

ARGYLL AND BUTE COUNCIL



PROCUREMENT STRATEGY

2019/20

V0.3

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Section 2 – Introduction

- 1.1. The Argyll and Bute Council Procurement Strategy 2019/20 relates to our overall procurement approach, with specific focus on regulated procurements. Regulated procurements are defined as works contracts over £2million in value, and supplies and services contracts over £50,000 in value.
- 1.2. 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.
- 1.3. 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 2019/20 and will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities. Through adhering to the Procurement Strategy, the Council will manage and mitigate the potential risks associated with public sector procurement. Such risks include the potential for challenge from unsuccessful tenderers, the risk of not achieving best value for Council Services, and failing to support the Council's strategic aims.
- 1.4. 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.
- 1.5. 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.

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

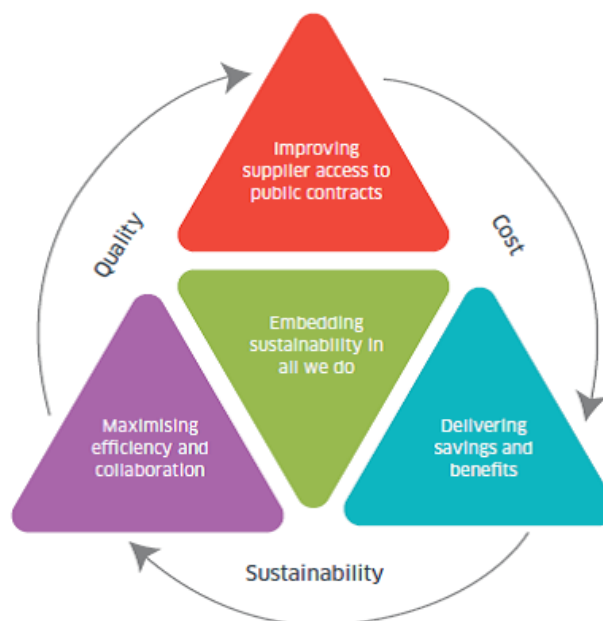
Procurement Principles

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 whole 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

- 4.1 The Council's new Procurement Strategy for 2019/20 takes account of the Annual Procurement Report 2017/18 which detailed the progress that the Council has made since the previous strategy was published. This allows us to reflect on the progress made as well as highlighting the opportunities and challenges now facing the Council, and how Procurement can support the organisation's overall objectives.
- 4.2 Current external impacts on the Council's Procurement Strategy include demographic changes within Argyll and Bute, increasing service user expectations, environmental and social challenges, and the need to ensure our processes are in line with current best practice. Upcoming external challenges include influences such as Brexit and the unknown implications surrounding this.
- 4.3 Internal impacts on this Strategy and the Council's Procurement and Commissioning Team include the need to take account of the requirements of the new Constitution and Corporate Plan, the provision of support to the service departments to meet their budgetary requirements, as well as the support provided to them to deliver transformational change in how they provide their services to the citizens of Argyll and Bute.
- 4.4 The Council will continue to deliver its procurement activities and meet the above opportunities and challenges in line with the Scottish Model of Procurement:



Section 5 – Strategic Aims, Key Priorities & Action Plan

5.1 Our strategic aims

The Strategic Aims of the Procurement and Commissioning Team support the overall Argyll and Bute Council Corporate Plan 2018-2022, specifically to support the Council in its mission to deliver our 6 outcomes and make Argyll and Bute a place people choose to Live, Learn, Work and Do Business:

- Our Economy is diverse and thriving
- We have an infrastructure that supports sustainable growth
- Education skills and training maximise opportunities for all
- Children and young people have the best possible start
- People live active, healthier and independent lives
- People will live in safer and stronger communities

The team recognises the strategic importance of maximising the economic benefits from directing Council spend to local businesses in terms of benefiting the local economy. Whilst it would not be acceptable to give preference to local businesses during any particular procurement, efforts will be made to ensure that local businesses are upskilled so as to have the greatest chance of being successful in winning Council and other public sector business.

5.2 For all of our procurement activity 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 and 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, through continuing to increase the profile of procurement and senior sponsorship within the Council;
- 6 Ensure the Procurement Strategy is aligned with the Council's corporate priorities;
- 7 Continue to improve 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

5.3 Our key priorities for our regulated procurements are:

a. Improve procurement processes and policies

We will do this by:

| # | Priority | Activities | Owner | Timescale |
|---|---|---|--------------------------|------------|
| 1 | Increasing levels of contracted spend throughout the Council | Ongoing activity to continue - Work with departments to put regulated contracts in place where possible to reduce levels of addressable non-contracted spend | PCT | 31/03/2020 |
| 2 | 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 | Ongoing activity to continue - Inclusion of a mandatory sub-contracting clause in regulated procurements where relevant and proportionate | PCT | 31/03/2020 |
| | | Investigate the use of project bank accounts | PCT | 31/03/2020 |
| | | Promote sub-contracting opportunities to SMEs through promoting the use of PCS on the Council's website | PCT | 31/03/2020 |
| | | Share knowledge and participate in events aimed specifically at local SMEs and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway | PCT/ Business Gateway | 31/03/2020 |
| 3 | Reducing bureaucracy - ensuring our processes and templates are accessible as well as standard, simple, transparent and consistent in line with best practice | Ongoing activity to continue - Ensure processes and templates for regulated procurements reflect requirements of the Procurement Journey for tender processes and contract management | PCT | 31/03/2020 |
| 4 | Protecting public spending – ensuring tax payers' money is spent properly, ensuring integrity and accountability | Ongoing activity to continue - Carry out SOCO checks for all regulated procurements to limit opportunities for anyone involved in serious organised crime activities from being awarded public sector contracts | PCT | 31/03/2020 |
| 5 | Regular reporting of procurement performance and compliance in relation to regulated procurements | Ongoing activity to continue - SMT Bulletins to cover regulated procurements | PCT | 31/03/2020 |
| 6 | Categorising areas of spend to | Fully implement Category | PCT | 31/03/2020 |

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| | ensure we achieve the best balance of quality and price for our regulated procurements | Management approach for all regulated procurements | | |
| 7 | Working collaboratively with other public sector organisations on regulated procurements where appropriate, 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 | Consider collaboration with Live Argyll and NHS Highland in Commodity Sourcing Strategies for all regulated procurements | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Participate in Scotland Excel and Scottish Procurement frameworks, where relevant | PCT | 31/03/2020 |

b. Increase expertise, capacity and effectiveness

We will do this by:

| # | Priority | Activities | Owner | Timescale |
|---|---|--|-------|------------|
| 1 | Developing and professionalising contract and supplier management practices to ensure that we are getting the most value and innovation from our contractual relationships while maintaining appropriate standards; and improving commercial awareness across the Council | Contract management training sessions for departmental staff who manage regulated contracts to be held in 2019/20 | PCT | 31/03/2020 |
| 2 | Developing staff in Procurement and Commissioning who lead on regulated procurements; through training, secondments and mentoring | PCT staff complete Procurement Competency Assessment in 2019/20 to identify areas for improvement and training needs | PCT | 31/03/2019 |
| | | Ongoing activity to continue - Trainee Purchasing Officers working towards MCIPS | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Internal mentoring and secondments | PCT | 31/03/2020 |
| 3 | Developing relationships with staff within Live Argyll and NHS Highland to increase the potential for collaborative working that will benefit both organisations | Ongoing work with Live Argyll and NHS Highland to include their requirements within relevant regulated procurements within the Council | PCT | 31/03/2020 |

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:

| # | Priority | Activities | Owner | Timescale |
|---|--|---|-------|------------|
| 1 | Ensuring that the Council's regulated procurements will deliver value for money, through applying the following key principles: Increasing our collaboration with other organisations where possible; Ensuring that all opportunities are thoroughly considered and all implications of change in service areas are fully appraised; Developing contract plans of future procurements to improve our services; Maintaining consistency and transparency in our procurement processes; and 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. | Consider collaboration with Live Argyll and NHS Highland in Commodity Sourcing Strategies for all regulated procurements | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Commodity Sourcing Strategy templates ensure thorough consideration of all opportunities for regulated procurements | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Contract Plans of future regulated procurements to be included in Annual Procurement Reports | PCT | 31/03/2020 |
| | | Ongoing activity to continue - All regulated procurements to be published via PCS/PCS-T to maintain consistency and transparency | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Whole-life costing is included within Commodity Sourcing Strategy templates, to be considered where appropriate for regulated procurements | PCT | 31/03/2020 |
| 2 | Ensuring that the Council's regulated procurements will be carried out in compliance with our duty to act in a transparent and proportionate manner, at each stage of the procurement process, through: using electronic communications for all procurement activity, while providing alternative communications methods if requested; ensuring open public and market engagement; using clear and precise language to ensure a common understanding of the requirements; and utilising Council thresholds to ensure proportionality regarding the appropriate type of | Ongoing activity to continue - All regulated procurements to be published via PCS/PCS-T to maintain consistency and transparency | PCT | 31/03/2020 |
| | | PINs will be published for all appropriate regulated procurements in 2019/20 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Specifications within regulated procurements will include references to EU and British standards where appropriate | PCT | 31/03/2020 |
| | | Ongoing activity to continue - All Council value thresholds for procurements will be complied with for regulated procurements | PCT | 31/03/2020 |

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| | procurement process. | | | |
| 3 | 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 a standard contract clause to this effect in our regulated procurement contracts; including a clause regarding the prompt payment of sub-contractors within our regulated procurement contracts; and through ensuring effective contract management and monitoring is undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract and taking any necessary steps to rectify any prompt payment issues experienced. | We will aim to meet the target of 95% of invoices paid within 30 days during 2019/20 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - All regulated procurements in 2019/20 will include the standard clause in relation to payments | PCT | 31/03/2020 |
| | | Ongoing activity to continue - All regulated procurements in 2019/20 will include a clause regarding the prompt payment of sub-contractors | PCT | 31/03/2020 |
| 4 | Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes, through considering the Council's approach to procurement and commissioning in the context of the wide range of joint plans and strategies developed internally and externally, with other local authorities and partner organisations; by utilising effective and relevant consultation when developing and aligning our procurement strategy with these plans and strategies, and for individual regulated procurements as required; and through promoting effective contract and supplier management to monitor the effectiveness of regulated procurements in achieving their purposes. | Ongoing activity to continue - Carry out external and internal research when developing PS and SPP 2020/21 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Carrying out consultation for PS and SPP 2020/21 as per Section 8 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Carry out consultations for individual regulated procurements as relevant and appropriate | PCT | 31/03/2020 |
| | | Contract management training sessions for departmental staff who manage regulated contracts to be held in 2019/20 | PCT | 31/03/2020 |

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| 5 | 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; through contributing 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 in regulated procurements; while ensuring a proportionate approach which provides an appropriate balance between quality and cost. | Ongoing activity to continue - Consideration will be given at the initial stages of individual regulated procurements to whether it is relevant to address living wage and fair work practices | PCT | 31/03/2020 |
| 6 | 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); considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots; and by using clear and precise language preventing broad interpretation as well as offering alternative language formats if requested. | PINs will be published on PCS for all appropriate regulated procurements in 2019/20 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - Consideration will be given within the initial Commodity Sourcing Strategies to lotting all regulated contracts in 2019/20 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - We will offer alternative language formats when requested | PCT/ Communi- cation s Team | 31/03/2020 |
| 7 | Complying with the Council's Sustainable Procurement Policy (Appendix 2) in relation to the use of community benefit requirements. | Ongoing activity to continue - Community Benefits Clauses will be included in regulated procurements as outlined in the Sustainable Procurement Policy 2019/20 | PCT | 31/03/2020 |
| 8 | Complying with the Council's Corporate Health and Safety Policy 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, through assessing the potential health and safety risks arising from | Ongoing activity to continue - Health and Safety considerations will be included at all stages of regulated procurement processes in 2019/20 | PCT | 31/03/2020 |
| | | Ongoing activity to continue - All regulated works | PCT | 31/03/2020 |

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| | regulated contracts and considering this throughout the procurement process; and through ensuring that our requirements for individual contracts meet current legislation as a minimum. | procurements in 2019/20 will include reference to the current CDM regulations | | |
| 9 | Complying with the Council's Sustainable Procurement Policy (Appendix 2) in relation to the procurement of fairly and ethically traded goods and services. | Ongoing activity to continue - The procurement of fairly and ethically traded goods and services will be considered at the initial Commodity Sourcing Strategy stage of all regulated procurements in 2019/20 | PCT | 31/03/2020 |
| 10 | Complying with the statutory requirements on how we intend our 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 relevant national guidance. | Ongoing activity to continue - Any regulated Catering contracts carried out in 2019/20 will consider the following national guidance throughout the procurement process: 'Better Eating, Better Learning'; 'Beyond the School Gate'; 'Soil Association Food for Life Catering Mark'; 'Catering for Change: Buying Food Sustainably in the Public Sector'; and 'Becoming a Good Food Nation' | PCT | 31/03/2020 |
| 11 | Following the Council's standard practice on consulting and engaging with those affected by its individual regulated procurements including, where appropriate and proportional: consulting and engaging with relevant stakeholder groups at the commodity sourcing strategy stage of individual regulated procurements; considering the National Standards for Community Engagement during this process; and ensuring the outcomes of any consultations will be taken account of within our regulated procurements. | Ongoing activity to continue - Consultations with relevant stakeholder groups will be carried out at the Commodity Sourcing Strategy stage of regulated procurements in 2019/20, where relevant and proportionate. | PCT | 31/03/2020 |
| 12 | Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement | Ongoing activity to continue - Consideration of Sustainability issues – Social, Environmental and Economic | PCT | 31/03/2020 |

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| <p>duty, through embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises; 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; and by promoting innovation at the initial stage of regulated procurements.</p> | <p>– will be embedded throughout the procurement process for regulated procurements in 2019/20</p> | | |
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d. Support the Council's transformational changes

- The Council has been making changes to what we do and how we do it in order to protect jobs and Services in the face of reducing budgets. Our Transformation Board has been set-up to find ways in which to continue this process of change to deliver savings and generate income by redesigning Services and exploring self-funding and business cost reduction opportunities. The Procurement Strategy supports the transformation agenda.
- 5.4 Key Performance Indicators by which we will measure the success of the action plan are detailed in Section 7. Appendix 1 details the initial results of prioritisation of procurement categories across the Council in relation to sustainability.
- 5.5 The Council's Contract Plan can be found at: <https://www.argyll-bute.gov.uk/business-and-trade/find-tender>

Section 6 – Procurement Strategy by Category

CORPORATE AND EDUCATION

Scope/Key Spend Areas

The Corporate and Education Category consists of the following areas:

- Education
- Corporate (*including Customer & Support Services, Governance & Law, Finance, Improvement & I&HR*)
- ICT
- Training
- Transport (*including Bus, Air, Boats & Fleet*)
- Live Argyll
- Catering & Cleaning

Analysis of the existing spend profile across the Corporate and Education Category has identified low value spend (spends of less than £1000, account for 91% of transactions) as a priority areas of focus. Action will include:

- To support all Services to source and purchase goods and services from National and Local contracts where possible.
- To continuing to drive the roll out of the Transactional Purchasing Team (TPT) and grow the team's procurement knowledge and skill to aid Services in ensuring best value for all low value spend.
- To review PECOS to ensure catalogues and suppliers are up to date and available to for use by both the TPT and service end users.
- To work with all Services to implement the No PO No Payment Project by end of current financial year; resulting in the stopping of all manual batched payments and access to line item detail of all supplier spend.

Short/Medium Term Strategy

The short term strategy for the procurement of goods and services within Corporate and Education over the next 2-3 years is:

- **Transactional Purchasing Team (TPT):**
 - Direct the procurement of all non-contracted goods and low value services through the TPT for sourcing;
 - Using PECOS the TPT will promote the use of local and collaborative contracts to achieve best value;
 - Increase volume of Invitation to Quotes (ITQs) processed and awarded via TPT;
 - Complete the roll out of requesting Corporate purchases and T&A requests via PECOS to D&I Services.
- **National Contracts:** As new national contracts become available assess suitability and carry out Best Value review. If deemed appropriate roll out to relevant users and on PECOS.
- **Contract Implementation:** Improve communication of new/updated contracts by developing and promoting user guides.
- **Contract Management:** Continue to undertake contract and supplier management meetings with key suppliers.
- **Catering Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency. Continue to work with the service to implement local contracts as appropriate.

- **Cleaning Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.
- **HR Contracts:** The Procurement and Commissioning Team will review the contract with IT systems.
- **ICT:** Continue to use available frameworks and procurement services as required. Review current PECOS approvals process to ensure appropriate use of established frameworks and sourcing of non-contracted requirements i.e. ITQs.
- **Corporate:** Continue to utilise Scotland Excel and Scottish Procurement frameworks in order to achieve best value and process efficiency. We will work with all Services to implement demand management via the Transactional Purchasing Team for corporate goods not covered by national frameworks to ensure best value.
- **Training:** The Procurement and Commissioning Team will work with Services to consider ways of improving and streamlining the central delivery with maximise the use of training contracts and frameworks. Work with HR to develop an over-arching Training Category Strategy.
- **Transport:** Continue to provide procurement support to the Integrated and Strategic Transport Teams. Work with the service to review existing contracts and schedule tendering exercises for the coming years, engaging the market as early as possible.
- **Live Argyll:** Continue to provide procurement services as required.
- **Education:** Continue to provide procurement services as required. Specifically in relation to Early Years' Service Provision, support delivery of the Scottish Government's commitment to increase the entitlement for early learning and childcare hours from 600 per year to 1140 by 2020 by working with the service to ensure cooperation and a collaborative approach with current suppliers to build on their current capacity to ensure the commitment to increased hours is met. This will include providing support to make sure property adaptations, extensions, and relevant refurbishments or new builds are completed timeously for phasing in of 1140 hrs across localities. To provide support where necessary for the requirement for a high quality innovative and efficient service with contractual requirements for flexibility, parental choice and quality.

Longer Term Strategy

The longer term strategy for the procurement of goods and services within Corporate and Education over the next 3-5 years includes:

- **Collaboration:** Greater engagement with potential partnerships with consideration to more collaborative procurement working, shared services and outsourcing opportunities.
- **Catering & Cleaning:** Provide procurement support for Cleaning and Catering Innovation programme and closer collaboration potential development for working with NHS.
- **ICT:** Work with the service to review overarching ICT Category Strategy.
- **Corporate:** Develop an overarching Corporate Category Strategy. Expand the contract and supplier management process and record on PCS-T where appropriate.
- **Transport:** Expand the contract and supplier management process and record on PCS-T. Annually review the Passenger Transport Category Strategy and continue to explore options to implement price adjustments in contract to enable transport operators to price more competitively and spread identified contract risks between Operators and Argyll and Bute Council.

CONSTRUCTION AND ENVIRONMENT

Scope/Key Spend Areas

The Construction and Environment Category consists of the following areas:

- Construction Consultancy
- Construction Supplies
- Building Works
- Infrastructure Works
- Environment

An analysis of the existing spend profile within the Construction and Environment Category has identified a number of priority areas of focus. These key areas include:

- Procurement of all goods and low value services (up to £20k) within Development and Infrastructure Services routed through the Construction Purchasing Team via 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;
- Implementation of key strategic framework agreements;
- CHORD – Procurement support will be provided to ongoing and upcoming projects, including the Helensburgh Waterfront Development project and Oban projects;
- Increased insourcing of contracts as per Transformation Board objectives;
- Statutory Maintenance Contracts;
- General Maintenance Term Contracts;
- Consultancy Services Frameworks

Short/Medium Term Strategy

The short term strategy for the procurement of works, goods and services within Construction and Environment over the next 2-3 years is:

- Put in place framework agreements to cover core areas of spend, including Haulage;
- Continue to ensure adequate resource to support CHORD & TIF programme procurement;
- Increase volume of Quick Quotes raised via Construction Purchasing Team for the purposes of operation efficiency and achievement of savings;
- Roll out of process for Corporate purchases and T&A requests via Pecos to D&I Services;
- Continue use of Vendor Rating Systems for Building and Infrastructure Works Quick Quotes;
- **Statutory Maintenance Term Contracts:** The PCT is currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to buildings maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible;
- **Consultancy Services:** In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical services suited to the Council's 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.

Longer Term Strategy

The longer term strategy for the procurement of works, goods and services within Construction and Environment over the next 3-5 years includes:

- 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;
- Assist Services in increasing their commercial awareness in terms of opportunities on Public Contracts Scotland, subject to availability of adequate resource in the service;
- Assist Services to achieve the agreed Transformation Board objectives;
- Provide procurement support to assist the Property Services team with increasing levels of contracted maintenance spend from the current levels.

CARE

Scope/Key Spend Areas

The Care Category consists of the following areas:

- Adult Services
- Children's Service
- Disability Equipment
- Funerals
- Healthcare Services

An analysis of the existing spend profile within the Care Category has identified the following priority areas of focus. These key areas include:

- Care at Home and Supported Living are 2 of the highest spend areas, Scotland Excel are in the process of developing a strategy for future procurement of these services at a national level. It is our intention to engage in this work with intention of using the resulting contract only if it represents best value for the Council. The services are currently under contract and a sourcing strategy is in place to allow this to continue up to 2021 unless an option via Scotland Excel becomes available.
- Older People's Care Homes, Scotland Excel are working on a procurement strategy to continue the national approach to this contract. It is our intention to continue contracting on that basis however, we must be aware of the continuing risk that negotiations will fail. In that instance, priority will have to be given to locally negotiated contracts/collaborative arrangements with other partnerships.
- Adult and Young People's Residential Placements outside of Argyll and Bute, the HSCP are currently working on a strategy aimed at bringing people back to Argyll and Bute. This may result in some related procurement/commissioning activity in 2019-20.
- Disability Equipment, Cordia (Services) LLP run a contract for supply, delivery and maintenance of equipment which is open to all local authorities in Scotland. Argyll and Bute HSCP opted out of the current contract but work on the new contract will commence in 2020 and PCT would recommend that the HSCP signed up to it this time around.

Short/Medium Term Strategy

The short term strategy for the procurement of goods and services within the Care Category over the next 2-3 years is:

- 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. Scotland Excel are now actively involved in the negotiation process with COSLA and have successfully negotiated the contract for the year 2018-19. It is expected that from 2019/20 a longer term arrangement will be negotiated. The risk of failure of negotiations must continue to be monitored.
- Scotland Excel have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected.
- Annual breaks have been incorporated into existing contracts in order to ensure contracts are flexible enough for the partnership to be in a position to take advantage of any national developments being led by Scotland Excel.
- 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.
- The 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. 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.
- Comply fully with Guidance on the Procurement of Care and Support Services 2016 (Best Practice).
- Continue to undertake 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.
- A greater focus required during contract management on Community Benefits required to ensure that more of the provider's efforts are captured and formally recorded.
- Continue to review and revise the terms and conditions for care services as required and following feedback from providers
- Ensure comprehensive and clear process in place for new suppliers selected under Option 2 Self Directed Support SDS, allowing people to choose their care provider, contracted via HSCP.
- 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.
- The Procurement and Commissioning Team have developed the Care Service Monitoring Tool to gather 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.
- The new Public Contract (Scotland) Regulations 2015 will impact on the procurement of Housing 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. 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

Longer Term Strategy

The longer term strategy for the procurement of goods and services within the Care Category over the next 3-5 years includes:

- Develop and continue to review Commodity Sourcing Strategy coverage for all high value/high risk social care procurements
- Continue active involvement in national activity lead by Scotland Excel and other relevant bodies
- Continue to seek innovative solutions for compliant procurement processes for Services to the Person, e.g. DPS
- The team will continue to provide procurement support advice and assistance to the 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.

Section 7 – Financial Analysis & Key Performance Indicators

- 7.1 The Council's total spend in 2017/18 on supplies, services and works was £139 million. Our core trade spend (trade suppliers we spent more than £1000 with during the year) was £126m and is given by category in the table below.

Table 1: Spend by Category for 2017/18

| Category | Total Spend |
|----------------------------|-----------------|
| Construction & Environment | £45.52m |
| Corporate & Education | £41.70m |
| Care | £39.25m |
| Total | £126.46m |

- 7.2 The following table shows the Council's spend in more detail by vCode Business Sector, a classification system appended by the Scottish Procurement Information Hub.

Table 2: Spend by vCode Business Sector for 2017/18

| vCode Business Sector | Total Spend |
|--------------------------------|-------------|
| Social Care & Services | £37.75m |
| Construction | £26.25m |
| Facilities Management | £19.22m |
| Waste & Environmental Services | £9.25m |
| Travel & Accommodation | £6.54m |
| ICT | £4.53m |
| Vehicles | £3.91m |
| Utilities & Energy | £3.67m |
| Financial Services | £3.36m |
| Transport | £1.89m |
| Healthcare | £1.49m |
| Education | £1.33m |
| Human Resources | £1.32m |
| Food, Beverage & Catering | £1.06m |
| Professional Services | £0.80m |
| Arts, Sport & Leisure | £0.80m |
| Other Goods & Services | £0.68m |
| Security Equipment & Services | £0.64m |
| Marketing & Media | £0.48m |
| Business Support Services | £0.43m |
| Animals & Farming | £0.31m |
| Manufacturing & Machinery | £0.20m |
| Stationery & Office Products | £0.19m |
| Legal | £0.19m |
| Retail & Wholesale | £0.07m |

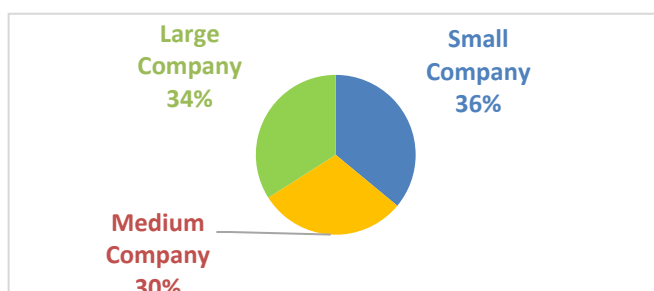
| | |
|---------------------------------|-----------------|
| Clothing | £0.05m |
| Charitable & Religious Activity | £0.04m |
| Laboratory | £0.02m |
| Total | £126.46m |

- 7.3 The top 20 suppliers to the Council account for 46.5% of the Council's core trade spend. The following table shows the top suppliers and spend for the year 2017/18.

Table 3: Spend with Top 20 suppliers

| Supplier Name | Total Spend |
|--|--------------------|
| ABC Schools Ltd | £14.43m |
| Renewi Argyll & Bute Limited (formerly Shanks Argyll & Bute Limited) | £6.60m |
| McLaughlin & Harvey | £6.49m |
| West Coast Motor Services Co | £4.53m |
| Enable Scotland | £4.43m |
| Carr-Gomm Scotland | £2.67m |
| Affinity Trust | £2.11m |
| Gael Force Engineering Ltd | £1.98m |
| McKenzie Care Homes Ltd | £1.83m |
| Carers Direct Limited | £1.74m |
| Crossreach | £1.39m |
| HC-One Ltd | £1.36m |
| Kiely Bros Ltd | £1.34m |
| Mears Care (Scotland) Ltd | £1.22m |
| Allied Healthcare Group Ltd | £1.20m |
| TSL Contractors Ltd | £1.15m |
| Barr Environmental | £1.11m |
| McKinven & Colville | £1.07m |
| Hawthorn Heights Ltd | £1.07m |
| BCA Insulation Ltd | £1.07m |
| Total Spend with Top 20 Suppliers | £58.81m |

- 7.4 In 2017/18, spend with SMEs accounted for 66% of core trade spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2017/18.



7.5 Key Performance Indicators:

| Year | Procurement Commercial Improvement Programme (PCIP) Score | Procurement spend with contracted suppliers (%) | Contracts awarded to local businesses (% of contracts awarded) | Contracts awarded to SMEs (% of contracts awarded) | Local suppliers bidding for business with the Council (% of bids received) | Tenders won by a local supplier where a local supplier has placed a bid (%) | Invoices paid within 30 days (%) |
|--------------------------|---|---|--|--|--|---|----------------------------------|
| 13/14 | - | 89 | 37 | 87 | - | - | 92 |
| 14/15 | - | 88 | 34 | 85 | 23 | - | 91.52 |
| 15/16 | - | 89 | 39 | 83 | 31 | 75 | 93.74 |
| 16/17 | 70 | 90 | 25 | 79 | 16 | 68 | 94.10 |
| 17/18 | N/A | 90 | 38 | 80 | 29 | 80 | 96.46 |
| 18/19 Target | 75 | 90 | - | 75 | 20 | - | 95.00 |
| Provisional 19/20 Target | 75 | 90 | - | 75 | 20 | - | 95.50 |

The Key Performance Indicators detailed above allow the Procurement and Commissioning Team to provide evidence in support of the Council's Corporate Plan's strategic aims as identified in Section 5.

7.5.1 **The Procurement and Commercial Improvement Programme (PCIP):**

The Procurement and Commercial Improvement Programme (PCIP) Assessment is a national assessment of the Council's procurement practices, focusing on the policies and procedures driving procurement performance and, more importantly, the results they deliver as derived from the Scottish Model of Procurement. PCIP covers 3 main areas: Leadership & Governance, Development & Tender, and Contract.

The full version of the assessment took place in June 2016. A score of 70% was achieved which is within the highest banding possible for the assessment. The Council's next PCIP assessment is scheduled for November 2018.

7.5.2 **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 90% or greater in order to ensure that best value is achieved and that relationships with suppliers are clearly documented for legal and monitoring purposes.

7.5.3 **Contracts awarded to local businesses and SMES:**

The Council monitors the percentage of contracts awarded to local suppliers and SMEs. The Council is a member of the Supplier Development Programme which provides free advice and training to local SMEs. Alongside this the Procurement function is continually reviewing its processes to ensure that local SMEs are not at a disadvantage when bidding for contracts. The target for contracts awarded to SMEs is determined annually, and will vary depending on the nature of the upcoming contracts in the contract plan and their

expected supply markets for main/Tier 1 contractors (rather than the full supply chain). Local businesses and SMEs will be able to access sub-contracting opportunities via engagement with the Tier 1 contractor. These targets have been lowered for 2018/19 and 2019/20 to reflect the change in mix of new or renewed contracts up expected in these years.

7.5.4 Local suppliers bidding for business:

The Council monitor the type of contracts that local suppliers are bidding for and which contracts are subsequently awarded to them. The team continues to provide accessible training and access to tender opportunities to local suppliers. The target for local suppliers bidding for tenders is determined annually, and will vary depending on the nature of the upcoming contracts in the contract plan and their expected supply markets for main/Tier 1 contractors (rather than the full supply chain).

7.5.5 Invoices paid within 30 days:

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

Section 8 – Implementation, Reviewing & 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 Procurement Strategy. This will help to ensure that our approach and 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; this covers what will be involved in the consultation, and the inclusion of feedback to the final strategy.

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, Policy and Resources Committee and finally Argyll and Bute Council.

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.

8.2 Reviewing

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

The Council will, as soon as reasonably practicable following the end of the financial year, prepare an Annual Procurement 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 – 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>
- 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.publiccontractsscotland.gov.uk>
- Equality Act 2010: <http://www.legislation.gov.uk/ukpga/2010/15/contents>
- Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012:
<http://www.legislation.gov.uk/ssi/2012/162/made>
- Organisation for Economic Co-Operation and Development:
<http://www.oecd.org/about/>
- Scottish Procurement Information Hub:
<https://www.gov.scot/Topics/Government/Procurement/eCommerce/ScottishProcurementInformationHub>

Local Policies:

- Sustainable Procurement Policy 2019/20 (Appendix 2) – <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/constitution>
- Equality Policy 2013-2015 – <https://www.argyll-bute.gov.uk/equality-workplace>

| Section 10 – Glossary | |
|---------------------------------|---|
| Term | Description |
| Aggregated/ Aggregation | The adding together of the estimated value of different procurement requirements by the same contracting authority in order to ascertain whether notices (advertises) have to be placed in OJEU in accordance with the directives. |
| Annual Procurement Report | The Procurement Reform (Scotland) Act 2014 requires all contracting authorities obliged to publish a procurement strategy, to publish an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of its financial year. |
| Award | A decision to accept a tenderer's offer to supply/ provide specified goods/ services/ works according to agreed terms & conditions thereby creating a legally binding contract. |
| Best Value | The duty under the Local Government Act in Scotland 2003 to secure continuous improvement in the economy, efficiency and effectiveness with which they exercise their functions. |
| BPIs (Best Practice Indicators) | A common, core set of National Procurement Best Practice Indicators (BPIs) were developed by the Scottish Government and designed to be applicable and useful to procurement teams in all parts of the public sector in Scotland |
| Category | A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable. |
| Category Management | Procurement approach used within Argyll and Bute Council to manage categories of spend to increase efficiencies and expertise |
| CDM Regulations | Construction (Design and Management) Regulations 2015 |
| Collaboration | Cooperative joint working with another public sector organisation |
| Commodity Sourcing Strategy | A document that shows the preparatory thinking that is done about a procurement process, including sustainability considerations, stakeholders to be involved, risks etc |
| Community Benefits Clauses | Community Benefit Clauses provide a means of achieving sustainability in public contracts. |
| Contract Award Notice | A notice published on PCS that a previously advertised opportunity has been awarded. |
| Contract Management | The process of monitoring the performance of a supplier to contract. |
| Contract Notice | Advert to invite applicants to express interest & apply to tender, or to be pre-qualified. |
| Contractor | The provider of any supplies, services or works under contract. Or, in the context of works at any stage of the process. |
| COSLA | Convention of Scottish Local Authorities |
| Demand Management | To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption. |
| DPS (Dynamic Purchasing System) | Electronic system that can be established to purchase goods and services, similar to a framework agreement, but where new suppliers can join at any time. |
| Equality Duty | Compliance with the terms of the Equality Act 2010 and any guidance provided by the Scottish Ministers for local authorities to comply with the Public Sector Equality Duties |
| Framework agreements | An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the |

| | |
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| | terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies. |
| HSCP | Health and Social Care Partnership, also referred to as the Argyll and Bute Integrated Joint Board being the Integration Joint Board established by Order under section 9 of Public Bodies (Joint Working) (Scotland) Act 2014 |
| ICT | Information and Communications Technology |
| KPIs (Key Performance Indicators) | Measurable value that demonstrates how effectively the Council is carrying out procurements |
| Light Touch Regime | Reference to the process for the award of a public contract for social and other specific services |
| MCIPS | Member of the Chartered Institute of Procurement and Supply |
| MEAT (Most Economically Advantageous Tender) | Taking account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision |
| Notice | Advert |
| OJEU | Official Journal of the European Union |
| PCIP (Procurement Commercial Improvement Programme) Assessment | Annual assessment of public sector organisations that focuses on the policies and procedures driving procurement performance and the results they deliver. |
| PCS (Public Contracts Scotland) | The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities. |
| PCS-T (Public Contracts Scotland-Tender) | The national eTendering system. |
| PCT | Procurement and Commissioning Team |
| PECOS | Professional Electronic Commerce Online System – cloud based purchase to pay system used by Argyll and Bute Council. |
| PIN (Prior Information Notice) | Early notices on PCS to advise of the intention to advertise later |
| Prioritisation Tool | A tool to aid all procuring organisations across the Scottish Public Sector, it has been designed to bring a standard structured approach to the assessment of spend categories. |
| Procurement Competency Assessment | Assessment that identifies skills and competency levels required by staff involved in the procurement process. It helps people take ownership of their personal development through a skills assessment, identifying training and development needs and supporting career planning |
| Procurement Strategy | The Procurement Reform (Scotland) Act 2014 requires contracting authorities with significant procurement expenditure in the next financial year to publish a procurement strategy setting out how they intend to carry out regulated procurements, or review the current strategy and make appropriate revisions. |
| Procurement Exercise | Full end to end procurement exercise documentation from strategy development to contract & supplier management. |
| Procurement function | The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives. |

| | |
|-----------------------------------|--|
| Procurement Journey | Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an ongoing basis with feedback from users and any other identified good practice guidance and tools where appropriate to ensure a standardised approach to the supply base. |
| Procurement Manual | Internal Argyll and Bute Council operational procurement guide |
| P2P (Purchase to Pay) Process | Entire supply chain process – from goods receipt to payment process |
| Quick Quote | Procurement method for lower value tenders, where the Invitation to Quote/Invitation to Tender is sent to a set distribution list of suppliers rather than being publically advertised. |
| Scotland Excel | Scotland Excel is the Centre of Procurement Expertise for Scotland's local government sector |
| Scottish Procurement | Directorate within the Scottish Government, carrying out procurements on behalf of the Scottish public sector |
| Services/ Supplies/ Works | A public service contract is a contract having as its object the provision of services. A public supply contract is a contract having as its object the purchase, lease, rental or hire purchase with or without an option to buy, of products. A public works contract is a contract having as its object a building or civil engineering project or piece of work. |
| Single Outcome Agreement | Agreement which sets priority outcomes for the area, and how local priorities contribute to national priorities |
| SMEs (Small & Medium Enterprises) | The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro. |
| SMT | Senior Management Team, within Argyll and Bute Council |
| Social enterprises | Businesses whose primary objectives are social or “more than profit” |
| SOCO | Serious and Organised Crime Organisations |
| Specifications | The part of the invitation to quote or invitation to tender which details the nature and quality of the goods, services or works |
| Stakeholder | Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it. |
| Standing Orders | The set of rules governing the procurement and financial regulations with which the Council must comply, in terms of the Local Government Scotland Act 1973 |
| Supplier | An entity who supplies goods or services |
| Supplier Development Programme | A business support initiative using training and information to improve the competitiveness of local businesses |
| Supply Chain | All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer. |
| Supported Business | A supported business' primary aim is the social and professional integration of disabled or disadvantaged persons. At least 30 per cent of the employees of those businesses should be disabled or disadvantaged. |
| Sustainability | In relation to procurement, sustainability involves understanding the potential environmental, social and economic impacts that are a result of purchasing decisions. |

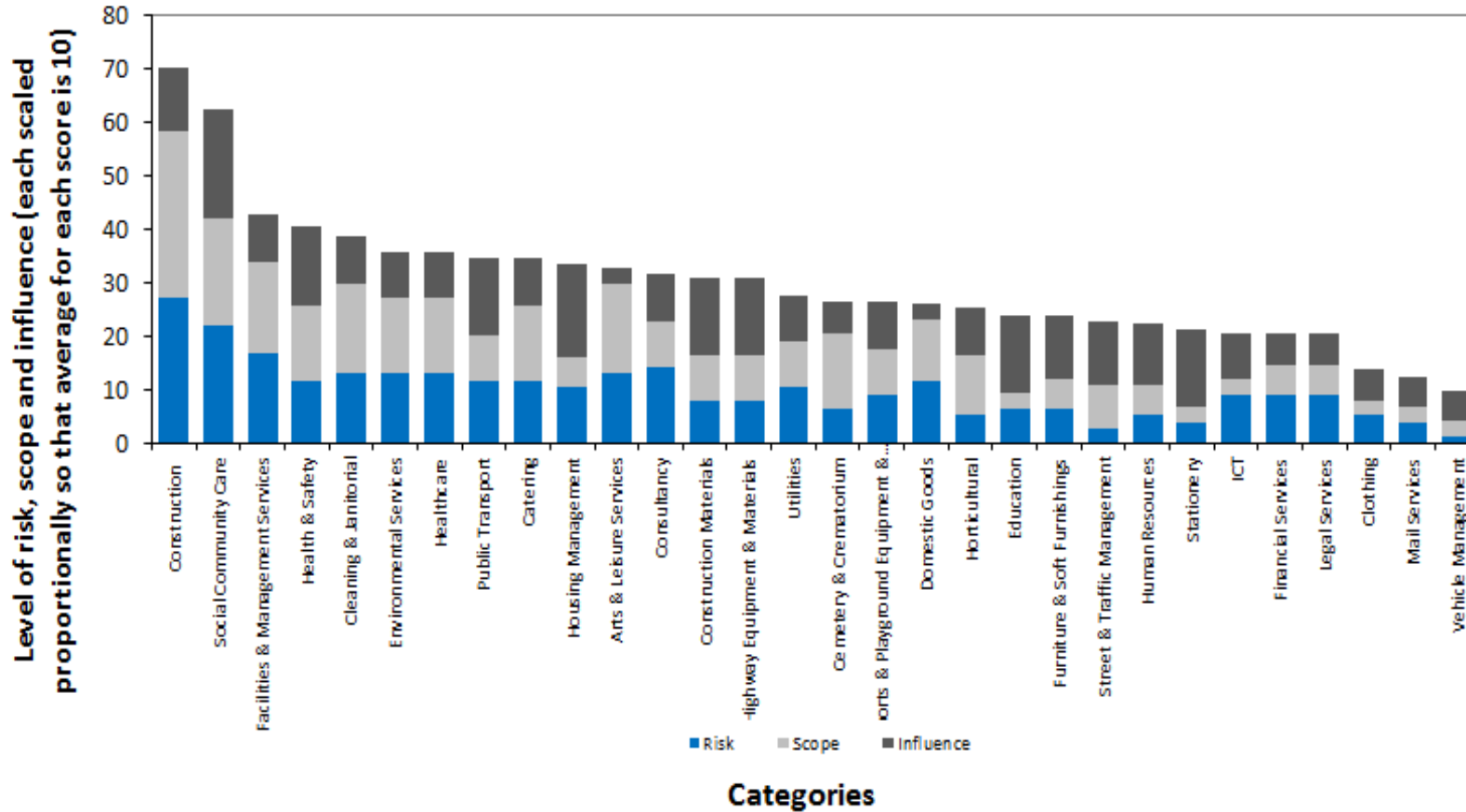
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| Tender | An offer, or bid, by a tenderer in response to an invitation to tender (ITT) or a mini-tender in a framework agreement |
| Third Sector | The third sector includes charities, social enterprises and voluntary groups; delivers essential services, helps to improve people's wellbeing and contributes to economic growth. |
| Value for Money | An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service. |
| Vendor Rating System | Internal Argyll and Bute Council methodology for selection of distribution lists for Works Quick Quotes |
| Whole life costs | The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads. |

Section 11 – Strategy Ownership & Contact Details

- 11.1 The Argyll and Bute Council Procurement and Commissioning Team are part of the Customer and Support Services team which sits within the Customer Services Directorate.
- 11.2 The Procurement and Commissioning Team works with the Council's Services and suppliers to develop contracts and procedures to deliver Best Value.
- 11.3 The team is responsible for the procurement of works, goods and services for all Council departments; and for developing procurement processes, procedures, strategies and policies in line with national best practice.
- 11.4 If you have any queries in relation to this strategy, please contact:
- Anne MacColl-Smith, Procurement and Commissioning Manager
 - Procurement@argyll-bute.gov.uk

APPENDIX 1: Prioritisation Tool Outcome

Overall Priority Categories



This outcome from the Prioritisation Tool assists the Council to prioritise and focus on those categories of spend within the upcoming regulated procurements for 2019/20 that offer the greatest potential sustainable outcomes. The graph above highlights the initial results of prioritisation of procurement categories across the Council; based on 2016/17 spend data.

This output is used to assist the Council with informing priorities for:

- (a) a focus on sustainability within commodity sourcing strategies;
- (b) market engagement strategies; and
- (c) making sure that those responsible have relevant understanding and capability to apply sustainable procurement in these priority commodities.

The Prioritisation Tool analysis will be updated annually to reflect changes in expenditure, commodities and other relevant material changes and will allow the council to manage its procurement resources more effectively to ensure these are targeted to the appropriate categories of spend. The analysis of 2017/18 spend data is currently being carried out, and will prioritise the spend within each of the three main category areas covered by the Procurement and Commissioning Team – Corporate & Education, Construction & Environment, and Care.

APPENDIX 2: Sustainable Procurement Policy 2019/20

ARGYLL AND BUTE COUNCIL



SUSTAINABLE PROCUREMENT POLICY 2019/20

“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**

1: INTRODUCTION

- 1.1 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 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.

- 1.3 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.
- 1.4 Argyll and Bute Council is one of the region's major purchasers, with a total spend in 2017/18 of £139 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.
- 1.5 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 2019/20. 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.

2: POLICY STATEMENT

- 2.1 The aim of this Sustainable Procurement Policy is to ensure that Argyll and Bute 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

There are various pieces of legislation/Scottish Government tools/best practice which impact on the Council's Sustainable Procurement Policy:

- Revised Flexible Framework
- The Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014 (including the Sustainable Procurement Duty)
- Zero Waste (Scotland) Regulations 2011
- Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
- Climate Change (Scotland) Act 2009 and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015
- Local Government in Scotland Act 2003

4: LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT

There are also various internal policy documents and strategies which impact on the Council's Sustainable Procurement Policy:

- Argyll and Bute Outcome Improvement Plan 2013-2023
- Argyll and Bute Council Corporate Plan for 2018-2022
- Argyll and Bute Council Procurement Strategy 2019/20
- Argyll and Bute Council Procurement Manual
- Argyll and Bute Council Community Benefits in Procurement Guide
- Carbon Management Plan (2011)

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 publicise our commitment and successes in Sustainable Procurement.

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 consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process, including within strategy documents and contract conditions and specifications.
- b) We will use Community Benefits Clauses where appropriate, in line with the Council's Community Benefits Clauses in Procurement Guide, reporting on achievements to the Council's Procurement Board on a quarterly basis.
- c) In relation to economic considerations, our priorities will be:
 - To use mandatory sub-contracting clauses in all proportionate and relevant contracts;
 - To lot contracts where appropriate to encourage Small and Medium

size organisations to bid, and to ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.

d) In relation to social considerations, our priorities will be:

- To ensure there is no intentional discrimination against specific groups of people when undertaking procurements - Equalities and Diversity considerations will be embedded throughout the procurement process;
- To ensure that our contract terms require suppliers to support the health, safety, welfare and rights of their employees and supply chain – ensuring that the Council does not support human trafficking or modern slavery;
- To promote fair trade options throughout the Council;
- To promote the use of Supported Businesses, where their prices and capacity to deliver is comparable to the rest of the market.

e) In relation to environmental considerations, our priorities will be:

- To ensure that our procurements minimise our contribution to climate change and support goods, services and works that are well-adapted to the consequences of a changing climate;
- To ensure that our procurements are necessary – where appropriate re-using, repairing or refurbishing existing goods;
- To specify fresh, seasonal, nutritious, and where possible, organic food, and to not knowingly purchase genetically modified food or food with genetically modified ingredients;
- To specify minimum packaging, reusable packaging and packaging take-back;
- To minimise any negative impacts of our procurements on biodiversity;
- To use recycled paper throughout the Council where there are no compatibility issues with existing equipment;
- To consider animal welfare when procuring; and wherever possible to not purchase goods developed using animal testing.

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 support local and regional small and medium sized enterprises, voluntary and community groups, third sector organisations, social enterprises, charities and cooperatives, businesses involving minority individuals and groups, and individuals and groups with protected characteristics, to participate in procurement opportunities.
- 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, Third Sector agencies and social enterprises, 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 report on our progress.

5.2 Implementation:

- 5.2.1 All Services of the Council will be expected to support the implementation of this Policy.
- 5.2.2 To ensure the successful implementation of this policy, all procurement staff will receive training on the contents.

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 will be reviewed by the Procurement and Commissioning Team annually to ensure that it remains up to date in terms of any relevant new legislation or guidance, and to ensure that it continues to deal with the issues it was 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, this Sustainable Procurement Policy will help deliver local and national objectives which, in turn ensures a more sustainable outcome to our procurement activity.

**For Further information please contact:
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