



**Shetland Islands Council
Corporate Services
Assets, Commissioning and Procurement**

Procurement Strategy

2023 - 2026

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Procurement Strategy

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 UK / Scottish law, including Best Value, supporting the local economy and encouraging greater collaboration both internally and between other public and private sector organisations.

through effective procurement and contract management practices. Wherever possible, we will continue to spend our money locally to support local businesses and organisations.”

This document sets out a revised Procurement Strategy for Shetland Islands Council in accordance with the Council's Commissioning and Procurement Framework and the aspirations set out in Our Ambition 2021 -2026. 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 team 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 on 14 December 2016 (Min Ref: 82/16) and places primary emphasis on the need to address recent audit recommendations. Thereafter, the approach is to establish 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 2023 to 2026 and, in its associated Implementation Plan, describes the specific work streams aimed at delivering on Our Ambition 2021 – 2026.

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.

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 a central procurement team, supported by a procurement network distributed across the Council. This procurement network generally do not deal exclusively with procurement but it forms part of their substantive role. They are supported by the central procurement team through the provision of advice, information and training as required and they are a useful means of information and data gathering and dissemination. 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. It is expected that more effective and efficient procurement processes progressed via the central procurement team, with additional resources and 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

- Achieving Net Zero targets

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 Ambition 2021-26 states:

“We will continue with disciplined financial monitoring, working towards a smaller base budget from 2022 onwards.”

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 changes to procurement legislation
 - “Slice” contracts
 - Social and other specific services
 - Contract register
 - Procurement strategy
 - Annual procurement report
- Growing the economy and developing SME’s

Procurement Strategy

PROCUREMENT STRATEGIC CONTEXT (2.1)

Develop the procurement service to address the relevant aims of Our Ambition 2021 - 2026, whilst meeting Scottish Government requirements and guidance.

- Sustainability
- Embedding carbon reduction and Net Zero targets within procurement activity
- Whole Life Costing
- Community Benefits
- Electronic procurement
- Increased focus on spend analysis
- Ensuring Contract Standing Orders are better understood
- Improved supporting guidance information
- Improved management information and reporting
- Refreshed staff training

These priorities are informed by recent audit recommendations from 2022. Following the audit report, an Action Plan has been developed (attached as Appendix 1 to this Strategy). Implementation of this Action Plan is a key deliverable of this Strategy.

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 Ambition 2021-26 and national requirements for procurement activity.
- Publish a Procurement Strategy

Procurement Strategy

3. Governance and Accountability

BUSINESS APPROACH

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 and sharing of knowledge.

Raising the Profile

The procurement team 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 will 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 Our Ambition 2021-26. 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 – Assets, Commissioning and Procurement will represent the procurement service at senior management level.
- The procurement team will co-ordinate procurement activities with procurement Lead Officers and the Procurement Network.
- Maintain updated 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 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.

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 UK 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

Procurement Strategy

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

This approach is reflected in this strategy document and the Contract Standing Orders.

ACTIONS (See Appendix 2 - Strategic Objective 2.3)

- Procurement network/ 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.

PROCUREMENT STRATEGIC OBJECTIVE(2.3)

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

Procurement Strategy

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.”

The E-challenge – The System

Electronic, or 'e'-procurement is already established as part of the procurement approach in the Council. The user guidance that underpins our Contract Standing Orders encourages electronic tendering as the default. 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 team 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

This strategy recognises the work already undertaken to streamline the procurement process. Moving forward, the use of the 'Firmstep' platform to lead staff through the procurement process and to host supporting documentation and evidence will be refined and implemented.

System(s) that can support online catalogues and the development of a fully integrated purchasing system will continue to be explored.

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 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.

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.

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

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 and spend analysis, highlight examples of both good and poor practice and standardise specifications in accordance with related policies, such as sustainable procurement. The Council's Corporate Management Team (CMT) provides a forum for reporting lessons learned in terms of procurement and access to senior managers, with the authority to address any compliance issues.

The Council continues to commit to participation in collaborative procurement opportunities locally, 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 Benefit

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.

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.

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.

Procurement savings as a result of the efforts of the procurement team are estimated to deliver savings in the region of £1M annually. Efficiency measures in procurement should deliver the same (or equivalent) goods or services, but with reduced opportunity costs.

Monitoring savings and benefits is challenging and does require services to share information relating to the outcome of procurement exercises and use of contracts. Evidence is required to demonstrate the basis for savings verification and reporting.

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 network to implement and maintain these reporting requirements.

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.

Procurement Strategy

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 procurement legislation, 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.

An Open, Objective and Transparent Agenda

Actively promoting accessibility does not only apply to physical accessibility under equalities 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's recognises its obligations regarding these and publishes as much information as possible on the Council website. The procurement section will further develop this 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 issues are identified, steps will be taken to address these.

The Council is required to take a sustainable approach in all its activities. Our Ambition 2021-26 states that we will: *“Work with our partners to achieve a more sustainable, ecologically diverse and resilient environment as it is Shetland's most valued and distinctive asset.”*

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; reduced 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.

Procurement Strategy

BUSINESS APPROACH

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 Councils objectives for business and the community.

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

Procurement Strategy

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 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 core procurement and “non-core” 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 Economic Development, Highlands and Islands Enterprise 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 – Assets, Commissioning and Procurement 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 procurement network, which has been refreshed and updated. 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.

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 – Assets, Commissioning and/ or the Procurement Manager shall report these to CMT. The procurement network 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 – Assets, Commissioning and Procurement will recommend procurement reviews. The Procurement Manager will oversee the implementation of the strategy.

ACTIONS (See Appendix 2 - Strategic Objective 2.9)

- The Procurement Manager will give direction to the implementation of the Procurement Strategy via the procurement team and the procurement network. 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 Assets, Commissioning and Procurement.
- The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager – Assets, Commissioning and Procurement.
- Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy.

Procurement Strategy

Appendix 1 – Audit Action Plan

	Resources lead officer(s) in bold	Timescales / Key Milestones	Comments / Risks
1. Update Contact Standing Orders (CSOs) <ul style="list-style-type: none"> a. Ensure revised document is user-friendly b. Consider separate operational guidance to accompany CSOs c. Re-introduce 'coloured summary sheet' d. Ensure clear guidance on the use of procurement frameworks e. Promote use of digital procurement 	EM – A,C&P Procurement Manager Solicitor	Programme developed 31 July 2022 Completion by 31 May 2023	Revised CSOs drafted and ready for approval by Members. These include a 'summary sheet' setting out threshold limits. Detailed, operational guidance being drafted. ICT developing Firmstep platform to further support compliance with CSOs.
2. Develop and implement training for non-procurement staff <ul style="list-style-type: none"> a. Consider use of Scotland Excel academy b. 	EM – HR EM – A,C&P Procurement Manager	Programme developed 31 July 2022 Completion by 30 June 2023	Procurement Network re-established. Programme of training training for Procurement Network and senior staff under development in conjunction with HR.
3. Establish spend analysis <ul style="list-style-type: none"> a. Identify trends b. Highlight opportunities for aggregation c. Identify non-compliance d. 	EM – A,C&P Procurement Manager	Programme developed 31 July 2022 Completion by 30 June 2023	Spend analysis methodology developed, drawing and processing information from Integra, which amongst other factors identifies trends, potential non-compliance and upcoming expiry dates.
4. Enforce compliance with NCA process <ul style="list-style-type: none"> a. Issue guidance to all senior managers b. Establish monitoring regime c. Link to review of CSOs <ul style="list-style-type: none"> i. Requirement for D of CS to sign 	D – CS EM – A,C&P Procurement Manager	Reminder issued by 30 June 2022 Completion by 31 May 2023	The NCA template embedded in the current CSOs has been updated, until updated CSOs are agreed and issued. Updated NCA template removes references for requirement for D of CS to sign off.

Procurement Strategy

<ul style="list-style-type: none"> ii. Updated NCA form iii. Process for when Corporate Services is commissioning service 			
<p>5. Establish lessons learned process</p> <ul style="list-style-type: none"> a. Reporting to CMT? b. 	<p>EM – A,C&P Procurement Manager</p>	<p>Programme developed 31 July 2022</p> <p>Completion by 30 June 2023</p>	<p>Lessons learned sessions to be held within Procurement Network, with reports on areas of significant default to then be taken to CMT.</p> <p>Much of data and info to come from Spend Analysis (3)</p>
<p>6. Embed improved conflict of interest arrangements</p> <ul style="list-style-type: none"> a. Does this need to link to Employee Register of Interests b. 	<p>EM – A,C&P EM – G&L Procurement Manager</p>	<p>Programme developed 31 July 2022</p> <p>Completion by 30 June 2023</p>	<p>Firmstep process mapping to include requirement for employee declaration.</p>
<p>7. Address lack of contract management / monitoring</p> <ul style="list-style-type: none"> a. Establish responsibility for this b. Reports to CMT? 	<p>EM – A,C&P EM - F Procurement Manager</p>	<p>Programme developed 31 July 2022</p> <p>Completion by 30 June 2023</p>	<p>Links to Spend Analysis (3)</p> <p>Larger projects to be monitored through Service Planning updates. Further info to come from spend analysis (3).</p> <p>Procurement Network to be tasked with gathering information/ issues that can be collated and referred to CMT.</p>
<p>8. Improved monitoring of contract expiry dates</p> <ul style="list-style-type: none"> a. Decide on value threshold b. Reports to CMT? 	<p>Procurement Manager</p>	<p>Programme developed 31 July 2022</p> <p>Completion by 30 June 2023</p>	<p>Links to Spend Analysis (3)</p> <p>This can be taken from Integra. Suggestion is that a report detailing all contracts ending in less than 6 months to be taken to CMT periodically.</p>

Procurement Strategy

<p>9. Address resourcing issues in procurement team</p> <ul style="list-style-type: none"> a. Establish scope/ expectations/ workload b. Assess resource level required c. Consider outsourcing, particularly on large-scale capital projects d. Funding strategy e. Verify team structure f. Address succession planning 	<p>D – CS EM – A,C&P Procurement Manager</p>	<p>Programme developed 31 July 2022</p> <p>Include in budget-setting February 2023</p>	<p>On hold.</p>
<p>10. Develop and issue updated Procurement Strategy</p> <ul style="list-style-type: none"> a. Linked to resourcing requirements b. Based on addressing audit recommendations 	<p>EM – A,C&P Procurement Manager</p>	<p>Completion by 30 June 2023</p>	<p>Procurement Strategy updated and ready for approval by Members.</p>
<p>11. Re-establish annual procurement reports</p> <ul style="list-style-type: none"> a. Check/ establish minimum thresholds for reportable spend 	<p>EM – A,C&P Procurement Manager</p>	<p>Completion by 30 June 2023</p>	<p>No update, but will plan is to implement using resources from Change Programme team. Stick to £50k plus contracts if that helps. Some narrative will be required, which will likely still need input from procurement team.</p>
<p>12. Develop methodology/ guidance for calculating expected contract value</p> <ul style="list-style-type: none"> a. Generic guidance, highlighting where specialist information and advice can be obtained b. 	<p>EM – A,C&P Procurement Manager</p>	<p>Completion by 31 May 2023</p>	<p>In progress. Estimated completion by December 2023.</p>

Procurement Strategy

<p>13. Forensic assessment of samples identified in June 2022 Procurement Arrangements audit</p> <ul style="list-style-type: none"> a. Identify key issues b. Establish lessons learned/ opportunities for improvement c. Determine how widespread issues are and take steps to address d. Ensure robust audit trail e. Reports to CMT 	<p>EM – A,C&P EM – F EM – G&L Procurement Manager</p>	<p>Completed.</p>	<p>CF to draft summary of lessons learned.</p>
<p>14. Adopt SG guidance for the use of consultants</p> <ul style="list-style-type: none"> a. Embed within revised CSOs b. Refer to I.R. 35 c. Link to Commissioning guidance d. Promote as a solution where internal resources are limited 	<p>D - CS EM – A,C&P EM – F EM – G&L</p>	<p>Completion by 31 May 2023</p>	<p>Revised CSOs to include link to SG guidance and to endorse, but will highlight areas of conflict, for example job descriptions, approval processes and financial thresholds.</p>
<p>15.</p>			
<p>16.</p>			

Ends.

Procurement Strategy

APPENDIX 2 - Summary of Strategic Objectives and Action Plan

Strategic Objective	Rationale	Who	Action	When
2.1 Develop the procurement service to address recent audit recommendations and the relevant aims of Our Ambition 2021 - 2026, whilst meeting Scottish Government requirements and guidance.	<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 Ambition and national requirements for procurement activity.• Publish a Procurement Strategy	<p>March 2025</p> <p>September 2023</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 Network. • Revise and update the Contract Standing Orders 	<p>Ongoing</p> <p>Ongoing</p> <p>September 2023</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 Network / 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. • Regular updates to be presented to CMT. 	<p>March 2025/ Ongoing</p> <p>March 2024/ Ongoing</p> <p>March 2024/ 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 • Establish regular spend analysis to identify any trends, potential non-compliance and upcoming expiry dates 	<p>March 2025</p> <p>March 2024</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>March 2024 / 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 Network to implement and maintain these reporting requirements. 	<p>September 2023</p> <p>March 2024 - 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>Ongoing</p> <p>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 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>March 2024</p> <p>Ongoing</p> <p>Ongoing</p> <p>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 Procurement Network 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 Assets, Commissioning and Procurement every year. • The Procurement Manager will monitor implementation of the strategy and procurement reviews and report to the Executive Manager Assets, Commissioning and Procurement. • Publish an Annual Procurement Report to record and publicise performance and achievements in delivering the Procurement Strategy. 	<p>Ongoing</p> <p>January 2024 / Annually</p> <p>Quarterly</p> <p>June 2024 and annually thereafter.</p>

