



**Glasgow City Council**

**Contracts and Property Committee**

**Report by Executive Director of Governance and Solicitor to the Council**

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**Item 6**

**8th August 2019**

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

**Purpose of Report:**

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

**Recommendations:**

It is recommended that the 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 14<sup>th</sup> 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, which forms part of the council's Procurement Governance Structure, and is chaired by the Head of Legal and Administration Services. The action plan details all the deliverables, including the associated 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 2017- 2022, and to focus on specific development areas identified via the national Procurement Commercial and Improvement Programme (PCIP) assessment, which is undertaken every two years.
- 1.5 The national PCIP assessment is endorsed by Audit Scotland to focus on the policies and procedures driving procurement performance, and more importantly the results they deliver. It allows public sector organisations to benchmark performance and develop plans for improvement. The council's assessment in November 2018 achieved a further 3% increase in score from the previous assessment, which retains the council's position in the top band of procurement performance and its' position as one of the best performing Scottish councils in relation to procurement.

## 2 Progress since last report

- 2.1 In the period 1 March 2019 to 30 June 2019 there were six actions targeted for completion, and these support delivery of five of the six key Strategy objectives. All six actions have been completed in accordance with the targeted completion, as set out in the paragraphs below.

### 2.1.1 Legal Compliance and Governance:

*Action 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 (for example, Equality and Fair Work Practices).*

The council's Corporate Procurement Asset Board, which also forms part of the Council's Procurement Governance Structure, and is attended by key representatives from each Service area and ALEOs, has been utilised as a mechanism to drive and support action 1.01 which is to be delivered by Service areas and not the Corporate Procurement Unit (CPU).

The Corporate Procurement Asset Board requested that the CPU notify Service areas of available training options, for example Scotland Excel's Training Academy or a collaborative Framework Agreement, that could provide staff with training on specification writing and an Introduction to Public Sector Procurement.

A number of staff from Neighbourhoods and Sustainability have received training by the Scottish Government on specification writing and also attended a project management course. A number of the remaining Service areas have expressed an interest. The CPU will coordinate the next training session(s), and will continue to support this co-ordinated approach to increase service areas awareness and understanding, and support the delivery of the CPU work-plans.

*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 delivered by Legal Services which covered topics such as recent case law and Freedom of Information.

### 2.1.2 Savings and Positive Outcomes

*Action 2.04 Ensure that suppliers provide regular management information (MI) on our contracts and incorporate this information into the contract management process.*

The new CPU Commercial Manager has formalised and is utilising the supplier's MI to identify demand management and saving opportunities across 10 key commodities, as identified and agreed with the Finance colleagues from each Service area. This information will also shape future sourcing strategies, tender opportunities and contract extensions. The CPU has also received access to Scotland Excel's new MI portal which contains detailed supplier spend information. This data will be utilised to ensure contract management activity covers key business critical areas.

### 2.1.3 Deliver Sustainable Procurement Across the Council

*Action 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 realised.*

The Community Benefits Steering group has been re-established and meets every 6 weeks. A number of workshops have been delivered in conjunction with strategic leads which have reviewed the community benefits menu themes, points and definitions.

The council has been implementing an online software tool, Cenefits, to assist with the delivery and monitoring of community benefits for the Glasgow City Region City Deal (CD) work-plan, to go live in July. This will also be adopted for business as usual projects in September 2019. The vacancy for the Community Benefits Officer post has been filled, which will allow further collaboration with suppliers and the Poverty Leadership Panel team to deliver benefits specially targeted to support community initiatives and engagement.

The Community Benefits Steering Group will continue to play a pivotal role in promoting and embedding community benefit requirements within council contracts to maximise the outcomes of the council's commercial spend portfolio.

#### 2.1.4 Innovation

*Action 5.03 Encourage all Service areas to identify procurement opportunities where innovative products and services could deliver benefit to the council.*

Following the first meeting of the re-instated Corporate Procurement Asset Board, it was agreed that a workshop be set up to encourage and drive innovative procurement opportunities. The workshop was held on the 28<sup>th</sup> June and has resulted in an agreement for further work-shops and actions which will help drive innovation within the council family. The workshop was facilitated by the CPU, and key Service areas and ALEOs attended.

#### 2.1.5 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 delivered a training and awareness session to purchasing compliance teams within Customer Business Services (CBS) in April 2019 to improve the teams' procurement understanding and knowledge, which will assist to mitigate against contract non-compliance and ensure identified savings are achieved.

### 3 **Key deliverables targeted for next report**

3.1 There are two actions targeted for the period 1 July to 30 September 2019 which support the delivery of two of the six Strategy Objectives, and these are set out in the paragraphs below.

#### 3.1.1 Deliver Sustainable Procurement Across The Council

*Action 4.05 – Review Council Mandatory evaluation requirements (insurance, Health and Safety) to ensure they are compatible with the SME agenda.*

The CPU will continue to work closely with Health and Safety, Insurance and Finance departments and will investigate the opportunity to streamline processes which will support the SME agenda. This should in turn allow a greater number of SME's to bid for future tendering opportunities.

### 3.1.2 Promote Procurement Awareness

*Action 6.02 Make available training and awareness sessions for council staff involved in procurement on the council's internal procurement processes and procedures including highlighting the social benefits that procurement must consider (for example, Equality and Fair Work Practices).*

The CPU will continue to hold awareness sessions to highlight internal processes and highlight the benefits and reasoning behind Fair Work Practices and Equality.

3.2 An update on the delivery of the above two actions will be provided at the committee meeting on the 29 October 2019.

## 4 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 cost reduction savings for Financial Year 17/18 were £840,000. The savings have been secured by benchmarking the new contract rates against the previous contract rates and then multiplied against anticipated volumes.

The savings have also 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 3 new posts to assist with the delivery of the legacy Cordia contracts.

*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 [here](#).

*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 Sustainable Register. This will be actioned once the new 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 meet 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.

**5 Recommendation**

It is recommended that the 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	3	2	0	2	1	1	1
2. Savings and positive outcomes	5	1	4	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	2	6	2	1	4	1	2
5. Innovation	3	1	2	0	0	1	0	2
6. Promote Procurement Awareness	4	3	1	0	2	2	0	0
<b>Grand Total</b>	<b>28</b>	<b>10</b>	<b>18</b>	<b>2</b>	<b>5</b>	<b>9</b>	<b>5</b>	<b>9</b>

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<b>1. Legal Compliance and Governance</b>						
<u>AIM</u> > 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	Complete	Service Areas
		1.02	Ongoing training for procurement staff on changes to legislation and regulations.	Mar-19	Complete	Legal, Development Team, SW



Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p><b>OUTCOME</b></p> <p>&gt; Mitigation of the opportunities for procurement challenge.</p> <p>&gt; Procurement activity will comply with all relevant statutory and regulatory requirements.</p> <p>&gt; 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
<b>2. Savings and Positive Outcomes</b>						
<p><b>AIM</b></p> <p>&gt; To support the council in achieving budget savings targets.</p> <p><b>OUTCOME</b></p> <p>&gt; Assisting the council to meet budget savings targets.</p> <p>&gt; Positive outcomes (for example changes in buying behaviour, identifying alternative solutions, improved ordering and invoicing solutions).</p> <p>&gt; 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>&gt; 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	Complete	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
<b>3. Leaner, More Efficient and Effective Procurement Function</b>						
<p><u>AIM</u></p> <p>&gt; To make best use of our procurement resources.</p> <p>&gt; 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>&gt; To make the procurement process more consistent for all internal and external stakeholders.</p> <p><u>OUTCOME</u></p> <p>&gt; More time to focus on the strategic element of the procurement process (developing sourcing strategy, benchmarking and market analysis).</p> <p>&gt; Identified ICT improvements.</p> <p>&gt; Procurement process and documentation is easier for suppliers to follow.</p> <p>&gt; 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>&gt; 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>&gt; 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>&gt; Increased opportunities for local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations.</p> <p>&gt; To secure wider social, economic and environmental benefits for the local area and ensure those benefits are realised.</p> <p>&gt; Compliance with the Sustainable Procurement Duty.</p> <p>&gt; Secured and realised sustainable benefits.</p> <p>&gt; Staff involved in the procurement process understand and positively contribute to achieving sustainable outcomes.</p> <p>&gt; The council is reassured that suppliers adhere to the principles of a Fair Work Practice organisation.</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	Complete	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 (Amber)	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) /	CPU, Legal, Financial Services (Insurance), Health & Safety,
					Ownership of Insurance Risk escalated to Governance section	

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
		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
<b>5. Innovation</b>						
<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 activity.	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><b>OUTCOME</b></p> <p>&gt; Requirements are met within budget constraints whilst also providing best value and wider benefits for the local areas.</p> <p>&gt; Procurement delivers improved services and products.</p> <p>&gt; 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	Complete	CPU, SW, Service Areas
<b>6. Promote Procurement Awareness</b>						
<p><b>AIM</b></p> <p>&gt; A better understanding and knowledge of procurement, including risk, throughout the council.</p> <p>&gt; Procurement is integrated as a strategic partner who can assist in transforming how the council operates.</p> <p>&gt; To encourage early procurement engagement and increase opportunities for partnership working.</p>	Percentage of adhoc requirements on work plan	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
	More time afforded to developing strategies	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
	Appropriate allocation of procurement					

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>&gt; To afford more opportunity to invest in strategic procurement activity (market analysis, benchmarking).</p> <p>&gt; 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>&gt; Requirements are met within budget constraints.</p> <p>&gt; 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	Complete	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