

**Procurement Strategy 2015 - 2018****Report by Gary Fairley, Head of Finance & Integrated Service Support****1 Purpose of Report**

This report seeks approval of the new Procurement Strategy 2015 - 2018

**2 Background**

- 2.1** Our current Procurement Strategy was launched in 2012 to support our aim of making a step change in the way procurement was delivered across the Council. The three key objectives were: Achieve “Improved Performance” status for 2012 in the annual Procurement Capability Assessment (PCA), deliver cashable savings through procurement and ensure all procurement activity is aligned to the Council’s objectives.
- 2.2** Over the period covered by the first Procurement Strategy, we achieved our target of “Improved Performance” in the 2012 PCA with Midlothian Council achieving the biggest step change in terms of procurement capability in all local authorities. Continued and sustainable procurement improvement has been delivered throughout the period covered by the strategy.
- 2.3** 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.
- 2.4** There is a different context now than in 2012 with the Procurement Reform (Scotland) Act 2014 about to come into effect at the end of 2015, and the new EU Directives will also come into effect at the end of the year, 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 2015–2018**

- 3.1** The 2015-2018 Procurement Strategy is set out in appendix 1.
- 3.2** In a time of reduced funding, and increased expectations of our residents, communities, business and tax payers, it is more important than ever to have effective procurement across the whole organisation if we are to achieve best value and demonstrate continual improvement.

- 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, 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, the ability to continue to deliver cashable and non-cashable savings/efficiencies. The strategy also covers how we intend to seek accreditation as Scottish Living Wage Employer, through promoting and encouraging the payment of the living wage in all appropriate contracts.
- 3.6** Internationally it reflects the changes to the EU Directives 2014 which will pass into the Public Contracts (Scotland) Regulations 2012 at the end of the year.
- 3.7** To meet these challenges the principle objectives of the Strategy are:
- **To support and stimulate the local economy through the use of the Council's considerable buying power;** early engagement with local businesses in the procurement process and targeted training where appropriate to enable local businesses to be prepared for upcoming contract opportunities. Aim is to increase % spend with local businesses
  - **The procurement strategy will be a lever to support delivery of the Council's Corporate Social Responsibility;** through Equality and Diversity, community benefits such as training, development, creation of apprenticeships and work experience, achieving accreditation as a Scottish Living Wage Employer by promoting and encouraging the payment of the living wage throughout our supply chain, and aiming to reduce our carbon footprint by contracting with local businesses where possible.
  - **To ensure effective procurement contributes to the wider efficiency savings targets of the Council;** whilst best value is the overall driver of the strategy, a main 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.
- 3.8** An action plan has been developed with all actions being reported through a newly established Procurement Strategy Board, the board will provide challenge, scrutiny, support and guidance in delivery of the actions and key objectives. Key performance indicators have been developed and performance will be monitored and reported to the board.

- 3.9** A separate contract delivery plan covering procurement activity for the next two years is currently being developed and will be the subject of a further report. The contract delivery plan will include targeted savings, both cashable and non-cashable.
- 3.10** During the lifespan of the procurement strategy 2015-2018 the duties imposed through procurement regulation and guidance developed by the Scottish Government through the Procurement Reform (Scotland) Act 2014 will continue to change. 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.

### **3 Report Implications**

#### **3.1 Resource**

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

#### **3.2 Risk**

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

#### **3.3 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

#### **3.4 Impact on Performance and Outcomes**

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

#### **3.5 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

## **4 Recommendations**

It is recommended that Council:

- a) Approve the Procurement Strategy 2015–2018

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**Background Papers:**