

# Item 1

1st March 2022



**Glasgow City Council**

**General Purposes and City Policy Committee**

**Report by Director of Legal and Administration**

**Contact: Maureen Fitzpatrick Ext: 76406**

## **The Development of the Council's new Corporate Procurement Strategy**

### **Purpose of Report:**

To seek approval from Committee for the establishment of a short term cross party working group to develop the Council's new Corporate Procurement Strategy.

### **Recommendations:**

The General Purposes and City Policy Committee is asked to approve the establishment of a short term cross party working group, post the 2022 Local Government elections, as detailed within section 2.

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 Council's 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 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 Strategy currently has 9 outstanding actions, 4 with a target date of April 2022 and 5 actions with a target date of December 2022. It is important to highlight that the five actions with a delivery date of December are considered to be fundamental aspects of Strategic Procurement and are envisaged to be a continued area of focus within the new Procurement Strategy. Further information on the five actions is set out below.

### 1.5.1 Savings and Positive Outcomes:

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

Action Owner: NRS, CPU and the Development Team

### 1.5.2 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 Owner: SWS

**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.

Action Owner: CPU, SWS Sustainable Steering Group and NRS

### 1.5.3 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 Owner: Service Areas, CPU and SWS

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

Action Owner: Service Areas, CPU and SWS

1.6 The action plan details all the deliverables, including the associated target dates until the conclusion of the Procurement Strategy in December 2022. A full copy of the action plan, including the status, is set out in Appendix B.

## 2 Development of the new Corporate Procurement Strategy (CPS)

2.1 As required by the Procurement Reform (Scotland) Act 2014, the CPU will undertake relevant and proportionate internal and external consultation during the development of the new CPS. The first of the two stage consultation process was issued to key internal and external stakeholders on 28 February 2022 and predominantly focusses on the performance of the current Strategy. The results of the consultation, in particular relevant suggestions of improvement, will form a fundamental consideration and influence the content of the new CPS.

In line with Council policy and to support public sector procurement transparency principles, the second consultation on the draft CPS will be published via the Council's consultation hub. The results of both consultations will be made available on the Council's consultation hub and procurement internet page.

2.2 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.

2.3 The proposed remit of the working group is to;

- draft and develop a new Corporate Procurement Strategy, in line with the Council's key aims and 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

- 2.4 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.
- 2.5 The final content, and implementation date, of the new CPS will be predominantly influenced by the Council's Strategic Plan 2022 – 2027.
- 2.6 The projected timeline on the development of the new Procurement Strategy is set out in Appendix 'A', although this is subject to change.

### 3 Policy and Resource Implications

#### Resource Implications:

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

The cost reduction savings since the commencement of the Strategy is £3.1m. This includes a saving of £1.15m for FY20/21.

The saving figures have been calculated by benchmarking the new contract rates against the previous contract rates and then multiplied against anticipated volumes, collated on a project by project basis.

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

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

*Personnel:* N/A

*Procurement:* Implementation and delivery of the Strategy.

**Council Strategic Plan:** The Strategy supports several key priorities within the Council Strategic Plan, 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 sustainable 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 on the impact of the current Procurement Strategy and can be accessed on the council's website [here](#).

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

A full EQIA does not need to be undertaken on the current Procurement Strategy 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.*

Yes

**Climate Impacts:**

*Does the proposal support any Climate*

8 of the 26 actions are focused on improving and increasing the sustainable procurement

*Plan actions? Please specify:*

performance of the Council and has supported 5 climate emergency themes.

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

The current Strategy and the new Corporate Procurement Strategy will help to influence behaviours and reduce emissions which negatively impact the climate via the delivery of the procurement workplan.

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

This Strategy and the development of the new Corporate Procurement Strategy will help the meet the net zero target by 2030 via the delivery of the procurement workplan.

**Privacy and Data Protection impacts:**

No data protection impacts identified.

#### **4 Recommendation**

The General Purposes and City Policy Committee is asked to approve the establishment of a short term cross party working group, post the 2022 Local Government elections, as detailed within section 2.

## Appendix A

### The new Corporate Procurement Strategy (CPS) – Development Timeline

<b>Key Actions</b>	<b>Target Date</b>
Stakeholder Mapping	December 2021
Create Procurement Project Group	January 2022
Issue 1 <sup>st</sup> 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 <sup>nd</sup> 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

## Appendix B – 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	22/23
1. Legal compliance and Governance	5	5	0	0	2	1	0	2	0
2. Savings and positive outcomes	5	3	2	0	0	1	2	1	1
3. Leaner, More Efficient and Effective Procurement Function	3	1	2	0	0	0	1	0	2
4. Deliver Sustainable Procurement Across the Council	8	5	3	0	1	2	1	1	3
5. Innovation	3	1	2	0	0	1	0	0	2
6. Promote Procurement Awareness	4	4	0	0	2	2	0	0	0
<b>Grand Total</b>	<b>28</b>	<b>19</b>	<b>9</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>8</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.	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

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>&gt; To adapt to any changes to procurement rules following Brexit.</p> <p><u>OUTCOME</u></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>		1.02	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
		1.05	Adapt our internal procedures, processes and documentation, where required, to reflect any new requirements of Brexit.	Apr-21	Complete	Legal, CPU, SW
<b>2. Savings and Positive Outcomes</b>						
<p><u>AIM</u></p> <p>&gt; To support the Council in achieving budget savings targets.</p> <p><u>OUTCOME</u></p> <p>&gt; Assisting the Council to meet budget savings targets.</p> <p>&gt; Positive outcomes (for example changes in buying behaviour, identifying</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 <b>Extended to December 2022</b>	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

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
<p>alternative solutions, improved ordering and invoicing solutions).</p> <p>&gt; To work closer with our clients to 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>		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
		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						
<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	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						
<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.	Jun 21	Complete	NRS, 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.	Apr-22 <b>Extended to December 2022</b>	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 <b>Extended to December 2022</b>	Open (Amber)	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

Objectives, Aim and Outcomes	Performance Indicator	Action Reference	Actions	Target Date	Rag Status / Mitigating Action	Owner
		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
<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 <b>Extended to December 2022</b>	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 <b>Extended to December 2022</b>	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>&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><u>AIM</u></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	Complete	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