

# Report

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Report to:	<b>Finance and Information Technology Resources Committee</b>
Date of Meeting:	<b>13 September 2011</b>
Report by:	<b>Chief Executive</b>

Subject:	<b>Procurement Strategy</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide Committee with the Council's proposed Procurement Strategy.

## 2. Recommendation(s)

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

- (1) that the Procurement Strategy be endorsed
- (2) that the Strategy be referred to the Executive Committee for approval

## 3. Background

- 3.1. The Procurement Service has a longstanding commitment to produce an updated Procurement Strategy for the Council. This commitment extends to the identification of the production of a strategy within the Council's Best Value Follow up audit, produced by PricewaterhouseCoopers. This requests that the Council's Procurement Strategy should be finalised as soon as practicable to ensure that it is able to take advantage of opportunities for recurring savings and efficiencies.
- 3.2. The strategy has been produced by a cross-Resource officer working group, including representation from the Procurement Service and from client Resources.
- 3.3. A full copy of the strategy is attached as Appendix 1.

## 4. Content

- 4.1. The strategy communicates the Council's vision for procurement and is based around the following sections:-
- ◆ Procurement Governance and Leadership
  - ◆ Strategy and Objectives
  - ◆ Defining the Supply Need
  - ◆ Collaboration
  - ◆ Sourcing
  - ◆ Contract and Supplier Management
  - ◆ Purchasing processes

Strategic Objectives are identified against each of these sections.

- 4.2. The structure of the strategy noted above is aligned with the Procurement Capability Assessment (PCA). This is an annual assessment process which represents a key element of the Scottish Government's measures to improve procurement. The Council has received 2 assessments to date (2009 and 2010) both of which identified the Council as being below conformant standard in its procurement activity. Structuring the Procurement Strategy based on the areas covered by the PCA is directly aimed at improving the Council's procurement performance and, therefore, conformance score.

## **5. Small/ Medium Enterprises**

- 5.1. Throughout the strategy, there is an awareness of the importance to the Council of the activity and ongoing supply from Small/Medium Enterprises (SMEs). This is covered in particular in section 8 (Contract and Supplier Management) and its associated actions.
- 5.2. In addition, the strategy advocates the review of current Council practice against the Scottish Government's Sustainable Procurement Action Plan (see 7.1.5). This Action Plan proposes various actions and measures to ensure that the Council engages positively with SMEs and the Third Sector. In addition to this, the Council's Regeneration Service (Enterprise Resources) has a Supplier Development Programme which arranges regular contact with SMEs through "Meet the Buyer" days and other communication and training events. Events are usually on a 6 monthly basis, supported by the Procurement Service, and encourage feedback from SMEs to improve relationships and access to Council opportunities.

## **6. Action Plan and Implementation**

- 6.1. An action plan is also included at the rear of the strategy. This identifies specific actions against each of the sections/ strategic objectives within the document. Each of these actions has a responsible officer and timescale identified against them. This provides the Committee with assurance that there is a clear, monitored programme of work leading to the delivery of the Procurement Strategy. Work has progressed on the areas identified within the action plan and, to date, all are on target for completion.
- 6.2. It is intended that the actions included will be monitored through IMPROVe, the corporate performance management system. It is also proposed that a twice yearly (mid year and year end) report on the delivery of the actions be brought to the Finance and Information Technology Resources Committee. This will commence immediately after the end of the current financial year, 2011/2012.

## **7. Sourcing Methodology**

- 7.1. Reference is made within both the strategy and action plan to the sourcing methodology. This is effectively a procurement Project Initiation Document which outlines all of the steps to be undertaken in a procurement. It is intended to be used as a practical tool for officers undertaking procurement across the Council.
- 7.2. It is intended that the sourcing methodology be the subject of a further report to this Committee prior to roll out for use across the Council.

## **8. Employee Implications**

- 8.1. The strategy contains a section on 'People' which covers a number of employee issues, including ensuring employees with procurement responsibilities gain the appropriate and relevant skills, qualifications and levels of competence. There are

no implications arising from the strategy in terms of numbers of posts or of grading of posts.

## **9. Financial Implications**

- 9.1. The Procurement Strategy is aimed at providing a procurement infrastructure which can support the delivery of efficiencies across the Council.  
There are no additional financial implications as a consequence of approval of this strategy.

## **10. Other Implications**

- 10.1. Failure to produce a Procurement Strategy will leave the Council in a position where it fails to complete an agreed action from an audit report. There is also the risk that this will impact on the Council's Procurement Capability Assessment for 2011.
- 10.2 There are no implications for sustainability in terms of the information contained in this report.

## **11. Equality Impact Assessment and Consultation Arrangements**

- 11.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 11.2. There is no requirement to carry out any consultation in terms of the content of this report.

**Archibald Strang**  
**Chief Executive**

22 August 2011

### **Link(s) to Council Values/Improvement Themes/Objectives**

- ◆ Value: Accountable, effective and efficient

### **Previous References**

None

### **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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