

**REPORT TO: POLICY & RESOURCES COMMITTEE - 12 MARCH 2007**  
**REPORT ON: CORPORATE PROCUREMENT STRATEGY**  
**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**  
**REPORT NO: 176-2007**

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Committee of the proposed Corporate Procurement Strategy and to seek its approval to progress the implementation of this strategy throughout the Council.

2 RECOMMENDATIONS

The Policy & Resources Committee are asked to:-

- 2.1 Approve the contents of this report.
- 2.2 Approve the Corporate Procurement Strategy 2007 - 2011.
- 2.3 Approve the actions as set out in Paragraph 6.7 of this report.

3 FINANCIAL IMPLICATIONS

- 3.1 The financial implications for the implementation of this strategy are as follows:-
  - 3.1.1 The staff resource funding for the project will be a combination of Revenue Budget provision already provided for within Departments Revenue Budgets for certain members of staff who will now be wholly or partially dedicated to the implementation of the Corporate Procurement Strategy, and grant funding from the Scottish Executive and Scotland Excel.
  - 3.1.2 The staff resource costs are estimated to be circa £100,000, including a level of backfilling required of approximately £10,000.
  - 3.1.3 The City Council has bid for, and been awarded, combined Scottish Executive and Scotland Excel one-off funding of £327,000.
- 3.2 The pump prime funding of £327,000 will allow the City Council to purchase and implement E-procurement software, as well as modernise its procurement function. It is anticipated that annual commodity savings will be being achieved by the Council and these savings will start to be reflected in the Revenue Budget 2008/09 onwards and will count towards the Scottish Executive's planned efficiency savings from their strategic overhaul of Public Sector procurement.
- 3.3 The implementation of the Corporate Procurement Strategy should have no significant effect on the Council's 2007/08 Revenue and Capital budgets but should have a beneficial effect on future years Revenue Budgets.

#### 4 SUSTAINABILITY IMPLICATIONS

- 4.1 The implementation of the Corporate Procurement Strategy will significantly reduce the receipt of paper orders and invoices and also reduce storage requirements.

#### 5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The Corporate Procurement Strategy will have an Equality Impact Assessment (EQIA) carried out on it prior to its approval by the Policy & Resources Committee. The EQIA will be included in the report seeking approval of the policy. The EQIA is enclosed at Appendix 1 of the Strategy.

#### 6 BACKGROUND

- 6.1 In Autumn 2004, the Scottish Executive published its Efficient Government Plan, which required the Scottish public sector to review and improve a whole range of back and front office services. It was anticipated that the Plan, when implemented, would deliver £1.5b of efficiencies by 2007/08. There were 5 key workstreams identified within the Efficient Government Plan and these were as follows:-

Absence Management  
Asset Management  
Shared Support Services  
Streamlining Bureaucracy  
Procurement

The City Council liaised with Angus and Perth & Kinross Councils and, jointly, submitted a bid to the Efficient Government Fund in January 2005 to set up a Tayside Public Procurement Consortium with which to improve the procurement process within each of the three Tayside local authorities. Further updated bids were submitted to the Scottish Executive in August 2005, March 2006 and July 2006.

- 6.2 An associated initiative with the Efficient Government Plan was the Efficient Government Fund which was a competitive fund to assist public bodies to achieve Efficient Government.
- 6.3 In September 2006, the City Council was advised that its Efficient Government bid had not been successful, however the 3 Councils determined they would keep pressing the Scottish Executive for pump prime funding in order to implement their Corporate Procurement Strategy. The only Efficient Government Fund bid for procurement to be approved was that of Scotland Excel.
- 6.4 In December 2006, the City Council was advised by the Scottish Procurement Directorate that it had allocated funding of £160,000 per each Tayside local authority, to implement the E-Procurement software which was supported by the Scottish Executive. In addition, Scotland Excel offered a further £167,000 to each Tayside local authority to assist with the modernisation of their procurement.

- 6.5 In May 2006, the Scottish Executive published a report by John McClelland entitled "Review of Public Procurement in Scotland". The Local Government in Scotland Act 2003 identified that procurement was one of the key efficiency areas where local authorities should improve. The McClelland report notes that although some improvements have been made since 2003, there are still, in many areas, weaknesses in resources, skills, organisational structures and practices which adversely impact upon achievement of minimum standards and obviously do not provide a good foundation for pursuit of Best Value, and further cost savings through enhanced performance.

The Ministerial guidance issued under the Local Government in Scotland Act 2003, included the following key guidance on procurement:-

"The authority should have a strategy for procurement and the management of contracts and contractors to ensure that it treats procurement as a key component in achieving all its objectives. The authority should have appropriate procurement expertise, guidance and training to support its procurement activity".

The McClelland report key recommendations:-

- Each authority should have a Head of Procurement with the procurement department under his/her responsibility.
- Organisations without a central procurement department should create one.
- Procurement activities and transactions should only be conducted by the appropriately staffed and skilled procurement function.
- Each public sector organisation should review its procurement organisation to establish the adequacy or otherwise of the resources, including skill levels dedicated to the procurement activity.
- In support of efficiency and effectiveness, a standard set of key performance Indicator (KPI's) was set out in the report.
- Each public sector organisation should develop, establish and pursue an advanced procurement plan, including the following attributes:-
  - An overall Procurement Strategy
  - A market driven Commodity by Commodity Strategy
  - A Supplier Strategy including features such as the rationalisation of numbers of suppliers and a supplier rating of scorecard system
  - Procurement a top priority in the organisation
  - Advance collaboration with aggregation of specific commodity spend optimised in Centres of Expertise
  - Investment in more than absolute minimum resources with high skilled professionals
  - Operation of "Best in Class" practices with adequate information systems
  - Sound reporting and management information including KPI's
  - Benchmarked internal efficiency and performance effectiveness

- e-Procurement Scotland should be adopted as the standard procurement information system within the Scottish public sector.
- Procurement "Centres of Expertise" should be established on a commodity-by-commodity basis.
- A relatively small number of high value commodities and services should be classified as Category A items, and these should be provided by call-off from a National Contract. These Category A items are presently identified as follows:-
  - IT Hardware
  - IT Standard Application Software
  - Telecoms (including mobile telephones)
  - Travel
  - Stationery
  - Office Supplies
  - Professional Services
  - Consultancy Services
  - Light Vehicles

6.6 During the period from September 2004 to date, the three Councils, Angus, Perth & Kinross and Dundee city have collaborated on modernising their respective procurement procedures and processes. While the Councils were disappointed that the Scottish Executive refused their Efficient Government Fund bids, they persevered and have been able to obtain funding from other Scottish Executive sources. With this pump prime funding in place, and considerable analysis having already been carried out by Cap Gemini Consultants, the three Councils are now ready to significantly modernise their procurement procedures and processes in line with the McClelland report recommendations.

6.7 There are a number of key actions and decisions which require to be approved and these are as follows:-

- (a) The attached corporate Procurement Strategy for the Council should be approved.
- (b) A Corporate Procurement Team, headed up by a corporate Procurement Manager, should be established within the Finance Department.
- (c) The Council should procure the e-Procurement Scotland software.
- (d) A degree of business process re-engineering (BPR) will be required as an integral part of implementing eProcurement Scotland (ePS). The BPR work will evaluate current procurement processes and determine where steps could/should be streamlined and simplified for future processes.
- (e) The Council will commit to co-operating with Angus Council, Perth & Kinross council and Scotland Excel in the modernisation of its procurement function.

## 7 CORPORATE GOVERNANCE OF PROJECT

- 7.1 In Section 14 of the Corporate Procurement Strategy, the matter of governance is considered. It is proposed that a Corporate Procurement Group is established and that this have representation for the major service departments and the central support departments. The Group will be chaired by the Depute Chief Executive (Finance) and the new post of Corporate Procurement Manager will be a standing member. Representation from the IT Department is essential given the implementation of the Procurement system and the numerous interfaces with the Council's financial system. Legal representation is essential to ensure that the new procurement practices and procedures are in line with current EU and UK legislation and that Standing Orders, Financial Regulations and tendering procedures are being complied with. Finally, a Personnel representative is also essential in order to assess any staffing implications brought about through implementing the new strategy and to advise on and assist with the implementation of new working practices.
- 7.2 It is envisaged that the Corporate Procurement Group will have a working life of approximately two years and thereafter the role of the central Corporate Procurement Team, headed by the CPM, will be responsible for managing the Council's procurement function, aided by a cross departmental users group.

## 8 BACKGROUND PAPERS

McLelland Report entitled "Review of Public Procurement in Scotland" - May 2006

## 9 CONSULTATION

The Chief Executive and Depute Chief Executive (Support Services) have been consulted on the content of this report.

**DAVID K DORWARD  
DEPUTE CHIEF EXECUTIVE (FINANCE)  
28 FEBRUARY 2007**



**Corporate**

**Procurement Strategy**

**2007 - 2011**

# **DUNDEE CITY COUNCIL**

## **CORPORATE PROCUREMENT STRATEGY 2007 - 2011**

### **INDEX**

- 1 Introduction
  - 2 What is Procurement
  - 3 Context of the Strategy
  - 4 Aim of the Strategy
  - 5 The Strategic Vision
  - 6 Corporate Social Responsibility
  - 7 Sustainability
  - 8 Health & Safety
  - 9 Environmental Management
  - 10 Equality and Diversity
  - 11 Ethical Procurement
  - 12 Development of local economy/engagement with local business community
  - 13 Delivery procurement efficiencies
  - 14 Governance
  - 15 Structure and Resources
  - 16 Financial effect of Strategy
  - 17 Procurement Plan 2007 - 2011
- 
- Appendix 1 Anticipated Savings
  - Appendix 2 Projected Expenditure
  - Appendix 3 Equality Impact Assessment

---

# 1. INTRODUCTION

---

## Foreword

The environment within which local government operates is constantly changing. The modernising agenda places greater emphasis on transparency and accountability, customer focused services, continuous improvement in performance and more joined up planning and delivery of services.

The Scottish Executive initiated McClelland report "Review of Public Procurement in Scotland" with its focus on better procurement and increased efficiency, the challenges of efficient government and our drive for continuous improvement across our service in the pursuit of excellence and value for money , have been significant drivers in identifying the need for a corporate procurement strategy.

Dundee City Council recognises that Procurement has a critical role to play in achieving potential efficiency savings and ensuring that the organisation is fully prepared to embrace the challenges of the public service reform agenda.

The establishment of a Corporate Procurement function is to manage this changing agenda and to ensure corporate coherence in the work of all services.

The Local Government in Scotland Act 2003 places a duty of Best Value on the Council.

The Council is committed to achieving Best Value through more effective partnership working, integrated and responsive service delivery and more effective use of public resources

The Corporate Procurement function will work with all departments of the Council to ensure arrangements are put in place to demonstrate the fulfilment of the requirements of the McClelland report and the statutory obligations, which make up the Best Value regime provided by the Act. In doing so the Corporate Procurement function will ensure that the principles of Socially Responsible Procurement is promoted and delivered

Alex Stephen

Chief Executive

March 2007

---

## 2. What is Procurement?

---

The Office of Government Commerce definition of procurement is as follows:-

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers.

The process spans the **whole cycle** from identification of needs, through to the end of the service contract or the end of the useful life of an asset.

This strategy covers the Procurement of all goods, services, works and utilities on behalf of the Council by its employees, agents, and as a model for its partners

No Procurement activity will be exempt, but it is recognised that different products and services, especially where the care and education of individuals is concerned, may require a different approach, and this will be reflected in the strategy.

---

## 3. Context of the Strategy

---

Following the McClelland report published March 2006, which aims to contribute through procurement to the Efficient Government initiative launched in 2004, the Scottish Executive, through the Scottish Procurement Directorate intend to deliver a national procurement strategy for local government with a number of targets for authorities to achieve over the next 5 years.

Dundee City Council's procurement strategy and operations will reflect and work towards achieving these targets and this strategy reflects and builds upon recommendations from the McClelland report.

This strategy will co-ordinate service specific plans to deliver improvements in procurement practice and will drive procurement forward as a corporate priority.

This strategy addresses the areas where the authority is expected to deliver efficiency gains through improved procurement practice. Estimates for efficiencies have been set locally (**Appendix 1**). This strategy sets out how these efficiencies will be achieved.

---

## 4. Aim of the Strategy

---

The strategy is aimed at promoting effective procurement across the whole authority. It aims to strike a balance between setting out a high level framework for the delivery of excellent procurement and delivering a detailed plan which will address specific targets.

The key objectives of this strategy are to :

- Make sure our procurement practise reflects our vision values and aims
- Secure commitment to excellent procurement from all members and officers throughout the authority
- Provide a point of reference and focus for procurement matters
- Plan the way forward on improving our procurement function
- Deliver savings as part of an authority wide efficiency strategy which will respond positively to the Executives agenda on efficient government and public service reform

---

## 5. The Strategic Vision

---

### **Procurement Mission Statement**

***‘Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders’***

We are fully committed to delivering high quality standards and having an efficient procurement procedure. This in turn will enable us to deliver best value and ensure that best use is made of public resources.

Using best-practice procurement techniques, we are committed to making sure that every pound spent provides value for money, and that every pound saved is either directed back into key front line service priority areas or assist in curtailing future Council Tax increases.

All services must deliver and promote the following principles of best value procurement. Our procurement will:

- be transparent
- be driven by desired results;
- create the most economically advantageous balance of quality and cost;
- reduce the burden on administrative and monitoring resources;
- lead to simplified or routine transactions;
- encourage open and fair competition;
- follow all appropriate regulations and legislation

---

## 6. Corporate Social Responsibility

---

Dundee City Council recognises that its activities have an impact on the community in which we work and live.

Corporate Social responsibility is essentially how the authority takes account of the economic, social and environmental impacts from the way it operates – and in doing so maximises the benefits and minimises the downsides for all stakeholders.

This will be achieved through action that the authority can take, over and above compliance with minimum legal requirements, to both achieve value for money and address the interests of wider communities.

The following sections of the Procurement strategy outline the aims of procurement in relation to the corporate social responsibility agenda.

This specifically relates to the areas of :

- sustainability
- health, safety and welfare
- environmental management
- equality
- ethical procurement
- development of local economy / engagement with the local business community/community benefits in procurement

---

## 7. Sustainability

---

Residents of Dundee have a right to expect that their money is spent both wisely and fairly. It is, therefore, Dundee City Council's policy that value for money through competition should be at the heart of public procurement. Dundee City Council is also committed to playing a full role in sustainable development and has implemented environmental policies in support of this goal. When we buy goods and services we aim to do so in a way which minimises impact on the environment. Our aspiration is that our suppliers share our commitment to continuous environmental improvement.

The purpose of this section of the strategy is to set out, in broad terms, some of the ways in which Dundee City Council's sustainable development policies impact upon procurement. It contains some important messages for those wishing to work in partnership with Dundee City Council.

- It is important that our suppliers keep pace with environmental developments in their particular markets. Failure to do so may mean that they will find it increasingly difficult to compete;
- Those who fail to comply with environmental legislation may be excluded from providing goods and services to Dundee City Council; and
- Development of environmentally preferable goods and services and use of recycled/renewable materials is likely to offer a competitive advantage.

These are intended as positive messages. We want our suppliers to play a full part in helping us meet our environmental objectives and encourage improved performance. We also want to be kept informed of new and developing environmentally preferable products, technologies or services.

---

## 8. Health and Safety

---

Dundee City Council is committed to ensuring effective health and safety management and performance throughout all Council Services and undertakings, and requires that health and safety matters be given appropriate consideration with equal status to other Service demands.

The Council recognises its responsibilities for the health, safety and welfare at work of employees, and the health and safety of others who may be affected by the Council's work activities.

In line with Dundee City Council's Health and Safety policy, all goods and services should be procured with the health, safety and welfare of any staff, contractor's employees, clients, volunteers and members of the public who may be affected in mind.

All procurement must ensure that Health & Safety impact is considered (risk assessment), that we minimise Health & Safety impact through buying products and services that reduce risks to the lowest level, and that as a minimum, goods and services provided meet legal requirements for example

The Council expects its business partners to comply with all the relevant legislation, incorporating these as a requirement within all its contracts

- {i} Health and Safety at Work Act 1974
- {ii} COSHH Regulations 2002
- {iii} Noise at Work Regulations 1989
- {iv} Electricity at Work Regulations 1989
- {v} Management of Health and Safety at Work Regulations 1999
- {vi} Workplace Health and Safety Regulations 1992
- {vii} Provision and Use of Work Equipment Regulations 1998
- {viii} The Personal Protective Equipment at Work Regulations 1992

and any other related Acts, Regulations and Orders.

The Council will take into account within its tender evaluation and contracting processes, a potential contractor's approach to Health & Safety in terms of its

employment practices and service delivery, which will also be monitored and managed during the life of each contract.

The Council will check a contractor's compliance with Health & Safety in two ways:

- **Prior to Contract Award** - by asking questions either prior to or during the tender process. If following evaluation the response does not satisfy the Council's criteria, the firm may not be shortlisted or awarded a contract.
- **After Contract Award** - by including contract conditions on Health & Safety in all Council contracts and by monitoring a contractor's performance and compliance with those conditions

---

## 9. Environmental Management

---

Dundee City Council has developed its environmental strategy in line with Scottish Executive policy. Key elements of this are that those involved in procurement activities, in particular specifiers and purchasers, must:

- consider the environmental impact of purchasing decisions;
- minimise adverse impacts through buying products, wherever possible, which have least impact on the environment.

The key elements of general procurement policy remain, i.e. that purchasing should be based on competition and VFM. Procurement should not be used as an instrument for securing objectives on social, industrial or trade policy. This principle is reinforced by our international obligations as members of the EU.

Dundee City Council's procurement policy does, however, allow services to specify goods and services which take account of their environmental impacts, provided a balance is struck between costs, benefits and other relevant factors. Full lifecycle costs, including disposal, must be taken into account and, the choice should favour the option which minimises any adverse environmental effect. Purchasers should also encourage suppliers to minimise any adverse environmental effects of their activities, and also encourage suitable new technology.

This Procurement Strategy and the accompanying procurement plan and objectives are subject to a Strategic Environmental Assessment as required by the Environmental Assessment Scotland Act 2005 – accordingly an ongoing review of environmental considerations is inherent and will underpin all procurement activity.

---

## 10. Equality and Diversity

---

Dundee City Council is committed to equality of opportunity as a service provider, an employer, a partner, as community leader and as an employer. The Council values the diversity of the communities in this Council area and works towards providing services that are inclusive and accessible. This Council recognises that social inclusion and promoting equality of opportunity and good relations between different groups can only be achieved by incorporating equalities into the planning and implementation processes for all our Council Services.

A number of pieces of legislation contain various prohibitions on discrimination on the grounds of race, sex and disability in the provision of goods, facilities and services, and as such the Council expects its business partners to comply with all the relevant legislation, incorporating these as a requirement within all its contracts

- The Race Relations Act 1976 as amended 1986 and
- The Race Relations (Amendment) Act 2000
- The Race Relations (Statutory Duty) (Scotland) Order 62/2002
- The Disability Discrimination Act 2005
- The Sex Discrimination Act 1975 as amended 2003
- The Equal Pay Act
- The Employment Equality (Sex Discrimination) Regs 2005
- Equality Impact Assessment (EQIA)

The Corporate Procurement Strategy has been the subject of a full EQIA as documented in Appendix 2.

Equalities legislation is a reserved power of the UK Parliament. Scottish Ministers can impose specific duties such as those imposed by The Race Relations (Statutory Duty) (Scotland) Order 62/2002 which required public authorities bound by the duties to have a properly timetabled and realistic plan for meeting these duties in place by 30 November, 2002.

Dundee City will take into account within its tender evaluation and contracting processes, a potential contractor's approach to equalities in terms of its employment practices and service delivery, which will also be monitored and managed during the life of each contract.

The Council will check a contractor's compliance with equality and diversity issues in two ways:

- **Prior to Contract Award** - by asking equalities questions either prior to or during the tender process. If following evaluation the response does

not satisfy the Council's criteria, the firm may not be shortlisted or awarded a contract.

- **After Contract Award** - by including contract conditions on equality in all Council contracts and by monitoring a contractor's performance and compliance with those conditions.

---

# 11. Ethical Procurement

---



Dundee City Council is committed to ethical procurement

In 2001 Dundee City Council agreed a Fair Trade Policy which acknowledges the importance of Fairtrade products and supports the Fair Trade movement by:

- promoting awareness of Fairtrade products to departments, employees and citizens
- including Fairtrade in our Sustainability policies
- making Fairtrade tea, coffee, sugar available on request when offering Council hospitality.

The Council in advancing ethical procurement `will work in partnership with Dundee City FAIRTRADE organisations to achieve their policies and objectives.

---

## 12. Development of Local Economy / Engagement with Local Business Community

---

Dundee City Council's aim is to ensure that, wherever possible and, consistent with the need to secure value for money, suitably qualified Small/Medium Enterprises (SME) have the opportunity to compete for Dundee City Council business.

The barriers to business that SMEs face and how SMEs can be assisted in bidding for work will be addressed by Dundee City Council to ensure that SMEs are not unduly discriminated against in the procurement process.

The definition of an SME is described as a business with less than 250 employees.

The issue of quotas for SMEs, i.e. ensuring that SMEs are awarded an agreed percentage of all public sector contracts, is often raised in the UK, but while inclusion of SMEs in competitive tendering exercises should have the benefit of increased competition, quotas would act against the principle of Value For Money (VFM) and also act against Procurement legislation.

For the avoidance of doubt -

Scottish Executive Procurement Policy states –

*“It is Government policy to take steps to remove barriers to participation by SMEs. There are many ways in which this can be done, such as improving access to procurement opportunities and information, which do not discriminate against larger firms and which help to improve VFM by increasing competition.”*

Given the nature and often comparatively large size of public sector contracts there will inevitably be circumstances when SMEs will have the best opportunities to tender for contracts as part of a consortium, as opposed to as a main contractor.

The Council's procurement function will work in partnership with Economic Development to deliver on the initiatives detailed in the Economic Development Plan , which contains objectives such as:

- Contract Process To make the tender process more efficient and cost effective

- Communication To raise awareness of the procurement initiative
- SME Concordat To develop a concordat that will focus in on key areas and provide an agreement between small businesses and the Council

We will actively engage with the Chamber of Commerce and the Federation of Small Business to progress our support of the local business community in Dundee.

The Council will also work with the Dundee Social Economy Partnership to improve local social enterprise organisations access to procurement opportunities.

---

# 13 Delivering Procurement Efficiencies

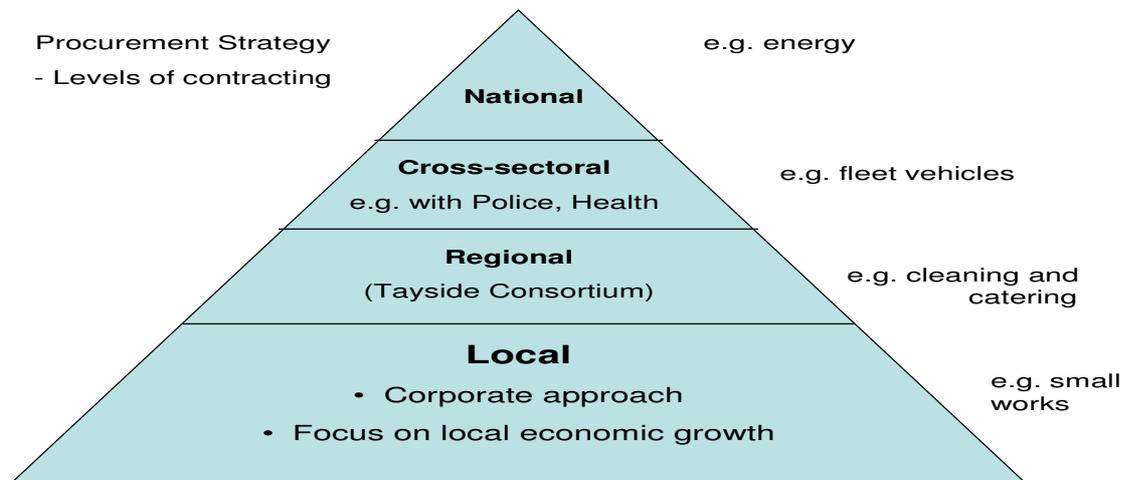
---

Procurement is a fundamental part of the Councils overall Efficiency Strategy.

The Council has already undertaken to address a number of key corporate commodity areas in order to gain efficiency savings for services and improve purchasing practice. Through initiatives such as a collaborative purchasing approach with Perth and Kinross and Angus Councils, areas which have already been addressed are for example: Photocopiers, Stationery and Office Supplies and Wheelie bins.

Through associate membership of the Authorities Buying Consortium (abc) the Council will realise efficiencies through a collaborate procurement approach.

The following diagram from the McClelland report explains on a high level the approach to this initiative.



Through implementation of a procurement strategy that adopts a collaborative procurement approach with our partners nationally as well as locally in Perth and Kinross and Angus we may be able to realise a number of efficiency savings in key commodity areas.

From a recent review of the existing contracts in place for Dundee City Council, we can see potential for economies and efficiencies to be realised.

This is dependent upon a number of critical key factors being implemented including :

- the adoption of an E-Procurement System
- compliance across all services to negotiated national, sectoral and local contracts
- and the enablement of strategic sourcing

---

# 14 Governance

---

The governance arrangements for Procurement will be through the Chief Officer Management Team, who will receive reports from the Depute Chief Executive (Finance) indicating the progress made in delivering the Corporate Procurement Strategy.

In line with Dundee City Council's Committee procedures, the procurement function will , on a regular basis, report to the Best Value Sub Committee of the Policy and Resources Committee.

The Chief Officer Management Team (COMT) will have responsibility for ensuring that the Corporate Procurement Strategy is applied across all departments.

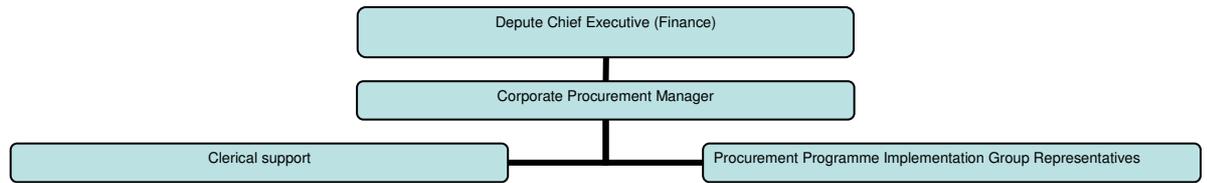
A Corporate Procurement Group (CPG) will take the lead on planning and implementing the improved procurement function within the Council. The Group will need to ensure that the staff responsible for implementing the Corporate Procurement Strategy and new processes have sufficient resources and authority to carry out their responsibilities effectively. The Corporate Procurement Strategy Group will include at least the following representatives:

- Depute Chief Executive (Finance)
- Corporate Procurement Manager
- Principal Accountant
- Personnel Manager
- Legal representative
- IT representative
- Three Departmental representatives

In addition to the above standing members of the Corporate Procurement Strategy Group, representatives from Departments where the implementation of the new procurement system and processes is current, and also corporate officers who have responsibility for social economy, health and safety, and equality will be included on the Group as and when required.

---

# 15 Structure & Resources



An existing budgetary provision of £100,000 per annum has been identified to support the procurement implementation plan from a Council perspective. Resources to support the implementation of consortium arrangements, collaborative buying and e-procurement will be funded from Scottish Executive Scotland Excel grants of £327,000 which the Council bid for and were subsequently granted.

---

## 16. Financial Effect of Strategy

---

The projected financial effect of the Corporate Procurement Strategy over the first four years of the project have been assessed by Cap Gemini. The costs and projected savings must be considered indicative at this stage, and no allowance has been made for the efficiency savings brought about by the business process re-engineering attributable to the introduction of e-Procurement Scotland system.

The Council has secured income of £327,000 from the Scottish Procurement Directorate and Scotland Excel, and in addition there is a revenue budget provision of circa £100,000 in the approved 2007/08 Revenue Budget. In addition Cap Gemini have carried out an in-depth analysis of the Council's supplies and services and have estimated savings in expenditure that should flow from introducing corporate procurement, no distinction was made between revenue and capital expenditure.

In terms of the expenditure, there are three phases being:-

- e-Procurement Scotland implementation
- Tayside wide and Dundee City ePS resources
- Strategic procurement resources

In summary, the Scottish Procurement Directorate and Scotland Excel funding totalling £327,000 will allow the Council to implement e-Procurement Scotland and begin making procurement savings which will fund later years procurement expenditure and still deliver net savings for re-investment or to provide a reduction in the Council's net expenditure.

The savings calculations are detailed in Appendix 1 and the expenditure calculations are detailed in Appendix 2.

---

## 17. Monitoring and Review

---

Every public-sector organisation should have a formal programme of procurement internal efficiency measurement and management. McLelland in his review note that every procurement programme should also measure the effectiveness of procurement in terms of results achieved. The reported information should rely heavily on key performance indicators. The Council additionally have a requirement to report on a national basis to the Scottish Executive.

The type of KPIs are likely, as a minimum, to be:

- Total Procurement Expenditure
- Procurement Expenditure Analysed by Spending Department
- Procurement Expenditure Analysed by Commodity or Service
- Total Number of Procurement Transactions
- Total Cost of Resources in Procurement Department
- Total Cost of Resources in Procurement Process, i.e. including support departments, e.g. Accounts Payable
- Procurement Resources Analysed by Commodity or Service Procured
- Procurement Department Cost per £ of spend
- Procurement Process Cost per £ of spend
- Procurement Department/Process Cost per £ of Specific Commodity
- Spend Process Cost per Transaction
- Savings Achieved Year-on-Year in Absolute Terms
- Year-to-Year movement in Index of Basket of Procured Commodities Tracked
- Number of Suppliers (active/inactive)
- Spend Identified by Supplier
- Average Spend per Supplier
- Average Spend per Order placed

The effectiveness of this strategy will be measured through the efficiency savings realised and a set of indicators as listed above.

Monitoring will be through the established quarterly reporting mechanism to the Chief Officers Management Team (COMT) and Best Value Sub Committee of the Policy and Resources Committee.

An annual procurement report assessing progress will be submitted as part of the annual efficiency statement to Best Value Sub Committee of the Policy & Resource Committee.

This strategy document will be reviewed annually.

---

# Procurement Plan 2007 - 2011

---

***“Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”***

## **5 Key Operational Objectives**

From the vision we can identify the following 5 key operational objectives for 2007 - 2008:

1. Develop an overall procurement strategy.
2. Deliver a corporate procurement approach.
3. Develop the knowledge and skills of those involved in Procurement.
4. Work towards Dundee City Council being seen as an exemplar of best Procurement practice by all stakeholders.
5. Commitment to Continuous improvement and efficiency savings.

***'Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders''***

**Legend**

**DCE(F) - Depute Chief Executive (Finance)**

**CPM – Corporate Procurement Manager**

**SPD – Scottish Procurement Directorate (Scottish Executive)**

**COMT– Chief Officer Management Team**

**TPC - Tayside Procurement Consortia**

**IT - IT procurement System Manager**

**EPS - Electronic Procurement Scotland**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2007-2011				
1.Develop an overall Procurement Strategy				
Outcomes	Main Actions	Priority	Completion Date	Owner
Creation, development and delivery of a Corporate procurement strategy	Agree Vision Process map – what, who, how and by when	Critical	April 07 TBA	DCE(F) COMT
Create a Corporate Governance Procurement Framework	Delegated Procurement Framework Authority to purchase Governance principles Business conduct documents	Critical	April 07	DCE(F) CPM/ COMT CPM/ COMT
Impact assessment of McClelland report	Revise strategy and policy Report to COMT Realise benefits	Critical	Initial April 07 then ongoing Ongoing	DCE(F) CPM
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Acceptance of requirement for change</li> <li>• Acceptance of importance of Procurement</li> <li>• Availability of resource</li> <li>• Commitment to change</li> <li>• Acceptance by Audit for revised Governance structure</li> <li>• Approval from COMT of vision , objectives and strategy</li> </ul>			

**'Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders''**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2007-2011				
2.Deliver a Corporate Procurement Approach				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Creation of a Central Procurement Unit	Agree structure Agree resource Implement	Critical	April 07  Ongoing	CPM/COMT COMT CPM
Identification of Key service Users and Contacts	Training Share information Best practise	Critical	TBA Ongoing	CPM/SPD/E XTERNAL TPC CPM
Full Contract Audit	Thorough review and procurement evaluation of all existing DCC contracts  Approval / Termination Renegotiate/Re-tender	Necessary	Dec 07	CPM  CPM/COMT CPM/TPC
Performance monitoring	Implement KPI's  Work with EPS to develop E-proc. KPI's	Necessary	TBA Ongoing	CPM CPM
Organisational capacity	Develop & assist delivery of internal Training  Specialist Training  Develop skills base	Necessary  Desirable Desirable	TBA Ongoing Ongoing	CPM & Training & Development Section  External
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• High level support required from all areas</li> <li>• Availability of information – co-operation of all operational staff</li> <li>• Availability and willingness to commit resource</li> <li>• Ability to deliver.</li> <li>• Ability to ensure compliance to strategy , policy and protocols</li> <li>• Actual physical resources available</li> <li>• Ability to address the ' what's in it for me ' issue</li> </ul>			

***'Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders'***

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2007-20011				
3.Develop the knowledge and skills of those involved in procurement				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Development of Procurement User Guides	Update Contract rules	Necessary	TBA	CPM/SPD
	Update Contract rules guidance		TBA	CPM/LEGAL
	Update Procurement Policy		TBA	CPM/COMT
Effective communication	Develop overall communications plan	Necessary	TBD	CPM / COMT
	Periodic newsletter	Desirable	Ongoing	TBA
	Establish a database for Publication	Necessary		CPM/IT
	Create User guides	Necessary	TBA	CPM/SPD
	EU guidance	Necessary	TBA	CPM/LEGAL
	Advanced Procurement policy	Desirable		SPD/CPM
	Procurement templates	Critical		SPD/CPM
	Conditions of contract	Critical		SPD/CPM
	Approach of suppliers charter	Desirable		SPD/CPM & Ec Dev
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>Initial dependency on SPD to provide information</li> <li>Support of management and staff to a corporate approach</li> <li>Availability of appropriate resource to provide necessary support / monitoring / audit.</li> </ul>			

***'Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders'***

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2007-20011				
4.Work towards DCC being seen as an exemplar of best procurement practice by all stakeholders				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Website – user friendly	Develop website	Necessary	TBA	CPM / COMT/IT
Intranet – user friendly	Establish a library of guidance tools and techniques on intranet pages	Necessary	TBA	CPM/ COMT/IT
Efficiencies from collaborative procurement	Launch / Re-launch ABC initiative	Necessary Review	TBA	CPM/COMT
Central register of contracts	Information – develop a standard format	Necessary	TBA	CPM
	Review use / non use of contracts		Ongoing	CPM
	Promotion and rationalisation of contracts		Ongoing	CPM
Local supplier engagement	Develop and agree improvement plan including engagement with Chamber of Commerce and of Social Economy Partnership  COMT/Eco Dev	Necessary	TBA	CPM / COMT/Eco Dev
Community Benefit in Procurement	Establish extent to which community benefits can be incorporated into Dundee City Council contracts	Desirable	TBA	CPM/Neil Gunn
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Availability of appropriate information from services</li> <li>• Procurement and its relationship with Economic Development &amp; Chamber of Commerce</li> </ul>			

***'Dundee City Council will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders''***

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2007-2011				
5.Commitment to continuous improvement				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Compliance Awareness Ownership	Establish an annual review process for strategy, policy and guidance  Ensure above is up to date and reflects best practice	Desirable  Desirable	Dec 07  Dec 07	CPM/COMT  CPM/COMT
Tayside Procurement Consortium	Tayside Steering Group  Centre of Excellence	Desirable  Desirable		CPM/TPC  CPM/TPC
Delivery of E-Procurement	Implement EPS proposals	Critical	March 08	CPM/COMT
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Availability of appropriate resource to provide necessary support / monitoring / audit.</li> <li>• Success of EGF Bid</li> <li>• Mis-match of priorities of consortium members</li> <li>• Equity of commitment from all members to consortium</li> <li>• Ability of all services to facilitate the roll out of eps</li> <li>• Integration of EPS system with DCC financial systems</li> </ul>			

APPENDIX 1



## Equality Impact Assessment DRAFT

<b>Department</b> Finance		<b>Section</b> Corporate Procurement			<b>EQIA Team</b> D.Dorward D. Wilson B Rose ?			
<b>Name of the Policy</b>	Corporate Procurement Strategy	<b>Date of the Assessment</b>	13.02.07		<b>New or Existing Policy</b>	New		
<b>Screening results</b>	<b>Age</b> L	<b>Dependants</b> L	<b>Disabled</b> L	<b>Gender</b> L	<b>LGBT</b> L	<b>Offenders</b> L	<b>Race</b> L	<b>Religion</b> L

### Equality Indicators and Evidence

List sources of evidence, comparative evidence with other councils etc. that supports view that the strategy has a 'Low' impact on equality stake-holder groups ***to be completed***

#### 1. Background

The aims of the strategy are to ensure that the Council meets its statutory obligations under equalities legislation and provides better procurement to demonstrate the fulfilment of the requirements of the McClelland report and Best value duties. This will result in increased efficiency and ensure corporate coherence in the work of procurement of all Council services

#### 2. Data/Research

The strategy documents available data within the city affecting procurement. Further statistics may be required to ensure aims of the policy are met. Is new research required for hard to reach groups e.g, asylum seekers, refugees, travellers, housebound etc. Any negative impacts recorded. Complaints raised, negative feedback obtained ***to be completed***

#### 3. Expert groups

List any expert groups that have/could be approached e.g. by Questionnaire, Meeting, Letter, Interview, Telephone, other. Include other councils, outside bodies, Internal e.g. Corporate Access Officer, Chairs of equality action groups, equalities officer, Dundee Access Group. ***to be completed***

**4. Assessment of Impact**

The policy is considered to have low potential to break the law. Is there a potential for indirect discrimination e.g. through poor equality procedures of suppliers, manufacturers, services providers. How is this monitored e.g. evidence of equality policies in place, pos. future evidence to be provided to demonstrate policies are delivering improved equality outcomes. **to be completed**

**5. Reducing Adverse Impact**

At present no further action is required to mitigate any adverse impact, as the policy will enhance promotion of equality issues.

**6. Formal Consultation**

Public engagement will be an ongoing process, building on Council systems and methods already in place e.g. advertise by radio, website, invited feedback from stakeholder groups. List methods to ensure that appropriate stakeholders are consulted on the new Procurement Strategy and that feedback on the public engagement exercise informs the drafting of Procurement Strategy prior to approval at committee level. Ensure mechanisms are in place to gather future views on the strategy as it is implemented. **to be completed**

**7. Publication of Findings**

This document records EQIA findings which will be available on council website. No further action is required at this time.

**8. Monitoring and Review**

The Corporate Procurement Strategy will be reviewed annually.

An Annual report will be published documenting KPIs (Key Performance Indicators) on the Corporate Procurement Strategy.

**Signature of Lead Officer** David Dorward

**ACTION REQUIRED**

- 1. Review strategy annually April 2008
- 2. Provide Annual report on progress of the strategy. May 2008

**Target date for completion of Action 1 is ENTER DATE by lead officer**  
**Target date for completion of Action 2 is ENTER DATE by lead officer**