

Item 4

11th April 2019



Glasgow City Council

Contracts and Property Committee

Report by Executive Director of Governance and Solicitor to the Council

Contact: Elaine Galletly Ext: 74653

The Corporate Procurement and Commercial Improvement Strategy 2018 – 2022 - Performance Action Plan

Purpose of Report:

To inform committee of the progress, to date, against the delivery of the Corporate Procurement and Commercial Improvement Strategy 2018 – 2022.

Recommendations:

It is recommended that committee notes the content of this report.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1. Introduction and Background

- 1.1 The City Administration Committee approved the Corporate Procurement and Commercial Improvement Strategy 2018 - 2022 (Strategy) at its meeting on the 14th June 2018. Link to report below:

<https://www.glasgow.gov.uk/councillorsandcommittees/agenda.asp?meetingid=15555>

- 1.2 Within the strategy it was proposed that the Corporate Procurement Unit (CPU) provide a quarterly update on the delivery of the strategy to the Contracts and Property Committee, and this is included within the Committee terms of reference.
- 1.3 In addition, the delivery of the strategy is monitored via a comprehensive action plan which is reported to the Procurement Advisory Board and which forms part of the council's procurement governance structure. It is chaired by the Head of Legal and Administration Services and its membership includes representatives from the CPU, Legal services and Financial Audit. The action plan details all the deliverables and their target dates until March 2022. A full copy of the action plan, including the status, is set out in Appendix 1.
- 1.4 The Strategy was developed to support delivery of the council's Strategic Plan, and to focus on specific development areas identified via the national Procurement Commercial and Improvement Programme (PCIP) assessment in which the council participated during May 2017.
- 1.5 The national PCIP assessment is endorsed by Audit Scotland which focuses on the policies and procedures driving procurement performance, and more importantly the results they deliver. It allows public sector organisations to benchmark their performance and develop plans for improvement. The council's assessment in November 2018 achieved a score of 88% and this places Glasgow City Council in the top band with regards to procurement performance. This demonstrates an improvement from 85% in 2017.
- 1.6 In the period 1 December 2018 to 28 February 2019 there were three actions targeted for completion, and these support delivery of two of the six key Strategy objectives. All three actions have been completed in accordance with the targeted completion date.
- 1.7 The three actions are set out in the paragraphs below.
- 1.7.1 To Promote Procurement Awareness:
Action 6.01 - Develop and implement a procurement communication strategy which will include updating our internal and external procurement pages and providing regular updates to all council staff.
- Action 6.04 - Establish a process to communicate procurement benefits and success stories (Savings, Sustainability Outcomes including Community Benefits).*

The CPU collaborated with the council's Public Relations and Marketing section to develop the content of the Procurement Communication Strategy. This included revising the CPU intranet pages to make them more informative, audience relevant and user friendly. The new pages should allow service areas quicker access to procurement information and assist with supporting compliance.

The CPU also collaborated with the Public Relation and Marketing Section to produce an article in the March Insider which promoted the new Intranet pages and the benefits of early engagement with the CPU.

As part of the communication strategy, the CPU will provide quarterly updates on the council's connect intranet pages. These will cover various areas such as community benefits achievements and case studies; sustainability outcomes; a day in the life of a CPU officer; and details of seasonal procurement activities to promote how the CPU supports front line services, including the council's public event calendar e.g. Glasgow Loves Christmas.

1.7.2 To Deliver Sustainable Procurement Across the council Objective:

Action 4.06 - 'Review Fair Work criteria looking at the potential to broaden the scope and also develop the assessment process to include more external accreditations.'

The CPU reviewed the Fair Work Practice (FWP) questions of Scotland Excel, Advanced Procurement for Universities and Colleges (APUC) and also met with the Scottish Government to discuss their current approach to evaluating FWP. This benchmark activity informed the content of the revised FWP guidance which is included within the Invitation to Tender document, and the scope of the FWP evaluation question which has been expanded to consider the bidder's recruitment process and opportunities for pay progression. A further review will be implemented when the Scottish Government publishes the new Scottish Business Pledge to ensure that the tender process is utilised to achieve best value and encourages the payment of the Glasgow Living Wage.

1.8 There are five actions targeted for the period 1 March to 31 May 2019 which support the delivery of three of the six Strategy Objectives, and these are set out in the paragraphs below.

1.8.1 Legal Compliance and Governance:

Action 1.01 - Mandatory training for council officers involved in the procurement process (project lead, specification writers) including highlighting the social benefits that procurement must consider (for example, Equality and Fair Work Practices)

This action is to be delivered by the Service Areas and not the CPU. This will be reported via the Corporate Procurement Asset Board which has been re-instated in adherence with the council's Procurement Governance Structure. The board is chaired by the Head of Corporate Procurement and is attended by a representative from all service areas and ALEOs. The CPU will support

the identification of potential training options to assist in this action being delivered.

Action 1.02 - Ongoing training for procurement staff on changes to Legislation and Regulations.

The CPU works closely with colleagues in Legal services and receives on-going updates on changes to legislation and regulations. A transfer of knowledge session has been arranged which will cover topics such as recent case law, Freedom of Information and the use of Speculative Frameworks. Legal services will be delivering this training session.

1.8.2 Savings and Added Value:

Action 2.04 - Ensure that suppliers will provide regular management information on our usage of their contracts and incorporate this information into the contract management process.

The new CPU Commercial Manager will utilise this data to assist in identifying demand management opportunities, and to drive the savings agenda in both the contract management process and any potential tenders or extensions.

1.8.3 Innovation

Action 5.03 - Encourage all service areas to identify procurement opportunities where innovative products and services could deliver benefits to the council.

Following the first Corporate Procurement Asset Board meeting, it was agreed that a workshop will be set up to encourage and drive innovative procurement opportunities. This will be facilitated by the CPU and key service areas will attend.

The Head of Corporate Procurement is also a member of the Procurement Innovation Champion Leadership Group which is made up of members from the Scottish Government, Legal Services, NHS, City of Edinburgh council and other external organisations such as CivTech who run an accelerator programme which harnesses entrepreneurial tech innovation. They are funded by the Scottish Government. This group has been established to develop and disseminate best practice guidance relating to the procurement of innovation and to create a repository of know-how on innovation commercial practice in procurement and supply chain management. The outputs and outcomes from this group will be shared with the council's procurement governance structures, and examples of best practice will be promoted as part of the CPU communication updates.

1.8.4 To Promote Procurement Awareness

Action 6.03 - Provide training and awareness sessions on council contracts for services who have a purchasing compliance team.

The CPU will be delivering training and awareness sessions to purchasing compliance teams within Customer Business Services (CBS) during the month of March and April 2019. This will improve the compliance teams' procurement knowledge, which should increase contractual compliance and ensure identified savings are achieved.

- 1.9 An update on the delivery of the above five actions will be provided at the committee meeting on the 7th August 2019.

2 Policy and Resource Implications

Resource Implications:

Financial: One of the key aims of the Strategy is to ensure value for money and contribute to the savings agenda.

The revenue savings obtained for FY17/18 amount to a value of £813,159. This calculation is based on comparing the historical cost for services, goods and works against the re-tendered or negotiated cost for the same provision.

This has been achieved by ensuring greater market analysis and supplier engagement is carried out at the development phase of each tender and the implementation of commercially focused costing models.

Legal: The Strategy will be implemented in line with legislation, the council's Standing Orders and the Corporate Procurement Manual.

Personnel: The CPU is currently in the process of recruiting 2 backfill posts, an Assistant Procurement Officer and a Community Benefits Officer, to ensure the delivery of the strategy.

The Community Benefits Officer will further embed the delivery of the council's CB Policy and monitor the community benefits outcomes. The Assistant Procurement Officer will support the delivery of the CPU work-plan.

Procurement: Implementation and delivery of the Strategy.

Council Strategic Plan: This strategy supports several key priorities within the council Strategic Plan, specifically under the following themes

A Thriving Economy (Priority 4 and 5)

Community Benefits requirements are considered in all relevant procurement activity.
Fair Work Practice evaluation criteria is included in all relevant procurement activity.

A Sustainable and Low Carbon City (Priorities 64, 67 and 72)

The CPU has embedded the Scottish Government sustainable tools within the strategic procurement process to identify risks and opportunities on a project by project basis.

The secured outcomes are captured within the CPU Sustainable Register to be monitored as part of the contract management process.

Equality Impacts and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2017-22?

An EQIA screening has been undertaken and can be accessed on the council website, link below:

<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=41780&p=0>

What are the potential equality impacts as a result of this report?

A full EQIA does not need to be undertaken at this stage. However, there will be ongoing monitoring of the strategy. Impact on equalities groups to be considered in every piece of procurement activity together with the requirements of equality legislation.

Please highlight if the policy/proposal will help address socio economic disadvantage.

Sustainability Impacts:

Sustainability is covered as a key priority within the Strategy.

This is reflected in 30% of the actions, 8 of the 26 being focused on improving and increasing the sustainable procurement performance of the council.

The action plan also includes an action 4.04 to reinstate the council's Sustainable Steering Group to improve the sustainable procurement performance level. The group will be responsible for continuing to deliver the council's Sustainable Procurement Action Plan as derived via the Scottish Government's Sustainable Procurement Flexible Framework Tool.

Environmental: The CPU will be capturing the overall wider social, economic and environmental benefits included in all procurement activity within the CPU Sustainable Register. This will be actioned once the newly appointed Development Officers are fully trained.

Social: Continue to review Fair Work Practices criteria and the potential to broaden the scope and further develop the assessment process as mentioned above.

Economic: One of the aims of the Strategy is to deliver increased opportunities for local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations.

The CPU has recently met with Partnership for Procurement (P4P) which supports the third sector to access Public procurement opportunities and has also attended the Glasgow City Council and Third Sector Concordat Workshop. The CPU will support the delivery of the Concordat Strategy Action Plan by identifying challenges faced by the Third Sector with regards to procurement and agree a course of action to support this sector.

Privacy and Data Protection impacts: No data protection impacts identified.

3 Recommendation

It is recommended that committee notes the content of this report.

Appendix 1 – Strategy Performance Action Plan

Objective	Total No. of Actions	Total No. of Actions Complete	Total No. of Actions Open	Total No of Actions at Risk	Action Plan Delivery Per Financial Year			
					18/19	19/20	20/21	21/22
1. Legal compliance and Governance	5	1	4	1	2	1	1	1
2. Savings and positive outcomes	5	0	5	0	0	1	2	2
3. Leaner, More Efficient and Effective Procurement Function	3	0	3	0	0	0	1	2
4. Deliver Sustainable Procurement Across the Council	8	1	7	2	1	4	1	2
5. Innovation	3	0	3	0	0	1	0	2
6. Promote Procurement Awareness	4	2	2	0	2	2	0	0
Grand Total	28	4	24	3	5	9	5	9

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
1. Legal Compliance and Governance						
AIM > To ensure all procurement staff and council officers involved in the procurement process are fully aware of all aspects and impacts of the procurement rules and any other relevant regulations. > To adapt to any changes to procurement rules following Brexit.	No successful legal challenges	1.01	Mandatory training for council officers involved in the procurement process (project leads, specification writers) including highlighting the social benefits that procurement must consider (e.g. Equality and Fair Work Practices).	Apr-19	Open (Amber) see 1.8.1 within this report	Service Areas
		1.02	Ongoing training for procurement staff on changes to legislation and regulations.	Mar-19	Open (Green)	Legal, Development Team, SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>OUTCOME</p> <p>> Mitigation of the opportunities for procurement challenge.</p> <p>> Procurement activity will comply with all relevant statutory and regulatory requirements.</p> <p>> Procurement staff are confident in their understanding of procurement regulations and other relevant regulations.</p>		1.03	Adapt our internal procedures, processes and documentation, where required, to reflect the requirements of the General Data Protection Regulation and new Data Protection Act.	Jun-18	Complete	Legal, CPU, SW
		1.04	Review procurement processes before Brexit and ensure appropriate procedures are in place for a smooth transition.	Apr-20	Open (Green)	Legal, CPU, SW
		1.05	Adapt our internal procedures, processes and documentation, where required, to reflect any new requirements of Brexit.	Apr-21	Open (Green)	Legal, CPU, SW
2. Savings and Positive Outcomes						
<p>AIM</p> <p>> To support the council in achieving budget savings targets.</p> <p>OUTCOME</p> <p>> Assisting the council to meet budget savings targets.</p> <p>> Positive outcomes (for example changes in buying behaviour, identifying alternative solutions, improved ordering and invoicing solutions).</p> <p>> To work closer with our clients to</p>	<p>Savings for budget holders</p> <p>Reduced expenditure</p> <p>Reduction in Manual invoice volume</p>	2.01	Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P).	Apr-22	Open (Green)	CPU, SW, Financial Services (CBS)
		2.02	Further embed and improve demand management within the contract management process.	Apr-20	Open (Green)	CPU, SW, Service Areas
		2.03	Continue to prioritise more procurement time for the development of sourcing strategies to ensure that demand is fully understood (including future requirements) and that market analysis	Apr-22	Open (Green)	CPU Senior Management Team, SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>understand their needs identify opportunities to reduce expenditure, control demand and improve process efficiencies.</p> <p>> Work more collaboratively with other public sector organisations.</p>			and supplier engagement is undertaken to establish the capabilities of the supply chain.			
		2.04	Ensure that suppliers provide regular management information on our usage of their contracts and incorporate this information into the contract management process.	May-19	Open (Green)	CPU Strategic Teams, SW
		2.05	Continue to look for opportunities to collaborate in procurement with our public sector partners and benchmark to ensure that collaborations provide best value.	Apr-20	Open (Green)	CPU Strategic Teams, SW
3. Leaner, More Efficient and Effective Procurement Function						
<p><u>AIM</u></p> <p>> To make best use of our procurement resources.</p> <p>> To have a more efficient and effective procurement processes.</p>	Increase percentage of strategic procurement activity	3.01	Review our procurement processes utilising the lean methodology (using external benchmarking and internal stakeholder engagement where possible) to improve efficiency, remove duplication and make best use of the available tools.	Apr-22	Open (Green)	Development Team, SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>> To make the procurement process more consistent for all internal and external stakeholders.</p> <p><u>OUTCOME</u></p> <p>> More time to focus on the strategic element of the procurement process (developing sourcing strategy, benchmarking and market analysis).</p> <p>> Identified ICT improvements.</p> <p>> Procurement process and documentation is easier for suppliers to follow.</p> <p>> A cohesive approach to procurement across the council family.</p>		3.02	Identify procurement Information and Communication Technology (ICT) development requirements and work with the new ICT provider to identify opportunities to implement them.	Apr-20	Open (Green)	Development Team, SW
		3.03	Streamline and standardise Corporate Procurement Unit and other council family procurement team processes and documentation where appropriate.	Apr-22	Open (Green)	Development Team, Legal, CPU Strategic Teams and other council family procurement teams
4.Deliver Sustainable Procurement Across the Council						
<p><u>AIM</u></p> <p>> To increase the knowledge and understanding of the benefits of sustainable procurement of all council staff who participate in the procurement process and make better use of the expertise within the council to ensure wider sustainable outcomes are achieved.</p>	<p>Percentage of quotes including SMEs</p> <p>Percentage of spend with SMEs</p> <p>Percentage of spend with local suppliers</p>	4.01	Training and awareness sessions for internal clients on sustainable procurement with an emphasis on the application of circular economy, whole life costing, life cycle impact mapping and the early involvement of SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations.	Oct-19	Open (Green)	LES, Development Team

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>> To be compliant with the Procurement Reform (Scotland) Act 2014 and general and other duties contained therein, including the Sustainable Procurement Duty.</p> <p><u>OUTCOME</u></p> <p>> Increased opportunities for local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations.</p> <p>> To secure wider social, economic and environmental benefits for the local area and ensure those benefits are realised.</p> <p>> Compliance with the Sustainable Procurement Duty.</p> <p>> Secured and realised sustainable benefits.</p> <p>> Staff involved in the procurement process understand and positively contribute to achieving sustainable outcomes.</p> <p>> The council is reassured that suppliers</p>	Improvement in performance level of sustainable procurement as identified via the FFSAT	4.02	Further optimise the community benefits process by working more closely with relevant internal stakeholders (community planning, employability team) and placing a greater emphasis on ensuring outcomes are delivered and benefits for Glasgow citizens are realised.	Jun-19	Open (Amber)- Recruiting a CB Officer	Development Team, Community Benefits Steering Group
		4.03	Streamline and standardise Social Work and Corporate Procurement Unit processes and documentation relating to sustainability where appropriate.	Oct-19	Open (Green)	SW
		4.04	Increase the council's sustainable performance by utilising the sustainable steering group and continuing to deliver the sustainable procurement action plan as derived from the Scottish Government's flexible framework.	Apr-22	Open (Green)	Sustainable Steering Group, Service areas
		4.05	Review council mandatory evaluation requirements (insurance, health and safety) to ensure they are compatible with the SME agenda.	Jul-19	Open (Amber) / Ownership of Insurance Risk escalated to Governance section	CPU, Legal, Financial Services (Insurance), Health & Safety,

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
adhere to the principles of a Fair Work Practice organisation.		4.06	Review Fair Work criteria looking at the potential to broaden the scope and also develop the assessment process to include more external accreditations.	Feb-19	Complete	CPU Senior Management Team, Legal, SW
		4.07	Review our internal processes and documentation to identify potential improvements in how local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations can gain opportunities to win council contracts.	Feb-21	Open (Green)	Development Team, SW
		4.08	Advocate the use of the council's Supported Business (RSBI) within the Scottish public sector.	Apr-22	Open (Green)	CPU Senior Management Team, SW
5. Innovation						
<u>AIM</u> > Opportunities for innovative procurement practice will be considered for all procurement activity where appropriate >To encourage innovation in products and services by adopting the aspects of the new procurement regulations that provide greater flexibility and scope to provide best value from procurement	Number of innovative partnership procedures	5.01	Continue to work with our clients to ensure that procurement is involved and that innovation is considered at the earliest possible stage in the development of the requirement.	Apr-22	Open (Green)	Service Areas, CPU Senior Management Team, SW
		5.02	Promote the innovation partnership model as a mechanism and share relevant examples of new procurement solutions	Apr-22	Open (Green)	CPU Strategic Teams, Development Team, SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>activity.</p> <p>OUTCOME</p> <p>> Requirements are met within budget constraints whilst also providing best value and wider benefits for the local areas.</p> <p>> Procurement delivers improved services and products.</p> <p>> To encourage innovation by adopting the aspects of the new procurement regulations that provide greater flexibility and scope to provide best value from procurement activity.</p>		5.03	Encourage all service areas to identify procurement opportunities where innovative products and services could deliver benefits to the council.	May-19	Open (Green)	CPU, SW, Service Areas
6. Promote Procurement Awareness						
<p>AIM</p> <p>> A better understanding and knowledge of procurement, including risk, throughout the council.</p> <p>> Procurement is integrated as a strategic partner who can assist in transforming how the council operates.</p> <p>> To encourage early procurement engagement and increase opportunities for partnership working.</p>	<p>Percentage of adhoc requirements on work plan</p> <p>More time afforded to developing strategies</p> <p>Appropriate allocation of procurement</p>	6.01	Develop and implement a procurement communication strategy which will include updating our internal and external procurement pages and providing regular updates to all council staff.	Dec-18	Complete	Development Team
		6.02	Make available training and awareness sessions for council staff involved in procurement on the council's internal procurement processes and procedures.	Aug-19	Open (Green)	Development Team, CPU Strategic Teams, Legal

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>> To afford more opportunity to invest in strategic procurement activity (market analysis, benchmarking).</p> <p>> Advanced work plans provided by clients include all requirements for the year which will enable more efficient and effective allocation of workload and utilisation of resource within procurement.</p> <p><u>OUTCOME</u></p> <p>> Requirements are met within budget constraints.</p> <p>> Contracts provide best value and wider benefits for Glasgow and its citizens.</p>	activity within the procurement resource	6.03	Provide training and awareness sessions on council contracts for services who have purchasing compliance teams including highlighting the social benefits that procurement must consider (e.g. Equality and Fair Work Practices).	Apr-19	Open (Green) see 1.8.4 within this report	CPU Strategic Teams, Development Team, SW
		6.04	Establish a process to communicate procurement benefits and success stories (savings, sustainability outcomes including community benefits).	Dec-18	Complete	CPU