

Item 1

20th January 2022



Glasgow City Council

**Wellbeing, Empowerment, Community and Citizen
Engagement City Policy Committee**

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

The Corporate Procurement and Commercial Improvement Strategy 2018 to 2022

Purpose of Report:

To seek comments on the extension of the Corporate Procurement and Commercial Improvement Strategy 2018 to 2022 and to submit a proposal for development of the Council's new Procurement Strategy.

Recommendations:

The Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee is asked to :

- a) comment on the extension of the Corporate Procurement and Commercial Improvement Strategy 2018 to 2022, for a period of up to five months, to tie in with the Council Strategy 2022 - 27.
- b) approve the establishment of a short term cross party working group, following the 2022 Local Government elections, to develop the Council's new Procurement Strategy as detailed at paragraphs 3.3 & 3.4 in the report.

Ward No(s): xxxxxxxx

Citywide: ✓

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

1. Background

- 1.1 The City Administration Committee approved the Corporate Procurement and Commercial Improvement Strategy 2018 - 2022 (Procurement 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 The Procurement 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 scheduled to take place every two to three years, although this has been delayed due to the COVID pandemic.
- 1.3 Within the strategy it was proposed that the Corporate Procurement Unit (CPU) provide a quarterly update, or as and when required, on the delivery of the Strategy to the Contracts and Property Committee, and this is included within the Committee terms of reference.
- 1.4 The delivery of the Strategy is monitored via a comprehensive action plan which is reported, as part of the Council's Corporate Procurement Governance Structure, to the Corporate Procurement Asset Board and the Corporate Procurement Advisory Board and is chaired by the Director of Legal and Administration Services.
- 1.5 The action plan details all the deliverables, including the associated target dates until the conclusion of the Procurement Strategy in July 2022. A full copy of the action plan, including the status, is set out in Appendix B.

2. Proposed Extension of the Current Procurement Strategy (Strategy)

- 2.1 Due to the local elections in May 2022 and the development of a new Council Strategy later in that year, it is proposed to extend the current Procurement Strategy for a period of 5 months (from July 2022 to December 2022) to ensure that it ties in with and reflects the new Council Strategy.
- 2.2 This extension period will afford the CPU an appropriate period of time to consider the aims, objectives and priorities of the Council's Strategic Plan 2022 - 2027 and to ensure that these are supported by the new Procurement Strategy, as required under the requirements of Section 15 of the Procurement Reform (Scotland) Act 2014 (Act).
- 2.3 The extension will also align the period of the new and future Procurement Strategies with the calendar year and will avoid a similar situation at subsequent election years.

2.4 The Procurement Strategy currently has 9 outstanding actions, all with a delivery date of April 2022. It is proposed to continue to deliver 5 of these actions during the extension period, details as follows:

2.4.1 Savings and Positive Outcomes

Action 2.01 - Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P).

2.4.2 Deliver Sustainable Procurement across the council

Action 4.03 – Streamline and standardise Social Work Services and Corporate Procurement Unit processes and documentation relating to sustainability where appropriate.

Action 4.04 - Increase the Council's sustainable performance by utilising the Council's Sustainable Procurement Steering Group and continue to deliver the Sustainable Procurement Action Plan as derived from the Scottish Government's Flexible Framework tool.

2.4.3 Innovation

Action 5.01 – Continue to work with our clients to ensure that innovation is considered at the earliest possible stage in the development of the requirement.

Action 5.02 – Encourage all service areas to identify procurement opportunities where innovative products and services could deliver benefits to the council.

2.5 The remaining actions will be delivered in-line with the original action plan target dates, as detailed in Appendix B.

3. Development of the new Corporate Procurement Strategy (CPS)

3.1 As required by the Act, the CPU will undertake relevant and proportionate internal and external consultation during the development of the new Procurement Strategy. The first of the two stage consultation process is due to commence in January 2022 and will focus on the performance of the current Procurement Strategy. The result of the consultations, in particular relevant suggestions of improvement and focus, will form a fundamental consideration and influence the development of the new CPS.

3.2 To support public sector procurement transparency principles, both consultations will be facilitated via the Council's consultation hub and the results will be made available on the Council's procurement internet page, most likely post approval of the new CPS by the City Administration Committee.

3.3 To ensure the new CPS supports the manifesto commitments of the new administration, the following is proposed:

That a short-term cross party working group will be established, following the 2022 Local Government elections, with appropriate elected member involvement, to continue the development of the new CPS; taking account of the commitment which will be required of elected members; and the prescriptive timescales to develop and implement the new CPS.

3.4 The proposed remit of the working group is to;

- draft and develop a new Corporate Procurement Strategy, in line with the Council's key objectives and subject to any statutory obligations, and mandatory requirements of the Scottish Government; and
- ensure consultation internally and externally prior to finalising the new Corporate Procurement Strategy

3.5 The CPU will collaborate with our colleagues in Strategic Policy and Planning to aid the completion of a full Equality Impact Assessment (EQIA) as part of the Strategy development.

3.6 The final content, and implementation date, of the new CPS will be predominantly influenced by the Council's Strategic Plan 2022 – 2027.

3.7 A proposed timeline on the development of the new Procurement Strategy is set out in Appendix A, although this is subject to change.

4. Policy and Resource Implications

Resource Implications:

Financial:

One of the key aims of the current Strategy is to ensure value for money and to contribute to the Council's savings agenda.

The cost reduction savings achieved for Financial Year 20/21 were £1.15m. This saving has been secured by benchmarking the new contract rates against the previous contract rates and then multiplied against anticipated demand 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.

It is envisaged that the new strategy will continue to target savings.

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

Personnel: No direct personnel implications.

Procurement: The current Strategy and the new Procurement Strategy will ensure procurement best practice is followed.

Council Strategic Plan: The current Strategy supports several key priorities within the Council's Strategic Plan 2017- 2022, specifically under the following themes.

A Thriving Economy (Priorities 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's 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.

The development of the new Strategy will ensure the strategic plan is supported.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25

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.

The approval report for the new Procurement Strategy will provide information.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

The approval report for the new Procurement Strategy will provide information

What are the potential climate impacts as a result of this proposal?

The approval report for the new Procurement Strategy will provide information.

Will the proposal contribute to Glasgow's net zero carbon target?

The approval report for the new Procurement Strategy will provide information.

Privacy and Data Protection impacts:

No data protection impacts identified.

5. Recommendations

The Wellbeing, Empowerment, Community and Citizen Engagement City Policy Committee is asked to:

- a) comment on the extension of the Corporate Procurement and Commercial Improvement Strategy 2018 to 2022 for a period of up to five months to tie in with the Council Strategy 2022- 27.
- b) approve the establishment of a short term working group, following the 2022 Local Government elections, to develop the Council's new Procurement Strategy as detailed at paragraphs 3.3 & 3.4 in the report.

Appendix A

The new Corporate Procurement Strategy (CPS) – Development Timeline

Key Actions	Target Date
Stakeholder Mapping	December 2021
Create Procurement Project Group	January 2022
Issue 1 st Consultation	February 2022
Analyse Consultation Feedback and identify areas of opportunity and impact	May 2022
Create Short-Term working Group	June 2022
Develop First Draft CPS	August 2022
Review Councils Strategic Plan	September 2022
Develop Second draft CPS	October 2022
Issue 2 nd Consultation	October 2022
Analyse Consultation Feedback and identify areas of opportunity and impact	November 2022
Finalise CPS	November 2022
Strategy Approval	December 2022
Strategy Communication	January 2023

Note: The above timeline is subject to change based on the availability of the Council's Strategic Plan 2022 -2027 and short term working group.

Appendix B

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
1. Legal Compliance and Governance						
<p><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.</p> <p>> To adapt to any changes to procurement rules following Brexit.</p> <p><u>OUTCOME</u> > Mitigation of the opportunities for procurement challenge.</p> <p>> Procurement activity will comply with all relevant statutory and regulatory requirements.</p>	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
		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-21	Complete	Legal, CPU, SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
> Procurement staff are confident in their understanding of procurement regulations and other relevant regulations.		1.05	Adapt our internal procedures, processes and documentation, where required, to reflect any new requirements of Brexit.	Apr-21	Complete	Legal, CPU, SW
2. Savings and Positive Outcomes						
<u>AIM</u> > To support the council in achieving budget savings targets. <u>OUTCOME</u> > Assisting the council to meet budget savings targets. > Positive outcomes (for example changes in buying behavior, identifying alternative solutions, improved ordering and invoicing solutions). > To work closer with our clients to understand their needs identify opportunities to reduce expenditure, control demand and improve process efficiencies.	Savings for budget holders Reduced expenditure Reduction in Manual invoice volume	2.01	Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P).	Apr-22 Propose to extend until December 2022	Open (Green)	CPU, SW, Financial Services (CBS)
		2.02	Further embed and improve demand management within the contract management process.	Apr-20	Complete	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 and supplier engagement is undertaken to establish the capabilities of the supply chain.	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
> Work more collaboratively with other public sector organisations.		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	Complete	CPU Strategic Teams, SW
3. Leaner, More Efficient and Effective Procurement Function						
<u>AIM</u> > To make best use of our procurement resources. > To have a more efficient and effective procurement processes.	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	Complete	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						

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<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>> 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>Percentage of quotes including SMEs</p> <p>Percentage of spend with SMEs</p> <p>Percentage of spend with local suppliers</p> <p>Improvement in performance level of sustainable procurement as identified via the FFSA</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.	Jun 21	Complete	NRS, Development Team
		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.	Apr- 22 Propose to extend until December 2022	Open (Amber) Form a close working relationship with Head of Commissioning to allow process to be streamlined	SW

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<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 adhere to the principles of a Fair Work Practice organisation.</p>		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 Propose to extend until December 2022	Continue to work with Social Work to improve the council's sustainable performance	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	Complete	CPU, Legal, Financial Services (Insurance), Health & Safety,
		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	Complete	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

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
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 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 Propose to extend until December 2022	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 Propose to extend until December 2022	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><u>OUTCOME</u></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	Complete	CPU, SW, Service Areas
6. Promote Procurement Awareness						
<p><u>AIM</u></p> <p>> A better understanding and knowledge of procurement, including risk, throughout the council.</p> <p>> Procurement is integrated as a</p>	<p>Percentage of adhoc requirements on work plan</p> <p>More time afforded to</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

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>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>> 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>	<p>developing strategies</p> <p>Appropriate allocation of procurement activity within the procurement resource</p>	6.02	<p>Make available training and awareness sessions for council staff involved in procurement on the council's internal procurement processes and procedures.</p>	Aug-19	Complete	<p>Development Team, CPU Strategic Teams, Legal</p>
		6.03	<p>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).</p>	Apr-19	Complete	<p>CPU Strategic Teams, Development Team, SW</p>
		6.04	<p>Establish a process to communicate procurement benefits and success stories (savings, sustainability outcomes including community benefits).</p>	Dec-18	Complete	CPU