

Report

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Report to:	Finance and Corporate Resources Committee
Date of Meeting:	20 June 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Procurement Strategy - Action Plan Update 2017/2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update Committee on progress in relation to the Procurement Strategy Action Plan

2. Recommendation(s)

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

- (1) that the progress in achievement of the Action Plan be noted.

3. Background

3.1. The Council's new Procurement Strategy covering the period January 2017 to March 2020 was approved by the Finance and Corporate Resources Committee on 8 February 2017.

3.2. The Action Plan for the Strategy reflected those actions that were continued from the previous Strategy, including the introduction and roll out of supplier and contract management modules for appropriate contracts.

3.3. This report covers the year end position for 2017/2018.

4. Strategy Action Plan Update

4.1. Appendix 1 provides the Procurement Strategy Action Plan with progress across each of the actions noted to the end of March 2018. Highlights of the Action Plan are provided in the sections below.

4.2. Progress Update

4.2.1. During 2017/2018 the following actions were progressed:-

- ◆ The review of procurement practices is progressing (action plan ref 2.1). Responses to the questionnaire have been returned by over 60 operational staff with responsibility for procurement and purchasing. An action plan will follow the review identifying areas for improvement across compliance, training and management information. The review will also supplement the work being done by Internal Audit
- ◆ Provision of an annual performance report to the Corporate Management Team and Finance and Corporate Resources Committee (action plan ref 1.6). The annual performance report for 2016/2017 was presented to the Corporate Management Team on 16 November 2017 and Finance and Corporate

Resources Committee on 7 February 2018. The report highlighted high levels of collaboration and contracted spend against a background of a reduction in overall spend levels

4.2.2. A total of 38 actions are included in the Action Plan detailed at appendix 1 with progress summarised below:-

Category	Number	Comment
On target	20	A number of actions are classed as ongoing (e.g. review of standard procurement documentation) with a number of working groups making progress
Complete	13	A number of actions have been completed in advance of the due date
Slipped	5	Revised dates have been set for these actions with further information provided in the appendix
Total	38	

4.3. Ongoing Actions

4.3.1. Due to their nature, there are a number of actions which now form part of a continual improvement programme. Some of these actions are summarised below, with detail of the activity undertaken in the last six months:-

- ◆ Enhance the tendering skills of Lanarkshire based companies (action plan ref 4.4.).

A webinar was held in January 2018 with the Supplier Development Programme (SDP) called 'Talking Tenders'. The webinar involved the participation of 60 local companies and explained the approach to procurement in the Council and provided advice and guidance on both tendering for and winning work from the Council. This was then made available to all registered small and medium sized enterprises (SME's) via the SDP website

An event was held with all Social Care providers in November 2017 with a presentation delivered by Procurement on how the Council procures services and on forthcoming opportunities in the Social Care area

- ◆ Increase where possible, the performance of the Procurement and Commercial Improvement Programme (action plan ref 12.2.).

Scotland Excel are currently in discussions with the Scottish Government regarding the future assessment options. This may adopt the form used previously or be based on a more streamlined approach. The assessments for local authorities are expected to be completed by summer 2019

5. **Scottish Procurement Policy Notes (SPPNs)**

5.1. SPPNs are published on an ad-hoc basis by the Scottish Government to provide advice on current procurement policy issues. A total of three SPPN's have been issued since the last update and relate to the following:-

- ◆ SPPN 4/2017 – Reserving contracts for supported businesses

The note provides advice on reserving contracts for supporting businesses containing information on the definition of supported business, identifying supported business and monitoring and reporting

- ◆ SPPN 5/2017 – European Union Procurement thresholds from 1 January 2018
The note publicises changes to the threshold values that apply to public procurement exercises from 1 January 2018 and are expected to apply for a two year period
- ◆ SPPN 1/2018 – Annual Procurement reports, revised procurement strategies and notifying Scottish Ministers
The note provides details of how authorities should notify Scottish Ministers of the publication of its annual procurement report and any revised procurement strategy

6. Employee Implications

- 6.1. There are no employee implications in monitoring this Action Plan.

7. Financial Implications

- 7.1. There are no direct financial implications from the Action Plan.

8. Other Implications

- 8.1. Failure to implement the Strategy Action Plan could leave the Council open to the risk of non-compliant procurement processes.
- 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. Consultation with Resources on progress takes place for the preparation of this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

29 May 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee – 7 February 2018

List of Background Papers

- ◆ None

Contact for Further Information

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

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Procurement Strategy Action Plan

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
1. Procurement leadership and governance	1.1 Develop the role and structure of the Procurement Forum as a mechanism for disseminating information and the development of policies and standards.	Procurement Service	Ongoing	On target	Information continues to be disseminated to the group.
	1.2 Review and update standard procurement documentation to ensure continuous improvement and ongoing compliance.	Procurement Service and Legal Services	Ongoing	On target	The template for the report on tenders has been updated and is being rolled out.
	1.3 Develop and implement a new structure for the Procurement Service.	Executive Director of Finance and Corporate Resources / Head of Finance (Transactions) / Procurement Service	Revised February 2019	Slipped	The number of procurement advisors has been reduced with the reporting lines for the former Resource team realigned. The review of various purchasing and transactions teams is identifying common activities of work and areas for future efficiencies.
	1.4 Review of procurement risks.	Procurement Service / Insurance and Risk Management	Annually	Complete	The review of the top risks included a reassessment of the risk of procurement practices and the management of contracts.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	1.5 Internal audit review of procurement practices.	Internal Audit	Ongoing	On target	The review of Roads procurement is materially concluded with the focus moving to Housing and Technical Resources in 2018/19.
	1.6 Provision of an annual performance report to the Corporate Management Team and Finance & Corporate Resources Committee.	Procurement Service	Annually	Complete	The annual performance report for 2016/17 was presented to the CMT on 16 November 2017 and Finance and Corporate Resources Committee on 7 February 2018.
2. Prevention of Fraud and the Disruption of Serious and Organised Crime	2.1 Conduct a review of procurement processes across the Council and the management information used in the scrutiny of contract spend.	Procurement Service / Internal Audit	Revised June 2018.	Slipped	A review of the responses to the questionnaires has taken place with a number of improvement actions identified. Action plan to be presented to the CMT.
	2.2 Continue to work with and share information with Police Scotland to ensure the ongoing disruption of serious and organised crime.	Procurement Service / Legal Services	Ongoing	On target	Procurement and Legal staff are working with Police Scotland to identify actions.
3. Defining the supply need	3.1 Report to the Corporate Management Team on high value/high risk procurements.	Procurement Service	6 monthly	Complete	The last report was presented to the CMT on 16 November 2017.
	3.2 Assessment for scrutiny of high value/high risk procurements as appropriate.	All Resources	Ongoing	On target	The contract for adult supported living has been identified for scrutiny.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	3.3 Development of a procurement process on preliminary market engagement.	Procurement Service	March 2018	Complete	The need for preliminary market engagement is reflected in the Sourcing Strategy.
4. Sourcing	4.1 Enhance the existing sourcing methodology to mandate early engagement for all regulated and EU regulated procurements where practicable.	Procurement Service	Ongoing	Complete	The market research section of the sourcing strategy has been updated to reflect this requirement.
	4.2 Prior Information Notice (PIN) to be published for all Regulated contracts at least 2 months before tender is released to the market where practicable.	Procurement Service	February 2017	Complete	Complete.
	4.3 Hold information sharing events where appropriate.	Procurement Service/ SDP	Ongoing	On target	Lanarkshire Business Week took place in February 2018.
	4.4 Enhance the tendering skills of Lanarkshire based companies.	Procurement Service / Supplier Development Programme	Ongoing	On target	A webinar was held with SDP called 'Talking Tenders' and presented in January 2018.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
5. Collaboration	5.1 Identify new areas for collaborative working with internal and external stakeholders.	Procurement Service and Resource stakeholders	Ongoing	On target	Crown Commercial Services frameworks were used for the SLC engineering contract and for SLLCT insurance requirements. In addition, a new laundry maintenance contract has been put in place by the small contracts team operated by Scotland Excel.
	5.2 Ensure collaboration is consistently considered for all procurement activities and increase collaboration where possible.	Procurement Service	Ongoing	On target	The requirement to consider collaboration is now included in the Sourcing Strategy.
6. Sustainable Procurement & Community Benefits	6.1 Update the Sustainable Procurement policy.	Procurement Service	Revised June 2018.	Slipped	A draft policy has been issue to the Heads of Service for consultation.
	6.2 Support consultation by Resources with communities in advance of procurement exercises.	All Resources	Ongoing	On target	Economic Development undertook a Community Consultation for Blairbeth Urban Park with Procurement conducting the tendering exercise.
	6.3 Support the development of a system of collating and tracking community benefits.	All Resources	Revised September 2019	Slipped	A procurement process has been drafted. The wider involvement of Resources is required.
7. Contract and Supplier Management	7.1 Introduction and full roll out of eCM and eSPM for appropriate contracts.	Procurement Service	Revised August 2019	Slipped	2018/19 action.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	7.2 Research the potential impact of BREXIT on existing and future Council contracts.	Procurement Service	July 2017	Complete	The Procurement Service has fed into an exercise co-ordinated by Finance Strategy identifying the top tier contracts that could be affected by BREXIT.
8. Ethical Trading	8.1 The use of organic and local produce will be specified where possible within food contracts.	Procurement Service	Ongoing	On target	SLC works closely with Scotland Excel, providing input and attending UIG's to inform contract specific terms, conditions and specifications, ensuring the promotion of organic and local products within current procurement legislation.
	8.2 Work with suppliers to reduce food waste.	Procurement Service	March 2018	On target	Food waste reduction is scored within relevant bids. Composting projects have been introduced within schools with the contractors supplying compost bags and in some cases the compost bins.
9. Purchasing Processes and Systems	9.1 Implementation of e-invoicing fully by November 2019.	Accounts Payables	November 2019	On target	There are 9 major suppliers of goods and services to the Council using the e-invoicing solution. This equates to over 46,000 invoices and 26% of all invoices paid. Work is ongoing to assess the feasibility of further suppliers to be adopted.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	9.2 Develop the use of PCS and PCSt and the Council's i-procurement system.	Procurement Service	Ongoing	On target	A number of Procurement staff have been trained on PCSt.
	9.3 Consider the use of Project Bank Accounts in appropriate contracts.	Procurement Service / Payables / Strategy / Resources	June 2017	Complete	Council officers attended a training event held by the City Deal PMO. Further developments for future City Deal contracts are expected.
	9.4 Development of a 'No PO, No Pay' policy.	Procurement Service	April 2017	Complete	Greater enforcement of the Certified Payments Policy is taking place. Invoices are being returned to Resources where they do not display a valid PO number.
	9.5 Implementation of a supplier incentive scheme.	Procurement Service / Payables	February 2018	Complete	Decision taken not to progress with the scheme at this time.
	9.6 Implement action plan following the post implementation review of i-procurement.	Procurement Service / Resources	December 2017	Complete	Review of the action plan has taken place with actions either complete or covered elsewhere in the strategy action plan.
	9.7 Review and update of the Procurement pages of the intranet and website.	Procurement Service	November 2017	Complete	The content of the intranet and website have been updated.
10. People	10.1 Ensure that all procurement staff completes the Scottish Procurement Competency Framework every 3 years.	Procurement Service	July 2019	On target	2019/2020 action.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	10.2 Capture training requirements through the use of the Council PDR process.	Procurement Service	Annual	Complete	Three members of staff are progressing well their training via the Chartered Institute of Purchasing and Supply (level 4).
11. Fair Working Practices	11.1 Local suppliers to be encouraged to pay the living wage to their workforce this will enable the Council to maintain the living wage accreditation.	Procurement Service	Ongoing	On target	New care at home framework provides funding for the providers. Work is also underway to review the rate paid to the supported living providers.
12. Performance Management	12.1 Monitor community benefits performance indicators.	Procurement Service	Ongoing	On target	Reported through the KPI report and will be updated following introduction of a new process (see 6.3.).
	12.2 Increase where possible, the performance of the Procurement & Commercial Improvement Programme.	Procurement Service and Resource Stakeholders	Ongoing	On target	Scotland Excel are in discussions with the Scottish Government regarding future assessment options.
	12.3 Ensure that all internal and external reporting of data and Key Performance Indicators is completed within the agreed timescales.	Procurement Service	Ongoing	On target	2017/18 six monthly performance data reported to the CMT 16 November 2017.
	12.4 Develop the provision of management information to Resources.	Procurement Service	Ongoing	On target	Existing information is under review with recommendations to follow as part of the review of procurement practices (see 2.1).