

Procurement Strategy 2018 - 2023

Report by Gary Fairley, Head of Finance & Integrated Service Support

1 Purpose of Report

This report seeks approval of the new Procurement Strategy 2018 - 2023

2 Background

2.1 Our current Procurement Strategy was launched in 2015 to support our aim of continuing to improve how we deliver effective and sustainable procurement. The principle objectives of the strategy were to support the local economy, use the strategy as a lever to support delivery of our Corporate Social Responsibility and contribute towards saving targets of the Council.

2.2 Procurement has continued to work closely with local businesses, hosting several meet the buyer events, drop-in surgeries to discuss opportunities, future contracts, innovative solutions and supplier training requirements in conjunction with the Supplier Development Programme.

2.3 Community Benefits and Sustainability have been embedded into the tendering process, resulting in new apprenticeships, sub-contracting opportunities for local businesses and helping to reduce our carbon footprint. During the last strategy we achieved Living Wage employer accreditation and were nominated for a national award on how it was delivered and the difference it made to employees.

2.4 There is a different legislative context now than in 2015 with the Procurement Reform (Scotland) Act 2014 coming into effect, and updates to legislation in 2016, specifically the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016. Due to these legislative changes and duties imposed on the Council a new Procurement Strategy is required to support the continued delivery of effective and sustainable procurement.

3 Procurement Strategy 2018 - 2023

3.1 The 2018-2023 Procurement Strategy is set out in appendix 1.

3.2 As a Council one of our main aims is to provide quality services to our citizens, yet we have the toughest financial challenge local government has ever faced. How we obtain and pay for goods, service and works therefore has a central role in the Council's drive for efficiency and value for money.

- 3.3** This new procurement strategy reflects local, national, and international expectations and challenges of what public bodies can achieve through efficient, effective and sustainable procurement.
- 3.4** Locally it addresses the key issues of how we can increase our spend and contracts awarded to local businesses, further maximising community benefits to increase opportunities of new apprenticeships, local job creation, work experience and targeted training.
- 3.5** Nationally it covers the duties placed on the Council through the Procurement Reform (Scotland) Act 2014, and the ability to continue to deliver cashable and non-cashable savings/efficiencies. The strategy also covers how we intend to deliver social and environmental benefits.
- 3.6** Internationally it reflects the changes to the EU Directives 2014 which passed into the Public Contracts (Scotland) Regulations 2015 in April 2016.
- 3.7** To meet these challenges the strategic themes/ key objectives of the Strategy are:
- **Economic;** Supporting the local economy to grow, early engagement with local businesses in the procurement process and targeted training where appropriate to enable local businesses to be prepared to bid for upcoming contract opportunities. Aim is to increase % spend with local businesses
 - **Social Value;** through Equality and Diversity, community benefits such as training, development, creation of apprenticeships and work experience. Deliver safe, quality and innovative services that meet citizens' needs. Aim to contract locally to reduce carbon footprint and helping grow the local economy.
 - **Commercial Efficiency and Contract & Supplier Management;** whilst best value is one of the main drivers of the strategy, a focus of procurement activity will be on cashable and non-cashable savings; this will be achieved through challenging existing service requirements, extensive market research and seeking innovative solutions to service needs. Contract & Supplier Management is weak area of the Council and the public sector in general, the aim of the strategy is to baseline existing contract management arrangements within services, review and provide proposals for improvement.
- 3.8** During the lifespan of the procurement strategy 2018-2023 the duties imposed through procurement regulation and guidance developed by the Scottish Government will continue to change, specifically it is still unknown on how Brexit will impact national legislation. There is therefore an acknowledgement that the strategy needs to be responsive to changing needs and is not fixed at the point that it is written.

4 Report Implications

4.1 Resource

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

4.2 Risk

Having an effective Procurement Strategy will act to address risks associated with procurement across the Council.

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

3.6 Involving Communities and Other Stakeholders

Relevant staff has been consulted during the development of the new procurement strategy

3.7 Ensuring Equalities

The new strategy will strengthen the assessment of equality issues when considering all aspects of the procurement cycle

3.8 Supporting Sustainable Development

There is no sustainability issues associated with this report. The adoption of the new strategy will strengthen our commitment to sourcing in a sustainable way

3.9 IT Issues

There are no IT issues arising from this report

3 Recommendations

It is recommended that Council:

- a) Approve the Procurement Strategy 2018–2023

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Background Papers: