

Report

12

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	7 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Procurement Performance Report – 2016/2017
----------	---

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide details of the Council's Procurement performance for 2016/2017

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Procurement Performance Report for 2016/2017 be noted.

3. Background

3.1. In 2013, the Council published procurement performance indicator (PI) information on a dedicated section of the Council's website. This reporting supports the Council's aims of openness and also supports best practice as required by the Scottish Government's Procurement Reform Board (PRB).

3.2. The Procurement Performance Report provides interested parties with useful information on procurement, and will be readily available on the Council's website. The report reflects procurement activities recognised by the PRB.

4. Annual Procurement Performance Report

4.1. The information selected to report forms part of a suite of government endorsed national best practice indicators applicable to the public sector across Scotland.

4.2. The Annual Procurement Performance Report (PPR) includes the following:-

- ◆ % of procurement spend spent collaboratively
- ◆ % of procurement spend spent with contracted suppliers
- ◆ % of procurement transactions dealt with electronically
- ◆ % and total number of Small and Medium Enterprises (SME's) in the Council's supplier base
- ◆ spend within the South Lanarkshire area

4.3. These PIs have been chosen to provide data that supports compliance, collaboration, supporting the local economy, small business engagement and finally a measure which highlights the adoption of technology to improve efficiency. A copy of the performance report for 2016/2017 is included in Appendix 1.

5. Comparison with Previous Year's Achievements

5.1. Collaborative Spend

5.1.1. The 2016/2017 figure, again 26%, remains consistent with the level for the previous year and remains well above the Scottish average of 15%, which has fallen from last year. The Council will continue to place emphasis on collaboration in all sourcing strategies and to utilise public sector Frameworks where available and appropriate.

5.2. Contracted Spend

5.2.1. Spend on contract has maintained its previously high level. Continuous review of areas where contractual gaps exist ensures spend on contract is maximised and contract compliance promoted.

5.3. Electronic Transactions

5.3.1. This indicator has risen to 77% due to the phasing out of paper purchase orders and the ongoing work with Resources to increase compliance with procurement processes.

5.4. Contracts with SME's

5.4.1. This indicator demonstrates the consistent level of achievement made by the Council in this area and remains well above the Scottish average. This demonstrates the Council's policy of early and sustained SME engagement, close liaison with the Supplier Development Programme and ensuring tender opportunities are accessible to smaller businesses.

5.5. Spend within South Lanarkshire Council's Boundary

5.5.1. This indicator demonstrates a decrease in spend with South Lanarkshire based companies of £15m over the last year, and is reflective of the decrease in the overall spend by the Council. The Council will continue to offer low value contracts via Public Contracts Scotland Quick Quote and divide higher value contracts into smaller and more accessible Lots where possible in order to maximise the available opportunities.

6. Employee Implications

6.1. There are no employee implications, other than the obligation for providing data, most of which is maintained automatically.

7. Financial Implications

7.1. The annual procurement performance report has no direct financial implications.

8. Other Implications

8.1. The Procurement Performance Report provides a visible and current record of the Council's procurement activities. It will reduce reputational risk by providing regular and comprehensive information that demonstrates the Council's aims to provide best value, best practice and engagement with SME's.

8.2. There are no implications for sustainability in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

9.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

9.2. There is no requirement to carry out any consultation in terms of the content of this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

11 January 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Fair, open and sustainable
- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee – 23 November 2016

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Craig Fergusson, Corporate Procurement and Transactions Manager

Ext: 4951 (Tel: 01698 454951)

E-mail: craig.fergusson@southlanarkshire.gov.uk

Appendix 1

A Summary of our Procurement Performance and Progress for 2016/2017

The Council in carrying out its business spends in excess of £400m with suppliers of goods and services, however, this spend has decreased markedly from the £470m spend last year, primarily due to reductions in investment programmes. The Council has an obligation to achieve best value in providing services, and good procurement is essential to achieving that aim. The Council has dedicated procurement professionals who strive to deliver quality procurement across all Council services. Through a commitment to ensuring that we have fit for purpose contracts in place and through working with suppliers, including local suppliers, the Council continues to make efficiencies, reduce waste, and contribute to the sustainability of our local communities.

In order to get the very best from our procurement activity, we recognise the need for a current and comprehensive procurement strategy which details our objectives and action plans to define the delivery of an effective and efficient procurement service. The Council's new Procurement Strategy 2017-2020 was approved by the Executive Committee on 8 February 2017.

Over recent years there have been noticeable achievements in Procurement. The Council is in the forefront of collaboration within our own and other sectors undertaking public procurement. These improvements have been confirmed by our continued excellent performance in the previous PCA (Procurement Capability Assessment) and its successor the PCIP (Procurement Commercial Improvement Programme) where we have achieved ranking in the highest band.

The Council is now recognised as a leader in achieving improved commercial relationships with SMEs. We are quoted as an exemplar for good practice in areas such as accurate data provision and maintaining a current Contracts Register and there have been significant improvements in contractual compliance with 96% of spend made under contract.

Procurement Indicators – 2016/2017

Detailed below is a selection of performance indicators that form part of the suite of government endorsed national best practice indicators applicable to the public sector across Scotland. The data is obtained from the national Spikes Cavell database, to which most public bodies contribute. These indicators illustrate the improvements made in procurement compliance over recent years, and demonstrate the Council's good performance compared to its peers.

Indicator	2013/14	2014/15	2015/16	2016/17	2016/17 Scottish Average
Procurement Spend – (%) Collaboratively	26%	26%	26%	26%	15%
Procurement Spend – (%) with Contracted Suppliers	95%	96%	97%	96%	51%
Procurement Transactions – (%) Processed Electronically	75%	76%	74%	77%	38%
Procurement Spend - % of contracts with SMEs	83%	89%	88%	87%	60%
Number of SME's Engaged	1,661	1,737	1,922	1,818	
Procurement Spend within Local Authority Area (£m) (Total Procurement Spend - £406M)	£83M	£89M	£92M	£77M	N/A

Collaborative spend - joint procurement projects to secure greater efficiencies and collaboration result in better value by creating economies of scale and increased buying power. This indicator details the percentage of collaborative spend against overall Council spend for goods, services and works. The Council embraces collaborations wherever possible, and currently collaborations are in place with sectoral and national consortia, cross government bodies and other councils.

A figure of 38% was previously reported for 2015/2016. This has been updated to reflect the figure of 26% which the system now states. Discussions are ongoing with the provider of the information, Spikes Cavell, to establish why the variance has occurred.

Spend with contracted suppliers - this indicator examines the extent to which the Council's spend is through formally contracted agreements with its suppliers. The indicator details the extent of compliance within Council procurement activities and demonstrates good procurement practice across the Council in using approved contracts to obtain the required goods, services and works.

Transactions processed electronically - this indicator provides a measurement of the number of invoices paid as a result of orders placed electronically as opposed to orders placed via other means, and examines the use of technology to support efficiency in the ordering of goods, services and works. It is key to reducing processing times and transaction costs, and freeing up resources that can be directed into providing frontline services. This indicator has risen due to the phasing out of paper purchase orders, and is anticipated to rise again during 2017/2018 following the review of the Certified Payments Policy and full implementation of No Purchase Order/No Pay.

Procurement spend with SMEs –this indicator provides details of the number of contracts held by SME's which make up over 90% of the businesses in Scotland. This does not include local sub-contractors employed by main capital contractors.

Procurement spend within South Lanarkshire – this indicator provides the extent of the overall spend spent locally within South Lanarkshire. The Council is committed to re-investing into the local economy. The total spend across the Council is £77m. The indicator does not include the sub-contractors employed by main capital contractors who tend to be local contractors.