

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 11 June 2014

Subject: Accounts Commission Report – Procurement in Councils

1 Purpose

- 1.1** This report provides the Audit and Performance Review Committee with an update on the recent report by the Accounts Commission titled “Procurement in Councils”.

2 Recommendations

- 2.1** It is recommended that the Committee notes the findings of the Accounts Commission report and acknowledges West Dunbartonshire Council’s (WDC) approach and progress in fulfilling the reports recommendations.

3 Background

- 3.1** The Scottish Government published the “Review of Public Procurement in Scotland (the McClelland report) in March 2006 which concluded that public sector structures, people and technology were not in place to improve procurement. The report identified the opportunity to achieve savings across the public sector through increased use of collaborative contracts. Since then the Scottish Government and Scotland Excel, who procure collaborative contracts for Local Authorities, have launched several initiatives to improve procurement in councils.
- 3.2** A 2009 Audit Commission report, titled “Improving Public Sector Purchasing”, identified variable and slower improvement than expected across the Public Sector.
- 3.3** In 2009 the Scottish Government introduced the Procurement Capability Assessment. This is an annual assessment of each public sector organisation which measures progress in procurement activity. The PCA measures, not just the central procurement function, but the whole Council.
- 3.4** Between September 2013 and January 2014 Audit Scotland, on behalf of the Accounts Commission, conducted an audit of procurement in councils and the recently published report, titled “Procurement in Councils”, presents the findings and recommendations. The report is attached at Appendix 1.
- 3.5** The report focuses on the performance of councils and Scotland Excel. It does not look at procurement by arms length bodies set up by councils to provide services or the wider work of the Public Procurement Reform Board, although the report does draw on information from these areas where relevant.

- 3.6** The Council's Corporate Procurement Manager, Angela Salmons, was invited to participate as a member of the project advisory group providing input and advice to Audit Scotland throughout the audit.

4 Main Issues

- 4.1** The aim of the audit was to assess whether councils are efficiently and effectively managing how they procure goods and services.

- 4.2** All council's were surveyed and an extract of data from the Scottish Government Procurement Information Hub was also analysed. Scotland Excel and 6 councils were selected for fieldwork. Interviews also took place with representatives from organisations including the Scottish Government, Scotland Excel, private sector organisations such as the Scottish Chamber of Commerce and the Federation of Small Businesses, along with the Scottish Council for Voluntary Organisations.

- 4.3** The key messages communicated by the report are summarised as follows:

- Councils spent over £5.4 billion on goods, services and works in 2012/13 which is over half of the total public sector procurement spend in Scotland;
- Over half of the councils spend is on Social Care and Construction;
- Procurement now has a higher profile and more procurement is being done collaboratively, with potential for Scotland Excel and Scottish Procurement to introduce more collaborative contracts;
- New legislation and EU directives will bring about further change;
- Councils can use procurement to improve service quality and achieve benefits for the community and councils are using procurement spending to support local economic development, with community benefits and environmental improvements increasingly being written into contracts;
- Some councils are relying on procurement savings to meet budget pressures;
- Scottish Procurement, Scotland Excel and councils reported a total of £71m savings in 2012/13, of which £43m was generated through Scottish Procurement and Scotland Excel collaborative contracts;
- Further savings are possible if councils make greater use of collaborative contracts and replace paper based systems with "purchase to pay" compliant ICT systems;
- All councils have improved their PCA score since 2009. With the average score only reaching 56%, the rate of improvement varies and some need to improve more quickly.

- 4.4** The report makes a number of recommendations directly to Scottish Government, Scotland Excel and councils as applicable. With a PCA score of 58%, placing WDC in the “Improved Performance” category, the majority of the recommendations are already embedded into WDCs procurement systems and processes. Attached at Appendix 2 is a table providing details of the recommendations applicable to councils, along with a brief summary of WDCs approach and progress in relation to each recommendation.

5 People Implications

- 5.1** There are no people implications arising as a result of this report.

6 Financial Implications

- 6.1** There are no financial implications arising as a result of this report.

7 Risk Analysis

- 7.1** There are no additional risks arising as a result of this report.

8 Equalities Impact Assessment (EIA)

- 8.1** There are no adverse equality implications as a result of this paper.

9 Consultation

- 9.1** The Head of Finance and the Head of Legal and Democratic Services have been consulted on this report.

10 Strategic Assessment

- 10.1** The Corporate Procurement Strategy supports proper budgetary control and sound financial practice, which are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan. This report seeks to improve the long-term corporate and financial governance of the Council and ensure that procurement efficiencies are generated.

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Date: 11 June 2014

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Appendices: Appendix 1 – Accounts Commission Report:
“Procurement of Councils”
Appendix 2 – Recommendations for Councils

Background Papers: Procurement Strategy and Policy 2012-2015;
Corporate and Efficient Governance Committee
21 March 2012.

Procurement Capability Assessment (PCA) 2012
Corporate Services Committee
12 February 2014.

Equality Impact Assessment (EIA) – May 2014

Wards Affected All