



Joint Procurement Strategy

**Aberdeen City Council,
Aberdeenshire Council and
The Highland Council
2017 – 2022**

Version 2.0

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1.0 Introduction

- 1.1 This is a challenging time for local government with continued pressure on reducing budgets, changing demographics, increasing user expectations, environmental and social changes and the need to deliver efficiency savings over the next 5 years and beyond. However, it is also an exciting time with public sector reform offering opportunities for Councils to become more innovative in their approaches to service delivery.
- 1.2 This Joint Procurement Strategy sets out the procurement objectives and actions for 2017 through to 2022 and reflects on both national and local policies and priorities.
- 1.3 Procurement is a key strategic driver to enable the business community and the communities we serve to adapt, diversify and flourish despite economic pressures. The present local economic landscape has created unique but not insurmountable challenges for the region with the impetus to explore alternative delivery models, collaborations that exploit efficiencies and commercial expertise.
- 1.4 The region's future competitiveness is contingent on improving the region's connectivity (transport and digital), boosting innovation, developing a better functioning housing market and expanding coastal harbours. Infrastructure is therefore critical to the development of Aberdeen City, Aberdeenshire and Highland Councils, securing long term economic wellbeing and an internationally competitive business environment.
- 1.5 This procurement strategy will support the participating authorities in achieving their commercial performance targets, and will contribute to securing sustainable financial savings and contribute to the local and national agenda, whilst developing and strengthening strategic partnerships between and beyond the participating Councils across all internal services and external business sectors.
- 1.6 The strategy is aimed at ensuring all three Councils procure the goods, services and works it needs in the most economically advantageous manner. This recognises the importance of a procurement strategy towards meeting all the Councils statutory duty of best value.
- 1.7 Aberdeen City, Aberdeenshire and The Highland Council recognise the value of existing relationships with suppliers and contractors and seek to actively build and strengthen these relationships. Local businesses and third sector contractors play a valuable role in supporting the work of the local authorities. The strategy aims to remove the barriers often faced by smaller organisations with limited resources for bidding for work tendered by the Councils.
- 1.8 The Commercial and Procurement Shared Services (C&PSS) has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local roadshows, Meet the Buyer and other training events.

Purpose of the strategy

- 1.9 The purpose of this strategy is to set out how the three Councils will direct their external expenditure on goods, services and works over the next 5 years.

Section 2 – Procurement Vision & Mission Statement

Procurement Vision

“to deliver innovative, cost effective and high quality strategic procurement services that maximise best value from all commercial relationships, exploiting new opportunities, while ensuring a robust and effective governance framework in support of the wider strategic, financial and operational needs of the individual Councils and their partners.”

Mission Statement

As a centre of collaborative commercial excellence, deliver ethical and sustainable “value for money” solutions that support the operational needs and wider strategic aims of the Councils and the communities they serve to further local and national priorities to the fullest extent possible.

Proactively work with all sectors of the business community to:

- ✓ Support sustainable, inclusive economic growth;**

- ✓ Identify leverage opportunities (including social, economic and environmental value) aligned to the needs and priorities of our communities; and**

- ✓ Maximise opportunities for the local supply chain, SMEs and the third sector to the full extent permitted by law.**

Section 3 – Strategy, Rationale & Context

3.1 Introduction

Commercial & Procurement Shared Services seeks to embed a culture of Commercial Excellence throughout the three Councils organisations. To date, Aberdeen City and Aberdeenshire Councils have made good progress in procurement activities in supporting key targets set out in previous strategies including:

3.1.1 The Corporate Procurement Strategy 2012-2015 profiled spend capable of strategic influence across all commodities on the basis of risk and opportunity. As continues to be the case, the procurement function extends beyond the transactional just as the wider context of procurement extends beyond our own organisational and geographical boundaries.

3.1.2 Aberdeen City and Aberdeenshire Councils 2012-2015 Joint Procurement Strategy focussed on the following:

Efficiency. Ensuring the Councils secure maximum value from every pound spent through best value and innovative procurement practice; consistent approaches to tendering and market engagement; a clearly identified and practised savings strategy and implementation of a strategic category management approach to procurement;

Governance. Ensuring the Councils have appropriate and proportionate controls, systems and standards to manage procurement risk and to comply with and adapt to changing legal requirements;

Improvement. Seeking new ways to develop and improve procurement and commissioning activities, and exploring how those activities can deliver wider strategic outcomes tailored to the needs and priorities of our communities.

3.1.3 These governing principles are effected through: effective collaboration, efficiency maximisation, local supplier development (to the full extent permitted by law), making optimum use of available technology, enhanced performance and contract management of the supplier/provider base, development of meaningful community benefit clauses, sustainability (social, economic and environmental) and adherence to mandatory governance requirements.

3.2 Internal Drivers

3.2.1 There are a number of key strategic drivers that have necessitated a comprehensive review of the current Strategy and influenced the decision to produce a Joint Procurement Strategy embracing Aberdeen City Council, Aberdeenshire Council and The Highland Council these include:

- ✓ Existing and anticipated budgetary constraints;
- ✓ Strategic Infrastructure Plans;
- ✓ Exploration and implementation of a “partnership and delegation agreement” involving Aberdeen City Council, Aberdeenshire Council and The Highland Council;
- ✓ More efficient use of resources through increased collaboration;
- ✓ Greater Capacity and resilience through increased collaboration; and

- ✓ Shifting corporate priorities.

3.3 External Drivers

3.3.1 EU Directives, Scottish procurement legislation, the Community Empowerment (Scotland) Act 2015, the review of Construction Procurement, integration of health and social care, increasing financial pressures and the wider Public Sector Reform Agenda have all necessitated a comprehensive review of procurement strategy.

3.4 Evolution, Purpose and Rationale

3.4.1 This Joint Procurement Strategy is designed to enable the partner Councils to achieve their strategic objectives and meaningfully contribute to national priorities through innovative, compliant and collaborative market solutions demonstrating value for money and genuine return on investment.

3.4.2 A shared service approach to procurement reflects the pillars of public service reform set out in the Scottish Government's response to the **Christie Commission**:

- ✓ Partnership and collaboration;
- ✓ Workforce development and effective leadership; and
- ✓ Improving performance, through greater transparency, innovation and use of digital technology.

With these principles in mind, the following ethos is shared by the partner Councils:

- ✓ Delivering public value in line with the Scottish Model of Procurement;
- ✓ Ensuring that multi-disciplinary teams effectively support the strategic objectives of the organisations they serve;
- ✓ Attracting top quality staff with a culture that provides opportunities for staff to grow and develop;
- ✓ Implementing best practice systems, processes and procedures; and
- ✓ Providing commercially excellent services either in a leading or supporting capacity.

3.4.3 The effective procurement of business critical goods/services/works is pivotal to the way in which modern, forward-looking Council services are delivered. Consistent with the pillars of public sector reform, increased strategic focus on working in collaboration will be critical in reaping the full benefits from traditional economies of scale and to capture meaningful social, economic and environmental value in our procurements.

3.4.4 Innovative, commercial approaches and market intelligence are increasingly applied to our procurements. With imaginative application, strategic procurement can allow the public sector to save significant amounts of money whilst still continuing to modernise, exceed statutory expectations and provide a high level of service delivery tailored to the needs of the communities we serve.

3.5 Local Economic Development Context

3.5.1 Irrespective of whether the partner Councils are the contracting authority in a particular procurement or project, this Joint Procurement Strategy will play a pivotal role in protecting and furthering the prosperity of local economic development in the short, medium and longer term. A pipeline of projects across various business sectors (transport, housing, technology, innovation, leisure and retail, commercial property and education) includes ambitious, forward-looking infrastructure projects that will make a positive difference to the prosperity of the region, our businesses and the quality of life enjoyed by our citizens and communities. Under the Aberdeen City Region Deal, committed projects (planning permission secured/funding committed) have a value exceeding £5.3Bn per Aberdeen and Grampian Chamber of Commerce figures. The Highland Council City Region Deal is shown at paragraph 3.7.

3.5.2 Further Information: [Aberdeen City Region Deal](#);

3.6 Aberdeen City And Aberdeenshire Councils

3.6.1 Aberdeen City and Shire is a region of global significance. As the energy capital of Europe, the region has the ambition, skills and resources to be a key strategic enabler in the move towards a more secure, diverse prosperous and sustainable Scotland.

3.6.2 The area already has an enviable reputation as an attractive place to live and work, with a high-quality environment, above-average incomes, relatively low unemployment and among the happiest people in the UK.

3.6.3 The region is home to approximately 25,000 enterprises employing 245,000 people contributing £60.5bn to the Scottish economy. This means 14.5% of Scottish enterprises, 13 % of Scottish employment and almost one quarter of Scotland's wealth is generated in the region. The turnover generated per enterprise in Aberdeen City equates to £4.3M. The region is second only to Inner London in terms of "gross value added" per head (£37,460)

3.6.4 The UK's oil and gas industry is the largest industrial sector in the region, contributing around £19 billion in gross value added in 2014. In 2014, oil and gas was estimated to support around 375,000 jobs across the economy. Oil and gas are expected to continue to provide around 70% of the UK's total primary energy from now until 2035. Oil and Gas is not the only success story in the Aberdeen City Region. The region is home to highly innovative companies across a broad range of business sector e.g. a strong research base in biopharmaceuticals and in food science.

3.6.5 The economic downturn has created unique but not insurmountable challenges for the region. Procurement and public contracts can positively promote, protect and further the interests of our local communities and the wider business community.

3.6.6 The region's future competitiveness is contingent on improving the region's connectivity (transport and digital), boosting innovation, developing a better functioning housing market and expanding the harbour. Infrastructure is critical to the place making of Aberdeen City and Aberdeenshire - securing its long term economic wellbeing and an internationally competitive business environment.

3.6.7 Further Information:

Aberdeen City Council : [Shaping Aberdeen](#); [Aberdeen City Council Strategic Business Plan Refresh 2016-17](#); [Aberdeen City Council Local Outcome Improvement Plan 2016-26](#); [ACC Golden Thread Diagram](#);

Aberdeenshire Council: [Aberdeenshire Council Single Outcome Agreement, Council and Service Plans and Reports](#); [Economy - Aberdeenshire Council; Strategy and performance](#)

3.7 The Highland Council (THC)

3.7.1 The Highland area covers one third of the Scottish landmass. It has an outstanding natural environment with ambitions to grow the local economy sustainably and to create successful places across the region. The region has structural challenges to overcome; but also immense potential with new economic and environmental opportunities to maximise.

3.7.2 The Highland Council will use its Procurement Strategy and delivery teams to deliver better public services through:

- ✓ Innovation;
- ✓ Environmental Sustainability;
- ✓ Economic Growth and Employment;
- ✓ Community Benefits;
- ✓ Better Engagement with SMEs/Third Sector Organisations;
- ✓ Joint Working & Shared Services;
- ✓ Community Involvement/Engagement.

3.7.3 The above will be based on THC's core values of listening, openness, valuing, improving, supporting, partnering and delivering. The area supports approximately 11,340 enterprises employing 84,190 people and contributes approximately £9.6Bn to the Scottish Economy.

3.7.4 The **Inverness City-Region Deal** seeks to secure the long term productivity and economic growth of the region and position it as a region of digital opportunity. City-Region funding of £315m could realise up to £1Bn of investment by the private sector.

3.7.5 Further Information: [Highland Council Core Values](#); [Inverness City-Region Deal](#)

3.8 National Context

3.8.1 This Joint Procurement Strategy reflects the Scottish Model of Procurement, demonstrates how this contributes to National Outcomes and ultimately Local Outcome Improvement Plans. Internal guidance advocates an outcome focussed approach. Local Outcome Improvement Plans are emerging and there is a clear focus on community inclusion, participation and wellbeing with overarching theme of increased prosperity (of our people, places and environment) in addition to innovation and digital inclusion. This is considered to be entirely compatible with procurement reform and the aims and objectives of the partner Councils.

3.8.2 Aberdeen City Council, Aberdeenshire Council and the Highland Council wish to have a greater say shaping national frameworks to ensure the needs of the communities across the North and East are considered. This can be better achieved through a single regional voice, able to compete with the scale of the

largest Scottish councils. A ripple effect could see neighbouring authorities associating themselves with this partnership to gain from the economies of scale offered.

3.8.3 The partner Councils routinely engage at a national level to provide constructive stakeholder contributions in terms of major statutory consultations relating to procurement and the wider Public Sector Reform Agenda. This Joint Procurement Strategy mirrors the Scottish Government vision for the delivery of public services:

“..a public service delivery landscape which is affordable, rises to the challenge of tackling inequalities and supports economic growth across Scotland: where communities are empowered and supported to take responsibility for their own actions; and public services are confident and agile enough to allow that to happen.”

Section 4 – Strategic Aims, Objectives & Key Priorities

Statutory Commitments under S 15(5) of the Procurement Reform Scotland Act 2014 are included as Appendix 1 to his document.

4.1 Regional Hub

4.1.1 Commercial and Procurement Shared Services, as a shared service between Aberdeen City and Aberdeenshire Councils, were recognised as outright winners in the Scottish Go Awards "Leadership" category in October 2015. A key priority for the Councils is to nurture an effective regional, commercial hub embracing it's newest member The Highland Council. The hub aspires to be a centre of collaborative excellence for commercial and procurement best practice in Scotland.

4.1.2 Beyond traditional economies of scale, the primary role of C&PSS is to enable the partner Councils to achieve their strategic objectives and meaningfully contribute to national priorities through innovative, compliant market solutions.

4.1.3 In recognition of common local and national priorities and particular commercial opportunities, relationships with The Highland Council (THC) are formalised under a “partnership and delegation agreement” to offer strategic support in the following areas:

- ✓ Data management, performance, analytics and insight;
- ✓ Procurement Strategy, legislation, policy and advice;
- ✓ Category Management; and
- ✓ Strategic Commercial Management.

4.1.4 The regional hub recognises and acts upon the impetus for the public sector to work in increasing collaboration (locally, nationally and cross sector), generate efficiencies, stimulate trade and sustainable business growth.

4.2 High Level Strategic Priorities

The key themes of **Efficiency, Governance and Improvement** continue to underpin all procurement activity.

4.2.1 Support the delivery of financial savings and non-financial efficiencies;

- ✓ Leverage a combined contract portfolio of up to £1,046m, with £272m from THC, £292m from AC, and £313m from ACC. An annual saving of 0.50% equates to £20.76m across the three councils over 5 years. In Highland expenditure on Adult Social Care is provided by NHS Highland as part of a Lead Agency Agreement. As such this expenditure is not included in the total contract portfolio spend for the Highland Council.

4.2.2 Deliver value and innovation;

- ✓ Effective use of category and commercial management techniques and spend analytic tools to enable smarter decision-making and, where appropriate, collaborative strategic procurement.
- ✓ Analyse and provide sector-specific market intelligence to commissioning experts in the Services to inform their decision making to allow for market making and market shaping.

4.2.3 Support the local economy;

- ✓ Have a greater say shaping procurement frameworks to ensure the needs of the communities across the North and East are considered. A single regional voice will be able to compete with the scale of the largest Scottish councils. Neighbouring authorities can align themselves with this partnership and so too benefit in discussions with central purchasing bodies;
- ✓ SMEs looking to grow will be attracted to the volume of opportunity offered through a combined procurement exercise. Whilst aggregation of buying power can be achieved without a partnership agreement, having a single procurement team is more efficient as it avoids each council having to repeat the same procurement exercise.

4.2.4 Increased collaboration and standardisation will lead to improvements at every stage of the tendering process from needs analysis, specification development to contract and supplier management. Without compromising governance/legislative compliance, the approach allows increased focus on:

- ✓ Savings capture;
- ✓ Market management;
- ✓ Effective negotiation;
- ✓ Exploration of new business models/opportunities; and
- ✓ Social value.

4.3 Anticipated Benefits

4.3.1 A new combined structure allows a more dynamic, flexible organisation to be implemented, where peaks in demand can be managed more effectively and time can be devoted larger scale, more complex, more business critical project projects that will deliver the most conspicuous savings and benefits.

Identified benefits include:

- ✓ Faster implementation than for more complex Alternative Delivery Models (ADMs);
- ✓ Other contracting authorities can delegate activities without the need for a procurement exercise;

- ✓ A greater voice in shaping procurement frameworks enables local interests to be promoted to the extent permitted by law;
- ✓ Delivery of combined savings when carrying out major procurements across the councils;
- ✓ Improved quality and capacity to provide supplier, contract and category management;
- ✓ Proves the shared services model and its scalability, laying a foundation to build upon;
- ✓ Supports local economies to the full extent permitted by law by offering greater contract opportunities to SMEs;
- ✓ Raises performance, productivity and customer satisfaction for the procurement customer base;
- ✓ A staffing structure that can meet the strategic and commercial procurement needs of each council within budgets, improving capacity and resilience;
- ✓ Systems, tools and processes to be joined up, standardised, and a 'best practice' approach taken.

4.4 Critical Success Factors

- 4.4.1 In addition to tracking actual financial savings against those forecast, a series of Key Performance Indicators (KPIs) will be developed as follows:
- ✓ % Spend with local businesses;
 - ✓ Contracts with community benefits;
 - ✓ Cashable efficiency savings;
 - ✓ Non-cashable efficiency savings;
 - ✓ % Spend covered by contract;
 - ✓ % Off-contract spend;

Section 5 – Spend / Finance

5.1 Introduction

- 5.1.1 Aberdeen City Council, Aberdeenshire Council and The Highland Council do not utilise a common financial system. For this reason, the partner Councils make maximum operational and strategic use of the Scottish Procurement Information Hub. A consolidated spend profile is presented in [Appendix 2](#) which shows the core trade spend of the three partner councils classified by spend category (V-Code) and a breakdown of local core trade spend/local core trade SME spend per Council.
- 5.1.2 The partner Councils plan to work in increasing collaboration with the Scottish Procurement Information Hub to expand upon development work around core trade classification, data inclusion / exclusions etc. This will ensure consistency and accuracy of reporting across the partner authorities, ensure analytical requirements are met at an operational and strategic level will facilitate meaningful benchmarking of influenceable spend.
- 5.1.3 Ultimately, systems, processes and tools will allow the partner Councils to fulfil the statutory commitment made in terms of “How we will ensure regulated procurements deliver value for money” (see [Appendix 1](#))

5.2 Spend Summary for Financial Year 2016/2017

5.2.1 - Spend Summary for Financial Year 2016/2017

Council	Total Spend	Core Trade Spend ¹
Aberdeen City Council	£457,270,359	£432,618,313
Aberdeenshire Council	£269,799,716	£247,042,122
The Highland Council	£316,901,081	£268,467,608
Consolidated Spend	£ 1,075,934,928	£ 992,663,540 ¹

5.2.2 – Supplier Analysis for Financial Year 2016/2017

Consolidated Supplier Analysis (Core Trade)	Value
Common Suppliers ² Across all spend categories	1020
Spend with common suppliers	£424,415,053
Spend with local ³ suppliers	£258,344,941
Number of local suppliers	2214
Spend with local SME ⁴ suppliers	£206,875,263
Number of local SME suppliers	2135

1. Core trade spend: trade suppliers and social care providers with whom £1,000 or more has been spent in aggregate.
2. Common suppliers: suppliers common to two partner councils or all three partner councils identified by combination of unique Group ID (Spikes Cavell Observatory) and manual classification of suppliers without a group ID.
3. Local organisations: follows Spikes Cavell Observatory “spend by local authority area” classifications based on Office of Office of National Statistics data. Local supplier classification based on supplier payment address rather than an office base/registered office/centre of operations in a particular area
4. Small and Medium Enterprises (SMEs) are organisations with fewer than 250 employees (regardless of turnover.) If the number of employees cannot be verified, a turnover of less than £5.6M will indicate the organisation is “small” and a turnover of more than £5.6M but less than £22.8M will indicate the organisation is a medium sized enterprise. Spend captured by analysis of “small” and “medium” classifications in Spikes Cavell Observatory) and manual classification of suppliers where supplier size is unknown.

5.3 Statutory Statement under S 15 (5) (d) of the Procurement Reform (S) Act 2014

How we will ensure (so far as reasonably practicable) payments due by i) the authority to contractors and ii) payments between subcontractors will observe a 30 day or contractual payment window.

5.3.1 In terms of promoting prompt payment in the supply chain, the partner Councils will continue to meet/exceed expectations that payment of correctly supported contractor invoices be made within 30 calendar days.

5.3.2 In response to the statutory consultation concerning the 2014 Act, Aberdeen City and Aberdeenshire Councils expressed the view that it is undesirable, disproportionate and

unnecessary to allow direct payment to subcontractors in every case. Direct payments would require facilitation post-contract as a variation. Payments made by contractors to subcontractors and between subcontractors are considered to be problematic to mandate and manage. The partner Councils do not consider it is reasonable or proportionate to collate evidence of all invoice payments between contractors and subcontractors and between subcontractors. Where supported by strong evidence of malpractice within particular business sectors, solutions include:

- ✓ Where appropriate and demand exists, exploration of the usage of Project Bank Accounts;
- ✓ Promote supplier participation in initiatives including The Prompt Payment Code and/or the Scottish Business Pledge
- ✓ Aim to ensure compliance with the provisions of S.3 of the Small Business, Enterprise and Employment Act 2015 (requirement to publish details of payment practices and policies)
- ✓ Promote utilisation of the Late Payment of Commercial Debts (Interest) Act 1998 (as amended)

5.3.4 The most effective method of fostering a culture of prompt payment compliance is considered to be obliging main contractors and subcontractors to declare any formal claims for late payment. Contractors and sub-contractors would be expected to exhaust all remedies in terms of late payment legislation before direct payments would be considered. If necessary and in extreme circumstances, main contractors could be obliged to capture and declare there have been no late payment claims between them and their subcontractors and between all subcontractors involved in the performance of the contract.

5.4 2015/16 Payment Performance Statistics

5.4.1 Aberdeen City Council % invoices paid within 30 days of receipt as a percentage of all invoices paid = **97.10 %**

5.4.2 Supplier Incentive Service

The Aberdeen City Council is committed to developing its approach to working with all suppliers and has introduced a strategic initiative to enhance supplier relations under the Aberdeen City Council Supplier Incentive Scheme (“ACCSIS”).

As a result of ACCSIS, Aberdeen City Council can be in a position to pay invoices earlier than standard payment terms. In return for paying participating suppliers ahead of standard terms a small rebate is deducted from each invoice that is paid early. If the invoice is not settled early at all then no discount will be applicable. Full details of ACCSIS are available [Aberdeen City Council Supplier Incentive Scheme](#).

5.4.3 Aberdeenshire Council % invoices paid within 30 days of receipt as a percentage of all invoices paid = **89.15 %**

Aberdeenshire Council intend to explore strategic opportunities to enhance supplier relations with a view to paying participating suppliers ahead of standard payment terms.

5.4.4 Highland Council % invoices paid within 30 days of receipt as a percentage of all invoices paid = **95.5%**. Highland Council also endeavours to pay suppliers within 10 days and has a separate performance target to this effect. Currently performance is 68.8% of invoices paid within 10 days.

5.5 Commercial Targets

5.5.1 The three partner Councils have a combined purchasing power of over £1bn (including

grant in aid spend.) An ambitious but realisable commercial target of £25million has been set in respect of joint cashable savings over 5 years. Aberdeen City and Aberdeenshire Councils have achieved joint savings through procurement of £3.8M for 16/17 and are on course to add a further £6M of validated savings for financial year 17/18. Validation is in process and on target for a minimum £1.35M of savings for The Highland Council according to the same timelines. Upon receipt of valid and complete work plans from the respective services of each council a strategic procurement pipeline will be identified which will indicate future efficiencies over the next 4 years within each council as a result of collaborative and consolidated demand management, maximisation of framework agreements, reductions in off contract spend and the introduction of new contracting models.

5.5.2 Pivotal to achieving these commercial targets will be the development of alternative delivery models. Participatory models will seek out and develop ideas from Council services and communities then filter them through various gateways of governance and progression.

Section 6 – Internal Guidance

6.1 The Councils have a variety of internal guidance to support this Procurement Strategy and assist procurers in their projects.

This includes online interactive training and detailed procurement manual and guidance notes examples of which are below. (Ctrl + Click to follow the link).

[Procurement Request Form](#)

[Procurement Request Form Process](#)

[PGN 2 Financial Thresholds and Valuation of Contracts](#)

[PGN 3 Delegated Procurement Authority](#)

[PGN 10 Sustainable Procurement Policy](#)

[PGN 13 Pre-Market Engagement](#)

[PGN 18 Contract Management](#)

[PGN 19 Contracts for Health or Social Care Services](#)

[PGN 22 Sourcing Strategy](#)

6.2 The Councils will embed best practice processes throughout the organisations. The introduction of The Highland Council will require their Contract Standing Orders (CSO's) to be amended to in line with the self serve procurement model adopted by Aberdeen City and Aberdeenshire.

6.3 This self serve model will require the rolling out, sign posting, governance and training associated with the Delegated Procurement Authority (DPA) procedure across the three Councils.

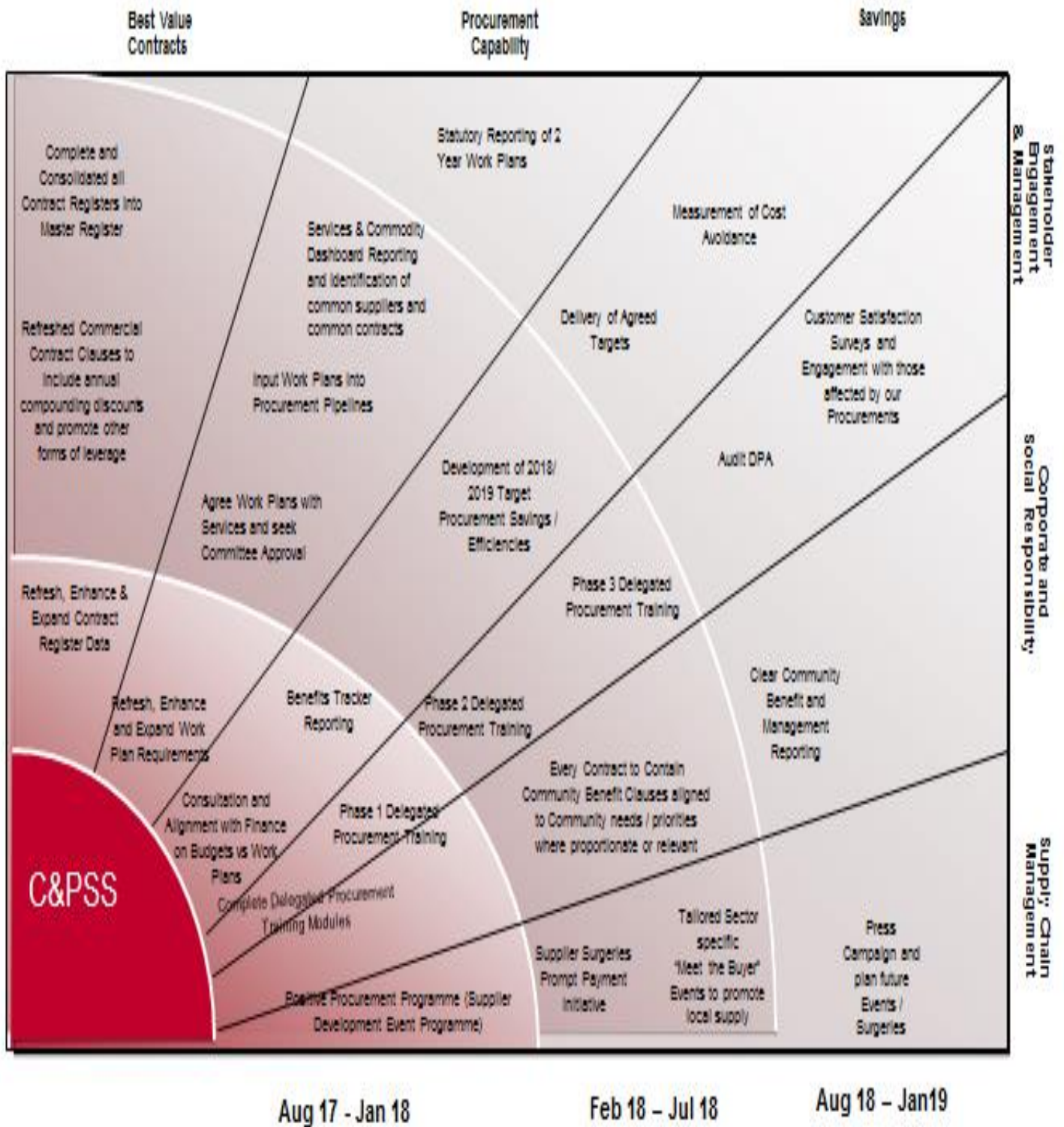
6.4 Over the coming years it is the intention to work closely with SME's and the Commercial and Procurement Shared Services will take part in regular supplier development events / Meet the Buyer Roadshows to encourage local suppliers to register on Public Contracts Scotland Portal where the Council advertises its contract opportunities above £50,000.00, and will continue to use Public Contract Tenders for all appropriate contracts.

6.5 The Commercial and Procurement Shared Services will produce annual contracts registers for all three Councils. These registers and other pertinent procurement data / information will be located on a unique Commercial and Procurement Shared Services website which is scheduled to go live in July 2017. Each individual Councils websites will sign post suppliers and general Commercial and Procurement enquiries to the Shared Services website. Additionally, the website shall allow SME's to prepare for any potential upcoming tender opportunities as well as hosting all three contract plans.

Section 7 – Implementation, Monitoring, Reviewing and Reporting

7.1 The following graphic depicts the short term (18 month) anticipated timelines for key activities from assessment to active implementation of this joint procurement strategy capable of supporting sustainable, inclusive economic growth whilst promoting SME's and 3rd sector and supported businesses.

C&PSS Improvement Plan 2017/2018



Section 8 – Strategy Ownership & Contact Details

8.1 The following listing details the person(s) responsible and accountable for the ownership of this Joint Procurement Strategy. Periodic changes will be captured through controlled revisions of this document.

Name	Role	Authority represented	Contact details
Ritchie Johnson	Project Sponsor	AC	
Derek Yule	Director of Corporate Resources; Business Owner;	THC	
Alan Wood	Head of Finance	AC	
Steve Whyte	Head of Finance	ACC	
Craig Innes	Project Owner Head of Commercial and Procurement Services	ACC/AC/THC	
Sylvia Beswick	Strategic Procurement Manager (Category Management)	ACC/AC/THC	
Carol Wright	Business and Procurement Improvement Manager	ACC/AC/THC	
Jean Stewart-Coxon	Social Care Procurement Manager	ACC/AC/THC	
Tom MacLennan	Strategic Procurement Manager (Commercial Managers)	ACC/AC/THC	

Section 9 – Policies, Tools & Procedures

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

9.1 Partner Authorities Procurement Regulations

[Changes to European Directives](#)
[Scottish Model of Procurement](#)
[Public Procurement Reform Programme](#)
[Suppliers Charter](#)
[EU Procurement Thresholds](#)

9.2 Organisational Policies

Health & Safety
Equalities
Sustainability/Community Benefits
Carbon Management
Single Outcome Agreements / Local Outcome Improvement Plans

9.3 Tools

[Procurement Journey](#)

Sustainability tools (prioritisation/sustainability test/flexible framework)

Section 10 – Appendices

Appendix 1

Statutory Commitment under S15(5) of the Procurement Reform Scotland Act 2014

1. How we will ensure regulated procurements contribute to the carrying out of our functions and the achievement of our purposes.

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

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

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

Local Outcome Improvement Plans are emerging with a clear overarching theme of increased prosperity (of our people, places and environment) in addition to innovation and digital inclusion. This is compatible with procurement reform and the aims and objectives of the Councils.

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

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

The Councils have a focus on establishing stronger ties with Community Planning Partners to ensure proactive and meaningful stakeholder/community participation in procurement activity affecting them. This will identify areas where there might be an active role for 3 sector organisations and our communities. Developing stronger, more constructive supplier and 3rd sector partnership relationships is a key consideration in meeting our aspirations and obligations under the Joint Procurement Strategy.

2. How we will ensure regulated procurements deliver value for money.

Since November 2013, the Aberdeen City, Aberdeenshire and The Highland Councils have been signatories to the Suppliers’ Charter. The Suppliers’ Charter is a joint statement between public sector procurement and the business community to facilitate access to public sector procurement. The Charter creates an express obligation on the Councils to secure Best Value/Value for Money. The commitment supplements the general duty to secure best value under the Local Government in Scotland Act 2003. Beyond traditional economies of scale, the procurement function will secure value for money from increasingly collaborative contracts. Where utilised, national frameworks will be shaped to promote maximum economies of scale and local priorities. Beyond traditional leverage opportunities, the

Councils are committed to securing the maximum social, economic and environmental value from the contracts and the frameworks developed by the Councils and the national frameworks utilised.

The Councils encourage lotting contracts in such a way that they could promote the inclusive participation of SMEs, 3rd sector organisations and supported businesses. “Whole of life costing” and “the circular economy” is promoted in the Council’s Sustainable Procurement Policy. Demand management, an understanding of the “lease/buy” dichotomy and the clear separation of “needs” from “wants” will continue to guide procurers at a transactional and strategic level. Procurement reform has encouraged buyers to be less reliant on price in regulated and unregulated contracts.

The Councils will continue to explore innovative evaluation models, incorporate social value and identify commercial opportunities to set a price rather than receive a price.

Robust internal governance, strong and proportionate contract and supplier management will ensure every pound spent under the contract/framework is fully intended, justified in terms of the contract and can be justified in terms of prevailing market conditions.

To ensure that the pursuit of the best balance of cost, quality and sustainability does not compromise our duties to economic operators, sustainable procurement guidance has been developed with a strong focus on fundamental TFEU (Treaty of The Functioning of the European Union) principles that apply whether the tender is valued at above or below EU financial thresholds.

3. How we will carry out regulated procurements in compliance with duties to treat relevant economic operators equally and without discrimination.

Echoing commitments under the Suppliers’ Charter, the Councils commit to implement all compliant measures to facilitate a “varied and competitive marketplace” that creates opportunities for all suppliers across all business sectors. Robust checks and balances, internal governance processes and our Procurement Regulations are designed to ensure:

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

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

The Council’s Sustainable Procurement Policy sets out the legal parameters within which it is possible to ensure the inclusive participation of local suppliers/SMEs/3rd sector organisations/supported businesses in the direct (Tier 1) supply chain and (Tier 2) subcontract opportunities. Delivery of community benefits within our own communities is strongly encouraged by the Councils without compromising TFEU principles of:

1. Equal treatment and non-discrimination: giving every bidder an equal chance to win the contract irrespective of their nationality or whether they are familiar to the Council;
2. Transparency: stating requirements and award criteria up front and sticking to them;
3. Mutual Recognition: giving equal validity to qualifications and technical standards of other member States, where appropriate;
4. Freedom of establishment and
5. Fair and objective “like for like” evaluation.

In any assessment of the financial standing of an economic operator, the Councils ensure that the required standard of financial standing is proportionate and non-discriminatory to smaller or newly established economic operators. Bidders will be given every opportunity to explain and qualify any elements of their financial standing that could adversely affect the award of contract.

4. How we will undertake regulated procurements in compliance with our duty to act in a transparent and proportionate manner.

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

Echoing commitments under the Suppliers' Charter, the Councils are committed to consulting with the business community to:

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

The Council's own supplier development programme (Positive Procurement Programme (PPP)), will incrementally increase capacity and capability in the local supply chain to bid successfully for public contracts by way of: **i)** 1 to 1 surgeries **ii)** training events and **iii)** supplier bulletins.

The Council's Sustainable Procurement Policy addresses proportionality and relevancy in a practical sense. Officers with delegated procurement authority are encouraged to address only themes relatable to the contract. Prescriptive approaches to mandatory requirements are discouraged to reduce instances of inadvertent discrimination.

In the context of community benefits, officers with delegated procurement authority are encouraged to publish a justification statement. This allows potential bidders to make representations while the contract opportunity is live as to areas considered to be disproportionate or irrelevant to the contract opportunity and raise concerns if they consider it compromises their ability to bid or their chances of success.

The Councils encourage lotting contracts in such a way that they could promote the inclusive participation of SMEs, 3rd sector organisations and supported businesses. The Councils intend to expect more of main contractors in terms of the appointment of subcontractors. Depending on the nature, length and value of the contract, where subcontractors are to be appointed, the Councils will explore opportunities for a suitable proportion of contract opportunities to be advertised openly on Public Contract Scotland and/or host a proportionate number of Meet The Buyer events to highlight subcontract opportunities to the local supply chain. "Upward trend" aspirational targets and KPIs will be used to further opportunities for the local supply chain but these targets will not be contractual conditions.

In terms of quotation exercises, the Councils adopt a proportionate and fair approach to maximising the inclusive participation of local suppliers, SMEs and 3rd sector organisations. To secure innovation, best value and the best market solution, internal guidance prompts procurers to consider:

- i)** An appropriate number of capable suppliers to invite;
- ii)** Opportunities for the local supply chain (including 3rd sector and supported businesses);
- iii)** Aggregation and open tender where the same requirement will be needed more than once or in other areas of the Council; and
- iv)** Where aggregation is not possible, to ensure that opportunities to participate in quotation exercises are fairly circulated across the supply base within and beyond the local geographic area.

5. How we intend to ensure we comply with the sustainable procurement duty in our regulated procurements.

Added social value secured in contracts valued at under £4M is considered to be a “community benefit” if the requirements of the sustainable procurement duty are met: **i)** in the specification **ii)** using the recommended Method Statement in or **iii)** in separate, scored contractual clauses.

The table of key themes below is used to generate proportionate and relevant outcome focussed themes for bidders to address. The table appears in the Sourcing Strategy, Invitation to Tender, Community Benefits Project Plan and is the central component of evidence capture.

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

The Community Benefits Project Plan provides bidders with sources of relevant Council /agency/community/3rd sector advice, practical and financial support potentially available to the successful supplier(s). The Project Plan also highlights sources of information/research allowing bidders to undertake their own research. The Council’s Sustainable Procurement Policy contains detailed information on fair “like for like” evaluation and proportionality and relevancy. Where appropriate, proportionate and relevant the Councils encourage the use of “reimbursement values” to aid robust contract and supplier management in terms of social value.

Officers with delegated procurement authority are encouraged to publish a short statement addressing proportionality and relevancy in the Contract Notice. Adopting this approach, potential bidders can make representations while the contract opportunity is live as to areas considered to be disproportionate or irrelevant to the contract and raise concerns if they consider it compromises their ability to bid or their chances of success

6. Our general policy on the use of community benefit requirements (in regulated procurements and where mandatory).

The Council’s Sustainable Procurement Policy covers the detailed processes underpinning

the application of community benefits at above and below the £4M threshold. The same table of key themes referenced in 5 (above) is used to generate proportionate and relevant outcome focussed themes for bidders to address.

The Councils are committed to securing meaningful environmental, social and economic value in our regulated procurements (and framework call offs) and to working with all sectors of the business community in order to achieve increased prosperity. As responsible and ethical buyers, the Councils aim to embed the key principles of sustainability into procurement activity for the benefit of society, the economy and the environment. The Councils recognise that outcomes can be captured at the following levels:

- **Local** (Council/area specific);
- **National** (Scotland/UK) or
- **Global** (e.g. fairly traded and ethically sourced goods.)

Securing positive local outcomes (within accepted legal parameters) is a key organisational priority. However, The Council's Sustainable Procurement Policy recognises that this is not the only way to maximise social, economic and environmental benefits in our procurements.

A themed approach to community benefits is intended to provide procurers and suppliers with a clear, compliant, ideas-driven framework to work consistently within.

The Councils look at community benefits from the bidder's perspective and echo University of Glasgow Training and Employment Research Unit (TERU) findings that **i)** a themed approach is popular with suppliers **ii)** corporate social responsibility can become "business as usual" and **iii)** the greatest successes occur where the buyer's expectations are clear and realistic and **iv)** committed suppliers exceed those expectations.

The Councils strive to harness our creativity and the creativity of suppliers by giving proportionate and relevant themes to address. The Council's Sustainable Procurement Policy contains detailed information on fair "like for like" evaluation of (very different) community benefit proposals and proportionality and relevancy.

The policy stresses that evaluators must never attempt to directly compare the content of one bidder's commitment to community benefits with another. In terms of fair and consistent application of the policy, more ambitious/larger scale proposals do not necessarily prevail over more conservative but realistic proposals. If a bidder chooses to address a community benefit commitment through offering a sum of money to be utilised for community projects, this will not be refused but the sum of money in itself will not influence the award decision.

As with 5 above:

- i)** Use of a Community Benefits Project Plan is strongly encouraged;
- ii)** Bidders are provided with details of sources of Council /agency/community/3rd sector advice practical and financial support potentially available
- iii)** Sources of information/research are disclosed allowing bidders to undertake their own research while the tender is live
- iv)** Where appropriate, proportionate and relevant "reimbursement values" are encouraged; and
- v)** Whether above the mandatory threshold or not, procurers are encouraged to publish a short statement addressing proportionality and relevancy in the Contract Notice.

7. *How we will consult and engage with those affected by our procurements.*

The Business Community

The Council's supplier development programme (Positive Procurement Programme (PPP)), facilitates engagement with the business community. PPP is a joint initiative between Aberdeen City and Aberdeenshire Councils that brings C&PS and Economic Development from Aberdeen City and Aberdeenshire Councils together. The purpose of PPP is to support local businesses of all sizes and across all business sectors (including 3rd sector) to develop their capacity and capability to bid successfully for public contracts. As well as market testing events for forthcoming contract opportunities, PPP offers an effective platform to fulfil our obligations under the Suppliers' Charter to "increase stakeholder understanding of public sector procurement policy/legislation" in addition to delivering practical support in terms of **i) 1 to 1 procurement surgeries, ii) training events and iii) supplier bulletins.**

The Procurement Team are now actively working Economic Development colleagues in Highland to develop the existing supplier development programme by introducing more engagement events similar to the PPP.

In accordance with statutory obligations under 18(2) (f) of the Procurement Reform (Scotland) Act 2014, C&PS will publish a summary of regulated procurements expected to commence in the following two financial years.

The Third Sector and Communities

The Councils intend to establish stronger ties with Community Planning and 3rd sector interface organisations to ensure proactive and meaningful stakeholder/community participation in procurement activity affecting them. This will identify areas where there might be an active role for community planning partners; 3rd sector organisations and our communities to shape, support or deliver requirements.

The Councils' approach to community benefits relies on identifying potential sources of financial and practical support to assist suppliers in the delivery of social value. If this converges with the social purposes of a 3rd sector organisation (including supported businesses) or the interests of a community group, a key objective is to engage early and make this information available to bidders. This approach ensures that as far as possible, social value is aligned to community priorities. Where "proportionality and relevancy" prove to be genuinely limiting factors, it is our intention to explain this fully to stakeholders who give their time at engagement events.

Established Community Planning networks will enable meaningful engagement and sharing of good practice/case studies with communities directly affected by particular procurements and will facilitate stronger ties with public sector partners including NHS, blue light services, community councils, Skills Development Scotland, civic forums and community representatives.

Developing these relationships will be pivotal in meeting our aspirations and obligations under the strategy. The Councils are keen to support the 3rd sector in practical and compliant ways e.g. potentially offering access to a selection of our contracts for use by the local 3rd sector.

Health and Social Care

Current service users, their carers and/or parents/guardians/representatives are routinely involved in the review of service provision and the preparation for, and evaluation of tenders for social care services. With the creation of Locality Leadership Groups (LLGs), under the newly formed Health and Social Care Partnership, involvement in the planning for and commissioning of social care services will widen beyond this to all members of the local community. There will be community representation on these LLGs and each group has a direct link to the Strategic Planning Group. Future commissioning plans will be shared with

LLGs and they will be able to feed their views through to the Strategic Planning Group which shapes future commissioning strategy.

In Highland the Highland Council and NHS Highland have a Partnership Agreement under the Lead Agency Model. This includes a Commissioning Team for both Children's and Adult Services. Under the current model this arrangement is outwith the scope of the Joint Procurement Strategy document.

Tenants

Resident surveys and Tenant Participation Groups allow for meaningful engagement with service users in procurements affecting our tenants. Where applicable, the Councils attempt to engage with commercial tenants by similar means.

Internal/Cross Authority Communications

C&PS will continue to offer appropriate training and guidance in modern and creative ways (e.g. procurement guidance notes, workshops, webinars, intranet, surveys).

8. Our general policy on the payment of a (Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.

A key national and organisational priority to encourage accreditation of contracted suppliers as Living Wage employers (and encourage progress towards that end) across the supply chain despite the inability to make payment of the Living Wage a mandatory requirement.

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

The Council's Sustainable Procurement Policy Guidance prompts procurers to consider the following types of contract in particular:

"...works and services contracts over 8 weeks in duration where contracted /subcontracted staff are engaged on our buildings/sites/premises (including roads) for more than 2 hours per day"

The Councils are keen to strengthen ties with The Poverty Alliance to build upon the acknowledgement that the Councils' approach comfortably exceeds basic compliance.

9. Our policy on promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and other related provisions.

Where appropriate, proportionate and relevant, the Councils encourage officers with delegated procurement authority to:

- i)** utilise the standardised statement within the [ESPD](#);
- ii)** consider safety issues in terms of S43 (3)(c) of the Public Contracts (Scotland) Regulations 2015; or

iii) if not adequately catered for in industry standards, devote a section of award criteria to health and safety considerations. Where subcontractors have been identified, by a main contractor, the same standards require to be demonstrated by them

10. Our general policy on the procurement of fairly traded and ethically traded goods and services

The Council's Sustainable Procurement Policy has been developed to support local and national priorities in terms of Fair Trade/fairly traded and ethically sourced goods and services. In the context of procurement, "FairTrade" can be specified as representing a standard without further enquiries being necessary. However, to ensure there is no discrimination it is necessary for procurers to make reference to "fairly traded goods and services" or "ethically sourced goods and services" and offer alternatives to meet the standard without accreditation. The Council's Sustainable Procurement Policy provides extensive information on the compliant use of recognised trading labels and guides where "or equivalents" must be accepted. Aberdeen City Council was the first city in Scotland to achieve Fairtrade status in 2004.

http://www.aberdeencity.gov.uk/business_trade/trading_standards/fairtrade/fairtrade_city.asp

Aberdeenshire Council renewed its Fairtrade Zone status in April 2016, zone status (first achieved in 2013). <https://www.aberdeenshire.gov.uk/environment/green-living/fairtrade/>

11. *How we intend to approach regulated procurements involving the provision of food to : improve the health, wellbeing and education of communities in the organisation's area and promote the highest standards of animal welfare (if applicable).*

A significant proportion of food and drink requirements are met by national frameworks available via central purchasing bodies. Where a regulated procurement relating to food is required, the Council's Sustainable Procurement Policy will apply as well as noting evolving good practice developed by central government, interest groups, other contracting authorities and central purchasing bodies in terms health, education and animal welfare. The Councils commit to continued involvement in the development of food related national frameworks by participating in User Intelligence Groups.

Any regulated procurements involving food require proportionate and relevant selection and award criteria to be developed e.g: capturing the origin of products; increasing the range of fairly traded, ethically and locally sourced products; minimising food waste and community benefits. Community benefits (in Council tenders or in the context of a framework call off) are effective ways to promote health, wellbeing and education in schools and the wider community.

The Council's Sustainable Procurement Policy includes health, reduction of packaging, food poverty, ethical trading and reduction in emissions/road miles as standard themes. School visits (addressing nutrition) represents a compliant example of a community benefit proportionate and relevant to food related procurements.

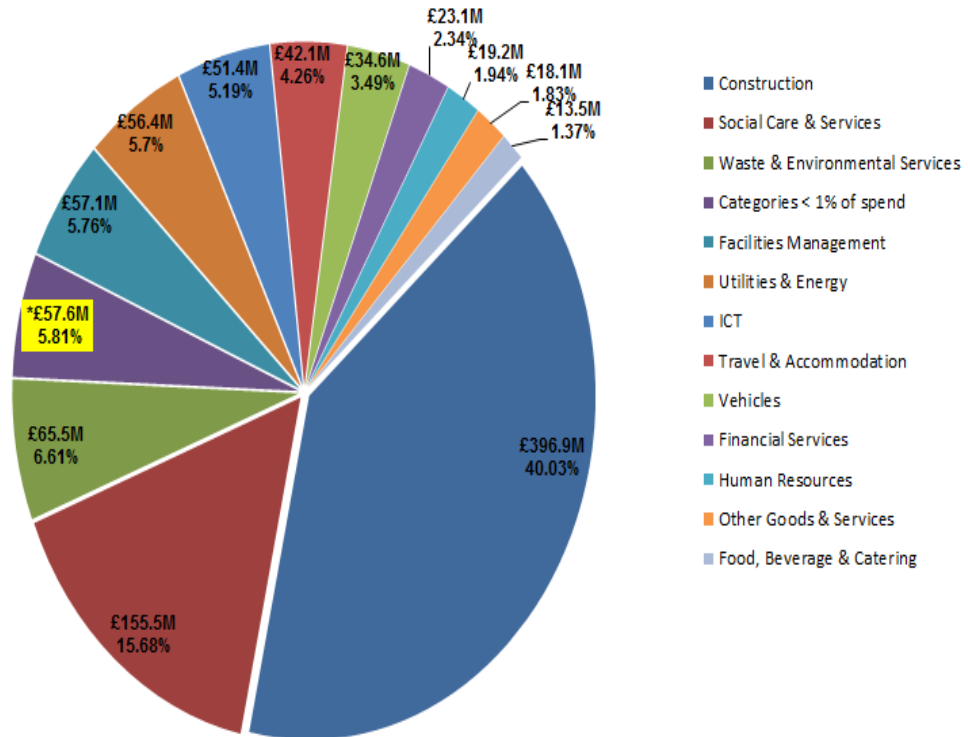
As required, C&PS commit to offering assistance in terms of the procurement strands of the **Sustainable Food Cities Network**. <http://sustainablefoodcities.org/about>

Appendix 2 – Spend Analysis

Spend Analysis

The following chart shows the consolidated core trade spend of the three partner councils classified by spend category (V-Code.) The analysis is based on core trade spend where V-Code classification is possible. The definition of core trade is the suppliers with over £1,000 having been spent in a 12 month period, that have also been classified as a trading organisation or as a non-trade social care provider. For the avoidance of doubt core trade is a proportion of each council's overall spend. The Chart uses 2016/2017 core trade spend data for Aberdeen City, Aberdeenshire and The Highland Councils.

V-Code Spend Analysis (Core Trade) : £991,465,261



*Spend Categories representing less than 1% of spend

Arts, Sport & Leisure	£7.4M	0.75%
Security Equipment & Services	£7M	0.71%
Transport	£6.8M	0.69%
Healthcare	£5.6M	0.57%
Business Support Services	£5.2M	0.53%
Education	£5M	0.51%
Professional Services	£4.3M	0.44%
Marketing & Media	£3.8M	0.38%
Animals & Farming	£3.5M	0.36%
Legal	£2.8M	0.29%
Manufacturing & Machinery	£2.5M	0.26%
Stationery & Office Products	£1.5M	0.16%
Retail & Wholesale	£0.95M	0.10%
Laboratory	£0.5M	0.05%
Clothing	£0.1M	0.01%

Personal Care	£0.1M	0.01%
Charitable & Religious Activity	£0.01M	0.001%
Public Sector Bodies	£0.007M	0.001%

Aberdeen City Council

Core Trade Analysis of Local Spend	Local Suppliers	Local spend as % Core Trade Spend	Local Suppliers as % Core Trade Suppliers
£105,821,576	472	24.64%	21.94%

Local SME spend	Local SME Suppliers	Local SME spend as % Local Spend	Local SME Spend as % Core Trade Spend
£90,927,541	430	86%	21.17%

Aberdeenshire Council

Core Trade Analysis of Local Spend	Local Suppliers	Local spend as % Core Trade Spend	Local Suppliers as % Core Trade Suppliers
£71,055,610	744	29.41%	32.32%

Local SME spend	Local SME Suppliers	Local SME spend as % Local Spend	Local SME Spend as % Core Trade Spend
£46,643,023	729	65.6%	18.8%

The Highland Council

Core Trade Analysis of Local Spend	Local Suppliers	Local spend as % Core Trade Spend	Local Suppliers as % Core Trade Suppliers
£86,423,495	1015	36.75%	47.43%

Local SME spend	Local SME Suppliers	Local SME spend as % Local Spend	Local SME Spend as % Core Trade Spend
£78,362,217	977	90.67%	33.32%

Note: Core trade spend is only a limited proportion of each council's overall spend.

Appendix 3 – Glossary of Terms

- **Balanced Scorecard** - a tool used to monitor and measure contract and supplier performance.
- **Category** - a collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.
- **Category Management** - 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.

- **Central Purchasing Body** - a contracting authority that: acquires supplies or services intended for one or more contracting authorities awards public contracts for works, supplies or services intended for one or more contracting authorities; or concludes framework agreements for works, supplies or services intended for one or more contracting authorities.
- **Circular Economy** - an alternative to a traditional linear economy (make, use, dispose) in which resources remain in use for as long as possible, maximum value is extracted from them whilst in use, then residual products and materials are recovered and regenerated at the end of each service life.
- **Collaboration** – when two or more groups of people or organisations engage in procurement work together for mutual benefit.
- **Committee** - the relevant committee of the Council with responsibility for monitoring best value, internal financial control, corporate governance (including procurement), or any other matter to which the procedure for award of Council contracts may be relevant.
- **Community Benefits** - clauses within contracts/frameworks requiring tenderers to commit to undertaking some form of wider social, economic or environmental benefit in addition to the core purpose of the contract.
- **Competitive Dialogue** – a procurement route and procedure that may be highly beneficial for organisations in circumstances where greater flexibility is needed, e.g .for highly complex and risky projects where bidders will have a major role in defining the solution or where Open or Restricted Procedure may not deliver the expected outcomes. Competitive Dialogue allows organisations to negotiate proposed solutions with bidders, and this may help to open up cross-border markets by encouraging bidders to discuss possible solutions may be highly beneficial for organisations in circumstances where greater flexibility is needed, e.g .for highly complex and risky projects where bidders will have a major role in defining the solution or where Open or Restricted Procedure may not deliver the expected outcomes. Competitive Dialogue allows organisations to negotiate proposed solutions with bidders, and this may help to open up cross-border markets by encouraging bidders to discuss possible solutions may be highly beneficial for organisations in circumstances where greater flexibility is needed, e.g .for highly complex and risky projects where bidders will have a major role in defining the solution or where Open or Restricted Procedure may not deliver the expected outcomes. Competitive Dialogue allows organisations to negotiate proposed solutions with bidders, and this may help to open up cross-border markets by encouraging bidders to discuss possible solutions lends itself to highly complex and potentially riskier projects where bidders will have a major role in defining the solution or where Open or Restricted Procedure may not deliver the expected outcomes. Competitive Dialogue allows organisations to negotiate proposed solutions with bidders.
- **Competitive Procedure With Negotiation** – a procurement route and procedure For procuring services or supplies that require adaptation or design inputs procuring services or supplies that require adaptation or design inputs, the use of the Competitive Procedure with Negotiation is likely to be of value. In cases of complex purchases, such as sophisticated products, intellectual services or major information and communication technology tools, the Organisation may have to start a dialogue with the bidders in order to guarantee the satisfactory outcome of the procurement process that lends itself to supplies and services that might require adaptation or design inputs.
- **Contract** - a legally binding agreement between the Council and one or more suppliers for the supply of specified goods, services or works. The contract sets out the details of what the

Council is buying and being delivered with and the rights and obligations of both of the parties.

- **Contract and Supplier Management (CSM)** - the active management of the relationship between the Council and the supplier over the term of the contract for the provision of goods and/or services to the agreed standards and ensures that both parties (Council and suppliers) fully meet their respective obligations as efficiently and effectively as possible in order to meet the required level of performance and quality
- **Contracting Authority** - organisation undertaking the procurement – a full list appears here <http://www.legislation.gov.uk/asp/2014/12/schedule>
- **Contract Register** - register of regulated public contracts
- **Delegated Purchasing Authority (DPA)** - authority to enter into a contract for goods, services and works and oversee the process leading up to and including the award of a contract and any subsequent changes.
- **Demand Management** - to take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption.
- **E-Tendering or Electronic Tendering** means a tendering process where the contract documents are published electronically and the tender response to these is also submitted electronically in the first instance.
- **European Single Procurement Document (ESPD)**- a standard form for use by all EU member states, which replaces pre-qualification questionnaires. From Monday 18 April 2016 all Scottish public bodies must issue and accept the ESPD form for all procurement exercises above the EU threshold. The ESPD allows bidders to self-declare that they meet selection and exclusion criteria, without the need to provide evidence at that stage. The same form will be used across the EU, so a bidder will be able to re-use a form which it has previously submitted for another competition
- **EU Thresholds** - Contract value thresholds set by the EU for which the opportunity to participate must be open to all EU member states. As at 1st January 2016, the thresholds are £164,176 (goods and services), £4,104,394 (works) and £589,148 (Social Care and associated services) (see also regulated procurements)
- **Framework Agreements** - framework agreements establish the terms and conditions under which compliant purchases (“Call Offs”) can be made for a specified period. Most frameworks feature multiple Lots and multiple suppliers and can be put in place nationally (by a central purchasing body) or by any contracting authority or association of contracting authorities. Buyers can in most cases (subject to internal governance) justify i) making a direct award to one supplier or ii) carrying out a mini-competition involving all framework suppliers under a particular Lot.
- **Innovation Partnership** - only be used where there is a need for the development of an innovative product or service and the subsequent purchase of these cannot be met by solutions already available on the market can only be used where there is a need for the development of an innovative product or service and the subsequent purchase of these cannot be met by solutions already available on the market
- **Invitation to Quote (ITQ)** - procedure and title to document used to obtain supplier bids for contracts of a value under £50,000.
- **Key Suppliers** - those suppliers identified as business critical in terms of risk/value and business continuity.

- **Light Touch Regime (LTR)** - procurement rules applicable to the procurement of certain health, social care and other services listed at Schedule 3 of the Public Contracts Regulations 2015. Health and social care contracts are considered to be of less cross border interest and so certain procedural rules have been relaxed. LTR replaces what were known as Part B Services.
- **MEAT** - The most economically advantageous tender criterion enables the contracting authority to take account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price.
- **Negotiated Procedure Without Prior Publication**- a highly regulated procurement route and procedure only used in exceptional circumstances where publishing a call for competition (e.g. a Contract Notice) is not possible.
- **Official Journal of the European Union (OJEU)** - the journal in which all public sector contract opportunities breaching the EU thresholds are required to be advertised.
- **Open Procedure** - A one-stage procedure whereby all suppliers are invited to tender for the contract or framework agreement. The organisation cannot limit the number of bids it receives.
- **PIN (Prior Information Notice)** - notice published to inform of potential future opportunities to be advertised on the PCS portal.
- **Procurement & Commercial Services (C&PS)** - Aberdeen City and Aberdeenshire Councils' shared procurement and commercial services based in Woodhill House, Westburn Road, Aberdeen and comprising the following teams: Procurement, Social Care Commissioning, Project Management Office (PMO), Aberdeen City Accounts Payable
- **Procurement** - the process of identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.in terms of buying or obtaining goods, services or works from external suppliers.
- **Procurement Journey** - a Scottish Government toolkit providing practical guidance on procurement procedures.
- **Public Contracts Scotland (PCS)** - the national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
- **Regulated Procurements/Contracts** - the Procurement Reform (Scotland) Act 2014 requires local authorities to comply with the sustainable procurement duty in all regulated contracts. Regulated contracts are those with a total ("whole of life" ex VAT) value of £50,000 in terms of goods and services and £2M in the case of works. Aside from meeting statutory requirements, procurers are expected to show that due regard has been given to sustainability criteria in all procurements (including calling offs from national frameworks.)
- **Reserved Contracts**- contracts where the tendering process for goods or services can be restricted to supported businesses/sheltered workshops only. The directive only applies as a matter of law to contract opportunities which have a financial value greater than the OJEU threshold values. However, public bodies are encouraged to also reserve participation in competitions for contracts at lower values to supported businesses.
- **Restricted Procedure** - A two-stage procedure whereby suppliers are required to complete the ESPD and must satisfy certain selection criteria (the first stage). This process enables the organisation to limit the number of suppliers which are invited to tender (the second stage).
- **Small and Medium Enterprises (SMEs)** - 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.

- **Social Enterprise** – a revenue-generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.
- **Standstill Period** - a defined period of time (generally at least 10 days) between the contract award decision and the award of the contract. The purpose of the standstill period is to provide unsuccessful tenderers and candidates concerned with feedback on their submissions.
- **Supply Chain** - all activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
- **Supply Chain Management** - the coordinated set of techniques to plan and execute all steps used to acquire raw materials from suppliers, transform them into finished goods, and deliver both goods and services to customers. It includes chain-wide information sharing, planning, resources and performance measurements.
- **Supported Business** - an establishment with a primary aim to socially and professionally integrate disabled or disadvantaged persons and where more than 30% of the workers are disabled/disadvantaged persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market. Supported businesses (and only supported businesses) can benefit from reserved contracts.
- **Sustainable Procurement Duty** - a process whereby organisations meet their needs for goods, services and works in a way that demonstrates best value/value for money on a whole of life basis in terms of generating benefits not only to the organisation but also to wider society and the economy, whilst minimising damage to the environment
- **Third Sector** – that part of the economy in which non-governmental bodies strive to achieve or further a social purpose. The third sector comprises community groups, voluntary organisations, charities, social enterprises, supported businesses, co-operatives and individual volunteers.
- **EU Procurement Directives** the European legislative framework for public procurement in force at the time a procurement process is entered into.
- **Value for Money (VfM)** - the optimum combination of whole life costs and quality to meet the customer's requirement.
- **Whole of Life Costing** - the costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.