
**2015-2017
PROCUREMENT & PAYMENT SERVICES
STRATEGY AND POLICY**

Report by Chief Financial Officer

Executive Committee

9 June 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report introduces a refreshed Procurement & Payment Services Strategy and Policy for 2015-2017.**
- 1.2 The Council spends approximately £120million each year on goods, services and works with suppliers. The 2015-2017 Strategy and Policy (the Strategy) sets out how this expenditure will be managed and details the strategic objectives it aims to deliver.
- 1.3 The Strategy has four key areas of ambition and vision (noted below) which link directly to the existing Ambitious for the Borders Agenda, the Corporate Plan and the Community Planning Partnership priorities by:
 - (a) adding value to all that we do;
 - (b) maximising the delivery of responsible procurement;
 - (c) reducing the cost of sourcing through to settlement; and
 - (d) harnessing these opportunities to drive local economic growth.

2 RECOMMENDATION

- 2.1 **It is recommended that the Executive Committee:**
 - (a) **Approves the refreshed 2015-2017 Procurement & Payment Services Strategy and Policy as attached to this report.**

3 BACKGROUND

- 3.1 The Strategy lays out the approach to supporting corporate activity including a set of key deliverables and associated performance measures.
- 3.2 The existing Strategy covered the period 2012-2015.
- 3.3 Since the inception of the original procurement strategy corporate procurement and finance payment operations have merged creating a single service with responsibility for the entire procurement to payment (P2P) cycle.
- 3.4 New Scottish Government and European Directive legislation and associated regulation is due to implemented by April 2016.
- 3.5 This refresh of the existing Strategy allows for consideration and appropriate application of the new regulations once finalised and ensures the continued provision of high quality support through delivery of an efficient, effective and innovative procurement and payment service.

4 CONTEXT

- 4.1 The Council spends over £120million across capital and revenue expenditure each year on the procurement of goods, services and works with suppliers.
- 4.2 During 2013/14 the number of transactions managed through Payment Services included:
 - (a) Maintenance of 6700 supplier records;
 - (b) 59,000 purchase orders raised through Council systems; and
 - (c) 55,631 supplier payments processed.
- 4.3 An effective procurement and payment service is essential to ensure best value and the service has a vital role to play in supporting forecasted efficiency targets. The existing Strategy has already delivered substantial progress including:
 - (a) Supporting the local economy through spend of £41.3million with local suppliers;
 - (b) Contract efficiencies of £3.6million during the period 2012-2014;
 - (c) Implementation of an improvement programme resulting in a strong increase identified through the annual Procurement Capability Assessment – our score rising from 50% in 2012 to 65% in 2014; and
 - (d) 96% of all supplier invoices paid within 30 days (March 2015).
- 4.4 The overall ambition and vision of the refreshed Strategy is to ensure the continuation of this progress by:
 - (a) Adding value to all that we do;
 - (b) Maximising the delivery of responsible procurement;
 - (c) Reducing the cost of sourcing through to settlement; and
 - (d) Harnessing these opportunities to drive local economic growth.

5 LOCAL DIMENSION

- 5.1 The economic benefits that can be derived from responsible procurement are considerable, and as part of ongoing activity, a key deliverable is to

continue to improve communication, advice and guidance to support local business, SMEs and third sector organisations access to appropriate procurement opportunities.

- 5.2 The 'Adding Value to Communities through Procurement' policy (agreed by Council for a 12 month pilot in June 2014) is delivering additional local economic, social and environmental benefits including employment opportunities and enhanced community engagement. A separate report is being presented to Council in June 2015 as an update to this work and will include the detail of these benefits.
- 5.3 The Procurement and Payment Service works closely with Economic Development through the Supplier Development Programme and Business Gateway to encourage local businesses to compete for Council opportunities.
- 5.4 Ensuring our payment terms of 30 days are passed through the supply chain will be a fundamental part of the proposed Sustainable Procurement Charter and included as a standard clause in all contract terms and conditions.

6 STRATEGY

- 6.1 The refreshed Strategy reaffirms the continued focus on supporting the delivery of efficiency savings across Council services by building on achievements to date.
- 6.2 The specific areas of ambition and vision aim to support Council priorities and address the next phase of the national public sector procurement reform programme.
- 6.3 All procurement and payment service activity is underpinned by the Scottish Government value for money triangle of cost, quality and sustainability creating the opportunity to add value and deliver local economic benefit in full support of the wider Council agenda.

7 KEY DELIVERABLES

- 7.1 Key deliverables have been developed which are fully aligned with the four key ambition and vision areas.
- 7.2 These deliverables include:
 - (a) Accessing efficiency savings;
 - (b) Creating a new Supplier Information Hub on the Corporate website;
 - (c) Development of a new Sustainable Procurement Charter;
 - (d) Partnership working with key suppliers; and
 - (e) Consideration of level of potential spend with local suppliers.
- 7.3 Each deliverable will be supported by a detailed action plan and associated timeline which will be incorporated into the Finance Business Plan.

8 POLICY

- 8.1 The Procurement and Payment Services Policy is provided as Appendix 1 of the Strategy document. This policy has been comprehensively reviewed. There is no change to the underlying principles.

9 IMPLICATIONS

9.1 Financial

- (a) There is no additional cost attached to the recommendation contained in this report.
- (b) As previously noted £3.6million of procurement efficiencies have been achieved through procurement activities during 2012-2014. Further benefits can be delivered through an effective service and this refreshed Strategy will support the delivery of future planned savings.

9.2 Risk and Mitigations

In preparing this report, any risk associated with the approval of the Strategy has been considered and no specific concerns need to be addressed.

9.3 Equalities

An Equalities Impact Assessment has been carried out on the original Strategy and it is anticipated that there are no adverse equality implications through this refreshed document.

9.4 Acting Sustainably

This Strategy makes provision for sustainable procurement and embeds it within each procurement exercise.

9.5 Carbon Management

This Strategy makes provision for carbon management.

9.6 Rural Proofing

This Strategy makes provision for the local dimension and rural proofing.

9.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or the Scheme of Delegation.

10 CONSULTATION

- 10.1 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, 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 final report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

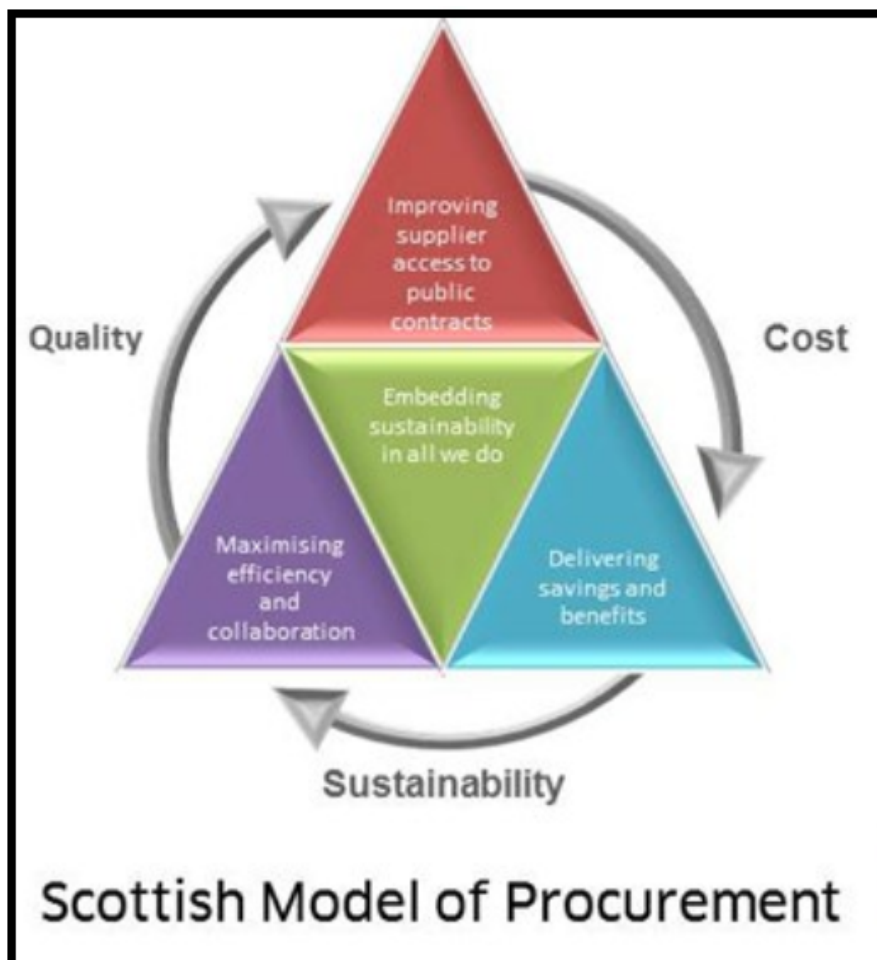
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Previous Minute Reference:

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PROCUREMENT & PAYMENT SERVICES STRATEGY & POLICY 2015 – 2017



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Foreword – Deputy Leader (Finance)

The drive for efficiency is transforming the world of public sector procurement at an incredible pace. As new legislation supporting this change is planned for early 2016, this revised strategy updates and refreshes the existing strategy and aims to ensure the delivery of best value through the way we procure goods, services and works and crucially that the overall approach supports the ambitions of this Council.

This strategy will ensure that our procurement is as easy as possible for our local businesses to deal with and wherever possible maximises the benefits to the local economy and our strategic partners. It will ensure that the overall policy and related procedures consider procurement as an asset and recognises these potential additional benefits where at all possible. The value for money triangle on the front cover of this document sums up the Scottish Model of Procurement applied here at Scottish Borders Council to make sure all our procurement considers the best balance of cost, quality and sustainability.

Sustainable and responsible procurement is essential to achieving Council priorities and so this strategy includes an objective to develop a Sustainable Procurement Charter for Contractors, Suppliers and Service Providers. This new charter will include a number of basic principles for working with the Council, such as health and safety requirements, a requirement for prompt payment within the supply chain along with other important social and environmental considerations.

This refreshed strategy and policy document therefore sets out how these benefits will be taken forward along with the objectives it aims to deliver.

Councillor John Mitchell
June 2015

Procurement & Payment Services Strategy 2015-2017

1. Introduction

1.1 With significant legislative change planned for the first quarter of 2016, this strategy is an update to the existing document (2012-2015) and will underpin activity through to March 2017. The aim is to build on and develop the achievements to date and to further optimise the potential opportunities our external spend generates.

1.2 The transposition and implementation of the revised EU Directives 2014 and the associated commencement of the Procurement Reform (Scotland) Act 2014 will require a new approach to the development of Procurement and Payment Services Policy and Strategy from 2017. Statutory guidance is due to be produced confirming these requirements and it is intended to apply the guidance once available.

1.3 The key purpose of this document is to set out how Procurement and Payment Services will support the direction of expenditure with third parties in terms of the Scottish Government Value for Money triangle of cost, quality and sustainability and to create the opportunity to add value, delivering social and economic benefit in full support of the wider corporate agenda.

2. Ambition and Vision

2.1 The key ambition of the Procurement & Payment Service is to support the delivery of the organisations strategic objectives. The diagram below details the strands of ambition and vision linked to the organisations key priorities :

Ambitious for the Borders	Corporate Plan Priorities	Community Planning Partnership Priorities	Procurement & Payment Services Strategy Aims	
Promoting Economic Development	Encouraging sustainable economic growth	Grow our economy	Harness opportunities to drive local economic growth	The addition of value to all that we do
	Investing in Children & Young People	Reduce Inequalities	Maximise the delivery of responsible procurement	
Improving Quality of Life	Building the capacity and resilience of our communities and voluntary sector	Maximise the Impact of the Low Carbon Agenda	Reduce the cost of sourcing through to settlement	
	Maintaining and improving our high quality environment			
	Developing our workforce			
	Develop our assets and resources			
	Ensure excellent, adaptable, collaborative and accessible public services			

2.2 A key objectives matrix has been developed to support delivery of these strategic themes and is provided on page 6. Reporting performance is crucial – appropriate key performance indicators are noted at page 7.

2.3 The Financial Plan for 2015/16 through to 2016/17 includes the delivery of at least £100,000 through cashable savings and we will target additional benefits to support the management of cost pressures. These savings will be achieved through accessing efficiencies available through collaborative contracts, enhanced commercial activity, a review of contract management and supplier relationship approaches. Regular updates of work towards this target will be included in the Procurement and Payment Services reporting dashboard which will be developed as one of the key deliverables noted in section 7 of this strategy document.

3. Context

3.1 During 2013/14 and across both capital and revenue expenditure, Scottish Borders Council spent around £120million with third parties on goods, services and works.

The table below provides a high level analysis (over the lifetime of the previous strategy) of the portion of this spend specifically addressed each financial year. These figures include our use of collaborative contracts available via Procurement Scotland, Scotland Excel, and local contracts awarded in the periods stated. This information is included the COSLA efficiency statement prepared annually.

Financial Year	Annualised Contract Award Value	Related Efficiencies
2012/13	£13,703,943	£2,195,424
2013/14	£16,404,723	£1,455,959

4. Scope

4.1 Since the inception of the original procurement strategy, Corporate Procurement and Payment Services have merged to create a single service that has responsibility for the entire Procurement to Payment cycle (P2P) and so this policy and strategy applies (as appropriate) to all Council external expenditure and subsequent payment mechanisms with the exception of expenditure by Council owned entities which have their own arrangements in place.

5. 2012-2015 Review

5.1 Over the last 3 years, the Council has made substantial progress throughout Procurement and Payment service activities including:

- **Supporting the local economy through spending £41.3million per annum with local suppliers**
- **A strong increase in the annual Procurement Capability Assessment – rising from 50% in 2012 to 65% in 2014**
- **123 contracts completed or in progress during the review period**
- **96% of all invoices paid within 30 days (as at March 2015)**
- **A highly commended award through the Government Opportunities Excellence in Procurement (Go Awards) for a new and ground breaking approach to Social Care procurement**
- **Featuring as a positive case study in the 2013 Federation of Small Business report “Local Procurement, Making the most of Small Business**
- **Developing a new policy “Adding Value to Communities through Procurement” to access**

additional economic, social and environmental benefits through our procurement activities

- **Good progress in responding to the complex national and regional public sector procurement reform agenda**
- **Facilitation of Procurement and Payment Services best practice across the Council**
- **The provision of training and development (to national competency levels) within the team**
- **Upholding the Council’s commitment to the Supplier Charter**
- **Supported in capacity building of local organisations through local supplier events and the opportunity of training through the supplier development programme**

We will build on these achievements, ensuring that this refresh of the Procurement and Payment Service Policy and Strategy sets the direction to do so.

6. Creating and Enabling Value

6.1 With around £120 million spent every year with external suppliers, the Council’s activities, tasks and processes operate in a category management model which is designed to:

- Categorise areas of spend to achieve Best Value – getting the best balance of quality and price for our purchases;
- Ensure compliance with complex European Union Procurement Legislation;
- Ensure that the Council acts properly and purchases in a sustainable way whilst observing its corporate social responsibilities;
- Protect public spending – ensuring taxpayers’ money is spent properly, ensuring integrity and accountability;
- Reduce bureaucracy – making the process standard, simpler, more transparent and ensuring consistency in procurement decision-making;
- Ensure the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets and Small and Medium Sized Enterprises (SMEs) and Third Sector organisations, and working collaboratively with other public sector organisations, and accessing national contracts, where required; and
- Support us in progressing towards the Scottish Governments Best Practice Indicators for procurement and payment services.

Effective Procurement and Payment Services will contribute to the wider efficiency savings targets of the Council and support the key strategies and goals and help to deliver the corporate priorities and themes including early intervention, a focus on preventative spend and rural proofing the Borders economy.

To the extent permitted by law, this strategy will be used as a lever to support delivery of wider Council objectives such as Thinking Local First, Equality and Diversity and Sustainable Procurement, through for example, the Adding Value to Communities through Procurement Policy which is an integral part of the overall approach.

This Procurement and Payment Services Strategy and Policy sets out a framework for SBC which supports the Council’s Single Outcome Agreement (SOA) and in addition reflects the complex national and regional public sector procurement reform agenda, whilst also complementing the Council’s standing orders, financial regulations and also facilitating Procurement and Payment Services Best Practice.

7. Key Deliverables

2015-17 Vision	<p>The overall ambition and vision for the Procurement & Payment Service is to develop an approach that enables:</p> <ul style="list-style-type: none"> • the addition of value to all that we do; • maximising the delivery of responsible procurement; • reducing the costs of sourcing through to settlement for both suppliers and council; and • harnessing those opportunities to drive economic growth. 			
Aim	A – Add Value	B – Responsible Procurement	C – Reduce Costs	D – Economic Benefit
Key Deliverables	<p>Review current P2P process to ensure an efficient approach and best practice to include:</p> <ul style="list-style-type: none"> • Purchase Cards • Proactis opportunities • No Purchase Order No Payment • Supplier Approval Process 	<p>Develop a Sustainable Procurement Charter for Contractors to include:</p> <ul style="list-style-type: none"> • Prompt payment through supply chain • Equalities • Statement on Living Wage • Environment • Information Security 	<p>Promote, encourage and implement P2P electronic engagement with suppliers</p>	<p>Full spend analysis will be undertaken to consider potential maximum value for local spend</p>
	<p>Develop Procurement and Payment Services dashboard to include savings and other efficiency information</p>	<p>Through an awareness raising process, ensure all key stakeholders are aware of forthcoming legislative change</p>	<p>Establish partnership working with key suppliers</p>	<p>Further develop relationships with local supplier/membership organisations</p>
	<p>Maximise opportunities to work effectively with Finance Business Partners</p>	<p>Increase our collaboration with other organisations</p>	<p>Enhance delivery planning process to work with all stakeholders to identify opportunities</p>	<p>Measure and report on the 'Adding Value to Communities through Procurement Policy'</p>
	<p>Create new Supplier Hub on Council website to improve support</p>		<p>Further develop benefit tracking mechanism</p>	<p>Support local business through closer working relationship with Economic Development</p>
	<p>Increase usage of corporate contracts</p>		<p>Undertake Contract and Supply Chain Management review</p>	
	<p>Stakeholder satisfaction survey undertaken</p>			
Implementation	<p>Each deliverable will have a nominated owner, specific action plan and associated timeline</p>			

8. Key Performance Indicators

The performance of the Procurement and Payment Service is measured through a mixture of Scottish Government Best Practice Indicators applied across the entire public sector and our own performance measures which reflect those matters most important to Scottish Borders Council. The table and explanations below cover some of the key measures and the Council's performance against them.

Measure	Current Performance 2014-15	Benchmark/ Target	Frequency
Procurement Capability Assessment Score	65%	Average PCA score (62% - 2014)	Annual
Procurement spend with contracted suppliers	78%	75%	Annual
Procurement spend with local suppliers	36%	Dependant on contracts requiring tendering in any one financial year	Annual
Percentage of contracts awarded to micro, small and medium sized enterprises (SMEs) - based on data for contracts requiring formal advertising on Public Contracts Scotland web portal	All Micro, Small and Medium Enterprises	74%	Dependant on contracts requiring tendering in any one financial year
	Scottish Micro and SMEs	66%	
	Borders based Micro and SMEs	47%	
Invoices paid within 30 days of receipt	96%	93%	Monthly
Invoices paid by electronic means	96%	95%	Monthly

Procurement Capability Assessment Score

This is a national measure applied to all local authorities in Scotland and refers to an annual Procurement Capability Assessment (CPA) carried out by Scotland Excel on behalf of the Scottish Government. The assessment covers a range of key areas (for example, procurement strategy, processes, resources, operations and performance) and measures them against a set of common criteria. Thus determining where best practice exists, where there are gaps sector wide and where improvements and efficiencies can be made. Scottish Borders' score of 65 in November 2014 is a significant increase on the previous year's score of 58. Each year following the PCA, the team produce an improvement plan which seeks to implement best practice and increase the effectiveness of the Procurement and Payment Service. The assessment is currently under review with a new approach being proposed and due for implementation 2015/16.

Procurement spend with contracted suppliers (%)

This measure indicates the level of Council spend covered by a contract. Best practice requires that this figure is as high as possible. Scottish Borders Council seek to maintain a figure of 75% or greater in order to ensure that the Council is achieving best value.

Procurement spend with local businesses (%)

This is a measure showing the percentage of expenditure with local suppliers. The Council is a member of the Supplier Development Programme which provides free advice and training to local micro and SME suppliers and alongside this, the Procurement and Payment Service is continually reviewing its processes to ensure that local suppliers are not disadvantaged when bidding for contracts. This figure will vary year to year depending on the types of services that the Council purchases and whether these requirements meet the strengths of the local supply base.

Contracts awarded to Micro and SMEs (Small and Medium Enterprises) (%)

This is a measure showing the percentage of contracts awarded to micro and SME sized suppliers, this figure is further split to show the percentage included of Scottish and locally based suppliers.

Invoices paid within 30 days (%)

This is a national measure for which there is a sector wide target of 93%. The Council has shown a marked improvement in this area and is now matching the national target.

Invoices paid by electronic means (%)

This measure identifies the proportion of invoices received by the Council which have been paid electronically as this method offers the most effective saving on time and cost.

Appendix 1 - Procurement and Payment Services Policy

In support of Best Value and recognising the requirements of the Single Outcome Agreement, the following policy is in place:

P1. Vision	
1.1	The vision for procurement is to provide a high quality, fit-for-purpose Procurement and Payment Service which will provide best value for the Council and to support the Council in the delivery of its corporate aims and objectives.
P2. Policy Principles	
2.1	Procurement principles have been established that aim to support the Council's core values and corporate objectives, contributing to the wider efficiency savings targets.
P3. Delivering Key Objectives	
3.1	Effective procurement will support the key strategies and goals of the Council and help to deliver its corporate aims and objectives. Leading by example, procurement will be used as a lever to support wider Council objectives and corporate social responsibility such as Thinking Local First, Equality and Diversity, Sustainability, Carbon Management, Community Benefits and local economic regeneration.
P4. Best Value/ Procurement Choices	
4.1	Best value is the main driver in the Council's procurement decision making process. It requires the Council to demonstrate economy, efficiency and effectiveness in all its activities and effective procurement will be a key factor in helping to reach these goals. Best Value requires the Council to think radically and re-shape, not only, the way it specifies requirements and undertakes procurement but how it purchases and delivers goods, services and works.
4.2	Decisions about procurement will consider the full range of options available, including partnerships, joint purchasing, internal and external provision. Quality of service and risk will be judged along with cost.
4.3	The strategic importance and complexity of required outcomes will mainly govern the choice of the procurement route to follow. Clearly, the procurement of low-value goods and services, purchased from a National framework agreement arranged by Procurement Scotland, Scotland Excel or other collaborative routes will bring benefits in collaborative buying power. Options appraisals for more complex activity will raise questions of whether services should be provided internally or externally. With service user consultation, where appropriate, the final decision should always be considered in light of what is likely to provide Best Value for the local community.
4.4	Procurement and Payment Services will engage with Services to develop annual procurement delivery plans, with the aim of finding the right solution and suppliers who will deliver to the required quality standards. The procurement delivery plan process will coincide with the annual financial planning cycle, on a 3 year rolling plan, and will be agreed and approved for delivery each year by the Chief Financial Officer and Department Service Directors and other relevant budget holders.
4.5	We will continue to develop the systems that support us in tracking our achievements against Scottish Governments national best practice indicators.

P5. The Local Dimension and Rural Proofing	
5.1	To support economic regeneration the need to think locally is well recognised. The Council introduced a Rural Proofing policy in 2008 to ensure that the needs of people living and working in our rural areas are fully taken into account in the development of all new and refreshed Council policies and strategies. This needs to be considered as early as possible in the project planning cycle and provide more information to citizens, service users and local businesses and Third Sector organisations about contracts that affect them. For example, what is contained in national, regional and local contracts and what levels of performance and volume demand is expected from businesses in a specific supply market. SBCs project activity and committee papers already consider rural proofing as an integral part of the internal project approval process.
5.2	SBC will publish all formal tenders on Public Contracts Scotland (PCS), and further develop the use of quick quotes facility in PCS, to ensure that all local organisations have access to Council tender opportunities and can bid for them on a level playing field. We will also publish the details of successful contractors which may allow local organisations to develop relationships and/or subcontract opportunities, in line with their own business plans. SBC will also hold specific supplier events where there are changes to the way we contract.
5.3	SBC is committed to the Supplier Charter. For reference, this is attached to this document at Appendix 2.
P6. Developing Procurement Capability	
6.1	The Scottish Government places great importance on procurement at a national level. The Procurement Capability Assessment (PCA) is an important tool, introduced by the Scottish Government, as a way of helping public sector organisations look at and improve how they carry out their procurement activities. The procurement capability of Scottish public sector organisations has been assessed through the Procurement Capability Assessment (PCA) programme since 2009, however with significant legislative changes taking place in procurement, the assessment process is being updated to reflect this.
6.2	A project - called 'Assessment Regime for 2015' - has been approved by the Procurement Reform Delivery Group (PRDG). The project team, comprising of representatives from each of the sectors, will deliver these changes and will be consulting with their respective sectors over the next eight months. It is anticipated that the new assessment regime will be implemented during 2015.
P7. Management and Control of Contracts	
7.1	Management and control of contracts is retained within each Department. Procurement and Payment Services will lead departments through an annual procurement planning process which will result in a Procurement Delivery Plan. Departments shall ensure that all contracts are adequately managed and monitored with a view to achieving successful service delivery on time, within budget, and in accordance with the specification.
7.2	Procurement and Payment Services will maintain the contracts register, identifying key suppliers and work with departments to develop a supplier relationship management process which supports the business in performance appraisal and management.
7.3	SBC will also work with Departments to improve procurement knowledge across the wider council to ensure best value decisions are always a consideration, particularly during project initiation stages.
P8. Professional Standards and Good Practice	
8.1	There is growing interest and awareness, from suppliers in other EU countries, in relation to bidding for public sector contracts in Scotland, particularly with the introduction of the Scottish Governments Single Point of Enquiry. Therefore, whilst it is recognised that flexibility is needed when considering procurement options, procurement remains subject to a range of national and EU regulations, in addition to Scottish Government Policy and recommendations, Guidance on the Procurement of Care and Support Services, as well as the Council's own standing orders and financial regulations. These documents set out thresholds and tender requirements and define the role and responsibilities of Procurement and Payment Services.

8.2	A quick reference guide of Tender Thresholds and responsibilities, which summarises the requirements of the key documents, is provided within Appendix 1 on page 14. It also provides information on minimum tender timescales. There is no maximum and the Council will endeavour, within the context of business need and timescales, to provide suppliers with enough time to prepare tender documentation. It should be noted that the summary on page 14 is no substitution for reading the governance documents in full. In addition to the governance documents there are a range of Council policies which will directly impact on the procurement process. In particular Council policies on health and safety, equal opportunities, the environment, freedom of information and data protection will form an integral part of the decision-making process depending on the requirements of the commission being tendered.
8.3	Over recent years, SBC has been able to develop core knowledge within Procurement and Payment Services through achievement of professional development and training for the whole team. SBC will work with Service Departments to share that knowledge and improve procurement practice across the wider council.
P9. Supplier Payments	
9.1	When the Council enters into a formal contract the terms and conditions are stated in the tender documents or are negotiated with the successful company. These terms of payment will generally be based on our standard terms for the payment of invoices which is 30 days from receipt of an acceptable invoice for goods or services performed. It is the Council's policy to make payment by BACS transfer.
P10. e-Procurement	
10.1	The procure-to-pay process is a critical component of the Council's ordering and payment cycle and must be developed further to ensure an efficient approach. The Council uses the Proactis e-procurement system and this has enabled, and will further enable, the Council to improve the cost-effectiveness of the purchase to pay process for the procurement of goods, services and works, especially low-value items where the cost of the transaction can often outweigh the value of the product. Payment Services use Proactis to improve compliance of on-line ordering and for the application of approval mechanisms for all areas of spend. We will achieve this through the development of delivery plans, embedding e-Procurement into our standard tender documentation and through the development and implementation of a robust Supplier Approval process.
P11. Collaborative Purchasing	
11.1	<p>The Council will use its procurement power where practical in order to obtain economies of scale and secure value for money. This will take several different formats:</p> <ul style="list-style-type: none"> • Ensuring a level playing field for local businesses; • Joining National Contracts tendered by the Scottish Procurement and Commercial Directorate at Scottish Government, where these offer best value; • Maximising best value in continued Scotland Excel membership, joining national contracts tendered by them; • Use of opportunities where the procurement of similar products and services across the Council departments can be aggregated to obtain economies of scale; • Aggregation of spend on goods and services with, and the offer of procurement expertise and advice to, other councils and public sector bodies where this will help to deliver improved value for money, for example, NHS Borders, Borders College and other Local Authorities; • Strengthening relationships with other Local Authorities.
P12. Corporate Social Responsibility (CSR) in Procurement	
12.1	The Procurement delivery planning process will fully consider how Corporate Social Responsibility consequences, for example equalities, ethical procurement including Fair Trade, non-discrimination, governance, prompt payment, supporting local SMEs and sustainable procurement, can be developed and achieved within 3 rd party contracts with suppliers. Tender documentation will fully consider how CSR can be embedded and evaluated within 3 rd party contracts with suppliers, where it is applicable.

P13. Small and Medium Size Enterprises (SMEs)*	
13.1	<p>The Council's procurement activities can have a positive impact on local economic regeneration. It is important that the Council has a process for ensuring that local organisations, including the Third Sector, are made aware of how to tender for Council contracts and what quality and cost considerations the Council must observe in the delivery of its services. In this way local organisations should be able to compete, and be judged on merit, along with all other tenderers. While there are some legislative constraints that prevent the Council from preferring only local suppliers we will ensure that our tender evaluation processes reflect the local dimension as far as possible. In order to meet these objectives, the Council will engage with a Supplier Development Programme (SDP). The SDP is a partnership venture between the Economic Development departments of most Local Authorities and comprises various media communications and events to support development of capacity within organisations to allow them to compete for Council business. The Council will also deliver local events to continue to raise awareness or where we are tendering for contracts that local organisations may be interested in bidding for.</p> <p>*It should be noted that for the purposes of this strategy the general, and widely recognised, term “SME” is being used to describe smaller suppliers. However, SBC acknowledges that many suppliers local to the Borders are micro businesses (organisations with fewer than 10 employees).</p>
P14. Sustainable Procurement	
14.1	<p>Sustainable Procurement or ‘Procuring the Future’ can be defined as a process whereby organisations meet their needs for goods, services, works in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment. Leading by example, within our community, the Council may have a direct impact in reducing its carbon footprint and this approach includes tendering locally to reduce the carbon impact of transport mileage on our environment. This can only have a positive effect on the Councils reputation in implementing good practice. This approach supports the DEFRA Government Buying Standards.</p> <p>This focus should ensure that SBC’s approach to sustainable procurement will achieve:</p> <ul style="list-style-type: none"> • lasting value for money; • the avoidance and/or reduction in environmental damage; • delivery of social and economic benefits locally; • lower emissions and air pollution levels from more sustainable transportation usage; • less waste going to landfill.
14.2	<p>Focusing public spending on sustainable goods, services and works is also an important catalyst for local job creation, sustainable innovation and market development. In committing to sustainable procurement SBC recognises that implementing this approach may increase costs.</p>
P15. Carbon Management	
15.1	<p>The Council recognises that climate change may have far reaching effects on the economy, the community and the environment. With the introduction of the Climate Change (Scotland) Act 2009, the Council’s Carbon Management Board has a key role and commitment to ensuring that the Councils carbon footprint is the smallest possible, minimising SBCs impact on the environment. The procurement delivery planning process will consider how carbon management can be developed and achieved within 3rd party contracts with suppliers and, through sustainable procurement, tender documentation will fully consider how the carbon management can be embedded and evaluated within 3rd party contracts with suppliers, where it is applicable. For example, require suppliers to include details in their tender regarding transport distances and fuel emissions in order that the council can seek to minimise the number of delivery miles associated with its contracts.</p>

P16. Adding Value to Communities through Procurement Policy	
16.1	Community Benefits are a means of developing clauses that may provide opportunities to bring a social and local economy dimension to tender activity. The Council, through its core activity already provides community benefits. The new Adding Value to Communities through Procurement Policy deals specifically with those aspects of Community benefits, in line with the Scottish Government definition, that can be derived from the contracts that SBC enters into with 3 rd party suppliers for goods, services and works, where clauses can be included in tenders for project objectives directly linked to a social and local economic dimension.
16.2	The procurement delivery planning process will raise awareness across the Council of community benefits and fully consider how community benefit clauses can be developed and achieved within 3 rd party contracts with suppliers.
P17. Equality	
17.1	In recognition of “Scottish Borders Councils Single Equality Scheme 2011-2015” procurement will, within the extent permitted by the European Union procurement legislation, embed equality into 3 rd party contracts with suppliers where equality has a direct bearing on the goods, services and works being tendered. Accordingly, this may include a requirement to seek evidence to support the suppliers’ own Corporate Social Responsibility strategies to be included in those firms’ Expressions of Interest and Tenders.
P18. Fair Trade	
18.1	Fair Trade is a partnership between consumers in the West and producers in developing countries. Its aim is to ensure producers are paid a fair price for their output. Procurement and Payment Services will, within the extent permitted by the European Union procurement legislation, embed Fair Trade into 3 rd party contracts with suppliers where it has a direct bearing on the goods, services and works being tendered. Accordingly, this may include a requirement to seek evidence to support the suppliers’ own Fair Trade strategies to be included in those firms’ Expressions of Interest and Tenders.

P19 Scottish Borders Council Thresholds			
Estimated Value	Tender Route	Advertising Requirements	Minimum Timescales
*Any type of purchase transaction for any value where personal data is involved (or might be involved) must be brought to the attention of the Corporate Procurement Service before seeking contact with any possible external provider.			
GOODS & SERVICES			
0 to £5,000	Officers will proceed in a manner they consider most efficient to their service and the Council.	1 - 2 weeks	
£5,000 to £20,000	Minimum of 3 Hard Copy Quotes or via PCS Quick Quotes	As above	Recommend Minimum 2 weeks
£20,000 to £35,000	3 Quotes via PCS* Quick Quotes	PCS	Recommend minimum 2 weeks
£35,000 to £172,514	Formal Tender Process	PCS	3 - 8 weeks
£172,514 and above	Formal Tender Process	PCS & OJEU**	6 - 12 weeks
WORKS			
0 to £5,000	Officers will proceed in a manner they consider most efficient to their service and the Council.	1 - 2 weeks	
£5,000 to £250,000	Minimum of 3 Hard Copy Quotes or via PCS Quick Quotes	Direct to contractors or PCS Quick Quote	2 – 8 weeks
£250,000 to £500,000	5 Quotes via PCS* Quick Quotes (one of which must be out with the Borders Area).	PCS	2 – 8 weeks
£500,000 to £4,322,012	Formal Tender Process	PCS	2 – 4 months
£4.322,012 and above	Formal Tender Process	PCS & OJEU**	4 – 6 months

1. These values are based on EU thresholds applicable from 1st January 2014. Next review due 1st January 2016.

2. Unless you are confident of the market and prices, if the value of activity is near to the maximum in any value range, or you expect that bids may be in excess of the maximum, it is recommended that you use the next process up.

3. Depending on the complexity of the work and any evaluation requirements you may wish to contact Procurement to discuss approach.

4. Timescales may increase or decrease depending on the complexity of the scope. These may be longer if not considered at the planning stage of project.

5. PCS – Public Contracts Scotland / OJEU – Official Journal of the European Union.

P20 Suppliers' Charter

Joint statement between Public Sector Procurement and Businesses to facilitate access to public sector procurement opportunities.

Both public sector procurement and business accept that effective procurement practices are an important factor in ensuring a varied and competitive marketplace and creating opportunities for Small and Medium Enterprises (SMEs), as well as ensuring Best Value/ Value for Money for the public sector. We recognise the need, where practical, to simplify and standardise processes and to ensure consistency in order to provide a fair and open approach to tendering. With these aims in mind:

Public Sector procurement organisations will:

- Consult with the business community to identify and reduce barriers to business;
- Facilitate understanding of public sector procurement policy and legislation by relevant stakeholders;
- Ensure that the approach to individual contracts, including large contracts and framework agreements, is supported by a sound business case;
- Keep the tender process as simple as possible, but consistent with achieving Best Value/value for money, to help minimise costs to suppliers;
- Unless there are compelling business reasons to the contrary ensure that adequate and appropriate publicity is given to contract opportunities that fall below the OJEU threshold limits or are otherwise exempt from the public procurement directives. (Compelling reasons may, for example, include the factor that the proposed firm is by recent experience (within 3 months) the best value for money supplier and would be likely to remain so in another competition);
- Commit to using the core questionnaire for routine procurements with addition of bespoke additions on a case by case basis. Authorities will be expected to follow this format and, as closely as possible, wording for routine open procedure procurements;
- Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process;
- Publish guidance for the business community on tendering for opportunities;
- Support training for procurement staff to develop consistency in the use of best practice procurement activity.

Businesses and their representative organisations will:

- Provide feedback from suppliers and their respective associations, on tender processes and perceived barriers to business. Representative organisations will act as a guide to their members in cases of complaint and help them to distinguish the appropriate course of action;
- Recognise duties under EU and UK law surrounding public procurement activity;
- Encourage members of business organisations to adhere to this Charter;
- Support public sector websites as a means of accessing contract opportunities;
- Make effective use of their skills and resources in bidding for and providing public sector goods and services;
- Support the use of the core questionnaire in the tendering process and the scope for debriefing;
- Encourage understanding of the principles of good business practice by appropriate means (e.g. dissemination of information and awareness raising seminars);
- Work with your customers to deliver value for money throughout the life of the contract.