

## Strategic Policy and Resources Committee – 6 February 2008

**TAYSIDE PROCUREMENT CONSORTIUM  
AND PROCUREMENT STRATEGY (2008–2011)****Report by Executive Director (Corporate Services)****ABSTRACT**

This report sets out the proposed strategy for the Tayside Procurement Consortium (TPC) including the recommended structure and governance of the centralised procurement model. The report also details the procurement activity which requires to be undertaken to support the delivery of the procurement programme.

**1. RECOMMENDATIONS**

It is recommended that the Strategic Policy and Resources Committee:

- (i) Approve the development of the Tayside Procurement Consortium (TPC) which will co-ordinate and deliver all strategic procurement activities on behalf of the Council in the manner set out in this report.
- (ii) Approve the adoption of the Tayside Procurement Strategy (2008-2011) and associated Action Plan.
- (iii) Approve the proposed corporate governance framework for the TPC.
- (iv) Delegate authority to the Executive Director (Corporate Services) to exercise all functions on behalf of Perth and Kinross Council relating to the operation of the TPC, including the award of contracts, provided the same is within approved budget expenditure and is in accordance with the Procurement Strategy and any other TPC policy approved for that purpose by the Council.
- (v) Remit to the Head of Democratic Services and the Head of Finance to amend the Council's Scheme of Administration, Financial Regulations and Contract Rules accordingly at the first suitable juncture.
- (vi) Authorise the Executive Director (Corporate Services) to approve and sign the TPC Memorandum of Understanding (MOU) on behalf of the Council.

**2. BACKGROUND**

- 2.1 The McClelland Review of Public Sector Procurement was published in March 2006 and was widely welcomed by Ministers and the large number of stakeholders across both the Scottish public and private sectors. A clear

recommendation of the McClelland report was that there is potential for significant gains (both cashable and resource saving) to be made from better procurement practice and by collaboration across the public sector.

- 2.2 The report delivered 82 recommendations relating to areas for improvement in procurement practice and in particular raised issues relating to governance, lack of skilled resource and the requirement to adopt best practice procurement strategies. The implementation of robust procurement strategies was also identified as a critical success factor when delivering efficiency.
- 2.3 The report also emphasised that greater commitment was required across public sector bodies to collaborate on procurement activities. In 2005, prior to the McClelland Review being published, the three Tayside Councils - Angus, Dundee City and Perth and Kinross began to establish a partnership to identify opportunities, which could be realised by improving the way the three Councils procured goods and services. It should be noted that the three Tayside partners have a history of successful procurement collaboration.

### **3. THE TAYSIDE PROCUREMENT CONSORTIUM**

- 3.1 In 2006, the authorities created the Tayside Procurement Consortium as a vehicle by which to deliver efficiency through improved procurement and each Council adopted a complementary Procurement Strategy.
- 3.2 Following discussion with the Scottish Executive in 2006, the TPC successfully negotiated the allocation of £160,000 for each authority for implementation of the national e-Procurement Scotl@nd system, PECOS. In addition, the Authorities Buying Consortium (abc) offered a further £167,000 from the funds they had separately secured from the Scottish Executive to each Tayside local authority to assist with the delivery of implementing a modernised procurement process.

#### **Procurement Implementation Programme**

- 3.3 The TPC Steering group has embarked upon a Procurement Implementation Programme which, when realised, will deliver efficiency through improved procurement practice across the three Councils. The key work streams which are being progressed by the Programme are:
  - Establishment of a collaborative procurement model to create a structure that will deliver the benefits available from collaboration and maximise the potential for reduction in costs by eliminating duplication of effort.
  - Establishment of a partnering agreement and shared procurement service team made up of procurement professionals and service commodity experts.
  - Delivery of an improved strategic procurement approach for the consortium through the development and implementation of a programme of buying improvements which will drive forward the required programme of change and deliver the benefits.

- Development of the knowledge and skills of those involved in procurement through delivering improved procurement tools and investing in our people through training and development.
- Effective local supplier engagement.
- Commitment to continuous improvement through development and implementation of an accelerated programme of process and technology improvements based on the implementation of e-Procurement.

#### **4. TAYSIDE PROCUREMENT CONSORTIUM BUSINESS CASE**

##### **Benefits**

- 4.1 The main benefits to be realised from the TPC programme will be derived from increased collaboration between partners. All three Councils have now provided spend information to the programme and using a management information analysis tool - Spikes Cavell - have identified efficiency opportunities. The TPC have also identified strategic sourcing opportunities following a comprehensive review of expenditure across the Consortium.
- 4.2 Full consultation and engagement with specialist staff has been delivered through a series of meetings in early September 2007 culminating with a full-day "Opportunities Workshop". The specific outcomes and opportunities arising from this workstream have been presented and validated by each Council. The opportunities from the TPC indicate potential savings of around £2 million by the end of year 3 of the programme.
- 4.3 Prudent assumptions have been made around the level of the total spend that can be "influenced" at this stage. The ranges of savings targets against each commodity identified have also been included within this table for information – again the savings opportunity assumptions have been set at what is considered to be a prudent level.
- 4.4 The principal method proposed to deliver savings on a local government sectoral basis is by the establishment of a cross-Scotland central purchasing body for the kinds of commodity identified as suitable for that level of procurement. It is assumed that Scotland Excel, will take on the role developing that of its existing predecessor body (the Authorities Buying Consortium), in the manner envisaged by the McClelland Review.
- 4.5 A further report expanding on the work programme of Scotland Excel and the linkages and impact upon the TPC will be brought forward once the Scotland Excel development intentions are more established and considered from a TPC perspective.
- 4.6 To align the TPC to the development of the Scotland Excel project, the three Councils have been in close discussion with Aberdeen City and Aberdeenshire Councils to determine a model for working collaboratively as one of the "Centres of Excellence" for Scotland Excel – the North East Hub.

This project is consistent with the approach Scotland Excel intends to implement to manage the procurement of 'Category B' commodities.

- 4.7 It is recognised that to deliver the efficiencies highlighted there is considerable work still to be done in order to deliver these savings. It is particularly crucial to the success of TPC that Services within member Councils actively and positively participate in the User Groups which will be established, support the TPC team and be prepared to take on and drive procurement change within their own authority.

#### **Allocation of Costs**

- 4.8 Costs have been developed for the first three years of operation of the TPC. The budgeting assumes that the key objectives set out in Tayside Procurement Strategy (2008-2011) and Action Plan will form the basis of the future TPC activity. It is proposed in the early years that the TPC be funded on a straightforward parity basis with each member Council covering an equal share of the running costs.

### **5. TAYSIDE PROCUREMENT CONSORTIUM - KEY RECOMMENDATIONS**

#### **A. Centralisation of key strategic procurement activities for the Council through the Tayside Procurement Consortium central procurement unit (CPU)**

##### **Scope of CPU Activities**

- 5.1 The CPU will be responsible for the management of specific key strategic procurement activities on behalf of Angus, Dundee City and Perth and Kinross Councils. These activities will be carried out on behalf of all client departments, services and divisions and will relate to all goods and services.
- 5.2 It is planned that the CPU will expand to involve other public sector partners in due course. In particular, it may be noted that positive dialogue is already underway with Tayside Contracts towards appropriately involving that organisation in the collaborative work of the TPC.
- 5.3 Placement of all purchase orders (tactical procurement) will continue to be made by individuals in line with current agreed Council procedures.

##### **Key Changes**

- 5.4 The key changes introduced by the centralisation of all strategic purchasing activities to the CPU will be:
- Adoption of a consistent process for sourcing and awarding contracts
  - Introduction of a Supplier Performance Management Process
  - Development and maintenance of a central Contract Register by the CPU
  - Compliance monitored centrally by the CPU and driven by Services
  - A single point of contact established within the CPU for services and suppliers

- Introduction of a Benefits Tracking system.

### **Operating Model**

- 5.5 The TPC has appointed a Head of Procurement who will be responsible for the roll out of the procurement implementation programme and thereafter the ongoing delivery of the shared service across the three Councils. The Head of Procurement will act as the professional lead for procurement across the three Councils and will be supported by an administration assistant, and up to three commodity managers and two procurement assistants. These specific TPC posts will be employees of Dundee City Council, and will be based in Dundee but will provide direction and support across the three Councils. The posts will be funded on an agreed basis by the member authorities for the life of the consortium.
- 5.6 In addition to the above TPC specific staffing element, each Council has put in place the substantive posts of Corporate Procurement Manager, and an e-Procurement team. These posts will directly support their respective Councils by managing e-Procurement systems at local level and will provide the primary source of dedicated and expert procurement advice to councils' departments and divisions.
- 5.7 This model is fully cognisant of, and aligned to both the development of the National Procurement Centre of Expertise (NPoCE) for the whole public sector in Scotland and the sectoral centre of expertise being developed for Scottish local authorities. TPC in conjunction with partners in the North East of Scotland will form a geographic hub providing a regional Centre of Excellence facility within the local authority sector.

### **B. Adoption of the Tayside Procurement Strategy (2008-2011) and Action Plan**

- 5.8 In 2006 all three Tayside Councils adopted their own individual (but complementary) procurement strategies and associated workplans to take forward procurement initiatives in respective councils. The updated Tayside Procurement Strategy (2008- 2011) incorporates and aligns all of these strategies into a singular approach by which to raise procurement to the highest common denominator across Tayside. The workplan details the key activities that will be delivered for the Councils over the period of the strategy. The Strategy and Action Plan are attached as **Appendix A**.

## **6. TAYSIDE PROCUREMENT CONSORTIUM – GOVERNANCE ARRANGEMENTS**

### **Membership of TPC**

- 6.1 Membership of TPC will initially be the three Tayside Councils – Angus, Dundee City and Perth and Kinross Councils. The TPC may, however, be expanded in due course to involve other public sector partners, where this would be of mutual benefit.

### **Powers of the TPC**

- 6.2 Senior officers from each of the Councils have been involved in setting the proposed organisational design of the TPC. This has included consideration of the most suitable model for allowing the work of the TPC, particularly contracting on behalf of the three Councils, to be taken forward in accordance with the proposed Procurement Strategy and its associated Action Plan.
- 6.3 The model had to achieve a balance between operational effectiveness and the allowance of due scrutiny and oversight by elected members of the Councils. It should be noted that the current proposed model does not envisage the setting up of a Joint Committee for oversight of the TPC at this time and the absence of such delegation if not countered would therefore require cumbersome and protracted reporting to the Committees of all three Councils before contracts could be awarded, which would be unworkable.
- 6.4 It is proposed therefore that each authority agrees to delegate to the Chief Officers of the respective Councils representing them on the TPC Steering Group all the necessary powers required to enable it to exercise the functions for which it is established subject to the proposed action (including award of contracts) being within approved aggregate budget and in accordance with the Procurement Strategy (2008-2011) and any other TPC procurement policy approved for that purpose by the TPC Councils.

### **Delegated Authority and Contract Award**

- 6.5 To allow delivery of the collaborative model, the Head of Procurement will require delegated authority from each member Council to award contracts. This authority will be sub-delegated by the TPC Steering Group to the Head of Procurement on a case-by-case basis and on the strength of a report detailing the value for money achieved for the Councils by the procurement.
- 6.6 As referred to above, it should be noted that these contracts may only be placed in respect of those commodities which have been identified as suitable for collaborative activity amongst the Councils and included accordingly in the Strategy's Action Plan. Any "windfall" or emerging opportunities will be the subject of a report back to the Councils for authority to amend the strategy, potentially on an urgent basis using the relevant Council committee, if required.
- 6.7 Non-TPC procured works, goods and services will continue to follow the Council's existing arrangements in terms of delegation and reporting, etc unless and until identified in a future or amended TPC Procurement strategy or identified as included within pan-Scotland or pan-sector national procurement arrangements providing better value for the council than non-aggregated procurement by the Council on its own. It is expected that TPC will lead for the Councils in representing their interests on such arrangements but participation in national projects, such as Scotland Excel, will be the subject of a future report to Committee.

- 6.8 In addition to specific contract-related authority, it is proposed that the Head of Procurement will receive from the Steering Group general delegated authority in respect of day-to-day operation of the CPU.

#### **Contract Rules, Financial Regulations and Oversight**

- 6.9 Each of the Councils will require to amend their respective Contract Rules, Standing Orders, Financial Regulations, Schemes of Administration / Delegation etc to reflect the establishment of the consortium and its operating arrangements. This will be the subject of a separate report to Committee in due course.
- 6.10 A comprehensive quarterly report detailing planned contract activity will be submitted quarterly to the Steering Group for approval. Contained within this quarterly report will be a summary of all contract awards made by the TPC in the previous quarter in exercise of the delegated powers proposed to be granted in terms of the recommendations of this report. In the interest of scrutiny and oversight, this summary will be reported to the respective Council Committees following Steering Group approval.
- 6.11 An annual report summarising the TPC activity will also be submitted to the Steering Group for approval and to the Council's Scrutiny Committee.

#### **Representation on the Steering Group**

- 6.12 Councils within the TPC will be represented on the Steering Group by the following officers:
- Director of Corporate Services, Angus Council
  - Depute Chief Executive (Finance), Dundee City Council
  - Executive Director (Corporate Services), Perth and Kinross Council

- 6.13 The Steering Group will meet on a monthly basis to guide and direct the TPC.
- 6.14 In order to ensure proper governance, and given the critical nature of excellent communication within the consortium, a project team has been established, currently meeting on a weekly basis. This project team consists of the Head of Procurement, Commodity Managers, Corporate Procurement Managers and e-Procurement Managers from each Council.
- 6.15 The Head of Procurement has overall responsibility for the programme of work and is accountable to the Steering Group for the delivery of the work plan, the performance of the TPC and the delivery of the programme. The Head of Procurement will represent the Consortium at all relevant meetings and groups and will act as the professional lead for procurement across all three councils.

#### **Support for the TPC**

- 6.16 Dundee City Council will be the employer of the TPC's staff and provide administrative and other support to it. It will continue in its role as the lead authority for TPC. TPC members will agree to pay all costs, expenses and

outgoings incurred by the lead authority, each member's share being calculated in accordance with the agreed contribution rate.

### **The Work of the TPC**

- 6.17 TPC members will commit to use the contracts awarded by TPC as agreed and reported to the Steering Group. TPC members may make arrangements to access contracts other than through the consortium where the contract provided by TPC does not represent best value. When members choose not to use TPC contracts they must provide the Steering Group with a robust business case supporting their decision.

### **Memorandum of Understanding**

- 6.18 To capture the understanding amongst the Councils on the operation of TPC and their mutual responsibilities, it is proposed to enter into a Memorandum of Understanding. This is not a legal agreement but seeks to set out the respective commitments of the Councils to one another. A copy of the draft Memorandum of Understanding is attached as **Appendix B** to this report.

### **Communications**

- 6.19 Critical to the success of the TPC programme will be buy-in from all stakeholders. A clear communications strategy has been developed to ensure support and commitment from all internal stakeholders and influencers at all levels. Presentations have been given to all the Management Groups across all authorities coupled with a successful launch event of the Tayside Procurement Consortium which took place on 8 November 2007. TPC will also actively engage with the local Chambers of Commerce and the Federation of Small Businesses to progress the support of the local business community in Tayside.

## **7. RESOURCE IMPLICATIONS**

- 7.1 The financial implications for the Council have been considered by the Executive Officer Team. It is anticipated that the expected savings will fully cover the costs of the TPC (including the Council's procurement team) from financial year 2008/09 onwards. Any future savings will be worked into the Council's financial planning for 2008/09 onwards.

## **8. COUNCIL CORPORATE PLAN OBJECTIVES 2006-2010**

- 8.1 This report supports the following objectives of the Council's Corporate Plan 2006-2010:
- Healthy, Caring Communities
  - A Prosperous, Sustainable and Inclusive Economy
  - Confident, Active and Inclusive Communities



## 9. EQUALITIES ASSESSMENT

- 9.1 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and assessed in relation to the Race/Disability/Gender Equalities Assessment. The strategy contains a specific section on Equality and Diversity which addresses all the relevant issues arising from the assessment.

## 10. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 10.1 The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the development is unlikely to have any significant effects on any of the areas defined in the SEA Guidance. A pre-screening report has been undertaken for the strategy and subject to approval by all TPC partners, the strategy will be submitted on that basis for inclusion on the SEA register.

## 11. CONCLUSION

- 11.1 To realise savings that will contribute to the efficiency savings targets set by the Scottish Government the Councils must progress with the roll out of the e-Procurement project and implement the next steps of the Procurement Implementation Programme work streams as part of the Tayside Procurement Consortium.
- 11.2 The procurement implementation programme represents a substantial exercise across the partner Councils and must be suitably resourced, directed and managed. The Council, in line with other public sector bodies should embrace this initiative and seek to gain the potential benefits.

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Tayside Procurement Consortium

# Procurement Strategy (2008-2011)

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# 1. INTRODUCTION

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## Foreword

The environment within which local government in Scotland operates is constantly changing. The modernising agenda places greater emphasis on transparency and accountability, customer focused services, continuous improvement in performance and more joined up planning and delivery of services.

The McClelland report with its focus on better procurement and increased efficiency, the challenges of efficient government and the drive for continuous improvement across local authorities in the pursuit of excellence and value for money have been significant drivers in identifying the need for a collaborative procurement strategy.

The three Tayside Councils – Dundee City, Angus and Perth and Kinross - recognise that Procurement has a critical role to play in achieving potential efficiency savings and ensuring that the organisations are fully prepared to embrace the challenges of the public service reform agenda.

The establishment of a Tayside Procurement Consortium is to manage this changing agenda and to ensure coherence in the work of all Councils. The consortium was formally launched on 8 November 2007 in Dundee.

The Local Government in Scotland Act (2003) places a duty of Best Value on all Councils. The Councils are committed to achieving Best Value through more effective partnership working, integrated and responsive service delivery and more effective use of public resources

The Tayside Procurement Consortium will work with the services within the partner councils to ensure arrangements are put in place to demonstrate the fulfilment of the requirements of the McClelland report and the statutory obligations, which make up the Best Value regime provided by the Act. In doing so the Procurement function will aim to ensure that the principles of Corporate Social Responsibility are promoted and delivered

**Allan Harrow**  
Head of Procurement  
Tayside Procurement Consortium

November 2007

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## 2. What is Procurement?

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“Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the **whole cycle**, from identification of needs, through to the end of the service contract, or the end of the useful life of an asset.<sup>1</sup>

This strategy covers the procurement of all goods, services, works and utilities on behalf of the Councils by their employees, agents, and as a model for its partners.<sup>2</sup>

Although no procurement activity will be exempt, it is recognised that different products and services, especially where the care and education of individuals is concerned, may require a different approach, and this will be reflected in the strategy.

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## 3. Context of the Strategy

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Following the McClelland report published March 2006, which aimed through procurement to contribute to the Efficient Government initiative launched in 2004. The Scottish Government, through the Scottish Procurement Directorate, intends to deliver on a national procurement strategy for local government with a number of targets for authorities to achieve over the period to 2011.

The Tayside Procurement Consortium's procurement strategy and operations will reflect and work towards achieving these targets and this strategy reflects and builds upon recommendations contained within the McClelland report.

This strategy will bring together and co-ordinate council specific procurement plans to deliver improvements in procurement practice and will drive procurement forward as a corporate priority across the partners.

This strategy addresses the areas where the Consortium activity is expected to deliver efficiency opportunities through improved procurement practice. Estimates for efficiencies have been set for the consortium and this strategy sets out how these efficiencies may be achieved.

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<sup>1</sup> Office of Government Commerce definition

<sup>2</sup> The term “partners” encompasses all sources of goods and services whether directly employed, 3rd party, voluntary, or another public body.

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## 4. Aim of the Strategy

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The strategy is aimed at promoting effective procurement across the three authorities. It aims to strike a balance between setting out a high level framework for the delivery of excellent procurement and delivering a detailed plan which will address specific targets.

The key objectives of this strategy are to:

- a. Ensure our procurement practice reflects our vision values and aims
- b. Secure commitment to excellent procurement from all members and officers throughout the Councils
- c. Provide a point of reference and focus for procurement matters
- d. Plan the way forward on improving our procurement function
- e. Deliver savings as part of an authority wide efficiency strategy which will respond positively to the Scottish Government's agenda on Efficient Government and public service reform

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## 5. The Strategic Vision

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### Procurement Mission Statement

***"The Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders"***

The three Councils are fully committed to delivering high quality standards and having an efficient procurement procedure. This in turn will enable us to deliver best value and ensure that best use is made of public resources.

Using best-practice procurement techniques, we are committed to making sure that every pound spent provides value for money, and that every pound saved is directed back into key front line service priority areas.

All services must deliver and promote the following principles of best value procurement. Our procurement will:

- Be transparent;
- Be driven by desired results;
- Create the most economically advantageous balance of quality and cost;
- Reduce the burden on administrative and monitoring resources;
- Lead to simplified or routine transactions;

- Encourage open and fair competition;
- Follow all appropriate regulations and legislation

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## 6. Corporate Social Responsibility

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The Tayside Procurement Consortium recognises that its activities have an impact on the community in which we work and live.

Corporate Social responsibility is essentially how we take account of the economic, social and environmental impacts from the way the Consortium operates – and in doing so maximises the benefits and minimises the downsides for all stakeholders.

The consortium aims to achieve this through actions taken, over and above compliance with minimum legal requirements, to both achieve value for money and address the interests of wider communities.

The following sections of the Procurement strategy outline the aims of procurement in relation to the corporate social responsibility agenda.

This specifically relates to the areas of:

- Sustainability
- Health, safety and welfare
- Environmental management
- Equality
- Ethical procurement
- Development of local economy / engagement with the local business community

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## 7. Sustainability

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Residents in the Tayside area have a right to expect that their money is spent both wisely and fairly. It is the position of the three Council that value for money through competition should be at the heart of public procurement. The Tayside Councils are also committed to playing a full role in sustainable development and have implemented environmental policies in support of this goal.

When we buy goods and services we aim to do so in a way which minimises impact on the environment. Our aspiration is that our suppliers share our commitment to continuous environmental improvement.

Some of the ways in which the Tayside Procurement Consortiums procurement policies may impact upon the sustainable development are shown below. They also contain important messages for those wishing to work in partnership with the Tayside Procurement Consortium.

- It is important that our suppliers keep pace with environmental developments in their particular markets. Failure to do so may mean that they will find it increasingly difficult to compete;
- Development of environmentally preferable goods and services and use of recycled/renewable materials is likely to offer a competitive advantage.
- Suppliers should play a full part in helping the Councils meet their environmental objectives and encourage improved performance.

These are intended as positive messages. We also want to be kept informed of new and developing environmentally preferable products, technologies or services. Those who fail to comply with environmental legislation may be excluded from selling to the Tayside Councils

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## 8. Health and Safety Management

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The Councils are committed to ensuring effective Health and Safety management and performance throughout all Council Services and undertakings, and require that Health and Safety matters be given appropriate consideration with equal status to all other demands.

The Councils recognise their responsibilities for the health, safety and welfare at work of employees, and the Health and Safety of others who may be affected by the Council's work activities.

All goods and services should be procured with the health, safety and welfare of any staff, contractor's employees, clients, volunteers and members of the public who may be affected, in mind.

All procurement must ensure that Health and Safety impact is considered (risk assessment), that Health & Safety impact is minimised through buying products and services that reduce risks to the lowest level, and that as a minimum, goods and services provided meet legal requirements.

Councils expect their business partners to comply with all the relevant legislation, related Acts, regulations and orders within all its contracts. These include:

- Health and Safety at Work Act 1974
- COSHH Regulations 2002
- Noise at Work Regulations 1989
- Electricity at Work Regulations 1989
- Management of Health and Safety at Work Regulations 1999
- Workplace Health and Safety Regulations 1992
- Provision and Use of Work Equipment Regulations 1998
- The Personal Protective Equipment at Work Regulations 1992

The Tayside Procurement Consortium will take into account within its tender evaluation and contracting processes, a potential contractor's approach to Health and Safety in terms of its employment practices and service delivery, which will also be monitored and managed during the life of each contract.

A contractor's compliance with Health and Safety will be checked in two ways:

- **Prior to Contract Award** - by asking questions either prior to or during the tender process. If following evaluation the response does not satisfy the Council's criteria, the firm may not be shortlisted or awarded a contract.
- **After Contract Award** - by including contract conditions on Health & Safety in all Council contracts and by monitoring a contractor's performance and compliance with those conditions

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## 9. Environmental Management

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The Tayside Procurement Consortium strategy has been developed in line with the Scottish Governments environmental policy. Key elements of this are that those involved in procurement activities, in particular specifiers and purchasers, must:

- Consider the environmental impact of purchasing decisions;
- Minimise adverse impacts through buying products, wherever possible, which have least impact on the environment.

The key elements of general procurement policy remain, i.e. that purchasing should be based on competition and value for money (VFM). Procurement should not be used as an instrument for securing objectives on social, industrial or trade policy. This principle is reinforced by our international obligations as members of the EU.



The Tayside Procurement Consortium's procurement policy does, however, allow services to specify goods and services which take account of their environmental impacts, provided a balance is struck between costs, benefits and other relevant factors. Full lifecycle costs, including disposal, must be taken into account and, the choice should favour the option which minimises any adverse environmental effect. Purchasers should also encourage suppliers to minimise any adverse environmental effects of their activities, and also encourage suitable new technology.

This Procurement Strategy and the accompanying procurement plan and objectives are subject to a Strategic Environmental Assessment as required by the Environmental Assessment Scotland Act 2005. Accordingly an ongoing review of environmental considerations is inherent and will underpin all procurement activity.

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## 10. Equality and Diversity

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The Tayside Councils are committed to equality of opportunity both as service providers and as employers. The Councils value the diversity of the communities in the area and work towards providing services that are inclusive and accessible. The Councils recognise that social inclusion and promoting equality of opportunity and good relations between different groups can only be achieved by incorporating equalities into the planning and implementation processes for all Council Services.

The Councils believe in equal opportunities for all. This belief becomes a reality through our policy commitments and proactive measures to challenge equality, recognise difference and celebrate diversity. The Councils will adopt a broad approach to equalities using the Equality Standard for Local Government as a framework for this.

The Equality Standard for Local Government is a performance management framework for mainstreaming equality into service delivery and employment. At present the Standard covers equality on the grounds of Race, Disability, Gender, Age, Religion/Belief and Sexual Orientation. The benefits of adopting the equality standard are:

- Identifies barriers that prevent equal access to services and employment
- Helps organisations conform to existing and forthcoming legislation
- Recognised as a credible performance management framework for equalities issues

A number of pieces of legislation contain various prohibitions on discrimination on the grounds of race, sex and disability in the provision of goods, facilities and services, and as such the Councils expect their business partners to comply

with all the relevant legislation, incorporating these as a requirement within all its contracts.

Currently the Councils have duties under the Race Relations (Amendment) Act 2000 and the Disability Discrimination Act 2005 (e.g. the Disability Equality Duty) to promote equality, including in their respective procurement practices. These are now supplemented by requirements under the Gender Equality Duty.

Together these require the Councils to ensure that any contractor or partner that delivers services directly on their behalf has an effective equality policy and that this is implemented and followed. This consequently requires the Councils to obtain monitoring data on a regular basis to determine whether our contractors or partners are complying with their policies. Whilst suppliers of goods to Council services do not provide services directly on our behalf as part of our duty to promote equality we would encourage them to have equality policies and operate in the same way as our other contractors and partners.

The Tayside Procurement Consortium will take into account within its tender evaluation and contracting processes, a potential contractor's approach to equalities in terms of its employment practices and service delivery, which may also be monitored and managed during the life of each contract.

A contractor's compliance with equality and diversity issues will be checked in two ways:

- **Prior to Contract Award** - by asking equalities questions either prior to or during the tender process. If following evaluation the response does not satisfy the Council's criteria, the firm may not be shortlisted or awarded a contract.
- **After Contract Award** - by including contract conditions on equality in all Council contracts and by monitoring a contractor's performance and compliance with those conditions.

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## 11. FAIRTRADE

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FAIRTRADE refers to a social movement that promotes social economic and environmental standards in the purchasing of goods from developing countries.

Fair Trade refers to the certification and labelling system that ensures that these standards are met. One important objective is to ensure that excluded/disadvantaged producers are able to access international markets, are paid a fair price for their products and are provided with decent working conditions during production. Fairtrade also seeks to promote environmentally sustainable practices and develop long term economic trading relationships.

Traders are encouraged to buy as directly from producers as possible and supply chains are kept as transparent as possible.

So, in simple terms, producers in developing countries are paid a fair price for their products; in turn their workers are paid a living wage – an amount capable of sustaining basic needs, including food, shelter, education and health services.

By purchasing a fairtrade product or by stocking and promoting fairtrade product lines, consumers and businesses give communities the chance of an economic, environmental and socially sustainable future.

#### **Perceived benefits**

- Increased sustainable benefits for marginalised and disadvantaged third world producers.
- Increased standing as a good corporate citizen
- Opportunity to develop sustainable influence to other sectors

The Councils recognise the importance of Fair Trade and wish to increase the awareness of fairtrade.

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## 12. Development of Local Economy / Engagement with Local Business Community

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Tayside Procurement Consortium's aim is to ensure that, wherever possible and consistent with the need to secure VFM, suitably qualified Small/ Medium Enterprises (SME) have the opportunity to compete for the Tayside Council's business.

The barriers to business that SMEs face and how SMEs can be assisted in bidding for work will be addressed by the Tayside Procurement Consortium to ensure that SMEs are not unduly disadvantaged in the procurement process.

The definition of an SME is described as a business with less than 250 employees.

The issue of quotas for SMEs, i.e. ensuring that SMEs are awarded an agreed percentage of all public sector contracts, is often raised in the UK, but while inclusion of SMEs in competitive tendering exercises should have the benefit of increased competition, quotas would act against the principle of VFM and also against procurement legislation.

Scottish Government Procurement Policy states:

*"It is Government policy to take steps to remove barriers to participation by SMEs. There are many ways in which this can be done, such as improving access to procurement opportunities and information, which do not discriminate against larger firms and which help to improve VFM by increasing competition."*

Given the nature and often comparatively large size of public sector contracts there will inevitably be circumstances when SMEs will have the best opportunities to tender for contracts as part of a consortium, as opposed to as a main contractor.

The Tayside Procurement Consortium will work in partnership with Economic Development departments across the three Councils to assist delivery on the respective initiatives - the three authorities have signed up to the Scottish Government's suppliers charter which commits to the following:

- Consult with the business community to identify and reduce barriers to business
- Facilitate understanding of public sector procurement policy and legislation by relevant stakeholders
- Ensure that the approach to individual contracts, including large contracts and framework agreements, is supported by a sound business case
- Keep the tender process as simple as possible, but consistent with achieving Best Value/value for money, to help minimise costs to suppliers
- Unless there are compelling business reasons to the contrary, ensure that adequate and appropriate publicity is given to contract opportunities that fall below the OJEU threshold limits or are otherwise exempt from the public procurement directives
- Commit to using the core questionnaire for routine procurements with addition of bespoke additions on a case by case basis. Authorities will be expected to follow this format and, as closely as possible, wording for routine open procedure procurements
- Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process
- Publish guidance for the business community on tendering for opportunities
- Support training for procurement staff to develop consistency in the use of best practice procurement activity

The Tayside Procurement Consortium will actively engage with the Chamber of Commerce and the Federation of Small Businesses to progress our support of the local business community in Tayside.

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# 13. Delivering Efficiencies

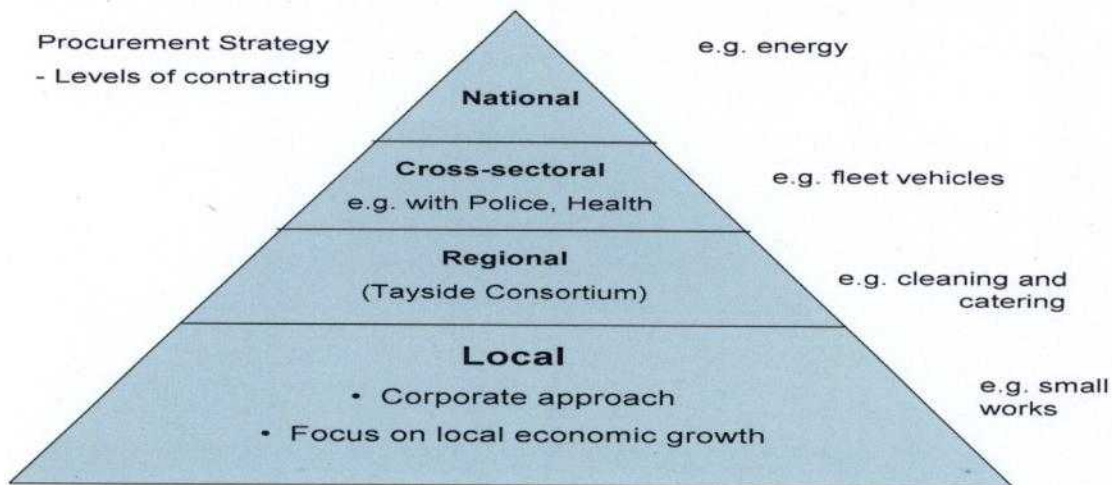
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Procurement has a significant role to play in the delivery of the three councils respective overall Efficiency Strategies.

The three Councils have already undertaken to address a number of key corporate commodity areas in order to gain efficiency savings for services and improve purchasing practice. Through existing initiatives, such as a collaborative purchasing approach, areas which have already been addressed include photocopiers, stationery / office supplies and wheelie bins.

Through involvement with the Scotland Excel programme, the Councils will realise further efficiencies through a national collaborative procurement approach. They will also take advantage of cross-sectoral procurement through the Scottish Centre of Procurement Excellence once that becomes available.

The following diagram explains on a high level the approach to this initiative.



Efficiencies will be monitored and Councils will be responsible for ensuring the effective redeployment of savings to their front line service provision.

Through implementation of this procurement strategy that adopts a collaborative procurement approach between the Tayside partners we may be able to realise a number of efficiency savings in key commodity areas.

From a recent review of the ledger data, expenditure profiles and existing contracts in place for the three Councils, there is significant potential for efficiencies to be realised. This is dependent upon a number of critical key factors being implemented including the successful roll out of e-Procurement Systems across all three Councils, compliance across all Councils to collaboratively procured contracts, and the enablement of strategic sourcing

To achieve these ends, the Councils will:

- Implement collaborative procurement exercises in the identified opportunity areas detailed below through the Tayside Procurement Consortium.
- Participate in national and cross-sectoral procurement activity where this present the Councils with best value solution to their requirements.
- Consider the scope and advantage for joint and collaborative activity on all other procurement opportunities as and when they arise.
- Once they are implemented, use strategically sourced suppliers for provision of relevant commodities to the exclusion of others not strategically sourced.

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## 14. Governance

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The Governance arrangements for the Consortium will be through a steering group comprising the Deputy Chief Executive (Dundee City Council), the Executive Director of Corporate Services (Perth and Kinross Council) and the Director of Corporate Services (Angus Council).

The Steering Group will receive reports from the Head of Procurement, indicating the progress made in delivering the Tayside Procurement Strategy, and will have responsibility for ensuring that the Strategy is applied across all Councils.

A Tayside Procurement Consortium team will support the corporate procurement functions in each authority and will provide the vehicle by which the programme will be rolled out and the members of the Tayside team and the respective corporate procurement resource will ensure support is provided directly to this initiative. Delivery of the procurement programme within councils will be taken forward by Corporate Procurement Manager from each respective Council.

There will be some issues that arise through this change process that require to be considered by the Steering Group but in the main these matters will be addressed internally at an operational level. The Corporate Procurement Managers will ensure compliance within their respective councils for the corporate governance arrangements for all procurement related issues.

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## 15. Structure and Resources

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The operating model and process flow for the consortium is set out at Appendix A to this strategy.

A budgetary provision has been made to support the Tayside procurement implementation plan from each member Council. Resources to support the implementation of consortium arrangements, collaborative buying and e-procurement are subject to normal budgetary pressure.

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## 16. Monitoring and Review

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Every public-sector organisation should have a formal programme of procurement and internal efficiency measurement and management. McClelland in his review notes that every procurement programme should also measure the effectiveness of procurement in terms of results achieved. The reported information should rely heavily on key performance indicators.

The Councils additionally have a requirement to report on a national basis to the Scottish Government. As a minimum the types of KPIs are likely to be:

- Total Procurement Expenditure
- Procurement Expenditure Analysed by Spending Department
- Procurement Expenditure Analysed by Commodity or Service
- Total Number of Procurement Transactions
- Total Cost of Resources in Procurement Department
- Total Cost of Resources in Procurement Process including support departments, e.g. Accounts Payable
- Procurement Resources Analysed by Commodity or Service Procured
- Procurement Department Cost per £ of spend
- Procurement Process Cost per £ of spend
- Procurement Department/Process Cost per £ of Specific Commodity
- Spend Process Cost per Transaction
- Savings Achieved Year-on-Year in Absolute Terms
- Year-to-Year movement in Index of Basket of Procured Commodities Tracked
- Number of Suppliers (active/inactive)
- Spend Identified by Supplier
- Average Spend per Supplier / per Order placed

The effectiveness of this strategy will be measured through the efficiency savings realised and a set of indicators as listed above.

Monitoring of the consortium will be through standard internal audit schedules, monthly reports to the Steering Group and reports to Council committees as required

An annual procurement report assessing progress will be submitted as part of the annual efficiency statement to the Council's Strategic Policy and Resource Committees.

This strategy document will be reviewed annually.



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# Procurement Plan - 2008 to 2011

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***“Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”***

## **Five Key Operational Objectives**

From the vision the following five key operational objectives for 2008 to 2011 can be identified:

1. Implement an overall Procurement Strategy.
2. Deliver a collaborative procurement approach.
3. Develop the knowledge and skills of those involved in Procurement.
4. Work towards Tayside Procurement Consortium being seen as an exemplar of best Procurement practice by all stakeholders.
5. Commitment to Continuous improvement and efficiency savings.

**Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2008-2011				
1. Develop an overall Procurement Strategy				
Outcomes	Main Actions	Priority	Completion Date	Owner
Creation, development and delivery of a TPC procurement strategy	Agree Vision Process map – what, who, how and by when	Critical	March 08	HoP
Create a TPC Governance Procurement Framework	Delegated Procurement Framework Authority to purchase Governance principles Business conduct documents	Critical	March 08	HoP
Ongoing assessment of delivery of recommendations from McClelland report	Revise strategy and policy Report to Councils Realise benefits	Critical	Ongoing	HoP
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Acceptance of requirement for change</li> <li>• Acceptance of importance of Procurement</li> <li>• Availability of resource</li> <li>• Commitment to change</li> <li>• Acceptance by audit for revised Governance structure</li> <li>• Approval from committee of vision , objectives and strategy</li> </ul>			

**HoP** Head of Procurement  
**SPD** Scottish Procurement Directorate (Scottish Government)  
**CPM** Corporate Procurement Manager

**Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2008-2011				
2. Deliver a Collaborative Procurement Approach				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Creation of a Central Procurement Unit	Agree structure Agree resource Implement	Critical	March 08	HoP
Identification of Key Council Users and Contacts	Training Share information Best practise	Critical	March 08	HoP CPMs
Full Contract Audit	Thorough review and procurement evaluation of all existing contracts Approval / Termination Renegotiate/Re-tender	Necessary	March 08 then ongoing	CPMs
Performance monitoring	Implement KPI's Work with EPS to develop E-proc. KPI's	Necessary	March 08	CPMs HoP
Organisational capacity	Develop & assist delivery of internal Training Specialist Training Develop skills base ( CIPS)	Necessary  Desirable Desirable	March 08  Ongoing Ongoing	HoP CPMs  Training & Developmt Section
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• High level support required from all areas</li> <li>• Availability of information – co-operation of all operational staff</li> <li>• Availability and willingness to commit resource</li> <li>• Ability to deliver.</li> <li>• Ability to ensure compliance to strategy , policy and protocols</li> <li>• Actual physical resources available</li> <li>• Ability to address the ' what's in it for me ' issue</li> </ul>			

**Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2008-2011				
3. Develop the knowledge and skills of those involved in procurement				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Development of Procurement User Guides	Update Contract rules	Necessary	Oct 08	HoP
	Update Contract rules guidance		Oct 08	CPMs
	Update Procurement Policy		Oct 08	
Effective communication	Develop overall communications plan Periodic newsletter Establish a database for Publication	Necessary	Ongoing	HoP CPM
	Create User guides	Necessary	Oct 08	CPMs HoP
	EU guidance	Necessary	March 08	CPMs HoP
	Advanced Procurement policy	Desirable		SPD
	Procurement templates	Critical		SPD
	Conditions of contract	Critical		SPD
	Development of a suppliers charter	Desirable		SPD
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Initial dependency on SPD to provide information</li> <li>• Support of management and staff to a corporate approach</li> <li>• Availability of appropriate resource to provide necessary support / monitoring / audit.</li> </ul>			

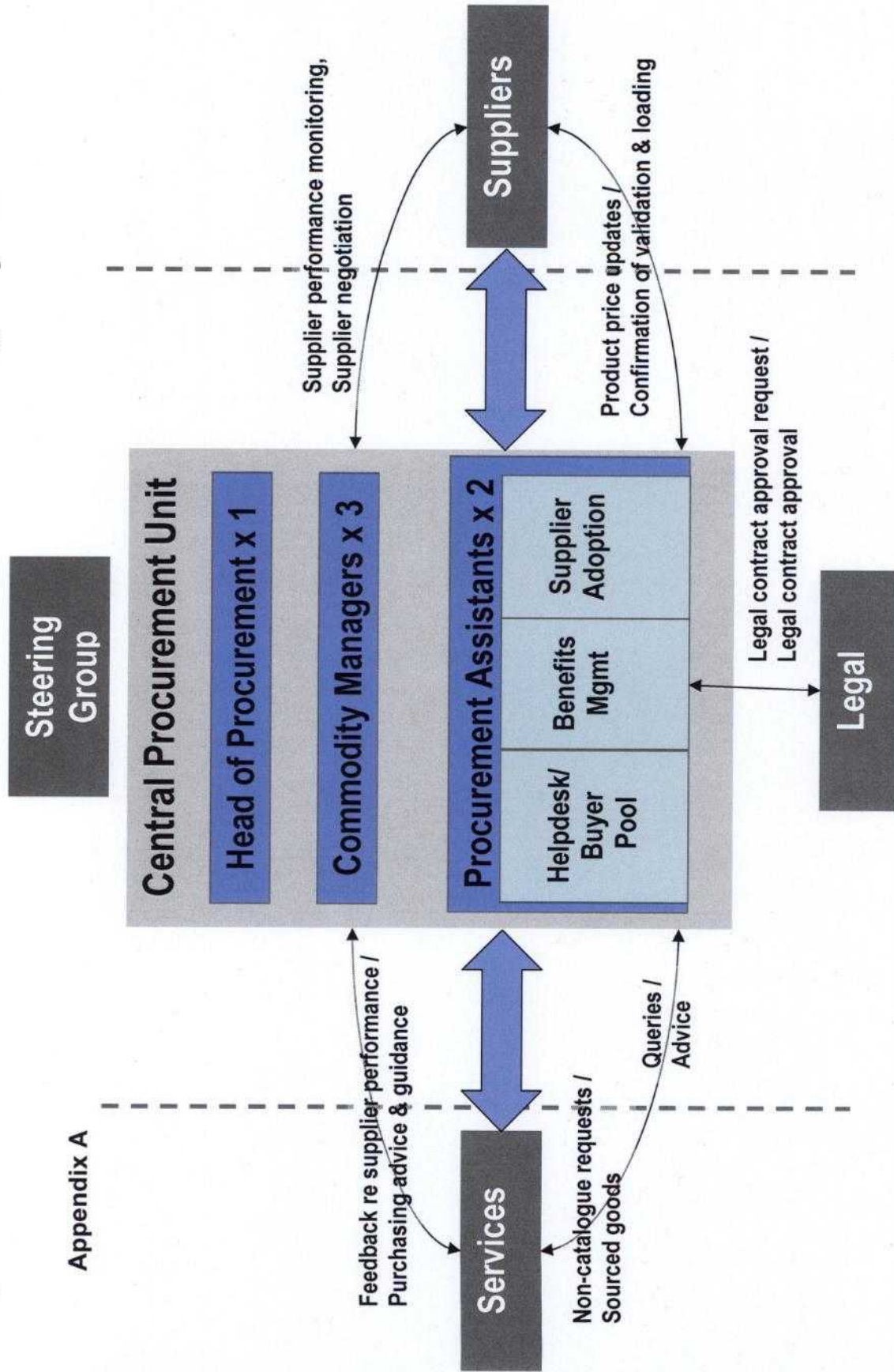
**Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”**

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN 2008-2011				
4. Work towards <i>Tayside Procurement Consortium</i> being seen as an exemplar of best procurement practice by all stakeholders				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Website – user friendly	Develop website	Necessary	March 08	CPM HoP
Intranet – user friendly	Establish a library of guidance tools and techniques on intranet pages	Necessary	March 08	
Efficiencies from collaborative procurement	Implement excel	Necessary	April 08	CPM HoP
Central register of contracts	Information – develop a standard format Review use / non use of contracts Promotion and rationalisation of contracts	Necessary	March 08	CPM HoP
Local supplier engagement	Develop and agree improvement plan with BCI , EC Dev & CoC	Necessary	March 08	CPM HoP
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Availability of appropriate information from services</li> <li>• Procurement and its relationship with Economic Development &amp; Chamber of Commerce</li> </ul>			

***Tayside Procurement Consortium will work to deliver effective and efficient procurement for the benefit of the organisation and all its stakeholders”***

STRATEGIC OBJECTIVES AND IMPLEMENTATION PLAN (2008-2011)				
5.Commitment to continuous improvement				
Outcomes	Main Actions	Priority	Completion Date	Responsibility
Compliance Awareness Ownership	Establish an annual review process for strategy, policy and guidance	Desirable	March 08	CPM
	Ensure above is up to date and reflects best practice	Desirable	March 08	
Delivery of e-Procurement	Implement EPS proposals	Desirable	Ongoing	CPM
Key Risks and Dependencies	<ul style="list-style-type: none"> <li>• Availability of appropriate resource to provide necessary support / monitoring / audit.</li> <li>• Mis-match of priorities of consortium members</li> <li>• Equity of commitment from all members to consortium</li> <li>• Ability of all services to facilitate the roll out of ePS</li> </ul>			

# Proposed Central Procurement Unit model including key interfaces





# Tayside Procurement Consortium

## Tips For Success

- 1. Confirm budget is available** - how much can you spend, are there limits?
- 2. Plan ahead:**
  - Contact CPU for advice and guidance.
  - Identify & involve key stakeholders.
  - Establish roles & responsibilities.
  - Do your market research.
  - Scope project.
  - Agree requirements.
  - Draw up project timetable.
- 3. Improve your buying power** - work with the TPC, Excel, NPoCE or other buying organisations to get a better deal.
- 4. Make use of existing work** - contracts, frameworks and documentation.
- 5. Be compliant:**
  - with Contract Standing Orders.
  - with domestic & EU legislation.
  - contact CPU / Legal for advice and guidance.
- 6. Be transparent:**
  - ALWAYS adequately advertise opportunity.
  - Disclose the rules of the procurement process in advance & don't modify rules or requirement during the process.
  - Publish evaluation criteria & weightings in contract notice / tender documents.
  - Be clear with bidders on how their tenders will be evaluated.
  - Clearly define the desired scope of services.
  - Allow adequate time for tenderers to submit bids.
  - Maintain an audit trail of all minutes, agreements, etc
  - Establish a balanced, fair contract that shares risks & rewards.
  - Seek appropriate approval on above EU threshold contracts and report retrospectively.
  - Award the business.
- 7. Encourage innovation & secure Best Value:**
  - Don't introduce unnecessary complexity that can stifle competition, increase costs or delay process.
  - Don't spend hours saving a pound - consider the total cost of procurement.
  - Keep it simple.
  - Learn from the experience of others.
  - Best Value goes not necessarily mean best price.

## Questions That Must be Answered

- Is there a business case for the procurement?
- Could the goods or services be borrowed, shared or provided in house?
- Is this the right time to make the purchase?
- Is the budget available?
- Can the purchase be justified?
- Is the resource (technical & strategic) available to properly evaluate and acquire?
- Have you allowed sufficient time (up to two weeks for a quote, up to 8 weeks for a below threshold contract & up to 6 months for an above threshold contract) to complete the exercise?
- Have relevant Council & Government Policies been taken into account?
- Have risks been identified and mitigated against?
- Has market been researched for latest supply, costs and product trends?
- Has sustainability been considered?
- Is there a greener route?
- Is there competition and will the process invite and create competition?
- Is there an existing contract or framework that could be utilised?
- Is there scope for cross departmental or cross Council collaboration?
- Is there a similar tender document or spec available (from another Council for example) - why reinvent the wheel?
- Have legal requirements been met?
- Has requirement been clearly stated with no scope for misinterpretation?
- Have end users been consulted?
- What is the minimum level of quality required as opposed to desired - fit for purpose?
- Total cost of ownership versus price
- Who is going to manage the supplier relationship and carry out Contract Reviews?

## About This Guide

This Guide to Procurement has been produced to support Council employees with responsibility for purchasing goods & services. This Guide should be used in conjunction with the Councils Contract Standing Orders & EU Procurement Regulations.

## Further Information

The Corporate Procurement Units are keen to assist with any procurement related questions you may have. Individual points of contact have been detailed below:

Mark Allan: CPU Manager Angus  
Telephone:

Brian Rose CPU Manager Dundee:  
Telephone: 01382

Mary Mitchell CPU Manager Perth:  
Telephone: 01738

James Hetfield:  
Commodity Manager -  
AAA  
Telephone: 01382

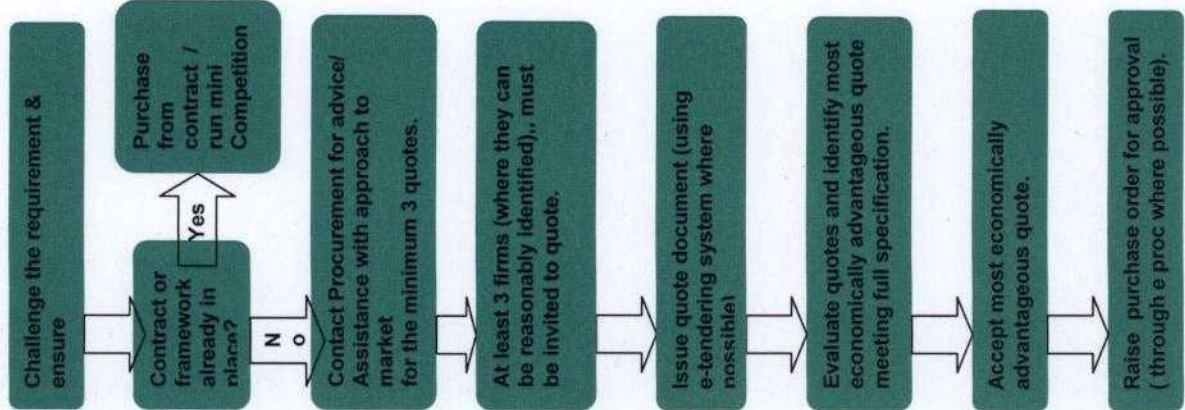
Cliff Burton:  
Commodity Manager  
BBBB  
Telephone: 01382

Kirk Hammelt:  
Commodity Manager  
CCCC  
Telephone: 01382

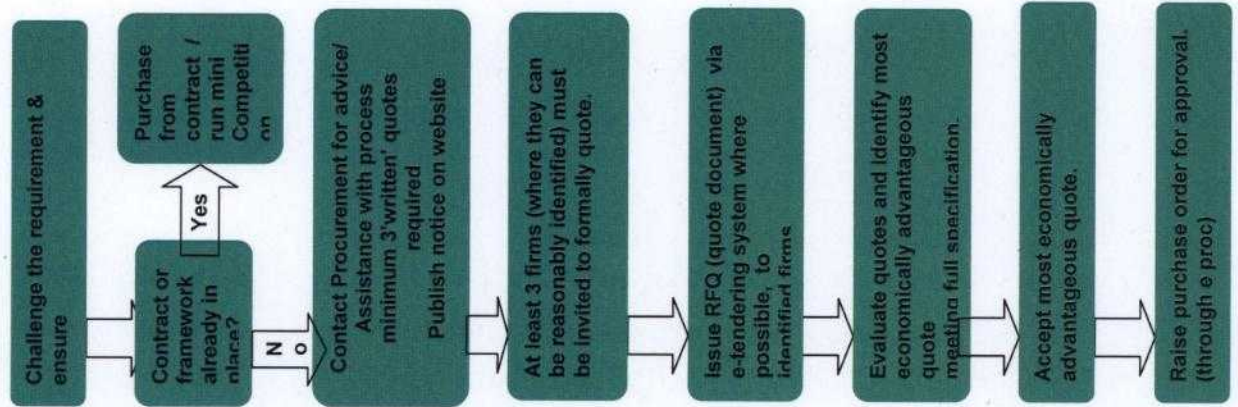
TPC Helpdesk  
Telephone: 01382



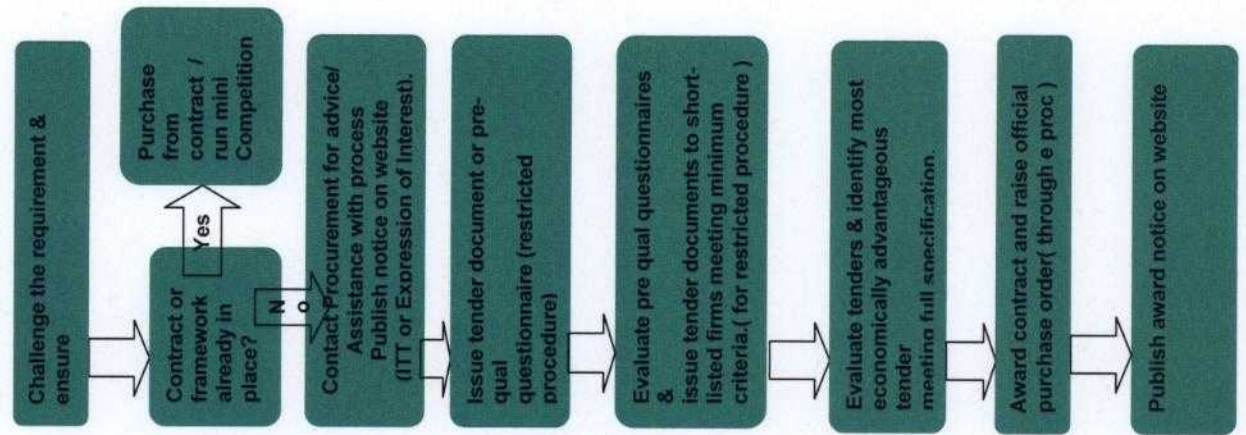
Supplies & Services: <£5K  
Works: <£500K



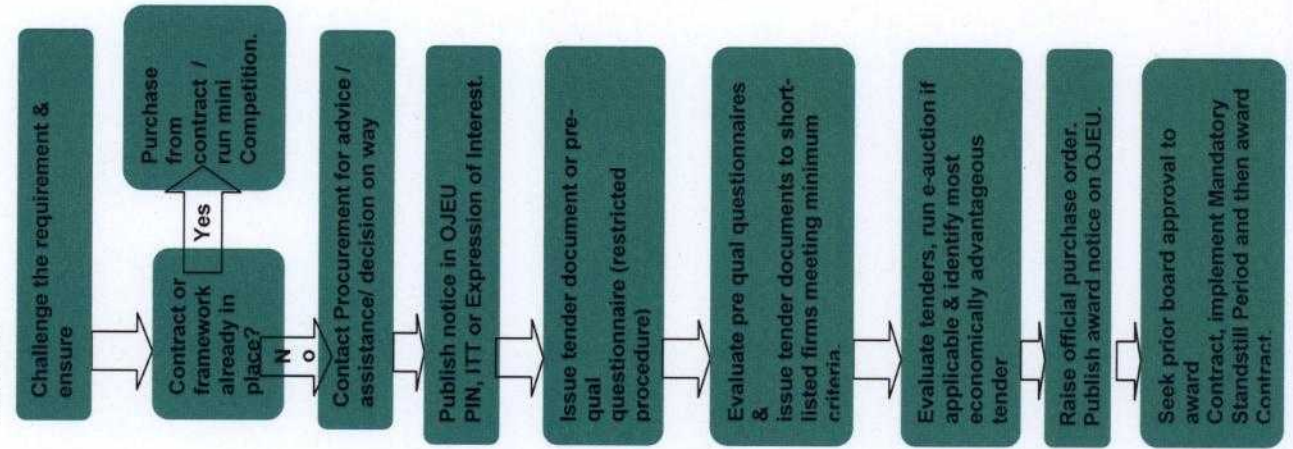
Supplies & Services: >£5K <£50K  
Works: as before



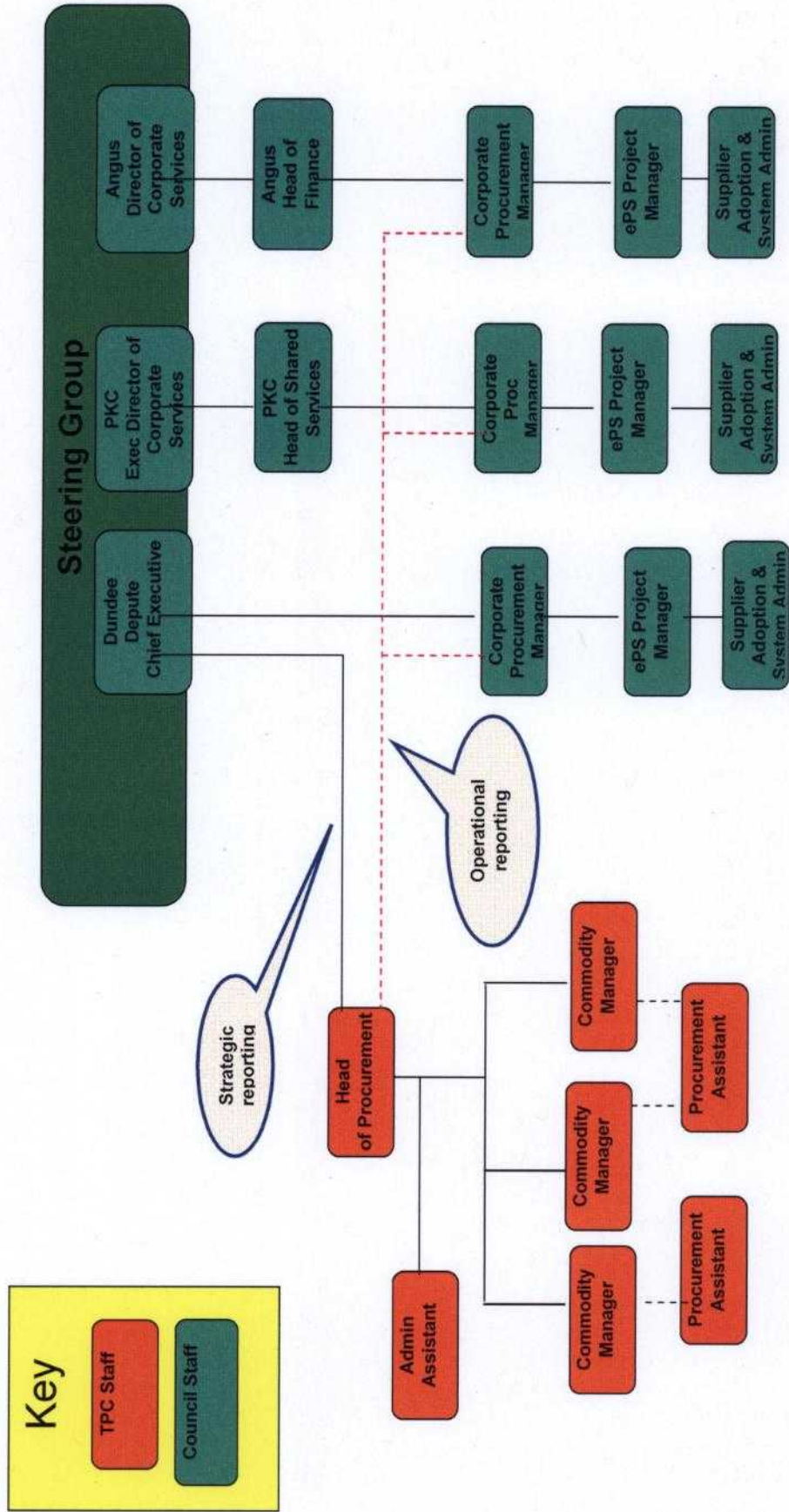
Supplies & Services: >£50K <£144,371  
Works: >£500K <£3,611,319



Contracts in excess of EU Threshold



# Tayside Procurement Consortium Operating Model



Specialist Commodity Groups (UIG's)

MEMORANDUM OF UNDERSTANDING

Amongst

DUNDEE CITY COUNCIL,  
ANGUS COUNCIL and  
PERTH and KINROSS COUNCIL

("the Councils", the singular of that phrase renaming  
any of the Councils)

with regard to

SHARED PROCUREMENT FUNCTIONS  
AND DEVELOPMENTS

**1. INTRODUCTION**

- 1.1 The three Councils in Tayside have a history of procurement collaboration. To fulfil the three Councils' desire for a fundamental improvement in procurement and to establish permanent support arrangements for collaborative procurement in the region, the Tayside Procurement Consortium (the "TPC") has been created. This memorandum set out the Councils joint understanding as to the basis upon which the TPC will operate.

**2. POLICY STATEMENT**

- 2.1 This Memorandum is entered into to achieve the following objectives:
- a. To enable the Councils to develop a shared procurement model as detailed in the output of the Tayside Procurement Organisational Design Workshop held on 18 October 2007;
  - b. To establish the governance framework for the Programme;
  - c. To enable the Councils to implement the proposals set out in the Tayside Procurement Strategy (2008–2011);
  - d. To utilise the expertise, skills and knowledge of the Councils in procurement matters for their mutual benefit in the procurement process.

**3. START DATE AND TERMINATION**

- 3.1 This project and programme of the TPC should be taken to have commenced from 8 November 2007 (notwithstanding the date or dates of

this Memorandum) and shall endure in perpetuity unless and until terminated by one of the Councils giving not less than 6 months prior notice in writing to the others to take effect.

- 3.2 Termination of the TPC shall be of no effect in terms of each Council's continuing liability to the others for expenditure already committed and binding why actions already and entered into prior to the termination date on the strength of this Memorandum (and whether or not such expenditure or obligations arose prior to the signing of the Memorandum)

#### **4. STATUS OF THE MEMORANDUM**

- 4.1 Except where this Memorandum obliges the Councils to make an equal financial contribution to the cost of the Programme (including the cost of employing consultants and of employing the agreed procurement staff) this Memorandum shall not constitute a formal legal partnership. The relationship is one of independent Councils working together.

#### **5. CONTRACT AWARD**

- 5.1 The TPC will award contracts on behalf of the three Councils. Contract award shall require acceptance by each individual Council through a delegated scheme of approval made through the TPC Steering Group being the group composed as set out in clause 6.1 below and having delegated responsibility in behalf of the Councils for the direction and control of the TPC (the "Steering Group"). Delegated authority will be awarded to respective steering group members to enable award to be made.
- 5.2 The contracts to be entered into will be strictly on the basis of joint and several liability amongst the Councils only.

#### **6. PARTNERSHIP**

- 6.1 Each Council will be an equal partner in the programme and will commit staffing resources and generally share the workload as agreed by the Steering Group. The relationship between Councils should be such that the Councils will achieve the maximum benefit from working together. With the exception of any financial arrangements that are specified in this Memorandum each Council will bear their own costs and there will be no recharges between Councils unless otherwise agreed.
- 6.2 Each of the Councils will ensure active participation in the Steering Group.
- 6.3 Each Council will ensure that their respective nominated member of the Steering Group will have sufficient delegated authority to participate fully in Steering Group business and to take decisions thereon.

## **7. REGULATORY COMPLIANCE**

- 7.1 All procurement processes and procedures undertaken in connection with the project and the programme will comply with E.U. Public Procurement Law, Scots Law and the Financial Regulations and Contract Standing Orders of the Councils for these duties.

## **8. PROGRAMME GOVERNANCE**

- 8.1 The programme will be managed at a strategic level by the Steering Group. The initial membership of the Steering Group is as undernoted. Where a Council wishes to change its representation on the Steering Group it must notify the other Councils in writing before the change can take effect. Membership of the Steering Group will be at a minimum of Chief Officer level although emergency / deputisation will be permitted.

<b>ROLE</b>	<b>NOMINEE</b>	<b>PARTNER</b>
Council Representative	David Dorward	Dundee City Council
	Colin McMahon	Angus Council
	Gavin Stevenson	Perth and Kinross Council
Head of Procurement	Allan Harrow	For all Councils

The Councils agree that the Steering Group members will have the full delegated authority of the Council they represent to

- Award contracts relative to the commodity groups identified in the Tayside Procurement Strategy 2008 - 2011 on behalf of their respective councils
  - Take all decisions necessary to progress the project in accordance with the agreed programme work plan and programme budget
- 8.3 The Steering Group will be chaired by the Head of Procurement and meetings located in each member authority area on a rotating basis. The Head of Procurement will arrange for timely and accurate records of all Steering Group decisions to be kept.
- 8.4 Decisions made by the Steering Group will require agreement amongst all Councils who will undertake to ensure all decisions are taken timeously in accordance with the requirements of the programme. The Steering Group will report to the Councils on progress of the Programme in accordance with their individual internal reporting and governance arrangements.
- 8.5 If a Council wishes to change its representation on the Steering Group it must notify the other Councils in writing before the change can take effect.

## **9. PROGRAMME ORGANISATION**

The programme team will be made up of partner Councils' staff and the appointed consultants' staff as follows:

### **Head of Procurement**

- 9.1 The Head of Procurement will be appointed by the Steering Group and his/her responsibilities will be as detailed in the respective Job Description. The Head of Procurement will be employed by Dundee City Council who will be responsible for the payment of the Head of Procurement. The Head of Procurement will be employed for an initial period of three years with an option to extend for a further two years thereafter.
- 9.2 The Head of Procurement's overall responsibility will be to progress the programme in accordance with the requirements of the programme plan and within the Programme budget, and to this end he/she shall have such delegated authority to take all necessary decisions as shall be agreed by the Steering Group.

### **Programme Consultants**

- 9.3 Programme Consultants will be appointed by the Steering Group to undertake the tasks detailed in the Statement to utilise the expertise, skills and knowledge of the Parties in procurement matters for their mutual benefit in the procurement process of work as approved by the Steering Group.
- 9.4 Dundee City Council will make arrangements for the payment of their fees with funding being released from funding received from the Scottish Procurement Directorate of the Scottish Government (or elsewhere). Thereafter any funding will be subject to the other Councils meeting their financial obligations in terms of this Memorandum. The programme consultants will be managed by the Head of Procurement on behalf of the three Councils.

### **Programme Team members**

- 9.5 To deliver the programme, the Councils will employ staff with knowledge and experience of existing Procurement activity and potentially with others employed in other Services who are involved in these areas of activity. A central team will be created, located and employed by Dundee City Council who will be responsible for the funding of the team. The team will be managed by the Head of Procurement.
- 9.6 Accordingly each of the Councils will ensure that within reason, officers from Finance, Procurement and all other appropriate services are allocated to the programme in line with reasonable programme requirements and made sufficiently available to fulfil the objectives of the programme.

## 10. FINANCIAL ARRANGEMENTS

- 10.1 The three Councils will fund the reasonable and necessary costs of the TPC Central Procurement unit (the "CPU").

The CPU shall comprise the agreed establishment. No change to the CPU establishment may be made without the agreement of the Steering Group.

- 10.2 Dundee City Council as 'parent' member shall provide the appropriate accounting and human resource support services for the CPU . Dundee City Council shall subject the activities of the TPC to the standard audit scrutiny and shall make the accounts and records of the CPU available to the other Councils on an open-book basis. Dundee City Council shall also provide legal support services to the CPU subject to consultation with the Legal Services sections of the other Councils on all matters of importance affecting the interests of the other Councils in the work of the TPC.

\_\_\_\_\_  
David Dorward  
(Dundee City Council)

Date \_\_\_\_\_

\_\_\_\_\_  
Gavin Stevenson  
(Perth and Kinross Council)

Date \_\_\_\_\_

\_\_\_\_\_  
Colin McMahon  
(Angus Council)

Date \_\_\_\_\_

version 1.2

**18 January 2008**