

**AUDIT SCOTLAND – IMPROVING PUBLIC SECTOR PURCHASING**

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**1. BACKGROUND**

- 1.1 The Audit Scotland Report entitled “Improving Public Sector Purchasing” provides an overview of the Public Procurement Reform Programme in Scotland which followed publication of the McClelland Report in 2006.
- 1.2 The reform programme continues to grow with the introduction of the Best Practice Indicators and the Capability Assessment over the past year.

**2. RECOMMENDATIONS**

- 2.1 The Audit Scotland report makes a substantial list of recommendations, aimed at the Scottish Government, the Centres of Expertise and individual public bodies. The Council’s position on each of the recommendations for individual organisations is detailed below.

**3. PURCHASING STRATEGIES**

- 3.1 *Public Bodies should have high quality purchasing strategies and plans in place, including a plan to meet future workforce needs.*
- 3.2 The Council has had a purchasing strategy in place within the Constitution since 2005. This strategy is now being updated and the 2009 – 2012 Purchasing Strategy has now been approved by the Council’s Strategic Management Team and will go before the Executive in December.
- 3.3 The Council’s current purchasing plans are driven by “Process for Change,” the Procurement Capability Assessment and the Sustainable Procurement Action Plan. It is intended to shape those into a single set of actions in January 2010.
- 3.4 In terms of workforce planning, the Council now has six trainee purchasing officers in place, who will all aim to achieve Professional Membership of the Chartered Institute of Purchasing and Supply by 2012/2013. Plans are being put in place, along with several other

Councils, to put together training based on a competency framework for Council staff who procure as part of their other main duties.

#### **4 MANAGEMENT INFORMATION**

- 4.1 *Public Bodies should have up-to-date information on their purchasing activities, such as supplier details, volume of transactions, value and type of spend.*
- 4.2 Since 2005/06 the Council has submitted annual figures from the Oracle Payable system to the Scottish Procurement Information Hub, where the procurement spend is analysed against data from Companies House, Thompson, Dun and Bradstreet and various other sources to provide statistics on commodity spend, local spend, spend with SMEs, at-risk suppliers etc. This information was used extensively in proving the outline business case for Process for Change

#### **5 PURCHASING PRACTICES**

- 5.1 *Public Bodies should ensure all purchasing practices, including control of spending, comply with good practice as set out in national and centres of expertise guidance.*
- 5.2 The Council's Contract Standing Orders have been updated in 2009 to reflect the change in the procurement environment and in procurement law.
- 5.3 The new Standing Orders make reference to a Procurement Manual in terms of detailed guidance. The Procurement Manual, a working document for buyers across the Council, is currently under construction and the first draft will be available by the end of December 2009. The manual will guide buyers through the procurement and contract management process in a manner that is consistent with best practice as described in the Scottish Procurement Directive Purchasing Toolkit.

#### **6 COLLABORATIVE PROCUREMENT**

- 6.1 *Public Bodies will work with the Scottish Government and centres of excellence to identify and develop opportunities for contribution and for improved purchasing practice.*
- 6.2 The Council are committed to taking part in each of the contracts let by Procurement Scotland, including office stationery, office equipment, IT Hardware, electricity and are currently examining the implications of the new mail contract.
- 6.3 The Council are members of Scotland Excel, the centre of expertise for local government and were instrumental in the setting up of the organisation, contributing staff on a secondment basis to the project

team that worked on the transition from the authorities buying organisation.

- 6.4 The Council have collaborated with other local authorities on a number of contracts, within the NOSLA and Broadband Pathfinder programmes and also, earlier this year, led the procurement of debt collection services for five Councils in the north of Scotland.

## **7 BEST PRACTICE INDICATORS**

- 7.1 *Public Bodies should use BPIs to assess their performance and to continually improve how they buy goods and services*

- 7.2 The Council are committed to reporting against the Scottish Procurement Directorate Best Practice Indicators and are currently gathering and uploading the data to allow this to happen. This is targeted to be complete by the end of March 2010.

## **8 SAVINGS AND BENEFITS**

- 8.1 *Public Bodies should report savings and other benefits on a regular and consistent basis.*

- 8.2 The Council has kept a record of procurement savings made since 2004/05 on an annual basis. Cashable and non cashable savings are recorded and reported.

- 8.3 In keeping with the demands of the Process for Change programme to make savings against budget, a new benefits tracking methodology is being developed to target benefits at the planning stage and monitor their delivery during the life of the contract.

Alan Brough  
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25<sup>th</sup> November 2009.