

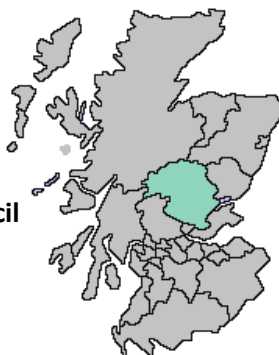
Procurement Annual Report

2017/18

Perth and Kinross Council

This report details further progress made by Perth and Kinross Council against the Procurement Strategy published in December 2015. The main purpose is to report on how we met our aims and objectives and achieved value through our purchasing decisions.

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Section 1. Executive Summary

A three year Procurement Strategy was approved for Perth and Kinross Council in December 2015. Each subsequent year an updated version of this strategy has been published. This annual report records the activities concluded in the second year of our three year strategy.

The three year Procurement Strategy includes an improvement action plan which sets out how the Council intends to direct expenditure and highlights how we would work to not only deliver essential savings but also to support the wider objectives of the Council and local community partners. The annual report records progress against our improvement actions, the contributions of procured goods, services and works to the wider objectives of our organisation and the use of community benefits to deliver social value.

A primary focus of our Procurement Strategy is to align third party expenditure with the delivery of local objectives in the context of the [Scottish Government's vision](#) of **“Delivering procurement that improves public services for a prosperous, fairer and more sustainable Scotland”** and **“delivers local economic, environmental and social benefits”**.

The main focus of this report is to update on the ways in which procurement activity has been used to support the specific needs of the Perth and Kinross Council area.

As the Council also works on the development of contracts jointly with Angus Council and Dundee City Council the report also references the Tayside Procurement Consortium (TPC) strategy and directs readers to review the annual reporting on progress made jointly with the Tayside local authorities. One of the benefits this model gives is a more efficient interface with the business and third sector communities across Tayside, supporting joint engagement and development work streams.

This update provides more detail on the improvements made to ensure that the Council's working practices aligned with legislative and regulatory requirements introduced by the Procurement Reform (Scotland) Act 2014 and the implementation of the EU Directives (Procurement and Concessions) of 2014.

Council spend with third parties during 2017/18 was £255M, this includes expenditure on goods, services and works and that placed with arm's length organisations such as Tayside Contracts. The figure also includes monies allocated to support capital investment decisions taken by the Council.

Introduction

The Corporate Plan is the Council's overarching plan which clearly sets out the Council's ambition to be an excellent organisation, delivering high performing quality services that meet the needs of users and communities. It demonstrates the Council's commitment to improving services; enhancing the quality of life of our citizens and making best use of public resources. It gives a commitment to deliver excellence through developing our people, modernising our organisation and working constructively in partnership with other bodies to deliver high quality services to our local communities. Procurement has a key role in creating the infrastructure to underpin the plan and the achievement of these objectives.

The changing face of public services means that enhancements must be made to the way in which the Council carries out its procurement activities. In recent years there has been a strong focus on procurement and commissioning as tools to support the way in which services are delivered. The new approach taken at the end of 2015 to the delivery of our Procurement Strategy, including the creation and resourcing of a detailed improvement plan has led to a more rapid pace of change. This annual report documents the progress made during 2016/17 against that improvement plan.

The plan was established to reflect the increasingly important role that strategic procurement plays in enabling our Council to deliver local economic, environmental and social benefits. Building skills and capacity within the organisation both in respect of regulated procurement activity and in the strategic commissioning decisions will be an enabler in preparing for the future of public service. Effective commissioning and procurement decision-making has the potential to add increased value to around 60% of the financial expenditure undertaken by the Council each year.

Under the People themed improvement work stream resource has been allocated to expand the skills development in respect of procurement and commissioning. In house training provision now includes Contract and Supplier Management training to support officers in their commitment to ensure budgets continues to be used effectively throughout the lifecycle of our contracts. External expertise has been commissioned as part of the Council's Acorn Fund. We are investing in organisational development through building skills to review and develop service provision; this will in turn lead to more capability in respect of procurement and commissioning. Officers taking part in this work will also achieve accreditation as Chartered Managers through the Chartered Management Institute, which in turn broadens the skills and experience applied to our work with third parties.

We continue to strive for excellence in all of our dealings with our partner and third party organisations to support delivery of local public services.

2. Vision for procurement

In setting out the Procurement Strategy for 2018/19 we are reaffirming the vision for procurement as articulated in our three year plan:

“To achieve commercial excellence in our procurement activities and ensure that we deliver Best Value services to the communities of Perth and Kinross.”

“To do so in an effective, efficient, ethical and sustainable way that delivers local economic, environmental and social benefits.”



This report aims to demonstrate how, in working towards achieving these objectives, the Council has used the spend to support the delivery of the Corporate Plan objectives:

Giving every child the best start in life

Developing educated, responsible and informed citizens

Promoting a prosperous, inclusive and sustainable economy

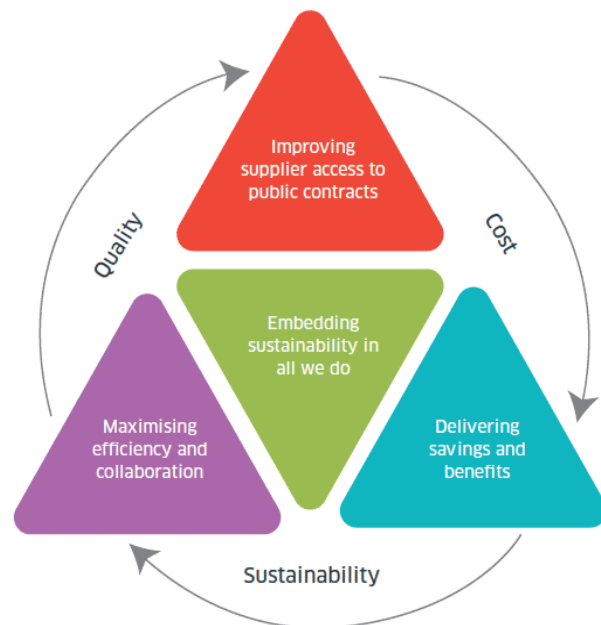
Supporting people to lead independent, healthy and active lives

Creating a safe, sustainable place for future generations

3. Context

The Council works in an increasingly complex, dynamic and challenging environment. It is important to consider the context and drivers for change (both local and national) that have informed the development of our Procurement Strategy. The Scottish Model of Procurement, shown below, sets high level objectives for all public bodies to consider when working with supply markets.

This is consistent with the aims of our procurement transformation project



To maximise the impact of the procurement work we do we have increased our collaborative spend in the period since the Procurement Strategy was approved; from 18% of our third party spend to 33%. A strong focus on enhancing the capability of businesses and third sector providers to participate in collaborative contracting across Scotland has continued with representation of SME's and local businesses increasing.

This annual update should be considered in conjunction with any updates on the Tayside Procurement Consortium procurement strategy 2015-2020. [Click here](#)

For each procurement exercise a full assessment of the ways in which the resultant contract will meet our objectives is undertaken and built into the specification issued to prospective bidders. Consideration is given to engagement with those affected by the procurement exercise – this includes, as appropriate, the communities in which the contract will be delivered, the potential supply base and Council staff affected by the use or management of the contract.

The delivery model for the contract in question is also considered, with a review of the potential for the use of a range of delivery solutions. How we use internal resources, arm's length organisations and the ways we might shape our needs to maximise the potential participation of supported businesses, not-for-profit organisations and smaller businesses, including start-ups takes place at this stage.

Section 4. Information on Contracts

A key principle for effective public sector procurement is transparency; ensuring that opportunities to participate in contracting for the public sector are visible to all companies which may wish to consider it.

Perth and Kinross Council achieve this by using the national advertising portal – [Public Contracts Scotland](#). All opportunities with a contract value greater than £50,000 will be advertised here. Lower value contracts are placed following conclusion of a quotation process; this is also conducted through the same portal.

The way the Council must meet the legislative duties for procurement is set out in our Contract Rules. Processes vary depending on the value of a contract.

- **EU regulated contracts** are those above defined values and must be **tendered** following the Public Contracts (Scotland) regulations 2015.
[Thresholds](#): Goods and Services = £181,303; Social services = £589,148 and works = £4,104,394.
- Where contracts are valued between **£50,000** (goods and services) or **£2,000,000** (works) and the thresholds set out in the EU procurement directives we will carry out procurement as set out in the Procurement (Scotland) Regulations 2016; **via an advertised tender**.
- From contracts valued between **£5,000** and **£50,000** we will invite **quotations** from a minimum of 3 bidders.

To meet the national objectives to manage procurement efficiently and collaboratively the Council will make use of established contracts and framework agreements where possible and appropriate. This approach minimises the numbers of discrete tenders necessary to deliver the needs of the Scottish public sector. A key aim of this strategy is to reduce the impact on bidding organisations of repetitive responses to tenders for similar requirements.

Contracting Activity for the period

In May 2017 the Council publish a Contract Delivery Plan which set out the intended procurement work over the coming months. This plan included plans for 192 distinct pieces of procurement work and 161 of these moved forward during the financial year. The

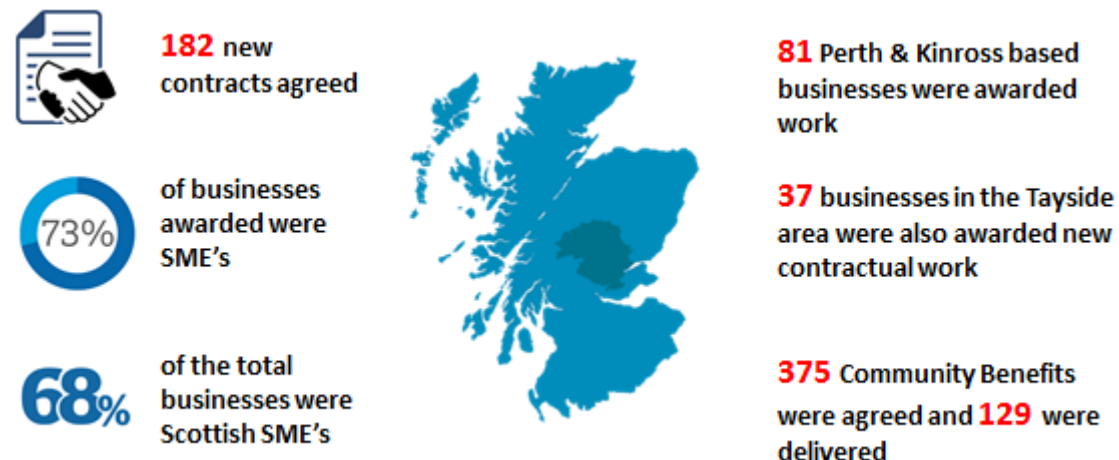
difference can be accounted for cases where several activities were listed but service development and design meant that work was issued under a consolidated tender.

During 2017/18 the Council concluded the award of **182 new contracts** (this figure reflects both the 161 projects from the 2017/18 Contract Delivery Plan and some additional pieces of work which were in progress at the start of 2017/18).

To facilitate the creation of the new contracts we issued **29 new regulated calls for competition**. This was alongside the extensive use of existing arrangements, including frameworks, under which we **agreed 41 new contracts**. We published 29 transparency notices, as required by legislation for call offs which exceeded £50,000.

As well as these routes to market, **60 new requests for quotation** to service lower value requirements with an anticipated value of £50,000 or less.

Further to this we participated in the creation of **33 new collaborative arrangements** tendered by another contracting authority. This supported our commitment to collaborative working with other public bodies.



Of the regulated procurement exercise carried out directly by the Council 7 were of a value which required the contract opportunity to be advertised across Europe. We also tendered two high value social care contracts which was established under a specific regulatory regime, known as the 'light touch regime' which is in place to support the specific needs of care and other support

services. Both of these contracts supported the redesign of delivery of services to those citizens with a need for care or support in their home.

A small number of our new contracts were exempt from some of the requirements of the procurement legislation because they were a continuation of work undertaken under a previous contract or for reasons connected to the nature of the services procured (e.g. some financial and legal services are out with the scope of the legislation).

The Council has a policy of encouraging Perth and Kinross businesses to quote in every process where this is possible. We also work with businesses to ensure they have the necessary skills and understanding of regulation to participate in public procurement exercises. There are now 1178 Perth and Kinross based businesses registered and using the national public contracts portal.

In the reporting period 68% of awards included Scottish SME's in the supply of our requirements, and when considering SME's from all geographic locations this figure rises to 73%. 81 Perth and Kinross based businesses picked up new work as a result of procurement activities in 2017/18.

A full report on Tenders Accepted on behalf of the Council is submitted to our Strategic Policy and Resources committee annually. Together with the report on funding made to external organisations – through the Following the Public Pound code – a full record of our commissioning decisions is provided for scrutiny.

Contracts Register

To improve the transparency around contracts held by the Council we also publish a Contracts Register. A searchable format of the Register can be viewed via a link on the Council website. [Click here](#)

The search functions on Public Contracts Scotland can be used as a data source for exploring the contracting plans of a wide range of public bodies, including Perth and Kinross Council. The data can be viewed on the Perth and Kinross Council web site; it is possible to search for specific contracts or themes. The data can also be downloaded as an Excel spreadsheet or a .csv file.

5. Highlights

The Procurement Strategy applies to all of the Council's external expenditure on goods, services and works. The purpose of each procurement exercise we undertake is to create a supply chain which supports one or more of the Council's Corporate Plan objectives. The ways in which some of our recently awarded contracts have contributed to our objectives is described below.

Best Start in Life



There are a wide range of our sourcing decisions are taken in support of the corporate objective of **Giving every child the best start in life.**

Working towards transforming the provision of services to children and families

Building on the preparatory work done in 2016/17, following changes to legislation which occurred during 2016, we have been reviewing agreements with providers of social care and support services to children and families. Joint working arrangements for services for children and families are now in places across Tayside. The procurement teams have been working to support the commissioning of services. A wide range of engagement, including events have been held to consult with providers of these services and to raise awareness within the provider community of the implications of the new legislation.

A major piece of work carried out this year was the issue of a [tender for family support services](#). The outcomes from this provision will focus on securing a nurturing, home based environment for children.

Educated, responsible and informed citizens



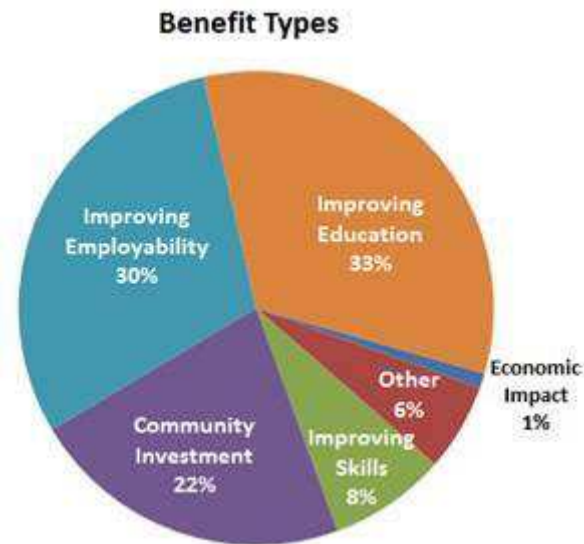
The Council's procurement work supports this corporate objective in a variety of ways:

Firstly by **supporting our education services** to source the goods and services needed to operate efficiently. In 2016 we supported the revision of contracts for transporting young people to and from schools. The learning from this piece of work led to the development of a new open ended model of contracting; a dynamic purchasing system. The change was supported by a range of **supplier information events** for bus and taxi operators (10 events across the full geographic spread of Perth and Kinross). The change of approach has meant a move from a mix of paper and electronic processes to a fully electronic process and additional support for operators was provided to build capability in respect of the electronic tools used.

The outcomes from this work include longer term contracts, enhancing stability and facilitating investment decisions where appropriate. It was possible to finalise 208 contract awards through the procurement exercise and contributed to the cost controls required in this area of expenditure.

Secondly, by supporting colleagues to develop **Community Benefits clauses** in contracts. Community Benefit clauses will also contribute to the delivery of the sustainable procurement objectives we set out in our Procurement Strategy in December 2015.

We now categorise our Community Benefits to facilitate a targeted approach to delivery. Our categories are shown in the chart below, along with the percentages for each category of benefits currently in progress.



Our approach to community benefits through contracts is aligned to the Developing Young Workforce agenda, and staff working in that area are making links between contracted businesses and schools. Many of the contracts we have in place are providing opportunities for young people still in education through **work placements**, **work experience** or through visiting a company to see how work is carried out.

The procurement team has continued to support the national [Procurement People of Tomorrow](#) programme. The team have now supported the placement of four modern apprentices. All four worked towards **SVQ3 level qualifications** and all benefited from further opportunities in the Council. Three of the individuals continue to work in the procurement team, two as professional trainees. Both are studying for additional qualifications, including an **entry level certificate** for the Chartered Institute of Procurement and Supply.

Prosperous, sustainable and inclusive economy



Contracts and procurement work by their nature will contribute to the economic health and development of our area. Some of the headlines for those contracts awarded in 2017/18 include:

Contracts which improve the built environment - The procurement team supported the creation of contracts for constructing improved facilities for the area. Examples of these include:

The Perth Transport Futures programme including preparatory works for the Cross Tay Link Road.

Commissioning of conservation works such as the architect services and enabling works at the St Paul's Church site, as well repairs to the Prince Albert Memorial and Sir Walter Scott statue.

Smart City Infrastructure – work began in 2016/17 to deliver on the [Perth City Plan](#). Contracting work has since taken place in support of this and associated planning such as the Perth City of Light. During 2017/18 we awarded contracts for intelligent street lighting and services to deliver the Perth City Light plan. Specifying our requirements in fast moving, innovative markets continues to create interesting challenges and requires dynamic and creative approaches to our procurement work.

Leisure While some aspects of events and festivals are exempt by legislation from traditional procurement work, the team were pleased to support a range of requests for quotations to deliver the festivals and events across our area.

Fair Work in Perth and Kinross. The Council became an accredited Living Wage employer in April 2016, as part of this accreditation we made the commitment to develop our understanding of Fair Work practices, including [payment of the Living Wage](#) in our supply chain. To this end we include questions on the approach to Fair Work when engaging with prospective suppliers for services. We re-tendered our seasonal operational support services during 2017 and have been successful in agreeing payment of the Living Wage to all workers under this contract.

Independent, healthy and active lives



Support for independent living - New legislation introduced during 2016 meant that the rules on the way in which agreements with providers of social care and support services are established changed.

In our last annual report we described the process followed for the recommissioning of Care at Home services. The new framework agreement which resulted from the preparatory work we undertook in 2016 went live in June 2017. We took learning from this work to help us to shape other recommissioning projects in 2017/18.

Early in 2017 we awarded Care and Repair services for citizens throughout the region. A principle driver for change in this area was to provide a streamlined process for residents to apply for and receive adaptations to their homes in order to live independently for longer.

Safe and sustainable place for future generations



Housing – In line with our Strategic Housing Investment Plan we have continued developing our housing. Contracts were awarded to add to the homes in Perth and Kinross with 42 new properties being delivered across 4 local sites in Perth and Stanley.

We also developed several contracts concerned making improvements to the existing homes. These improvements included continuing with window and door replacements, external insulation and upgrades to heating systems. All of these are contributing to the reduced energy consumption in each home and in turn contributing to the Council objectives for reducing fuel poverty.

A new suite of maintenance contracts was also awarded during the period, ensuring we have additional capacity for responding to the needs of our tenants.

6. Delivering Best Value

Savings

In 2015 the Council set out the planned approach to transforming services to communities – our Building Ambition report. Included in this report was a commitment to reduce the recurring costs associated with the procurement of goods, services and works by a value of £2.5m before the end of 2018/19. £1.9m of cashable savings have been realised at the end of 2017/18. Further work to rationalise purchased goods is ongoing. A proactive approach to identifying potential areas for savings has been developed; achieved savings are agreed with financial teams and senior management and removed from budgets where appropriate.

From changes to contract prices or structures we have identified potential for savings across a range of budget areas; the resulting savings have either been included in budget reductions or have been reinvested to support the continued delivery of front line services.

Capital Budgets	Housing Revenue Account	Revenue Budgets	Work in progress to deliver
£129,171	£265,545	£1,897,000	£309,910

In addition to above the Council have made the commitment to redesign delivery of a wide range of services through the [Building Ambition](#) programme. The Transformation projects which will deliver this change will in turn require support where a new agreement needs to be made with any businesses, charity or community group which works in partnership with the Council. In some cases a procurement exercise will be required to facilitate the change.

Electronic Tools

There is a national commitment to carry out all of our procurement communications with suppliers digitally by May 2020. This change will help to reduce the cost of doing business for our suppliers as well as for the Council, it will help shorten payment windows and to improve efficiency in managing performance.

The use of electronic systems and digital tools to support and manage the procurement work is a potential source of further efficiency. In last year's report we noted that 50% of our directly advertised tenders were issued through an electronic platform (PCS-T). In 2017/18 80% of the tenders issued were managed through the platform. During 2018/19 we will increase this to ensure all relevant procurement work is managed digitally.

In line with the national commitment for electronic communication we have launched our eInvoicing project with the support of the Scottish Procurement Directorate. In early 2018 we started to work with our first group of suppliers and will receive the final part of our procurement communications, the invoice, digitally by July 2018.

All competitive activities use the national portal Public Contracts Scotland to ensure our potential suppliers are able to identify contracting opportunities at a single point. We are committed to promoting the portal as a powerful resource for suppliers to the public sector. New, recently launched, reporting functionality on the portal will help us to more deeply analyse the impact our procurement work is having on our local economy. The data extracted from the portal will be included in the processes for treating performance management information, an improvement area we are focusing on for 2018/19.

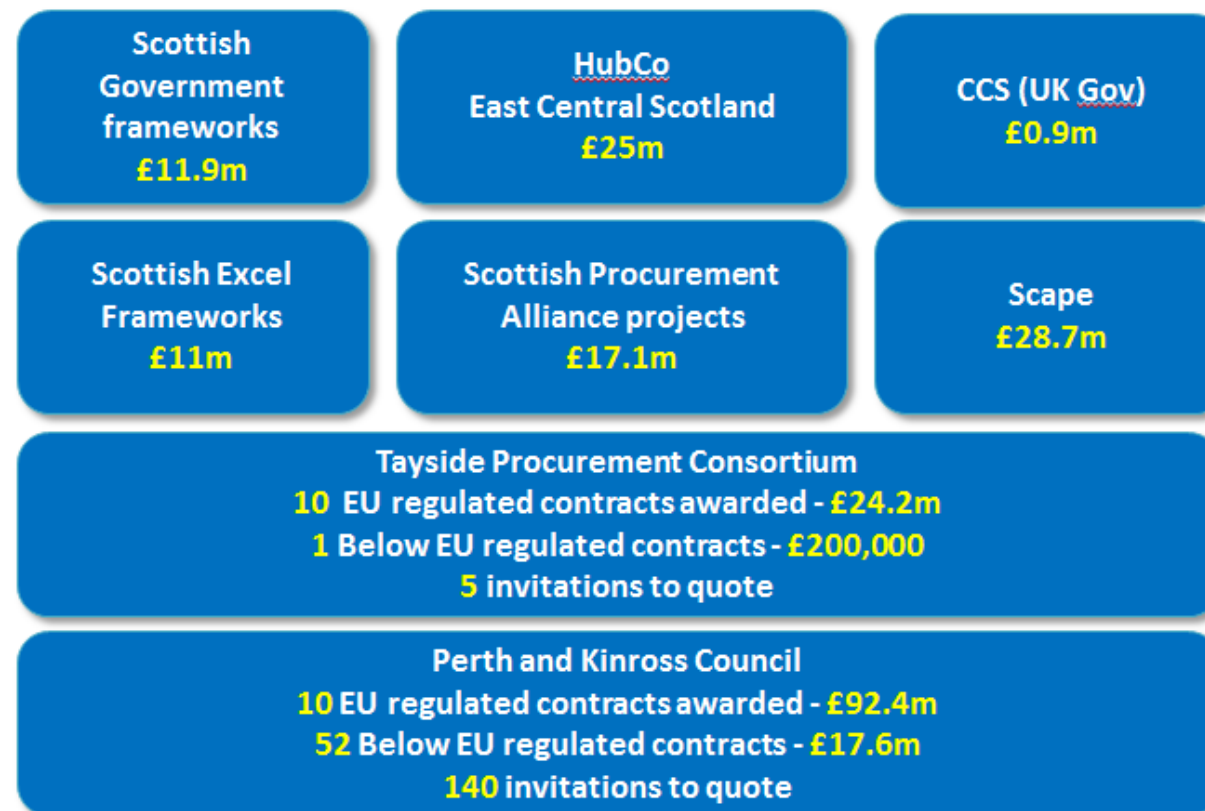
Preparation for the roll out of an electronic platform to record contract and supplier management activities was a key work stream identified in 2016. Our expectation was that this platform would improve the way we are able to communicate with our suppliers while they are working on our behalf. We identified a system which was made available through the Scottish Procurement Directorate but have had limited success in delivering our requirement through this route.

We are now assessing alternative ways of capturing and reporting on the risks and performance related to our contracts. By focusing on a corporate approach to this information we will improve our potential to maximise the benefits available from third party spend, but also to evidence good value and high performance. This is a key area for improvement in 2018/19.

Collaborative Contracts

In addition to directly procured contracts, issued on behalf of the Council we also make use of a range of contractual agreements awarded in collaboration with other bodies.

Collaborative contracts provide a resource efficient and robust means of working with businesses. Since the publication of the Procurement Strategy in 2016 a number of significant projects have been agreed through framework agreements which were created by collaborative purchasing bodies.



Significant efficiencies have been achieved as a result of these decisions. By shortening some elements of the time taken from scoping to concluding a contract we are more often able to invite early contractor involvement which in turn helps to deliver more contracts in line with time and cost targets.

Value from these collaborative arrangements is assured by access to the enhanced buying power of working together with other Councils or community partners. Robust benchmarking of prices and costs is undertaken – using data on market rates, comparable projects and internal information on performance.

7. Resourcing

Investment in the Procurement functions of the Council has been made to facilitate rapid improvement in our procurement capability. Appended to the strategy was a detailed improvement plan. This section draws out the most significant enhancements we aimed to make in the period covered by the Strategy.

Focus on meeting our savings targets through continually improving and lean procurement practice

Enhance the ways in which we offer support to businesses. We will work with the business community to identify appropriate support mechanisms to ensure all those interested in becoming more familiar with our procurement processes have the information they need.

Explore opportunities for greater collaborative working across Tayside particularly, but also across the whole public sector generally.

Further develop the Social Value that can be delivered from contracts by working in partnership with our suppliers

8. Monitoring, Reviewing and Reporting performance

Monitoring

During the delivery period for our Strategy – January 2016 to March 2017, regular updates on the progress being made have been provided to the Council's Executive Officer Team, to the Modernising Governance Member/Officer Working Group and at the end of the year to the Strategic Policy and Resources Committee. Updates have included progress being made to meet the aims and objectives set out in the Procurement Strategy and on the specific actions taken to deliver our Improvement Plan. The Improvement Plan was approved in conjunction with the Strategy in December 2015.

Reporting

Ensuring that procurement performance is reported regularly to an appropriate committee was highlighted as an essential requirement in the Accounts Commission Report on Procurement in Councils [click here](#). Progress of the delivery of this strategy and a report on procurement savings and non-financial procurement benefits forms part of this Annual Report.

Review

In alternate years an independent review of the procurement capability will take place. The Council procurement functions are benchmarked against an assessment tool, the Procurement Capability and Improvement Programme (PCIP). The assessment requires the submission of a defined range of data and documentation as well as an on-site visit by the assessors.

In October 2015 the Council undertook a 'mock' assessment with the external assessors in order to establish a baseline for improvement. The score achieved in October 2015 was 17% of the available marks. The first full PCIP assessment in September 2016 placed the Council capability in band 3 (61-65%). This improved result is a strong indicator of our plan delivering as expected.

Revision process

This Annual Report is based on a review of how well we are implementing our strategy and will be published by 31 July 2018. A new procurement strategy will be drafted during 2018/19 and published as close as possible to 1 April 2019.

9. Improvement Planning

An action plan to ensure that the strategy was delivered was prepared and approved in December 2015. The operational work to effect change was managed by the Corporate Procurement Manager. The Council's Head of Community Planning, Strategic Commissioning & Organisational Development was responsible for the improvement programme and delivery of the objectives.

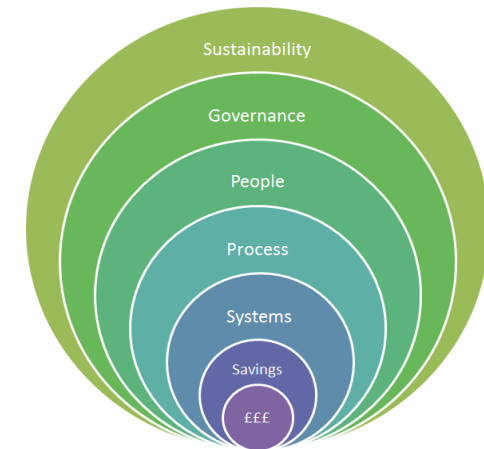
The Strategy set out our commitment in terms of improving the procurement capability of:

- Our **Governance** – and reporting of performance
- Our **People** – by developing competencies
- Our **Processes** – by streamlining the tools used
- Our **Systems** – by automating where possible

Together these four improvement work streams will be enablers for the delivery of **Savings** and more **Sustainable Procurement** practices. Each year the Procurement Strategy is revised to focus our objectives on the next phase of improvement.

Detail of the planned improvement actions is given in section 11 of this report. Several of both the completed and ongoing actions will be further developed to streamline and automate (where possible) the capture of performance information.

There are opportunities to record and more effectively manage performance and risk associated with contracts through the use of digital tools. A key focus of development work in 2018/19 will be to make best use of the technology available so that our corporate knowledge base is extended. We hope to be able to pull together all of the elements of data we hold on a contract into a central point for analysis. This would make opportunities for improvement more visible across the organisation.



10. Strategy Ownership and Contact Details

Procurement is included in the portfolio of the Depute Chief Executive, Chief Operating Officer Jim Valentine.

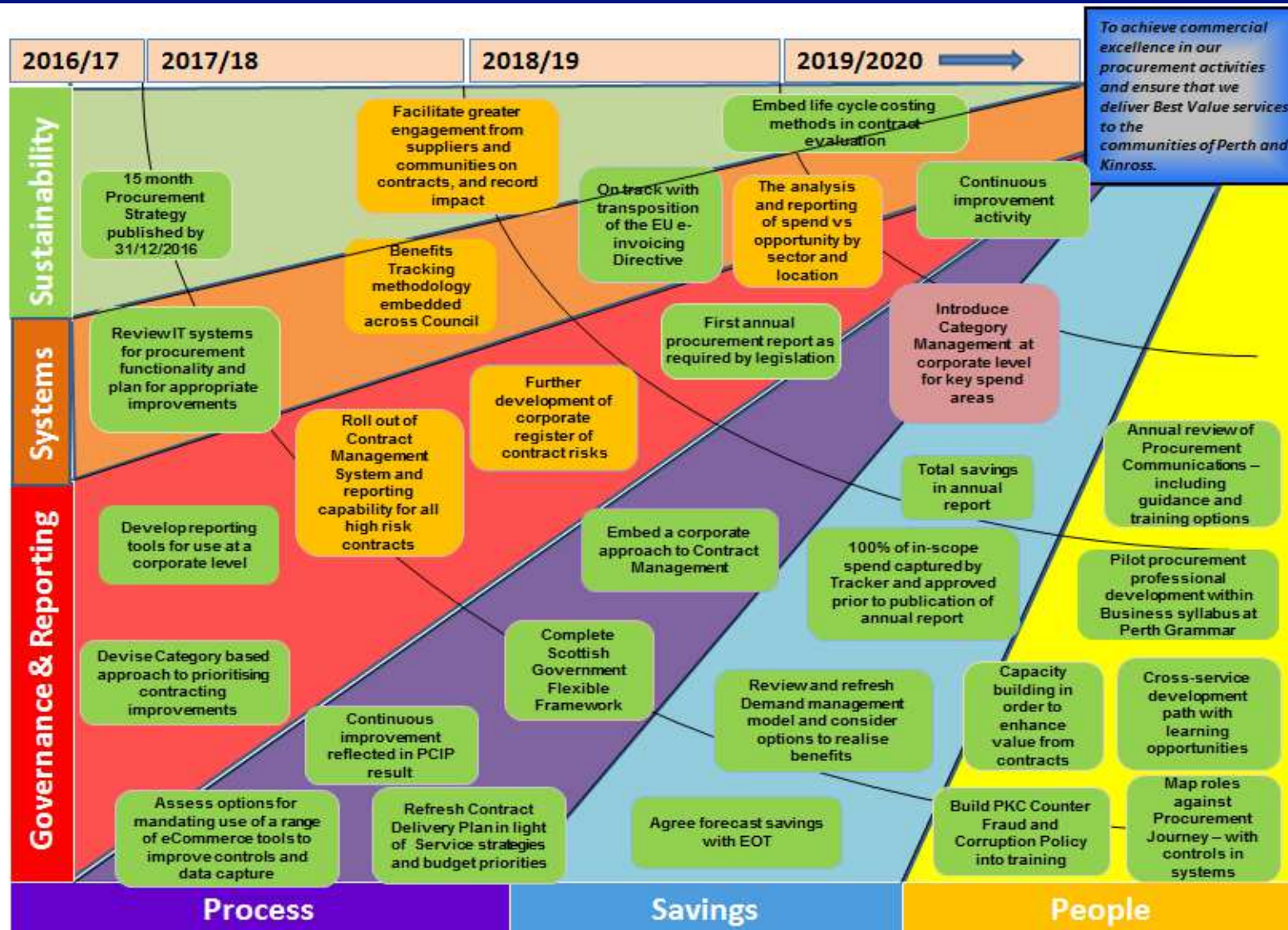
The Council's Procurement Team sits within the Community Planning, Strategic Commissioning and Organisational Development service which during 2017/18 was led by Keith McNamara. From 1 April 2018 this role will transfer to Lorna Cameron.

The Corporate Procurement Manager, Mary Mitchell has responsibility for managing the provision of a professional procurement service ensuring that legislation, agreed policies, professional standards, procedures and principles are followed.

Contact details

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Procurement Improvement & Transformation Workplan 2016-2020



Workplan 2016-2020 Wave Plan: April 2018

Improvement Action Plan – Status Report

The table below sets out the improvement actions agreed in December 2015, with their current status and any remaining work planned for 2018/19.

1	Improvement Theme: PEOPLE Ensure those involved in our procurement processes are appropriately skilled and supported to deliver value for money services, and aware of their roles and responsibilities.				
	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
1.1	Review roles and responsibilities and reporting lines of those participating in procurement activities, clarify and communicate the need for change.	Improve profile of system users by matching training records to access levels. Categorise remaining users by strategic impact of contracts owned. Develop a roles/responsibilities matrix per division/category based on the level of involvement. Review and make proposals on options for reporting lines, and clarification on roles and responsibilities relating to delivering improved procurement; including those at the most senior levels of the organisation.	December 2015 Completed February 2016 Completed January 2016 Completed January 2016 Completed January 2016	Contract Rules revised with more explicit roles and responsibilities set out at all levels. Records of officers authorised to tender and contract on behalf of the Council are matched to tasks through the procurement work flow. Status: Complete Explicit in Contract Rules	Clear roles and responsibilities defined, leading to improved procurement processes and reduced risk.
1.2	Review current activities and job descriptions, identify Learning & Development requirements	Work with HR to identify content of job descriptions for identified posts. Minimise changes required to JDs	June 2016 June 2017	Records pertaining to all officers	Better matching of skills to activities leading to greater

	<p>against the national competency framework (procurement skills) and develop an appropriate action plan to develop skills across the organisation.</p>	<p>through rationalising numbers involved in contracts.</p> <p>Assess skills, prioritised by outcome of Objective 1.1 and 1.2.1</p> <p>Develop targeted training plan, identify costs and budget pressures. Develop and resource a delivery model for Year 1 and a plan for year 2 and beyond.</p>		<p>presenting for procurement training were checked against job evaluations. Feb 2016.</p> <p>Training materials revised June 2016. Additional courses on Contract Management added in October 2017.</p> <p>Work is ongoing to identify skills gaps and support development of those working on contracts.</p> <p>Status: Complete. Training approach was reviewed along with revision of Contract Rules during 2017.</p>	<p>degree of professionalism and improved outcomes for all.</p> <p>Ensure the most skilled officers are deployed for contract development to reduce risk arising from poor contracts Bridge existing skills gap and maintain an appropriate support package to ensure continuous improvement for those involved in contracts.</p>
1.3	Develop a specific action plan to shift activities of the Corporate Procurement Team from operational to a more strategic	Procurement team development session, to develop a common understanding of the new framework, and team members`	April 2016	Operational management of user records on PECOS	Less time spent on routine procurement activities and more effort dedicated to

	focus and set specific personal objectives linked to the new strategic plan.	<p>roles in delivering this</p> <p>Identify all operational activities currently considered business as usual. Consider options for deploying available resources to be more effective on a strategic level.</p> <p>Map customer needs.</p> <p>Develop processes for meeting operational needs and resource plan for meeting strategic needs.</p> <p>Communicate and train customers in new 'self-serve' processes if necessary</p>		<p>transferred to Financial Systems team. Jan 2016.</p> <p>Tracking support offered and delivered to teams.</p> <p>Consultation throughout 2016.</p> <p>Self-service processes developed for procurement toolkit and PECOS use. June 2016.</p> <p>Status: Complete</p>	<p>supporting the delivery of higher value/higher risk spend areas.</p> <p>Focus is on areas of contracting activity from which the greatest level of savings can be achieved.</p>
1.4	Effective communication plan to be developed to keep key stakeholders informed of programme and changes	<p>Review existing communication plan including the provision of guidance and online resources.</p> <p>Revise and make necessary changes. Including:</p> <ul style="list-style-type: none"> · Improving search capability in eric · Removing outdated information · Improve use of SharePoint technology 	April 2016	<p>Plan revised. Updated to use new technology.</p> <p>Design team now involved in issue of Procurement News.</p>	<p>Good staff engagement levels and support for the required changes. Input and feedback provided by key stakeholders.</p> <p>New communications</p>

		<ul style="list-style-type: none">· Increase use of Procurement News· Change email accounts· Introduce auto-responses· Rationalise telephone numbers Communicate changes and establish time lines for regular communications as per plan, include a plan to resource and allocate responsibilities.		Status: Complete During 2017 additional measures were put in place to ensure communication across the organisation continue to move forward.	plan to increase efficiency in reducing cost to serve.
Expected Outcomes				Monitoring and evaluation	
	<ul style="list-style-type: none">• Improved governance• Reduced duplication of effort• Increased efficiency in procurement activities• Improved awareness within the Council of the impact of the procurement function on business capability			Percentage of contract strategies influenced by procurement team. Improved benefits realisation in collaborative contracts.	
Outcome				Evidence	
	<ul style="list-style-type: none">• More effective corporate procurement function.			Increased score in PCIP assessment – target 33% (based on mock score of 17% in October 2015), achieved 62% in September 2016.	

2	Improvement Theme: Processes Provide effective frameworks to manage the Council's procurement activities.				
	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
2.1	Develop a Council wide procurement pipeline and associated capacity plan, including clear targets (savings, community benefits, living wage rates etc.), identified and agreed with the Services for specific contracts/commodities	<p>Populate Forward Plan</p> <p>Identify opportunities for benefits realisation. Identify and document targets per contract.</p> <p>Identify resource requirement from Services and corporate procurement team as appropriate.</p> <p>Develop time line for delivery and assign workload accordingly.</p> <p>Document plan and report progress to Services.</p>	<p>February 2016</p> <p>First version finalised by February 2016 and refreshed annually thereafter.</p> <p>April 2017</p>	<p>First version was prepared by May 2016. Regular updates have been made.</p> <p>Reported to Strategic Policy and Resources Committee 30/11/17.</p> <p>Published on www.pkc.gov.uk in April 2017 for financial year 2017/18.</p> <p>Status: Complete</p>	A clear and focused plan of action with appropriate resources allocated accordingly to ensure that targets are met.
2.2	Standardised, corporate processes and documentation to be implemented across the Council	<p>Use map of customer needs (see 1.3) to establish priorities.</p> <p>Identify core documents, review content and agree final versions with Legal Services where appropriate.</p>	<p>By June 2016.</p> <p>Ongoing</p> <p>June 2018</p>	<p>Broader range of template documents now in use.</p> <p>Worked closely with Legal</p>	Simplified processes, consistently applied thus reducing effort and risks.

		Consider potential for mandating the use of electronic tendering for all regulated procurement activity. Develop resource plan and costings.		<p>Services throughout 2016/17.</p> <p>The significant and repeated processes in respect of procurement have all been mapped and will be published on eric in June 2018.</p> <p>80% of tenders have a fully documented strategy which sets out the outcomes for the contract.</p> <p>We are on track to deliver a fully electronic procurement process by the legislative deadline of May 2020.</p>	
2.3	Upfront demand management challenge process to be	Design and develop the process to be used to manage consumption.	By end March	Process developed. March	Savings opportunities

	implemented	<p>Using data gathered for objective 2.1 develop a prioritised (impact) plan by spend category.</p> <p>Document benefits accrued and report on delivery of plan to Services</p>	2016	<p>2016.</p> <p>Four major corporate contracts have been taken through the process and have delivered savings opportunities of £130k</p> <p>Status: Complete – new process implemented with delivery ongoing</p>	identified and delivered.
2.4	Corporate wide contract risk register to be developed and maintained	<p>Explore potential for developing this register as part of the roll out of electronic contract management tools.</p> <p>Consolidate corporate register with Capital Programme monitoring and Performance team.</p> <p>Contract Risk register is linked to corporate risk management activities and reported appropriately based on category.</p>	<p>By end June 2016</p> <p>By end of 2017</p> <p>Original planned work is complete, however this will now be aligned to the corporate risk approach as it is embedded.</p>	<p>System capability has meant this register has been created manually. June 2016.</p> <p>Systems work planned for 2017 aims for partial automation.</p> <p>Systems work continues to improve the data capture process.</p>	Reduced risk and less threat of reputational damage.

2.5	Benefits tracking methodology to be developed and embedded across the Council	<p>Develop an interim Benefits Tracking spreadsheet using Forward Plan (see 2.1) and Steering Group approvals as a basis for high level records on SECURED benefits.</p> <p>Agree with Service representatives the process for establishing actuals for delivery of SECURED benefits.</p> <p>Agree a methodology with Financial Controllers for realising DELIVERED benefits from budgets.</p> <p>Explore an integrated solution using electronic tools to capture data per contract with the aim of automating all possible steps in these processes.</p> <p>Develop the communication strategy and processes for prompting the 'difference' that is being made as benefits are realised.</p> <p>Agree reporting hierarchy for benefits data throughout the organisation, including budget holders, senior management and elected members.</p>	By end March 2016	<p>Process agreed by EOT March 2016.</p> <p>Further work undertaken during 2016 with Financial Controllers to record budget impact of procurement improvement.</p> <p>Eric page on procurement benefits created.</p> <p>Reporting methods now well established.</p> <p>Status: Complete</p> <p>Data collection would benefit from further automation – will be explored in 2018 along with other datasets.</p>	Improved reporting of procurement performance and easier to track progress against savings targets.
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2.6	Develop and implement a corporate approach to contract management activities.	<p>Clearly defined contract management lifecycle documented and agreed, with category specific standards set out and communicated.</p> <p>Apply approach to segmented contract portfolio, prioritising highest risk and value contracts in the roll out.</p>	By end of December 2016.	<p>Contract Management process complete and aligned to Scottish Government toolkit.</p> <p>Segmentation and analysis now in place.</p> <p>Reporting to services in place.</p> <p>Status: Partially Complete – further work planned for 2018 to capture performance information by contract. This requires us to review use of all systems used to monitor third party spend.</p>	Increased savings opportunities secured and post award contract risks reduced.
Expected Outcomes				Monitoring and evaluation	
<ul style="list-style-type: none"> Improved evidence of strategic development of contracts Improved value from contracts Risk mitigation improved Improved involvement across the organisation in securing procurement improvements, through demonstration of benefits realised, to colleagues 				<ul style="list-style-type: none"> Tracked benefits reported Contract Risk register reported 	
Outcome				Evidence	
<ul style="list-style-type: none"> Savings achieved in line with budget projection 				<ul style="list-style-type: none"> Evidence of benefits realised 	

	<ul style="list-style-type: none"> • Risk Register created • Escalation of issues is recorded and reported to senior management • PCIP score 30 percentage points higher than target 	<ul style="list-style-type: none"> • Documented actions to mitigate risk • Documented actions to improve contract performance. • Improved PCIP performance
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3	Priority: Systems Invest in digital technology to ensure efficiency of our procurement processes and effective knowledge management for our contracts.				
	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
3.1	Review IT systems from a procurement perspective and develop an appropriate action plan for improvement (resourced from Transformation project)	<p>Liaise with ICT (Transformation) and Capital programme office to establish joint approach to developing systems.</p> <p>Map processes to ensure identified outcomes can be met.</p> <p>Generate a detailed requirements schedule to feed into related Transformation projects (IT, Performance)</p>	Review commenced in April 2016.	<p>Detailed map of procurement information needs was created.</p> <p>This has led to the development of a programme of information and systems architecture recommendations and changes.</p> <p>Status: Complete</p> <p>Further work planned for 2018 to automate data gathering (also referenced in actions 2.4, 2.5)</p>	Procurement opportunities more easily identified and measured. Increased user satisfaction which will improve compliance rates. Reduced risk by using consistent and automated processes.

				and 2.6)	
3.2	Develop plan for ensuring full compliance with use of Public Contract Scotland tender to improve coverage of the contract register to meet new legislative requirements and ensure a clear procurement pipeline of opportunities is developed and maintained	<p>Map the procurement journey in system terms with specific reference to change required; timings and resources to achieve full role out.</p> <p>Establish detailed parameters for creating the data in systems, naming conventions, titles, numbering of contracts.</p> <p>Develop a process to ensure the Forward Plan (see 2.1) is updated as support requests are logged with the procurement team.</p> <p>System access for individuals is aligned with identified roles and skills development plans. Access is restricted to those with no defined role and denied where skill gaps exist (see 1.1).</p>	Plan in place by June 2016.	<p>This work was integrated with the action described at 3.1.</p> <p>The planned work will be carried forward through 2017 and beyond, reflecting the complexity of the changes required.</p> <p>Status: Complete</p>	Full compliance with new Reform Act requirements. More consistency and easier for suppliers to do business with us.
Expected Outcomes				Monitoring and evaluation	
	<ul style="list-style-type: none"> Controls of purchasing activities are automated Purchasing transactions are simplified and efficient Sourcing activities are recorded electronically Contract documentation is systems based Annual Forward Plan accurate and complete with reduced resource 			<ul style="list-style-type: none"> Percentages of invoices supported by an authorised instruction. Percentages of tenders managed electronically Percentage of Contract Register content enabled in contract management platform or appropriate equivalent. 	

		<ul style="list-style-type: none"> • See listed data sets
	Outcome	Evidence
	<ul style="list-style-type: none"> • Improved contract governance and compliance with legislation. • Reduced risk • Increased efficiency of processes 	<ul style="list-style-type: none"> • PCIP scoring reflects improved standards.

4	Team Priority: Governance and Reporting Ensure the commercial activities undertaken maximise the benefit to our communities.				
	Objective	Specific Action	Timescales	Update	Quality Improvement aim
4.1	Introduce a category management structure for key areas and develop reporting of key commodities at a corporate level	<p>Establish the operating model for this structure, by providing an options appraisal to board.</p> <p>Identify new areas for deployment of a category management approach and make recommendations for improving procurement opportunities for savings through restructuring/resourcing of contracting activities.</p> <p>Reporting is improved through use of systems based data capture to populate clear, visual displays.</p>	<p>By June 2016.</p> <p>March 2018</p>	<p>Work on this objective started later than planned in 2018. This was in part due to reduced resources due to staff changes.</p> <p>Elements of this work are likely to be combined with the planned changes to the collaborative model of procurement across Tayside.</p> <p>Status: In progress</p> <p>Delayed due to</p>	<p>Reduces fragmentation and risk of duplication</p> <p>Increases levels of expertise used in the category per contract</p> <p>Increase savings</p> <p>Increase efficiency and effectiveness of contract management</p> <p>Prioritisation of opportunities is evidence based</p>

				reprioritisation of resources.	
4.2	Make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements	Explore available market research resources, make recommendation for adoption. Each contract Strategy will include detailed information on market conditions relevant to the procurement exercise.	Process in place by April 2016.	Trials of two online resources were compared from April 2016 to March 2017. Neither system will be taken forward. Measures have been put in place to gather appropriate information as required. Status: Complete	Better informed, more evidence based decision making
4.3	Establish a more regular, improved reporting of procurement performance in line with Audit Scotland recommendations	Develop a schedule for managing reporting on Transformation, to senior management and elected members. Identify key data sets and prioritise generation of this data through action 3.1.3.	By April 2016	As detailed in the update to action 2.5. Status: Complete	Improved governance and scrutiny of procurement decisions.
4.4	Develop regular report to capture procurement savings and other non-	Use information gathered through improvements made at 2.5 to populate reports, report in line with	By December 2016	Further to the stated action the monthly performance	Increased focus on procurement and the benefits that can be

	cashable savings such as community benefits	schedule set out at 4.3.		reporting has been developed and improved. Status: Complete In line with other actions we will continue to enhance the automation of data capture	delivered. Audit Scotland recommendations met
4.5	Review procurement performance and progress.	Arrange peer review of progress to data at end of June 2016. Report on output of PCIP assessment carried out 16/9/16.	Annually	Peer review is being undertaken as part of the programme of collaborative work across Tayside. A further PCIP is scheduled for late 2018. Status: Ongoing	Increased focus on procurement and the benefits that can be delivered. Audit Scotland recommendations met
Expected Outcomes				Monitoring and evaluation	
	Improved oversight and challenge			PCIP Score Performance Reports to SMTs Annual reports to committees	
	Outcome			Evidence	
	Broader awareness of procurement related strengths, opportunities, weaknesses and threats.			Reported impact – Annual Reports.	