

# Perth And Kinross Council

26 June 2024

## SUSTAINABLE PROCUREMENT STRATEGY

Report by Strategic Lead – Legal & Governance  
(Report No. 24/203)

### 1. PURPOSE

1.1 The purpose of this report is to seek Council's approval of the new Sustainable Procurement Strategy.

### 2. RECOMMENDATIONS

2.1 It is recommended that Council:

- (i) approves the Sustainable Procurement Strategy at Appendix 1
- (ii) remits officers to develop a plan for implementation of the Strategy
- (iii) remits the implementation plan, once developed, to Finance and Resources Committee for approval; and
- (iv) notes that an annual report in relation to progress will be presented to the Finance and Resources Committee in accordance with the Scheme of Delegation

### 3. STRUCTURE OF REPORT

3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Proposal
- Section 6: Conclusion
- Appendices

### 4. BACKGROUND

4.1 The Procurement Reform (S) Act 2015 requires local authorities, and other contracting authorities, whose regulated procurement spend exceeds £5 million to produce and publish a Procurement Strategy and an annual report. This is to ensure that our public procurement is fair, open and transparent. The legislation also includes a duty to consider sustainability factors when procuring goods, works and services. For contracts with a value of £4 million or more there is an obligation to consider whether or not community benefits should be incorporated as part of the procurement requirements.

4.2 The Council's Corporate Plan 2022-27 approved in December 2022 (Report No. 22/311) sets our vision for "a Perth and Kinross where everyone can live life well, free from poverty and inequality"

This was followed by an ambitious five-year Transformation & Change Strategy (Report No. 22/142 refers) to ensure that it can deliver on its strategic priorities in these current challenging times.

- 4.3 Procurement and commissioning has been identified as an area for change and improvement in Phase 1 of the Transformation and Change Programme. The purpose of this new Sustainable Procurement Strategy is two fold; to comply with our legal requirements as set out in 4.2 above and to provide a high-level strategic blueprint to shape and transform the Council's procurement and commissioning function.
- 4.4 Public procurement is highly regulated, not surprisingly, given that public sector procurement spend in Scotland is in the region of £14.5 billion. Our procurement spend for 2023/24 was £390 million, as reported in our Annual Report to the Finance and Resources Committee earlier in June (Report 24/181 refers).
- 4.5 The operating model within the Council for procurement and commissioning is based on a "hub and spoke" approach; with a small specialist central team providing technical advice, training and support to service teams. Given the limited resources within the central team and the regulated nature of public procurement, their primary focus to date has been on overseeing the tender and award elements of the procurement cycle, ensuring compliance and mitigating the risk of legal challenges.
- 4.5 The public procurement function however, is much more than the process of acquiring goods, works and services by way of compliant tender and award. The procurement transformation programme is therefore focussed on developing a new operating model to drive far greater value from our public procurement and improve efficiency and effectiveness across the whole cycle of strategic procurement activity; from identifying need, through to tender, purchase, contract management and review.
- 4.6 The social, economic and environmental challenges that we are facing in our communities are widely recognised. So too are the financial pressures facing Councils and other public sector bodies. Accordingly, there has never been a greater need to harness the power of our public procurement to ensure that we get the greatest possible value from the Perth and Kinross pound, to make life better for the communities that we serve.

## **5. PROPOSAL**

- 5.1 Building on a solid foundation of procurement compliance, this new strategy puts sustainability at the heart of our public procurement. In doing so we commit to using our purchasing power not only to buy what we need to deliver our services, but also to provide additional economic, social and environmental benefits to the people of Perth and Kinross.

- 5.2 Our Sustainable Procurement Strategy aligns with the Council's corporate priorities as set out in our Corporate Plan and our wider vision for our people and place.
- 5.3 It provides a high-level blueprint for a new operating model to enable us to shift from a demand driven, transactional approach to buying, to one that is more strategic, data driven and value based.
- 5.4 Acknowledging the values of good public procurement governance, we have developed a set of core principles which underpin why, how and what we do across all our procurement activities.
- 5.5 To implement this strategy, we have identified 6 key high level aims with a number of core objectives and action areas. These are summarised in the Strategic Procurement Plan on a Page (Appendix A). A more detailed implementation plan is in development, and this will be regularly monitored, reviewed and revised as required throughout the lifecycle of this strategy. Progress updates will be reported via the Finance and Resources Committee in accordance with our Scheme of Delegation.
- 5.6 Delivering strategic change requires more than a plan; however, it requires the right people with the right skills, processes and technology working in the right way, in the right combination. Resourcing the plan adequately and appropriately will therefore be key to the success of the Sustainable Procurement Strategy.

## **6. CONCLUSION**

- 6.1 The purpose of the new Sustainable Procurement Strategy is to optimise the value of the Council's public procurement functions. Building on foundation of compliance and good practice, it looks to improve the effectiveness of our procurement processes and deliver efficiencies and potentially savings, by taking a more strategic approach to our public procurement; by being proactive, collaborative and innovative in our approach.
- 6.2 By putting sustainability at the heart of the strategy we can help the Council achieve its wider ambitions; with a clear focus on increasing local spend to help boost the local economy, maximise community benefits, promote fair work first and help protect the planet.

**Authors**

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**Approved**

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

#### Corporate Plan

1.2 This report supports all the objectives within the Corporate Plan.

### 2. Resource Implications

#### Financial - not yet known

#### Workforce

There are no direct workforce implications arising from this report.

#### Asset Management (land, property, IT)

There are direct asset management implications, as noted throughout the report.

### 3. Assessments

#### Equality Impact Assessment

3.1 There are no Equality Impact Assessment issues arising.

## Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. There are none arising from this proposal.

## Sustainability

- 3.3 The proposals in this report support the Council's policy objectives with regard to a sustainable environment.

## Legal and Governance

- 3.4 This Strategy fulfils legal requirements under the Procurement Reform (S) Act 2015.

## Risk

- 3.5 This Strategy may help mitigate the impact of some of the key risks in the Strategic Risk Register.

## **4. Consultation**

### Internal

- 4.1 The proposals in this report have been developed by key internal stakeholders as part of the Procurement and Commission Transformation Programme. Senior Leadership team and Executive Leadership have been consulted.

### External

## **5. Communication**

- 5.1 This take place with all parties once the report has been considered.