

## PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee  
21 June 2017

Scrutiny Committee  
21 June 2017

## PROCUREMENT ANNUAL REPORT 2016/17

Report by Depute Chief Executive, Environment (Chief Operating Officer)

**PURPOSE OF REPORT**

This report details the progress made by Perth and Kinross Council in delivering the Procurement Strategy, published in December 2015. The main purpose of the report is to document the achievement of the aims and objectives set out in the Strategy and to demonstrate value through the purchasing decisions taken for the period.

**1. BACKGROUND**

- 1.1 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](#)). This report records the progress made in the achievement of the aims and objectives set out in the published Strategy.
- 1.2 For the reporting period there has been a significant focus on using procurement as a vehicle for delivery of greater value in our supply chain. This focus has delivered under two themes; increased delivery of community benefits through our contracts and the realisation of savings where possible.
- 1.3 Highlights from the report include:
  - Savings from contracts - £1.3m (recurring revenue savings) for the period
  - Over 200 community benefits offered in tenders
  - Rating against the national benchmark standard (PCIP) rose from 17% (projection in October 2015) to 62% (assessed September 2016)
  - Work undertaken with local businesses to grow their public sector procurement capacity, including increasing the involvement in training by 27% during 2016/17.

- 1.4 It is expected that the delivery of community benefits through our contracts will continue to grow over 2017. Benefits are offered under five key themes:

- Community Investment
- Improving Education
- Improving Skills
- Improving Employability
- Economic Impact

- 1.5 From April 2018 the annual reporting on procurement will become a statutory duty. The statutory duties are explicit and include a requirement to provide information on all regulated procurement exercises, the methods used in review of these activities, and what has been achieved as a result.

## **2. PROPOSALS**

- 2.1 A further report on all tenders accepted is also being submitted to Strategic Policy and Resources Committee in June 2017. This report will discharge the existing governance requirement, set out in the Scheme of Delegation and the Council's Contract Rules, for Services to report the acceptance of tenders to committee annually. It is proposed that in future these reports will be merged with the annual report so that reporting is compliant with the new statutory requirements.
- 2.2 In addition, current practice is to record and report funding streams provided by the Council under the Following the Public Pound (FPP) Code to committee in a separate report. In future, to align the Council's commissioning and procurement reporting, it is proposed that this FPP information will also be provided as part of the statutory procurement report.

## **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 The annual report presented as Appendix 1 is an overview of how the procurement work, under taken on behalf of the Council in the 2016 and the first quarter of 2017, has supported delivery of the Corporate Plan.
- 3.2 This report concludes the scope of work undertaken through the Procurement Strategy for the period of 2016.
- 3.3 A revision of our Procurement Strategy was brought before Strategic Policy and Resources Committee in December 2016; setting the direction for the remainder of 2017 and to the start of the financial year 2017/18 ([report 16/534](#) refers). The new strategy is the first to be developed to meet statutory guidance issued following the introduction of Procurement (Scotland) Regulations 2016.
- 3.4 This Procurement Annual Report shows the progress made in meeting the priorities, actions and targets for 2016/17.

3.5 The Strategic Policy & Resource Committee is requested to:

- a) Note the Procurement Annual Report and the progress made with the 2016/17 Action Plan.

3.6 The Scrutiny Committee is requested to:

- a) Scrutinise and comment as appropriate on the Procurement Annual Report and the Action Plan.

**Author(s)**

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**Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	17 May 2017

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## 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>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>None</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 / Single Outcome Agreement

1.1 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement 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 Community Plan / Single Outcome Agreement 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.

## 4. Consultation

### Internal

- 4.1 The information contained in this report has been prepared in consultation with membership of the Corporate Procurement Group; nominees of each Service area with a remit to champion procurement reform in each Service.

## External

4.2 No external consultation was required in the preparation of this report.

## **5. Communication**

5.1 The information contained within this report will be published on the Tayside Procurement Consortium and Perth and Kinross Council websites.

## **2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

## **3. APPENDICES**

- Appendix 1 – Procurement Annual Report
- Appendix 2 – Progress Report on the Improvement Action Plan 2016/17