

commercial & commissioned services strategy

2018 - 2023

Sustainable procurement - making a real difference



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FOREWORD

The introduction of new procurement legislation, the challenging financial climate, along with the opportunities presented by Scottish Borders Council's Corporate Plan and associated Transformation Programme, all combine to create a set of circumstances that allow us to refresh the Council's approach to Commercial and Commissioned Services through a new strategy.

It is widely recognised that, with the challenges facing the public sector, the role of strategic procurement in supporting the need to 'do more with less' has never been more important. Further, these challenges require an imaginative and commercially-focused approach to the way in which the Council considers its supply chain and engages and manages its suppliers.

The Council is committed to an ambitious Corporate Transformation Programme to deliver service improvements and savings that will make it, and its services, sustainable within the reducing resource environment of the public sector. This strategy has, therefore, been developed to make sure that the £180 million, which the Council spends annually with external suppliers, is used in the most effective way possible. Our aim is to achieve the agreed priorities for the community of the Scottish Borders, while ensuring that we make it as easy as possible for suppliers to do business with the Council.

I, therefore, look forward to the delivery of this ambitious strategy and the help it will provide towards creating a sustainable future for our services.

Simon Mountford
Deputy Leader

INTRODUCTION

This new strategy for 2018 through to 2023 aims to make certain that the goods, services and works the Council purchases, and the arrangements we put in place to buy them, fully support the Council's priorities.

During 2016/2017, the Council spent approximately £180million with external suppliers across revenue and capital expenditure and so has responsibility to use this money in the most effective way to achieve its objectives. A sustainable approach can make a real difference and positively contribute to delivering added value and innovative solutions through the procurement of excellent and cost effective requirements, particularly in light of reducing budgets and increasing demands. At the same time, this strategy will be delivered in an increasing complex commercial environment with a clear focus on contract and supplier management.

The strategy is aligned with our Single Outcome Agreement (soon to be replaced by the Local Outcomes Improvement Plan) and Corporate Plan priorities to ensure the objectives support the Council's strategic ambitions.

Delivery of the strategy will be by the team, covering both longer term strategic and day to day operational activities, focussing on rapidly turning around and supporting the transactional needs of the organisation to purchase and pay for goods, services and works.

This new strategy reflects a much wider focus with input from a range of stakeholders including senior officers, colleagues, and suppliers and, most importantly, users of our services. Our thanks are extended to all those who responded during the consultation exercise.

To support understanding of the terminology used across this document, a glossary is provided of commonly used terms at page 21. This aims to provide brief user friendly definitions of words, acronyms and phrases used in relation to public sector procurement.

Scottish Procurement

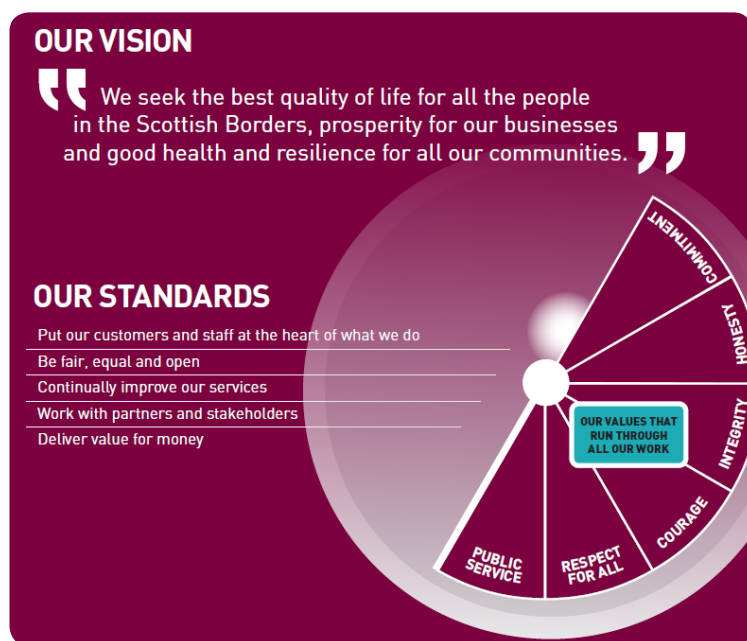


Scottish Model of Procurement



VISION AND AMBITION

The vision of the organisation is contained in the 2013-2018 Corporate Plan and it guides the way we work. It informs everything from our strategies and policies, through to the business plans of each service of the organisation.



The ambition of the team is to make a real difference by contributing directly to this vision and the related standards and values.

In support of this ambition, the following themes will underpin all strategic commercial and commissioned services activity during the period of the new strategy.

Support our local supply market and the economy

Deliver sustainable, flexible and innovative procurement

Identify effective and efficient procurement policy and process improvements

Deliver added value through savings and benefits

Develop commercial awareness across the organisation

STRATEGY CONTEXT

The Value for Money triangle (shown on page 4) sums up the Scottish Model of Procurement; it is not just about cost and quality, but about the best balance of cost, quality and sustainability. This model has been the cornerstone of our procurement activity for a number of years and will continue to be used to make certain our strategic activity is responsible, sustainable and delivers value for money.

Corporate Priorities

The Corporate Plan lays out eight priorities for the organisation. These priorities relate to both externally and internally facing services. A number of the identified priorities can only be addressed if we change the way we work and, in many cases work more closely with our partners. The Corporate Plan was reviewed in October 2015, with the Council re-stating its commitment to the 8 priorities. The plan will be reviewed during 2017/2018.

There are three main ways through which the Council is working to address these priorities. These are through transformation, through partnership and through continually improving high quality service delivery.

This new strategy has been developed to fully support this challenging agenda for change and aims to create a platform to ensure our strategic activity maximises its potential contribution to these corporate plan ambitions.



Digital Transformation

The Business World Enterprise Resource Planning (ERP) system will change how we can manage our core Financial, Human Resources, Payroll and Procurement activities. This creates a real opportunity to transform our approach by using the benefits of the ERP system to support our work.

Within the overall ERP system and specifically the elements relating to the process from the decision to buy through to payment for that purchase, our strategy is to establish simple and standard processes across the organisation to support the management of expenditure. The key objectives relating to that work are;

- Maximising the automation of transactional processes
- Adopting master data across suppliers, contracts and products
- Using spend analysis data to support procurement decisions
- Creating efficiencies in support of front line service delivery
- Meeting the obligations contained in the EU Directive on electronic invoicing in public procurement

New Legislative Landscape

The legislative landscape for procurement in Scotland has changed significantly during the last two years.

The new EU Procurement Directives have been brought into Scottish law as the Public Contracts (Scotland) Regulations 2015, with the Procurement Reform (Scotland) Act 2014 providing a national legislative framework for sustainable public procurement - supporting Scotland's economic growth through improved procurement practice. (See page 13 for further details of current legislation)

These regulations provide the foundation for the Scottish Model of Procurement. The model puts procurement at the heart of Scotland's economic recovery. It's a simple concept - business friendly and socially responsible. Looking at outcomes not outputs, it uses the power of public spend to deliver genuine public value beyond simply cost and /or quality of procured services.

With the European Directives brought into national legislation, the negotiation of an exit from the EU is unlikely to result in any significant change to the underlying principles of public procurement, those being accountability in the spending of public money and transparency of decision making. Changing the current legislation would be complex and time consuming and so until the future relationship with the rest of Europe is clear, it is most likely that public procurement will continue on a business as usual basis.

2015-2017 REVIEW

During the period of the most recent strategy the Service has made further progress with its improvement programme and business plan. Highlights include;

- Supporting the local economy and helping to increase the proportion of local spend during 2015/16 to approximately £67.8million equating to 42.2% of the overall third party expenditure
- Contributing £791,000 in financial savings during the period
- Achieving winner status at the MJ Awards 2015 in the Innovation in Procurement category – with a unique approach to delivering a Learning Disability Service
- Being the winner of the Scottish GO Award for Sustainable Procurement 2015 for support provided to the Burnfoot Community Hub building project
- The team was delighted to achieve a the top level grading in the new Scottish Government led Procurement Commercial Improvement Programme (PCIP) bi-annual assessment (F1)
- Delivering over 50 employment and skills opportunities and over 1300 educational activities through the Adding Value to Communities through Procurement Policy
- Putting in place a new Sustainable Procurement Charter for the Council and all suppliers
- Working with our Community Planning Partners to deliver a collaborative approach to procurement and shared events for our local suppliers
- Developing a new approach to support SB Cares and Live Borders
- Building new supplier focused procurement section in our corporate website
- The introduction of a new Purchase to Payments Policy – enabling fast payments to our suppliers
- Our Modern Apprentice had successfully completed his apprenticeship achieving an SVQ in Procurement and has now progressed to the role of Trainee Procurement Assistant
- Supporting the enablement of the Transformation Programme through input to projects such as Street Lighting Programme, the introduction of pool cars through a Social Enterprise and the new approach to Employee Benefits.

STRATEGIC THEMES AND OBJECTIVES

2018-2023 Strategic Themes and Objectives

Our new strategic aims and objectives are noted below. These priority areas are fully detailed in the *Delivering the Strategy - action plan* provided as Appendix 1.

	Theme	Objective
1	Support our local market and the economy	to grow the Councils local supply base to increase the proportion of Council spend within the area
2	Deliver sustainable, flexible and innovative procurement	to capture opportunities while balancing priorities
3	Identify effective and efficient procurement policy improvements	to maximise the benefit from the investment in technology through the new ERP system
4	Deliver added value through savings and benefits	to make a positive and measurable impact through procurement opportunities
5	Develop commercial awareness across the organisation	to benefit from a commercial approach to key supplier and partner relationships

SOCIAL CARE & HEALTH COMMISSIONED SERVICES

The [Strategic Commissioning Plan](#) of the Scottish Borders Health and Social Care Partnership (SBHSCP) describes how changes and improvements to health and social services for adults will be developed. It explains what the priorities are, why and how these were decided and how the partnership intends to make a difference by working closely with partners in and beyond the Borders.

Health, wellbeing and social care are really important to communities and individuals so the Plan is underpinned by a number of national and local policies, strategies and action plans. It will provide the strategic direction for how health and social care services will be shaped over the coming years and describes the transformation that will be required to achieve this vision.

Our support is provided to other services such as Children and Families, Mental Health, Learning Disabilities, Criminal Justice and Homelessness services.

Strategic commissioning is the term used for all the activities involved in assessing and forecasting needs, links investment to all agreed desired outcomes, considering options, planning the nature, range and quality of future services and working in partnership to put these in place. The Commercial and Commissioned Services team will work closely with commissioners to provide enabling, managing and monitoring services relating to these discrete client groups, with all activities developed through a multi-agency, co-produced basis with client and carer representation.

The national commissioning model shown below will be the key tool used to deliver effective commissioned services through working with users, carers and providers. This approach will be complemented, as required, with the best practice guidance on the Procurement of Care and Support Services.



MEETING STATUTORY DUTIES

General

The aims and objectives of the Procurement and Commissioned Services team lay out clearly how we intend to make sure our procurement activity supports carrying out the Councils function and purpose.

All our procurement activity, regardless of value, will be carried out in a manner to ensure that:

- All suppliers are treated equally and without discrimination
- All activity is transparent and proportionate
- All regulated activity complies with the sustainable procurement duty

We will work closely with the Supplier Development Programme and our colleagues in Economic Development and Business Gateway to access support for the supply chain.

Sustainable Procurement Duty

Before the Council buys anything, it should think about how it can improve the social, economic and environmental wellbeing of our area, with a particular focus on reducing inequalities. Another important area is how the Council facilitates the involvement of SME's, Third Sector bodies and Supported businesses and how it will use procurement to promote innovation. Of equal importance is the consideration of any environmental opportunities by considering the impact of the purchase on, for instance, climate change, waste production or scarce materials.

The Council's 'Sustainable Procurement Charter', covering all of these key factors is included at Appendix 2. The charter brings together different areas of policy, each of which contribute to our commitment to working in an ethical, responsible and sustainable way.

The Charter builds upon the clear benefits of such an approach and has been developed to play a key role in the promotion of social, economic and environmental best practice. It is an integral part of our procurement activity and delivers compliance with our new sustainable procurement duty from the Procurement Reform (Scotland) Act 2014.

The Charter clearly defines our commitment to suppliers in terms of our practices across important areas such as the importance of equalities, the encouragement of the Scottish Living Wage and consideration of our local market; while including the principles and standards being sought from suppliers covering our zero tolerance approach to Modern Slavery and human trafficking, compliance with Health & Safety requirements and Data Protection considerations.

Adding Value to Communities through Procurement

Adding Value to Communities through Community Benefits or 'social' requirements in public sector procurement ensures that wider local economic and social issues are considered when delivering construction works, service or supplies contracts. This delivery of additional benefit beyond the core purpose of a contract opportunity can help to maximise the impact of public sector spending on local communities. This is achieved through the inclusion of specific clauses within contracts known as community benefit clauses (CBCs). It is intended that this policy provides a corporate approach on how to meet this aim and promote the wider use of CBCs across all areas of Scottish Borders Council.



Maximising the added value to communities that procurement and other contracting opportunities offer can create a lever to address specific Council priorities and by doing so extend the value from public sector spend. There are many potential areas of opportunity, such as:

- Targeted Training and Recruitment – promote skills and labour/offer apprenticeships;
- Business Supply Chain Initiatives – supplier engagement/supply chain opportunities;
- Working and supporting the Third/Voluntary Sector;
- Community Engagement – volunteering days/supporting community groups;
- Education – work/school placements/career path support;
- Support for Community Initiatives – environmental improvements/grant schemes.

The statutory community benefit requirement introduced by the Procurement Reform (Scotland) Act 2014, applies to contracts, including framework agreements and call-off contracts, which are estimated to be valued at £4 million or over. Our local policy does not aim to prescribe any specific value based threshold however requires the budget holder/contract owner to consider the inclusion of a CBC where the total estimated value of the contract exceeds £50,000.

The community benefit requirement for each contract should be considered on a case by case basis and in every case where added value is considered; it must be proportionate and avoid creating an unnecessary burden on the supply chain.

There is significant opportunity for the Council to champion and extend the application of CBCs beyond direct Council contracts. The Council enters into partnership arrangements, funding agreements, and other shared interest relationships with external organisations.

This policy may therefore be extended to apply (as appropriate) on a voluntary basis and in a proportionate manner where those type of agreements or relationships exist. It should also be possible to consider the adoption of the appropriate elements of this policy across our partners SB Cares, Live Borders and the wider Community Planning Partnership.

Stakeholder Consultation/ Engagement

At the beginning of and during procurement activity we will identify, engage and consult with stakeholder groups, as appropriate, which may include:

- The community
- The users of the service to be procured/commissioned
- The market
- Other Council Services/colleagues



This engagement will be proportionate to the project scale and may take a number of forms, such as online, face to face, or the creation of a focus group with appropriate representation of those involved or affected by the particular activity.

Contract & Supplier Management

Contract and supplier relationship management is the on-going monitoring and management of contracts entered into with suppliers or partners for the provision of goods, services and works. It includes the pursuit of increased benefits and value from those contracts by maximising leverage, driving improvements and accessing innovation.

A new approach will be developed and implemented to put in place a corporate framework to support contract management. Contracts will be grouped according to a number of criteria such as contract value, risk, market and commodity type. Each new regulated contract will require to include clearly defined key performance indicators to measure clear outcomes.

The Business World Enterprise Resource System (ERP) will deliver a centrally managed contract register which will facilitate the monitoring and reporting of contracts. The responsibility for undertaking contract and supplier management will remain with Services with the team supporting through the use of the ERP and the associated procurement tools of Public Contracts Scotland – Tender/Vendor/Performance Management.

Procurement Legislation

The Scottish Government is responsible for the development of national procurement policy and supporting guidance in Scotland. There are now several key pieces of procurement legislation which have changed the regulatory framework for public procurement across Scotland.

- The Procurement Reform (Scotland) Act 2014
- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- EU Procurement Directive 2014/24/EU - Public Contracts
- EU Procurement Directive 2014/23/EU - The award of Concession Contracts
- EU Procurement Directive 2014/55/EU - Electronic invoicing in Public Procurement (delivery due 2019 for local government)

Statutory guidance accompanies the Scottish Government legislation and Scottish Procurement Policy Notes (SPPNs) are published on an ad-hoc basis to provide advice on current policy issues. These SPPNs are adopted in line with requirements and local policy.

Further details relating to public procurement legislation can be found through the web links provided on page 20, Policies, Tools and procedures.

Council Governance

The Chief Financial Officer has responsibility for the production and management of the procurement strategy.

Council governance of procurement is contained across Standing Orders and Financial Regulations. Standing Orders are the rules which govern how contracts for goods, services and works must be made with Financial Regulations containing the procedures for dealing with financial matters. This governance applies to every member and employee of the Council.

The internal governance framework has recently been revised in line with the new legal requirements and the opportunities of the new ERP system. Adjustments have been made to the previous procurement thresholds with the aim of streamlining processes. Adherence to standing orders is crucial to ensure procurement is carried out in full compliance within the complex legal framework noted above. All the relevant rules are covered in the Council's Purchasing Guidelines.

VALUE OF PROCUREMENT

During 2016/2017, the Council spent approximately £180million with external suppliers across revenue and capital expenditure. The table below lays out how that money is spent across standard procurement classification groups.

ProClass Group*	Total Spend (£)	ProClass Group*	Total Spend (£)
Arts & Leisure	8,752,300	Horticultural	2,037,700
Catering	1,833,600	Housing Management	4,798,500
Cemetery & Crematorium	17,600	Human Resources	2,875,900
Cleaning & Janitorial	398,400	ICT	14,760,800
Clothing	168,600	Legal Services	440,300
Construction	40,122,300	Mail Services	426,600
Construction Materials	2,503,900	Public Bodies	1,409,300
Consultancy	215,200	Public Transport	7,352,200
Domestic Goods	16,600	Social Care	279,900
Education	3,099,700	Social Care – Adult	46,882,800
Environmental Services	2,162,900	Social Care – Children	6,106,400
Facilities & Management Services	9,994,300	Sports & Playground Equipment	196,200
Financial Services	1,442,000	Stationery	213,200
Furniture & Soft Furnishings	677,000	Street & Traffic Management	278,800
Health & Safety	55,600	Utilities	6,735,400
Healthcare	2,298,000	Vehicle Management	5,611,750
Highway Equipment & Materials	5,759,000		

* ProClass is a procurement classification not a finance classification. It is for classifying products and services that are purchased and not for classifying people, projects or budgets.

Commercial Ambition

Each Procurement project will consider where opportunities may exist to reduce cost, access efficiencies or to access additional value. These areas of opportunity might include;

Opportunity	Ambition
Savings	<ul style="list-style-type: none"> Meeting the target value set in the project budget
Market Knowledge	<ul style="list-style-type: none"> Use of category awareness to support approach to the market
Price	<ul style="list-style-type: none"> Using data to better understand costs across specific areas of spend
Cost reductions	<ul style="list-style-type: none"> Use of contract management to consider price or risk reductions Use of technology to simplify and reduce the cost of tendering, purchasing and payment transactions
Demand Management	<ul style="list-style-type: none"> Seeking ways to reduce or change how demand is fulfilled Identify opportunities to change to lower cost, innovative or alternative solutions
Collaboration	<ul style="list-style-type: none"> Aggregating Spend with other bodies to produce economies of scale Efficient use of resources

CONTINUOUS IMPROVEMENT

The Council will continue its participation in the bi-annual Procurement and Commercial Improvement Programme (PCIP) assessment regime. The output from this assessment will be part of a continuous improvement approach with any specific areas of improvement built into the refresh of the strategy action plan. The benchmark for this assessment shall be the result of the 2016 assessment;

- 72% (banding F1 – the top banding for those public sector bodies undertaking the full assessment).
- The next assessment is likely to be during financial year 2018/19.

It is also intended to create a procurement user group from across the organisation representing those officers who are directly involved in procurement activity. This reference group will provide a platform for cascading best practice throughout the organisation and will be asked to input to the development of change and to consider recommendations to further improve the Commercial & Commissioned Services Team.



TEAM DEVELOPMENT AND INDIVIDUAL SKILLS FRAMEWORK

The Scottish Procurement Competency Framework (detailed below) identifies the skills and competencies required by people involved in the procurement process. It helps with the development of individuals' through a skills assessment and subsequent identification of training and development needs. This framework complements the Councils existing staff appraisal process. This will be used as a tool to underpin team development.

Procurement Competency Framework (aligned to Government Purpose & CIPS Global Standards)

Infrastructure Foundations (Why)	Process (How)			Performance (What)	People (Who)
	Planning	Implementation	Delivery		
	Pre-market engagement	Tender	Post contract		
Corporate Strategy				Performance Management & Measurement <small>(including Benefits Tracking & KPI's)</small>	Self-development
Procurement Strategy and Policy					Managing High Performing Teams
Legislation	<ul style="list-style-type: none"> Commodity, Supplier & SC Profiling Spend Analysis Market & SC Analysis Specification development Building tender documents 	<ul style="list-style-type: none"> Contract Law & T's & C's EU and Regulated Tender Process Tender Evaluation Award & Debrief Negotiation Alternative routes to market 	<ul style="list-style-type: none"> Contract management Supplier management Supply chain management Inventory Management Distribution fleet and logistics 		Leading & Influencing
Governance and Compliance				Continuous improvement <small>(including change Methodologies)</small>	Stakeholder Relationships
Technology					Communications
Standards & Conduct					
Early Engagement & role of intelligent client <small>(drives better outcomes)</small>	Commercial and Financial Awareness Commercial competence and business acumen; Commercial models; Business case development; Financial Management; Budgeting				
	Planning and Risk Management Project and Programme Management (PPM); Risk Management				
	Sustainability and Innovation Sustainable Procurement				

MONITORING/REVIEWING AND REPORTING ON THE STRATEGY

The strategy objectives will be delivered through an action plan, detailed at Appendix 1. Performance against the action plan will be monitored by the Chief Financial Officer and reported through the relevant Scottish Borders Council Executive Committee on a regular basis.

Key performance indicators (KPI) will continue to be developed and linked to the Delivering the Strategy – Action Plan. A number of KPIs are currently reported to the Executive Committee through the wider corporate performance monitoring processes. We will also engage with stakeholders to ensure meaningful information is delivered as part of regular reporting of procurement performance.

As required by legislation, an annual report comprising all required elements of the Procurement Reform (Scotland) Act 2014 will be submitted to the Executive Committee and following approval, the report will be issued to Scottish Ministers and published on the Councils website. As part of the annual report production process, the strategy will be reviewed and refreshed to take account of any updates to Council priorities and objectives.

Services will receive regular reports from their Procurement Business Partners to ensure the strategy is being delivered effectively within departments. Procurement delivery plans will continue to be developed in collaboration with Services encompassing all significant procurement due in the following 1-3 years. This allows for resource planning and scheduling and improves visibility and risk management of our activities. These planned contract opportunities require to be published as part of the new legislation, along with the Councils full contract register.

Strategy Ownership	Further Information
Approval process	Scottish Borders Council Full Council meeting – December 2017
Led by	Mr David Robertson Chief Financial Officer david.robertson@scotborders.gov.uk
Delivered by	Ms Kathryn Dickson Commercial & Commissioned Services Manager kathryn.dickson@scotborders.gov.uk

POLICIES/TOOLS AND PROCEDURES

Item	Description
<u>Community Plan</u>	This document, currently under consultation, contains the priorities and outcomes the Scottish Borders Community Planning Partnership want to achieve for the Scottish Borders
<u>Corporate Plan</u>	The Council's corporate plan details what will be prioritised within the area over the five year period 2012/13 to 2017/18
<u>Council Standing Orders</u>	The procedural governance of the organisation through which procurement activities are undertaken
<u>Financial Regulations</u>	These set out the financial policies in place
<u>Control of Contractors Policy</u>	A policy defining the Council's Health and Safety requirements
<u>Suppliers' Charter</u>	Working with suppliers to improve public sector procurement processes and dialogue
<u>Selling to the Council</u>	Our website aims to make it as easy as possible for suppliers to do business with us
<u>Sustainable Procurement Charter</u>	Our charter has been developed to promote social, economic and environmental best practice across all our procurement activities
<u>Scottish Model of Procurement</u>	Balancing cost, quality and sustainability
<u>Public Procurement Legislation</u>	Delivering procurement across EU and national legislation provides the foundations of the Scottish model of Procurement

Item	Description
<u>Public Procurement</u>	The structure of public procurement in Scotland
<u>Scottish Procurement Journey</u>	A series of procurement routes for all levels of procurement activity to facilitate best practice and consistency across the Scottish Public Sector
<u>Public Contracts Scotland</u>	The national advertising portal for the Scottish public sector to post OJEU and sub threshold contract opportunity notices
<u>Public Contracts Scotland Tender</u>	The national e-tendering system. A secure and efficient means for the Council and suppliers to use to manage tenders online
<u>PCIP</u>	Full details of the Procurement and Commercial Improvement Programme
<u>EU Procurement Thresholds</u>	A series of value based thresholds subject to legislative regulation
<u>Scottish Government Sustainability tools</u>	This series of tools has been produced to assist the sustainable procurement process to comply with the duties of the Procurement Reform (Scotland) Act 2014
<u>Supported Business</u>	A supported business' primary aim is the social and professional integration of disabled or disadvantaged

GLOSSARY

Collaboration	Working with other partners to undertake joint or shared procurement activities with the intention of obtaining better value through the economies of scale and reduced procurement costs
Commissioning	This is the process used to assess the needs of people in the area, then to design and specify the appropriate services to deliver those needs in a cost effective and value for money way
Community Benefits	These are contract requirements that deliver wider benefits in addition to the core purpose of the contract. These will create added value and will be social, economic or environmental benefits
Contract Management	This is the management of contracts with suppliers or partners. It includes the tasks and activities to ensure the contract is delivered as per the terms. Activity can include the mobilisation of the contract, delivery throughout the term of the contract to expiry and decommissioning. It will also include supplier relationship and performance management
Demand Management	This is a way to reduce costs by managing requirements through many different methods such as forecasting, reducing options, increasing flexibility or considering distribution methods and frequency
Flexible Framework Self-Assessment Tool (FFSAT)	A tool used to assess and measure our level of performance of sustainable procurement and to build an action plan to build on that performance
Goods	Items that we buy include things such as catering provisions, office stationery and supplies, or the materials needed to build roads
KPI	Key Performance Indicators are measures out in place as part of the contract arrangements. These will be used to help manage delivery of the contract to a pre-agreed set of quality and quantity indicators
P2P	Procurement to Payment - electronic IT systems and processes used to manage the raising of purchase orders through to the payment of supplier invoices
PCIP	The Scottish Government led Procurement and Commercial Improvement Programme and its associated assessment programme
Procurement	This is process of acquiring goods, services and works
Purchasing	The transactional stages of placing orders for goods, services or works, using P2P systems to receipt goods, services or works received and then to pay for them
Regulations	Public Contracts (Scotland) Regulations 2015; Procurement (Scotland) Regulations 2016; The Procurement Reform (Scotland) Act 2014
Services	Services we buy might include care services, professional services to design works projects or repair and maintenance services
Small and Medium Enterprises (SME's)	Firms that employ less than 9 employees are classified as micro businesses, firms that employ less than 50 are classed as small and those employing less than 250 medium
Sustainable Procurement	A process where organisations meet their needs for goods, services and works in a way that achieves value for money on a whole life costs basis and generates benefits, not only for the organisation but for society, the economy and the environment
Third Sector	The group name for a range of organisations such as community groups, charities, voluntary organisations, social enterprises or community interest companies. They can be everything between small and local or large multinational companies or charities
Value for Money	Value for money is the optimum combination of whole life costs quality and sustainability to meet our requirements
Whole Life Costing	Whole life costing takes into account the total cost of a product or service over its lifetime, from concept to disposal and including purchase, hire or lease, maintenance, operation, utilities, training and end of life disposal. It is important to take all of these costs into consideration when making decisions as in some cases the purchase cost is only a small proportion of the cost of operating it
Works	Construction works that we buy, including the construction and/or refurbishment of new and existing buildings, roads, bridges, parks or other open spaces

APPENDIX 1 - DELIVERING THE STRATEGY - ACTION PLAN

	Aim	Objective	Principal Actions
1	Support our local supply market and the economy	to grow the Councils local supply base to increase the proportion of Council spend within the area	<ul style="list-style-type: none"> • Hold regular supplier engagement events • Encourage a diverse range of suppliers to work with the Council • Support and improve access to contract opportunities by local SME's and the Third Sector • Introduce online tools to make best use of digital technology
2	Deliver sustainable, flexible and innovative procurement	to capture opportunities while balancing priorities	<ul style="list-style-type: none"> • Full adoption of sustainable procurement through the suite of tools developed by the Scottish Government • Use whole life costing to balance cost, quality and sustainability • Secure the commitment of stakeholders of the new approach • Maximise added value through community benefits • Support the Scottish Borders Health & Social Care partnership with an outcome based commissioning and procurement cycle
3	Identify effective and efficient procurement and P2P policy improvements	to maximise the benefit from the investment in technology through the new ERP system	<ul style="list-style-type: none"> • Following the implementation of ERP system, review the delivery mechanism of procurement/commissioning/contract management activities • Use data from the new ERP system to undertake spend/benchmarking activity/support decision making • Streamline (where possible) processes and procedures • Review and rationalise supply base • Reduce non-contracted spend • Improve reporting of strategic procurement and associated purchasing transactions • Ensure use of online tools maximised
4	Deliver added value through savings and benefits	to make a positive and measurable impact through procurement opportunities	<ul style="list-style-type: none"> • To create financial and efficiency savings through the approach to new contract opportunities • The early identification of collaborative opportunities • Challenge contract specifications • The development of key performance indicators to support measuring delivery of the strategy • Refresh existing category strategies
5	Develop commercial awareness across the organisation	to benefit from a commercial approach to key supplier and partner relationships	<ul style="list-style-type: none"> • Embed a common standard of contract management principles across the organisation to access value and innovation • Support active contract and supplier management with a toolkit and guidance • Enhance the early engagement and inclusion of strategic procurement with services/projects • Introduce commercial targets to procurement activities

APPENDIX 2 – SUSTAINABLE PROCUREMENT

Sustainable Procurement Charter

Scottish Borders Council aims to be a responsible purchaser of goods, services and works. We set standards to make sure we undertake our activities in an ethical, responsible and sustainable way. This charter lays out a number of important principles and policy requirements of the Council to which we expect our suppliers to comply.



Achieving our Sustainable Procurement duty

Equalities

We view the Scottish Borders as a place where everyone matters, where everyone should have equal opportunities and where everyone should be treated with dignity and respect. As a responsible employer the Council is committed to promoting equal opportunities to all of the Scottish Borders community, employees and suppliers alike. Consideration of equal opportunities is fully integrated into our procurement practices and is fully committed to the values and ethos of the Equality Act 2010.

Disability Confident Scheme

The Council is an accredited Disability Confident employer. We are committed to the aims of Disability Confident and would encourage our partners, suppliers and providers to demonstrate their commitment to the scheme and also become accredited Disability Confident employers. As appropriate, contracts or framework agreements may include clear performance indicators relating to the positive benefits of such a scheme.

Facilitating SME's, third sector and supported businesses in the procurement process

Our procurement strategy aims to achieve a mixed economy of suppliers to support and develop our local rural market, particularly micro, small and medium sized enterprises, Third Sector organisations and supported businesses. This approach includes simplified and standardised public sector procurement practices, consideration of lotting and a range of hands-on assistance to the local supply chain to help reduce any barriers to involvement in procurement opportunities.

Promoting Innovation

Influencing the market towards innovative solutions can focus public spending on sustainable goods, services and works and create an important catalyst for local job creation, sustainable innovation and market development. Our procurement strategy notes the importance of innovation through procurement and we encourage all our suppliers to consider an innovative approach to the way goods and services are delivered.

Fair Work Practices

As a Living Wage employer, the Council is committed to encouraging the wider adoption of the Scottish Living Wage by suppliers and to support this has adopted the Scottish Government guidance on the Selection of Tenderers and Award of Contracts which addresses Fair Work Practices as part of the procurement for relevant contracts. The Living Wage is an hourly rate set by the Living Wage Foundation and is revised in November every year. The current rate is £8.75 (November 2017)

Consultation with Stakeholders

Service User and, where appropriate, wider community consultation is an integral part of commissioning considerations. The strategic importance and complexity of required outcomes will mainly govern the level of consultation undertaken and the choice of the procurement route followed. The final decision on these matters will always be considered in light of what is likely to provide best value for the local community.

Health & Safety Compliance

The Council is committed to achieving a culture that ensures it complies with all current Health and Safety legislation and in so doing endeavours to provide safe places and safe systems of work. This principal extends to those employed to do contracted works for and on behalf of the Council. The Council will only employ contractors who are fully accredited SSIP members of Constructionline or equivalent.

Fairly & ethically traded goods

The Council supports the Fair Trade initiative because it reflects our commitment to sustainable development and offers the prospect that marginalised producers across the world will receive fairer deals for their produce. The Council will promote the use of fair trade products across all its services and raise awareness of fair trade amongst its staff and customers. The Council will (to the extent permitted by EU procurement legislation) embed Fair Trade into contracts with suppliers where it has a direct bearing on the required goods, services and works.

Provision of Food

The procurement of food considers the wider community focus of improving the health and wellbeing of young people and communities in the Borders. Promoting a sustainable food supply chain by (where possible) the use of Scottish produce through collaborative contracts supports the delivery of healthy choices to support healthy eating. Food security and ethics are of equal importance and the Council follows Scottish Government guidance to ensure highest levels of animal welfare.

Prompt payment within 30 days

The effect of late payment on SME's can be significant, impacting cash flow and the ability to trade. As direct support the Council has a prompt payment policy and related performance indicator which aims to make payment of invoices within 30 days of receipt of a valid invoice. To make sure this policy flows through all stages of the supply chain, our terms and conditions of contract obliges our contracted suppliers to make payment of valid invoices within a similar 30 day period.

Information/Data Management/Protection

The Council regards information as a valuable corporate asset which must be obtained, processed and protected diligently, lawfully and ethically. The approach to information governance focuses on safeguarding customers, providing business transparency and ensuring legislative compliance. Relationships with 3rd parties who handle data on behalf of the Council, or with whom we share data are carefully managed. Contracts include information governance compliance conditions with these arrangements being documented and monitored. We will expect all suppliers to take the same robust approach to information management as we do, even after their contract has expired.

Environmental Impact and Climate Change

The Council is committed to reducing its environmental impact, including carbon emissions, wherever possible. The Climate Change (Scotland) Act 2009 places duties on public bodies to deliver their services in a way which supports this, including both internal activities, such as energy saving within buildings, and its work with partners. The way that the Council procures goods and services can have a huge environmental impact, and by purchasing items which can demonstrate a reduced negative effect on wildlife, natural resources and carbon emissions, we can reduce our carbon footprint and support suppliers to do the same.

Improving the economic, social and environmental wellbeing of the area

Adding Value to Communities through Community Benefits or 'social' requirements in public sector procurement is intended to ensure that wider local economic and social issues are considered when delivering construction works, service or supplies contracts. This is achieved through the inclusion of specific clauses within contracts known as community benefit clauses (CBCs).

Conflict of Interest

Council Officers and Members conducting business on behalf of the organisation have a responsibility to do so in a manner that is objective and ethical. As such we require any individual whether employee or supplier to declare such an interest before any procurement activity commences as the best way to handle conflicts of interest is to avoid them entirely.

Modern Slavery Act 2015

The Council adopts a zero tolerance approach to modern slavery and human trafficking. We expect all those who work for and with us to adhere to this approach. As appropriate we will address areas of concern in the tendering process through requiring minimum standards and contract management.

You can get this document on audio CD, in large print, and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an officer to meet with you to explain any areas of the publication that you would like clarified.

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