

Scotland Excel Joint Committee

To: Joint Committee

On: 12 June 2015

Report by Director

Assessing Procurement Capability – Progress So Far and Plans for the Future

1. Introduction and Purpose

As members will be aware, part of Scotland Excel's remit is to work with councils to help them improve procurement performance. Each year Scotland Excel and councils carry out an assessment of how procurement services are structured and organised across the organisation, using a nationally developed maturity model which is designed to assess public sector procurement performance in Scotland in a common format.

The assessment process, known as the Procurement Capability Assessment (PCA), combined with the willingness of councils to participate collectively in it, provides an opportunity for local government and the wider public sector to share identify and share good practice. The results of the assessments provide a helpful source of rich information to help individual, sectoral and national organisations develop plans to improve procurement performance.

The purpose of this report is to provide members with an update on the progress that has been made over the last six years of assessment and to outline the changes to the national assessment approach to ensure it meets future requirements.

2. Background

With an annual spend in excess of £5 billion, it is essential that local authorities in Scotland have in place arrangements that ensure the effective design, efficiency and management of contracts. The Procurement Capability Assessment (PCA) is a maturity model/framework used to assess how well public sector organisations in Scotland are executing their procurement responsibilities. The model assesses procurement performance against the following scale:-

0-24%	Non-Conformance
25-49%	Conformance
50-74%	Improved
75-100%	Superior

The upper reaches of the scale indicate leading practice in the public and private sectors and requires considerable commitment and work to achieve.

This framework was based originally on a private sector model, and re-designed in 2009 to reflect the main priorities underpinning the Review of Public Procurement in Scotland carried out by John F. McClelland CBE on behalf of the Scottish Government in March 2006.

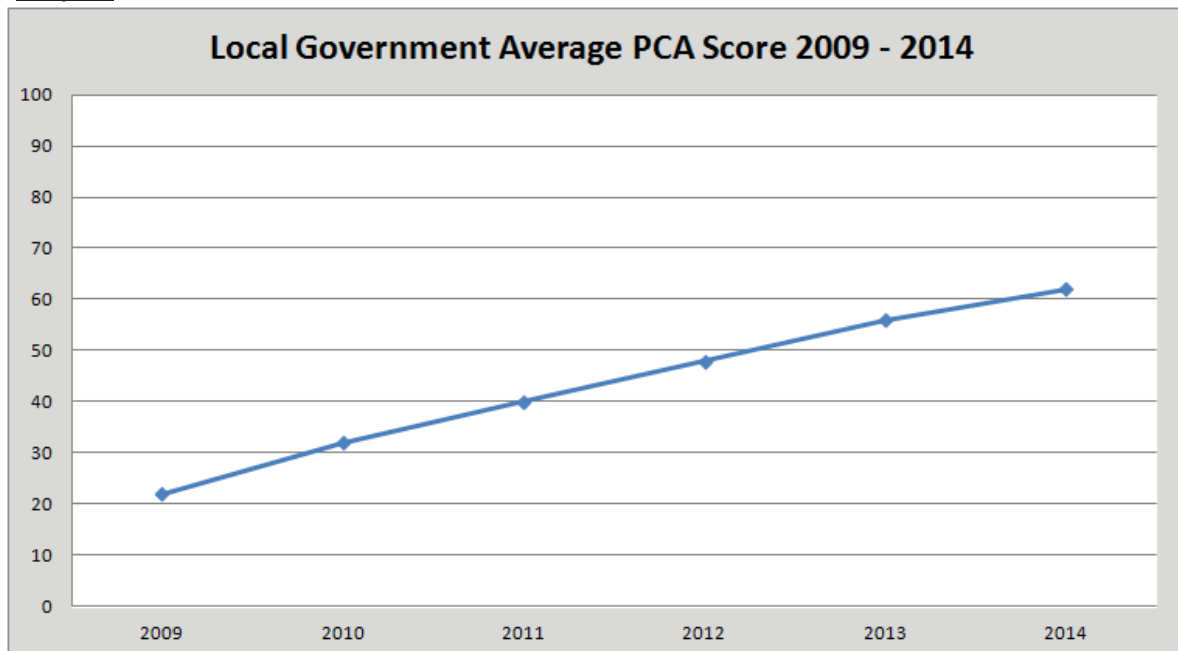
3. Progress Update

The “McClelland” priorities (including governance and structures; skills and capacity; systems; processes and procedures; performance measurement and targets; opportunities for improvement and the introduction of new techniques) have been the focus for annual PCA score reporting (see graph 1 below) and subsequent procurement improvement plans in the five year period since assessments began in 2009.

In 2014, 25 of the 32 local authorities requested a procurement capability assessment to be carried out in their organisation. The score for the remaining 7 local authorities remained static which resulted in an overall average score for the sector of 62%.

After completion of the 2014 assessments, the sector has 4 organisations at Superior level, 25 at Improved and 3 at Conformance level of performance. The average improvement was 6%.

Graph 1



The PCA is constructed of 8 sections each focussing on different aspects of procurement performance. In 2014 the section on contract and supplier management made the largest improvement (7%). This area was a particular weakness for public sector and the increase demonstrates the journey local authorities are on and continuing to take.

The past six years has been about driving change and establishing the basics of good procurement, getting strong procurement process, skills and people in place. These are essential for insuring the organisation achieves basic value for money and avoids legal and reputational risk. Local authorities have undertaken significant transformational changes in organisational procurement over the period and have delivered ongoing success and performance improvement as evidenced by the PCA results. The sector has however recognised that there is more to do and further scope for procurement professionals to support the wider aims of their organisations.

4. What next for Procurement

At the fifth annual Scotland Excel event in March 2015, the local government procurement community met to discuss performance, share best practice and consider “what next for procurement”. Scotland Excel and the community recognises that something entirely new is required, a more innovative approach to the strategic process of commissioning services, i.e. how we identify what services are required and then how we decide on the most effective way to meet those requirements. To support this ethos, Scotland Excel has been promoting the adoption of a “commercial excellence” approach to the strategic commissioning of goods and services. In many areas, this new approach may require a new role for procurement and service managers throughout the councils, involving new skills, expertise, practices and process. It will focus on more “commercial” thinking about service delivery, especially service innovation.

Scotland Excel has already supported a number of organisations in working towards commercial excellence including the support to Aberdeen City and Aberdeenshire’s Procurement Achieving Commercial Excellence (PACE) programme.

5. Assessing Procurement Capability in the Future

As members will be aware, a national PCA Working Group involving all sectors and Scottish Government has been developing a replacement for the PCA. The new assessment tool, the Procurement Capability Improvement Programme (PCIP) builds on the good work done to date with a continued focus on developing an approach which drives improvement and encourages the sharing of good practice. In order to continue to serve as a catalyst for change, the revised framework will continue to have a core questionnaire that will focus on ensuring strong and high-performing core procurement practices. The PCIP will also incorporate a ‘dashboard’ of quantitative measures that will be used by each council to understand how effectively they are performing (in procurement) in comparison with the sector, and public sector, as a whole.

Members should note that this new assessment tool will however provide a new scoring mechanism that is not comparable to scores achieved in previous PCAs. Scotland Excel will work with the community and stakeholders to ensure that this change is fully communicated.

It is anticipated that the assessments for local government will be conducted between January and June 2016. Assessments will be carried out every two years in future as opposed to the current annual model.

6. Conclusion

Members are asked to note this update on the good progress that has been made over the past six years in improving procurement performance within the local government sector and the steps that are being taken to enhance the assessment regime.

Members are also asked to note that the recommendation made in the Accounts Commission report on ‘Procurement in Councils (April 2014) that “Councils and Scotland Excel should review and formalise arrangements to fund procurement reform activity beyond 2016” is addressed in the three year strategy presented within this Joint Committee meeting.