



# MIDLOTHIAN COUNCIL

# PROCUREMENT STRATEGY: 2015-2018

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## 1. Foreword

The launch of Midlothian Council's new Procurement Strategy is an opportunity to look back at what we have achieved so far and look ahead to the challenging times which we face.

These challenges include reduced public funding, demographic issues, increasing service user expectations, environmental and social challenges, how we support and stimulate the local economy, promoting the payment of the living wage and the need to deliver further efficiency savings.

Procurement can play a crucial role in meeting those challenges, by continuing to involve service users in designing and delivering innovative and effective services, with better engagement with communities, working closely with local and key suppliers, and developing effective strategic partnerships with other public sector bodies to reduce costs and improve services.

This strategy sets out a framework, which is designed to enable the Council to meet these challenges through:

- Engaging proactively with local businesses and SME's, providing support, advice and where appropriate training on the Supplier Journey, with the aim of stimulating the local economy through the increase of local businesses winning Midlothian contracts.
- Working with local businesses and key suppliers through contract and supplier relationship management, ensuring that we extract maximum value and innovation from our supply base, receiving continued feedback on our performance and to streamline our tender documentation
- Achieve accreditation as a Scottish Living Wage Employer, within the procurement regulations we will promote and encourage the payment of the living wage through contracts.
- Focusing our procurement activity on delivering improvements for the people and communities in Midlothian by building community benefits into all appropriate contracts, helping to increase apprenticeships, training and work experience opportunities
- Increase the level of collaboration both internally, between service areas, and externally with other strategic partners.

## 2. Context

In a time of reducing funding, and increasing expectations of our residents, business and tax payers, it is more important than ever that Midlothian Council's procurement strategy supports the Single Midlothian Plan. Every member of the community expects the Council to provide an efficient and cost effective public service, the focus on our commercial arrangements, procurement, supplier and contract management therefore continues to increase.

Procurement is increasingly recognised, at a local, national and international level, as an integral function of public service delivery. Effective procurement across the whole organisation is essential if we are to achieve better value and demonstrate continual improvement.

Any procurement strategy needs to reflect the local, national, and international expectations of what public bodies can achieve through improving their approaches to Procurement.

**Locally** it needs to reflect the commitments made to address the following key procurement issues:

- How to increase the SME/local business share
- How to minimise duplication and bureaucracy
- How to maximise Community Benefits and Best Value simultaneously
- How to deal with the continued pressure for savings

**Nationally** it needs to reflect the Scottish Government's expectations of organisations delivering public Procurement and its overarching concern which is that:

*"The actions of the public sector have a huge impact on society, the economy and the environment and in no area is this more obvious than how we spend public funds. Procurement is a key means of delivering this Government's priorities and underpins the achievement of the social, economic and environmental benefits that sustainable economic growth demands"* Scottish Government Sustainable Procurement Policy, October 2009

**Internationally** it needs to reflect the EU Parliament and Commission expectation of its contribution to the achievement of Europe 2020.

*"Public procurement plays a key role in the Europe 2020 strategy, set out in the Commission Communication of 3 March 2010 entitled 'Europe 2020', a strategy for smart, sustainable and inclusive growth"* Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014.

## 3. Review of Previous Activity

Over the last 3 years, the Council has made significant progress in procurement activity in support of key objectives set out in the previous strategy – “Procurement Strategy 2011-2014” as follows:

- Achieved “Improved Performance” status in the national Procurement Capability Assessment, Midlothian Council achieved the highest step change score in 2012, increasing from 33% (Conformance) to 54% (Improved Performance); the last two years have seen a consolidated and sustainable increase in our Procurement Capability.
- Provided support to local organisations, through local meet the buyer events, drop-in surgeries and promotion of the Supplier Development Programme
- Embedded Community Benefits and Sustainability into the tendering process, resulting in new apprenticeships and sub-contract opportunities for local businesses and helping to reduce our carbon footprint.
- Made good progress in responding to the complex national and regional public sector procurement reform agenda, contributed to the consultation process of the Procurement Reform (Scotland) Act 2014.
- Embedded the Category Management approach to procurement through the agreed management model.
- Facilitated good procurement practice across the Council with revised procurement procedures, policies and streamlined documentation.
- Made good progress in the implementation and continued roll out of the Council wide Purchase to Pay (P2P) system. Over 400 members of staff now trained and using the P2P system on a daily basis.
- Provided relevant training and development, in line with national competency levels, to the procurement team.
- Upheld the Councils commitment to the Supplier Charter and worked closely with Police Scotland in stopping Serious and Organised Crime Groups from winning public sector contracts.

We will build on these achievements, ensuring that category management progresses further with the complex analysis required in challenging and supporting appropriate buying decisions.

## 4. Objectives

Effective procurement will support the key strategies and goals of the Council and help deliver its aims and objectives. With over £105m annual revenue and capital expenditure with external suppliers the procurement strategy seeks to demonstrate a clear and well-structured approach to the Council's procurement activities outlining **what** will be done, **how** and **when** it will be achieved and how success will be measured.

**The principle objectives of the Strategy are to:**

- **To support and stimulate the local economy through the use of the Council's considerable buying power;** early engagement with local businesses in the procurement process and targeted training where appropriate to enable local businesses to be prepared for upcoming contract opportunities. Aim is to increase % spend with local businesses
- **The procurement strategy will be a lever to support delivery of the Council's Corporate Social Responsibility;** through Equality and Diversity, community benefits such as training, development, creation of apprenticeships and work experience, achieving accreditation as a Scottish Living Wage Employer by promoting and encouraging the payment of the living wage throughout our supply chain, and aiming to reduce our carbon footprint by contracting with local businesses where possible.
- **To ensure effective procurement contributes to the wider efficiency savings targets of the Council;** whilst best value is the overall driver of the strategy, a main focus of procurement activity will be on cashable and non-cashable savings, through challenging existing service requirements, extensive market research and seeking innovative solutions to service needs.

**Underpinning these principles objectives, the procurement strategy also seeks to;**

- Categorise areas of spend to achieve best value – getting the best balance of quality and price for our purchases;
- Ensure compliance with complex European Union Procurement Legislation;
- Ensure compliance with Public Contracts (Scotland) Regulation 2012 and associated mandatory guidance and/or updates
- Ensure compliance with Procurement Reform (Scotland) Act 2014;
- Ensure that the Council acts properly and purchases in a sustainable way, so observing its corporate social responsibility;
- Protect public spending – ensuring tax payers money is spent properly, ensuring integrity and accountability;

- Reduce bureaucracy – making the tender process standard, simple, transparent and ensuring consistency in procurement decision making;
- Develop key purchasing systems and processes across the Council with due consideration for local and national Digital Strategy requirements, existing budget constraints and the need to ensure best value whilst reducing purchase to pay costs;
- Ensure the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local markets, Small and Medium Sized Opportunities (SMEs) and Third Sector Organisations;
- Work collaboratively with other public sector organisations;
- Access national contracts and framework agreements for goods, works and services, where appropriate;
- Arrange local contracts and frameworks for goods, works and services, where required;
- Report on Midlothian Council progress towards the Scottish Government Best Practice Indicators for procurement.

The Procurement Strategy and Policy sets out a framework for Midlothian Council which supports the Single Midlothian Plan whilst reflecting the complex national and regional public sector procurement reform agenda. It also complements the Council's Standing Orders, and Financial Regulations.

Whilst Best Value is the overall driver of the strategy, the current focus of procurement activity is cashable benefits (savings) in the much wider context of national efficiency targets. Although, cashable benefits will be a continuous focus to realise savings, the existing focus on non cashable benefits (quality) is expected to strengthen.

An action plan **Appendix 1**, along with key performance indicators **Appendix 4**, have been developed which will support and monitor the delivery of the procurement strategy and its policies.

## 5. Procurement Policy

In support of Best Value and recognising the requirements of the Single Midlothian Plan the following policy has been developed.

### 5.1 Vision

Midlothian Councils vision for procurement is to provide a high quality, fit for purpose procurement service which will provide best value for the Council and its communities.

### 5.2 Procurement Policy Principles

The procurement policy is aimed at ensuring that where possible value for money is achieved by identifying the most advantageous balance of achieving wellbeing, service quality and cost (including whole life costs)

The following procurement principles have been established that aim to support the Councils core principles, objectives and priorities:

1. All procurement activity should be undertaken with the highest standards of openness, integrity, transparency, probity and accountability;
2. Procurement activity should take into account the effect on the local economy and supporting the well-being of Midlothian's residents and communities;
3. The procurement function within the Council will be managed centrally utilising category management with Procurement Business Officers allocated to work with services;
4. The Council will utilise the PCA evaluation as the main method of monitoring the compliance of the Council's procurement function to national standards;
5. The procurement service will set a range of performance indicators against which performance will be monitored;
6. The Council will aim to rationalise and streamline all procurement processes and documentation to maximise efficiency and reduce bureaucracy;
7. The Council expects all employees who are involved in the procurement process to follow a defined set of procurement rules in order to ensure appropriate practices and processes are followed;
8. The Council will comply with all relevant European, National (UK) and Scottish procurement legislation and policy;



9. All procurement that has the potential for staff transfers will follow the requirements of Transfer of Undertaking Protection of Employment Regulations 1981 (TUPE) and relevant national Guidance.
10. The Council will aim to maximise benefits through complying with national and sectoral collaborative procurement frameworks where these represent best value;
11. The Council will maintain and regularly review its approach to local procurement through the implementation of a Local Procurement Policy;
12. The Council will develop a consistent approach to Corporate Social Responsibility within procurement across the Council – covering issues such as sustainability, community/social/economic benefit, energy and carbon management; equality; ethics (including Fair Trade); etc.;
13. The Council will maintain and regularly review its approach to sustainability in relation to procurement through the implementation of a Sustainable Procurement Policy;
14. The Council will support local business through ongoing supplier development and adopting approaches to support local procurement, as described in the Local Procurement Policy;
15. Achieve Scottish Living Wage Accreditation, promote and encourage the payment of the Living Wage through contracts;
16. The Council will pay supplier invoices within 30 days and will build the same obligation into contracts for all suppliers and their sub-contractors to pay their suppliers within 30 days; and
17. Ensure that contracts are not based on Zero Hours Contracts and exclusivity clauses, and discourage blacklisting.

## 6. Roles and Responsibilities

Key responsibility for procurement is developed throughout the Council; potentially everyone has a role in the procurement process:

### **Elected Members:**

Leadership in terms of setting strategy and policy. Delegating appropriate authority to Chief Officials.

### **Procurement Strategy Board:**

Implement, shape and communicate procurement strategy & policy, delegate authority to Heads of Service. Appraise relevant members/committees.

### **Heads of Service:**

Define business need, control budgets, sanction strategic procurement decisions, develop business case and support line managers.

### **Service Managers:**

Plan and deploy resources, approve operational procurement, buying authority of control budgets. Define specifications, monitor contracts, assess and manage supply chain risk. Ensure compliance. Provide technical expertise.

### **Operational Staff:**

Initiate purchase and process orders, monitor contracts & feedback supplier/contract performance. Provide technical knowledge of service.

### **Procurement Service:**

The procurement manager will deliver the Council's procurement objectives and continuous procurement improvement across the full range of Council services, including shaping, communicating and delivering the procurement strategy Council-wide.

The procurement manager will develop working relationships with internal and external customers and partners across the procurement community. They will further develop the procurement service, combining an innovative approach, adopting best practice and/or leading edge procurement solutions, where appropriate.

The procurement team will develop commodity strategies for each key area of spend and will work with service managers providing challenge on all procurement, and ensure that each procurement is aligned to the key procurement objectives in this strategy and that savings and community benefits are assessed and achieved.

## 7. Procurement Strategy

The following describes the strategy that will be implemented in order to support the policy and the attached **Appendix 1** identifies the key improvement actions that will be implemented to support the Policy and Strategy.

### 7.1 Delivering Key Objectives

Effective procurement will support the key strategies and goals of the Council and help to deliver its aims and objectives. Procurement will be used as a lever to support wider Council objectives and corporate social responsibility such as the Capital Plan, equality and diversity, sustainability, carbon management, community benefits and local economic regeneration.

### 7.2 Best Value Procurement Choices

Best value is the main driver in the Councils procurement decision making process. It requires the Council to demonstrate economy, efficiency and effectiveness in all its activities and effective procurement will be a key factor in helping reach these goals. Best Value requires the Council to think radically and re-shape, not only the way it specifies requirements and undertakes procurement, but how it purchases and delivers goods, services and works.

Decisions about procurement will consider the full range of options available, including partnership, joint purchasing, creating local framework agreements or using existing national framework agreements, utilising in-house resource or external contracts and consolidating contracts where it makes sense to do so. Quality of service and risk will be judged along with cost. Midlothian Council also supports the Scottish Government policy on ensuring that public contracts are awarded only to legitimate businesses and we will continue to protect public funding by sharing information about suppliers who bid for public contracts with Police Scotland. Our tenders will also promote and encourage the payment of the Living Wage, ensure that contracts are not based on Zero Hours contracts with exclusivity clauses and discourage blacklisting.

The strategic importance and complexity of required outcomes will largely determine the choice of the procurement route. Clearly, the purchase of high volumes of low-value goods and services from a national collaborative framework agreement arranged by Scottish Procurement or Scotland Excel will bring benefits in corporate buying power. Options appraisal for more complex activity will raise questions of whether services should be provided internally or externally. With service user consultation, where appropriate, the final decision should always be considered in the light of what is likely to provide the Best Value for the local community.

The procurement service will engage with services, developing Category Strategies and contract delivery plans, finding the best solution, getting the right suppliers who will deliver the required quality standards and at the right time, for all Midlothian Council spending and ensuring business continuity.

We will continue to develop the systems that support us in tracking our achievements against Scottish Governments national best practice indicators.

### **7.3 Contract Delivery Plan & Savings**

The Procurement Reform (Scotland) Act 2014 has a requirement for all public bodies to publish annual procurement activity plans and report on delivery against those plans.

The procurement team in conjunction with Heads of Service, service managers and finance will produce a contract delivery plan on an annual basis and will publish the plan as per Scottish Government guidance. The contract delivery plan will include **all** planned procurement throughout the year and target delivery dates will be set and monitored.

Potential savings will be identified in the contract delivery plan against each procurement activity. The procurement team will work with services to deliver the identified saving and monitor further efficiencies through contract management.

A procurement board will be established that will provide guidance, support and challenge on the delivery of the contract delivery plan, savings and identified actions within this strategy.

### **7.4 Supporting the Local Economy**

To support economic regeneration the need to think locally is well recognised. The Council is a large spender of money and can therefore use this power to stimulate and support the local economy.

Procurement legislation restricts the Council's ability to favour local businesses and organisations but there are numerous ways in which we can support the local agenda:

- Providing information about future procurement activity on the Council website and advertising all tenders on Public Contracts Scotland (PCS);
- Continue utilisation of the quick quotes facility in PCS to ensure that local organisations have access to all opportunities regardless of value;

- Publishing the details of successful suppliers/contractors on PCS which may allow local organisations to develop relationships and/or subcontract opportunities in line with their own business plans;
- In support of supplier development and awareness, Midlothian Council procurement team will hold monthly drop in surgeries, which will cover amongst other topics contract opportunities and help local businesses understand and navigate the public procurement processes;
- Carry out supplier engagement meetings, which will include the opportunity to network, hear about changes to procurement legislation, changes to our processes/documentation and provides further opportunity to enter into dialogue with the local market much earlier in the procurement cycle;
- Packaging contracts and dividing into lots to encourage the following to tender where possible: Local and Regional Businesses, SME's, Newly formed businesses and the voluntary and community sector;
- Introducing social clauses where possible;
- Maintaining a local business supplier directory for lower level spend (under £50k).

Midlothian Council is also committed to the Supplier Charter which is a joint statement between public sector procurement and businesses to facilitate access to public sector procurement opportunities. This is attached in **Appendix 2**.

### **7.5 Corporate Social Responsibility (CSR) and Sustainable Procurement**

All procurement activity will fully consider how CSR in contracts impacts on local communities, every contract for example will consider, equalities, fair trade, governance, prompt payment, supporting local SME's, and community benefits which can be developed and achieved within and through contracts with third party suppliers, procurement will embed these into tender documentation and evaluation criteria.

Sustainable Procurement is embedded within CSR. Approximately £150billion, equivalent to around 13% of the UK's GDP, is spent by the public sector each year on goods and services. This has huge impacts in terms of the economy and the environment. The Council spent over £105m on revenue and capital with external suppliers in 2014/15.

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

Leading by example in our community, the Council may have a direct impact in reducing its carbon footprint and this approach includes buying locally to reduce carbon impact of transportation on our environment. This can only enhance the Councils reputation in implementing good practice and supports the DEFRA Government Buying Standards.

To ensure Sustainable Procurement, through the Category Strategy process and all relevant tender activity, Midlothian Council will consider the environmental, social and economic consequences of, for example:

- Design
- Non-renewable material use;
- Manufacturing production methods;
- Logistics;
- Service delivery;
- Maintenance;
- Re-use options;
- Reduction options;
- Disposal
- Supplier capabilities; and
- Energy efficiency.

The focus should ensure that Midlothian Councils approach to sustainable procurement will achieve:

- Lasting value for money;
- The avoidance and/or reduction in negative environmental impacts;
- Delivery of social and economic benefits locally;
- Lower emissions and air pollution level from sustainable transportation usage; and
- Less waste going to landfill.

Focusing public spending on sustainable goods, services and works is an important catalyst for local job creation, sustainable innovation and market development.

The Council has committed to achieving Level 3 “practice” through delivery of the Sustainable Procurement Action Plan (SPAP), a tool developed by the Scottish

Government for encouraging successful sustainable economic growth and will support in testing the new SPAP being launched by Scottish Procurement to reflect changes in the Procurement Reform (Scotland) Act 2014. It is a methodical whole organisation approach to sustainable procurement and is a benchmark for development and promotion of good practice. In committing to sustainable procurement Midlothian Council recognises that implementing this approach may increase costs in certain circumstances.

The Council will raise awareness of sustainable procurement and wider sustainability goals through the development of e-learning modules to be included in the employee induction process. Our tender process approval mechanisms will also prompt for environmental, social and economic consideration.

### **7.6 Community Benefits**

The Council, through its core activity, already provides community benefits however there is additional scope to bring a social and local economic dimension into tendered activity through the inclusion of Community Benefit clauses.

The tendering process will fully consider how Community Benefits, in line with the Scottish Government definition, can be achieved within third party contracts with suppliers for goods, services and works. With the implementation of the Procurement Reform (Scotland) Act 214, we will also consider local implementation of national guidance for Community Benefits to support this activity.

Community Benefits as a minimum will include;

- Creation of apprenticeships
- Work Experience for S4 – S6 pupils
- School Visits by suppliers
- Targeted training
- Main contractors advertising sub-contract opportunities to local businesses

Our benefits tracker system will be enhanced to monitor all community benefits delivered through the tender process and will be monitored and reported throughout the duration of the contract.

### **7.7 Developing Procurement Capability**

Scottish Government place great importance on procurement at a national level. The Public Procurement Reform Board (PPRB) introduced the Procurement Capability Assessment (PCA) in 2009. This is an annual assessment of each public sector

organisation which measures progress in procurement activity. The PCA measures the performance of the whole Council, not just the procurement team.

In October 2014, Midlothian Council was assessed in the “Improved Performance” category. This continues the Councils above national average achievement in recent years and puts the Council in a strong position to further develop, and in doing so to learn from and share good practice with other Local Authorities, to meet our target of achieving “Superior Performance” by 2018.

### **7.8 Contract and Supplier Relationship Management**

Effective contract management is a vital and often neglected part of the procurement process. In many people’s minds, procurement ends when the contract is awarded but it essential that pro-active and professional contract management takes place, as even the best specified and procured contracts can fail to deliver what was expected of them.

The level and type of contract management will vary depending on the nature of the contract, but can range from regular meetings with suppliers through to more formal contract monitoring against targets and performance indicators.

Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract.

Correctly entering into a contract is however only part of the process of ensuring value for money. The procurement process will deliver a contract which has the potential to deliver that which it set out to deliver. The actual outcome(s) delivered are however, dependent upon the contract being managed appropriately.

Good contract management needs to be built into the contracting process right from the start and will also involve aiming for continuous improvement in performance over the life of the contract. The procurement team will advise on the steps that need to be taken to implement good contract management during the procurement process.

Contract management must take into account the themes from the Single Midlothian Plan and must therefore include, where relevant, policies relevant to sustainability, equalities and diversity, economic regeneration, environmental management, community engagement and community benefits.

We plan to introduce a robust contract and supplier management procedure, and embed an improved approach to Supply Chain Risk across all our strategic and critical contract arrangements.



### 7.9 Professional Standards and Good Practice

There is growing interest and awareness, from suppliers in other EU countries, in relation to bidding for public sector contracts in Scotland, particularly with the introduction of the Scottish Governments Single Point of Enquiry. Therefore, whilst it is recognised that flexibility is needed when considering procurement options, procurement remains subject to a range of national and EU regulations, in addition to Scottish Government Policy and recommendations, guidance on procurement of care and support services, as well as the Councils own Standing Orders and Financial Regulations. These documents set out thresholds and tender requirements and define the procurement team role and responsibilities.

A quick reference guide of tender thresholds and responsibilities, which summarises the requirements of the key documents, is attached at **Appendix 3**. It also provides information on minimum tender timescales. There is no maximum timescale and the Council will, within the context of the business need and timescales, provide suppliers with enough time to prepare tender documentation. It should be noted that the summary at Appendix 4 is no substitution for reading the governance documents in full. In addition to the governance documents there are a range of Council policies which will directly impact on the procurement process to varying degrees. In particular, Council policies on health and safety, equal opportunities, the environment, freedom of information, and data protection will form an integral part of the decision-making process depending on the requirements of what is being procured.

Over the last 3 years, Midlothian Council has been able to develop core knowledge within the procurement team through achievement of CIPS qualifications and delivery of training on EU regulations for the whole team. The procurement team will continue to work with services to share that knowledge and improve procurement practice across the Council.

### 7.10 e-Procurement

The purchase to pay process is a critical component of the Councils ordering and payments cycle and must be developed further to ensure an efficient approach. The Council currently uses e-series which is part of our current finance system Integra, this reduces the requirement for costly interfaces across different systems and will provide procurement and management with up to date real time spend information at a line item level. Continued implementation of the system across the Council will further improve the cost-effectiveness of the purchase to pay process for the purchase of goods, services and works, in particular low-value items where the cost of the transaction can often outweigh the value of the product. The procurement team will be a key partner in this Business Transformation process. We will embed this through our standard tender documentation and through the development and implementation of a robust vendor approval process. As part of the system

development we will explore the use of e-invoicing to meet EU regulation changes due in 2019.

In support of the purchase to pay improvements Midlothian Council will continue the implementation and roll-out of the national e-Tendering solution, PCS Tender. This complements the best value approach in developing the capacity of existing systems, as the Council already use Public Contracts Scotland and also satisfies the national ICT Strategy objective in relation to collaborating across the public sector for ICT solutions.

### **7.11 Collaborative Procurement**

The Council will use its procurement power where practical in order to obtain economies of scale and secure value for money. This will take several different formats:

- Ensuring a level playing field for local businesses;
- Joining National Contracts tendered by Scottish Procurement, where these offer best value;
- Maximising best value in continued Scotland Excel membership, joining national contracts tendered by them, where these offer best value;
- Use of procurement opportunities where the procurement of similar products and services across the Council can be aggregated to obtain economies of scale;
- Aggregation of spend on goods and services with, and the offer of procurement expertise and advice to, other Councils and public sector bodies where this will help to deliver improved value for money;
- Strengthening relationships with other neighbouring Local Authorities.

### **7.12 Equality and Diversity**

The Christie Report on The Future of Public Services in Scotland recognised that equality and fairness are even more important in economically challenging times.

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 introduced specific duties for the Council. Midlothian Council will demonstrate, through the tender process, that it has had due regard to whether the award criteria and conditions relating to the performance of a relevant contract should include consideration to enable it to better perform the equality duty.

The Council will produce updated guidance on ensuring equality in procurement will work in parallel with the Councils Equality Impact Assessment process.

### **7.13 Improving Health and Wellbeing**

At Midlothian Council we recognise the requirement to find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents value for money whilst improving the health, wellbeing and education of communities in our area. In 2012/13 local authorities spent £66.1m on food purchasing with around 90% spent on school food.

By collaborating early in the tender process with Facilities colleagues we will work to put in place affordable contracts which meet the nutritional requirements for food for all users of our catering services, whilst promoting the highest standards of animal welfare. Our approach will also take recognition of requirements set out by the Scottish Government such as The Schools (Health & Nutrition) (Scotland) Act 2007, The Nutritional Requirements for Food & Drink in Schools (Scotland) Regulations 2008 and the National Care Standards for Eating Well.

### **7.14 Fair and Ethically Traded Goods and Services**

Fair Trade promotes social economic and environmental standards in the procurement of goods from developing countries. Fair Trade aims to ensure that excluded/disadvantaged producers are able to access international markets, are paid a fair price for their products and are provided with decent working conditions during production. Fair Trade also seeks to promote environmentally sustainable practices and develop long term economic trading relationships. Traders are encouraged to buy as directly from producers as possible and supply chains are kept transparent as possible.

Supporting Fair Trade promotes awareness of the Council's wider economic, social and environmental impacts and demonstrates commitment to corporate social responsibility. By purchasing Fair trade products or by stocking and promoting Fair Trade product lines, consumers and businesses give communities the chance of an economic, environmental and socially sustainable future. The Council recognises the importance of Fair Trade and so will promote the use of Fair Trade products throughout its procurement activities.

# Procurement Strategy 2015-18

## Appendix 1

<b>Action Plan</b>		
<b>Develop Procurement Leadership and Governance across the Council</b>		
Sub Action	Due Date	Assigned to
Develop refreshed Category Strategies with each service	Mar-16	Procurement Manager/Procurement Officer/Service Managers
Develop and agree contract delivery plan including the identification of savings and timelines	Sep-15	Procurement Manager/Procurement Officers/Heads of Services/Service Managers/Finance
Establish a Procurement Board to provide support, guidance and challenge. Board to monitor procurement activity against agreed timeline in Contract Delivery Plan and the delivery of actions from the Procurement Strategy	Sep-15	Procurement Manager
Further develop relationship with Internal Audit to ensure audit plan has adequate coverage of strategic procurement and key risks/gaps are routinely advised to procurement	Sep-15	Procurement Manager
Review standing orders to reflect procurement responsibilities and provide recommendations to the Director, Resources.	Sep-15	Procurement Manager
Consider the impact of EU and Procurement Reform changes on standing orders and provide recommendations to the Director, Resources.	Sep-15	Procurement Manager

<b>Develop Key Purchasing Systems and Processes</b>		
Sub Action	Due Date	Assigned to
Continue with implementation and roll-out of purchase to pay (business transformation project) across the Council, improving efficiency and standardisation of processes maximising use of Integra E-Series.	Dec-16	Procurement Manager/Business Application Manager
e-Tendering to be implemented for all formal tenders	Mar-16	Procurement Manager

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e-Invoicing to be implemented as part of EU regulation changes by 2019	Mar-17	Procurement Manager/Business Application Manager
Develop process to ensure that Scotland Excel management information is agreed at an early stage in the procurement process	Dec-15	Procurement Manager

### **Delivery of Local Procurement Policy**

Sub Action	Due Date	Assigned to
Develop and embed a local procurement policy	Dec-15	Procurement Manager
Build the Living Wage into all procurement activity and achieve procurement Living Wage accreditation	Dec-15	Procurement Manager
Hold supplier surgeries to offer advice and guidance on tendering in the public sector to interested suppliers	Dec-15	Procurement Manager
Hold an annual supplier engagement event to allow an opportunity for networking, providing updates on legislative changes, changes to tender documentation and to discuss Council procurement activity	Nov-15	Procurement Manager
Provide information and any appropriate training to suppliers on the Councils approach to e-tendering	Nov-15	Procurement Manager
Publish a contracts register to identify existing contracts, showing contract end dates, that may be of interest to suppliers	Sep-15	Procurement Manager
Promote the use of the quick quote facility in Public Contracts Scotland to give visibility of informal tenders below £50k	Nov-15	Procurement Manager
Develop and maintain a local supplier directory for all suppliers interested in providing quotes and tenders for all Council contracts	Dec-15	Procurement Manager

### **Develop Procurement Capability across the Council**

Sub Action	Due Date	Assigned to
Develop process to ensure all new starts complete e-learning module	Dec-16	Procurement Manager

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Procurement Awareness sessions for existing employees who spend money with 3rd party suppliers	Mar-16	Procurement Manager
Communicate Procurement Reform (Scotland) Act 2014 and changes to EU regulation, as appropriate, across the Council	Dec-15	Procurement Manager
Further develop and deliver training plan in line with national procurement competency framework	Dec-15	Procurement Manager
Continue to conduct customer and supplier feedback, develop an action plan as required	Oct-15	Procurement Assistants

<b>Develop Contract &amp; Supplier Management across the Council</b>		
Sub Action	Due Date	Assigned to
Develop contract & supplier management guidance	Dec-15	Procurement Manager
Roll out contract & supplier management across all services, embedding this process as mainstream for contract managers	Mar-16	Procurement Manager/Procurement Officers
Facilitate performance review meetings with established strategic suppliers	Mar-16	Procurement Officers
Within supplier relationship management, develop a process to allow suppliers to feedback on the performance management process itself	Mar-16	Procurement Manager

### 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.

A top priority of the Public Procurement Reform Programme is to use public procurement spending as a driver of economic growth while continuing to deliver value for the taxpayer and we are committed to ensuring that Small and Medium-sized Enterprises (SMEs) have fair and equal access to public sector contracts in Scotland.

We recognise the need, where practical, to simplify and standardise processes and to ensure consistency in order to provide a fair and open approach to tendering. With these aims in mind:-

#### **Public sector procurement organisations will:**

- Consult with the business community to identify and reduce barriers to business.
- Facilitate understanding of public sector procurement policy and legislation by relevant stakeholders.
- Ensure that the approach to individual contracts, including large contracts and framework agreements, is supported by a sound business case.
- Keep the tender process as simple as possible, but consistent with achieving Best Value/value for money, to help minimise costs to suppliers.
- Unless there are compelling business reasons to the contrary ensure that adequate and appropriate publicity is given to contract opportunities that fall below the OJEU threshold limits or are otherwise exempt from the public procurement directives. (Compelling reasons may, for example, include the factor that the proposed firm is by recent experience (within 3 months) the best value for money supplier and would be likely to remain so in another competition).
- Commit to using the core questionnaire for routine procurements with addition of bespoke additions

on a case by case basis. Authorities will be expected to follow this format and, as closely as possible, wording for routine open procedure procurements.

- Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process.
- Publish guidance for the business community on tendering for opportunities.
- Support training for procurement staff to develop consistency in the use of best practice procurement activity.

### **Businesses and their representative organisations will:**

- Provide feedback from suppliers and their respective associations, on tender processes and perceived barriers to business. Representative organisations will act as a guide to their members in cases of complaint and help them to distinguish the appropriate course of action.
- Recognise duties under EU and UK law surrounding public procurement activity.
- Encourage members of business organisations to adhere to this Charter.
- Support public sector websites as a means of accessing contract opportunities.
- Make effective use of their skills and resources in bidding for and providing public sector goods and services.
- Support the use of the core questionnaire in the tendering process and the scope for debriefing.
- Encourage understanding of the principles of good business practice by appropriate means e.g. dissemination of information and awareness raising seminars.
- Work with our public sector customers to deliver value for money throughout the life of the contract.



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## Procurement – Quick Reference Guide

## Appendix 3

### PROCUREMENT THRESHOLDS AND TIMESCALES – Goods, Services & Works

Value**	Definition	Tender Route***	Tender Activity	Minimum Advertising Requirements	Purchaser	Minimum Timescales****
0 - £1,000	Goods, Services & Works	n/a	Ability to directly appoint one supplier	n/a	Authorised Purchaser	
£1,001 - £5,000	Goods, Services & Works	3 Quotes	Seek advice and guidance from procurement on approach to market	PCS – Quick Quote Facility	Authorised Purchaser	1-2 weeks
£5,001 - £50,000	Goods, Services & Works	Route 1 – 3 Quotes	Seek advice and guidance from procurement on approach to market	PCS – Quick Quote Facility	Authorised Purchaser	2–4 weeks minimum
£50,001 - £172,514	Goods, Services & Works	Route 2 or 3 – Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS)	Procurement Officer	6-8 weeks
£50,001 - £4,322,012	Works	Route 2 or 3 – Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS)	Procurement Officer	6-12 weeks
£172,515 and above	Goods, Services & Works	Route 2 or 3 – Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS) - OJEU	Procurement Officer	4-6 months
£4,322,012 and above	Works	Route 3 – Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS) – OJEU	Procurement Officer	4–6 months
Non-Competitive Action	Single Tender Contract Extension	n/a	Procurement lead	n/a		Minimum 2 weeks

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## PROCUREMENT THRESHOLDS AND TIMESCALES – SOCIAL AND OTHER SPECIFIC SERVICES

Value**	Definition	Tender Route***	Tender Activity	Minimum Advertising Requirements	Purchaser	Minimum Timescales****
0 - £1,000	Social & Other Specific Services	n/a	Ability to directly appoint one supplier	n/a	Authorised Purchaser	
£1,001 - £50,000	Social & Other Specific Services	Route 1 Min - 3 Quotes	Seek advice and guidance from procurement on approach to market	PCS – Quick Quote Facility	Authorised Purchaser	1-4 weeks
£50,001 - £172,515	Social & Other Specific Services	Route 1 or 2 Min 3 Quotes or Formal Tender	Seek advice and guidance from procurement on approach to market	PCS – Quick Quote Facility	Authorised Purchaser	2–4 weeks minimum
£172,515 - £625,049	Social & Other Specific Services	Route 2 or 3 Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS)	Procurement Officer	6-8 weeks
£625,050 and above	Social & Other Specific Services	Route 2 or 3 Formal Tender Process	Procurement lead on tender	Public Contracts Scotland (PCS)	Procurement Officer	4-6 months
Non-Competitive Action	Single Tender Contract Extension	n/a	Procurement lead	n/a		Minimum 2 weeks

\*EU thresholds may be updated if amended by European Union. These values are based on EU thresholds applicable from 1st January 2012.

\*\* Unless you are confident of the market and prices, if the value of activity is near to the maximum in any value range, or you expect that bids may be in excess of the maximum, it is recommended that you use the next process up e.g. if project/budget value is £48,000 for goods and services rather than using quotations, use the Formal tender process.

\*\*\*Depending on the complexity of the work and any evaluation requirements, rather than using the informal quotations documents, you may wish to contact Procurement to discuss using more formal tender documents and/or advertising the work. There is an on-line quick quotes process to aid this.

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\*\*\*\* These timescales are for the minimum advertising requirements. They may increase or decrease depending on the complexity of the scope. For tenders above £50,000, you should contact procurement to discuss timescales at the formal planning stage to avoid unnecessary delays in the tendering.

\*\*\*\* Tender Routes are based on the Scottish Government Procurement Journey

**Note: The thresholds are correct at time of publishing this document. Please not they can and do change from time to time so please ensure that you know which thresholds applies at the point in time that you are going to tender.**

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## Appendix 4

### Statistical Information

Ref	Statistical Information	Reporting
1	Total percentage of contracts tendered with Community Benefit clauses	Annual
2	Total number of community benefits in contracts tendered	Annual
3	Total percentage contracts tendered that are awarded to local suppliers	Annual
4	Total percentage of local suppliers that bid for tenders	Annual
5	Total percentage of spend with local suppliers	Annual

### Local Performance Indicators

Ref	Description	2014 Actual	2015 Target	Reporting
1	Procurement Capability Assessment	65%	70%	Annual
2	Percentage of spend through contracted suppliers	81%	85%	Annual

### National Best Practice Indicators

Ref	Best Practice Indicator	Reporting*
1	BPI 1 - % Total Cash Savings	Annual
2	BPI 1 - % Total non-cash savings	Annual

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3	BPI 4 - % procurement spend through collaborative contracts	Annual
4	BPI 5 - % procurement spend with contracted suppliers	Annual
5	BPI 7a - % procurement officers MCIPS qualified	Annual
6	BPI 7b - % procurement officers with an appropriate procurement qualification	Annual
7	BPI 7c - % procurement activity influenced by a procurement professional	Annual
8	BPI 7d - % procurement officers with delegated authority	Annual
9	BPI 8 - % procurement officer undertaking formal training towards a procurement qualification	Annual
10	BPI 9a - % electronic contract notices	Annual
11	BPI 9b - % electronic contract award notices	Annual
12	BPI 9c - % contract through e-sourcing	Annual
13	BPI 9d - % e-transactions	Annual
14	BPI 93 - % payments processed via e-payment system	Annual

\* Calculation of some targets and best practice indicators require information from the finance system after the year end. To ensure consistent reporting and reduce duplication, all performance indicators will be reported annually in June.