**Item 6**

**16th June 2022**

**Glasgow City Council**

**Contracts and Property Committee**

**Report by Director of Legal and Administration**

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# The Corporate Procurement and Commercial Improvement Strategy 2018 – 2022 - Performance Action Plan

**Purpose of Report:**

To inform the committee of the progress, to date, against the delivery of the Corporate Procurement and Commercial Improvement Strategy 2018 – 2022.

**Recommendations:**

It is recommended that the committee notes the content of this report.

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| Ward No(s): | Citywide: ✓ |
| Local member(s) advised: Yes ☐ No ☐ | consulted: Yes ☐ No ☐ |

## 1. Introduction and Background

1.1 The City Administration Committee approved the Corporate Procurement and Commercial Improvement Strategy 2018 - 2022 (Strategy) at its meeting on the 14th June 2018. Link to report below:

https://www.glasgow.gov.uk/Councillorsandcommittees/agenda.asp?meetingid=15555

1.2 Within the Strategy it was proposed that the Corporate Procurement Unit (CPU) provide a quarterly update on the delivery of the Strategy to the Contracts and Property Committee or as and when required, and this is included within the Committee terms of reference.

1.3 In addition, the delivery of the Strategy is monitored via a comprehensive action plan which is reported to the Corporate Procurement Advisory Board (CPAB), which forms part of the Council's Procurement Governance Structure, and is chaired by the Director of Legal and Administration. The action plan details all the deliverables, including the associated target dates until December 2022. A full copy of the action plan, including the status, is set out in Appendix A.

1.4 The Strategy was developed to support delivery of the Council's Strategic Plan 2017- 2022, and to focus on specific development areas identified via the national Procurement Commercial and Improvement Programme (PCIP) assessment, which is undertaken every two to three years.

1.5 The national PCIP assessment is endorsed by Audit Scotland to focus on the policies and procedures driving procurement performance, and more importantly the results they deliver. It allows public sector organisations to benchmark performance and develop plans for improvement. It should be noted that in 2018 the Council completed a focused assessment and continued to achieve the top performance banding with a leading score of 88%, increasing its score by 3% from the previous assessment.

1.6 The Strategy has 5 outstanding actions, 4 actions were completed in line with the target date of April 2022 and the remaining 5 actions are due for delivery in December 2022. These dates will align with the expiry of the Strategy and will maximise the impact and positive outcomes delivered via the Strategy.

## 2 Progress since last report

2.1 In the period from the 1st January 2022 to 31 April 2022 there were four actions targeted for completion and these support delivery of three of the eight key strategy objectives. These actions have been completed in accordance with the targeted completion date, as set out in the paragraphs below.

### 2.1.1 Savings and Positive Outcomes

**Completed Action 2.03** - The CPU has implemented a Strategy Support Board (SSB) which provides strategic direction, guidance and advice to the procurement officer in the development of specific sourcing strategies. The CPU SMT continue to review the workload allocation hours to ensure appropriate time is available for the development of robust sourcing strategies. The sourcing strategy template has been enhanced to ensure key areas are considered such as sustainability and pre-market engagement/analysis. Category Management is now fully embedded and this transition has allowed the strategic staff greater time to understand their allocated categories and commercial spend, in particular areas of opportunity re non-contract spend.

### 2.1.2 Leaner, More Efficient and Effective Procurement Function

**Completed Action 3.01 -** The CPU engaged with NRS using lean methodology to review the mini competition process. Following the review we agreed to a more streamlined process called Mini Comp B and this is now being used for the Construction and Trades Framework. This process will now be applied to other Frameworks when possible. Various documents have been updated on the Councils Procurement toolkit with a view to being more efficient and leaner. Many of the documents have been adopted by HSCP and are also available to the Council family.

**Action Owner - CPU Development Team and SWS**

2.1.3 **Completed Action 3.03 -** The CPU have continued to build on its close working relationship with other Local Authority and Council procurement teams during the period of the Strategy. The Procurement toolkit is continually updated to encourage a streamlined and standardised approach to procurement. A recent example is the work carried out on the implementation of Fair Work First (FWF) which required the development of a new FWF question and has resulted in over ten procurement documents being amended, in conjunction with Legal services and corporate HR. The agreed wording was subsequently shared with the Council family procurement teams to incorporate within their procurement process. All updated documents are available on the Council's procurement toolkit.

**Action Owner – CPU Development Team and other family procurement teams**

2.1.4 **Completed Action 4.08 -** The CPU encourage and promote the use of (RSBi) ,the Council's supported business, at various Scottish Public Sector boards, forums and meetings.

**Action Owner - CPU Development Team and SWS**

## 3 Outstanding Actions

The Strategy has 5 outstanding actions spread across 3 key objectives; Savings and Positive Outcomes; Deliver Sustainable Procurement across the Council and Innovation.

The 5 outstanding actions are detailed in Appendix A.

All outstanding actions are to be completed by December 2022. An earlier update will be provided to committee should any of the actions be completed before the agreed completion date. If all actions are delivered on time, then the next progress report will be submitted to the Contracts and Property Committee at its meeting in December 2022.

## 4 Policy and Resource Implications

**Resource Implications:**

*Financial:* One of the key aims of the Strategy is to ensure value for money and to contribute to the savings agenda.

The cost reduction savings since commencement of the Strategy is £2M. This includes a saving of £530K in FY21/22.The savings figure has been calculated by benchmarking the new contract rates against the previous contract rates and then multiplied against anticipated volumes, collated on a project by project basis.

The savings have been achieved by ensuring greater market analysis and earlier supplier engagement is carried out at the development phase of each tender and the implementation of commercially focused costing models.

*Legal:* The Strategy will continue to be implemented in line with legislation, the Council's standing orders and the Corporate Procurement Manual.

*Personnel:* N/A

*Procurement:* Implementation and delivery of the Strategy.

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| **Equality Impacts and Socio-Economic Impacts:** | |
| *Does the proposal support the Council's Equality Outcomes 2017-22?* | An EQIA screening has been undertaken and can be accessed on the council's website here. |
| *What are the potential equality impacts as a result of this report?* | A full EQIA does not need to be undertaken at this stage. However, there will be ongoing monitoring of the strategy. Impact on equalities groups to be considered in every piece of procurement activity together with the requirements of equality legislation. |
| *Please highlight if the policy/proposal will help address socio economic disadvantage.* | Community Benefits requirements are considered in all relevant procurement activity.<br><br>Fair Work Practice evaluation criteria is included in all relevant procurement activity. |
| **Climate Impacts:** | |
| *Does the proposal support any Climate Plan actions? Please specify:* | 8 of the 26 actions are focused on improving and increasing the sustainable procurement performance of the Council. This has helped support 5 climate emergency themes. |
| *What are the potential climate impacts as a result of this proposal?* | This Strategy and the new Corporate Procurement Strategy will help to reduce the behaviours and emissions which negatively impact the climate via the delivery of the procurement workplan. |
| *Will the proposal contribute to Glasgow's net zero carbon target?* | This Strategy and the development of the new Corporate Procurement Strategy will help the meet the net zero target via the delivery of the procurement workplan. |
| **Privacy and Data Protection impacts:** | No data protection impacts identified. |

## 5 Recommendation

The Contracts and Property Committee is asked to note the contents of this report.

## Appendix A – Strategy Performance Action Plan

| | | | | | | Action Plan Delivery Per Financial Year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Objective | Total No. of Actions | Total No. of Actions Complete | Total No. of Actions Open | Total No of Actions at Risk | | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
| 1. Legal compliance and Governance | 5 | 5 | 0 | 0 | | 2 | 1 | 0 | 2 | 0 |
| 2. Savings and positive outcomes | 5 | 3 | 2 | 0 | | 0 | 1 | 2 | 0 | 2 |
| 3.Leaner, More Efficient and Effective Procurement Function | 3 | 1 | 2 | 0 | | 0 | 0 | 1 | 0 | 2 |
| 4. Deliver Sustainable Procurement Across the Council | 8 | 5 | 3 | 0 | | 1 | 2 | 1 | 1 | 3 |
| 5. Innovation | 3 | 1 | 2 | 0 | | 0 | 1 | 0 | 0 | 2 |
| 6. Promote Procurement Awareness | 4 | 4 | 0 | 0 | | 2 | 2 | 0 | 0 | 0 |
| Grand Total | 28 | 19 | 9 | 0 | | 5 | 7 | 4 | 3 | 9 |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| **1. Legal Compliance and Governance** | | | | | | |
| AIM<br>> To ensure all procurement staff and Council officers involved in the procurement process are fully aware of all aspects and impacts of the procurement rules and any other relevant regulations. | No successful legal challenges | 1.01 | Mandatory training for Council officers involved in the procurement process (project leads, specification writers) including highlighting the social benefits that procurement must consider (e.g. Equality and Fair Work Practices). | Apr-19 | Complete | Service Areas |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| > To adapt to any changes to procurement rules following Brexit.<br><br>OUTCOME<br>> Mitigation of the opportunities for procurement challenge.<br><br>> Procurement activity will comply with all relevant statutory and regulatory requirements.<br><br>> Procurement staff are confident in their understanding of procurement regulations and other relevant regulations. | | 1.02 | Ongoing training for procurement staff on changes to legislation and regulations. | Mar-19 | Complete | Legal, Development Team, SW |
| | | 1.03 | Adapt our internal procedures, processes and documentation, where required, to reflect the requirements of the General Data Protection Regulation and new Data Protection Act. | Jun-18 | Complete | Legal, CPU, SW |
| | | 1.04 | Review procurement processes before Brexit and ensure appropriate procedures are in place for a smooth transition. | Apr-21 | Complete | Legal, CPU, SW |
| | | 1.05 | Adapt our internal procedures, processes and documentation, where required, to reflect any new requirements of Brexit. | Apr-21 | Complete | Legal, CPU, SW |
| 2. Savings and Positive Outcomes | | | | | | |
| AIM<br>> To support the Council in achieving budget savings targets.<br><br>OUTCOME<br>> Assisting the Council to meet budget savings targets.<br><br>> Positive outcomes (for example changes in buying behaviour, identifying | Savings for budget holders<br><br>Reduced expenditure<br><br>Reduction in Manual invoice volume | 2.01 | Continue to target savings from all aspects of the strategic procurement process (tender, contract management, P2P). | Dec-22 | Open (Green) | CPU, SW, Financial Services (CBS) |
| | | 2.02 | Further embed and improve demand management within the contract management process. | Apr-20 | Complete | CPU, SW, Service Areas |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| alternative solutions, improved ordering and invoicing solutions).<br><br>> To work closer with our clients to understand their needs identify opportunities to reduce expenditure, control demand and improve process efficiencies.<br><br>> Work more collaboratively with other public sector organisations. | | 2.03 | Continue to prioritise more procurement time for the development of sourcing strategies to ensure that demand is fully understood (including future requirements) and that market analysis and supplier engagement is undertaken to establish the capabilities of the supply chain. | Apr-22 | Complete | CPU Senior Management Team, SW |
| | | 2.04 | Ensure that suppliers provide regular management information on our usage of their contracts and incorporate this information into the contract management process. | May-19 | Complete | CPU Strategic Teams, SW |
| | | 2.05 | Continue to look for opportunities to collaborate in procurement with our public sector partners and benchmark to ensure that collaborations provide best value. | Apr-20 | Complete | CPU Strategic Teams, SW |
| 3. Leaner, More Efficient and Effective Procurement Function | | | | | | |
| AIM<br>> To make best use of our procurement resources.<br><br>> To have a more efficient and effective procurement processes. | Increase percentage of strategic procurement activity | 3.01 | Review our procurement processes utilising the lean methodology (using external benchmarking and internal stakeholder engagement where possible) to improve efficiency, remove duplication and make best use of the available tools. | Apr-22 | Complete | Development Team, SW |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| > To make the procurement process more consistent for all internal and external stakeholders.<br><br>OUTCOME<br>> More time to focus on the strategic element of the procurement process (developing sourcing strategy, benchmarking and market analysis).<br><br>> Identified ICT improvements.<br><br>> Procurement process and documentation is easier for suppliers to follow.<br><br>> A cohesive approach to procurement across the Council family. | | 3.02 | Identify procurement Information and Communication Technology (ICT) development requirements and work with the new ICT provider to identify opportunities to implement them. | Apr-20 | Complete | Development Team, SW |
| | | 3.03 | Streamline and standardise Corporate Procurement Unit and other Council family procurement team processes and documentation where appropriate. | Apr-22 | Complete | Development Team, Legal, CPU Strategic Teams and other Council family procurement teams |
| 4.Deliver Sustainable Procurement Across the Council | | | | | | |
| AIM<br>> To increase the knowledge and understanding of the benefits of sustainable procurement of all Council staff who participate in the procurement process and make better use of the expertise within the Council to ensure wider sustainable outcomes are achieved. | Percentage of quotes including SMEs<br><br>Percentage of spend with SMEs<br><br>Percentage of spend with local suppliers | 4.01 | Training and awareness sessions for internal clients on sustainable procurement with an emphasis on the application of circular economy, whole life costing, life cycle impact mapping and the early involvement of SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations. | Jun 21 | Complete | NRS, Development Team |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| > To be compliant with the Procurement Reform (Scotland) Act 2014 and general and other duties contained therein, including the Sustainable Procurement Duty.<br><br><u>OUTCOME</u><br>> Increased opportunities for local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations.<br><br>> To secure wider social, economic and environmental benefits for the local area and ensure those benefits are realised.<br><br>> Compliance with the Sustainable Procurement Duty.<br><br>> Secured and realised sustainable benefits.<br><br>> Staff involved in the procurement process understand and positively contribute to achieving sustainable outcomes.<br><br>> The Council is reassured that suppliers | Improvement in performance level of sustainable procurement as identified via the FFSAT | 4.02 | Further optimise the community benefits process by working more closely with relevant internal stakeholders (community planning, employability team) and placing a greater emphasis on ensuring outcomes are delivered and benefits for Glasgow citizens are realised. | Jun-19 | Complete | Development Team, Community Benefits Steering Group |
| | | 4.03 | Streamline and standardise Social Work and Corporate Procurement Unit processes and documentation relating to sustainability where appropriate. | Dec- 22 | Open (Amber) | SW |
| | | 4.04 | Increase the Council's sustainable performance by utilising the sustainable steering group and continuing to deliver the sustainable procurement action plan as derived from the Scottish Government's flexible framework. | Dec-22 | Open (Amber) | Sustainable Steering Group, Service areas |
| | | 4.05 | Review Council mandatory evaluation requirements (insurance, health and safety) to ensure they are compatible with the SME agenda. | Jul-19 | Complete | CPU, Legal, Financial Services (Insurance), Health & Safety, |
| | | 4.06 | Review Fair Work criteria looking at the potential to broaden the scope and also develop the assessment process to include more external accreditations. | Feb-19 | Complete | CPU Senior Management Team, Legal, SW |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
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| adhere to the principles of a Fair Work Practice organisation. | | 4.07 | Review our internal processes and documentation to identify potential improvements in how local SME's, Social Enterprises, Co-operatives, Supported Businesses and Third Sector organisations can gain opportunities to win Council contracts. | Feb-21 | Complete | Development Team, SW |
| | | 4.08 | Advocate the use of the Council's Supported Business (RSBI) within the Scottish public sector. | Apr-22 | Complete | CPU Senior Management Team, SW |
| 5. Innovation | | | | | | |
| AIM<br>> Opportunities for innovative procurement practice will be considered for all procurement activity where appropriate<br><br>>To encourage innovation in products and services by adopting the aspects of the new procurement regulations that provide greater flexibility and scope to provide best value from procurement | Number of innovative partnership procedures | 5.01 | Continue to work with our clients to ensure that procurement is involved and that innovation is considered at the earliest possible stage in the development of the requirement. | Dec-22 | Open (Green) | Service Areas, CPU Senior Management Team, SW |
| | | 5.02 | Promote the innovation partnership model as a mechanism and share relevant examples of new procurement solutions | Dec-22 | Open (Green) | CPU Strategic Teams, Development Team, SW |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
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| activity.<br><br>OUTCOME<br>> Requirements are met within budget constraints whilst also providing best value and wider benefits for the local areas.<br><br>> Procurement delivers improved services and products.<br><br>> To encourage innovation by adopting the aspects of the new procurement regulations that provide greater flexibility and scope to provide best value from procurement activity. | | 5.03 | Encourage all service areas to identify procurement opportunities where innovative products and services could deliver benefits to the Council. | May-19 | Complete | CPU, SW, Service Areas |
| 6. Promote Procurement Awareness | | | | | | |
| AIM<br>> A better understanding and knowledge of procurement, including risk, throughout the Council.<br><br>> Procurement is integrated as a strategic partner who can assist in transforming how the Council operates.<br><br>> To encourage early procurement engagement and increase opportunities for partnership working. | Percentage of adhoc requirements on work plan<br><br>More time afforded to developing strategies<br><br>Appropriate allocation of procurement | 6.01 | Develop and implement a procurement communication strategy which will include updating our internal and external procurement pages and providing regular updates to all Council staff. | Dec-18 | Complete | Development Team |
| | | 6.02 | Make available training and awareness sessions for Council staff involved in procurement on the Council's internal procurement processes and procedures. | Aug-19 | Complete | Development Team, CPU Strategic Teams, Legal |

| Objectives, Aim and Outcomes | Performance Indicator | Action Reference | Actions | Target Date | Rag Status / Mitigating Action | Owner |
|---|---|---|---|---|---|---|
| > To afford more opportunity to invest in strategic procurement activity (market analysis, benchmarking).<br><br>> Advanced work plans provided by clients include all requirements for the year which will enable more efficient and effective allocation of workload and utilisation of resource within procurement.<br><br><u>OUTCOME</u><br>> Requirements are met within budget constraints.<br><br>> Contracts provide best value and wider benefits for Glasgow and its citizens. | activity within the procurement resource | 6.03 | Provide training and awareness sessions on Council contracts for services who have purchasing compliance teams including highlighting the social benefits that procurement must consider (e.g. Equality and Fair Work Practices). | Apr-19 | Complete | CPU Strategic Teams, Development Team, SW |
| | | 6.04 | Establish a process to communicate procurement benefits and success stories (savings, sustainability outcomes including community benefits). | Dec-18 | Complete | CPU |