

Finance and Resources Committee

10.00am, Thursday, 5 March 2020

Sustainable Procurement Strategy 2020-2025

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|---------------------|------------|
| Executive | Executive |
| Wards | All |
| Council Commitments | 2, 3 and 7 |

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes the content of this report and approves the adoption of the Sustainable Procurement Strategy which will be effective from 1 April 2020 to 31 March 2025, subject to annual review as outlined in this report.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Strachan, Chief Procurement Officer,
Finance Division, Resources Directorate

E-mail: iain.strachan@edinburgh.gov.uk | Tel: 0131 529 4930

Sustainable Procurement Strategy 2020-2025

2. Executive Summary

- 2.1 This report submits a new five year Sustainable Procurement Strategy for the Council (the Strategy). The Strategy will replace the current Commercial and Procurement Strategy which ends in March 2020. The Strategy places sustainability at the heart of the Council's procurement programme for the next five years, to ensure that the Council's considerable spending power is used to promote those economic, environmental and social outcomes that support growth, and simultaneously assist the Council in addressing the challenges that the city is facing.
- 2.2 The Strategy has been informed by internal and external consultation, by the Council's strategic commitments, and also by the developing local and national policy framework that now gives greater recognition to the important role that public sector procurement has in assisting the Council deliver its key outcomes.
- 2.3 The Strategy will be the subject of annual review, and a report of performance against the Strategy will be submitted annually to the Finance and Resources Committee.

3. Background

- 3.1 The Council's external spend on goods, services and works is substantial, its external third party spend in 2018/19 being approximately £635m. Under the [Procurement Reform \(Scotland\) Act 2014](#), the Council is required by law to publish a strategy that gives the strategic focus for its procurement activities, and that sets the context in which the Council will work to ensure that its procurements deliver value for money and directly contribute to the achievement of its broader aims. In this context the main focus is on regulated procurements, "regulated" meaning those contracts valued at over £50,000 for goods and services and over £2 million for works.
- 3.2 The Scottish Government has published [statutory guidance](#) on the application of the Procurement Reform (Scotland) Act 2014.
- 3.3 The Council's Commercial and Procurement Service (CPS) supports all procurement and contract management activity across the Council, to ensure the

Council's purchasing requirements are met, and the associated internal and external regulatory controls complied with, including the Strategy and the Council's Contract Standing Orders.

- 3.4 CPS prepares the Council's Annual Procurement Report, which is also a requirement of Procurement Reform (Scotland) Act 2014 and provides details of the Council's regulated procurement activity in the most recent financial year, together with performance against the Strategy. The most recent Annual Procurement Report was submitted to the Finance & Resources Committee on [15 August 2019](#), and noted that a new Strategy would be consulted on, and brought to Committee in March 2020 for adoption.

4. Main report

- 4.1 In the period since the previous [Strategy](#) was adopted, there have been notable developments in the local and national policy framework, that now more clearly recognises the important role that public sector procurement has in assisting the Council to deliver its key outcomes, and is in turn aligned to the Scottish Government's National Performance Framework. Specific Council examples include (i) the Council's ambitious target of becoming a carbon-neutral city by 2030, (ii) the Council's adoption of the Edinburgh Economy Strategy - Enabling Good Growth on [7 June 2018](#), (iii) the work of the [Edinburgh Poverty Commission](#) and (iv) the Council's adoption of the Construction Charter on [16 August 2018](#) and the Charter Against Modern Slavery on [2 October 2018](#). The Council's procurement activity also directly supports the delivery of Council services, and key Council projects and initiatives, such as the delivery of new housing and schools.
- 4.2 Taking account of the above, the new Strategy is a natural development from the previous one, which in particular was aligned to the Council's Business Plan 2016 - 2020 and the Commercial Excellence programme which was being undertaken in CPS at that time. In addition, in 2019 the Council launched a new programme of change designed to respond to the opportunities and challenges facing the city, now and in the future. This programme has a particular focus on tackling poverty, promoting sustainability and improving residents' wellbeing, and is designed to guide all savings and spending decisions the Council makes between now and 2023.
- 4.3 The Strategy takes account of the above, in addition to the financial challenge facing all local authorities, and identifies seven key strategic procurement objectives that would be promoted:
- 4.3.1 Making procurement spend more accessible to local small business and the third sector;
 - 4.3.2 Improving Fair Work practices adopted by suppliers;
 - 4.3.3 Increasing community benefits delivered by suppliers;
 - 4.3.4 Contributing to the Council's 2030 carbon-neutral city target;

- 4.3.5 Delivering savings and Best Value outcomes;
 - 4.3.6 Ensuring legal compliance and robust and transparent governance; and
 - 4.3.7 Promoting innovative and best practice solutions.
- 4.4 In developing the Strategy consultation was undertaken internally and externally by CPS, this included input from key stakeholders including the Federation of Small Businesses, Edinburgh Social Enterprise, Edinburgh Poverty Commission, Edinburgh Voluntary Organisations Council, Council suppliers, Council service areas and through a public consultation via the Council website.
- 4.5 The website responses provided high support, with between 74% and 88% of the 73 responders agreeing, that the Council's external spend should further the strategic objectives noted at 4.3.1 to 4.3.4 above.
- 4.6 The stakeholders mentioned at 4.4 above were engaged in workshops, face to face discussions and/or email correspondence to identify opportunities for improvement and agreed steps for further engagement to support the delivery of the objectives. This has helped ensure the Strategy has been informed by those with a key interest in the Council's procurement activity.
- 4.7 An action plan has been included in Appendix 3 of the Strategy, to help drive its implementation. Importantly, as mentioned elsewhere, it is a legal requirement that the Strategy is reviewed annually, and performance against the same reported. In this way, and in addition to other indicators, CPS will record and report on the Council's spend with local suppliers, the level of community benefits secured from suppliers and the number of Living Wage accredited suppliers, with the clear intention that these will all increase every year. Through this annual review and reporting, the Strategy is not fixed, and will naturally evolve throughout its five year period, and adapt to fit further regulatory change, in addition to the promotion of new and changing local and national priorities.
- 4.8 Key deliverables in the action plan do, however, for the first time include the following commitments:
- 4.8.1 A minimum weighting of 5% for Fair Work practices in the qualitative evaluation of all tenders, higher where appropriate;
 - 4.8.2 A default weighting of 10% for community benefits in the qualitative evaluation of all tenders, higher or lower where appropriate;
 - 4.8.3 A target of £10m of new savings being secured each year through procurement and contract management activity; and
 - 4.8.4 Commencing a programme of contract management compliance reviews across Directorates, and other contract management support, including to mitigate risks to the Council's supply chain from the UK leaving the European Union.
- 4.9 In addition, the action plan captures existing good practice which will continue, including the regular 6 monthly reporting of contract awards to Committee and the annual review of the Council's Contract Standing Orders.

- 4.10 In respect of the Council's carbon-neutral target, CPS is already engaging with the Scottish Government's Sustainability Team and Zero Waste Scotland. CPS is also representing all Scottish local authority procurement teams on a new Climate Change forum which has been established by the Scottish Government to share best practice in procurement policy and practice. It is anticipated that these activities will enable the team to actively support all service areas in addressing this key strategic objective.
- 4.11 The Council already has a strong reputation for its procurement activity. This is demonstrated by the Council's Procurement and Commercial Improvement Programme score increasing to 87% in 2019, against a local authority average of 70%, this being independently assessed by Scotland Excel on behalf of the Scottish Government. In addition, the Council won a Market Development award and were highly commended in the Team of the Year Award in October 2019 at the Government Opportunities (GO) Excellence in Procurement Awards. Implementation of the Strategy will enable the Council to build upon its procurement achievements to date, and further develop the skills and experience of its procurement staff.

5. Next Steps

- 5.1 If adopted, the Strategy will be reported to the Scottish Government and published on the Council's website.
- 5.2 The action plan will be managed by CPS, and performance against the Strategy reported annually to Finance and Resources Committee. It is to be noted that the first report on the new Strategy will be in August 2021, as the report in August 2020 will be in respect of the 2019/20 financial year and performance against the current Strategy.

6. Financial impact

- 6.1 There is no direct financial impact from the approval of this report. However, implementation of the Strategy should deliver financial and non-financial benefits to the Council, as well as the city and its businesses. In particular, the Strategy includes a target of £10m of new procurement and contract management savings being secured each financial year.
- 6.2 It is to be noted that in 2018/19 procurement savings of £38.5m were tracked and delivered in year, with the Council on target to deliver a similar amount in 2019/20. These are in addition to the £150m of savings secured from 2013/14 through to 2018/19.

7. Stakeholder/Community Impact

- 7.1 As summarised at paragraphs 4.4 to 4.6 of this report, the Strategy has been the subject of internal and external consultation, which received 73 on-line responses, and was supplemented by additional meetings and submissions to the Council.
- 7.2 The Strategy identifies seven key strategic procurement objectives that will be promoted through the Council's procurement activity. These objectives are aligned to the Council's priorities, and if delivered will have a positive impact upon the city, its citizens and its businesses. In particular, the Strategy aims to make the Council's external spend more accessible to local small businesses and third sector, to improve Fair Work practices adopted by Council suppliers and to increase the community benefits delivered by Council suppliers. The Strategy also aims to contribute to the Council's 2030 carbon-neutral city target.
- 7.3 In accordance with the Council's statutory duties, an Integrated Impact Assessment (IIA) has been completed in respect of the Strategy. No negative impacts have been identified from the adoption of the Strategy, and its implementation should instead assist in positive impacts being delivered through the Council's procurement activity. A link to the IIA is included [here](#).

8. Background reading/external references

- 8.1 [2019 Annual Procurement Report](#)
- 8.2 [Item 7.4 Commercial and Procurement Strategy 1 Dec 2016](#)
- 8.3 [Procurement Reform \(Scotland\) Act 2014 - Statutory Guidance](#)
- 8.4 [Scottish Government National Performance Framework](#)

9. Appendices

- 9.1 Appendix 1 - Sustainable Procurement Strategy 2020-2025

Sustainable Procurement Strategy

March 2020 to March 2025

Contents

| | |
|---|----|
| Foreword..... | 2 |
| Introduction and Procurement Vision..... | 3 |
| Strategy rationale and context..... | 4 |
| Supporting Council objectives..... | 6 |
| Key strategic objectives..... | 8 |
| Council spend profile..... | 13 |
| Monitoring, reviewing and reporting..... | 14 |
| Supplier support..... | 15 |
| Capacity and skills..... | 16 |
| Ownership and contact details..... | 17 |
| Appendix 1 – Additional influencing factors..... | 18 |
| Appendix 2 – Mandatory requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations | 19 |
| Appendix 3 – Strategy Action Plan..... | 23 |
| Appendix 4 – Glossary..... | 29 |

Foreword



Edinburgh is one of the best cities in the world in which to live, work and study. The city is not without challenges however and the Council approach to managing their impact and promoting desired outcomes must be aligned, including how the Council uses its considerable spending power.

The launch of the Council's new Sustainable Procurement Strategy puts sustainability at the heart of the procurement programme for the next five years. Sustainability delivered through Council spend will help promote the economic, environmental and social outcomes that support growth, and address those challenges the city is facing.

Closer working with key stakeholders is central to the successful delivery of the strategy, building on existing networks to improve engagement with communities, businesses, third sector organisations and strategic partners.

The strategy also builds on a strong foundation of achievements delivered in previous years, including over £190m of savings since 2012, increased capacity and skills, embedded co-production and collaboration and improved

sustainable outcomes. These achievements will still be important in the coming years, and the principles remain a core element of the strategy, but as the Council looks to address key challenges of poverty, citizen well-being and climate change the central priorities for the Council's procurements must align and support wider outcomes.

The core focus moving forward will be:

- Fair Work – improving ethical employment, including suppliers paying the Living Wage
- local spend – improving growth in the city by helping small and medium sized enterprises (SMEs), social enterprises, the voluntary sector and supported business to grow with support for tendering
- community benefits – supporting local jobs, training and the capacity building of local supply chains
- carbon-neutral – contributing to the Council targets through embracing new technologies and close working with key partners.

By delivering in these areas and continuing to seek financial savings and Best Value outcomes, the Council can be confident that its procurement activity will benefit all stakeholders.

Councillor Alasdair Rankin
Convener of Finance and Resources Committee

Introduction and procurement vision



Edinburgh is a city full of vibrancy and opportunity. As a Council, we are working hard to ensure that all residents can share in Edinburgh's success. However, despite economic growth, over 20% of our children remain in poverty and one in six households still have no adult in work. Supporting the most disadvantaged in our society to progress and prosper remains one of the most critical

challenges the city faces. At the same time, the environment within which Edinburgh's economy operates is undergoing significant change. We need a refreshed strategic approach to the Council's procurement activity, to help the city adapt to new economic relationships emerging post-Brexit, to transition to a low carbon economy, and to manage the impacts and

opportunities arising from technological change and a growing city. Importantly, with the well-documented pressure on public finances, we also need to continue to ensure we are securing Best Value by purchasing only what we need to and managing our suppliers effectively through robust contract management.

This strategy takes account of that wider context, and recent developments in the local and national policy framework, that now more clearly recognize the important role that public sector procurement has in assisting the Council to deliver its key outcomes.

Backed by a strong focus on compliance with the regulatory framework, and the Council's internal controls, this strategy will help ensure the Council's purchasing activity supports sustainable growth and protects our environment, while also confronting the challenges that Edinburgh is facing.

Dr Stephen S. Moir
Executive Director of Resources

Council's Procurement Vision

To be a leader in Scottish public sector procurement and contract management, with a high-performing customer-focused Commercial and Procurement Services team that identifies, creates and secures significant financial and non-financial benefits for the city of Edinburgh. A team that works collaboratively with colleagues, key partners and citizens, and visibly drives positive change within the Council.

This vision statement has been developed by the Council's procurement team to support implementation of this strategy and delivery of its key objectives.

Strategy rationale and context

Recent changes to procurement regulations and statutory duties are now embedded and public sector procurement has a greater role than ever before in supporting delivery of key social, economic and environmental outcomes. The potential impact of Brexit will not bring immediate change to these regulations and duties but may have a bearing on markets we engage with to support Council objectives.

In 2019 the Council launched a new programme of change designed to respond to the opportunities and challenges facing the city, now and in the future. This programme is already transforming the way services are delivered. With a particular focus on tackling poverty, promoting sustainability and improving residents' wellbeing, it is designed to guide all savings and spending decisions the city makes between now and 2023.

The Council currently spends over £600million per annum on goods, services and works and in supporting this programme it is critical that the spending power of the Council is utilised to influence and actively promote positive change.

Key areas of the Economy Strategy – Enabling Good Growth where procurement has potential influence include the Council's commitment to Fair Work practices and low carbon economy and supporting benefits through City Region Deal and other capacity building projects.

The previous strategy was aligned to the Council's Business Plan 2016-2020 and the Commercial Excellence Programme and delivered many improvements and benefits.

These included:

- saving and Best Value outcomes
- improvements in processes and policies
- increased expertise, capacity and effectiveness
- more co-production of services
- sustainability focus
- innovative ways of working.



The strategy will also support delivery of the Scottish Government’s National Outcomes. In particular, using the Scottish Government’s National Performance Framework, this strategy will help drive the following National Outcomes:

- Fair Work and business: We have thriving and innovative businesses with quality jobs and fair work for everyone
- Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy

Environment: We value, enjoy, protect and enhance our environment

This new strategy is a natural development of what was achieved under the previous one, reflecting the evolving nature of public sector procurement and the Council’s current priorities.

Supporting Council objectives

A great city

With a host of cultural attractions, a lively festival scene, low crime rates, generous green spaces, pre-eminent educational institutions, award-winning bus and tram services and good work life balance, our reputation as one of the best places to live is testament to how much we, as a city, are getting right.

And while we can feel proud of our world-class status and our city's ever-growing popularity, we must also recognise and address the pressure on our core services and on the people who live and work here. We have a responsibility to manage that impact while promoting the jobs and cultural opportunities that tourism provides.

Good growth

We have the strongest city economy in the UK outside London – embracing the jobs of today and the opportunities of tomorrow. Unemployment rates remain low and our jobs market remains diverse and forward-looking.

This success makes our city better, but jobs growth alone has not been sufficient to tackle poverty and deliver sustained improvements in living standards for everyone – which is why promoting innovation and inclusion will remain at the heart of everything we do. And why this council will explore every opportunity to share the benefits of this success more fairly across our communities.

... and how to manage it

Our city's attractiveness contributes to its continued growth: by 2023, there will be 4,000 more children in our schools and our total population will have increased by 23,000 people. These people need somewhere to live; somewhere to call home.

Through one of the most ambitious council-led housebuilding programmes in the UK, we are transforming residents' lives and creating places where people want to live, work and play but challenges remain.

In particular, we need to address the increasing impact of climate change on our city. We are committed to change, which is why we have set a hugely ambitious target for Edinburgh to be carbon neutral by 2030.

We are embracing more active transport solutions, improving access for cyclists and pedestrians, re-imagining our city centre and its purpose, improving connections to the major areas of employment – making a dramatic difference to our residents as our city continues to grow.

Tackling poverty

But there is another side to this city: today, one in five children is growing up in poverty, high housing costs are a challenge for many low and middle-income households and the life expectancy in our wealthiest areas is 21 years higher than in the poorest parts. The life chances of people across Edinburgh are still influenced too much by where they are born and not enough by their talent and ability.

We need to grow and promote our economy so that it's fairer in terms of wages, working practices, access to housing, education, training and careers – ensuring that all residents have access to the opportunities being created; the opportunity to succeed and to share in our city's success.

The future of this city must be one where our economic growth is sustainable, inclusive and tackles the poverty which remains an unnecessary blight on our society today.

Early intervention and prevention

We are focusing on improving wellbeing, increasing social inclusion, and helping residents and their families to make informed choices and take greater control of their own lives. By providing the right services at the right time – ensuring that help is coordinated as early as possible – we can help citizens to live healthy, independent lives with a reduced need to rely on services.

Every child is entitled to the best start in life and we're determined to improve attainment and achievement for our young people. Investing in schools, early years centres and first-class teaching and support is key to giving every child the chance to learn and to flourish.

A city that works for all

We provide services that touch everyone's lives, from bin collection to schools and from community centres to care for our elderly and most vulnerable citizens. It is our job to provide these services as effectively as we can while delivering value

for money. In a world of increasing pressures and constraints, this means taking tough choices about the services we provide and how we deliver them.

We are doing this by embracing the opportunities that technology brings; by reshaping the way we deliver services, bringing them together with those of our partners to make it easier to meet local needs; by putting communities and residents at the heart of everything we do and empowering them to play a greater role in the running of their council – and their city.

A city that works for all.

The Council has agreed ambitious goals to deliver a thriving and united city in which all residents can share in its success.

Procurement's role in delivering this

Procurement will support departments across the Council by ensuring the requirements for goods, services and works are procured in a way that supports the Council objectives and maximises the opportunity for effective and efficient successful outcomes that deliver Best Value.

The key priorities that have been identified are those that align with Council aims to tackle poverty through Fair Work, initiatives that grow opportunities and capacity in the city, use community benefit spend to support disadvantaged communities and contribute to the impact of climate change on the city.

Key strategic objectives

This strategy sets out the Council's key strategic procurement objectives:

- 1 Making procurement spend more accessible to local small businesses and third sector
- 2 Improving Fair Work practices adopted by suppliers
- 3 Increasing community benefits delivered by suppliers
- 4 Contributing to the Council's 2030 carbon-neutral city target
- 5 Deliver savings and Best Value outcomes
- 6 Ensuring legal compliance and robust and transparent governance
- 7 Promoting innovative and best practice solutions

1 Making procurement spend more accessible to local small businesses and third sector

Aim

- To ensure the procurement team and wider council officers consider how we support the local economy by making proportionate decisions about the market options for local business and third sector organisations to access public spend

We will do this by

- Increasing engagement, working with key business and third sector to support "meet the buyer" events, workshops and awareness of contract opportunities
- Working with wider Council delivery organisations such as Edinburgh Leisure to support these objectives
- Exploring alternative advertising routes to reach those not registered on Public Contracts Scotland
- Continuing to apply lotting strategies that support small business
- Supporting facilitation of sub-contract opportunities by suppliers
- Exploring the use of speedy payment options for small business
- Considering longer contract advertising periods where consortia opportunities exist

We will demonstrate delivery by

- Maintaining and improving the volume of local businesses accessing and being successful in Council procurement opportunities

2 Improving Fair Work practices adopted by suppliers

Aim

- To ensure Fair Work outcomes are promoted internally and externally and procurement is used to influence and increase positive fair work and socially-responsible outcomes which benefit the city by addressing poverty and inequality.

We will do this by

- Improving training and awareness for Council staff and bidding organisations
- Seeking to apply the Fair Work criteria to every tender with a wider focus on ethical practices
- Applying appropriate weightings in the evaluation of tenders
- Delivering Council commitments to modern slavery and construction industry practices
- Adopting new Fair Work First guidance and other tools which support raising awareness and delivery of best practice

We will demonstrate delivery by

- Increasing the number of more socially responsible businesses delivering Council contracts and an increase in supplier living wage accreditation

3 Increasing community benefits delivered by suppliers

Aim

- To build on community benefits delivered to date by increasing the volume and value added to local communities through wider social, economic and environmental outcomes.

We will do this by

- Increasing awareness and education of community benefits through early engagement in tender opportunities
- Working with stakeholders such as City Region Deal partners to ensure consistency in application and priorities
- Tailoring the community benefits being sought to the sector involved and the priorities for the Council with an emphasis on outcomes that can easily be delivered
- Monitoring ratio of spend against community benefits offered to inform the minimum requirement level imposed by the Council
- Reviewing scoring methodologies and applying best practice to achieve added value outcomes for the city

We will demonstrate delivery by

- Increasing the volume and value of community benefits secured through Council contracts

4 Contributing to the Council's 2030 carbon-neutral city target

Aim

- To support the city target we will work with Council officers and external partners to deliver opportunities that help address the climate change challenge and a circular economy agenda.

We will do this by

- Seeking expert support such as from Zero Waste Scotland in educating and awareness raising for Council staff involved in tendering and managing contracts
- Engaging with suppliers and experts to understand carbon-reducing actions that can be delivered in different contract sectors and building into specifications
- Increasing whole-life costing approach to evaluation criteria and learn from others through best-practice forums
- Considering potential for reuse, repair and recycling of goods and materials in scoping requirements on a routine basis to prevent waste
- Adopting industry standards to ensure consistency in approach with the market and clear measurement tools understood by all

We will demonstrate delivery by

- Identifying and reporting on procurement contribution to reductions in carbon impact

5 Delivering savings and Best Value outcomes

Aim

- To support the Council budget savings and improve the value achieved from third party delivery we will work closely with our customers and key stakeholders to improve efficiency and reduce expenditure.

We will do this by

- Working together to identify opportunities and challenge current models of delivery
- Challenging the demand for goods and services and seeking to rationalise core requirements
- Engaging markets, benchmarking values and collaborating when appropriate with city partners or wider
- Supporting robust contract management actions to ensure contracts deliver to financial and non-financial performance requirements, including contractual commitments around social value and community benefits
- Applying whole life costing models to ensure end-to-end requirements are included
- Working with suppliers to mitigate the risk to the Council's supply chain from the UK leaving the European Union

We will demonstrate delivery by

- Identifying and reporting on procurement contribution to effective and efficient outcomes that achieve savings targets

6 Ensuring legal compliance and robust and transparent governance

Aim

- To ensure all procurement staff and Council officers involved in procurement processes have full awareness of the impact of the regulations and contract standing orders which apply to procurement activity.

We will do this by

- Training officers in the procedures and policies which must be considered to ensure compliance requirements are met
- Providing regular updates for specialist staff on changes to regulations, case law, statutory guidance, policy and social value outcomes
- Reviewing standard documentation to reflect regulatory changes and best practice
- Reviewing and improving controls within the procurement remit to ensure compliance with purchase systems and procedures, including the Contract Standing Orders
- Ensuring regular reporting of procurement activity and compliance to committee

We will demonstrate delivery by

- Submitting the annual procurement report to committee each year, submitting regular reports to committee on contract awards and giving confidence internally and externally that regulations are complied with and mitigate the scope for procurement challenge

7 Promoting innovative and best practice solutions

Aim

- To seek opportunities for innovative solutions for products, services or works required by the Council and challenge the market to offer improved solutions.

We will do this by

- Engaging with clients at early stages of identification of need and scoping
- Seeking relevant examples of market innovations and sharing models and best practice
- Allowing the opportunity for variant bids where there is potential technological and market advancement
- Challenging the status quo

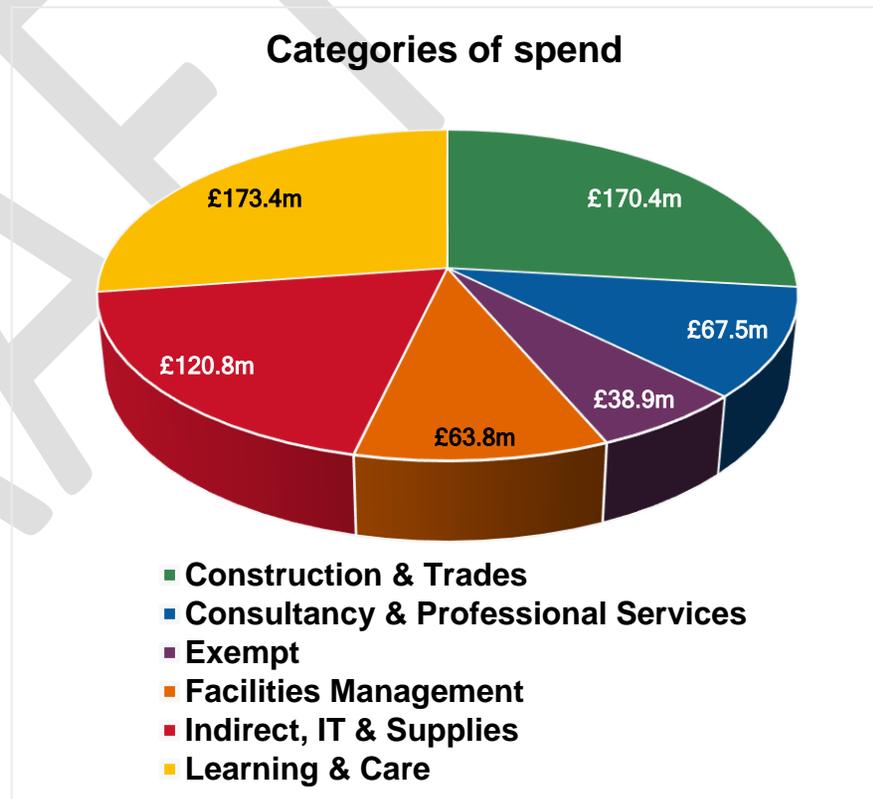
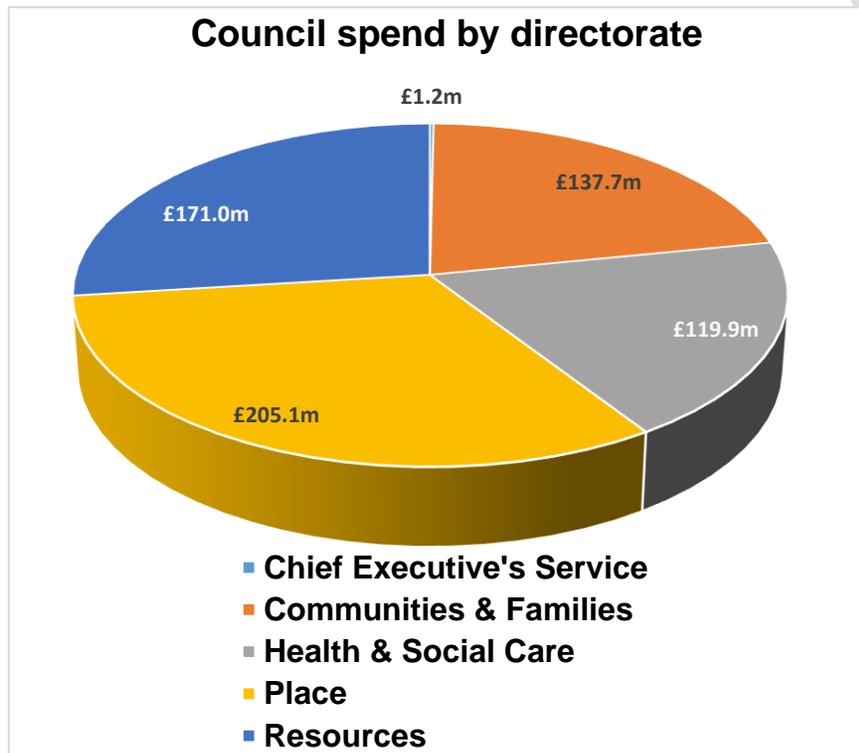
We will demonstrate delivery by

- Identifying and reporting on procurement contribution to new ways of delivering improved services and products that demonstrate improved value for the Council and citizens

Council spend profile

In 2018/19 the Council's spend with third parties was approximately £635 million. The first pie chart on this page shows the spend for each Council Directorate in 2018/19. The highest Directorate spend was in the Place Directorate (with £205.1m) followed by the Resources Directorate (with £171m) and then the Communities & Families Directorate (with £137.7m).

The second pie chart on this page shows the total Council spend broken down by category. The highest category of spend was learning and care (with £173.4m), the second highest category was construction and trades (with £170.4m) and the third highest was Indirect, IT and supplies (with £120.8m).



Monitoring, reviewing and reporting

The strategy will be reviewed annually and reported to the Finance and Resources Committee.

The strategy has been the subject of public consultation and developed in consultation with key stakeholders, including the Federation of Small Businesses, Edinburgh Voluntary Organisations Council, Edinburgh Social Enterprise, Council officers and Council suppliers.

The Council will publish an annual procurement report on its procurement activities following the end of each financial year and submit the report to Scottish Government by the end of August. The report will include:

- a summary of the regulated procurements completed during the year
- a review of compliance with the strategic procurement objectives
- details where compliance was not achieved and actions to address that
- the community benefits imposed and fulfilled and

- a summary of the regulated procurements expected to commence in the next two financial years.

Performance in delivering the strategic objectives set out in this strategy will be monitored using an action plan (Appendix 3). The action plan will inform the Annual Report which will be reported to the Corporate Leadership Team (CLT) and Finance and Resources Committee

In addition:

- a six-monthly report on contracts awarded under delegated authority and the contract standing orders will be reported to Finance and Resources Committee
- regular monitoring of procurement activities will be reported on dashboard reports to the relevant Executive Directors and their management teams
- delivery of this strategy will be regularly reviewed by the Chief Procurement Officer.

Supplier support

The Council website 'Business' page provides information and further links to support for those interested in doing business with the Council.

The website contains key information including:

- Links to Public Contracts Scotland, the main portal used to advertise contract opportunities
- Details of key organisations the Council collaborates with on framework agreement opportunities including Scotland Excel and Scottish Procurement
- The Council contract register which provides details of 'live' contracts along with the dates these are due to end providing insight to future tenderers
- Details of the regulations that govern procurement activity
- Details about the Council payment terms and how to submit a valid invoice
- Details about the standard terms and conditions of contract
- The Council's Contract Standing Orders.

Wider support to those new to tendering for public contracts is available including:

- Business Gateway Edinburgh [Business Gateway](#)
- Supplier Development Programme [Supplier Development Programme](#)
- The Scottish Government's Supplier Journey [Supplier Journey](#).

The Council supports annual 'Meet the Buyer' events and will look to accommodate more local events which target support aligned to key priorities.

Future engagement will include opportunities for suppliers to feedback to the Council on an ad-hoc basis through dedicated supplier email account, in addition to the regular market engagement for specific projects and organised events.

Capacity and skills

To deliver the Council strategy the capacity and skills of procurement professionals and other officers will continue to be managed through:

- providing opportunities for modern apprentices and trainees to develop the skills needed
- supporting continuing professional development of experience individuals to ensure knowledge is up to date and aligned to developments in the sector
- engaging with other local authorities, public sector organisations and other relevant organisations to support knowledge transfer
- providing mentoring, coaching and work shadow opportunities
- developing and delivering in-house workshops, training and guidance to support commercial awareness and legislative knowledge

- continuing to assess procurement standards using the PCIP model and other self-assessment tools such as CIPFA benchmarking to ensure continuous improvement
- providing training and support in use of tendering applications such as Public Contracts Scotland and PCS-t (electronic tender, evaluation and contract management system)
- providing training and support around contract management.

The sustainability and Fair Work practice tools and guidance published by Scottish Government are currently being refreshed.

The Commercial and Procurement Service will attend workshops and briefings on the new tools and guidance and provide support to colleagues across the Council on the application of these to ensure best practice is achieved through procurement activity, with the Council's continuing to drive forward these important enablers.

Ownership and contact details



Iain Strachan

Chief Procurement Officer, Resources Directorate

The City of Edinburgh Council

Waverley Court, Business Centre 2.6

4 East Market Street, Edinburgh EH8 8BG

Tel: 0131 529 4930

E-mail: iain.strachan@edinburgh.gov.uk

www.edinburgh.gov.uk

Appendix 1 – Additional influencing factors

Legal framework

Public procurement activity in Scotland is governed by a legislative framework which includes:

- European treaties and directives
- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- Utilities Contracts (Scotland) Regulations 2016
- Concessions Contracts (Scotland) Regulations 2016
- Case law.

Procurement and Commercial Improvement Programme

The Council's procurement function is subject to regular audit by Scotland Excel on behalf of Scottish Government and endorsed by Audit Scotland. The Procurement and Commercial Improvement (PCIP) assessment reviews the strength of policies and procedures driving procurement performance in:

- leadership and governance
- development and tender
- contract
- key purchasing processes.

The Council is in the highest PCIP performance band and above the local authority average in 2019. Our procedures are designed around this programme which identifies best practice in the sector.

The Council will continue to engage with this programme and its future iterations.

Appendix 2 – Mandatory requirements of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance Obligations

The Act specifies that the Council's procurement strategy must include certain minimum requirements as to how the Council intends to ensure that its procurement activity will achieve particular outcomes.

| Requirements | Council response |
|---|---|
| <p>Procurements will contribute to the Council carrying out its functions and the achievement of its purposes</p> | <ul style="list-style-type: none"> ▪ Consultation was undertaken with lead officers in the Council to ensure the strategy was aligned to Council priorities and national outcomes and supports Council objectives ▪ Discussions and input from key stakeholders including Federation of Small Businesses, Social Enterprise Edinburgh, Edinburgh Poverty Commission, EVOC, Council suppliers and public consultation via the Council website resulted in high support for the key priorities which align to the economy and carbon-neutral strategies of the Council ▪ Effective consultation will continue to deliver the strategy and will also take place during procurement exercises to ensure priorities and Council outcomes continue to be delivered ▪ The delivery of regulated procurements against the strategy will be monitored to support achievement of the outcomes |
| <p>Procurements will deliver value for money</p> | <ul style="list-style-type: none"> ▪ Delivering savings and Best Value outcomes is one of the strategic objectives of the Council, further information being given earlier in key strategic objective 5 ▪ Value for money will be delivered by ensuring the best balance of cost, quality and sustainability is applied to each procurement ▪ Whole life costing will be a key consideration on procurements ▪ Early engagement on market insights, innovations and benchmarking will inform purchasing strategies ▪ Proportionate application of regulations will ensure relevant markets are engaged, including SME, third sector and supported businesses ▪ In determining purchasing strategies there will be challenge of demand and identification of benefits and opportunities, including income generation ▪ Application of a robust contract management framework and guidance suite will deliver best practice approach to managing contract performance ▪ Added value will be delivered from community benefits |

| Requirements | Council response |
|--|---|
| Procurements will treat relevant economic operators equally and without discrimination | <ul style="list-style-type: none"> ▪ Ensuring legal compliance is one of the strategic objectives of the Council, further information being given earlier in key strategic objective 6 ▪ Procurement activity will be delivered in accordance with the Council Contract Standing Orders which embed the key principles of relevant procurement legislation ▪ There will be engagement with economic operators who require extra support with bidding, building partnerships or consortia with support offered by Business Gateway, Supplier Development Programme, Social Enterprise Edinburgh, EVOC, Partnership for Procurement (P4P), British Association for Supported Employment (BASE) and other appropriate agencies |
| Procurements will be conducted in a transparent and proportionate manner | <ul style="list-style-type: none"> ▪ Ensuring legal compliance is one of the strategic objectives of the Council, further information being given earlier in key strategic objective 6 ▪ Procurement activity will be delivered in accordance with the Council Contract Standing Orders which embed the key principles of relevant procurement legislation ▪ There will be work with sectors who identify barriers to participation in Council procurements to ensure proportionate approaches are applied in line with the key objectives to support SME, social enterprise, voluntary sector and supported businesses ▪ There will continue to be regular reporting to committee and publishing of contract opportunities and required information ▪ There will be the exploration of additional advertising opportunities to engage organisations more widely |
| Procurements will comply with the Council's sustainable procurement duty | <ul style="list-style-type: none"> ▪ This is met by a number of the strategic objectives of the Council, further information being given earlier in key strategic objectives 1, 2, 3, 4 and 6 ▪ There will be engagement with the Scottish Government and the application of new sustainability tools to support prioritisation and identification of opportunities for environment, social and economic outcomes ▪ Implementation of the strategic objectives in the strategy will deliver on key priorities which include Fair Work practices, positive local economic impact, increased community benefits and support to the climate change ambitions of the Council ▪ There will be improved monitoring, measurement and reporting on climate change and circular economy outcomes which procurement processes will enable Council service areas to achieve |
| A statement on the Council's general policy on the use of community benefit requirements | <ul style="list-style-type: none"> ▪ Increasing community benefits is one of the strategic objectives of the Council, further information being given earlier in key strategic objective 3. |

| Requirements | Council response |
|--|---|
| | <ul style="list-style-type: none"> ▪ The Council will increase the volume and value of community benefits secured and delivered by Council suppliers, further information being given earlier in key strategic objective 3 ▪ There will be improved monitoring and reporting using Cenefits software solution ▪ There will be guidance and engagement on proportionate opportunities to support local communities and other target groups |
| <p>A statement on the Council’s general policy on consulting and engaging those affected by its procurements</p> | <ul style="list-style-type: none"> ▪ The Council has embedded co-production in its procurements using different approaches that align with the requirements and impact of change where appropriate. This is included in the Contract Standing Orders and will continue in the new strategy ▪ To ensure effectiveness, reviews will take place to identify what is working well and what can be improved to ensure communities, users of Council services and interest groups are involved in key procurements eg the provision of care to children and adults |
| <p>A statement on the Council’s general policy on the payment of a living wage by suppliers</p> | <ul style="list-style-type: none"> ▪ Improving Fair Work practices is one of the strategic objectives of the Council, further information being given earlier in key strategic objective 2 ▪ Living Wage monitoring is embedded in procurement procedures and will continue to be applied and reported ▪ The Fair Work First (FWF) initiative (an extension of the Fair Work Convention’s Framework to drive success, wellbeing and prosperity for individuals, businesses, organisations and society) has been adopted to improve ethical work practices and Living Wage accreditation will be encouraged |
| <p>A statement on the Council’s general policy on promoting compliance by contractors and sub-contractors with Health and Safety at Work etc Act 1974.</p> | <ul style="list-style-type: none"> ▪ Health and Safety, and the protection of workers and members of the public, is a very important consideration for the Council, and it is expected that Council contractors and sub-contractors will share the same approach ▪ Health and Safety criteria are included in the assessment of appropriate contracts and embedded in the procurement process and procedures ▪ Suitable terms and conditions to secure the necessary controls around Health and Safety are included in Council contracts ▪ The Council has adopted the Construction Charter, which is promoted and adopted in procurements, with related activity reported to Committee |
| <p>A statement on the Council’s general policy on the procurement of fairly and ethically-traded goods and services</p> | <ul style="list-style-type: none"> ▪ The Council has a Fair Trade policy which promotes the purchase of fairly and ethically-traded goods and services, and Council procurement activity is aligned to that, the policy being kept under review and performance reported annually to committee ▪ The Council has also signed up to the International Fair Trade Charter |

| Requirements | Council response |
|--|---|
| <p>A statement on the Council’s general policy on how it intends its approach to the procurement of food to improve health, wellbeing and education of its communities and promote the highest standards of animal welfare</p> | <ul style="list-style-type: none"> ▪ The Edible Edinburgh approach is applied to procurements for the provision of food, and supports the improvement of health, wellbeing and education of communities and high standards of animal welfare ▪ Opportunities for sustainable food purchasing will be considered and adopted where appropriate ▪ The Council will ensure all legislative requirements around food purchasing are complied with |
| <p>Payments will be made so far as practicable to contractors and sub-contractors no later than 30 days after invoice</p> | <ul style="list-style-type: none"> ▪ The Council’s 30-day payment target is being achieved in approximately 95% of invoices and potential system improvements are being considered within the financial system upgrade programme ▪ Purchase cards are utilised to support speedy payment for small local purchasing where appropriate ▪ Project Bank Accounts are adopted for appropriate contracts to help secure sub-contractor payments ▪ Suitable contract terms and conditions are adopted |

Appendix 3 – Strategy Action Plan

| Objective | Performance Indicator | Actions | Target Date | Owner |
|--|---|---|-------------|---|
| Making procurement spend more accessible to local small businesses and third sector | Setting a baseline of 2019/20 outcomes, seek to improve local third party spend year on year with: <ul style="list-style-type: none"> • Small and Medium size Enterprises • Social Enterprises • Voluntary Organisations • Supported Businesses | Engage local businesses, social enterprises, voluntary organisations and supported businesses through: <ul style="list-style-type: none"> • targeted “meet the buyer” events and supplier communication • regular communications with Economic Development team and external support networks for example Supplier Development Programme • explain Contract Standing Orders applied by the Council, for non-regulated spend and regulated spend • Data sources identified and monitored to assess results | March 2021 | Commercial and Procurement Service (CPS); Service areas; Partner agencies |
| | | Explore alternative advertising routes: <ul style="list-style-type: none"> • identify and share information on opportunities using alternative social or other media eg partner websites • encourage PCS registration and use of support agencies to ensure better outcome | March 2021 | CPS; Agencies eg EVOC, Social Enterprise Edinburgh, P4P |
| | | <ul style="list-style-type: none"> • Continue to apply lotting strategies, sharing good practice and measuring outcomes | Ongoing | CPS |
| | | Seek to address barriers identified including: <ul style="list-style-type: none"> • options to speed up payments • longer contract advertising periods for consortia opportunities • more opportunities to provide feedback | March 2021 | CPS; Service areas |

| Objective | Performance Indicator | Actions | Target Date | Owner |
|---|--|---|----------------|--------------------|
| Improving Fair Work Practices adopted by suppliers | Fair Work evaluations in every Council tender; | <ul style="list-style-type: none"> • Refresh and deliver Fair Work First training and awareness to Council staff involved in procurement and bidding organisations • Ensure new tenders include Fair Work evaluation criteria • Minimum weighting of no less than 5% in evaluation of tenders to influence improvement in ethical practices, adopting a higher % where appropriate • Ensure modern slavery and construction charter fair and ethical work practice principles are applied | September 2020 | CPS; Service areas |
| | Increase Living Wage Accredited Suppliers | <ul style="list-style-type: none"> • Inform and encourage organisations on 'Real Living Wage' and adopting accreditation • Explore incentives such as positive publicity to support those already paying Real Living Wage to become accredited • Monitor, record and report outcomes achieved in the Annual Procurement Report | March 2021 | CPS; Service areas |
| Support for Fair Trade | Increase in Fair Trade products procured | <ul style="list-style-type: none"> • Review and update Fair Trade policy • Identify scope of Fair Trade products suitable for Council purchasing and work with service areas to increase usage • Monitor, measure and report outcomes achieved in the Annual Procurement Report | March 2022 | CPS; Service areas |

| Objective | Performance Indicator | Actions | Target Date | Owner |
|---|---|--|--------------|--------------------|
| Increase community benefits delivered by suppliers | Increase in the community benefit outcomes and widen the agenda to increase economic, social and environment activities | <ul style="list-style-type: none"> Update guidance and support for Council staff to engage, define and include community benefits in regulated procurements which are proportionate to the type and term of opportunity to be advertised Seek consistency eg with City Region Deal partners on application of community benefits Consider options that meet priorities and improve community benefit deliverables through alternative means, eg opportunities to utilise One City Trust to support community investment | October 2020 | CPS |
| | | <ul style="list-style-type: none"> Engage with communities and interest groups on the opportunities that will support poverty through jobs and training, capacity building of local organisations and environmental solutions to improve communities and address carbon impact. | August 2021 | CPS; Service areas |
| | | <ul style="list-style-type: none"> Review evaluation methodologies and apply a default weighting of 10% for community benefits, which % could be higher or lower as appropriate to the type of contract | March 2021 | CPS |
| | | <ul style="list-style-type: none"> Monitor secured and delivered outcomes using Cenefits software Require suppliers to register with Cenefits to report outcomes Report achievements and alert concerns to contract managers/senior officers for action including through contract management compliance reviews | March 2021 | CPS; Service areas |
| | | | | |
| | | | | |

| Objective | Performance Indicator | Actions | Target Date | Owner |
|--|--|--|---------------|--------------------|
| Contributing to the Council's 2030 carbon-neutral city target | Carbon impact reduction is identified through procurement activity | <ul style="list-style-type: none"> Educate Council staff on identification of opportunities and utilising sustainability tools to provide clear criteria and measures for outcomes achieved | March 2021 | CPS; Service areas |
| | | <ul style="list-style-type: none"> Engage with experts eg Zero Waste Scotland to provide best-practice guidance on project and Council wide opportunities for example reducing single-use plastic in food and drinks delivered to Council services | October 2020 | CPS; Service areas |
| | | <ul style="list-style-type: none"> Update Council's Sustainable Procurement Policy to align with current priorities and new assessment tools Review and amend relevant procedures and templates | December 2020 | CPS |
| | | <ul style="list-style-type: none"> Share good practice and apply whole-life costs to tender evaluations | March 2021 | CPS |
| | | <ul style="list-style-type: none"> Work with services and supplier markets to identify appropriate industry standards to include in specifications prior to tendering, and encourage suppliers to consider carbon impact reduction in their own supply chains | March 2021 | CPS; Service areas |
| | | <ul style="list-style-type: none"> Attend and contribute to Scottish Government Climate Change Forum and internal Sustainability Board, and share best practice and insight | March 2021 | CPS |

| Objective | Performance Indicator | Actions | Target Date | Owner |
|---|------------------------------------|---|-------------|--------------------|
| Delivering savings and Best Value outcomes | Cash and non-cash savings achieved | <ul style="list-style-type: none"> • Seek to secure £10m total of new savings per year (some of which may be realised in future years) from new tenders or contract re-negotiation activity • Seek to understand current delivery models and work with colleagues and collaborate with partners on new delivery models • Engage markets to benchmark current models and alternatives • Identify and apply whole-life costings to price evaluations • Work with service areas to improve contract management across the Council, including through (i) support to service areas with the monitoring and management of the Council's most significant contracts, (ii) training to service areas on contract management, (iii) reporting contract management concerns to senior management teams through monthly Directorate dashboards and (iv) conducting between 5 and 10 contract management compliance reviews each year (spread across each Directorate in a suitable manner) • Monthly procurement/P2P/contract management dashboard reporting to Directorate senior management teams • Work with suppliers and service areas to mitigate risk to Council supply chain from UK leaving the European Union • Monitor spend to ensure best practice solutions are adopted | March 2021 | CPS; Service areas |

| Objective | Performance Indicator | Actions | Target Date | Owner |
|--|--|---|-------------|--------------------|
| Ensuring Legal compliance and robust and transparent governance | No successful legal challenge to Council's procurement activity | <ul style="list-style-type: none"> • Provide training for specialist and non-specialist staff involved in procurement and contract management activity • Deliver ongoing programme of refresh on key skills required and upskill with relevant changes in law • Ongoing regular reporting to committee of contract awards and the annual procurement report • Annual review of Contract Standing Orders and Grant Standing Orders • Annual review of standard contract terms and conditions • Ongoing review of procurement template and standard documents | March 2021 | CPS |
| Promoting innovative and best practice solutions | Delivery of service area requirements which are met through technological advancement/changes in best practice | <ul style="list-style-type: none"> • Early engagement, working with service areas to consider innovation options • Share best practice and seek market innovation opportunities • Scope the potential to seek variant models that meet the desired outcomes | March 2022 | CPS; Service areas |

Appendix 4 – Glossary

| Term | Definition |
|-----------------------------|---|
| Best Value | The legal duty to secure continuous improvement in the performance of the Council's functions as set out in section 1 of the Local Government in Scotland Act 2003. |
| Circular economy | A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life. |
| Collaboration | When two or more groups of people or organisations engage in procurement work together for mutual benefit |
| Commercial awareness | Evidence of commercial acumen. Awareness of the need for efficiency, cost-effectiveness, customer/stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, considering the strategic objectives, current economic climate etc. A track record of appropriate procurement skill and experience, evidence of on-going/continual training and development. (desirable and post/org specific) professional qualification/undertaking or willingness to undertake as appropriate. |
| Community Benefits | Requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to jobs, training and other social-economic and/or environmental benefits. |
| Contract Management | The process of monitoring the performance of a supplier to contract. |
| Co-production | The real and meaningful involvement of citizens including future recipients of the service, key stakeholders and suppliers (both current and potential) in how and what community services and related goods and works are delivered with regard to the National Standards for Community Engagement. |
| Fair Work First | Working with Employers and Partners to deliver investment in skills and training, no inappropriate use of zero hours contracts, action on gender pay, genuine workforce engagement, including with trade unions, and payment of the real Living Wage. |

| Term | Definition |
|--------------------------------------|--|
| Flexible Framework | A self-assessment mechanism that allows organisations to measure and monitor their progress on sustainable procurement over time. |
| Framework Agreement | An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies. |
| National Outcomes | Describe what the Government wants to achieve over the next ten years, articulating more fully this Government's purpose. They help to sharpen the focus of government, enable our priorities to be clearly understood and provide a clear structure for delivery. Read more about the National performance Framework outcomes. |
| Public Contracts Scotland | The national advertising portal used to advertise all Scottish public-sector goods, services or works contract opportunities. |
| Regulated Procurements | Contracts above contract threshold values where the relevant regulations apply (above £50,000 for goods and services contracts and above £2,000,000 for works contracts). |
| Small Medium Enterprise (SME) | Enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro. |
| Social Enterprise | A revenue-generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners. |
| Stakeholder | Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it. |
| Supplier /Contractor | An entity who supplies goods or provides services or execution of works. |
| Supply Chain | All activities, resources, products and the like involved in creating and moving a product or service from the supplier to the procurer. |

| Term | Definition |
|---------------------------|---|
| Supported Business | Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme. |
| Third Sector | Part of an economy or society comprising non-governmental and non-profit-making organisations or associations. |
| Whole Life Costing | The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads. |

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