

# PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee – 12 June 2019

## PROCUREMENT UPDATE 2018/19

### Report by Head of Finance (Report No. 19/173)

This report details the progress made by Perth and Kinross Council during 2018/19 in concluding the work set out in the Procurement Strategy approved by Council in December 2015.

The main purpose of the report is to provide evidence on the achievement of objectives set out in the Strategy and to demonstrate value through the purchasing decisions taken for the period.

#### 1. BACKGROUND

- 1.1 This report records the progress made during the third financial year of the Council's published Strategy. A review of the Council's procurement functions took place during 2015. A new Procurement Strategy was developed in response to the findings of this review and published in December 2015 ([report 15/572 refers](#)). The appended Annual Report on procurement gives more detail on the 2018/19 contribution to achieving the aims and objectives set out in the strategy.
- 1.2 Annual reporting on procurement performance became a statutory duty following the implementation of the Procurement Reform Act 2014 (the Act). The financial year 2017/18 was the first year in which the duty is applicable to Perth and Kinross Council. Perth and Kinross Council was one of 30 Councils who published a report for 2018/19 within four months of the financial year end.
- 1.3 This, the second report of its kind, has been prepared in line with new guidance issued by the Scottish Government on 1 May 2019. The statutory duties set out by the Act are explicit and include a requirement to provide information on all regulated procurement exercises and methodologies used in review of these activities. The new guidance provided a template to ensure all reporting public bodies provide comparable data.
- 1.4 Subject to approval of this committee the Annual Report and a revised Procurement Strategy will be published on the Council's website in time to meet the Scottish Government deadline of 31 July 2019 (within four months of the financial year end).
- 1.5 The Act requires notification of publication of strategies and annual reports to be made to the Scottish Ministers. All annual procurement reports published within four months of the end of the relevant authority's financial year will be

included in an analysis that will inform the Scottish Ministers annual report on procurement activity in Scotland.

- 1.6 The first such national report by Scottish Ministers was published on 4 April 2019. It provides an overview of public procurement activity and is informed by the individual annual procurement reports for the most recently concluded financial year (not all public bodies operate to the same financial year). This report does not touch on all areas where public procurement can have an impact, but it does support increased transparency and visibility of public procurements. The Scottish Government analysis of 2018/19 reporting is referenced as a Background Paper to this report.

## 2. PROPOSALS

- 2.1. Information on the [tenders accepted](#), and [awards made to third parties under the Following the Public Pound \(FPP\) Code](#) has been compiled and published on the Councils web pages. This annual reporting requirement is set out in:

the Council's Scheme of Administration;  
the Council's Contract Rules;  
and the Code of Guidance for FPP

which establish the requirement for Executive Directors to report on the acceptance of tenders and monies provided to third parties through FPP arrangements annually.

- 2.2 The Act does not require that this information be published along with the annual report and strategy. However the data compiled is also used to inform the statutory reports. The new template issued by the Scottish Government on 1 May includes a request for both the total number and value of regulated contracts awarded within the report period.
- 2.3 A [Contract Delivery Plan](#) has also been produced which sets out the planned procurement activities for the coming 24 months. This information will also be published on the Council website, which satisfies the requirements of the Act.
- 2.4 The publication of the statutory requirements enhances transparency in our purchasing activities and helps us to promote the opportunities for working with Perth and Kinross Council in the provision of public services.
- 2.5 The annual report includes analysis of the numbers and sizes of businesses located in the Perth and Kinross area which have registered an interest in the provision of goods and services, or conclusion of works on behalf of the public sector in general. The annual strategy includes information on how we will work with these organisations to support a local response to the needs of Perth and Kinross communities.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The annual report presented as Appendix 1 is an overview of how the procurement work undertaken on behalf of the Council in 2018/19 has supported delivery of the Corporate Plan. The report provides detail on the objectives met since our Procurement Transformation journey started.
- 3.3 The report includes a breakdown of savings recorded against budgets (cashable) as well as those benefits which have been identified in other ways.
- 3.4 Detail on the improvement work undertaken in the period is included in the final section of the annual report. This report concludes the scope of work undertaken through the Procurement Strategy for 2018/19 (the last of a three year programme of improvement).
- 3.5 The Procurement Strategy has been revised and includes planned activities which will be taken to deliver on the priorities, actions and targets for 2019/20. A full review of how procurement can continue to deliver value across Perth and Kinross will be concluded as part of the work ongoing to enhance collaboration in Tayside.
- 3.6 The focus of the 2019/20 Strategy is to enhance the social value we achieve through our contracts, and include how we intend to build on the improvements in our use of Community Benefit clauses. This accords with work we are undertaking jointly with our Community Planning partners to deliver on Recommendation 9 of the Fairness Commission Fairer Futures report, which seeks to deliver greater social value through partners' procurement activities
- 3.7 The Strategic Policy & Resource Committee is requested to:
- a) Approve for publication the Procurement Annual Report (Appendix 1)
  - b) Approve the revised Procurement Strategy (Appendix 2) for 2019/20 (including the relevant Contract Delivery Plan) pending the conclusion of the review of procurement and commissioning work across the Tayside area;
  - c) note the [record of tenders accepted under the procurement regime](#);
  - d) note [grant funding disbursed under the Following the Public Pound Code](#).

#### Author(s)

Name	Designation	Contact Details
Mary Mitchell	Corporate Procurement Manager	<a href="mailto:mmitchell@pkc.gov.uk">mmitchell@pkc.gov.uk</a> 01738 475521

#### Approved

Name	Designation	Date
Jim Valentine	Depute Chief Executive & Chief Operating Officer	20 May 2019

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>None</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>None</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>Yes</b>
Strategic Environmental Assessment	<b>Yes</b>
Sustainability (community, economic, environmental)	<b>Yes</b>
Legal and Governance	<b>None</b>
Risk	<b>None</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>None</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic Implications

#### Community Plan

1.1 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Community Plan / in terms of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

#### Corporate Plan

1.2 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Corporate Plan / in terms of the following priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

### 2. Resource Implications

## Financial

- 2.1 Budgetary provision has been made to resource the procurement work detailed in this report, and as such there are no direct financial implications arising from this Report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report. The appropriate actions will be applied to individual Contract Strategies to ensure the requirements of the Climate Change Act are met when procurement exercises are carried out.

## **4. Consultation**

### Internal

- 4.1 The information contained in this report has been prepared in consultation with:

- (i) membership of the Corporate Procurement Group; nominees of each Service area with a remit to champion procurement reform in each Service.
- (ii) the Chief Accountant
- (iii) the Head of Legal and Governance

#### External

- 4.2 No external consultation was required in the preparation of this report. Consultation undertaken in the preparation of the annual report is noted separately in the body of the document.

### **5. Communication**

- 5.1 Information contained within this report will be published on the Tayside Procurement Consortium and Perth and Kinross Council websites.
- 5.2 Notification of the publication of a revised strategy and an annual report on procurement will be made to the Scottish Ministers prior to the end of July 2019.

### **6. BACKGROUND PAPERS**

[Procurement reform Act \(Scotland\) 2014](#)  
[Procurement \(Scotland\) Regulations 2016](#)  
[Statutory Guidance applicable under the Act](#)  
[Supplementary Guidance 2019](#)  
[Annual Report on Procurement Activity in Scotland 2019](#)

### **7. APPENDICES**

- **Appendix 1**– Procurement Annual Report 2018/19 (includes an update on progress made to the improvement action plan)
- **Appendix 2**- Procurement Strategy 2019/20 (includes a future focused Improvement Action Plan and links to the published Contract Delivery Plan)