

ARGYLL AND BUTE COUNCIL



PROCUREMENT & COMMISSIONING  
STRATEGY

2016/17-2017/18

v0.2

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## Section 2 – Introduction

- 1.1. The launch of the Council's new Procurement and Commissioning Strategy is a good opportunity to look back at the progress made so far in the Council's procurement journey and also to look ahead to the challenging times which we face. These challenges include demographic changes, increasing service user expectations, environmental and social challenges and the need to deliver significant efficiency savings of between £21.7 and £26 million over the next 5 years.
- 1.2. These challenges can only be met through partnership working – by services working closer together, in particular by Procurement and Commissioning supporting services with their Service Choices programme to deliver their required savings, through better engagement with communities and the supplier market, as well as working with our strategic partners, such as our Community Planning Partners.
- 1.3. In particular the new Integrated Joint Board will require our ongoing support to provide procurement and commissioning services to it.
- 1.4. This strategy sets out a framework, which is designed to enable the Council to continue on its journey of change and innovation through:
  - Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
  - Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
  - Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
  - Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
  - Working cooperatively in everything we do to support SMEs and the third sector.
  - Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.
- 1.5. This procurement strategy has been prepared in response to the changing procurement agenda and the current financial climate. The strategy sets out the procurement aims and goals of the Council for the remainder of 2016/17 and for 2017/18; thereafter the strategy will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities.
- 1.6. The strategy is aimed at ensuring the Council procures the goods, services and works it needs in the most economically advantageous manner. This recognises the importance of a procurement strategy towards meeting the Council's statutory duty of best value.
- 1.7. Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The strategy aims to help

remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council. The Procurement and Commissioning Team has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

### **Purpose of the strategy**

- 1.8. The purpose of this Strategy is to set out how the Council will direct its external expenditure on goods, services and works over the next three years.

## Section 3 – Procurement Vision & Principles

### Our vision

To provide best value to the Council from all procurement and commissioning activities;

To embed commercial excellence, by improving commercial decision making throughout the organisation, ensuring that our services always deliver Best Value;

To be recognised as having leading commercial, procurement and commissioning practices and skills delivering outstanding outcomes;

To have the citizens of Argyll and Bute and service users at the heart of what we do.

### Procurement Principles

These are the basic tenets of how the Council intends to conduct its procurement.

Nine procurement principles have been identified as follows:

1. Procurement should be a viable tool in the promotion of the Council's Goals and Values and in delivering the aims and objectives contained within the Corporate Plan and Single Outcome Agreement.
2. Procurement will be carried out under the terms of the Council's Standing Orders and will be guided by the detailed procedures for purchasing developed by the Council via the Procurement Manual.
3. Procurement should be carried out in line with current legislation to deliver competition, sustainability, equal opportunities and ultimately best value for the Council. The process will be transparent and allow accountability.
4. Best Value will be achieved by obtaining Most Economically Advantageous Tender, taking into account full life costs and non – financial aspects of the purchase. Purchasing will be driven by desired outputs and results, including acceptable health and safety performance.
5. Suppliers should be able to meet the current and future needs of the Council and in arranging procurement; the needs of the local economy should be taken into account, as permitted by existing legislation and always in pursuit of best value.
6. Officers managing major contracts should be capable through qualification and experience, or have access to professional guidance, to be able to ensure the sound management and monitoring of contracts. The Council will put in place a training programme for all staff required to undertake procurement duties. Staff completing this programme will become “authorised to procure.”

7. The procurement function should be carried out in an effective but streamlined manner, which delivers added value without duplication of effort.
8. Where a local or national contract is in place for a commodity this will be used in all but exceptional circumstances
9. Suppliers and contractors to the Council are part of the resources of the Council and are not adversaries but partners in the delivery of services for the citizens of Argyll and Bute. The Council will work to encourage continued participation in contracts by high quality suppliers.

## Section 4 – Strategy Rationale/Context

### Where we are now – review of previous activity

- 4.1 Argyll and Bute Council seeks to embed a culture of Commercial Excellence throughout the organisation.
- 4.2 To date, the Council has made good progress in procurement activity in support of key targets set out in the previous strategies including:
- Between 2012-16, procurement activity resulted in significant procurement savings in excess of £10.6m being delivered;
  - The independent Procurement Capability Assessment, now revised and known as Procurement and Commercial Improvement Programme, carried out by Scotland Excel on behalf of the Scottish Government recognises the incremental improvements made by the Council with regard to procurement and commercial capabilities and standards, the Council achieved “Improved Performance” status in the national Procurement Capability Assessment, achieving 72% score in 2014/15. With the introduction of PCIP in 2016 the Council achieved F1 banding, the highest banding given in this new assessment;
  - The development of the capability and capacity of the Council’s Procurement and Commissioning Team to enable a greater focus on strategic procurement and being a trusted commercial partner to service areas. Commodity Strategies are now in place for all Services. Services engage with Procurement and Commissioning and have designated Purchasing Officers to support their procurement activity. This good practice which is evidenced in our PCA score, was highlighted in the Audit Scotland report on “Procurement in Councils” of April 2014. The Report made recommendations for all councils and this strategy seeks to address the recommendations raised by this report;
  - The Council has developed an updated Procurement Manual which is in line with the Scottish Government’s Procurement Journey and Best Practice to ensure that there is a consistently high standard achieved in every procurement process;
  - Successfully supported the delivery of projects that meet the Council’s corporate aims and objectives as identified in our Strategic Plan such as the CHORD and TIF projects, regeneration projects and delivery of Care at home services;
  - Made good progress in responding to the complex national and regional public sector procurement reform agenda. This includes introducing community benefits in all appropriate contracts over £100k for supplies and services and over £500k for works, and with the introduction of the Client-Based Approach to Community Benefits for works contracts over £1m, which is well below the threshold of £4m set out in The Procurement Reform (Scotland) Act 2014. We have also brought in the vendor rating system for capital works Quick Quotes and increased our existing threshold for capital works Quick Quotes from £350k to £2m to ensure local suppliers are

able to bid for these contracts;

- Embedded the Category Management approach to procurement across all Services and facilitated good procurement practice across the Council;
- Provided relevant training and development in line with national competency levels, with 6 staff within the Procurement and Commissioning Team now having gained their MCIPS qualification;
- Upheld the Council's commitment to the Supplier Charter. The Team directs suppliers to the Single Point of Enquiry if they are concerned about the procurement process they were involved in. Between 2012-16 the Single Point of Enquiry dealt with 8 enquiries relating to council procurements;
- Embedded Sustainability into the procurement process.



## Section 5 – Strategic Aims & Key Priorities

### Our strategic aims

We aim to:

1. Provide a value for money procurement service that delivers financial savings
2. Provide a quality service which delivers quality outcomes to the citizens of Argyll and Bute
3. Procure goods, services and works in a lawful and ethical manner which encourages participation, collaboration & sustainable economic growth
4. Continue to improve the Council's procurement performance which will be assessed by Scotland Excel through the Procurement and Commercial Improvement Programme assessment.
5. Secure the ongoing commitment of internal stakeholders to implement the strategy.
6. Ensure the procurement strategy is aligned with the Council's corporate priorities

### Our key priorities are:

#### a. Improve procurement processes and policies

We will do this by:

- Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible, especially to minority groups and groups with protected characteristics;
  - Through the use of a Vendor Rating System to select distribution lists for capital works Quick Quotes, ensuring that where possible local suppliers are included within distribution lists;
  - Through the increase of the limit for works Quick Quotes to £2m, to increase opportunities for SMEs and local businesses;
  - Through including a mandatory sub-contracting clause in tenders where relevant and proportionate;
  - Through consideration of local advertising of contract opportunities, where appropriate, as well as continuing to encourage local business and SMEs to register with the Public Contracts Scotland website;
  - Through ensuring that standard templates are available, or obtainable, on request in alternative formats e.g. dyslexia-friendly.
- Reducing bureaucracy – making the tender process standard, simple, transparent and ensuring consistency in procurement decision making;
- Ensuring the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with

protected characteristics under the Equality Act 2010;

- Improving contract and supplier relationship management across the Council to ensure that we are getting the most value and innovation from our contractual relationships while maintaining appropriate standards;
- Protecting public spending – ensuring tax payers money is spent properly, ensuring integrity and accountability:
  - Ensuring that procurements are carried out in a manner that will limit opportunities for anyone involved in serious organised crime activities from being awarded public sector contracts and cooperating with other agencies to secure this objective;
- Introducing regular reporting of procurement performance and compliance;
- Categorise areas of spend to ensure we get the best balance of quality and price for our purchases;
- Working collaboratively with other public sector organisations, ensuring that our partner organisations are committed to equality of opportunity for all sectors of society, and that their commitments reflect the Council's Public Sector Equality Duty and its general equality duty;
- Ensuring that there are standard templates in place for all procurement and contracting documentation and ensure that these are regularly reviewed in line with new legislation and best practice;
- Reviewing and improving our Purchase to Pay (P2P) processes with due consideration for local and national ICT Strategy requirements, existing budget constraints and the need to ensure best value, whilst reducing purchase to pay costs. The aim is to strengthen controls, increase efficiency and provide useful and up-to-date management information;
- We will access national contracts and framework agreements where appropriate and arrange contracts and frameworks for local requirements as needed;
- We will ensure that the potential for collaborating with NHS Highland is considered from the earliest stage in every procurement process;
- We will report on Argyll and Bute Council's progress using the Scottish Government's Best Practice Indicators for procurement.

**b. Increase expertise, capacity and effectiveness**

We will do this by:

- Developing and professionalising contract and supplier management practices and improving commercial awareness across the Council;
- Developing staff in Procurement and Commissioning through training,

secondments and mentoring;

- Developing relationships with staff within NHS Highland to increase the potential for collaborative working that will benefit both organisations.
- c. Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance**

We will do this as outlined in the following statements with reference to Section 15(5) of the Procurement Reform (Scotland) Act 2014:

- Ensuring that the Council's regulated procurements will deliver value for money, by applying the following key set of principles:
  - Working together with our Partners to identify opportunities and continuing to challenge the status quo;
  - Ensuring that all opportunities are thoroughly considered and all implications of change in service areas are fully appraised;
  - Increasing our collaboration with other organisations;
  - Developing contract plans of future procurement projects to improve our services.
  - Maintaining consistency and transparency in our procurement processes;
  - Considering where appropriate the whole-life cost of what is being procured and when applying the principle of value for money, ensure that we do so in a clear, transparent and proportionate manner.
- Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner, at each stage of the procurement process, from initial sourcing strategy creation, communications throughout and contract award, by:
  - Using electronic communications for all procurement activity, specifically the use of PCS and PCST for tendering, while providing alternative communications methods for those with challenges, disabilities, alternative languages or limited access to sophisticated technology, if requested;
  - Ensuring open public and market engagement through the use of PINs and FCOs, and any realistic alternative channels, where appropriate;
  - Using clear and precise language to ensure a common understanding of the requirements, including references to EU and British standards where appropriate;
  - Utilising Council thresholds to ensure proportionality regarding the appropriate type of procurement process:
    - i.e. the threshold for works Quick Quotes at £2m, and the minimum thresholds for inclusion of Community Benefits Clauses in tenders at £100k for supplies and services and £500k for works.
- Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the

payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor, by:

- Including the standard contract clause in our procurement contracts;
  - Ensuring effective contract management and monitoring is undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract. We will, where relevant, take any necessary steps to rectify any prompt payment issues experienced;
  - We will include a clause regarding the prompt payment of sub-contractors within our contracts.
- Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes, by:
    - Considering the Council's approach to procurement and commissioning in the context of the wide range of joint plans and strategies developed and to be developed internally and externally, with other local authorities and partners in the independent sector:
      - Argyll and Bute Council's Corporate Plan and the 4 main objectives which are critical to achieving the shared vision of "realising our potential together":
        - Working together to improve the potential of our people
        - Working together to improve the potential of our communities
        - Working together to improve the potential of our area
        - Working together to improve the potential of our organisation
      - Single Outcome Agreement
      - Relevant Scottish Government National Outcomes
      - Scottish Procurement and Commercial Directorate's Policy Manual
    - Utilising effective and relevant consultation when developing and aligning our procurement strategy with our functions, purposes and the National Outcomes, as detailed in Section 8;
    - Promoting effective contract and supplier management to monitor the effectiveness of regulated procurements;
    - Assisting the Council to achieve best value in all procurements;
    - Considering community and stakeholder consultation during procurement exercises where relevant and proportionate;
    - Promoting and supporting the Council's Public Sector Equality Duty and general equality duty in all procurement activity.
- Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements, as follows:
    - We will contribute towards improving the social wellbeing element, in particular reducing inequality in Argyll and Bute, of our sustainable procurement duty by promoting the Living Wage and fair work practices;
    - The Council currently pays all employees the living wage, and would look to becoming a Living Wage Accredited Employer in the future;

- Consider at the sourcing strategy stage of individual procurements whether it is relevant to address living wage and fair work practices;
  - This living wage policy will be approached in regulated procurements in a way which takes account of other relevant factors, while ensuring an appropriate balance between quality and cost – by including the standard fair work practices question within tender documents, as an element of the overall Quality/Technical score;
  - We will ensure a proportionate approach, based on the nature, scope, size and place of the performance of the contract, based on the guidance within the Procurement Manual and the relevant route as per the Procurement Journey.
- Ensuring that the Council’s regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination by, where relevant and proportionate, considering:
    - Early market engagement prior to the publication of a contract notice on Public Contracts Scotland (PCS);
    - Using clear and precise language preventing broad interpretation;
    - Offering alternative language formats e.g. dyslexia-friendly, ethnic languages if requested;
    - Considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots.
- Complying with the Council’s Sustainable Procurement Policy (Appendix 4) in relation to the use of community benefit requirements, as follows:
    - We will make use of Community Benefits Clauses in contracts where appropriate:
      - Argyll and Bute Council’s procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000;
      - Full guidance is available to the members of the procurement team in relation to the implementation of these community benefit requirements, and standard template documents include reference to community benefits at all stages of the procurement process – from Sourcing Strategy, to ITTs, to contract management documents.
    - The aims and objectives of the Council’s use of community benefit requirements are to increase the social, economic and environmental benefits delivered through the Council’s contracts.
    - There are various types of community benefits that the Council hopes to achieve, depending on the nature of the specific contract. These include training and recruitment, educational initiatives and community enhancement projects, in addition to any other benefits that specific contracts may be able to achieve – these can be established through engagement and consultation with relevant stakeholders for individual contracts.
    - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council’s objectives and shall report to the Council’s Procurement Board in this respect on a quarterly basis.

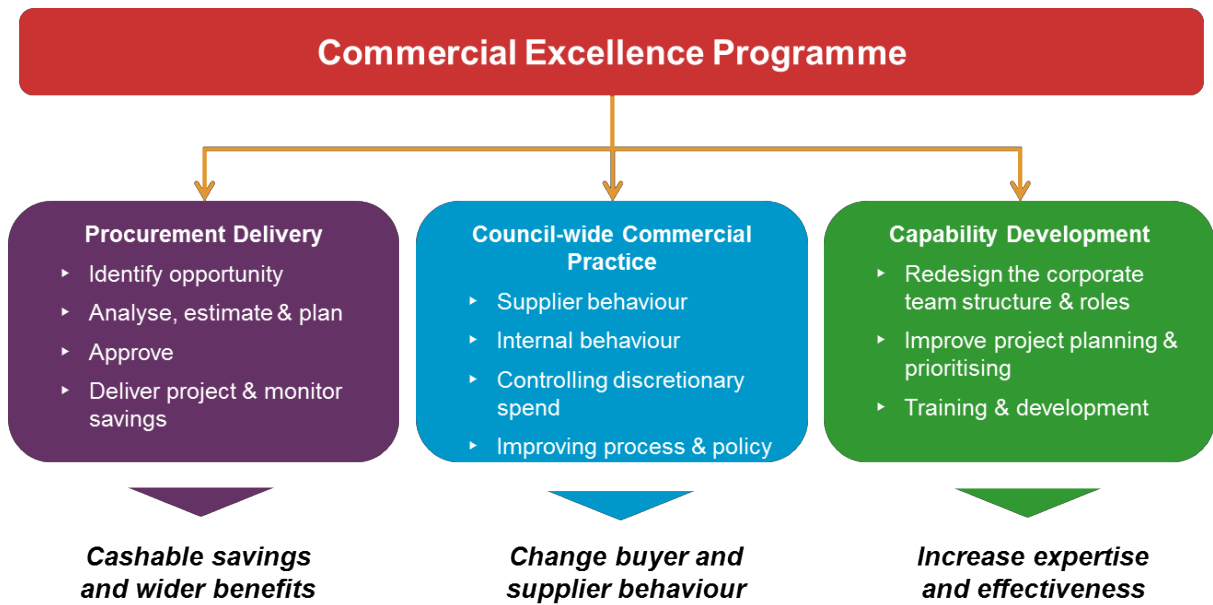
- Complying with the Council's Corporate Health and Safety Policy ([https://www.argyll-bute.gov.uk/sites/default/files/corporate\\_health\\_and\\_safety\\_policy.pdf](https://www.argyll-bute.gov.uk/sites/default/files/corporate_health_and_safety_policy.pdf)) on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act, as follows:
  - We will assess the potential health and safety risks arising from a particular contract and will monitor contracts to ensure compliance with health and safety requirements, including how an economic operator demonstrates compliance, throughout the procurement process:
    - Through the inclusion of health and safety specific questions within our sourcing strategies;
    - Through the inclusion of health and safety requirements within ESPDs/ITTs;
    - Through the participation of the Council's Health and Safety team in the evaluation process;
    - Through the inclusion of health and safety elements within contract management, whether our internal process is followed or the standard process as per specific contract terms;
  - Our requirements for individual contracts will be relevant, proportionate and not overly burdensome, meeting current legislation as a minimum;
    - For works contracts the requirements of the Construction (Design and Management) Regulations 2015 will be complied with.
  
- Complying with the Council's Sustainable Procurement Policy (Appendix 4) in relation to the procurement of fairly and ethically traded goods and services, as follows:
  - As stated in the Council's Sustainable Procurement Policy, we will appoint a Council Representative for Argyll and Bute Fair Trade; and we will continue to promote fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products;
  - We will implement this policy in our regulated procurement activity through consideration of the relevance at the sourcing strategy stage of individual procurements;
  - We will consider the wider implications of our procurement activity and how, by including fair and ethical requirements, we can promote fairness, dignity and the rights of workers and producers in local and international trading;
  - The use of Whole Life Costing methods are considered within our Sourcing Strategies, and encouraged where relevant and proportionate to the contract;
  - The inclusion of our standard clause within tender documents relating to the performance of the contract to ensure that the successful tenderer complies with environmental, social and employment law, and the Equality Act 2010;

- The inclusion of sub-contracting clauses and the use of national frameworks where possible in order to receive assurances of fair and ethical practices in supply chains;
  - Where appropriate, we will require that goods, works or services we are procuring have been given a label certifying that they meet specific environmental, social or other characteristics where these are directly relevant. We will accept all labels of equivalent standards as well as a bid from a tenderer that can demonstrate it meets the specified criteria without certification.
- Complying with the statutory requirements on how it intends its approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare, by considering national guidance:
    - [Better Eating, Better Learning](http://www.gov.scot/Publications/2014/03/1606)  
(http://www.gov.scot/Publications/2014/03/1606)
    - [Beyond the School Gate](http://www.gov.scot/Publications/2014/05/4143)  
(http://www.gov.scot/Publications/2014/05/4143)
    - [Soil Association Food for Life Catering Mark](https://www.soilassociation.org/certification/the-food-for-life-catering-mark/business-support-for-award-holders/standards/bronze-standards/)  
(https://www.soilassociation.org/certification/the-food-for-life-catering-mark/business-support-for-award-holders/standards/bronze-standards/)
    - [Catering for Change: Buying Food Sustainably in the Public Sector](http://www.gov.scot/Publications/2011/01/12154555/0)  
(http://www.gov.scot/Publications/2011/01/12154555/0)
    - [Becoming a Good Food Nation](http://www.gov.scot/Topics/Business-Industry/Food-Industry/GoodFoodNation)  
(http://www.gov.scot/Topics/Business-Industry/Food-Industry/GoodFoodNation)
- Following the Council's normal practice on consulting and engaging with those affected by its individual procurements, as follows:
    - Where appropriate and proportional, we will carry out consultations with relevant stakeholder groups, including community representatives and public service users or user groups where they could be affected by the procurement;
    - We will consider the National Standards for Community Engagement when consulting and engaging with stakeholders:
      - Involvement: we will identify and involve the people and organisations who have an interest in the focus of the engagement
      - Support: we will identify and overcome any barriers to involvement
      - Planning: we will gather evidence of the needs and available resources and use this evidence to agree the purpose, scope and timescale of the engagement and the actions to be taken
      - Methods: we will agree and use methods of engagement that are fit for purpose, including a consideration of alternative methods to support engagement by those with special needs, e.g. dyslexia, disabilities, language barriers

- Working Together: We will agree and use clear procedures that enable the participants to work with one another effectively and efficiently
  - Sharing Information: we will ensure that necessary information is communicated between the participants
  - Working with Others: we will work effectively with others with an interest in the engagement
  - Improvement: we will develop actively the skills, knowledge and confidence of all the participants
  - Feedback: we will feed back the results of the engagement to the wider community and agencies affected
  - Monitoring and Evaluation: we will monitor and evaluate whether the engagement achieves its purposes and meets the national standards for community engagement
- We will consult and engage with those affected by our procurements at the sourcing strategy stage, when UIG members determine the key stakeholders for the procurement; and the outcomes of the consultation will be used to implement our overarching procurement policy.
- Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty, by:
  - Embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises – from the initial sourcing strategy, to tender documents, through to contract management;
  - Considering how individual procurement exercises can assist the Council to improve the economic, social, and environmental wellbeing of Argyll and Bute;
  - Facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in the procurement process – through holding targeted and accessible supplier events where appropriate, promoting the Supplier Development Programme and Business Gateway, and through ensuring that a minimum of 2 orders are placed with supported businesses annually;
  - Promoting innovation, by involving both procurement and departmental staff in discussions regarding innovation at the sourcing strategy stage of individual procurement exercises, where appropriate.



5.4 This links to the Commercial Excellence Programme as follows:



5.6 Appendix 1 sets out key performance indicators by which we will measure the success of the procurement strategy. An action plan to deliver the strategy is attached at Appendix 2.

## Section 6 – Spend/Finance

- 6.1. The Council's total spend in 2015/16 was £131 million. Of this, £117million was deemed to be influenceable spend, of which 89% was contracted.
- 6.2. The following table shows spend by category, sorted by value. The classification system used is Proclass Level 1, appended by the Scottish Procurement Information Hub, where this could be determined for the suppliers included within the data.

**Table 1: Spend by Proclass Level 1 for 2015/16**

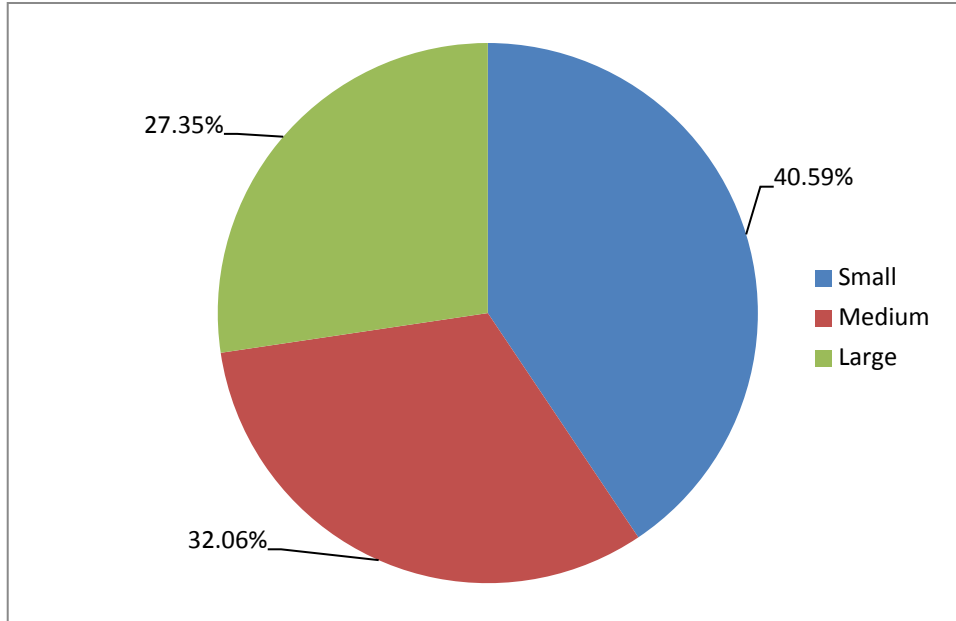
Category	Total Spend	Contracted Spend	% Contracted Spend
Social Community Care	£28.99m	£28.24m	97%
(blank)	£18.19m	£15.03m	83%
Facilities & Management Services	£15.36m	£14.69m	96%
Construction	£13.47m	£12.27m	91%
Environmental Services	£7.09m	£6.79m	96%
Public Transport	£7.06m	£6.32m	89%
Information Communication Technology	£3.94m	£3.70m	94%
Utilities	£3.17m	£3.13m	99%
Vehicle Management	£3.15m	£2.30m	73%
Financial Services	£2.96m	£1.80m	61%
Construction Materials	£2.51m	£2.07m	83%
No Summary Category	£1.84m	£1.53m	83%
Human Resources	£1.59m	£0.95m	60%
Catering	£1.12m	£0.87m	77%
Consultancy	£0.87m	£0.65m	75%
Highway Equipment & Materials	£0.78m	£0.68m	88%
Mail Services	£0.78m	£0.39m	50%
Furniture & Soft Furnishings	£0.70m	£0.46m	66%
Education	£0.67m	£0.43m	64%
Healthcare	£0.61m	£0.22m	37%
Arts & Leisure Services	£0.35m	£0.18m	52%
Sports & Playground Equipment & Maintenance	£0.32m	£0.26m	81%
Cleaning & Janitorial	£0.26m	£0.20m	75%
Stationery	£0.23m	£0.18m	81%
Legal Services	£0.22m	£0.11m	50%
Street & Traffic Management	£0.22m	£0.05m	24%
Housing Management	£0.21m	£0.12m	54%
Clothing	£0.19m	£0.16m	85%
Horticultural	£0.16m	£0.05m	31%
Health & Safety	£0.12m	£0.02m	14%
Cemetery & Crematorium	£0.05m	£0.01m	12%
Domestic Goods	£0.01m	£0.00m	0%
<b>Grand Total</b>	<b>£117.20m</b>	<b>£103.86m</b>	<b>89%</b>

6.3. The top 20 suppliers to the Council account for 41% of the Council's total spend. The following table shows the top suppliers and spend for the year 2015/16.

**Table 2: Spend with Top 20 suppliers**

<b>Supplier Name</b>	<b>Total</b>
ABC SCHOOLS LTD	£14.66m
SHANKS ARGYLL & BUTE LIMITED TILO	£6.19m
WEST COAST MOTOR SERVICES CO WESBECA	£4.67m
ENABLE SCOTLAND	£3.67m
ARGYLL, LOMOND & THE ISLANDS ENERGY (ALIENERGY)	£2.54m
GEORGE LESLIE LIMITED	£2.43m
CARR-GOMM SCOTLAND	£2.26m
MCKENZIE CARE HOMES LTD	£1.79m
OBAN ELECTRICAL SERVICES LTD OBASTOB	£1.78m
KIELY BROS LTD	£1.66m
ALLIED HEALTHCARE GROUP LTD	£1.33m
GRAHAM CONSTRUCTION	£1.27m
BARR ENVIRONMENTAL BARHEAY	£1.23m
HUB NORTH SCOTLAND	£1.22m
AFFINITY TRUST	£1.22m
MEARS CARE (SCOTLAND) LTD	£1.21m
BREEDON AGGREGATES SCOTLAND LIMITED	£1.16m
HC-ONE LTD	£1.16m
CROSSREACH	£1.15m
KEY HOUSING ASSOCIATION LTD	£1.10m
<b>Total Spend with Top 20 Suppliers</b>	<b>£53.70m</b>
<b>Total Spend</b>	<b>£131.28m</b>
<b>% Spend with Top 20 Suppliers</b>	<b>41%</b>

6.4. In 2015/16, spend with SMEs accounted for 72% of core trade spend (suppliers with whom we spent more than £1000 and where supplier size could be determined). The charts below show the breakdown of spend with Small, Medium and Large companies for 2015/16.



## Section 7 – Recommendations and Other Content for Consideration

### 7.1 Future Delivery of Procurement and Commissioning Services

- 7.1.1 Our strategy for 2016/17-2017/18 is to continue with the key work streams from the last strategy and add in new elements of work for important and emerging procurement activities. The following section provides a summary of the work streams and Appendix 2 details the proposed Action Plan to achieve these.
- 7.1.2 The Council has standardised its procurement documentation which will assist SMEs when tendering for Council business. In partnership with our legal colleagues in Customer Services, the Contract Standing Orders (“CSOs”) have been reviewed to reflect the development of the Procurement Manual, changes to the law and best practice. The templates will be subject to ongoing review as the procurement landscape changes.
- 7.1.3 Over the next few years it is the intention to work more closely with SME’s, particularly those in Argyll and Bute. The Procurement and Commissioning Team regularly takes part in supplier development events to encourage local suppliers to register on Public Contracts Scotland Portal where the Council advertises its contract opportunities above £50,000.00, and will continue to utilise Public Contracts Tender for all appropriate contracts.
- 7.1.4 The Council will continue to utilise the Vendor Rating System for the selection of contractors for distribution lists for capital works Quick Quotes, with the aim to expand this throughout the Council. The limit for these Quick Quotes has now been increased to £2m.
- 7.1.5 The Procurement and Commissioning Team has introduced a contracts register showing all contracts to be delivered on a yearly basis. The contracts register is published on the Council's website that allows SME's to have the ability to gear up for our forthcoming requirements. The Team will also publish contract plans in order to let SMEs be aware of potential upcoming tender opportunities.
- 7.1.6 Working with departments the Procurement and Commissioning Team achieved procurement savings of over £10.6m between 2012/13 and 2015/16.
- 7.1.7 Achieving savings will be an ongoing requirement, and seeking savings from contracts an absolute priority in a difficult financial environment.

### 7.2 Continued and Extended Work Streams

Continued efforts will be made to improve performance and develop in the following areas:

### **7.2.1 Continue to increase the profile of procurement and senior sponsorship in the organisation.**

Why?

The Council spends around £131m per annum on goods, services and works – this is more than is spent on staff related costs. The potential impact on service quality, cost and reputation if procurement is not conducted effectively is significant.

How?

We will provide a “Procurement Update” via a Service Bulletin to the Heads of Service quarterly. This report will highlight progress with implementation of this strategy and any areas where additional senior management support is required. Procurement targets will be included in all the Procurement Updates to show the respective Heads of Service the progress that is being made within their department.

The Procurement Board will ensure Senior Management fully engage with their role in Procurement matters and will allow the Strategy to be actioned in relation to their particular Service as per Appendix 2.

With the introduction of the Integrated Joint Board, the Procurement and Commissioning Team (PCT) has an important role to play in delivering local procurement expertise, advice and guidance where required. PCT and health colleagues must share processes, guidance notes etc. Funding has been secured for two additional Performance Improvement Officer posts for a two year period to lead on locality commissioning for the new body. These posts will sit within the PCT and should therefore play a key role in the smooth integration of commissioning services between health and social care. It will be essential to consider at the sourcing strategy stage for all new tenders whether the tender may be relevant to the NHS.

### **7.2.2 Invest in developing the skills and knowledge of the Authorised Procurement Officers (APOs)**

Why?

We need to achieve consistent high standards throughout the Council to maximise the benefits available from “superior performance” and to reduce the risks associated with poorer practices. Investing in training is key to achieving this.

How?

APO’s will self-assess against the Procurement Competency Framework and identify gaps and construct an action plan to address these gaps. This will be included in their Performance Review and Development Plans. It will be compulsory for anyone conducting procurement activities to attend a legal refresher course once a year.

The Council has restructured its Procurement and Commissioning Team to streamline all procurement activity. There are four main category areas:

- Corporate
- Construction
- Care
- Facilities

All team members are permanent members of staff, which recognises the investment made in their training. The team is recognised as being an essential part of the council's support mechanisms to achieve the delivery of best value. This can be evidenced by the fact that the team is not required to make any savings within its own budget as part of the Service Choices programme. Instead its focus is on assisting Services in achieving their savings targets.

The team are qualified, skilled procurement officers, with the manager and senior procurement staff having both legal and MCIPS qualifications. There is a graduate training programme in place which allows all the trainee purchasing officers to gain their MCIPS qualifications. The Performance Improvement Officers in Commissioning have recently gained their Professional Development award in Commissioning, Procuring and Contracting Care Services.

The team will concentrate on contract renewals, capital investments, new requirements and improved contract management. Staff members are developed on an ongoing basis. The team is required to carry out regular training and this is provided in areas such as EU Legislation, sustainable procurement and contract management.

### **7.2.3 Increase percentage spend with contracted suppliers**

#### Why?

Having contracts in place improves value for the council. Prices are lower as there is a firm commitment for predicted values, and transactional costs are lower as sourcing does not have to be done for each individual purchase. A longer term contract allows strategic relationships to be developed and creates opportunities to improve quality or reduce costs in line with the business objectives of the Service.

#### How?

Through regular analysis of the information provided in the Spikes Cavell observatory, areas where there is non-contract expenditure are being identified. These are being prioritised and contracts put in place. In some cases, there may be resistance to this due to the possible outcome being a change in supplier and senior support may be required to overcome this resistance to change.

## Section 8 – Implementation, Reviewing and Reporting

### 8.1 Implementation

#### 8.1.1 **Consultation**

The Council will undertake relevant and proportionate consultation and engagement as part of the preparation of this strategy. This will help to ensure that our approach and procurement strategy takes account of stakeholders' views and that stakeholders have the opportunity to engage and contribute to the development of the strategy. This will allow us to gain a better understanding of the needs of Argyll and Bute and to tailor our strategy to reflect those needs.

The key stakeholder groups identified for inclusion in this consultation are:

- Argyll and Bute Council employees
- Argyll and Bute Councillors
- Local MSPs, MP and MEPs
- Key suppliers
- Community Planning Partners
- Other interested parties
- The general public

The full details of our consultation are included within a report to the Council's Procurement Board dated 27 September 2016; this covers what will be included in the consultation, and the inclusion of feedback.

#### 8.1.2 **Approval of Strategy**

The Procurement Strategy will be approved in line with the Council's standard process. After the consultation is completed; the draft strategy will be finalised and sent for approval by DMT, SMT and finally the Policy and Resources Committee.

#### 8.1.3 **Publication of Strategy**

The Council will publish this Procurement Strategy on our website, and will notify Scottish Ministers of the publication of our strategy, once advice on this process is issued.

### 8.2 Reviewing

8.2.1 The Council will review this procurement strategy annually. This will help to ensure that we maintain alignment of our procurement activity with our broader priorities and will allow us to revise our strategy where necessary.

### 8.3 Reporting

8.3.1 The Council will, as soon as reasonably practicable following the end of the financial year, prepare an annual report which will include:

- A summary of all regulated procurements completed in the year
- A review of whether these procurements complied with this Procurement Strategy



- A statement detailing how it is intended that future compliance will be achieved where any procurements were found not to have been carried out in accordance with this Procurement Strategy
- A summary of any community benefit requirements imposed as part of a regulated procurement that was completed during the year
- A summary of steps taken to facilitate the involvement of supported business in regulated procurements completed during the year
- A summary of anticipated regulated procurements expected to commence in next two financial years
- Anticipated future procurements
- Any other information as specified by the Scottish Ministers

## Section 9 – Strategy Ownership & Contact Details

If you have any queries in relation to this strategy, please contact:

Anne MacColl-Smith, Procurement and Commissioning Manager  
[Procurement@argyll-bute.gov.uk](mailto:Procurement@argyll-bute.gov.uk)

## Section 10 – Policies, Tools & Procedures

### National Policies:

- Workforce Matters (SPPN 1/2015) – <http://www.gov.scot/Resource/0046/00469535.pdf>
- Scottish Model of Procurement – <http://www.gov.scot/Topics/Government/Procurement/about/spd-aims>
- Changes to the European Directive: <http://www.gov.scot/Topics/Government/Procurement/policy/ProcurementReform>
- Public Procurement Reform Programme – <http://www.gov.scot/Topics/Government/Procurement/about/Review/Background>
- Scottish Sustainable Procurement Action Plan – <http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/sspap>
- Suppliers Charter – <http://www.gov.scot/Topics/Government/Procurement/Selling/Supplierscharter2>
- EU Procurement Thresholds – <http://www.gov.scot/Topics/Government/Procurement/policy/10613>
- Procurement Journey - <https://www.procurementjourney.scot/node>
- PCIP - <http://www.gov.scot/Topics/Government/Procurement/buyer-information/spdlowlevel/PCIPIntro/PCIPInfoPack>
- Public Contracts Scotland - <http://www.publiccontractsscotland.gov.uk/>
- Public Contracts Scotland Tender – <https://www.publictendersscotland.gov.uk>
- Equality Act 2010, Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012

### Local Policies:

- Sustainable Procurement Policy 2016/17-2017/18 (Appendix 4) – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Community Benefits Clauses in Procurement Guide – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Health and Safety Policy - <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Council Constitution – <https://www.argyll-bute.gov.uk/moderngov/documents/s110902/Combined%20Constitution%200June%202016.pdf>
- Equality Policy 2013-2015 - <https://www.argyll-bute.gov.uk/equality-workplace>

## Section 11 – Appendices

### APPENDIX 1: Key Performance Indicators

Measure	12/13	13/14	14/15	15/16	16/17 Target	17/18 Target
Procurement Commercial Improvement Programme (PCIP) Score (achieved in June 2016)	-	-	-	70	Equivalent to 75% PCA score	72
Procurement spend with contracted suppliers (%)	85	89	88	89	90	90
Contracts awarded to local businesses (%)	41	37	34	39	-	-
Contracts awarded to SMEs (%)	-	87	85	83	90	90
Invoices paid within 30 days (%)	90	92	92	94	94	94
Local suppliers bidding for business with the Council (% of bids received)	-	-	23	31	35	32
Tenders won by a local supplier where a local supplier has placed a bid (%)	-	-	-	75	70	75

#### The Procurement and Commercial Improvement Programme (PCIP)

The Procurement and Commercial Improvement Programme (PCIP) replaces the previous Procurement Capability Assessment (PCA). The PCIP focuses on the policies and procedures driving procurement performance and, more importantly, the results they deliver as is derived from the Scottish model of procurement. The assessment focuses on the following areas: procurement representation, procurement influence, procurement strategy, learning skills, commercial competence, continuous improvement, internal control, project portfolio management and contingency planning and fraud awareness and prevention.

#### Procurement spend with contracted suppliers (%)

This measure indicates the level of Council spend made within an existing contract. Best Practice requires that this figure is as high as possible. Argyll and Bute Council seek to maintain a figure of 80% or greater in order to ensure that best value is achieved and that relationships with suppliers are clearly documented for legal and monitoring purposes. In addition, the Council recognises the importance of transparency in relation to spend reporting and as such has published its spend data for the past 3 years via [Spotlight on Spend](#).

**Contracts awarded to local businesses**

This is an Argyll and Bute Council measure showing the percentage of contracts awarded to local businesses. The Council is a member of the Supplier Development Programme which provides free advice and training to local SMEs and alongside this the Procurement function is continually reviewing its processes to ensure that local SMEs are not at a disadvantage when bidding for contracts.

**Contracts awarded to SMEs (%)**

This is an Argyll and Bute Council measure showing the percentage of contracts awarded to SMEs. The Council's target is 90%.

**Invoices paid within 30 days**

This is a national measure for which there is a sector wide target of 90% which aims to minimise delay in paying suppliers. The Council's target is 94%.

**Local suppliers bidding for business**

This is an Argyll and Bute Council measure showing the percentage of bids received for contracts coming from local businesses. The team continues to review processes to ensure that local businesses are encouraged to bid for business with the Council through lotting of contracts, Supplier Development Programme and Business Gateway. The Council's target is 35%.

**Tenders won by a local supplier where a local supplier has placed a bid**

This is a new measure for 2015/16 showing the number of tenders that attracted a bid from a local supplier and how many of those tenders were won by a local supplier. 59 tenders received a local bid and 44 of these resulted in a contract award to a local supplier.

## **APPENDIX 2: Procurement and Commissioning Strategy Action Plan**

The 3 areas covered under this procurement and commissioning action plan are:

1. Develop procurement leadership and governance across the Council
2. Strategy, policy and advice
3. Processes and Systems

The required actions listed below will be completed within a three year term and underpin the procurement and commissioning strategy.

### **Action 1**

<b>Develop Procurement Leadership and Governance across the Council</b>		
Sub Action	Due	Assigned to
Refresh Category Strategies with each department in order to comply with Procurement Reform Act. Report these being updated to Procurement Board by due date	March 2017	Procurement and Commissioning Manager
Agree updated commodity pipeline with departments ensuring appropriate activity reflected in management adjustments and publish agreed commodity pipeline (contract plans) by due date.	March 2017	Procurement and Commissioning Manager

### **Action 2**

<b>Develop key purchasing systems and processes</b>		
Sub Action	Due Date	Assigned to
Review processes to further reduce payment times and increase volume of invoices paid within 30 days. Produce report and implement recommendations.	March 2017	Procurement and Commissioning Manager
Consider processes to embed standard coding mechanisms into purchasing systems.	March 2017	Creditors Supervisor
Progress the purchase to pay business transformation project across the Council, improving efficiency and standardisation of processes, and maximising use of core systems	March 2017	Procurement and Commissioning Manager / Category Management Officer
Increase the use of electronic ordering and payment systems, with a target of 80% of transactions through such systems.	March 2017	Procurement and Commissioning Manager

Increase the use of e-invoicing by 50%	March 2017	Supplier Liaison Officer
Rationalise suppliers on Pecos system	March 2017	Supplier Liaison Officer

### Action 3

<b>Delivery of Local Procurement Action Plan</b>		
Sub Action	Due Date	Assigned to
Hold a new round of supplier surgeries to offer advice and guidance on tendering in the public sector to interested suppliers.	December 2017	Procurement and Commissioning Manager
Publish contract plans to identify potential contract opportunities, that may be of interest to suppliers	March 2017 (annual basis)	Procurement and Commissioning Manager
Refresh our contracts register to identify existing contracts, showing contract end dates, that may be of interest to suppliers	March 2017	Procurement and Commissioning Manager

### Action 4

<b>Develop Procurement capability across the Council</b>		
Sub Action	Due Date	Assigned to
Provide procurement training sessions for staff members who place orders with suppliers. Report progress to procurement board by due date.	December 2016	Procurement and Commissioning Manager
Develop a new updated corporate training plan in line with national procurement competency framework. Report progress by due date to PB.	March 2017	Procurement and Commissioning Manager / Training Administrator
Develop a new customer and supplier feedback survey and develop an action plan as required. Report to Procurement Board by due date.	March 2017	Procurement Analyst

## Action 5

<b>Develop supplier relationship management across the Council</b>		
<b>Sub Action</b>	<b>Due Date</b>	<b>Assigned To</b>
Extend supplier management across a wider range of contracts, embedding this process as mainstream for contract managers. Update Procurement Board on progress by due date	December 2017	Procurement and Commissioning Manager / Category Managers and Purchasing Officers
Carry out next round of performance review meetings with established strategic suppliers and report outcomes to Procurement Board by due date	December 2017	Procurement and Commissioning Manager / Category Managers and Purchasing Officers



## **APPENDIX 3: Procurement Strategy by Function**

### **COMMUNITY SERVICES INCLUDING THE HEALTH AND SOCIAL CARE PARTNERSHIP (HSCP)**

#### Scope/Key Spend Areas

Analysis of the existing spend profile within Community Services and the HSCP for externally purchased services and review of contracts in place has identified a number of areas of focus. Please note that HSCP spend referred in this strategy is for services commissioned by what was formerly the Council's Adult Care and Children and Families services only.

<b>Key Spends</b>	<b>Spend Value (approx.) 2014/15</b>	<b>Spend Value (approx.) 2015/16</b>
Housing Management - Other	£2.0m	£2.9m
Social Care - Adult - Domiciliary Care	£8.65m	£9.1m
Social Care - Adult - Nursing Homes	£4.05m	£4m
Social Care - Adult - Residential Care	£4.51m	£4.8m
Social Care - Children with Disabilities	£10.60m	£10.9
Social Care - Children - Childcare Services	£1.31m	£1.2m
Social Care - Children - Nurseries & Crèches	£1.5m	£1.7m
Social Care - Other	£2.42m	£3.3m

There is a requirement for standard goods and services, including educational equipment to be procured through collaborative contract arrangements arranged by the Scottish Government, Scotland Excel or the Procurement and Commissioning Team (PCT).

#### High Level Strategy

Within Social Work, services are often procured on an ad-hoc basis, where the complex needs of an individual can appear unexpectedly. This can result in disaggregation of spend and the loss of savings opportunities which occur as a consequence, as well as failure to reap the benefits of longer term partnerships with Providers who deliver the services. However, there has been a concentrated effort in the recent past to rectify this, with several good examples of best practice being demonstrated in delivering contracts. For example, significant aggregated spend is captured as part of the nationally negotiated care home contract. The Council's continued participation in national care home contract is expected and recommended, discussions are ongoing for SXL to take over the running of the

contract from COSLA and this is viewed positively by the Council due to their vast expertise in sector wide market research and negotiation. SXL now have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected. A number of reviews are underway of current locally commissioned services and early procurement involvement in these will be key to ensure that resulting action is compliant with EU Procurement Regulations and the Council's Standing Orders.

Integration of Health and Social Care officially commenced April 2016. The long term task of reshaping care services for the future is ongoing and will have an impact on the future of social care spend and contractual relationships, along with the impact of budget pressures and the changing social and demographic landscape. While there has been little immediate impact on social care contracts for the year 2016/17, changes are expected thereafter and early involvement of PCT is important.

The new Public Contract (Scotland) Regulations 2015 will have an impact on the procurement of Social Care Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making – the guidance does not contain an exhaustive list of factors that can be taken into account, but it does mention the following:

- The need to ensure quality, continuity, accessibility, affordability, availability and comprehensiveness of the services.
- The specific needs of different categories of users, including disadvantaged and vulnerable groups
- The involvement and empowerment of service users
- Innovation

It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process.

The Procurement and Commissioning Team will work with Community Services to:

- Develop Markets - the current Social Care market conditions present barriers to entry, therefore at sourcing strategy stage further research is required to develop and open the market if possible.
- Collaborate – opportunities are considered at sourcing strategy stage. Departments explore if it is possible and viable to work with Councils and other public bodies (e.g. Health) to satisfy the contract requirement. Further development is required to increase buying power and achieve best value, whilst also developing capacity within the market.
- Deliver Community Benefits – where community benefits are a condition of contract, delivery will be linked to Key Performance Indicators (KPI's) where possible.
- Utilise Framework Agreements – continue to be used, ongoing training and

promotion to ensure that all call off services are bound by the general and special terms and conditions of the agreement.

- Develop Terms and Conditions – development of special conditions of contract for the procurement of care services, these will follow on from Argyll and Bute Council general conditions of contract and be more specific to the care service being delivered.
- Analyse Spend – further analysis of spend is required in partnership with service in advance of contract end dates, thereafter an appropriate contract plan can be developed and savings targets agreed if appropriate.
- Forward Plan – maintenance of contract plans to identify upcoming requirements and highlight high value/high risk contracts for all departments. Following on, Procurement can allocate sufficient time and prioritise workload based on dictated timescales from EU legislation and the Councils Standing Orders.
- Education Purchasing Team – provision of a sourcing team to ensure savings are realised where possible on all non-contracted spend. In addition, the sourcing team will also monitor all spend, providing advice, guidance and information on contracts that the Council has in place or has access to.
- Travel and Accommodation - The procurement of all travel and accommodation is processed by the central team via [purchasing@argyll-bute.gov.uk](mailto:purchasing@argyll-bute.gov.uk) . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.
- Use PECOS – promote the use of core product lists on electronic contracts from collaborative contracts lodged within PECOS to achieve maximum savings. Create a communication process to ensure that updates to information on PECOS, new contracts and performance are communicated to the users. Work will continue with Community and Culture to increase the spend via PECOS, which has increased to date for all grant payments, and for Housing Services suppliers.
- Ensure all spend is compliant with contract Standing Orders and financial regulations.
- Ensure that suppliers providing services on behalf of the Council to vulnerable clients manage health and safety risks appropriately and implement the work control measures identified in their own risk assessments.

### Structural and cultural change

The Procurement and Commissioning Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU Procurement Directives.

The Procurement Journey will significantly influence and inform measures that should be adopted in order to reduce risk, deliver best value and maximise potential for procurement savings and efficiencies.

Such measures will include the delivery of training for all officers directly involved in procurement. Due to the number of changes in procurement in terms of legislation, case law and political interest thoughts on best practice procurement delivery have changed radically.

Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. Central to the social work function is the need to be able to respond at short notice to unforeseeable changes in care needs of often very vulnerable people. Consideration therefore needs to be given on how consultation on procurement requirements can be initiated at the earliest possible point, as budgets are being discussed, to ensure appropriate recommendations are made.

Better client education is also required to ensure that wherever possible opportunities for more flexible timescales in terms of operational requirements are considered to ensure that effective end to end procurement processes can be instructed.

It is also important that more predictable procurement requirements can be flagged early to the Procurement and Commissioning Team and built into the work plan.

The team will continue to provide procurement support advice and assistance to the new Health and Social Care Integration Partnership in order to ensure that the Partnership is receiving Best value quality services from its suppliers, delivered safely and without unacceptable risks to health.

#### Contract and supplier management

The Council operates a standard contract and supplier management procedure, this procedure outlines the process and activities to be used in determining the most appropriate level of management for each contract that the Council handles. This process takes steps to ensure that each contract is successfully executed and monitored in line with the contract terms and conditions, service specification and Key Performance Indicators.

The level of contract and supplier management required will be identified at sourcing strategy stage following an assessment of the nature of the procurement. Existing care service contracts have been reviewed retrospectively to determine the most appropriate level of management. Generally speaking care contracts are managed in line with the high level management – where the failure of delivery would affect the strategic outcomes or have a significant effect on the delivery which relates to the risk analysis in the sourcing strategy.

The Procurement and Commissioning Team have developed the Care Service Monitoring Tool to ingather information on ongoing contract compliance and performance. Procurement and Commissioning will continue to work with the service to embed this process into operational activities and ensure maximum benefits are realised from the contract.

#### Housing Services – Maintenance of Temporary Tenancies

Work will be undertaken, alongside Property Services, to include the requirements for maintenance of temporary tenancies within the General Maintenance Term Contracts. This should provide best value to Housing Services, along with improved

service provision, and an assurance that all contractors working on behalf of the Council have been fully assessed and approved.

#### Short term strategy

- Comply fully with Guidance on the Procurement of Care and Support Services 2016 (Best Practice).
- Continue to develop contract and supplier management meetings with key suppliers.
- Improve communication of contract updates by developing and promoting user guides.
- Further explore possibilities to work collaboratively on contracts at sourcing strategy stage.
- Deliver a further round of procurement training.
- Further improve P2P statistics and processes.
- Maximise P2P processes to deliver compliance and ensure a high level of matched invoices.
- Develop a contract plan for the service to inform contract priorities and publish this on PCS.
- Continue working together to improve spend via PECOS, and contracted/required spend levels.

#### Longer term Strategy

- Expand the contract and supplier management process to all providers that Community Services contract with.
- Utilise the contract plan to ensure contract delivery timescales are achieved.
- Maximise the use of collaborative contracts to deliver efficiencies in revenue and processes.

## DEVELOPMENT AND INFRASTRUCTURE SERVICES

An analysis of the existing spend profile within Development and Infrastructure together with a review of confirmed budgets and contracts in place, has identified a number of priority areas of focus. These have been captured within FY11/12 benefits tracking sheets for each service but summary details have been provided in the table below:

### Scope/Key Spend Areas

<b>Key Spends (approx. Total Council)</b>	<b>Spend Value 2014/15</b>	<b>Spend Value 2015/16</b>
Environmental - Waste Mgmt - Waste Disposal	£ 7.53m	£ 7.43m
Construction - Other	£ 13.06m	£ 5.99m
Construction Materials - General Materials	£ 3.70m	£ 2.22m
Construction - Roads - Other	£ 2.47m	£ 2.20m
Vehicle Mgmt - Heavy Construction Equipment	£ 2.02m	£ 1.62m
Vehicle Mgmt - Commercial	£ 1.99m	£ 0.83m
Consultancy - Management - Organisation	£ 0.57m	£ 0.77m
Construction - Engineering	£ 0.97m	£ 0.72m
Vehicle Mgmt - Maintenance	£ 0.75m	£ 0.69m
Public Transport - Haulage	£ 0.99m	£ 0.68m

### High Level Strategy

The Procurement and Commissioning Team will work with the service to maximise the benefits of better procurement practices to improve both performance and value. We will:

- Put in place a set of strategic framework agreements to cover core areas of spend
- Facilitate the development of strategic supplier partnerships
- Focus on collaborative and shared service opportunities with other public sector organisations
- Consider community benefits in all contract strategies where proportionate and relevant.

The Service has traditionally procured arrangements on a scheme by scheme basis with limited aggregation of spend. Focus will therefore be on ensuring that savings opportunities through aggregation of spend are maximised and the benefits of enhanced long term working relationships are fully exploited, an approach that the service fully supports.

The delivery of the first phase of strategic framework agreements will set the benchmark and lessons learned for relevant strategies to be developed which shall consider the opportunities that may be available through collaboration and delivering services jointly with other public sector bodies.

In progressing these strategies the Council will align itself with any related work-stream being progressed by both Scotland Excel and any developing LA collaboration approaches.

The consideration of whole life costs is conducted at strategy development stage and where possible, the commercial evaluation of bids will focus on whole life costs rather than lowest price.

There are some synergies in the contractual arrangements being put in place within Development and Infrastructure and Facility Services such as civil engineering works, drainage, surfacing works, maintenance term contracts and professional technical services, meaning the efficiency savings and potential aggregation savings achievable from creation of a common supply chain in these areas.

#### Structural and cultural change

There are a number of measures that should be adopted in order to reduce risk, deliver best value and maximise the potential for procurement savings and efficiencies. Such measures will be significantly informed by the Procurement Journey and will include:

- Embedding and familiarisation of new processes, procedures and working practices.
- It is proposed that Department officers would be receptive and benefit from continuing professional development on the elements of the procurement process to which they retain a degree of responsibility such as contract management.
- Consideration of how a procurement requirement can be flagged at the earliest opportunity– e.g. as budgets are discussed / recommendations made.

#### Contract and supplier management

Development and Infrastructure have already implemented an informal supplier management process on key contracts however work is ongoing to formalise this process.

Consideration is given at strategy level on how to maximise opportunities for SMEs whilst exploiting opportunities that may arise from aggregation of spend. This approach will include consideration of proportionality in terms of minimum financial criteria, indemnity levels and the requirement for bonds etc. Consideration is also given to lotting contracts and framework agreements based on value band and the encouragement of consortium bids.

## Construction Purchasing Team

Procurement of all goods and low value services within Development and Infrastructure Services routed through the Construction Purchasing Team via [dandipurchasing@argyll-bute.gov.uk](mailto:dandipurchasing@argyll-bute.gov.uk).

Using PECOS the team promote the use of local and collaborative contracts across the service to achieve maximum savings. In addition, the team will also source non contracted items to achieve best value.

- The procurement of all travel and accommodation is processed by the central team via [purchasing@argyll-bute.gov.uk](mailto:purchasing@argyll-bute.gov.uk) . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.

## Short term strategy

- Implementation of key strategic framework agreements
- Update the contract plan on an ongoing basis for the service to inform contract priorities, and update contract plan on PCS.
- Continue to ensure adequate resource to support CHORD & TIF programme procurement
- Develop supplier management meetings with identified key suppliers for each category
- Continue to create opportunities for SMEs while exploiting opportunities available through aggregation of spend.
- Ongoing CPD for service staff actively involved in the tendering process.
- Ensure all spend is Compliant – Procurement and Service staff to work together to reduce non-contracted spend
- Put work plan in place to ensure savings plans are being resourced to deliver target.
- Support the full move to the Public Contracts Scotland website and Public Contracts Scotland Tender website for appropriate contracts to support efficiency and transparency of process for SME's in particular. Continue to develop usage of this website as new functionality becomes available.
- Maximise P2P processes to deliver compliance and ensure a high level of matched invoices.
- Consider the suitability of the Vendor Rating System for use in D&I procurement or if establishment of relevant frameworks would be more appropriate.

## Longer term Strategy

- Expand the contract and supplier management process.
- Greater engagement with potential partnerships with consideration to more collaborative working; shared services and outsourcing opportunities.

Consider utilisation of Ayrshire Councils' electronic Framework in 2017. This would cover a lot of the Council's D&I requirements and potentially significantly simplify



procurement and purchasing processes. Such time/effort efficiencies would be achievable due to innovative software used to call off individual job packages. Meet the buyer events would be required to encourage suppliers to bid for the framework lots.

In addition and where relevant, create appropriate local frameworks or utilise collaborative frameworks in order to:

1. Reduce Non Competitive Awards (NCA's)
2. Collaborate spend and achieve greater savings
3. Enhance demand management by structuring supply

With regards to current level of NCA's, the Procurement Team has identified spend and is working with the service to develop terms and conditions, contracts and frameworks in order to reduce non-competitive sourcing.

With regards to Waste Management, change in legislation by 2020 will bring new requirements for the Council within the next two years (construction of new processing, sorting facilities on the islands, covering landfill sites etc.) to be confirmed by the department.

Also it is planned to increase internal quotations and insourcing for D&I and Property (subject to competitiveness of quotes) in order to retain funds within the Council in the face of financial challenges. Such exercises will be done using "make or buy" comparisons with the going market rates.

## CUSTOMER SERVICES and CHIEF EXECUTIVE'S UNIT

The Chief Executive's Unit has few areas of spend, none of which are significant therefore no separate strategy has been provided for this unit and their spend processes will be dealt with along with Customer Services' spend.

### Scope/Key Spend Areas

<b>Key Spends (approx. Total Council)</b>	<b>Spend Value 2014/15</b>	<b>Spend Value 2015/16</b>
Facilities & Management Services - Other	£ 14,45m	£ 14.73m
Public Transport - Passenger Transport	£ 6.46m	£ 6.61m
Construction - Other	£ 13.7m	£ 5.99m
Construction - Buildings - Other	£ 4.82m	£ 3.93m
Construction - Buildings - Construction	£ 4.59m	£ 3.13m
ICT - Software - Commercial Off The Shelf	£ 1.61m	£ 1.61m
Financial Services - Insurance	£ 1.56m	£ 1.39m
Catering - Food & Beverages - Other	£ 1.25m	£ 1.11m
ICT - Software - Customised & Bespoke	£ 1.54m	£ 0.94m
Utilities – Electricity	£ 0.74m	£ 0.83m
Utilities – Heating Oil	£ 1.71m	£ 1.36m

### High Level Strategy

The service utilises several collaborative contract arrangements with Scotland Excel, Scottish Procurement and the Crown Commercial Service for a variety of commodities (e.g., groceries, frozen food, catering sundries, utilities, Educational Resources, IT hardware, software and services). The Procurement and Commissioning Team will work with the Department to ensure that opportunities through collaborative arrangements are maximised and will investigate collaborative opportunities with other neighbouring authorities. The Council is part of the Pathfinder North Partnership for telecoms wide area network services.

## Structural and cultural change

The Procurement and Commissioning Team has traditionally undertaken tender exercises for Customer Services requirements and the Department has been working with Procurement and Commissioning Team to identify significant areas of spend out with contract and to ensure these areas are addressed with appropriate contractual arrangements. The Procurement and Commissioning Team will continue to work with the Department to ensure that the Department is fully aware of the Council's approved tender processes.

The Procurement and Commissioning Team will work with the Services to improve the use of the Council's PECOS system, where appropriate, and identify further efficiencies in the payment process in terms of Corporate Purchasing Cards and statement billing.

The Procurement and Commissioning Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. Consideration therefore needs to be given on how consultation on procurement requirements can be initiated at the earliest possible point to purchasing officers – e.g. as budgets are discussed / recommendations made to ensure that wherever possible opportunities for more flexible timescales in terms of operational requirements are considered to ensure that effective end to end procurement processes can be instructed.

## Contract and supplier management

The Service has already implemented an informal supplier management process on key contracts however work is ongoing to formalise this process. Contract and Supplier relationship management is a comprehensive approach to managing the Council's interactions with the organisations that supply the goods, works and services it uses. The goal of supplier relationship management (SRM) is to streamline and make more effective the processes and contracts between the Council and its suppliers. With this being addressed via the Procurement Journey ownership and resource of the processes needs to be considered. Where appropriate industry standard procedures should be retained and followed.

The key actions required are:

- Agree ownership of the contract and supplier management process.
- Standardise contract and supplier management processes and introduce to key suppliers.
- Create a plan in conjunction with technical staff.

## Short term strategy

- Procurement and Service staff continue to work together to streamline procurement processes where possible to maximise efficiency and minimise impact on staff resource

- Ensure all spend is Compliant – Procurement and Service staff to work together to reduce non-contracted spend
- Put work plan in place to ensure savings plans are being resourced to deliver target.
- Develop supplier management meetings with identified key suppliers for each category
- Continue use of Vendor Rating System, now for relevant capital works contracts up to £2m in value, and increase awareness of this method through a Future Contract Opportunity Notice on PCS to add further contractors to the system.
- Standardise both contract and supplier management processes.
- Support and development of the full move to the Public Contracts Scotland Tender website for appropriate contracts to support efficiency and transparency of process for SME's in particular. Continue to develop usage of this website as new functionality becomes available.
- Maximise purchase to pay processes to deliver compliance and ensure a high level of matched invoices.
- Update the contract plan on an ongoing basis for the service to inform contract priorities, and update contract plan on PCS.

#### Longer term Strategy

- Expand the contract and supplier management process.
- Utilisation of the work plan to ensure contract delivery timescales support best value.

#### **General Maintenance Term Contracts:**

The Procurement Team is currently working with Property Services, as well as Housing Services and the NHS, on the second generation General Maintenance Term Contracts – these tenders will consist of 3 separate contracts each including 3 separate geographical lots, with a single contractor for each area. This approach aims to maintain the current structure of 9 geographical areas, whilst minimizing business continuity risks and time required to carry out the procurement processes. Separating Argyll into geographical areas has encouraged SMEs to submit tenders in the past, whilst ensuring that the main contractor sub-contract any types of works not covered by their own expertise, has encouraged the main contractors to sub-contract to SMEs. These contracts have internal process benefits, through having a single point of contact for each geographical area.

#### **Statutory Maintenance Term Contracts:**

The Procurement Team are currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to property maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible.

#### **Renewables Contracts:**

There is an ongoing focus on implementing Renewables Contracts in order to benefit from the proposed savings, carbon reductions and income (i.e. FiT and RHI). The

Procurement Team will continue to work with Property Services and any required consultants to tender these contracts, utilising national frameworks where available.

**Consultancy Services:**

In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical services suited to our requirements – where possible these should be created using methods to encourage local SMEs to submit tenders. New or revised frameworks could include M&E Engineers, CDM Advisors, Civil/Structural Engineers, Ecologists and QS Services.

**Catering Contracts:**

Currently there is a process in place to upgrade our Purchasing Cards system to enable more schools to use the cards. This would bring feasible benefits in terms of order processing efficiency and money rebates from the bank.

Online ordering is considered to be a viable alternative to PECOS. Along with Purchase Cards, school kitchens would be able to benefit from potentially operationally more convenient ordering system.

Continue to utilise national frameworks (SXL and YPO), where appropriate, for certain types of services including catering equipment repairs.

**Cleaning Contracts:**

Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.

**School and Local Transport Services**

Traditionally the market for school and local transport within Argyll and Bute is not competitive with a few exceptions such as Helensburgh. In practical terms this means that there is not much incentive to break bigger contracts into smaller lots to allow for competition. However we will try to extend competition to more business areas such as Lorne and Mid-Argyll.

The procurement of all travel and accommodation is processed by the central team via [purchasing@argyll-bute.gov.uk](mailto:purchasing@argyll-bute.gov.uk) . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.

# ARGYLL AND BUTE COUNCIL



## SUSTAINABLE PROCUREMENT POLICY 2016/17-2017/18

*“Argyll and Bute Council recognises the significant corporate responsibilities it has as one of the area’s major purchasers and the positive social, economic and environmental influence it can have through its purchasing decisions. Argyll and Bute is a unique area that is rich in natural resources, vibrant and diverse communities and we hold those assets in our trust now and for generations to come. As a Council we are committed to sustainable procurement, and our procurement activities are not solely based on the economic factors, but aim to achieve the best value based on the whole life cost, the associated risks, measures of success and implications for society and the environment. We will also use our Sustainable Procurement Policy to help achieve population growth through the development of our local economies.”*

Cleland Sneddon  
Chief Executive

Date	Update / Section	By Whom
09/09/2016	V0.1	Elaine Appleby
17/10/2016	V0.2	Elaine Appleby

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# **1: INTRODUCTION**

## **1.1 Background**

- 1.1.1 In recent years, Sustainable Procurement has become an increasingly important item on the Scottish political agenda. Procuring sustainably involves understanding the potential environmental, social and economic impacts that are a result of our purchasing decisions.
- 1.1.2 Argyll and Bute Council's Sustainable Procurement Policy sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.
- 1.1.3 Argyll and Bute Council is one of the region's major purchasers, with a total spend in 2015/16 of £131 million, on a diverse range of goods, services and works from third parties, and recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come. It is important that this enormous spending power is used to support key Council objectives.
- 1.1.4 This Sustainable Procurement Policy has been developed to help the Council deliver its key strategic objectives and to meet a range of duties relating to sustainable development and climate change. This policy expands on the commitment to sustainable procurement which is set out in the Council's Procurement Strategy 2016/17-2017/18. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. From writing sourcing strategies to evaluating bids, the Council should seek to integrate relevant sustainability issues into its everyday procurement activity.

## **1.2 Definition of Sustainable Procurement**

- 1.2.1 Sustainable procurement is defined in the Scottish Government's "Sustainable Procurement Action Plan for Scotland" (2009) as the 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 to the organisation, but also to society, the economy and the environment.
- 1.2.2 Sustainable Procurement should consider whether or not products are actually needed, what they are made of, where they come from, who has made them, how they are transported and how they are eventually disposed of.

## **1.3 Benefits of Sustainable Procurement**

- 1.3.1 In addition to contributing to the social, economic and environmental well-being of people and places, sustainable procurement can deliver additional



benefits for the Council. For example sustainable procurement should enable the Council to:

- Achieve value for money by avoiding unnecessary purchasing, by considering and then lowering the whole life costs of goods, services and works and through improved resource efficiency;
- Report on progress towards meeting its legal duties and other obligations in relation to climate change, equalities and sustainable development;
- Stimulate the market and encourage innovation for sustainable products and services;
- Support the local supply community by engaging with Small and Medium Enterprises, Third Sector organisations, minority groups and individuals and groups with protected characteristics, so they can compete for Council contracts;
- Help build a sustainable supply chain for the future and improve supplier relationships;
- Enhance its reputation locally, nationally and internationally by being an exemplar of sustainable procurement; and
- Strengthen synergies with other key Council strategies.

## **2: POLICY STATEMENT**

- 2.1 The aim of this Policy is to ensure that the Council embeds the principles of sustainability within its procurement activities to ensure that only products and services which can be described as 'best value' are selected and that in all cases a balanced consideration of economic, social, and environmental impacts are undertaken throughout the procurement process.
- 2.2 This Policy also aims to ensure that Argyll and Bute Council's employees, contractors and suppliers are aware of the Council's commitment to long-term economic, social, and environmental sustainability.
- 2.3 Adoption of this policy shall contribute to the Council's Best Value obligations, towards the Procurement & Commercial Improvement Programme (PCIP), Best Practice Indicators (BPIs) and towards Climate Change targets [the national carbon reduction target is 42% by 2020].
- 2.4 Sustainable Procurement also contributes to the Scottish Government's 7 Purpose Targets of Economic Growth, Productivity, Participation, Population, Solidarity, Cohesion and Sustainability.

### **2.5 Council Commitment**

The Council will strive where appropriate and possible, to ensure that decisions on the procurement of resources and/or in relation to the provision of grant funding or financial assistance to any organisation or individual are undertaken in line with our sustainability commitments and that commercial relationships are formed and nurtured with supplier and partnering organisations who share our values on sustainability.

### **3: PUBLIC SECTOR PROCUREMENT LANDSCAPE AND SUSTAINABLE PROCUREMENT**

#### **3.1 Revised Flexible Framework:**

The Scottish Sustainable Procurement Action Plan (see Section 3.7 for full details) recommends that organisations carry out initial and periodic self-assessments against the Flexible Framework. The Flexible Framework enables measurement against various aspects of sustainable procurement, and was revised in 2015. This tool helps organisations to assess where their current level of performance lies and the actions required to improve their performance.

Argyll and Bute Council uses the Flexible Framework Self Assessment, and will ensure that it improves on a year by year basis in the following areas:-

- People
- Objectives, Strategy & Communications
- Process
- Engaging Stakeholders
- Monitoring & Reporting

#### **3.2 The Public Contracts (Scotland) Regulations 2015:**

The following sections of these regulations relate to the content of this Policy as follows:

- Regulation 19 – Principles of procurement: Ensuring that suppliers comply with environmental, social and employment laws;
- Regulation 21 – Reserved contracts: Reserving contracts for participation only by supported businesses or supported employment programmes;
- Regulation 32 – Innovation Partnerships: Procedure for establish innovation partnerships to conduct research and development activities;
- Regulation 47 – Division of contracts into lots: Guidance on the use of lots within tenders;
- Regulation 58(8)(a) – Exclusion grounds: Updated guidance on the grounds for excluding tenderers;
- Regulation 68 – Life Cycle Costing: Methods of inclusion of life cycle costing analysis within tenders;
- Regulation 69 – Abnormally low tenders: Method for establishing justifications for bids appearing to be abnormally low.

#### **3.3 Procurement Reform (Scotland) Act 2014:**

The Procurement Reform (Scotland) Act 2014 places a Sustainable Procurement Duty on contracting authorities as follows:

- a. Before carrying out a regulated procurement, to consider how in conducting the procurement process it can –
  - (i) Improve the economic, social, and environmental wellbeing of the authority's area,
  - (ii) Facilitate the involvement of small and medium enterprises, third sector bodies and supported business in the process, and
  - (iii) Promote innovation, and
- b. In carrying out the procurement, to act with a view to securing such improvements identified as a result of paragraph (a)(i)

Regulated procurements are defined in the Act as procurement processes for works contracts of a value of £2million or more and all other public contracts with a value equal to or greater than £50,000. This applies in respect of regulated procurements which commence on or after 01 June 2016.

For all contracts of a value equal to or in excess of £4 million, the Act also requires local authorities to expressly highlight community benefit requirements in contract notices or, if they are determined as unnecessary, to state why.

### **3.4 Zero Waste (Scotland) Regulations 2011:**

The Zero Waste (Scotland) Regulations 2011 severely restrict input to Landfill, effectively banning materials which could be re-used or recycled or which could be used to produce energy.

The cost of sending waste to landfill increases year on year by £8/tonne on landfill tax alone, making the economic argument for considering lifecycle costs increasingly powerful.

### **3.5 Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012:**

The Equality Act brings together for the first time all the legal requirements on equality that the private, public and voluntary sectors need to follow. It affects equality law at work and in delivering all sorts of services.

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 came into force on May 2012. These specific duties are designed to help public sector organisations meet the general duty effectively.

The key duties are that the Council must:-

- Report on mainstreaming equality
- Publish equality outcomes and report on progress
- Assess and review policies and practices
- Gather and use employment information
- Publish gender pay gap information
- Publish statements on equal pay
- Consider award criteria and conditions in relation to public procurement

### **3.6 Climate Change (Scotland) Act 2009 and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015:**

The Climate Change Act (Scotland) 2009 places a duty on public bodies such that, in exercising its functions it must act:

- in the way best calculated to contribute to delivery of the Act's emissions reduction targets (80% reduction in greenhouse gas emissions by 2020)
- in the way best calculated to deliver any statutory adaptation programme; and
- in a way that it considers most sustainable.

The Climate Change (Scotland) Act 2009 provides that, by Order, Ministers can require any public body found to be failing to comply with its climate change duties, to prepare a report on the actions it has taken, is taking or intends to take to secure future compliance with those duties. Any report must include information relating to how: procurement policies and activities have contributed to compliance with climate change duties. The inclusion of this statement within the Act highlights that public sector procurement is a key lever through which public bodies can influence a more sustainable economy, reduce greenhouse gas emissions and ensure resilience to a changing climate.

### **3.7 Scottish Sustainable Procurement Action Plan (2009):**

In 2009, the Scottish Government published the 'Scottish Sustainable Procurement Action Plan' which provided guidance for all public sector bodies in Scotland to help achieve sustainability in their procurement activities. It also described the behaviours and progressive actions which embed sustainability in the procurement process and outlined a self assessment methodology against a 'Flexible Framework' which assists each organisation in creating its own successful delivery plan. The development of a Sustainable Procurement Policy is an essential part of the embedding process described in the plan.

### **3.8 Local Government in Scotland Act 2003:**

Under section 1(5) of the Local Government in Scotland Act 2003 the Council must discharge its best value duties in a way which contributes to the achievement of sustainable development. The Act gives Local Authorities the power to do anything they consider is likely to promote or improve the well-being of local people and places. Council procurement can play its part by building community benefits into contractual requirements where they are relevant to the subject matter of the contract.

## **4: LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT**

### **4.1 Single Outcome Agreement for Argyll and Bute:**

The Single Outcome Agreement for Argyll and Bute which illustrates how partners will work towards objectives that cut across organisations in relation to employment, learning, health and care, community safety, economic development, transport and the environment.

In Argyll and Bute:

1. The economy is diverse and thriving.
2. We have infrastructure that supports sustainable growth.
3. Education, skills and training maximises opportunities for all.
4. Children and young people have the best possible start.
5. People live active, healthier and independent lives.
6. People live in safer and stronger communities.

Sustainable Procurement processes have the potential to impact positively upon all 6 of the above outcomes, through the various methods detailed in Section 5.

### **4.2 Argyll and Bute Council Corporate Plan for 2015-2017:**

The Argyll and Bute Council Corporate Plan for 2015-2017 includes the following key strategic priorities which this Policy contributes to – Making Argyll and Bute a place people choose to live, Making Argyll and Bute a place people choose to learn, and Making Argyll and Bute a place people choose to work and do business, by:

- Helping to ensure that the Council's workforce has the skills, knowledge and behaviours that support our vision;
- Helping to have systems and processes in place that support and enhance customer focused service delivery; and
- Continually looking at how we can improve and deliver quality services.

### **4.3 Argyll and Bute Council Procurement Strategy 2016/17-2017/18:**

This Policy underpins the requirements to meet the outcomes of various key priorities identified within the Council's Procurement Strategy 2016/17-2017/18, for example:

- Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible;
- Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty;
- Complying with the Council's general policy on the use of community benefit requirements;
- Complying with the Council's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements;

- Complying with the Council's general policy on the procurement of fairly and ethically traded goods and services;
- Complying with the Council's general policy on how it intends its approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare.

#### **4.4 Argyll and Bute Council Procurement Manual:**

Sustainable Procurement has been embedded within the Council's Procurement Manual 2016.

#### **4.5 Argyll and Bute Council Sustainable Procurement Delivery Plan:**

The Scottish Procurement Policy Note SPPN 7/2009 required all Scottish Public Bodies to produce their own Delivery Plans to set out how, and by when, improvements in sustainable procurement will be made.

Delivery of the commitments made in this policy shall be supported through the implementation of the Council's Sustainable Procurement Delivery Plan for 2017/18. The Delivery Plan will also include the Council's Flexible Framework Action Plan. On 09 March 2016 the Argyll and Bute Council Procurement Board agreed the revised target to achieve level one of the revised Flexible Framework by 31 March 2017.

Progress against these targets shall be reported on an annual basis.

#### **4.7 Argyll and Bute Council Community Benefits in Procurement Guide:**

The Council's Community Benefits in Procurement Guide supports this Policy by detailing the method of inclusion of community benefits within relevant tenders – ensuring a consistent approach is used throughout all Council contracts, while maintaining the flexibility to suit the varying requirements of the Council.

#### **4.8 Carbon Management Plan (2011):**

The Council's Carbon Management Plan (2011) sets out targets and objectives to address carbon emissions across the activities of; energy use in buildings, waste, fleet, street-lighting and business mileage.

Sustainable procurement processes have the ability to impact positively on the Council's ability to reach these targets – for example through the procurement of renewable energy systems for Council properties that will reduce the Council's carbon emissions.

#### **4.9 The Suppliers' Charter:**

The Suppliers' Charter is a joint statement between public sector buying organisations and Scottish businesses to agree to work together to improve public sector procurement processes and dialogue.



## **5: SUSTAINABLE PROCUREMENT METHODOLOGY**

### **5.1 Priorities:**

The Council's Sustainable Procurement Policy will give guidance and direction, whilst remaining flexible to change as the Council continues to embed sustainability into the procurement process. This policy outlines the key sustainable procurement commitments which will be applied to all procurement activity carried out by the Council. Compliance with this policy and other linked policies set out in this document is mandatory. This will be achieved by a focus on the following priorities within the structure of the revised Flexible Framework:

#### **1 People**

- a) We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- b) We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- c) We will continue to publicise our commitment and successes in Sustainable Procurement.
- d) We will continue with the appointment of a Council Representative within the National Community Benefit Champions Network.

#### **2 Objectives, Strategy & Communications**

- a) We will carry out sustainable procurement whilst complying with national and EU procurement regulations that protect and encourage open and transparent public procurement.
- b) We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council's internal Strategies.
- c) We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.
- d) We will communicate this policy and accompanying guidance to all Council staff and elected members.

#### **3 Process**

- a) We will ensure that what we intend to purchase is necessary and that there is a business case for doing so. Specifying our requirements so as to meet the needs of users and to avoid purchasing more than is needed.
  - We will, where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing or refurbishing existing goods.
- b) We will continue lotting contracts to ensure that Small and Medium size companies are encouraged to bid for our contracts and ensure that tender

- documents are proportional to the requirement to remove unnecessary obstacles.
- c) We will deliver value for money by realistically assessing the whole life-cycle costs of our procurement where possible, and not simply considering the initial purchase price.
  - d) We will make use of Community Benefits Clauses where appropriate:
    - Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000.
    - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.
  - e) We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process; when writing Sourcing Strategies, when creating Invitations to Tender, when evaluating tender submissions, and during contract management.
  - f) We will seek to ensure that wherever appropriate, our contract terms will require suppliers and contractors to support the health, safety, welfare and rights of their employees and subsidiary companies. We will encourage suppliers to promote fair employment practices, employee welfare, equality of opportunity, and to improve workforce diversity so that it is representative of the communities they serve.
  - g) We will, where practicable and where it is sustainable, specify fresh, seasonal, nutritious, and where possible, organic food.
    - We will specify Protected Geographical Indication and Protected Designation of Origin standards where they are justified by menu requirements.
    - We will not knowingly purchase genetically modified food or food with genetically modified ingredients.
  - h) We will specify minimum packaging, reusable packaging and packaging take-back.
  - i) We will make use of Sub-Contracting Clauses where appropriate.
    - Clauses requiring a minimum percentage of the scope of the contract to be sub-contracted will be included in all contracts that are deemed to be proportionate and relevant.
  - j) We will ensure that all relevant procurement contracts and tenders contain best practice standards and sustainable specifications as appropriate to the product or service being procured, using Government Buying Standards sustainable specifications where appropriate.
  - k) We will not intentionally discriminate against specific groups of people when undertaking our procurement activities. We will assess whether a full Equalities Impact Assessment is required at key points in commissioning and procurement cycles and report these through the appropriate management groups or committees. Equalities considerations will be embedded in all procurement documentation and processes.

- l) We will consider animal welfare when making procurement decisions, and wherever possible, will not purchase goods which have been developed using animal testing.
- m) We will use recycled paper throughout Council locations where there are no compatibility issues with existing equipment.
- n) We will appoint a Council Representative for Argyll and Bute Fair Trade; we will continue to promote fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products.
- o) We will continue to promote the Supported Business Framework and award a minimum of two contracts annually through this Framework.
  - We will, where possible, reserve contracts for supported factories, supported businesses and supported employment programmes, where their prices and capacity to deliver is comparable to the rest of the market.
- p) We will continue to consider diversity issues i.e. accessibility needs, religious needs, differing diets etc.
- q) We will ensure that our procurement minimises its contribution to climate change and supports goods, services and works that are well-adapted to the consequences of a changing climate; whole life costing and consideration of resource efficiency will be considered as standard in procurement exercises
- r) We will continue to minimise any negative impacts of procured goods/services/works on biodiversity.

#### **4 Engaging Stakeholders**

- a) We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- b) We will continue to support local and regional small and medium sized enterprises, voluntary and community groups, social enterprises, charities and cooperatives, businesses involving minority individuals and groups, and individuals and groups with protected characteristics, to participate in procurement opportunities; by sharing knowledge and participating in events aimed specifically at local SMEs (Small & Medium Enterprises) and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway.
- c) Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.
- d) We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chain.
- e) We will consult with stakeholders, including suppliers and Third Sector agencies, to ensure views are considered on sustainable outcomes

sought.

## **5 Monitoring & Reporting**

- a) The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- b) We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- c) We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- d) We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, equality reporting requirements, and internal reporting of Community Benefits achieved
- e) We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and include this result in the publication of the procurement key performance indicators.

### **5.2 Implementation:**

- 5.2.1 All Services of the Council will be expected to support the implementation of this Policy. The policy shall be applied to specific commodities purchased by the Council, thereby phasing in its implementation as opportunities arise.
- 5.2.2 To ensure the successful implementation of this policy, all procurement staff should receive training to include relevant resource and best practice guidance.

### **5.3 Monitoring:**

- 5.3.1 All progress against the stated priorities within this Policy will be reported on an annual basis.

### **5.4 Review:**

- 5.4.1 This Policy, the associated Sustainable Procurement Delivery Plan and accompanying guidance will be reviewed by the Procurement and Commissioning Team annually as a minimum to ensure that they remain up to date in terms of any relevant new legislation or guidance, and to ensure that they continue to deal with the issues they were designed to address.
- 5.4.2 The Council will ensure that when the Policy is reviewed, key stakeholders are consulted by seeking their views on the content of the policy.

## **6: SUMMARY**

Argyll and Bute Council is committed to the ongoing development and delivery of sustainable procurement for all three strands of sustainability: environmental, social and economic. By adopting the approach detailed above, the Policy will help deliver local and national objectives which, in turn ensures a more sustainable outcome to our procurement activity.

When procuring goods, works and services; challenges shall be made to the decision that they are required; both for economic and environmental reasons. When a decision is made that this is a necessary requirement, all effort should be made to obtain best value whilst complying with all relevant EU, UK and Scottish legislation.

**For Further information please contact:  
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