



# FIFE COUNCIL PROCUREMENT & COMMERCIAL STRATEGY 2019-2024



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## **ANNUAL REVIEW OF PROCUREMENT AND COMMERCIAL STRATEGY 2022-23**

In accordance with the Procurement Reform (Scotland) Act 2014, public bodies are required to publish a Procurement Strategy, and undertake a review on an annual basis. The undernoted content details the review undertaken following close of financial year 2022-23 and was documented in the corresponding Annual Procurement Report (Section 14 refers) ([Annual Procurement Report 2022-2023 \(fife.gov.uk\)](https://www.fife.gov.uk)). The Procurement Strategy and Annual Procurement Report for the previous year should be considered collectively to reflect main activity/objectives.

*The Procurement Reform (Scotland) Act 2014 requires contracting authorities to review its procurement strategy annually. This report provides a mechanism to report on its review which is conducted to assess whether the procurement activity and priorities remain in alignment to the council's broader priorities. This and subsequent section shall be added to the existing strategy to acknowledge outcome of the review.*

The review concluded that the commitments and priorities all remained relevant, however due to prevalent risks and impacts, there is acknowledgement that some areas will require a continued increase of focus to support the council (and Scotland)'s broader objectives as follows:

**Supply Chain Impacts** - Continued monitoring and proactive activity to manage emerging/known impacts of multiple disruptions to supply chains.

### **Financial Savings/Benefits**

Budget pressures remain a significant challenge for Fife Council. Any identified opportunities around efficiencies relating to third party spend will continue to be pursued.

An 'Opportunities Pipeline' is maintained within the Procurement team, where potential opportunities are logged and progressed accordingly. There is currently over £3m of potential opportunities identified on this pipeline.

As a result of continued inflationary rises/instability, it is recognised that cost reduction on a like for like basis is unlikely to be achieved, and whilst any opportunities for financial savings shall be pursued, efforts will be focussed on minimising price impacts and keeping abreast of market conditions.

**Supporting Local Businesses, SMEs and Third Sector** - Due to the local economic impact of external events (COVID-19 pandemic and other geo-political events), it is recognised that procurement has a part to play in supporting economic recovery. This is addressed further in 'Progress on Key Activity and Priorities Moving Forward' section of the Annual Procurement Report (Section 15).

**Sustainable Procurement** – Fife Council’s Plan for Fife 2021-2024 Update acknowledges the need to make Fife resilient to unavoidable climate change that is happening now, while reducing our contribution to this global emergency. In addition, in accordance with the Scottish Procurement Policy Note, Public procurement – taking account of climate and circular economy considerations: SPPN 3/2022, it is recognised that public procurement spend should support climate and circular economy ambitions, and Procurement shall continue to explore opportunities around climate and circular economy considerations.

Fife Council’s corporate Procurement and Commercial Strategy is due to be refreshed for financial year 24/25. Work will therefore take place during 23/24 to review and update accordingly, before being presented to Cabinet committee for proposed approval. This will take cognisance of the new [Public procurement strategy: 2023 to 2028](#), the vision of which being:

*‘Putting public procurement at the heart of a sustainable economy to maximise value to the people of Scotland’.*

**N.B.** It is acknowledged that some content within the original Procurement Strategy requires technical update in relation to some cross-referenced strategies/programmes/roles etc., however, this shall be undertaken with the wider Procurement Strategy refresh in 2024. As such, the Procurement Strategy and Annual Procurement Report for the previous year should be considered collectively to reflect main activity/objectives.

## FOREWORD

Fife Council has a clear vision – to create ‘A Fairer Fife’, reducing inequalities and to promote fairness in everything we do.

Whilst procurement is a complex area of business which is becoming more challenging, there is a strong desire to not over-complicate processes and the format and content of this strategy reflects this. Procurement as a function is a support-service to enable front-line services to conduct their activities, yet it still has a significant part to play to support the Council’s overall vision.

This new five-year strategy demonstrates the commitment of Fife Council to make continued effort to ensure we achieve value for money as well as drive continuous improvement in accordance with relevant legislation. The strategy sets out how working in a collaborative manner to maximise economic levers in regard to our large third party spend benefits both Fife Council and the wider Fife economy.

Fife Council is a significant buyer of goods and services with an annual £488m external spend, it is our duty to ensure this is spent wisely and effectively. It is recognised that smart use of procurement can play a key role in building a more prosperous and fairer economy by:

- promoting jobs and growth;
- encouraging innovation;
- boosting training, apprenticeship and employment opportunities;
- assisting businesses (particularly small and medium sized enterprises (SMEs), third sector bodies, and supported businesses) to compete effectively for contracts.

The aspirations set out in the strategy are ambitious yet reflective of the journey that Fife Council and the procurement function has embarked on. Fife Council via the Commercialisation Programme has invested in developing our procurement resources and it is envisaged that improvements will accelerate over the next couple of years and will aid the Council to becoming more commercial as well as achieving considerable savings and benefits as set out in this strategy.

Councillor David Ross and Councillor David Alexander, Co-Leaders of Fife Council



Steve Grimmond, Chief Executive



## **EXECUTIVE SUMMARY**

This Procurement and Commercial Strategy sets out the vision and main objectives which will direct procurement activity for Fife Council for the next five years.

These reflect both national and local policies and priorities, including stimulating economic growth, in particular in the Fife area as well as fair work practices and of course maximising savings and benefits that good procurement activity can bring.

We fully recognise that the Council faces a number of challenges for the foreseeable future, including continuing budget reductions whilst having to attempt to deliver a more diverse service than ever. This strategy sets out the pivotal role that Procurement plays in supporting the [Plan-for-Fife-2017-2027.pdf](#) and will continue as a key enabling function within the Changing to Deliver Programme of the Council.

Our principal aim is to support the Council in becoming more commercial whilst ensuring the principles of public procurement – transparency, integrity, openness, fairness, non-discrimination, equal treatment, competition and accountability underpin our procurement activity. This, and of course ensuring value for money and securing financial savings and benefits for all third party spend.

As part the Changing to Deliver Programme, the Council has engaged with Scotland Excel, the Centre of Procurement Expertise for Local Authorities to undertake a transformation programme, of which £16m of financial savings is targeted in relation to the (circa) £488m spend the Council has. This will be done by implementing a consistent and commercial approach to procurement activity. To achieve this, the scope will focus on improving demand management, increasing operational control across all procurement spend, as well as implementing a new programme of contract and supplier management. In carrying out the reform of the Council's Procurement function, a strategic sourcing approach shall be developed. This aims to create a strong commercial culture across all Council Service Departments, promoting more innovative thinking around procurement and income generation/new revenue streams.

## **FIFE COUNCIL PROCUREMENT & COMMERCIAL VISION**

Our **vision** for the Fife Council procurement team is as follows:

A professional procurement service providing an expert strategic and solution-based service which utilises a commercial focus by collaborating with stakeholders and markets, to achieve best value by improving delivery of services and contributing to the Fife economy.

Achieving our vision will require focus on **key aspects**, including:

- Improving service delivery through effective contract and supplier management
- Developing solutions and encouraging innovation
- Contributing to the Fife economy by maximising opportunity for inclusive growth and jobs through understanding the market place and growing Fife suppliers
- Delivering efficiencies and aiding achievement of budget challenges
- Protecting against risks in legislation whilst assisting the Council to achieve its objectives

And, our **mission** is as follows:

Working with colleagues, partners and suppliers to deliver best value to Fife Council and residents of Fife.

## FIFE COUNCIL'S ORGANISATIONAL OBJECTIVES

A ten year 'Plan for Fife' has been approved and covers the period 2017-2027. The Plan for Fife is Fife's new community plan and it aims to deliver real improvements for the people of Fife. Our 'Vision for Fife – A Fairer Fife', is that "by 2027 we want Fife to be a place where all residents live good lives, make informed choices and have a sense of control so that they can reach their full potential, and where all children are safe, happy and healthy. We also want Fife to be a place where we make best use of our assets and facilities, while sustaining them for future generations."

## Priority Themes

Within this overall vision, we have identified four priority themes to direct our work over the next ten years. These are:



### Opportunities for All

Opportunities for All is about ensuring that no-one is left behind. We aim to ensure that everyone can access opportunities in education, training, jobs and wider society, and have equal access to the support and advice they might need to support a fulfilling and decent life.



### Thriving Places

Thriving Places are safe, well designed and maintained places that promote wellbeing, where people are proud to be, and where they have access to the services and facilities they need at different stages of their lives.



### Inclusive Growth and Jobs

Growth in the local economy should benefit everyone, and shouldn't pass people and places by. We will therefore focus on improving investment, growth and participation by businesses, people and communities, particularly in the Mid-Fife area. We aim to support businesses to grow and to make sure that communities benefit from new business investment.



### Community Led Services

Community Led Services means putting communities and service users at the heart of how we design services, and building on the strengths and assets we have in our workforce and in our communities in order to deliver valued services.

Published April 2018 • [Plan for Fife 2017-2027](#)

*(Extract from Plan for Fife 2017-2027)*

Link to full Plan - [Plan-for-Fife-2017-2027.pdf](#)



Alongside the Plan for Fife, Fife Council has set its Programme for Administration which includes several commitments that effective procurement activity and input can support/enable a positive outcome, in conjunction with other Council Services as necessary, such as:

- Continue to press for the delivery of City Region Deals for Edinburgh and South East Scotland and for the Tay Cities area including North East Fife;
- Implementing a Fife Business Charter increasing Fife Council spend with local businesses and promoting good employment practice via procurement;
- Build 3 more care homes with care villages;
- Continue our commitment to the Unison Ethical Care Charter;
- Build at least 3,500 new affordable homes and increase capacity for in-house services to do more housing construction work;
- Invest £176m in improving existing council housing over the next 3 years;
- Establish Fife as a Scottish Living Wage region.

*(Excerpts from Fife Council Programme for Administration, passed at Fife Council 18<sup>th</sup> May 2017)*

In addition to the above strategic aims and objectives, Fife Council has to balance its budget each year, and the published Medium Term Financial Strategy acknowledges a continuing budget gap that needs to be met.

As the third largest local authority in Scotland, with a third party spend of approximately £488million each year on works, goods and services, Fife Council is responsible for delivering all local government services in the Kingdom.

It is acknowledged that we are operating in very challenging times. The continuing impact of austerity is reducing budgets while the demand for support and local services is rising. Over the next three years around £32million will need to be saved from council services.

## Procurement Legislative and Policy Framework

As at January 2019, Public Sector Procurement in Scotland is governed by detailed legislation as follows:

- EU Procurement Directives – transposed into Scots Law and Scottish Regulations as follows:
  - [The Procurement \(Scotland\) Regulations 2016 \(Procurement Reform \(Scotland\) Act 2014\)](#)
  - [The Public Contracts \(Scotland\) Regulations 2015](#)
  - [Utilities Contracts \(Scotland\) Regulations 2016](#)
  - [Concessions Contracts \(Scotland\) Regulations 2016](#)
- Case law

Link to: [Thresholds for National and EU Legislation](#)

*Additionally, Statutory Guidance complements the legislation to provide clarity on interpretation/approach to the application of the legislation.*

The 2016 legislation represents the most significant change to the procurement landscape since the McLelland Report in 2006, together the Act and the Directives will provide the statutory foundations for the Scottish model of Procurement, simplifying, standardising and streamlining procedure for both businesses and public bodies. It will place sustainable and socially responsible purchasing at the heart of the process to ensure true value for money is achieved.

Fife Council meets its statutory responsibilities through the implementation of Contract Standing Orders (Scheme of Tender Procedures) and the associated guidance issued by the Procurement Service in accordance with the Scottish Government's 'Procurement Journey'.

Fife Council therefore has a **statutory requirement** to ensure that its third party spend is managed in a compliant manner as well as achieving **best value** for the council whilst also ensuring that all procurement is done in a manner that is socially responsible, sustainable and achieves community benefits. As such, procurement activity contributes to achieving the **wider organisational objectives**, i.e. **ambitions in the Plan for Fife** and contributing to the **Financial Plans** in terms of **seeking and securing financial savings** to help reduce the budget gap.

## EXTERNAL ENVIRONMENT

There are many macro-environment factors that affect and influence Fife Council, yet some are out of its direct control. Such factors tend to have a long term impact. By understanding these external environments, Fife Council can more effectively attempt to maximise opportunities and minimise threats to the organisation, these external influences have been considered in creation of this Procurement Strategy. An analytical tool such as a 'PESTEL Analysis' is useful to consider and identify the external influences.

Below is an illustration of a PESTEL analysis for Fife Council. It is by no means intended to be considered exhaustive, and has been produced from a procurement viewpoint.

### PESTEL Analysis – Fife Council

<p><b>POLITICAL</b></p> <ul style="list-style-type: none"> <li>Local Government Policies</li> <li>Scottish Government:               <ul style="list-style-type: none"> <li>Constitutional Reform</li> <li>Educational Reform</li> <li>Health &amp; Justice Reform</li> </ul> </li> <li>Government terms and change</li> <li>Trading Policies</li> <li>Affordable Housing Commitment</li> </ul>	<p><b>ECONOMIC</b></p> <ul style="list-style-type: none"> <li>Austerity</li> <li>Budget – reduction in grant settlement</li> <li>Commitment from Government for uplift of public sector pay gap</li> <li>Spending Patterns</li> <li>Inflation/Indexation</li> <li>Brexit</li> <li>Trade Agreement</li> <li>Scottish Living Wage</li> <li>Local Economy, SMEs</li> <li>Taxation</li> <li>Investment, e.g. City Deal</li> <li>Inclusive Growth</li> <li>Innovation</li> <li>Affordable Housing Commitment</li> </ul>	<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>Demographics – ageing populations, more complex needs</li> <li>Fair Work Practices (including Construction and Ethical Care Charters)</li> <li>Community Benefits/Social Value</li> <li>Supported Businesses</li> <li>Third Sector</li> <li>Period Poverty</li> <li>Housing Quality Improvement</li> <li>Free early learning and childcare</li> <li>Modern Slavery</li> <li>Youth unemployment</li> <li>Changing demand for workforce skills and need to match supply with demand</li> <li>Affordable Housing Commitment</li> </ul>
<p><b>TECHNOLOGICAL</b></p> <ul style="list-style-type: none"> <li>Robotics/Automation</li> <li>Digitisation</li> <li>Technology related legislation in context of Procurement, i.e. eInvoicing, Innovation Partnership etc.</li> </ul>	<p><b>ENVIRONMENTAL</b></p> <ul style="list-style-type: none"> <li>Sustainable Procurement Duty</li> <li>Climate Change</li> <li>Environmental and Ecological Regulations (current and future, i.e. zero landfill 2021)</li> <li>Single use plastics</li> </ul>	<p><b>LEGAL</b></p> <ul style="list-style-type: none"> <li>Trade Agreements</li> <li>Current and future legislation (including Brexit implications)</li> <li>Procurement legislation</li> <li>Potential risk – be more commercial</li> </ul>

## **CONTEXT OF PROCUREMENT & COMMERCIAL STRATEGY**

Good procurement is vitally important to public services, business and communities alike. With significant spend, if we are able to deliver sustainable economic growth, it is essential that we continue to use the power of public spending to deliver greater public value, drive efficiencies and help Fife Council achieve its overarching purpose and strategic objectives.

Smart use of procurement can play a key role in building a more prosperous and fairer Scotland by: promoting jobs and growth; encouraging innovation; boosting training; providing apprenticeship and employment opportunities and helping businesses, particularly small and medium sized enterprises (SMEs), third sector bodies, and supported business to compete effectively for contracts.

The overarching aim of public sector procurement activity in Scotland continues to be the achievement of value for money for the tax payer. The Scottish Model of Procurement defines value for money as the best balance of cost, quality and sustainability and this should be reflected throughout all procurement activity.

Section 15 of the Procurement Reform (Scotland) Act 2014 imposes an obligation to prepare a Procurement Strategy before the start of the year to which it applies and/or to review the strategy for the current year and make such revisions as it considers appropriate. This strategy is intended to be in place for a period of five years, but shall be reviewed prior to commencement of each financial year to ensure it remains fit for purpose, and consider any necessary amendments required.

It is noted that **Brexit** may impact on certain areas of this strategy, therefore updates shall be made to clarify position in terms of legislation etc. as required when appropriate.

This Procurement Strategy sets out how Fife Council intends to ensure that its procurement activity delivers value for money and contributes to the achievement of Fife Council's broader aims and objectives, in line with Scotland's National Outcomes.

Publication of this strategy, as well as annual procurement reports, will promote the positive impacts public procurement can have on Scotland's economy and public services.

## **PROCUREMENT IN FIFE COUNCIL**

The Procurement function is part of Revenue and Commercial Services and is an 'enabling' support service, within the Council's Finance and Corporate Services Directorate.

The operating model for Procurement is a part-centralised function with a strategic focus on the generation of financial benefits, effective supplier management, robust demand challenge, compliance and continuous improvement.

The Procurement function utilises a category management approach with a structured sourcing programme, categories of spend have been segmented into the following areas:

- Construction Materials
- Construction Projects/Works\*
- Corporate & Facilities Management\*
- Fleet, Plant, Hire & Environmental; Transportation Works
- ICT – Hardware, Telecommunications & Software; Utilities and Security
- Social Care
- Transportation & Travel

[Appendix A](#) presents the 'Category Trees' for each of the category areas illustrating the scope and sub-categories included. Note - the scope and separation of category activity is continually subject to change depending on resource requirements/restrictions.

\*Procurement activity is delegated to authorised individuals within the service area for construction works related activity and some Facilities Management services, however process guidance is provided by the central Procurement function to aid consistency and compliance. It is the remit of the Category Manager to set the strategy and direction for procurement activity in these category areas in conjunction with the services.

Where allowed for in the Council's Scheme of Tender Procedures, some procurement activity (i.e. non-regulated) may be conducted by Fife Council services, however process is directed by Procurement to ensure consistency and adherence to the general principles outlined in this strategy.

## **Category Management**

Fife Council has a Category Management approach looking holistically at products and services that are bought across the Council. This approach is based on international best practice for procurement functions.

*It is “a strategic approach which organises procurement resources to focus on specific areas of spends. This enables category managers to focus their time and conduct in-depth market analysis to fully leverage their procurement decisions on behalf of the whole organisation. The results can be significantly greater than traditional transactional based purchasing methods.”* (CIPS, Chartered Institute of Procurement and Supply)

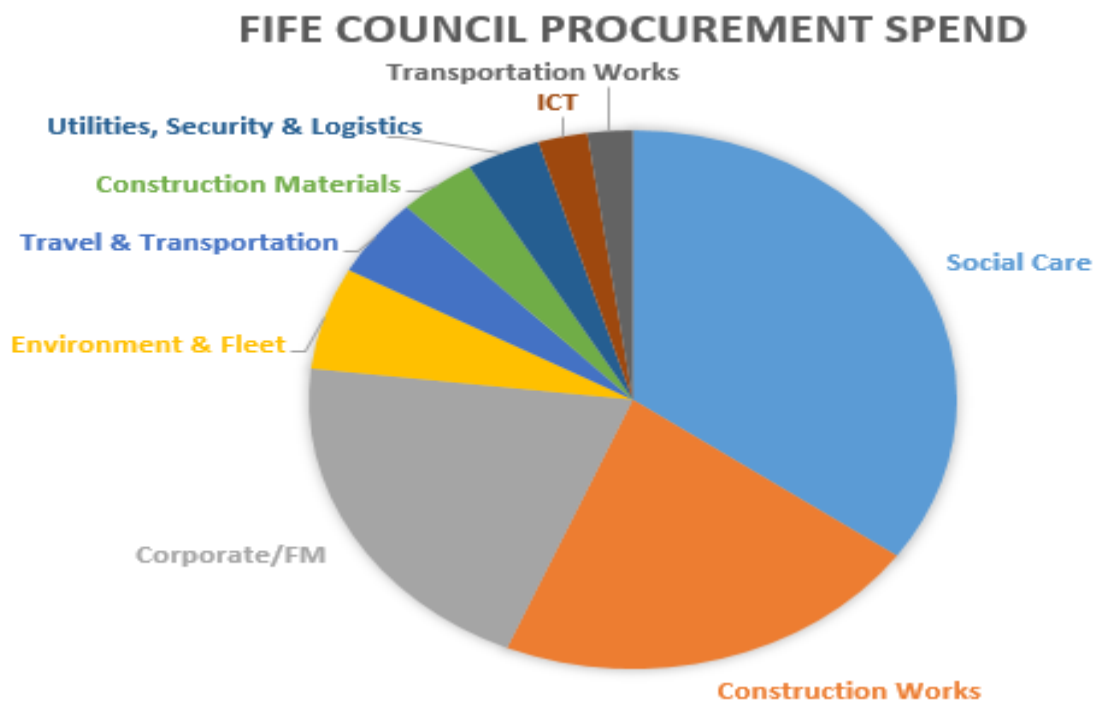
Each Category area has a Category Strategy with full profile information (scope of goods/services/works; spend; stakeholders; suppliers; challenges; risks; opportunities etc. detailing the strategic direction of the future procurement activity/approach for the intended spend covered by the category, this is developed and implemented by a Category Manager.

The Category Managers are supported by Corporate Procurement Officers and Buyers who facilitate all aspects of the procurement process in line with the category strategies. Such activity includes pre-market engagement; contract strategy preparation; end-to-end tender process and contract management as necessary. Additionally, buyers are required to facilitate the processing of purchase orders in accordance with established contracts/frameworks and ad-hoc procurement activity as necessary.

## Spend Profile

The Council's third party spend (17/18) is around £488m and comprises of a wide variety of goods, services and works as follows:

Social Care	£170m
Construction Works	£105m
Corporate/FM	£100m
Environment & Fleet	£30m
Travel & Transportation	£23m
Construction Materials	£19m
Utilities, Security & Logistics	£18m
ICT	£12m
Transportation Works	£11m
	<b><u>£488m</u></b>



## **FIFE COUNCIL'S PROCUREMENT MOVING FORWARD – OBJECTIVES**

The following outputs have all been identified as key priorities of the Procurement Function:

- Ensure best value is obtained for the Council;
- Ensure financial benefits/savings are met;
- Where possible, practice a Risk Optimisation approach to procurement activity and commercial risk;
- Embed a commercial culture throughout Fife Council;
- Improve collaborative working across the organisation by practising a responsive, pro-active and agile approach where possible;
- Ensure activity is compliant with applicable procurement legislation and is aligned with the associated Category Strategies/the organisation's strategic direction;
- Ensure that all opportunities to achieve savings are considered and pursued;
- Ensure Fife Council meets its aim of having as much of the procurement spend spent with local suppliers as possible, where legally possible and where best value can be achieved by doing so;
- Ensure Procurement Service (and those with Delegated Procurement Authority) obtain community benefits and promote sustainability in line with best practice/regulation requirements;
- Develop policy and processes to tackle fraud in procurement, i.e. prevention, detection and reporting; and
- Consider and articulate the Council's significant role as a buyer in influencing inclusive growth.

### **Procurement Transformation Programme**

The above is part of the scope/remit of a transformation programme and partnership with Scotland Excel, the Centre of Procurement Expertise for Local Authorities. This programme was approved at Policy and Co-ordination Committee on 12<sup>th</sup> April 2018.

This programme therefore essentially forms the plan for Fife Council Procurement. Over the next three years, the ultimate aim of the project is to reduce Fife Council third party spend by implementing a consistent and commercial approach to procurement activity. To achieve this the scope will focus on improving demand management, increasing operational control across all procurement spend, as well as implementing a new Fife Council Procurement Strategy 2019-2024



programme of contract and supplier management across all Fife Council's suppliers. In carrying out the reform of the Council's Procurement function, a strategic sourcing approach shall be developed. This aims to create a strong commercial culture across all Council Service Departments, promoting more innovative thinking around procurement and income generation/new revenue streams.

Multiple projects have been identified to deliver the benefits which will underpin delivery of a £16million reduction in third party spend. These projects include developing the skills of the current Procurement team and others involved in the procurement process. The projects are aimed at enhancing contracts, demand and supplier management.

The projects are as follows:

1. Effective Stakeholder Management
2. Developing the Procurement team
3. Category A (Public Sector National) and Category C (Local arrangement) contract optimisation
4. Scotland Excel (Category B – Sector specific, national) Care contracts optimisation
5. Scotland Excel (Category B – Sector specific, national) Construction contracts optimisation
6. Scotland Excel (Category B – Sector specific, national) Corporate contracts optimisation
7. Data management review
8. Re-enforcing procurement foundations (including fraud prevention, detection and management)
9. Contract and Supplier Management
10. Setting the strategic direction
11. Implementing Demand Management
12. Benefits Tracking
13. Enhancing Delegated Procurement Authority

As detailed in the reports to committee, the transformation programme, like all workstreams within the Changing to Deliver Programme, is overseen by a Governance Board which is chaired by the Executive Director Finance and Corporate Services.

## **CHANGING TO DELIVER PROGRAMME AND FIFE COUNCIL BECOMING MORE COMMERCIAL**

Following the approval of the Revenue Budget in February 2018 and recognition of the remaining budget gap, there continues to be a degree of uncertainty regarding future resources. This continues to place pressure on the sustainability of services as they are currently delivered. The Changing to Deliver programme is key to the financial strategy and financial sustainability of the Council.

The Changing to Deliver programme is a three year programme with a number of delivery themes and sets out the framework for change within the Council in line with the Council's Plan for Fife ambition.

The **Commercialisation Programme** is one of the delivery programmes and incorporates Procurement and Contract Management and Income Generation/New Revenue Streams. This programme will identify opportunities to reduce Fife Council's (circa £488m) third party spend by a consistent and commercial approach to procurement activity (Demand Management, Operational Control & Contract Review, Strategic Sourcing and New Income Streams). It will also optimise the income we can generate from fees and charges, in-sourcing, scaling-up in-house provision, full cost recovery and deliver a sustainable income approach. This includes a targeted approach to subsidies and concessions. It will encourage more creativity and innovation to explore options for alternative models of delivery working in partnership with public, third and private sector partners.

It is intended that a separate Commercial Strategy for Fife Council be created via the Commercialisation Programme to further define position and aspirations etc.

## MANDATORY ELEMENTS OF PROCUREMENT STRATEGY

Section 15(5) of the Procurement Reform (Scotland) Act 2014 sets out what a contracting authority must include as a minimum in its Procurement Strategy. [Statutory Guidance](#) issued by the Scottish Government (Guidance under the Procurement Reform (Scotland) Act 2014) provides further guidance on what must be addressed and is noted below. The heading where this content is addressed within this strategy is also cross-referenced.

<b>Statutory Guidance Reference</b>	<b>Mandatory Requirement</b>	<b>Heading where requirement is addressed in this strategy</b>
2.5.1	The authority must set out how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievement of its purposes.	Mandatory Elements of Procurement Strategy  (and throughout rest of strategy document)
2.5.2	The authority must set out how it intends to ensure that its regulated procurements will deliver value for money.	<a href="#">Value for Money</a>
2.5.3	The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.	<a href="#">Compliance with General Principles</a>
2.5.4	The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.	<a href="#">Compliance with General Principles</a>
2.5.5	The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty.	<a href="#">Sustainable Procurement including Community Benefits</a>
2.5.6	Statement of the authority's general policy on the use of community benefit requirements.	<a href="#">Sustainable Procurement including Community Benefits</a>
2.5.7	Statement of the authority's general policy on consulting and engaging with those affected by its procurements.	<a href="#">Consultation/Engagement</a>
2.5.8	Statement of the authority's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.	<a href="#">Fair Work Practices (including payment of Scottish Living Wage)</a>
2.5.9	Statement of the authority's general policy on promoting compliance by contractors and sub-contractors with Health and Safety at Work legislation.	<a href="#">Health and Safety in Procurement</a>

2.5.10	Statement of the authority's general policy on the procurement of fairly and ethically traded goods and services.	<a href="#">Fair &amp; Ethical Trade Policy Statement</a>
2.5.11	Statement of the authority's general policy on how it intends its approach to regulated procurements involving the provision of food to improve the health, wellbeing and education of communities in the authority's area, and promote the highest standards of animal welfare.	<a href="#">Food Procurement Policy Statement</a>
2.5.12	The authority must set out how it intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice: payments due by the authority to a contractor; payments due by a contractor to a sub-contractor; and payments due by a sub-contractor to a sub-contractor.	<a href="#">Payments</a>

*The authority must set out how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievement of its purposes.*

Fife Council operates in a diverse range of areas to fulfil its functions as a local authority. As such, there is a need to procure works, goods and services to complement Council owned assets and resources in order to enable/fulfil some of its services.

Procurement is considered 'regulated' when spend is over £50,000 for goods and services, and £2m for works. These thresholds are set within the Procurement Reform (Scotland) Act 2014. As such, the associated procurement activity must be carried out in line with the relevant legislation. Goods/services/works over the European thresholds have further legislative stipulations attached and is further defined in the glossary section, Appendix. 2.

Fife Council aims to ensure that its procurement activity contributes to the carrying out of its functions and achievement of its purposes, by:

- Ensure best value is obtained for the Council;
- Ensure financial benefits/savings are met;
- Where possible, practice a Risk Optimisation approach to procurement activity and commercial risk;
- Embed a commercial culture throughout Fife Council;

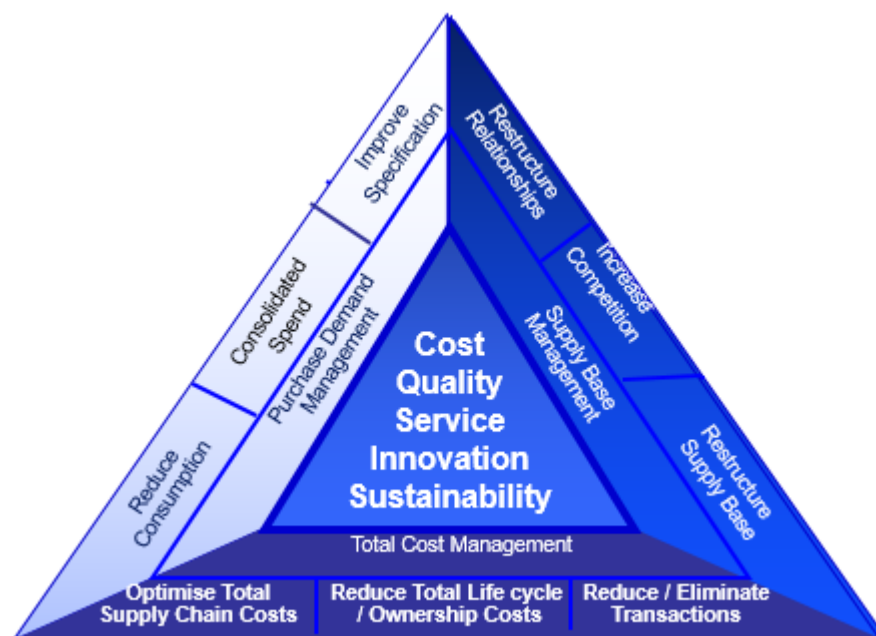
- Improve collaborative working across the organisation by practising a responsive, pro-active and agile approach where possible;
- Ensure activity is compliant with applicable procurement legislation and is aligned with the associated Category Strategies/the organisation's strategic direction;
- Ensure that all opportunities to achieve savings are considered and pursued;
- Ensure Fife Council meets its aim of having as much of the procurement spend spent with local suppliers as possible, where legally possible and where best value can be achieved by doing so;
- Ensure Procurement Service (and those with Delegated Procurement Authority) obtain community benefits and promote sustainability in line with best practice/regulation requirements;
- Develop policy and processes to tackle fraud in procurement, i.e. prevention, detection and reporting; and
- Consider and articulate the Council's significant role as a buyer in influencing inclusive growth.

## VALUE FOR MONEY

The authority must set out how it intends to ensure that its regulated procurements will deliver value for money.

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	<p>Statutory Requirement</p>
<p><b>Measurement</b></p>	<p>Good outcomes, financial savings/benefits, fit for purpose. Best Value Audit</p>

It is acknowledged that good procurement can significantly improve the quality of services delivered to the people of Fife. Fife Council recognises that value for money is not just about cost and quality, but about the best balance of cost, quality and sustainability in line with the Scottish Model of Procurement ‘best value triangle’.



*Scottish Government's Model of Procurement, Best Value Triangle (Procurement Journey)*

The balance of criteria that determines value for money in each procurement exercise will vary on a case-by-case basis, however the rationale behind the criteria and associated weightings to be used in the assessment of the procurement shall be considered at the outset of the procurement exercise.

Overall, Fife Council ensures delivery of value for money through:

- the successful delivery of Category and Contract Strategies;
- the application of procurement best practice (including, but not limited to, treating all relevant economic operators equally and without discrimination and acting in a transparent and proportionate manner through which competition is encouraged and value for money is achieved); and
- undertaking key strategic procurement activities that include:
  - undertaking comprehensive market analysis;
  - utilisation of output specifications;
  - appropriate lotting and structuring of procurement exercise to encourage SME, Third Sector and Supported Business participation;
  - maximising value by incorporating Community Benefits (where relevant and proportionate to do so);
  - application of effective commercial evaluation models including opportunity cost consideration; and
  - effective contract management.

Contract management has been acknowledged as an area that can be improved upon. Whilst there is some ad-hoc good practice providing effective results, this would be enhanced by implementing and embedding a consistent approach, albeit at proportionate levels. It is anticipated that this would not only bring additional benefit to the Council, but provide opportunity for cost avoidance also.

## COMPLIANCE WITH GENERAL PRINCIPLES

*The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.*

*The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.*

<b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b>	Statutory Requirement
<b>Measurement</b>	Good outcomes with no legal challenges

Equal treatment and non-discrimination are fundamental procurement principles of the EU, and Fife Council aims to follow these principles in all its procurement activities. By treating relevant economic operators equally and without discrimination, Fife Council hopes to achieve greater competition, promote innovation, and encourage a wider range of economic operators to become involved in public procurement.

Fife Council does this by measures such as:

- ensuring that its procurement procedures are conducted transparently to offer economic operators the opportunity to verify that Fife Council is treating all relevant operators equally and without discrimination
- consideration of the contract size, including the option to break requirements into smaller lots to facilitate access to the opportunity for all types of economic operator;
- in planning its procurement activities, endeavouring to place the minimum burden possible on economic operators in order to facilitate greater access to procurements; and
- Fife Council's Scheme of Tender Procedures sets out how procurement activity of different values and type should be carried out.




Fife Council is committed to acting in a transparent and proportionate manner.

To deliver its procurement activity in such a manner, Fife Council:

- engages in early market engagement (where deemed appropriate) prior to the publication of a contract notice on Public Contracts Scotland (PCS);
- ensures full compliance with the Regulations and Act to run its procurement procedures transparently, for example, by:
  - publishing contract notices on PCS and the OJEU; and
  - providing comprehensive written debrief information to successful and unsuccessful tenderers.
- uses electronic communication for all procurement activity;
- subscribes to open public and market engagement (where deemed appropriate);
- attempts to prescribe the use of clear language in all procurement documents and communications with tenderers to ensure a common understanding of the requirements as well as preventing broad interpretation; and,
- places the minimum possible qualification requirements (without compromising on necessary quality) on economic operators to maximise scope of economic operators able to bid for the opportunities.

In all cases, the procurement process should place the minimum burden possible on economic operators in order to facilitate greater access to procurements.

## SUPPORTING LOCAL BUSINESSES, SMEs AND THIRD SECTOR

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	 <p>Inclusive Growth and Jobs</p>
<p><b>Measurement</b></p>	<p>Good outcomes, financial savings/benefits, fit for purpose etc. Best Value Audit KPI – savings/benefits KPI - % of value spend with local suppliers KPI - % of contracts placed with local suppliers</p>

Over 90% of Fife companies employ fewer than 50 people and the Council strives to create a competitive environment by removing any barriers (perceived or otherwise) to entry, whilst ensuring the equality of treatment for all suppliers.

We aim to operate in a collaborative manner in Fife and commit to the following:

- formal process alignment with Economic Development colleagues highlighting contract opportunities (at local and national levels), successful and unsuccessful tenderers (including formal debrief process) to ensure appropriate support can be targeted for business development, capacity and growth;
- in order to support the above, publication of a forward plan (otherwise known as 'pipeline') of anticipated procurement activity over the next 24 months as well as an up to date contract register summarising current status of existing contracts/agreements;
- undertake effective pre-market engagement in a proportionate manner to research the market, and consider local options for delivery/innovation etc.;
- working with Economic Development colleagues to encourage SMEs/Third Sector, including co-operatives and social enterprises, to bid for Council business;

- make effort to invite at least one local SME for quotation for below regulated value procurement exercises;
- continued active participation with [Supplier Development Programme](#) events to support the above;
- further embed our Category Management approach to enable Council-wide procurement across various departments;
- seeking collaborative procurement opportunities with other organisations; and
- consider reserving contract work for Supported Businesses;
- work with colleagues in Economy, Planning and Employability Services to develop a meaningful business charter and ensure compliance with commitments made;
- in conjunction with colleagues in Economy, Planning and Employability Services consider how to promote and capture supply chain (e.g. sub-contract) opportunities and dovetail with community and educational programmes;
- support and promote supplier cashflow service

### **Supplier Cashflow Service**

In partnership with ELCOM, we are piloting a service that allows suppliers to apply for finance to help improve opportunities to bid for contracts. This will especially help suppliers who may not have been able to bid due to lack of finance in the past.

The benefits of this service include the following:

- finance up to 80% of order value;
- automatic funding within 48 hours of a purchase order being generated by Fife Council; and
- highly competitive interest rates, helping reduce working capital costs.

**SUSTAINABLE PROCUREMENT INCLUDING COMMUNITY BENEFITS**

*The authority must set out how it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty.*

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	<p>Statutory Requirement, and</p>  <p>Opportunities for All</p>  <p>Thriving Places</p>  <p>Inclusive Growth and Jobs</p>  <p>Community Led Services</p>
<p><b>Measurement</b></p>	<p>Environmental/ethical/community benefits, innovative solutions</p>

It is recognised that improved sustainability in procurement activity will also make a significant contribution to the Council's Climate Change Declaration.

The Act implements a national legislative framework for sustainable public procurement in Scotland. To aid the Council achieving its aim of 'Inclusive Growth' (Fife's Economic Strategy 2017-2027), the Council, through its procurement activities will incorporate the Sustainable Procurement Duty into its processes and consider prior to defining procurement requirements.

Fife Council shall consider/support:

- the use of whole life cost where appropriate;
- the use of Sustainable Procurement Duty Tools that aid the prioritisation of sustainability to achieve maximum benefits within all regulated procurements and also to prioritise and focus on those categories of spend that offer the greatest potential sustainable outcomes;
- the use of the Scottish Government Flexible Framework Self-Assessment Tool (FFSAT) to ascertain the level of performance of sustainable procurement across the Council. This tool will provide a clear action plan that will set out how, and by when, improvements in sustainable procurement will be made;
- The environmental impact of construction projects as appropriate, including specifying high Building Research Establishment Environmental Assessment Methodology (BREEAM) ratings for sustainable design and construction;
- Encourage recycling and reuse of materials through waste management plans in order to minimise waste to landfill;
- The use of low energy equipment and environmentally friendly chemicals,
- Maximise use of materials from sustainable sources in accordance with government buying standards; and
- Support corporate initiatives/working groups in relation to the sustainability agenda where supplies/services are relevant and undertake any associated procurement activity, e.g. elimination of single use plastics.

The procurement function has established a workstream to support Sustainable Procurement activity with scope and actions to formalise and embed the above throughout the Council.

## COMMUNITY BENEFITS IN PROCUREMENT

### *Statement of the authority's general policy on the use of community benefit requirements.*

Fife Council believes that public procurement contracts can help realise a wide range of social and environmental benefits, including more and better employment opportunities.

Community benefits can help contribute to local and national outcomes relating to employability, skills and the reduction of inequality.

In the context of the Procurement Reform (Scotland) Act 2014, a community benefit requirement is a contractual requirement imposed by a contracting authority –

- (a) Relating to:
  - (i) Training and recruitment
  - (ii) The availability of sub-contract opportunities, or
- (b) Which is otherwise intended to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included.

Community Benefit Clauses (CBCs) are essentially clauses within contracts requiring tenderers to commit to undertaking some form of social benefit as part of the contract. These clauses are aimed at tackling issues in training, employment, economic regeneration and the environment through investment in local communities.

For major works projects, Fife Council will commit to:

- Due consideration of whether to impose community benefit requirements as part of the procurement and if so, provide a summary of what it intends to include, and if not, provide a justification of why not deemed appropriate. Where included, Fife Council will include in the award notice a statement of the benefits it considers will be derived from those requirements.

The above is a mandatory requirement in accordance with the Procurement Reform (Scotland) Act 2014, however Fife Council's policy goes beyond the minimum requirement and gives consideration of community benefits for goods/services contracts as well as major works projects, where deemed proportionate and relevant to do so, however there is recognition that it may not be appropriate to include in some cases.

Additionally, Fife Council has adopted a 'Construction Charter' which applies to construction projects and seeks commitment to upholding and maintaining standards. It specifically refers to the 'Scottish Futures Trust's Non-Profit Distributing (NPD) programme', alternatively known as HUBCOs, developed to deliver infrastructure projects for the Scottish Government. As such, these contracts must include local community benefit, in particular local jobs and apprenticeships and help local SMEs to develop the capacity to deliver infrastructure projects. Additionally, it acknowledges that 'Fife Council is committed to working with contractors in developing industry skills (apprenticeships, adult trainees and career progression) and educational attainment for all age groups within our communities'.

The Charter and consequently Fife Council, through relevant procurement activity will encourage and require where appropriate that all contractors will:

- Comply with the employment and skills requirements specified, promoting and encouraging full apprenticeships;
- Prioritise hard to reach and underrepresented groups in employment, training and skills initiatives; and
- Actively include opportunity for Supported Businesses, such as Matrix Fife to work with Fife Council to support initiatives aimed at promoting and improving opportunities in education and training of employers and employees engaged on all construction projects within Fife Council.

Collaboration with Council procuring areas, employability team, Economic Development and Opportunities Fife have delivered best practice procurement in the use of Community Benefits e.g. Affordable Housing Programme. This has allowed Fife Council to establish a strategic framework of support as a model of best practice when delivering community benefits. This model provides a single point of contact and end-to-end support to procuring areas, contractors and individuals engaging with employability and skills programmes maximising sustainable outcomes. However this model has a limited spend coverage focusing mainly on employability and skills in the construction areas.

Building on this established model, Fife Council will now seek to embed a wider community benefits approach across the Council at all levels of external spend relating to goods, services and works where proportionate to do so and shall take account of commitments and aspirations such as the relevant areas of the Construction Charter.

A cross-service working group has been established and efforts shall be made to develop the approach in this regard and seek to increase employability and skills outcomes, supply chain development opportunities as well as establish community initiatives to improve the economic, social and environmental wellbeing of Fife communities and support the Council's strategic objectives. Training and development for SMEs shall be considered and delivered through the Supplier Development Programme. A key focus must be to ensure delivery of committed benefits, and as such adequate reporting and monitoring is essential.

### **City Region Deals**


Fife is committed to the delivery of City Region Deals for Edinburgh and South East Scotland and for the Tay Cities area including North East Fife. This is a significant programme of construction, funded by the City Region Deal. Through an agreed approach to City Region Deal procurement, Community Benefit clauses will be used to target inclusive employment practices and other opportunities. A consistent approach will be taken to applying the principles laid out in the Scottish Government's Pledge. Benefits will be sought for the short, medium and long term.

A programme of integrated and targeted employability and skills interventions will be directed at widening access, addressing skills shortages and gaps, and delivering improvements to boost the flow of individuals from disadvantaged groups into good career opportunities.

To complement the regional skills programme, the partners will also develop a regional approach to 'Community Benefits from Procurement' to ensure that the significant expenditure of partners fully exploits any opportunity to drive inclusive growth. This shall likely inform and steer the methodology of the aforementioned cross-functional group for developing the Council's general approach to the use of Community Benefit clauses in Procurement.



## COLLABORATION INCLUDING ECONOMIC GROWTH

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	 <p>Inclusive Growth and Jobs</p>
<p><b>Measurement</b></p>	<p>Increase in collaborative arrangements. Good outcomes, fit for purpose innovative solutions, potential financial savings/benefits and efficiencies.</p>

Fife Council shall look to consider collaborative approaches when it comes to procurement activity, whether it be on a national or regional basis, individual authority or cross-sector in order to maximise efficiencies and benefits including opportunities for increasing economic growth. Such activity could be the creation/use of collaborative frameworks, or collaboratively developing process and guidance. This should in turn achieve mutually beneficial results including economies of scale, reduction in administration and sharing/use of procurement best practices and innovations.

Fife Council continues to be an active member of Scotland Excel participating in all relevant stages of procurement exercises in a proportionate manner and utilising frameworks where believed to offer best value to do so, supplemented by local arrangements as appropriate.


The procurement team are also involved with national public sector framework/procurement activity as part of evaluation panels/user intelligence groups (UIGs) feeding in to strategies and evaluation ensuring the best outcome is achieved for Fife Council.

Areas for improvement and aspirations to seek inclusive growth and supply chain opportunities moving forward include:

- Early identification of potential opportunities to aggregate spend/requirements;
- Increase in dialogue and sharing of information with neighbouring (and wider afield as appropriate) authorities and other public sector organisations including for example, Fife Partnership (ALEOs, Integrated Joint Board/NHS) as well as third sector;
- Proactive involvement with national procurement groups and forums; and
- Regional collaboration to develop and adopt best practice on the use of community benefits in procurement (specifically in relation to City Region Deals).

## CONSULTATION/ENGAGEMENT

*Statement of the authority's general policy on consulting and engaging with those affected by its procurements.*

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	<p>Statutory Requirement, and</p> 
<p><b>Measurement</b></p>	<p>Good outcomes, fit for purpose innovative solutions, potential financial savings/benefits, empowered and valued stakeholders Participatory Budgeting activity.</p>

A fundamental factor in the way which Fife Council manages its activities is to ensure effective consultation and engagement with those affected by its procurements to understand the needs with a focus on the output/outcome required and where relevant and proportionate, allow views of those affected to be expressed and taken into account.

Through the category management approach, Category Managers continue to develop strong working relationships with client services in an effort to understand their business requirements and consider the market offerings to determine the most appropriate procurement strategies that will fulfil their needs.

As part of individual category and contract strategies, the Procuring Officer shall identify the key stakeholders and give due consideration to the extent of their involvement. This could be utilising service users' expertise to help inform and design specifications and/or to be involved in evaluation panels. The greatest way to ensure contracts are fit for purpose is to involve all relevant stakeholders in the contract design and associated evaluation models etc. This has to be done in a proportionate manner and as such will be considered on a case-by-case basis.

As acknowledged in the 'Plan for Fife', "we know that services work best when they are designed with the involvement of those who use them and depend on them. We also know that prevention and problem-solving work most effectively where responsibility is devolved and people are supported to make a difference. The public sector can't do everything, and future success lies in helping people do more for themselves, improving collaboration across different sectors and using the opportunities provided by technology to reduce costs and improve responsiveness and levels of empowerment." (Plan for Fife, page 24)

Embedding early engagement at the outset of any new project or procurement activity allows Fife Council to better align its requirements to the market place and become responsive to changes within it. The increased understanding of commercial markets enables the Council to respond quicker to external pressures or forces, influence markets and utilise the understanding to identify opportunities via alternative delivery models or promote innovation. This supports the Council when influencing and shaping requirements to secure a position of commercial advantage and to ensure that the quality of service meets expectations.

As also acknowledged in the 'Plan for Fife', a committed action is to "extend and further develop the use of participatory budgeting to involve local people in decision making on the allocation of mainstream partner resources and in designing services." (Plan for Fife, page 26). Fife Council Procurement shall provide input and assistance with such activity as appropriate.

**FAIR WORK PRACTICES (INCLUDING PAYMENT OF SCOTTISH LIVING WAGE)**

*Statement of the authority’s general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.*

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	<p>Council Commitments, and</p>  <p>Opportunities for All</p>  <p>Inclusive Growth and Jobs</p>
<p><b>Measurement</b></p>	<p>Good outcomes, fit for purpose  innovative solutions, potential financial savings/benefits, empowered and valued stakeholders  Ongoing accreditation as <i>Scottish Living Wage Employer</i>  No evidence that employer practices blacklisting.</p>

With a view to supporting the strategic aim of providing ***Opportunities for all***, Fife Council considers payment of the Scottish living wage to be a significant indicator of an employer’s commitment to fair work practices and that payment of the Scottish living wage is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce. Fife Council is opposed to the practice of blacklisting and would not expect any organisation it engages with to operate such practices.

Fife Council believes that organisations that have a diverse workforce and whose staff are well rewarded, motivated and led as well as having appropriate opportunities for training and skills development are likely to deliver higher quality services.

Fife Council believes that payment of the Scottish living wage offers a number of business benefits to employers, such as enhancing the quality of the work of their staff, improving loyalty and customer service, and improving attendance and retention rates.

Fife Council is committed to paying its employees the Scottish living wage and through procurement activity, will do everything within the procurement legislative framework, to encourage all contractors, but particularly those identified as being within scope and considered an indirect employee of the Council, to do so also.

Public bodies cannot mandate contractors, including social care providers, to pay their employees the Scottish living wage as a condition of participating in a tendering exercise or via a contract performance clause. However, the Council will encourage its contractors, including social care providers, to pay their employees the Scottish Living Wage.

Fife Council is accredited as a *Scottish Living Wage Employer*, and as such, will continue to promote payment of the Scottish Living Wage and *Scottish Living Wage employer accreditation* where relevant and appropriate to do so.



*Council Co-Leader David Ross; Anne Callaghan, Poverty Alliance; Chief Executive Steve Grimmond*

All procuring services must consider the Scottish living wage at the onset of any regulated procurement exercise, if the service is likely to mean any employees are considered 'in scope' in which case could be considered an indirect employee of the Council. If deemed 'in scope', or if the contract has history of poor pay, due consideration of including a qualitative question with proportionate scoring criteria applied should be given, in a Fife Council Procurement Strategy 2019-2024

manner which takes account of other relevant factors, while ensuring an appropriate balance between cost and quality. The approach taken will ensure proportionality, based on the nature, scope, size and place of the performance of the contract.

In developing its position on the payment of the Scottish living wage, Fife Council has taken account of relevant legislation and other statutory guidance, in particular the “Statutory Guidance on the Selection of Tenderers and Award of contracts – Addressing Fair Work Practices, including the Living Wage, in Procurement”.

The Council has an aspiration to promote Fife as a Scottish Living Wage region and therefore Procurement has a role in supporting this. Procurement shall work with colleagues and partners in this regard.

Fife Council is also a Disability Confident employer. This demonstrates the Council’s commitment to successfully employing and retaining disabled people and those with health conditions. We therefore encourage all of our partners, suppliers and providers to also demonstrate their commitment to being Disability Confident.

Additionally, Fife Council has also signed a Construction Charter and an Ethical Care Charter which promote fair work practices including payment of the Scottish living wage as well as other positive commitments, summarised as follows:

- **Construction Charter** – applies to construction projects and seeks commitment to upholding and maintaining standards in connection with fair work practices as follows:
  - Health and Safety standards
  - Workers should be employed under the appropriate industry collective agreements (on a PAYE, Class 1 National Insurance and Contract of Employment)
  - Promote and encourage the Scottish living wage as a minimum standard and encourage companies to register with the Scottish Living Wage Accreditation Foundation in accordance with Fair Work Convention principles.
- **Ethical Care Charter** – applies to homecare services and the over-riding objective is to establish a minimum baseline for the safety, quality and dignity of care by ensuring employment conditions which a) do not routinely short-change clients

and b) ensure the recruitment and retention of a more stable workforce through more sustainable pay, conditions and training levels.

There is also an action on the Council to develop a Business Charter which outlines expectations from businesses including aspects of fair work practices, and will include demonstrating commitments to the priorities in the Plan for Fife, such as:

- A commitment to local recruitment/employment;
- Adhering to the principles of fair work and pay;
- Creating employment and training opportunities for local and young people, including people with physical and mental health issues.

Procurement shall work with colleagues in Economy, Planning and Employability Services to develop a meaningful Business Charter and ensure compliance with commitments made.

In conclusion, there are many factors that an organisation can practice to demonstrate fair and positive work practices, and Procurement shall encourage and promote as far as is possible as part of the procurement process in a proportionate manner where relevant to do so.



## HEALTH AND SAFETY IN PROCUREMENT

*Statement of the authority's general policy on promoting compliance by contractors and sub-contractors with Health and Safety at Work legislation.*

<b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b>	Statutory Requirement
<b>Measurement</b>	Good fit for purpose outcomes. Safe workforce and environment

Fife Council will do its utmost to ensure the health and safety of all those involved in the manufacturing, construction or provision of goods, service and works, by promoting compliance by contractors and sub-contractors, with the Health and Safety at Work Act 1974, any provision made under that Act and all subordinate legislation.

Fife Council will assess the potential health and safety risks arising from each contract, in partnership, where appropriate, with the Corporate Health and Safety Team (or other technical expertise as appropriate), and in accordance with the Council's existing guidance on 'Health and Safety in Procurement'. Where appropriate, contracts shall be monitored to ensure compliance with health and safety requirements.

All procuring services must consider Health and Safety at the onset of any regulated procurement exercise, in a manner which takes account of other relevant factors, while ensuring an appropriate balance between cost and quality. Mandatory requirements must be included in resulting tender documentation and subsequent contract/framework agreement, and qualitative questions such as detailing methodology to demonstrate compliance may be used as part of the award criteria if deemed appropriate. The approach taken will ensure proportionality, based on the nature, scope, size and place of the performance of the contract.

Where there are specific health and safety concerns relating to a particular procurement, Fife Council will require Tenderers to detail, as part of their tender submission, the measures they would implement to respond to the identified risks.

The Construction Charter acknowledges that the 'Health and Safety of all workers is paramount in the Construction Industry and consequently, we expect that all contractors would rigorously implement and adhere to our minimum standards. In addition we require all contractors to provide quality welfare facilities fit for purpose for the 21<sup>st</sup> century in accordance with the Construction Design Management Regulation of 2015. Compliance and demonstration of such compliance will also be considered on relevant contracts.'

Whilst Health and Safety should always be considered in each individual procurement exercise, there is no collective picture of contracts deemed most at risk. Procurement, in partnership with the Corporate Health and Safety Team (where appropriate) shall therefore endeavour to identify and assess each contract to determine the level of health and safety risk (i.e. high, medium, low). Thereafter, a review shall be undertaken to ensure processes are in place to ensure adequate consideration is taken into account for those deemed high/medium risk (regardless of value).

## **FAIR & ETHICAL TRADE POLICY STATEMENT**

*Statement of the authority's general policy on the procurement of fairly and ethically traded goods and services.*

<b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b>	Statutory Requirement (to consider) Council Commitment (FC Motion May 2016)
<b>Measurement</b>	Environmental/ethical benefits

Fife Council considers the relevant and proportionate application of fair and ethical trading principles in its procurement activities.

In all regulated procurements, Fife Council shall consider sustainable aspects, including fair and ethical trading where relevant and proportionate to do so and in line with the Sustainable Procurement Duty.



Individual procurement strategies for specific regulated procurements should identify such matters and define the approach taken in a relevant and proportionate manner. Fife Council shall use the Scottish Government's Sustainability Test to aid this process and to help embed the applicable sustainability requirements in the development of frameworks and contracts, giving clear direction on embedding sustainable actions in procurement exercises.

Fife Council will endeavour to ensure that procurement requirements relating to fairly and ethically traded goods and services are applied in a relevant, proportionate and legally compliant manner.

As part of Fife Council's contract management activity, so far as is practicable, it shall endeavour to promote fair and ethical practices in supply chains.

## FOOD PROCUREMENT POLICY STATEMENT

*Statement of the authority's general policy on how it intends its approach to regulated procurements involving the provision of food to improve the health, wellbeing and education of communities in the authority's area, and promote the highest standards of animal welfare.*

<p><b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b></p>	<p>Statutory Requirement (to consider), and</p>  <p>Opportunities for All</p>  <p>Community Led Services</p>
<p><b>Measurement</b></p>	<p>Benefits in terms of health, wellbeing and education of communities</p>


Fife Council recognises that the expenditure on food has the potential to unlock benefits for community health, wellbeing and social justice through access to good nutrition, including access to fresh and seasonal produce.

Fife Council food procurement focuses on providing nutritionally balanced, quality food, encouraging health and wellbeing to suit the needs and demands of our diverse client groups, whilst applying the appropriate animal welfare standard and meeting any legislative requirements.

Fife Council's procurement requirements relating to food aims to reduce the environmental impact where possible, focussing on sourcing and minimising food waste in all areas that the Council serves, i.e. schools, care homes, meals on wheels, commercial establishments.

## PAYMENTS

*The authority must set out how it intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice: payments due by the authority to a contractor; payments due by a contractor to a sub-contractor; and payments due by a sub-contractor to a sub-contractor.*

<b>Why is this important? (i.e. connection to Organisational Objectives/Council commitment/Statutory Requirement)</b>	Statutory Requirement, and  Inclusive Growth and Jobs
<b>Measurement</b>	Accounts Payable KPI re. Payment within 30 days Income generated as result of supplier cashflow service

To support the Council's aim of 'Inclusive Growth and Jobs', Fife Council is committed to creating a supporting environment in which ambitious businesses can flourish.

The Council recognises that the public sector should set a strong example by paying promptly. Fife Council continues to work to improve its payment times to assist the cash flow of businesses. Current Fife Council Financial Regulations state payment terms are in arrears and "30 days from receipt of an appropriate invoice".

Fife Council is committed to ensuring that businesses are paid on time because we understand how important it is to pay businesses promptly once a service has been performed or goods delivered. Late payment is particularly detrimental to SMEs, third sector bodies and supported businesses.

Late payment legislation places a statutory duty on all public bodies to pay commercial debt within 30 days. Legislation also allows businesses to claim interest and recovery costs if goods and services are not paid for on time.

Fife Council shall continue the roll-out of the Scottish Government eInvoicing solution which will further support prompt payment and further improve the performance and efficiencies of the P2P process. The P2P process should be reviewed for the purchases that shall result from each procurement exercise and different payment mechanisms, i.e. iSupplier, self-billing, supplier cashflow initiative etc. should be considered, with the most efficient and effective being used.

In relation to payment terms, Fife Council expects suppliers to apply the same terms and conditions with their sub-contractors who are delivering and supporting the contract. Where deemed appropriate, this should be monitored so far as is reasonably practical as part of contract management process, e.g. spot checks and/or using project bank accounts or trusts.

## **PROCEDURES AND PROCESSES**

The Procurement function commits to continuous improvement of procedures and processes, with a review/development of policy and associated process for the below areas:

- Contract and Supplier Management
- Roll-out of use of PCS-Tender
- P2P processes – eliminate duplication/non value-add/automate etc.
- Fraud in Procurement - prevention, detection and reporting
- Counter Terrorism
- Modern Slavery
- Training and development of those authorised to undertake procurement activity

To support the above, the Procurement function has a number of 'workstreams' to provide focus and expertise on certain areas, these are currently as follows (but subject to ongoing review depending on business need/priorities as well as cognisance of the Procurement Transformation Programme):

- Scheme of Tender Procedures (review and implementation) and Terms and Conditions;
- Contracts Register/Contract Programme/Benefits Tracking;
- P2P Processes and Guidance;
- Templates and Guidance;
- ESPD and Selection Criteria;
- Contract and Supplier Management, including PCS-Tender
- Sustainable Procurement

These workstreams may require cross-service/cross-functional support and activity and wider stakeholder engagement is utilised as required.

## **USE OF TECHNOLOGY IN PROCUREMENT**

Fife Council Procurement aims to embrace technology to conduct its procurement activity. Such an approach works towards the standardisation of processes and a reduction in duplication of effort. Additionally, it provides a robust audit trail and provide effective management information.

The following systems (and technology) are used to facilitate procurement activity:

- P2P ERP System for end to end P2P process – requisition > order > receipt > payment > reporting
- Public Contracts Scotland (PCS) web-portal – to conduct Quick Quotes and contract notices as well as the upload and receipt of tenders
- Public Contracts Scotland Tender (PCS-T) web-portal - to conduct full online tendering activity (building of tender > response > evaluation > award)
- Excel – Contract Register/Programme; Pipeline, Benefits Tracker (financial) and Benefits Tracker (non-financial, e.g. community benefits) – to provide data on contracts and benefits

It is intended to further roll-out the use of PCS-T for online tendering where relevant and proportionate to do so.

Furthermore, as part of the activity in relation to developing and embedding good Contract and Supplier Management, options will be considered around the appropriate platform to facilitate this in the most efficient and effective manner.

Additionally, it is intended to improve the content published on Fife Direct for suppliers and the public to access relevant, accurate and current content, e.g. Contract Register, Pipeline etc.



## **Procure to Pay (P2P)**

Fife Council implemented Oracle e-business suite ERP in April 2014 and ongoing improvements have been made since its implementation.

Examples of some improvement activity already undertaken and ongoing are as follows:

- Use of punch-out catalogues to improve the shopping experience, reduce catalogue administration overhead and improve accuracy of content;
- Use of self-billing to automatically pay suppliers when goods/services are received; and
- Use of virtual cards for food related transactions (where P2P process not feasible).

In January 2019, a project will commence to support the implementation of an Oracle Cloud solution which will include the P2P module as well as financial and HR/Payroll functionality. Implementation is scheduled for April 2020.

## **P2P Workstream**

To support the continuous improvement of the P2P process, a workstream made up of multiple and varying procurement resource (as well as a P2P Subject Matter Expert from within the Business Management Innovation Unit) has been established.

## **MEASUREMENT & REPORTING**

Fife Council shall prepare and publish an Annual Procurement Report following close of each financial year. This shall include (but is not necessarily exhaustive):

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

The objectives detailed in this strategy shall be documented in an action plan with specific actions, owners and timescales etc., of which progress can be monitored against.

The Transformation Programme (partnership with Scotland Excel) shall be subject to formal governance through the Commercialisation Programme Board.

The Key Performance Indicators (KPI) for Procurement are as follows:

- Tracking of Financial Savings and Benefits
- Spend with local suppliers and number of contracts awarded to local suppliers

### **Procurement Commercial Improvement Programme (PCIP)**

The Procurement and Commercial Improvement Programme is an assessment regime derived by the Scottish Government, and aims to drive up procurement performance and help organisations meet the requirements of the Procurement Reform (Scotland) Act 2014 and changes to EU legislation. It focusses on policies and procedures driving procurement performance and more importantly, the results they deliver. Fife Council is aiming for continuous improvement and results shall help inform improvement plans following assessment.

## **REFERENCE LIST:**

Fife Council Procurement Strategy 2019-2024

Committee Papers – Changing to Deliver Update April 2018

[Construction Charter](#)

[Economic Outcomes Programme Overview Report](#)

[Ethical Care Charter](#)

[Fife Council Programme for Administration May 2017](#)

[Fife's Economic Strategy 2017-2027](#)

[Financial Plans 2018/21](#)

[Plan-for-Fife-2017-2027.pdf](#)

[Procurement Journey](#)

[Procurement Legislation](#)

[Scheme of Tender Procedures](#)

[Scotland Excel](#)

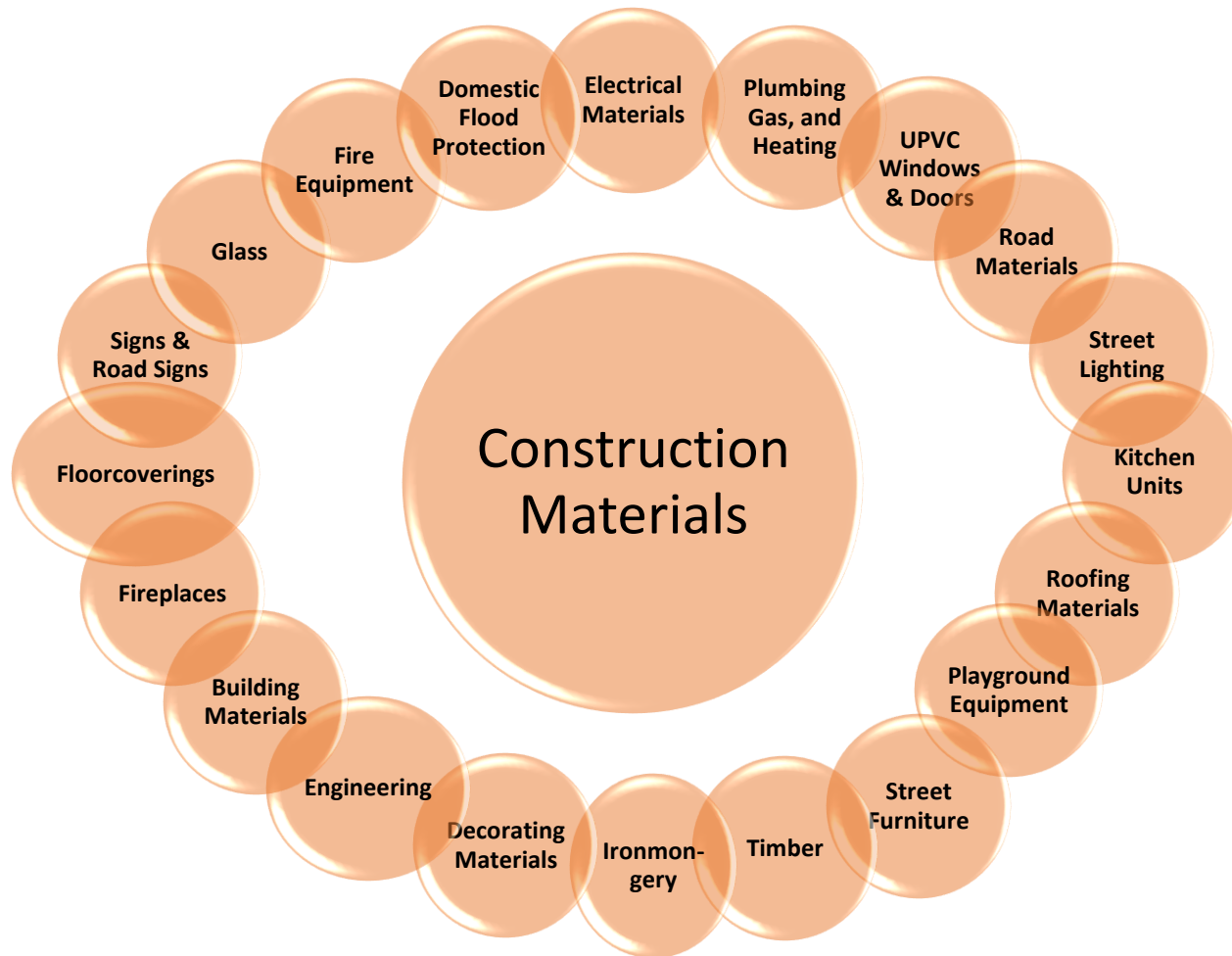
[Statutory Guidance on the Selection of Tenderers and Award of Contracts - Addressing Fair Work Practices, including the Living Wage, in Procurement](#)

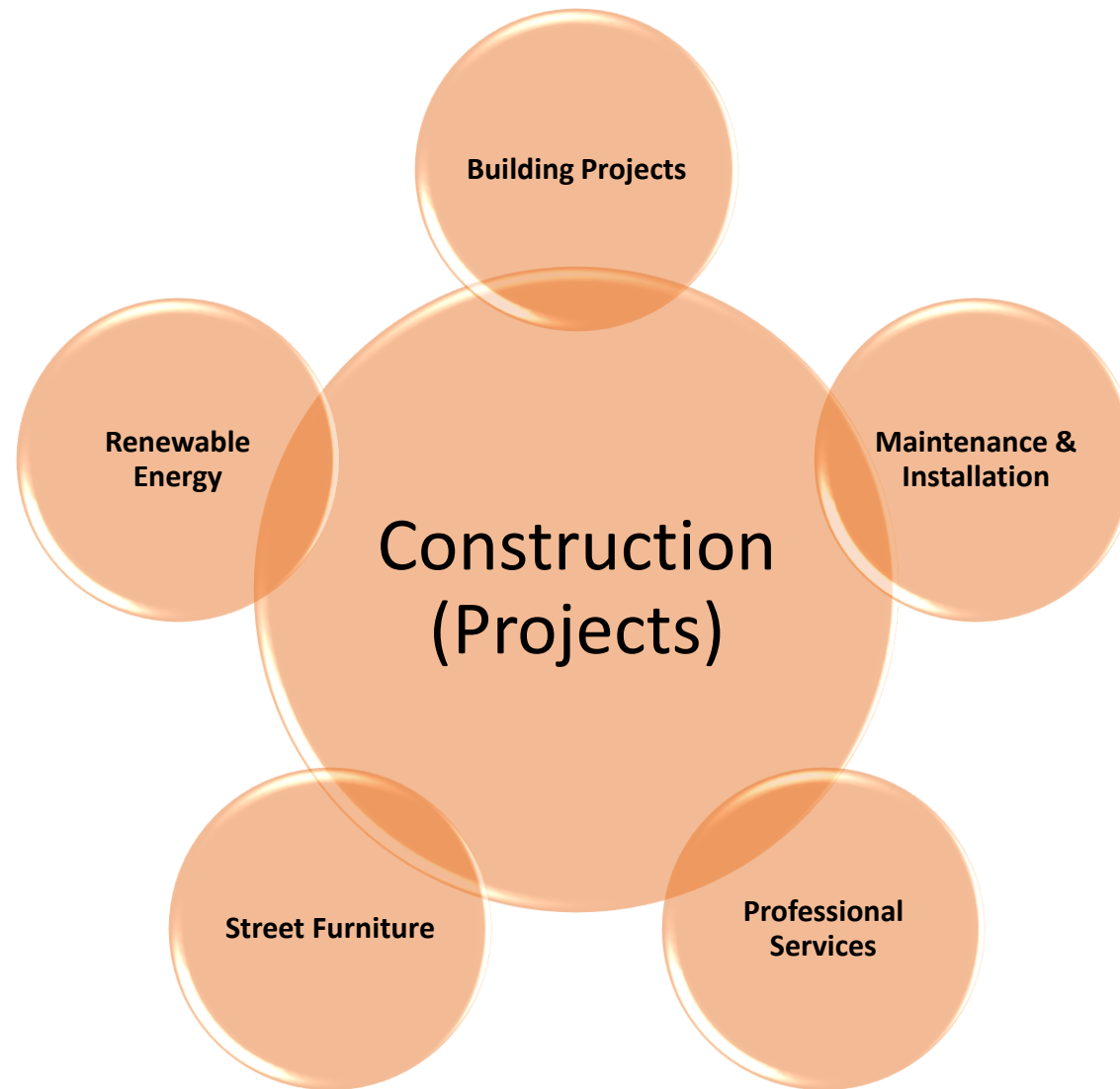
[Statutory Guidance under the Procurement Reform \(Scotland\) Act 2014](#)

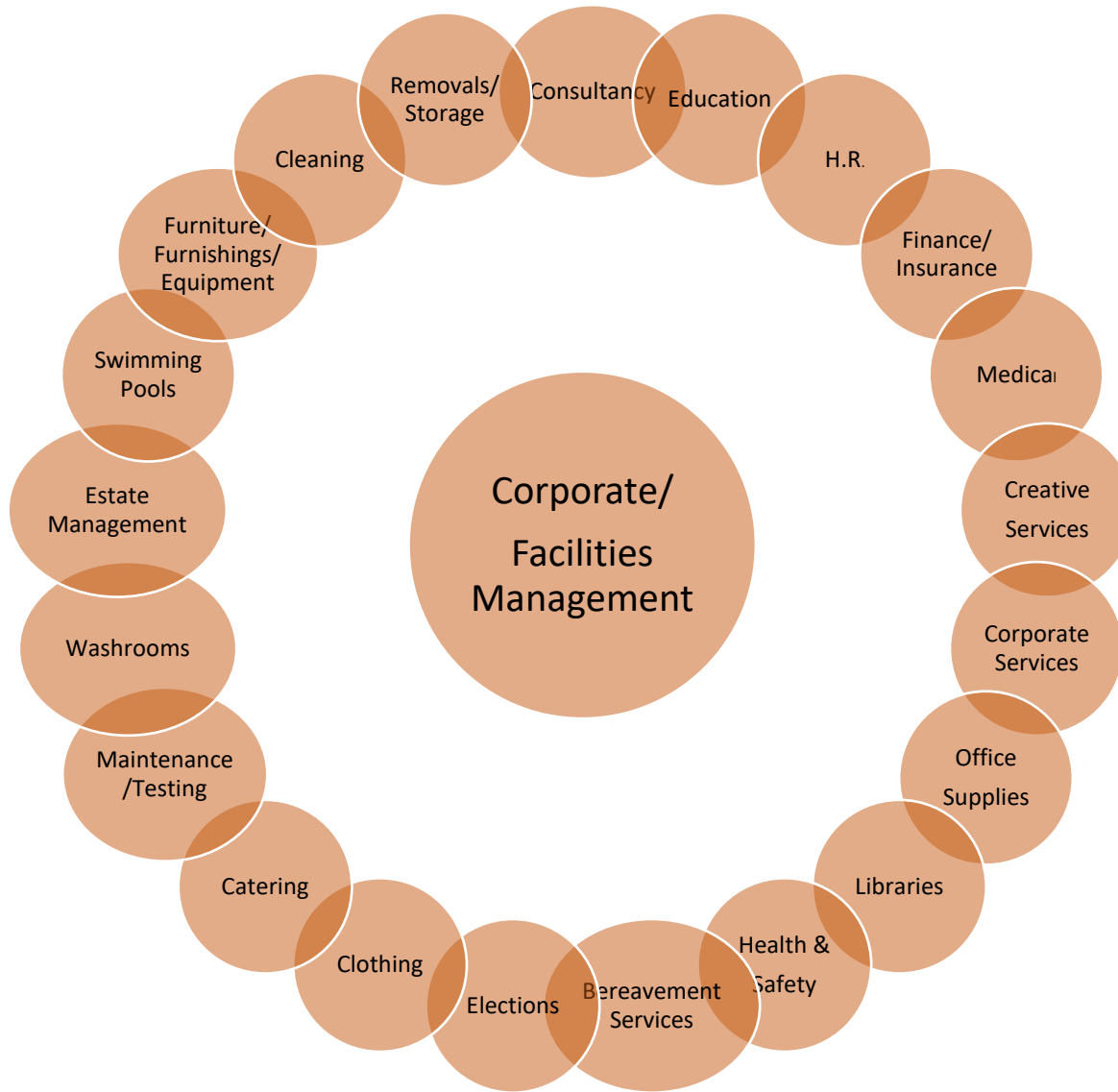
[Supplier Guide](#)

[Supplier Development Programme](#)

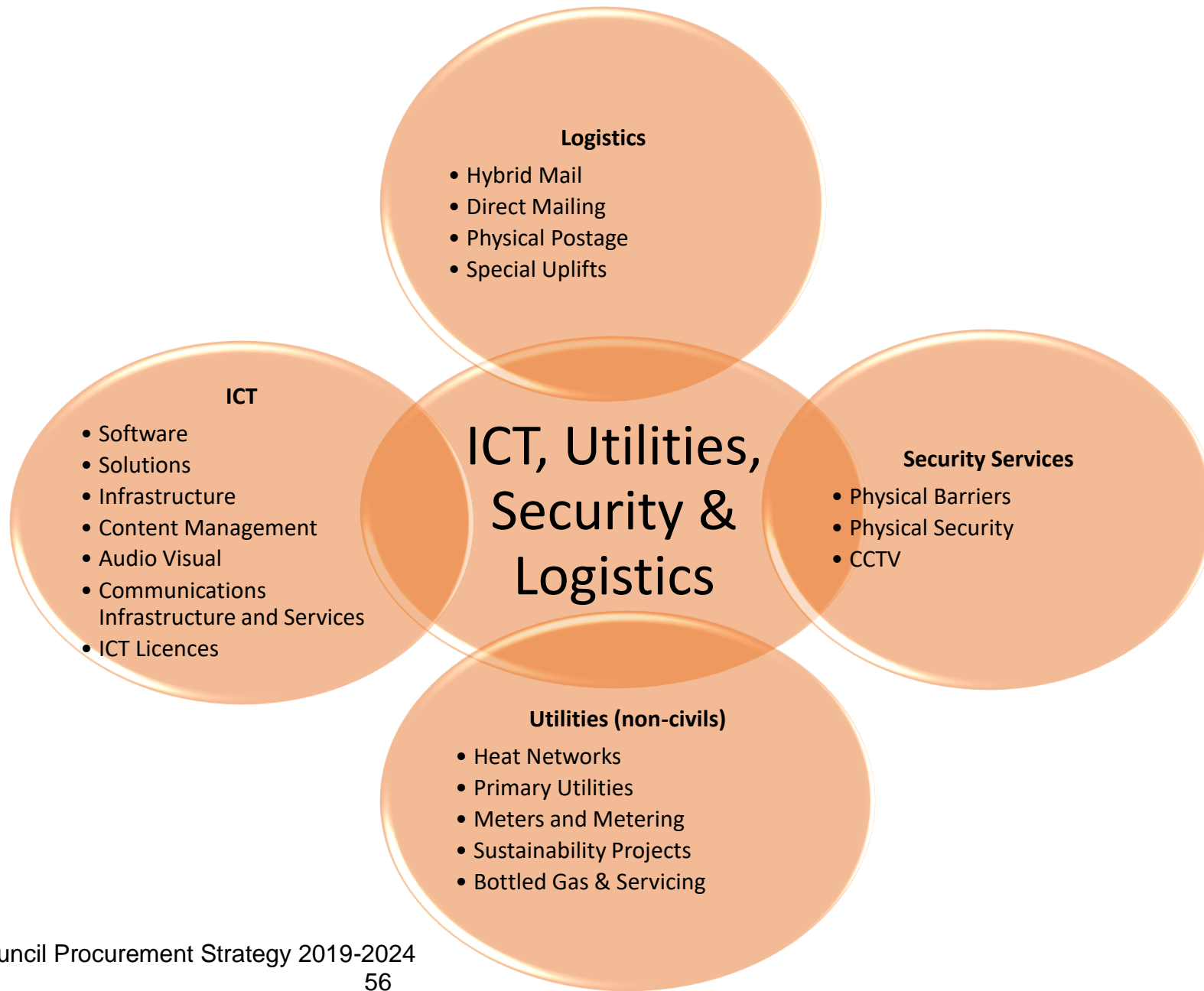
**APPENDIX A**  
**CATEGORY TREES (as at January 2019, subject to change at any point)**





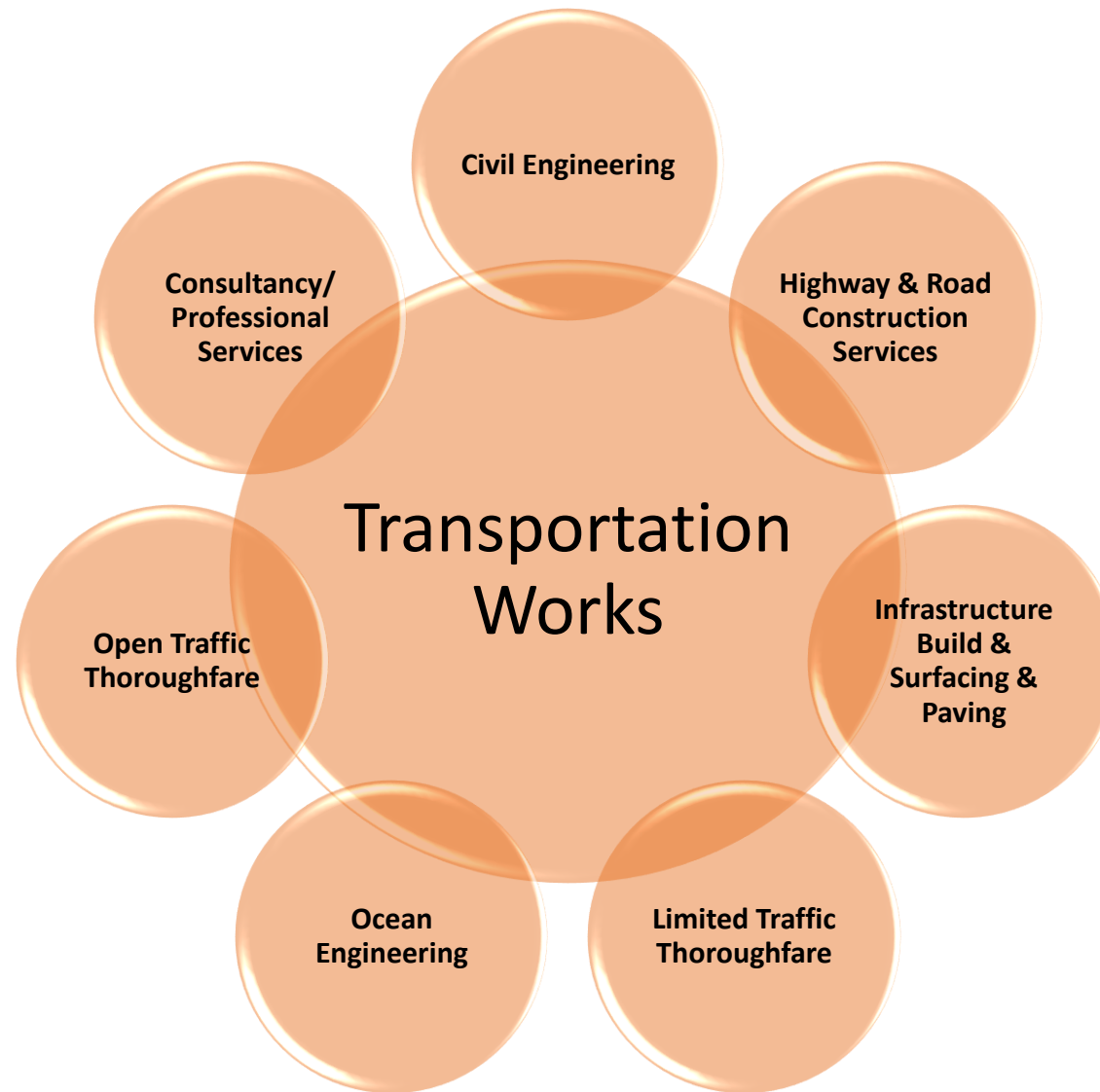


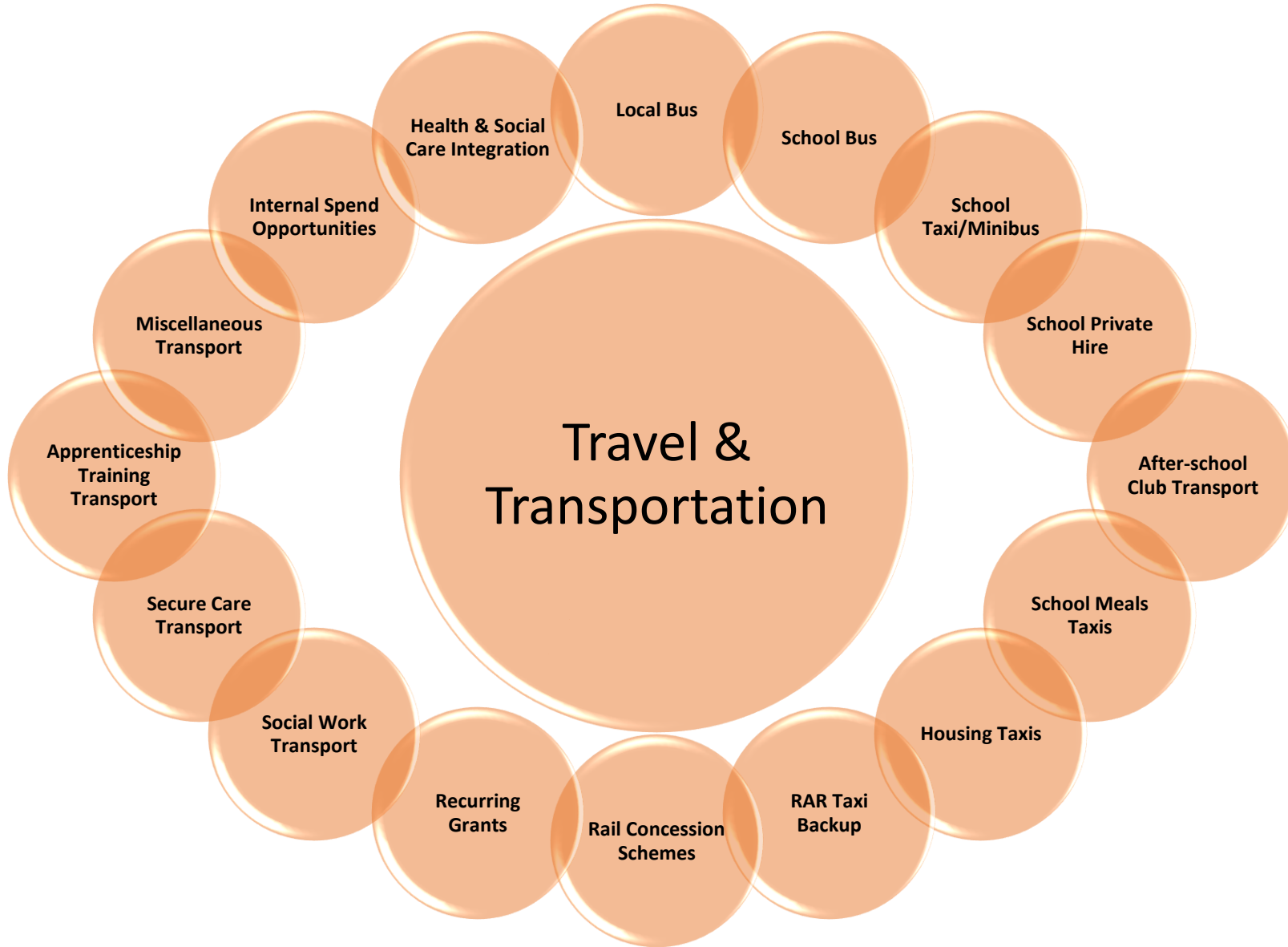












**APPENDIX B  
GLOSSARY OF TERMS**

Competency Centre	Function within Fife Council Business Technology Services – to support and develop Oracle e-business suite ERP as well as co-ordinate process governance.
E-invoicing	Electronic transfer of invoice information between public sector bodies and suppliers. As defined by the EU Directive an e-invoice means: “an invoice that has been issued, transmitted and received in a structured electronic format which allows for its automatic electronic processing.”
Economic Operators	Organisation participating in (or potentially participating in) a tender exercise and/or contractual arrangement, otherwise termed ‘supplier’, ‘contractor’, ‘tenderer’, ‘operator’ etc.
Fife Direct	Fife Council website <a href="http://www.fifedirect.org">www.fifedirect.org</a>
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price, and where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
iSupplier	Application on Oracle allowing suppliers to conduct transactions on their account electronically, i.e. view orders, status, submit invoices etc.
Key Performance Indicator (KPI)	Targets, statistics on performance related criteria
OJEU	Official Journal of the European Union. The means by which procurement exercises over a certain value are published throughout Europe. In Scotland all procurements which are published via Public Contracts Scotland, and meet this threshold* requirement, will be automatically published in OJEU within 48 hours.

	<p>*as at January 2019, <a href="#">thresholds</a> are as follows:</p> <p>Goods/Services - £181,302</p> <p>Works - £4,551,413</p>
Procurement Journey	Public procurement website containing guidance for public sector buyers.
Public Contracts Scotland (PCS)	The advertising portal provided by the Scottish Government for the advertising of public contract opportunities using a Contract Notice/PIN (Prior Information Notice); obtaining quotations via Quick Quote; and for the award of contracts via a Contract Award Notice.
Public Contracts Scotland – Tender (PCS-T)	An on-line e-sourcing tool which some public sector bodies in Scotland use for their procurement exercises i.e. to publish their documents and for organisations to provide their responses in.
Punch-out Catalogues	Access to purchase from supplier’s website from within the Council’s ERP system pulling all information back into Council’s system to allow full council process to be administered.
Procure to Pay (P2P)	Process from requisition for goods/services/ works through to payment of invoice (includes: Requisition > Order > Receipt > Invoice > Payment)
Regulated Procurement	<p>As defined in the Procurement Reform (Scotland) Act 2014: ‘Any procedure carried out by a contracting authority in relation to the award of a proposed regulated contract including, in particular –</p> <ul style="list-style-type: none"> <li>(i) the seeking of offers in relation to the contract, and</li> <li>(ii) the selection of economic operators</li> </ul> <p>and the award of a regulated contract by a contracting authority.</p> <p>A contract is regulated if it is:</p> <ul style="list-style-type: none"> <li>(a) it is a public contract,</li> </ul>

	<p>(b) the estimated value of the contract is equal to or greater than the contract threshold*, and</p> <p>(c) the contract is not an excluded contract.</p> <p>*as at January 2019, <a href="#">thresholds</a> are as follows:  Goods/Services - £50,000  Works - £2,000,000</p>
Reserved Contract	A contract which can only be supplied by a Supported Business or Businesses.
Scotland Excel	Centre of Procurement Expertise for the local government sector. A non-profit shared service funded by Scotland's 32 local authorities.
Self-Billing	The process of supplier receiving payment following receipt of goods/services on Oracle system (i.e. supplier does not need to submit an invoice, but rather Oracle generates an invoice that matches the receipt and auto-pays it).
SMEs	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Supplier Development Programme (SDP)	A partnership of Local Authorities, Scottish Government and other public bodies working together to bring business support in all aspects of tendering. By assisting businesses to become tender ready for public procurement, all-round efficiency, sustainability and market potential can be improved.
Supported Business	An organisation whose main aim is the social and professional integration of disabled and disadvantaged workers where at least 30% of their workforce are classed as disabled or disadvantaged.
Third Sector	Organisation that is neither public sector nor private sector. It includes voluntary and community organisations (both

	registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutual and co-operatives.
User Intelligence Groups (UIGs)	<p>A User Intelligence Group is a cross-functional team working collaboratively to develop commodity/service strategies, assist with tender evaluation and ongoing activities of contract/supplier management, monitoring, implementation, compliance and benefits tracking.</p> <p>The group should have representation from key stakeholders from relevant organisations/ business areas including procurement and business/technical/customer representatives.</p>
Virtual Cards	A credit card with card details held by specific suppliers, customers quoting unique reference (linked to delivery address) to make transactions within a contract – billed like a credit card with transaction line detail. Used/considered where traditional P2P process not feasible.