

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Cabinet
of 14 February 2024**

Subject: Procurement Strategy Update 2024/25

1. Purpose

1.1 The purpose of this report is to seek approval of minor updates to the Council's Procurement Strategy covering 2024 -2025.

2. Recommendation

2.1 It is recommended that the Cabinet approves the updated Procurement Strategy for 2024 – 2025 attached as Appendix 1.

3. Background

3.1 The Council's Procurement Strategy was first published in 2011, with the last revision taking place and approved by Cabinet on 17 January 2023. The 2023 revision aligned the Procurement Strategy with the South Ayrshire Council Plan and with procurement legislative reform.

3.2 A public body, which expects to have procurement expenditure of £5 million or more in the next financial year, must, before the start of that year, either publish a strategy, where one does not exist, or review an existing strategy making such revisions to it as the body considers appropriate and publish its revised strategy.

3.3 Any Scottish Procurement Policy notes (SPPNs) which have been published since 2023 have been taken into account within this strategy. Only minor updates are required to the Procurement Strategy to ensure a continued integrated approach and achievement of Best Value in the delivery of services. As well as updates to references to recent policy documents such as Standing Orders relating to Contracts and Financial Regulations these updates also include amendments as below:

- Improvements noted in terms of Local Supplier Spend and engagement;
- Implementation of a new Purchase to Pay system (ORACLE fusion);
- Increased focus on working with Supported Businesses in terms of communicating procurement opportunities and tender training; and
- Acknowledging and making use of new tools available from the Scottish Government including the Preliminary Market Consultation notice (PMC). A PMC notice is an open request to the market. Through a PMC notice, a contracting authority can ask participants about what the market can

currently deliver and what work/effort may be required to deliver innovative public goods, services or works in the future.

4. Proposals

- 4.1 Section 19 of the Procurement Reform (Scotland) Act 2014 requires a public body to notify the Scottish Ministers once it has published a new or updated strategy. Public bodies are now required to review the Procurement Strategy annually. It is proposed that any revisions required, following the next annual review and any consultations which inform it, will be brought back to Cabinet for approval, prior to the end of the 2024/25 financial year.
- 4.2 It is proposed that Cabinet approves the Procurement Strategy 2024/25 and agree that it is sent to the Scottish Government in February 2024 and published on the Council's own website.

5. Legal and Procurement Implications

- 5.1 Legal implications arising from this report are that the Council must prepare an annual procurement strategy that complies with Section 19 of the 2014 Act which states a public body must notify the Scottish Ministers once it has published a new or updated strategy.
- 5.2 Procurement Implications arising from this report are that the Council's Procurement Service have prepared the Council's Procurement Strategy 2024/25 and are satisfied that the updated procurement strategy meets all of the requirements of [Section 15 of the Procurement Reform \(Scotland\) Act 2014](#).

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

- 8.2.1 Rejecting the recommendation may limit the Council's ability to achieve Best Value, impact on the reputation of the Council and/ or may give rise to breach of statute, legal challenge or Council liability.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 2.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live, Work, Learn/ Work and economy (Outcome 2).

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and Councillor Bob Pollock, Portfolio Holder for Economic Development, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Head of Finance, ICT and Procurement will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Publication of Procurement Strategy 2024/25	February 2024	Service Lead - Procurement

Background Papers **None**

Person to Contact **David Alexander, Service Lead - Procurement**
County Buildings, Wellington Square, Ayr KA7 1DR
Phone 01292 612143
E-mail david.alexander3@south-ayrshire.gov.uk

Date: **1 February 2024**

Procurement Strategy



Contents

	Page
• Section 1 Introduction	3
• Section 2 Procurement Vision	4
• Section 3 Strategy Rationale and Context	5
• Section 4 Strategic Aims and Objectives	6
• Section 5 Procedures, Policies and Procurement Tools	11
• Section 6 Considerations and Future Developments	16
• Section 7 Monitoring, Reviewing and Reporting on the Strategy	18
• Section 8 Spend/ Finance	19
• Section 9 Glossary	22
• Section 10 Strategy Ownership and Contact Details	24

Section 1 – Introduction

This Procurement Strategy sets out the Procurement Vision and objectives of South Ayrshire Council for financial year 2024-2025.

The Procurement Reform (Scotland) Act 2014 requires that any public organisation which has an estimated regulated spend of £5 million or more (excluding VAT) in a financial year develops and reviews its procurement strategy annually before the start of the next financial year.

The Council's Key Procurement Objectives reflect both national and local policies and our aim is to build on the centralised procurement model, already in place within the Council, through our dedication to continuous improvement and a focus on:

- procurement capability development;
- maximising efficiencies through procurement;
- development of collaborative opportunities; and
- fulfilment of sustainable procurement duties.

This focus will directly impact on our ambition to improve the community we serve, by ensuring that sustainability in our procurement remains a priority and that all procurement activities contribute to the carrying out of the Council's functions and realisation of its purposes, while achieving Best Value and complying with statutory and regulatory duties.

The achievement of Best Value is reliant on a clear Procurement Strategy, aligned to the delivery of services which promotes an integrated approach across the organisation.

In order to deliver the required outcomes of this Strategy there remains a need to constantly look for improvements to our ways of working and ensure that close partnerships exist within the Council and beyond.

Commitment and communication of this Strategy are key steps on the road to embracing best practice, achieving procurement effectiveness and delivering improved outcomes for the residents and wider community of South Ayrshire.

This strategy has been informed by the Scottish Government statutory guidance, will be subject to an annual review.

Section 2 – Procurement Vision

This Procurement Strategy has been prepared in alignment with the Council Plan objectives to support the Council's ambitions and to highlight the commitment to continuous improvement in procurement, the following Procurement Vision has been established:

Procurement Vision

'To continue to grow the Procurement Service's influence across the Council, realising our ambitions for a centralised procurement model, while maintaining an excellent procurement service, as set out in our Strategy, which contributes to the transformation of South Ayrshire within available resources.'

Section 3 - Strategy Rationale and Context

The purpose of the Procurement Strategy is to set out the procurement vision for the Council, and with this, provide an understanding of The Procurement Service's aims and objectives and how these will be achieved.

The Strategy enables the Council to understand how procurement contributes towards the Council's vision and provides focus and direction for procurement activities, ensuring a long-term perspective is in place within a framework of policies, procedures, standards, collaboration and improvement planning.

The Council's previous Procurement Strategy, 2023, was closely aligned with the overarching objectives of the Council and the requirements of the Scottish Government, delivering many improvements over the period it covered. These improvements included:

- An increase in regard to local SME spend
- Increased Local supplier engagement via locally hosted Procurement events
- Increased number of local suppliers bidding and being awarded new contracts
- Implementation of a new integrated Purchase to Pay system (Oracle Fusion)

Section 4 - Strategic Aims and Objectives

In order to support delivery of the Council's Plan, the Procurement Strategy includes 4 Key Objectives:

1. Procurement Capability Development;
2. Maximising Efficiencies Through Procurement;
3. Development of Collaborative Opportunities; and
4. Fulfilment of Sustainable Procurement Duties.

These Key Objectives are expanded on below with an explanation of how these will be met and the outcomes expected from achievement of these ambitions.

Key Objective 1 - Procurement Capability Development

Ambitions

To use the knowledge and skills of our staff, in order to embed a more strategic and commercial approach into all of the Council's functions and purposes.

To ensure that all procurement activities are undertaken in a consistent, robust, transparent and accountable manner, in accordance with all relevant governance.

To keep the Council up to date with the latest developments in the wider procurement environment and maintain an awareness of current cross-functional procurement practices.

How ambitions will be met

By delivering appropriate training to staff where required, while nurturing and developing opportunities for integration and partnership between The Procurement Service and other Services.

To implement the statutory and legislative requirements derived from The Procurement Reform (Scotland) Act 2014 and The Public Contracts (Scotland) Regulations 2015.

By working together with the Council's Legal Services in adapting our internal procedures, processes and documentation to reflect any changes in procurement legislation.

By working collaboratively with Scottish Procurement, Scotland Excel, the Crown Commercial Service and other local authorities or Public Sector organisations, to share knowledge and benchmark our performance.

Ensure that procurement activities reflect and support the Council's core values, corporate aims and objectives.

Outcomes expected

Added value in all new procurement exercises and additional benefits through better management of existing contracts.

Compliance with statutory and regulatory requirements and mitigation of the risk of legal challenge.

The Procurement Service are able to offer innovative procurement solutions and South Ayrshire Council is recognised as a leading authority in Public Sector Procurement.

Key Objective 2 - Maximising Efficiencies Through Procurement

Ambitions

To ensure that appropriate contracts are in place for all of the Council's requirements and that these deliver Best Value.

To facilitate the modernisation of business processes across the Council through the review, implementation and development of electronic procurement solutions.

To utilise Management Information (MI) effectively ensuring that procurement operates according to our core set of indicators and measures for best practice.

To support Services in the identification and delivery of cost savings.

To realise financial and efficiency savings in the successful procurement of contracts, through proactive Contract and Supplier Management.

How ambitions will be met

Through the continued proactive integration and influence of The Procurement Service, throughout all Directorates and Services, allowing for a strategic analysis of all relevant considerations to be made, when client requirements are met and contracts are put in place or renewed.

Through the use of new and existing electronic procurement systems in both the advertisement of opportunities and throughout the purchase process in the delivery of services.

Through the maintenance and publication of information, from various performance management systems, to monitor progress against targets on efficiency, capability, collaboration, compliance and savings.

Through the ongoing development of contract strategies in advance of procurement activities, to identify where savings can be made through:

- the early engagement of all stakeholders to aid in the re-design of services and the investigation into more innovative sourcing solutions and effective commercial evaluation models with a focus on process efficiency and cost reduction,
- consulting with Services on defining the criteria required to be able to determine the most economically advantageous tender, using an appropriate combination of cost and quality elements,
- the identification and benchmarking of relevant collaborative agreements to determine the Best Value procurement route.

Through continual engagement with contracted suppliers and a formalised system of monitoring performance against contractual requirements, to ensure the successful delivery of services and allow for a focus on the development of initiatives and innovations to help improve the procurement of these services in the future.

Outcomes expected

Compliance with the Council's Standing Orders Relating to Contracts and Procurement Journey resulting in a reduction in non-contracted or 'maverick' spend.

Achievement of targeted procurement cost savings.

Measurable and demonstrable improvements in the correct use of the electronic procurement systems available to the Council.

Delivery of Contract and Supplier Management driven value-added services.

Key Objective 3 - Development of Collaborative Opportunities

Ambitions

To support Inclusive Growth by working more closely with 'anchor' organisations within Ayrshire such as East Ayrshire Council, North Ayrshire Council, NHS, Police Scotland, Fire Scotland, Scottish Enterprise, Colleges and third sector businesses by harnessing our spending power in terms of buying from local and or socially progressive businesses within the supply chain.

Engage and liaise with these organisations regarding the wider Community Wealth Building (CWB) pledges including employment opportunities, use of land and property assets, support and encourage environmentally sustainable supply chains etc. to benefit the local economy.

To actively participate in all appropriate collaborations and proactively support other local authorities, procurement organisations and wider Public Sector partners.

To actively support local businesses to take advantage of procurement, and to support the local economy.

To expand on established customer feedback mechanisms and increase customer satisfaction in procurement activities.

To improve on the level and methods of communication with all internal and external stakeholders.

To continue to contribute to the development of national Contract and Supplier Management processes.

How ambitions will be met

Through early identification of opportunities to aggregate spend and requirements, an increase in cooperation with neighbouring authorities and a proactive involvement with national procurement groups and forums.

Through an increase in engagement with Services, local suppliers, residents and community groups during the development stage of projects, ensuring that all opinion and feedback is recorded and considered during contract execution.

By continually reviewing what, how and when we report on our procurement activities to Services, corporate management, elected members, suppliers and the wider public, while ensuring that all necessary information is published to help support Procurement Strategy objectives.

Through continued engagement with the Scottish Government and Scotland Excel, the Centre of Procurement Expertise for Scotland's local government sector, to develop tools and processes for national collaboration on Contract and Supplier Management.

Outcomes expected

Achievement of mutually beneficial results with our collaborative partners including economies of scale, a reduction in administration and the sharing of procurement best practices and innovations.

Continuous improvement in the Council's procurement processes and practices, influenced by the impartial, independent advice and feedback received.

A procurement strategy that is fully aligned with the Council's overall ambition and vision that can be implemented as intended.

Increased opportunities for collaborative Contract and Supplier Management.

Key Objective 4 – Fulfilment of Sustainable Procurement Duties

Ambitions

Focus on sustainable procurement including the more innovative use of Community Benefits Clauses (CBCs), Community Wealth Building and targeting supplier's corporate social responsibility policies.

To achieve improved standards of sustainable procurement throughout the Council, in accordance with the duties set out within the Procurement Reform (Scotland Act) 2014.

An increased focus, with support from colleagues in Community Wealth Building, on the support provided to improve access to procurement opportunities for SMEs, including local businesses, Third Sector Bodies **and Supported Businesses**.

To work in partnership with all Services, in line with the Council Plan, to ensure that we improve the way that we work as a Council in delivering services which benefit the area and communities we operate in, with a focus on reducing inequality.

How ambitions will be met

Embed sustainability in all regulated procurement activity, including consideration of Fair Work First Principles, Payment of the Living Wage, Health and Wellbeing, Ethically Traded Goods and Services.

Through Procurement's influence over Services to suggest how bespoke and relevant Community Benefits can be achieved in all procurement exercises over £50,000 for goods and services contracts and over £2,000,000 for works contracts, while ensuring that any regulated procurement with a value equal to or greater than £4,000,000 includes Community Benefit requirements.

An increased focus, with the support of colleagues in Community Engagement, on the recording and management of Community Benefits delivered using our Community Benefits register to promote and publicise benefits received as a result of procurement activity. The use of voluntary Community Benefits will also form part of ongoing Contract and Supplier Management processes.

Through early consideration, either at contract strategy stage or through our knowledge of forthcoming collaborative opportunities (local or national), on how SMEs, local businesses, Third Sector Bodies and Supported Businesses can be made aware of public procurement activity, while promoting established business support initiatives such as the Supplier Development Programme.

Outcomes expected

Compliance with the Sustainable Procurement Duty of the Procurement Reform (Scotland) Act 2014, which requires that the Council, before it buys anything, must think about how it can improve the social, environmental and economic wellbeing of the area in which it operates, with a particular focus on reducing inequality.

Measurable and demonstrable social, economic and environmental benefits to South Ayrshire communities from the effect of sustainable procurement activity.

Increased awareness and ability for SMEs, Third Sector Bodies and Supported Businesses to take advantage of business opportunities within South Ayrshire or the wider Public Sector.

Section 5 –Procedures, Policies and Procurement Tools

The delivery of this Procurement Strategy will ensure that the Council's regulated procurements adhere to the mandatory requirements as set out in Section 15(5) of the Procurement Reform (Scotland) Act 2014.

In adhering to these mandatory requirements, the Council relies on the following Procedures, Policies and Procurement Tools being in place to support its procurement activities:

Procedures

As a contracting authority, South Ayrshire Council is responsible for establishing arrangements for ensuring the proper conduct of organisational business, including conformance to standards of good governance and accountability with regard to procurement.

To ensure Procurement Strategy Key Objectives are delivered effectively, there will remain a continuing need to recognise the requirement for and execution of an appropriate Council governance framework.

The presence of this framework will enable Key Objectives to be achieved through a decision making process which ensures required authorisation and appropriate delegations and approvals are in place.

In adhering to this governance framework, the Council ensures that, in line with this Procurement Strategy, **Key Objective 1 - Procurement Capability Development**, its regulated procurements are carried out in compliance with its duty to treat relevant economic operators equally and without discrimination and that these procurements will be undertaken in compliance with its duty to act in a transparent and proportionate manner.

In maintaining this governance framework, the Council will ensure that a continuing focus remains in relation to updating, and appropriately applying the following procedural governance documents.

Standing Orders Relating to Contracts

The Council's Standing Orders Relating to Contracts set out how contracts for all goods, services and works will be made by the Council and are reviewed annually.

South Ayrshire Council Standing Orders Relating to Contracts:

[Standing Orders Relating to Contracts \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk)

The purpose of these Standing Orders is to ensure that contracts are appropriate for their purpose, provide the right balance between price and quality, and are procured in an open way that demonstrates probity and compliance with the Council's policies.

All Council employees are instructed to always treat tenderers equally and without discrimination and act in a transparent and proportionate manner.

The Standing Orders also set out the Council's obligations in ensuring that the suppliers and service providers it contracts with comply with all statutory requirements in respect of ensuring equal opportunity in employment, under the provisions of the Equality Act 2010 and with all current Health and Safety legislation and approved Codes of Practice (e.g. Health and Safety

at Work Act), as may be applicable to the contract. Promotion of this compliance is in line with the requirements of the Procurement Reform (Scotland Act) 2014.

Financial Regulations

The Council's Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs.

They seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting procedures and professional good practice.

The Council's Financial Regulations apply to every member and employee of the Council or anyone acting on its behalf. All members and employees have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides Best Value.

South Ayrshire Council Financial Regulations:

[Financial Regulations \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk/financial-regulations)

Scheme of Delegation

The Scheme of Delegation is intended to facilitate the effective undertaking of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, in order to ensure an efficient running of day to day operations and to allow the Council to carry out its functions and achieve its Strategic Objectives.

The Council's approach to delegation has been influenced by its commitment to facilitate community participation in the decision making process and to delegate to Chief Officers. The result is that the Council has reserved very few powers to itself and has agreed extensive delegations to officers.

South Ayrshire Council Scheme of Delegation:

[Scheme of Delegation \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk/scheme-of-delegation)

Policies

The Council has clear Strategic Objectives set out within the Council Plan and a strong focus on monitoring and reporting performance.

To further ensure that the Council's regulated procurements contribute to the carrying out of its functions and the achievement of its purposes, this Procurement Strategy, in line with its Key Objectives, will be delivered in accordance with the Council Plan and a set of national and local policies and strategies. These are embedded within existing procurement processes with outcomes measured against the Council's core set of indicators and measures for best practice:

[https://southayrshiregovuk.sharepoint.com/sites/committee/committeepapers2018/South Ayrshire Council/1 March 2018/SAC01031814 Council Plan 2018-22-App1.pdf](https://southayrshiregovuk.sharepoint.com/sites/committee/committeepapers2018/South%20Ayrshire%20Council/1%20March%202018/SAC01031814%20Council%20Plan%202018-22-App1.pdf)
Statutory Guidance

Sustainable Procurement Duty - The Council's approach to sustainable procurement, coupled with the sustainability tools at the Council's disposal, outlined below, are rooted within the procurement process to promote a commitment to sustainability and achievement of Best Value for the Council.

In an ongoing effort to embed sustainability issues in procurement exercises, three strands of sustainability are explored at the contract strategy stage; environmental, social and economic factors along with a consideration on how the Council can facilitate the involvement of SMEs, third sector bodies and supported businesses in procurement exercises, as well as a promotion of innovation in the design and delivery of services.

This approach is in line with the Council's Procurement Strategy **Key Objective 4; Development of Collaborative Opportunities and Fulfilment of Sustainable Procurement Duties** and ensures that the Council complies with its Sustainable Procurement Duties, which is a mandatory requirement under the Procurement Reform (Scotland Act) 2014.

Community Benefit Requirements – The Council will adhere to all statutory guidance and legislation on the use of Community Benefits, ensuring that all regulated procurements with a value greater than or equal to £4,000,000 include Community Benefits clauses. The Council's Procurement Strategy **Key Objective 4; Fulfilment of Sustainable Procurement Duties**, outlines when Community Benefits should be considered, the aim of including these in procurement exercises and how they will be implemented and monitored.

Consulting and Engaging with Stakeholders – The Council continues to consult and engage with those affected by our procurement activities through the development of contract strategies, in advance of the procurement exercise and through our focus on identifying opportunities for collaborative Contract and Supplier Management. In line with the Council's Procurement Strategy **Key Objective 3; Development of Collaborative Opportunities - Engagement with Services**, suppliers, local businesses, tenants and community groups during the development stage of projects, while ensuring that all opinion and feedback is recorded and considered when resulting agreements are implemented and executed, ensures continuous improvement in the delivery of services and allows the Council to understand the needs of the area we serve and understand the impact of our procurement activity.

Fair Work Practices & Payment of a Living Wage – The Council will comply with the Statutory Guidance on the Selection of Tenderers and Award of Contracts – Addressing Fair Work Practices, including the Living Wage, in Procurement, in line with the Procurement Strategy's **Key Objective 1, Procurement Capability Development**. The Council follows the lead of the Scottish Government by promoting the payment of the Living Wage to persons involved in fulfilling procurement requirements by considering, where relevant and proportionate, when Fair Working Practices should be addressed in contracting opportunities.

Our consideration of Fair Work will allow us to explore practices in respect of recruitment, retention and the types of employment contracts in use. This also aligns to the aspiration to run our construction contracts in a manner that is consistent with the Construction Charter, and we will work with the relevant services, Professional Design Services, Asset Management and Special Property projects, to advance this agenda. We also acknowledge existing national agreements in place in the construction sector and will strive to work only with contractors exhibiting high standards in respect of workforce practices.

Procurement of Fairly and Ethically Traded Goods and Services – In line with the Council’s Procurement Strategy **Key Objective 4; Fulfilment of Sustainable Procurement Duties** and where ethically traded goods and services are available, the Council will work with all relevant stakeholders and take a Best Value approach when applying fair and ethically trading principles in procurement activities. South Ayrshire Council also works closely with Fairtrade partnerships to promote Fairtrade products and explore the differences that choices on the procurement of these ethically traded goods can make to the lives of others.

Community Health and Wellbeing and Animal Welfare in the Procurement of Food – The Council recognises the requirement to find practical ways to supply healthy, fresh, seasonal, and sustainably grown food which represents Best Value whilst improving the health, wellbeing and education of communities in our area. Through The Procurement Service’s collaboration with our internal stakeholders and with Scotland Excel, the Centre of Procurement Expertise for Scotland’s local government sector, we will work to put in place affordable contracts which meet the nutritional requirements for food, for all users of our catering services, whilst promoting the highest standards of animal welfare, in accordance with all statutory guidance and legislation.

Procurement Tools

Key tools that the Council has embedded into the procurement process, which help contribute to compliance with the mandatory requirements under the Procurement Reform (Scotland) Act 2014, are detailed below.

These tools are considered at the contract strategy stage of any contract, influencing the procurement where relevant and proportionate and, along with the procedures and policies outlined above, ensures that the Council’s regulated procurements deliver value for money.

Procurement Guidance Tools

The Scottish Government’s Procurement Journey - supports all levels of procurement activity and helps to manage the expectations of stakeholders and facilitate best practice and consistency across the Scottish Public Sector.

South Ayrshire Council Procurement Journey – The Council’s version of the Scottish Government Procurement Journey with additional guidance on lower value procurements.

Sustainability Tools

The Council shall comply with the Sustainable Procurement Duty To ensure compliance with this duty, the Council will consider the environmental, social and economic issues relating to all regulated procurement activity. All regulated procurements are subject to the development of a commodity strategy and sustainable options are deliberated and summarised e.g. how the procurement activity can facilitate involvement of SME’s, third sector, charity and voluntary organisations, inclusion of community benefits, promotion of innovative techniques and technologies, environmentally friendly products etc.

<http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/Sustainability/ScottishProcess/SustainableProcurementTools/SustainabilityTest>

Community Benefit Tools

The Scottish Government’s Community Benefits in Public Procurement policy assists Procurement Officers in our on-going ambition to embed Community Benefits into the procurement process where relevant and proportionate.

The Council have developed a consistent method of engaging with Community Groups to collate potential projects that could be delivered via Community Benefits.

In addition, the Council has an established method of evaluation and recording Community Benefits in contracts.

Contract and Supplier Management Tools

In order to manage suppliers and complete scorecards on a regular basis Procurement make use of the Public Contracts Scotland Tender Contract and supplier management module – Contracts are classified as either; Transactional, Operational or Strategic.

The Council has an established process regarding Contract and Supplier Management (CSM) which provides a consistent approach to CSM across services to further engage with suppliers to drive efficiencies and compliance in contracts.

Preliminary Market Consultation notice

Where specific open challenges exist, and in order to promote innovation and see what the market can provide, Procurement will look to utilise the new Preliminary Market Consultation (PMC) tool available on Public Contracts Scotland wherever applicable.

Section 6 – Considerations and Future Developments

Considerations

Contracts Register

The main consideration affecting the delivery of this Procurement Strategy is the current Work Plan for The Procurement Service during the next financial year (2024-2025) and the available resource allocated to this.

The Contracts Register is a record of all regulated procurement activity undertaken by the Council. Along with consideration of any new ad-hoc or reactive projects in development, from the expiry dates recorded for each agreement on the Contracts Register, The Procurement Service are able to understand the forthcoming requirement for contract renewal.

South Ayrshire Council Contracts Register:

[Corporate Procurement - South Ayrshire Council \(south-ayrshire.gov.uk\)](https://www.south-ayrshire.gov.uk)

Contract Delivery

The Procurement Service's [Annual Report](#) provides more detailed information on anticipated regulated procurements required in 2023-2025, excluding reactive supplies, services or works. It also provides more detailed information on each individual regulated procurement completed during the period that the previous Procurement Strategy covered, financial year 2022-23.

However, it should be noted that along with the regulated procurement exercises completed, the Procurement Service also delivers additional contract awards for requirements below the regulated GPA Procurement thresholds for goods, services and works.

Contract and Supplier Management (CSM)

Coupled to these requirements for contract development and renewal is the on-going need for the contract and supplier management of current contracts categorised as either Strategic, Operational or Transactional.

The Procurement Service have worked to integrate the Contract and Supplier management process into existing processes across all services including the Health and Social Care Partnership.

Details of CSM activity can be found with the latest Procurement Annual Report.

Future Developments

Purchase to Pay system development

Following the implementation of ORACLE Fusion in 2023, which integrates the Purchase to Pay functionality with the Financial Ledger and HR/Payroll functions, Procurement intends to utilise functions available via this new system to improve the purchasing process.

With Electronic Punch Out ordering, there is reduced risk of invoice mismatching. This is because the ordering process takes place through Oracle Fusion which is then directly linked through to a supplier's website and online marketplace. Implementation of this methodology will allow The Procurement Service to add or remove products to Oracle Fusion without the need for the revision and uploading of static, Excel e-Catalogues. By establishing appropriate, electronic product and service catalogues in Oracle Fusion, The Procurement Service can ensure that the correct products are bought from the correct suppliers at agreed prices.

In improving maintenance of live supplier records The Procurement Service can control levels of 'maverick' non-contracted spend by insisting that only suppliers with formal contracts in place can be used above relevant procurement thresholds.

Purchase orders are mandatory for all goods, services and works which are not deemed exempt. All Non purchase order invoices will be monitored via ORACLE fusion and communications will be sent back to service areas to ensure purchase orders are always raised when required.

These projects are aligned to **Key Objectives 1** and **2** of the Procurement Strategy, **Procurement Capability Development** and **Maximising Efficiencies Through Procurement** and contributes to the modernisation of business processes across the Council, through the implementation and development of electronic procurement solutions.

Section 7 – Monitoring, Reviewing and Reporting on the Strategy

A variety of internal and external measures will be used to monitor, review and report on the targeted outcomes of each Key Objective outlined in this Procurement Strategy.

Council Plan

This Procurement Strategy has been developed to reflect improvement actions set out within the Council Plan. Performance is collated quarterly for some statistics i.e., number of contracts awarded that contained a community benefit clause or the number of contracts which had a CSM balanced scorecard issued and annually for others like % of local spend.

Progress is updated through the Council's Performance Management system, Pentana and scrutinised by the Council's Service & Partnerships Performance Panel.

The Procurement team also collect monthly Key Performance Indicators. These KPIs are clearly linked to the Key Objectives outlined in this Procurement Strategy and monitoring them continually ensures that they remain in alignment, with any shortfalls or negative trends reported and acted upon. This includes but is not limited to monthly contract awards, number of invoices received per month, number of "Quick Quotes" published and number of local SME's invited to quote.

Annual Report

Duties under The [Procurement Reform \(Scotland\) Act 2014](#) require the Council to develop and review this Procurement Strategy annually. In addition to this mandatory Procurement Strategy and to meet regulatory requirements, the Council must also prepare and publish an [Annual Procurement Report](#) disclosing how its procurement activity has complied with its published procurement strategy.

The [Procurement Reform \(Scotland\) 2014 Act](#) lists the minimum requirements that an Annual Procurement Report should contain and advises that the report must include;

- A summary of the regulated procurements for the financial year and of the regulated procurements the authority expects to commence in the next two financial years;
- A review of whether procurements have complied with the contracting authority's procurement strategy;
- A summary of any community benefit requirements imposed as part of a regulated procurement and any steps taken to facilitate the involvement of supported businesses in regulated procurements.

Section 8 – Spend / Finance

Financial Context

In line with this Procurement Strategy **Key Objective 2 - Maximising Efficiencies Through Procurement**, The Procurement Service's assistance in maximising the impact of the Council's funding is a priority, to ensure that every pound spent makes a difference to the people and communities of South Ayrshire.

Procurement Savings

Procurement will consider more effective commercial evaluation models within the tender process to encourage innovation, benefits and savings. Procurement will also work in partnership with Service Departments to identify Purchase to Pay improvements, efficiencies and potential cost savings.

Annual Spend

The Council's annual procurement spend in **2022/23 was around £260 million** and comprises purchases of a wide variety of goods, services and works.

Tables 1 and 2 below outline this expenditure, split by Council Directorate and by commodity.

Prompt Payment

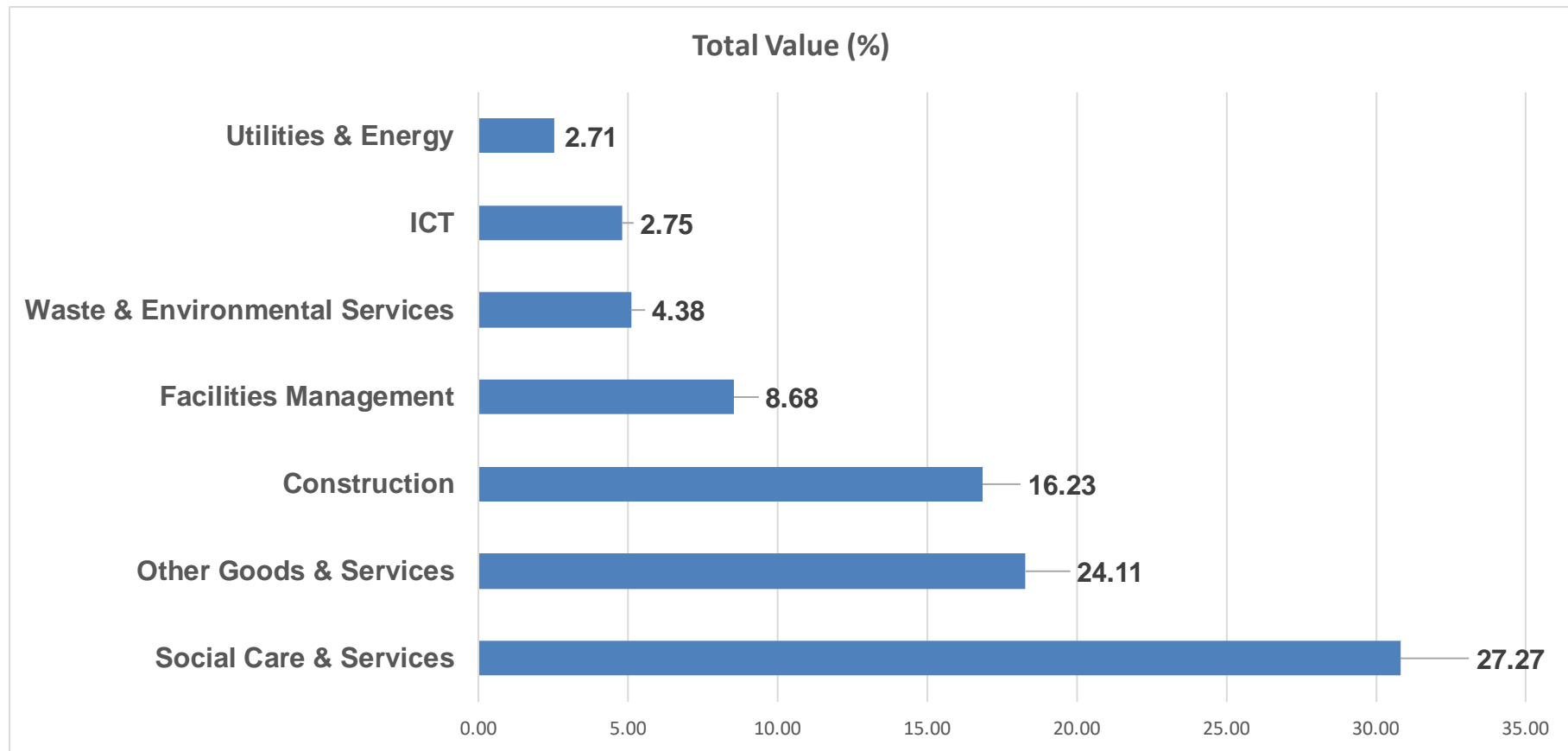
In line with this Procurement Strategy's **Key Objective 4 - Fulfilment of Sustainable Procurement Duties** and under the requirements of the Procurement Reform (Scotland Act) 2014, the Council has an obligation to employ fair trade and ethical sourcing practices including fair pricing policies and a commitment to prompt payment of suppliers.

Prompt payment clauses requiring a 30 day payment term are included within the Council's standard terms and conditions for goods and services and the Council also publishes details of its annual prompt payment performance. In **2022/23 94.45%** of invoices received in were paid on time.

Table 1 – 2022-23 Spend by Directorate

Description	Net Aggregate Spend
Health and Social Care Partnership	76,259,040.74
Corporate Balance Sheets	74,519,548.18
Education	38,773,679.29
Housing, Operations and Development	63,950,774.50
Chief Executive's Department	2,758,468.33
Miscellaneous Services	1,969,986.33
Strategic Change & Communities	1,468,301.88

Table 2 Total Spend % by Commodity 2022/23



Section 9 – Glossary

Term or abbreviation	Explanation
Best Value	The duty of Best Value in Public Services places a statutory duty on local authorities to: Make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
Commodity	Taxonomy (classification) for the entire Council, to give the Council the ability to accurately describe the primary business activities of their suppliers.
Community Benefits	Community Benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social-economic and or environmental. Benefits.
Contract and Supplier Management (CSM)	Contract and Supplier Management is the management of post award activities and can be divided into three areas: service delivery management; relationship management; and contract administration.
Flexible Framework Self-Assessment Tool (FFSAT)	The tool will help organisations to assess where their current level of performance lies and the actions required improving their performance. The SSAP recommends that organisations carry out initial and periodic self-assessments against the FFAT. This enables measurement against various aspects of sustainable procurement.
Light Touch Regime (LTR)	A set of principles for the commissioning of Care and Support services which acknowledges a balance between human rights, outcomes for the individual, best value and procurement regulations
Pentana	An electronic Performance Management System which helps to ensure that objectives are delivered in line within the standards and timescales anticipated.
Procurement and Commercial Improvement Programme	Procurement and Commercial Improvement Programme (PCIP) is part of the Scottish Governments public procurement reform agenda and guides how local authorities undertake procurement of goods and services
Punch Out	A Punch Out system is a method for a buying organisation to order directly from a supplier's website from within the buyer's own procurement application or hosted e-procurement system (e.g. Oracle).

Term or abbreviation	Explanation
Quick Quote	Quick Quote is an online request for quotation facility used on Public Contracts Scotland (the single electronic portal where suppliers can bid for public service contracts). It is used to obtain competitive quotes for low value/low risk procurement exercises or procurement mini competitions within framework agreements from suppliers who are registered on the website.
SAC	South Ayrshire Council
Scheme of Delegation	South Ayrshire Councils Scheme of Delegation details the decision making structure and operational requirements of the Council.
Scotland Excel	The Centre of Procurement Expertise for Scotland's local government sector.
Self Directed Support Services (SDS)	Self-Directed Support empowers people to direct their own care and support and to make informed choices about how their support is provided. Regardless of the care setting, services can be tailored to become more suited to individuals' choices and preferences.
SDP	Supplier Development Programme. The SDP is a partnership of Local Authorities, the Scottish Government and other public bodies working together to offer business support in all aspects of tendering. SDP assists businesses to become tender ready for public procurement and all of their support is free of charge. www.sdpscotland.co.uk
SME's	Small and medium-sized enterprises (SMEs) are businesses whose personnel numbers fall below certain limits
Standing Orders	Standing Orders are the written rules which regulate the proceedings of the Council.
Sustainable Procurement	A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.
RPA	A Request for Procurement Action, sent to The Procurement Service confirming that budget is available to undertake a procurement exercise, authorised by the relevant Principal Accountant and Head of Service.
Work Plan	A list of upcoming procurement activity including re-tenders, extensions, and new activity.

Section 10 – Strategy Ownership and Contact Details

David Alexander

Service Lead - Procurement

County Buildings, Wellington Square, Ayr KA7 1DR

david.alexander3@south-ayrshire.gov.uk

01292 612959

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Procurement Strategy 2024
Lead Officer (Name/Position/Email)	David Alexander, Service Lead – Procurement – david.alexander3@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	n/a	n/a
Disability	n/a	n/a
Gender Reassignment (Trans/Transgender Identity)	n/a	n/a
Marriage or Civil Partnership	n/a	n/a
Pregnancy and Maternity	n/a	n/a
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	n/a	n/a
Religion or Belief (including lack of belief)	n/a	n/a
Sex – (issues specific to women & men or girls & boys)	n/a	n/a

Community or Groups of People	Negative Impacts	Positive impacts
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	n/a	n/a
Thematic Groups: Health, Human Rights & Children’s Rights	n/a	n/a

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	n/a	n/a
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	n/a	n/a
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	n/a	n/a
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	n/a	n/a
Socio-economic Background – social class i.e. parent’s education, employment and income	n/a	n/a

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	YES NO
Rationale for decision: This report proposes approval of an annual procurement report relating to delivery of the Council's Procurement Strategy. This has no specific equality implications	
Signed : David Alexander	Service Lead
Date: 11 January 2024	