



**FALKIRK COUNCIL**

**PROCUREMENT STRATEGY 2020 – 2023**

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## 1. Executive Summary

The Procurement Strategy sets out the vision, objectives and actions for Falkirk Council procurement over the period 2020-23. The Strategy supports Falkirk Council's priorities as set out in the Corporate Plan 2017-22, the objectives of the Business Plan 2019-24 and the transformational change required through the Council of the Future programme.

The Strategy provides a clear and consistent framework to ensure that procurement activities also support national and local priorities, while also supporting Services meet the needs of their customers.

The Procurement Strategy directs and governs procurement activity across the Council to ensure appropriate and effective spending to deliver:

- better public services
- improved social, economic and environmental outcomes in the Falkirk Council area
- a range of local and national policies

The Council recognises that in this period of financial challenge, there is a need for proactive thinking and agility in delivering services and meeting core business needs. Budget constraints impact upon the ability to buy goods, services and works and therefore effective and efficient procurement is essential.

Procurement is at the heart of everything the Council does and positively supports the delivery of Council services. Strategic procurement supports the Council meet the needs and expectations of end users, while ensuring that public money is being used in an innovative and sustainable manner.

To facilitate improved performance, delivery of significant financial savings and to contribute to the delivery of the Council's social and environmental benefits, improved partnership working is also crucial.

Building upon the improvements delivered through previous Procurement Strategies and on the existing procurement model already in place, this Strategy identifies the procurement aims and objectives over the next three years. It sets out a plan on how the Council aims to deliver the objectives, along with an explanation of the outcomes that shall be realised as a result.

Through regular performance management, the Council shall identify how well it is meeting the objectives and delivering the outcomes of the Procurement Strategy, reporting internally on a quarterly basis to the Procurement Board and publically on an annual basis through its Annual Procurement Report.

**David McGhee**

Head of Procurement & Housing Property

## 2. Procurement Vision and Mission Statement

The Council is committed to enhancing its procurement capabilities and aims to achieve year on year improvement in procurement performance.

Increasing the scope and influence of the Procurement and Commissioning Unit (PCU) through stronger partnerships and new ways of working with internal and external stakeholders shall deliver greater benefits for all concerned.

The Scottish Model of Procurement defines value for money as not just being about cost and quality, but about the best balance of cost, quality and sustainability. Falkirk Council's **mission statement** for procurement is as follows:

***“By striking a balance between cost, quality and sustainability, we endeavour to achieve value for money and deliver benefits through the implementation and management of contracts.”***

Supporting the Council of the Future values of being **responsive, innovative, trusted** and **ambitious**, Falkirk Council has the following **vision** for procurement:

***“To promote and embed an effective and ambitious procurement culture which harnesses innovative and sustainable procurement practises in partnership with internal and external stakeholders, and delivers continuous improvement and benefits to the Council and its citizens.”***

## 3. Context and Strategy Development

The Council recognises that over the next few years there will be a period of unprecedented change and pressure. It is estimated that savings of around £76m from General Fund services require to be delivered by 2024. With fewer employees and increasing customer expectations and demands, services will be under significant strain. Ambitious projects will be executed to modernise the Council into a Council of the Future and transform how it delivers its business.

In the context of the reform of public finances and wider economic conditions, the Falkirk local economy is also facing a range of challenges, including recovery from the Covid-19 pandemic. It is therefore essential that over the period of the Strategy, the Council through its procurement activity promotes and stimulates local economic activity. Procurement will therefore play a key role within the Council's Economic Recovery Plan, as part of the Council's response to the Covid-19 pandemic.

This Strategy also provides a framework to meet the targets defined by the Council and Scottish Government. The Council aims to meet these targets by committing to the following national and local duties and requirements:

- a. Procurement Reform (Scotland) Act 2014
- b. Public Contracts (Scotland) Regulations 2015
- c. The Procurement and Commercial Improvement Programme (PCIP)
- d. Council of the Future programme
- e. Economic Recovery Plan

The approach adopted in developing this Strategy ensures that it provides sound governance and a framework for the Council's Procurement Improvement Plan. The Improvement Plan details the actions necessary to support the continuous improvement in Council's procurement capability, processes and ultimately performance.



#### 4. Strategy Review 2017-20

Over the three-year period of the last Procurement Strategy, the Council has enhanced its procurement capabilities and delivered year on year improvement in procurement performance.

There were 38 actions within the Procurement Strategy 2017-20 supporting the delivery of the Strategy outcomes and 19 performance indicators were used to monitor progress.

A number of improvements and progress delivered during the period of the Strategy are highlighted below:

- Procurement contributed to savings of approximately £2m over the period of the Strategy.
- Community Benefit clauses included within contracts have resulted in the delivery of 43 work placements, 39 apprenticeships and 16 new jobs.
- The Living Wage employer accreditation has been maintained by Falkirk Council.
- Workforce Matters are included as standard for all tender exercises led by the Procurement and Commissioning Unit.

- All staff with a key / lead role in arranging contracts valued above £50,000 received Sustainable Procurement and Life Cycle Cost training and the principles and practices of sustainable procurement are now being implemented.
- The Council has assessed itself against the Flexible Framework and through the resultant action plan shall evidence achievement of Level 3 by the end of 2020 and achievement of Level 4 by the end of 2021.
- As an active Supplier Development Programme member, monthly procurement clinics are hosted for local providers and Small and Medium Enterprises (SMEs). Fifty local businesses attending clinics over the period of the Strategy. Procurement training and support is also offered by the PCU to local businesses at quarterly events hosted by the local Business Gateway.
- A local Social Care Forum has been developed and meets quarterly. The events are well attended and enable the sharing of experience, innovative solutions, ideas and best practice.
- Electronic tendering (PCS-T) is now used as standard for all tender processes conducted by the Procurement and Commissioning Unit.
- An online contract management system has been developed to improve the management of contracts, monitoring of savings and delivery of benefits.
- Purchase to Pay (P2P) initiatives have been implemented to increase catalogue ordering and support the progression of electronic invoicing.
- The Council has worked closely with Police Scotland in preventing Serious and Organised Crime Groups from winning public sector contracts.
- Following the PCIP assessment in September 2018, the Council maintained its status as one of the highest performing Scottish Councils with an increased score of 74%.

## 5. Statutory Duties of Procurement Strategy

The Procurement Reform (Scotland) Act 2014 lays out a number of mandatory requirements which a public sector organisation must include within its Procurement Strategy. Falkirk Council is committed to ensuring that its regulated procurements shall comply with the following mandatory and non-mandatory requirements:

### 5.1 Contribute to the carrying out of the Council's functions and achievement of its purposes

Falkirk Council's priorities are set out within the Corporate Plan 2017-22. The Council's Business Plan 2019-24 sets out how transformational change and savings shall be delivered while achieving the best possible outcomes for our communities. By its nature, Procurement has a significant role to play in supporting the Corporate and Business Plans to transform public services.

With over £200m expenditure each year influenceable by procurement activity, the use of effective procurement processes and robust monitoring of performance through regular internal reporting and the Council's Annual Procurement Report,

shall help to ensure that the Council's public funds are spent in a way that achieves the best possible outcomes for its communities.

## **5.2 Deliver value for money**

For each procurement exercise, the award criteria assigned shall be appropriate and proportionate to the contract and designed to secure a value for money outcome for the Council. Contract awards shall be based on the most economically advantageous tender including sustainability factors, quality and cost criteria.

The use of collaborative frameworks shall be explored where they are deemed value for money and the Council is achieving social, economic and environmental benefits.

Supporting local economic development is also crucial to delivering value for money. The Council is dedicated to working closely with Falkirk's Business Gateway, the third / voluntary sector, Small and Medium Enterprises and local businesses.

## **5.3 Comply with the sustainable procurement duty**

Falkirk Council strives to embed Sustainable Procurement throughout its procurement processes. Contract Strategies developed for regulated procurement exercises set out the Council's intention to actively seek supplies, services and works through sustainable procurement practices.

A set of Sustainable Procurement Principles, see [Appendix 3](#), has been developed which outlines the Council's commitment as part of the Sustainable Procurement Duty.

## **5.4 Be carried out in a transparent and proportionate manner**

In accordance with the Council's Contract Standing Orders, any supplies or services contract with an estimated aggregate purchase value of £50,000 and over, or works contract with an estimated aggregate purchase value of £250,000 is advertised using Public Contracts Scotland. The aim is to create an effective, fair and transparent competition between suppliers to ensure value for money.

As an active member of the Supplier Development Programme (SDP), Council officers attend Meet the Buyer events both nationally and locally to promote tender opportunities and reduce barriers to doing business with the public sector.

The Procurement and Commissioning Unit also attend Falkirk based workshops hosted by the Supplier Development Programme and Business Gateway to provide additional support and insight into contracting with Falkirk Council.

## **5.5 Provision of food to improve health, wellbeing and education of communities in the Falkirk area**

Falkirk Council is committed to promoting sustainable food, farming and animal welfare through its procurement processes. Healthy, fresh, seasonal and sustainably grown food shall be sourced which represents value for money, while ensuring improved health, wellbeing and education.



Through user intelligence group working, Council Services and Scotland Excel shall work together to ensure contracts are awarded which balance the following requirements:

- the nutritional requirements for food
- service user requirements
- local sustainable sourcing
- promote the highest standards of animal welfare
- meet all statutory guidance and legislation e.g.: food safety

## **5.6 Delivery of Community Benefit requirements**

Falkirk Council considers the inclusion of community benefit requirements for all procurement exercises valued at £50,000 and above, taking into account the nature of the contract, its duration and other local factors.

Spend reports are used to monitor achievement of agreed community benefits, with contract management processes and close working between the Procurement and Commissioning Unit and the Council's Employment and Training Unit in place to ensure that all agreed community benefits are delivered.

Moving forward, the Council's Contract Management System shall be used to record all agreed community benefits are delivered, with improved reporting of data for inclusion within the Annual Procurement Report.

## **5.7 Consultation and engagement with those affected by procurements**

It is acknowledged that a successful procurement exercise requires input, commitment and support from a variety of stakeholders. The input ensures that all contracts are in line with strategic priorities and enables the management of stakeholder expectations.

All procurement exercises conducted by Falkirk Council require the development of contract strategies which must be signed off by the relevant stakeholders. Where the procurement exercises are not being managed by Falkirk Council, efforts are made to ensure that the Council is represented within User Intelligence Groups or feeds into the requirements specification.

## **5.8 Payment of the Living Wage**

Falkirk Council is an Accredited Living Wage Employer. Our accreditation carries a requirement that we work with our supply chain to ensure that our contractors pay as a minimum, the Living Wage for those employees that work regularly on our premises.

There is a cost to the Council for implementing the Living Wage and as such, contract strategies include clear rationale for aiming to secure the Living Wage for services delivered.

Where contracts have not resulted in payment of the Living Wage, the Council looks to learn lessons when retendering for such services. The Fair Working Practices

section of tender documents are proportionate and relevant to the contracts and weightings are assigned accordingly for evaluation.

### **5.9 Promotion of Health and Safety at Work compliance by contractors and sub-contractors**

An assessment of health and safety requirements and potential health and safety risks is performed as part of each procurement exercise and where appropriate, in conjunction with the Council's Health, Safety and Wellbeing Team.

The Council seeks evidence of compliance with the Health and Safety at Work Act 1974 and any provision made under that Act by contractors and sub-contractors for all supply, service and works contracts.

Falkirk Council are fully committed to the principles of Unite's Construction Charter. It is expected that works contractors are also committed to these principles.

Before entering into a contract, the Council obtains satisfactory evidence to confirm that a Health and Safety Policy is in place and operational within the contractor's organisation.

### **5.10 Procurement of fairly and ethically traded goods and services**

The Council adopts a zero tolerance approach to modern slavery and human trafficking. All those who work for and with us are also expected to adhere to this approach.

### **5.11 Prompt Payment**

The terms and conditions for each contract include a prompt payment clause advising that the Council shall pay the Contractor within 30 days of the date on which each valid and undisputed invoice is received.

Contractors are required to apply the same payment terms to their sub-contractors and a sub-contractor's sub-contractor who are supporting delivery of the Council's contract.

If the contract award document includes earlier payment terms, those terms are expected to be applied.

## **6. Strategic Aims, Objectives and Outcomes**

The Council shall use procurement strategically to achieve its procurement vision, support strategic priorities and continue to deliver high quality and responsive front line services.

To achieve this, the Strategy outlines a number of key procurement areas to be focused on over the next three years, building on the improvements and progress outlined in section 4.

There are five key procurement areas within the 2020-23 Procurement Strategy:

1. Compliance and governance
2. Value for money and efficiency
3. Delivery of sustainable procurement
4. Embracing innovation
5. Supplier engagement and contract management

The five key procurement areas have been identified to support effective and outcome based procurement across the whole organisation and shall enable the Council to respond to the changing public sector procurement environment, encouraging continuous improvement and innovation.

[Appendix 1](#) provides the Strategic Improvement Action Plan that will be used to deliver the aims and objectives linked with each of the key procurement areas.

[Appendix 2](#) provides the Performance Scorecard that will be used to monitor the progress against each of the key procurement area performance indicators.

## **6.1 Key area 1: Compliance and governance**

### **Aim**

To ensure that all Council staff involved in procurement activities have up to date knowledge and capability to perform their role.

### **Objectives**

- Ensure a mandatory training programme is developed and implemented for all Council officers involved in procurement processes.
- Continue to develop staff within the Procurement Unit to ensure awareness of changes to procurement legislation and regulations.
- Make necessary adjustments to procurement procedures and documentation in relation to changes to procurement legislation during the period of the Strategy, e.g. arising from Brexit.

## **6.2 Key area 2: Value for money and efficiency**

### **Aim**

To deliver procurement budget savings and additional benefits using effective and efficient procurement activities.

### **Objectives**

- Seek innovative ways of delivering savings to ensure that saving targets can be achieved.

- Identify procurement activity that can bring about the greatest savings and benefits for Falkirk Council and its community.
- Pursue opportunities to collaborate with public sector partners where value for money is evidenced

### **6.3 Key area 3: Delivering sustainable procurement**

#### **Aim**

To deliver social, economic and environmental benefits to the local authority area and beyond.

#### **Objectives (Socio-Economic)**

- Continue to support the local economy by ensuring that contract opportunities attract bids from local, SMEs and third sector organisations.
- Seek to include and increase community benefit deliverables in all regulated procurement exercises.
- Seek to influence suppliers to pay the Living Wage, as a minimum, to their employees that work on Falkirk Council premises.

#### **Objectives (Environmental)**

- Ensure that Council officers involved in procurement exercises understand their role in achieving environmental outcomes.
- Engage with suppliers and other external stakeholders to support the Council's target to reduce carbon emissions to net zero by 2030.
- Ensure that all contract strategies consider a reduced impact on the environment in accordance with our Sustainable Procurement Duty.

### **6.4 Key area 4: Embracing innovation**

#### **Aim**

To seek opportunities to implement innovative procurement activities and encourage the use of innovative products and services.

#### **Objectives**

- Review procurement processes and utilise ICT systems to automate processes where possible.
- Simplify procurement processes and documentation to ensure use and consistency of approach.
- Ensure that innovative requirements are considered at the outset of any procurement exercise.

### **6.5 Key area 5: Supplier engagement and contract management**

#### **Aim**

To further develop supplier relationships and improve the services and outcomes delivered by Falkirk Council through improved contract management.

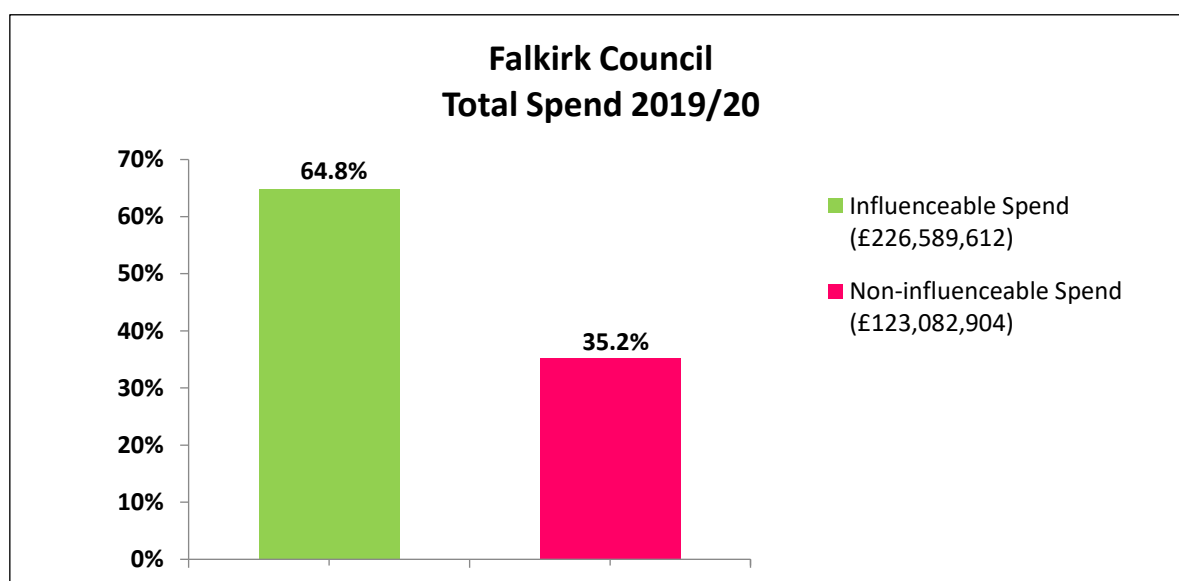
## Objectives

- Undertake pre-market engagement and actively engage with contracted suppliers to improve supplier relationships.
- Analyse data to drive improved supplier performance and achieve better outcomes for Falkirk Council and its communities.
- Use a contract management system to ensure that contracts are effectively managed and outputs are delivered.

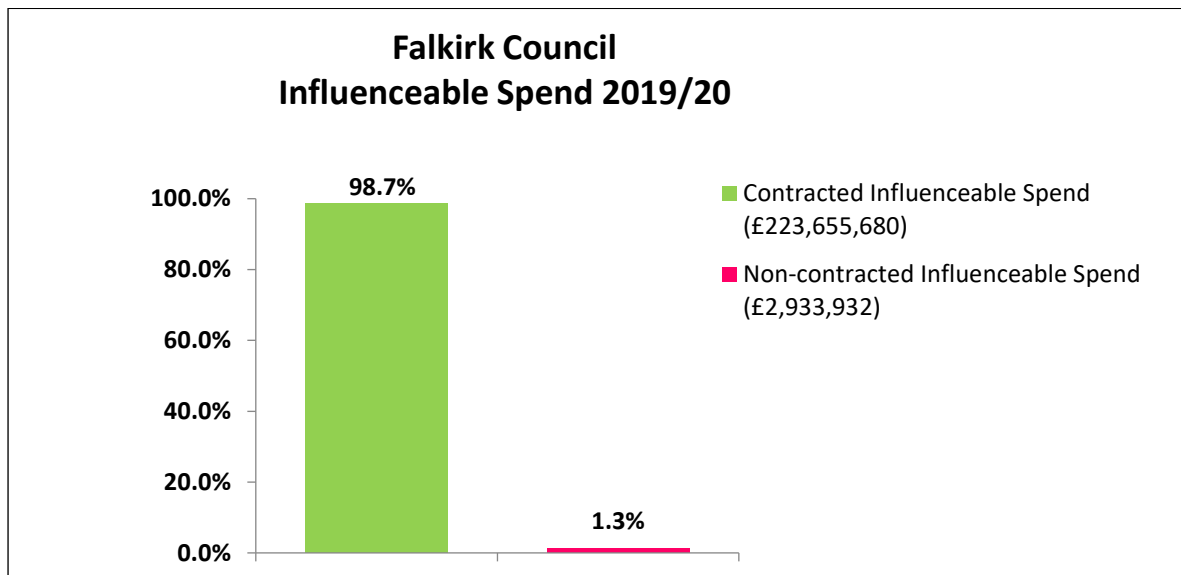
## 7. Procurement Spend Profiles

### 7.1 Total Spend on Contract

The Council buys a wide variety of goods, services and works, ranging from the purchase of cleaning materials, to care services, to new build housing projects. In 2019/20, the total net value of payments was £350m. Analysis of revenue and capital expenditure shows that £227m was considered as influenceable by procurement activity. The non-influenceable spend equated to £123m and related to payments out with the scope of the Council's Contract Standing Orders.

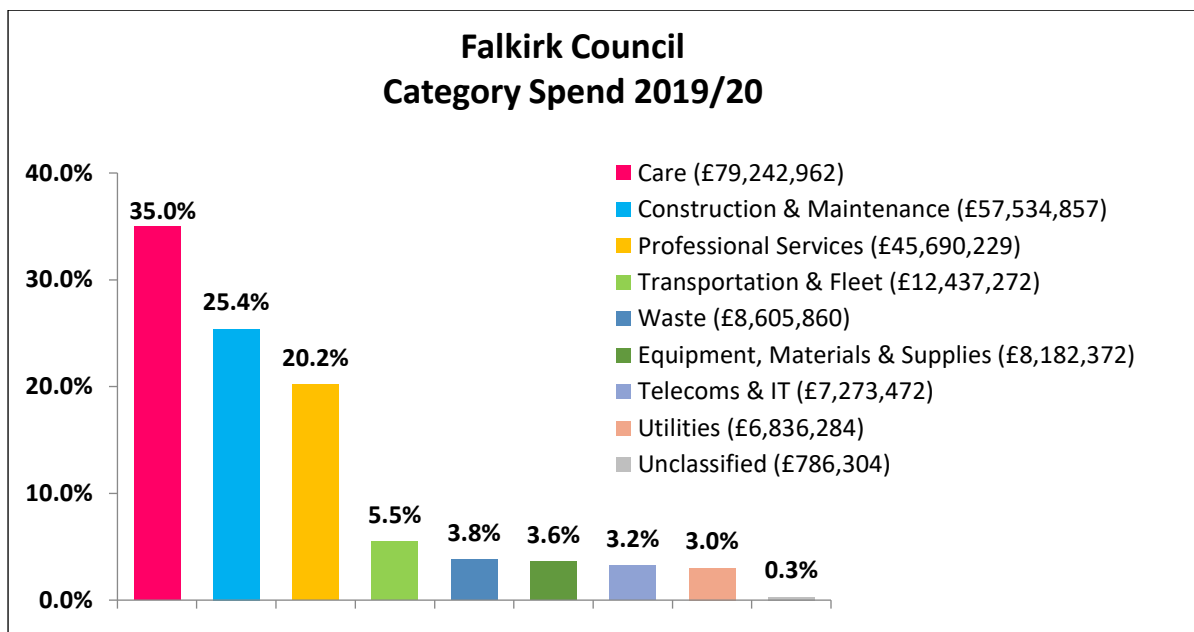


The Contracts Register published on the Council's internet contains details of all contracts valued at £10,000 and above awarded by Falkirk Council. During 2019/20, the value of influenceable spend on contract was £224m.



## 7.2 Spend by Category

Falkirk Council operates a Category Management approach to procurement. Categorising procurement spend in this manner leads to better engagement and more effective planning of procurement activity, offering opportunities for internal and external collaboration and greater value for money potential. There are 8 procurement categories covering goods, services and works and in 2019/20 influenceable spend was categorised as follows:



## 7.3 Spend by Collaboration Type

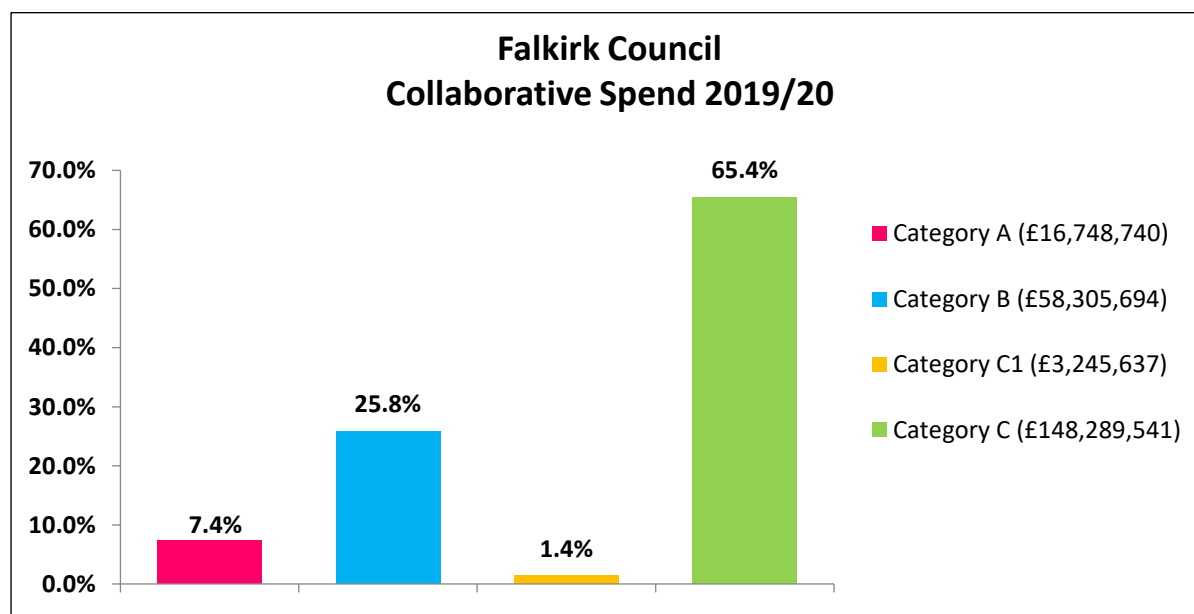
Increased collaboration is important to drive efficiency in the procurement process. To enable the delivery of lasting savings and benefits through procurement activity, opportunities to embrace collaborative procurement exercises require to be maximised through the use of national, sectoral, regional and even internal joint working arrangements.

The Council shall always consider the opportunity to make use of government and local authority procurement consortia wherever appropriate. This approach is seen as beneficial in terms of obtaining better value, economies of scale and speed in procurement. However, these benefits are only part of the procurement considerations and the Council reserves the right to contract directly itself or use any public authority consortia arrangements available to it, where value for money is indicated through that route and approach.

The groupings below define the collaboration options available to the Council when awarding a contract:

- **Category A** - National contracts arranged for commodities that are standard or of a similar nature across the Scottish or UK public sector.
- **Category B** - Sector specific contracts for commodities that tend to be unique to a specific sector yet common within that sector, e.g. contracts arranged for Scottish Local Authorities.
- **Category C1** - Local / regional contracts established by Falkirk Council or another regional organisation for use by Falkirk Council and one or more of the regional organisation partners.
- **Category C** - Contracts established by Falkirk Council for use by Falkirk Council.

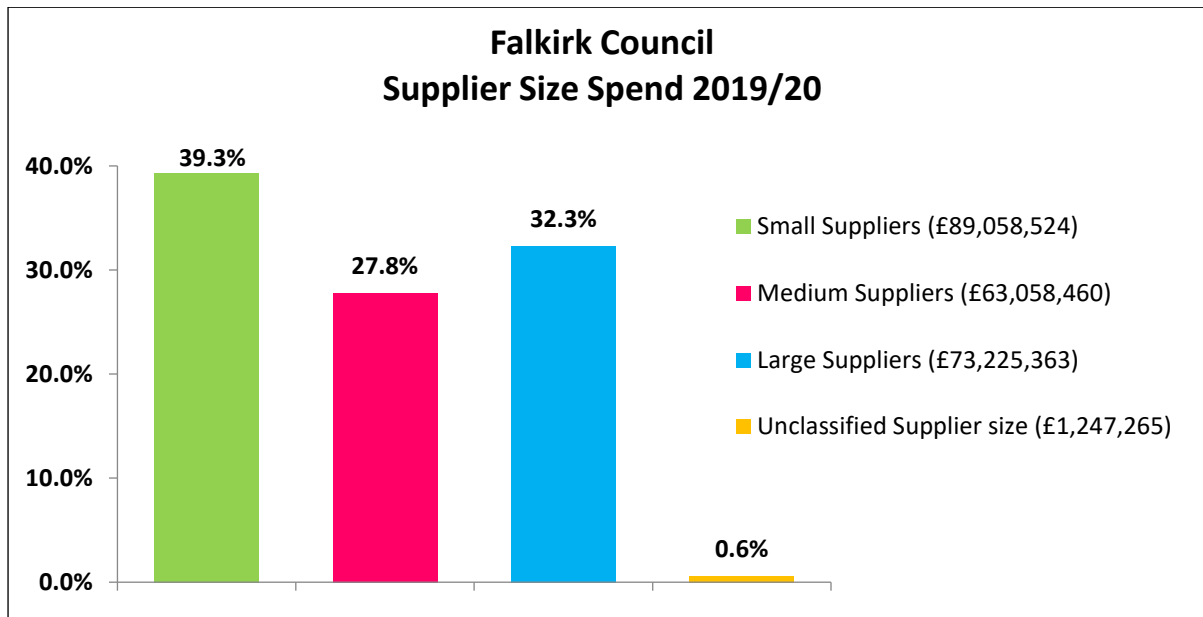
Within 2019/20, collaborative procurement opportunities were implemented as follows:



#### 7.4 Spend by Supplier Size

It is acknowledged that collaboration though the aggregation of supply can favour larger businesses that are better placed to compete for higher value contracts with more complex and potentially national distribution needs. However, the Council recognises the benefits of awarding contracts to SMEs and considers opportunities when developing contract strategies.

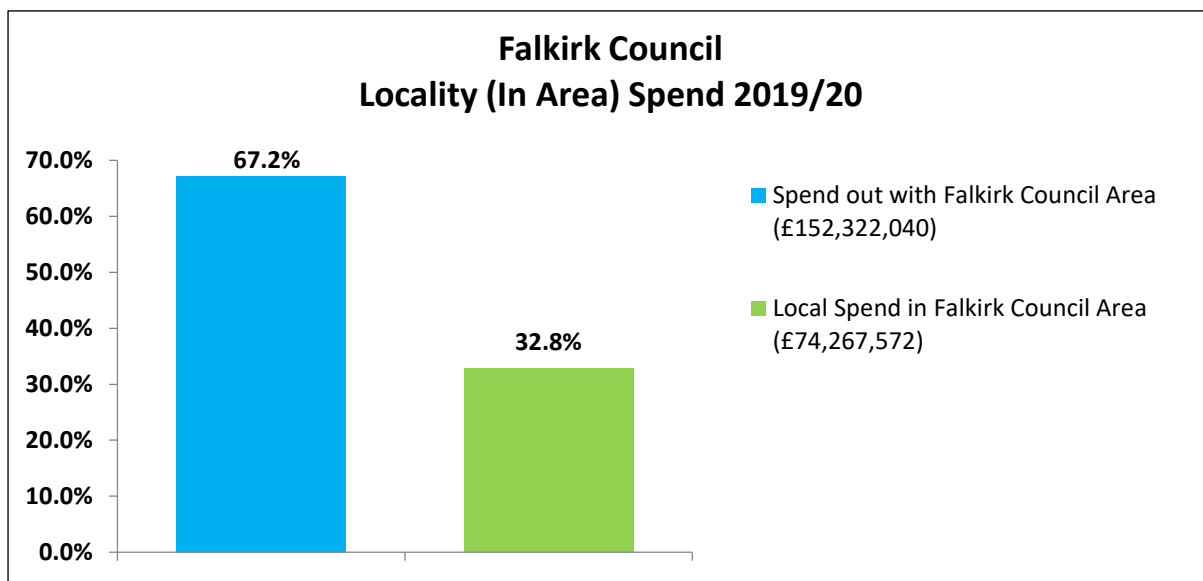
Whilst achieving value for money, the Council is committed to working with SMEs and spend in 2019/20 was apportioned as follows:



## 7.5 Spend by Supplier Region

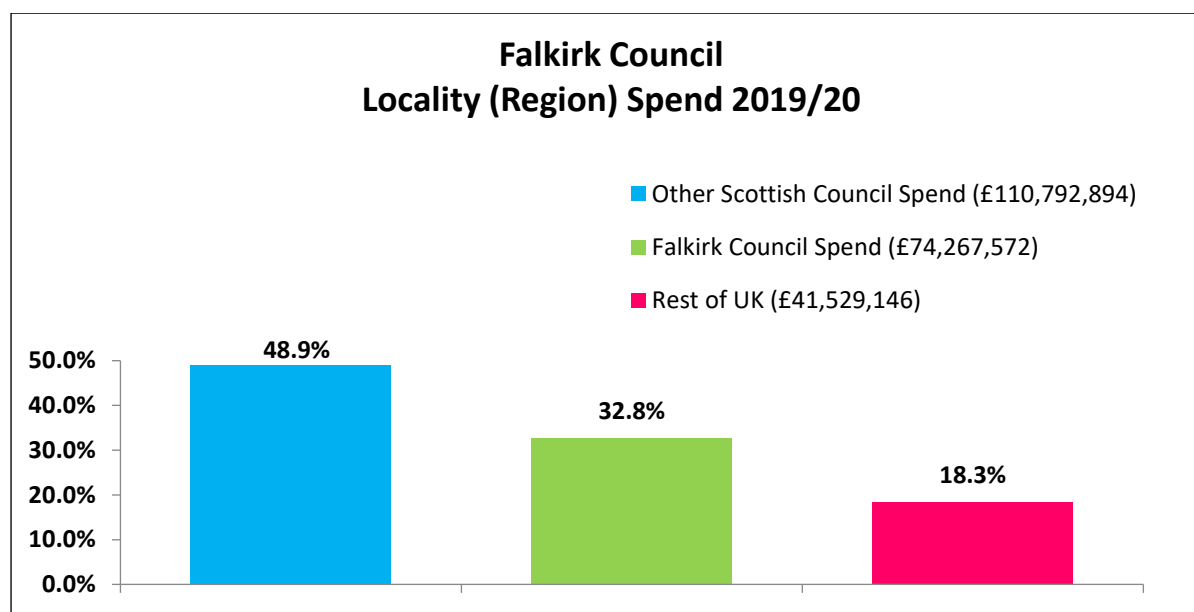
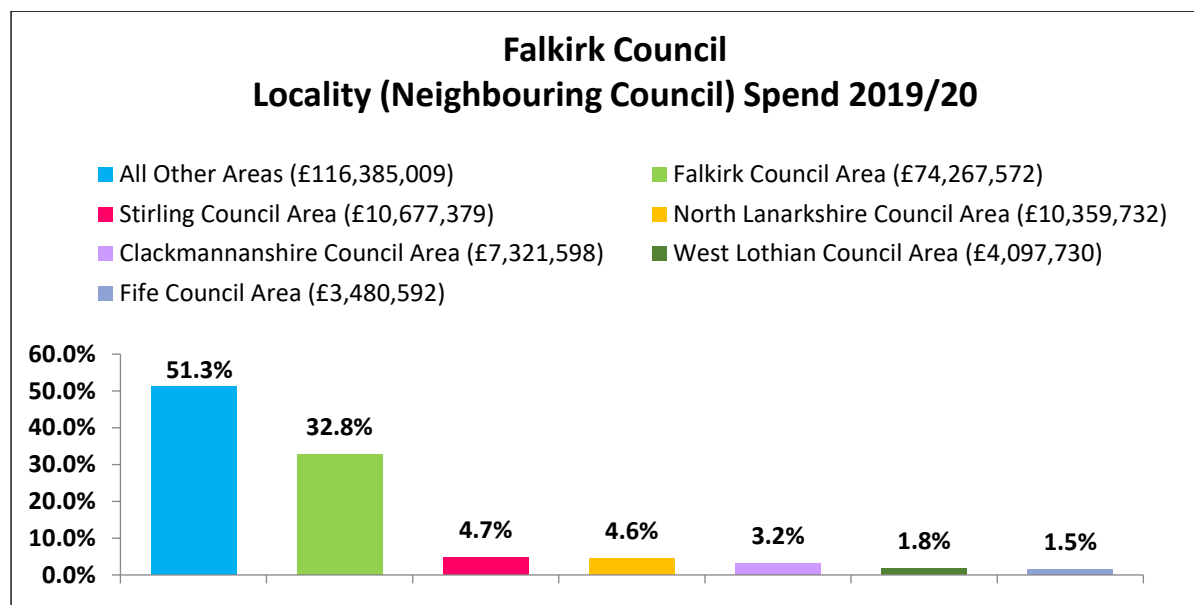
Falkirk Council's local economy is facing a range of challenges. It is therefore essential that the Council uses its procurement activity to promote and sustain local economic activity. Using procurement strategically to support local economic development is crucial to ensuring the Council makes best use of its procurement spend.

During 2019/20, the Council spent £74m with local providers equating to 33% of all influenceable spend. The Council is committed to increasing the value of public sector spend in the local economic area and will continue to work with the Supplier Development Programme to further support local businesses bid for future public sector procurement exercises within and out with the Falkirk Council area. In 2018/19, Falkirk based businesses generated some £175m of income from supplying to the 32 Scottish Councils.





Falkirk Council is also committed to supporting the regional & Scottish economy and reduce the carbon footprint with regard to supply and service delivery. In 2019/20, the Council spent £110m within its own and neighbouring Council areas equating to 49% of all influenceable spend. Spend within Scotland equated to £185m, representing 82% of all influenceable spend.



## 8. Procurement Performance Monitoring

In response to the Procurement Reform (Scotland) Act 2014, performance is monitored through Falkirk Council's Annual Procurement Report. Two reports have been published to date covering the periods [1 April 2017 to 31 March 2018](#) and [1 April 2018 to 31 March 2019](#). The Annual Procurement Report outlines how the Council's procurement activity has complied with the objectives of the Procurement

Strategy, it also provides a summary of regulated procurement activities completed during the period and details planned procurement activities over the subsequent two financial years.

The implementation of the Procurement Strategy actions and the progress of the performance indicators against targets are also discussed quarterly at the Council's Procurement Board.

## 9. Policies, Tools and Procedures

The primary rules governing procurement within Falkirk Council are the Contract Standing Orders. There are specific thresholds within the Contract Standing Orders which determine the route to market for procurement exercises.

The Council's Procurement Procedures supplement the Contract Standing Orders and provide additional guidance for officers to procure in accordance public procurement legislation.

Where a competitive procurement process has been completed, the subsequent contract will be subject to the Terms and Conditions issued to the suppliers.

The Council maintains a contract register detailing all contracts awarded with a value of £10,000 and above. The Contracts Register is available on the [internet](#).

The following documents all support and direct the delivery of procurement.

### National Procurement Regulations

- [Suppliers Charter](#)
- [Public Procurement Legislation](#)
- [Scottish Model of Procurement](#)

### Organisational Policies

- [Corporate Plan](#)
- [Contract Standing Orders](#)
- [Financial Regulations](#)
- [Sustainable Procurement Charter](#)

### Tools

- [Falkirk Council Procurement Procedures](#)
- [Scottish Procurement Journey](#)
- [Public Contracts Scotland](#)
- [Public Contracts Scotland Tender](#)
- [Procurement and Commercial Improvement Programme](#)
- [Sustainable Procurement Duty Tools](#)
- [Contract Management System \(Falkirk Council Solution\)](#)

## 10. Support to Suppliers

### 10.1 Suppliers' Charter

The Council is a signatory to the [Scottish Government's Suppliers' Charter](#). The Charter sets out Falkirk Council's intentions with regard to creating opportunities for Supported Businesses, Social Enterprises and Small and Medium Enterprises. The Suppliers Charter is a joint statement between the Scottish Public Sector and Businesses to facilitate access to Public Sector Procurement opportunities in Scotland.

### 10.2 Supplier Development Programme



As an active member of the Supplier Development Programme, Falkirk Council officers attend Meet the Buyer events both nationally and locally to promote tender opportunities and reduce barriers to doing business with the public sector.

Working with Business Gateway, the Procurement and Commissioning Unit have supported in the award of framework contracts to provide business support to SMEs within the Falkirk, Stirling and Clackmannanshire areas.

Furthermore, the Council regularly promote Supplier Development Programme events and Council Procurement Clinics to over 700 businesses registered on Public Contract Scotland (PCS) based within the Falkirk Council area. Local business engagement also provides an opportunity to highlight the importance of accurate category assignment within company PCS profiles, ensuring that businesses optimise their chance of selection for contract opportunities across the entire public sector.

### 10.3 Supported Businesses

Article 19 of the EU public procurement directive allows public bodies to make the decision to reserve public contracts for supported businesses. This is enacted in Scotland by Regulation 7 of the Public Contracts (Scotland) Regulation 2012.

Supported businesses provide essential job opportunities for disabled and disadvantaged people within our communities which enable them to become more independent, while also delivering a range of excellent goods and services.

Falkirk Council is committed to maximising contracting opportunities for Supported Businesses. In 2019/20, Supported Businesses received spend of over £1m from the Council, equating to 0.5% of all influenceable spend.

## 11. Sustainable Procurement Duty

In August 2019 Falkirk Council declared a Climate Emergency in response to the national Climate Emergency declared in April 2019.

With spend of over £200m per year influenceable by procurement activity, procurement by its nature has a significant and lead role in responding to the climate emergency.

The Council shall always strive to act as an ethical and responsible buyer and as a major procurer, the Council is in a position to encourage suppliers and contractors to consider the impact of their supplies and services and to offer more sustainable alternatives.

Every effort is being made by the Council to embed Sustainable Procurement throughout its procurement processes. Contract Strategies set out the Council's intention to actively seek supplies, services and works through sustainable procurement practices.

It is essential that all relevant contracts align to National Climate Change outcomes and indicators and that consideration is given, in accordance with the Procurement Reform (Scotland) Act 2014: Sustainable Procurement Duty, to how the Council's procurement activity can improve social, economic and environmental wellbeing, as well as reduce inequality.

The Council has developed a set of Sustainable Procurement Principles, Appendix 3, which outlines the Council's commitment as part of the Sustainable Procurement Duty.

## 12. Strategy Ownership and Contact Details

The governance of the Procurement Strategy is summarised as follows:

| <b>Group</b>             | <b>Governance / Scrutiny Role</b>                           | <b>Reporting Frequency</b> |
|--------------------------|-------------------------------------------------------------|----------------------------|
| <b>Council Executive</b> | Approval of Procurement Strategy                            | Commencement of Strategy   |
|                          | Scrutiny and approval of proposed contract award decisions. | Weekly                     |

| <b>Group</b>                                  | <b>Governance / Scrutiny Role</b>                                                                                                                                                                                                                                                                                                                                                  | <b>Reporting Frequency</b> |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Corporate Management Team</b>              | Engagement on Strategy development                                                                                                                                                                                                                                                                                                                                                 | Consultation               |
|                                               | Monitors the Council's procurement performance and progress                                                                                                                                                                                                                                                                                                                        | Six monthly                |
| <b>Procurement Board</b>                      | Responsible for the direction and scope of the Procurement Strategy, the P2P Strategy and associated Improvement Plans.                                                                                                                                                                                                                                                            | Consultation               |
|                                               | Approval of Procurement processes and procedures.                                                                                                                                                                                                                                                                                                                                  | As required                |
|                                               | Monitors procurement performance and progress, and performs a quarterly review against strategy outcomes, actions, activities and improvement plans.                                                                                                                                                                                                                               | Quarterly                  |
|                                               | Receives and interprets compliance reports with regard to Standing Orders and Procurement Procedures across the Council.                                                                                                                                                                                                                                                           | Quarterly                  |
|                                               | Leads the development of the procurement and purchase to pay capability of the Council.                                                                                                                                                                                                                                                                                            | As Required                |
| <b>Stakeholders (internal and external)</b>   | Engagement on strategy development and ongoing procurement priorities and procedures                                                                                                                                                                                                                                                                                               | Consultation               |
| <b>Contract Standing Orders Working Group</b> | Responsible for the review and update of Contract Standing Orders as required by changes to procurement legislation and regulation or as a result of an approved change in Council policy / procedure.                                                                                                                                                                             | As Required                |
| <b>Scottish Government</b>                    | Receives and interprets Falkirk Council's spend information submitted through the Scottish Procurement Information Hub.                                                                                                                                                                                                                                                            | Annually                   |
|                                               | Reviews Falkirk Council's Annual Procurement Reports in relation to: <ul style="list-style-type: none"> <li>- Regulated procurements completed in the period of the report.</li> <li>- Regulated procurement compliance.</li> <li>- Progress in accordance with the Procurement Strategy objectives.</li> <li>- Regulated procurements planned over the next two years.</li> </ul> | Annually                   |
| <b>Scotland Excel</b>                         | Assesses the Falkirk Council's performance against the Procurement and Commercial Improvement Programme.                                                                                                                                                                                                                                                                           | Biannually                 |

### 13. Risk Management

Risk management covers the planning, monitoring and controlling of actions that will address identified threats and potential problems, so as to improve the likelihood of the Strategy achieving its stated objectives. There is also a need to look at controlling the operational risks that can impact on each individual contract.

Strategic Risks are defined as risks that need to be considered over the term of the Strategy and include:

- Failure to deliver the Council's corporate priorities, e.g. a failure to integrate sustainability considerations into procurement decisions and failure to maximise the contribution that the Council's procurement activity makes to the wellbeing and recovery of the local economy.
- The effects of changes in demographic, social or economic trends impacting on the Council's ability to deliver services, e.g. failure to procure sufficient care provision for an ageing population
- The Council's capacity to deal with the pace of technological change and our ability to use technology to its full potential, e.g. a failure to implement automated processes to ensure continued and timely service delivery and not having the data to allow for efficient supplier management across all Council spend.
- Not ensuring that all our operations continue to be competitive and deliver value and quality, e.g. the failure to address a failing service through improvement, market testing or outsourcing.
- A failure to meet the current or changing needs and expectations of those that use Council contracts or those that compete for Council business, e.g. the demand from users for easier access to contract information and ensuring that the burdens placed upon bidders are proportionate.

A risk register has been developed to control all strategic risks. The Procurement Board shall formally review the register annually.

## Appendix 1 – Improvement Action Plan

| Key Area                                | Action                                                                                                     | Description                                                                                                                                           | Planned Outcome                                                                                        | Performance Indicators    |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------|
| <b>1.<br/>Compliance and Governance</b> | <b>Review and update Contract Standing Orders (CSOs) and procurement documentation</b>                     | Review CSOs and procurement documentation to reflect legislative changes and ease of understanding.                                                   | Maximised levels of compliance with CSOs and procurement documentation.                                | <b>1.1, 1.2, 1.3, 1.4</b> |
|                                         | <b>Develop a Procurement Training Strategy</b>                                                             | Develop and implement a Council wide Procurement Training Strategy.                                                                                   | Greater competence and skill levels for staff carrying out procurement activities.                     |                           |
|                                         | <b>Develop online Procurement and P2P training courses</b>                                                 | Develop and implement online training courses to provide procurement fundamentals, CSO, PCS and purchasing systems training to internal stakeholders. | Greater accessibility to training and increased procurement awareness and compliance.                  |                           |
|                                         | <b>Develop and implement a programme of mandatory procurement training</b>                                 | All staff involved in the procurement process must attend mandatory procurement training.                                                             | Council officers are fully aware of procurement rules and regulations.                                 |                           |
|                                         | <b>Ongoing procurement training</b>                                                                        | All staff involved in the procurement process must attend training as a result of updates to procurement legislation and regulations.                 | Council officers are fully aware of procurement rules and regulations.                                 |                           |
|                                         | <b>Make use of the national Procurement Competency Framework</b>                                           | Generate Personal Development Plans in line with national Procurement Competency Framework requirements                                               | Identification of professional development opportunities for staff involved in procurement activities. |                           |
|                                         | <b>Implement resource planning following the advance provision of Stakeholder procurement requirements</b> | Utilise a resource planning tool to ensure Council has appropriate procurement staff available to deliver required contracts.                         | Value for money, compliant contracts awarded to timescales.                                            |                           |
|                                         | <b>Promote the use of the corporate finance system as the Council's primary P2P solution.</b>              | Investigate the opportunity to reduce the number of P2P systems integrated with the corporate finance system.                                         | Consolidation of P2P activity and improved commitment accounting.                                      |                           |

| Key Area                                 | Action                                                                                    | Description                                                                                                                                                                                    | Planned Outcome                                                                                              | Performance Indicators    |
|------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|---------------------------|
|                                          | <b>Increase punch-out and catalogue ordering</b>                                          | Implement punch-out access for all possible suppliers and increase the use of catalogues where punch-out is not available.                                                                     | Improved spend classification and prompt payment, and reduced off-contract spend.                            |                           |
|                                          | <b>Perform an annual rationalisation of suppliers on Council systems</b>                  | Deactivate all non-contracted suppliers that have not received a payment within 12 months.                                                                                                     | Maximised use of contracted suppliers within Council's systems.                                              |                           |
|                                          | <b>Establish a Procurement User Group</b>                                                 | A user group shall be set up with representatives from across the Council to enable procurement and P2P developments to be cascaded and to seek ideas for innovative procurement developments. | Best practice is disseminated and procurement improvements are identified resulting in delivery of benefits. |                           |
| <b>2. Value for Money and Efficiency</b> | <b>Increase percentage of Council invoices paid within 30 days.</b>                       | Work with internal and external Stakeholders to improve processes for accurate ordering and receipt of valid invoices.                                                                         | Maximised efficiencies for internal and external Stakeholders, and improved prompt payment performance.      | <b>2.1, 2.2, 2.3, 2.4</b> |
|                                          | <b>Increase the use of Category A, B &amp; C1 contracts</b>                               | Continue to explore opportunities to utilise collaborative contracts where they delivery value for money.                                                                                      | Increased savings and improved collaboration with Public Sector partners.                                    |                           |
|                                          | <b>Continue to deliver financial savings from all aspects of the procurement process.</b> | Increase the delivery of savings through new contract opportunities, existing contracts and supplier management and improved P2P processes.                                                    | Maximised opportunities to achieve savings through procurement.                                              |                           |
|                                          | <b>Continue to generate income from all aspects of the procurement process.</b>           | Increase the delivery of income through new and innovative contract opportunities and improved P2P processes.                                                                                  | Maximised opportunities to achieve income through procurement.                                               |                           |



| <b>Key Area</b>                                  | <b>Action</b>                                                                                                             | <b>Description</b>                                                                                                                                                                           | <b>Planned Outcome</b>                                                                                                                                                                                                                                             | <b>Performance Indicators</b>                            |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>3.<br/>Delivering Sustainable Procurement</b> | <b>Support and improve access to contract opportunities from local, SME, third sector and supported businesses.</b>       | Increase training to internal and external stakeholders to encourage access to and winning bids from local, SME, the third sector and supported businesses.                                  | Increased opportunities for local, SME the third sector and supported businesses.                                                                                                                                                                                  | <b>3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10</b> |
|                                                  | <b>Increase the delivery of employment and training Community Benefits (CBs) for all regulated procurement exercises.</b> | Continue and improve the close working between the PCU and Employment and Training Unit to secure maximum community benefits.                                                                | Increased delivery of benefits for the local area.                                                                                                                                                                                                                 |                                                          |
|                                                  | <b>Increase the delivery of other CBs in contracts</b>                                                                    | Seek to agree alternative forms of CBs for regulated contracts where employment and training benefits are not achievable.                                                                    | Increased delivery of benefits for the local area.                                                                                                                                                                                                                 |                                                          |
|                                                  | <b>Continue to include Fair Working Practice criteria within regulated procurement exercises.</b>                         | Continue to evaluate Fair Working Practices within tenders and work with Contractors to support their workforce through fair working practice benefits including payment of the Living Wage. | Assurance that suppliers comply with the values of a Fair Working Practice organisation.                                                                                                                                                                           |                                                          |
|                                                  | <b>Increase the Council's sustainable performance through delivery of the sustainable procurement action plan.</b>        | Continue to deliver the actions from the sustainable procurement action plan to enable achievement of Levels 3 and 4 within the Scottish Government's Flexible Framework.                    | Staff involved in procurement exercises understand and positively contribute to achieving improved sustainable outcomes. Enhanced sustainable procurement performance and increased social and environment benefits. Compliance with Sustainable Procurement Duty. |                                                          |
| <b>4.<br/>Embracing Innovation</b>               | <b>Continue to utilise output based specifications</b>                                                                    | Seek innovative solutions to requirements from prospective bidders.                                                                                                                          | New and improved ways of delivering Council services.                                                                                                                                                                                                              | <b>2.4, 4.1, 4.2</b>                                     |

| <b>Key Area</b>                                       | <b>Action</b>                                                                                          | <b>Description</b>                                                                                                                                            | <b>Planned Outcome</b>                                                                                                                                                          | <b>Performance Indicators</b> |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
|                                                       | <b>Implement the mandatory use of PCS-Tender</b>                                                       | All regulated procurement exercises must utilise the Public Contracts Scotland e-Tendering module                                                             | Improved procurement processes and compliance for internal and external Stakeholders.                                                                                           |                               |
|                                                       | <b>Implement the use of electronic supplier forms within the Corporate finance system.</b>             | Utilise online forms and system workflow to activate, edit and deactivate suppliers.                                                                          | Efficient processes for internal stakeholders and improved service provision.                                                                                                   |                               |
|                                                       | <b>Continue to implement electronic invoicing and automated payments for all possible suppliers.</b>   | Increase the volume of electronic invoices processed through the Integra financial management system.                                                         | Maximised efficiencies for internal and external Stakeholders, and improved prompt payment performance.                                                                         |                               |
|                                                       | <b>Implement the use of a purchase card system.</b>                                                    | Implement a purchase card system to enable efficient reconciliation of purchase card transactions and increased purchase card spend.                          | Improved purchase card spend data with greater monitoring and control. Maximised efficiencies for internal stakeholders with improved prompt payment and increased income.      |                               |
| <b>5. Supplier Engagement and Contract Management</b> | <b>Develop and implement a Category Strategy covering the period 2020/21 to 2022/23</b>                | A new Category Strategy shall be developed based on spend analysis to effectively plan future procurement activity.                                           | Further engagement with internal and external stakeholders regarding their role in delivering key procurement priorities through medium term planning of procurement exercises. | <b>5.1, 5.2</b>               |
|                                                       | <b>Advance publication of Prior Information Notices (PINs) for all regulated procurement exercises</b> | All regulated procurement exercises published within the Council's Annual Procurement Report shall have a PIN published on PCS in advance of seeking tenders. | Development of market intelligence and allowance for prospective bidders to prepare before procurement processes officially begin.                                              |                               |
|                                                       | <b>Continue to utilise a market research solution in the development of contract strategies</b>        | Continue to perform market research for all regulated procurement exercises as part of the contract strategy development.                                     | Attainment of in-depth industry and market analysis to better inform and aid strategic decision making for contracts.                                                           |                               |

| <b>Key Area</b> | <b>Action</b>                                                 | <b>Description</b>                                                                                                                                                  | <b>Planned Outcome</b>                                                                                             | <b>Performance Indicators</b> |
|-----------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------|
|                 | <b>Implement the use of a Contract Management System</b>      | Implement a corporate contract management system to record information from contract initiation through to expiry.                                                  | Improved management and monitoring of contract deliverables to ensure optimum benefits are recorded and delivered. |                               |
|                 | <b>Improve processes to analysis spend</b>                    | Develop systems to improve analysis at line level.                                                                                                                  | Improved contracted spend classification and reduced off-contract spend.                                           |                               |
|                 | <b>Continue to attend and host supplier engagement events</b> | Attend and host regular supplier engagement events to promote new contract opportunities, share ideas and best practice, and discuss opportunities for improvement. | Better understanding of public sector procurement by external stakeholders and improved working relationships.     |                               |
|                 | <b>Develop key supplier records</b>                           | Develop key supplier records to include status and performance against specific joint initiatives.                                                                  | Improved output from contracts to ensure optimum benefits are delivered.                                           |                               |

## Appendix 2 – Performance scorecard

The following performance indicators will be used to monitor progress in the outcome of the strategy:

### Key area 1: Compliance and governance

| Performance |                                                                                                 |                     |                |                |                |
|-------------|-------------------------------------------------------------------------------------------------|---------------------|----------------|----------------|----------------|
| PI No.      | Performance Indicator Name                                                                      | 2019/20 Performance | 2020/21 Target | 2021/22 Target | 2022/23 Target |
| 1.1         | Spend on contract as a percentage of total influenceable spend.                                 | 98.7%               | 99%            | 99.3%          | 99.6%          |
| 1.2         | Volume of invoices processed with orders as a percentage of all invoices processed.             | 61.6%               | 65%            | 78%            | 81%            |
| 1.3         | Improved performance in the Procurement and Commercial Improvement Programme (PCIP) assessment. | 74%                 | 76%            | 76%            | 78%            |
| 1.4         | Number of successful legal challenges                                                           | 0                   | 0              | 0              | 0              |

## Key area 2: Value for money and efficiency

| Performance |                                                                                     |                     |                |                |                |
|-------------|-------------------------------------------------------------------------------------|---------------------|----------------|----------------|----------------|
| PI No.      | Performance Indicator Name                                                          | 2019/20 Performance | 2020/21 Target | 2021/22 Target | 2022/23 Target |
| 2.1         | Number of invoices paid within 30 days as a percentage of all invoices processed.   | 97%                 | 97.2%          | 97.4%          | 97.6%          |
| 2.2         | Spend through collaborative contracts as a percentage of total influenceable spend. | 34.6%               | 35%            | 35.5%          | 36%            |
| 2.3         | Value of procurement savings achieved                                               | £580,000            | £300,000       | £100,000       | £0             |
| 2.4         | Value of procurement income achieved                                                | £355,700            | £423,000       | £499,000       | £563,000       |

### Key area 3: Delivering sustainable procurement

|        | Performance                                                                                                                                                                                      |                     |                |                |                |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|----------------|----------------|
| PI No. | Performance Indicator Name                                                                                                                                                                       | 2019/20 Performance | 2020/21 Target | 2021/22 Target | 2022/23 Target |
| 3.1    | Spend with Local Suppliers as a percentage of total influenceable spend.                                                                                                                         | 32.8%               | 33.5%          | 34%            | 34.5%          |
| 3.2    | Spend with SMEs as a percentage of total influenceable spend.                                                                                                                                    | 67.1%               | 68%            | 68.5%          | 69%            |
| 3.3    | Spend with the Third Sector as a percentage of total influenceable spend.                                                                                                                        | 12.1%               | 12.3%          | 12.4%          | 12.5%          |
| 3.4    | Spend with the Supported Businesses as a percentage of total influenceable spend.                                                                                                                | 0.5%                | 0.6%           | 0.7%           | 0.8%           |
| 3.5    | Number of contracts awarded (led by Falkirk Council) signed up to the Falkirk Council Sustainability Charter - Key Principles as a percentage of all contracts awarded (led by Falkirk Council). | Not measured        | 40%            | 75%            | 100%           |
| 3.6    | Number of Category C contracts awarded >=£4m with Community Benefits agreed as a percentage of all Category C contracts awarded >=£4m.                                                           | 100%                | 100%           | 100%           | 100%           |
| 3.7    | Number of Category C contracts awarded >=£50k (Supplies and Services) with Community Benefits agreed as a percentage of all Category C contracts awarded >=£50k (Supplies and Services).         | 64%                 | 70%            | 75%            | 100%           |
| 3.8    | Number of Category C contracts awarded >=£250k (Works) with Community Benefits agreed as a percentage of all Category C contracts awarded >=£250k (Works).                                       | 63%                 | 70%            | 75%            | 100%           |
| 3.9    | Maintenance of the Living Wage Accreditation by Falkirk Council                                                                                                                                  | Yes                 | Yes            | Yes            | Yes            |
| 3.10   | Flexible Framework Sustainable Procurement Assessment Score                                                                                                                                      | Level 2             | Level 3        | Level 4        | Level 5        |

#### Key area 4: Embracing innovation

| Performance |                                                                                                                                               |                     |                |                |                |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|----------------|----------------|
| PI No.      | Performance Indicator Name                                                                                                                    | 2019/20 Performance | 2020/21 Target | 2021/22 Target | 2022/23 Target |
| 4.1         | Number of Category C regulated procurement exercises conducted using PCS-T as a percentage of all Category C regulated procurement exercises. | 29%                 | 50%            | 100%           | 100%           |
| 4.2         | Volume of electronic invoices processed as a percentage of all invoices processed.                                                            | 26.4%               | 28%            | 30%            | 33%            |

#### Key area 5: Supplier engagement and contract management

| Performance |                                                                                                                                |                     |                |                |                |
|-------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|----------------|----------------|
| PI No.      | Performance Indicator Name                                                                                                     | 2019/20 Performance | 2020/21 Target | 2021/22 Target | 2022/23 Target |
| 5.1         | Number of Prior Information Notices published as a percentage of all Category C regulated contract opportunities published.    | 6%                  | 40%            | 50%            | 75%            |
| 5.2         | Number of supplier financial status checks performed as a percentage of all suppliers awarded medium and high level contracts. | 29%                 | 75%            | 85%            | 100%           |

## Appendix 3 – Sustainable Procurement Principles

|                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equalities</b>                                                                           | <p>As a responsible employer the Council is committed to promoting equal opportunities to all of the Falkirk community, employees and suppliers alike. Consideration of equal opportunities is fully integrated into our procurement practices and is fully committed to the values and ethos of the Equality Act 2010.</p> <p>As a result the Council expects complete compliance with the Equality Act 2010 during all contracts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Disability Confident Scheme</b>                                                          | <p>The Council is an accredited Disability Confident Employer. We are committed to the aims of Disability Confident and would encourage our partners, suppliers and providers to demonstrate their commitment to the scheme and also become accredited Disability Confident employers. As appropriate, contracts or framework agreements may include clear performance indicators relating to the positive benefits of such a scheme.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Facilitating SME's, third sector and supported businesses in the procurement process</b> | <p>Our procurement strategy aims to achieve a mixed economy of suppliers to support and develop our local market, particularly micro, small and medium sized enterprises, Third Sector organisations and supported businesses. This approach includes simplified and standardised public sector procurement practices, consideration of lotting and a range of hands-on assistance to the local supply chain to help reduce any barriers to involvement in procurement opportunities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Promoting Innovation</b>                                                                 | <p>Influencing the market towards innovative solutions can focus public spending on sustainable goods, services and works and create an important catalyst for local job creation, sustainable innovation and market development. Our procurement strategy notes the importance of innovation through procurement and we encourage all our suppliers to utilise their expertise in offering innovative solutions wherever possible.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Fair Work Practices</b>                                                                  | <p>The delivery of high quality public services is critically dependent on a workforce that is well-motivated, well led and has appropriate opportunities for training and skills development. These factors are also important for workforce recruitment and retention, and thus continuity of service. Falkirk Council itself has adopted workforce policies to meet these requirements. Underpinning these policies are:</p> <ul style="list-style-type: none"> <li>• <u>A commitment to supporting the Scottish Living Wage;</u></li> <li>• <u>Fair recruitment and employment practices including no inappropriate use of zero hours contracts or umbrella companies;</u></li> <li>• <u>A commitment to nurture talent and help individuals fulfil their potential through continuous learning and development;</u></li> <li>• <u>A commitment to the development of Scotland's young workforce through a Modern Apprentice Programme;</u></li> <li>• <u>Flexible working opportunities;</u></li> <li>• <u>A commitment to equal opportunities.</u></li> </ul> <p>Falkirk Council also attaches importance to ensuring effective consultation and involvement of staff and Falkirk Council management work in partnership with trade unions. While it is, of course, a personal decision whether or not to join a Trade Union, Falkirk Council is</p> |



|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                | committed to encouraging participation, through effective consultation and the sharing of decision making. This includes consulting and negotiating with recognised trade unions on a wide range of issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Consultation with Stakeholders</b>                          | The Council is committed to understanding the needs, wants and acquired knowledge of both internal and external stakeholders regarding sustainable procurement. Internal service engagement, communication and strategy shapes the Council's approach; however the input of external stakeholders such as the general public and our supply base, is of equal value. Through questionnaires, surveys, communications and an annual "Climate Week"; we hope to engage with our stakeholders on the issues which matter most to them; and encourage that all bodies or organisations contribute to this data gathering to help shape Falkirk Council towards the needs of its people.                                               |
| <b>Health and Safety Compliance</b>                            | The Council is committed to achieving a culture that ensures it complies with all current Health and Safety legislation and in so doing endeavours to provide safe places and safe systems of work. This principal extends to those employed to do contracted works for and on behalf of the Council.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Provision of Food</b>                                       | The procurement of food considers the wider community focus of improving the health and wellbeing of young people and communities in Falkirk.<br>Promoting a sustainable food supply chain by (where possible) the use of Scottish produce through collaborative contracts supports the delivery of healthy choices to support healthy eating. Food security and ethics are of equal importance and the Council follows Scottish Government guidance to ensure consideration of the highest levels of animal welfare.<br>The Council will also promote the use of Fair Trade products across its services and raise awareness of fair trade amongst its staff and customers.                                                      |
| <b>Prompt payment within 30 days</b>                           | The effect of late payment on SME's can be significant, impacting cash flow and the ability to trade. As direct support the Council has a prompt payment policy and related performance indicator which aims to make payment of invoices within 30 days of receipt of a valid invoice. To make sure this policy flows through all stages of the supply chain, our terms and conditions of contract obliges our contracted suppliers to make payment of valid invoices within a similar 30 day period.                                                                                                                                                                                                                             |
| <b>Environmental Impact</b>                                    | The way that the Council procures goods and services can have a huge environmental impact, and by purchasing items which can demonstrate a reduced negative effect on wildlife, natural resources and carbon emissions, we can reduce our carbon footprint and support suppliers to do the same.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Improving the economic and social wellbeing of the area</b> | Adding Value to Communities through Community Benefits or 'social' requirements in public sector procurement is intended to ensure that wider local economic and social issues are considered when delivering construction works, service or supplies contracts.<br>This is achieved through the inclusion of specific clauses within contracts known as community benefit clauses (CBCs).<br>CBCs are vital to the improvement and operation of Falkirk Council, and as a result the Council expects complete compliance with the Community Benefit Clauses within our contracts. The Council's Employment and Training Unit is the supply side arrangement for training and work experience opportunities detailed within CBCs. |

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Conflict of Interest</b>     | <p>Council Officers and Members conducting business on behalf of the organisation have a responsibility to do so in a manner that is objective and ethical.</p> <p>All relationships of a business or private nature with external contractors, or potential contractors, should be disclosed and recorded. Orders and contracts must be awarded on merit, by fair competition against other tenders and no special favours should be shown to businesses during the tendering or quotation process where they are run for example by friends, partners or relatives.</p> <p>As such we require any individual whether employee or supplier to declare such an interest before any procurement activity commences.</p> |
| <b>Modern Slavery Act 2015</b>  | <p>The Council adopts a zero tolerance approach to modern slavery and human trafficking. We expect all those who work for and with us to adhere to this approach.</p> <p>As a result the Council expects complete compliance with the Modern Slavery Act 2015 and Human Trafficking and Exploitation (Scotland) Act 2015 during all contracts.</p>                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Construction Charter</b>     | <p>For all Works contracts, Falkirk Council expects complete compliance with the Falkirk Council Construction Charter.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Ethical Care Charter</b>     | <p>The Falkirk Health and Social Care Partnership are fully committed to the principles of Unison's Ethical Care Charter. It is expected that care providers have a similar commitment to these principles.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Sustainable Development</b>  | <p>Falkirk Council is committed to sustainable development which minimises the effect on the environment.</p> <p>Suppliers are expected to ensure that services, supplies or construction works for the Council:</p> <ul style="list-style-type: none"> <li>• Focus on whole life cost</li> <li>• Minimise waste</li> <li>• Minimise energy use</li> <li>• Eliminate pollution</li> <li>• Preserve and enhance bio-diversity</li> <li>• Conserve water resources.</li> </ul>                                                                                                                                                                                                                                           |
| <b>Scottish Business Pledge</b> | <p>Making a commitment to the Scottish Business Pledge promotes fairness, equality, opportunity and innovation in Scotland, which in turn creates greater economic success and sustainable, inclusive growth. It's good for business and good for Scotland.</p> <p>The Scottish Business Pledge is a values-based approach to business that is based on boosting productivity and competitiveness through fairness, equality and sustainable employment.</p> <p>The Council expects all suppliers to comply with the principles set out in the Scottish Business Pledge.</p>                                                                                                                                           |

## Appendix 4 - Glossary of Terms

| TERM                            | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Category</b>                 | A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Category Strategy</b>        | <p>A Category Strategy is based upon an analysis of spend and contracting activity so as to establish the following:</p> <ul style="list-style-type: none"> <li>• Key contracting activity and segmentation of spend</li> <li>• Non-contract spend and actions required to improve compliance</li> <li>• Category savings targets and future opportunities</li> <li>• Current levels of procurement collaboration and opportunities for increasing</li> <li>• Maximised sustainable procurement activity</li> <li>• Maximised accessibility for local suppliers, SMEs, supported businesses and the third sector</li> <li>• Proposed consultations and engagement, and what has been learned</li> <li>• Contract management responsibilities</li> </ul> |
| <b>Collaboration</b>            | When two or more groups of people or organisations engage in procurement work together for mutual benefit. Collaboration delivers procurement exercises with shared priorities, drives national policies and champions local benefits, all for the greater good of public services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Community Benefits</b>       | Community Benefits are contractual requirements which deliver a wider social benefit in addition to the core purpose of the contract. In particular, requirements in relation to targeted training and employment outcomes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Contract</b>                 | An agreement between two or more parties to perform specific acts and is enforceable by law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Contract Management</b>      | The process of monitoring the performance of a supplier to contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Contract Standing Orders</b> | Contract Standing Orders are a requirement of Section 81 of the Local Government (Scotland) Act 1973. They exist to ensure that uniform contracting procedures are laid down for use throughout the Council.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Contract Strategy</b>        | <p>A Contract Strategy is used to document the appraisal of a procurement exercise including:</p> <ul style="list-style-type: none"> <li>• Contract objective</li> <li>• Funding arrangements</li> <li>• Current contract status</li> <li>• Historical spend information</li> <li>• Market analysis</li> <li>• Collaboration considerations</li> <li>• Sustainability considerations</li> <li>• Procurement procedure to be followed</li> </ul>                                                                                                                                                                                                                                                                                                         |

| TERM                                   | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        | <ul style="list-style-type: none"> <li>• Proposed contract benefits</li> <li>• Risk Assessment</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Financial Regulations</b>           | Financial Regulations form part of the Standing Orders approved by the Council. They set down guidelines for Officers and Members that require to be followed. They are designed to ensure the highest standards of probity in dealing with public money and to assist and protect staff in such dealings.                                                                                                                                                                                            |
| <b>Flexible Framework Assessment</b>   | A tool which helps organisations to assess where their current level of performance lies with regard to sustainable procurement and the actions required to improve their performance.                                                                                                                                                                                                                                                                                                                |
| <b>Framework Agreement</b>             | An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.                                                                                                                  |
| <b>Influenceable Spend</b>             | Expenditure which was influenced by Procurement activity and is covered by Contract Standing Orders.                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Market Analysis</b>                 | When developing a contract strategy, most procurement processes ascertain the demand for the category with the attributes of the supply market. A review of the characteristics, capacity and capability of the supply market is performed to understand the extent to which the market meets the needs of the buying organisation.                                                                                                                                                                   |
| <b>Non-Influenceable Spend</b>         | Expenditure which cannot be influenced by Procurement activity and is outwith the scope of Contract Standing Orders.                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>OJEU</b>                            | OJEU stands for the Official Journal of the European Union. This is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published.                                                                                                                                                                                                                                                                   |
| <b>Procurement</b>                     | A function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.                                                                                                                                                                                                                                                                                                                          |
| <b>Procurement Exercise</b>            | Full end to end procurement exercise documentation from strategy development to contract and supplier management.                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Public Contracts Scotland (PCS)</b> | <p>Public Contracts Scotland is the national advertising website where Scottish public sector organisations:</p> <ul style="list-style-type: none"> <li>• post Official Journal of the European Union (OJEU) contract notices (contracts over the EU thresholds)</li> <li>• post below-threshold contract notices</li> <li>• invite suppliers to submit quotations for low value/risk goods and services through the online 'Quick Quote' system</li> <li>• publish contract award notices</li> </ul> |

| TERM                                       | DESCRIPTION                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                            | <ul style="list-style-type: none"> <li>• can reserve suitable contracts for supported businesses</li> </ul> <p>Public Contract Scotland also contains links to other UK and Ireland national public sector procurement portals where details of contract opportunities from elsewhere in the UK may be found.</p> |
| <b>PCU</b>                                 | Procurement and Commissioning Unit                                                                                                                                                                                                                                                                                |
| <b>Quick Quote</b>                         | Quick Quote is an online quotation facility within PCS which allows Contracting Authorities to obtain competitive quotes electronically for low value requirements.                                                                                                                                               |
| <b>Regulated Procurements</b>              | For the purposes of the Procurement Reform (Scotland) Act 2014 regulated procurements have a contract threshold of £50,000 and above for goods and services contracts and £2 million and above for works contracts.                                                                                               |
| <b>Segmentation</b>                        | Division and grouping of suppliers or contracts in relation to spend and its criticality to business.                                                                                                                                                                                                             |
| <b>Small and Medium Enterprises (SMEs)</b> | <ul style="list-style-type: none"> <li>• Micro Enterprise = staff headcount &lt;10</li> <li>• Small Enterprise = staff headcount &lt;50</li> <li>• Medium Enterprise = staff headcount &lt;250</li> </ul>                                                                                                         |
| <b>Services Contract / Framework</b>       | An agreement to provide a specific task including (but not restricted to) installation of goods in connection with any such services.                                                                                                                                                                             |
| <b>Specification</b>                       | The description of the requirement that needs to be met. Specifications fulfil two basic purposes: to communicate what is needed to the supplier, and to allow measurement as to whether the goods or services delivered meet the required standard.                                                              |
| <b>Goods Contract / Framework</b>          | An agreement for goods to be supplied to the Purchaser by the Supplier (or by any of the Supplier's Sub-contractors).                                                                                                                                                                                             |
| <b>Supply Chain</b>                        | All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.                                                                                                                                                                                  |
| <b>Supported Business</b>                  | A business whose primary aim is the social and professional integration of disabled or disadvantaged persons, and at least 30% of the employees of those businesses should be disabled or disadvantaged.                                                                                                          |
| <b>Sustainability</b>                      | Sustainability is about meeting the needs of the present, without compromising the ability of future generations to meet their needs.                                                                                                                                                                             |
| <b>Sustainable Procurement</b>             | A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the                                                             |

| TERM                              | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | environment.                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Terms and Conditions</b>       | General and special arrangements, provisions, requirements, rules, specifications, and standards that form an integral part of an agreement or contract.                                                                                                                                                                                                                                                                                |
| <b>Third Sector</b>               | The third sector includes charities, social enterprises and voluntary groups which delivers essential services, helps to improve people's wellbeing and contributes to economic growth. It plays a vital role in supporting communities at a local level.                                                                                                                                                                               |
| <b>Value for money</b>            | Value for money is a trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. Seeking value for money involves considering the quality of the solution proposed, the total life costs, service and support issues, sustainability etc.                                                                                                                                |
| <b>Whole Life Costing</b>         | The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.                                                                                                                       |
| <b>Works Contract / Framework</b> | This is an agreement which is a mixture of service / labour and the transfer of goods. Under a works contract the contractor agrees to do certain job and in the execution of that job, certain goods are transferred to the customer. Therefore an agreement of building construction, manufacture, processing, fabrication, erection, installation, repair or commissioning of any movable or immovable property is a works contract. |