

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref

Date 18/09/19

Procurement Strategy 2019 - 2020

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Executive Summary

This document updates the council's current procurement strategy (the 'Strategy') which was published in September 2017. The Council is now required to review the Strategy annually and make changes to it where appropriate, this update is the outcome of that first review. The Strategy sets out how the council plans to carry out its procurements for this financial year, 1 April 2019 to 31 March 2020.

The broad principles and policies described in the September 2017 Strategy remain relevant and are expected to do so for the foreseeable future, and so, with some minor adjustments that provide additional focus on some of those policies that the council aims to support through procurement, it is proposed to extend the period covered by the Strategy until at least March 2020.

Recommendations

It is recommended that the Committee note the content of this report and approve the Strategy.

The Plan for North Lanarkshire

Priority All priorities

Ambition statement All ambition statements

1. Background

- 1.1 The council spends around £400m externally each year on supplies, services and works, representing over 40% of the Councils net expenditure.
- 1.2 The vast majority of the services that the council provides to our communities is underpinned to a large extent by supplies, services and works facilitated by public procurement. Some of these procurements becoming increasingly more challenging

as we explore new and innovative solutions for projects supporting delivery of the Plan for North Lanarkshire, such as the Enterprise Contract, Digital NL, and the new build housing programme.

- 1.3 The Strategy reflects the council's priorities and incorporates the legislative requirements of the Procurement Reform (Scotland) Act 2014, the EU Procurement Directives, associated statutory guidance and best practice.
- 1.4 In accordance with the legislation, the council published its first strategy in September 2017, this update is the outcome of the first review of the Strategy, it sets out how the council plans to carry out procurements for this financial year, 1 April 2019 to 31 March 2020.

2. Report

- 2.1 Good procurement acts as a vehicle to deliver a wide range of benefits to support the local economy and to deliver improvements for the people and communities of North Lanarkshire.
- 2.2 These benefits range from helping the council to achieve its budgeted savings targets to the less tangible but equally important non-financial benefits that can be delivered from council contracts. These include benefits to the local economy through contracts with local businesses and the third sector, community benefits such as employment and training opportunities, environmental benefits and use of procurement to promote sustainability and fair work practices.
- 2.3 Legislation governs how Scottish public bodies buy their goods, services or works. The legislation requires the council to publish a procurement strategy, or to review an existing one, to set out how the council plans to carry out regulated procurements for a set period. The Scottish public bodies that are required to maintain a procurement strategy are also required to prepare and publish an annual procurement report. Regulated procurements are contracts of values of £50,000 and above for goods and services and of £2 million and above for works.
- 2.4 The Strategy must include statements about how the council's procurements contribute to the following themes:
 - the delivery of value for money; and
 - how our procurements will be carried out in accordance with our general duties which include the sustainable procurement duty (see section 4 for a description of the sustainable procurement duty).

These statements are in Part 7 of the Strategy.

- 2.5 The Strategy must also include statements about the council's general policy on:
 - community benefit requirements;
 - consulting and engaging with those affected by council procurements;
 - the payment of the 'real' Living Wage to people involved in the delivery of council contracts;
 - how the council will promote compliance by contractors and subcontractors with the Health and Safety at Work etc. Act 1974;

- the procurement of fairly and ethically traded goods and services;
 - how council procurements, involving the provision of food, will improve the health, wellbeing and education of communities and promote the highest standards of animal welfare; and
 - paying valid invoices to contractors and subcontractors in 30 days or less.
- 2.6 The review of the Strategy confirmed that the broad principles and policies described in the September 2017 Strategy remain relevant and are expected to do so until at least March 2020. It is therefore proposed, that with some minor adjustments that provide additional focus on some of those policies that the council aims to support through procurement, the period covered by the Strategy is extended until March 2020.
- 2.7 The general policy statements in Part 8 of the Strategy have been updated to reflect current and emerging best practice.
- 2.8 Although it is proposed that the period covered by the Strategy be extended, the Strategy will be reviewed at least once a year and if changes to it are needed, Committee will be asked to consider any such changes.
- 2.9 Legislation requires that the Strategy is published on the Internet, publication of the Strategy also supports the council's commitment to transparency within its procurement activity.
- 2.10 Procurement performance will continue to be monitored against a suite of performance indicators, procurement performance will be reported in the annual procurement report.
- 2.11 The Strategy is provided as an Appendix to this report.

3. Equality and Diversity

- 3.1 Fairer Scotland Duty – N/A
- 3.2 Equality Impact Assessment - N/A

4. Implications

4.1 Financial Impact

Maximising the delivery of procurement benefits will bring improved financial return to the council and the areas wider economy. Certain benefits have a monetary value attached and these will be monitored on a project by project basis. Financial savings attributable to procurement activity will contribute to the council achieving budgeted savings targets.

4.2 HR/Policy/Legislative Impact

Contracts awarded by the council must be compliant with procurement legislation, statutory guidance and the council's internal procurement procedural rules. (General Contract Standing Orders).

Procurement legislation is now driving a number of benefits that can be realised through good procurement practice. These include legislative requirements in relation to;

- procurement strategies and annual reports;
- advertising contract opportunities;
- a Sustainable Procurement Duty;
- community benefits;
- fair work practices;
- notification of the outcome of contract award procedures; and
- consultation with those affected by council procurements.

4.3 Environmental Impact

Sustainable procurement is one of the key objectives of the Strategy and will have a positive impact, including, embedding sustainable procurement as business as usual and incorporating community benefits into our contracts. Supporting local businesses and SMEs through closer working with colleagues in Regeneration Services and by making our processes more streamlined and accessible.

4.4 Risk Impact

Adopting the Strategy and continuing to develop and deliver a procurement improvement plan, incorporating the recommendations arising from the PCIP assessment, will improve controls, increase compliance, improve governance, build capacity and capability, introduce a commercial focus and will deliver better outcomes from council procurement activity.

5. Measures of success

- 5.1 Contracts support the delivery of Council priorities.
 - 5.2 Contracts awarded by the Council are compliant with the council's internal procurement procedural rules and procurement legislation.
 - 5.3 Procurement savings contribute to the Council achieving budgeted savings targets.
 - 5.4 Procurement delivers a range of benefits, these include benefits to the local economy through contracts with local businesses and the third sector, community benefits such as employment and training opportunities, environmental benefits and use of procurement to promote sustainability and fair work practices.
 - 5.5 Best Value is both demonstrable and achieved.
 - 5.6 Procurement performance is monitored and reported against a suite of performance indicators.
 - 5.7 An improvement in the PCIP assessment score indicating improved procurement and commercial capabilities and standards.
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6. Supporting documents

6.1 Procurement Strategy 2019 -2020.

A handwritten signature in black ink that reads "James McKinstry". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

**James McKinstry
Head of Asset and Procurement Solutions**

North Lanarkshire Council

Procurement Strategy

April 2019 to March 2020

PROCUREMENT STRATEGY

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- our policy on ensuring our regulated procurements are carried out in a transparent and proportionate manner;
- our policy on how we intend to ensure our regulated procurements ensuring our procurements are carried out in compliance with the sustainable procurement duty;
- our policy on applying community benefit requirements in our contracts;
- our policy on consulting and involving those affected by our procurements;
- our policy on paying the Living Wage to people involved in delivering our contracts;
- our policy on making sure our providers and sub providers keep to the Health and Safety at Work Act 1974;
- our policy on procuring fairly and ethically traded supplies and services;

- our policy on using contracts involving food to improve the health, wellbeing and education of communities in Scotland and promote the highest standards of animal welfare; and
- our policy on paying invoices in 30 days or less to our providers and sub-providers.

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1 Introduction

- 1.1 This document **updates the council's current procurement strategy** which was published in **September 2017** and covers the period **April 2019 to March 2020**.
- 1.2 The **councils and partners priorities** are set out in the "**We aspire - A Shared Ambition for North Lanarkshire**" programme, the **Plan for North Lanarkshire** and the **supporting Programme of Work**, collectively these **support and underpin** the intentions of "**We aspire**" the **shared ambition for inclusive growth and prosperity for the people and communities of North Lanarkshire**.
- 1.3 We will design our **Commissioning and Procurement** approach to **contribute to these priorities** as far as is practical, in a way that achieves **value for money, secures economic, social and environmental benefits** and makes **contracts accessible** to businesses (especially **SMEs**), the **Third Sector** and **Supported Businesses**.
- 1.4 We are seeking to **maximise outcomes** and **Best Value** from the Supplies, Works and Services that we buy. We will **focus our resources** on areas which are most likely to lead to **benefits** such as **financial savings, jobs, training** and **reduced carbon emissions** and **waste**, while **encouraging innovation**.
- 1.5 Our strategy is **centred on a Category Management** and a more **commercially focused** approach, with **clear accountabilities, openness and transparency**.
- 1.6 The strategy seeks to **build on progress to date**, capture and **build upon expertise** and examples of **best practice** which are available within the **council, locally and nationally**; from the **public, private and third sectors**.
- 1.7 We will **continue to review this strategy at least once every year**, make **changes to it if these are needed**, and **publish any new versions online**, and we will **publish in an annual report our performance in delivering it**.

2 Background

- 2.1 The council is a **unitary authority**, the **fourth largest in Scotland**, and is **responsible** for the **delivery** of a **wide and diverse range of statutory and discretionary public services**.
- 2.2 We **deliver** our services through a **mixed economy** acting as both a **provider**, through **direct provision** of services using our **own workforce** and **assets**, and an **enabler** with **services delivered** through **private Providers**, the **Third Sector** and **Supported Businesses**.
- 2.3 We **spend around £400 million externally each year**, across both **revenue and capital** investment projects.
- 2.4 The council procures a **wide and diverse range** of **Supplies, Works and Services** using a **variety of contracts**, from **simple purchase orders** to long-term **complex**

partnership agreements. Some contracts are with a single Provider, others are frameworks with multiple Providers.

2.5 In local government, **Procurement** is **governed** by a **legislative framework** which includes;

- European treaties and directives;
- Regulations; and
- Case law

The legislation is **encapsulated** in our **internal rules** for **Procurement** and **supporting documents** and **toolkits**.

2.6 Because we have a **significant level of external spend**, national **legislation** **requires us** to **prepare and publish** a **procurement strategy**, **regularly review the strategy** and **prepare and publish** an **annual procurement report**.

3 Strategic aims and objectives

The overarching purpose of this strategy is:

- 3.1 to **provide** an **efficient** and **effective procurement service** that delivers **Best Value** from Procurement activity and **where possible cashable** financial **savings**;
- 3.2 to **provide quality advice** and **contracts** which **deliver quality products** and **services** that help us **provide excellent public services**; and
- 3.3 to procure the **Supplies, Works and Services** that we need in a **lawful** and **ethical manner** which encourages **participation** and supports **sustainable economic growth** for **our communities** and **Scotland** as a nation.

4 Our ambition

4.1 At the **heart of the strategy** sits our **ambition** to deliver the **best Commissioning** and **Procurement** in the country, where:

- we achieve Best Value for the communities and people we serve;
- we support the wider ambitions of the council and its partners;
- we **keep to our general and sustainable procurement duties**;
- we support the delivery of quality outcomes for service users;

- we have sufficient procurement capacity and capability to support the successful delivery of this strategy, and
- we are recognised nationally as a centre of procurement excellence.

5 Our strategy

- 5.1 Our Procurement activity will be discharged in accordance with the applicable **procurement legislation**, the councils **internal rules on procurement** and where appropriate following any **best practice guidance** issued by the Scottish Government.
- 5.2 We will **take advantage** of aspects of the **Procurement legislation** that provide procurement with **greater flexibility and scope** to deliver **Best Value** from **Procurement** activity.
- 5.3 Our approach to how we buy Supplies, Services and Works incorporates our priorities and the **Scottish Model of Procurement**. This 'risk and opportunity' based approach allows us to **focus our resources** on areas which are most likely to **lead to benefits** such as **financial savings, job creation, training and reduced carbon emissions** and **waste**, while encouraging **innovation**.
- 5.4 We will adopt a **Category Management approach**, where related Purchasing is **grouped together** to take **advantage of better intelligence** of our Buying needs and of what **Providers have to offer**, and to support bulk Buying where appropriate, in order to **improve quality, savings and efficiency**.
- 5.5 All categories will work to **common principles and rules** but outputs will be **tailored to meet the needs** of the **specific category**, reflecting the **service area, stakeholder needs** and the **market place**, to ensure **quality outcomes and Best Value are achieved**.
- 5.6 We will investigate a **Whole Lifecycle approach**, which starts from assessing needs and analysing options, through preparation and Procurement, to mobilisation, Contract Management and contract exit, to **ensure quality outcomes and Best Value are achieved**.
- 5.7 We will demonstrate clear **ownership and accountability** within our Procurement activities, with **structured governance and assurance**, to ensure clear, timely and auditable decision making.
- 5.8 We will **build on expertise** within **service areas** and provide appropriate **central support and challenge**, ensuring **lessons are learned** and shared, in order to ensure **continuous improvement** in our Procurement activities.
- 5.9 We will be **open and transparent**, with a visible and accessible **contracts register** and **forward Procurement Plans**, robust **management information** and **clear tender processes and documentation**, to ensure a **positive and professional relationship** between us and our **procurement partners** and **confidence in our approach** from the **people we serve**.
- 5.10 Where appropriate we will **consult and engage** with **stakeholders** throughout the **Procurement lifecycle**, to ensure our procurements properly **reflect need and opportunity** and **take account** of the **wider context**, including the **council's plans** and **strategies, locality working** and **collaboration** with others.

- 5.11 We will invest in our Procurement **organisational structure** and develop the Procurement **skills and capacity** of our people, to ensure we deliver an efficient and effective service.
- 5.12 We will maximise the **use of technology** to **underpin and simplify** our core **processes** for both **staff and providers**.
- 5.13 We will create and share **information** to allow effective **performance management** and **decision making**.

6 Who we will work with.

- 6.1 Our refreshed approach to Procurement highlights the importance of engagement with **elected members, staff, service users and providers** throughout the Procurement lifecycle.
- 6.2 Categories will be managed and Procurements delivered through a **team approach, combining the skills and capacities** of directorate **commissioners** and **service managers**, with **appropriate inputs** from the corporate **procurement team, legal, commercial, business and project management** staff, alongside **other specialists** as appropriate.
- 6.3 The balance of **inputs** will be **flexible** to reflect different service areas needs at different times and will be **proportionate** to the **value, risk and complexity** of the **specific category** or **Procurement**.
- 6.4 We will maintain and continue to develop relationships with Commissioning and Procurement colleagues from **other public bodies** at a **local, regional and national level**, particularly to identify opportunities for **collaborative procurement** and **lessons learned** from elsewhere. This will include elements of **joint Commissioning** and **shared approaches** where this **improves outcomes** and offers **Best Value**.
- 6.5 We will continue to develop relationships with organisations representing **the private sector and the Third Sector**, particularly to identify and resolve any continuing barriers to effective partnership working.
- 6.6 We will continue to **support** and **proactively participate** in the **Supplier Development Programme** which provides **free expert advice, training and support to local businesses** interested in working with the public sector to help **win work** and **grow their business**.

7 What we will achieve, the actions we need to take and how we will measure success.

- 7.1.1 In delivering our ambition we will seek to realise a wide **range of benefits** and will undertake a range of activities to deliver these. We will seek **improved outcomes**, improved **value for money** and **savings**, improved **governance and assurance**, improved **engagement and transparency** and improved support for the council's **wider ambitions**.
- 7.1.2 In order to allow us to have a **clear understanding** of the council's **Procurement activity** and **performance**, we will develop and maintain a **suite of performance measures** and **management** reports. This will help us to **measure** and **evaluate** if the **actions** set out in **this strategy** have **made a difference** and to **benchmark** our performance against others. Our **performance** against the suite of **performance measures** will be included in our **annual procurement report** this will be **publically available** from our website.

7.2 How our procurement activity contributes to value for money

- 7.2.1 We will secure Best Value by **planning ahead** and understanding the required **outcomes, the risks and benefits and the budget, 'market place' and cost drivers** of our categories and Procurements.
- 7.2.2 We will consider **value for money** throughout the Procurement lifecycle and will support resource allocation which is **proportionate to the value, risk and complexity of the relevant issue or task**.
- 7.2.3 We recognise that Best Value is **rarely achieved** by simply **accepting** the **lowest priced bid**, which is why we will award the **vast majority of contracts** on the **basis** of the tender representing the **best price quality ratio** taking into account **sustainability and quality criteria**. Contracts will only be awarded on the basis of **price only** where the contract is **low value** and/or in **exceptional circumstances**.
- 7.2.4 Through our **budget processes** we will set targets for **cashable savings**.
- 7.2.5 We will put robust **Contract Management** arrangements in place and work with our Providers to keep **existing contracts** under **review**, identifying opportunities for **cashable savings** and **other efficiencies** and to ensure appropriate **performance management** of our contracts.
- 7.2.6 We will also **seek non-cashable savings**, or opportunities for **cost avoidance**, where we avoid or **minimise a price increase**, or where we **receive more** from a contract **without an increase in cost**. These savings are **not usually 'cashable'** from a budget perspective, nevertheless they do **improve value for money** and are **important** in supporting the council's overall **budget strategy** and **priority plans**.
- 7.2.7 We will ensure that '**off-contract spend**', where due to a variety of factors we place orders **outside agreed contracts**, is kept within an acceptable level. Similarly, we will also ensure that our '**non-contract spend**', where due to a variety of factors we place orders where there is no formally tendered contract in place is also kept within an acceptable level.

7.3 Fulfilling our general and sustainable procurement duties

- 7.3.1 We aim to fully keep our **legal obligations** and to treat all Providers **fairly, equally and without discrimination**. To help achieve this only staff with **appropriate training** and **experience** will oversee Procurements.
- 7.3.2 We are committed to making our **Procurements open** and **accessible to businesses of all sizes** and from all **sectors**, especially SMEs, the Third Sector and Supported Businesses. We **advertise** our **contract opportunities** on **Public Contracts Scotland portal** and in the **Official Journal of the European Union** where required. We also **publish** our **contract register** on the Public Contracts Scotland portal.
- 7.3.3 We will **design**, whenever we can, each **Procurement** in a way that encourages **participation** from **SMEs, the Third Sector** and **Supported Businesses** and encourages **innovation** adopting this approach will help **develop** our **local communities social, environmental and economic wellbeing**.
- 7.3.4 For each **Significant Procurement** we will develop an **individual sourcing strategy**. Where appropriate, **consideration** is given in the sourcing strategy to **early market engagement, dividing procurements in to lots, reserving contracts** for **Supported Businesses**, securing **savings, Community Benefits, Fair Work practices**, include **energy efficient** and **environmentally friendly** specifications.
- 7.3.5 We will continue to work with **representatives** from the **Third Sector** and **private sector**, including SMEs to identify **further options** for **improvement** and will work with regional and national colleagues to **streamline pre-qualification** and **procurement processes** and **documentation**.

7.4 Delivering quality outcomes

- 7.4.1 We will secure **positive outcomes** from the **Supplies, Works and Services** that we **procure** by clearly **identifying** those **outcomes** and **including** appropriate **provisions** in **improved procurement, contract and Contract Management documents and processes**.
- 7.4.2 We will undertake **appropriate** contract and procurement **risk management** and **assurance** throughout the procurement lifecycle, to ensure that desired **outcomes** are **achieved**, to **reduce** the **probability** and **impact of challenge** and to ensure that we are **not exposed** to **unexpected costs** or other **unintended consequences** from Procurement.
- 7.4.3 We will **communicate, consult and engage** as appropriate throughout the Procurement lifecycle with all key **stakeholders** relevant to the category or Procurement, including **end users, Providers** and our **staff**.
- 7.4.4 We will consider **equality and diversity** as an **integral element** of each of our categories and Procurements, in line with our **general policy on equality and diversity**.

7.5 Wider ambitions

- 7.5.1 Our Procurement activities will support the **council's priorities and values**, ensure that **public money is spent wisely** but also **working as a team** for North Lanarkshire, being **open, honest and trusted, working with communities** and **treating people fairly**.
- 7.5.2 We will **improve** the **consistency and transparency** of our requirements for 'added value' from our procurement activity, by supporting **clear consideration** of the **council's wider ambitions** when undertaking Procurements and including appropriate **provisions** in improved **tender, contract and Contract Management** documents. Supporting **economic, social and environmental wellbeing** includes, for example, requirements on **employment and skills** opportunities and other aspects of **Social Value**.
- 7.5.3 This procurement strategy is **aligned with** and **supports** other **council policies and procedures** particularly with respect to **governance, risk management, community engagement, financial procedures** and our approach to **project management**.

7.6 Procurement capacity and capability

- 7.6.1 To deliver this strategy and a **best in class** procurement service, requires an appropriately **resourced procurement structure** and **skilled and experienced staff**.
- 7.6.2 **Each internal service area is accountable for the procurements that they need to deliver the Services and secure the outcomes that they are responsible for**, including in **some cases joint procurement with partners** such as the **health service** and **increasingly for areas of common interest, procurement on behalf of other service areas**. The **service area owns the preparation of the specification and the evaluation criteria and takes all decisions in relation to the Procurement including the proportion of the budget to be allocated to the contract, the decision to commence a Procurement and the recommendation as to which organisation to award the contract to**. The **service area is then accountable for mobilising, Contract Management and exiting the contract**.
- 7.6.3 The **Corporate Procurement Team will continue to develop as a centre of excellence and is accountable for providing a central source of expertise, advice and support, providing checks and challenge as appropriate**. At a more detailed level, **the Corporate Procurement Team will work with colleagues in service areas through the use of category teams, to ensure consistency of approach and advice and to ensure that procurement staff have appropriate knowledge and experience in respect of the relevant category of spend**. Each **category team will include specialist staff with high levels of expertise who can provide support to service areas in developing strategic approaches and in delivering the more complex or sensitive procurements**, in addition to staff who can **support a few of the more straightforward procurements**. The **category teams will have access to specialist in-house commercial expertise** (legal, financial and technical).
- 7.6.4 The Corporate Procurement Team will act as a **central source of management information** for the Council with respect to the council's procurement activity and for

reporting **performance**. It will be responsible for maintaining the council's **electronic tender system, electronic ordering system** and for publishing a **register of contracts awarded** and forward Procurement Plans.

- 7.6.5 The Corporate Procurement Team will continue to develop and maintain the council's **internal rules on procurement** together with **best practice documents** and **toolkits**. It will **facilitate** cross-council **discussions** relating to Procurement, particularly **lessons learned, best practice** and **innovations** and will facilitate access to appropriate **training**
- 7.6.6 We will **support** the **training and development of our staff** to maintain and **raise standards** across the profession. This will include **informal coaching and training** and where appropriate more **formal training** and **professional qualification** through the **Chartered Institute of Purchasing and Supply** (the professional body for procurement).
- 7.6.7 We will **participate in** the national **Procurement People of Today and Leaders of Tomorrow** programme which aims to **improve procurement and commercial skills** by working across the Scottish public sector to support a **joined up approach** to **developing** procurement professionals and existing and future **talent** through identified **career paths**.
- 7.6.8 We will make use of the national **procurement competency framework** which will help key members of staff to **identify opportunities** for **continuous professional development**.
- 7.6.9 Our Procurement and Commissioning staff will also continue **to share issues, lessons, best practice and innovations**.
- 7.6.10 We will proactively take **part in** the national **Procurement and Commercial Improvement Programme (PCIP)**. This will help us to **measure and report** on our level of procurement performance. We will **use the outcome** from the **PCIP assessment** to help develop an **action plan** to **drive continuous improvement** in our procurement capacity and capability.

7.7 Recognised nationally

- 7.7.1 A **strong national reputation** can **help the council** and its **partners** to **build confidence amongst potential Providers, Providers and the communities that we serve**. This **strategy** and **supporting documents, procedures** and **toolkits** seeks to **capture best practice** and once fully implemented should see **the council** at the **forefront in public procurement** in Scotland.
- 7.7.2 In light of **continued constraints** in **public funding** a range of **commercial responses** are emerging to look at where **contractual risks** and the **cost of those risks**, is best held, this includes **alternative models of delivery** and **new forms of contracts** and **funding** based on **payment by results**. Our procurement strategy will continue to keep these areas **under review** and will **provide advice** and **guidance** on these matters.
- 7.7.3 The strategy is **outward looking** and **uses information and intelligence** to shape **the approach** to each **category** and to **individual procurements**.

8. General policies

8.1 The **£400 million** that we spend **Buying Supplies, Services and Works** each year is a **significant sum**. It is **right** that **people expect this money to be spent in a way** which delivers the **maximum possible benefit** for **our communities** and **Scottish society as a whole**.

8.2 **Our aim** is to **make sure** that **this happens**, while also carrying out **procurement that is legal, transparent and fair** and that we design our procurement policies with that aim in mind.

8.3 In this section, we set out our **general policies** on a number of **key areas**, together with a statement on how we will **monitor** these over the **life** of this **strategy**.

8.1 Our policy on ensuring our regulated procurements are carried out in a transparent and proportionate manner.

8.1.1 We are **committed to acting** and **undertaking** our **procurements in a transparent and proportionate manner**, accordingly we;

- where appropriate, **engage** in early **market engagement prior to the publication of a contract notice** on PCS portal;
- carry out our **procurements transparently** in **compliance with legislation and statutory guidance**, for example;
 - **publishing contract notices and contract award notices on PCS and the OJEU**, providing **clear documentation and specifications**, setting out **minimum requirements, evaluation criteria and methodologies**; and
 - **provide tenderers** with a **written debrief** on their tender submissions.
- **use electronic communication** for the majority of our procurement activity; and
- place the **minimum possible qualification requirements** on potential Providers **to be able to bid** for our contracts.

8.1.2 Our **annual report** on this strategy will include a **statement about the effectiveness of our approach**.

8.2 Our policy on how we intend to ensure our regulated procurements ensuring our procurements are carried out in compliance with the sustainable procurement duty.

8.2.1 In line with the **legislative framework for sustainable public procurement in Scotland**;

- we have **incorporated sustainable procurement objectives** within this strategy (section 7.3);
- we have **updated our internal procurement rules, documents and toolkits** to reflect the **new legislation**; and
- **we will embed the use of sustainability tools** within our procurement processes (e.g. the sustainability test, the prioritisation tool and the flexible framework).

8.2.2 Our **annual report** on this strategy will include **a statement about the effectiveness of our approach.**

8.3 Our policy on applying community benefit requirements in our contracts.

8.3.1 We believe that **our contracts** can help realise a **wide range of social, economic and environmental benefits**, including better employment opportunities. **Community benefits delivered by our contracts** have been shown to contribute to **local and national outcomes relating to employability, skills development and local regeneration.**

8.3.2 If there is an **opportunity to benefit the community**, we will include appropriate **requirements in our contracts** in accordance with **relevant legislation, statutory guidance and best practice.**

8.3.3 If a contract **includes a commitment** relating to community benefits, the terms of the **contract will record what the Provider has to deliver. Overseeing delivery** will be made **part of our Contract Management** arrangements and we will **keep a record of the benefits delivered.**

8.3.4 We will collect information about **delivered benefits** and we will **report** on this in our **annual report.**

8.4 Our policy on consulting and involving those affected by our procurements.

8.4.1 We recognise that it is **important to consult and engage** with those **affected by our procurements** and where relevant and proportionate **allow the views** of those affected **to be taken into account.**

8.4.2 **We continue to engage** with our **stakeholders** in a number of ways, including our **Comments, Compliments and Complaints procedure**, surveys and **public consultations.**

8.4.3 Where appropriate, **we work with users, potential Providers and others** to help us **design procurements** and determine **the route each procurement will take.** This **may vary** from 'light touch' **market research** to 'engagement days' for Providers, or the **design and piloting of services.**

8.4.4 We will record any complaints about failure to consult, and our report on our performance will look at these. The report will include information about any conclusions we reach and any measures taken in response to complaints.

8.5 Our policy on paying the Living Wage to people involved in delivering our contracts.

8.5.1 We **strongly believe that fair work practices and paying the Living Wage** can have a **positive effect on people's lives** and can help to create a **fairer and more equal society**.

8.5.2 **Our policy** on paying the **Living Wage** to those who deliver **our public contracts** is influenced by **our belief that those organisations which adopt fair work practices**, including the **Living Wage** (for example those which have a diverse workforce and whose staff are well rewarded, well-motivated, well led and who have appropriate opportunities for training and skills development), **are likely to deliver a higher quality of service**. A **positive approach to fair work practices** can have a **positive effect on the quality of the services, supplies and work delivered on our contracts**. We also believe that if an **employer pays the Living Wage** they are more **likely to be committed to fair work practices**.

8.5.3 As a result, the **default position** in our procurements is to **assess and score** (where appropriate) the extent to which potential **Providers commit to engaging in fair work practices** in delivering contracts , and seeking non-assessed information on the potential **Providers commitment to paying the Living Wage**.

8.5.4 We are **an accredited Living Wage employer**, this is a clear commitment to **pay at least the Living Wage** for **all staff we directly employ** and for those who **work on our contracts** by actively **encouraging employers to pay the Living Wage** as part of a package of fair work practice in all relevant contracts.

8.5.5 If a **commitment has been made** in a tender to pay the **Living Wage** this will **form part of the contract**, and we will **monitor it** through our **Contract Management arrangements**.

8.5.6 Our **annual report** on this strategy will include a statement about the **effectiveness of our approach**.

8.6 Our policy on making sure our Providers and sub Providers keep to the Health and Safety at Work Act 1974.

8.6.1 **We are committed to ensuring that** nothing purchased by us **is at the expense of the health and safety** of those who are involved in delivering our contracts whether directly or as part of the supply chain.

8.6.2 It is **important that those bidding for our contracts** are able to **demonstrate that they are responsible Providers who keep to their legal duties**, including duties relating to **health and safety**.

- 8.6.3 It is a standard condition of our contracts that the Provider must keep to all laws that apply, the requirements of regulatory organisations, and good industry practice. This includes any relevant health and safety law. Health and safety criterion forms part of the evaluation for all relevant contracts
- 8.6.4 Whenever Providers' staff are on our premises, under the terms of our standard contracts they must keep to our own health and safety requirements.
- 8.6.5 We will **revise our standard Contract Management arrangements to make sure** that we include **information about health and safety incidents** relating to delivering our contracts and any **measures we take to put things right**.

8.7 Our policy on procuring fairly and ethically traded supplies and services.

- 8.7.1 We will take a **robust approach** in our **procurement processes** and **work with our partners to tackle criminal activity**, including **human trafficking and exploitation, modern slavery, corruption and fraud** and to **promote positive employment practices**.
- 8.7.2 Our standard procurement procedures for contracts involve assessing a potential Providers suitability to be awarded the contract. This process includes considering whether the potential Provider has been convicted of certain offences or committed any acts of professional misconduct while running their business.
- 8.7.3 Our standard terms and conditions of contract allow us to end a contract if the Provider or sub Provider fails to keep to their legal duties in the areas of environmental, social or employment law when carrying out that contract.
- 8.7.4 We are supporting our communities to make North Lanarkshire a Fair Trade Zone, we aim to achieve this by April 2020. This a clear commitment to consider the relevant and proportionate application of fair and ethical principles in our procurement activities.
- 8.7.5 If **fairly traded supplies and services are available** to meet our requirements, we will consider **how best to promote them**.
- 8.7.6 We will keep a **central record** of the value of **fairly traded products** bought from **contracts** under our direct control. Our annual report on this strategy will include a statement about the effectiveness of our selection procedures.

8.8 Our policy on using contracts involving food to improve the health, wellbeing and education of communities in Scotland and promote the highest standards of animal welfare.

- 8.8.1 We **recognise food and drink** as a **key industry sector** where **major sustainability wins** can be achieved. The procurement of **food and catering**

services is a **high ranking** area because there are **major social, economic and environmental impacts**. It can have **benefits** on **community health, wellbeing and social justice** through access to **good nutrition** including **fresh and seasonal produce**.

- 8.8.2 Our **approach to our contracts involving food**, which are under our direct control, **is to make sure** that it keeps to all relevant **Government policies on healthy eating and nutrition, promoting fresh and seasonal and local produce, and on fairly traded produce**. These standards take account of a range of factors, including production, traceability, authenticity, origin, ethical trading, animal welfare, environmental standards, and health and waste.
- 8.8.3 We are **working to increase** the **range and volume** of **Scottish products** that we source **through initiatives** such as the **Red Tractor assurance scheme** and through engagement with the **Food for Life programme** we aim to **increase** the amount of **locally sourced and produced food for our schools**.
- 8.8.3 **Keeping to our policy commitment** is part of our Contract Management arrangements for all food contracts.

8.9 Our policy on paying invoices in 30 days or less to our Providers and sub-Providers.

- 8.9.1 We are **committed to ensuring** that our **Providers and sub Providers are paid on time** and in accordance with late payment legislation.
- 8.9.2 It is a standard term of **our contracts** that we will **pay valid invoices within 30 days** and, **any subcontract** must contain a clause which **says that sub Providers are also paid within 30 days**, and that this clause should **apply through the supply chain**.
- 8.9.3 Through our **Contract Management arrangements** we **will monitor** the extent to which **invoices are paid within 30 days** and take action if appropriate. Our annual report on this strategy will include a statement about the effectiveness of our policy.

9 Procedures and tools

- 9.1 Our **internal procurement rules apply** to **all contracts made by or on behalf of the Council** for the **execution of Works**, the **supply of Supplies** and the **provision of Services**.
- 9.2 Our internal **procurement rules** are **subject to** the overriding **provisions** of the **European Union (EU), United Kingdom (UK) and Scottish legislation**. They are also **subject to** any **EU Commission, UK Government and Scottish Government guidance on public procurement** that may be **issued** from time to time.

- 9.3 We have **embedded various tools** within our **procurement process**, the **key tools** are;
- our internal procurement rules;
 - procurement toolkit (the council's version of the Scottish Government procurement journey);
 - procurement journey;
 - Scottish Government sustainable tools;
 - contract management tools;
 - e-Procurement tools; and
 - electronic survey tools.

10 Implementation

- 10.1 **Transition** to the practices set out in this strategy is **substantially complete**, the few remaining actions will be **completed** in the **next 12 months**. This will ensure that **the anticipated improvements** in planning and delivery are **embedded** in day-to-day **working practices**, and ensure that we have the **capacity and capability** to **deliver excellent Procurement** and be **best in class**.
- 10.2 There will be **continued engagement** with key stakeholders and access to appropriate accredited **training for relevant staff**.
- 10.3 Independent **audit** and **assurance** will be sought to **challenge and test** on a sample basis both the system as a whole and compliance with it, in order to **identify (and correct)** any remaining **weaknesses**.
- 10.4 **Legislation requires** us to **prepare a procurement report each year**. We will prepare our annual report as soon as reasonably practicable after **31 March of each year** and aim to **publish the report online no later than September of each year**.

11 Strategy ownership

The **owner** of this **strategy on behalf** of **North Lanarkshire Council** is **Mr James McKinstry** our **Head of Asset and Procurement Solutions**.

- 11.1 The strategy covers the **period September 2019 to 31 March 2020** and will be **reviewed at least once a year**. We will **publish** any **new versions on our website**.

12 How to do business with North Lanarkshire

- 12.1 We are **pleased to hear** from **new and existing providers** who are **interested in tendering** for our **business**. Any **company interested** in conducting **business with the council** must be **registered** with **PCS**, and be in a **position** to **submit** their **tender responses** by electronic means via PCS.

12.2 If you would like to **read more** about our **procurement activity**, please **visit** our **web-site**

<http://www.northlanarkshire.gov.uk/>

13 Glossary

Best Value – overall value, including price and quality considerations and including economic, environmental and social value; the council's duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Buying – placing orders under relevant contracts, use of purchasing cards and purchase-to-pay systems, receipting, making payments and associated transactions. This is also sometimes called Purchasing.

Category Plan – strategic planning of the category, at a category or sub-category level, including review of the current position, constraints and opportunities, desired outcomes, options and actions.

Category Management – best practice approach to managing and organising procurement spend and resources; a structured framework of activities designed to deliver better procurement outcomes through a holistic approach which focuses on the interrelated needs of buyers and providers; managing buying activity by grouping together related supplies, works and services across the council and mapping them onto the provider market, to improve quality, savings and efficiency across the council as a whole.

Commissioning – the entire cycle of assessing the needs of people in a local area, designing and putting into place supplies, works and services to meet those needs, and monitoring and evaluating the outcomes. In a commissioning approach, the council seeks to secure the best outcomes for local communities by making use of all available resources, whether the resources are provided in-house, externally or through various forms of partnership. This activity continues throughout the whole lifecycle.

Contract Management – the tasks and activities which seek to ensure we receive what we have contracted to receive, at the price we contracted to receive it, taking account of agreed change and continuous improvement. Activity is focused from prior to the contract starting though to contract expiry and de-commissioning. It includes provider relationship management and also ensures that we meet our obligations under the contract.

PCS – means the national public procurement portal, Public Contract Scotland portal, on which contract opportunities with the Scottish public sector are advertised.

Procurement – the tasks and decisions which secure an external provider to provide what we want, at a price that we can afford. Activity is focused on the period from prior to advertising a tender to signing the contract. It includes both competitive tenders and circumstances where we negotiate with a single provider.

Procurement Plan – practical planning of the procurement, or group of similar procurements, including approach, resourcing and timetable.

Provider – any organisation that provides supplies, works or services to the council or on behalf of the council.

Purchasing – placing orders under relevant contracts, use of purchase-to-pay cards and systems, receipting, making payment, and associated transactions.

Services – services that we buy include specialist support for vulnerable children and adults, and also repairs and maintenance services, financial advice, designs and surveys for new building works.

Significant Procurement – a Procurement over a certain financial value (£50,000 for Supplies and Services, (£500,000 for Works contracts),

SME or Small and Medium Enterprises – firms that employ 9 or fewer staff (micro), and firms that employ 50 or fewer staff (small), and firms that employ 250 or fewer staff (medium).

Social Value – the additional economic, social and environmental benefits that a contract achieves.

Supplies – things that we buy, such as pens and paper, or plants and seeds, or fruit and vegetables.

Supported Business – an establishment where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market.

Third Sector – the group name for a range of organisations including community groups, charities, voluntary organisations, faith groups, social enterprises, community interest companies. Third sector organisations may be registered charities and may be registered companies. They include small, local groups and large multinational operations, and everything in between.

Whole Lifecycle – the whole cycle of assessing needs, analysing options, preparation, procurement, mobilisation, Contract Management and exit.

Works – construction works that we buy, including construction of new buildings, or extensions, and also creation and improvements to roads and bridges and open spaces.