

Procurement Annual Report 2013/2014

Annual Procurement Report

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1. Introduction

Public Sector Procurement is a legislative process. SDS recognises the strategic importance of procurement and have established a Central Procurement Team. To further enhance our capability, legal expertise was improved through the addition of two in-house lawyers.

Significant improvements have been made and SDS has recently introduced the:

- SDS Responsible and Sustainable Procurement Policy
- SDS Responsible and Sustainable Procurement Strategy

SDS requires to strive to contribute to the realisation of: economic, environmental and community benefits through undertaking a sustainable based procurement approach.

SDS will strive to ensure: openness, fairness, transparency and audibility in the procurements we conduct. Procurement competitions are always conducted in a proportionate manner. The use of Public Contracts Scotland is embedded across SDS.

We are delighted to publish our first Annual Procurement Report 2013/2014.

The generic Purchasing Cycle demonstrates generic processes and procedures which serve as a basis for generic procurement activity this is not wholly applicable to Public Sector Procurement due to EU Directives.



2. Procurement Capability Assessment

The Procurement Capability Assessment (PCA) aims to assess procurement capability across the Scottish public sector to identify:

- Best practice which can then be shared;
- Gaps in procurement capability to enable relevant tools and processes to be developed to drive performance improvement across the Scottish public sector.

This will allow organisations to take responsibility for developing their own procurement action plans for improvement.

Contracting authorities are scored as Non-conformant, Conformant, Improved Performance, or Superior Performance, as defined by the Review of Public Procurement in Scotland by John McClelland in 2006.

The PCA will assist contracting authorities to deliver the Scottish Public Sector Strategy of Transforming Procurement: Accelerating Delivery and “The Seven Cs” that underpin the strategy, by assessing and encouraging contracting authorities to improve their capability in the following seven areas:

- Procurement Leadership and Governance
- Procurement Strategy and Objectives
- Specification of Goods and Services
- Sourcing Strategies and Collaborative Procurement
- Contract and Supplier Management
- Key Purchasing Processes and Systems
- People
- Performance Measurement

The Seven C's include:

- Capability
- Competitiveness
- Capturing Savings and Benefits
- Coverage
- Collaboration
- Corporate Social Responsibility
- Communication

In the independent PCA, SDS has substantially improved our ranking/result:

52% in 2010

75% in 2011

94% in 2012

SDS continued to improve Procurement Capability through the independent PCA. SDS are ranked as Superior Performance

3. Cluster Group

SDS lead a Procurement Cluster Group – this is not a shared service, but a grouping to facilitate knowledge transfer and to promote best practice. The group meet once every quarter.

The membership of the cluster comprises of: Accountant in Bankruptcy, Creative Scotland, David MacBrayne, Education Scotland, Sport Scotland, Loch Lomond and Trossachs National Park.

SDS hosted a best practice day on 30 October 2013. There were a number of speakers: Inez Manson of Burness and Paul provided an overview of how to run a successful procurement. Richard Bean from RBS provided an overview on the Contract Management Benchmarking (CMB) group .

Following the presentation on the CMB SDS completed the online questionnaire to benchmark our performance on contract management.

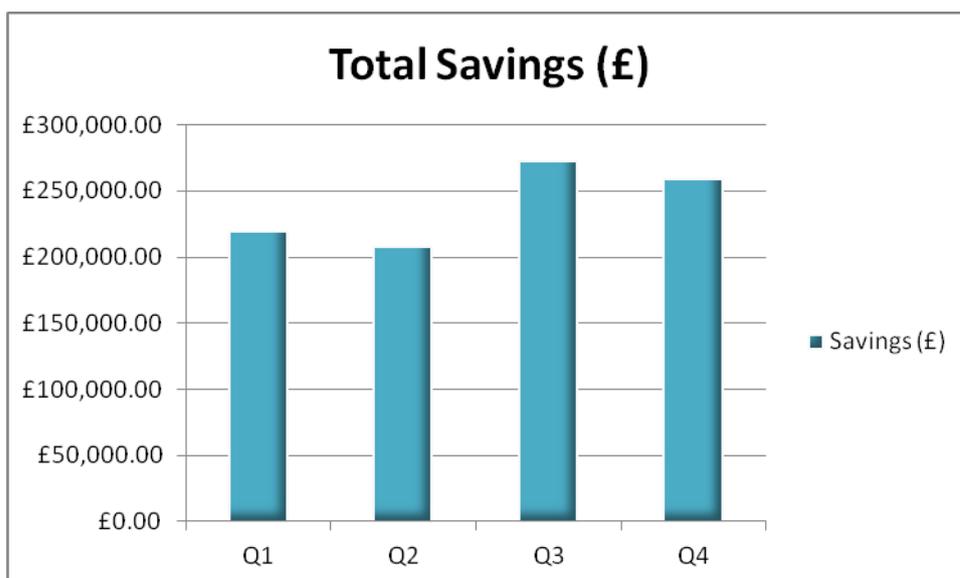
4. Procurement Indicators

The SDS Procurement Dashboard has been developed to report on Key Performance Indicators across SDS. A number of tables are presented to show the data collected. There are also bar graphs and charts to compare data on a quarterly and yearly basis.

(1) Contractual coverage has significantly increased between Financial Year 2012-2013 (a total of 14 contracts) and Financial Year 2013-2014 (a total of 74 contracts). The significant increase is due to all procurements over £5,000 being conducted by the Central Procurement Team. There has also been an increase in activity which has driven a greater number of procurement competitions to be undertaken.



(2) Value For Money (VFM) is the key principle for all procurements conducted at SDS. A total **saving** of £960,287.64 has been achieved during Financial Year 2013/2014 (1 April 2013 to 31 March 2014).



(3) Best Practice Indicators (BPIs) have been submitted to the Scottish Procurement Information Hub along with 2013/14 spend data. This will be continue to be uploaded on an annual basis.

5. Synopsis of 2013/2014 Highlights

(1) Evaluation Guidance

Best practice Evaluation Guidance has now been put in place. With training delivered to internal stakeholders for major procurements. The Central Procurement Team has been working closely with colleagues from IS on the procurement of ICT Services for SDS, Scottish Enterprise and Highland and Islands Enterprise. The tender evaluation stage is critical and to ensure evaluations are conducted in a consistent manner, they organised an evaluation training session on Wednesday 5 March 2014.

Tony Bayliss, Head of Enterprise IS said: *“The key message of the day was that each score made by an evaluator has to be justifiable and capable of sustaining potential public scrutiny. The implications of not getting this right will see potential challenge by suppliers - potentially delaying outcomes and putting project timelines under pressure. Everyone left the session with confidence and knew what had to be done and how to do it”.*

(2) Summarised Contracts Register

In line with the Public Procurement Reform Bill, we published our summarised Contracts Register on our Corporate website on 19 May 2014. It will be refreshed on a quarterly basis. Link as follows:

www.skillsdevelopmentscotland.co.uk/about-us/policies/procurement

(3) Responsible and Sustainable Procurement

The Procurement & Legal team have published the SDS Responsible and Sustainable Procurement Policy (RaSPP):

http://www.skillsdevelopmentscotland.co.uk/media/999425/rasp_policy_final.pdf

and Strategy:

http://www.skillsdevelopmentscotland.co.uk/media/1149645/responsible_and_sustainable_procurement_strategy_2014.pdf

which determines how we buy products and services in a socially responsible manner.

The aim of the policy is to make sure that we are buying goods and services in a way that achieves value for money while also benefitting communities, the economy and minimising our impact on the environment.

(4) Third Sector

A Third Sector business is a non-governmental and non-profit-making organisations or association, including: charities, voluntary and community groups, cooperatives etc.

SDS supports the “Developing Market Sector for the Third Sector Provider’s Programme”. Community Benefits in this context are contractual requirements which deliver a wider social benefit. There are various categories of Community Benefits Clauses:

- Targeted Recruitment and Training
- Environmental
- Community Engagement

www.readyforbusiness.org

Suppliers are sign-posted to the Our Skills Force website from the Scottish Government sustainable procurement web page.

SDS attend the Community Benefits and Procurement Champions meetings to gain more knowledge and information on best practice sustainable procurement activity.

(5) Supported Businesses

A national collaborative framework agreement for Supported Factories and Businesses has been established to provide products and services to the Scottish public sector.

The framework is reserved for Supported Factories and Businesses as defined in regulation 7 of the Public Contracts (Scotland) Regulations 2012 (Article 19 of Directive 2004/18/EC). A supported factory/business is “an establishment where more than 50 per cent 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”.

To ensure we are procuring goods and services in a responsible and sustainable manner, we have placed a number of contracts with Supported Businesses:

- Redrock Document Solutions for digitisation of HR, Payroll and Customer Services records. We worked successfully with Redrock to solve the problem of digitising a large number of HR documents. This will be extended across other business areas.
- Signage via The Sign Factory. We have placed our first order with The Sign Factory in Falkirk as a sub-contractor through Mitie, who provide our facility management services.

(6) Legal Services Framework

SDS Procurement awarded a 4 year multi-supplier Legal Services framework on 26 September 2013. There are 4 firms on the framework; Anderson Strathern, Burness Paull, DWF Biggart Baillie and Shepherd & Wedderburn.

The SDS framework was a collaborative effort with VisitScotland. The very competitive rates on offer represent a 6% saving from our previous legal services rates, along with a range of free added value services such as training, seminars and webinars.

(7) New Network Print Contract

SDS Procurement awarded a new Contract for Print Services on 14 October 2013 to Capital Document Solutions Ltd. This is a collaborative contract with SE and provides for the management and delivery of print equipment, software and support & maintenance services.

Phase 1 consists of the roll-out of 178 new print devices across the SDS & SE estate was completed during early December 2013. Phase 2 includes the deployment of follow-me print software to the devices and will be completed during Q3 2014. This new contract will achieve cost savings of circa £1.2m over the 5 year contract term.

(8) Employment Recruitment Incentive

SDS Procurement awarded a new Contract on 6 November 2013 for Employer Recruitment Incentive (ERI) - Targeted Young People (TYP). This Programme targets young people aged 16-24 years old facing significant challenges which impact on their transition into work and encourages employers to give these young people a positive start in the world of work.

The ERI TYP programme supports three groups of young people:

- Care Leavers
- Young Carers
- Disabled

The contract was awarded to 6 suppliers in the main third sector organisations:

- Action for Children
- Barnardo's
- Cornerstone
- Enable Scotland (Open Doors Partnership incl RNIB, SAMH, Lennox Partnership, Action on Hearing Loss and Capability Scotland)
- The Workers Educational Association (WEA)
- Carer's Trust

(1) Modern Apprenticeship in Procurement and Supply

SDS launched the Modern Apprenticeship in Procurement and Supply Chain on 18 June 2014. See link: <http://www.ourskillsforce.co.uk/modern-apprenticeships/types-of-modern-apprenticeships/?letter=p> and <http://www.myworldofwork.co.uk/types-of-apprenticeships-results-letter/p>

SDS as an organisation have been innovative and at the forefront of best practice procurement. During Financial Year 2013 / 14 we have worked with partners to deliver a ground breaking initiative which will not only build on the excellent work we do to support young people but will contribute to the Scottish Government's youth employment agenda.

The Procurement People of Tomorrow initiative is a joint venture between SDS and the Scottish Government and aims to:

- Nurture existing talent within the procurement community to help create our leaders of tomorrow; *and*
- Inspire and enable young people from all backgrounds to choose a career in procurement

The City of Glasgow College is a key delivery partner and its schools programme supported by the Chartered Institute of Purchasing and Supply underpins the initiative. So far, over 100 school children have taken part in the initiative with 28 pupils achieving basic purchasing accreditation (the Schools Certificate in Procurement). This will be further extended to an HNC/HND in supply chain management with the Modern Apprenticeship in Procurement and Supply Chain Framework (SVQ 3) having been approved and launched.

Three important benefits of the Modern Apprenticeship in Procurement and Supply Chain (SVQ 3) are:

- It allows educational progression, from a Level 3 Scottish Vocational Qualification to a degree equivalent qualification in Procurement and Supply
- A pathway to progress through the Chartered Institute of Purchasing and Supply – from Level 2 onwards; an internationally recognised qualification
- A wide variety of jobs are available, upon qualification, such as: Buyer, Procurement Manager, e-procurement specialist, commodity category manager

(2) Graduate Internship in Procurement and Supply

SDS recruited their first Intern Graduate in the Procurement department in July 2013 for a 12 month fixed-term contract in order to provide public sector procurement experience. The Intern was funded to undertake the Diploma (Level 4) in the Chartered Institute of Purchasing and Supply professional qualification while at SDS.

The case study can be found here: <http://www.skillsdevelopmentscotland.co.uk/news-and-events/mypyb-case-studies/emma-drysdale-procurement-executive/>

7. Internal Learning and Development

(1) Legal Training has been provided to the team by the Lawyers in the Procurement team and by external suppliers who are on our Legal Framework. Sessions have included:

- Grant v Procurement guidance
- Contract Formation and Battle of the Forms advice
- Terms and Conditions guidance

Additional sessions will include:

- Essentials/ Boiler Plates
- Approach to Risk/Liability and Price
- Top 5 Supplier priorities
- Service Level Schedules
- Procurement Reform Bill and new EU Regulations
- DPA Privacy Impact Assessments
- TUPE

(2) SDS Procurement Cycle guidance documents and learning materials have been collated and will be published on our on-line training for all staff "*The Academy*". A master spreadsheet is available for quick access to documents within links for each stage of the cycle. It covers:

- Defining the business needs and benefits
- Project/Business Case sign-off
- Conduct competition/ Tender
- Evaluation/ Selection of suppliers
- Contract Award
- Supplier and Contract Management

8. Awards

- SDS are a member of the Procurement People of Tomorrow Programme who were awarded Best Contribution to the Reputation of the Procurement Profession in the CIPS' Supply Management Awards 2013. Procurement People of Tomorrow is led by the Scottish Government.
- SDS was nominated for two awards at the GO Awards Scotland 2013:
 - **GO Procurement Innovation or Initiative of the Year Award – non Health organisations** - WINNER – Procurement People of Tomorrow Team (City of Glasgow College, Scottish Procurement and Skills Development Scotland)
 - **GO Team of the Year Award – Other Organisations** - HIGHLY COMMENDED



- SDS Chair, John McClelland, met members of the Procurement Team to congratulate them on their successes this year. The Central Procurement Team were awarded with the Commendation for Excellence award.



