

Stirling Council
Procurement Strategy 2005 - 2008
Executive Summary

Background

Stirling Council's first Procurement Strategy formalises the approach and direction of Corporate Procurement within the Council over a number of years. The ultimate objective of this Strategy is to improve procurement effectiveness across the Council, while seeking procurement excellence as a long-term objective.

While developing the existing direction of procurement activity within the Council, the Strategy has been established against a complex background. The main strategic drivers are:

- The Efficient Government agenda
- The need to identify and achieve cash and time-releasing savings
- The need to formalise the achievement of the Council's strategic aims through procurement
- The requirement to formalise our Procurement Strategy
- The publication of The Review of Public Procurement in Scotland, the McClelland Report and Recommendations, published in March 2006.

Building on many achievements to date, the Procurement Strategy seeks to identify current performance, key future objectives and a framework for improvement across a range of themes, all of which will improve the way that Stirling Council delivers services to its citizens.

The Strategy seeks to identify the way forward for procurement within the Council, in a way which meets the needs of Stirling Council, maximises the opportunities to deliver procurement innovation and builds capacity to meet the challenges which lie beyond 2008. It outlines a style of procurement which is proactive, inclusive and flexible.

The Strategy addresses six key themes, each focussing on one key area of improvement. Each Theme is broken into a number of different sections, each representing an area for improvement. In turn, each section includes an assessment on the Council's current performance, an outline of the improvement required, and a range of actions required to achieve that improvement. In addition, the Strategy includes a Gap Analysis, comparing the performance of procurement within the Council against the recommendations of the McClelland Report.

The six key themes required to promote improved procurement practice within the Council and to provide better value to the citizens of Stirling Council are identified as follows:

Theme 1 Good Procurement Practice

Promoting good procurement practice throughout the Council by supporting, training and advising Council officers engaged in procurement activities to secure Best Value and by observing all relevant legislative and Stirling Council requirements as well as the highest professional ethical standards

Theme 2 Effective Communication

Communicating effectively and clearly with customers to ensure effective planning and delivery of the procurement function

Theme 3 Minimising Costs and Maximising Value

Seeking opportunities to minimise costs and maximise value in our supply chains, including the assessment and utilisation of emerging technologies, to enable the Council to achieve further savings as part of the Efficient Government agenda

Theme 4 Achieving Strategic Aims through Procurement

Engaging with Services to support Stirling Council's strategic aims within contract strategies

Theme 5 Procurement Collaboration

Maximising opportunities to work with other public sector bodies to maximise the benefits to the Council's spend

Theme 6 Continuous Improvement

Embracing a culture of continuous improvement, seeking customer feedback on performance, team and professional development and identifying appropriate improvement techniques

Stirling Council's first Procurement Strategy is a lengthy document. It assesses the Council's current procurement performance, identifies objectives and addresses the wide variety of actions required to improve procurement effectiveness in meeting the Council's strategic aims. It is intended to offer a measurable framework for improvement. This will be reviewed through the introduction of an Annual Procurement Report.

This summary identifies the major developmental actions required by the Strategy. Further information is available in the Strategy document.

THEME 1: Good Procurement Practice

The Strategy recognises that procurement effectiveness across the Council varies enormously, and seeks to ensure that all procurement practice complies with the demands of EU and national legislation, the Council's internal procedures and with the Council's policy objectives. This in turn requires that all procurement is carried out by officers who have the appropriate knowledge and skills in procurement. Strategic and governance actions are also identified.

The Strategy builds on achievements to date, notably the development of the Corporate Procurement Unit as it becomes a more proactive, advisory unit.

The immediate objective is to ensure that all procurement processes carried out throughout the Council are compliant with legislation and with the Council's Contract Standing Orders. Only when basic compliance is achieved can meaningful progress be made in achieving wider objectives, such as improved service, lower costs and sustainability.

A strategic framework for procurement improvement is identified. Significant aspects of this include:

- The development of a cross-Council Strategic Procurement Group, including all Heads of Planning & Resources, with a programme of activity including procurement planning and training.
- The identification and development of the wider Procurement Team. In line with the McClelland Report, it is recognised that the authority to procure should be placed only with qualified procurement officers. Services will identify levels of procurement authority, working with Corporate Procurement Unit to ensure that staff with the authority to procure

are trained to a level which meets the needs of their level of authority. This will lead to the establishment of a Procurement Authority List. The Procurement Authority List will be established by 30 June 2007. Thereafter, no procurement activity will be undertaken by officers of the Council who have not been granted the authority to procure on behalf of the Council. Officers with the authority to procure will form the Council's wider Procurement Team.

- A wide range of training activities are planned for that Procurement Team. In the short term this will be aimed at compliance, with procurement modules developed for the Short Course programme in the longer term.
- The improvement of procurement accountability at Member –level, including the introduction of formal procurement reporting and of an Annual Procurement Report.
- Improved assessment and communication of third parties involved in carrying out procurement exercises on behalf of the Council.
- Increasing the use of standard contract documentation across the Council, and developing the range of standard documentation to apply to minor works contracts.

THEME 2: Effective Communication

This section deals with effective communication between the Corporate Procurement Unit and Council services, and communication outwith the Council, including potential suppliers. The importance of procurement planning is established, identifying the relationship between proper planning and added value to procurement exercises.

The section seeks to build on the improved communication, recognising the key role that the development of The Source has played in improving procurement practice across the Council.

It also recognises the role of Plain English in effective communication.

Significant actions identified include:

- Targeting of relevant information to the Procurement Team, and the development of networks to support development activity
- The Source will be further developed, and will include a range of publications designed to improve performance, including Staff and Member Guides to Procurement
- The production of more Council-specific guidance on Scottish Executive procurement circulars, particularly on sustainable development in procurement
- The completion of a Council-wide Contract Register to support procurement planning
- Training in consideration of effective contract strategies which maximise contract outcomes

THEME 3: Minimising Costs and Maximising Value

This section focuses on cost and process efficiencies. Priority commodities are identified for cash releasing savings, and Purchasing Cards and e-Procurement are identified as key to process efficiencies. The role of procurement collaboration in achieving savings is also established. In particular, the section recognises the positive impact of Purchasing Cards in delivering efficiencies.

Key activities identified are:

- Undertaking a further Volume and Value Analysis of the Council's spend to establish additional areas with the potential to make cash and time releasing savings.
- The continued roll out of Purchasing Cards to achieve process savings alongside targeting additional areas for Purchasing Card payment

- That there is as yet no business case for Stirling Council to join e-Procurement Scotland (ePS) due to the benefits already gained from the introduction of Purchasing Cards and related software and on-line ordering. However, the implications of the McClelland Report's recommendation that ePS be adopted as the standard platform for eProcurement within the Scottish Public Sector are not yet fully clear, and it is likely that the business case for ePS will become more compelling.
- Technological improvement will continue to be sought, for example the use of eAuctions (Reverse Auctions) and eTendering
- Improvements in contract management practice and processes across the Council

THEME 4: Achieving Policy Objectives through Procurement

This section of the Strategy recognises that the demand for the Procurement function to deliver policy objectives has increased markedly over recent years, and seems likely to grow. What the Council procures and uses sends out a strong signal to the community and to suppliers on how seriously it takes its policy objectives. However, government advice on the extent to which the EU Consolidated Public Procurement Directive is compatible with such an approach has been slower to materialise.

The Office of Government Commerce (OGC) states that "sustainable procurement refers to all 'policy-through-procurement' issues – where public procurement is seen as a lever to achieve wider policy objectives". Typical examples cited by the OGC include:

- Environmental or "green" issues.
- The creation of jobs and wealth in regeneration areas.
- Opportunities for Small and Medium Enterprises (SMEs) and Ethnic Minority Businesses (EMBs).
- Fairtrade and the inclusion of developing countries.
- Disability, race and gender equality.

The advice which does exist is interpreted as meaning that policy objectives may be pursued in procurement exercises when they are of relevance to the contract under consideration. The importance of considered contract strategies cannot be overstated in this regard. The section notes existing achievements in relation to the input of the Corporate Procurement Unit.

Key actions identified within the Strategy include:

- Contract monitoring documentation will include consideration of policy objectives
- Formally adopting the use of the Community Benefit clause in all appropriate construction contracts, and seeking an extension to relevant supplies and services contracts
- That standard contract documentations be reviewed in relation to construction contracts and in relation to any potential obstacles to EMBs and the social economy contained in the documents
- Briefing the Procurement Team on opportunities to seek policy objectives through procurement
- Contract review processes will be extended to include equalities issues and existing contractual agreements and arrangements will be reviewed to ensure compliance with the Race Relations (Amendment) Act, 2000.
- A framework agreement for smaller scale construction opportunities will be developed.
- "Selling to the Council" events will be pursued on a sectoral and generic basis

THEME 5: Procurement Collaboration

This section examines the significant scope for collaboration, internal and external, in contributing towards the Efficient Government agenda, noting the role of the Joint Buying Arrangement.

Significant actions required include:

- Encouraging the use of existing contracts rather than carrying out additional procurement exercises and off-contract buying
- Supporting the establishment of Scotland-wide and sector-wide commodity contracts in line with the McClelland Report
- Working with other public sector bodies, particularly the proposed Centre of Excellence based on the existing abc, as well as inputting to the proposed Shared Services Centre where appropriate
- Supporting the establishment of formal collaborative procurement networks, to build on the existing Joint Buying Arrangement and ad hoc arrangements
- The development of Service Level Agreements with new delivery mechanisms such as Active Stirling and Housing Stirling

THEME 6: Continuous Improvement

This section deals with performance management and formalises the improvement process developed within the Strategy.

Key activities include:

- Recognition of the improvement stages outlined with the McClelland Report
- The identification of training needs of the wider Procurement Team
- Aligning the work of the Corporate Procurement Unit with the Strategy
- The development of procurement KPIs which meet Council objectives as well as any national report requirements
- Utilising the newly available NVQ / SVQ route to professional CIPS qualification where possible