
COMMERCIAL & COMMISSIONED SERVICES STRATEGY

Report by Chief Financial Officer
SCOTTISH BORDERS COUNCIL

21 DECEMBER 2017

1 PURPOSE AND SUMMARY

- 1.1 This report seeks approval of the Commercial & Commissioned Services Strategy 2018 -2023 in order that it may be published to meet the legal deadline of 31st December 2017.**
- 1.2 The Procurement Reform (Scotland) Act 2014 sets out specific duties for contracting bodies (including Local Authorities). These duties include the publishing of a procurement strategy and, in due course during 2018, an annual report on delivery of the strategy.
- 1.3 The introduction of this legislation, the challenging financial climate, and the opportunities presented by the Corporate Plan and Transformation Programme, all combine to create a set of circumstances to positively refresh the Councils approach to procurement, commissioned and payment services through this new strategy.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council approves the Commercial & Commissioned Service Strategy as set out in Appendix 1.**

3 BACKGROUND

- 3.1 During 2016/17 the Council spent in the region of £180million with third party suppliers and providers on goods, services and works. This figure comprises revenue and capital spend and is equivalent to more than 50% of the Council's net annual revenue budget.
- 3.2 The Commercial & Commissioned Services Team provides both a strategic and operational service to the organisation covering Procurement, Social Care & Health Commissioned Services and Payment Services to the organisation. Live Borders and SB Cares have access to strategic procurement services through service level agreements.
- 3.3 Nationally, the Scottish Government is leading procurement reform through The Procurement Reform Act (2014) which puts sustainability at the heart of good public sector procurement.
- 3.4 This Act creates new regulations across a number of matters, one of which is the requirement to prepare a new procurement strategy. The strategy must set out how the Council intends to ensure that its procurement activity delivers value for money and contributes to its broader aims and objectives. The new strategy must comply with the associated statutory guidance which lays out the required form, content, monitoring and reporting.
- 3.5 The BusinessWorld ERP system offers a significant opportunity to the organisation through the provision of rich data. The end to end system will be fundamental in allowing access to, and the analysis of information which in turn should support the enhanced leverage of the substantial expenditure of the organisation referred to in 3.1.
- 3.6 The existing procurement strategy expires at the end of 2017. This new strategy should commence from 1st January 2018 and is proposed to run for 5 years. The strategy requires to be reviewed and appropriate revisions made at least annually.

4 CURRENT SITUATION

- 4.1 The Commercial & Commissioned Services team has a crucial role to play in supporting the delivery of the strategic aims of the Corporate Plan and Transformation Programme. It is therefore essential that a challenging and ambitious procurement strategy meeting the aims of these plans is put in place.
- 4.2 Good progress has been made through the existing procurement strategy and improvement plan, which is evidenced by the results of the national Procurement & Commercial Improvement Programme. This new assessment regime considers four key areas across Leadership & Governance, Development & Tender, Contract and Purchase Processes.
- 4.3 The first assessment during 2016 resulted in an overall score of 72%, placing it in the F1 Band (the top band) and above the local authority average of 64%. The highest performing areas included continuous improvement, spend analysis, internal controls and fraud awareness. Area for identified for future improvement included process automation

and contract management. The next assessment is due in 2018.

- 4.3 It is widely recognised that with the financial challenges the public sector faces, the role that strategic procurement has to play has never been more important. Further, these challenges require an imaginative and commercially focussed approach to be brought to the way the Council considers its supply chain and engages and manages its suppliers.
- 4.5 It is crucial that the new strategy includes the views of all stakeholders. The online CitizenSpace Consultation tool has been used to deliver feedback from internal and external stakeholders. This feedback has been used to update the draft strategy published as part of the consultation exercise.
- 4.6 The new strategy therefore recognises the positive progress already made and maximises the opportunities for further improvements to be delivered in support of the Council's overall strategic ambitions and priorities, fully accounting for the views of all stakeholders.

5 NEXT STEPS

- 5.1 Following approval and the commencement of the actions relating to the new strategy, work will start on the first annual Procurement Report of the Council. This report, to be prepared and published as soon as practical following the financial year end, must record the performance and achievements in delivering the procurement strategy (2015-2017) for the previous 12 months.
- 5.2 The Procurement Reform (Scotland) 2014 Act then requires the Scottish Government to prepare a further consolidated report, based on the information contained in the annual reports published by contracting authorities, covering all procurement activity in Scotland.

6 IMPLICATIONS

6.1 Financial

There are no financial implications contained in the report however the new strategy will support delivery of value for money, financial plan savings and other efficiencies.

6.2 Risk and Mitigations

If no new strategy and supporting annual report is developed then the Council will not be compliant with statutory legislation with no benefit accessed from the opportunities the new strategy should offer.

6.3 Equalities

There are no adverse equality issues arising from the report.

6.4 Acting Sustainably

Effective procurement supports a prosperous, fair and sustainable area, delivering best value as well as local economic, social and environmental benefits.

6.5 **Carbon Management**

There are no effects on carbon emissions associated with this report.

6.6 **Rural Proofing**

This Strategy makes provision for the local dimension and rural proofing

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the Schemes of Administration or Delegation as a result of this report.

7 CONSULTATION

- 7.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the report.

Approved by

David Robertson
Chief Financial Officer

Signature.....

Author(s)

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Background Papers:

Previous Minute Reference:

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