

Report

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

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

1.1. The purpose of the report is to:-

- ◆ provide an update on the progress made with 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 Procurement Strategy 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 Executive Committee on 8 February 2017.

3.2. Updates on the Procurement Strategy Action Plan are reported to the Finance and Corporate Resources Committee on a six monthly basis.

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 September 2017. 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:-

- ◆ a new sourcing strategy document has been developed for new tenders (action plan ref 1.2). The document has been redesigned and now places greater emphasis on the requirements around sustainability, contract benefits and the subdivision of the contract into lots to encourage SME participation
- ◆ the review of procurement practices is well underway (action plan ref 2.1). A procurement questionnaire has been issued to a number of operational managers with procurement and purchasing responsibilities. The purpose of the questionnaire is to gather a wide range of information on procurement practices including the use of procurement management information and training requirements. Central procurement staff are also reviewing a number of procurement and purchasing arrangements.

- ◆ to ensure the Procurement Service continues to have staff that possess the necessary skills into the future, three members of staff have started training with the Chartered Institute of Purchasing and Supply attending college through day release (action plan ref 10.2).

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	25	A number of actions are classed as ongoing (e.g. review of standard procurement documentation and the identification of new areas for collaborative working) with a number of working groups making progress
Complete	10	A number of actions have been completed in advance of the due date
Slipped	3	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. A number of these actions are summarised below, with full detail of the activity undertaken provided at appendix 1:-

- ◆ review and update standard procurement documentation to ensure continuous improvement and ongoing compliance (action plan reference 1.2)
- ◆ work is continuing with Police Scotland through the DISRUPT and DETER multi agency tactical groups resulting in actions being identified to protect the Council and its interests against the actions of serious and organised crime (action plan ref 2.2)
- ◆ a new collaborative contract for the supply of educational materials will be introduced (action plan ref 5.2). It has been agreed with Education Resources that the Council will move to a single supplier for core items based on the results of the Scotland Excel tender. Flexibility for smaller ad-hoc purchases will be piloted through the introduction of purchase cards

5. **Employee Implications**

5.1. There are no employee implications.

6. **Financial Implications**

6.1. There are no direct financial implications from the Action Plan.

7. **Other Implications**

7.1. Failure to implement the Strategy Action Plan could leave the Council open to the risk of non-compliant procurement processes.

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

8. **Equality Impact Assessment and Consultation Arrangements**

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

8.2. Consultation with Resources on progress takes place as appropriate for the preparation of the report.

Paul Manning
Executive Director (Finance and Corporate Resources)

10 January 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, effective, efficient and transparent

Previous References

- ◆ Finance and Corporate Resources Committee – 6 September 2017
- ◆ Executive Committee – 8 February 2017

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	Representatives from all Resources attended the most recent forum meeting on 10 August 2017.
	1.2 Review and update standard procurement documentation to ensure continuous improvement and ongoing compliance.	Procurement Service and Legal Services	Ongoing	On target	New sourcing strategy implemented from August 2017.
	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	March 2018	On target	H&T support team to transfer to Almada Street from Pollock Avenue. Review of purchasing/ transactions teams now underway.
	1.4 Review of procurement risks.	Procurement Service / Insurance and Risk Management	Annually	Complete	Review of the top risks included a reassessment of the risk of procurement practices and the management of contracts.
	1.5 Internal audit review of procurement practices.	Internal Audit	Ongoing	On target	Completion of existing procurement review and testing of procurement practices within services to ensure that controls around award and contract monitoring are robust.
	1.6 Provision of an annual performance report to the Corporate Management Team and Finance and Corporate Resources Committee.	Procurement Service	Annually	On target	Annual performance report presented to the CMT on 16 November 2017 and to the Finance and Corporate Resources Committee 7 February 2018.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
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 January 2018.	Slipped	Attendance at RMT's followed up with a questionnaire being issued to managers. Feedback being evaluated. Procurement teams also identifying areas for improvement. Additional resources have been allocated to the task.
	2.2 Continue to work with and share information with Police Scotland to ensure the ongoing disruption of serious and organised crime in relation to an identified range of contracts.	Procurement Service / Legal Services	Ongoing	On target	Procurement and Legal staff working with Police Scotland to share information.
3. Defining the supply need	3.1 Report to the Corporate Management Team on high value/high risk procurements.	Procurement Service	6 monthly	On target	Report presented to the CMT on 16 November.
	3.2 Assessment for scrutiny of high value/high risk procurements as appropriate.	All Resources	Ongoing	On target	Recyclable waste and Roads sub-contractors contracts undergoing scrutiny process. The future contract for adult supported living is under evaluation.
	3.3 Development of a procurement process on preliminary market engagement.	Procurement Service	March 2018	On target	2017/2018 action.
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.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	4.3 Hold information sharing events where appropriate.	Procurement Service/ SDP	Ongoing	On target	Meet the Buyer event took place on 28 September. This allowed interaction with a range of businesses interested in public sector contracts.
	4.4 Enhance the tendering skills of Lanarkshire based companies.	Procurement Service / Supplier Development Programme	Ongoing	On target	2017/2018 action.
5. Collaboration	5.1 Identify new areas for collaborative working with internal and external stakeholders.	Procurement Service and Resource stakeholders	Ongoing	On target	The new framework contract for Educational materials is available from December 2017.
	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. SXL have set up a small value contracts team and the Council will consider any new frameworks offerings as appropriate.
6. Sustainable Procurement & Community Benefits	6.1 Update the Sustainable Procurement policy.	Procurement Service	Revised February 2018	Slipped	A draft policy has been prepared for issuing 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	A range of monthly events hosted by SDP (including online webinars) have been held this year. These are designed to introduce the business community to the procurement process and ensure they are tender ready when opportunities arise.
	6.3 Support the development of a system of collating and tracking community benefits.	All Resources	Revised November 2017	Slipped	A procurement process has been drafted and is expected to be complete by November 2017.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
7. Contract and Supplier Management	7.1 Introduction and full roll out of eCM and eSPM for appropriate contracts.	Procurement Service	December 2017	On target	2017/2018 action.
	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	2017/2018 action.
	8.2 Work with suppliers to reduce food waste.	Procurement Service	March 2018	On target	2017/2018 action.
9. Purchasing Processes and Systems	9.1 Implementation of e-invoicing fully by November 2019.	Accounts Payables	November 2019	On target	At September 2017 there are 9 major suppliers of goods and services to the Council using the e-invoicing solution. This equates to over 13,000 invoices, 21% of all invoices paid to date. Work is ongoing to assess the feasibility of a further 3 major suppliers to be adopted before the end of the financial year.
	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 application of the Certified Payments Policy is taking place.

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	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.
	10.2 Capture training requirements through the use of the Council PDR process.	Procurement Service	Annual	Complete	Three members of staff have started training with 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.
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 the introduction of a new process (see 6.3).
	12.2 Increase where possible, the performance of the Procurement and Commercial Improvement Programme.	Procurement Service and Resource Stakeholders	Ongoing	On target	Questionnaire provided by Scotland Excel seeking views on the PCIP assessment and future 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	2017/2018 six monthly performance data reported to CMT 16 November 2017.

Objective	Action	Responsibility	Timescale	Complete / On Target/ Slipped	Update
	12.4 Develop the provision of management information to Resources.	Procurement Service	Ongoing	On target	Existing information is under review with improvements to follow as part of the review of procurement practices (see 2.1).