

To: Procurement Sub Committee

On: 11 March 2015

Report by: Procurement Manager

Heading: PROCUREMENT REFORM PROJECT UPDATE

1. Summary

1.1. In 2009 Renfrewshire Council was evaluated at 'non-conformance' in terms of its procurement performance as defined in the Procurement Capability Assessment (PCA). At the 2010 assessment the Council reached its goal of 'Improved' performance'. This represented an increase in the Council's score from 21% in 2009 to 55% in 2010. In December 2011 the score increased to 66%, making Renfrewshire the highest scoring Council in Scotland followed by a score of 75% in December 2012, making the Council the first in Scotland to achieve 'Superior' performance.

1.2. In 2013 The Council raised their assessment score to achieve 80% and the Councils most recent PCA was in December 2014, resulting in an increased score in sections 5 and 8. These percentage increases when applied to the overall score secured an additional 3% to achieve a score of 83%. Renfrewshire remains the highest scoring Council in Scotland.

1.3. In 2014 all Scottish Councils were asked if they would like to consider freezing the scores they have achieved in sections that totalled over 60% (Improved performance). This would allow focus to be given to the areas that need improvement. Renfrewshire Council took this option to allow focus on section 5. Contract and supplier management and section 6. Purchasing processes and systems. Therefore in December 2014 the Council were audited on Sections 5, 6 & question 8.1 of section 8.

1.4. The Scottish Government who manages the assessment over all public bodies in Scotland will end the current PCA and plan to release a new Assessment Regime for 2015 (shortened to AR15). The AR15 will be graded differently from the original PCA and full details are expected to be released In April 2015.

2. Recommendations

2.1 It is recommended that the Board note the content of this report.

3. Background

Section 1 – Procurement Leadership and Governance SUPERIOR

The Council scored 87% against a local authority average of 65%.

This section was not audited previous score of 87% for 2013 was accepted.

Actions Required – continue to embed the structure and processes to maintain the high level of scoring in this area. Review resources on an ongoing basis to ensure priorities are being delivered throughout the Council.

Section 2 – Procurement Strategy and Objectives SUPERIOR

The Council scored 100% against a local authority average of 75%

This section was not audited previous score of 100% for 2013 was accepted.

Actions required – continue to have procurement involved in key groups, and more specifically evidence procurement involvement at the early stages of service reviews and where alternative delivery models are being considered. Incorporate quarterly reporting on reform activity and supplier management to the CMT. Develop and implement the Council's procurement strategy to cover 2015 -2018.

Section 3 – Defining the Supply Need SUPERIOR

The Council scored 78% against a local authority average of 59%.

This section was not audited previous score of 78% for 2013 was accepted.

Action required – Ensure all service department staff are proficient in writing

specifications, and that CPU staff are knowledgeable enough to challenge specifications where required.

Ensure service departments are receiving useful management information for key contracts, so that volumes and specifications can be reviewed and amended where appropriate.

Use soft market testing where appropriate to gain insight from suppliers when specifications are being developed.

Section 4 – Procurement commodity/ project strategies and collaborative procurement SUPERIOR

The Council scored 89% against a local authority average of 65%.

This section was not audited previous score of 89% for 2013 was accepted.

Actions required – continue to embed the use of contract strategies across all areas, and improve the quality of the document and the Council's approach particularly in areas such as market research, collaboration and sustainability.

The new Community Benefit Strategy is in place to ensure the use of community benefit clauses maximise social value from the Council's contracts. The strategy includes a new evaluation and monitoring process and a new suite of community benefit clauses for inclusion in ITT's.

The CPU will continue to select local post code suppliers for 50 % of those invited to quick quote to give opportunity to local business as highlighted in the Renfrewshire 10 point action plan

Section 5 – Contract and Supplier Management SUPERIOR

The Council scored 76% (+19% from 2013) against a local authority average of 45%.

It is recognised that contract and supplier management is a key area for improvement across the Scottish public sector. The Council has a supplier and contract management strategy which identifies how to categorise and manage suppliers. Supplier scorecards are in place for high value/ high risk suppliers. The Council has quarterly contract review meetings with suppliers, and scorecards are used to improve performance.

Actions required – Continue to review the Councils high risk/ high value suppliers and ensure these are managed regularly and effectively in collaboration with operational service department leads. Ensure quarterly review meetings are held with all key suppliers, scorecards completed and supplier performance monitored with improvement plans where necessary. With a focus on cost savings and increased social value outcomes.

Section 6 - Key Purchasing Processes and Systems IMPROVED

The Council scored 53% (no change from 2013) against a local authority average of 44%.

The Council performed well in this area despite having numerous systems for managing the P2P process. The Council cannot improve this score due to the gaps in integration with the current suite of systems.

Actions required – Continue to implement P2P strategy, including no PO, no payment communication, and centralisation of invoice submission. Interrogate the new purchase card MIS system to improve contracts, compliance. Continue to work with ICT colleagues to explore opportunities to integrate systems and standardised procurement approaches.

Section 7 – People

SUPERIOR

The Council scored 100% against a local authority average of 74%.

This section was not audited previous score of 100% for 2013 was accepted.

Actions required

Rollout of 15/16 training plan.

The CPU Structure is continually evolving to meet service needs. This will require further review in 15/16.

Section 8 – Performance Measurement

SUPERIOR

The audit for the Council only covered question 8.1. The success in providing evidence against this question resulted in Section 8 progressing from Improved to Superior.

The Council scored 78% (+6% from 2013) against a local authority average of 53%.

The Council scored well around supplier development and investing in supplier capability

Actions required –

Rollout of contract and supplier strategy, ensuring management information is obtained, and contracts well managed. Strategies to incentivise performance are also considered at strategy stage.

4. Local Authority Landscape

- 4.1 Renfrewshire Council is the highest scoring Council in Scotland at 83% and is one of three Local Authorities in Scotland to have achieved 'Superior' Performance (See Appendix 1). The average score across

the 32 Scottish Local Authorities was 62%.

- 4.2 There are eight sections covered by the PCA which are listed below. Renfrewshire Council is above the local authority average in all areas (this is shown graphically at Appendix 2).

1. Procurement Leadership and Governance
2. Procurement Strategy and Objectives
3. Defining the Supply Need
4. Procurement commodity/project strategies and collaborative procurement
5. Contract and supplier management
6. Key purchasing processes and systems
7. People
8. Performance Measurement

5. Conclusion

- 5.1 The Council is the top performing Council in terms of procurement

Performance in Scotland. This is evidenced by its PCA score, and the shortlisted finalists awards the Council achieved in 2014.

There is still room for improvement, particularly in the areas of contract and supplier management and key purchasing processes and systems; this will continue to be a focus during 2015/16.

- 5.2 The new AR15 will continue to assess these areas and more across the Council in terms of commercial awareness and best Procurement practices. Full details will be released in April 2015.

Implications of the Report

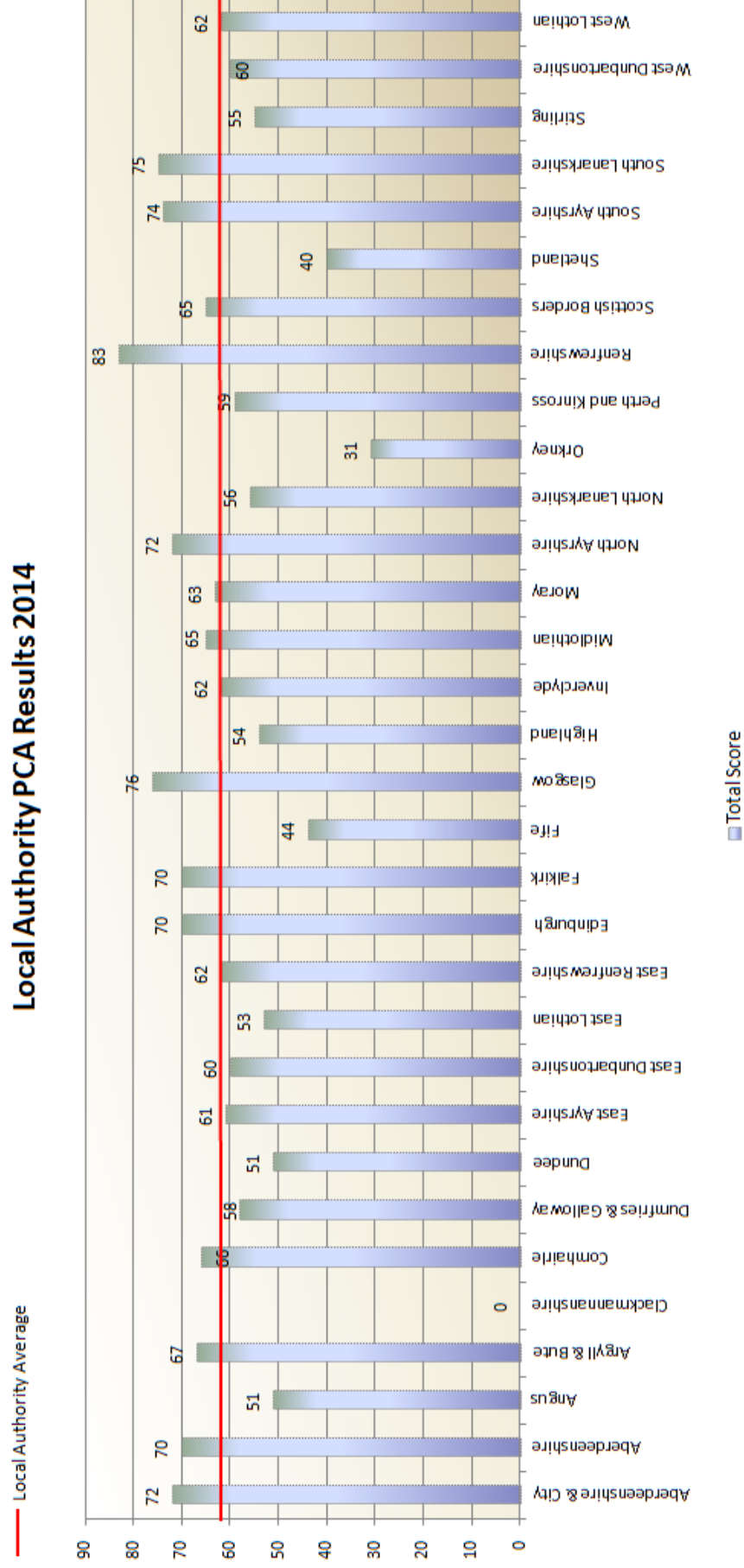
1. **Financial** – None
2. **HR & Organisational Development** – None
3. **Community Planning**
Jobs and the Economy - Procurement reform results in fair and transparent processes for suppliers.
4. **Legal** – None
5. **Property/Assets** – None
6. **Information Technology** – In order for the Council to move beyond its 83%

score, there is a large amount of ICT development and integration required.

7. **Equality & Human Rights** - None
8. **Health & Safety** - None
9. **Procurement** – ongoing procurement reform results in improved procurement performance.
10. **Risk** – None
11. **Privacy Impact** – None

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Appendix 1



Appendix 2

