

The background of the slide features the coat of arms of the City of Vancouver. It is a shield divided into four quadrants. The top-left quadrant shows a sailing ship on the water. The top-right quadrant shows a grizzly bear. The bottom-left quadrant shows a beaver. The bottom-right quadrant shows a fish. Above the shield is a crown with four points, each topped with a flower. A banner at the bottom of the shield contains the motto "A NE FOR A".

AGENDA ITEM

6

PROCUREMENT IN COUNCILS – IMPACT REPORT

FALKIRK COUNCIL

Subject: PROCUREMENT IN COUNCILS – IMPACT REPORT
Meeting: SCRUTINY COMMITTEE
Date: 16 JUNE 2016
Author: DIRECTOR OF CORPORATE AND HOUSING SERVICES

1. INTRODUCTION

- 1.1 This report provides Members with details of the recent Accounts Commission impact report on “Procurement in Councils”. The report also provides information in relation to the new procurement landscape for Scotland following the Public Contracts (Scotland) Regulations 2015, which came into force on 18 April 2016.
- 1.2 In addition, the report provides information in relation to the assessment of the Council, under the new Procurement and Commercial Improvement Programme (PCIP).

2. PROCUREMENT IN COUNCILS – IMPACT REPORT

- 2.1 In April 2014, the Accounts Commission published a report on “Procurement in Councils”. A follow-up report has now been published in February 2016, assessing the impact the findings and recommendations have had since the original report was published in 2014. A copy of the report is available via the following link:
http://www.audit-scotland.gov.uk/uploads/docs/report/2016/ir_160208_procurement_councils_impact.pdf
- 2.2 A detailed assessment of the progress on implementing the report recommendations is attached in Appendix 1. In summary, progress has been made nationally across all the original recommendations.
- 2.3 The report recommendations have both national and local dimensions. Appendix 2 provides details of progress by Falkirk Council in relation to those recommendations with specific relevance to Local Authorities.
- 2.4 Key points flowing from the report for Members to note are:
- Although the Council has shown significant improvement in procurement performance in recent years, a new assessment regime is being implemented in 2016. As such, comparisons with previous years will no longer be relevant. However, as more Authorities undertake the new the assessment regime, appropriate benchmarking data will develop.
 - Significant changes to the regulatory framework for procurement took effect from April 2016, through the Procurement Reform (Scotland) Act 2014.

- Increasing pressure on Scotland Excel finances, coupled with Local Government financial constraints, will require consideration of the services and value provided by Scotland Excel going forward.
- Reductions in the number of suitably qualified and skilled procurement staff, at a time when commercial expertise is required to help support Councils to meet the current and future financial challenges.

3. PROCUREMENT REFORM LEGISLATION

3.1 From 18 April 2016, contracting authorities in Scotland saw significant changes in the way in which contracts for services, goods and/or works are procured. The Public Contracts (Scotland) Regulations 2015 and the majority of the provisions of the Procurement Reform (Scotland) Act 2014 came into force on 18 April 2016. The new regime will apply to all procurement exercises commenced on or after 18 April 2016.

3.2 The key changes under the 2015 Regulations are:

- contracts can no longer be awarded on the sole basis of lowest price or cost and contracting authorities must strike a balance between price and quality to identify the most economically advantageous tender;
- new minimum time limits for procurement exercises – for example, the open procedure time limit has been reduced from 52 to 35 days and the restricted procedure time limit has been reduced from 37 to 30 days;
- new light touch regime for procurement of social / other services, which replaces the distinction between Part A and Part B services under the 2012 Regulations, with a higher threshold of £589,148;
- communication by electronic means. All tender documents now require to be published electronically at the same time as the contract notice;
- introduction of the European Single Procurement Document (“**ESPD**”) – an electronic self-declaration document submitted by tenderers that contracting authorities are obliged to accept to self-declare that they meet the necessary regulatory criteria or commercial capability requirements without needing to submit evidence unless awarded the contract;
- new grounds for exclusion – for example, mandatory grounds for failure to make tax and social security contributions and discretionary grounds for previous poor performance under a contract resulting in termination, damages or equivalent;
- new procurement procedure called the ‘innovation partnership’ for the development and purchase of innovative goods, works or services in a single awards process;
- the minimum level of annual turnover required for a tenderer is limited to no more than two times the estimated value of the contract, apart from in exceptional circumstances;

3.3 The 2014 Act introduces a new procurement regime in Scotland to sit alongside the European rules transposed by the Regulations and also applies to housing associations and third sector organisations as “contracting authorities”. The Act applies to “regulated procurements” which are services/goods contracts with an estimated value of more than **£50,000**, which is a much lower threshold than the current EU threshold of £164,000.

For works contracts the regulated procurement threshold is an estimated value of more than **£2 million**. The Act makes provision for remedies where contracting authorities are found to have breached their duties under the Act. This creates an additional layer of risk for contracting authorities. The Act also provides for guidance to be published by the Scottish Government and contracting authorities “must have regard” to any such guidance.

3.4 The key changes under the 2014 Act are:

- ***Sustainable Procurement Duty*** – this will apply from 1 June 2016 and will require contracting authorities to consider and carry out procurement exercises with a view to securing:
 - o improvement of social, economic and environmental wellbeing of the authority’s area;
 - o facilitation of the involvement of SMEs, third sector bodies and supported businesses in the process; and
 - o promotion of innovation;
- A ***Procurement Strategy*** must be prepared and published online by a contracting authority should its expected regulated procurement expenditure be £5m or more in the coming financial year. The first strategy should be published by 31 December 2016 to cover at least the remainder of the financial year and the whole of the next financial year;
- Contracting authorities will also be required to prepare and publish online an **Annual Procurement Report** within 3 months of their financial year end. The Act sets out what the report must cover, including but not limited to a summary of regulated procurements for the year and of any community benefit requirements imposed;
- For any regulated procurement of £4m or more, contracting authorities must consider whether to impose community benefit requirements as part of the procurement exercise from 1 June 2016; and
- Contracting authorities must comply with any guidance published by the Scottish Government on selection of tenderers and award of contracts. A key example is the Statutory Guidance issued in respect of “*Addressing Fair Work Practices, including the Living Wage, in Procurement*”. The guidance requires a contracting authority to consider, before undertaking a procurement exercise, whether it is relevant and proportionate to include a question on fair work practices, which should be evaluated along with other relevant criteria, ensuring the appropriate balance between quality and cost of the contract. The guidance therefore emphasises that whilst failure to pay the Living Wage would be a strong negative indicator it does not mean that the employer’s approach automatically fails to meet fair work standards.

4. **PROCUREMENT & COMMERCIAL IMPROVEMENT PROGRAMME (PCIP)**

4.1 A new procurement assessment regime is being implemented in 2016. The Council’s assessment date has been set for **11 July 2016**.

4.2 The assessment regime will now take place every two years and will also be implemented across the public sector. It is therefore anticipated that cross-sector and sector comparisons and trends will emerge from 2018 onwards.

4.3 The PCIP is fundamentally different to the previous Procurement Capability Assessment. The new assessment process will be structured around the following steps:

Step 1: Organisations will be assessed based upon 1 of 4 differing models. Falkirk Council shall be defined as **Full Assessment + Construction Questions** (Specific construction questions are still being developed in conjunction with the roll-out of the Construction Procurement Review Recommendations).

Step 2: A dashboard of specific numeric data is required to be submitted in advance of an assessment visit e.g.: various KPI information and spend breakdown. Some metrics will be scored or given a RAG status and this will contribute to a report card for the organisation. This will look at all areas of procurement activities and shall be substantively more challenging than current PCA pre-assessment checks.

Step 3: A request by the assessor will be made for specific information in advance of a visit, on specific tenders or contracts selected by the assessor. Four contracts have been chosen for assessment and detailed information in respect of each contract will require to be submitted for off-site assessment by 10 June 2016:

- Care at Home Services (Community Care and Criminal Justice)
- Building Materials (Supply of)
- Collection Service for Kerbside Box, Textile Sacks and Food Caddy's
- New Build Social Housing, Main Street Stenhousemuir

Step 4: The onsite assessment day, will thereafter scrutinise and challenge specific aspects of submitted evidence.

4.4 Following a series of mock assessments earlier in the year, very significant reductions in participating Local Authority scores were experienced. Scotland Excel has therefore sought to review the process in conjunction with the Scottish Government and the other public sector procurement centres of expertise. The detail of this review has still to be provided and it is therefore not possible to accurately assess how the Council will perform, until other Local Authority scores start to emerge.

4.5 In order for the Council to meet the requirements of the PCIP and demonstrate high levels of performance we will need to ensure we can clearly evidence the following matters:

- Using Most Economically Advantageous Tender instead of lowest price
- Commodity Strategies for all contracts to demonstrate what benefits the contract brings
- Consideration of and appropriate use of Lots
- Increased collaboration locally and nationally
- Local impacts (Sustainable Procurement Duty)
- How legislation is being used to support Local business
- Sufficient breadth and depth of Market Research / Analysis
- Sector sharing of information to benchmark best practice.

4.6 Evidence will require to be provided to show the above matters have been fully considered across all types of contract. This will be particularly challenging in relation to Construction contracts, where Local Authorities typically use industry specific templates and processes.

- 4.7 There are also significant challenges required to incorporate the necessary system changes to Integra in order to fully comply with the eInvoicing Directive that requires eInvoicing to be fully adopted by November 2018. The focus on more automated processes for ordering and invoicing will also impact significantly on our current processes and methods of working.

5. RECOMMENDATIONS

It is recommended that Members:

- 5.1 note the Accounts Commission Procurement in Councils impact report;
- 5.2 note the changes arising from the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014; and
- 5.3 note the new procurement assessment regime and associated implications.

DIRECTOR OF CORPORATE AND HOUSING SERVICES

Date: 6 June 2016

Ref: AAC160616 – Procurement in Councils Impact Report June 2016

Contact: David McGhee, ext 0788

LIST OF BACKGROUND PAPERS

Nil

Appendix 1. Progress on implementing the recommendations

Recommendation	Progress
The Scottish Government should work with councils to:	
<ul style="list-style-type: none"> review and update the Best Practice Indicators (BPIs), drawing on councils' experiences, to reflect changes in procurement since 2008 and improve their usefulness to councils. 	<p>The Procurement Reform Delivery Group comprises the heads of centres of procurement expertise:</p> <ul style="list-style-type: none"> Scotland Excel (local government) Advanced Procurement for Universities and Colleges (APUC) NHS National Procurement, and Scottish Government representatives at deputy director level. <p>The Procurement and Commercial Improvement Programme Dashboard replicates some information from BPIs. In 2015, the Group therefore decided to drop BPIs except for indicators 1a and 1b, which relate to procurement savings. This does not affect the gathering of contract spend data into the Scottish Government's procurement Hub, which continues.³⁶</p>
Scotland Excel should:	
<ul style="list-style-type: none"> maintain and improve its sharing of knowledge and experience with the Scottish Futures Trust, and with the associated joint venture companies 	<p>In its corporate strategy for 2015-18, Scotland Excel commits to <i>"monitor the progress of the Review of Procurement in Construction, working with the Scottish Futures Trust (SFT) and partners to determine how our collaborative contracts can support the implementation of its recommendations."</i>³⁷</p>
<ul style="list-style-type: none"> set realistic timescales and savings targets for contracts, particularly in new areas of contracting 	<p>A year-end performance report about Scotland Excel was taken by its Executive Sub-Committee in May 2015, showing performance against the business plan. For 2014/15, the plan had 21 objectives:</p> <ul style="list-style-type: none"> Nine objectives were fully achieved including: <ul style="list-style-type: none"> achieve savings of between two per cent and seven per cent against the delivery programme reduce and maintain sickness absence at below four per cent. Seven objectives were partially achieved including: <ul style="list-style-type: none"> eight extensions and 11 renewals were made to contracts developing a new three-year corporate strategy, which has subsequently been approved.

³⁶ Email from Scotland Excel to councils, 1 October 2015.

³⁷ Page 26, [Shared Vision, Shared Success: our corporate strategy 2015-18](#), Scotland Excel, June 2015.

Recommendation	Progress
	<ul style="list-style-type: none"> Five objectives were not achieved, including: <ul style="list-style-type: none"> eight new contracts were delivered against a target of 16 the advertised annual value of contracts fell £102m below the target of £750m. <p>Scotland Excel's 2015/16 operating plan includes plans to deliver a rolling schedule of new contract opportunities, identified and agreed with local authority stakeholders.³⁸</p> <p>Scotland Excel's corporate strategy 2015-18 commits to ongoing partnership working, specifically mentioning areas like a Review of Procurement in Construction.³⁹ It claims that its 'growing portfolio of collaborative contracts delivers around £4 in savings for every £1 invested by councils, not to mention the efficiency gains of developing one national contract instead of 32'.⁴⁰</p>
Scotland Excel and councils should:	
<ul style="list-style-type: none"> review and formalise arrangements to fund procurement reform activity beyond 2016 	<p>This has been flagged as a challenging issue by both Scotland Excel and its appointed auditor. In December 2014, Scotland Excel established a transformation programme to underpin the delivery of its corporate strategy. The programme comprises six project areas: funding; leading change; stakeholder engagement; organisational development; business intelligence; and governance, policy and process.⁴¹</p> <p>Scotland Excel developed funding proposals for its Joint Committee on 27 November 2015, which approved that the requisition for each council increase by 9.4 per cent for 2016/17 as a means of beginning to fund all of Scotland Excel's ongoing procurement activity sustainably.⁴²</p>

³⁸ Pages 15-16, [Scotland Excel: Annual audit report 2014/15 to Members and the Controller of Audit](#), August 2015.

³⁹ Page 26, Shared Vision, Shared Success: our corporate strategy 2015-18, Scotland Excel, June 2015.

⁴⁰ Total savings from the use of standardised contracts versus Scotland Excel's requisitions on councils, information supplied to Audit Scotland in January 2016.

⁴¹ Page 42, Shared Vision, Shared Success: our corporate strategy 2015-18, Scotland Excel, June 2015.

⁴² Page 27, [Agenda document pack](#), Scotland Excel Joint Committee, 27 November 2015.

Recommendation	Progress
Council staff involved in procurement should	
<ul style="list-style-type: none"> submit accurate and complete information to the procurement Hub on a regular and timely basis (ideally quarterly, and as a minimum within three months of the end of the financial year) 	<p>Scotland Excel reports that councils are now much better at submitting their procurement data annually and on time. However, it also recognises the benefits to councils of quarterly reporting, which could provide a more timely national overview and useful benchmarking data for councils themselves.⁴³</p>
<ul style="list-style-type: none"> examine the costs and benefits of differentiating ALEO and council expenditure in their Hub submissions 	<p>Not assessed.</p>
<ul style="list-style-type: none"> make greater use of the tools and facilities provided by the Hub, including the use of BPIs in their performance reporting and to benchmark their progress 	<p>The Procurement Reform Delivery Group comprises the heads of centres of procurement expertise:</p> <ul style="list-style-type: none"> Scotland Excel (local government) Advanced Procurement for Universities and Colleges (APUC) NHS National Procurement Scottish Government representatives at deputy director level. <p>The PCIP reporting Dashboard replicates some information from the BPIs. In 2015, the Group therefore decided to drop the BPIs except for indicators 1a and 1b, which relate to procurement savings. This decision does not affect the gathering of contract spend data into the Scottish Government's procurement Hub, which continues. The first cycle of PCIP assessments will be conducted in councils in 2016.</p>
<ul style="list-style-type: none"> engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts 	<p>The standardised contracts developed by Scotland Excel are devised following research with a range of stakeholders, including councils, service providers, and service clients. For example, a framework for care home services for adults with learning disabilities is now available as part of Scotland Excel's social care contracts portfolio. People with learning disabilities who had direct experience of living in care homes were involved in the development and evaluation of the framework, and their views were embedded in the service specification.⁴⁴</p>

⁴³ Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

⁴⁴ Page 3, [Scotland Excel News: Summer 2015](#), Scotland Excel, Summer 2015.

Recommendation	Progress
<ul style="list-style-type: none"> use the Public Contracts Scotland tender module for all applicable contracts 	<p>The Procurement Reform (Scotland) Act 2014 requires all public sector contracting organisations to keep and maintain a contract register, and to provide an internet-based publicly viewable version of it from 18 April 2016. While the onus is on individual organisations to produce and publish contract registers, in order to provide support to the public sector, Public Contracts Scotland (PCS) will provide functionality on the portal to produce a contract register that meets the requirements of the Act.⁴⁵</p>
<ul style="list-style-type: none"> make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant council committee 	<p>Scotland Excel has developed contracts in areas including Construction and maintenance (16 contracts); Transport & environment (10); Social care (8); Education & corporate services (4). Councils are using many existing contracts. New contracts under development by Scotland Excel address: Surveying & construction management; Playground equipment & artificial surfaces; Home energy efficiency programme; Road services; Adult supported living; Architecture services.⁴⁶</p>
<ul style="list-style-type: none"> develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant council committee on a regular basis 	<p>Scotland Excel has included community benefits as a scored element in tenders since 2013.</p> <p>The Community Empowerment (Scotland) Act received Royal Assent in July 2015. The Act empowers communities in making decisions about their local areas, including how services are provided.⁴⁷</p>
<ul style="list-style-type: none"> calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement 	<p>Scotland Excel calculates that its standardised contracts have generated £85 million of savings in comparison to councils' £22 million of fees for membership of Scotland Excel, and that £1.4 billion has been spent through councils' use of its contracts since 2008.⁴⁸</p>

⁴⁵ [Forward Plan 30th October 2015](#), Public Contracts Scotland, website as at 26 November 2015.

⁴⁶ Presentation by Scotland Excel to councils during consultation events in 2015.

⁴⁷ [Explanatory Notes](#), Community Empowerment (Scotland) Act, July 2015.

⁴⁸ Presentation by Scotland Excel to councils during consultation events in 2015.

Recommendation	Progress
<ul style="list-style-type: none"> • make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements • aim to achieve the superior performance level in the PCA, particularly in relation to: <ul style="list-style-type: none"> ◦ spend covered by an agreed commodity strategy ◦ participation in Scotland Excel contracts ◦ automation of procurement and payment processes ◦ spend captured in the council's contract register 	<p>Scotland Excel claims its contracts follow this approach.⁴⁹</p> <p>Between 2013 and 2014, the number of councils in this category increased from one (Renfrewshire, 80 per cent) to four: Renfrewshire (83 per cent and the top performer in 2013 and 2014), City of Edinburgh (76), Glasgow City (76), South Lanarkshire (75).</p> <p>Standardised contracts designed by Scotland Excel now cater for fluctuations in commodity prices.</p> <p>Scotland Excel has advised Audit Scotland that, on average, councils use 42 out of 48 available contracts, ranging between 31 contracts used (East Ayrshire, Glasgow City) and all 48 (West Dunbartonshire).⁵⁰</p> <p>Please refer to the recommendation below on electronic procurement.</p> <p>Scotland Excel does not maintain a list of spend on councils' contract registers but, against this, a contract register is a key area of focus for the organisation.⁵¹</p>
Councils' corporate management teams should:	
<ul style="list-style-type: none"> • benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have lower staffing levels 	<p>The gap between high- and low-performing councils has been closing. Scotland Excel indicates that councils have been recruiting procurement experts, but that the pool of suitable staff is limited.⁵²</p>
<ul style="list-style-type: none"> • examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts 	<p>Scotland Excel indicates that it continues to promote the potential benefits of councils' pooling qualified expertise. Scotland Excel has also advised Audit Scotland that there is considerable scope for further progress on this issue, especially given the limited pool of procurement professionals in Scotland.⁵³</p>

⁴⁹ Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

⁵⁰ Email from Scotland Excel to Audit Scotland, 12 November 2015.

⁵¹ Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

⁵² Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

⁵³ Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

Recommendation	Progress
<ul style="list-style-type: none"> phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase-to-pay' basis 	<p>The purchase-to-pay process encompasses all the steps that are followed from the time someone orders a product/service that they need, through the authorisation process, to sending the supplier the purchase order and ultimately to receiving the products/services and paying the suppliers invoice. Using systems to automate this process can help to deliver greater efficiencies.⁵⁴</p> <p>A number of improvement programmes have been led by the Scottish Government, eg:</p> <ul style="list-style-type: none"> Public Contracts Scotland (PCS) provides suppliers with free access to all essential information on public sector business opportunities. All public sector bodies in Scotland are expected to use PCS. PCS-Tender is the national eSourcing system provided free of charge by the Scottish Government. The system provides buying organisations with a set of web-based procurement tools. eInvoicing is an electronic service that facilitates information exchange between buyers and suppliers. It allows invoices and related documents to be issued, received and reconciled electronically through a secure channel. In April 2015, the Scottish Government announced that eInvoicing had been extended to all Scottish public sector bodies in Scotland.⁵⁵ <p>Scotland Excel has advised Audit Scotland that local government has been actively engaged in these initiatives, but that electronic procurement remains an area of weakness, and also of opportunity.⁵⁶</p>
<ul style="list-style-type: none"> raise staff awareness of accountability and controls by: <ul style="list-style-type: none"> implementing a written code of ethics requiring staff involved in procurement to complete a register of interest statement require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud 	<p>The timescale for this impact assessment precluded a survey of all 32 councils.</p>

⁵⁴ Scottish Government Procurement: [eCommerce](#), Scottish Government website as at 26 November 2015.

⁵⁵ [Public Contracts Scotland – Tender](#), Scottish Government website as at 10 November 2015.

⁵⁶ Email correspondence between Scotland Excel and Audit Scotland, 10 November 2015.

Recommendation	Progress
Councils should:	
<ul style="list-style-type: none"> require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis 	<p>Councils continue to seek savings from procurement, although reporting practices vary. For example:</p> <ul style="list-style-type: none"> Angus Council's Policy & Resources Committee took a report on '<i>...changes required to maximise Community Benefits from Angus Council's procurement activity in accordance with duties emerging from the Procurement Reform (Scotland) Act 2014 and aligned to the Tayside Sustainable Procurement Policy.</i>' East Renfrewshire Council's Cabinet took a report on the benefits of the council joining a nationwide telecommunications infrastructure for use by public bodies.⁵⁷ The City of Edinburgh Council prepared an Equality and Rights Impact Assessment in relation to procurement savings on independent contracts for Older People's and Disability services.⁵⁸
<ul style="list-style-type: none"> encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively 	<p>A total of 3,585 council delegates have attended Scotland Excel training courses since January 2009.⁵⁹ Some delegates have comprised elected members. In response to <i>Procurement in councils</i>, some councils have said procurement training is already in place, and some others have committed to improving training and support for elected members, eg:</p> <ul style="list-style-type: none"> Angus – the council has committed to deliver procurement training and briefing session(s) to councillors.⁶⁰ Moray – procurement training has been offered to elected members and can be repeated if requested.⁶¹ Renfrewshire – procurement awareness training sessions are available to elected members.⁶² <p>However, the timescale for this impact assessment precluded a survey of all 32 councils.</p>

Final

⁵⁷ [Report by the Deputy Chief Executive to Cabinet](#), East Renfrewshire Council, March 2015.

⁵⁸ [Equality and Rights Impact Assessment](#), City of Edinburgh Council, February 2015.

⁵⁹ Presentation by Scotland Excel to councils in consultation events during 2015.

⁶⁰ Outcome 4, [Procurement Annual Report 2014/15 and Improvement Plan for 2014/17](#), Angus Council, September 2015.

⁶¹ Item 7: [Report to the Audit & Performance Review Committee](#), Moray Council, May 2014.

⁶² Item 7: [Report to the Audit, Petition and Scrutiny Board](#), Renfrewshire Council, September 2014.

REPORT RECOMMENDATIONS, FALKIRK COUNCIL PROGRESS

REPORT RECOMMENDATION	FALKIRK COUNCIL POSITION
Submit accurate and complete information to the procurement Hub on a regular and timely basis (ideally quarterly and as a minimum within 3 months of the financial year end)	Information submitted on a quarterly basis
Engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts.	Adopted in a number of contracts e.g.: Home Care, Community Care, Foster Care, Tenancy Support, Supported Accommodation.
Use the Public Contracts Scotland tender module for all applicable contracts	PCS tender tested and used in 6 contracts to date. Evaluation on-going
Make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant Council committee.	Collaborative contracts continue to be utilised where they are deemed to be in the best interest of the Council, e.g. we are participating in 43 out of 46 Scotland Excel Framework Agreements
Develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant Council committee on a regular basis	Information reported via Annual procurement report via Information Bulletin
Calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement	Methodology agreed by Procurement Board and operational
Make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements	Adopted in a number of contracts e.g.: Building Materials, Electrical Materials, Cleaning Materials, Stationery, Gas Heating Replacement, Multi Functional Devices, PPE, Skip Hire, Scaffolding, Stairlifts, Track Hoists, Care Homes for Adults with LD, Social Work Passenger Transport
<p>Aim to achieve the superior performance level in the PCA, particularly in relation to:</p> <ul style="list-style-type: none"> • Spend covered by an agreed commodity strategy • Participation in Scotland Excel contracts • Automation of procurement and payment processes • Spend captured in the Council's contract register 	<p>The 2014 PCA score was 70, representing a 10 point increase from 2013 and only 5 points from achieving superior performance.</p> <p>The new PCIP will however remove previous years comparability</p>

Benchmark procurement staffing against similar sized Councils with higher PCA scores and where applicable produce a business case for employing additional qualified procurement staff where they have lower staffing levels	Not applicable - Only 3 smaller Local Authorities with a marginally higher score. The other higher performing authorities are all substantively larger than Falkirk.
Examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts	Previous collaboration with Stirling and Clackmannshire Councils through JBA. Limited recent engagement. Preliminary work with West Lothian.
Phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic “purchase to pay” basis	Part of Business Transformation work
<p>Raise staff awareness of accountability and controls by:</p> <ul style="list-style-type: none"> • Implementing a written code of ethics • Requiring staff involved in procurement to complete a register of interest statement • Require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud 	<p>Audit undertake regular checks of payments to ensure compliance with Contract Standing Orders</p> <p>Information sharing protocol in place with Police Scotland and checks undertaken in relation to links with Organised crime on all high risk contracts</p>
Require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis	Information reported via Annual procurement report via Information Bulletin
Encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively	Training previously undertaken and will be refreshed in terms of new Procurement Regulations