

POLICY & RESOURCES COMMITTEE – 1 SEPTEMBER 2015 – INFORMATION REPORT

PROCUREMENT ANNUAL REPORTS 2014/15

This information note presents to Committee for information the Procurement Annual Reports on progress with and performance of the procurement reform programme in Angus for the financial year 2014/15 against (1) the objectives set in the approved Tayside Procurement Strategy 2011-15 and (2) the Angus Council Procurement Improvement Plan (Phase 1).

1. BACKGROUND

1.1 In August 2008 the Council, in partnership with the two other Tayside local authorities created a shared procurement service, the Tayside Procurement Consortium (TPC), to lead delivery of its procurement reform programme. Annual progress reporting by TPC against the approved Procurement Strategy forms a major part of the agreed scrutiny arrangements for TPC and the reform programme. This is the 4th annual report under the Tayside Procurement Strategy 2011-15 (approved by Corporate Services Committee on 28 April 2011) and the 7th report overall.

1.2 As in previous years, two Annual Reports are presented:

- The TPC Procurement Annual Report 2014/15 & Summary Business Plan for 2015/16 – this reports on the performance and planned activity of the TPC shared service – **Annex 1** to this Appendix; and
- The Angus Council Procurement Annual Report 2014/2015 & Improvement Plan for 2014/17 – this reports on the performance and planned activity of procurement managed directly by Angus Council – **Annex 2** to this Appendix.

1.3 This will be the last Procurement Annual Reports under the current 2011/15 Strategy with a new Strategy 2015/20 to be reported to Committee later in the year.

2. TAYSIDE PROCUREMENT PERFORMANCE 2014/15

2.1 In summary, the Procurement Strategy 2011-2015 detailed outcomes under eight headings for improvement:

- Leadership and governance
- Strategy and objectives
- Specification
- Sourcing Strategies
- Contract and Supplier management
- Process and Systems
- Our people
- Performance measurement

2.2 A detailed action plan was appended to the Strategy and the annual report at Annex 1 sets out detailed information on performance of the shared service against that action plan.

2.3 The Tayside Procurement Consortium team supports delivery of the agreed Procurement Strategy in conjunction with the Councils' Corporate Procurement teams who have responsibility for bespoke Council activity. This includes a range of performance measures and specific targets including:

- Increasing the number of local collaborative contracts (Cat C1) available to the Councils
- Increased use of the PCST (e-Tendering System)
- Lead on the consultation response to the Procurement Reform Bill
- Deliver a Local Supplier Support 10 Point Plan

- Providing support and guidance to Council based procurement officers ensuring the processes and practices used by Tayside Procurement Consortium are aligned to Scottish Government good practice by embedding 'the Procurement Journey' into our procurement approach.

2.4 Key areas of focus for 2015/16 work will be the continued development of a collaborative procurement approach and the implementation of the required outcomes from the Procurement Reform (Scotland) Act 2014. Work will include, but is not limited to, the following:

- Improving supplier access to public contracts
- Maximising efficiency and collaboration
- Embedding sustainability in all we do
- Delivering savings and benefits.

A Tayside Procurement Strategy 2015- 20 is also planned for the new financial year.

3. ANGUS PROCUREMENT PERFORMANCE 2014/15

3.1 To compliment the Tayside reporting activity referred to above, an Angus Procurement Performance Report has been prepared for 2014/15, attached at Annex 2. The Angus Council Procurement Sounding Board MOG has supervised the improvement progress which this report reflects, with specific re-emphasis on direction of Angus Council's procurement strategy firmly towards maximising the local economic benefit achieved from our procurement. It set a number of challenging outcomes for the Council's procurement resource to achieve and these are set out in the supplementary Procurement Report.

3.2 The following is an executive summary of that report:

3.3 Performance Measures

Measure	2014/15 Performance	Trend
Measure 1 – Total procurement savings	£1.180m procurement saving achieved	↑ Improving 21% increase on last year 162% over target 5 year annual average saving of £1.002m
Measure 2 - Procurement Spend with Locally-Based Suppliers	29%	↓ Decreasing 5% decrease on last year Although this measure shows a fall from last year, it has shown some annual volatility in the past. The figure remains close the 5 year average of 30%. There has been no change on Council policy or practice which would lead to this change. However, the decrease is of concern and the position will be monitored for stability.
Measure 3 - Procurement Spend with Small / Medium Enterprises (SMEs)	67%	↑ Improving 4% increase on last year Increases in SME spend have been ongoing year-on-year since 2007/08.
Measure 4 – e-Procurement transactions	86%	↑ Improving 34% increase on last year 26% above target
Measure 5 – e-Procurement Performance	24 contracts advertised on PCS; 152 contracts awarded on PCS including Quick Quotes - Total value: £52.98M	↑ Improving 37 contracts advertised on PCS in 2013/1, the 3-year average shows an overall reduction of 12.6%. 128 contracts awarded using PCS in 2013/14, the 3-year average shows an overall increase of 18.0%. This is in line with the planned strategic increase in use of quotation procedure, which offers increased local supply opportunity,

Measure	2014/15 Performance	Trend
		over advertised tenders.

4 measures show improvement. 1 measures shows a worsening position. Of the 2 economic indicators (No. 2 local spend and No. 3 SMEs) 1 is better and 1 is worse; this may be starting to show an overall levelling off in the year-on-year improvement trend.

3.4 **Angus Council Procurement Improvement Plan 2013/14 Progress Report**

Of a total 27 actions in the Improvement Plan:

- 22 (81%) were completed
- 5 (19%) remained outstanding but on target.

This was the final progress report under this Phase 1 Plan with the 2014/17 Phase 2 Corporate Procurement Improvement Plan (see Part 4) approved in February 2015 by the Procurement Sounding Board MOG. Any outstanding matters are subsumed under and to be reported on with reference to the outcomes and actions on the new Plan.

3.5 **Summary Improvement Plan 2014/15**

The purpose of this combined Angus Council Corporate Procurement Improvement Plan 2014/17 is to bring together in one place all the current Angus Council improvement actions relating to the Council's procurement function corporately. It does not include Service / team / business unit-specific actions or improvements which are contained in Service Improvement or Operational Plans.

This combined Plan has been endorsed by the Procurement Sounding Board member officer group. The Plan offers continued delivery of procurement improvement alongside delivery of future transformative improvement through the Transforming Angus Procurement Review.

4. **CONCLUSIONS**

Good, if only incremental, progress continued to be made in the Council's procurement reform programme in 2014/15. However, the focus in Angus should now be on achieving transformational procurement improvement through the Transforming Angus strategic procurement review.

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List of Annexes

Annex 1 – The TPC Procurement Annual Report 2014/15 & Summary Business Plan for 2015/16

Annex 2 - The Angus Council Procurement Annual Report 2014/2015 & Improvement Plan for 2014/17