

NORTH LANARKSHIRE COUNCIL

REPORT

To: CORPORATE SERVICES COMMITTEE		Subject: PROCURING CHANGE – PROCUREMENT CAPABILITY ASSESSMENT 2014
From: HEAD OF CORPORATE PROPERTY & PROCUREMENT		
Date: 27 March 2015	Ref: GP/LJ	

1. Purpose of the Report

1.1 The purpose of this report is to inform Committee of the outcome of the 2014 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 carries out an annual PCA for each Scottish local authority and produces a report on the results achieved. Each local authority 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 PCA 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 organisation’s procurement performance. Results are summarised as:

- o developing (0-24%)
- o conformance (25-49%)
- o improved performance (50-74%) and
- o superior performance (75-100%)

The upper reaches of the scale indicate leading practice in the public and private sectors and require considerable commitment and work to achieve. The PCA measures an organisation’s 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

Unlike the previous year, there was no substantive change to the 2014 PCA scoring methodology allowing an almost direct comparison of the 2014 outcome with the 2013 scores.

3. Corporate Considerations

3.1 The PCA is now in its sixth year for local authorities. The Council completed the 2014 PCA on the 30 September 2014 and achieved a score of 56%. Table 1 below records all of the Councils previous PCA scores.

TABLE 1

2009	2010	2011	2012	2013	2014
32%	42%	47%	50%	56%	56%
Conformance	Conformance	Conformance	Improved Performance	Improved Performance	Improved Performance

- 3.2 The PCA results summarised in Table 2 below, by each of the assessment factors, highlights that the Council has maintained its score in all eight sections and maintained its overall 'Improved performance' status.

TABLE 2

	2013	2014	Yr on Yr	Status
Procurement leadership and governance	67%	67%	no change	Improved performance
Strategy and objectives	73%	73%	no change	Improved performance
Defining the supply need	44%	44%	no change	Conformance
Project strategies and collaboration	64%	64%	no change	Improved performance
Contract and supplier management	38%	38%	no change	Conformance
Process and systems	47%	47%	no change	Conformance
People	67%	67%	no change	Improved performance
Performance measurement	50%	50%	no change	Improved performance
Overall Score	56%	56%	No change	Improved performance

- 3.3 In terms of the results achieved across the local government sector, four Councils have now achieved "Superior Performance" status, twenty-five councils have now achieved "Improved Performance" status and only three Councils now remain with "Conformance Status".
- 3.4 The average score achieved in the 2014 round of assessments across the local government sector was 62%, an average improvement of 6% points when compared with the 2013 results.
- 3.5 Although the Council has maintained its score, in relative terms the Council is now performing 6% points below the average for the local government sector, and there remains room for further improvement.
- 3.6 In 2015, the PCA assessment will be changing to reflect and help organisations meet the requirements of;
- the Procurement Reform (Scotland) Act;
 - changes in EU Procurement Legislation; and
 - the recommendations set out in the "Review of Scottish Public sector Procurement in Construction" report.
- 3.7 It is anticipated that the new PCA assessment regime will be finalised in Spring 2015 and implemented in time for the 2015 round of assessments. The substantive change to the

2015 PCA scoring methodology will not allow a direct comparison of the 2015 outcome with previous years results.

- 3.8 Committee will recall that the Policy and Resources Committee at the meeting of 12 February 2015 approved a report submitted by the Head of Corporate Property and Procurement which set out a range of measures, including a change to the Councils operating model for procurement and the recruitment of additional procurement resource, with the clear intention to improve procurement capacity and capability across the Council. Implementation of the measures set out in that report will result in a significant improvement in the Councils future PCA scores.
- 3.9 The PCA outcome will help inform the content of the 2015/16 procurement improvement plan.

4. Recommendations

It is recommended that committee:

- i) note the outcome of the 2014 PCA.



Head of Corporate Property & Procurement

Members seeking further information on the contents of this report are asked to contact Graham Proudfoot on Tel, 01698 403957.