

The background of the slide features the official coat of arms of the City of Vancouver. It is a shield-shaped emblem with a crown on top. The crown has four points, each with a flower. The shield is divided into four quadrants. The top-left quadrant shows a sailing ship on the water. The top-right quadrant shows a beaver. The bottom-left quadrant shows a fish. The bottom-right quadrant shows a tree. A banner at the bottom of the shield contains the text "CITY OF VANCOUVER".

Agenda Item 7

Procurement Strategy 2017 – 2020

Falkirk Council

Title: Procurement Strategy 2017 – 2020
Meeting: Executive
Date: 29 November 2016
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 The purpose of this report is to approve the Procurement Strategy for the period 2017-2020 and to provide an update on the 2014-2017 Strategy.

2. Recommendation

Executive is asked to:-

- 2.1 Approve the Procurement Strategy for 2017-2020.**

3. Background

- 3.1 The Procurement Reform (Scotland) Act 2014 requires that all contracting authorities with an annual procurement spend above £5million must produce an organisational Procurement Strategy. Contracting authorities are required to prepare and publish their procurement strategies by 31 December 2016. The Strategy should cover, as a minimum, the remainder of the 2016/17 financial year and the 2017/18 financial year. Procurement strategies must be published and must be made publically available online.
- 3.2 Falkirk Council has had a Procurement Strategy in place since 2008. The current Strategy was approved by Executive in April 2014 and covers the period to March 2017. As such, a new Procurement Strategy is required both in terms of the Procurement Reform Act and the impending expiry of the current Procurement Strategy. It is recommended that the proposed Strategy is implemented with immediate effect and will cover the remainder of 2016/17 and 2017/18 to 2019/20.
- 3.3 The guidance which underpins the requirement to prepare and publish a Procurement Strategy sets out both the content and structure of procurement strategies. The Council's current strategy has been revised in terms of this guidance.

4. Procurement Strategy 2017-2020 – Vision

- 4.1 The current Procurement Strategy sets out a procurement vision that reflects both corporate and service policies and priorities. This is:-

“To secure Best Value through professional, planned and sustainable procurement, which best meets the needs of our communities and supports the delivery of the Council’s Corporate Plan Goals”

- 4.2 This vision is still considered to be relevant and appropriate going forward and is central to the 2017-2020 Strategy.

- 4.3 The 2017-2020 Strategy aims to build on the procurement model already in place and seeks to ensure that the Council delivers the highest standards of procurement performance, to benefit the delivery of quality public services, efficiently, effectively and compliantly. The aim is to ensure that the procurement function adds value and is aligned to the delivery of Council services.

- 4.4 There are 8 key procurement themes set out in the new strategy:

- **Governance** – Develop and implement best practice procurement structures
- **Systems** – Develop and implement best practice procurement systems and processes
- **Savings** – Support the delivery of financial savings through effective procurement activity
- **Skills** – Maximise procurement skills to support the delivery of quality front line services
- **Accessibility** – Ensure that contracts are structured in such a way as to assist wherever practical, local suppliers, micro, small and medium enterprises and the third sector to tender for Council business
- **Social Sustainability** – Ensure all relevant contracts are arranged to include community benefits clauses, including an assessment of workforce matters where relevant e.g.: the Living Wage
- **Environmental Sustainability** – Ensure that all relevant contracts are arranged to include environmentally sustainable procurement requirements
- **Contract and Supplier Management (CSM)** – Ensure we build strategic and effective relations with suppliers and providers to deliver the highest standards of service provision

- 4.5 Each of the above themes are supported by an Action Plan within the 2017 - 2020 Strategy. These actions will be monitored by the Council’s Procurement Board and an annual Procurement Report will be provided to the Executive on progress with these actions.

5. Procurement Strategy 2014-2017 Update

5.1 Over the past 3 years the Council's procurement activity has been successful in delivering a range of positive outcomes and improvements. In particular, the Procurement Strategy has provided the impetus and direction to deliver:

- Year on year improvement assessed via the national procurement capability assessment process. The Council has progressed from an assessed score of 24 in 2009 to 70 in 2016. The 2016 assessment places Falkirk Council in the top banding of high performing Councils
- c£4.5m of savings delivered to date, with a further c£1m anticipated going forward
- Support to Local Companies to access and compete for other Public Sector work, with Falkirk based companies securing c£110mpa of other local authority work
- Growth in collaborative procurement, with over £45m of Falkirk Council spend on goods and services sourced through collaborative contracting arrangements in 2015/16 i.e.: National and Scotland Excel contracts

5.2 The tables below summarises progress across the 2014-17 Strategy themes:

THEME	PROGRESS
Maintaining the highest standards of corporate governance through developing and implementing best practice procurement Structures and Systems .	<ul style="list-style-type: none"> • Internal Audit review of Corporate Procurement Unit completed, with substantial assurance; • Cross service category teams and category strategies established, reporting to the Council's Procurement Board. The category groupings align and group like spend areas to deliver consistent and efficient procurement practice; • Social Work Central Matching and Commissioning teams now managed by Corporate Procurement Unit; • Roll-out of e-procurement technology across the Council (>30 catalogues now in place); • Pilot use of the national electronic procurement system (Public Contracts Scotland – PCS) e-tender module, 6 contracts to date; • Corporate contract management procedure in place and being progressed via category teams; • Liaison with Police Scotland for the purpose of assisting with the prevention of organised crime influence in public procurement processes; • New Contact Standing Orders (CSO) approved in 2016; • Code of Conduct reviewed to strengthen links with CSO & Financial Regulations.

THEME	PROGRESS
<p>Embedding Sustainable procurement into all our activities and improving access to our contract, particularly for local businesses and SMEs</p>	<ul style="list-style-type: none"> • Continued monitoring to ensure legal & sustainable timber and paper used in all our contracts; • Continued commitment to the Supplier Development Programme reported in new Falkirk Economic Strategy; • Corporate Procurement Unit and Development Services attended various local and national Meet the Buyer events; • Over 150 employment and training opportunities delivered for local people; • Innovative approach taken to the use of Community Benefit clauses in relation to the Community Care Framework Agreement, where the Employment and Training Unit works with providers to tackle under employment and zero hour contracts; • The full adoption of guidance in relation to addressing fair work practices in our procurement processes i.e.: through the inclusion of a question on fair work practices, including payment of the Living Wage, to be evaluated along with other relevant criteria; • Government Buying Standards in relation to environmental sustainability incorporated into specifications, e.g. Framework Agreement for Cleaning Council Properties; • Over 45 local businesses attended Procurement Clinics with Procurement Advisers; • Standardised European Single Procurement Document incorporated into all tenders, to simplify tendering process; • Survey implemented to understand why bidders, who notify an interest in a tender, but do not submit a bid; • Payment of the Living Wage implemented for all externally commissioned adult social care services; • The use of small lots to contract with a number of SME's and local providers for I.T and catering services.

THEME	PROGRESS
<p>Maximising procurement Skills to support the delivery of quality front line services and collaborating with others to deliver Savings</p>	<ul style="list-style-type: none"> • Training delivered to over 40 officers on CSO & Financial Regulations as part of the Employee Bulletin Training; • Quick Quote Training delivered to over 300 officers as part of the Employee Bulletin Training; • Corporate Procurement Unit now has 10 members of staff accredited to Chartered Institute of Procurement & Supply; • 3 Officers in CPU completed CIPFA accredited course for Procurement & Commissioning; • Ongoing development of Procurement intranet site, including updated contracts register; additional Procurement Guides and supporting information in place for buyers; • Cost reduction savings of £4,500,000 achieved; • Over 95% participation in national collaborative contracts, e.g.: Scottish Government and Scotland Excel contracts; • Supported HR in a review of the use of Employment Agencies; • Procurement legislation workshop provided to officers across Council Services.

6. Consultation

- 6.1 The approach and content of the 2017-2020 Procurement Strategy was subject to consultation with Council services via the Council's Procurement Board.

7. Implications

Financial

- 7.1 There are no direct financial implications arising from the report.

Resources

- 7.2 There are no resource implications arising from the report.

Legal

- 7.3 Under the terms of section 15 of the Procurement Reform (Scotland) act 2014, there is a requirement to produce and publish an organisational procurement strategy by 31 December 2016. On publishing the strategy, contracting authorities must notify Scottish Ministers.

Risk

- 7.4 There is a risk of failing to comply with the legislation if the Strategy is not agreed and published by the deadline of 31 December 2016.

Equalities

- 7.5 An equality and poverty impact assessment is not required.

Sustainability/Environmental Impact

- 7.6 A sustainability assessment is not required.

8. Conclusions

- 8.1 An updated Procurement Strategy requires to be approved as a result of new guidance following from the Procurement Reform (Scotland) Act 2014. A 2017-2020 Procurement Strategy is attached in appendix 1, reflecting the content and format as set out in the 2014 Act.

Director of Corporate & Housing Services

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Date: 17 November 2016

Appendices

1. Procurement Strategy 2017-2020

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

None



FALKIRK COUNCIL

PROCUREMENT STRATEGY

2017 – 2020

CONTENTS

	<u>Page Number</u>
1. FOREWORD	3
2. PROCUREMENT VISION	4
3. CONTEXT	5-6
4. STRATEGIC AIMS, OBJECTIVES & KEY PRIORITIES	7-8
5. SPEND/ FINANCE	9-10
6. MONITORING, REVIEWING AND REPORTING ON THE STRATEGY	11-12
7. STRATEGY OWNERSHIP AND CONTACT DETAILS	13
8. POLICIES, TOOLS & PROCEDURES	14-16
9. RISK MANAGEMENT	17-18
10. APPENDICES	19-36

1. FOREWORD

Effective and efficient procurement positively supports the Council in achieving its priorities. This Procurement Strategy provides a clear and consistent framework to ensure that our procurement activities support all services to meet national priorities and Falkirk Council priorities, as set out in the Council's Corporate Plan. This includes our approach to matters such as environmental sustainability; social sustainability, including workforce matters and local economic/employment development.

This strategy provides a corporate vision, direction and focus for all procurement activities in Falkirk Council.

The strategy identifies the outcomes that we aim to achieve, explains how we will deliver these outcomes and sets out the main challenges that we will face across the next three years.

As with all public sector organisations, the Council is facing significant financial pressures and our procurement activity will be paramount in helping to shape service provision that has the greatest positive impact upon the citizens of Falkirk Council.

The strategy aims to build on the improvements delivered through previous strategies and on the existing procurement model already in place. It will therefore help to demonstrate best value, continuous improvement, sound performance management, partnership working, community benefits and sustainable development.

2. PROCUREMENT VISION

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

The adoption of commercially excellent procurement practice can significantly improve the quality of services the Council delivers to the people of Falkirk. 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 and this definition will be adopted by Falkirk Council. The balance of value for money will vary on a case-by-case basis. However, applying a key set of principles should maintain consistency and transparency in our procurement processes.

To ensure the strategy is a success and the highest standard of procurement performance is maintained, the Council is committed to increasing the scope and influence of its Corporate Procurement Unit (CPU). This commitment will continue to deliver new ways of working and establish stronger partnerships between the CPU and all service departments.

Communication of the strategy and gaining the full support of all services will be crucial to ensuring that the Council can improve its procurement activities. The strategy, therefore, sets out a procurement vision that reflects both corporate and service policies and priorities.

Procurement Vision

“To secure Best Value through professional, planned and sustainable procurement, which best meets the needs of our communities and supports the delivery of the Council’s Corporate Plan goals”.

3. CONTEXT

Over the period of the strategy the Council will be faced with very difficult decisions over reducing budgets, whilst at the same time rising to the challenge of protecting front line services. Using procurement strategically and accelerating procurement reform is essential if the Council is to achieve significant savings and improve service outcomes.

In the context of the reform of public finances and wider economic conditions, our local economy is also facing a range of challenges. It is therefore essential that over the period of the strategy, the Council through its procurement activity promotes and sustains local economic activity.

In this context the strategy shall:

- Provide a strategic and operational framework to ensure the Council achieves continuous improvement across all its procurement activity;
- Ensure procurement activities are aligned to the Council's corporate priorities and provide efficiencies to help the Council deliver front line services;
- Enhance compliance and achieve the highest standards of procurement performance; and
- Further extend collaboration with partners and suppliers.

We will know the strategy is working if we demonstrate that procurement is contributing to:

- Improved contracts resulting in improved services;
- Cashable savings that help protect front line services;
- Increased opportunities for SMEs and particularly local companies to bid for contracts;
- Standardisation of procedures to reduce legal challenges and to assist prospective tenderers;

- Increased efficiency in the ordering and payment of goods and services to suppliers and providers;
- Increased collaborative working between procurement and the voluntary and third sectors;
- The procurement of fairly and ethically traded goods and services;
- Compliance by contractors and sub-contractors with the Health and Safety and Work Act, etc 1974.

4. STRATEGIC AIMS, OBJECTIVES & KEY PRIORITIES

The aim of the Strategy is to ensure that the Council uses procurement strategically to deliver its Procurement Vision, support strategic priorities and sustain the delivery of high quality front line services.

To achieve this, the Strategy sets out a number of key procurement themes. These themes are structured to help ensure effective procurement across the whole organisation, so we can confidently deliver the Council's vision and strategic priorities.

The strategy document combines detailed proposals for reform with a flexible planning framework, within which further developments in procurement can evolve. This will enable the Council to respond to the changing public sector procurement environment and encourage continuous improvement and innovation.

By communicating the Council's vision for procurement, the strategy will provide a framework within which all procurement activity by the Council can be managed.

The following themes demonstrate the effective implementation of the Procurement Strategy and can be summarised as follows:

- **Governance** - Maintaining the highest standards of corporate governance through developing and implementing best practice procurement structures;
- **Systems** - Developing and implementing best practice procurement systems and processes;
- **Savings** - Ensuring that the savings can be achieved through effective procurement activity;
- **Skills** - Maximising procurement skills to support the delivery of quality front line services;
- **Accessibility** - Ensuring that contracts are structured in such a way as to assist wherever practical, local suppliers, micro, small and medium enterprises and the third sector to tender for council business;
- **Social Sustainability** - Ensuring that all relevant contracts are arranged to include community benefits clauses and, where relevant, an assessment of workforce matters, e.g.: the Living Wage;

- **Environmental Sustainability** - Ensuring that all relevant contracts are arranged to include environmentally sustainable procurement requirements;
- **Contract and Supplier Management (CSM)** – Ensure we build strategic and effective relations with key suppliers and providers to deliver the highest standards of service provision.

Appendix 1 details a range of actions and performance measures for each of the above themes.

Progress across all themes and actions will be reviewed and monitored by the Council's Procurement Board and will be reported annually via the Council's Annual Procurement Report.

5. SPEND / FINANCE

The Council purchases a wide variety of goods, services and works, ranging from the purchase of cleaning materials, to care services, to new build housing projects. The undernoted expenditure analysis is based on 2015/16 revenue and capital expenditure and includes Falkirk Community Trust.

2015/16 VOLUME & VALUE SUMMARY

	£'000	%
PROCUREMENT SPEND	207,683	71
NON-PROCUREMENT SPEND (e.g.: payments to statutory bodies and agencies; individuals and other forms of expenditure outwith CSO's and procurement regulations)	84,830	29
TOTAL	292,513	100

SPEND BY SERVICE	£'000	%
Corporate & Housing Services	28,863	14
Development Services	42,474	20
Social Work Services	58,960	28
Children's Services	46,750	23
Falkirk Community Trust	5,089	3
Multiple Services	25,547	12
TOTAL	207,683	100

CATEGORY OVERVIEW	£'000	%
Care Services	75,379	36
Construction & Maintenance	46,673	23
Professional Services	42,286	20
Transportation & Fleet	9,979	5
Utilities	7,990	4
Equipment, Materials & Supplies	12,099	6
Waste Services	6,984	3
Telecommunications & IT	6,293	3
TOTAL	207,683	100

SPEND BY SUPPLIER (SIZE)	£'000	%
Small (< 50 employees)	70,178	34
Medium (50 - 249 employees)	58,419	28
Large (250+ employees)	79,086	38
TOTAL	207,683	100

SPEND BY SUPPLIER (REGION)	£'000	%
Falkirk Council Area	44,747	22
Scotland	112,031	54
UK	50,905	24
TOTAL	207,683	100

Note: The above regional spend analysis is based on payee payment post-codes and a number of locally based providers and suppliers have payments made to headquarters based outwith the Council area and as such have not been included in the Falkirk Council area figures.

COLLABORATIVE SPEND	£'000	%
National Contracts (Category A)	47,767	23
Local Authority Sector Contracts (Category B)	12,461	6
Regional Contracts (Category C1)	4,154	2
Falkirk Council Contracts (Category C)	143,301	69
TOTAL	207,683	100

6. MONITORING, REVIEWING AND REPORTING ON THE STRATEGY

The Council's structure for procurement is led by a Procurement Board which is chaired by the Director of Corporate and Housing Services. The Board is attended by Chief Officers from all Council Services and facilitates the governance and steering of procurement activity within the Council. The operation of the Board is overseen by the Council's Corporate Management Team, with Member scrutiny via the Council's Executive. The procurement activities of the Council are supported by professional advice and assistance from the Council's Governance and Internal Audit divisions.

The Council's Head of Procurement & Housing Property is responsible for establishing the strategic framework and direction of procurement across the Council. In order to effectively discharge this responsibility, the Council operates a category management approach and is focused on 8 separate Category groups (see Appendix 2).

The core objectives of each category group are:

- To improve Value for Money by:
 - Achieving the most advantageous pricing for goods and services purchased & improving the quality of those goods and services;
 - Reducing the cost of purchasing and the time it takes;
 - Improving the management of contracts; and
 - Ensuring that procurement expertise is applied to Service needs.
- Developing efficient procurement procedures appropriate to the category;
- Creating effective partnerships with service providers;
- Delivering wide ranging and measureable benefits for the local economy;
- Expanding internal and external collaboration on contracts.

Engagement and consultation with relevant stakeholders is facilitated through a variety of methods including Care Provider Forums; Falkirk Business Panel; Procurement Clinics and various professional and trade organisations.

The Procurement Strategy objectives and actions will be monitored on a quarterly basis by the Procurement Board and delivery of the action plan will be subject to review by Internal Audit. Any significant changes will be reported to the Council's Executive, as part of the annual procurement reporting process.

Four core areas have been identified by the Procurement Board to measure procurement performance. These are:

- **Compliance** - % of influenceable spend covered by a procurement strategy, i.e.: either route 1 (Quick Quotes); routes 2/3 (Tendering) or a Public Social Partnership;
- **Contract Management** - % of influenceable spend covered by contract management processes;
- **E Procurement** – a) % of spend via e order
b) % of spend via e procurement catalogue
c) % of spend via Purchase Card;
- **Savings** – Value of savings realised via contractual, consumption or Service delivery changes.

7. STRATEGY OWNERSHIP & CONTACT DETAILS

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8. POLICIES, TOOLS AND PROCEDURES

Procurement of goods, services and works are regulated by the Council's Contract Standing Orders and Financial Regulations. In addition, a Corporate Procurement Manual and a range of procurement guides supports and directs compliant and effective procurement:

- [Guidance for Evaluators on the Evaluation Process](#)
- [Contract Management Procedure](#)
- [Demand Management](#)
- [Guide to Responsible Spending](#)
- [Integra Creditors and Purchasing Manual](#)
- [Procurement Journey Guidance](#)
- [Procurement Procedures](#)
- [Procurement Project Timetable Guide](#)
- [Purchasing Ordering in Integra Using Catalogues](#)
- [Quick Quote Purchasing Guide](#)
- [SOCG-Criminal Activity \(Tender insert\)](#)
- [Sustainable Procurement Guide](#)
- [Specification Writing Guidelines](#)
- [Supplier Pre Start Meeting Agenda Template](#)
- [Supplier Review Meeting Agenda Template](#)

The Council maintains a contract register detailing all contracts let. Links to the details of the contracts register are held on the Council's website, providing visibility of available contracts to all stakeholders.

<http://www.falkirk.gov.uk/services/council-democracy/policies-strategies/procurement/register.aspx>

The Council's Annual Procurement Report will provide visibility of all identified regulated procurement for the years 2017 to 2018 and 2018 to 2019. The first annual report will be published as soon as reasonably practicable after 31 March 2018.

Contract Standing Orders require the use of competition where the estimated value of the contract is above £50,000. In addition, Standing Orders recommend the use of Quick Quotes below £50,000.

As outlined above, there are 8 spend categories. The approach to market differs dependent upon the specific category. Details are set out in Appendix 3. The following procurement principles set out the overall direction and approach adopted in respect of each category.

The key principles in determining the appropriate procurement approach are:

- to use procurement as a strategic tool in effectively packaging the opportunities. This includes reviewing the current use of contract types;
- all procurement carried out must comply with the EC Treaty principles of equal treatment, non-discrimination and transparency and the requirements of European (EU), United Kingdom and Scottish legislation. Procurement activity will also be guided by applicable EU; UK and Scottish public procurement policy and guidance;
- to use procurement as a means of delivering both corporate and service objectives, e.g.: economic development; environmental sustainability and efficiency;
- to share procurement expertise from one major tendering project to another by maintaining a log of lessons learned via post procurement reviews;
- to ensure that the involvement of service users are built into the appropriate stages of the process in order that they are involved in identifying individual needs and the outcomes of services;
- recognising that equalities are a key factor in the procurement activity and the procurement approach will encompass equality, gender and disability and these are incorporated into the standard procurement templates;
- adopting an outcome/ output focused approach to the procurement of goods and services concentrating on service user needs and encouraging providers' expertise in offering innovative solutions wherever possible.

The importance of collaborative procurement is recognised and as such opportunities to maximise collaboration on a national, sectoral and regional level are embraced. Procurement will always consider as an option on any project, the opportunity to make use of government and local authority procurement consortia wherever appropriate and this approach is seen as beneficial in terms of obtaining better value, economies of scale and speed in procurement. However, this is only a part of the procurement possibilities and the Council reserves the right to contract directly itself or use any public authority consortia arrangements available to it, where Best Value is indicated through that route and approach.

The adoption and adherence to the principles set out in the Scottish Procurement Directorates “Procurement Journey” form the foundations of respective category strategies.

The Council’s Contract Management Guide sets a foundation for the implementation of a consistent approach to contract and supplier management across all service areas and categories, in order to drive value from new and existing contracts.

The Council’s Sustainable Procurement Guide identifies the following key areas:

- Environmental product sourcing and compliance;
- Economic stimulation;
- Employment and Training;
- Carbon reduction.

Sustainable procurement is a process whereby organisations meet their needs for goods, services and works in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation but also to society and the economy, whilst minimising damage to the environment.

Whilst achieving value for money, the Council is committed to supporting local businesses, promoting a mixed economy of service provision and working with small and medium sized enterprises (SME’s) to encourage them to compete for contract opportunities. Procurement plays a key role in achieving sustainability and as such will aim to build sustainability into each stage of the procurement cycle whilst achieving value for money.

9. 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 (i.e. 2017 –2020) and they 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 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 and procurement not supporting services respond to budget constraints.)
- 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 fully meet the e-procurement agenda 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).

To control all strategic risks, a detailed risk register has been agreed by the Procurement Board. The Procurement Board will formally review the register at least twice a year.

Operational risks are more often linked to individual contracting situations and include:

- Weaknesses in specific contract terms leading to contract failure;
- Failure to apply appropriate financial appraisal techniques, prior to contract award, leading to supplier failure;
- Breaching legislation through failing to advertise regulated procurement activity or through applying non-compliant award processes;
- Technological failures, relating to a reliance on single e-procurement system, disrupting the procurement of critical goods and services;
- The risk that a contract does not minimise its environmental impact in areas such as pollution, noise, energy efficiency and the use of unsustainable sources of wood for building and furniture;
- The risk that insurmountable failures or future lack of ability to satisfy contracts with key suppliers could jeopardise delivery of service.

These operational risks will be controlled through individual risk registers being established, for each contract, in compliance with the Procurement Journey templates and best practice examples. Furthermore, CPU will support the Corporate Risk Management team in establishing a register of Business Continuity Plans where overall spend with key suppliers is shown to be or is forecasted to be greater than £2m p.a.

Outcome 1: Governance

Purpose

To ensure that 100% of procurable spend is covered by a professional procurement process.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- **Guidance and procedures** updated to comply with public procurement legislation;
- **Category Strategies** and Action Plans implemented and updated;
- Progress against **Procurement Improvement Plan** (PIP) reported to Procurement Board and Corporate Management Team;
- **Categorise contracts** into Strategic, Bottleneck, Leverage and Routine;
- Develop **Risk Mitigation** Action Plans.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Number of Successful Legal Challenges	0	0
% of the Procurement Improvement Plan actions completed annually	80%	100%

Outcome 1: Governance

Action Plan

Action Plan				
Action Plan	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Guidance & Procedures	Review Contract Standing Orders and procurement documentation to reflect legislative changes	To adopt and implement the new Procurement Regulations	C.P.U / Governance	Active
Category Strategies	Category Strategies and Action Plans implemented and updated	Category Strategies & Action Plans aligned to Corporate Procurement Strategy	C.P.U	Active
Category Strategies	Meetings between the CPU and Services to discuss targets and progress towards their achievement	Establish positive working relationship with Services to help meet Corporate objectives	C.P.U / Services	Planned
Progress Against PIP	Procurement Improvement Plan progress is reported to Procurement Board (PB); CMT and Members via Annual Procurement Report	Completion of agreed Procurement objectives	P.B	Active
Categorise Contracts	Categorise contracts into Strategic, Bottleneck, Leverage and Routine	Segment supply base to target resource for maximum impact	C.P.U	Planned
Risk Mitigation	Develop Risk Mitigation Plans	Reduce risk to the Council and residents	C.P.U / Corporate Risk Co-ordinator	Planned

Outcome 2: Systems

Purpose

To ensure that Procurement activity conducted to the highest possible standard with no duplication.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- Develop and implement a **Procurement ICT Strategy**;
- **Savings/benefits** from implementing the ICT strategy are captured;
- Review and implement **Purchase to Pay processes** in line with best practice and legislation, e.g. e-Invoicing Directive;
- Maintain **stock management** in line with best practice guidance;
- Actions to reduce **off-contract spend**;
- Increase **Public Contracts Scotland e-tendering** coverage.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Off contract spend accounts for <4% of Procurement Spend	8%	2%
Invoices paid within 30 days	96%	97%
Number of tenders using Public Contracts Scotland e-tendering module	6	20

Outcome 2: Systems

Action Plan

Action Plan				
Action Plan Outcome 2	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
ICT Strategy	Develop and implement a Procurement ICT Strategy	Comply with legislation and best practice procurement systems	C.P.U	Planned
ICT Strategy	Savings/ benefits from implementing the ICT strategy are reported	Savings and benefits recorded	C.P.U	Planned
Purchase to Pay Processes	Review and implement purchase to pay processes in line with best practice and legislation, e.g. e-Invoicing Directive	Comply with legislation and best practice procurement systems	C.P.U / Finance	Planned
Off-Contract Spend	Systems developed to improve analysis at line item detail to reduce off-contract spend	Reduced off-contract spend	C.P.U / Finance	Planned
Public Contracts Scotland e-tendering	Increased use of e-tendering module	Comply with best practice procurement systems	C.P.U / Development Services	Planned

Outcome 3: Savings

Purpose

To ensure that collaborative opportunities will be maximised and deliver tangible and long lasting savings and benefits through procurement.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- Establishing and managing contracts to ensure delivery of **savings targets**;
- Identifying cashable **savings targets** for contracts and measure their delivery;
- Increasing use of **collaborative contracts** with other public sector organisations;
- Developing and implementing more efficient **order and invoice processing** techniques.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Savings Target	£1.2m	£2m
Value of spend through a collaborative contract	£64m	£75m

Outcome 3: Savings

Action Plan

Action Plan				
Action Plan	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Contract Cashable Savings	Ensure that all contracts have cashable savings targets and that actual figures are consistently measured and recorded	Meet savings targets	C.P.U	Active
Efficient Ordering and Invoicing	Implement more efficient ordering and invoicing techniques to encourage better payment performance for invoices and reduce the costs to the authority and its suppliers from the purchase to pay process	Increased ordering and invoicing performance	Finance	Active
Increase Contract Collaboration	Increase the number of contract collaboration opportunities with other public sector organisations	Increased use of collaborative contracts where Best Value can be delivered	C.P.U	Active

Outcome 4: Skills

Purpose

Maximise procurement skills to support the delivery of quality front line services.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- Implement a Council wide procurement **training strategy**;
- **Resource Planning** Tool is utilised;
- Personal Development Plans for procurement staff conducted in line with national **Procurement Competency Framework**;
- **Workforce Plan** developed for Procurement & Commissioning division.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Number of Officers completed CSO & Financial Regulations Training	45	150
Number of Officers completed Quick Quote Training	300	500

Outcome 4: Skills

Action Plan

Action Plan				
Action Plan Outcome 4	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Training Strategy	Implement a Council wide Procurement Training Strategy	Comply with Procurement legislation and best practice guidance	C.P.U	Planned
Resource Planning	Utilise a Resource Planning Tool	Effective targeting of resource	C.P.U	Planned
Personal Development Plan	Personal Development Plans conducted in line with national Procurement Competency Framework	Improved Skills & Performance	C.P.U	Planned
Workforce Planning	Implement Workforce Plan for Procurement & Commissioning Division	Maintain skills, retain staff and implement best practice methods of working	P.B	Planned

Outcome 5: Accessibility

Purpose

Council contracts are accessible and SMEs and the third sector are increasingly doing business with us.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- Promote tender opportunities to **support SME's**, voluntary organisations and the third sector;
- Develop a local **construction forum** and social **care partnership forum** to share ideas, issues and best practice;
- Be an active member of the **Supplier Development Programme** and deliver training to local SMEs;
- Ensure a fair representation of **local companies** are invited for quick quotes and monitor the success rate of this policy.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Small lots with SMEs	4	8
Local Companies attending Procurement clinics	20	40
Contracts with supported Businesses	2	4

Outcome 5: Accessibility

Action Plan

Action Plan				
Action Plan Outcome 5	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Promote Tenders	Promote tender opportunities to support SMEs, voluntary organisations and the third sector	Comply with legislation and best practice procurement	C.P.U/ Services	Active
Construction Forum	Develop a local construction forum to shares ideas, issues and best practice	Comply with legislation and best practice procurement	C.P.U / Development Services	Planned
Social Care Forum	Develop a local Social Care Forum to shares ideas, issues and best practice	Comply with legislation and best practice procurement	C.P.U / IJB	Planned
Supplier Development Programme	Be an active member of the Supplier Development Programme and deliver training to local SMEs / Third Sector Organisations	Comply with legislation and best practice procurement	C.P.U	Active
Quick Quotes	Ensure a fair representation of local SMEs / Third Sector Organisations invited for low value quotes and monitor success rate	Comply with legislation and best practice procurement	C.P.U / Development Services	Active

Outcome 6: Social Sustainability

Purpose

To ensure that all relevant contracts include community benefits clauses and conduct an assessment of workforce matters including the payment of the Living Wage.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- The inclusion of **Community Benefit Clauses** (CBCs) is assessed through the development of the Category Strategy for all contracts above £50,000;
- Report on the **outcomes** from the inclusion of CBCs to the Procurement Board;
- The inclusion of **workforce matters** as an evaluation criterion is assessed through the development of the Category Strategy for all contracts above £50,000;
- Promote the payment of the **living wage**.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Number of relevant Contracts with Community Benefit Clauses	100%	100%
Employment & Training Outcomes from CB Clauses	45	80
Maintenance of Falkirk Council Living Wage accreditation through our supply base	100%	100%

Outcome 6: Social Sustainability

Action Plan

Action Plan				
Action Plan Outcome 6	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Community Benefits	The inclusion of Community Benefit Clauses (CBCs) is assessed through the development of the Category Strategy for all contracts above £50,000	Comply with legislation and best practice procurement	C.P.U	Active
Outcomes Reported	Report on the outcomes from the inclusion of CBCs to the Procurement Board	Outcomes and benefits recorded	C.P.U	Planned
Workforce Matters	The inclusion of Workforce Matters as an evaluation criterion is assessed through the development of the Category Strategy for all contracts above £50,000	Comply with best practice procurement	C.P.U	Active
Living Wage	Promote the payment of the Living Wage	Maintain Living Wage Accreditation	C.P.U	Active

Outcome 7: Environmental Sustainability

Purpose

Procurement contributes fully to the Council's sustainability and carbon reduction plans.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- Achieve Level 4 of the **Flexible Framework Assessment** by the end of 2020;
- Embed the principles and practices of the **Sustainable Procurement Guide** across the Council, including focus on developing the Local Economy;
- **Sustainability Test** is applied as part of the development of the Category Strategy for all contracts above £50,000;
- **Life Cycle** Mapping Tool is used as part of the development of the Category Strategy for all relevant contracts;
- **Whole Life Costing** Tool is developed and implemented for all relevant contracts.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
Achieve Level 4 of the Flexible Framework Assessment by the end of 2020.	Level 1	Level 4
Number of relevant contracts with Sustainability clauses.	Not Measured	100%

Outcome 7: Environmental Sustainability

Action Plan

Action Plan				
Action Plan Outcome 7	Description	Planned Outcome	Owner	Status (Planned, Active, Complete)
Flexible Framework	Develop Action Plan to achieve Level 4 by the end of 2020 and report progress to the Procurement Board	Comply with legislation and best practice procurement	C.P.U	Planned
Sustainable Procurement Guides	Embed the principles and practices of the Sustainable Procurement Guides across the Council	Comply with legislation and best practice procurement	C.P.U	Active
Sustainability Test	Sustainability Test is applied as part of the development of the Category Strategy for all contracts above £50,000	Comply with legislation and best practice procurement	C.P.U	Active
Life Cycle Mapping	The Life Cycle Mapping Tool is used as part of the development of the Category Strategy for all relevant contracts	Comply with legislation and best practice procurement	C.P.U	Active
Whole Life Costing	Whole Life Costing Tool is developed and implemented for all relevant contracts	Comply with legislation and best practice procurement	C.P.U	Active

Outcome 8: Contract & Supplier Management

Purpose

Ensure we achieve the savings and benefits identified within the Category Strategy and build strategic relationships with key suppliers.

Activities

The main activities that will be undertaken in 2017/20 to achieve this priority outcome are:

- **Specifications** being reviewed periodically throughout the life of contract;
- Customer and Supplier Management (**CSM**) leads to selection and/or award criteria development;
- Develop Key **Supplier Record** to include status and performance against specific joint initiatives;
- Benefits resulting from supplier development recorded – **Benefits Tracker**;
- Record benefits realisation of **demand management** ;
- Record benefits realisation of **market analysis**.

Performance

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

Performance Indicator Name	2016 Performance	2020 Target
% of influenceable spend covered by a procurement strategy	92%	>95%
% of influenceable spend recorded in the contracts register	92%	98%

Outcome 8: Contract & Supplier Management

Action Plan

Action Plan				
Action Plan Outcome 8	Description	Planned Outcome	Owner Start End	Status (Planned, Active, Complete)
Specifications	Specifications reviews are completed throughout the life of contract	Ensure Best Value across the council for all procurement requirements	C.P.U	Active
Selection / Award	Contract and Supplier Management feeds into the development of future selection and/or award criteria	Ensure Best Value across the council for all procurement requirements	C.P.U	Active
Key Supplier Record	Develop Key Supplier Record to include status and performance against specific joint initiatives	Ensure Best Value across the council for all procurement requirements	C.P.U	Planned
Benefits Tracker	Benefits resulting from supplier development recorded.	Ensure Best Value across the council for all procurement requirements	C.P.U	Planned
Demand Management	Record benefits realisation of demand management	Ensure Best Value across the council for all procurement requirements	C.P.U	Planned
Market Analysis	Record benefits realisation of market analysis	Ensure Best Value across the council for all procurement requirements	C.P.U	Active

COUNCIL PROCUREMENT STRUCTURE

PROCUREMENT STRUCTURE

PROCUREMENT BOARD

CATEGORY GROUPS

**WASTE
SERVICES**

- Processing and Disposal of Domestic Waste
- Waste Collection Services (primarily carried out by In-House operation)
- Waste Collection Containers
- Disposal of Commercial Waste Arising from Council Operations

**Est. Annual Value
£7m**

**TRANSPORT
&
FLEET**

- Education & Social Work Transport
- Purchase of Vehicles & Plant
- Hire of Vehicles & Plant
- Vehicle Maintenance and Supplies
- Vehicle Fuel

**Est. Annual Value
£10m**

**EQUIPMENT
&
MATERIALS**

- Catering Provisions
- Cleaning Materials & Equipment
- Occupational Therapy Equipment
- Stationery & Office Supplies
- Educational Materials
- Library Books
- PPE
- Postal & Mail Service

**Est. Annual Value
£12m**

**CONSTRUCTION
&
MAINTENANCE**

- Maintenance & Improvements to Council Houses
- New Builds of Council Housing
- Property Maintenance & Improvements to Operational Properties
- Roads & Infrastructure Maintenance & Improvements

**Est. Annual Value
£47m**

CARE

- Care & Support and Community Care
- Day Care
- Children's Services
- Other Support Services
- Residential Care
- Housing and Homelessness Support

**Est. Annual Value
£75m**

**TELECOMMS
&
IT**

- Fixed and Mobile Telephony Services
- Network Cabling
- System Software Licencing and Maintenance
- IT Hardware, including PC's, Servers, Audio Visual Equipment
- Multi-Functional Printing Devices
- IT Consumables

**Est. Annual Value
£6m**

**PROFESSIONAL
SERVICES**

- Secondary Schools and Associated FM Services
- Pension Fund/ Insurances / Financial / Legal & Other Professional Services
- Agency & Temporary Staff
- CCTV Monitoring Services
- Occupational Health Services
- Employee Benefits Scheme

**Est. Annual Value
£42m**

UTILITIES

- Supply of Energy (Gas & Electricity) to Council Operational Properties;
- Supply of Energy (Gas & Electricity) to Council Houses (Voids & Temporary Accommodation)

**Est. Annual Value
£8m**

CATEGORY STRATEGIES

The table below outlines the respective approaches to market undertaken in regards to the Council's spend categories.

CATEGORY	STRATEGY
CARE SERVICES	<ul style="list-style-type: none"> • A combination of Framework Agreements and sole supply term agreements; • Use of block funding and Public Social Partnerships; • Use of collaborative opportunities where available e.g.: National Care Home Contract.
CONSTRUCTION & MAINTENANCE	<ul style="list-style-type: none"> • Primarily procured by Development Services in line with JTC construction procurement guidance; • Bespoke individual project contracts; • A combination of Framework Agreements; sole supply term agreements and individual project quick quotes, used primarily in relation to maintenance works; • Limited collaboration, although recognised as a developing area; • Community Benefit clauses adopted where appropriate.
PROFESSIONAL SERVICES	<ul style="list-style-type: none"> • A combination of Framework Agreements and sole supply term agreements; • Reserved contract used (CCTV Services).
TRANSPORTATION & FLEET	<ul style="list-style-type: none"> • Extensive use of collaborative opportunities where available; • A combination of Framework Agreements and sole supply term agreements.
UTILITIES	<ul style="list-style-type: none"> • Extensive use of collaborative opportunities where available.
EQUIPMENT, MATERIALS & SUPPLIES	<ul style="list-style-type: none"> • A combination of Framework Agreements and sole supply term agreements; • Extensive use of collaborative opportunities where available.
WASTE SERVICES	<ul style="list-style-type: none"> • A combination of Framework Agreements and sole supply term agreements; • Use of collaborative opportunities where available.
TELECOM & IT	<ul style="list-style-type: none"> • A combination of Framework Agreements and sole supply term agreements; • Extensive use of collaborative opportunities where available.