

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB COMMITTEE		Subject: PROCURING CHANGE – PROCUREMENT CAPABILITY ASSESSMENT 2011
From: HEAD OF REVENUE SERVICES		
Date: 18 January 2012	Ref: AC/BC	

1. Purpose of the Report

- 1.1 To inform the Committee of the outcome of the 2011 Procurement Capability Assessment (PCA) for the Council, results for the local government sector and the approach to be adopted to secure further improvement in procurement performance.

2. Background

- 2.1 Scotland Excel carry out an annual Procurement Capability Assessment for each Scottish local authority and produce a report on the results achieved. Each Council may then use the results as the basis for improving procurement capability across the organisation, determining the priorities for the coming year and allocating resources to deliver these. The assessment covers procurement activity across the Council and not just the activity of the Corporate Procurement Team.
- 2.2 The PCA is a maturity model that assesses an organisations procurement performance, results are summarised as;
- developing (0-24%)
 - conformance (25-49%)
 - improved performance (50-74%) and
 - superior performance (75-100%)

The upper reaches of the scale indicate leading practice in the public and private sectors and requires considerable commitment and work to achieve. The PCA measures an organisations procurement capability across the following eight headings;

1. Procurement leadership and governance
2. Procurement strategy and objectives
3. Specification of goods and services
4. Sourcing strategies and collaborative procurement
5. Contract and supplier management
6. Purchasing processes and systems
7. People
8. Performance measurement

3 Corporate Considerations

- 3.1 The PCA is now in its third year for local authorities. The Council completed the 2011 PCA on the 21st October 2011 and the Chief Executive was notified of the assessment outcome and the opportunities for further improvement on the 21st December 2011. The Council's results show a further improvement from an initial score of 32% (at the lower end of the conformance scale) in 2009, 42%, (in the 2nd quartile of the conformance scale) in 2010, to a score of 47% (at the upper end of the conformance scale) in the 2011 assessment. The 2011 score positions the Council in the top quartile being 6th out of the 32 Scottish local authorities.
- 3.2 The results highlight that the Council has achieved an improved score in 4 out of the 8 sections measured and maintained its score in the other 4 sections. The Council is assessed as achieving Conformance status in 3 of the sections measured and attaining improved performance in the other 5 sections. Results for 2011 and 2010 are included in Appendix 1.
- 3.3 In terms of the results achieved across the local government sector, five councils have now achieved improved performance status, two Councils failed to reach conformance status and no Council has yet achieved Superior performance status.
- 3.4 The average score achieved across the sector was 40%, an average improvement of 8% points when compared with the 2010 results. In relative terms the Council is performing above the average for the local government sector, but there remains room for further improvement.
- 3.5 Committee will be aware that as part of the Council's Service and People First change management programme, the Transformation Programme Board has requested that a review of the Council's approach to procurement and procurement processes be undertaken. This review is intended to examine all current third party spend and all aspects of procurement delivery across the Council and report on any options identified which may contribute to an improved procurement operating model that incorporates improved efficiencies and effectiveness. The review is now complete and agreement is close to being reached on the acceptance and prioritisation of the opportunities for further improvement identified.
- 3.6 The Scottish Government has determined that it has an expectation that all local authorities should be attaining a minimum score of 50% (improved performance) by the 2012 assessment. A review meeting is scheduled in February with Scotland Excel to identify areas of opportunity for improvement (eg, Contract/Supplies Management, Defining the Supply Need, Commodity and Project Strategies) and what actions can be taken to develop these. This in conjunction with the outcomes from the procurement review will form the basis of improvement planning aimed at securing a further improvement in procurement performance (equivalent to 3% points) and attainment of the Government target of improved performance.
- 3.7 The Corporate Procurement Working Group will be responsible for the delivery of the improvement plan with progress reports provided to the Corporate Management team.

4 Recommendations

4.1 The Committee is asked to note:

- i) the outcome of the 2011 PCA.

A handwritten signature in black ink, appearing to be 'B. Cook', written in a cursive style.

Head of Revenue Services

Members wishing further information please contact Mr. Brian Cook, Head of Revenue Services, Tel: - 01698 - 40 3929.

APPENDIX 1

