

Midlothian Council

PCIP Focused Report February 2019

Contents

- Executive summary
 - Introduction 3
 - Overview of PCIP 4
 - Summary of overall performance 5
 - Key areas of strength and opportunities for improvement 6
- Breakdown of PCIP Scores
 - Section 1: Leadership and Governance 9
 - Section 2: Development and Tender 10
 - Section 3: Contract Management 11
 - Section 4: Purchasing Processes 12
- Further information 13

Introduction

On 11th December 2018, Scotland Excel carried out a focused Procurement and Commercial Improvement Programme (PCIP) assessment of Midlothian Council as part of the second round of such assessments of local authorities in Scotland.

The 18/19 assessment required the Councils to submit a full score for each question but request reassessment only in areas where they had focused improvement activity.

This document sets out:

- The questions reassessed and change in score.
- The key strengths and opportunities for development that the assessors identified from the PCIP self-assessment
- Qualitative narrative that identifies positive changes in local practice.

Supporting you to improve

As the national centre of expertise local government procurement, Scotland Excel is responsible for working with Scottish councils to improve procurement performance and practice. Working across the sector, and with individual councils, we can provide a range of support.

Support can include:



Workshops and masterclasses – covering a range of issues identified as key challenges across the sector, including input from experts and practitioners.



Accredited work based learning and development – delivered in person and online through the Scotland Excel Academy (academy.scotland-excel.org.uk)



Tailored change support – bespoke change support, delivered by our Business Change Project Managers, to enable the change you need.

Overview of PCIP

The Procurement and Commercial Improvement Programme (PCIP) was introduced in 2015. The focus of PCIP is on the policies and procedures driving procurement performance and, more importantly, the results they deliver.

The focused PCIP has no maximum or minimum number of questions. Nominations for re-assessment are led by the Council and confirmed by the assessment team at Scotland Excel.

Scoring system

The PCIP consists of 24 questions divided into four sections which cover the breadth of procurement activity. Each question is worth a possible four marks. A breakdown of each section is shown below:

| Section | Number of questions | Marks available |
|---------------------------|---------------------|-----------------|
| Leadership and Governance | 10 | 40 |
| Development and Tender | 6 | 24 |
| Contract | 5 | 20 |
| Key Purchasing Processes | 3 | 12 |

Full Assessment Performance Bandings

| Current 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% |
| F12/Non-Conformance | >19% |

A note on the assessment approach and judgments

Scotland Excel assessors have made the judgements and recommendations in this report based on evidence presented to them by your council, either in the form of documentation or verbal evidence.

PCIP is not an audit. Restraints on time and resources, coupled with a desire to ensure a proportionate approach to the assessments, mean it is not possible for assessors to independently verify the evidence submitted as part of the pre-assessment, dashboard, or assessment day. Instead, evidence is assessed in good faith with the onus on the council to be open and transparent.

Summary of overall performance

Summary of performance

Midlothian Council received an overall score of 66%, placing it in the Band F2. The council nominated the following questions from each section and this indicates the differentiation between the 16/17 and 18/19 assessment score.

| Section 1 | Question Area | 16/17 | 18/19 |
|-----------|---|-------|-------|
| 1.2 | Procurement Influence | 3 | 4 |
| 1.5 | Learning and Skills: Capability and Skills | 3.5 | 4 |
| 1.6 | Internal Control Systems | 2.5 | 3 |
| 1.7 | Risk Management | 1.5 | 3 |

| Section 3 | Question Area | 16/17 | 18/19 |
|-----------|-----------------|-------|-------|
| 3.5 | Lessons Learned | 1.5 | 2.5 |

Areas of Positive Practice and Opportunities for Improvement

| PCIP Section | Positive Practice | Opportunities for Improvement |
|-------------------------------------|---|--|
| 1. Leadership and Governance | <ul style="list-style-type: none"> • Service Delivery Framework demonstrates good practice in consideration of “in house” v “outsourced” decision making • Evidence collaboration with neighbouring Local Authorities • “Making Performance Matter” Competency Framework provides good foundations for staff development • 5 year Training and Development Strategy and Annual Training Plan for staff • Regular Audit and spot checks of procurement • Corporate Risk Register managed through performance management software • Multi-agency Serious Organised Crime action plan | <ul style="list-style-type: none"> • Commercial Acumen and Continuous Improvement (Not Assessed) |
| 2. Development and Tender | <ul style="list-style-type: none"> • No questions in this section were put forward for reassessment | <ul style="list-style-type: none"> • Spend Analysis, Strategy Development and Implementation and Exit Strategies (Not Assessed) |
| 3. Contract | <ul style="list-style-type: none"> • Central Lessons Learned Log • Evidence of a consistent approach to internal Post Tender Review • Quality Assurance spot checks by Procurement Manager | <ul style="list-style-type: none"> • Implementation of Independent Project Reviews out with procurement team • Contract and Supplier Management (Not Assessed) |
| 4. Key Purchasing Processes | <ul style="list-style-type: none"> • No questions in this section were put forward for reassessment | <ul style="list-style-type: none"> • Procurement Process Automation (Not Assessed) |

Section 1: Leadership and Governance

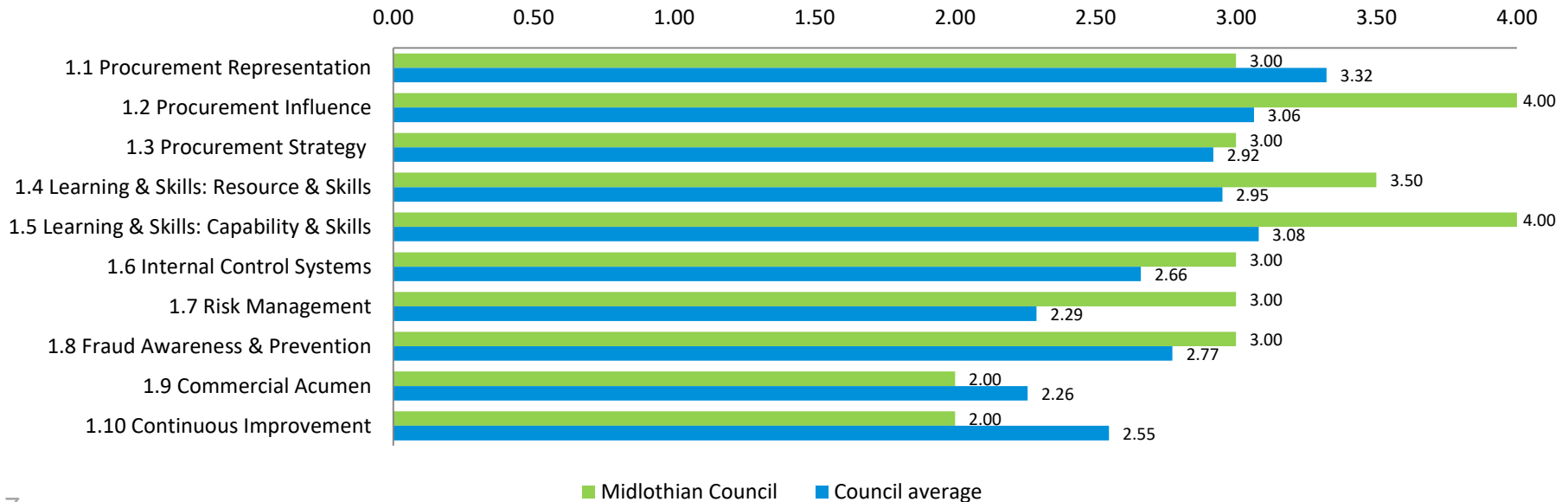
This section focuses on the leadership, management and governance of procurement within the organisation. In particular it looks at:

- The strategic importance of procurement to the organisation
- How procurement functions influence organisational strategy and support the organisation to achieve its aims
- How procurement functions influence external spend
- How procurement functions are managed, developed and continuously improved
- How the organisation manages risks and counters fraud in procurement
- The organisation’s commercial competence and how this drives best value for public money

Key points to note on Section 1

- The Council highlighted questions 1.2 Procurement Influence, 1.5 Learning and Skills: Capability and Skills, 1.6 Internal Control Systems, 1.7 Risk Management and 1.8 Fraud Awareness and Prevention to be re-assessed.
- Assessment was not requested for questions 1.1, 1.3, 1.4, 1.8, 1.9 and 1.10 and they may be considered as future opportunities for improvement.

Midlothian Council 2018/19 v All Council Average 2016/17 PCIP



Section 2: Development and Tender

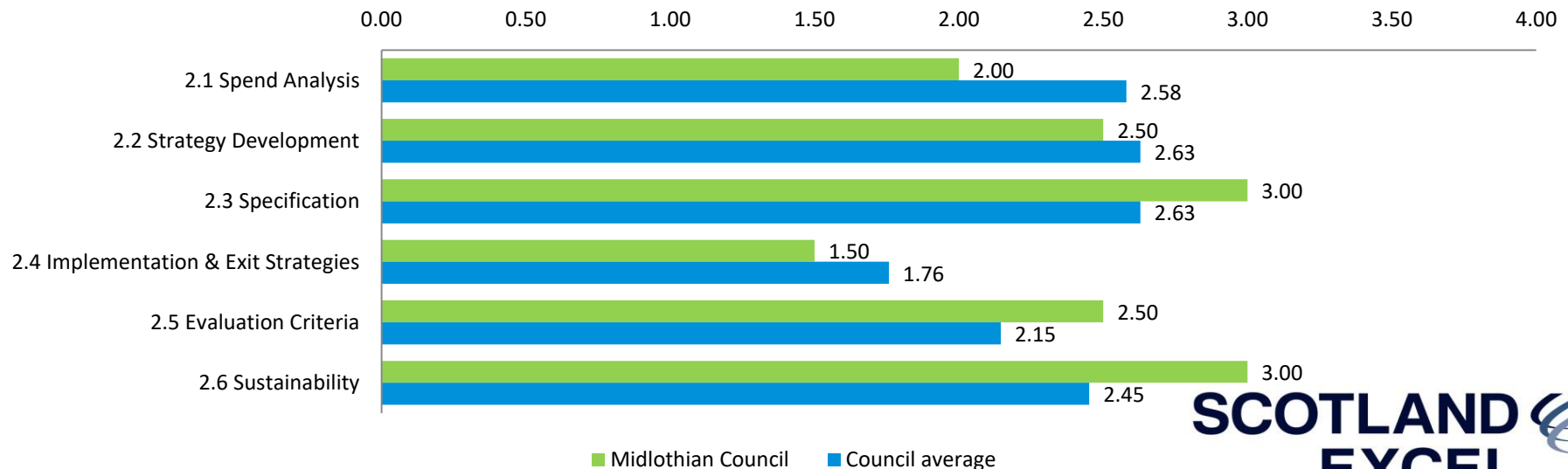
This section focuses on the organisation’s approach to developing and tendering contracts to achieve value for money and other benefits. In particular it focuses on:

- How understanding and analysis of spend is used to drive best value and collaboration
- How commodity strategies and specifications are developed
- How contracts are implemented and exited
- How tenders are evaluated to ensure efficiency and effectiveness in delivery
- How environmental, social and economic sustainability are factored into the procurement process

Key points to note on Section 2

- The council did not request any questions for reassessment in this section which may be considered as a future opportunity for improvement.

Midlothian Council 2018/19 v All Council Average 2016/17 PCIP



Section 3: Contract

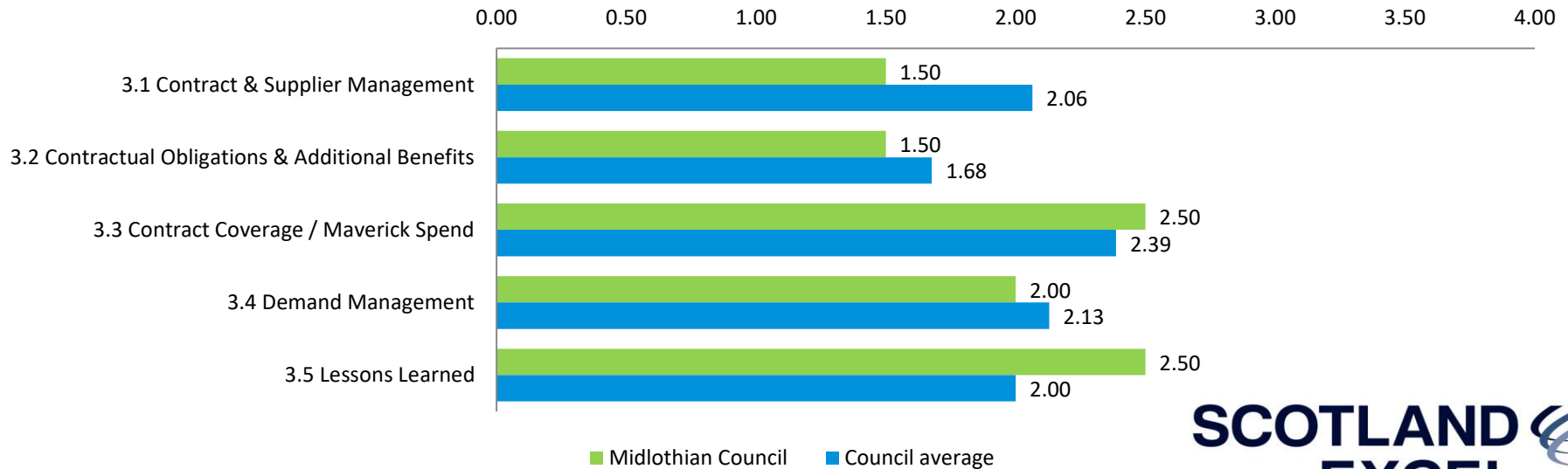
This section focuses on the effectiveness of contract and supplier management. In particular it looks at:

- The organisation’s approach to contract and supplier management and the benefits they derive from it
- How effective the organisation has been at working with suppliers throughout the lifetime of the contract to derive additional benefits
- How the organisation works to reduce maverick (off contract) spend
- Demand management
- How the organisation captures and utilises lessons learned from procurement

Key points to note on Section 3

- **The council highlighted 3.5 Lessons Learned Contract to be reassessed.**
- **Assessment was not requested for question 3.1 Contract and Supplier Management, 3.2 Contractual Obligations, 3.3 Contract Coverage/Maverick Spend and 3.4 Demand Management and these may be considered as future opportunities for improvement.**

Midlothian Council 2018/19 v All Council Average 2016/17 PCIP



Section 4: Key procurement processes

This section focuses on the key purchasing and logistical processes which underpin effective procurement. In particular, it looks at:

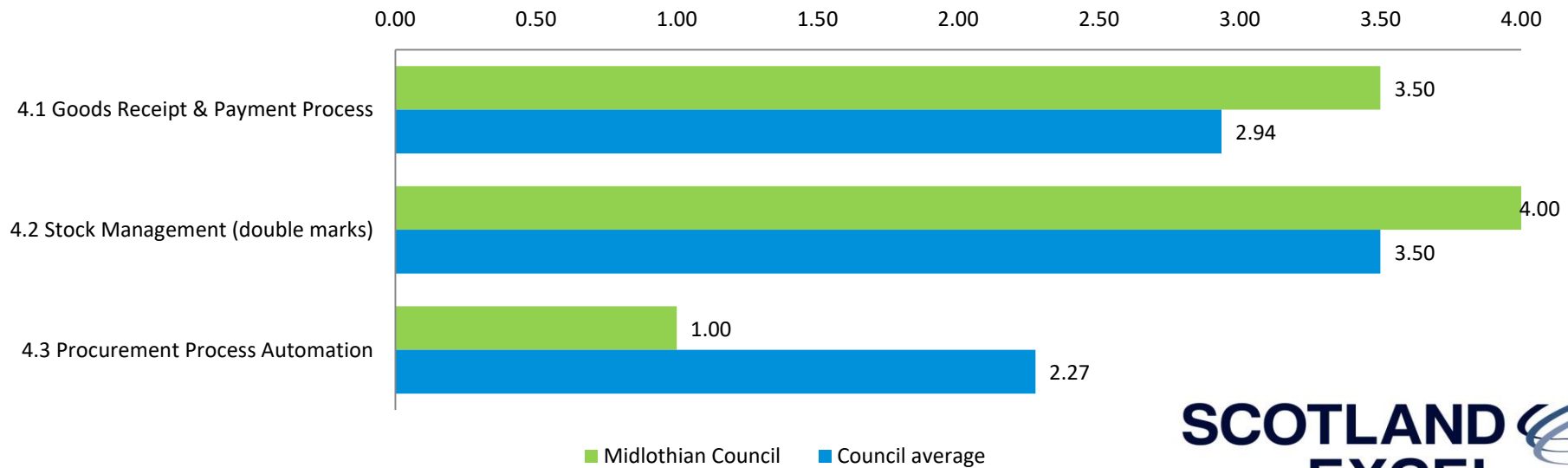
- The effectiveness of P2P processes
- How the organisation manages stocks and logistics to achieve best value
- How the organisation is implementing process automation (e.g. e-Procurement) and the effectiveness of its ICT strategy for procurement

Key points to note on Section 4

- **The council did not request any questions for reassessment in this section which may be considered as a future opportunity for improvement.**

Please note: Question 4.2 relates to sophisticated stock-holding and logistics arrangements which are not required by local authorities. To account for this in comparisons with other sectors, local authorities were awarded double marks for this question, up to a total of 4 marks.

Midlothian Council 2018/19 v All Council Average 2016/17 PCIP



Further information

PCIP assessment information

The assessment team were:

- Scott Gibson
- Sarah Morrison

Third round of PCIPs

It is proposed that all organisations will undertake a third assessment by June 2021. Scotland Excel will be in touch in due course.

In the meantime Council's will be expected to maintain or improve levels of performance.

Further information on PCIP

You can find out more about PCIP on the Procurement Journey website here:

<https://www.procurementjourney.scot/node/221/>

Contact details

For support and further information, please contact your account manager:

Your account manager: Sarah Morrison

T: 07535517641

E: Sarah.Morrison@scotland-excel.org.uk

Further information about Scotland Excel

To find out more about Scotland Excel, please visit our website:

www.scotland-excel.org.uk