



COUNCIL EXECUTIVE

PROCUREMENT – OUT-TURN MONITORING REPORT

REPORT BY HEAD OF FINANCE AND ESTATES

A. PURPOSE OF REPORT

To provide Council Executive with a monitoring report on procurement activities.

B. RECOMMENDATION

It is recommended that the Council Executive notes the contracts let since January 2014 and savings achieved in 2013/14, and the community benefits also gained as part of the procurements since January 2014 to date.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on our customers' needs; being honest, open and accountable; providing equality of opportunities; making best use of our resources; working in partnership
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	All contracts must be advertised in accordance with Standing Orders of West Lothian Council and the Public Contracts (Scotland) Regulations 2012.
III Implications for Scheme of Delegations to Officers	None.
IV Impact on performance and performance Indicators	Effective procurement can offer significant savings opportunities.
V Relevance to Single Outcome Agreement	None.
VI Resources - (Financial, Staffing and Property)	Potential savings from collaborative procurement opportunities are investigated as part of the contract strategy creation process.
VII Consideration at PDSP	None.
VIII Other consultations	The Corporate Finance Manager and appropriate Service Managers are consulted during contract strategy creation.

D. TERMS OF REPORT

Introduction

Following agreement of the Modernising Procurement Review quarterly monitoring reports on the procurement activities are provided to the Council Executive. This report is the final quarter update for 2013/14.

Activity Since Last Report

Work has been carried out in provision of new contracts to assist in increasing the percentage of contracted spend. This work has resulted in 20 contracts being let or adopted in the last quarter. A list of the contracts is provided in Appendix 1.

Further work to identify and input contracts not included in the Corporate Contract Management System (CCMS) has taken place resulting in 86.5% of spend being captured. The target for the end of the financial year of 85% has been exceeded. A target of 90% of spend being under contract has been set for 2014/15.

A consultation exercise has been carried out with service areas to update and amend contract requirements for the second year of the five year delivery plans. The completed plans were reported to Partnership and Resources PDSP in March 2014.

Savings Targets

As a result of the contract management approach, closer working relationships are being developed with service areas to identify and deliver savings through better contracting practices. The savings figure for 2013/14 was £723,687 against the £900,000 target. The short fall of £176,313 in 2013/14 has been added to the approved 2014/15 target.

Progress Against Procurement Review and Strategy

As part of the Delivering Effective Procurement workstream, a Procurement Improvement Plan is in place to deliver the six outcomes of the Procurement Strategy which was agreed in June 2013. There are 32 actions within the plan which have been identified. The current percentage complete and priority of actions is as follows:

- 24 complete (13 = high, 10 = medium, 1 = low)
- 3 ≥ 50% complete (1 = high, 2 = medium)
- 5 < 50% complete (1 = high, 3 = medium, 1 = low)
- 0 Not Started

All actions are in progress and on course for completion within current timescales.

Procurement Capability Assessment

The Procurement Capability Assessment (PCA) was carried out in 3 October 2013 with a score of 62% awarded. A work plan has been created to identify the areas of possible improvement for the coming year with a view to improving the score and targeting 68%.

To reach this level of Procurement Capability, particular emphasis has been put on three areas within procurement:

- Contract Strategy Development – This includes the requirement to define the need of the contract, taking into consideration previous spend, market research, sustainability considerations and other factors. The relevant documentation has recently been updated to include additional information specifically requested during the PCA.
- Contract and Supplier Management – Based on the segmentation of high risk / high value, contracts and suppliers are managed, generally meeting on a quarterly basis. This procedure needs to be shown as a mature process in order to increase the scores awarded in 2013 when the process was developing. A diary of meetings for 2014 has been created and meetings are now an integral part of the procurement process.
- Procurement Strategy and Five Year and Annual Delivery Plans – With Procurement working with the service areas, looking forward to the requirements of the council five year in advance, this structure has provided an opportunity for Procurement to plan and map out resources and prioritisation for contract delivery in line with service requirements.

Collaborative Arrangements

As well as the collaborative contract opportunities at national, regional, and local level, there are a number of other opportunities for collaboration. The work by Corporate Procurement Unit in developing a medium term plan for each procurement category will allow discussions to take place with other local authorities to develop the possibility of collaboration in the future. Collaborations are primarily with neighbouring local authorities. Where additional benefits of collaboration can be achieved, other local authorities and public sector bodies will be contacted.

The number of new collaborative contracts entered into since January 2014 is 11.

Improving Procurement Capabilities and Capacity

Training on aspects of procurement including Standing Orders, spend thresholds, and the use of electronic procurement systems such as Quick Quote, the Scottish Government Tool for low value procurement, continues to be delivered to service areas who carry out procurement for lower value contracts. More than 200 employees now use the Quick Quote system for carrying out such procurement.

Regular audits of Quick Quote are taking place to identify areas where training is needed to ensure best practice.

Corporate Procurement Strategy 2014 – 18

An annual review of the Corporate Procurement Strategy has been carried out, with a review of performance indicators and the action plan.

An additional outcome has been added to the strategy, Contract and Supplier Management. This will assist with the monitoring and adding benefits to high risk contracts.

Community Benefits

In June 2013, the Council Executive approved a Community Benefits Procedure. This has provided a method to successfully incorporate Community Benefits Clauses into appropriate contracts. Ready for Business (an organisation funded by the Scottish Government to help develop markets for Third Sector providers and increase the

number of Public Sector contracts arranged with social value content) has worked with procurement to deliver a Community Benefits Procedure launch event to ensure all staff are aware of the new procedure which will assist in developing good practice that can be utilised when preparing a contract specification.

A list of all the community benefits confirmed as part of completed procurement exercises since January 2014 is attached in Appendix 2. These community benefits are being monitored and will be shown as achieved once implemented.

E. CONCLUSION

It is the aim of the Corporate Procurement Unit to lead significant improvements in procurement performance over the coming months through the progress to date and the implementation plans that are in place going forward. This report will provide regular updates on this progress and in future will focus on presenting new and updated information.

F. BACKGROUND REFERENCES

A copy of the current Corporate Contract Management System (CCMS) output report is available from the Corporate Procurement Unit.

Appendices/Attachments: Two

Appendix 1 – List of contracts let since January 2014

Appendix 2 – List of Community Benefits planned & achieved since January 2014

Contact Person: Christine Leese-Young, Corporate Procurement Manager

Email: Christine.leeseyoung@westlothian.gov.uk

Tel: 01506 283259

Donald Forrest

Head of Finance and Estates

10 June 2014

Appendix 1 – List of contracts let since January 2014 solely for use by West Lothian Council

Reference	Category	Contract Name	Start Date
CC3246	Operational Services	St Nicholas Primary School Access Road	01-Jan-14
PS1874	Housing, Construction and Building Services	Refurbishment Mid Calder Old S	01-Jan-14
CC3022	Housing, Construction and Building Services	King George V Park Blackburn EE13002	06-Jan-14
CC3222	Operational Services	Drainage Improvement Works	17-Jan-14
CC3095	Operational Services	A705 Off Slip Road_New Roundabout Construction	01-Feb-14
CC3021	Housing, Construction and Building Services	Glenview Park Stoneyburn Pavillion Conversion	10-Feb-14
CC3083	Housing, Construction and Building Services	Environmental Improvement to Kirkton Park Bathgate and Quarry Park Livingston	25-Feb-14
CC3030	Operational Services	Specialist Drainage Contract 2013/2014	06-Mar-14
CC3241	Operational Services	Lighting Improvements	07-Mar-14
CC3053	Housing, Construction and Building Services	Homeless Persons Unit Rowan Dr Blackburn	10-Mar-14
CC3418	Housing, Construction and Building Services	CDM Coordinator for REPLACEMENT WINDOWS, BALBARDIE PS	13-Mar-14
CC3111	Social Policy	Deaf Action Social Work Assessment and Group Support Sessions	01-Apr-14
CC3236	Corporate	Firewall Upgrade	08-Apr-14
CC3461	Operational Services	Scour repairs to three structures	11-Apr-14
CC3532	Operational Services	DRT 17 Taxibus Service	15-Apr-14
CC3280	Operational Services	Lighting Improvements Byburn / Main St, Ecclesmachan / Knightsridge West Rd and Nellburn	19-May-14
CC3350	Operational Services	Armco Structures: Painting and Refurbishment	26-May-14
CC3132	Housing, Construction and Building Services	Homeless Temporary Accommodation	03-Feb-14
PS2328	Operational Services	Vehicle Telematics System	20-Feb-14
CC3134	Social Policy	ADP Children and Young People Affected by parental substance misuse	01-Apr-14

Appendix 2 - Community Benefits in contracts from January 2014 to March 2014

Contract and Supplier	Agreed Community Benefit	Status Update
(PS2089) Central Banking Services BANK OF SCOTLAND	Money Mentors courses and Money for Life financial capability programme. Money for Life Challenge for 16 to 24 year olds Money for Life Volunteering Programme which delivers money management workshops to vulnerable families.	The Regeneration and Employability Unit have been informed. Contract to commence 1 st July 2014.
(CC3040) Gym Hall Extension Balbardie Primary HADDEN CONSTRUCTION LTD	One placement for four weeks	In Progress – Area Services informed and will progress work placement opportunity
(CC3082) Environmental Improvements Armadale Drove Road P1 SOLUTIONS LTD	Additional resource requirements will be targeted from long term unemployed persons. Supplier to organise an opening event and community planting event for this project.	In Progress – identifying suitable candidate. In Progress – event will be staged to coincide with completion of work.
(CC3083) Environmental Improvement to Kirkton Park and Quarry Park CALEY CONSTRUCTION	Subcontracting opportunities to West Lothian suppliers School presentation	Subcontracting opportunities awarded to Wright and Maclennan (East Calder) and Ross Contractors (Livingston) In Progress – Arrangements being made for park opening.
(CC3084) Portable Appliance Test TT TESTING	One week work placement shadowing existing worker. Financial Sponsorships support for Parkhead Primary School Easter fete, Polbeth St Mary's Primary annual school fair as well as support to local West Calder Gala Day and local sporting clubs.	In Progress – Area Services informed and will progress work placement opportunity Suppliers ongoing commitment to financial sponsorship is acknowledged.
(CC3246) St Nicholas Primary School Access Road CRUMMOCK (SCOTLAND) LTD	Subcontracting opportunities to West Lothian suppliers.	Subcontracting opportunities awarded to MW Groundworks Ltd (West Calder) and Henry Gillies Ltd (Livingston)