

ANNUAL PROCUREMENT PERFORMANCE REPORT 2013/14

This information note summarises the Procurement Programme progress for the financial year 2013/14 against (1) the objectives set in the approved Tayside Procurement Strategy 2011-15 and (2) the Angus Council Procurement Sounding Board MOG “Phase 1 Action Plan”.

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 2nd annual report under the Tayside Procurement Strategy 2011-15 approved by Corporate Services Committee on 28 April 2011 and the 6th report overall. A copy forms **Annex 1** to this Information Note.
- 1.2 In summary, the approved Tayside Procurement Strategy sets out objectives in 8 key programme objective areas:
- I. Leadership and Governance
 - II. Strategy and Objectives
 - III. Specification
 - IV. Sourcing Strategies
 - V. Contract and Supplier Management
 - VI. Process and Systems
 - VII. Our People
 - VIII. Performance Measurement
- 1.2 The TPC central procurement 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 contract (Cat C1) available to the Councils
 - Piloting use of the Public Contracts Scotland Tender (PCST) e-Tendering System
 - Leading on the consultation response to the Procurement Reform Bill
 - Deliver a Local Supplier Support 10 Point plan
 - Improving support for Procurement officers by providing a range of training.
 - 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.
- 1.3 The TPC annual Procurement Report ensures that the TPC team can demonstrate its progress against the action and improvement plans detailed in its previous year’s Procurement Improvement Plan. This year’s annual Procurement Report has been produced to broadly align with the Council’s business management and improvement planning framework and aims to:
- Ensure that the duty of reporting achievement of best value including continuous improvement placed on all local authorities by the Local Government in Scotland etc. Act 2003 is fulfilled;
 - Provide a clear overview of the shared service procurement performance in the reporting period;
 - Highlight the procurement work streams that are on-going to support delivery of the Procurement Strategy which in turn supports delivery of the Single Outcome Agreement and the Council Plan in the coming years;
 - Clarify on-going procurement priorities; and
 - Monitor and report on performance.
- 1.4 The Annual Procurement Performance Report is prepared by the TPC Head of Procurement and was approved by all the members of the TPC Steering Group (on which Angus Council is represented by the Head of Corporate Improvement and Finance). It is complimented for this report by an Angus Council-

specific supplement to the Procurement Performance Report. Given its size and detail, a copy of the complete Procurement Performance Report has been made available within the Information Hub.

2. PROCUREMENT PERFORMANCE 2013/14

2.1 Tayside

The TPC Annual Procurement Performance Report comprises the following:-

- Procurement Performance Summary 2013/14; and
- Summary 2014/15 Action Plan.

The Procurement Performance Summary focuses on TPC Procurement key objectives and details how procurement capability has improved in the reporting period. It provides information and comment on our procurement performance, including the outcome of the 3 Councils' Procurement Capability Assessment for 2013. The summary 2014/15 Action Plan summarises the key activities currently in this year's plan which roll on from 2013/14 and is provided to give a high level overview of ongoing procurement improvement activity.

2.2 The table below summarises the targets set and met against each work stream during 2013/14 (2012/13 figures in brackets):-

(the following table has 4 columns and 9 rows including the header)

2013/14 Work Stream	Number of Objectives	Achieved	Incomplete and carried forward
Leadership & Governance	4	4 (4)	0 (0)
Strategy & Objectives	4	4 (4)	0 (0)
Specification	4	4 (3)	0 (1)
Sourcing Strategies	5	5 (4)	0 (1)
Contract & Supplier Management	3	3 (2)	0 (1)
Process & Systems	3	2 (2)	1 (1)
People	3	3 (3)	0 (0)
Performance measurement	2	2 (1)	0 (1)

The outcome then for 2013/14 is that all but 1 of the targets / priorities for the shared procurement service have been achieved. The summary 2014/15 Improvement Plan shows that good work as continuing.

2.3 Angus

To compliment the Tayside reporting activity referred to above, as for last year, a Supplementary Angus Procurement Performance Report has been prepared for 2013/14. This report comprises, specific to Angus Council:

- Procurement Report 2013/14; and
- Summary Improvement Plan 2014/15.

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.

2.4 This supplementary report document is set out as **Annex 2** to this information note. It is in 3 parts:

Part 1 – Performance Measures

Part 2 – Angus Council Procurement Improvement Plan 2013/14 Progress Report

Part 3 – Summary Improvement Plan 2014/15

2.5 A summary of the performance measures for 2013/14 is as follows:






(the following table has 3 columns and 6 rows including the header)


Measure	2013/14 Performance	Trend
Measure 1 – Total procurement savings achieved year-on-year, including both cash and non-cash (KPI, CSF020)	£978k procurement saving achieved	↑ Improving – 3 year average = +11%
Measure 2 - Share of Procurement Spend with Locally-Based Suppliers	34%	↑ improving, - 3%

Measure	2013/14 Performance	Trend
		increase on previous year
Measure 3 - Share of Procurement Spend with Small / Medium Enterprises (SMEs)	62%	↑ improving, 2% increase on previous year
Measure 4 – e-Procurement Performance: % total transactions that are e-transactions (through an e-procurement system) (KPI, CSF 022)	52%	↑ Improving – 5% increase on previous year
Measure 5 – e-Procurement Performance: Use of the Public Contracts Scotland (PCS) Portal	138 contracts awarded on PCS	↑ Improving - 3% increase on previous year

All measures show improvement although in some cases (measures 1, 2, 3 and 5) the rate of improvement is slowing down and in one case (measure 4), the improvement target has not yet been reached. This in part supports the case for more transformational change of Council procurement although it equally represents the law of diminishing returns as e.g. procurement savings from improved collaborative terms become fully achieved.

2.6 A summary of the progress report for 2013/14 is as follows:

Thematic Outcome	Short Progress Statement	Overall Status
OUTCOME 1: We have a reliable picture of the extent to which the Council is currently “buying local” as a baseline for future action, including the split between Tayside-located firms and Angus-located firms.	A “Buying Local” policy report was presented to Sounding Board meeting on 9 April 2014. A formal Report was presented to P & R Committee meeting on 10 June 2014 recommending adoption of the approved policy.	 Completed
OUTCOME 2: Angus Council sets its requirements, as far as possible, so as to maximise the opportunity of any untapped local capacity to meet those procurement requirements.	We have used the (free) pilot “Grow Local” tool to analyse the <u>potential</u> local supply development opportunity. A “Buying Local” policy report was presented to Sounding Board meeting on 9 April 2014. A formal Report was presented to P & R Committee meeting on 10 June 2014 recommending adoption of the approved policy.	 Completed
OUTCOME 3: Our procurement activity is as sustainable as possible, with particular reference to supporting social enterprises in our supply chain, reducing our “carbon footprint” and “buying green”, delivering relevant community benefit from our procurement, buying “Fairtrade” or equivalently ethically sourced products where appropriate and achieving simplification and consistency in our process.	Slippage has occurred on this work stream due to the focus on delivering the others in the plan. A revised completion timescale of 31 st December has now been applied.	 Overdue
OUTCOME 4: We will publish and deliver an annual local supplier support programme co-ordinating the Council’s procurement and business development functions with the aim of developing the local Angus supply base so as to maximise its capability to win Angus Council supply opportunities.	Much of this action is effectively completed with supplier engagement ongoing and publicity processes now very much business as usual. The Outcome is held open however for the reporting of results in terms of Angus supplier consultation on development needs.	 On target
OUTCOME 5:	This action is substantially progressed	

Thematic Outcome	Short Progress Statement	Overall Status
The organisation and structure of procurement in Angus Council offers the best possible support for delivering best value, including economically, socially and environmentally sustainable procurement.	with the inclusion of a Strategic procurement review as a Transforming Angus project in the Angus Council Plan 2013/17. The Outcome is held open however pending commencement of the project.	On target
OUTCOME 6: We have implemented the “Supporting Local Business” ten point action plan (as revised on a SMART basis) produced by the Head of Procurement TPC.	Sufficient services responded to allow for submission of the required report to the Sounding Board meeting on 12 June 2014.	 Completed

2.7 As for the TPC Procurement report, the Angus 2014/15 Improvement Plan builds on the good work to date and the addresses the one area of slippage in terms of delivery.

3. NEXT STEPS IN 2014/15

Whilst the performance reporting is positive, there remains no room for complacency. The Council's Procurement Capability Assessment (PCA) score in 2013, whilst achieving the Council's "improved performance" target, remained marginally below the Scottish local authority average. It has been decided that the PCA experience now offers such a clear steer on the areas where improvement is required that it would be prudent for Angus Council to skip the PCA in 2014 and for the Council's procurement resource to be focussed on the Transforming Angus strategic procurement review. That project is to be resourced and launched imminently. This is not a "quick fix" and may take up to 2 years to complete. However the end result offers the Council the prospect of achieving superior procurement performance after completion of the project.

4. CONCLUSIONS

Progress continued to be made in the Council's procurement improvement programme in 2013/14. However, the focus in Angus is now an achieving transformational procurement improvement through the Transforming Angus strategic procurement review.