

Commercial and Procurement Strategy

December 2016 to March 2020



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Key Strategies and Policies

Local and National Context

1 Foreword

The launch of the Council's new Commercial & Procurement Strategy is a good opportunity to look back at the progress made by the Commercial Excellence programme established in 2013 and look ahead to the challenging times which we face. These challenges include demographic changes, increasing service user expectations, environmental and social challenges and the need to deliver further significant savings.

Partnership working is key to successfully meeting these challenges – by service areas working closer together, through better engagement with communities, providers and strategic partners.

This strategy sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Building capacity and skills within the Council to improve commissioning and procurement activity
- Increasing the level of collaboration internally and externally
- Engaging proactively with providers to ensure maximum value and innovation
- Focusing commissioning and procurement activity on delivering improvements for the people and communities in the City of Edinburgh
- Working cooperatively to support the local economy
- Promoting sustainability and fair working practices through procurement

By delivering on these areas, the Council will be in the best possible position to provide a fit-for-purpose procurement service to the benefit of all stakeholders.



Councillor Alasdair Rankin
Convener of Finance and Resources



Hugh Dunn
Executive Director of Resources(acting)

2 Vision

To maximise the benefits of procurement and make a positive impact on customers and service users, supporting the Council's strategic aims. To work collaboratively and with fairness and integrity in all aspects of commercial activity.

The City of Edinburgh Council and Edinburgh Partnership Vision

The delivery of the Commercial and Procurement Strategy will enable delivery of the community planning vision, to ensure that Edinburgh is a thriving, sustainable capital city in which all forms of deprivation and inequality are reduced.

The City Vision 2050

The delivery of the Corporate Procurement Strategy will align with the City Vision 2050 which will be agreed in July 2017.

3 Context

Local Strategic Objectives

The City of Edinburgh Council's Business Plan 2016-2020 outlines four strategic priorities:

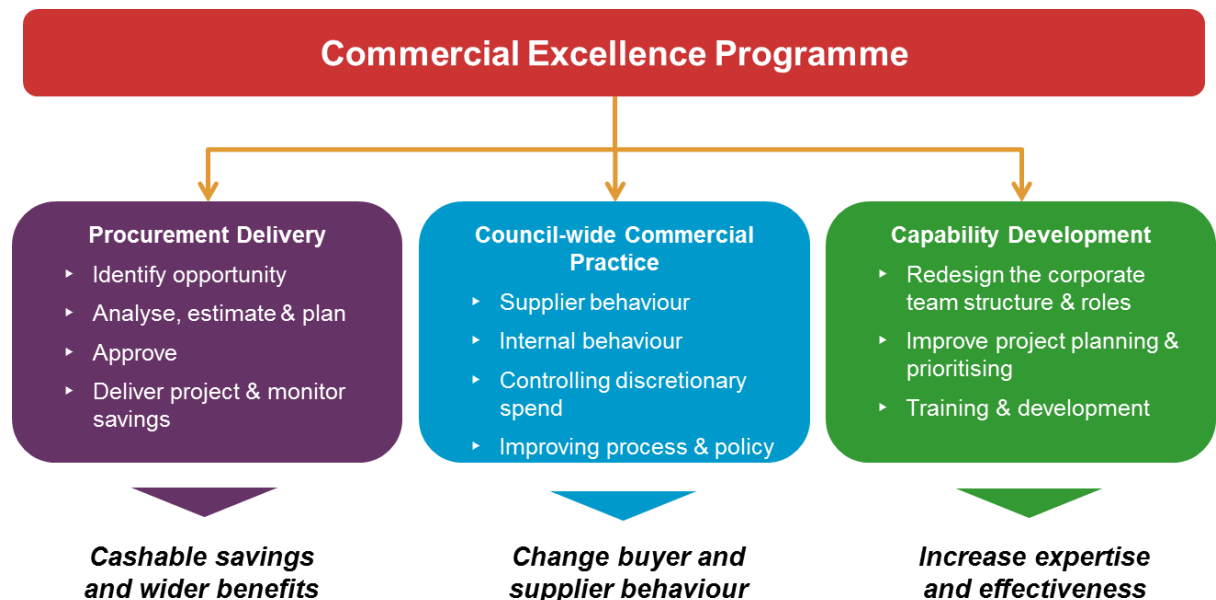
- Improve quality of life
- Ensure economic vitality

- Build excellent places
- Deliver a lean and agile Council

The Commercial and Procurement strategy will assist in the delivery of these priorities.

Since 2013 the Council’s Commercial Excellence Programme has aimed to:

- generate savings through improved commercial activity;
- improve the quality and control of all purchasing activity; and
- improve the Council’s capacity and capability with regard to commercial and procurement activities.



This strategy supports and develops these aims, in particular to strengthen collaboration with citizens, service users and providers to ensure continuous improvement and innovation.

Delivey of this strategy will also enable the Council to meet its legal obligations and deliver the Council business plans and Locality Improvement Plans.

The Procurement Reform (Scotland) Act 2014 now provides a national legislative framework for sustainable public procurement that supports Scotland’s economic growth through improved procurement practice. As a whole, both the Act and the recent procurement Directives implemented in national legislation provide the statutory foundations for the Scottish Model of Procurement. The Scottish

Government's Value for Money triangle below sets out the Scottish Model of Procurement; it is not just about cost, but about the best balance of cost, quality and sustainability continues to seek to improve capability in the sector through the public procurement reform programme (currently the Procurement and Commercial Improvement Programme).



Scottish Model of Procurement



The Government programme supports local authorities to “deliver procurement that improves public services for a prosperous, fairer and more sustainable Scotland.”

This includes delivery on the following objectives:

- Efficiency and collaboration
- Delivering and highlighting real cash savings
- Improving access to public sector contracts
- Making sustainable procurement business as usual

Delivery of the strategy will be made through our Commercial and Procurement Services Improvement Plan. Areas of improvement identified through our own activities, along with customer and user feedback, and any external assessment will be incorporated into the strategy during its annual update.

4 Strategic Aims, Objectives & Key Priorities

This strategy applies to all of the Council's external expenditure on goods, services and works.

Our strategy is to:

1. Deliver savings and Best Value and we will do this by:

- Working together to identify opportunities and continuing to challenge the status quo
- Focusing on the delivery of a service which delivers successful prevention and early intervention through the localities model
- Improving contract and supplier relationship management across the Council to ensure optimum value and innovation from our contractual relationships
- Applying a whole life costing approach which balances cost, quality and sustainability
- Increasing market engagement and benchmarking to drive competitive tenders
- Increasing collaboration with other public sector organisations
- Maximising community benefits

2. Improve processes and policies by:

- Continuing to improve compliance using our Purchase to Pay (P2P) processes further to maximise the controls available through new electronic systems introduced from 2017

- Working closely with service areas to fully comply with the Procurement (Scotland) Regulations 2015, Procurement Reform (Scotland) Act 2014, Procurement 2016 and Statutory Guidance by embedding requirements in our procurement handbook and standard procurement documentation
- Making sustainable procurement business as usual, and incorporating community benefits in all appropriate contracts with values of £50k and above
- Applying Fair Work requirements to procurements and encouraging the adoption of these and promotion of the Living Wage
- Supporting local businesses and SMEs through closer working with City Strategy and Economy and other partners, and by making our processes more streamlined and accessible
- Supporting engagement of third sector bodies and supported businesses by identifying suitable opportunities for direct or complementary activity
Promoting compliance by contractors and sub-contractors with the Health and Safety legislation
- Promoting the highest standards of animal welfare and encouraging the procurement of fairly and ethically traded goods and services
- Ensure as far as reasonably practicable that payments to contractors and down through the supply chain are made no later than 30 days after a valid invoice is presented

3. Increase expertise, capacity and effectiveness and we will do this by:

- Promoting and supporting professional training opportunities through apprenticeships, trainee programme and continuing professional development options for wider specialist team including CIPS and learning opportunities offered via Scotland excel
- Developing practical delivery skills in Commercial and Procurement Services through training, secondments, work shadowing and mentoring activity

- Promoting Commercial and Procurement Services across the Council to support compliance and improved commercial awareness by delivery of drop in sessions, alongside a library of learning events
- Engaging with other local authorities and other organisations which provide scope for knowledge transfer and efficiency through working together
- Improving contract and supplier management practices across the Council.

5 Finance

Financial Outlook

The next few years will bring significant challenges for all Councils, with increases in demand for key front line services coming with continuing financial constraints and uncertainty.

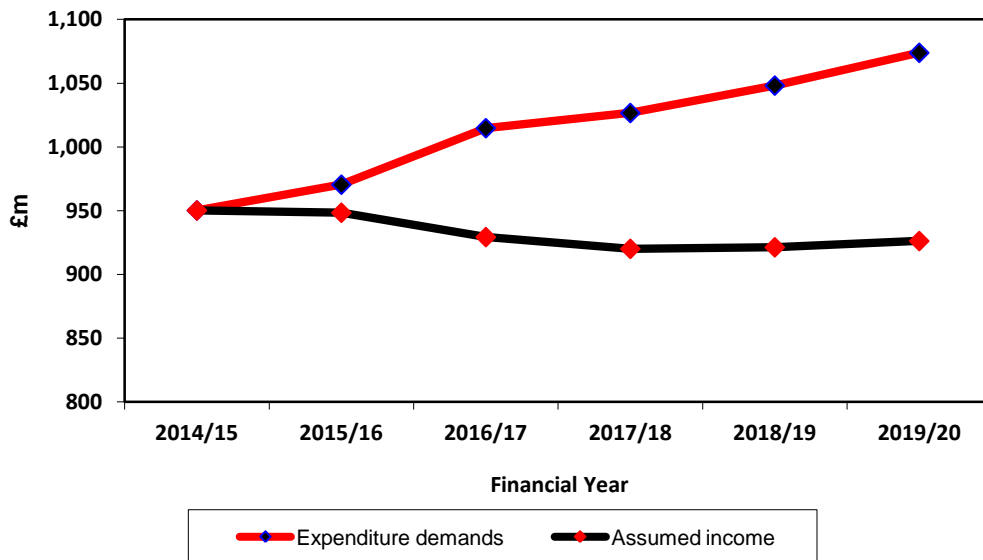
For the foreseeable future there will be continuing uncertainty over both UK-wide public expenditure levels and Scotland's share of this, both in overall terms and the proportion that will be allocated to Local Government. Following the UK-wide Spending Review in 2015, the Scottish Government issued only a one-year budget for 2016/17 and Scottish Ministers have confirmed that the next settlement, which will be announced in December 2016, will again cover one year only.

Councils also continue to face significant pressures on expenditure, in particular in relation to demographic factors, such as growing numbers of older and disabled people with increasingly complex support requirements, and in areas such as energy supplies which are inherently volatile.

An illustration of the growing gap between expenditure demands and the Council's anticipated funding position is shown in Figure A below. This shows the position against a 2014/15 baseline and illustrates the scale of the gap in this financial year

(2016/17) that the Council has had to close. It also shows the continuing pattern of increasing demand against flat or reduced funding.

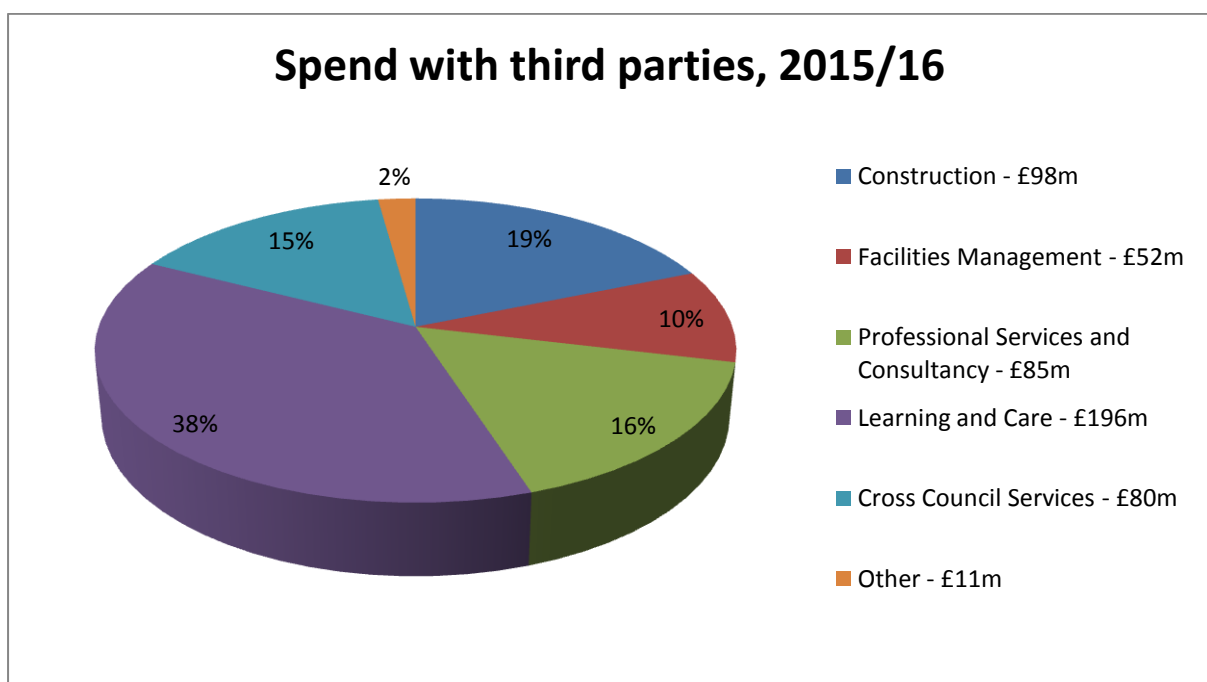
Figure A



Council expenditure with third parties

In total the Council spends more than £500m per annum with third parties

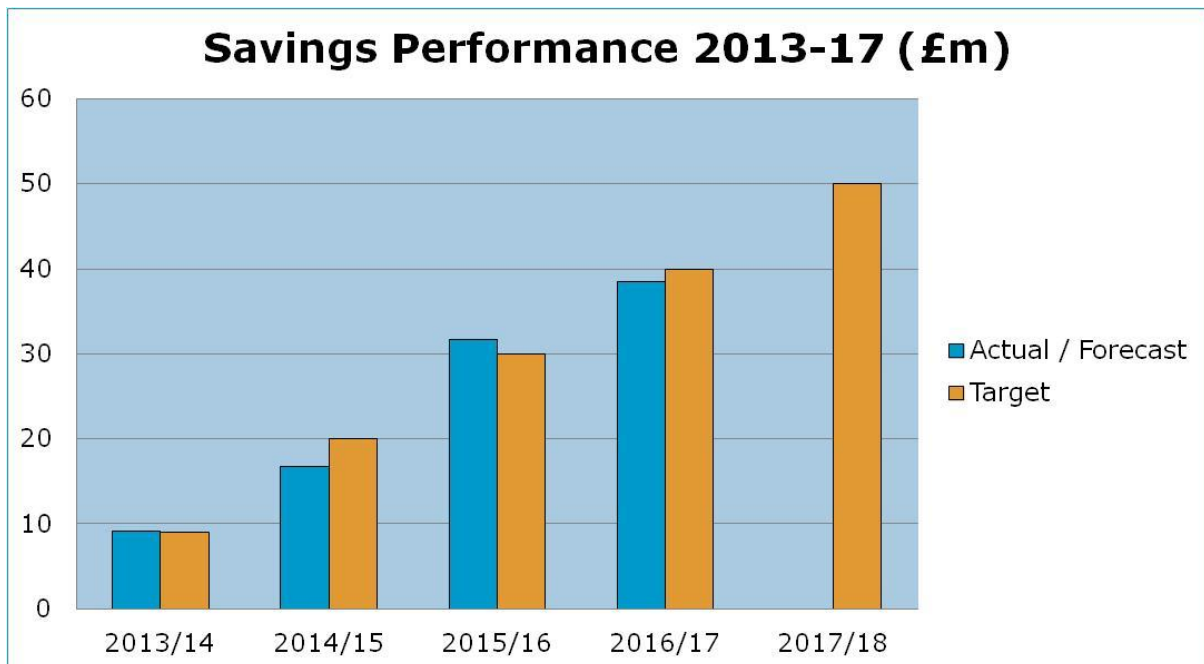
Figure B



And through the Commercial Excellence Programme, the Council aims to achieve savings of £150m in total between 2013 and 2018.

Currently the Council is on track to deliver our five year target with £72m delivered in the first three years and another £38m forecast in 2016/17.

Figure C



6 Monitoring, Reviewing and Reporting

The strategy will be annually reviewed and reported to the relevant City of Edinburgh Council Executive Committees.

The strategy has been developed in consultation with elected members, Council staff and been subject to public consultation.

If you have any comments or feedback please contact procurement@edinburgh.gov.uk

The Council will publish an annual procurement report on its procurement activities following the end of each financial year. The report will include:-

- Procurements completed in the relevant period
- Details of procurements undertaken in accordance with this strategy
- How the activity achieved the policies set out in this strategy and contributed to the wider aims and objectives of the Council

- Details of policies not met in the relevant period and how those will be achieved in the future
- A brief statement on methodology used to review regulated procurements
- Details of any regulated procurements that did not comply and a statement on how compliance will be achieved, monitored and reported
- A summary of community benefits requirements imposed and fulfilled during the financial year
- A summary of steps taken to facilitate the involvement of supported businesses
- A summary of the regulated procurements the Council expects to commence in the next two financial years
- Findings from work with stakeholders affected by procurements and other information on compliance, collaborations, and overall improvements

7 Policies, Tools & Procedures

The Council's Contract's Standing Orders and Procurement Handbook provide the rules and procedures applied to contracts awarded on behalf of the Council for all goods, works and services. These rules and procedures are reviewed in light of new legislation, procurement notifications from Scottish Government and findings from case law and other sources of good practice.

With regards to the exit from the European Union, in the short term the Council will still be required to comply with current legislation and advertise contracts in accordance with the EU Directives. The Council will continue to ensure future processes comply with the fundamental principles of procurement i.e. openness, fairness, transparency and non-discrimination.

Key Strategies and Policies with impact on Commercial and Procurement activity

Strategy /Policy & link	Summary
<p>HSC Strategic Plan</p> <p>http://www.edinburgh.gov.uk/download/meetings/id/50066/item_56 - final draft of the strategic plan for health and social care integration joint board</p>	<p>Strategic Plan for integrated Health and Social Care services</p>
<p>Integrated Children's Services Plan</p>	<p>This plan describes key improvement outcomes for all children and young people's services across the City, with a focus on improving health and attainment, early support and early years services and improving outcomes for disabled children. Please see www.edinburgh.gov.uk/childrensplan for more information.</p>
<p>Housing Investment Plan</p>	<p>City Housing Strategy – The City Housing Strategy (CHS) (2012-17) was approved by Health, Social Care and Housing Committee on 13 December 2011 to deliver three outcomes:</p> <ul style="list-style-type: none"> • People live in a home they can afford • People live in a warm, safe home in a well-managed neighbourhood • People can move home if they need to. <p>HRA Budget Strategy 2016/17-2020/21 – a strategy which prioritises future investment in programmes and services that significantly reduce Council tenants' living costs and which significantly expands the current, Council led, house building programme from 3,000 to 8,000 affordable homes.</p>

Strategy /Policy & link	Summary
Community safety and criminal justice plans	<p><u>ASB Policy</u> - presents a clear statement that Anti Social Behaviour (“ASB”) is not acceptable and will be dealt with. It places residents and communities experiencing ASB at the heart of the process with a clear commitment to tackling ASB and engaging with those affected as investigation and resolution measures are taken forward.</p> <p>(Note: the ASB Strategy is still to be signed off. Work on it had halted due to all the changes happening around the Council Transformation Programme, however, it will be going to the ECSP for sign off at their October meeting.)</p> <p><u>ASB Strategy (2016 – 2019) - The Antisocial Behaviour etc (Scotland) Act 2004</u> requires that each local authority and relevant Chief Constable will jointly publish a strategy for dealing with antisocial behaviour.</p> <p>Emphasis is placed on reducing ASB placing through prevention/intervention/enforcement & communication – citywide through the new locality model.</p> <p>NB. This document is currently still in draft form and is still to be signed off.</p> <p><u>Lothian and Borders Community Justice Authority Area Plan 2016-17</u></p> <p>This is the final plan before the abolition of Community Justice Authorities in March 2017. It sets ambitions for reducing reoffending, keeping communities safe, and multi agency working. It identifies priority groups – families with complex needs, families affected by the criminal justice system, prolific offenders, women, young people, and</p>

Strategy /Policy & link	Summary
	<p>public protection.</p> <p>NB. After the abolition of Community Justice Authorities, each Community Planning Partnership will be responsible from April 2017 for submitting to Community Justice Scotland its own Community Justice Outcomes Improvement Plan.</p>
<p>SE2020</p> <p>http://www.edinburgh.gov.uk/info/20206/sustainable_development_and_fairtrade/841/sustainable_edinburgh_2020</p> <p>http://www.sustainableedinburgh.org</p>	<hr/> <p>Climate Change Act (Scotland) 2009:</p> <p>Mitigation: carbon reduction taken in to account in contracts;</p> <p>Adaptation: adapting to climate change taken in to account especially construction contracts;</p> <p>Sustainability: Whole Life Costing as part of contracts</p>
<p>Edible Edinburgh</p> <p>http://www.edinburgh.gov.uk/info/20206/sustainable_development_and_fairtrade/963/sustainable_food</p> <p>http://www.edible-edinburgh.org/</p>	<p>Support local economy (reduce carbon miles);</p> <p>Healthier food options</p> <p>Reduce no. of people living in poverty</p>
<p>SEAP</p> <p>http://www.edinburgh.gov.uk/info/20220/economic_d</p>	<p>Sustainable Energy Action Plan is the Council's city wide strategy to reduce carbon emissions by 42% by 2020. Strategy has five programmes - energy efficiency, district heating, renewables, resource</p>

Strategy /Policy & link	Summary
development/544/sustainable_economy/2	efficiency and sustainable transport. There are over 100 projects as part of the plan
Biodiversity www.edinburgh.gov.uk/biodiversity	The Edinburgh Biodiversity Action Plan (EDAP) 2016-2018 outlines a partnership approach to biodiversity conservation across the city.
Edinburgh's Economic Strategy- "A Strategy for Jobs" For more information see http://www.edinburgh.gov.uk/economicstrategy	Edinburgh Economic Strategy aims to stimulate a confident and creative city that powers growth and jobs, draws talent and investment from around the world, and encourages the public, private and third sectors to collaborate in putting the people of Edinburgh at the heart of success. By 2017, the Economic Development Service aim to contribute to this vision by <ul style="list-style-type: none"> • Supporting the creation and safeguarding of 4,100 jobs in Edinburgh • Supporting the movement into work or learning of 18,000 people • Supporting £600 million of physical investment (development) in Edinburgh
Low Carbon Jobs and Investment Framework	Framework for the development of jobs and skills in the low carbon sector.
City Deal http://www.acceleratinggrowth.org.uk/	Covered by the City Deal

Strategy /Policy & link	Summary
<p>Strategic and Local Development Plans</p> <p>www.edinburgh.gov.uk/localdevelopmentplan</p> <p>(At the moment there are several documents, but it will be come much simpler in a couple of months)</p> <p>www.sesplan.gov.uk</p>	<ul style="list-style-type: none"> • The Edinburgh Local Development Plan (due to be adopted in November 2016) sets out policies and proposals which are used to assess applications for planning permission for development. • If a procurement action will involve disposal of a property asset, material change of use, or construction of new development, the Local Development Plan may be relevant, and consideration should be given to whether the procurement action is in alignment with the Plan’s objectives and policies. • The Strategic Development Plan covers South East Scotland, and sets requirements for the Local Development Plan. It is less site specific, and therefore less likely to have a bearing on procurement decisions directly.

Appendix – Local and National Context

Local context

[Financial pressures](#)

The Council is operating in an increasingly challenging financial environment. Whilst demand for services is increasing, mainly due to demographic changes, our net revenue funding is increasingly under pressure. Adopting this Strategy will help service areas to address this pressure.

[The Edinburgh Partnership Community Plan \(SOA 4\) 2015 -18](#)

This plan is focused on key economic, environmental and social priorities in the City including neighbourhood partnership activity, prevention strategies, resource sharing initiatives, health inequality factors, promoting economic growth to create employment, reducing re-offending, promoting physical activity, enhancing the quality of life for older people, improving early years services and ensuring safer communities.

[The Corporate Governance Service Plan](#)

The Service Plan commits to achieving savings through efficiencies in procurement by delivering a fit for purpose, sustainable in-house procurement team and raising standards in procurement practices across the Council.

[The Capital Coalition's pledge](#)

We will support a cooperative approach to maximise value in the way that we deliver our services. We will also encourage, where appropriate, the development of cooperative and consortium-based bids by third sector and other providers for public contract opportunities and seize opportunities to use public social partnerships and other co-production models for service and contract designs which focus upon the needs of the user and the wider community.

[The Council's Sustainable Procurement Policy and Action Plan](#)

This aims to maximise the social, economic and environmental benefits flowing from the Council's procurement activity through, for example, the use of community benefit clauses in contracts.

[Edinburgh Compact Social Enterprise Strategy](#)

This commits the Council and other public bodies to engage with social enterprises and community organisations to better engage and understand this provider community.

National context

[Changes to European Directives](#)

The new Directives aim to simplify and speed-up public procurement processes.

Procurement Reform (Scotland) Act 2014 and statutory guidance

The Act delivers social and economic benefits to the Scottish economy by introducing a new sustainable procurement duty as well as other duties. For example, publishing the Council's contract register and a forward plan of forthcoming contracts.

[Self Directed Support \(Scotland\) Act 2013](#)

The Act gives people a range of options for how their social care is delivered, beyond just direct payments, empowering people to decide how much ongoing control and responsibility they wish to have over their own support arrangements.

[Public Bodies \(Joint Working\) \(Scotland\) Bill](#)

This Bill relates to the integration of health and social care services in order to improve the quality and efficiency of these services to the public.

[The Scottish Government's reform agenda](#)

[McClelland Phase 2 Transforming Procurement: Accelerating Delivery](#) – with four key priorities: efficiency and collaboration; delivering real cash savings; improving access to public sector contracts for SMEs and making sustainable procurement business as usual.

[The Procurement and Commercial Improvement Programme \(PCIP\)](#)

A key tool used by the Scottish Government's reform programme to help drive best practice, deliver savings and improve the procurement capability of organisations. Councils are compared against each other and also against other sectors. Whilst the Council has an upward trend in performance it would like to be the highest performing local authority in Scotland.