

EAST RENFREWSHIRE COUNCILCABINET2 March 2017Report by Chief Officer - Legal and ProcurementProcurement Strategy and Improvement Plan 2016 - 2018.**PURPOSE OF REPORT**

1. The purpose of this report is to outline details of both the Council's Procurement Strategy and the Procurement Improvement Plan and the actions that will be undertaken under each.

**RECOMMENDATIONS**

2. It is recommended that the Cabinet approves the terms of the Procurement Strategy 2017/18 and notes the actions contained within the Procurement Improvement Plan 2016-18.

**BACKGROUND**

3. The Procurement Reform (Scotland) Act 2014 requires all contracting authorities with regulated procurement spend in excess of £5 million to produce an annual strategy. The first strategy is intended to cover the period January 2017 to the end of the following financial year.

4. The Cabinet previously considered the terms of the Procurement Improvement Plan 2015/16 in January 2016. That plan was based on the criteria set out in the Procurement Capability Assessment, (PCA), the annual procurement audit that was conducted externally by Scotland Excel. Since that time, the PCA has been replaced by the Procurement and Commercial Improvement Programme (PCIP). A decision was made to delay the production of the new Improvement Plan until the Council had completed its first assessment under that regime and had thoroughly digested its results.

**PROGRESS ON IMPROVEMENT PLAN 2015/16**

5. The updated position regarding actions identified in the plan is provided at Appendix C. The focus of the 2015/16 plan was to ensure that procurement practice was compliant with the new legislative regime taking effect during that period and to increase the efficiency of the processes then in use by the Council. Priorities included the generation of savings through improved contract strategies and increased collaboration, improved contract and performance management and reflection of social and environmental responsibilities through consideration of sustainable procurement, community benefits and workplace matters. Progress has been made in many of these areas as outlined in the following paragraphs.

6. Contract Standing Orders were amended following the implementation of the new legislation. Following feedback from our stakeholders the threshold applicable for Quick Quotes was increased from £1,000 to £10,000. Work is ongoing to ensure guidance documents are updated and are as user friendly as possible.
7. The procurement team were heavily involved in the collaborative re-tendering and roll out of the new mobile phone contract. This was a time consuming project which saw significant savings being achieved of over 80%.
8. Contract strategy documentation has been revised to include provisions relating to fair working practices, community benefits and sustainability.
9. The Glasgow City Region City Deal project saw the development and approval of the City Deal procurement strategy and community benefits policy which all member authorities will adhere to.
10. The Council participated in all City Deal Meet the Buyer events and hosted our own joint event with Renfrewshire Council which proved to be a great success.
11. The majority of contract/quick quote awards have been to suppliers classed as small /medium enterprises (SMEs). Details of the awards and the supplier status of the successful contractors are outlined in Appendix D.

## **PROCUREMENT AND COMMERCIAL IMPROVEMENT PROGRAMME - PCIP**

12. In order to capitalise on the progress made in procurement by local authorities under the PCA regime, a new national assessment tool was introduced in 2015/16 known as the Procurement and Commercial Improvement Programme (PCIP). Although the PCIP has similar aims to the PCA there is a new emphasis on policies and procedures which drive the procurement and commercial performance of the whole organisation and the results they deliver. The assessment is carried out by officers of Scotland Excel and remains a valuable indicator of procurement practice and a worthwhile benchmarking tool.
13. The frequency of assessments will change from an annual assessment to every 2 years and the Improvement Plan is designed to initiate and achieve the improvements before the next assessment.
14. The Council's first assessment under the new regime was carried out in September 2016 and a score of 61.5% achieved, equivalent to a rating of B+, a substantial increase on our predicted score. The last assessment under PCA saw a score of 62% achieved, however the results are not comparable due to the use of a different question set and a different scoring model for PCIP that includes an ambitious level 4 "high performance assessment". The PCA scoring method previously ranged from level 0 – level 3.

## **PROCUREMENT SERVICE REVIEW**

15. Corporate Procurement is currently undergoing a service review encompassing structure, systems, data and processes. The aim is to ensure that a more strategic corporate service is developed, supported by systems and information which is responsive to the Council's needs and structure.

16. The review has been prompted by a number of factors including the ongoing need to ensure best value, the desire to adopt best practice in procurement and the objective of improving on the results of the PCIP assessment. Upon completion of the review it is envisaged that Corporate Procurement will be well-placed to take on the challenges of the improvement plan and beyond.

### **PROCUREMENT STRATEGY 2017/18**

17. In terms of the Procurement Reform (Scotland) Act 2014 the Council is required to produce a Procurement Strategy outlining its approach to regulated procurements. The first strategy is relevant to the period January 2017 until the end of the following financial year. The strategy will require to be reviewed for each financial year thereafter. The Council must ensure that its regulated procurements during the period of the strategy are, so far as reasonably practicable, carried out in accordance with it.

18. The Procurement Strategy 2017/18 outlines how the Council's approach to procurement reflects and assists in meeting the objectives of the Single Outcome Agreement and the 5 Capabilities. It also narrates the Council's policy with regard to issues such as community benefits, engagement with stakeholders, sustainable procurement and fair working practices.

19. A copy of the Strategy is provided at Appendix A.

### **PROCUREMENT IMPROVEMENT PLAN 2016-18**

20. The new Improvement Plan is based on the findings of the Council's first PCIP assessment which was conducted in September 2016 and is for a two year period to parallel the frequency of that process. The new plan also contains certain outstanding or ongoing actions carried forward from the 2015/16 plan. A copy of the full Plan is available for inspection in the Members' Lounge. A summary of the plan is provided in Appendix B.

21. The plan is split into 4 sections: Leadership and Governance; Development and Tender; Contract; and Key purchasing process. The plan is more detailed than previous years as specific actions have been identified to either maintain or improve upon current scoring for each question in the assessment.

22. With previous plans there have been a number of quick wins that were achievable. To continue to improve Corporate Procurement the Council now needs a more thorough examination of its processes, allowing it to adapt where necessary and embed more effective and efficient practice throughout the organisation. The plan seeks to establish the existing Corporate Procurement team as the strategic procurement service with day to day operational matters addressed to a greater extent within services.

23. Communication and training will be essential to the success of the improvement plan and great emphasis has been placed on the identification and training of relevant departmental contacts and creation of appropriate mechanisms by which guidance and information will be provided to them.

### **FINANCE AND EFFICIENCY**

24. There is no direct cost to the Council in implementing the recommendations. It is anticipated that savings may be possible from more robust contract management and the implementation of a benefits tracking process. The benefits tracking process will be actioned via the Improvement Plan.

## **CONSULTATION**

25. No formal consultation was undertaken in the production of the report. However, as part of the service review, feedback from stakeholders has been taken on board and, where suitable, included as an action within the Improvement Plan.

## **PARTNERSHIP WORKING**

26. The identification and development of actions in the Improvement Plan follows upon a series of meetings with and assessment by Scotland Excel.

## **IMPLICATIONS OF THE PROPOSALS**

27. Upon approval of the Improvement Plan and Strategy they will become the recognised standards by which the Council's procurement performance will be judged.

## **CONCLUSIONS**

28. The improvements identified will require both Corporate Procurement and procuring departmental officers to work closely to forecast requirements, develop robust contract documentation, track contract usage and verify costs/savings. The results of the service review will ensure that Corporate Procurement have in place the team and systems to help deliver the changes that are necessary to improve but to also help to achieve savings for the Council.

## **RECOMMENDATIONS**

29. It is recommended that the Cabinet approves the terms of the Procurement Strategy 2017/18 and notes the actions contained within the Procurement Improvement Plan 2016-18.

## **REPORT AUTHOR**

Diane Pirie, Chief Procurement Officer, Tel: 0141 577 3676, email at [diane.pirie@eastrenfrewshire.gov.uk](mailto:diane.pirie@eastrenfrewshire.gov.uk)

Cabinet Contact Details:

Councillor Ian McAlpine Convener for Corporate Services 0141 638 3860 (Home)  
07890 592671 (Mobile)

# CORPORATE PROCUREMENT



## CORPORATE PROCUREMENT STRATEGY

2017 - 2018

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## SECTION 1 INTRODUCTION

The East Renfrewshire Corporate Procurement Strategy outlines the ongoing commitment to procurement within East Renfrewshire Council and will assist the Council in achieving its objective of being modern and ambitious. This strategy sets out the procurement vision for East Renfrewshire Council for 2016-2018 covering the remainder of financial year 2016/17 and all of the next financial year between 1 April 2017 and 31 March 2018.

Since the previous Procurement Strategy was produced the economic landscape has changed significantly and it is imperative that the new strategy recognises the Council's vision and provides a framework for continual improvement whilst achieving benefits for the local economy and our residents. By doing this, procurement will contribute to the priorities of the local community, as identified in the Single Outcome Agreement, "**East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow.**"

The Council's key procurement objectives reflect both national and local policies and our aim is to build on the procurement model already in place within the Council, through our dedication to continuous improvement and a focus on:

- Leadership, compliance and governance
- Strategic Procurement
- Performance reporting
- Maximising sustainable procurement

We have high aspirations and expectations of ourselves as we continually strive to be better at what we do. This drive comes from our desire to create a more equal and fairer society for our communities, hand in hand with our partners and the people who live here. We want to ensure that sustainability in our procurement remains a priority and that all procurement activities contribute to the carrying out of the Council's functions and realisation of its purposes, while achieving best value and complying with statutory and regulatory duties.

## SECTION 2 PROCUREMENT VISION

To support the Council's ambitions and to highlight the commitment to continuous improvement in procurement, the following procurement vision has been established:

### Our Vision

*To grow the strategic influence of procurement across the Council providing innovative, sustainable and modern procurement practice, whilst striving for continuous improvement in our performance.*

This vision links to the Council's 5 Capabilities and will assist in achieving these objectives through

- **Prevention** –providing contracts to support the delivery of services that improve the outcomes for early years and older people
- **Community engagement** – supporting and improving access to procurement opportunities for SMEs, supported business, the third sector and local businesses.
- **Data, evidence and benchmarking** – capturing and reporting meaningful information that can assist in the delivery of services whilst providing best value
- **Modernising how we work** –modernising our business process through the adoption of e-procurement and P2P solutions
- **Digital communication** – increasing procurement awareness through modern technologies

The achievement of best value is reliant on a clear Procurement Strategy, aligned to the delivery of services which promotes an integrated approach across the organisation.

In order to deliver the required outcomes of this strategy there remains a need to implement changes and improvements to our ways of working and ensure that close partnerships exist within the Council and beyond.

Commitment to and communication of this strategy and associated procedures will ensure the Council achieves best practice, procurement efficiencies and improved outcomes for the residents and wider community of East Renfrewshire.

## SECTION 3 CONTEXT

Our Corporate Procurement Strategy sets out the strategic aims which will govern our procurement activities, delivering high quality public services that offer value for money in a sustainable way taking account of best practice and EU procurement legislation.

This strategy aims to promote effective procurement across East Renfrewshire Council. The previous strategy and associated improvement plans were based around areas for improvement identified through the Procurement Capability Assessment, (the PCA). That assessment has itself given way to a new external assessment regime, the Procurement and Commercial Improvement Programme (PCIP) and the strategy is heavily influenced by issues emphasised in that process.

Building on work that has already commenced, this new strategy looks to embed processes further and seeks to ensure that relevant information is being captured and reported so that further improvement actions can be identified.

### Single Outcome Agreement

In East Renfrewshire, our Single Outcome Agreement focuses on 5 priority areas for the Council and its partners that clearly describe the outcomes that we pledge we will deliver for local people and what success looks like for our communities. Of those outcomes, one is particularly relevant to the procurement process:-

- East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow.

### 5 Capabilities and Procurement

To deliver our promises to local people under our 5 outcomes, we need to be able to respond effectively and smartly to our changing environment. Procurement must assist in this process and has to respond to external factors such as declining budgets, challenging demographic changes and new, emerging legislation. In short, we need to be responsive and flexible, working in partnership with our communities. We have developed 5 organisational capabilities that define what we must be excellent at in order to meet our future challenges and use our resources in the right way.

#### **CAPABILITY 1      Prevention**

The prevention agenda requires us to redesign services to include a higher proportion of preventative action. This is challenging as we still require to address existing problems which will continue until our preventative work bears fruit. As a support function, procurement will help the operational teams across the Council invest in prevention activities to ensure that we can focus on preventing poor outcomes for our residents and ultimately save on costly reactive service provision in time to come. We will seek innovative funding opportunities and identify a range of relevant procurement approaches including collaboration. To do this we will take a firm evidence base when redesigning services to identify what preventative activity will work and what investment is required. We will review our procurement activity to ensure that we have the right mix of investment in preventative work and investment in ongoing delivery.

**CAPABILITY 2      Community Engagement**

We will look at innovative ways of engaging with our communities on the prioritisation of budgets and procurement activity through what will be a really challenging financial time for Councils. We will identify ways in which contractors, commissioned partners and communities can work in partnership with us to deliver outcomes. We will build our capability to work with our communities, encouraging them to work with us to improve outcomes. We have the opportunity to change how local government works, building in more local control using “participative democracy” which will encourage more local people to get involved in the future of their area.

**CAPABILITY 3      Data and Evidence**

We will review all procurement processes and analyse procurement data to identify areas where further efficiency measures can be achieved. Information on Council spend by commodity will be published. The development of online catalogues will ensure that the procurement process is fully automated, more controlled for contract spend and will provide valuable supplier spend information for future contracts. All teams will embed the principles of “information as an asset” to realise the potential of analysing and linking data sets to provide powerful information to improve service delivery and meet customer needs well into the future. Procurement staff will improve their data analytics skills.

**CAPABILITY 4      Modernising How We Work**

We will make all our processes as lean and digital as possible. Through devising, implementing and promoting modernised procurement procedures, every individual involved in purchasing and supply will deliver a better outcome for the Council. Our focus will be on modernising processes, taking out unnecessary approvals, duplication and manual processes. Processes will be automated, digital and paperless where possible, avoiding rekeying of data.

We will implement the findings of our formal review of procurement processes to make them as efficient and modern as possible. The corporate procurement team will empower staff in departments to carry out transactional procurement activity (using modern techniques such as SMART forms with simple procurement guidance) freeing up the central procurement resource to focus on strategic procurement activity. The development of the Strategic Procurement Board will ensure that procurement efficiencies are driven across the whole organisation. The procurement team is now working on an agile basis from any location and this approach facilitates greater collaboration with departments.

Effective contract management will be embedded across the Council to ensure best value is delivered continually throughout the contract term. The purchase to pay processes throughout the Council will be modern, digital and efficient leading to accurate and fast payment of invoices

**CAPABILITY 5      Digital**

Services to internal customers will be digital i.e. delivered on-line, via the intranet or by social media. Paper will rarely be used.



Strategic procurement represents a significant departure from the traditional view of procurement as a technical activity concerned only with the purchasing of goods and services. Strategic procurement incorporates the whole cycle of how services are planned, designed, developed, delivered and managed. It contains a range of activities which will help to establish the key priorities for East Renfrewshire, identify the most effective services to meet them, buy them in the most cost-effective way, and continually evaluate their impact.

East Renfrewshire Council recognises the strategic role that a professional procurement service plays within the commissioning cycle which can add both value and innovation to actively support the Council achieve its strategic goals

### **Efficiency Savings**

Public spending in Scotland has faced year on year real term reductions, with local authorities bearing the brunt of spending cuts. The significant financial and demand pressures facing the Council over the current and next five years make it essential that all Council services (including support functions) identify and progress a range of efficiency measures. Corporate Procurement will not only strive to deliver efficiencies from within its own operations but will also assist other services to identify, develop and implement the service changes necessary to manage the Council's future budget challenges.

### **Community Benefits**

In East Renfrewshire, Corporate Social Responsibility is embedded throughout the procurement process with the impact of environmental, economic and social factors being considered. Community Benefits are considered for all Regulated Procurements, delivering a broad range of social, economic and environmental benefits.

Our Community Benefits Officer provides guidance and support to the procurement team, and works with providers and partners to ensure community benefits opportunities are maximised and delivered. Our Sustainable Procurement Strategy has been developed to align with the Council's goals and objectives to improve the social, economic and environmental wellbeing of East Renfrewshire and reduce inequality. Our approach facilitates the involvement of Small and Medium Sized Enterprises (SMEs), third sector bodies and supported businesses and aims to promote local innovation.

East Renfrewshire Council is committed to working in partnership with internal and external partners to ensure "East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow". Community benefits are a key component in maximising social, economic and environmental benefits to help achieve this vision.

### **National Procurement Reform Agenda**

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 The Procurement Reform (Scotland) Act 2014 which sets out statutory guidance in respect of the Sustainable Procurement Duty; the inclusion of community benefits requirements in tenders and the inclusion of Fair Working Practices in Procurement; which was implemented through the Public Contracts (Scotland) Regulations 2015 and the Public Procurement (Scotland) Regulations 2016.

## SECTION 4 STRATEGIC AIMS AND OBJECTIVES

Corporate Procurement has a significant role to play in providing professional services and support for the implementation of the Council's priorities and strategic activities.

To support delivery of the Council's key objectives, Corporate Procurement will:-

- Provide strategic guidance and leadership on all Procurement matters;
- Support the Council to ensure it continues to achieve best value from its purchase of goods, services and works;
- Ensure the Council explores all opportunities to use its procurement activities to promote its wider policy objectives, including its social, economic and environmental objectives;
- Support the development and implementation of an effective strategic commissioning model across areas of major service spend;
- Develop and improve the Council's procurement processes and support their effective adoption across the Council;
- Engage effectively with stakeholders, including budget holders, service users, partners and suppliers when developing our strategic commissioning and procurement plans;
- Increase the capability of the Council to think and act commercially;
- Support the development and growth of local SME's, third sector, social entrepreneurs and supported business;
- Ensure the Council meets the requirements of the procurement Regulations and the fundamental principles of non-discrimination, transparency and proportionality and actively seeks to introduce innovative procurement approaches that can support the Council to achieve its objectives.

The specific activities to be taken forward to support these objectives are set out in the Procurement Improvement Plan 2016-18 contained in Section 9 of this strategy.

In order to progress the objectives outlined above, the Council will focus on 4 distinct areas:-

### i. LEADERSHIP, COMPLIANCE AND GOVERNANCE

#### **Objective**

Through the ongoing development of guidance, policy and process, to ensure adherence to the principles of equal treatment, non-discrimination and transparency and compliance with Council rules and legislative requirements

#### **Achieved by**

- Fulfilment of the statutory obligations imposed by the Procurement Reform (Scotland) Act 2014, the Public Contract (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.
- Ensuring that procurement activities reflect and support the Council's core values and corporate aims and objectives
- Ensuring Contract Standing Orders, Council policies and guidance reflect the legislative requirements

- Maintaining procurement template documents in line with legislative changes and best practice
- Preparing user friendly plain English guidance for use by purchasing departments
- Maintaining a comprehensive procurement intranet page containing all information, guidance, templates and performance reporting
- Conducting an annual review of spend to identify areas that may be influenced by procurement
- Implementing the Procurement Improvement Plan

### **Expected Outcomes**

Establishment of a framework of guidance for use by all procuring officers to ensure that compliance, auditability and best value are being achieved in all areas of Council spend.

Compliance with statutory and regulatory requirements and reduction in the risk of legal challenge.

Increased capacity within the Corporate Procurement team to address strategic procurement issues across the organisation.

## **ii. STRATEGIC PROCUREMENT**

### **Objective**

To embed a strategic and commercial approach to procurement across the Council to drive efficiencies and savings.

### **Achieved by:**

- The Procurement Board supporting and driving change
- Development of commodity strategies
- Category Managers increasing their commodity knowledge
- Procurement representation at key internal working groups
- Working collaboratively with external bodies to share best practice and knowledge and benchmark performance
- Ensuring Procurement competency, knowledge and skills sit at an appropriate and proportionate level where purchasing and procurement activities are being carried out
- Supporting services on the identification and realisation of savings
- Increasing market awareness and benchmarking to design innovative and competitive tenders
- Focus on areas for further improvement as identified in the Council's 2016 PCIP assessment



**Expected Outcomes**

The Corporate Procurement team will have enhanced knowledge and skills with which to provide the best possible contractual options for the Council.

Strategic Procurement will be able to offer innovative procurement solutions.

Improvement on our previous Procurement and Commercial Improvement Programme score.

**iii. PERFORMANCE REPORTING**

**Objective**

To provide senior managers with enhanced procurement information to allow for informed decisions to be made.

**Achieved by**

- Annual review of Procurement service plan
- Data capture and reporting to meet with client departments needs
- Monitoring of contract activity and regular reporting of contract performance, issues and risks
- Use of management information to demonstrate procurement performance
- Development and implementation of a corporate approach to the identification, measurement and reporting of savings and benefits
- Increased use of performance feedback from internal and external sources
- Through the implementation of a new ordering system, the establishment of detailed ordering and compliance reports

**Expected Outcomes**

The increased use of new technologies to improve upon the reporting of procurement data and performance.

The information that will be available will assist in the development of forecasting and benchmarking data that can be used to drive contract efficiencies.

**iv. MAXIMISING SUSTAINABLE PROCUREMENT**

**Objective:**

To achieve improved standards of sustainable procurement throughout the Council, in accordance with the duties set out within the Procurement Reform (Scotland) Act 2014 by

**Achieved by:**

- Development of evaluation methods and improved recording of community benefits in the execution of individual contracts.
- Ensuring that all regulated procurement activity considers relevant social, economic and environmental issues and seeks to maximise opportunities for the benefit of our Council area.
- development of an improvement plan following review of the Scottish Government Flexible Framework
- Increased use of community benefits clauses and increased realisation of benefits
- Creation of a community benefits forum with representation from all departments
- To promote qualities opportunities for all

- Supporting local business, SMEs and supported businesses through working with Economic Development partners and making processes streamlined, clear and accessible.
- Applying Fair Working Practices to appropriate procurements, encouraging the adoption of the living wage and subsequent monitoring throughout the contract period
- Promotion of Health and Safety legislation compliance by contractors and sub-contractors
- Promoting the highest standards of animal welfare and encouraging the procurement of fair, ethical and environmental friendly goods and services.

**Expected Outcomes**

Compliance with all elements of the sustainable procurement duty so that Council contracts deliver benefits not only for the Council but also for local business, SME's, supported businesses, suppliers and their workforce.

Measurable and demonstrable social, economic and environmental benefits to East Renfrewshire communities from the effect of sustainable procurement activity.

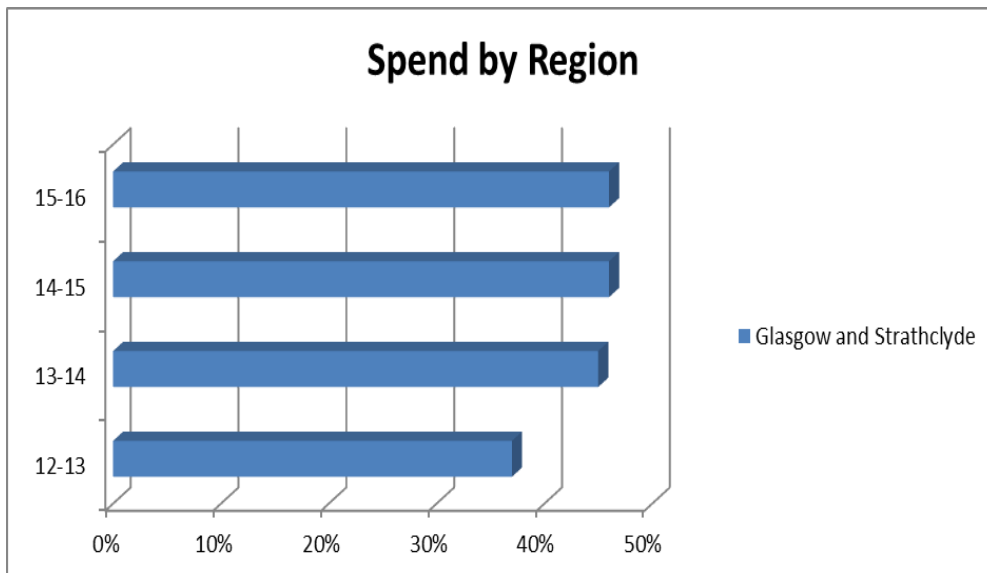
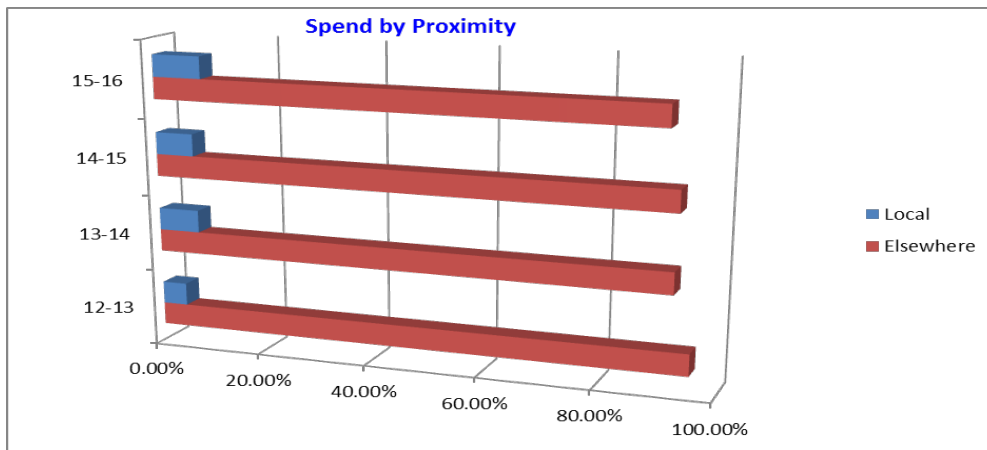
Removal of any barriers which hinder or deter SMEs, Third Sector Bodies or Supported Businesses from taking advantage of business opportunities within the Council area.

## SECTION 5 FINANCE

The procurement of goods, works and services in the Council is varied and ranges from low value low risk purchases to high value and complex procurements for the construction of infrastructure and buildings. In 2015-16, the Council spent £86 million across all category areas, as detailed in Appendix C.

The pressure to achieve savings whilst providing quality services is a constant battle for the Council and one which will continue for the foreseeable future. An increase in the demand for frontline services, demographic factors such as an ageing population and a volatile financial climate impacted by issues such as uncertainty around Brexit, means the Council will continue to face pressures on expenditure.

Analysis of Council spend since 2012/13 shows that spend with local suppliers has gradually increased and that 46% of spend is with suppliers in the Glasgow and Strathclyde area. Details can be found in the tables below.



In 2016/17 Accountancy services will manage approximately £222.01 million net revenue expenditure, some 2016/17 investments include:

- Ongoing construction of the new Barrhead High School
- Opening of the new Cartmill Family Centre
- Opening of the new Eastwood Health and Care Centre
- Start of £44m City Deal local infrastructure investments
- Completion of £2m improvements to Rouken Glen Park
- Continued funding to support initiatives to raise attainment of lowest performing 20% of children and young people
- Additional resources for frontline social care services for older people
- Continued investment in roads, including contingency funds for unexpectedly severe weather

## **Impending changes**

The Council's ordering/payment system, e-financials, is shortly due to be upgraded.

Other options being considered in the short term include the expansion of purchasing cards and the adoption of an e-invoicing solution. The Council is committed to improve the payment of contractors and subcontractors, ensuring as far as reasonably practicable, that payments to contractors and down through the supply chain are made no later than 30 days after a valid invoice is presented. Purchasing cards and e-invoicing can help in the facilitation of this objective as can the investigation into the use of project bank accounts for high value construction contracts.

The longer term suitability of the e-financials ordering and payment system and other key Council systems are also being reviewed. Self-serve options and more flexibility for client departments on budget forecasting and scenario planning are an essential element for future system(s).

## **SECTION 6 IMPLEMENTATION, MONITORING AND REPORTING**

The strategic objectives and actions will be implemented through the Procurement Improvement Plan. Monitoring of the plan and the Service Plan will be regularly carried out with 6 monthly reporting to the Procurement Board and Cabinet.

This Strategy will be reviewed annually with a subsequent annual report provided to Cabinet following the end of the financial year. The report shall include:

- a summary of the regulated procurements that have been completed during the period covered by the report,
- a review of whether those procurements complied with the Procurement Strategy,
- the extent that any regulated procurements did not comply
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period covered by the report,
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the period covered by the report,
- a summary of the regulated procurements the authority expects to commence in the next two financial years

To assist in the delivery of continuous improvement in our procurement practices the Council will participate in the Procurement and Commercial Improvement Programme on a 2 yearly basis. The Council's first assessment under this regime, carried out in September 2016, returned a score of 61.5%. Following the assessment an improvement plan has been developed with a view to improving upon the score achieved.

The next assessment will be conducted in 2018. Areas requiring development have been added to the plan and will be monitored and reported upon as outlined above.

## **SECTION 7 STAFFING & TRAINING**

Corporate Procurement will ensure that investment is made to promote staff development on an ongoing basis. All permanent staff are encouraged to obtain the Chartered Institute of Purchasing & Supply (CIPS) Qualifications and approximately 86% now have or are working towards the qualification. Ongoing training is provided in a number of relevant areas such as state aid, legislative issues and contract use..

Corporate Procurement is also working with the Project Management Office to utilise tools, such as e-invoicing, to make the purchase to pay processes throughout the Council modern, digital and efficient leading to accurate and fast payment of invoices.

## **SECTION 8 PROCEDURES, POLICIES & PROCUREMENT TOOLS**

The Council operates against a backdrop of policies and procedures to aid the delivery of Council activity in compliance with legislation and with local and national policies. The Council relies on the following Procedures, Policies and Procurement Tools to support its procurement activities:

### **Procedures**

As a contracting authority, East Renfrewshire Council must make arrangements to ensure the proper conduct of business, including conformance to standards of good governance and accountability with regard to procurement.

To ensure Procurement Strategy Key Objectives are delivered effectively, there remains a continuing need to recognise the requirement for and execution of an appropriate Council governance framework.

The presence of this framework will enable Key Objectives to be achieved through a decision making process which ensures appropriate approvals are in place.

In adhering to this governance framework, the Council ensures that its regulated procurements are carried out in compliance with its duty to treat relevant economic operators equally and without discrimination and that these procurements will be undertaken in compliance with its duty to act in a transparent and proportionate manner.

In maintaining this governance framework, the Council will ensure that a continuing focus remains in relation to updating, and appropriately applying the following procedural governance documents;

### **Contract Standing Orders**

The Council's Standing Orders Relating to Contracts set out how contracts for all goods, services and works will be made by the Council.

The purpose of these Standing Orders is to ensure that contracts are appropriate for their purpose, provide the right balance between price and quality, and are procured in an open way that demonstrates probity and compliance with the Council's policies.

The Standing Orders are applied having regard always to the EU Treaty Principles of equal treatment, non-discrimination, proportionality and transparency. All Council employees must treat tenderers equally and without discrimination and act in a transparent and proportionate manner at all times.

The Standing Orders also set out the Council's obligations in ensuring that the suppliers and service providers it contracts with comply with all statutory requirements in respect of ensuring equal opportunity in employment under the provisions of the Equality Act 2010 and with all current Health and Safety legislation and approved Codes of Practice, as may be applicable to the contract. Promotion of this compliance is in line with the requirements of the Procurement Reform (Scotland Act) 2014.

*East Renfrewshire Council Standing Orders Relating to Contracts*

<http://intranet.erc.insider/search?q=contract+standing+orders&returnarticleid=1&articleaction=newsearch>

## Financial Regulations

The Council's Financial Regulations set out the framework for managing the Council's financial affairs. They seek to ensure that the Council conducts its affairs in a way that complies with legislation, accepted accounting procedures and professional good practice.

The Council's Financial Regulations apply to every employee of the Council or anyone acting on its behalf. All employees have a responsibility to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides Best Value.

*East Renfrewshire Council Financial Regulations*

<http://intranet.erc.insider/CHttpHandler.ashx?id=5110&p=0>

## Scheme of Delegation

The Scheme of Delegation is intended to facilitate the effective undertaking of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, in order to ensure an efficient running of day to day operations and to allow the Council to carry out its functions and achieve its Strategic Objectives.

The Council's approach to delegation has been influenced by its commitment to facilitate participation in the decision making process and to delegate to Chief Officers. The result is that the Council has reserved very few powers to itself and has agreed extensive delegations to officers.

## Policies

The Council has clear Strategic Objectives set out within the Outcome Delivery Plan and a strong focus on monitoring and reporting performance. The Strategic Objectives are supported by each Service through their individual Service and Improvement Plans.

To further ensure that the Council's regulated procurements contribute to the carrying out of its functions and the achievement of its purposes, this Procurement Strategy, in line with its Key Objectives, will be delivered in accordance with the Outcome Delivery Plan, the individual Service and Improvement Plans and a set of national and local policies and strategies. These are embedded within existing procurement processes.

Progress against the actions and performance measures contained within these plans is managed and reviewed using the Council's Covalent Performance Management System. This helps to ensure that what we have set out to do is delivered in line within the standards and timescales anticipated

*East Renfrewshire Council Outcome Delivery Plan 2016-19*

<http://www.eastrenfrewshire.gov.uk/index.aspx?articleid=1805>

## Sustainable Procurement Policy

The Council's approach to sustainable procurement is rooted within the procurement process to promote a commitment to sustainability and achievement of Best Value for the Council. In an ongoing effort to embed sustainability issues in procurement exercises, three strands of sustainability are explored at the contract strategy stage; environmental, social and economic factors along with a consideration on how the Council can facilitate the involvement of SMEs, third sector bodies and supported businesses in procurement exercises, as well as a promotion of innovation in the design and delivery of services.



Community Benefit Requirements – The Council will adhere to all statutory guidance and legislation on the use of Community Benefits, ensuring that all regulated procurements with a value greater than or equal to £4,000,000 include Community Benefits clauses. This policy reflects East Renfrewshire Council's approach to sustainable procurement. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. The environmental opportunities checklist will be completed for all contracts valued in excess of £25,000.

*East Renfrewshire Council Sustainable Procurement Policy*  
<http://www.eastrenfrewshire.gov.uk/sustainable-procurement>

### **Living wage**

Whilst there are legal restrictions on requiring payment of the living wage, suppliers are encouraged to pay the living wage to their employees. The fair working practices question that promotes a healthy, happy and motivated workforce is included in all appropriate contracts.

The Council follows the lead of the Scottish Government by promoting the payment of the Living Wage to persons involved in fulfilling procurement requirements by considering, where relevant and proportionate, when Fair Working Practices should be addressed in contracting opportunities. The Council will comply with the Statutory Guidance on the Selection of Tenderers and Award of Contracts – Addressing Fair Work Practices, including the Living Wage, in Procurement.

### **Health and Safety:**

The Council ensures that appropriate health and safety requirements are included in the evaluation for all its procurements, in line with all the relevant legislation.

### **Consulting and Engaging with Stakeholders**

The Council continues to consult and engage with those affected by our procurement activities through the development of contract strategies, in advance of the procurement exercise and through our focus on identifying opportunities for collaborative Contract and Supplier Management. Liaison during both the development and feedback stages of projects, ensuring that all opinion and feedback is considered when resulting agreements are implemented and executed, ensures continuous improvement in the delivery of services and allows the Council to understand the impact of our procurement activity.

### **Animal Welfare:**

The Council recognises the requirement to find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents Best Value whilst improving the health, wellbeing and education of communities in our area. Through Procurement's collaboration with our internal stakeholders and with Scotland Excel, the Centre of Procurement Expertise for Scotland's local government sector, we will work to put in place affordable contracts which meet the nutritional requirements for food, for all users of our catering services, whilst promoting the highest standards of animal welfare, in accordance with all statutory guidance and legislation. The Council is committed to including requirements that promote animal welfare in all relevant contracts. The Council will work with Scotland Excel to ensure that the contracts the Council are participating in promote the highest standards of animal welfare.

## Fairly and ethically traded good and services

For each regulated procurement exercise, at the contract strategy development stage, consideration will be given to the sourcing of goods and services that are ethically traded. In line with the Council's Strategy and where ethically traded goods and services are available, the Council will work with all relevant stakeholders and take a Best Value approach when applying fair and ethically trading principles in procurement activities.

A number of other policies are relevant to or impact on the Council's procurement activities. These include:

- Gifts, hospitality and other inducements
- Conflicts of interest declaration
- Suppliers charter
- Council Health & Safety Policy
- Glasgow City Region City Deal Procurement Strategy  
<http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=16853&p=0>
- Glasgow City Region City Deal Sustainable Procurement Policy  
<http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=16877&p=0>

## Procurement Tools

Key tools that the Council has embedded into the procurement process, which help contribute to compliance with the mandatory requirements under the Procurement Reform (Scotland) Act 2014, are detailed below.

- [Procurement Journey](#)
- [Public Contracts Scotland](#)
- [Public Contracts Scotland – Tender](#)
- [Information Hub](#)

National policies, legislation, and tools relating to the Scottish Government's reform programme which help drive best practice, deliver savings and improve the procurement capability can be found by clicking the following links (this is not an exhaustive list):

- [Scottish Model of Procurement](#)
- [Changes to European Directives](#)
- [Public Procurement Reform Programme](#)
- [Suppliers CharterEU Procurement Thresholds](#)
- Prioritisation toolkit, sustainability toolkit
- Flexible framework  
<http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/Sustainability/ScottishProcess/SustainableProcurementTools>
- [PCIP](#)

## SECTION 9 PROCUREMENT IMPROVEMENT PLAN



**SECTION 10 STRATEGY OWNERSHIP AND CONTACT DETAILS**

**Gerry Mahon**

**Chief Officer Legal & Procurement**

Council HQ, Eastwood Park

Rouken Glen Road

Giffnock

G46 6UG

Tel 0141 577 3801

Email [Gerry.mahon@eastrenfrewshire.gov.uk](mailto:Gerry.mahon@eastrenfrewshire.gov.uk)

**Diane Pirie**

**Chief Procurement Officer**

Council HQ, Eastwood Park

Rouken Glen Road

Giffnock

G46 6UG

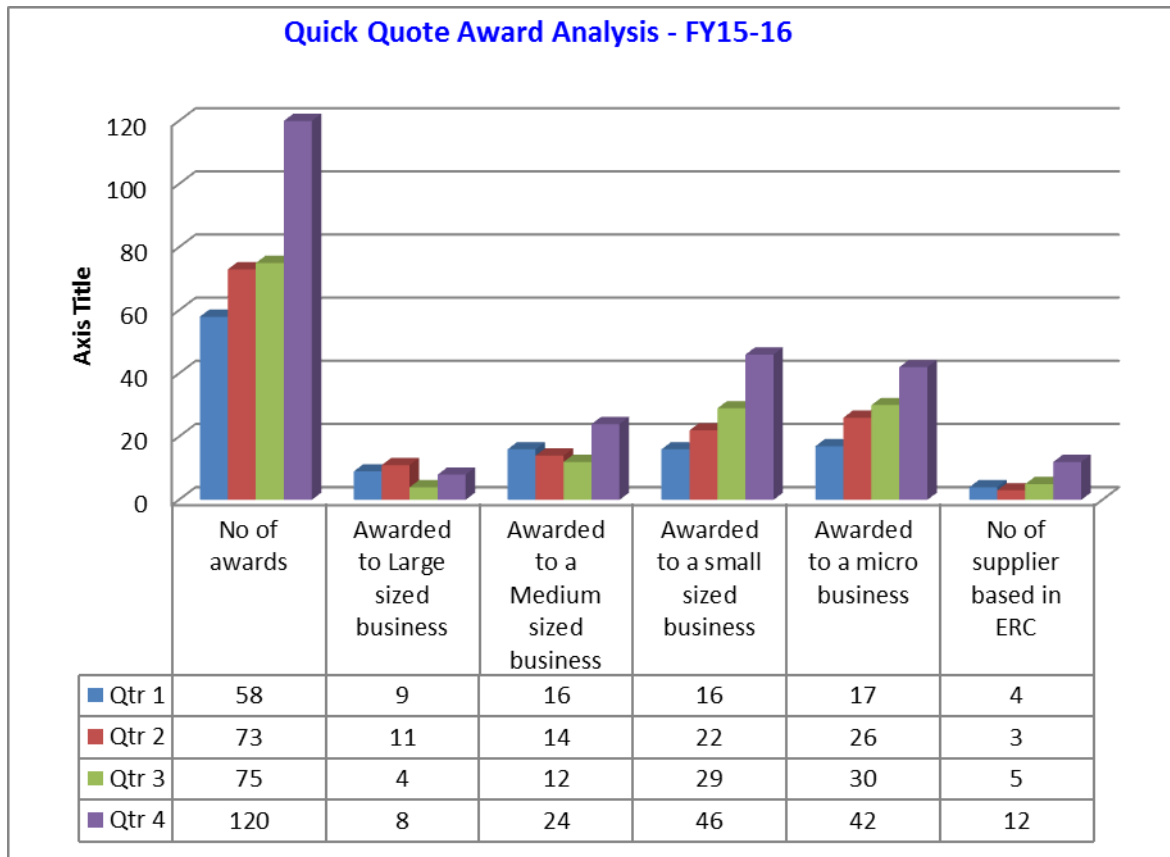
Tel 0141 577 3676

Email [diane.pirie@eastrenfrewshire.gov.uk](mailto:diane.pirie@eastrenfrewshire.gov.uk)

If you have any comments or feedback please contact; [purchasing@eastrenfrewshire.gov.uk](mailto:purchasing@eastrenfrewshire.gov.uk)

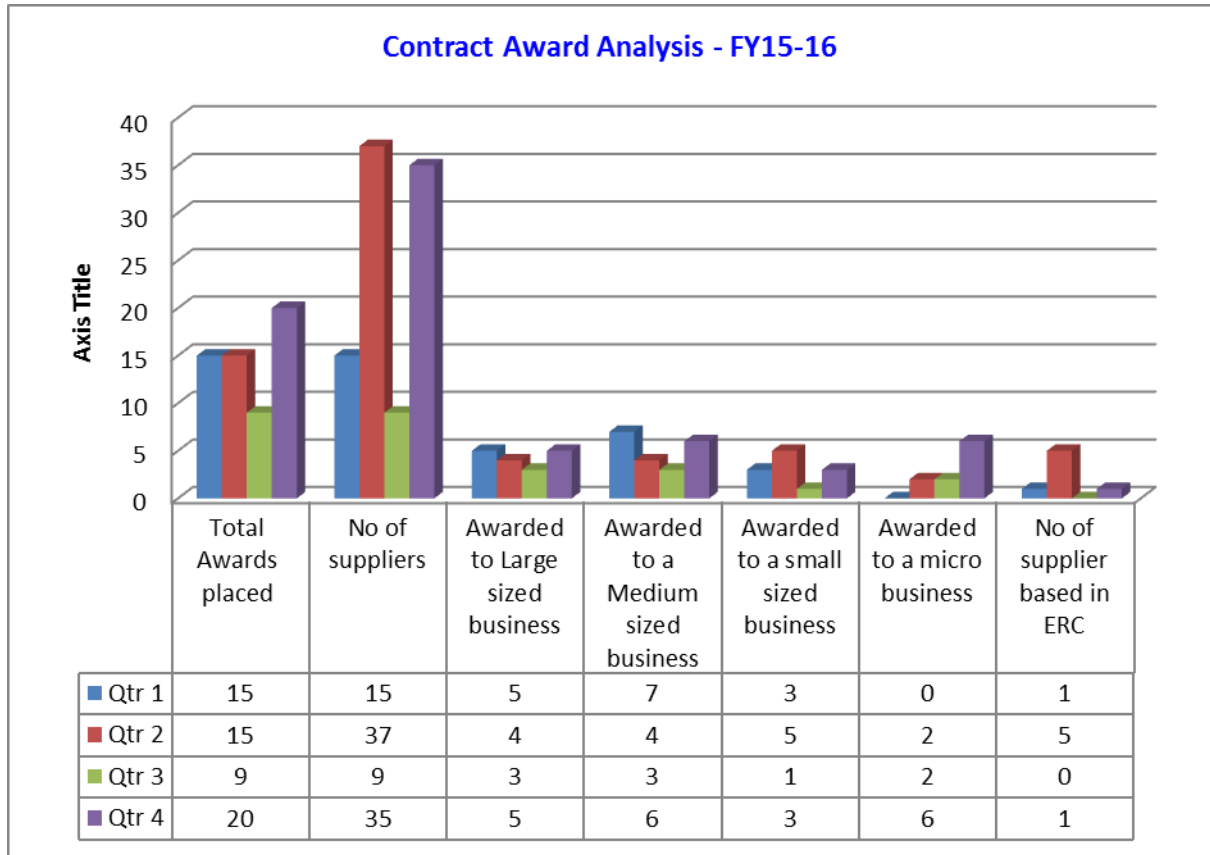
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APPENDIX A - SME STATUS OF QUICK QUOTE SUCCESSFUL SUPPLIERS



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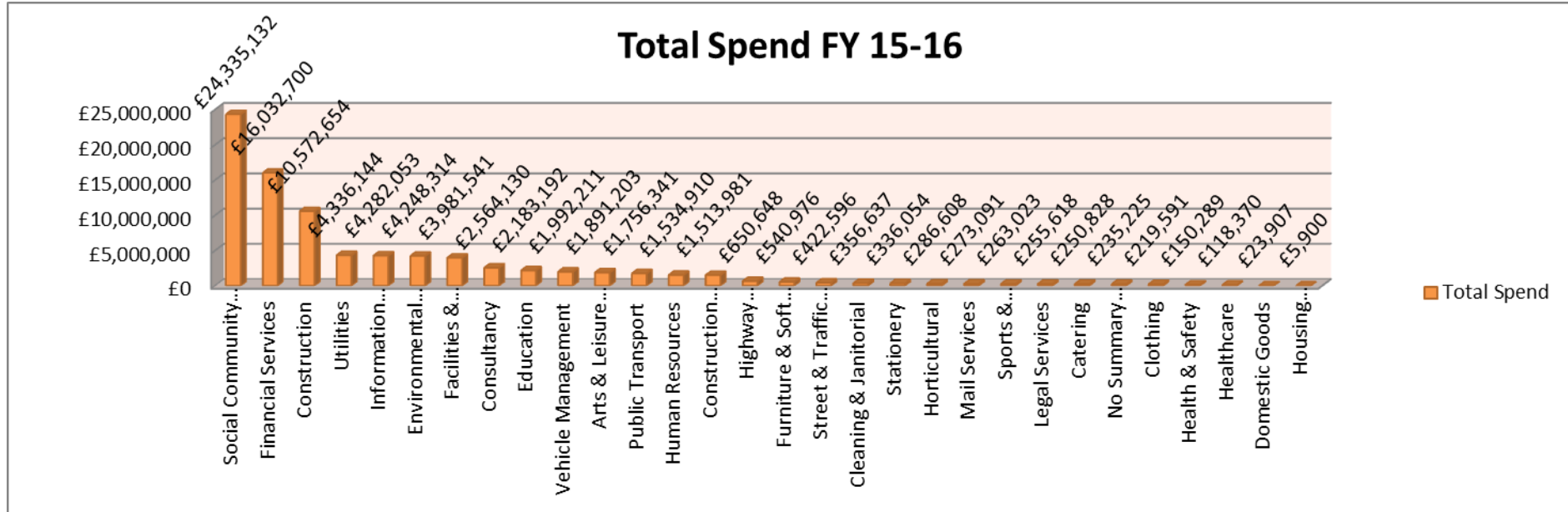
APPENDIX B SME STATUS OF CONTRACT AWARDS



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**APPENDIX C  
EAST RENFREWSHIRE COUNCIL SPEND 2015/16**



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**CABINET REPORT - APPENDIX B****Summary of Procurement Improvement Plan 2016-18 Actions****Leadership and Governance**

Regular updates on policy and practice to be provided to the CMT sitting as the Procurement Board and increased participation by the Chief Procurement Officer on external and internal groups addressing change matters.

Increased category manager participation within services to enhance commodity and marketplace knowledge, to identify service needs and provide a strategic solution to those needs (including the availability of rebates etc)

Conclusion of the Procurement Service Review to identify preferred structure, resources and dataset collection

Review of procedures to reflect any change to process caused by upgrade to electronic systems

Establishment of a contract risk process

Ongoing development of staff through identification of training opportunities and creation of e-learning modules in relevant topic areas.

Ongoing benchmarking of performance with comparable organisations

**Development and tender**

Annual spend analysis at both an organisational and departmental level to identify nature and frequency of spend to identify future opportunities for collaborative procurement.

Review of contract strategy documentation to drive detailed market analysis and to ensure the ongoing relevance of contract specifications during the life of the contract and any subsequent contracts for the same goods, services or work.

Investigation of suitability of online market analysis tools

Review of contract terms and conditions to ensure that exit strategy processes can be initiated quickly should the need arise. Appropriate flags and triggers to be added to the contract register to assist in the process.

Development of a benefits tracker to assess contract spend and track forecast benefits against actual benefits received. Ongoing monitoring via the Spikes system with trends highlighted to the procurement board

Establishment of a process for the use of the Scottish Government sustainability test into all procurement exercises.

**Contract**

Implementation of the e-performance management module of the PCS-T tendering system

Development of reports to key stakeholders on supplier performance and contract uptake.

Liaison with Scotland Excel to develop a demand management process.

Review of post tender evaluation questionnaire

Production of supplier performance reports for senior officers.

**Key Purchasing Processes**

Assessment of the efinancials upgrade to ensure automated facility to match invoices to purchase orders and contracts where appropriate

Development of a procurement ICT strategy and increase in the number of catalogues available to order from on the efinancials.system.

## CABINET REPORT - APPENDIX C Procurement Improvement plan 15/16

<b>Leadership &amp; Governance</b>		<b>Sub-action(s)</b>	<b>Updated position</b>
Action 1	Identify stakeholders and develop role and responsibilities for each group	Stakeholder list to be reviewed following staffing and structure changes within the council  Establish a Procurement Board Review Procurement Champions	Procurement Board has been established. Champions and stakeholders to be reviewed in line with the move to commodity analysis – <u>Action carried forward</u>
<b>Procurement Strategy &amp; objectives</b>			
Action 2	Review Procurement strategy	New Procurement strategy to be prepared in line with new legislative requirements.  Establish council policy on the following areas for inclusion in the strategy:  the use of community benefits payment of the living wage promoting compliance by contractors and subcontractors with the Health & Safety at Work Act procurement of fairly and ethically traded goods and services procurement of food and promotion of the highest standard of animal welfare payments to subcontractors	Corporate Procurement strategy prepared to reflect these areas.  Contract strategy documents consider the use of fair working practices, community benefits and sustainable aspects.
Action 3	Consider the impact of procurement reform legislation on contract standing orders	Update Contract Standing Orders to reflect guidance issued by Scottish Procurement	New Contract Standing orders were effective from April 16.
Action 4	Development of a 4 year tender plan	Finalise tender plan	Ongoing annual requirement to refresh the plan. Current version is available on the intranet pages.
Action 5	Development of an annual report	Establish: Regulated procurements carried out in the financial year Community benefits received	To be completed by end of financial year. <u>Action carried forward</u>

		Involvement of supported business Regulated procurement to commence in the next 2 financial years	
Action 6	Investigate collaborative procurement opportunities	Opportunities to be investigated as part of the City Deal remit	ERC Quick Quote for NEC training awarded and allows City Deal member councils to use. Contracts arranged by RC & SLC available for our use.
	<b><i>Defining the supply need</i></b>		
Action 7	Develop training for all stakeholder groups	Legislative training for both procurement and stakeholders to be arranged  NEC3 and other specific training to be investigated	Corporate Procurement staff attended a training session organised by the Wheatley Group and also the Scottish Govt. NEC training conducted for both professional and technical staff.
Action 8	Increase market awareness by conducting more supplier meetings	Investigate online market analysis tools	Keynote online tool being used to develop contract strategies.
Action 9	Engage with all stakeholders	Establish links with NHS and City Deal	Regular meetings attended.
Action 10	Strengthening of the Quick Quote procedure	Revision of Contract Standing Orders to include the mandatory use of the QQ template.  QQ procedure to be amended to follow tendering scoring and evaluation methodology	Template and guidance on intranet.
Action 11	Consideration of corporate social responsibilities in all procurement exercises	Revision of Contract Standing Orders to include the use of supported business	Contract Standing Orders did not include supported business. Awareness to be raised through contract strategy development and bespoke page on the intranet.
Action 12	Identify supplier development opportunities	Analyse QQ supplier information and establish if training is required for suppliers continually failing to win business	Action added to Category Managers PRDs.
	<b><i>Commodity/Project strategies &amp; collaborative procurement</i></b>		
Action 13	Contract strategies to be fit for purpose allowing for innovation	Innovation can be achieved by writing an outcome focused specification. Investigate whether specific procurement training for stakeholders is required e.g. specification writing.	<u>Action carried forward</u>

Action 14	Implementation of the sustainability policy and adoption of sustainable procurement /community benefits into all suitable contracts	Review the Sustainable prioritisation tool for opportunities and risks	Toolkit completed for roads project, expansion to other areas required. <u>Action carried forward</u>
Action 15	Business continuity and exit plans to be agreed for longer term service contracts	Standard question for inclusion in all service contracts to be prepared	Complete
<b>Contract &amp; Supplier Management</b>			
Action 16	Conduct external customer feedback surveys and develop an action plan as required	Amended survey to include feedback on PCS-tender and supplier development programme	Complete
Action 17	Investigate ways to produce forecast and actual data and use this to monitor consumptions and compliance	Availability of management information from Efin	Upgrade to system will provide better line item information. Timescales for upgrade TBC.
Action 18	Increase the level of contract management with tenders and also the number of supplier meetings	Review contract management procedures to reflect eCM/ePM. Arrange system presentation and report to CMT	System overview provided to the Chief Solicitor. Training provided and scorecards issued for small number of contracts. Report to be prepared once trend information is available.
Action 19	Investigate the use of e-scorecards	Review eCM + ePM module and considered its appropriateness	As above, action 18. <u>Action carried forward</u>
<b>Key purchasing processes and systems</b>			
Action 20	Increase the number of suppliers on the e- marketplace		In discussion with the Scottish Govt about moving to their e-marketplace solution which will provide access to more catalogue content. <u>Action carried forward</u>
Action 21	Increase the number of purchasing card suppliers	Investigating the use of cards for school travel and vehicle workshop - Dingbro	Dingbro and Hillhouse Quarries receiving payment by cards. The service review will include the expansion of cards.
Action 22	Pilot the online evaluation module of PCS tender		Pilot was a success, all PCS-tender evaluations moving to online.

Action 23	Review the suitability of key purchasing systems
	<b>People</b>
Action 24	Purchasing and procurement competencies to be linked to stakeholder groups
Action 25	e-learning procurement modules, suitable for the stakeholder groups, to be investigated
Action 26	Investigate with HR a procurement induction for all new starts
Action 27	Communicate procurement legislative changes to all stakeholder groups
	<b>Performance Measurement</b>
Action 28	Identify strategic contractors for each service
Action 29	Develop risk monitoring and reporting for strategic contractors  Develop procurement report for Champion meetings
Action 30	Conduct internal customer feedback surveys and develop an action plan as required
Action 31	Publish contracts register on council website

		<u>Action carried forward</u> , also part of the Service Review.
	Review stakeholders capabilities and provide training where appropriate	<u>Action carried forward</u> , also part of the Service Review.
	Develop training for stakeholder groups	<u>Action carried forward</u> , also part of the Service Review.
		<u>Action carried forward</u> .
		Complete although this is an recurring requirement.
		<u>Action carried forward</u> - to be captured under the service review.
	CMT report to be developed further with information regarding community benefits, SME and Scotland Excel updates	Partially complete, Scotland Excel to provide assistance with Risk.
	Issue survey, benchmark results and analyse for common themes	Complete. Surveys to be reviewed as part of "How Good is our Service".
		Complete



## CABINET REPORT - APPENDIX D – FY 2015/16

<b>Analysis of Quick Quote</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
Number of QQ published	82	99	89	134
Number of invitations sent	487	618	527	750
Number of unique suppliers	372	385	354	405
Average no of invitations per quote	5.94	6.24	5.92	5.6
Response rate to individual supplier invitation - over 50%	86%	68%	75%	35%
Response rate to individual supplier invitation -below 50%	14%	32%	25%	65%
No of awards	58	73	75	120
Awarded to Large sized business	16%	15%	5%	7%
Awarded to a Medium sized business	28%	19%	16%	20%
Awarded to a small sized business	28%	30%	39%	38%
Awarded to a micro business	29%	36%	40%	35%
No of supplier based in ERC	4	3	5	12

Definition is based on the amount of turnover and number of employees. Where number of employees is unknown and turnover is less than £5.6m for the purposes of this exercise the company will be classed as "Small". Turnover of less than £2million the company will be classed as a micro business

<b>Analysis of Contract Awards</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
Total Awards placed	15	15	9	20
No of suppliers	15	37	9	35
Awarded to Large sized business	35%	24%	33%	23%
Awarded to a Medium sized business	47%	27%	33%	29%
Awarded to a small sized business	18%	35%	11%	17%
Awarded to a micro business	0	15%	22%	31%
No of supplier based in ERC	1	5	0	1

The council has a 92% participation level using Scotland Excel frameworks.

Three local suppliers, Aird Geomatics, Nairn Brown and Teejay Publishing have been successful in appointment to Scotland Excel frameworks.

<b>Spend by proximity</b> - percentage of local and elsewhere spend, dependent on supplier postcodes. Supplier postcodes are matched to the list of postcodes in the local authority area in which the public sector entity is based				
	<b>12-13</b>	<b>13-14</b>	<b>14-15</b>	<b>15-16</b>
<b>Local</b>	<b>4.5%</b>	<b>7.5%</b>	<b>7%</b>	<b>9%</b>
<b>Elsewhere</b>	<b>95.5%</b>	<b>92.5%</b>	<b>93%</b>	<b>91%</b>
<b>Spend by Region</b>				
<b>Glasgow and Strathclyde</b>	<b>37%</b>	<b>45%</b>	<b>46%</b>	<b>46%</b>

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