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**Report to Resources & Audit Committee**

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**Date of Meeting: 25 February 2016**

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**Subject: Procurement Update Report**

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**Report by: Head of Resources & Governance**

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**1.0 Purpose**

- 1.1. This report updates the committee on key procurement activity and statistical performance during the Financial Year 2014-15 and provides an update on the Procurement Capability Assessment in 2015.

**2.0 Recommendations**

- 2.1. It is recommended that Committee notes the report, commenting and challenging as appropriate.

**3.0 Considerations**

- 3.1. The report is the third report presented to the Committee to provide Elected Members with greater visibility of all the Council's procurement activity.
- 3.2. The Report gives a snap shot on how procurement is organised within Clackmannanshire Council and the resources that are being utilised to deliver effective procurement.
- 3.3. The financial analysis has been carried out using the Spikes Cavell tool (observatory) with financial data supplied from the Council's Strategix System for 2014-15. The observatory is a unique collaborative project designed to enable public sector organisations across Scotland to gather comprehensive supplier, spend and performance information.
- 3.4. In addition the report provides:
- A high level view of the Procurement Capability Assessment for 2015.
- Exception reports
  - Efficiencies from Scottish Government Procurement activity
  - Efficiencies from Scotland Excel Procurement activity

- Spike Cavell Charts detailing key statistics

### 3.5 Key issues identified in the report are:

- The opportunities for improving procurement processes presented by adoption of the new financial system, Technology One, in 2016. Particularly the introduction of e-procurement and e-invoicing and improved reporting and monitoring capabilities.
- The introduction of new procurement legislation and accompanying Regulations providing for new Public Sector Duties and the transposition of three new EU Directives into Scottish Law. It is anticipated that the various requirements will be fully published with implementation dates by the start of the next financial year. An e-learning pack and training courses have been made available by the Scottish government to help procurement staff understand the impact of the transition. The e-learning will be made available to all staff via the Council's e-learning portal OLLE.
- Taken together with the process improvements from the new Finance System, R&G will be in a position to develop new Contract Standing Orders for approval by Council during 2016.
- The end of the current method of evaluating the performance of Procurement functions (the Procurement Capability Assessment) and the introduction of the Procurement Capability Improvement Programme in 2016.

3.6 The Council's continuing relationship with Scotland Excel has been the subject of some scrutiny given a proposed increase in their charges. Council's are charged on the basis of their size rather than the actual number of contracts or usage made so for a small council there are significant costs avoided in regard to the size of the in-house team that would be required to undertake major procurements and a reduced risk profile through accessing wider procurement expertise.

3.7 For example, currently the EU threshold for procurement is £164k and 21 of the Council's contracts would be subject to these rules. EU tenders follow the Council's route 3 tender process which would take a minimum of three months for a simple requirement and for a more complex requirement could take anything between 4 to 9 months. Of the requirements 9 placements based on the overall spend would be subject to a full tender but the time scales depending on the complexity would be anything from 1 to 4 months. Using Scotland Excel is better utilisation of very scarce procurement skills and knowledge available in-house.

3.8 Scotland Excel also manage the contracts on behalf of the Council which can be very time consuming at an individual level

3.9 In 2010 the Council agreed to join Scotland Excel and the rationale for joining is still current:

- Quantifiable savings

- Access to increasing contracts portfolio potentially resulting in addition savings in the two significant areas of expenditure in care and construction
- Access to additional procurement expertise and good practice, thereby reducing commercial risk.
- Increased access to procurement capacity resulting in delivery of wider community benefits

From time to time questions are raised about the value for money provided through Scotland Excel because it is suggested prices might be cheaper using local suppliers or using local suppliers outside the Council's framework agreements. Such suggestions need to be investigated but must also be treated with some caution because the contractual arrangements, volume discounts and service specification may not be comparable.

#### **4.0 Sustainability Implications**

- 4.1. The report refers to maximising the local benefit of procurement by engaging with local businesses to increase awareness of opportunities to provide the council with services or supplies.
- 4.2. Procurement Officers will continue to provide support to local businesses to ensure they are able to respond to opportunities to provide the council with services or supplies.

#### **5.0 Resource Implications**

##### *5.1. Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

##### *5.4. Staffing*

#### **6.0 Exempt Reports**

- 6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### **7.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

**8.0 Equalities Impact**

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
 Yes  NA

**9.0 Legality**

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**10.0 Appendices**

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Procurement Update Report

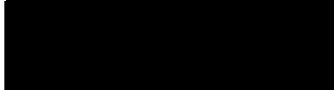
**11.0 Background Papers**

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)  
 Yes  (please list the documents below) No

**Author(s)**

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**Approved by**

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# Resources and Governance **Procurement**

## Update report January 2016

*Making Clackmannanshire Better*

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## 1. Purpose

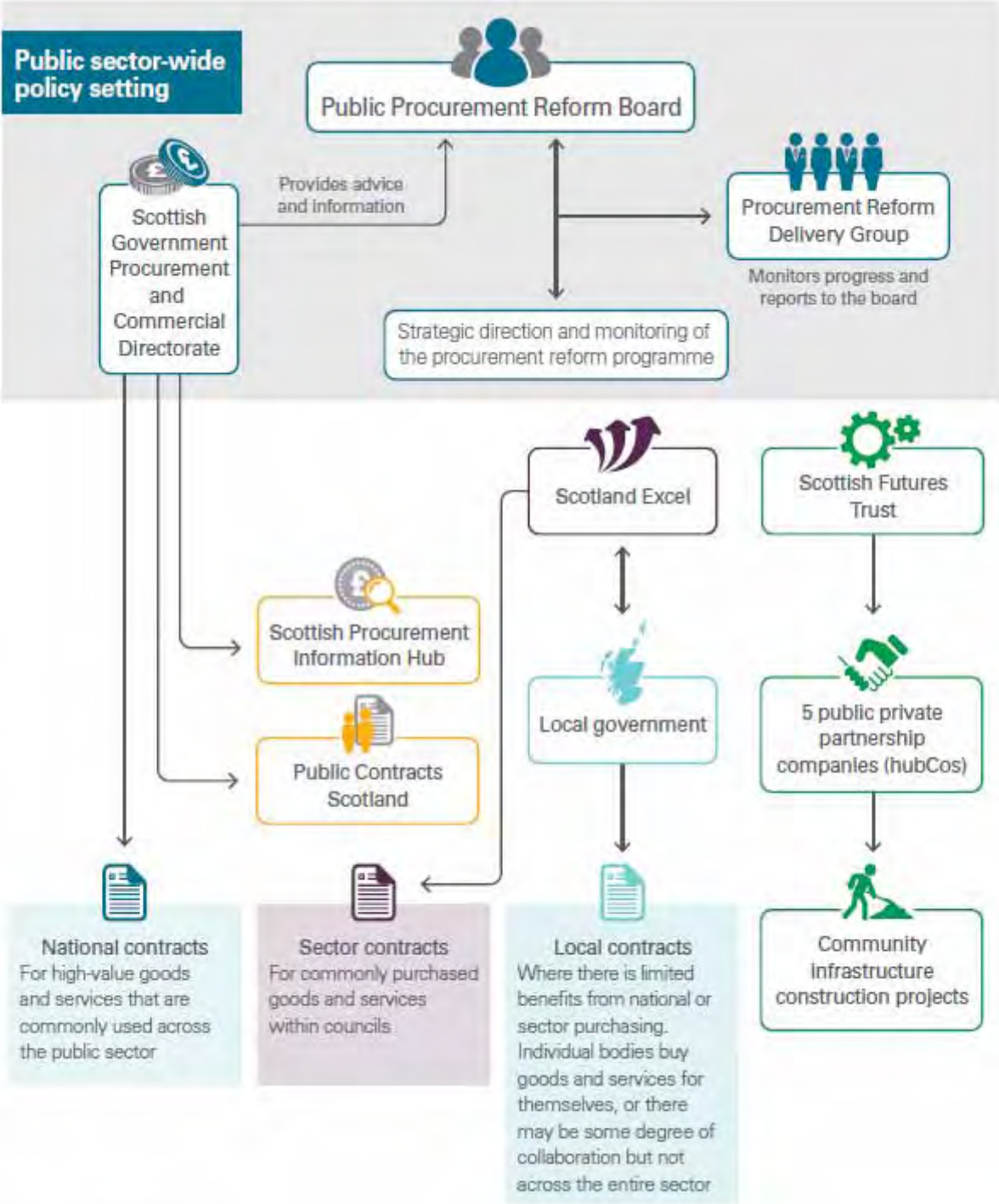
This report provides an update on procurement activity and provides an overview of the actions taken to ensure that procurement conducted is effective and efficient as possible.

## 2. Introduction

Since The McClelland Report,(2006) the Scottish Government has implemented measures that have changed the organisation of public sector procurement that established the current procurement landscape (**figure 1**). This includes:

- The Public Procurement Reform Board (PPRB) – established in 2006, the PPRB brings together leaders from across the public sector.
- The Scottish Procurement Information Hub (The Hub) – also established in 2006, the Hub uses data from public bodies' payment systems to produce a broad picture of public sector spending.
- Public Contracts Scotland – launched in 2008, this website is the platform for all public bodies in Scotland to advertise and tender public sector contracts.
- The Scottish Futures Trust (HUBCO) – established in 2008 its purpose is to facilitate and improve the procurement and delivery of public sector construction projects.
- The Single Point of Enquiry –established in 2008 as an independent, impartial and confidential service for suppliers.
- The Procurement Capability Assessment (PCA) – in 2009, the Scottish Government introduced a new tool to assess all public bodies' purchasing activity and to promote improvement.

In addition to councils and groupings of councils, other organisations are involved in supporting procurement in councils. The main ones are the Scottish Government, Scotland Excel and the Scottish Futures Trust . Councils also have access to frameworks and framework contracts set up by councils and groups of councils in Scotland and the rest of the UK. These relationships are illustrated in Figure 1.



Source: Audit Scotland

### 3. Clackmannanshire procurement position background & key statistics

The financial analysis and procurement category of spend has been carried out using The Scottish Procurement Information Hub (The Hub) supported by Spikes Cavell with financial data supplied from the Council's Strategix finance system for the 2014/15 financial year. Tables 1 and 2 summarise the key statistics for 2014/15 on the Council spend on goods, services and works with trade creditors.

**Table 1: Key Statistics**

	2013 / 2014	2014 / 2015	Variance
<b>Number of Suppliers - Trade Creditors</b>	2,736	2,512	-224
<b>Total Value of Procurement Spend</b>	£65,203,206	£58,773,883	-£6,429,323
<b>Number of Invoices</b>	49,825	40,122	-9703
<b>% Spend with SMEs</b>	63.65%	64.93%	1.28%
<b>% Spend Locally</b>	22.05%	17.13%	-4.9%

Procurement spend has significantly dropped by £6.4 million

Number of Invoices has dropped by 9,700

% spend with SME's has increased by 1.28%

% Spend locally has dropped by 4.9% -

The local spend reduction is due to the completion of the Spiers Centre. A local supplier undertook this work and this spend figure has now dropped off the figures presented.

**Table 2: Procurement activity in Public Contracts Scotland Portal in the period**

Quick Quotes	
<b>Quick Quotes Distributed</b>	25
<b>Quick Quote Awards</b>	15
Site Notices	
<b>Site Contract Notices Published</b>	17
<b>Site Contract Award Notices</b>	23

A summary of Clackmannanshire's overall spend in percentage terms is shown in Table 3:

- 28.58 % of expenditure is in the social services sector
- 15.30 % of expenditure is in the construction sector
- 15.06 % of expenditure is in the facilities management services sector

**Table 3: Overall Spend**

<b>Proclass Level 1</b>	<b>Total Spend £</b>	<b>Total Transactions</b>	<b>Total Suppliers</b>	<b>% Of Spend</b>	<b>% Of Invoices</b>	<b>% Of Suppliers</b>
Social Community Care	15,710,442.45	2,456	100	28.58	6.75	10.61
Construction	8,410,488.37	2,481	88	15.30	6.82	9.24
Facilities & Management Services	8,278,095.13	2,535	71	15.06	6.97	7.77
Utilities	4,173,720.27	2,897	15	7.59	7.97	1.58
Consultancy	3,378,626.84	126	21	6.15	.35	2.21
Construction Materials	2,163,998.80	8,200	83	3.94	22.55	9.77
Information Communication Technology	2,031,205.87	2,152	94	3.69	5.92	10.19
Vehicle Management	1,944,928.48	1,262	54	3.54	3.47	5.67
Environmental Services	1,832,840.40	544	37	3.33	1.50	3.89
Human Resources	1,186,776.75	1,686	46	2.16	4.64	4.94
Financial Services	1,064,547.61	844	32	1.94	2.32	3.36
Public Transport	1,028,253.04	666	26	1.87	1.83	2.73
Catering	951,454.70	3,787	26	1.73	10.41	3.26
Furniture & Soft Furnishings	703,505.34	1,283	14	1.28	3.53	1.47
Cleaning & Janitorial	356,057.59	916	15	.65	2.52	1.68
Education	296,964.47	597	33	.54	1.64	3.78
Healthcare	281,203.37	974	36	.51	2.68	3.89
Mail Services	212,896.75	222	5	.39	.61	.63
Highway Equipment & Materials	149,007.87	103	14	.27	.28	1.47
Street & Traffic Management	141,355.21	112	8	.26	.31	.84
Legal Services	105,857.29	64	16	.19	.18	1.68
Stationery	98,494.49	1,103	7	.18	3.03	.74
Sports & Playground Equipment & Maintenance	89,643.33	85	13	.16	.23	1.37
Arts & Leisure Services	85,638.55	55	13	.16	.15	1.37
Horticultural	73,195.94	186	20	.13	.51	2.10
Clothing	60,666.75	506	7	.11	1.39	.95
Health & Safety	52,748.02	178	7	.10	.49	.74
Domestic Goods	9,319.98	38	3	.02	.10	.32
Housing Management	4,283.49	10	2	.01	.03	.21
Cemetery & Crematorium	1,250.00	2	1	.00	.01	.11

Appendix 1 provides more detail of the categories of spend and detail of the expenditure with individual suppliers.

Table 4 provides the range of invoice values. A large number of invoices are processed for relatively low values that create an administrative cost to the council. Plans have been made to analyse the lower value spend and consolidate smaller payments on to fewer invoices with suppliers. The less than £51 figure has reduced by 3% percentage points compared with last year

**Table 4: Invoice distribution by range of invoice values**

Invoice Range	Volume	% of Invoices	Value	% of Spend
More than £250,000	23	.06	11,245,214.50	19.24
£50,001 to £250,000	128	.34	12,682,030.35	21.70
£10,001 to £50,000	697	1.86	15,461,843.80	26.46
£1,001 to £10,000	4,842	12.95	13,659,016.44	23.37
£501 to £1,000	3,839	10.27	2,827,053.35	4.84
£101 to £500	11,434	30.58	2,690,012.29	4.60
£51 to £100	5,027	13.44	375,156.74	.64
Less than £51	10,409	27.84	234,690.50	.40
Credits	995	2.66	-730,623.14	-1.25

Overall, spend is relatively evenly distributed amongst small and medium sized enterprises and performance compares favourably with other Local Authorities.

Spend with SME's compared to last year is up 1.28%

**Table 5: Percentage of spend by supplier size.**

Supplier Size (Composite)	% Of Spend	% Of Invoices	% Of Suppliers
Large Company	35.06	48.49	24.19
Medium Company	29.94	27.49	31.53
Small Company	34.99	24.02	44.28
<b>SME Total</b>	<b>64.94</b>	<b>51.51</b>	<b>75.81</b>

**Table 6: Percentage of spend by Locality.**

Proximity	% Of Spend	% Of Invoices	% Of Suppliers
Elsewhere	82.87	79.39	86.14
Local	17.13	20.61	13.86

## 4. Procurement efficiencies

Appendix 2 illustrates Clackmannanshire's participation in national contracts under the Category A, Scottish Government procurement savings, Category B, Scotland Excel procurement savings and Category C, Clackmannanshire savings. Properly conducted procurement activity optimises the value that the Council receives from the goods and services it procures. The tables in Appendices 5 and 6 relate to Cat A and Cat B spend and compare what the council has paid relative to the price it might have paid without the benefit of joined up public sector procurement. The table in Appendix 7 relates to Cat C and shows the actual price paid by the Council relative to the original budget identified. By advising on tender specifications and the award of contracts through tender evaluations, Procurement Officers ensure that the Council is achieving value for money.

### **Scottish Government procurement (Cat A) savings**

The Scottish Government provide a cash saving description for each contract using various methods depending on the contract type. A full breakdown of Scottish Procurement Savings nationally is at Appendix 5.

### **Scotland Excel - Local authority sector contracts (Cat B) savings**

Scotland Excel estimate potential savings for each new collaborative contract. It bases its calculations on the total spend of participating councils in the previous year(s) and current market data. It works closely with the council to develop its savings estimates and the council agree these estimates during the contract development process.

Scotland Excel calculates savings using the percentage saving that the council might achieve if it opted for the best value supplier in a framework agreement. When the contract becomes operational, Scotland Excel collects spend information from suppliers and applies the expected percentage saving to the actual spending on the contract.

Scotland Excel reports savings to councils through quarterly business review reports and to its governance committees. Its method of calculating savings may not always reflect the savings achieved by councils for the following reasons:

- The cheapest option in the framework may not be available to the council.
- The council may not choose the cheapest supplier from those in the framework, for example they may not choose the cheapest tyres in a framework contract if higher cost but better quality tyres have a lower whole-life cost to the council.
- A council may join a contract after Scotland Excel has awarded it and the saving may be higher or lower depending on the price in the council's predecessor contract.

A full breakdown of Scottish Excel' assumed Savings is at Appendix 6.

### **Clackmannanshire procurement (Cat C) savings**

To drive the progress of efficient and effective procurement within the Council, the Procurement Matters Group (see Section 6) was developed to bring together key professionals from the council with procurement responsibilities.

A breakdown of Clackmannanshire Council Savings is at Appendix 7

## 5. Procurement Capability Assessment

The Scottish Government introduced the Procurement Capability Assessment (PCA) to assess procurement capability in important areas against common criteria and standards and to help councils continuously improve. 2015/16 was the last assessment year using the PCA framework and it will be replaced in 2016 with the Procurement Capability Improvement Programme (PCIP) assessment.

The Council scored **45%** in 2014-15 demonstrating continuing improvement.

**Table 7: Procurement Capability Assessment**

KPI	2012/13	2013/14	2014/15
Percentage score in procurement capability assessment	31%	37%	45%

Clackmannanshire is one of four councils that did not achieve the 'improved performance' target level of 50% set by the PPRB (Clackmannanshire, East Dunbartonshire, Orkney Islands and Shetland Islands).

However, the assessment has clearly demonstrated that the Council had improved significantly in the following areas:

- Defining the supply need: from 33% to 44%
- Procurement commodity / project strategies & collaborative procurement: from 47% to 53%
- Contract and supplier management: from 10% to 24%
- Key purchasing processes and systems: from 7% to 13%
- People: from 44% to 56%
- Performance measurement from 44% to 56%

A summary diagram and assessors' comments showing the progress of Clackmannanshire against the PCA criteria is at Appendix 3.

## 6. Effective corporate procurement

In December 2012 a paper, outlining the business case for opportunities to maximise value for money through effective corporate procurement was agreed. The preferred solution was to introduce a matrix management approach to drive forward business improvements using a service-based approach. Key procurement staff were identified

and the "Procurement Matters Group" is now functioning.

A central contract register has been created with responsibility for update and maintenance being shared between those employees with procurement responsibility.

#### **Actions to date**

- Meetings take place every month with every second meeting dealing with a specific topic. These to date have been on:
  - The Procurement Journey - Specifically the forms and templates that are used
  - The Quick Quote Process - Focusing on supplier selection
  - The Procurement Capability Assessment - Specifically explaining the types and quality of evidence required
- A Forth Valley Meet the Buyer event in Alloa Town Hall was staged on 6th November 2014 with neighbouring Councils and a number of national institutions.
- A weekly drop in session in Kilncraigs for potential suppliers and staff is now operational

#### **Areas for improvement:**

- Identification of future tendering plans - this will allow greater collaboration internally as well as externally.
- Contract management - the majority of appropriate contracts need to have an implementation plan that includes targets and timescales to ensure uptake.
- There requires to be plans in place to deal with off-contract spend. With on /off contract spend based on analysis of organisational spend data.
- Consumption to be monitored against forecasts.
- Increase supplier reviews to improve ad hoc service, process or product improvements.

## **7. Procurement strategy**

A paper will be prepared for Council in 2016, which will make proposals for a procurement strategy for 2016 – 2019 that will comply with the Public Contracts (Scotland) Regulations 2015, the accompanying statutory guidance when published and changes to the EU procurement directive.

The Act specifically refers to Procurement strategy. The Act states that there is a need to prepare a strategy if an organisation expects regulated procurement expenditure of £5m



or more in the financial year 16/17. The strategy must set out:

- How procurements will help achieve purposes / achieve VFM
- General policy on community benefits, consulting / engaging with stakeholders, payment of living wage by contractors, promoting health and safety compliance by contractors etc.
- How the Council will ensure contractors are paid (and pay their sub-contractors) within 30 days of invoice

## **8. Local suppliers**

Local suppliers are important stakeholders in the community and encouraging two-way communication helps to fulfil the Council's broader social objectives as follows:

- The use of Community Benefit (CB) clauses provides a method of including social and economic matters in public contracts for the supply of goods, services or works. CB clauses need not cost more and they require contractors working on public sector contracts to put something back into the community.
- The identification of new suppliers where there may be shortages or lack of competition
- Help local suppliers sell themselves to major companies as potential sub-contractors when large contracts are due to be let by the Council
- Expose the Council to new ideas, products and services from local suppliers and allow them to be routed to the appropriate officer

Work continues with local suppliers to provide opportunities to work with the Council. There have been a number of events with Clacksfirst bid team and Clackmannanshire works which have met with positive feedback.

64% of the Council's spend is with SMEs which is 11% points higher than the Scottish local authority average spend although just over 17 % of spend is with local suppliers which is 9%points less than the Scottish local authority average of 26 %.

## **9. Contract standing orders**

The Council's Procurement processes and procedures are documented in Contract Standing Orders and Financial Regulations. These standing orders are made under Section 81 of the Local Government (Scotland) Act, 1973 and apply to the making of all contracts by or on behalf of Clackmannanshire Council. The standing orders are subject to any overriding requirements of the European parliament on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts and The Public Contracts (Scotland) Regulations 2012.

Contract standing orders set out a framework of procedural rules, behaviours and standards applicable to procurement activity. Compliance ensures value for money, propriety and the proper spending of public money and ensures that the Council is fair and accountable in its dealings with contractors and suppliers.

These were due for a full review in 2014 but due to significant changes in EU Procurement Legislation and Scottish Procurement Legislation, a lighter touch was applied to address organisational changes. Once the full implications of the legislative changes are clear and advice is provided by the Scottish Government on how to implement these changes, a full review will be undertaken and a report to Council submitted for consideration.

Exceptions to contract standing orders are documented and a full report on the exceptions noted in 2014/15 is at Appendix 4.

## **10. Purchasing system**

Currently there is no dedicated electronic purchasing system within the Council. However a project was commenced in late 2015 to introduce a new finance system during 2016 which will realise benefits of end to end processing by fully supporting e-procurement (purchase to pay process) and will enhance the procurement and finance governance arrangements.

Purchasing cards continue to be used successfully in Property Services, Catering, Education and Corporate Services with the cards being accepted by many suppliers leading to significant reductions in the numbers of invoices processed, processing costs and payment times to suppliers.

The manual purchasing process currently in place is being applied consistently in line with Contract Standing Orders and Financial Regulations.

## **11. Purchasing cards**

Due to its manual invoice system the Council found difficulties in meeting national performance indicators to pay suppliers within 30 days. Since 2003, a partnership with Barclaycard through the Government Procurement Card (GPC Visa) contract has enabled authorised staff to conduct low-value transactions quickly and to consolidate large numbers of invoices from multiple suppliers into a single monthly invoice, thus removing process costs and improving management information.

As GPC pays suppliers in as little as four days it allows the Council to support the Scottish Government's pledge to pay SMEs within 10 days.

The arrangement also makes it easier to monitor compliance with procurement policies such as delegated authority levels as the following can be set:

- different levels of purchasing authority for staff
- built-in safeguards such as monthly credit limits
- business sector category restrictions

**Table 8: Purchase Card transactions summary**

	2013 / 2014	2014 / 2015	Variance
<b>Purchase Card Transactions</b>	33,079	35,949	2,870
<b>Invoices</b>	11,300	10,772	-528
<b>Suppliers</b>	674	595	-79
<b>Spend</b>	£2,347,388	£2,214,251	-£133,137
<b>Cardholders</b>	58	41	-17

A further benefit of a new finance System, is a reduced reliance on purchase cards to meet the national performance indicators and to undertake smaller transactions. Whilst GPC cards have obvious business benefits some categories of spend, require closer management as some transactions are not low value. Greater monitoring of the use of GPC cards is taking place to ensure compliance with procurement standards and value for money is being achieved. A revised set of instructions for users was circulated during 2015.

## 12. The Scottish procurement agenda

Several new pieces of legislation will be changing the regulatory framework for public procurement across the Scottish public sector:

- Public Contracts (Scotland) Regulations 2015

This introduces a new procurement regime in Scotland which will sit alongside European procurement rules

These will apply to Local Authorities as “contracting authorities” and will apply to “regulated contracts”: which are works contracts with a value of £2m and over and services / supplies contracts with a value of £50k and over.

There are new duties and obligations under the Act, which include:

- A sustainable procurement duty
- The requirement to have organisational procurement strategies
- The publication of an annual procurement reports
- Identification of community benefits

- Selection of tenderers and award of contracts

These are separate statutory duties but are all linked and a holistic approach to compliance will be developed.

In addition, as the guidance to be published by the Scottish Government will be statutory the Council must comply with it as well.

There are also three new EU Directives that public sector bodies have to comply with:

- EU Procurement Directive (Classic) – on public procurement
- EU Procurement Directive (Concessions) - on the award of concession contracts
- EU Procurement Directive (Utilities) - on procurement by entities operating in the water, energy, transport and postal services sectors

Work on the development of the regulations and the supporting statutory guidance is being taken forward together with work on the regulations that are required to 'transpose' the three new EU Directives into Scots law.

In addition to this, Scottish Procurement published information on the implementation of the EU Directive for [electronic invoicing in public procurement](#) that came into effect 16 April 2014 and is to become law by amendment to the Scottish Regulations ([Public Contracts \(Scotland\) Regulations 2012](#)) no later than 27 November 2018.

While central government and the NHS must comply by this deadline, The Council may have up to a further 12 months.

The directive requires that contracting authorities are able to receive e-Invoices and make payment electronically for all contracts regulated under the EU procurement directives. However, while the acceptance of e-Invoices by all contracting authorities is mandatory, the exchange of invoices in other formats will still be allowed if both the contracting authority and supplier agree. The new finance system will support the Council in meeting this requirement

A formal 12-week consultation with stakeholders will take place by the end of 2017.

Guidance will be developed for contracting authorities, suppliers and others affected by the directive e.g. trade bodies, buyer community, etc. The guidance will be designed to aid compliance with the new legislation. This will lead to further changes to the regulatory framework for public procurement across the Scottish public sector.

## 13. Other activities - Looking forward

### Getting Ready for the New Rules

- The Council will need to review and update procurement:

- Policies, procedures and contract standing orders
- Standard form tender documentation
- Standard form contracts
- Policies, procedures and contract standing orders
  - Give prominence to sustainable procurement duty which will underpin all of an Council procurement activities
  - Update statutory references – Act and new Regulations
  - Update thresholds and reflect lower thresholds under Act
  - Include new procedures – competitive with negotiation, innovation partnership
  - Reference Light Touch Regime
  - Consider producing decision-making tools to assist those making procurement related decisions – checklists / flowcharts
  - Remember that some contracts may be subject to both Act and Regulations

### **Finance system replacement**

The replacement of the current finance system will help automate and streamline the entire procurement lifecycle and generate efficiencies; from a request for a quote and creation of a procurement contract, through to requisition, order transmission and payment.

The procurement and expense management process will enable us to implement procurement-related policies by providing a facility to record delegations, record authorisations and execute workflows, while streamlining accounts payable processes and providing visibility of outstanding debt.

The procurement and expense management module will mean that the Council is better able to:

- control expenditure
- manage business expenses simultaneously on both an accrual or cash basis, and report on committed funds to understand the expenditure before it is recorded in the actuals ledger
- ensure visibility and control of inventory processes, from ordering and replenishment to issuing of stock
- optimise stock holdings, automate replenishment, manage multiple locations and maintain flexible catalogues for total inventory management

- manage all aspects of contracts and purchasing in one central place by using preferred supplier arrangements and automated approvals to optimise purchasing spend to ensure policy compliance
- track expenditure and prevent budget overruns with an accurate and real-time view of committed and actual expenditure
- track costs to business units, assets, projects, suppliers and contracts
- make efficiencies from the entire procure-to-pay process, from initial requisition, order approval and receipt of goods and services through to payment
- manage creditor information (including payment methods, trading status, trading terms, etc.)
- manage purchase orders for catalogue-only items, non-stock items, capital assets and inventory items
- develop an electronic, integrated and efficient solution to the reconciliation of corporate credit cards

### **Contract register**

The contract register is now publically available and is updated on a regular basis. This will be replaced by a Scottish Government solution that is currently being tested

### **Spotlight on Spend**

"Spotlightonspend" (<http://www.clacksweb.org.uk/council/spotlightonspend/>) is an on-line platform that publishes the Council's spending on goods and services in the previous financial year.

The website is run by Spikes Cavell, a private company that classifies payment data into clear and consistent categories that makes spending information more accessible. Significant effort is required to add value the raw financial data so that it is accessible, and relevant to the general public.

The Council has received positive feedback from suppliers and a reduction in the time taken on separate freedom of Information enquiries.

## Appendix 1 Top 50 categories of spend by total expenditure

The Thomson classification is based on the core business of the supplier

Trade Classification (Thomson)	Total Spend	Total Transactions	Total Suppliers	% Of Spend
Facilities Management	7,230,257.58	35	3	13.15
Nursing Homes	5,865,695.06	589	27	10.67
Project Management	3,147,695.76	36	1	5.73
Property Maintenance & Repairs	2,972,607.89	134	6	5.41
Home Care Services	2,935,923.26	291	6	5.34
Solar Energy Equipment	2,501,450.93	22	1	4.55
Adoption & Fostering	1,661,426.98	667	11	3.02
Civil Engineers	1,583,011.61	86	3	2.88
Social Services	1,427,262.25	195	10	2.60
Residential Care Homes	1,426,142.87	395	25	2.59
Childcare Services	1,317,864.74	138	5	2.40
Electricity Companies	1,168,599.48	1,717	5	2.13
Disability & Special Needs - Services	1,062,961.43	170	12	1.93
Waste Disposal Services	949,799.64	54	4	1.73
Employment & Recruitment Agencies	826,851.08	1,325	12	1.50
Computer Systems & Software (development)	761,931.96	209	46	1.39
Insurance - Other	747,525.83	16	3	1.36
Builders	679,695.06	153	8	1.24
Coach Hire	629,570.26	197	4	1.15
Building Refurbishment & Restoration Contractors	487,817.12	16	2	.89
Construction Contractors - General	484,525.91	283	3	.88
Catering Food & Drink Suppliers	481,920.12	843	1	.88
Recycling Services	478,000.25	71	2	.87
Furniture - Retail	476,070.03	1,127	1	.87
Petroleum Products - Mnfrs	450,044.09	26	1	.82
Plumbers' Merchants	427,575.56	1,667	8	.78
Gas Companies	424,910.89	1,026	3	.77
Commercial Vehicle Mnfrs	406,149.79	38	3	.74
Quarries	397,568.60	543	1	.72
Commercial Vehicle Dealers	384,916.13	97	3	.70
Monumental Masons	300,600.87	8	1	.55
Electrical Wholesalers	295,067.56	986	8	.54
Taxis & Private Hire	288,506.01	403	14	.52
Computer Systems & Software (sales)	282,337.56	196	7	.51
Builders' Merchants	246,273.73	1,638	9	.45

Security Services	238,517.08	251	5	.43
Security Equipment Installers	207,192.50	252	3	.38
Motor Factors	204,457.03	326	1	.37
Nursing Agencies	192,219.88	116	1	.35
Electricians & Electrical Contractors	183,264.26	222	6	.33
Telecommunications Equipment & Systems	177,951.92	63	4	.32
Mobile Phones	176,918.85	833	2	.32
Delivery Services	163,614.68	147	2	.30
Engineers - Consulting	161,725.94	101	7	.29
Business & Management Consultants	159,869.56	43	11	.29
Floor Maintenance Equipment	158,489.02	54	1	.29
Joiners & Carpenters	149,275.54	150	3	.27
Audio-visual Equipment & Supplies	147,903.76	114	3	.27
Pipework Contractors	147,761.05	5	1	.27
Road Surfacing Contractors	143,463.19	3	1	.26

### Top 50 Suppliers by total expenditure

Supplier Name	Aggregate Spend	Transactions	Average Invoice Value
Clackmannanshire Educ Partnership Ltd	6,901,961.06	25	276,078.44
HUB EAST CENTRAL SCOTLAND LTD	3,147,695.76	36	87,435.99
INDEPENDENT LIVING SERVICES	2,758,500.70	114	24,197.37
EDISON ENERGY LTD	2,501,450.93	22	113,702.32
Mitie Property Services(Scotland)Ltd	1,674,193.44	10	167,419.34
Caring Homes Group Ltd	1,569,608.62	68	23,082.48
KINGDOM CARE (BEECHWOOD PARK) LTD	1,467,208.04	112	13,100.07
J H Civil Engineering Ltd	1,362,165.47	66	20,638.87
P H JONES LTD	1,182,272.35	8	147,784.04
EDF Energy 1 Ltd	1,021,847.10	1,452	703.75
AVONDALE ENVIRONMENTAL LIMITED	923,970.84	12	76,997.57
HC-One Limited Orchard NH	834,120.65	66	12,638.19
Meallmore Ltd	781,618.85	43	18,177.18
Caring Homes	737,683.91	55	13,412.43
MARSH UK LIMITED	727,351.83	13	55,950.14
Crossroads Caring Scotland-Clacks	640,779.22	39	16,430.24
Marshall Construction Limited	521,690.82	84	6,210.61
Aberlour Child Care Trust	502,072.37	74	6,784.76
Brake Bros Foodservice Ltd	481,920.12	843	571.67
THE FURNISHING SERVICE LIMITED	476,070.03	1,127	422.42
HARVEST ENERGY LIMITED	450,044.09	26	17,309.39
Ace Recycling Group CIC	427,440.89	45	9,498.69
Ailsa Building Contractors Ltd	420,865.65	7	60,123.66
Tillicoultry Quarries Limited	397,568.60	543	732.17



Total Gas & Power Limited	396,044.37	881	449.54
NAS Services Limited	390,105.08	16	24,381.57
Tom Matchett	367,143.65	40	9,178.59
KIBBLE EDUCATION AND CARE CENTRE	348,840.00	16	21,802.50
Amey Community Ltd	313,646.52	8	39,205.82
Skanska Rashleigh Weatherfoil Ltd	312,809.59	275	1,137.49
A M PHILLIP TRUCKTECH LTD	305,738.74	62	4,931.27
Fosterplus Ltd	305,407.00	78	3,915.47
Laing Traditional Masonry Group Ltd	300,600.87	8	37,575.11
SWIIS Foster Care Scotland Limited	298,715.14	328	910.72
GRAHAM	283,848.91	909	312.27
Dennis Eagle Limited	281,061.61	27	10,409.69
Cora Foundation	280,579.15	10	28,057.92
CROSSREACH GEILSLAND	269,735.54	55	4,904.28
Scottish Society for Autism	260,552.35	58	4,492.28
CareVisions Specialist Fostering	260,189.29	49	5,309.99
The Richmond Fellowship Scotland	247,267.85	27	9,158.07
PERTEMPS INVESTMENTS LTD	232,638.65	650	357.91
FOSTERING SOLUTIONS (NORTHERN) LTD	213,496.03	86	2,482.51
Balmyre House	210,684.00	30	7,022.80
Bridge Motor Factors Ltd	204,457.03	326	627.17
Maclay Civil Engineering Ltd	202,796.14	7	28,970.88
Northgate Information Solutions UK Ltd	196,414.58	26	7,554.41
Newcross Healthcare Solutions	192,219.88	116	1,657.07
HUNTERS EXECUTIVE COACHES LTD	184,702.61	26	7,103.95
Profile Security Services Ltd	184,087.74	46	4,001.91

## Appendix 2 Participation in National Contracts

### Scottish Government procurement (Cat A)

#### Summary of contracts used

Category	Commodity
<u>Corporate services - national</u>	<u>General Stationery and Office Paper</u>
	<u>IT consumables</u>
	<u>Postal services</u>
<u>eCommerce - national</u>	<u>eProcurement service management</u>
	<u>Collaborative content management</u>
	<u>Scottish National advertising portal</u>
<u>Framework for Supported Factories and Businesses</u>	<u>Furniture, document management, textiles/ personal protective equipment, signage</u>
<u>ICT Products - national</u>	<u>Mobile computing</u>
	<u>Desktop computing</u>
	<u>National IT peripherals agreement</u>
	<u>Office equipment</u>
	<u>Tablet devices</u>
	<u>Mobile Client Devices</u>
	<u>Thin Client Devices</u>
<u>ICT Services and Software - National</u>	<u>Oracle licensing</u>
<u>ICT Networks - national</u>	<u>Fixed telephony</u>
	<u>Mobile Voice &amp; Data Services</u>
<u>Professional services - national</u>	<u>Temporary and interim staff</u>
	<u>Business management Framework</u>
<u>Utilities - national</u>	<u>Electricity</u>
	<u>Natural gas</u>

Category	Commodity
	<u>Water and waste water</u>
	<u>Biomass (fuel only)</u>
	<u>Liquid fuels</u>

## Participation in National Contracts

### Scotland Excel - Local Authority sector contracts (Cat B)

#### Summary

During this period, 46 contracts were available to Councils across Scotland.

Of the 46 contracts available to Clackmannanshire Council 42 contracts were adopted and in use which was a 91% participation level

The four contracts that were not being used were due to existing contract arrangements in place, these were:

Engineering Consultancy

Prepared Meals

Salt for Winter Maintenance and

Street Lighting Materials.

## Appendix 3. Procurement Capability Assessment 2014

### Scotland Excel assessors findings and Comments

I am pleased to confirm your score is 45% this year compared to 37% in 2013. This 8% increase is your highest annual increase in score to date and reflects the work that the Procurement Manager and the Procurement Matters Group have undertaken last year. That said, your overall score is still behind the local government average of 62% and there are significant challenges to overcome before reaching the Scottish Government 2012 ambition to have every public sector body in improved category with a score of 50% or more.

The assessors have been able to see the positive outcome of your investment in the further roll out of standardised corporate templates and the establishment, development and utilisation of the Procurement Matters Group. They were also pleased to see that the council is reviewing the need for a new financial system with integrated procurement functionality.

Moving forward the PCA highlighted a number of areas requiring further improvement:

- Additional training and development of the Procurement Matters Group to ensure a consistent, high quality application of the corporate processes including rigorous supply market research and analysis.
- The need for further investment and emphasis on the embedding of appropriate contract and supplier management processes across the council. This work will provide opportunities to deliver significant benefits and allow a more commercially focused relationships with key suppliers to be established.
- Developing and delivering a clear statement of procurement management information and automation needs as part of the corporate ICT strategy as a key enabler for delivering greater value to your customers and for reducing risks.

As you know, councils continue to face ongoing unprecedented challenges to deliver vital services to their communities. As highlighted last year, one of the challenges continues to be maintaining the support and continued investment in strategic procurement to take it to the next level of development. A number of councils have already embarked on a journey to develop a more commercially focussed approach right across the organisation, not just in the procurement team, to deliver tangible benefits to their organisations.

As you may be aware, this is the last year for the PCA in its existing form and my organisation is working with your team to keep them fully involved in these changes. I will write to you later in the year when we fully understand the implications to your organisation.

I hope this brief update is helpful. I am currently scheduling meetings with all chief executives and joint committee members to both meet and hear their views on the strategic direction for Scotland Excel. As per previous years, we are also happy to offer a PCA debriefing by our assessors and can co-ordinate these if required.

Organisation	Clackmannanshire Council
Date of assessment	Thursday 11 December 2014

SECTIONS

Sections		Assessed Status			
		Developing	Conformance	Improved Performance	Superior Performance
Procurement Leadership and Governance	47%				
Procurement Strategy and Objectives	60%				
Defining The Supply Need	44%				
Procurement Commodity / Project Strategies & Collaborative Procurement	53%				
Contract and Supplier Management	24%				
Key Purchasing Processes and Systems	13%				
People	56%				
Performance Measurement	56%				
Overall Procurement Status for the Organisation	45%				
		Developing	Conformance	Improved Performance	Superior Performance

## Appendix 4 Exception reports

Contract standing orders apply to all contracts entered into by procurement officers. In some circumstances however, exceptions may be granted. All requests must be made in writing, following the procedure detailed in Appendix 1 of CSO's, identifying the grounds for the request. Approvals must also be recorded in writing and given prior to any action not in accordance with CSO's being taken.

In such an event, the requirement to comply with the Scottish Regulations remains. A voluntary award notice without competition is published in Public Contracts Scotland where appropriate for any exception granted, and where the exemption granted is above threshold, the procedures leading to the award under the Scottish Regulations are followed.

File No	Description	Value £	Service
2/6/1306	Radio communication system including advanced vehicle location system	£ 11,272	Housing & Community Safety
2/6/1307	CSE standard -extend existing agreement for assessment of council services	£ 3,665	Strategy & Customer Service
2/6/1313	Treasury management contract - renewal	£ 68,000	Finance
2/6/1326	Roads materials and other works 1 years extensions to 2 contracts	£ 75,000	Roads & Transportation
2/6/1331	Home energy efficiency programme - appointment of contractor to carry out various works	£59,890	Housing & Community Safety
2/6/1332	Insulation and heating measures - appointment of SSE	£80,090	Housing & Community Safety
2/6/1333	Re-evaluation of housing - district valuer	£ 12,000	Development & Environment
2/6/1350	Banking contract with bank of Scotland - extension	£ 7,822	Finance
2/6/1351	Kitchen units request to permit appointment of JTC to supply over a 1 year period 2015-16	£120,000	Housing & Community Safety
2/6/1353	Insurance contract - request extension 30 days	£ 0	Finance

## Appendix 5 Scottish Procurement Report

<b>Contract</b>	<b>Supplier</b>	<b>Total Spend 14 - 15</b>	<b>Total Savings 14 - 15</b>	<b>Total Spend 13 - 14</b>	<b>Total Savings 13 - 14</b>
Biomass (Fuel)	William Y Watson t/a Angus Biofuels	£2,820.00	£187.60		
Desktop computing	Hewlett Packard UK Ltd	£32,916.00	£16,321.65		
Electricity	EDF Energy Ltd	£910,542.37	£47,196.10		
General stationery and office paper	Office Depot UK Ltd	£80,867.23	£2,765.01		
IT consumables	Spectrum Computer Supplies Ltd	£12,023.40	£2,420.31		
IT Peripherals	Misco (UK) Ltd	£3,706.89	£486.43		
IT Peripherals (2014)	Misco (UK) Ltd	£295.48	£22.16		
Liquid Fuel - Automotive fuel (Central)	Harvest Energy	£448,463.32	£14,183.69		
Liquid Fuel - Heating oil (Central)	Scottish Fuels	£39,259.63	£610.82		
Mobile computing	Misco (UK) Ltd	£36,162.07	£12,535.19		
Natural Gas	Total Gas & Power Ltd	£329,527.28	£23,660.68		
Office Equipment - Multi-functional Devices & Services	Ricoh (UK) Ltd	£180,851.46	£73,823.56		
Postal services - Planned Mail	Royal Mail Group	£7,728.35	£-		
Supported Factories and Businesses - Signage	The Sign Factory	£2,400.41	£-		
Tablet Devices - Corporate	XMA Limited	£587.00	£69.24		
Tablet Devices - Education	XMA Limited	£100,309.55	£20,079.27		
Temporary and interim staff (2010)	All Suppliers (Temp and Interim)	£205,570.10	£17,473.45		
Water and Waste Water	Business Stream	£389,519.35	£51,849.90		
		<b>£ 2,783,549.89</b>	<b>£ 283,685.06</b>	<b>£1,053,495.48</b>	<b>£120,569.11</b>

# Appendix 6 Scotland Excel Report

## Member Contract Spend and Estimated Savings Report

Clackmannanshire Council

Breakdown of Spend by Contract - Year To Date as at: Q4 (Jan 2015 - Mar 2015)



Contract	Contract Start Date	Join Date	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total			
			Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Forecast Spend (£)	Actual v Forecast %
Heavy Vehicles	13/01/2014	01/01/2014	270,180	0	120,000	0	0	0	0	0	390,180	0	300,000	130.1%
Secure Care	01/07/2013	01/07/2013	69,953	-1,573	70,722	-1,590	102,990	-2,316	99,056	-2,227	342,721	-7,705	306,900	111.7%
Fostering	28/03/2013	01/03/2014	89,200	0	87,601	0	66,983	0	69,167	0	312,952	0	0	
Light Vehicles	16/07/2013	11/07/2013	44,487	908	102,183	2,085	105,315	2,149	0	0	251,985	5,143	254,800	98.9%
Frozen Foods	01/07/2013	01/07/2013	48,043	1,799	47,557	1,781	64,055	2,399	75,700	2,835	235,355	8,815	163,863	143.6%
Security	03/05/2011	01/04/2014	40,394	3,896	50,749	4,897	61,433	5,928	61,433	5,928	214,010	20,650	129,276	165.5%
Groceries & Provisions	01/05/2012	01/10/2012	40,577	9,518	41,009	9,619	50,939	11,949	58,097	13,628	190,621	44,714	115,020	165.7%
Educational Materials	01/04/2013	01/04/2013	57,066	4,098	16,839	1,209	17,544	1,260	34,573	2,483	126,021	9,050	96,505	130.6%
Asbestos	01/04/2011	01/04/2011	26,600	1,819	64,772	4,429	15,221	1,041	16,650	1,138	123,244	8,427	71,735	171.8%
Milk	01/03/2014	01/03/2014	30,576	-2,550	16,747	-1,397	31,365	-2,616	32,156	-2,682	110,844	-9,245	82,986	133.6%
Tyres for Vehicles & Plant	01/11/2013	01/11/2013	25,222	2,434	20,819	2,009	19,235	1,856	22,339	2,156	87,616	6,454	77,520	113.0%
Trade Materials (ironmongery, trade tools, pai	03/03/2014	17/02/2014	9,655	660	29,069	1,988	19,116	1,307	21,592	1,476	79,432	5,431	91,351	87.0%
Hygiene Products	01/05/2011	01/04/2012	20,195	1,997	21,517	2,128	21,981	2,174	12,597	1,246	76,290	7,545	91,000	83.8%
Agency Workers - Social Care	01/08/2014	01/08/2014			2,818	0	29,583	0	42,365	0	74,766	0	159,750	46.8%
Plumbing Materials	01/04/2012	06/01/2014	18,836	4,932	21,740	5,692	13,940	3,650	14,678	3,843	69,194	18,117	106,195	65.2%
Library Books & Textbooks	01/11/2013	01/11/2013	13,795	296	10,007	215	10,441	224	32,789	703	67,033	1,438	39,160	171.2%
Organic Waste	01/04/2013	01/04/2013	14,487	8,043	13,835	7,681	14,577	8,083	14,330	7,956	57,229	31,774	50,818	112.6%
Personal Protective Equipment	01/04/2013	06/01/2014	14,080	511	10,142	368	17,573	637	9,783	355	51,579	1,871	25,573	201.7%
Catering Sundries	01/10/2012	01/10/2012	5,187	267	6,158	317	15,889	819	20,288	1,045	47,522	2,449	14,265	333.1%
Domestic Furniture and Furnishings (TA)	13/05/2013	01/07/2013	7,933	756	8,400	800	20,534	1,957	7,130	679	43,996	4,192	73,040	60.2%
Children's Residential Care	14/08/2014	01/04/2014			0	0	0	0	41,058	0	41,058	0	1,149,638	3.6%
Recycle/Refuse Containers	01/11/2013	01/11/2013	8,302	1,761	12,544	2,661	1,535	326	17,515	3,715	39,896	8,463	10,506	379.7%
Telecare Equipment	12/01/2012	12/01/2012	10,453	1,009	12,762	1,231	15,065	1,454			38,280	3,694	61,560	62.2%
Domestic Furniture and Furnishings (SWF)	13/05/2013	13/05/2013	0	0	120	13	653	71	34,541	3,753	35,313	3,837	227,551	15.5%
Electrical Materials	01/04/2012	06/01/2014	0	0	8,813	539	6,897	422	19,069	1,166	34,779	2,126	98,010	35.5%
Meats - Fresh, Prepared & Cooked (incl. Fresh	01/10/2010	01/04/2012	14,386	0	15,397	0					29,782	0	10,000	297.8%
Meats - Fresh, Prepared & Cooked (inc. Fresh	01/11/2014	01/11/2014					9,248	2,609	16,798	4,738	26,047	7,347	23,232	112.1%
Education & Office Furniture	01/03/2013	01/03/2013	139	13	3,268	304	18,956	1,761	1,505	140	23,868	2,217	18,300	130.4%
Presentation & Audio Visual Equipment	01/04/2011	01/07/2011	11,328	1,559	12,177	1,676	0	0	0	0	23,505	3,236	66,804	35.2%
Vehicle & Plant Hire	05/12/2013	01/11/2013	610	8	3,704	48	7,728	99	7,054	91	19,096	246	29,619	64.5%
Washroom Solutions	01/10/2010	01/10/2010	4,558	5,521	4,933	5,976					9,491	11,497		
Telecare and Telehealth Technologies	01/01/2015	01/01/2015							8,751	307	8,751	307	14,492	60.4%
Bitumen Products	01/03/2013	01/03/2013	1,377	423	3,442	1,057	807	248	2,260	694	7,885	2,422	6,732	117.1%
Washroom Solutions	01/10/2014	01/10/2014					1,789	1,198	3,517	2,355	5,306	3,552	5,014	105.8%
Vehicle Parts	01/01/2013	01/01/2013	1,059	56	1,676	88	0	0	1,555	82	4,291	226	22,800	18.8%
Waste Disposal Equipment	01/03/2012	01/03/2012	0	0	0	0	3,987	223	0	0	3,987	223	18,940	21.1%
Road Maintenance Materials	01/07/2014	01/07/2014			840	118	840	118	396	56	2,076	291	10,093	20.6%
Road Maintenance Materials	01/06/2010	01/01/2011	1,181	74							1,181	74		
Salt	01/07/2014	01/12/2014					887	0	0	0	887	0	0	
Signage	01/12/2014	01/12/2014					0	0	283	4	283	4	1,204	23.5%
Janitorial Products	01/03/2015	01/03/2015							27	8	27	8	16,163	0.2%
Household WEEE and Batteries	01/04/2013	01/04/2013	0	0	0	0					0	0		
Roadstone	01/07/2014	01/01/2015							0	0	0	0	136,650	0.0%
Recyclable & Residual Waste	07/07/2014	01/07/2014			0	0	0	0	0	0	0	0	244,886	0.0%
Recyclable & Residual Waste (Income)	07/07/2014	01/07/2014			0	0	0	0	0	0	0	0		
Online School Payments	27/11/2014	27/11/2014					0	0	0	0	0	0	9,337	0.0%



# Member Contract Spend and Estimated Savings Report

Clackmannanshire Council

Breakdown of Spend by Contract - Year To Date as at: Q4 (Jan 2015 - Mar 2015)



Contract	Contract Start Date	Join Date	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total			
			Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Forecast Spend (£)	Actual v Forecast %
Heavy Plant	02/03/2015	02/03/2015							0	0	0	0	23,376	0.0%
Ground Maintenance	02/03/2015	02/03/2015							0	0	0	0	23,651	0.0%
Salt	01/07/2010													
Signage	07/01/2011													0
Building and Timber Materials	01/04/2011													0
Street Lighting Materials	01/07/2011													0
Prepared Meals	15/09/2011													0
Engineering Consultancy	18/03/2013	01/08/2016												0
Street Lighting Materials	01/07/2014	01/04/2016												0
<b>Totals:</b>			<b>899,860</b>	<b>48,237</b>	<b>842,361</b>	<b>55,943</b>	<b>767,106</b>	<b>49,037</b>	<b>799,054</b>	<b>57,670</b>	<b>3,308,380</b>	<b>210,887</b>	<b>4,478,312</b>	<b>73.9%</b>

**Notes:**

1. Spend data is unavailable for Electrical Materials and Plumbing Materials.
2. Actual Spend - Total actual spend (net of saving) on contracts during the reporting period compiled using spend data returns provided by contracted suppliers.
3. Saving - Calculated using the estimated forecast saving percentage figure attributed to each contract as per Executive Sub-Committee reports (or variation thereof subsequently agreed with the customer).
4. Forecast Spend - Estimated total spend anticipated in the reporting period.

## Appendix 7 Clackmannanshire Procurement (Cat C) Variance

Clackmannanshire Council Cat C procurement activity highlights the variances between the budget figure authorised at the start of the procurement process and the actual award of contract figure.

Both values are for the total value of the contract over the lifetime of the contract.

The figures shown below are for procurement activity started in April 2014 up to March 2015.

Form 1 Estimated Spend	Form 2 Amount of Award	Variance	Description
£20,000.00	£18,550.00	£1,450.00	LOCAL EMPLOYABILITY PARTNERSHIP 09/2014 TO 08/2017 COMMISSIONING OF CONSULTANT TO PRODUCE NEW STRATEGY & ACTION PLAN
£175,000.00	£150,950.00	£24,050.00	HOUSING SERVICES PROCESSES REDESIGN
£30,000.00	£29,802.00	£198.00	SPEIRS CENTRE EXHIBITION DISPLAY CASES
£11,600.00	£10,834.00	£766.00	SPEIRS CENTRE FURNITURE
£19,000.00	£14,880.00	£4,120.00	EDUCATION ANTI-VIRUS RENEWAL
£80,000.00	£67,621.00	£12,379.00	INTERACTIVE TOUCHSCREEN FOR REDWELL PRIMARY SCHOOL SUPPLY DELIVERY AND INSTALLATION
£25,000.00	£8,323.35	£16,676.65	SPEIRS CENTRE MOVE FURNITURE AND STAFF
£11,000.00	£6,190.87	£4,809.13	IBM STORWIZE V7000 DISK EXPANSION ENCLOSURE
£393,500.00	£345,550.31	£47,949.69	FLOOR COVERINGS TO PROPERTIES THROUGHOUT CLACKMANNANSHIRE SUPPLY AND FIT
£780,000.00	£547,548.36	£232,451.64	FINANCE SYSTEM REPLACEMENT
£45,000.00	£22,000.00	£23,000.00	RISK MANAGEMENT CONSULTANCY AND INSURANCE BROKING SERVICE
£140,000.00	£113,291.00	£26,709.00	FENCING WORKS AT COUNCIL HOUSES AT BOWMAR ALLOA
£90,000.00	£66,040.31	£23,959.69	CITRIX XENAPP PLATINUM
£55,750.00	£23,850.00	£31,900.00	E - LIBRARY BOOKS
£110,000.00	£87,163.90	£22,836.10	FIRE DAMAGED PROPERTY AT 80 CAROLINE CRESCENT ALVA RE-INSTATEMENT
£115,000.00	£47,655.95	£67,344.05	BLOCK 21-39 THE ORCHARD TULLIBODY DEMOLITION
£3,700,000.00	£3,145,231.78	£554,768.22	INSURANCE & CLAIMS HANDLING SERVICES
£49,000.00	£42,029.06	£6,970.94	STORAGE AREA NETWORK REFRESH
£120,000.00	£103,149.39	£16,850.61	BACKUP SOLUTION - SUPPLY FIT AND CONFIGURE

**£1,119,188.**

## Appendix 8 Spikes Cavell (The Hub) charts

### Spend by Directorate

Directorate Code	Total Spend	Total Value %	Suppliers	Transactions	Departments	Cost Centres
Social Services	19,230,206.62	32.72	344	5,396	60	65
Facilities Management	12,397,634.88	21.09	411	7,729	166	171
Capital	12,202,369.23	20.76	162	963	65	75
Community & Regulatory Service	2,728,584.31	4.64	317	2,534	50	52
PCARD	2,214,250.59	3.77	550	10,772	1	1
Housing Capital.	1,725,461.91	2.94	2	8	2	2
Support Services	1,654,590.52	2.82	140	1,985	41	41
Education Services	1,621,056.97	2.76	520	3,995	132	152
Housing	1,573,087.23	2.68	97	1,584	32	37
Suspense	817,864.80	1.39	34	116	11	16
Property Contracts STO	587,369.49	1.00	95	1,973	4	4
Strategy & Customer Services	571,528.34	.97	236	1,230	50	51
Housing HRA	539,981.74	.92	98	1,223	16	16
Requisition from Joint Boards	524,251.70	.89	91	415	4	4
General Services Capital.	176,505.29	.30	10	18	3	8
Common Goods	79,803.66	.14	27	138	3	3
Capital School Development	61,276.18	.10	4	6	1	1
Property Asset Management	54,300.00	.09	2	3	1	1
IT Capital	7,881.13	.01	1	1	1	1
Education	3,931.59	.01	19	27	3	8
Redundant Capital.	1,734.33	.00	2	3	1	1
Support Services Redundant.	213.07	.00	2	3	1	2

## Top 50 spend by department

Department Code	Total Spend	Total Value (%)	Suppliers	Transactions	Lines
ALLOA - PURCHASING	8,745,911.16	14.88	62	921	939
General PPP	6,259,881.68	10.65	2	12	12
HILLFOOTS/TULLIBODY PURCHASING	4,381,345.42	7.45	62	711	725
ST JOHNS/CLAREMONT	2,641,498.49	4.49	14	33	33
RESIDENTIAL SCHOOLS	2,461,623.83	4.19	11	185	189
PCARD	2,214,250.59	3.77	550	10,772	35,949
Central Heating	1,715,701.91	2.92	1	6	6
2011-15 Bathroom Rep 412000	1,675,597.44	2.85	2	11	11
External Foster Care	1,475,839.94	2.51	11	636	636
2013-16 Cent Htg Repl Term	1,190,492.35	2.03	4	19	21
WASTE DISPOSAL CONTRACT	973,156.52	1.66	4	26	26
ROADS & FOOTPATHS	959,379.78	1.63	9	76	76
Fleet Operations	908,564.98	1.55	68	977	977
OPERATIONS	810,323.43	1.38	63	1,556	1,556
Insurance Premiums Paid	736,493.84	1.25	2	12	12
HEEPS:ABS (1)	728,104.52	1.24	1	11	11
Landscape Partnership	563,624.04	.96	64	118	118
COSTING REVENUE ACCOUNT	521,963.07	.89	82	1,896	1,896
ATC Regeneration - Speirs Cen	477,902.20	.81	15	25	25
TRAFFIC MGE SCHEMES-GENERAL	472,691.33	.80	16	69	69
Hallpark -New Build	437,823.38	.74	1	4	4
IT - Schools	420,321.43	.72	16	67	67
KERBSIDE ex SWF	419,718.14	.71	13	42	48
ADMINISTRATION	374,204.57	.64	93	489	489
ASSISTANCE TO PUPILS-SECONDARY	369,518.73	.63	8	94	94
Property Asset Management Plan	364,803.09	.62	21	54	54

Revenues - Social Fund	362,445.38	.62	13	640	642
ASSISTANCE TO PUPILS SPECIAL	326,525.63	.56	18	214	216
2011-15 Render & Roof 412100	323,288.18	.55	1	6	6
POWER	318,966.11	.54	1	12	12
Safe Electrical Rewire 2013-17	314,965.64	.54	3	15	15
Vehicles & Equip-Refuse Collec	314,570.00	.54	2	3	3
STREET LIGHTING	308,230.68	.52	8	61	61
PRIVATE CONTRACTORS	291,380.12	.50	41	686	686
Long Term team	276,208.38	.47	34	195	195
SUPPORT SERVICES	270,950.33	.46	29	86	86
GROUNDS MAINTENANCE	269,064.44	.46	106	683	683
MENSTRIE HOUSE	259,100.45	.44	46	656	662
Vehicles & Equip-Property Con	235,908.00	.40	1	14	14
BUS SERVICES	231,426.45	.39	2	22	22
Lornshill Academy PPP	215,507.64	.37	2	4	4
Alva Academy PPP	212,555.09	.36	3	5	5
Alloa Academy PPP	204,100.50	.35	1	2	2
FM Kilncraigs	201,239.95	.34	46	174	174
Clacks Healthier Lives	191,774.09	.33	2	6	6
Vehicles & Eqt - Roads Contract	190,252.62	.32	2	2	2
Disability Team	176,605.03	.30	18	212	212
Billing & Assessment	165,754.94	.28	17	136	136
Fire Safety Impts / works	164,125.46	.28	9	36	36
MAINTENANCE	162,163.89	.28	10	41	45

## Top 50 spend by Subjective Code

Subjective Code	Subjective Description	Total Spend	Total Value %)	Suppliers	Transactions	Directorates	Departments	Cost Centres	Lines
6705	Payments To Contractors	20,485,762.73	34.86	291	2,342	17	139	155	2,354
6621	Private Nursing Homes	5,512,908.72	9.38	37	597	1	2	2	621
5115	Professional Fees	3,614,568.87	6.15	76	337	16	87	90	339
6627	Other Homecare	2,476,635.41	4.21	21	446	1	3	3	450
6620	Private Residential Homes	2,370,480.49	4.03	41	510	1	4	4	514
6625	Standard Homecare	2,336,667.39	3.98	3	91	2	6	6	91
PCARD	PCARD	2,214,250.59	3.77	550	10,772	1	1	1	35,949
6510	Payments - Vol Orgs.	2,013,758.90	3.43	35	177	6	22	23	179
5181	External Foster Care	1,476,289.87	2.51	10	635	1	2	2	635
6610	Pays To Educ Establish.	1,394,596.87	2.37	31	195	4	6	6	197
2105	Repairs & Maintenance	1,228,529.32	2.09	142	2,510	10	117	117	2,510
1780	Agency Staff	1,203,619.32	2.05	26	1,491	6	34	34	1,507
2240	Electricity	1,059,880.55	1.80	16	1,604	7	93	93	1,606
3075	Vehicles - Purchase	1,021,187.89	1.74	6	25	3	5	6	25
5080	Insurance	741,993.84	1.26	3	13	1	2	7	13
3750	Pupil Conveyance-Contract	720,830.86	1.23	21	293	1	4	4	295
4015	Materials	610,786.58	1.04	232	1,726	10	77	77	1,726
5541	Computer S/ware Maint.	600,687.17	1.02	37	96	10	24	24	96
6626	Disability Homecare	591,357.42	1.01	1	36	1	3	3	36
4016	Materials - Direct	521,048.45	.89	35	1,049	2	2	2	1,049
3030	Vehicles - Diesel	455,023.92	.77	3	40	1	2	2	40
4001	Purchase Of Equipment	430,570.80	.73	180	640	11	81	82	644
2210	Gas	424,209.26	.72	12	1,036	6	74	74	1,042
6755	Payment To Sub Contractor	394,593.06	.67	40	717	4	4	4	717
5511	Computer H/ware Purchase	378,022.30	.64	32	163	11	44	44	165
4025	Per Capita Teaching Mats	288,108.41	.49	305	1,986	2	79	103	1,986

6810	Payment To Other Agencies	280,677.31	.48	47	275	9	49	50	275
1910	Staff Training	235,882.02	.40	119	387	11	71	72	387
5521	Computer H/ware Maint.	222,977.39	.38	18	27	5	15	15	27
4130	Provision Of Food	222,477.27	.38	20	1,080	3	17	17	1,086
3210	Short Term Hires	207,955.85	.35	46	457	6	21	21	457
5210	Postages	193,354.27	.33	20	171	7	22	22	171
4002	Purchase Of Furniture	179,032.33	.30	17	308	11	29	29	308
5820	Grants & Donations	168,829.87	.29	39	79	4	10	10	79
5531	Computer S/Ware Purchase	160,362.94	.27	23	69	7	35	35	69
3090	Operators Licence	152,752.85	.26	18	229	1	1	1	229
5231	Mobile Telephones	135,386.57	.23	5	578	11	156	160	578
4030	Equipment Maintenance	127,671.01	.22	100	883	9	32	33	883
5810	Subscriptions	124,148.09	.21	49	83	9	39	41	83
3061	Vehicles - Exter. Maint.	100,560.62	.17	37	325	1	2	2	325
4020	Stock Purchases	93,895.36	.16	4	8	3	3	3	8
5571	Computer Services	89,897.43	.15	13	46	3	11	11	46
5730	Legal Expenses	83,188.66	.14	21	173	9	22	22	173
3070	Vehicles - Purchases Part	79,618.38	.14	1	57	1	1	1	57
2710	Cleaning/Hygiene Material	76,731.52	.13	31	606	6	51	52	608
4090	Library Books	58,250.26	.10	39	329	3	5	5	331
3340	Client Travel	58,084.98	.10	20	119	3	9	9	119
5043	Stationery	56,160.33	.10	33	660	10	67	67	662
5042	Photocopying	55,206.44	.09	5	342	5	38	38	342
5040	Printing	52,308.75	.09	25	93	8	36	36	93

