

**REPORT TO: POLICY & RESOURCES COMMITTEE (June 2011)**

**REPORT ON: TAYSIDE PROCUREMENT STRATEGY 2011-15**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 309-2011**

#### **1.0 PURPOSE OF REPORT**

This report seeks approval of the Tayside Procurement Strategy 2011-15.

#### **2.0 RECOMMENDATION**

It is recommended that the Committee approves the Tayside Procurement Strategy 2011-15 for Dundee City Council's interest.

#### **3.0 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications arising for the council directly from this report.

#### **4.0 MAIN TEXT**

The Scottish Government's Procurement reform programme is aimed at helping the public sector build best practice procurement into their organisations. To achieve the required financial savings and the other procurement objectives of the City Council, the City Council aims to deliver a strategy that meets its statutory duty of best value as determined by the Local Government in Scotland Act (2003) Act.

The City Council has already developed and is delivering a procurement programme addressing the key themes defined within the Scottish Government Procurement Reform programme in accordance with the Tayside Procurement Strategy 2008-11 approved by the Policy & Resources Committee at its meeting on 28th April 2008 (Report No 230/2008/08 refers).

To build on the 2008-11 Strategy already delivered and to enable the required next steps to be taken, an updated Strategy and plan is proposed. Annual Reports on performance against that Strategy have been presented to Committee (Report No 550/2010 and 365/2009 refers).

The updated Strategy is attached to this report as **Appendix A.**

#### **4.2. PROCUREMENT STRATEGY & BUSINESS PLAN**

The aim of the Tayside Procurement Strategy 2011-15 is to embed best practice into all procurement within the Councils and Tayside

Contracts. Provision is made for wider collaborative procurement through involvement of other key public sector services. Also the contract arrangements can be accessed by associate voluntary bodies. The Strategy will be revised and/or supplemented periodically and will be published on the Procurement pages of the City Council and Tayside Procurement Consortium (TPC) websites.

The Strategy sets out a Procurement Business Plan for the period which defines how the strategy will be delivered. The Business Plan highlights the key areas for development and sets out the plan and actions for further improvements. It has a number of outcomes that will be measured, and will enable the City Council to report on national Best Practice Indicators (BPI) and allow for the monitoring of the Procurement Capability Assessment (PCA), as reported to the Scottish Government. The TPC Head of Procurement will retain the overall responsibility for the Strategy along with the implementation, and management of the Business Plan. The Business Plan will inform the development of bespoke operational team plans to ensure delivery of the strategy. This Plan will be updated on an annual basis for the duration of the Strategy (from these operational team plans).

#### **4.3 MEMBERSHIP OF SCOTLAND EXCEL**

In terms of Report No 229/2008 approved by the City Council at its meeting on 14th April 2008, the council agreed to membership of Scotland Excel, the Centre of Procurement Expertise for local government procurement providing collaborative contracts for all councils across Scotland in respect of Category “B” commodities (those commonly required by sector across Scotland, in this case local government sector). Membership of Scotland Excel is aligned to delivery of the Tayside Procurement Strategy 2011–15. All 32 Scottish councils are now members of Scotland Excel.

Membership of Scotland Excel rolls on unless and until terminated by the giving of 12 months’ notice. No notice has been given and the City Council’s membership therefore continues. In support of the Tayside Procurement Strategy 2011–15, budget provision to cover the cost of Scotland Excel membership will be included in future years’ budgets during the lifetime of this Strategy, if and so long as, officers are satisfied that membership delivers value for money to the City Council.

#### **5.0 CONCLUSION**

- 5.1 The approval of the Tayside Procurement Strategy 2011–15 presents a good footing on which to continue with the procurement improvements being made by Dundee City Council in collaboration with its Tayside and other partners.

## **6.0 POLICY IMPLICATIONS**

- 6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment.

There are no major implications.

## **7.0 CONSULTATION**

- 7.1 The Chief Executive, Deputy Chief Executive, (Support Services), Assistant Chief Executive and all chief officers have been consulted in the preparation of this report. Scotland Excel, Dundee & Angus Chamber of Commerce, NHS (Tayside), Tayside Fire and Rescue, Tayside Police, University of Dundee and University of Abertay were also consulted in the preparation of this report.

## **8.0 BACKGROUND PAPERS**

None

Marjory M Stewart  
Director of Finance

Date: 25th May 2011

# Procurement Strategy (2011-2015)



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# INTRODUCTION

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This Procurement strategy for the three Tayside Councils has been prepared in the context of the developing national procurement agenda and the current financial climate. The increasing pressure on public spending makes it even more important that everyone involved in Procurement understands the need to continue to make the best possible use of Council resources.

The three Tayside Councils – Dundee City, Angus and Perth and Kinross, including their devolved services organisation Tayside Contracts are clear that Procurement has a critical role to play in achieving potential efficiency savings and ensuring that the organisations are fully prepared to embrace the ongoing challenges of the public service reform agenda.

The strategy sets out the procurement aims and objectives of the Shared Procurement Service for the Tayside Councils and Tayside Contracts for 2011-2015.

The aims and objectives in our Strategy reflect both national and local policies and priorities.

To achieve the required financial savings and the other procurement objectives of the Councils, the Shared Procurement Service team will continue to work with services within partner Councils to fulfil our statutory duty of Best Value as determined by the Local Government in Scotland Act (2003) Act.

**Allan Harrow**

Head of Procurement

Shared Procurement Service

Angus, Dundee City, and Perth & Kinross Councils

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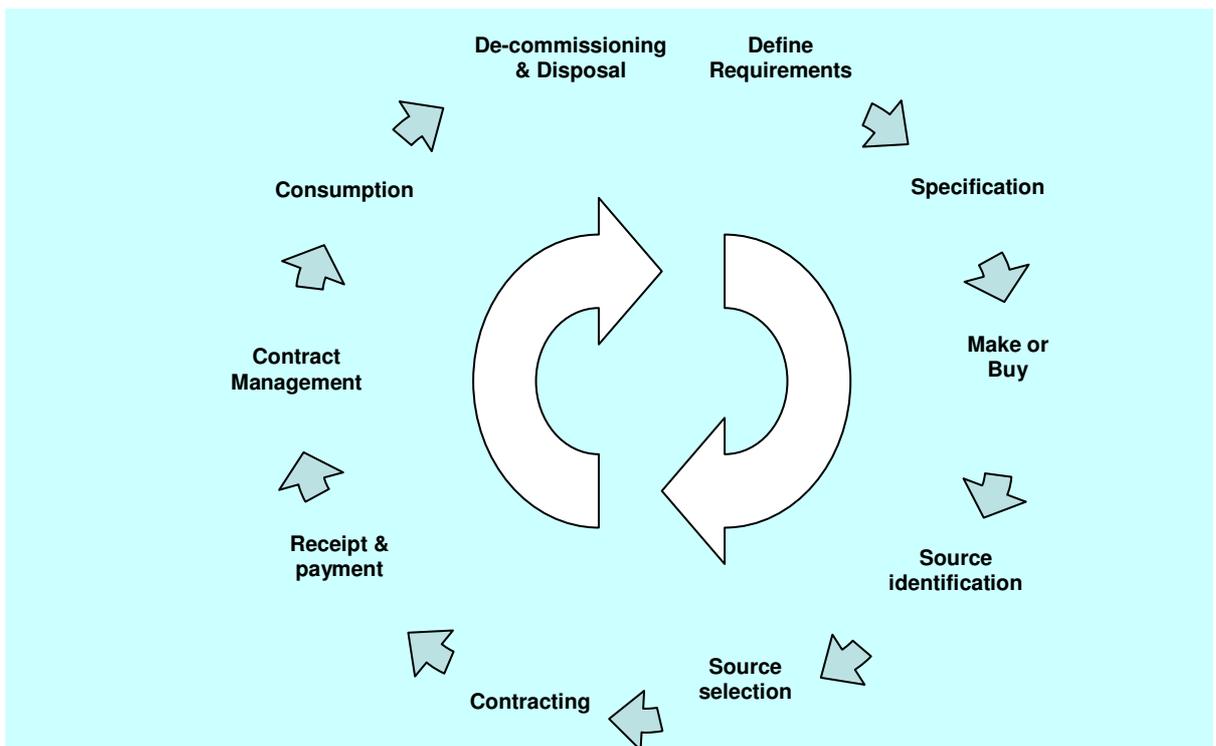
# Defining Procurement

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Procurement is the full range of activities related to purchasing, goods, services and works and might be referred to as buying, purchasing, contracting or commissioning.

All Council services carry out some form of procurement activity. Procurement can range from contracting an entire multi-million pound service through to purchasing small stationery items.

The procurement process, as illustrated below does not end at the contract award stage, but spans the whole life cycle of the activity right from the start where we decide on the requirement through to contract management and incorporates the entire Purchase to Pay (P2P) process.



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# Context of the Strategy

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The Councils are continuing to deliver on the [National Procurement Strategy](#) being driven by the Scottish Government. Our local procurement strategy and operations will reflect and work towards achieving our targets and this strategy reflects and builds upon the best practice procurement recommendations contained within the [McClelland report](#).

The Councils have a statutory obligation under the [Public Contracts Scotland Regulations 2006](#) to ensure that procurement activity is compliant with the relevant legislation.

Collaborative procurement is a key focus of the Councils' strategy. The procurement team has an active role in ensuring that collaboration opportunities are exploited, not only with partner Councils in Tayside, but also with [Scotland Excel](#) and Procurement Scotland.

The Councils procurement reform activity can be aligned to eight work streams which reflect the fundamental elements of the national procurement programme. These are :

- Strategic Aims and Objectives
- Procurement leadership and governance
- Defining the Supply need
- Sourcing strategies and Collaborative Procurement
- Key purchasing processes and systems
- Contract and Supplier Management
- People
- Performance measurement

These work streams are assessed annually in the [Procurement Capability Assessment](#) commissioned by the Government to monitor progress against national objectives.

We are working to standardise the procurement approach used across the Councils and by streamlining internal processes will make the tender process more robust and more accessible to potential suppliers.

Through standardising the roles and responsibilities of those carrying out the “buyer” function we will improve the Councils procurement capability and reinforce our culture of compliance to current legislation.

This strategy should be viewed in the context of, and in conjunction with, other existing Council policy and guidance that deal with procurement related matters, for example the [Commissioning Strategy](#).

This strategy proposes the further development of our existing approach to supplier and contract management in order to derive further value from new and existing contracts. We recognise the need to actively engage with the business community and work towards promoting access to public sector contract opportunities.

The Councils have already demonstrated a clear commitment to responsible procurement and the coming years will see this formalised through policy development and implementation of a [Sustainable Procurement Action Plan \(SPAP\)](#)

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# 1. Strategic Aims & Objectives

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This strategy aims to demonstrate a clear, systematic, and well-researched approach to the Council's purchasing decisions.

We are committed to delivering high quality service standards and to achieving a best practice procurement procedure. This in turn will enable us to deliver best value and ensure that best use is made of public resources.

**Our Procurement Mission Statement is :**

***“The Procurement programme aims to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”***

Our approach to procurement will :

- Ensure our procurement practice reflects our vision, values and aims
- Secure commitment to excellent procurement from all members and officers throughout the Councils
- Provide a point of reference and focus for procurement matters
- Plan the way forward to improve our procurement function
- Create the opportunity for savings to be delivered as part of an authority wide efficiency strategy
- Respond positively to the Scottish Government’s agenda on efficient Government and public service reform

Moreover we will:

- Be transparent;
- Create the most economically advantageous balance of quality and cost;
- Reduce the burden on administrative and monitoring resources;
- Develop simplified or routine transactions;
- Encourage open and fair competition;
- Follow all appropriate regulations and legislation

It is important that this strategy recognises and continues to be consistent with the priorities defined in the Strategy 2008-2011.

This strategy will support the strategic objectives of each of the partners and will contribute to the delivery of the [Council plans](#). It will be necessary to

ensure that this Strategy remains up-to-date and yearly reviews will take place during the lifetime of this Strategy.

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## **2. Procurement Leadership & Governance**

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The Leadership and Governance for the Shared Procurement Service ensures that there is clear direction and support from senior management for delivery of best value through procurement. A Steering Group comprising Chief Officers from Dundee City Council, Perth and Kinross Council and Angus Council support the Head of Procurement, in delivering the Procurement reform programme. The governance arrangements for the shared service are set out in a memorandum of understanding, agreed and signed by the Councils in 2007.

The Steering Group has responsibility for ensuring that the Procurement Strategy is applied across the Councils.

The Shared Procurement Service team includes corporate procurement functions that have been established in each authority and the whole shared service team are responsible for delivering the reform programme across the Councils. The team will continue to work with the appropriate internal and external stakeholders to deliver the programme objectives.

The Head of Procurement is the strategic lead for the Procurement programme across the three Councils. Operational delivery of the procurement programme within Councils will be managed by the Corporate Procurement Manager within each respective Council.

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## 3. Defining the Supply Need

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We will apply a prudent and well-planned approach to defining our supply chain needs, ensuring that our activity is carried out in line with the required legislative framework.

When defining our supply chain needs:-

- We will be clear on what our requirements are and we will consider all options for cost avoidance
- We will assess our need to ascertain whether the business requirement exists in isolation or whether we can collaborate with other areas both within councils and also with other partner organisations
- We will consider the wider context of our purchase to ensure that the activities to support or develop the identified requirement (for example IT support for the purchase of a piece of software or maintenance) must be considered so that the maximum benefit and true cost to the whole Council is identified and accounted for.
- We will ensure that the specification and business requirement is fit for purpose.
- We will aim to establish Policy Advisory groups to ensure that the final purchase fulfils the Council's true need.

The Councils recognise that their procurement activities have an impact on the community in which we work and live. In developing our sourcing strategies account will be taken of our commitment to Corporate Social Responsibility

Our procurement activity will give consideration to the economic, social and environmental effects of purchasing decisions.

The Councils aim to be socially responsible through their actions taken, over and above compliance with legal requirements, to both achieve value for money and address the interests of our communities.

Sustainable procurement can offer whole life cost efficiency, supports our commitment to our Corporate Social Responsibility, evidences that we are responsible public bodies and can promote health improvements amongst all our stakeholders

This particularly relates to the areas detailed below where we will consider for example :

- Health, safety and welfare

- Environmental management
- Delivery of community benefits
- Equality
- Ethical procurement
- Development of local economy / engagement with the local business community

Through consideration of these factors when determining the business requirement the Councils will be working to develop an improved approach to sustainable procurement.

Knowing what the internal and external markets can offer is crucial when making the crucial “make or buy” decision that will affect the rest of the procurement process. The markets constantly change and are likely to have developed since the last time they were used. We will carefully consider all the key drivers to ensure we are making a fully informed decision.

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## 4. Sourcing Strategies & Collaborative Procurement

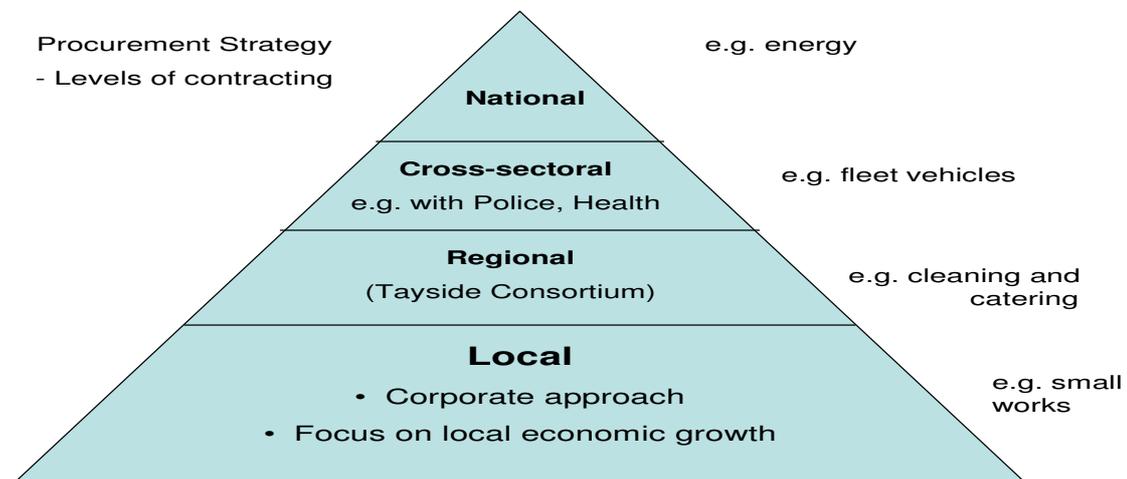
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Procurement has a significant role to play in the support of the three Council's respective overall drive for efficiency. The Councils are working to ensure that through improving their procurement activity they can best satisfy their core supply needs

The three Councils have already addressed a number of key corporate commodity areas in order to gain efficiency savings for services and improve purchasing practice.

Through involvement with National collaborative initiatives such as the Procurement Scotland and Scotland Excel programmes, the Councils will realise further efficiencies through a national collaborative procurement approach. They will also take advantage of cross-sectoral procurement through local initiatives with partners in other public sector areas in Tayside

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



The three Councils are committed to reducing duplication of process through delivery of shared services and through existing initiatives, such as a collaborative purchasing approach, significant progress has been made.

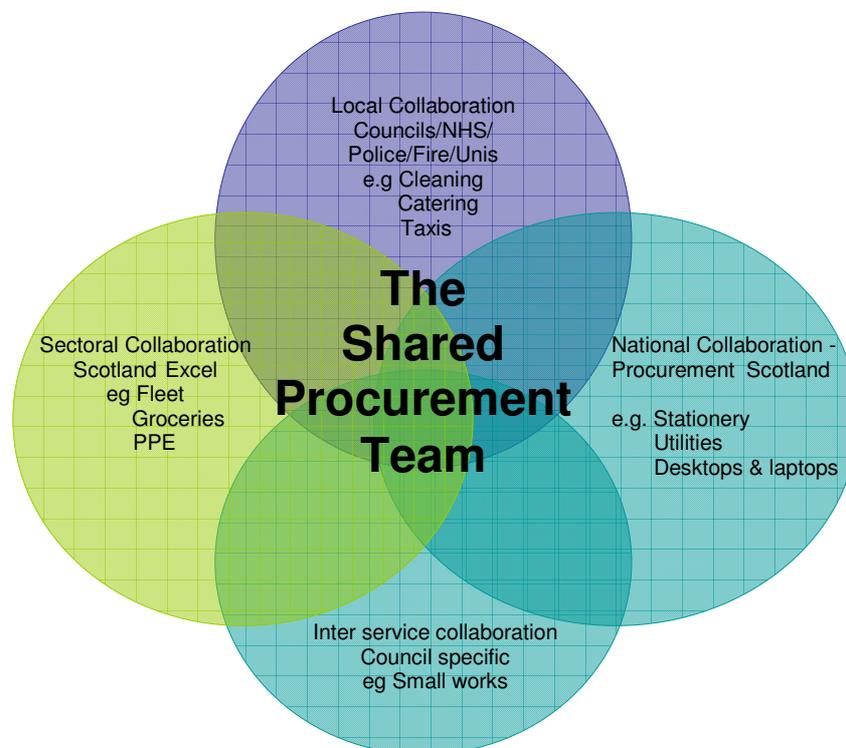
The Councils may also collaborate with a number of other Tayside based agencies during the procurement process and these include:

- NHS Tayside

- Voluntary and Independent Sector
- Tayside Police.
- Scottish Enterprise
- Universities & Colleges in Tayside
- Tayside Fire and Rescue

The Councils may also collaborate with a number of other agencies out with the Tayside area.

The following diagram explains on a high level our approach to collaboration.



### Advertising the requirement

Under The Public Contracts (Scotland) Regulations 2006, we have a legal obligation to adequately advertise our tender opportunities. A single point of information for contract opportunities has been created and suppliers are actively encouraged to register and use the website. This use of the Public Contracts Scotland (PCS) procurement portal supports our commitment to

ensuring we adequately advertise tender opportunities. Use of the PCS website is recommended for all appropriate procurement activity.

<http://www.publiccontractsscotland.gov.uk/>

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## 5. Key Purchasing Processes & Systems

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e-Procurement in the context of the strategy is how the councils will create and place their orders using electronic tools.

The continued roll out of e-Procurement will enable the Councils to streamline and improve routine purchasing processes resulting in increased process efficiency and productivity.

Procurement activity will be improved across the councils through use of quality management information is critical. The e- procurement systems capture spend data which can be used to inform future purchasing activity

The Councils intend to use of a variety of systems to create their own fully functional e – procurement solutions. The following initiative is an example of a development area:

- Use of procurement cards for low value purchases. These cards are an efficient and cost-effective method of buying low value goods and services. Where appropriate their use can reduce the process cost for the Council and increase the speed of payment for the supplier.

All suppliers will be encouraged to engage with the Council electronically; which in this context may range from the ability to receive an order by fax, right through to facilitating online purchasing via their own website.

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## 6. Contract & Supplier Management

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The Council are signatories to the [Supplier Charter](#) and developing our Contract & Supplier management supports continuous improvement in our supply chain.

The key principles are as follows:

- open, transparent, timely and consistent communications at all levels
- publish tendering opportunities via Public Contracts Scotland.
- work to remove perceived barriers to doing business with the council amongst Small and Medium Enterprises (SMEs)
  - hold supplier engagement events
  - promote the use of the Supplier Development Programme by all tiers of the Supply Chain to aid understanding of how to trade within the public sector
  - provide a single point of enquiry within the Councils as a route for Suppliers to raise issues and complaints
- Ensure the appropriate application of Supply Chain Management to manage Supplier performance including Key Supplier Management of strategic/critical suppliers across the councils;
- We will aim to improve the consistency of our processes and documentation, which in turn will
  - increase consistency of tendering process across the Councils
  - reduce the cost and time of bidding for tenders
  - ensure the requirements for bidding are appropriate to the size and complexity of the task
  - increase consistency of terms and conditions used across the Councils estate
  - make the tendering process easier for suppliers

We will undertake such activities as are necessary to ensure that appropriate standards of procurement and Supply Chain management are being achieved and sustained across the Councils and we will act appropriately should appropriate standards fail to be met

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## 7. People

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We are committed to supporting and encouraging any council officer involved in procurement activity to obtain relevant procurement training and to gain the skills, experience and expertise necessary for them to achieve their full potential.

Section 8 of the [McClelland Report](#) makes recommendations on how People and skills can be developed. The Procurement programme will continue to work to develop these areas

These include:

- Clear and effective procurement guidance
- Clear structures, roles and responsibilities
- Procurement Training Needs Analysis for those involved in Procurement activity
- Annual Personal Development Plans
- An annual Training Plan for the Procurement Team
- Appropriate training for all staff involved in procurement

We will utilise the Scottish Government's approved [Procurement Competency Framework](#) as a model by which to manage the training and development of procurement skills of all those involved in procurement activity within the Councils.

Through adoption of the principles and approach laid out in the Competency Framework we will aim to ensure a consistency of approach to procurement across all Council areas

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## 8. Performance Measurement

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In July 2009 the Cabinet Secretary for Finance and Sustainable Growth introduced the Procurement Capability Assessment (PCA). to measure public sector bodies in a standard way and to drive procurement reform across Scotland. The assessment identifies areas where organisations can strengthen their procurement approach by measuring their procurement capability. The PCA measures the progress made towards achieving McClelland's vision of advanced procurement. The key areas for review are the [7 'C's identified by Government](#) as being critical to good procurement capability

- CAPABILITY
- COVERAGE
- CORPORATE SOCIAL RESPONSIBILITY
- COLLABORATION
- CAPTURING SAVINGS & BENEFITS
- COMPETITIVENESS
- COMMUNICATION

The effectiveness of this strategy will be measured through the annual PCA scorings realised by the Councils in the years to 2015.

In addition to the PCA, Procurement performance will be measured through the Councils annual Statutory Performance Indicators (SPI), the councils annual efficiency statement submission and through the [Scottish Governments Best Practice Indicators \(BPI's\)](#)

Local scrutiny and performance monitoring of the procurement team performance will be through internal audit schedules, regular reports to the Procurement Reform Programme Steering Group and reports to Council committees as required by the governance arrangements in each respective Council

Democratic accountability, and Elected member oversight will be ensured through reports detailing progress being reported to the committee in each Council responsible for policy and resources.

# Conclusion

This Procurement strategy for the three Tayside Councils supports the national procurement agenda and seeks to ensure that we continue to make the best possible use of Council resources.

The three Tayside Councils – Dundee City, Angus and Perth and Kinross, including their devolved services organisation Tayside Contracts are clear that Procurement has a critical role to play in achieving potential efficiency savings and ensuring that the organisations are fully prepared to embrace the ongoing challenges of the public service reform agenda.

# Procurement Business Plan

Each authority is working towards the same vision; Bespoke operational team plans based upon the outcomes detailed in this plan will be created to ensure delivery of the strategy. This plan will be updated on an annual basis for the duration of the strategy.

1. PROCUREMENT LEADERSHIP & GOVERNANCE		
Outcomes	Main Actions	Priority
Ensure procurement programme is embedded across the organisation	Engage all users - procurement user groups , service management team meetings , senior management team meetings  Process map – what, who, how and by when	Essential
Improve the Procurement Governance Framework	Introduce and develop an agreed Delegated Procurement Framework  <ul style="list-style-type: none"> <li>• Authority to purchase</li> <li>• Governance principles</li> <li>• Business conduct documents</li> </ul> Embed the role of the Procurement Management Team in recognised Council Governance	Necessary
Ongoing assessment of delivery of recommendations from McClelland and subsequent Procurement Capability Assessments	Revise strategy , policy and process as required	Essential
Key stakeholder 'buy-in ' and satisfaction	Annual Customer Surveys Report to Councils	Necessary
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 committee of vision , objectives and strategy</li> </ul>	

2. PROCUREMENT STRATEGY & OBJECTIVES		
Outcomes	Main Actions	Priority
Ensure the 2011-2015 Strategy is embedded across the organisation	Validate updated Strategy Communicate Monitor compliance	Essential
Ensure Key Council Users understand the strategy	Communicate Share information Best practise	Essential
Contract Database	Implement the national PCS approach through use of the MI Hub	Necessary
Corporate	Develop policies	Necessary
Social Responsibility	Implement & train Monitor	
Organisational buy in	Develop & assist delivery of internal Training  Specialist Training Develop skills base ( CIPS)	Necessary  Desirable  Desirable
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>	
3. SPECIFICATION OF GOODS AND SERVICES		
Outcomes	Main Actions	Priority
Properly Specified Goods and Services	Training Guidance / Templates Update Procurement information	Necessary
Effective Demand Management process	Promote Use of Outline Business Cases Challenge the need  Get a " Buy on-contract" mandate from Chief Execs Mandate use of contracts in standing orders Standardised core item list	Necessary

Use of Value Analysis when determining business requirement	Training	Necessary
Improved Catalogue Management	Increased number of supplier profiles on procurement systems	Necessary
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>	
<b>4. SOURCING STRATEGIES AND COLLABORATIVE PROCUREMENT</b>		
<b>Outcomes</b>	<b>Main Actions</b>	<b>Priority</b>
Policy Advisory Group & UIG created for every commodity	Establish PAG for all appropriate commodities <ul style="list-style-type: none"> <li>• agree governance</li> <li>• agree membership</li> <li>• deliver required outcomes</li> </ul>	Necessary
Revised set of <ul style="list-style-type: none"> <li>• Standing Orders</li> <li>• Financial Regulations</li> </ul>	Ensure principles of SPD toolkit are incorporated into our key documents	Necessary
Efficiencies from collaborative procurement	Develop use of all collaborative contracts	Necessary
Sustainable Procurement	Implement Scottish Govt Sustainable Procurement Action Plan	Necessary
Supplier engagement	Benchmarking Public Contracts Scotland Meet the buyer events	Necessary
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> </ul>	

	<ul style="list-style-type: none"> <li>Ability to address the ‘ what’s in it for me ’ issue</li> </ul>	
<b>5. CONTRACT AND SUPPLIER MANAGEMENT</b>		
<b>Outcomes</b>	<b>Main Actions</b>	<b>Priority</b>
Contract Management	Implement contract management for all contracts  Deliver process , policy and guidance Ensure above is up to date and reflects best practice	Desirable   Desirable
Use of Public contract Scotland ( PCS)	Communication  Training & support  Monitoring	Desirable
Key Risks and Dependencies		
<b>6. KEY PURCHASING PROCESSES AND SYSTEMS</b>		
<b>Outcomes</b>	<b>Main Actions</b>	<b>Priority</b>
Quality Assurance	Embed a quality review process within the contract mgt approach  Ensure above is up to date and reflects best practice	Desirable
Widespread use of e-Procurement	Continue roll out	Desirable
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>	
<b>7. PEOPLE</b>		
<b>Outcomes</b>	<b>Main Actions</b>	<b>Priority</b>
Use of Competency	All procurement staff to be assessed	Desirable

Framework	All staff involved in 'procurement' have been training - induction	Desirable
Development Needs Analysis	Training needs analysis for all staff involved in procurement Training plan	Desirable
EU Regs Training	EU Regs training for all staff involved in procurement	Desirable
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Acceptance of Competency Framework by all staff involved in procurement</li> <li>• Support of management and staff to a the approach</li> <li>• Availability of appropriate resource to provide necessary training / support / monitoring / audit.</li> </ul>	
<b>8. PERFORMANCE MEASUREMENT</b>		
<b>Outcomes</b>	<b>Main Actions</b>	<b>Priority</b>
Procurement Capability Assessment ( PCA )	Implement a review , monitoring and reporting process for procurement performance Achieve and retain an annual compliant score in the PCA	Desirable  Essential
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Availability of appropriate resource to provide necessary support / monitoring / audit.</li> <li>• Availability of information</li> </ul>	

# Glossary

Here is an explanation of some of the terms and abbreviations used in this Strategy - the explanation is given in the context to which the terms relate to Procurement

**Added Value** - Features and benefits offered which exceed the specification for the contract.

**Award criteria** - The list of key criteria that is used to assess a supplier's tender.

**Benchmarking** - A process of continuously measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement e.g. "best in class" achievement.

**Best Practice** - Proven and documented working practices that provide optimum operational performance within a specific business environment e.g. 'best in field'.

**Best Value (BV)** - The Local Government in Scotland Act 2003, placed a statutory duty of Best Value upon local authorities in the discharge of their functions. The principles make clear that Councils have a duty to "make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This improvement involves consideration of costs, making the most of money spent, and making sure that services meet the needs of communities and authorities' priorities.

**BPI** - Specific measurements of Procurement service delivery

**Business Case** - A document setting out the information a manager needs before deciding whether to support a proposed project, before significant resources are committed to its development. The core of the business case is an assessment of the costs and benefits of proceeding with a project.

**Commissioning** - the process of ensuring that the health and care services provided effectively meet the needs of the population. Often a complex process with responsibilities ranging from assessing client needs, prioritising health outcomes, procuring products and services, and managing service providers

**Contract** - A binding agreement to perform a certain service or provide a certain product in exchange for valuable consideration, usually money.

**Corporate Social Responsibility (CSR)** - The Government sees CSR as the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides.

**Costs** - The money spent on resources to deliver the service.

**e-Procurement** - The term used to describe the use of electronic methods in every stage of the purchasing process from identification of requirement through to payment, and potentially to contract management.

**Equal opportunities** - The practice of ensuring that all employees and users of services receive fair and equal treatment.

**European Union Regulations (EU Regs)** - There are rules and regulations set by the European Union with regard to procurement for public sector organisations – these rules and regulations are set to protect suppliers and must always be followed by all public sector organisations.

**Evaluation** - The process of assessing each bidder's tender so as to be able to select the best option suitable to the requirements of the contract.

**Excel / Scotland Excel** - A national collaborative buying initiative representing the 32 Scottish local authorities

**Governance** - The framework of authority and control within an organisation.

**McClelland** - The McClelland review of public sector procurement report published March 2006, sets out 82 key recommendations for improvement in procurement across the Scottish public Sector. The resultant reform programme being lead by the Scottish Government, through the Scottish Procurement Directorate intends to deliver on a national procurement strategy for local government

**Most Economically Advantageous Terms – MEAT** - The optimum combination of whole life costs and benefits assessed against predetermined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.

**Official Journal of the European Union/OJEU** - The publication in which all high value public sector contracts in the EU must be advertised.

**Public Contracts Scotland** - a national advertising website where all Scottish public sector organisations can publicise their contract opportunities.

**Public Contracts Scotland Regulations 2006** - Public procurement law regulating the purchasing by public sector bodies of contracts for goods, works or services. The Public Contracts (Scotland) Regulations 2006 came into force on 31 January 2006

**Public Procurement Reform Board (PPRB)** - set up to deliver the recommendations of the 'McClelland Report' Responsible for ensuring that the Programme remains on course to deliver benefits, and that obstacles to delivery and benefit realisation are removed or reduced...The Board will provide strategic guidance, monitor progress, assess and resolve risks and issues and arbitrate any disputes that arise

**Procurement Capability Assessment (PCA)** - The objective of the PCA is to assist organisations to improve their structure, capability, processes and ultimately their performance, The PCA identifies areas where organisations can strengthen their procurement approach through an evaluation of their procurement capability. It was developed in consultation with Audit Scotland, and assists measurement of the progress made towards achieving McClelland's vision of advanced procurement.

**Procurement** - The process of buying goods and services.

**Procurement Scotland** - As part of the Scottish Procurement Directorate of the Scottish Government Procurement Scotland is responsible for developing and implementing procurement strategies for commodities on behalf of all Scottish public sector organisations:

**Quality** - Fitness for purpose when judged against the standards specified in the contract.

**Selection Criteria** - The factors that a public sector organisation will take into account when deciding which tender to accept. Usually some factors will count for more than others.

**Small and Medium sized Enterprises – SMEs** - firms that employ less than 250 people and have a turn over of less than €50m.

**Sustainable Procurement Action Plan (SPAP)** - Supports the Scottish Government's purpose for successful sustainable economic growth. It proposes a methodical whole organisation approach to sustainable procurement, a benchmarking and development structure and a timetable for specific actions to promote best practice across the public sector in Scotland

**Specification** - A description of the essential technical requirements for goods or services to be delivered under a contract, including the method for checking that the requirements have been met.

**Stakeholders** - Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. customers, partners, employees, shareholders, and government.

**Supplier Engagement** - In simple terms, working with suppliers to achieve mutual goals – as opposed to ‘them and us’.

**Supply Chain** - The flow of resources into and out of the enterprise's collective operations. The chain can be said to start with the suppliers of your suppliers and ends with the customers of your customer.

**Suppliers Charter** - A joint statement between the Public Sector Procurement and Businesses sectors committing to facilitating improved access to public sector procurement opportunities

**Supplier Development Programme** - a local authority partnership programme established to offer small and medium sized enterprises (SMEs) the opportunity to grow and diversify through procurement

**Sustainable Development** - Development which meets the needs of the present without compromising the ability of future generations to meet their own needs' e.g. the environmental and social impact of today's actions that may affect the ability of future generations.

**Sustainable Procurement** - The application of sustainable development principles to procurement (see above).

**Thresholds** - The financial threshold above which certain procedural aspects of the procurement Regulations become mandatory. There are two thresholds, one that applies to most central government bodies and one for other authorities. The current threshold is published on the OGC website.

**Transparency** - Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process, and performing that procurement process as described in the communications with potential suppliers.

**Values** - Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.

**Vision** - A statement describing how an organisation wishes to be in the future. Also see Mission Statement.