

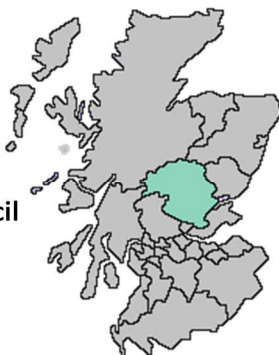
Procurement Annual Report

2016/17

Perth and Kinross Council

This report details the progress made by Perth and Kinross Council with our 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.

Perth and Kinross Council
2 High Street
Perth
PH1 5PH
01738 47552
contracts@pkc.gov.uk



Contents

1. Executive Summary/Introduction	2
2. Vision for procurement.....	4
3. Context.....	5
4. Information on Contracts.....	6
5. Highlights	9
6. Delivering Best Value	14
7. Recommendations	17
8. Monitoring, Reviewing and Reporting performance	19
9. Improvement Planning.....	20
10. Strategy Ownership and Contact Details	21
Glossary.....	23

1. Executive Summary

The Council's Procurement Strategy for 2016 was published in December 2015. Council spend was just over £200m per year on goods, services and works. This figure included monies allocated to support capital investment decisions taken by the Council.

The Procurement Strategy and the associated action plan set out how the Council intended to direct the expenditure and highlighted how we would work to not only deliver essential savings but also to support the wider objectives of the Council and local community partners.

A primary focus of the Procurement Strategy was to align how the local objectives would be met 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”**.

This report provides an update on the ways in which procurement activity has been used to support the specific needs of the Perth and Kinross Council area.

Highlights include:

- The delivery of savings from our contracts: £1.3m for the period
- Embedding Community Benefits offered in our tendering processes, leading to over 200 benefits live at present
- Our rating against the national benchmark standard (PCIP) rose from 17% (projection in October 2015) to 62% (assessed September 2016)
- Extensive work with local business community and third sector providers to grow their public sector procurement capacity

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 other Tayside local authorities. This model gives us a more efficient interface with the business community across Tayside.

An update for the Council's Scrutiny Committee has also been prepared. 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.

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 Corporate 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 greater commercial focus on procurement and commissioning. A new approach to our Procurement Strategy and the creation and resourcing of a detailed improvement plan has led to a more rapid pace of change.

This commitment reflects the increasingly important role that strategic procurement plays in enabling our Council to deliver local economic, environmental and social benefits. This report provides an overview of the progress made during 2016 in the transformation of our procurement approach.

As well as reviewing our arrangements for procurement, we have also revised our governance arrangements which support the management of externalised resourcing. A new Following the Public Pound Code was approved by the Strategic Policy and Resources committee in 2016. The new code has led to the development of a toolkit which sets out, step by step, the tasks to ensure grant funding is aligned to our corporate goals. The Council's Contract Rules have also been revised to reflect new legislation. Together this package of guidance will ensure we maximise the value we derive from all the routes we use to commission services.

Effective commissioning and procurement decision making about how the Council will shape the externally delivered elements of services, amounts on average to around 60% of the overall budget set by the Council each year. As such the Procurement Strategy plays a critical role in ensuring that value for money is achieved.

2. Vision for procurement

In the Procurement Strategy for 2016 the Council set out the vision for procurement:

“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

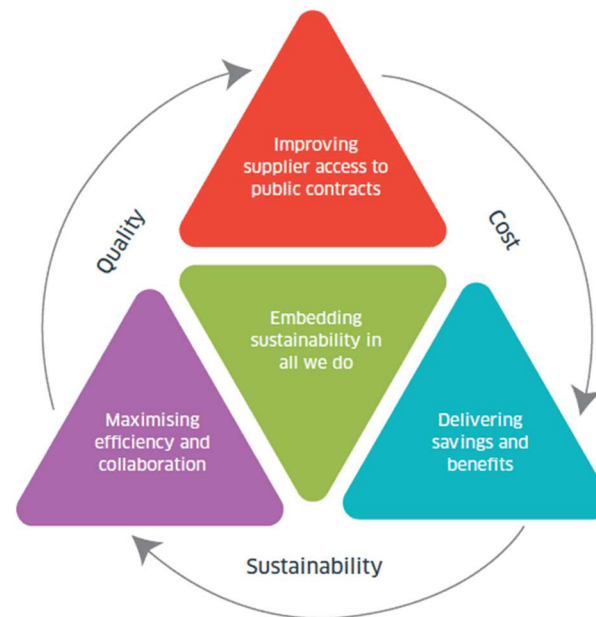
Promoting a prosperous, inclusive and sustainable economy

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 engaging with supply markets.



Collaborative partnerships are a key part of maximising efficiencies in procurement processes and outcomes, and we are committed to several of these arrangements, including the Tayside Procurement Consortium and Scotland Excel. [click here.](#)

Our partnership with Dundee City and Angus Councils is constituted by the Tayside Procurement Consortium (TPC). TPC has its own strategy which provides an overarching approach for the three Councils. Therefore this annual update should be considered in conjunction with the any updates on the Tayside Procurement Consortium procurement strategy 2015-2020. [click here.](#)

4. Information on Contracts

One of the key principles of effective 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.

The Council achieves this by using the national advertising portal – [Public Contracts Scotland](#). All opportunities with a contract value greater than £50,000 are 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 = £164,176; 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

During 2016 and the first quarter of 2017 the Council issued **47 calls for competition** that had an anticipated value of £50,000 or more. The average value of the resulting contracts was £392,000.

In addition to these we also awarded **14 distinct contracts** through pre-existing frameworks and published detailed information about those contracts through the same portal. This supported our commitment to collaborative working with other public bodies. In the same period quotations were sought for **82 low value requirements** (values above £5,000 but below £50,000). These three together amounted to the creation of 143 new contracts: See infographic below.



Although procurement legislation prevents public bodies from specifying a local element to their supply, it is possible for lower value contracts to be shaped in a way that encourages the involvement of local and smaller businesses. To that end the Council has approved a policy of inviting Perth and Kinross businesses to quote in every process where this is possible. Our internal rules state a minimum of three quotes must be invited when contracts have values between £5,000 and £50,000. On average 7 suppliers were invited per opportunity, giving a wider range of businesses a chance to bid. Of these invitations **149 were issued to local**

SME's - 62 invitations to micro (1-9 employees), 63 to small (10-49 employees) and a further 24 to medium sized businesses (50-249 employees). This means that on average 2 local businesses were invited to each opportunity.

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 registered.

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 support these objectives are detailed below:

Best Start in Life



There are a wide range of goods and services sourced to support the corporate objective of **Giving every child the best start in life**.

Working towards transforming the provision of services to children and families

New legislation introduced during 2016 means that the rules on the way in which agreements with providers of social care and support services are established has changed. This affects a range of services currently commissioned in support of children and families. The Council's procurement team has been working to support the transformation of commissioning in our Children's and Families services. Events have been held to consult with providers of these services and to raise awareness within in the provider community of the implications of the new legislation.

Mitigation of cost increases - Some types of goods have been affected by instability in the European market or by currency fluctuations since mid-2016. Food costs have undergone some stresses as a result. The Council has been working with Tayside Contracts and Scotland Excel to minimise the impact these changes are having on our budgets. Strategies have included switching of ingredients and development of local capacity. Combining our requirements with those of the wider local government community has given us more influence in these negotiations.

Educated, responsible and informed citizens



The Council's procurement function 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. This year one of the changes we supported was the revision of contracts for transporting young people to and from schools. More work on this area of spend is planned for 2017; two **supplier information events** on these changes were held in March 2017. The information gathered from our suppliers will help to strengthen the developing strategy for the new contracting mechanisms.

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. Community Benefits might include developing skills for the Young Workforce of the Perth and Kinross area, providing opportunities for young people still in education through **work placements, work experience** or simply visiting a company to see how work is carried out. We have received benefits meeting those descriptions from several companies, notably during the refurbishment of Mill Street, Perth and the renovation of Perth Theatre as well as through smaller service contracts.

During 2016 the procurement team has also supported the national [Procurement People of Tomorrow](#) programme. Two modern apprentices joined the team in 2016. Both worked towards **SVQ3 level qualifications** and have both benefited from further opportunities in the Council. One of our modern apprentices was placed in the Council's benefits team and the other continues to work in the procurement team and is studying for an **entry level certificate** for the Chartered Institute of Procurement and Supply.

The work we do also supports the objective to **inform citizens**: through developing contracts for our **corporate communications** team, and our transformational **investment in digital technology**. Early in 2016 our Information Technology team ran a competitive dialogue to select a partner to change the way we capture information when working with citizens in front line services.

Prosperous, sustainable and inclusive economy



A range of contracts and procurement work developed during the period of this annual report will contribute to the economic development of the area.

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 refurbishment of the [Canal Street car park](#) in Perth and the improvements to [Mill Street](#).
- development of the Food and Drink Park on the outskirts of Perth which required four different contracts during the programme – consultancy, landscaping, the construction of a solar farm and the fabrication of business units.

Smart Growth – work began in 2016/17 to deliver on the [Perth City Plan](#) with contracts being awarded for the installation of digital signage and provision of Wi-Fi in public areas of Perth city. Specifying our requirements in fast moving, innovative markets gave us new challenges and required the development of new approaches to our procurement work.

Leisure While some aspects of events and festivals are effectively exempt by legislation from traditional procurement work, the procurement team was pleased to support a range of requests for quotations to deliver the Winter Festival. The economic benefit of the two main Winter Festival events can be [found here](#).

Another interesting procurement process was carried out to [develop the use of the River Tay](#). A contract for construction of two pontoons on the river was concluded and when in place they will be operated in partnership with the Tay and Earn Trust.

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.

Independent, healthy and active lives



Support for independent living - New legislation introduced during 2016 means that the rules on the way in which agreements with providers of social care and support services are established has changed. This led to the Recommissioning of Care at Home services. An extensive schedule of work was developed to support the change; including consultation with providers, service users, and training for Council staff and for representatives of our providers on the impact of new procurement legislation and processes which will now be used. The new framework agreement which results from the preparatory work we undertook in 2016 will be live in June 2017.

Another significant support services contract for those people who need additional support as a result of sensory impairment was developed. This service contributes to how we will meet the objectives of the [Joint Strategy to support independent living](#).

Negotiations with organisations that provide care within the Perth and Kinross area took place in October 2016 to ensure a minimum hourly wage of £8.25 was being paid to care workers.

Healthy Lives - Improvements to a number of play areas across Perth and Kinross have been made, with the largest contracts being for a refurbishment in Grandtully and the terraces at Pitlochry Recreation Ground. A new multi-use games area was also completed in Inchtute.

Safe and sustainable place for future generations



Housing - A significant area of focus for 2016/17 has been developing our housing; not only adding to the homes in Perth and Kinross through a new build programme with 60 properties under construction across 5 local sites but also making improvements to the existing homes.

These improvements include window and door replacements, external insulation and upgrades to heating systems; all contributing to reducing the energy consumption in each home and in turn contributing to the Council objectives for reducing fuel poverty.

Infrastructure - As with every year the Council included infrastructure improvement in the 2016/17 budget. Some supported was offered by the procurement team to the professional teams responsible for a programme of contracts to maintain and improve our infrastructure. These contracts include routine repairs and maintenance to bridges and other structures as well as ensuring the measures taken to provide flood protection are as effective as possible in adverse conditions.

Our infrastructure work extends to improvements to our roads and traffic management – aimed to improve road safety for all users of our roads network. Preparations also began for a new pan-Tayside roads maintenance framework; this will be advertised on the national portal during 2017.

New contracts were also awarded during 2016/17 for winter maintenance of our roads network. This service is through Tayside Contracts with the materials being bought from a Scotland Excel framework –at pricing which benefits all local authorities across Scotland.

6. Delivering Best Value

Savings

As part of the Council's approach to transforming delivery of services to communities a commitment was given during 2015 to establish means of reducing the money spend on the procurement of goods, services and works by £2.5m by 2018/19. £1.41m of improvement opportunities have been created in 2016/17. 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	School Funds	Revenue Budgets
£17,634	£62,078	£769	£1,332,371

Procurement Savings by Budget

In addition to above the Council has made the commitment to redesign delivery of a wide range of services through the [Building Ambition](#) Transformation Strategy. Many of these 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 transformational changes we require.

Electronic Tools

Another source of efficiencies we have advanced this year is the use of electronic systems to support and manage the procurement work we do. 46 tenders were issued in the period covered by this report; just over 50% of those were issued electronically. This is an area of focus for 2017; we aim by November 2019 to be able to carry out all of our communications with suppliers digitally. 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.

All competitive activities use the national portal Public Contracts Scotland to ensure our potential suppliers are able to identify contracting opportunities in a single place. We committed to promoting the portal as a powerful resource for suppliers to the public sector.

Preparation for the roll out of an electronic platform to record contract and supplier management activities was a key work stream in 2016. This platform will improve the way we are able to communicate with our suppliers while they are working on our behalf. Consistent methods of capturing and reporting on the information we hold will help us to identify areas for improvement, but also to evidence good value and high performance.

Future developments will focus on the Council adapting our systems and processes to introduce eInvoicing. This will bring greater efficiency to our payments processes and reduce costs for our suppliers.

Collaborative Contracts

In addition to contracts which arise from procurement work undertaken by officers working directly for 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 for 2016, a number of significant projects have been agreed through framework agreements which were created by collaborative purchasing bodies.

By using these mechanisms it has been possible to achieve efficiencies; in the case of the A9/A85 road junction improvements, earlier involvement of an experienced civil engineering contractor helped the Council to establish a robust contract in line with time and cost targets for the overall project.

The Council also joined a collaborative purchasing body which focuses on contracts for managing social housing. Through this mechanism we have been able to accelerate delivery of planned improvements to the housing estate. This has included replacing central heating systems and doors and windows in preparation to meet the energy performance standards which will become law in December 2020.

We have also made good progress with new housing building in 2016; we have planned for 80 new houses a year and construction work is underway to achieve this target.

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

The full range of contracts awarded by each of the collaborative groups can be viewed by following the links embedded in the icons below:



7. Resourcing

Investment in the Procurement functions of the Council has been made to facilitate rapid improvement in our procurement capability. Our Procurement Strategy was supported by a detailed improvement plan. This section draws out the most significant enhancements we aimed to make in the period covered by the Strategy and how those are being resourced.

We Said: Focus on meeting our savings targets through continually improving and lean procurement practice.

We Did: All new contracts are tracked for savings opportunities. A process for tracking savings through from the inception of the need for the contract, during the tendering phase and into the delivery cycle of the contract has been defined and approved. Developments planned for 2017/18 include automating more of the processes for information capture.

We Said: 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.

We Did: During 2016/17 the support offered to local business has focused on enhancing capability so that our business community are informed and appropriately skilled to respond to public sector contracting opportunities. The Council is a member of a national, publically funded training consortium, which facilitates access to a wide range of training events and resources for businesses. We have hosted training events locally, sign posted interested parties to online resources and shared learning from this facility ([Supplier Development Programme](#)). A total of 265 Perth and Kinross based businesses registered to use this facility in 2016/17 – a 27% increase on 2015/16.

In conjunction with the Supplier Development Programme we have also participated in the annual Tayside-wide 'Meet the Buyer' conference, which was attended by over 100 local businesses. This year the conference also included one-to-one training session on how to use the electronic tools now prevalent in public sector tendering.

We also ran engagement sessions for specific contract opportunities; this helped both potential suppliers and Council Services by creating the opportunity to discuss the most effective ways in which contracts might be structured to achieve Best Value. A recent example of this working well has been in transport contracts where feedback has resulted in consideration of a longer contract term contract which could in turn support transport companies to plan for investment in vehicles.

While group sessions with businesses and charities work well for many purposes, we recognise there is still a need to work with individual organisations in some circumstances; officers involved in procurement have met a wide range of businesses on a one-to-one basis.

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

We Did: This has included national working – attending strategic and tactical planning sessions with Scotland Excel, as well as participating in the Scottish Government eCommerce forum which acts as a reference group for strategic planning. In Tayside our work within the TPC continues and the collaborative opportunities for the wider partnership work is facilitated by our involvement in a community partners group TOPIC (Tayside Opportunities for Procurement in Collaboration). Partners to this group include local further education establishments and NHS Tayside, as well as Dundee City and Angus Councils.

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

We Did: The inclusion of Community Benefits is considered for every contract. This is embedded in our standard templates and guidance. We now have a corporate record of benefits delivered. At present more 200 benefits offered by businesses are in the process of delivering a social outcome within the Perth and Kinross community. The willingness of contractors to offer benefits has meant we are now developing a new approach to matching these to the needs of our communities

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 and 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 [Section Five](#) of this 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 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%), which showed the level of progress achieved in less than a year. This improved result is a strong indicator of the high quality evidence we were able to provide to the assessors, reflecting our delivery of the agreed Action Plan.

Revision process

This strategy will be reviewed and an update published by 31 March 2018.

From 2019 an annual procurement strategy will be published as close as possible to 1 April each year.

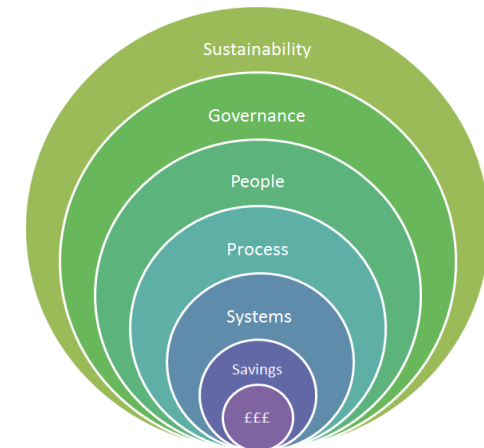
9. Improvement Planning

An action plan to ensure that the strategy was delivered was prepared and approved in December 2015. The operational work to deliver 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



10. Strategy Ownership and Contact Details

Procurement is included in the portfolio of Jim Valentine, the Depute Chief Executive with responsibility for Sustainability, Strategic and Entrepreneurial Development.

The Council's Procurement Team sits within the Community Planning, Strategic Commissioning and Organisational Development service which is led by Keith McNamara.

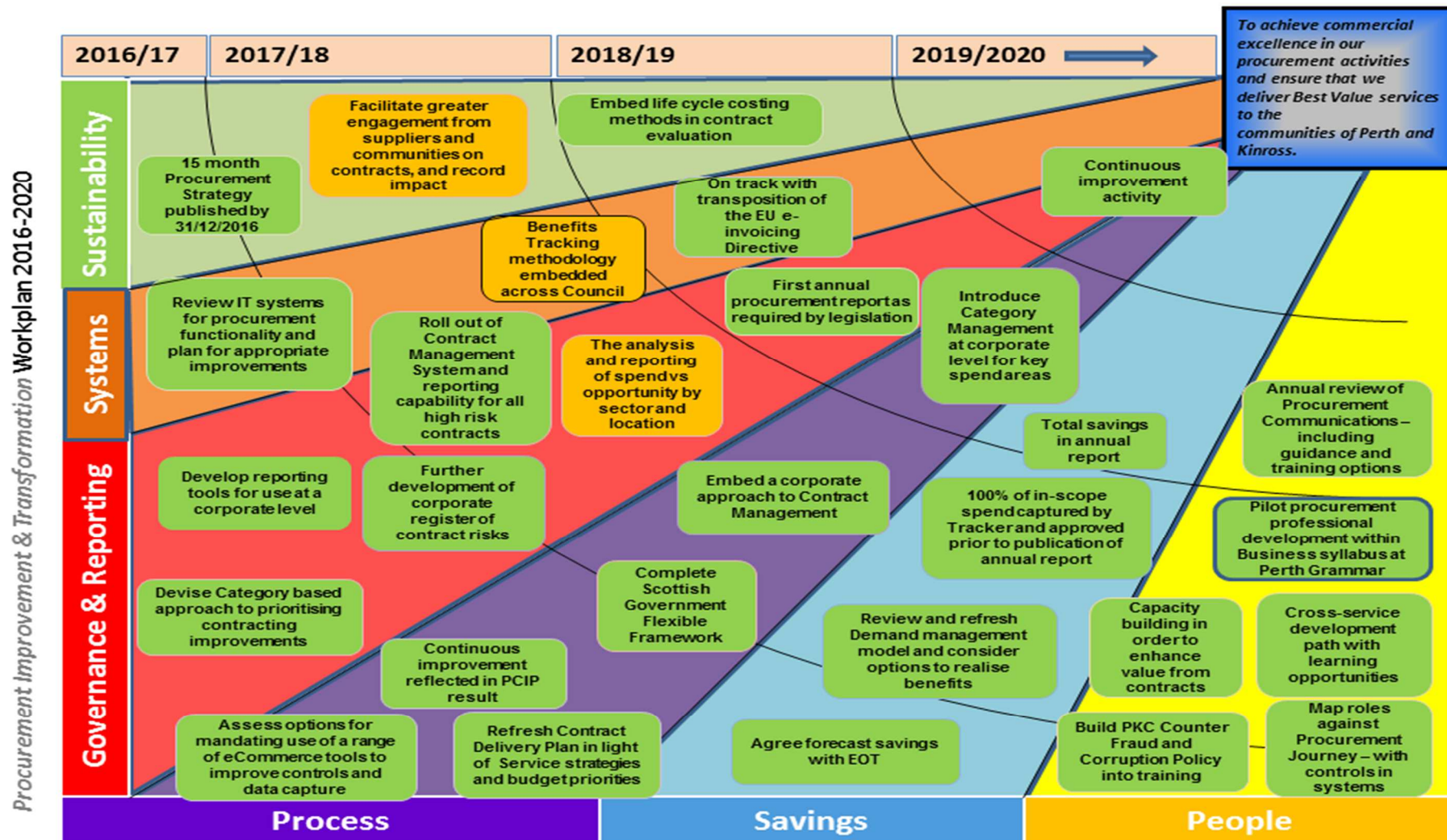
The Corporate Procurement Manager, Mary Mitchell has responsibility managing the provision of a professional procurement service ensuring that legislation, agreed policies, professional standards, procedures and principles are followed.

Contact details

Perth and Kinross Council
2 High Street
Perth
PH1 5PH
01738 475521
contracts@pkc.gov.uk

11. Future Improvement Actions

The wave plan below outlines the high level plan for further improvement to our procurement functions.



Workplan 2016-2020 Wave Plan: January 2017

Glossary

This glossary includes terms used in the Procurement Strategy document and the Improvement Plan.

TERM	DEFINITION
Balanced Scorecards	Used to measure supplier performance against defined indicators.
Contract Strategy	Outlines the purpose and governance of the procurement exercise. The strategy will reflect the risk, value and strategic importance of the proposed contract to Perth and Kinross Council.
Benchmarking	A process of continuously measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement e.g. "best in class" achievement.
Best Value (BV)	The Local Government in Scotland Act 2003, placed a statutory duty of Best Value upon local authorities in the discharge of their functions. The principles make clear that Councils have a duty to "make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This improvement involves consideration of costs, making the most of money spent, and making sure that services meet the needs of communities and authorities' priorities.
Commissioning	The process of ensuring that the health and care services provided effectively meet the needs of the population. Often a complex process with responsibilities ranging from assessing client needs, prioritising health outcomes, procuring products and services, and managing service providers.
Commissioned Services	This term is used to describe services for which a third party organisation has been engaged to manage delivery.
Contract	A binding agreement to perform a certain service or provide a certain product in exchange for valuable consideration, usually money.
Contracts Register	Published database of the contracts let, and used by Perth and Kinross Council. The contracts Register is updated automatically each time a contract is awarded through the PCS portal.
Equal opportunities	The practice of ensuring that all employees and users of services receive fair and equal treatment.
European Directives (EU Regs)	Rules and regulations set by the European Union with regard to procurement for public sector organisations – these are mandatory for public sector organisations. This is facilitated by regulations in each member state (see Procurement Legislation from 18 April 2016).
Following the Public Pound	This term describes the code which the Council follows to ensure information about how public money is used in support of arm's length organisations, trusts and voluntary bodies. Following the public pound' principles do not apply to conventional contracts which involve councils purchasing goods, materials or services e.g., contracts with a private care home to provide residential care places - information on these is provided in the Contracts Register.

TERM	DEFINITION
Governance	The framework of authority and control within an organisation.
Official Journal of the European Union/OJEU	The publication in which all high value public sector contracts in the EU must be advertised.
Public Contracts Scotland	A national advertising website where all Scottish public sector organisations can publicise their contract opportunities. This platform links to OJEU and ensures all contract notices for Scottish Public Sector contracts may be reviewed in one place.
Public Contracts (Scotland) Regulations	Public procurement law regulating the purchasing by Scottish public sector bodies of contracts for goods, works or services for contracts above values defined by the EU Directive for Public Procurement.
Procurement Commercial Improvement Programme (PCIP)	The objective of the PCIP is to assist organisations to improve their structure, capability, processes and ultimately their performance. A bi-annual assessment is carried out to ensure organisations are performing against the standards set out in the PCIP.
Procurement	The process of sourcing goods, services or contracts for construction works.
Quality	Fitness for purpose when judged against the standards specified in the contract.
Scotland Excel	A national collaborative buying initiative representing the 32 Scottish local authorities.
Scottish Procurement	Part of the Scottish Procurement and Commercial Directorate of the Scottish Government, Procurement Scotland is responsible for developing and implementing contracts for the use of all Scottish public sector organisations.
Selection Criteria	Factors taken into account when determining whether bidders are appropriately qualified to undertake public work. These criteria are set out in the ESPD.
Small and Medium sized Enterprises (SMEs)	Firms that employ less than 250 people and have a turnover of less than £50m.
Social Value	The process through which services to be bought, or the way they are going to buy them, could secure these benefits for their area or stakeholders.
Specification	A description of the essential technical requirements for goods or services to be delivered under a contract, including the method for checking that the requirements have been met.
Stakeholders	Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. customers, partners, employees, shareholders, and government.
Supplier Engagement	In simple terms, working with suppliers to achieve mutual goals – as opposed to ‘them and us’.

TERM	DEFINITION
Supply Chain	The flow of resources into and out of the enterprise's collective operations. The chain can be said to start with the suppliers of your suppliers and ends with the customers of your customer.
Suppliers Charter	A joint statement between the Public Sector Procurement and Businesses sectors committing to facilitating improved access to public sector procurement opportunities.
Supplier Development Programme	A local authority partnership programme established to offer small and medium sized enterprises (SMEs) the opportunity to grow and diversify through procurement.
Supported Business	A supported business draws at least 30% of the workforce from the most disadvantaged groups in our communities.
Sustainable Development	Development which meets the needs of the present without compromising the ability of future generations to meet their own needs' e.g. the environmental and social impact of today's actions that may affect the ability of future generations.
Sustainable Procurement	The application of sustainable development principles to procurement (see above).
Tayside Procurement Consortium (TPC)	The Tayside Procurement Consortium delivers contracts for the three Tayside local authorities, Angus Council, Dundee City Council and Perth and Kinross Council. More information on the consortium's activity can be found here
Thresholds	The financial threshold above which certain procedural aspects of the procurement Regulations become mandatory. There are two thresholds, one that applies to most central government bodies and one for other authorities. The current threshold is published on the OGC website.
Transparency	Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process, and performing that procurement process as described in the communications with potential suppliers.
Values	Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.
Vision	A statement describing how an organisation wishes to be in the future. Also see Mission Statement.

The following tables set out the improvement actions agreed at Council in December 2015 and an update on the progress made in meeting the objectives contained within the Action Plan.

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 January 2016 January 2016 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	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 against the national competency framework (procurement skills)	Work with HR to identify content of job descriptions for identified posts. Minimise changes required to Job Descriptions through rationalising numbers involved in contracts.	June 2017	Records pertaining to all officers presenting for procurement	Better matching of skills to activities leading to greater degree of professionalism and

	<p>and develop an appropriate action plan to develop skills across the organisation.</p> <p>Some aspects</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>training were checked against job evaluations. Feb 2016.</p> <p>Training materials revised June 2016.</p> <p>Work is continuing to enhance skills.</p> <p>Status: Partially complete. Training approach was reviewed along with revision of Contract Rules.</p>	<p>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	<p>Develop a specific action plan to shift activities of the Corporate Procurement Team from operational to a more strategic focus and set specific personal objectives linked to the new strategic plan.</p>	<p>Procurement team development session, to develop a common understanding of the new framework, and team members' roles in delivering this</p> <p>Identify all operational activities currently considered BAU. Consider options for deploying available resources to be more effective on a strategic level.</p> <p>Map customer needs.</p>	April 2016	<p>Operational management of user records on PECOS transferred to Financial Systems team. Jan 2016.</p> <p>Tracking support offered and delivered to teams.</p> <p>Consultation</p>	<p>Less time spent on routine procurement activities and more effort dedicated to 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</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>throughout 2016.</p> <p>Self-service processes developed for procurement toolkit and PECOS use. June 2016.</p> <p>Status: Complete</p>	<p>achieved.</p>
1.4	<p>Effective communication plan to be developed to keep key stakeholders informed of programme and changes</p>	<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 · Increase use of Procurement News · Change email accounts · Introduce auto-responses · Rationalise telephone numbers <p>Communicate changes and establish time lines for regular communications as per plan, include a plan to resource and allocate responsibilities.</p>	<p>April 2016</p>	<p>Plan revised. Updated to use new technology.</p> <p>Design team now involved in issue of Procurement News bulletin to staff..</p> <p>Status: Complete</p>	<p>Good staff engagement levels and support for the required changes. Input and feedback provided by key stakeholders.</p> <p>New communications plan to increase efficiency in reducing cost to serve.</p>

	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 	<p>Percentage of contract strategies influenced by procurement team.</p> <p>Improved benefits realisation in collaborative contracts.</p>
	Outcome	Evidence
	<ul style="list-style-type: none"> More effective corporate procurement function. 	<p>Increased score in PCIP assessment – target 33% (based on mock score of 17% in October 2015).</p> <p>Outcome - 62% achieved in September 2016.</p>

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	Populate Forward Plan Identify opportunities for benefits realisation. Identify and document targets per contract. Identify resource requirement from Services and CPT as appropriate. Develop time line for delivery and assign workload accordingly. Document plan and report progress to Services.	February 2016 First version finalised by February 2016 and refreshed annually thereafter. April 2017	First version was prepared by May 2016. Regular updates have been made. Reported to SP&R 30/11/17. Published on www.pkc.gov.uk in April 2017 for financial year 2017/18. Status: Complete	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	Use map of customer needs (see 1.3) to establish priorities. Identify core documents, review content and agree final versions with Legal Services where appropriate. Consider potential for mandating the use of PCS-T for all regulated procurement activity. Develop resource plan and costings.	By June 2016. Ongoing	Broader range of template documents now in use. Worked closely with Legal Services throughout 2016/17.	Simplified processes, consistently applied thus reducing effort and risks.

				Report submitted to Policy and Governance Group with proposal for mandating use of PCS-T. To be revised.	
2.3	Upfront demand management challenge process to be implemented	<p>Design and develop the process to be used to manage consumption.</p> <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>	By end March 2016	<p>Process developed. March 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 ongoing delivery</p>	Savings opportunities 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 eCM roll out.</p> <p>Consolidate corporate register with Capital Programme monitoring and</p>	<p>By end June 2016</p> <p>By end of 2017</p>	System capability has meant this register has been created manually. June 2016.	Reduced risk and less threat of reputational damage.

		<p>Performance team.</p> <p>Contract Risk register is linked to corporate risk management activities and reported appropriately based on category.</p>		<p>Systems work planned for 2017 aims for partial automation.</p>	
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 eCM or eVPM 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</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>	Improved reporting of procurement performance and easier to track progress against savings targets.

		organisation, including budget holders, senior management and elected members.		<p>SP&R Committee twice annually.</p> <p>MOWG as required.</p> <p>EOT quarterly</p> <p>CMG twice annually</p> <p>Service SMT's as required.</p> <p>Corporate Procurement Group 8 weekly.</p> <p>Status: Complete</p>	
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>Embedded in systems – 48% of contracts delivered in this way during reporting period. This information has been used for prioritisation in 2016.</p> <p>Status: Partially</p>	Increased savings opportunities secured and post award contract risks reduced.

				Complete – process developed in line with plan; implementation is ongoing.	
	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 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"> Evidence of benefits realised Documented actions to mitigate risk Documented actions to improve contract performance. Improved PCIP performance 	

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>Procurement opportunities more easily identified and measured.</p> <p>Increased user satisfaction which will improve compliance rates.</p> <p>Reduced risk by using consistent and automated processes.</p>
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>	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,</p>	Full compliance with new Reform Act requirements. More consistency and easier for suppliers to do business with us.

		<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>		<p>reflecting the complexity of the changes required.</p> <p>Status: Complete</p>	
	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 eCM & eVPM or appropriate equivalent (Concerto, NEC3 platform). 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	Establish the operating model for this structure, by providing an options appraisal to board. 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. Reporting is improved through use of systems based data capture to populate clear, visual displays.	By June 2016. March 2018	This work has been delayed and is carried forward into 2017. Status: To Be Completed. Delayed due to reprioritisation of resources.	Reduces fragmentation and risk of duplication Increases levels of expertise used in the category per contract Increase savings Increase efficiency and effectiveness of contract management Prioritisation of opportunities is evidence based
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. 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-cashable savings such as community benefits	Use information gathered through improvement's made at 2.5 to populate reports, report in line with schedule set out at 4.3.	By December 2016	Further to the stated action the monthly performance reporting has been developed and improved. Status: Complete	Increased focus on procurement and the benefits that can be 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. 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.	