







## Strategic Commissioning Committee Performance Report Appendix A



### Commercial and Procurement


#### 1. Customer – Commercial and Procurement

Performance Indicator	Q3 2019/20		Q4 2019/20		Q1 2020/21		2020/21 Target
	Value	Status	Value	Status	Value	Status	
Total No. complaints received (stage 1 and 2) – Procurement and Commercial	0		1		0		
% of complaints resolved within timescale stage 1 and 2) – Procurement and Commercial	No complaints		100%		No complaints		75%
% of complaints with at least one point upheld (stage 1 and 2) – Procurement and Commercial			0				
*Total No. of lessons learnt identified (stage 1 and 2) – Procurement and Commercial			0				










\*Lessons learnt referred to in this Appendix are lasting actions taken/changes made to resolve an issue and to prevent future re-occurrence for example amending an existing procedure or revising training processes. When a complaint has been upheld, action would be taken in the form of an apology or staff discussion/advice, but these actions are not classified as lessons learnt.

#### 2. Processes – Commercial and Procurement







Performance Indicator	Current Status	2020/21 Target
<b>We will enable access to all internal procedural procurement information online.</b>		100%
All procurement guidance/template documents are available via the Intranet.		
<b>We will publish annual contract pipelines for each financial year online after the Council Budget is set.</b>		100%
Delayed for financial year 20/21 due to COVID-19.		

Performance Indicator	Current Status	2020/21 Target
<b>We will ensure that all contracts above £50K have standard clauses to require providers to demonstrate commitments towards carbon reduction and efficiency.</b>		100%
Investigation is underway/collaboration with Scottish Government on a Carbon Calculator. As an interim measure a specific question will be built into future procurement exercises on commitment to Carbon Reduction and Efficiency whilst the work noted above is ongoing		




### 3. Staff – Commercial and Procurement

Performance Indicator	April 2020		May 2020		June 2020		2020/21 Target
	Value	Status	Value	Status	Value	Status	
* Average number of working days lost due to sickness absence per FTE employee, monthly – Commercial and Procurement	3.10		3.73		4.37		
Establishment actual FTE	36.78		36.78		36.78		
Staff Costs - % Spend to Date (FYB)	6.7%		15%		24.8%		100%




\* These figures do not take into account the seasonal adjustment of a 12-month rolling average as they are calculated on a month by month basis. We are currently investigating reasons for any lower than average figures.

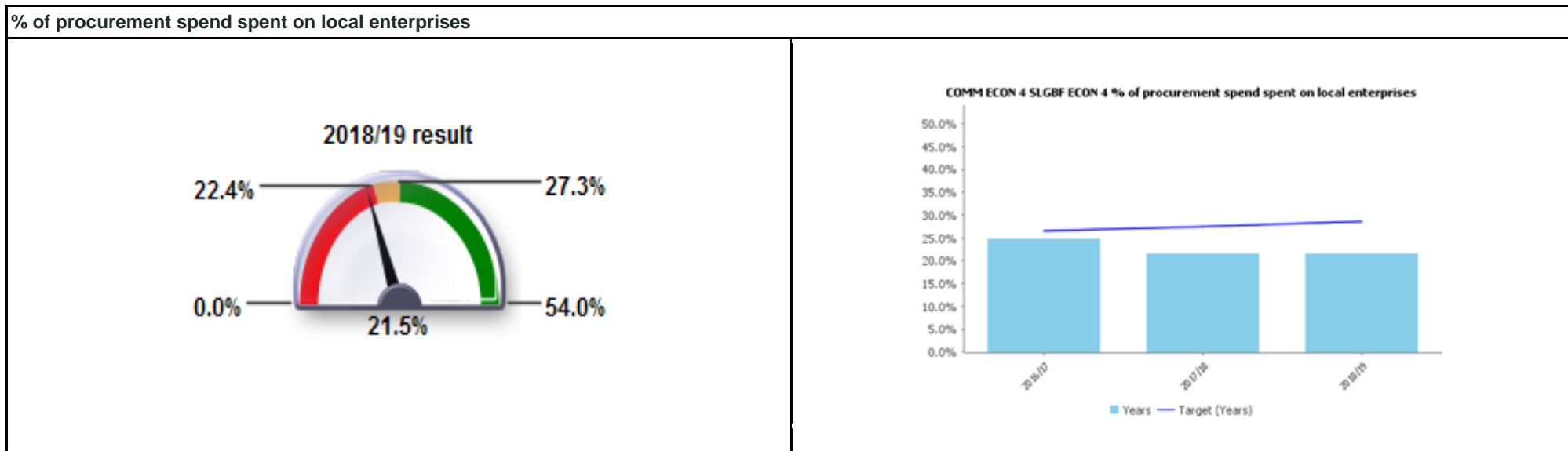
Performance Indicator	Q3 2019/20		Q4 2019/20		Q1 2020/21		2020/21 Target
	Value	Status	Value	Status	Value	Status	
Accidents - Reportable - Employees (No in Month – Commercial and Procurement)	0		0		0		
Accidents - Non-Reportable - Employees (No in Month – Commercial and Procurement)	0		0		0		

## 4. Finance &amp; Controls – Commercial and Procurement

Performance Indicator	2016/2017		2017/2018		2018/2019		2018/19 Target
	Value	Status	Value	Status	Value	Status	
*LGBF - % of procurement spend spent on local enterprises	24.6%		21.4%		21.5%		28.7%

\*Target and status based on Scottish National Average

Performance Indicator	Current Status	2020/21 Target
<b>The annual Audits on internal control systems for procurement processes and systems, including delegated procurement and financial authority do not identify major rated issues.</b>		100%
On track - no major issues identified in audit reports.		
<b>Demand management is embedded for all contracts above £50K contracts at strategy stage and throughout life of contract to ensure that the quantity and specification of goods and services match, but do not exceed, the actual needs of the Council.</b>		100%
Demand Management Control Board reviews strategy documents pre-procurement at strategy stage. Review of contract management guidance and templates underway to ensure Demand Management is embedded across the life of all contracts.		
<b>We will ensure that all contracts above £50K in value can be tracked to show community, local economic and environmental benefits.</b>		100%
Community Benefit question is incorporated into template tender document and information currently collated annually on community, local economic and environmental benefits through procurement. A tracking tool is being investigated to provide quarterly updates.		



**Why is this important?**

To support and grow the local economy, which in turn helps to deliver the LOIP target of reducing unemployment in the area.

**Benchmark Information:**

The national average is 25% of all local authority procurement spending on local enterprises.

**Target:**

The target is to increase the percentage of procurement spend on local enterprises each year, with a target of 28.7% for 2018/19.

## **This is what the data is saying:**

The percentage of procurement spend on local enterprises in 2018/19 has remained consistent with the figure from 2017/18, however this is largely due to the contract for construction of The Event Complex Aberdeen (TECA) being awarded to a contractor based in Sheffield. If the TECA spend is excluded from the calculation, the percentage of local spend increases to 31.9%.

It is also important to note that the local spend is calculated using suppliers' invoice payment addresses; this is generally the address of their credit control department. In some cases the supplier may have a local base, is an employer, pays business rates or contributes in various ways to the local economy. Using the invoice payment address allows consistent benchmarking between public bodies but assumes that a single postcode receives the entire economic development benefit from the spend. The Council will also pay a number of suppliers as "Prime Contractors" with those suppliers sub-contracting within the local area, however within the 18/19 data it was not possible to capture the level of sub-contractor spend which was local.

## **This is the trend:**

The percentage of procurement spend on local enterprises has dropped slightly over the last two years, therefore falling further behind the target. However, the percentage is expected to have increased significantly in 2019/20 due to the completion of the TECA construction project, as well as the award of the Energy from Waste project to a local supplier. For the 2019/20 data we should also be in a position to capture sub-contractor spend. Just now the data is aligned to payment to the prime contractor and where their accounts/invoicing centre is based which can often be outwith the City boundary, This figure will be reported within the annual procurement performance report to the next Strategic Commissioning Committee.

## **This is the impact:**

The annual procurement spend increased significantly during the TECA construction project, which highlights that the TECA spend is in addition to the "business as usual" spend. As stated earlier, the percentage of local spend increases to 31.9% spend if the TECA spend is excluded, which shows that the target for local spend is being met – and in fact exceeded – if we only consider business as usual.

Initial indications show that local spend for 19/20 may be around 32% based on total annual expenditure with Core Trade Suppliers i.e. Suppliers with whom over £1000 has been spent in a 12 month period.

## **These are the next steps we are taking for improvement:**

Positive Procurement Programme (PPP), facilitates engagement with the local business community. The purpose of PPP is to support local businesses across all business sectors (including 3rd sector) to develop their capacity and capability to bid successfully for public contracts. The overarching aim is to demonstrate positive steps the Council is taking to ensure the inclusive participation of local SMEs/local 3rd sector in our procurement activity. PPP is joint initiative between C&PSS and Aberdeen City and Aberdeenshire Council Economic Development units together. As at June 2020, registrations for the PPP Programme total 1284 suppliers.

Future intentions: in partnership with Supplier Development Programme (SDP), increased focus on future, actual contract opportunities across the main commodity categories, particularly where the local business community can help to shape/scope requirements to ensure competitiveness, a diverse marketplace and inclusive participation.

SDP is the central supplier development programme for Scotland sharing almost identical aims and values to PPP. As at 31st March 2020, there are 16,219 Scottish SME registrations under SDP.

SDP will be hosting a virtual Meet The Buyer North event on 2 September 2020. The event allows businesses to connect with the public sector in the Grampian area, Highlands and Islands, Fife and Tayside. As of 10 August more than 1000 suppliers have registered to attend. Craig Innes, Head of Commercial & Procurement Service, will be delivering a presentation around how businesses can benefit from PPP. Other procurement colleagues will be available to assist suppliers with queries.

**Responsible officer:**

**Last Updated:**

Craig Innes

18/8/2020