

Procurement and Commercial Improvement Programme**Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

This report is to provide Cabinet with an update in relation to the Council's 2018 Procurement and Commercial Improvement Programme (PCIP).

2 Background

2.1 The PCIP replaced the Procurement Capability Assessment (PCA) model previously used by the Scottish Government to promote the sharing of best practice and continuous improvement in procurement across the Scottish Public Sector. The new regime will continue to assess public sector organisations by reviewing and auditing evidence on how the organisation has delivered its procurement.

2.2 Some key changes between the PCIP and the PCA are:

- Organisation can submit some key evidence 6 weeks in advance of their PCIP assessment date;
- The PCIP has a new question set and is scored in bands from F1-F11 (the highest score being F1);
- Individual percentage scores will be given to each organisation but these will not be shared with other organisations;
- There are three models of the PCIP; Full, Medium and Lite assessments; and
- The model that the organisation will be assessed against is dependent on spend and number of contracts delivered.

The Scottish Government have been clear that the PCIP is not comparable to the PCA and that previous scores from the PCA should not be used as a target for the 2019 assessment. The question set is more demanding and challenges organisations at the top level of procurement delivery.

2.3 The PCIP encompasses four key areas of review which are as follows;

- Procurement leadership and governance
- Procurement development and tender;
- Contracting processes; and

- Purchase processes.

2.4 Scotland Excel works with local authorities in reviewing and assessing procurement and commercial competence under this model. This is achieved through Scotland Excel reviewing and scoring each question using the documented evidence provided. A range of scores are then applied across categories shown above, with a total score awarded on the assessment day.

3 Assessment and Outcome

3.1 The 2018 Midlothian Council PCIP took place on 11 December 2018 and the Council opted for a focussed assessment using the Full assessment model question set.

3.2 The Scotland Excel PCIP review team examined evidence in advance of this date. Amongst other evidence, the Council submitted sample contracts from a range of contracts including Social Care and Construction contracts, and from these Scotland Excel select four contracts to conduct an in-depth review.

3.3 The PCIP is not a mandatory assessment and it may transpire that some Councils will not take part in the PCIP due to other competing priorities. However, Midlothian Council have taken part, and the output of the assessment will be used by the Procurement Team as a tool for continuous improvement to further develop the Procurement Improvement Plan to ensure the promotion and delivery of efficient, effective procurement.

3.4 For 2018 The Council achieved a score of **66%** which places Midlothian in the banding (F2) with regards to procurement performance according to Scottish Government banding, depicted in the table below.

Performance Band	% Score
F1	>70%
F2	66<=>69%
F3	61<=>65%
F4	56<=>60%
F5	51<=>55%
F6	46<=>50%
F7	41<=>45%
F8	36<=>40%
F9	31<=>35%
F10	26<=>30%
F11	20<=>25%

3.5 The next round of PCIP assessments are due to take place in 2021, a targeted area for further improvement, at the next PCIP is expected to be Contact and Supplier Management (subject to the assessing the resources required to deliver sustainable improvement in this area). An

improvement in this area should enable the Council to achieve the highest banding of F1 at the next PCIP assessment.

- 3.6 Attached for member's interest is the formal notification from Scotland Excel received on 8th February 2018 together with the more detailed PCIP focused assessment report.

4 Report Implications

4.1 Resource

There are no direct resource implications as a result of this report

4.2 Risk

No risks have been identified.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☒ None of the above

4.4 Impact on Performance and Outcomes

This report does not impact Midlothian Councils and wider partners performance and outcomes

4.5 Adopting a Preventative Approach

This report does not impact actions and plans in place to adopt a preventative approach

4.6 Involving Communities and Other Stakeholders

No consultation was required in the development of this report.

4.7 Ensuring Equalities

There is no equality issues associated with this report.

4.8 Supporting Sustainable Development

There is no sustainability issues associated with this report.

4.9 IT Issues

There are no IT issues arising from this report

5 Recommendations

It is recommended that Cabinet;-

- a) Note the Council's PCIP assessment outcome for the 2018 assessment.
- b) Refer this report to Audit Committee for its interest.

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Background Papers:

Appendix – Scotland Excel letter and slidepack