

Scotland Excel

To: Joint Committee

On: 9 December 2016

Report by Director Scotland Excel

Procurement and Commercial Improvement Programme (PCIP) Update

1. Introduction

This report provides an update on the results of the Procurement and Commercial Improvement Programme (PCIP) assessments undertaken by Scotland Excel across member organisations.

2. Background

Procurement capability assessments (PCA) were first introduced in 2009 and continued in their original form until 2014. By 2014 councils had made significant improvement, raising the sector average from 22% in 2009 to 62% in 2014.

In 2015 the new assessment methodology (PCIP) was introduced in three forms; full, medium and lite. Organisations with annual spend over £40m undertake full assessments. A significant change between the PCA and the PCIP is the scoring bands shown in Table 1 and which are **not** comparable between the two assessment methods. This is an important differentiator and therefore comparison between the last PCA score in 2014 and the PCIP score in 2016 cannot be made.

Table 1

| 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% |

<https://www.procurementjourney.scot/step-5-pcip-finalisation-bandings>

The PCIP is split over four sections each having an allocated number of points:

- Leadership and Governance (40 points)
- Development and Tender (24 points)
- Contract (20 points)
- Key purchasing processes (12 points)

3. Assessments and results

Sixteen councils opted to undertake assessments in 2016 with the remainder requesting deferment until 2017. The primary reason for deferment was given as resource challenges within the organisations.

The average score for the 16 organisations assessed was 65% [F3].

(Due to the differing assessment nature and incomplete sectoral picture it is not possible to directly compare previous PCA results with this average)

Scores ranged between 48% [F6] and 83% [F1].

The sectors average score for each of the four sections is:

- Leadership and Governance 29.4 points - 73% [F1]
- Development and Tender 14.2 points - 59% [F4]
- Contract 10.4 points - 52% [F5]
- Key purchasing processes 8.8 points - 73% [F1]

Six councils achieved F1; one F2; six F3; two F4 and one F6.

Image 1 illustrates the four PCIP sections for the 16 councils.

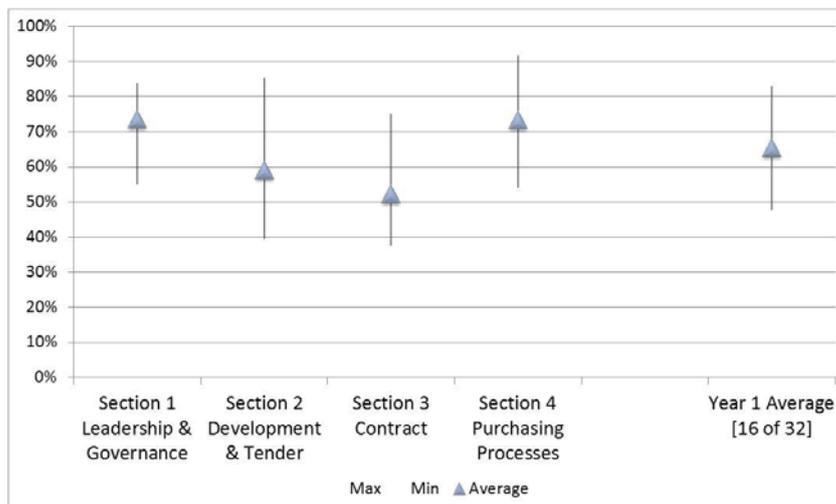


Image 1: Year 1 PCIP

Elements of good practice exist across all four sections, whilst the averages of sections 2 & 3 highlight areas for development. Scotland Excel's Leading Change and Learning & Development provision can support this development.

Areas of strength identified for the sector were:

- Leadership & Governance
- Purchasing Processes

Areas that require further development were:

- Development & Tender
 - Innovation
 - Implementation tracking
 - Exit strategies
 - Forecast benefits versus actual
- Contract
 - Evidence of application
 - Contract and Supplier Management

Feedback from councils on the support and implementation of the PCIP process has been extremely positive. Members felt that support provided was beneficial and the assessments were conducted in a highly professional manner.

4. Supporting procurement improvement

Results and recommendations from the 2016 PCIP process will be shared with the local government community. It is anticipated that key findings will be discussed at the Scotland Excel annual event in February 2017. It is at this venue that the community will gather to share best practice and further develop areas identified by the PCIP process as potential improvement areas.

5. Future Assessments

Scotland Excel will work with the remaining organisations that have not yet undertaken assessments to prepare and undertake the assessment in 2017. Discussions are currently underway across the public sector with regard to the future frequency and nature of the PCIP. It is anticipated that formal assessments will continue to be undertaken every two or three years. The use of self-assessment as an intermediate tool will also be investigated. Any recommendations made will be communicated to members once agreed.

6. Recommendation

Members are invited to note the progress in implementing the new assessment regime and the positive results displayed by local government.