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| Agenda Item | 13 |
| Report No | RES/30/23 |

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 06 September 2023

Report Title: Joint Procurement Strategy 2023-2026

Report By: Head of Corporate Finance

1 Purpose/Executive Summary

- 1.1 The purpose of the report is to present the Joint Procurement Strategy 2023-2026 (Appendix A) to committee for approval, this is a refresh of an existing strategy agreed in 2017. The strategy outlines how procurement activity will deliver value for money and contribute to the achievement of the Council's broader aims and objectives, aligned with local and national priorities.
- 1.2 The Council's procurement function is shared with Aberdeen City and Aberdeenshire Council. The procurement strategy has been developed and consulted upon considering aims and objectives across the three Councils.

2 Recommendations

- 2.1 Members are asked to:
- i. Approve the Joint Procurement Strategy 2023–2026 (Appendix A).
 - ii. Note that the Joint Procurement Strategy 2023-2026 will be published once also approved by Aberdeen City and Aberdeenshire Council.

3 Implications

- 3.1 **Resource** – There are no resource implications as a consequence of this report. The Strategy will support the Council to deliver Best Value through its procurement activities.

- 3.2 **Legal** – The Joint Procurement Strategy ensures the Council is compliant with requirements within the Procurement Reform (Scotland) Act 2014.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – The themes within the Joint Procurement Strategy ensure an approach to procuring goods, services and works contracts to ensure that procurement activity not only delivers best value but also delivers positive economic, environmental and community outcomes.
- 3.4 **Climate Change / Carbon Clever** – The themes within the Joint Procurement Strategy ensure an approach to procuring goods, services and works contracts to ensure that procurement activity not only delivers best value but also delivers positive economic, environmental and community outcomes.
- 3.5 **Risk** – The proposed changes should have a positive impact on risk with a focus on compliance, scrutiny, control and assurance.
- 3.6 **Health & Safety** – There are no specific implications as a consequence of this report.
- 3.7 **Gaelic** – There are no specific implications as a consequence of this report.

4 Background/Discussion

- 4.1 Procurement within the public sector in Scotland is governed by Procurement Legislation. Under the Procurement Reform (Scotland) Act 2014 each organisation with a spend of £5,000,000 or greater on regulated procurements in the next financial year must produce a procurement strategy, or to review an existing strategy for the current financial year and make revisions as appropriate. The Procurement Strategy must include statements about how the Council(s) will contribute to the following themes:
- the carrying out of organisational functions and purpose;
 - the delivery of value for money; and
 - how procurements will be conducted in accordance with general duties which include the sustainable procurement duty

The procurement strategy must also include statements about policy on:

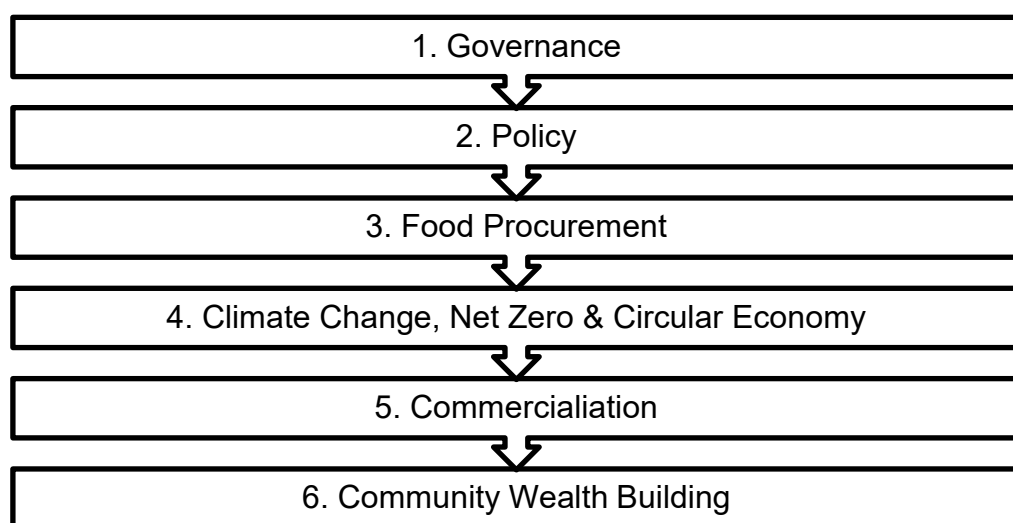
- community benefit requirements in contracts;
- consulting and involving people affected by procurements;
- Fair Work practices including paying the 'real' Living Wage to people involved in the delivery of contracts;
- how the Council will promote compliance by contractors and subcontractors with the Health and Safety at Work etc. Act 1974;
- the procurement of fairly and ethically traded goods and services;

- how procurements, involving the provision of food, will improve the health, wellbeing and education of communities and promote the highest standards of animal welfare;
- paying invoices (or a similar claim) to contractors and sub-contractors in 30 days or less; and
- how the Council will prioritise and take account of climate and circular economy in procurement activity

4.2 The current Joint Procurement Strategy between the parties to the Commercial and Procurement Shared Service was agreed in 2017 and was designed to ensure that all parties achieved compliance with the legislation, support achievement of strategic objectives through innovative, compliant and collaborative market solutions demonstrating value for money and genuine return on investment. In recent years, Local Authorities in Scotland have experienced a trend of rising demand for Council Services and widening budget gaps, as funding to Local Authorities from Scottish Government is reduced. Every aspect of society has been affected by the exceptional circumstances of the Covid-19 pandemic, the broader impact on communities and the local economy, and the Council's role in supporting the local economy, communities and people, will continue to be felt into the foreseeable future, impacts through exit from the EU have added additional strain to the local economy along with the invasion of the Ukraine.

4.3 These global events have significantly impacted global markets and caused significant inflationary pressures creating unique but not insurmountable challenges for the region. To support meeting the challenges faced each Council needs to explore alternative delivery models, collaborations that deliver efficiencies and commercial opportunities that will generate revenue to support sustainability for the future.

4.4 To build and support sustainability for future delivery of services and address challenges faced the revised Joint Procurement Strategy for 2023-2026 includes six key themes, the themes as set out below align with local and national priorities:



- 4.5 The draft Joint Procurement Strategy 2023-2026 at Appendix A was considered at a Joint Council workshop held in May to allow for consultation with key services of each Council including those where collaboration would be key to meeting key priorities and high spending service areas. The feedback from that workshop has been considered and incorporated into the draft attached for approval by the committee. The Strategic Procurement Board has also been consulted and approved the draft strategy.
- 4.6 Minor changes both in terms of formatting and wording have been made to the Strategy to improve the flow of the document and the overall aesthetic, the significant changes to the Strategy are summarised below:
1. Addition of themes:
 - a. Climate Change, Net Zero & Circular Economy
 - b. Commercialisation
 - c. Community Wealth Building
 2. Addition of reference and information on the Strategic Procurement Board
 3. Inclusion of specific reference to Local Outcome Improvement Plans
 4. Inclusion of reference and information on link to Medium Term Financial Strategies
 5. Addition of Public Procurement Priorities
 6. Addition of Appendix 3 – Strategy Outcomes and Key Actions to Deliver
 7. Addition of Appendix 4 – Strategy Performance Indicators
 8. Addition of Appendix 5 – Commercialisation Areas

Designation: Head of Corporate Finance

Date: 08 August 2023

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Joint Procurement Strategy

Aberdeen City, Aberdeenshire, Highland Council

01 October 2023 – 30 September 2026

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1. Strategy Introduction

1.1 Foreword

This strategy is intended to clearly outline the procurement and commercial priorities from 2023 to 2026 for the partners to the Commercial and Procurement Shared Service, taking account of the local ambitions and priorities for each partner and outlines duties as required by the Procurement Reform (Scotland) Act 2014. The strategy recognises that Procurement is a wide-ranging discipline. It considers how we all work together to promote quality, performance and value for money through the Council's activities, as well as support innovative, sustainable, efficient services.

The goods and services we choose to buy and commission and the influential relationships we look to develop with our supply chains will enhance commercial opportunities to strengthen the local economy and support the wellbeing of local people. The revised Joint Procurement Strategy for 2023-2026 includes six key themes covering priorities of Climate Change, Net Zero & Circular Economy, Commercialisation and Community Wealth Building.

As the Chief Executive of Aberdeenshire Council and the current Chair of the Strategic Procurement Board, I recognise the value of procurement to the partner organisations and the pivotal role that procurement can play in the achievement of key priorities and in supporting the significant change required to ensure the sustainability for future service delivery.



Jim Savege
Chief Executive Aberdeenshire Council and
Chair of the Strategic Procurement Board

1.2 Introduction

- 1.2.1 This Joint Procurement Strategy is designed to enable the partner Councils to ensure compliance with the Procurement Reform (Scotland) Act 2014, to achieve their strategic objectives and meaningfully contribute to national priorities through innovative, compliant and collaborative market solutions demonstrating value for money and genuine return on investment. Appendix 1 to this strategy includes the statements and information on how the strategy will meet the requirements of the Procurement Reform (Scotland) Act 2014.
- 1.2.2 Appendix 2 to this strategy shows the spend analysis for each Council with a breakdown of spend across Commodity areas, demonstrating the breadth of procurement activity each Council undertakes in any annual period. With imaginative application, strategic procurement can allow the public sector to save significant amounts of money whilst continuing to modernise, exceed statutory expectations and provide a high level of service delivery tailored to the needs of the communities we serve.
- 1.2.3 The Joint Procurement Strategy aligns with the key strategic drivers of the Council(s) and will assist each Council in meeting statutory obligations, meeting challenges faced and contributing towards strategic outcomes. The Strategic Procurement Board will be responsible for the delivery of the Joint Procurement Strategy (information of the remit of the board can be found in Section 2.7).

1.3 Procurement Vision & Mission Statement



Procurement Vision

“to deliver innovative, sustainable, cost effective and high quality strategic procurement services, maximising outcomes and value and fostering collaboration”



Mission Statement

"deliver procurement outcomes that support the wider strategic aims of the Councils and the communities they serve, furthering local and national priorities to the fullest extent possible"

1.4 Strategic Context & Rationale

1.4.1 Procurement within the public sector in Scotland is governed by Procurement Legislation. Under the Procurement Reform (Scotland) Act 2014 each organisation with a spend of £5,000,000 or greater on regulated procurements in the next financial year must produce a procurement strategy, or to review an existing strategy for the current financial year and make revisions as appropriate. The Procurement Strategy must include statements about how the Council(s) will contribute to the following themes:

- the carrying out of our organisational functions and purpose;
- the delivery of value for money; and
- how our procurements will be conducted in accordance with our general duties which include the sustainable procurement duty

Our procurement strategy must also include statements about our general policy on:

- community benefit requirements in our contracts;
- consulting and involving people affected by our procurements;
- Fair Work practices including paying the 'real' Living Wage to people involved in the delivery of our contracts;
- how we will promote compliance by contractors and subcontractors with the Health and Safety at Work etc. Act 1974;
- the procurement of fairly and ethically traded goods and services;
- how our procurements, involving the provision of food, will improve the health, wellbeing and education of communities and promote the highest standards of animal welfare;
- paying our invoices (or a similar claim) to contractors and sub-contractors in 30 days or less; and
- how we will prioritise and take account of climate and circular economy in our procurement activity

Appendix 1 to this strategy includes the statements and information on how the strategy will contribute to these themes.

1.4.2 Local Outcome Improvement Plan (LOIP)

The Joint Procurement Strategy is aligned with the key outcomes of the Local Outcome Improvement Plan(s) to ensure that within each individual Council area, all people, families, businesses and communities do well, flourish and succeed.



1.4.3 Council(s) Strategic Priority of Energy Transition and Net Zero

Climate change represents a significant global challenge and is not simply an environmental issue. It is a wide-ranging problem with potential ecological, environmental, social and economic implications. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

Through delivery of renewable energy projects, the Joint Procurement strategy aligns with the key energy transition and net zero outcomes of the participating authorities to act sustainably, contribute to carbon emissions reductions targets and towards climate change adaptation.

1.4.4 Medium-Term Financial Strategies

The Joint Procurement Strategy is aligned with the key outcomes of the Medium-Term Financial Strategy of each Council setting out the commitment to procure goods, services and works through procurement that support services to meet the needs of people locally and represent best value.

Medium-Term Financial Strategies around reducing costs and increasing income are aligned to Council Delivery Plans, which in turn aligns the Council(s) commitments to the vision and priorities of the Local Outcome Improvement Plan.

1.5 Strategy Themes

1.5.1 Strategy themes have been identified in line with local and national priorities, each strategy theme will support a key priority and support the enablement and delivery of procurement and commercial activity to allow for achievement of these priorities and delivery of outcomes included at Appendix 3: Strategy Outcomes & Key Actions to Deliver.

1.5.2 Strategy themes are detailed below along with key elements (including mandatory elements as required by the Procurement Reform (Scotland) Act 2014) each theme will seek to support.

| Theme | Strategic Driver |
|--|--|
| 1. Governance | <ul style="list-style-type: none"> - How procurement will support Council(s) functions/outcomes - Achievement of best value - Equal treatment, transparency - Procurement Priorities |
| 2. Policy | <ul style="list-style-type: none"> - How the Council(s) will deliver Community Benefits (Social Value) through procurement activity - How the Council(s) will consult and engage with those affected by its procurements - How the Council will incorporate Fair Work Practices into procurement activity - How the Council(s) will Promote compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 Act 1974 (c.37) and any provision made under that Act, and - Policy on the procurement of fairly and ethically traded goods and services, - Policy on prompt payment (ensuring payment to contractors and sub-contractors within 30 days) |
| 3. Food Procurement | <ul style="list-style-type: none"> - Set out an approach to procurement of food related contracts which will - improve the health, wellbeing and education of communities in the Council(s) area, and - promote the highest standards of animal welfare |
| 4. Climate Change, Net Zero & Circular Economy | <ul style="list-style-type: none"> - Policy on incorporation of Climate Change & Circular Economy in procurement activity to support Net Zero targets |
| 5. Commercialisation | <ul style="list-style-type: none"> - Strategy for Commercial activity which will allow for generation of income to support delivery of the Council(s) functions/outcomes |
| 6. Community Wealth Building | <ul style="list-style-type: none"> - Set out how procurement activity can support Community Wealth Building, supporting local economic development, and redirecting wealth back into the local economy - placing control and benefits into the hands of local people. |

1.6 Approach to Support Strategy Delivery

1.6.1 A shared service approach to commercial and procurement activity and to this Joint Procurement Strategy is intended to facilitate across the partner councils:

- Partnership and collaboration;
- Effective leadership;
- Development of Workforce Capability;
- Innovative approaches to market;
- Market intelligence/awareness;
- Market Engagement;
- Commercial excellence; and
- Improved performance, transparency, innovation and increased use of digital technology.

The Strategic Procurement Board was established with these principles in mind, the board is responsible for delivering the outcomes set out in the Joint Procurement Strategy and service level agreement between the partners to the joint arrangement. The Board is also responsible for reviewing the performance of the service using key performance indicators and providing scrutiny and challenge, where appropriate (**Appendix 4** Strategy Performance Indicators contains details of performance indicators to apply for the Strategy Period):

1.6.2 Delegated Procurement Authority (DPA)

The Commercial and Procurement Services (C&PS) is responsible for the scheme of Delegated Procurement Authority (DPA) across the partner Council(s). Delegated Procurement Authority (DPA) is the authority given to officers across the Council to procure supplies, services and works and to manage contracts. There are four levels of DPA which can be assigned based on the Delegated Procurement Authority Model from Level 1 Transactional Buying to Level 4 Strategic Procurement.

Adoption of this model:

- Encourages the identification and widespread adoption of procurement best practice
- Enables areas of greatest risk to be identified
- Enables, procurement expertise to be focused on those areas
- Encourages a corporate approach to procurement decision making and ensures those with the most knowledge on requirements lead the process to ensure outcomes are met

1.6.3 Building Procurement Capability

Effective Leadership

To ensure that this strategy will successfully act as an enabler for each Council to respond to a changing world and support delivery of innovative, cost effective and high-quality strategic procurement services, Senior leaders across each of the partner Councils need to be engaged and involved in procurement and commercialisation at a strategic level, which will ensure

that procurement and commercial activity have full support at Leadership level across the Councils to support maximising outcomes and best value.

To achieve this the below will support engagement and involvement at a Senior Leadership Level:

- The Strategic Procurement Board (see 2.71 for Terms of Reference detail) was established in 2019 to further engage, consult and involve Senior Leaders
- Regular engagement sessions will be held with Management teams across each of the Councils to support, consult, engage and understand how procurement can support service delivery
- A programme of communication will be prepared annually to ensure the profile of procurement

Workforce Development & Capability

To ensure the successful delivery of the Joint Procurement Strategy and procurement activity for each of the Councils, we will adopt an approach aligned with the Public Procurement Priorities of Achieving professional excellence, ensuring we have the right people, right place at the right time across all procurement activity and management of contracts.

Through identifying training needs and creating development plans we will look to achieve objectives of:

- Create and develop talent we require now and, in the future,
- Use the Scottish Government Procurement Capability Framework to identify where we need to build skills & competencies
- Seek to invest in training and development, including professional accreditation where appropriate

The Councils have developed a suite of online training for delegated procurers and internal guidance to support this Procurement Strategy and assist procurers in their projects, this includes a detailed procurement manual and templates to be used across all procurement activity.

Developing Market Capability

The Councils will seek to engage with the local and wider business communities on our procurement activity and will seek to increase capacity and capability in local businesses of all sizes and across all business sectors (including third sector) to bid successfully for public contracts by way of providing or providing access to:

- i. 1 to 1 surgeries
- ii. training events
- iii. tender specific market engagement events
- iv. supplier bulletins

- v. raise awareness of opportunities by publication of forward procurement plan for each Council (2 year ahead view)

A Supplier Development Action Plan will be prepared annually including activity with opportunities identified for Community Wealth Building. The plans will be developed in conjunction with both internal partners i.e., Economic Development and external partners i.e., Scotland Excel/Supplier Development programme.

The Supplier Development Programme (SDP) is a partnership of Local Authorities, Scottish Government and other public bodies that works together to provide free support on all aspects of tendering to Scottish-based SMEs. SDP helps businesses that have little or no experience of tendering and are often too small to have dedicated bid/tender resources to contemplate bidding for public sector contracts. SDP aims to help such businesses become “tender ready” for contracts, which improves their prospects when submitting tenders. In conjunction with the local authority, SDP delivers this support through a Programme of free training and events which the Councils will include information on in procurement activity to signpost suppliers to this valuable source of support.

The Commercial and Procurement Shared Services will also commit to taking part in regular supplier development events / Meet the Buyer Roadshows to engage with local suppliers and provide information on how to tender for Council opportunities and signpost to sources of support.

1.7 Supporting Policies & Procedures

1.7.1 Although not exhaustive, the following are considered in relation to all procurement projects within the Councils:

Legislation/Statutory Guidance

Procurement Reform (Scotland) Act 2014

[Scottish Government Outcomes for Procurement](#)

[Public Procurement Priorities](#)

[Scottish Government National Performance Framework](#)

Organisational Policies/Strategies

Joint Procurement Strategy

Health & Safety Policies

Equalities Policies

Sustainability & Community Benefits Policy

Energy Transition & Net Zero Strategies

Single Outcome Agreements / Local Outcome Improvement Plans

Medium Term Financial Strategies

Risk Management Framework(s)/Risk Appetite Statement

Tools

Procurement Manual & Associated Templates/Guidance

Procurement Journey

Supplier Journey

Delegated Procurer E-Learning Modules

Risk Assessment Tools

1.8 Risk Management

1.8.1 Risk management forms a fundamental part of implementation of the Joint Procurement Strategy, and the Councils recognise that whilst the optimal position would be to avoid risks there will be occasions where risks must be taken to achieve outcomes.

1.8.2 The Councils will be cautious around risks which may threaten the delivery of outcomes and commissioning intentions. Risks and emerging risks will be monitored closely on an ongoing basis, changes or new risks will be reported on quarterly to the Strategic Procurement Board.

2 Strategy Themes

2.1 Governance

2.1.1 In the Governance Theme of the Joint Procurement Strategy we describe the approach agreed by the three partner Councils to the below:

- How procurement will support Council(s) functions/outcomes
- Achievement of best value
- Equal treatment, transparency
- Procurement Priorities

2.1.2 How Procurement Will Support Council(s) Functions/Outcomes

This Joint Procurement Strategy is fully aligned to the Scottish Government aim to:

“...support Scotland’s economic growth by delivering social and environmental benefits, supporting innovation and promoting public procurement processes and systems which are transparent, streamlined, standard, proportionate, fair and business-friendly”

The strategy is aligned to the wider Public Sector Reform Agenda i.e., delivering public services that are agile, affordable, rise to the challenge of tackling inequalities, support economic recovery and growth across Scotland, and empower communities to take responsibility for their own actions.

Local Outcome Improvement Plans are established with a clear overarching theme of increased prosperity (of our people, places and environment) in addition to innovation and digital inclusion.

The Council’s Sustainable Procurement and Community Benefits Policy has been developed for officers with delegated procurement authority. The guidance reflects the Scottish Model of Procurement, how the model contributes to National Outcomes and Local Outcomes Improvement Plans.

Adherence to this strategy coupled with robust contract and supplier management will ensure the Councils deliver innovative, consistent, compliant and collaborative market solutions demonstrating value for money and return on investment to meet or exceed challenging commercial performance targets.

The Councils have a focus on establishing stronger ties with Community Planning Partners to ensure proactive and meaningful stakeholder/community participation in procurement activity affecting them. This will identify areas where there might be an active role for third sector organisations and our communities. Developing stronger, more constructive supplier and third sector partnership relationships is a key consideration in meeting our aspirations and obligations under the Joint Procurement Strategy.

2.1.3 Achievement of Best Value

Procurement is a key enabler in the delivery of best value, each partner Council will make a commitment to work together and will also continue to work with public sector partners, the private sector and the third sector to seek to deliver maximum value through procurement activity. One of the key aims will be to secure value for money from collaborative contracts between the shared service partners or wider collaboration. Where utilised, national frameworks will be shaped to promote maximum economies of scale and local priorities, through collaboration the Councils seek to secure the maximum social, economic and environmental value from the contracts and the frameworks developed by the Councils and the national frameworks used.

The Councils consider lotting contracts in such a way that they could promote the inclusive participation of SMEs, third sector organisations and supported businesses. “Whole of life costing” and “the circular economy” is promoted in the Council’s Sustainable Procurement Policy. Demand management and the clear separation of “needs” from “wants” will continue to guide procurers at a transactional and strategic level. Procurement reform has encouraged buyers to be less reliant on price in regulated and unregulated contracts.

The Councils will continue to explore innovative evaluation models to challenge the status quo, incorporate social value and identify commercial opportunities, developing these in close consultation with Finance, Legal and Services across the three Councils. A full understanding of budget versus cost of contract and terms and conditions to manage any contractual cost increase requests will be a key consideration in the development of any procurement and the subsequent contract.

Robust internal governance, strong contract and supplier management ensuring contract and supplier performance is regularly evaluated will make sure every pound spent under any contract including those called off under a Framework Agreement or Dynamic Purchasing System achieves maximum value, is justified in terms of the contract and can be justified in terms of prevailing market conditions.

To ensure that the balance of cost, quality and sustainability does not compromise our duties to economic operators, sustainable procurement guidance has been developed with a strong focus on the fundamental principles of transparency, openness and equal treatment that apply whether the tender is valued at above or below higher value thresholds.

2.1.4 Equal Treatment & Transparency

Equal Treatment

The Council(s) commit to implement all compliant measures to facilitate a “an open and competitive marketplace” that creates opportunities for all suppliers across all business sectors regardless of business size. Internal governance and Procurement guidance are designed to ensure:

- i. No economic operator is given an unfair advantage or disadvantage in the bidding process; and
- ii. There is an appropriate scrutiny and transparency in all procurement processes.

The Council's Sustainable Procurement and Community Benefits Policy contains detailed information on issues such as: proportionality and relevancy, the legal position on "localism," specifying brands/trademarks/patents/trading labels and the hierarchy of international standards.

The Policy also sets out the legal parameters within which it is possible to ensure the inclusive participation of local suppliers/SMEs/third sector organisations/supported businesses in the direct (Tier 1) supply chain and (Tier 2) subcontract opportunities. Delivery of community benefits within our own communities is strongly encouraged by the Councils without compromising principles of:

- i. Equal treatment and non-discrimination: giving every bidder an equal chance to win contracts;
- ii. Transparency: stating requirements and award criteria up front and sticking to them;
- iii. Fair and objective "like for like" evaluation.
- iv. Selection and award criteria are proportionate and non-discriminatory to smaller or newly established economic operators i.e., ensuring that the required standard of financial standing is proportionate and non-discriminatory to smaller or newly established economic operators.

The Councils adopt a proportionate and fair approach to maximising the inclusive participation of local suppliers, SMEs and third sector organisations in all procurement exercises including the seeking of quotes. To secure innovation, best value and the best market solution for lower value requirements, internal guidance prompts procurers to consider:

- i) Identification of an appropriate number of capable suppliers to invite;
- ii) Exploration of opportunities for the local supply chain (including third sector and supported businesses where appropriate);
- iii) Aggregation and open tender where the same requirement will be needed more than once or in other areas of the Council; and
- iv) Where aggregation is not possible, to ensure that opportunities to participate in quotation exercises are openly published to ensure awareness across the supply base within and beyond the local geographic area.

Transparency

The Councils commit to ensuring "adequate and appropriate" publicity is afforded to contract opportunities in accordance with (or beyond) statutory requirements. The Councils advocate early, open and inclusive market engagement using the Public Contracts Scotland portal. In terms of engagement with local suppliers, supplier engagement events can establish whether proposed selection and award criteria are sufficiently inclusive, proportionate and relevant.

The Council(s) are committed to consulting with the business community to:

- Identify and reduce barriers to business;
- Keep the tender process as simple and consistent as possible;
- Increase stakeholder understanding of public sector procurement policy/legislation and
- Offer meaningful feedback to suppliers on the evaluation of their proposal.

To do so we will commit to:

- the use of electronic communication for procurement activity at a value of above £10,000;
- stating requirements and award criteria up front and sticking to them;
- Fair and objective “like for like” evaluation; and
- the use of clear and precise language to ensure understanding of the requirements.

The Council(s) also:

- seek to conduct early market engagement, open to all suppliers who may have an interest. In terms of engagement with local suppliers, supplier engagement events can establish whether proposed selection and award criteria are sufficiently inclusive, proportionate and relevant.
- In addition to the above the Council(s) have developed a supplier sources of support document to be issued with all tenders

2.1.5 Procurement Priorities

The Public Procurement Group (PPG) published a set of seven priorities for all public procurement leaders across Scotland. These were refreshed in 2023, going forwards each public procurement body will be required to report progress against these to Scottish Government on an annual basis. The Joint Procurement Strategy will enable each Council to deliver against these priorities and ensure progress is tracked and measured. The priorities, aims and delivery statements are intended to demonstrate our commitment to using the power of procurement to deliver and influence outcomes that are good for the people of Scotland. The updated public procurement priorities and the high level aims within each priority are shown below:

- engage and influence organisation leaders and stakeholders
- raise profile with better communications internally and externally
- identify and own escalated issues

Leadership and visibility



- mainstream sustainable procurement and related tools
- use of intelligent data & local partnerships
- inclusive and responsible supply chains
- understand what good looks like, tracking performance and tackling opportunities to deliver better outcomes

Sustainable Economic Recovery



- Manage business continuity through supply chain shocks (e.g. Pandemic; post-EU Exit)
- Build/support immediate and longer term resilience in critical supply chains
- Collaborate on opportunities to grow capacity & capability in targeted sustainable supply chains

Supply Chain Resilience (Public Sector)



- Understand and exploit any flexibility within current Rules to support economic recovery.
- Explore further options to maximise priority outcomes and financial wellbeing to ensure Scotland maintains its competitive position in the world.

Maximise Impact of the Sustainable Duty (including post EU-exit implications)



- Embed climate considerations in a 'whether', 'what', 'how' and 'how much' we buy approach.
- Integrate climate action in contract and supplier management.
- Develop cross-functional roadmaps that exploit opportunities for economic development while delivering on our climate ambitions.

Climate Emergency (including carbon reduction and a circular economy)



- Create and develop the talent we require now and in the future.
- Develop collaborative targeted capability programmes to build skills & competencies, driving consistency in approaches.
- Ensure that training and professional development is available to the sector during the pandemic and post-pandemic period.

Achieving professional excellence (against national policy and standards)



- Embed national and tailored sectoral systems and best practice tools across the Scottish public sector and supply base
- Increase the visibility / use of other systems in use across sectors
- Develop a strategy to enable the sharing of these systems and tools across sectors to enhance outcomes

Develop our use of systems to exploit sustainable outcomes and support reporting



2.2 Policy

2.2.1 Delivery of Community Benefits (Social Value) through procurement activity

The Council(s) Sustainable Procurement and Community Benefits Policy outlines the commitment to securing positive environmental, social and economic outcomes in all procurement activity where possible to do so (including below threshold procurements, all regulated procurements and framework call offs), policy states at least 10% of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices. The detailed processes underpinning the application of community benefits at below and above the £4M threshold are included within the Policy and the Procurement Manual.

A table of key outcome focused themes is used in procurement activity for bidders to respond to. This approach ensures a robust, achievable approach to sustainable procurement that is relevant and proportionate and ensures each Council is compliant with the mandatory duties within the Procurement Reform (Scotland) Act 2014. The table of key themes below is used to generate proportionate and relevant outcome focussed themes for bidders to address. The table appears in the Sourcing Strategy, Invitation to Tender, Community Benefits Project Plan to ensure the consideration of Community Benefits is conducted throughout the procurement process.

| Improve (Wellbeing) | Promote | Facilitate (Involve) |
|---|--|--|
| Social | Innovation | SMEs |
| Economic | Equalities/reduce Inequality | 3rd Sector organisations |
| Environmental | Ethical trading and social justice | Supported Businesses |
| Health | Fair Work Practices/The Living Wage | Prompt Payment throughout the supply chain |
| Food poverty/fuel poverty/energy efficiency | Resource efficiency and the circular economy | Community engagement and community empowerment; community projects |
| Air quality/reduction of harmful emissions/reduction of waste and packaging | Education; employability and skills training | Collaboration and collaborative working |

The themed approach to community benefits is intended to provide procurers and suppliers with a clear, compliant, ideas-driven framework to work consistently within. Use of a Community Benefits Project Plan is strongly encouraged for procurements above the £4M threshold, for below threshold a specific award question is included within templates.

Bidders are provided with details of sources of Council /agency/community/third sector advice and sources where practical and financial support is available to develop community benefit requirements in response to any procurement while the tender is live.

2.2.2 Consultation & Engagement (those affected by procurements)

| Group | Consultation & Engagement |
|---|---|
| <p>Business Community & Local Businesses</p> | <p>The Councils will seek to engage with the local and wider business communities on our procurement activity, a key element of the engagement and supplier development will be tender specific market engagement events. These events will be facilitated to ensure that there are open channels of communication and communication is two way, to ensure we consult businesses affected by the specific tender, building upon and maintaining networks, sharing information, seeking input from suppliers to shape requirements for the benefit of the local economy and the business community.</p> <p>A Supplier Development Action Plan will be prepared annually including the opportunities identified for Community Wealth Building, the plan will be developed in conjunction with both internal partners i.e., Economic Development and external partners i.e., Scotland Excel/Supplier Development programme and the Councils will seek to ensure that consultation is included where appropriate.</p> |
| <p>The Third Sector and Communities</p> | <p>The Councils have established strong ties with Community Planning and third sector interface organisations to ensure proactive and meaningful stakeholder/community participation in procurement activity affecting them. The Councils will continue to seek to identify areas where there might be an active role for community planning partners; third sector organisations and our communities to shape, support or deliver requirements.</p> <p>Established Community Planning networks will enable meaningful engagement and sharing of good practice/case studies with communities directly affected by procurements and will facilitate stronger ties with public sector partners including NHS, blue light services, community councils, Skills Development Scotland, civic forums and community representatives.</p> <p>Developing these relationships will be pivotal in meeting our aspirations and obligations under the strategy. The Councils are keen to support the third sector in practical and compliant ways e.g., potentially offering access to a selection of our contracts for use by the local third sector.</p> |

| | |
|--------------------------------------|---|
| <p>Health and Social Care</p> | <p>Current service users, their carers and/or parents/guardians/representatives are routinely involved in the review of service provision and the preparation for, and evaluation of tenders for social care services. Where appropriate involvement in the planning for and commissioning of social care services will widen beyond this to all members of the local community. Future commissioning plans will be shared with these groups, and they will be able to feed their views through to support shaping future commissioning strategy.</p> |
| <p>Tenants</p> | <p>Resident surveys and Tenant Participation Groups allow for meaningful engagement with service users in procurements affecting our tenants. Where applicable, the Councils attempt to engage with commercial tenants by similar means.</p> |
| <p>Internal Stakeholders</p> | <p>Regular engagement sessions will be held with Management teams across each of the Councils to support, consult, engage and understand how procurement can support service delivery, effective consultation will ensure we deliver against the outcomes in the strategy.</p> <p>Engagement and consultation will be conducted with key internal stakeholders (and external stakeholders where relevant) during the development of procurement strategies to ensure outcomes and priorities are delivered.</p> |

2.2.3 Incorporation of Fair Work Practices into procurement activity

In all procurement activity (where proportionate and relevant) the Council(s) encourage accreditation of contracted suppliers as Living Wage employers (and encourage progress towards that end) across the supply chain despite the inability to make payment of the Living Wage a mandatory requirement.

The Councils consider that a bidder's employment practices and its approach to its workforce can have a direct impact on the quality of service it delivers and, sometimes, of the goods it supplies and works performed. Fair pay, including payment of the Living Wage, is one of the ways a bidder can demonstrate that it takes a positive approach to its workforce. Wherever it can be deemed relevant to quality of service or goods or delivery/performance of the contract, a bidder's employment practices and approach to the workforce it will engage to perform the contract is evaluated as part of the procurement exercise. A Method Statement has been developed reflecting the full range of protected characteristics under the Public Sector Equality Duty. Bidders are asked to confirm their position on Living Wage across a range of four options, the Sustainable Procurement and Community Benefits Policy states that at least 10% of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices.

2.2.4 Promotion of compliance with the Health and Safety at Work etc. Act 1974 Act 1974

To ensure and promote compliance by contractors and sub-contractors with the Health & Safety at Work etc., the Council(s) encourage delegated procurers to:

- use the standardised statements within the SPD (Single Procurement Document);
- consider safety issues in terms of S43 (3)(c) of the Public Contracts (Scotland) Regulations 2015; and
- where relevant to the contract devote a section of award criteria to health and safety considerations. Where sub-contractors have been identified, by a main contractor, a requirement would be included for the same standards to be demonstrated by sub-contractors

Relevant clauses are included in terms and conditions of contract to ensure that this is a contractual obligation (where required), and these would form part of the Contract Management procedures to ensure that compliance is monitored.

2.2.5 Policy on the procurement of fairly and ethically traded goods and services

The Council's Sustainable Procurement and Community Benefits Policy has been developed to support local and national priorities in terms of Fair Trade/fairly traded and ethically sourced goods and services (to ensure there is no discrimination it is necessary for procurers to refer to "fairly traded goods and services" or "ethically sourced goods and services" and offer alternatives to meet the standard without accreditation).

The Council's Sustainable Procurement Policy provides extensive information on the compliant use of recognised trading labels and guides where "or equivalents" must be accepted.

2.2.6 Policy on prompt payment (ensuring payment to contractors within 30 days)

The Council(s) are committed to prompt payment of invoices to both our contractors and sub-contractors within the supply chain. We commit to pay valid invoices within 30 days of receipt.

Relevant clauses are included in terms and conditions of contract to ensure that this is a contractual obligation (where required), and these would form part of the Contract Management procedures to ensure that compliance is monitored.

Aberdeen City and Aberdeenshire Council currently offer the option for suppliers to join the Supplier Incentive Service (SIS), an early payment programme that gives suppliers the opportunity to be paid earlier than contracted terms, with a pre-agreed small percentage discount applied to an invoice paid early.

2.3 Food Procurement

2.3.1 Impact of Food Procurement

The Council(s) recognise the positive impact buying healthy food and drink and buying this locally (wherever possible) to serve in schools, social care and other facilities can have from an environmental, economic and wellbeing perspective, and also recognise that buying food which is high in embodied carbon or produced in a way that damages nature has a negative impact on people and plant. There is a clear link between the Food Procurement and Climate Change, Net Zero and Circular Economy theme and the aspirations of each Council towards a carbon net-zero, nature-positive future. Whilst a considerable proportion of food and drink requirements are met by national frameworks available via central purchasing bodies the Council(s) are fully engaged in the development of these frameworks and in collaboration with the central purchasing body seek to ensure that good practice is incorporated in terms of specifications, health, community benefits, education, sustainability, the environment, climate and animal welfare. The Council(s) commit to continued involvement in the further development of food related national frameworks through participating in User Intelligence Groups (UIG's) and to work with suppliers locally to encourage participation in the national frameworks to support aims around Community Wealth Building.

2.3.2 Regulated Procurement

Any regulated procurements involving national frameworks or a local Council tender for food and drink will require proportionate and relevant selection and award criteria to be developed e.g. field to fork criteria capturing the origin of

products, increasing the range of fairly traded, ethically and locally sourced products (either directly or through the supply chain), minimising food waste, community benefits health, reduction of packaging, food poverty and reduction in emissions/road miles.

2.3.3 Community Benefits

Community benefits will provide effective ways to promote health, wellbeing and education in schools and the wider community, for example School visits (addressing nutrition) or support for holiday meals for children and young people (providing access to nutritious meals when schools are closed for the holidays). These represent compliant examples of community benefits that are proportionate and relevant to food related procurements.

2.3.4 Supplier Engagement

Engagement with relevant associations, food producers, growers and distributors will be a key element of any procurement process to discuss desired outcomes with the wider market and seek feedback from the market to shape requirements to ensure that contract delivery is structured to optimise engagement from the market and ensure outcomes are achieved.

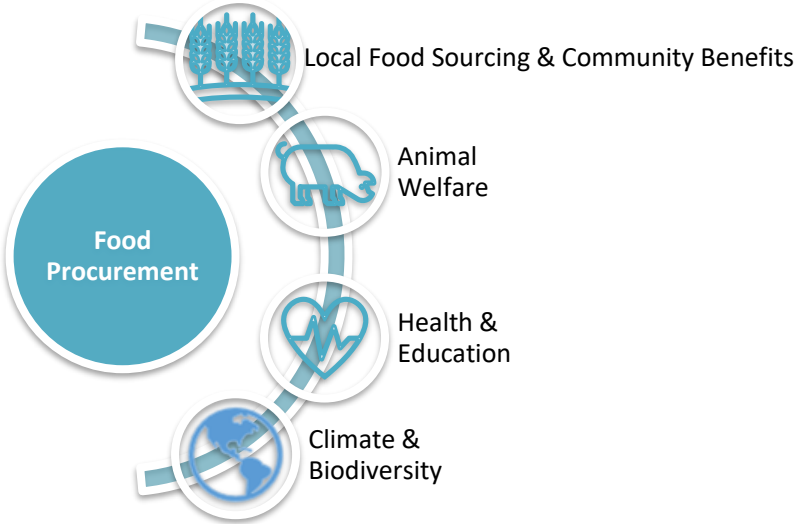
2.3.5 Specification

Through national frameworks and local council contracts the Council(s) will seek to ensure that specifications support the aims above and will seek to ensure that:

- meat free and plant-based options are included;
- most of the fresh beef, lamb, pork (not including bacon) and baked goods are Scottish;

- fresh fish is accredited by the Marine Stewardship Council (MSC);
- eggs are free-range;
- chickens are from the UK to keep to the Red Tractor assurance scheme;
- waste throughout the supply chain is eliminated where possible;
- specifications are developed to support reduction of embodied carbon;
- specifications support regenerative agricultural practices; and
- fair trade accredited products or equivalent are specified where proportionate and relevant.

The guidelines within the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020 will be a key consideration in the development of food contracts.



2.36 Monitoring & Reporting

Ensuring that the strategy outcomes are met through our contracts for Food & Drink will be a significant element of the contract management arrangements for Food & Drink contracts. Performance against outcomes relating to Food & Drink Procurement will also be captured within each Councils Annual Procurement Report.

2.3.7 Standard & Accreditation

To further ensure the standards of food procured for the Council(s) and to ensure that continually a service of excellent quality is provided in line with national standards and guidelines, each Council will commit to maintaining accreditation of the Food for Life Award. The Food for Life Served Here award is a widely respected and independently assessed scheme, supported by the

Scottish Government, which supports Local Authorities to provide more local food and serve healthy, sustainable meals. It recognises and rewards councils that are serving food made from fresh ingredients, free from undesirable additives and trans fats, which meets UK welfare standards, and complies with national nutrition standards.

Each Council is also a member of the Sustainable Food Places Framework- which realises the integral role of food procurement alongside a wide range of other issues to reward and recognise the ambition of cities and places in creating a sustainable food system.

2.4 Climate Change, Net Zero & Circular Economy

2.4.1 In support of the Council(s) journey to Net Zero, procurement activity will be undertaken in a way that will secure net zero emissions through a Just Transition and promote a circular economy. This will ensure that the journey to reduce emissions and support climate change and resilience is centred on people and wellbeing and will enable the Council(s) to action opportunities to improve the economic, social and environmental wellbeing of their areas including benefit to nature. Procurement will be an enabler and will:

1. support the creation of enabling conditions to reduce emissions;
2. support climate change adaptation to reduce risk and vulnerability to climate change;
3. strengthen climate resilience, enhancing well-being and the capacity to anticipate and respond successfully to change;
4. enhance biodiversity through conservation, protection and promotion; and
5. support transition to a circular economy.

Aberdeen City Council have in place a Sustainable Procurement and Community Benefits Policy which guides sustainable procurement activity at a strategic and operational level, contributing positively and progressively to duties and commitments under Scottish Climate commitments. The policy is sufficiently agile to contribute to broader climate positive aspirations which support global energy transition, application of meaningful circular economy measures and a net zero future. Strategic and practical guidance is provided at key stages: identification of need, specification development, selection/award and contract management, a key consideration within the policy will be around how we strengthen our relationships with our suppliers to support delivery of opportunities to improve the economic, social and environmental wellbeing of the Council(s) areas. It is the intention to develop a revised policy which will be agreed across the three partner councils.

Policy and guidance including climate criteria within templates assists delegated procurers to proactively address key aspects around Climate Change, Net Zero & Circular Economy in procurements and national frameworks call offs. The guidance seeks to promote adoption of the circular economy and provides information to delegated procurers on how to buy goods, services and works which reduce emissions, minimise waste and allow for repair, re-use, refurbishment and/or recycling wherever proportionate and relevant to the subject matter of the contract and supports delegated procurers in making informed decisions.

Bidders are asked as part of their response to tenders to outline commitment on areas directly related to performing the contract, which may include: energy efficiency in buildings, emissions class of fleet vehicles, effective route planning measures, energy/fuel efficiency measures in buildings/vehicles/operations, minimisation of waste, circular economy initiatives, reuse of materials, carbon neutrality initiatives, reduction of material/ packaging/reduced plastic content of packaging, avoidance of single use plastics etc. Performance against this commitment would be a contractual obligation and be monitored during ongoing contract management and it would be anticipated that bidders would provide reports on a regular basis aligned with Contract Management reporting frequency.

From a social and community perspective, circular economy practice would develop and strengthen relationships between citizens and between local businesses, would provide opportunities for the development of new skills, and would develop local supply chain resilience.

Circular Economy Practice will also deliver benefits including:

- Improved climate resilience and relationships
- Reduced costs
- Reduced environmental Impact



The Councils will employ a demand management approach and look for ways to improve how we buy, what we buy, how much we buy and explore opportunities to reduce volumes where possible, as this can have a positive impact on emissions and waste involved throughout the supply chain.

The Councils will report ongoing progress against these commitments in quarterly reports to the Strategic Procurement Board and within each Councils Annual Procurement Report, methods of measuring and monitoring outcomes achieved are being explored to further support tracking of progress and enablement of identification of further opportunities for Climate Change, Net Zero & Circular Economy outcomes.

2.5 Commercialisation

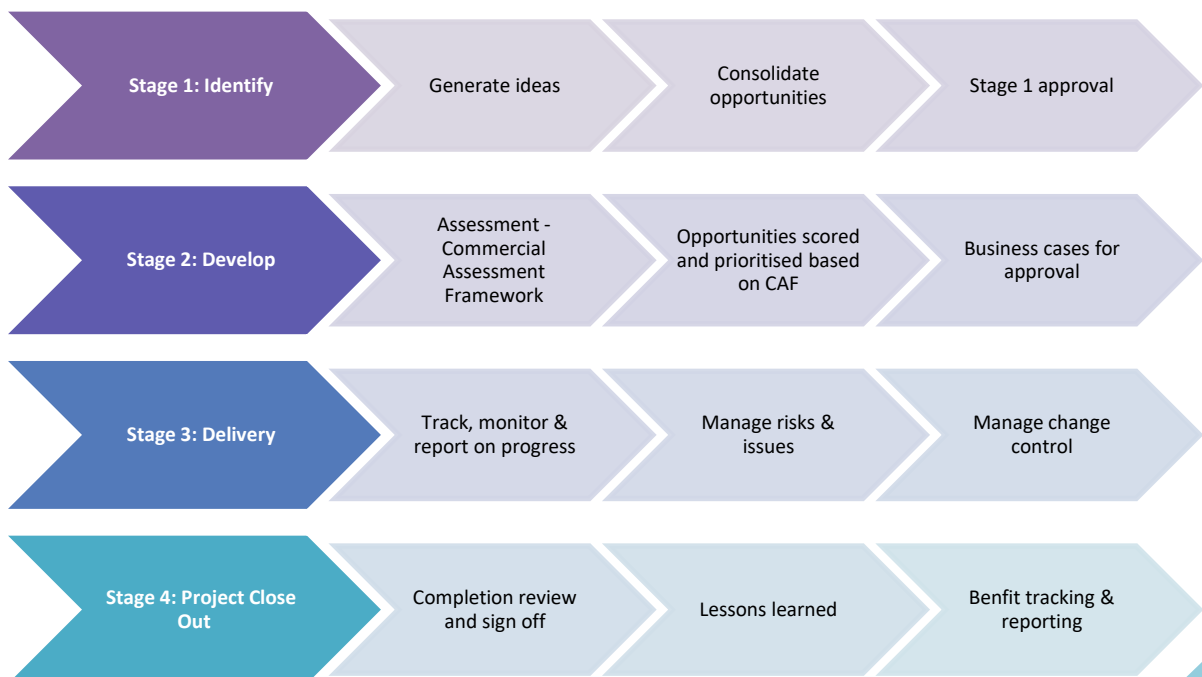
2.5.1 Commercialisation is defined as increasing and seeking new opportunities for commercial activities (selling within commercial marketplaces) and the introduction and embedding of a commercial mindset into everyday Council operations.

The aim of the Commercialisation theme therefore is to embed commercialisation within the Council(s), challenging the nature of how Councils traditionally operate, recognising and building upon achievements and identifying areas of opportunity and growth.

This theme will:

- Function as a key strategic driver to enable the business community and the communities we serve to adapt, diversify and flourish despite economic pressures
- Support the local economy by strengthening relationships and maximising opportunities for the local supply chain, SMEs and third sector organisations to the full extent provided by law
- Provide opportunity to move to alternative delivery models which may include delivery of services by Social Enterprises
- Identify opportunities for increased collaboration and standardisation across the participating authorities
- Deliver ethical and sustainable value for money commercial solutions that support the operational needs and wider strategic aims of the individual Councils and the communities they serve to further achievement against local and national priorities.

2.5.2 Approach to managing Commercial Activity to enable the delivery of this theme is outlined below:



2.5.3 Successful implementation of this theme will require collaborative working across the individual Councils, identifying key partners to enable delivery. Also key to successful delivery of the commercial strategy will be clear and effective leadership and governance. A commercial assessment framework (CAF) has been developed which sets out the governance structure for commercial activity to aid the service design process (commissioning cycle), a commercial delivery plan will be developed which captures the proposed activity over the next three years to support the implementation and realisation of this strategy, the plan will be refreshed annually.

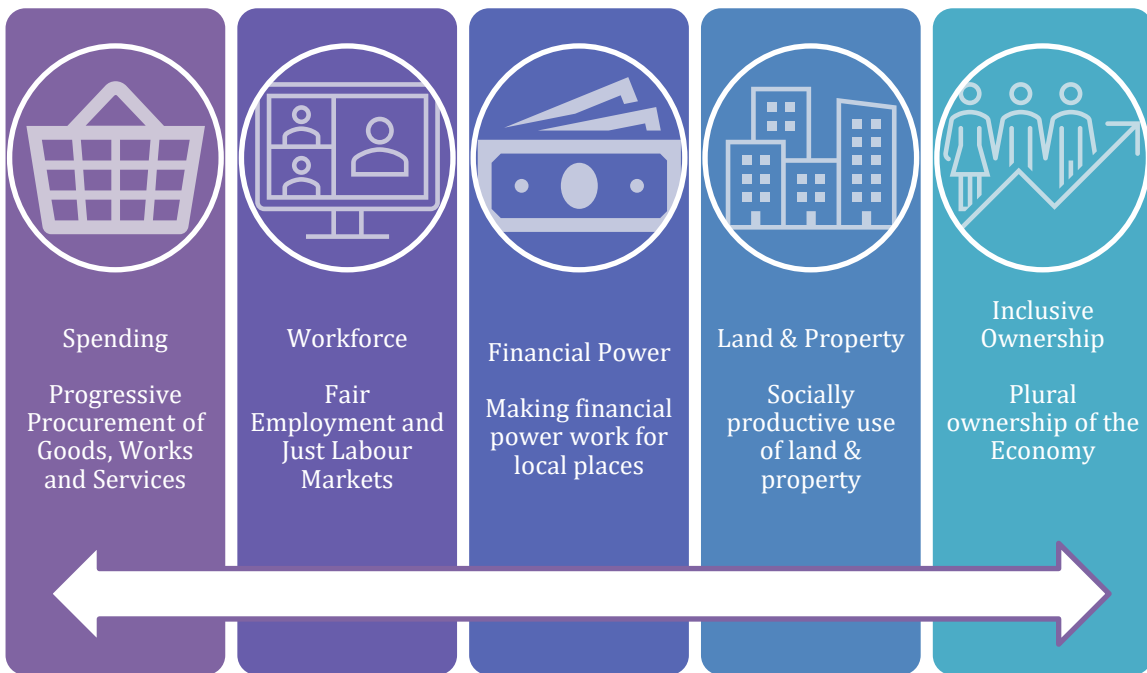
2.5.4 The purpose of the Commercial Assessment Framework is to provide structure and ensure all commercial opportunities are assessed and delivered consistently, including alignment against strategic objectives, potential for leverage opportunities, collaboration and sharing of best practice. The framework sets out the governance structure for implementation and delivery of commercial activities along with how assessment of opportunities will be conducted.

| Criteria | Measurement | Measures |
|--|---|----------|
| Cost effectiveness and delivering a return on investment (ROI) | Value <ul style="list-style-type: none"> - Level of achievable income - Level of achievable savings - NPV (Net present value) | £ % |
| Maintaining or improving service delivery | Quality <ul style="list-style-type: none"> - Service Performance - Input - Flexibility/Agility - Removal of barriers to delivery | % RAG |
| Managing Risk | Risk Reduction <ul style="list-style-type: none"> - Strategic Risk - Compliance - Operational - Financial - Reputational - Environment/Climate | RAG |
| Strategic Fit | Social, Economic & Environment <ul style="list-style-type: none"> - Proposal supports delivery of LOIP Outcomes - Proposal supports delivery of Climate change outcomes - Strategic controls in place - Degree of effort and cost of change - Degree of political buy in | RAG |

2.5.5 An initial assessment of commercial activity (including areas of potential growth) is captured in Appendix 5 Commercialisation Areas. Further opportunities will be identified across each of the participating Councils' commercial portfolios as the theme matures and through delivery of commercial workshops.

2.6 Community Wealth Building

2.6.1 Community wealth building (CWB) is an approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people. Developed initially by the Democracy Collaborative in the United States and championed in the UK by the progressive economics think tank Centre for Local Economic Strategies (CLES), Community Wealth Building aims to ensure the economic system builds wealth and prosperity for everyone. Community Wealth Building provides a framework around five pillars as shown below, for the purposes of the Joint Procurement Strategy the Spend Pillar relates directly to procurement and is the focus of this theme.



2.6.2 The procurement and commissioning of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. It is vital the Council and key partners use their purchasing power and convening abilities to deliver economic, social, and environmental justice to the region through the progressive procurement and commissioning of goods and services. By progressive procurement and commissioning, we mean a number of things. First, it is about increasing the importance of procurement as a corporate function. Second, it is about increasing levels of spend with local organisations and Small to Medium Sized Enterprises (SMES). Third, it is about using procurement and commissioning levers to address the local economic, social, and environmental challenges faced.

2.6.3 This Joint Procurement Strategy will play a pivotal role in furthering this aim and protecting and furthering local economic development in the short, medium and longer term. A pipeline of projects across various business sectors (transport, housing, technology, innovation, leisure and retail, renewable energy, commercial property and education) includes ambitious, forward-looking infrastructure projects that will make a positive difference to the prosperity of the region, our businesses and the quality of life enjoyed by our citizens and communities.

2.6.4 To enable Community Wealth Building and to develop local supply chains, the first step required is to analyse the Council(s) spend and contract data across revenue and capital budgets now and looking forwards to identify opportunities to employ a progressive procurement approach to build supply chains, a data led approach is vital to ensure that opportunities with the most benefit are identified, it is also important that procurement is data led for the reasons outlined below:

- Scale of spend and opportunity from that spend is significant;
- Leverage of procurement and the associated spend can support a range of economic, social and environmental challenges;
- It is important that public money is spent efficiently, effectively, transparently and the intended benefits to communities and local economy are achieved;
- Spend Analysis and Procurement can be used to support Small and Medium-sized Enterprises (SMEs) to bid for opportunities.

2.6.5 An annual review of spend and contract data across the three Councils will be undertaken in partnership with the procuring services and other enabling services i.e., Economic Development/Finance to identify opportunities for Community Wealth Building. Through working in partnership both within the Council and across the partners to the Shared Services we can further leverage the spend to seek and develop opportunities.

2.6.6 Key to delivering progressive procurement to build local supply chains will be developing a targeted approach to Supplier Development activity for the Council(s), building upon and maintaining networks, sharing information, seeking input from suppliers to shape requirements for the benefit of the local economy and to understand their views on how we could employ more progressive procurement to build supply chains. A Supplier Development Action Plan will be prepared annually based on the opportunities identified for Community Wealth Building, the plan will be developed in conjunction with both internal partners i.e., Economic Development and external partners i.e., Scotland Excel/Supplier Development programme.

2.6.7 In order to ensure that there is understanding of the potential outcomes that Community Wealth Building could bring and to get buy in at a political level and also at the Contract Owner/Delegated Procurer level we will develop an awareness-raising campaign with a focus of the Progressive Procurement Theme of Community Wealth Building, ensuring that across the Council(s) there is clear understanding of how procurement is a lever of community wealth building and how through the pre-procurement stage and market engagement we can fully realise our economic, social, and environmental aims We will also seek to engage with the local community and other external partners (including Community Planning Partnerships and Business Networks) for their input into building local supply chains.

2.7 Reporting & Performance Review

2.7.1 Strategic Procurement Board

The Strategic Procurement Board will be responsible for the delivery of the Joint Procurement Strategy. The board have a terms of reference document which is reviewed on at least an annual basis. These terms of reference set out key items as per the below:

- Review the performance of the service and the Joint Procurement Strategy using Key Performance Indicators providing scrutiny and challenge, where appropriate;
- A Chief Executive, as determined by the three Council Chief Executives, will chair the Board meetings, the chair will rotate annually;
- The minute of each meeting of the Strategic Procurement Board will be circulated to the senior leadership/management teams of each Council – to ensure there is awareness at a Strategic Level of progress on delivery of the Joint Procurement Strategy.
- Meetings of the Board will be held quarterly – ensuring regular focus on the delivery of the Joint Procurement Strategy and Outcomes therein.

The board will receive updates on the delivery of the Strategy, the Board would facilitate the escalation and resolution of any issues that may present a barrier to the delivery of the outcomes to ensure the success of the Joint Procurement Strategy.

2.7.2 Annual Procurement Report

The Procurement Reform (Scotland) Act 2014 places an obligation on public sector bodies, obliged to prepare or revise a procurement strategy in relation to a financial year, to also prepare and publish an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of its financial year.

The annual procurement report should be relevant and proportionate to size and spend. It can aid visibility of purchasing activities; be a mechanism for conveying how legislative requirements are met; and outline how a contracting authority's procurement activity is contributing to the delivery of wider aims and objectives.

The Annual Procurement Report must include:

- (a) A summary of the regulated procurements that have been completed during the year covered by the report.
- (b) A review of whether those procurements complied with the contracting authority's procurement strategy.
- (c) To the extent that any regulated procurements did not comply, a statement of how the contracting authority intends to ensure that future regulated procurements do comply.
- (d) A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the financial year covered by the report.
- (e) A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report.

(f) A summary of the regulated procurements the authority expects to commence in the next two financial years.

In addition to the above an annual procurement report must address all matters contained in the procurement strategy. Each of the Council(s) will draft an annual procurement report and publish the report on the external website of each Council.

2.7.3 PCIP (Procurement & Commercial Improvement Programme)

The PCIP assessment provides a means of measuring and reporting on the procurement and commercial capability of organisations through the provision of evidence, based around a series of set questions and other evaluation methods. PCIP focuses on the strategy, policies and procedures driving procurement performance in an organisation and, the results they deliver.

The full contents of PCIP including all guidance, Dashboard, Advance Information Requirements, Full, Medium & Lite assessments alongside the Information Bank can be found on the Procurement Journey website [here](#).

Each organisation will be assessed every two to three years, against a set of core national questions used by assessors, which has been agreed by each Procurement Centre of Expertise. National performance bandings are used to support consistency and reporting.

3 Strategy Ownership and Contact Details

| Role | Contact Details |
|-----------------|--|
| Strategy Owner | Craig Innes Head of Commercial & Procurement Services Commercial & Procurement Shared Service Ground Floor Woodhill House Westburn Road Aberdeen AB16 5GB |
| Strategy Author | Melanie Mackenzie Strategic Commercial Manager Commercial & Procurement Shared Service Ground Floor Woodhill House Westburn Road Aberdeen AB16 5GB |

This Joint Procurement Strategy covers the period 01 October 2023 – 30 September 2026, it will be reviewed at least annually, updates will be made available on the external websites of the partner Councils.

4 Appendices

Appendix 1: Mandatory Requirements Procurement Reform (Scotland) Act 2014 / Statutory Guidance Obligations

| How the Council(s) intends to make sure that its regulated procurements will: | Act Section | Council(s) Response/Commitment to ensure compliance with mandatory requirements. |
|--|----------------------------|---|
| <p>Contribute to the carrying out of its functions and achievement of its purposes.</p> | <p>15(5)(a)(i)</p> | <ul style="list-style-type: none"> ▪ This strategy is aligned with the key strategic drivers of the Council(s) including Local Outcome Improvement Plans and will assist each Council in meeting their statutory obligations and challenges faced whilst contributing towards key strategic outcomes. ▪ Adherence to this strategy with strong engagement and robust governance arrangements pre-procurement coupled with effective contract and supplier management throughout the duration of any contract will ensure the Councils deliver innovative, consistent, compliant and collaborative market solutions demonstrating value for money and return on investment to meet or exceed challenging commercial performance targets. ▪ Performance against the objectives within this strategy will be monitored and reported on as per arrangements outlined in Section 2.8 of this Strategy Reporting. |
| <p>Deliver value for money</p> | <p>15(5)(a)(ii)</p> | <ul style="list-style-type: none"> ▪ Commitment to securing the maximum social, economic and environmental value from the contracts and the frameworks developed by the Council(s) and the sectoral and national frameworks used, ensuring early engagement with suppliers to assist in doing so. ▪ The Council(s) encourage lotting contracts to ensure the inclusive participation of SMEs, third sector organisations and supported businesses. ▪ Whole of life costing, circular economy considerations, demand management, assessment of make vs buy are key considerations within guidance to support delegated procurers at a transactional and strategic level achieve value for money. ▪ Procurement reform has encouraged buyers to be less reliant on price in regulated and unregulated contracts and the Council(s) will ensure an appropriate balance of price vs quality to deliver value. ▪ The Council(s) will continue to explore innovative evaluation models, incorporate social value and identify commercial opportunities to set a price rather than receive a price. ▪ Effective contract and supplier management throughout the duration of contracts will ensure the delivery of value for money. |

| | | |
|--|----------------------|---|
| <p>Compliance with duty to treat economic operators equally and without discrimination</p> | <p>15(5)(a)(iii)</p> | <ul style="list-style-type: none"> ▪ The Council(s) ensure a consistent approach to procurement activity through the delivery of the Joint Procurement Strategy, Scheme(s) of Governance and internal regulations and rules and compliance to Procurement Legislation which ensures: <ul style="list-style-type: none"> – Equal treatment and non-discrimination: giving every bidder an equal chance to win contracts; – Transparency: stating requirements and award criteria up front and sticking to them; – Fair and objective “like for like” evaluation. – Selection and award criteria are proportionate and non-discriminatory to smaller or newly established economic operators i.e., ensuring that the required standard of financial standing is proportionate and non-discriminatory to smaller or newly established economic operators. ▪ All procurement conducted by the Council(s) must be conducted in accordance with the above which ensures compliance with duties under the Act and Statutory Guidance. |
| <p>Be undertaken in compliance with its duty to act in a transparent and proportionate manner</p> | <p>15(5)(a)(iii)</p> | <p>The Council(s) are committed to consulting with the business community to:</p> <ul style="list-style-type: none"> ▪ Identify and reduce barriers to business; ▪ Keep the tender process as simple and consistent as possible; ▪ Increase stakeholder understanding of public sector procurement policy/legislation and ▪ Offer meaningful feedback to suppliers on the evaluation of their proposal. <p>To do so we will commit to:</p> <ul style="list-style-type: none"> ▪ the use of electronic communication for all procurement activity at a value of above £10,000; ▪ early market engagement; ▪ stating requirements and award criteria up front and sticking to them; ▪ Fair and objective “like for like” evaluation; and ▪ the use of clear and precise language to ensure a common understanding of the requirements. <p>The Council(s) also:</p> <ul style="list-style-type: none"> ▪ seek to conduct early market engagement, open to all suppliers who may have an interest in opportunities. In terms of engagement with local suppliers, supplier engagement events can establish whether proposed selection and award criteria are sufficiently inclusive, proportionate and relevant. ▪ In addition to the above the Council(s) have developed a supplier sources of support document issued with all tenders to signpost suppliers to sources of support available in developing tender responses |
| <p>Compliance with sustainable procurement duty</p> | <p>15(5)(a)(iii)</p> | |

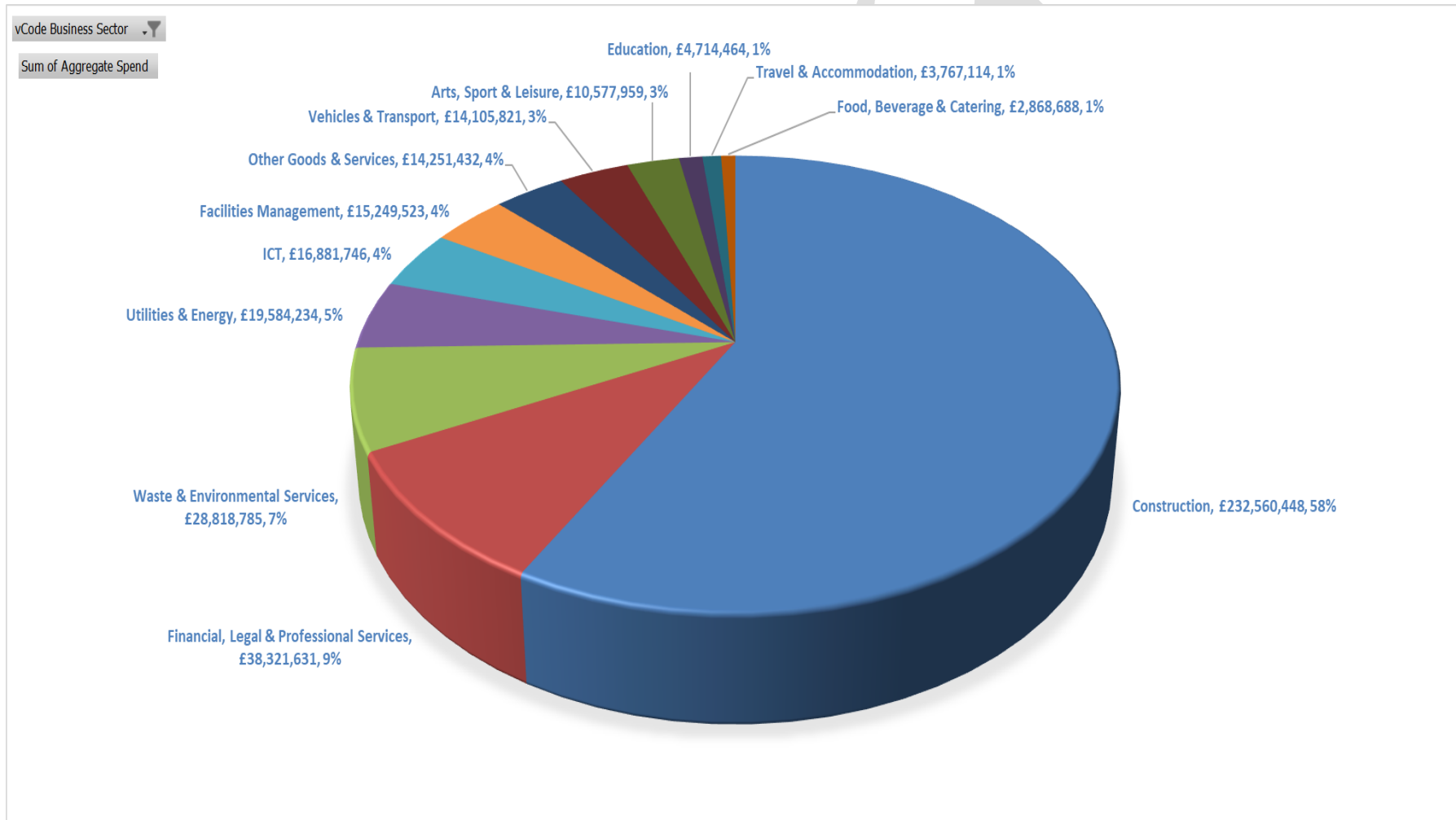
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| | | <ul style="list-style-type: none"> ▪ The Council(s) Sustainable Procurement and Community Benefits Policy outlines the commitment to securing positive environmental, social and economic outcomes in all procurement activity where possible to do so (including below threshold procurements, all regulated procurements and framework call offs), policy states at least 10% of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices. ▪ The detailed processes underpinning the application of community benefits at below and above the £4M threshold are included within the Policy and the Procurement Manual. ▪ A table of key outcome focused themes is used in procurement activity for bidders to respond to. This approach ensures a robust, achievable approach to sustainable procurement that is relevant and proportionate and ensures each Council is compliant with the mandatory duties within the Procurement Reform (Scotland) Act 2014. <p>The themed approach to community benefits is intended to provide procurers and suppliers with a clear, compliant, ideas-driven framework to work consistently within.</p> <ul style="list-style-type: none"> i. Use of a Community Benefits Project Plan is strongly encouraged for procurements above the £4M threshold, for below threshold a specific award question is included within templates; ii. Bidders are provided with details of sources of Council /agency/community/third sector advice (practical and financial support available to develop community benefit requirements) iii. Sources of information/research are disclosed allowing bidders to undertake their own research while the tender is live; and iv. Delegated Procurers are encouraged to publish a short statement addressing proportionality and relevancy in the Contract Notice. |
| <p>Policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements</p> | <p>15(5)(b)(iii)</p> | <ul style="list-style-type: none"> ▪ In all procurement activity (where proportionate and relevant) the Council(s) encourage accreditation of contracted suppliers as Living Wage employers (and encourage progress towards that end) across the supply chain despite the inability to make payment of the Living Wage a mandatory requirement. ▪ Policy states that at least 10% of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices. |
| <p>Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974</p> | <p>15(5)(b)(iv)</p> | <p>To ensure and promote compliance by contractors and sub-contractors with the Health & Safety at Work etc., the Council(s) encourage delegated procurers to:</p> <ul style="list-style-type: none"> ▪ use the standardised statements within the SPD (Single Procurement Document); ▪ consider safety issues in terms of S43 (3)(c) of the Public Contracts (Scotland) Regulations 2015; and |

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| | | <ul style="list-style-type: none"> ▪ where relevant to the contract devote a section of award criteria to health and safety considerations. Where sub-contractors have been identified, by a main contractor, a requirement would be included for the same standards to be demonstrated by sub-contractors ▪ Relevant clauses are included in terms and conditions of contract to ensure that this is a contractual obligation (where required), and these would form part of the Contract Management procedures to ensure that compliance is monitored. |
| <p>Policy on the procurement of fairly and ethically traded goods and services</p> | <p>15(5)(b)(v)</p> | <ul style="list-style-type: none"> ▪ The Council’s Sustainable Procurement and Community Benefits Policy has been developed to support local and national priorities in terms of Fair Trade/fairly traded and ethically sourced goods and services (to ensure there is no discrimination it is necessary for procurers to refer to “fairly traded goods and services” or “ethically sourced goods and services” and offer alternatives to meet the standard without accreditation). ▪ The Council’s Sustainable Procurement Policy provides extensive information on the compliant use of recognised trading labels and guides where “or equivalents” must be accepted. |
| <p>Policy on approach to regulated procurements involving the provision of food to – (i) improve the health, wellbeing and education of communities in the authority’s area, and (ii) promote the highest standards of animal welfare</p> | <p>15(5)(c)</p> | <ul style="list-style-type: none"> ▪ The Council(s) commit to buying healthy food and drink and buying this locally (wherever possible) to serve in schools, social care and other facilities recognising the positive impact buying healthy food & drink locally (where possible) can have from an environmental, economic and wellbeing perspective. ▪ The Council(s) will participate in groups both nationally and within the local authority sector to ensure that best practice is shared/learned and incorporated in terms of Specifications, Health, Community Benefits, Education and Animal Welfare. ▪ The Council(s) commit to continued involvement in the further development of food related national frameworks through participating in User Intelligence Groups (UIG’s). ▪ Use of award criteria in regulated procurement for Food will be used e.g., field to fork criteria capturing the origin of products, increasing the range of traded, ethically and locally sourced products (either directly or through the supply chain), minimising food waste, community benefits health, reduction of packaging, food poverty and reduction in emissions/road miles. ▪ Engagement with relevant associations, food producers, growers and distributors would be a key element of any procurement process to discuss desired outcomes with the wider market and seek feedback from the market to shape requirements |
| <p>Prompt payment (no later than 30 days after invoice including contractors and sub-contractors)</p> | | <ul style="list-style-type: none"> ▪ The Council(s) are committed to prompt payment of invoices to both our contractors and sub-contractors within the supply chain. We commit to pay valid invoices within 30 days of receipt. |

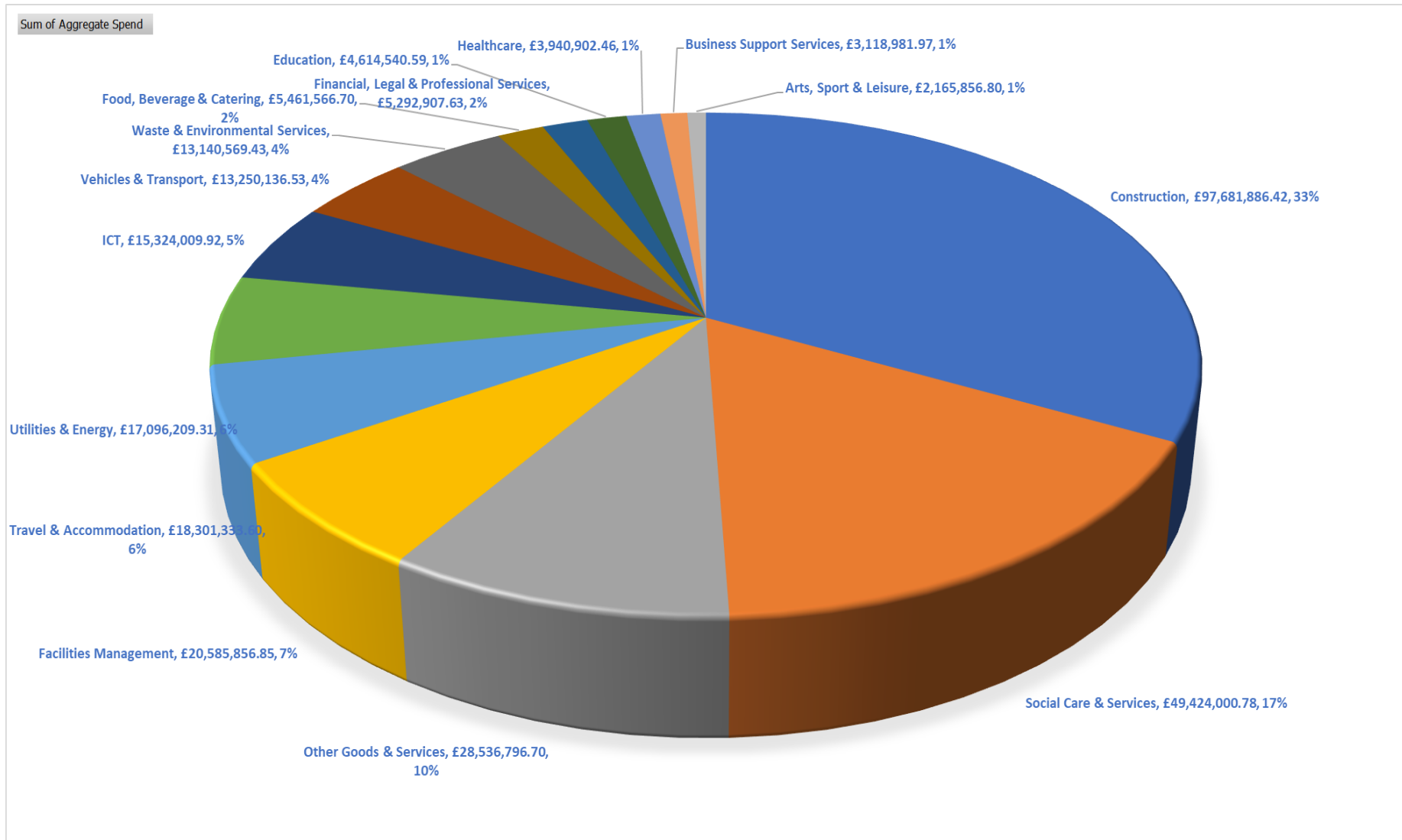
| | | |
|--|--|--|
| | | <ul style="list-style-type: none">▪ Aberdeen City and Aberdeenshire Council offer the option for suppliers to join the Supplier Incentive Service (SIS), an early payment programme that gives suppliers the opportunity to be paid earlier than contracted terms, with a pre-agreed small percentage discount applied to an invoice paid early. |
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Appendix 2: Spend Analysis

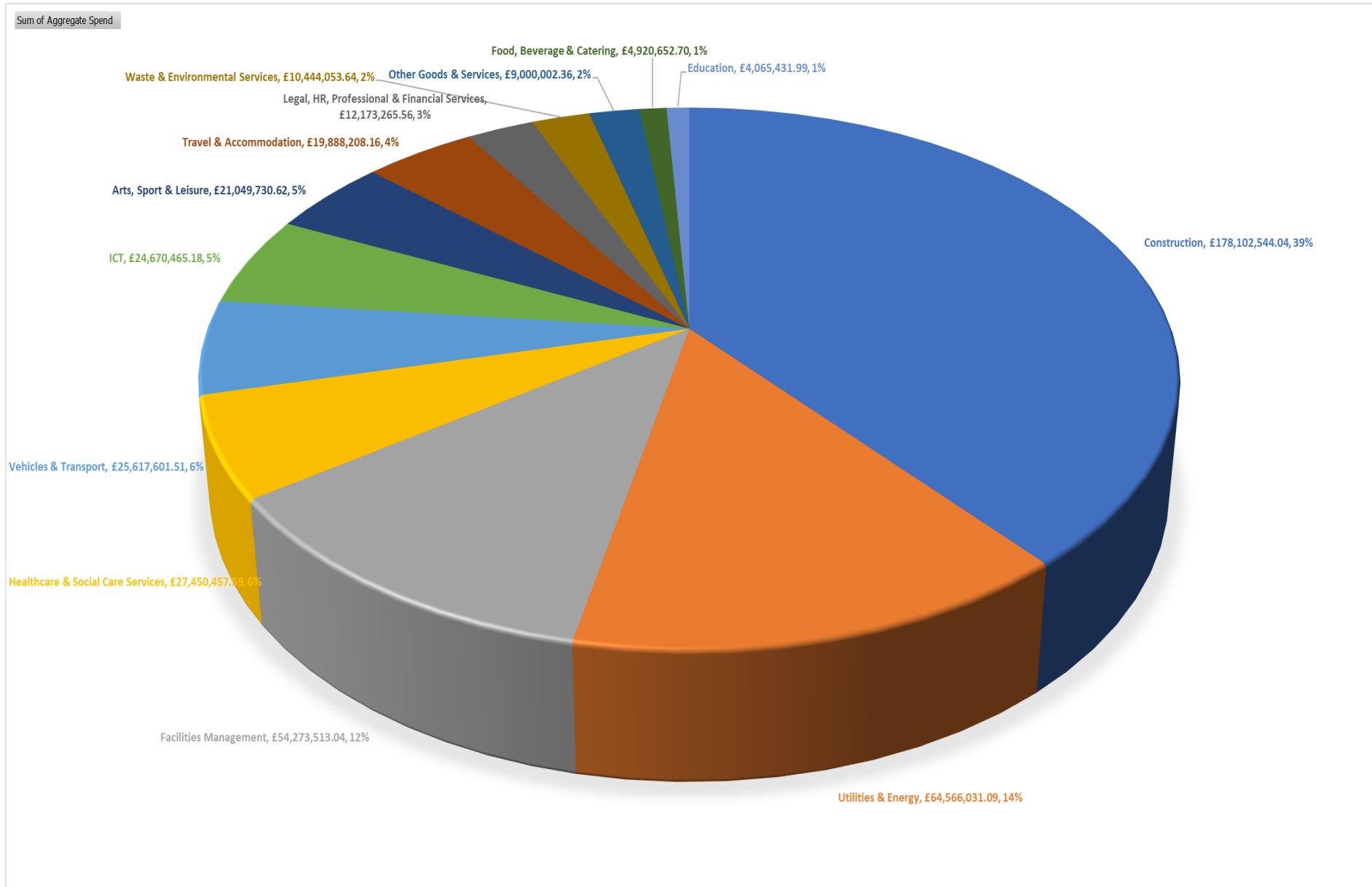
Aberdeen City Council – Full Year 2021 – 2022 Spend Analysis by Category



Aberdeenshire Council – Full Year 2021 – 2022 Spend Analysis by Category



Highland Council - Full Year 2021 – 2022 Spend Analysis by Category



Appendix 3: Strategy Outcomes & Key Actions to Deliver

| Governance Theme | | |
|---|---|--|
| Strategic Outcome | Strategic Driver(s) | Key Actions |
| <ul style="list-style-type: none"> - Minimise compliance breaches - Ensure all officers involved in procurement are appropriately trained and fully aware of their responsibilities in procuring and in managing contracts - Delivery of Contracts that support Council Services and deliver best value - Delivery of Contracts which support the delivery of budgetary savings | <ul style="list-style-type: none"> - Supporting Council(s) delivery of functions/outcomes and delivery of Local Outcome Improvement Plans - Achievement of best value - Equal treatment, transparency - Procurement Priorities - Medium Term Financial Strategies | <ul style="list-style-type: none"> - Review of mandatory training for Delegated Procurers on an annual basis, ensuring that best practice and changes to Scottish Government Guidance or legislation are incorporated on an ongoing basis. - Review of guidance and templates on an annual basis, ensuring that best practice and changes to Scottish Government Guidance or legislation are incorporated on an ongoing basis. - Report on Compliance on a quarterly basis to the relevant board or Senior Leadership team - |
| Policy Theme | | |
| Strategic Outcome | Strategic Driver(s) | Key Actions |
| <ul style="list-style-type: none"> - To support the local economy and provide increased opportunities for local small and medium enterprises (SME's), Social Enterprises, Supported Businesses and Third Sector organisations - To ensure there is consultation and engagement with those affected by the Councils procurement - To secure community benefits through procurement activity and ensure these benefits are delivered - In all procurement activity (where proportionate and relevant) to encourage accreditation of contracted suppliers as Living Wage employers (and encourage progress towards that end) across the supply chain | <ul style="list-style-type: none"> - Deliver positive outcomes for the local economy - To ensure proactive and meaningful stakeholder/community participation in procurement activity affecting them - Delivery of Community Benefits which delivers positive outcomes for Communities/Citizens - Ensure that where possible the Council contracts with Living Wage Employers | <ul style="list-style-type: none"> - Development of an annual Supplier Development Plan – with a focus on sharing information, seeking input from suppliers to shape requirements for the benefit of the local economy and the business community - Development and maintenance of networks to ensure stakeholders and communities are engaged in the development of procurement activity - Ongoing review of opportunities for inclusion of Community Benefits, increase use of Community Benefits project plans to secure benefits - Further develop mechanisms to track delivery of Community Benefits - Development of supplier sources of support document to be issued with all tenders which includes information on Living Wage accreditation |

| Food Procurement Theme | | |
|---|---|--|
| Strategic Outcome | Strategic Driver(s) | Key Actions |
| <ul style="list-style-type: none"> - Ensure Food is procured which will (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare | <ul style="list-style-type: none"> - Delivery of positive health, wellbeing and education of communities' outcomes - Ensure food procured is of a high quality | <ul style="list-style-type: none"> - Engagement with relevant associations, food producers, growers and distributors to discuss desired outcomes with the wider market and seek feedback from the market to shape future requirements to ensure that contract delivery is structured to optimise engagement from the market and ensure outcomes are achieved. |
| Climate Change, Net Zero & Circular Economy Theme | | |
| Strategic Outcome | Strategic Driver(s) | Key Actions |
| <ul style="list-style-type: none"> - Ensure that delegated procurers are taking account of Net Zero commitments and embedding Climate and Circular Economy considerations into procurement activity, taking into account existing duties under the Procurement Reform (Scotland) Act 2014 to consider and action opportunities to improve the economic, social and environmental wellbeing of their areas | <ul style="list-style-type: none"> - Climate Change Duty - Delivery of positive environmental outcomes to support climate change targets | <ul style="list-style-type: none"> - Ongoing review of opportunities for inclusion of Climate and Circular Economy considerations - Increase inclusion of climate and circular economy considerations in procurement activity - Further develop mechanisms to track delivery Environmental outcomes |
| Commercialisation Theme | | |
| Strategic Outcome | Strategic Driver(s) | Key Actions |
| <ul style="list-style-type: none"> - Increased Growth Opportunities and Income Streams - A culture of commercial excellence embedded throughout the Council - Increased employment and training opportunities - New innovative alternative delivery models embedded throughout the Council - Delivery of positive environmental outcomes | <ul style="list-style-type: none"> - Medium Term Financial Strategies - Local Outcome Improvement Plans (LOIP) - Delivery of positive environmental outcomes to support climate change targets | <ul style="list-style-type: none"> - Implement programmes of work to deliver opportunities identified across each of the participating Councils' commercial portfolios - Delivery of commercial workshops. - Develop and delivery of programme of training on how to develop Commercial activity |
| Community Wealth Building Theme | | |

| Strategic Outcome | Strategic Driver(s) | Key Actions |
|---|---|--|
| <ul style="list-style-type: none"> - Develop local supply chains and increase levels of spend with local organisations and Small to Medium Sized Enterprises (SMES) - Delivery of positive economic, social and environmental outcomes to address the local economic, social, and environmental challenges faced. | <ul style="list-style-type: none"> - Medium Term Financial Strategies - Local Outcome Improvement Plans (LOIP) - Delivery of positive environmental outcomes to support climate change targets | <ul style="list-style-type: none"> - Annual review of spend and contract data across the three Councils will be undertaken in partnership with the procuring services and other enabling services i.e., Economic Development/Finance to identify opportunities for Community Wealth Building - Development of an annual supplier development plan based on the review findings |

Appendix 4: Strategy Performance Indicators

| No. | Key Performance Indicators | Target |
|--|--|-----------------|
| Local indicators (measured for each individual council) | | |
| 1 | Community Benefits and Sustainable Procurement | |
| a | % Spend with local SME businesses | >30% |
| b | % of contracts with community benefits clause included | >95% |
| c | % of contracts with fair work practices (Includes living wage) included | >95% |
| d | % of contract with carbon reduction clause included | >75% |
| 2 | Efficiency Savings | |
| a | Efficiency savings – cashable (% of Addressable Spend) | >0.5% |
| 3 | Contract Compliance | |
| a | % Spend covered by contract (Total including collaborative contract & framework spend) | >80% |
| b | % Contract Spend which is covered by collaborative contracts (excluding frameworks) | >10% |
| c | % Contract Spend which is covered by spend on Category A* or Category B* frameworks | >10% |

Appendix 5: Commercialisation Areas

| Opportunity | Service/Opportunity Area | Which Services and/or Products | How income would be generated |
|---|--|--|--|
| Commercial management of income contracts | PPA management under commercial register, TECA | Energy Teams/Utilities Concession Contracts | Commercial managers would support the negotiation of terms (based on market knowledge and expertise) |
| Sale of Council Services | Sale of Council services to the private sector | Legal services, pest control, ground maintenance | Service charges Make vs buy analysis Make only or Make & Sell |
| Creation of Partnerships | Sponsorship, marketing and advertising Utilities Gainshare arrangements Payment audit Gainshare arrangements | Use of Council assets (poster sites, bridges, streetlamps, car parks, parks etc.) for sponsorship, marketing and advertising | Potential gain share arrangement with external provider |
| Creation of new businesses | Energy Services Company Consultancy Services | Energy Urban Heat Network Anaerobic Digestion Plant EV Charging | Creation of new vehicle to generate income/Consultancy Services |
| Efficiency optimisation (Sale of Data Analysis/Internal Data Analysis) | Gainshare skills @100% of income rather than fee % shared | Electricity, gas, water, postal services, telecoms | Sale of services to our major suppliers/Third Sector/Other Public Sector Partners. |
| Investment to increase income | Property Infrastructure Drones | | Rental income Repurposing estate Drone Surveys |
| Empower social value | Community lottery, crowd funding | | |

Appendix 6: Glossary of Terms

| Term | Definition |
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| Central Purchasing Body | a contracting authority that: procures and awards public contracts or frameworks for works, supplies or services intended for one or more contracting authorities; or concludes framework agreements for works, supplies or services intended for one or more contracting authorities. |
| Circular Economy | an alternative to a traditional linear economy (make, use, dispose) in which resources remain in use for as long as possible, maximum value is extracted from them whilst in use, then residual products and materials are recovered/regenerated 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. |
| Community Benefits | clauses within contracts/frameworks requiring tenderers to commit to undertaking some form of wider social, economic or environmental benefit in addition to the core purpose of the contract. |
| Commercial & Procurement Service | shared commercial and procurement services for Aberdeen City, Aberdeenshire and The Highland Councils, teams within the service Category Management Team (Procurement, Data, Community Benefits & Sustainable Procurement), Social Care Commissioning, Legal Team. |
| Contract | a legally binding agreement between the Council and one or more suppliers for the supply of specified goods, services or works. The contract sets out the details of what the Council is buying and being delivered with and the rights and obligations of both of the parties. |

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| Contract and Supplier Management (CSM) | the management of the relationship between the Council and the supplier over the term of any contract for the provision of goods/services and or works to the agreed standards and agreed terms, ensuring that both parties (Council and supplier) fully meet their obligations under the agreement. Effective management of contracts can minimise the total cost and maximise Supply Chain efficiencies. |
| Delegated Procurement Authority (DPA) | authority delegated to procurers to lead and/or oversee the procurement process leading up to and including the award of a contract and any subsequent changes. |
| Delegated Procurer | an individual who has been granted delegated procurement authority. |
| Demand Management | management of demand through addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption. |
| Framework Agreements | a framework agreement is an overarching agreement which establishes the terms and conditions under which compliant purchases (“Call Offs”) can be made for a specified period. Can be for a Sector (let by the sector central purchasing body) or national (let by a national central purchasing body) or can also be let by any contracting authority or contracting authorities in collaboration. |
| Procurement Reform (Scotland) Act 2014 | the Procurement Reform (Scotland) Act 2014 works alongside the regulations to provide a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice. The Act focuses on general duties on contracting authorities regarding their procurement activities and some specific measures aimed at promoting good, transparent and consistent practice in procurement processes. |
| Public Procurement | |

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| | When a public sector body buys/contracts for any goods, works or services: that is public procurement. Public procurement is different from when private companies do business with each other because of the regulations that apply to all public sector contracts over a certain value, or 'threshold.' |
| Regulated Procurements | regulated contracts are those with a total ("whole of life") value of £50,000 for goods and services and £2M in the case of works. |
| Small and Medium Enterprises (SMEs) | <p>Small Enterprise - Less than 50 employees, regardless of turnover, or, if the number of employees is unknown, then turnover of less than £5.6m will be taken as an indicator that it is a small enterprise.</p> <p>Medium Enterprise - Between 50 and 249 employees, regardless of turnover, or, if the number of employees is unknown, then turnover of greater than or equal to £5.6m and less than £22.8m will be taken as an indicator that it is a medium enterprise.</p> |
| 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. |
| Supply Chain | is the network of all the individuals, organisations, resources, activities and technology involved in the delivery of the goods, services and/or works from the supplier to the end user. |
| Supported Business | supported businesses are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged. Supported businesses (and only supported businesses) can benefit from reserved contracts. |
| Third Sector | |

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| | <p>the third sector comprises community groups, voluntary organisations, charities, social enterprises, supported businesses, co-operatives and individual volunteers. The third sector delivers essential services, helps to improve people's wellbeing and contributes to economic growth. It plays a vital role in supporting communities at a local level.</p> |
| Whole Life Costing | <p>takes account of the cost of a product or service over its life, from determining the need for it through to its eventual disposal and replacement.</p> |