

Procurement Strategy



**Shetland Islands Council
Corporate Services
Capital Programme Service**

Procurement Strategy

2017 - 2020

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Procurement Strategy

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1. Introduction

BUSINESS APPROACH

Shetland Islands Council is committed to a corporate approach to commissioning and procurement for all works, services and supplies to be carried out in a professional, timely and efficient manner.

Good procurement practice can in turn enhance the provision of customer-focused services to be efficient, effective and economic.

Council policies will reflect its obligations under EU / Scottish law, including Best Value, supporting the local economy and encouraging greater collaboration both internally and between other public and private sector organisations.

PROCUREMENT STRATEGY AGENDA

The provision of an effective and measurable framework for all Procurement activity.

Our Plan 2016 – 2020 states:

“By the end of this plan (2020), we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland”

The Procurement Strategy also recognises the Council's objectives in the context of the Scottish Government's Procurement Reform agenda.

This document sets out a revised Procurement Strategy for Shetland Islands Council in accordance with the Council's Commissioning and Procurement policy and the aspirations set out in Our Plan 2016 - 2020. The strategy is built on good procurement practice and is aimed at delivering: considerable cost savings; greater collaboration at a national, sectoral and local level; support for local contractors, suppliers and service providers; benefits to the local economy and help for local business to compete for Council and other public sector business, where possible. The strategy promotes and develops good procurement practice for the benefit of all concerned.

It is vital that the Council complies with the legislative framework that surrounds the procurement of goods, works and services. The Council's Contract Standing Orders sets out the requirements of this framework in detail and it is essential that they are adhered to. Challenges to procurement processes and procedures are increasingly common and carry with them the real danger of direct costs and programme implications. In adopting a strategic business approach to procurement activity these risks are substantially reduced.

The strategy is not a mechanism to remove existing procurement and related budgetary responsibilities, nor is it a means to create a rather narrow approach to procurement activity. Where appropriate the Procurement Section will put in place purchasing arrangements for goods, works and services, especially where in areas of common spend across the Council. This shall include consideration of centralised procurement for these commodities. These arrangements should be the first consideration when undertaking a procurement exercise and should only be deviated from where a clear business case for doing so can be demonstrated. This strategy does not replace procurement policies and procedures, but reinforces the need for their application and for the review of these policies and procedures, where deemed appropriate.

This document replaces the previous strategy approved in 2012 and places a greater emphasis on the need to approach commissioning and procurement as integral parts of a single outcome. The Procurement Strategy delivers the outputs that a robust commissioning process should identify, based in turn on a sound business case.

The strategy is underpinned by the Council's Contract Standing Orders and corresponding procurement legislation. It provides a direction of travel for procurement activity in the period from 2017 to 2020 and, in its associated Implementation Plan, describes the specific work streams aimed at delivering on Our Plan 2016 – 2020.

Procurement Strategy

Procurement activity will require to be addressed in Directorate and Service Plans. The Procurement Section will assist all Council services to deliver related budget targets by undertaking commodity reviews aimed at identifying opportunities for ongoing efficiencies and savings.

Procurement activity under the strategy covers all Council procurement requirements, including those to be carried out in the Council's capacity as a Utility.

Effective, efficient, innovative and collaborative procurement practice will allow the Council to deliver best value in the provision of goods, works and services. Technological solutions that can improve procurement practices and accessibility in an efficient and economic manner will be progressed where there is a robust business case.

Implementation of this Procurement Strategy will require corporate leadership, professionalism and a culture of continuous improvement in all procurement activities.

The background to this revised strategy has confirmed that in some areas there is still a fragmented approach to procurement within the Council. Progress has been made through the Council's membership of Scotland Excel, involvement with various national procurement contracts and the establishment of the Procurement Section, more work is required to take advantage of potential savings and efficiencies whilst being mindful of the quality of the products, works and services required. As part of the Business Transformation Programme, it is expected that more effective and efficient procurement processes progressed via the central procurement section with co-ordinated support at a directorate / unit level should develop improvements in:

- Management Information
- Strategy and Policy Development
- Standardised Procurement Processes
- Staff Skills
- Collaboration and related efficiencies
- Legal requirements
- Learning and continuous improvement
- Electronic procurement
- Supplier Development
- Contract Management
- Sustainability and Community Benefit obligations

Procurement Strategy

2. Context

BUSINESS CASE

The Council has recently invested heavily in ensuring that a business case must lie at the core of all investment decisions.

Building Better Business Cases training and ensuring that the “Five Case” model is embedded in all project management has highlighted the importance of sound governance and in particular a focus on outcomes and the robust option appraisal that must be undertaken to ensure Best Value is achieved.

Whilst these principles may usually be associated with capital or ICT projects, they should equally be applied to the commissioning of supplies and services.

Our Plan states:

“High standards of governance, that is, the rules on how we are governed, will mean that the Council is operating effectively and the decisions we take are based on evidence and supported by effective assessments of options and potential effects.”

PROCUREMENT STRATEGIC CONTEXT (2.1)

Develop the procurement service to address the relevant aims of Our Plan 2016 - 2020, whilst meeting Scottish Government requirements and guidance.

In 2010 the Council agreed that a corporate procurement approach be adopted with the establishment of a Procurement Section to be managed by the Executive Manager Capital Programme. The remit of the section is to ensure that the regulatory procurement regime is adhered to and to take steps to improve procurement practice in order to realise significant cost savings. This required action to achieve improvements, which were effective and sustainable. The original focus was on:

- Corporate priorities
- Centralised Procurement
- Procurement principles
- Procurement leadership
- Accountability and governance
- Procurement policies and procedures
- e-procurement
- Internal and external collaboration
- Identification, realisation and capture of savings
- Accessibility and sustainability
- Procurement education and competences
- Promotion of the local economy where appropriate

Since 2012, the focus of procurement activity has moved somewhat. Whilst work continues on the matters set out above, there is now increased emphasis on:

- Commissioning and Procurement as work streams to be undertaken together
- Implementation of new EU Directives
 - “Slice” contracts
 - Social and other specific services
 - Contract register
 - Procurement strategy
 - Annual procurement report
- Growing the economy and developing SME’s
- Sustainability
- Whole Life Costing
- Community Benefits
- Electronic procurement

The Council is legally required to publish a Procurement Strategy and Annual Procurement Report in accordance with the Procurement Reform (Scotland) Act 2014.

ACTIONS (See Appendix 2 - Strategic Objective 2.1)

- Align implementation of the Action Plan under this Strategy, with Our Plan and national requirements for procurement activity.
- Publish a Procurement Strategy

Procurement Strategy

3. Governance and Accountability

BUSINESS APPROACH

The Scottish Government, has established a new Procurement landscape that builds upon that outlined in the 2006 McClelland Report.

Procurement professionals are now and will require to be involved at the earlier stages of Council business plans, providing recognition and support to procurement functions, increasing accessibility thereby obtaining and providing more accurate and relevant information.

PROCUREMENT STRATEGIC OBJECTIVE (2.2)

The central procurement function, will continue to develop communication and provide the means to network with all services. This should facilitate best practice, information sharing and advice to all areas of the Council and its stakeholders. As well as providing a mechanism for reviewing, learning from and sharing of knowledge.

Raising the Profile

The procurement section within the Council is formally established and work continues to raise the profile to assist all services in their procurement requirements. This mirrors the approach taken both nationally and locally within the public sector. The Scottish Government has formally established the Public Procurement Group chaired by the Director of Scottish Procurement. The main aim is to deliver the vision for public procurement.

Within the Council this means a more direct route to senior management and a greater involvement in the formulation of related Council strategies and policies. It also means greater communication between dedicated procurement officers, those who have limited procurement duties and of course clients and service users within and outwith the Council.

In the wider community, improved consultation with suppliers, contractors and service providers has been established, especially local Small and Medium sized Enterprises (SME)s. This requires to be maintained in order to continue to encourage positive business relationships that can benefit both the Council and the local economy.

Public feedback will also form part of the strategy to ensure that procurement is meeting the community's aspirations for service delivery and, where possible, creating sustainable growth of the local economy, ensuring equality of access, addressing environmental concerns and generally contributing to the quality of life, in accordance with the Our Plan. Work already undertaken with local businesses to deliver "how to" sessions in relation to: tender preparation, applying for Council contracts, considering opportunities through Scotland Excel and using the Public Contracts Scotland (PCS) web portal (providing free access to public sector contracts across Scotland) will continue.

Every public sector organisation in Scotland supports a commitment to collaboration to obtain the maximum benefit for the public pound. Collaboration will only be feasible by promoting regular and informative communication between procurement professionals across all public sectors.

ACTIONS (See Appendix 2 - Strategic Objective 2.2)

- The Executive Manager Capital Programme will represent the procurement service at senior management level.
- The Procurement Section will co-ordinate procurement activities with procurement Lead Officers / Procurement Contacts.
- Revise and update the Contract Standing Orders

Procurement Strategy

4. The Procurement Process

BUSINESS APPROACH

The Council's arrangements for procurement are based on a central procurement function with delegated authority for some procurement. This is governed by EU directives, Scottish Government legislation, Contract Standing Orders, Financial Regulations and various related policies and procedures. The Procurement Section is required to support the delegated functions in order to make better use of national, local and collaborative contract opportunities. Savings and benefits will be realised as a consequence of that approach.

The decentralised procurement structure requires support from the central procurement function to avoid non-compliance, missed opportunities and duplication of effort.

The Council's obligation to ensure legislative compliance coupled with opportunity savings and benefits, requires to minimise the risk associated with different approaches to procurement.

PROCUREMENT STRATEGIC OBJECTIVE(2.3)

Embed good procurement practice across the Council underpinned by good communication and collaboration.

In Scotland it is acknowledged both nationally and locally that there is a need to continuously improve the procurement function. This is underpinned by current EU legislation where there is now more emphasis on business probity, sustainability and e-technology. The Scottish Government has devolved responsibility for procurement and has established The Scottish Model of Procurement.



Scottish Model of Procurement



The four key elements noted above require to be considered as a norm and embedded in all procurement activity:

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

This approach is reflected in this strategy document and the Contract Standing Orders. Further promotion of and embedding good procurement practice across the Council will support the Procurement Capability Improvement Programme (PCIP) carried out by Scotland Excel.

ACTIONS (See Appendix 2 - Strategic Objective 2.3)

- Procurement Contacts/ Lead Officers will be further supported to receive and provide advice. This will help ensure good procurement practice is adopted across the Council.
- Feedback shall be established both internally and externally with all stakeholders to record, act upon and improve procurement activity.

5. E-procurement

BUSINESS APPROACH

When electronic procurement is developed in the future to significantly contribute to the modernising government agenda, the Council must embrace new ways of thinking, with innovative ideas for doing business, extensive collaboration and use of new technology. It will mean providing services which enables staff, provides up to the minute procurement information, ensures contract compliance, increases internal collaboration, enables suppliers and contractors to meet the Council's obligations as Employer.

Our Plan states:

"Modern IT equipment and systems will be supporting new ways of working, helping services run efficiently and effectively."

PROCUREMENT STRATEGIC OBJECTIVE(2.4)

Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.

The E-challenge – The System

Electronic (e)-procurement is already established as part of the procurement approach in the Council. The Council's "Business Transformation" programme together with EU directive requirements in this area, will require all elements of e-procurement to be further developed. Contract notices, pre-qualification / tender documents are already administered and submitted electronically via the Public Contracts Scotland (PCS) web portal. Invoices from and payments to suppliers can also be processed electronically. Use of the Council website to make better use of the available technology will further help to meet the Council's obligations in e-procurement. The procurement section has an integral part to play in developing this for the benefit of service departments and suppliers.

Electronic Procurement includes development of the following key business drivers below:

- Support for standardised processes
- Transparent integration with the Council's Financial Management System(s)
- Commitment Accounting
- E-catalogues
- Business Intelligence Information
- Improved contract and supplier management
- Electronic as opposed to paper based processing
- Improved payment timescales

Our Plan 2016 – 2020 states: *"More money will be going towards 'spend to save' initiatives, providing resources to fund innovative ways of working that save money but help us achieve our desired outcomes."*

This Strategy recognises the work already undertaken to upgrade the Integra System that Finance Service are responsible for. Any other developments that can help to make procurement functions and related transactions easier to use in electronic form should be considered.

System(s) that can support online catalogues and the development of a fully integrated purchasing system, for example, will help to streamline the procurement process and reducing off-contract and maverick spend.

ACTIONS (See Appendix 2 - Strategic Objective 2.4)

- Review procurement systems/ practices across the Council.
- Make appropriate improvements using both Intranet/ Internet and other available software.

Procurement Strategy

6. Collaboration

BUSINESS APPROACH

The Council as a member authority of Scotland Excel and participation in other national agreements has already benefitted from collaboration via frameworks/contracts, mainly in supplies. However, for procurement as a whole the approach has been fragmented and inconsistent and has not taken full advantage of other potential savings opportunities.

Procurement must embrace, where the case is made, all collaborative opportunities, both internally and externally and consider national frameworks, as recommended by the McClelland Report, in order to gain the benefits from a collective approach to the use of resources and spending power. Key factors to be considered, however, are the local economy, service delivery and logistics.

PROCUREMENT STRATEGIC OBJECTIVE (2.5)

Continue to promote collaboration as the first factor to be considered, whether internally or externally for all procurement activities.

Economies of Scale

It is now acknowledged that collaboration, nationally, regionally and locally with other partner organisations in the public sector will:

- Aggregate spend for increased purchasing power
- Better utilise procurement skills and resources
- Share and establish best practice procurement
- Simplify dealing with suppliers
- Support e-procurement
- Reduce administration
- Act as a forum to raise common procurement issues

Our Plan 2016 – 2020 states: *“We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working.”*

The Procurement Section, has already improved internal collaboration within the Council by raising awareness, making more use of national framework contracts and establishing contracts for commonly used supplies and services.

Whilst a more collaborative approach to procurement has been established, it is recognised that further opportunities exist. This will make the best use of the procurement expertise available, minimise duplication and take advantage of economies of scale. Additionally, further collaboration can: reduce administration costs, provide more accurate management information, support e-procurement, rationalise the supplier base and provide the opportunity to standardise specifications in accordance with related policies, such as sustainable procurement. The Council’s Corporate Management Team (CMT) supports a Council wide / cross service contract approach for goods, works and services where appropriate.

The Council continues to commit to participation in collaborative procurement opportunities internally, regionally and nationally. Procurement collaboration must be considered in terms of efficiency and maintaining quality of supply. Where collaboration is well planned and executed it will encourage participation and should produce measurable savings in monetary and efficiency terms.

ACTIONS (See Appendix 2 - Strategic Objective 2.5)

- Carry out spend analysis to support commodity and supply base reviews.
- Identify existing and further internal procurement opportunities and progress options for cross-service collaboration.
- Actively engage in collaborative opportunities with external partners, such as Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland and other public sector organisations, where appropriate.

Procurement Strategy

7. Savings and Benefits

BUSINESS APPROACH

Shetland Islands Council, as a public sector body, is obliged to provide services to required standards, within the resources available. Increasingly as commitments and expectations rise this can prove difficult, when it is also expected that, Council expenditure should be properly controlled and managed.

The Council recognises that efficient procurement can directly benefit the expenditure issue to maintain service delivery, through provision of savings and efficiency benefits which will accrue annually, for the life of the supply or service provision concerned.

Our Plan states:

Excellent financial management arrangements will make sure we are continuing to keep to a balanced and Sustainable budget, and are living within our means.

PROCUREMENT STRATEGIC OBJECTIVE (2.6)

Develop methods that accurately identifies benefits and values derived from revised procurement activities that can be measured against recognised standards and can be utilised for regular monitoring and management reporting purposes.

Good Procurement Benefits

Good procurement practice should realise savings in expenditure, time and other related efficiencies. These benefits can have a positive effect on overall Council expenditure in accordance with the Council's approved budget strategy. Such benefits can be measured and accounted for. It will also address quality, efficiency gains, equality of opportunity whilst maintaining service delivery. Our Plan 2016 – 2020 states: *"Our arrangements for buying goods and services will be considered to be efficient and provide ongoing savings"*

These benefits (accountable and perceived) have sometimes been considered as a bonus. More emphasis is now given to quantifying or demonstrating the value of these and to appreciate their significance in supporting improved service delivery or the effect on Council funds.

The total estimated recurring revenue savings made since 2011/12 to date (2016/17) following central procurement exercises is over £2M. Procurement savings estimated at £250,000 for 2016/17 are included in the Capital Programme service plan. The target for 2017/18 is £300,000. These savings are over and above those that may be identified as part of the annual budget setting process. Efficiency measures in procurement should deliver the same (or equivalent) goods or services, with the objective of achieving reduced costs. Comparison must be made between the approved budgeted estimate and the actual cost for any particular commodity. It is essential to accurately identify and quantify both monetary and efficiency benefits in order to meet an approved savings target.

Monitoring savings and benefits is challenging and does require services to share information relating to the outcome of procurement exercises and use of contract(s). Various practices and systems can be used. Some form of accountability is required to demonstrate the basis for savings verification and reporting. Whilst savings at all levels will be monitored, recurring revenue will form the main focus of any reporting.

The Procurement Section will review the practices and use of software already available. These will be adapted in order to capture all procurement savings. Where appropriate we will consult with other local authorities and public sector bodies in developing this.

ACTIONS (See Appendix 2 - Strategic Objective 2.6)

- In conjunction with the Council's Finance Service consider and develop methods for capturing savings / benefits and related reporting.
- Engage internally via the Procurement Contacts network to implement and maintain these reporting requirements.

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8. Sustainability, Transparency and Community Benefits

BUSINESS APPROACH

The Council is required to carry out its procurement activities in an objective and transparent manner. This approach is legally underpinned by the Treaty of Rome, EU Directives, Contract Standing Orders and Codes of Conduct. The Freedom of Information (Scotland) Act 2002 also reinforces this in addition to Council procurement policy principles.

Procurement activities must address sustainability. The community is increasingly aware of the steps being taken regarding environmental sustainability. The Council is also determined to reflect the need for equality of opportunity, social improvement and employment as part of the overall well being of the community. The procurement function can form a key part in these aims.

PROCUREMENT STRATEGIC OBJECTIVE (2.7)

Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Council's objectives for business and the community.

An Open, Objective and Transparent Agenda

Actively promoting accessibility does not only apply to physical accessibility under Disability Discrimination legislation. It also applies to providing better access to services or to information held as required under Freedom of Information and Environmental Impact Regulations legislation. The Council recognises its obligations regarding these and has enhanced its "Customer Service" accessibility, via an interactive Council website. The procurement section will reinforce use of this technology to provide opportunities for access to procurement information on both the website and other web portals such as Public Contracts Scotland (PCS).

This approach will contribute to the Council's objectives to provide businesses and customers with easy to access and use web portals in order to improve engagement with the Council. This will be especially important for local Small and Medium sized Enterprises (SMEs), the voluntary sector, supported businesses, social enterprise organisations and other businesses. Procurement will continue to provide greater accessibility to other Council stakeholders, internally and in the wider community. Where improvements are identified, steps will be taken to address these.

The Council is required to take a sustainable approach in all its activities. Our Plan 2016 – 2020 states: *"We will have reduced the effect we have on the local environment, particularly reducing carbon emissions from our work and buildings."*

A sustainable procurement duty has now to be considered for particular types of contracts. This means that specifications and contract conditions have to consider and address, where appropriate, sustainability. Matters to be considered, for example, include: minimising the environmental impact of its business practices; waste disposal and the environment; setting minimum targets for recyclable material in construction projects; carbon emissions and improved working practices. Community Benefits can also be considered when drafting contracts and is mandatory for certain types of contract.

Procurement is recognised, therefore, as a major contributor to the sustainability agenda that can also include the delivery of other community benefits.

ACTIONS (See Appendix 2 - Strategic Objective 2.7)

- Provide portals for procurement accessibility via the Intranet and the internet website including PCS
- Publication of the Council's Contract Register.

Procurement Strategy

- Include sustainable procurement duty and community benefits in all relevant procurement exercises.

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9. Training, Competence & Supplier Development

BUSINESS APPROACH

The UK public sector business community has acknowledged the importance of procurement activities in order to: provide opportunities for savings; improve service delivery; ensure legislative compliance; utilise technology to modernise government; improve supply chain management and to address environmental issues such as sustainable development.

The need to equip those involved in procurement with a recognised standard of skills and abilities to achieve these benefits is now, widely accepted.

PROCUREMENT STRATEGIC OBJECTIVE (2.8)

Develop Procurement Staff with skills and competences to the necessary professional level.

Support and engage Supplier Development to ensure that businesses have the capacity to properly respond to opportunities and accessibility to contracts opportunities.

The Professional Benefit

Procurement in the public sector is now recognised as a profession that practitioners can consider as a career. The importance of good procurement and the contribution it can make to business success is now firmly embedded in the public sector. The requirement to have greater knowledge and competence through increased skill levels in the procurement function, with adequate professional training and development is now a given. Most public sector organisations now have established professional procurement functions with a recognition of its status in the organisation both for staff and suppliers.

“The Procurement People of Today and Leaders of Tomorrow programme aims to improve procurement and commercial skills in Scotland’s public sector. To achieve this, work is underway to develop a cross-sector ‘National Learning and Skills Strategy’ that addresses learning priorities and supports best practice and governance.” (Scottish Procurement and Commercial Directorate) It is, however, generally acknowledged that there is still a shortage of competent and qualified procurement staff. The Scottish Government has promoted initiatives to address this through learning and development.

The Council has structured employee review and development and training in place. This approach presents staff with development and career progression opportunities and will help to retain existing skills and experience. Training plans need to identify procurement training for procurement and “non procurement” staff.

It is also recognised that in addition to the need for competent procurement staff, improved training and support for businesses is essential. A programme for business and supplier development and engagement is key to procurement activity.

ACTIONS (See Appendix 2 - Strategic Objective 2.8)

- In conjunction with HR identify procurement competency levels via a skills audit and collate/ agree training requirements.
- Continue to liaise with Scotland Excel, Scottish Government and other organisations, to implement training opportunities as appropriate.
- Develop the Electronic (e)-learning and other procurement training methods.
- Continue to liaise with the Economic Development Unit and other parties, to further engage with and promote supplier development.

Procurement Strategy

10. Implementation of the Procurement Strategy

BUSINESS APPROACH

All strategies need an executive sponsor to ensure service delivery.

The role of the Sponsor is to ensure that all elected members and senior officers understand the benefits of efficient, effective procurement for the Council.

In addition the Sponsor should lead strategic procurement development and secure commitment from all parties to establish priorities for the Procurement function and the programme of action as high profile.

PROCUREMENT STRATEGIC OBJECTIVE (2.9)

“The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes.”

The Executive Manager Capital Programme together with the Procurement Manager will take the lead in implementing this Procurement Strategy. This will be supported in each of the Council's Service areas by the appointed procurement contacts. It will be the responsibility of all Directors to ensure that service managers continue to recognise their procurement needs and support this Procurement Strategy. In taking this Procurement Strategy forward, it is recognised that continued pressure to effect change is likely. This may require funding via “spend to save” initiatives.

The established network of Procurement Contacts will help to promote procurement activities identified under this Procurement Strategy. Where strategic matters require to be addressed the Executive Manager Capital Programme shall report these to CMT for a decision. Procurement Contacts will act as a forum to ensure the strategy is implemented and appropriate key officers will assist with procurement reviews and contract renewals. The Executive Manager Capital Programme will recommend procurement reviews. Procurement Contacts under the direction of the Procurement Manager will oversee the implementation of the strategy, consider funding when appropriate, assist in prioritising the programme of action and report to CMT and Council, as required.

ACTIONS (See Appendix 2 - Strategic Objective 2.9)

- The Procurement Manager will give direction to the implementation of the Procurement Strategy via the network of Procurement contacts to assist Executive Managers. This group will meet as required to progress implementation and act as a forum for procurement activities generally.
- A list of products/services that will be subject to procurement review will be included in the Service Plan for Capital Programme Service every year.
- The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager Capital Programmes. The Action Plan will be in the form of a Traffic Light update report.
- Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy.

Procurement Strategy

APPENDIX 1 - Summary of Strategic Objectives and Action Plan

Strategic Objective	Rationale	Who	Action	When
<p>2.1 Develop the procurement service to address the relevant aims of Our Plan 2016 - 2020, whilst meeting Scottish Government requirements and guidance.</p>	<ul style="list-style-type: none"> • Implement strategy with high level support • Raise visibility and importance of procurement • Improve internal communication and collaboration • Ensure application of policies and procedures • Ensure compliance with relevant legislation and related guidance 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service • Procurement Manager • Procurement Section • Executive Manager Governance & Law • All Directors/Executive Managers. 	<ul style="list-style-type: none"> • Align implementation of the Action Plan under this Strategy, with Our Plan and national requirements for procurement activity. • Publish a Procurement Strategy 	<p>June 2017</p> <p>December 2016</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.2 The central procurement function will continue to develop communication and provide the means to network with all services. This should facilitate best practice, information sharing and advice to all areas of the Council and its stakeholders. As well as providing a mechanism for reviewing, learning from and sharing of knowledge.</p>	<ul style="list-style-type: none"> • Raise awareness and importance of procurement • Improve internal communication and collaboration • Progress procurement exercises in accordance with Service requirements, legislation and related guidance. 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service • Procurement Manager • Procurement Section • Procurement Contacts/ Lead Officers • Executive Manager Governance & Law 	<ul style="list-style-type: none"> • The Executive Manager Capital Programme will represent the procurement service at senior management level. • The Procurement Section will co-ordinate procurement exercises / activities with procurement Lead Officers/ Procurement Contacts. • Revise and update the Contract Standing Orders 	<p>Ongoing</p> <p>Ongoing</p> <p>February 2017</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.3 Embed good procurement practice across the Council underpinned by good communication and collaboration.</p>	<ul style="list-style-type: none"> To reduce off-contract spend Improve accessibility Ensure compliance with Council policy and procedures and legislative framework Ensure transparency in all transactions and processes 	<ul style="list-style-type: none"> Procurement Manager Procurement Section Procurement Contacts Executive Manager Finance Payments Manager 	<ul style="list-style-type: none"> Procurement Contacts / Lead Officers will be further supported to receive and provide advice. This will help ensure good procurement practice is adopted across the Council Feedback shall be established internally and externally with all stakeholders to record, act upon and improve procurement activity. 	<p>June 2018 / Ongoing</p> <p>May 2017 / Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.4 Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.</p>	<ul style="list-style-type: none"> • To continue to develop electronic procurement requirements, increase accessibility • Reduce costs and promote further efficiency in the procurement process 	<ul style="list-style-type: none"> • Executive Manager ICT • Executive Manager Executive Services • Payments Manager • Procurement Manager • Procurement Section • Internal Lead Officers / Procurement Contacts • Technology Partners • External Stakeholders – suppliers, service providers 	<ul style="list-style-type: none"> • Review procurement systems / practices across the Council • Make appropriate improvements using Intranet / Internet and other available software. 	<p>December 2018</p> <p>December 2017</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.5 Continue to promote collaboration as the first factor to be considered, whether internally or externally for all procurement activities.</p>	<ul style="list-style-type: none"> • To continue to challenge inefficiencies associated with disparate procurement. • To ensure compliance where aggregation rules apply • To obtain Best Value • To make better use of limited resources 	<ul style="list-style-type: none"> • Executive Manager Capital Programme • Procurement Manager • Executive Managers • Procurement Lead Officers / Contacts • Procurement Partners – Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland, other regional Councils and other public sector bodies 	<ul style="list-style-type: none"> • Carry out spend analysis to identify commodity and supply base reviews. • Identify existing and further internal procurement opportunities and progress options for cross-service collaboration. • Actively engage in collaborative opportunities with external partners, such as Scotland Excel, Scottish Procurement & Commercial Directorate, NHS Shetland and other public sector organisations, where appropriate. 	<p>May 2017 / Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.6 Develop methods that accurately identifies benefits and values derived from revised procurement activities that can be measured against recognised standards and can be utilised for regular monitoring and management reporting purposes.</p>	<ul style="list-style-type: none"> • To accurately monitor and report savings & benefits. • To adopt a method which allows comparison both internally and with other public bodies. • Promote consistency of approach to savings reporting 	<ul style="list-style-type: none"> • Executive Manager Finance • Procurement Manager • Procurement Section • Procurement Lead Officers / Contacts 	<ul style="list-style-type: none"> • In conjunction with the Council's Finance Service consider and develop methods for capturing savings / benefits and related reporting. • Engage internally with the Procurement Contacts network to implement and maintain these reporting requirements. 	<p>October 2017</p> <p>May 2017 - Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.7 Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Councils objectives for business and the community.</p>	<ul style="list-style-type: none"> • To embed the Council's sustainability procurement duty in the procurement process • To reflect the Councils commitment to the environment. • To fulfil legislative obligations • To meet the Community Benefit obligation in procurement exercises 	<ul style="list-style-type: none"> • Procurement Manager • Procurement Section • Executive Manager Environmental Services • Team Leader Carbon Management • Procurement Lead Officers / Contacts • Executive Manager Governance & Law • Executive Manager Executive Services 	<ul style="list-style-type: none"> • Provide portals for procurement accessibility via the Intranet and the Internet including PCS. • Publication of the Council's Contract Register. • Include sustainable procurement duty and community benefits in all relevant procurement exercises. 	<p>June 2017 - Ongoing</p> <p>January 2017 - Ongoing</p> <p>Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.8 Develop Procurement Staff with skills and competences to the necessary professional level.</p> <p>Support and engage Supplier Development to ensure that businesses have the capacity to properly respond to opportunities and accessibility to contracts opportunities</p>	<ul style="list-style-type: none"> To continue improvement to the procurement function To address knowledge, competencies and skills gap Promote national initiatives to raise procurement standards Motivate and empower staff Reinforce the Council commitment to Personal Development To further engage and develop supplier development 	<ul style="list-style-type: none"> Executive Manager Human Resources Train Shetland Shetland College Procurement Manager & Procurement Section Procurement Lead Officers / Contacts Executive Manager Economic Development Procurement Partners, Scotland Excel, Scottish Government; Supplier Development Programme Businesses 	<ul style="list-style-type: none"> In conjunction with HR identify procurement competency levels via a skills audit and collate / agree training requirements. Continue to liaise with Scotland Excel, Scottish Government and other organisations, to implement training opportunities, as appropriate. Develop Electronic (e)-learning and other procurement training methods. Continue to liaise with Economic Development and other parties, to further engage with and promote supplier development. 	<p>December 2017</p> <p>Ongoing</p> <p>June 2017</p> <p>October 2017 - Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
<p>2.9 “The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes.”</p>	<ul style="list-style-type: none"> • Deliver measurable procurement performance • Improve management information • Meet regulatory reporting requirements • Improve procurement performance and capability. 	<ul style="list-style-type: none"> • Executive Manager Capital Programme Service • Procurement Manager • All Executive Managers • Procurement Section • Procurement Lead Officers / Contacts • Other stakeholders and suppliers 	<ul style="list-style-type: none"> • The Procurement Manager will give direction to the implementation of the Procurement Strategy via the network of Procurement contacts to assist Executive Managers. This group will meet as required to progress implementation and act as a forum for procurement activities generally. • A list of products/services that will be subject to procurement review will be included in the Service Plan for Capital Programme Service every year. • The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager Capital Programme. The Action Plan will be in the form of a Traffic Light update report • Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy. 	<p>Ongoing</p> <p>September 2017 / Annually</p> <p>Quarterly</p> <p>June 2018 and annually thereafter.</p>

