possible.

The tender contained 7 geographical lots and an additional Lot (8) that is intended to be used when hours are refused by the successful providers for lots 1 to 7. The contract was divided into smaller, local lots due to the transportation costs linked to geographical dispersion and to create competition amongst smaller suppliers who would otherwise have been unable to bid.

Across Inverclyde a total of 452 people receive home care service provided by third sector organisations. There was a total of 255 service users affected by the implementation of the new homecare contracts. All service users have received information about the introduction of the new providers explaining the reasons and benefits of the new contractual arrangements. A home visit has been carried out with each service user, in addition to written communication and contact with carers and family members.

With the introduction of Self Directed Support all service users had the opportunity to decide about the level of choice and control over how their support is planned and provided. Of the total service users 34% have chosen to remain with their current provider enabling people to take more control over arranging their care and the HSCP will organise payment on their behalf. A total of 294 service users now receive support from providers within the new contract with the Council continuing to organise their support. The purpose of the tender was to provide flexibility with 1 provider per lot of supply for each geographical lot. A tender for all of the available hours would have led to a limited number of bids from suitable providers and a potential for vastly increased costs as smaller providers did not have the capacity to contract.

The tender was put together with the knowledge that costs were likely to increase. National press coverage has highlighted the cost pressures involved in external Homecare provision. In order to incentivise providers to submit a sustainable offer, the tender was advertised on the basis of 65% of the current hours being provided in each lot guaranteed to the successful provider. Where a client chooses option 2 self-directed support the associated hours will be deducted from the total and the 65% guarantee will be measured against the balance of hours that are left.

The contracts and providers will continue to be monitored throughout the lifetime of the contract with a view to further improvements when this is due to be tendered in 2018.

### **12.5 Supported Living**

Supported Living Services were tendered as part of a collaborative approach with Renfrewshire Council in 2011. The resultant contracts are in place until November 2017. Discussions are underway with Renfrewshire to refresh these contracts via another collaborative tender exercise.

A separate Supported Living contract has been agreed for former Ravenscraig clients. This was put to tender as a separate provision due to the requirement to provide the service from an RSL property and due to the requirement to manage the movement of clients from a former NHS service.

### **12.6 Learning Disability**

The supports and services are provided directly by ICHCP or commissioned from the third sector (voluntary or not for profit organisations) or the private sector. In line with Self Directed Support legislation and the personalisation agenda future supports, will be person centred, maximise independence, be based on an enablement approach that will develop, maintain and enhance living skills. Opportunities to explore employability potential and achieve an outcome based approach to service delivery will also be key features. IHSCP Learning disability services will continue to develop existing social care supports and processes in parallel with NHS Greater Glasgow & Clyde Learning Disability re-design.

In 2011, 577 adults aged 16 and over were known to the local authority in Inverclyde. This equates to 8.8 people with learning disabilities per 1000 people in the local population.

New opportunities and challenges for Learning Disabilities in the shape of Self Directed Support, Personalisation, financial challenges and NHS Greater Glasgow Tier 3 & 4 Learning Disability re-design provides an opportunity to revisit existing models of support. The instigation of an integrated Community Health and Care Partnership has allowed us to scope learning disability community services across both health and social care.

By 2016, one in five people in Inverclyde will be over the age of 65 and according to the Health Needs Assessment Report "People with a Learning Disability in Scotland" (Scottish Executive, 2004) life expectancy of people with learning disabilities is set to rise and in future, "there will be more older persons with learning disabilities and more persons with the most severe learning disabilities in all age cohorts".

Due to the specialised needs or adult protection, vulnerable circumstances of some service users with a learning disability, care management and assessment services have placed Inverclyde residents out with the Local Authority boundaries. The current position of both Inverclyde CHCP and NHSGG&C is that these out of area placements where possible should be brought back to Inverclyde after careful assessment and consultation with the service user and families.

Review all high, medium and low cost care packages to ensure best value and those available resources meet current and future needs;

- Effectively support service users with multiple disabilities and complex needs;
- Provide Rehabilitation and Enablement ethos to learning disability service provision;
- Evaluate and implement a Transition Protocol between young people leaving school and accessing adult services across social care and health;
- Base future service provision on Self Directed Support legislation, Personalisation and reduction and withdrawing in 2015 of the Independent Living Fund;
- Continue to use consultation and engagement tools and forums with service users, carers and families;
- Work in collaboration with the third sector and other partners;
- Continue to recognise and develop supports for carers;
- Develop further opportunities for supported employment and develop partnerships with FE colleges;
- Maximise opportunities for health improvement and health screening initiatives presented by HSCP integrated working arrangements;
- Continue to monitor and review out of authority placements;
- Progress at local level the recommendations of Scottish Strategy for Autism;
- Use existing forums to ensure that independent practitioners within Health system, Dentists, Opticians and GP's recognise and respond to the needs of individuals with a learning disability; and
- Continue to develop short break /respite arrangements for individuals with a learning disability.

#### **12.7 Former Grants**

There has been an ongoing review of various former grant funded agreements with providers. The remit of the review is to determine the deliverables and activity. The review aims to -

- Identify where there are cases for legitimate grant funding and clarify/implement the required processes
- Identify where there are cases for grant funded programmes to move to contract on a negotiated provider or tender basis and deliver these
- Identify where there are opportunities to undertake collaborative cross-service thematic commissioning to replace grants via creation of thematic service specifications and tenders
- Determine opportunities for efficiencies to meet required savings levels.
  
- Aim to ensure there is a robust and auditable process in place for the allocation of all council funding by the HSCP, at whatever level and to whatever provider/organisation.
- Aim to ensure that where there are legitimate cases for grant funding these are clarified and are subject to the appropriate processes for allocation of funding and review of delivery.
- Aim to deliver 'low level' and community orientated supports via 3rd sector organisations in a thematic and collaborative way, cutting across service or budget silos in order to deliver better outcomes. The cross cutting commissioning themes agreed are:
  - Employability and Meaningful Activity



- Recovery and Support to live independently
- Early intervention, prevention and Re-ablement
- Support for families
- Inclusion and Empowerment

These actions should deliver efficiency savings where possible by reducing waste, eliminating payments over the required level and by adjusting the level at which we commission to bring in line with available budget.



### **13. Education, Communities and Organisational Development**

#### **Education, Safer & inclusive Communities, Culture & Corporate Policy Organisational Development, HR & Communications**

13.1 The Education Directorate is dealt with in one summary as the values of contracts amount to less than £2.5m per Head of Service.

##### **Scope / Key Spend Areas**

<b>Commodity area</b>	<b>Total Annual Spend</b>
School Transport	£2.0M
Out of area School Placement	£600K
Speech Therapy	£200K
Home Energy Efficiency	£1M
Care and Repair	£200K
School Supplies Contracts	£1.3M
Occupational Health	£100k
Total	£5.6M

### **13.2 High Level Strategy**

The 4 Heads of Service within Education have responsibility for Human Resources and Organisational Development, Schools, ASN and schools transport, Safer and Inclusive Communities.

The Procurement Team supports these Services in their common objectives to maximise the benefits of procurement to improve service delivery and value. The Procurement Team will continue to work with the Service to develop a forward plan of procurement activity which takes cognisance of the lessons learned and opportunities arising from first generation contracts and framework agreements that have been established.

The Procurement Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations and best practice. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. The Procurement Team and colleagues from the Service will undertake a service wide review of recurring contracts to ensure robust market testing informs decisions to renew these contracts and provide a detailed plan of contracts for renewal each year.

The Procurement Team and the Services will ensure early engagement with procuring officers to ensure sufficient time for the procurement process is included within operational programmes. This approach will ensure the most effective procurement approach is adopted and value for money is achieved.

### **13.3 Schools Transport**

The current Schools transport contracts are tendered on behalf of the Council by SPT. It is likely that this will continue with SPT having specific knowledge of transport tendering and school contracts in particular. Some efficiencies have been gained via change in the specification for school transport were it is now acceptable for older buses to be utilised by successful providers. That being said, further budget pressures bring this high spend area into focus and there may be a requirement to review the entitlement radius at some point in future. Alternative specifications for the delivery of school transport will require to be investigated.

#### **13.4 Out of Area School Placements**

The key aim of current policy within Children's Services is to ensure that children and young people in Inverclyde who are assessed as having Additional Support Needs (ASN) are able to live and learn in Inverclyde and not to be placed outwith the community to which they belong. In order to deliver on this key aim and make savings on future funding models, it will be essential, in the immediate future, to invest additionally in these key services. The authority has established two ASN specialist provisions on new sites.

We are already actively promoting the reconfiguration of placements and support within the authority by developing imaginative packages of support for individual children and consequently reducing the requirement of external placements. This is evidenced by the decline in the number of external placements being allocated. There is an opportunity to review services in order to improve outcomes for all young people. Key service improvements are being made to enhance services to a level which will justify children remaining in education placements in Inverclyde. There will be significantly less need to commission external provider services which already deliver this level of resource.

#### **13.5 Home Energy Efficiency**

Local councils, COSLA and the Scottish Government are working together to deal with fuel poverty, and to reduce greenhouse gas emissions in order to tackle the threat of climate change. The Scottish Government have confirmed further funding is available for the Home Energy Efficiency Programmes for Scotland: Area Based Scheme (HEEPS:ABS) in the Inverclyde Council area.

HEEPS:ABS aims to provide energy efficiency measures to a large number of Scottish households and to deliver emission savings and assist in reducing fuel poverty

Inverclyde Council tender for a Delivery Partner to deliver the Home Energy Efficiency Programmes for within the Inverclyde geographical area.

The current Contract was for a period of 1 year with an option to extend by a further 12 months. The initial allocation of the grant funding has now been spent and the Council have taken up the extension period. A Further contract will be tendered in 2016 subject to the award of further funding from the Scottish Government.

#### **13.6 Care and Repair**

Care and Repair services are currently provided by Cloch Housing Assoc. All payments are made to Cloch for this service with the Care and Repair 'arm' of Cloch being a separate entity. In previous years Cloch had been receiving funding from the Council for this Service without a tender having taken place. However, a decision to tender was taken by committee in February 2013 with the view that efficiencies could be made. The resultant contract has seen a reduction in the charge for this service without impacting on the quality or quantity of work delivered. The current contract ends in March 2016 and a review is ongoing with a view to attempting further enhancements via the next tender.

### **13.7 School Supplies Contracts**

All Schools supplies contracts are put in place using via Scotland Excel. The economies of scale available and efficiencies from collaborative tendering already provide benefits that could not be achieved using a standalone approach. These contracts will be reviewed to ensure that the most cost effective products are being purchased.

### **13.8 Occupational Health**

This contract is due for renewal in early 2016 and tender documentation is being prepared for release. This contract deals with occupational health for Council employees. There may be some changes to the specification in relation to upstreaming specific services that target support to employees who may be more likely to be off with long term sickness at the moment. This change may result in some costs being taken up with these enhanced services but this should lead to less long term sickness and prevent further occupational health spend.

## Inverclyde Council Equality Analysis Toolkit

This toolkit aims to assist the process of carrying out analysis of the effects on equality of the policies, plans, strategies and programmes of Inverclyde Council. It sets out what services require to do in order to embed equality analysis into processes, and to ensure the Council meets its legislative requirements in regard to the Equality Act 2010.

This toolkit should be completed using the Equality Analysis Toolkit Guidance which provides further detail and information to assist in the process.

### Policy Profile

<b>1 Name of the policy, plan, strategy or programme</b>	Procurement Strategy
<b>2 Responsible organisations/Lead Service</b>	Finance
<b>3 Lead Officer</b>	Brendan Hurrell
<b>4 Partners/other services involved in the development of this policy</b>	All Services
<b>5 Is this policy:</b>	New Reviewed/Revised X
<b>6 What is the purpose of the policy? (include any new legislation which prompted the policy or changes to the policy)</b>	This is a refreshed Strategy for Procurement aimed at addressing the workload and challenges the Council will face from a Procurement stand point.
<b>7 What are the intended outcomes of the policy?</b>	Create a workplan with agreed delivery dates for business as usual contract delivery and to tackle procurement reforms.
<b>8 What is the period covered by the policy?</b>	2015/18
<b>9 Target geographical area</b>	All Council locations
<b>10 Which parts of the Equality Duty is the policy relevant to?</b>	<input type="checkbox"/> Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010 <input checked="" type="checkbox"/> Advance equality of opportunity between people from different groups <input type="checkbox"/> Foster good relations between people from different groups

**Which of the protected characteristics will the policy have an impact upon? (see guidance for examples of key considerations under each characteristic)**

<b>Protected Characteristic</b>	<b>Positive Impact +</b>	<b>Neutral Impact =</b>	<b>Negative Impact -</b>	<b>Cross cutting theme</b>
<b>Age</b>		X		
<b>Disability</b>		X		
<b>Gender Reassignment</b>		X		
<b>Pregnancy and maternity</b>		X		
<b>Race</b>		X		
<b>Religion or Belief</b>		X		
<b>Sex</b>		X		
<b>Sexual Orientation</b>		X		
<b>Other groups to consider</b>		X		

**What evidence do you have to help identify any potential impacts of the policy?  
(Evidence could include: consultations, surveys, focus groups, interviews, projects, user feedback, complaints, officer knowledge and experience, equalities monitoring data, publications, research, reports, local, national groups.)**

<b>Evidence</b>	<b>Details</b>
Consultation/Engagement (including any carried out while developing the policy)	Consultations with HSCP, Environmental Services and Education.
Research	N/A
Officer's knowledge and experience (inc feedback from frontline staff).	N/A
Equalities monitoring data.	N/A
User feedback(inc complaints)	N/A
Stakeholders  Other	All Services
What information gaps are there?	N/A

**What are the actual or likely effects of the policy, in relation to the three aims of the equality duty and the protected groups? (list both positive and negative)**

This strategy formalises existing practices and creates a workplan to react to new issues as they are expected to arise. No aspect of the new policy would disadvantage one or more Equality Characteristics. The policy supports the three aims of the equality duty and the protected groups via minimum specified standards in every tender exercise.

- The policy will not have a significant effect in terms of equality.
- It will not have a significant effect on how the Council operate in terms of equality.
- The policy does not relate to functions that previous engagement has identified as being important to particular protected groups.
- The policy will not affect protected groups differently.

**What steps will you take in response to the findings of your analysis?**

Continued use of minimum qualifying criteria in relation to the equalities duty.

**How will you review the actual effect of the policy after it is implemented? (e.g. monitoring)**

An equalities assessment will be carried out for every tender.

**What is the timescale for implementation?**

Immediate

**How will you put the policy into practice and who will be responsible for delivering it? (e.g. other Council departments, partner agencies, communities of interest, equality target groups.)**

The Policy will be published on Icon and services will be reminded of their obligations.

**What resources are available for the implementation of this policy? Have these resources changed?**

N/A



Name of Person (s) who completed the Assessment

Name: Brendan Hurrell

Position: Corporate Procurement Manager

Date: 24/8/15

Authorised by:

Name:

Position:

Date: