

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 15 MARCH 2011**

**SUBJECT: PROCUREMENT BEST PRACTICE INDICATORS AND  
CAPABILITY ASSESSMENT RESULTS**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 To provide Members with a progress report on Procurement Best Practice Indicators (2009/2010) and the result of the procurement Capability Assessment for 2010.
- 1.2 This report is submitted to Committee in terms of Section A(37) of the Council's Administrative Scheme relating to Procurement.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee note the Councils performance as measured by the Procurement Best Practice Indicators (BPI) and the Procurement Capability Assessment (PCA)**
- 2.2 **It is recommended that the Committee approve the annual programme of reporting and monitoring of procurement activity outlined in section 4.**

**3. BACKGROUND**

- 3.1 At the Policy and Resources Committee meeting on 23 November it was noted that with a move to e-tendering Councillors would have less involvement in the tendering process and they were keen to explore alternative arrangements to understand the volume of tenders being dealt with by the Council. It was agreed that a further report would be provided to explore the type of information available to Councillors for monitoring purposes.
- 3.2 Monitoring of performance (but not necessarily volume) is provided in the annual report which is submitted to Policy and Resources on the nationally developed Best Practice Indicators (BPI) and the more recent Procurement Capability Assessment (PCA).
- 3.3 Public Procurement information is collated on the Scottish Procurement Hub and all public sector bodies are required to provide information on expenditure by category and update organisational profiles on a quarterly basis.
- 3.4 Using this data, the Scottish Government has identified clear opportunities for collaboration on a number of commodities at national and sectoral level and is able to produce a number of Best Practice Indicators (BPI). Originally devised as a mean to monitor progress against the McClelland report recommendations, the development and use of these indicators has been

slow and confidence in the results is low. However, by collecting the information on a like for like basis, progress can be tracked in some areas.

- 3.5 Throughout the development of the reporting process Moray Council has been one of several pilot organisations working with the Scottish Procurement Directorate's project team to test the implementation of the BPI's and is subsequently one of a few organisations that have been able to provide spend information for Financial Years 2005-2010, a contract register from 2007 to date and Council profile information from 2007 to date. A list of the Procurement Best Practice Indicators is shown at **APPENDIX 1** together a commentary on the results.
- 3.6 The introduction of the annual Procurement Capability Assessment (PCA) for all public organisations has to some extent overtaken the BPI's as a measurement of national performance and the Public Procurement Reform Board is now focussing its attention on the results of this exercise rather than the BPI's.
- 3.7 The PCA is now in its second year for Local Authorities and for Moray Council the results show an improvement from level 0 (19%) to level 1 (27%) or from non conformance to conformance. Scotland Excel act as facilitator for the PCA exercise and produce a report on the results once the process has been completed for all Local Authorities. When available a copy of this report will be place in the Members portal. Local Authority Heads of Procurement use the results (collectively) to drive the procurement Improvement Programme forward, determining the priorities for the coming year and allocating resources to direct and input into individual projects.
- 3.8 The recently approved Procurement Strategy recognises the work remaining for the Council and using the PCA as a base a number of outcomes have been identified that will help us to achieve our target of improved performance by 2012/13.
- 3.9 The detailed results of the PCA are shown on **APPENDIX 2**. An analysis of the results for each question that make up the eight sections has highlighted the improvement areas for the Council and suggested actions have been put forward to the Senior Management Team (these actions are due to be considered at their meeting on 31<sup>st</sup> March 2011). These actions are in addition to the Strategy outcomes mentioned earlier, and if resources allow for the increased workload, they will be built into the Procurement Action plan. However the speed of development in this area, and the successes to date, do raise questions about the need for some of this work. The Designing Better Services Procurement Project and the Council's Procurement Strategy have identified the targets that are the priority for the Council and these should take precedence over the PCA targets. Not all the areas of the PCA are relevant to an organisation of our size and we need to consider the benefits to the organisation of greater compliance with the PCA model.

#### **4. PROPOSALS FOR FUTURE MONITORING**

- 4.1 It is proposed that an annual programme of reporting be put in place which will provide Policy and Resources Committee with a complete picture of the Procurement activity:
- March - report providing the performance measurements i.e. Best Practice Indicators and Procurement Capability Assessment results.
  - August - a report providing the volume of contract activity and financial impact for the contracts in place for the previous year. In addition to this statistical information a new Procurement Priority Report will be developed from the recently introduced Procurement Departmental Action Plans (Strategy development for 2011). Each service will be asked to provide information on their proposed contract activity for the coming year based on data extracted from the Council's contract register, this will be collated by the Payments Manager into a Council wide Procurement Priority Plan.
- 4.2 These reports will allow the Committee to monitor procurement activity both planned and actual on an annual basis, however a six month update on actual activity could also be provided if required.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Single Outcome Agreement/Service Improvement Plan**

The Finance and ICT Service Improvement Plan supports the sound governance at strategic, financial and operational levels, sound management of resources and competitiveness, trading and discharge of authority functions.

### **(b) Policy and Legal**

The Council policy on procurement was agreed by Policy and Resources Committee on 29 August 2007.

### **(c) Financial Implications**

There are no financial implications arising directly from this report.

### **(d) Risk Implications**

There are no risk implications arising from this report.

### **(e) Staffing Implications**

There are no staffing implications arising from this report.

**(f) Property**

There are no property issues arising directly from this report.

**(g) Equalities**

Equality impact assessments were carried during the DBS detail design stage and are contained within the Business case approved by Policy and Resources Committee on 22 September 2009.

**(h) Consultations**

The PCA covers all aspects of the Council procurement activity, including the work carried out by authorised officers within the departments. As such the results have been submitted to SMT for their consideration.

**6. CONCLUSION**

- 6.1 This report provides Members with details of the Council's performance for procurement activities as measured by the Best Practice Indicators and the national Procurement Capability Assessment. Performance is moving in a positive direction and this is assisting with the Council's overall drive to improve efficient use of limited finance.**
- 6.2 The report also provides details of proposed future annual reports on performance and statistics on Council wide procurement activity.**

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Background Papers: Best Practice Indicators, Procurement Capability Assessment Results

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