



# **Procurement Strategy**

## **2023 to 2028**

All our written information can be made available, on request, in a range of different formats and languages. If you would like this document in any other language or format please contact Strategy, Performance and Business Solutions on 01856 873535 or email [spbs@orkney.gov.uk](mailto:spbs@orkney.gov.uk).

## Contents

|   |    |
|---|----|
| Procurement Strategy .....  | 1  |
| 1. Introduction .....   | 4  |
| 2. Policy Statement .....   | 4  |
| 3. Background.....  | 4  |
| 3.1. Procurement Strategy 2023 to 2028 .....                          | 4  |
| 3.2. Scope of public procurement .....                                | 4  |
| 3.3. Procurement activity .....                                       | 5  |
| 4. Council priorities and values .....                                | 5  |
| 4.1. Procurement Reform (Scotland) Act 2014 .....                     | 6  |
| 4.2. Scottish Model of Procurement.....                               | 7  |
| 4.3. Council Structure and Procurement Organisational Structure ..... | 8  |
| 5. Themes and Priorities .....  | 10 |
| 6. The Council’s Contract Standing Orders.....                        | 10 |
| 7. Ethical Standards.....   | 11 |
| 8. Aims of the Procurement Strategy .....                             | 12 |
| 9. Outcomes of the Procurement Strategy .....                         | 12 |
| 10. Sustainable Procurement Duty / Climate Change Duty .....          | 13 |
| 11. Community Wealth Building.....                                    | 14 |
| 12. Consultation and Engagement.....                                  | 14 |
| 13. Fair Work First .....   | 14 |
| 14. Health and Safety at Work, etc. Act 1974 .....                    | 15 |
| 15. Fairly and Ethically Traded Goods and Services .....              | 15 |
| 16. Procurements involving the Provision of Food.....                 | 15 |
| 17. Spend Profile in Orkney .....                                     | 16 |
| 18. Payment Policy .....  | 16 |
| 19. Implementation, Monitoring, Reviewing and Reporting.....          | 16 |
| 20. Policies, Tools and Procedures .....                              | 17 |
| 20.1. Local Policies and Procedures.....                              | 17 |
| 21. Strategic priorities .....  | 18 |
| 21.1. Sustainability, Climate Change and Net Zero Targets .....       | 18 |
| 21.2. Working with local suppliers.....                               | 19 |
| 21.3. Value for money.....  | 19 |
| 21.4. Collaboration and partnering .....                              | 20 |
| 21.5. Governance .....  | 20 |

|  |    |
|--|----|
| 21.6. Contract management .....        | 21 |
| 21.7. Communication.....               | 21 |
| 21.8. E-Procurement.....               | 22 |
| 21.9. Monitoring and measurement ..... | 22 |
| 21.10. Guidance .....                  | 22 |
| 21.11. Training.....                   | 23 |
| Annex 1 – Targets/Indicators .....     | 24 |

## **1. Introduction**

This procurement strategy has been revised to incorporate the priorities and objectives of the new Orkney Islands Council's Council Plan 2023 to 2028 and Council Delivery Plan 2023-2028, the changing procurement agenda, the current financial climate, Climate Change and Net Zero.

The strategy sets out the priorities of Orkney Islands Council (the Council) in the form of a number of Council commitments. These commitments reflect both national policies and local priorities and are considered to be proportionate to the scale and complexity of the procurement activity undertaken by the Council. Each of the stated commitments is considered to be achievable within the timeframe of this strategy.

## **2. Policy Statement**

The Council's procurement strategy provides the basis for further improvement and the embedding of procurement across all Council services in a manner which are proportionate to the scale and the complexity of the procurement undertaken by the Council.

It seeks to create, through a series of Council commitments, a firm foundation upon which the Council can continue to build and deliver improved procurement performance.

The Council is committed to sustainable economic development in Orkney and it is conscious that procurement decisions must take account of the social, economic and environmental outcome they have on the people and communities of Orkney.

## **3. Background**

### **3.1. Procurement Strategy 2023 to 2028**

Orkney Islands Council is committed to good procurement practice. This document is the latest version of the Council's Procurement Strategy which replaces the 2019 to 2021 and 2021 to 2023 Versions. This latest Strategy builds on the progress to meet the needs of the Council and the business community in Orkney and outwith Orkney and has been aligned to the Council Plan 2023-2028 and Council Delivery Plan 2023-2028.

### **3.2. Scope of public procurement**

Public Procurement can be defined as the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties by contracting authorities. The scope of public procurement ranges from the purchase of routine supplies or services, to the formal tendering and placing contracts for large infrastructure projects by a wide range of contracting authorities.

The procurement process does not end at the contract award stage, but spans the life cycle of the contract from the inception and design through to contract management.

### 3.3. Procurement activity

The Council spends approximately £ 67 million per annum on goods, services and works (2022 to 2023 figures). Of this £67 million, approximately 41% is spent with Orkney businesses or on companies that have a presence in Orkney (but with no head office in Orkney).

This is a significant figure both in terms of the Council's budget and the effect that such spending has on the local economy.

## 4. Council priorities and values

Procurement cuts across all Council services and forms an integral part of the Council's ability to achieve its declared strategic priorities as detailed in the new Council Plan 2023 to 2028 'Working together for Orkney' as below.



Procurement is a key enabler across all the above Council's priorities.

The aims are what the Council want to achieve, and the outcomes are the positive changes we are working towards for the benefit of our communities.

- Transforming our council – to provide the foundations for staff to deliver outstanding customer service and performance.
- Growing our economy
- Strengthening our communities (includes being on track to become net zero by 2030).
- Developing our infrastructure.

The three priority themes are built upon core principles, which will guide future decision-making relating to all our aims.

The core principles are as follows:

- Protecting our environment and combating climate change.
- Equality, fairness and inclusion: in particular for vulnerable and remote communities like the ferry linked isles.
- Sustainable and accessible services for all.
- Community wellbeing and mental health.
- Community wealth building for future generations.

The new [Council Delivery Plan](#) was approved in 2023 to supplement the new Council Plan, and the Council's Procurement Strategy 2023 to 2028 continues to reflect the strategic priorities and values in line with this and has been updated to reflect recent procurement developments.

Orkney Integration Joint Board, and Orkney Health and Social Care Partnership, the Integrated Joint Board (IJB) was formed in 2016. This is a legal body, separate from both NHS Orkney and Orkney Islands Council with planning, resourcing, and overseeing integrated health and social care services. The IJB and Orkney Health and Care have published their [Strategic Plan](#) as well as a Strategic Commissioning implementation Plan. Included in this Plan there is a commitment to review third sector commissioned services and an overall commissioning intention to shift the balance of care to enhanced, community based models.

#### **4.1. Procurement Reform (Scotland) Act 2014**

Section 15 of the Procurement Reform (Scotland) Act 2014 requires any public organisation, which has an estimated total value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, to prepare and publish a procurement strategy.

Where an organisation has an existing procurement strategy, there is no requirement for it to prepare a completely new procurement strategy each year. An organisation must, however, review its procurement strategy annually and make such revisions as it considers appropriate for the purposes of the Act.

The Council's first procurement strategy was published by 31 December 2016 as required by the legislation, and covered:

- The remainder of the financial year in which 31 December 2016 occurred.

- The first financial year commencing 1 April 2017.
- A further Procurement Strategy was published in January 2019.
- An updated Procurement Strategy was published in July 2022.

It is a requirement that an organisation must publish its procurement strategy, including any revisions, on the internet and by any other appropriate means. The organisation must notify Scottish Ministers of the publication of its procurement strategy.

This document in its draft form was published for public consultation and is a revision to the previous Procurement Strategy which was updated in 2022, and will extend to the years 2023 to 2028, to run in parallel to the new Council Plan.

## 4.2. Scottish Model of Procurement



The Scottish Model of Procurement puts procurement at the heart of Scotland's economic recovery. It sees procurement as an integral part of policy development and service delivery.

Like all good ideas, it's a simple concept - business friendly and socially responsible. Looking at outcomes not outputs, it uses the power of public spend to deliver genuine public value beyond simply cost and / or quality in purchasing.

Government led, it benefits from strong political leadership including three successive Cabinet Secretaries. It is also owned by all of the Scottish public sector. The Scottish Government and public authorities are working together to develop strategic relationships with key business, third sector organisations and a project level partnership to agree solutions to specific problems.

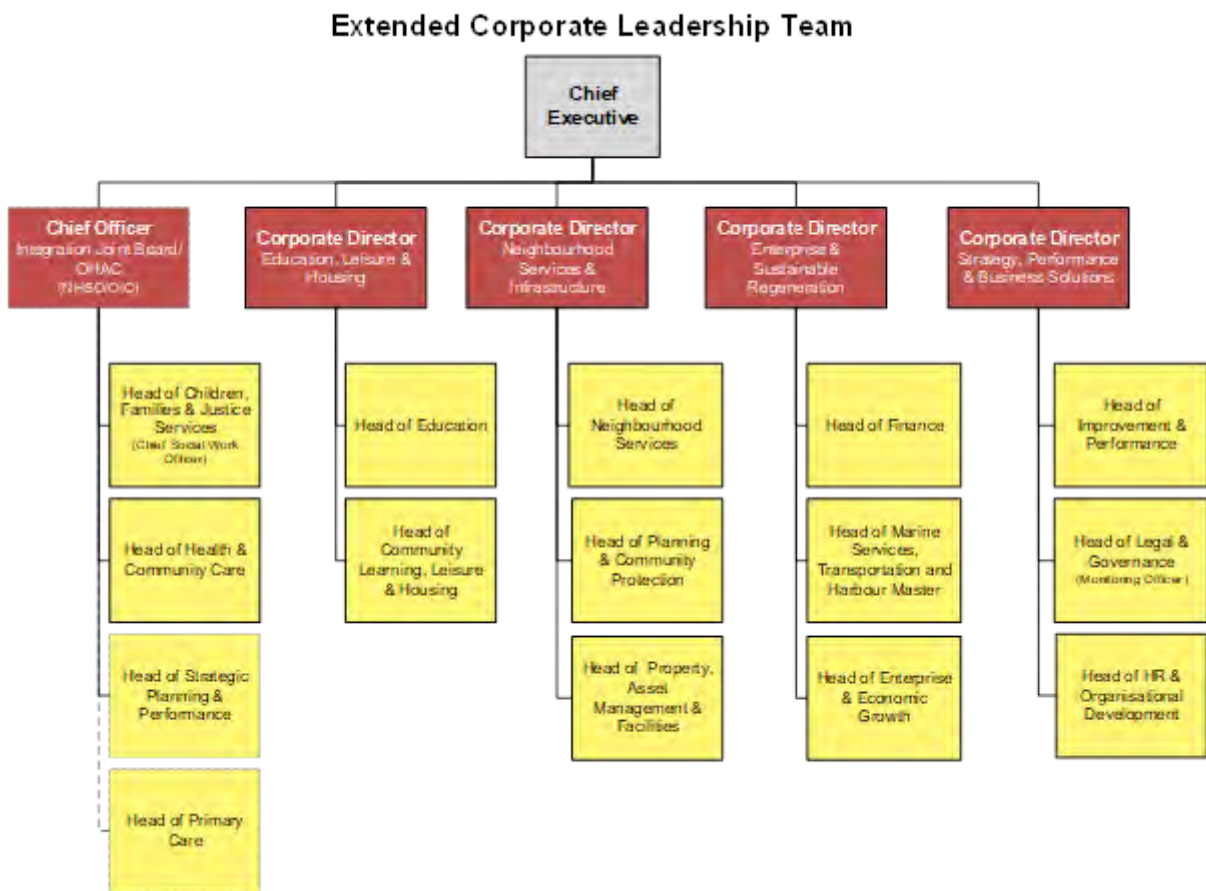
The Value for Money triangle above sums up the Scottish Model of Procurement; it is not just about cost and quality, but about the best balance of cost, quality and sustainability.

Commencing in 2021, the Public Procurement Group, consisting of four Procurement Centres of Expertise in Scotland, and led by the Scottish Government, worked together in developing a 'plan for the future' leading to the publication in April 2023 of the Public Procurement Strategy for Scotland 2023 to 2028. This Strategy sets out the Scottish Government's vision, strategic structure, enablers and objectives.

The [Scottish Government's Procurement Strategy](#) transition to delivery is anticipated to be embedded in public sector procurement over the next five years. This is to be taken into account in future revisions of the Council's Procurement Strategy where this aligns with the vision and objectives of Orkney Islands Council's Council Plan.

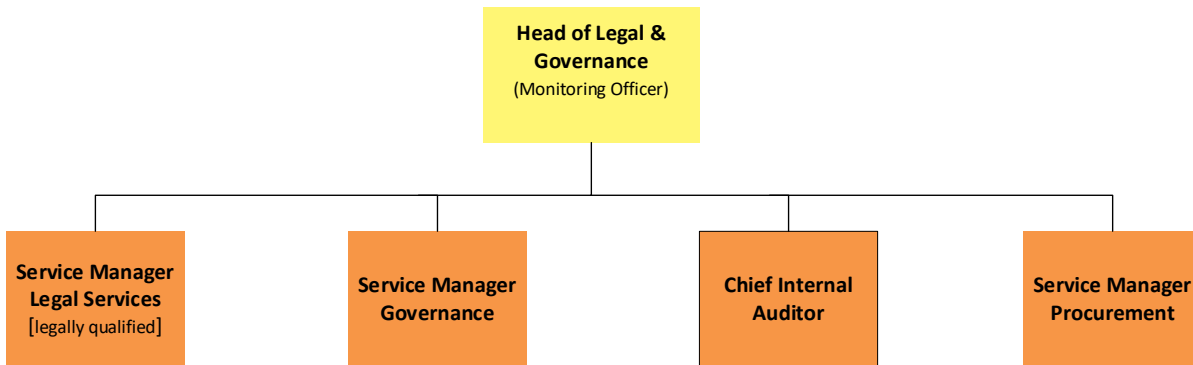
### 4.3. Council Structure and Procurement Organisational Structure

#### 4.3.1.

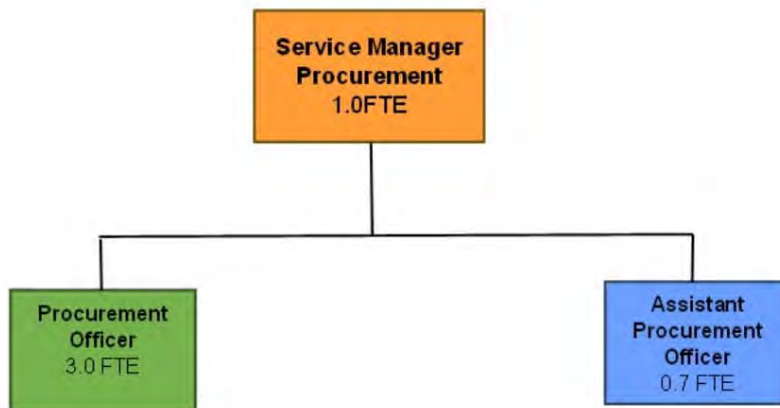




**Orkney Islands Council**  
Legal & Governance Management Structure



**Orkney Islands Council**  
Procurement Structure



The Council structure above illustrates the reporting structure for the Procurement Team which sits within the Strategy, Performance and Business Solutions Corporate Directorate's Legal and Governance Team. The Procurement Services Team consists of 4.7 full-time equivalent staff; the Service Manager Procurement, three Procurement Officers and an Assistant Procurement Officer. The Service Manager's responsibilities include development of a network of trained and experienced Officers across the Council who are assigned delegated responsibility for procurement for supplies, services and works. The Procurement Team are qualified to the appropriate level for their role within the industry standard Chartered Institute of Procurement and Supply (CIPS) framework and equally officers within the engineering team and the capital projects team are trained in the specific contracts forms which meet industry standards for procurement within these disciplines.

### 4.3.2.

The Procurement Consultative Group consists of six Elected Members and officers including the Corporate Director, Head of Service, Service Manager and additional officers from the Procurement Team as and when required, and has the remit to consider all matters relating to procurement, including reviewing the Contract Standing Orders and development of a procurement strategy.

## 5. Themes and Priorities

The six key priority areas where indicators and targets have been identified and are attributable for the Procurement Strategy reporting period ending 31 March 2028 will be as follows:

- Sustainability, Climate Change and Net Zero Targets
- Working with local suppliers.
- Value for money.
- Collaboration and partnering.
- Contract management.
- E-Procurement.

## 6. The Council's Contract Standing Orders

The purpose of the Council's [Contract Standing Orders](#) (CSOs) is to set clear rules for the procurement of supplies, services and works for the Council. Following the rules should ensure that the Council is fair and accountable in its dealings with contractors and in the award of contracts. CSOs are intended to ensure that the Council obtains value for money for the council taxpayer. Value for money is defined as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the end users' requirements.

The Council's Contract Standing Orders are compiled in accordance with the Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015, the Procurement (Scotland) Regulations 2016, the Concession Contracts (Scotland) Regulations 2016, the Utilities Contracts (Scotland) Regulations 2016 and the Public Contracts (Scotland) Amendment Regulations 2016.

The Contract Standing Orders should be read in conjunction with the Procurement Reform (Scotland) Act 2014 statutory guidance in recognition of the duty of Public Authorities to have regard to the Guidance as detailed below:

- [Procurement Reform \(Scotland\) Act 2014: statutory guidance - gov.scot \(www.gov.scot\)](#).
- [Fair work and procurement - Public sector procurement - gov.scot \(www.gov.scot\)](#).
- [Update to procurement of care and support services: SPPN 07/2016 - gov.scot \(www.gov.scot\)](#).
- [Changes to procurement legislation at the end of the EU Exit Transition Period: SPPN 11/2020 - gov.scot \(www.gov.scot\)](#).

- [Public procurement - taking account of climate and circular economy considerations: SPPN 3/2022 - gov.scot \(www.gov.scot\)](#).
- [Fair Work First implementation - Scottish public procurement update: SPPN 6/2021 - gov.scot \(www.gov.scot\)](#).
- [Procurement thresholds and VAT inclusion in estimated contract value: SPPN 8/2021 - gov.scot \(www.gov.scot\)](#).
- [Public procurement - taking account of climate and circular economy considerations: SPPN 3/2022 - gov.scot \(www.gov.scot\)](#).

All Contracts that are awarded by the Council, regardless of value, are subject to an obligation to seek best value and to demonstrate transparency, equal treatment, non-discrimination and proportionality.

Contracts awarded by the Council must comply with the CSOs.

Officers are required to comply with the CSOs, the Scheme of Delegation to Officers, the Scheme of Administration and the Financial Regulations.

## 7. Ethical Standards

In all dealings with contractors, the Chief Executive, Corporate Directors, and all officers must preserve the highest standards of honesty, integrity, impartiality and objectivity. In particular, officers engaged in procurement matters must:

- Be fair, efficient, firm and courteous.
- Maintain the highest possible standard of integrity in all business relationships.
- Acquire and maintain current technical knowledge.
- Achieve appropriate professional standards in the management of contracts.
- Foster appropriate standards of professional competence amongst those for whom they are responsible.
- Comply with the law, guidance on professional practice and contractual obligations.
- Declare any personal interest which may affect or be seen by other to affect impartiality.
- Respect the confidentiality of information received in the course of duty and ensure that information given in the course of duty is honest and clear.
- Respond promptly, courteously and efficiently to suggestions or enquiries, including Freedom of Information request obligations according to Council policies.
- Not knowingly work with suppliers that trade in slavery, prostitution or illegal drugs, or who breach International Labour Organisation conventions.
- Not offer, give or agree to give anything, to any person an inducement or reward for doing, refraining from doing, or for having done or refrained from doing, any act in relation to the obtaining or execution of the procurement agreement or for showing or refraining from showing favour or disfavour to any person in relation to said Agreement which may constitute an offence under the Bribery Act 2010.

- Take all reasonable steps, in accordance with good industry practice, to prevent fraud by Council Staff and the Supplier (including its shareholders, members and directors) in connection with the procurement of supplies, services and shall in the first instance notify their Line Manager, Head of Service or Corporate Director immediately if they have reason to suspect that any fraud has occurred or is occurring or is likely to occur. Reporting in all cases should be in accordance with the Council's Corporate Anti-Fraud Policy and Whistle Blowing Policy.

## **8. Aims of the Procurement Strategy**

- Ensure that the procurement strategy is aligned with the Council's corporate priorities as articulated in the Council Plan and Delivery Plan.
- Ensure a clear pathway for identifying and acting on improvements by maintaining and improving on the measure of "conformance" performance as measured by the Procurement and Commercial Improvement Programme (PCIP).
- Ensure compliance with all relevant legislation and achieve financial savings.
- Ensure that best value / value for money is being obtained consistently when goods and services are purchased.
- Ensure that steps are taken to facilitate Supported Businesses in Orkney to be involved in regulated procurement opportunities.
- Ensure that all suppliers have access to supplier development support.
- Ensure compliance with the Sustainable Procurement Duty and Climate Change Duty.
- Ensure that community benefit requirements are imposed as part of a regulated procurement where appropriate.
- Ensure that suppliers are able to access information regarding future potential contract opportunities up to two years in advance.
- Ensure that a Procurement Annual Report is prepared to report on the progress made for meeting the Aims of the Procurement Strategy.

## **9. Outcomes of the Procurement Strategy**

- Better contracts resulting in better services and facilities for the people of Orkney.
- Increased savings, freeing up money to protect the Councils front line services.
- Standardisation of Council processes to protect the Council from risk.
- Improved contract and supplier management.
- A publicly available summary of the regulated procurements that have been completed.
- An annual review of whether those procurements complied with the organisation's procurement strategy.
- An annual review of the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply.
- A summary of community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report.
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period.

- A summary of regulated procurements expected to commence in the next two financial years.

## 10. Sustainable Procurement Duty / Climate Change Duty

Before undertaking a tendering exercise, the Chief Executive, Corporate Directors or Chief Officer takes into account the social, economic and environmental outcome of the proposed contract and whether the contract will contribute to the achievement of sustainable development in accordance with the Sustainable Procurement Duty and the Council's Sustainable Procurement Strategy. The [Sustainable Procurement Policy](#) will be reviewed in 2024 to take account of relevant wider policy changes including the Council's Climate Change Strategy and developing Action Plans.

For any procurement equal to or greater than £4,000,000, the Council must consider whether to impose community benefit requirements as part of the procurement. Contracts are also now required to be determined as either a 'relevant' or 'priority' contract in terms of impact on Climate Change in accordance with Scottish Government, Sustainable Procurement Tools guidance.

The Council recognises and wishes to maximise the benefits achievable through sustainable procurement. Sustainable procurement can deliver additional benefits for the Council while contributing to the social, economic and environmental well-being of people and places. For example, sustainable procurement will enable the Council to:

- Achieve value for money by avoiding unnecessary purchasing, by considering and then lowering the whole life costs of goods, services and works and through improved resource efficiency.
- Minimise carbon emissions within contracts for works, services and supply, especially with consideration to the lifetime of the contract and culminative emissions where timescales might lock in emissions over several years
- Report on progress towards meeting its legal duties and other obligations in relation to climate change and sustainable development including Net Zero.
- Stimulate the market and encourage innovation for sustainable products and services.
- Support the local supply community by engaging with Small and Medium Enterprises and Third Sector organisations so they can compete for Council contracts.
- Help build a sustainable supply chain for the future and improve supplier relationships.

Additionally, consideration will be given to the elimination of single use / disposable plastic items used by the Council where possible and support others to do likewise.

The Climate Change Working Group, comprising membership across Council Services, including Procurement, will work together to develop, support and embed action on Climate Change. Clear indicators will be important, helping a 'measure to manage' approach and impactful actions. The reduction in the carbon footprint of Orkney Islands Council will be captured in the annual Climate Change Duties report.

The Chief Executive, Corporate Directors or Chief Officer will only consider factors that are relevant and proportionate to the proposed Contract.

## 11. Community Wealth Building

The Council and The Orkney Partnership (Orkney's community planning partnership) have decided to adopt Community Wealth Building (CWB) and it is a key element of the Orkney Islands Council Plan 2023-2028 and the Orkney Local Outcomes Improvement Plan 2023-2030.

CWB involves:

- Building on the work already done to support local, small and medium businesses (including Third Sector organisations) to be able to do more.
- Supporting the creation of new business, including those with different forms of ownership such as co-operatives.
- Promoting fairer employment practices, including the payment of the Scottish Real Living Wage which benefits the whole county through increased spend and less poverty.
- Skilling up local people to be able to benefit from the opportunities that arise.
- Lower carbon emissions because of shorter supply chains.

There are five pillars to CWB, including developing the local supply chains of businesses likely to support local employment, keeping wealth within communities, promoting fairer employment practices, and reducing carbon emissions because of shorter supply chains. CWB is not delivered by public authorities in silo. The Council will work with its community planning partners to develop a common plan to deliver CWB.

## 12. Consultation and Engagement

Prior to commencement of all procurement activities where the public may be affected by the Council's procurements, consideration is given to the consultation and engagement process as appropriate. For example, this is particularly relevant in the provision of Social Care Services which provides for good practice examples of service users and / or their representatives contributing to the development of service specifications and evaluation criteria.

## 13. Fair Work First

Fair Work First in Scottish Procurement sets out the five Fair Work First criteria: appropriate channels for effective voice, such as trade union recognition; action to tackle the gender pay gap and create a more diverse and inclusive workplace; and providing fair pay for workers (for example, payment of the real Living Wage).

The Scottish Government has further advised public bodies to implement Fair Work First in new advised public bodies to implement Fair Work First in new procurement processes from 1 April 2021. Since then, Ministers have announced the expansion of Fair Work First to include 2 new elements. This expansion is in response to challenges faced in the labour market. The new elements seek to promote flexible and family friendly working practices and oppose the use of fire and rehire practices.

The Council will apply the full and expanded Fair Work First criteria in all procurement processes, including consideration of scoring for this award criteria where this is relevant and proportionate to do so.

- [Addressing fair work practices, including the real living wage, in procurement: best practice - gov.scot \(www.gov.scot\)](http://www.gov.scot)
- [Fair Work First implementation - Scottish public procurement update: SPPN 6/2021 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

## **14. Health and Safety at Work, etc. Act 1974**

All Contractors and sub-contractors will be required to evidence their compliance with the Health and Safety at Work, etc. Act 1974 and any provision made under that Act, wherever this is relevant to the subject matter of the contract.

## **15. Fairly and Ethically Traded Goods and Services**

In 2010, Orkney Islands Council passed a Fairtrade Resolution which says:

“Orkney Islands Council aims to be recognised as supporting and promoting the principles of Fairtrade through demonstrating a commitment to supporting fair and sustainable development”.

As detailed in the Council’s Sustainable Procurement Policy, the Council will, where practicable and where it is sustainable, purchase fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products.

## **16. Procurements involving the Provision of Food**

The Council will require contractors to provide evidence of how their approach to the sourcing/provision of food can improve the health, wellbeing and education of communities and appropriate food standards certification or equivalent including animal welfare requirements and / or welfare inspections which can promote the highest standards of animal welfare.

- We will consider environmentally sustainable and ethical foods such as free range eggs and meat and fish which satisfy UK welfare standards when making procurement decisions. We will, where practicable and where it is sustainable, specify fresh, seasonal and nutritious food.
- We will not knowingly purchase genetically modified food or food with genetically modified ingredients.
- We will specify Protected Geographical Indication and Protected Designation of Origin standards where they are justified by menu requirements.
- We will consider animal welfare when making procurement decisions.
- We will not purchase goods which have been developed using animal testing.

- We will, where practicable and where it is sustainable, purchase fair trade options certified by appropriate independently verified accreditation schemes as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products.

Consideration to be given to the reduction of “food miles” in the context of usage of food produced locally where appropriate and practical and in accordance with procurement legislation.

Consideration will be given to the following publications for all procurements involving the provision of food as appropriate:

- [Good Food Nation policy - Food and drink - gov.scot \(www.gov.scot\)](http://www.gov.scot).
- [Catering for change: buying food sustainably in the public sector - gov.scot \(www.gov.scot\)](http://www.gov.scot).
- [Criteria and guidance - Food for Life](#).
- [School food standards - School Food Plan](#).

## 17. Spend Profile in Orkney

The Council is required by the Scottish Government to input its annual spend data to the Procurement Hub which records all purchasing transactions made by the Council for each financial year. The information is processed and released back to the Council for the purposes of analysis and forward planning. This information is reported in the Procurement Annual Report.

## 18. Payment Policy

Once certified, payment vouchers should be passed without delay to the Payments Section for processing. Prior to payment the Payments Section will examine payment vouchers and are entitled to make enquiries and to receive information and explanations as required. All payments must be made on time, to comply with the requirements of the Late Payment of Commercial Debts (Interest) Act 1998.

The Council is committed to ensure that where invoices are submitted accurately, these will be paid within 30 days of the invoice date. Performance measures on invoice payment timescales are reported regularly to the Council.

## 19. Implementation, Monitoring, Reviewing and Reporting

The Council already has several performance indicators on procurement and any outcomes and targets from this Procurement Strategy not already included in these indicators will be added for monitoring.

The Council's first Procurement Annual Report was published in October 2018 and reported on the targets set in the Procurement Strategy 2016 to 2018. The targets set in the first Procurement Strategy have been reviewed and amended for the Procurement Strategy 2019 to 2021 and for the updated Strategy for 2021 to 2023 and have continued to be reported on in each Procurement Annual Report since 2018.



The targets for the Procurement Strategy for the period reporting period 2023 to 2028 have been reviewed for this version of the Strategy.

Additionally, overall reporting on the six themes noted at section 5 of this Strategy and new policy developments will be reviewed by the Procurement Consultative Group outwith the formal Committee process, prior to consideration at the relevant Council Committee.

## **20. Policies, Tools and Procedures**

### **20.1. Local Policies and Procedures**

- Council Plan and Council Delivery Plan.
- Key Stakeholder Map / internal / external customers.
- Risk Management.
- Gifts, hospitality and other inducements.
- Conflicts of interest / anti-competitive behaviour / fraud awareness.
- Suppliers charter.
- Financial Regulations.
- Contract Standing Orders.
- National Performance Framework.
- Flexible Framework.
- National Competency Framework.

Examples of National Policies, Tools and Legislation can be found by searching for the following:

- Legislation.
- Legislation Guidance.
- Scottish Model of Procurement changes to European Directives.
- Public Procurement Reform Programme.
- Suppliers Charter.
- EU Procurement Thresholds.
- Procurement Journey.
- Supplier Journey.
- Procurement Construction Manual.
- PCIP.
- Public Contracts Scotland.
- Public Contracts Scotland – Tender.
- Information Hub (Spikes Cavell).
- Pecos Catalogue Management System (PCM).
- Supplier Development Programme.
- Business Gateway Orkney.

- Sustainability Prioritisation Tool.

## 21. Strategic priorities

The Council will always strive to achieve value for money through procurement within an environment of transparency and non-discrimination. The Council must achieve efficiencies and cash savings through procurement whilst considering its responsibilities for the environmental outcome of any procurement decisions made in terms of sustainability, equality, diversity and other social implications.

The Council's priorities for 2023 to 2028 in relation to procurement are set out as follows:

### 21.1. Sustainability, Climate Change and Net Zero Targets.

The Council is conscious that its procurement decisions must take account of the social, economic and environmental outcome. It has on the people and communities of Orkney and elsewhere. Within the latest Council 5-year plan, net zero objectives have been added along with the following statements, which are at this stage aspirations of the Council:

- Orkney is on track to become net zero by 2030.
- We have reduced the carbon used during the course of our direct and indirect activities.
- We have grown our green and blue economies.
- Everyone in Orkney has reduced their carbon footprint (the greenhouse gases generated by their actions).

Council commitment:

- To embed sustainability into the procurement process where it is relevant to the subject matter of the contract and to comply with the Council's Sustainability Duty.,
- Implementation of the Scottish Government 10 steps to Sustainable Procurement to assist sustainability and other responsible procurement themes using the Scottish Government's [Sustainable Procurement Tools](#).
- To engage with the local supplier base to develop Community Benefit Clauses to maximise the potential of the local economy to compete for Council business for the economic benefit and sustainability of Orkney.
- To implement the use of Community Benefit / Sustainable Procurement Award Criteria in contracts as appropriate with a focus on life cycle impacts including evaluating impacts of raw materials, delivery and use, and end of life considerations
- Draw on best sustainable procurement practice in Scotland and engage with suppliers to develop and implement carbon management criteria in support of the reduction of direct and indirect emissions (integrating alongside the Council's developing Climate Change strategy).
- To implement any recommendation relevant to procurement from the Council's Climate Change Action Plan when this is developed accompanied by relevant commitments and targets.
- To improve streamlining of reporting by cross referencing the Procurement Annual Report with the Climate Change Duties Report in greater detail.

## 21.2. Working with local suppliers

The Council recognises that engagement in the procurement process may seem complex and daunting to suppliers and contractors, and particularly for Small and Medium Sized Enterprises (SMEs) and the Third Sector in particular where this is a new experience for contractors.

Council Commitment:

- Making doing business with the Council easier for local suppliers.
- At all times adopt a professional approach in all its business undertakings with suppliers and contractors. Where decisions are made every effort will be made, within the confines of the law and commercial confidentiality, to provide a full and timely explanation of the reasoning behind the procurement decision making process.
- To ensure that the procurement process is appropriate to the value and complexity of the goods, services or works that are being acquired and to keep bidding costs to the minimum necessary and remove barriers to participation by, for example small firms, the self-employed and the third sector without discriminating against others. .
- To review contract documentation and award procedure on an ongoing basis – to ensure that they place the minimum possible burden on suppliers.
- To ensure that communication of contract opportunities is accessible to all areas in the Orkney Islands including our most remote communities.
- Use outcome based tender specifications wherever possible – to allow businesses to propose innovative and alternative solutions to the Council's needs.
- To consider the use of lots as appropriate in contract opportunities to enable small firms, the self-employed and the third sector to bid for contracts.
- To ensure communication is maintained with bidders where there have been unforeseen delays to an indicative timeline for a procurement exercise both before and after the tender submission deadline and prior to contract award.
- Provide feedback to suppliers following formal market engagement/consultation exercises for example following meet the buyer events or public consultations.
- To develop systems where suppliers are able to provide feedback on a regular basis.

## 21.3. Value for money

Section 1, Local Government in Scotland Act 2003 places a statutory duty on the Council to secure best value. Procurement activities which deliver value for money will contribute to the achievement of best value.

Best Value is continuous improvement in the performance of the Council's functions. In accordance with Best Value principles all proposed and current service arrangements shall be subject to review and option appraisal.

The aim of Council procurement must be the achievement of value for money (the optimum combination of whole life cost and quality) for the Council.

#### Council commitment

- To further develop tender evaluation procedures in order that contracts awarded represent value for money (or Most Economically Advantageous Tender where the full provisions of the Procurement Regulations apply) taking quality and price into consideration in all instances.
- As part of value for money considerations the Council will take account of other relevant Council policies in relation to corporate social responsibility, sustainability and the use of Community Benefits.
- To raise awareness internally of potential framework savings and make recommendations to ensure a more consistent approach across all Council services.

### **21.4. Collaboration and partnering**

Greater efficiencies can be achieved by improved collaboration between different organisations within the public sector with similar requirements, whether within the local government sector or in other areas of the public sector, such as the Scottish Government, the Crown Commercial Service, Non Departmental Public Bodies and the NHS. Collaboration maximises the value of procurement whether it be through aggregation of demand or through the sharing of resources to reduce administration.

#### Council commitment

- Where collaborative arrangements provide a benefit to the Council there will be a strong presumption towards the use of contracts that have been established by Procurement Scotland (the national centre of procurement expertise), Scotland Excel (the local government centre of procurement expertise) and the Crown Commercial Service.
- Where it is demonstrated that collaborative contracts represent value for money to the Council the use of such contracts should be mandatory across the Council to reduce off-contract buying.
- Where there is a known local supply base as well as collaborative/framework contracts available for the Council to use, a twin track approach should be used to ensure best value is achieved and the local market has the opportunity to respond to contract opportunities. This will be in accordance with the Council's Contract Standing Orders and appropriate to the value of the contract.
- To collaborate wherever possible with the various Centres of Expertise Procurement Expertise to maximise the value of strategic procurement.

### **21.5. Governance**

The Council currently has a highly devolved procurement structure with the majority of services still carrying out a sizeable procurement role. The culture of compliance with the Councils governance arrangements is difficult to manage. The Council expects that all possible attention is given to the issue of accountability and governance in the area of procurement.

Council commitment:

- The Council's Procurement Consultative Group will consider the strategic direction of Procurement.
- The Council will develop the embedded procurement officer network (a network of staff who are formally authorised to undertake procurement activities on behalf of the Council).
- Suppliers will be given notice that goods, services and works should only be provided to the Council on the award of a contract or purchase order.
- That no member of Council staff may award a contract or purchase order without written delegated authority.
- The key roles of budget holder and procurer will not be performed by the same member of staff.
- The Council will endeavour to comply with the [Scottish Procurement Policy Handbook](#).
- The Council will comply with the Contract Standing Orders.

## 21.6. Contract management

Active contract management is increasing across the Council with segmentation used to identify high value / high risk contracts to ensure targeting of staff resources to develop and apply a contract management plan at the implementation stage following contract award.

Council commitment:

- To strengthen contract management procedures by holding regular meetings with major contractors to review performance and improve levels of contract compliance.
- Roll out contract management arrangements to all high value and/or high risk contracts.
- Incorporate an appropriate exit strategy into contract management plans.

## 21.7. Communication

Communication is key to the successful implementation of any new procurement processes or policy, there has to be an understanding amongst all stakeholders of the reasons behind such actions.

Council commitment:

To inform and advise its stakeholders by means of:

- Increasing the use of the [Public Contracts Scotland](#) website.
- Increasing the use of the procurement page on the Council's intranet (portal).
- Increasing the use of the procurement section of the Council's website.
- Increase attendance at "meet the buyer" or equivalent events to cover areas of concern, engage with local suppliers and advise on how to become a supplier to the Council. Encourage main contractors to engage with SMEs through the inclusion of Community Benefit clauses.

- Encourage suppliers to the Council to access support available to business, via Business Gateway Orkney and the Supplier Development Programme.
- Participate in “How to Tender” in person Workshops run by the Supplier Development Programme in conjunction with Business Gateway Orkney.

### **21.8. E-Procurement**

The Council has now implemented a process for the replacement of all paper-based purchase ordering systems with a modern Purchase to pay e-Procurement system. The Public Contracts Scotland portal has been maximised with the “Quick Quote” facility for low value / low risk procurements and the e-SPD (Single Procurement Document) is also used for all open or restricted procurement procedures. In line with Council Commitment to reduce bureaucracy, streamlined internal processes are to be developed and integrated with other Council electronic systems wherever possible to maximise efficiency.

Council commitment:

- To consider opportunities for streamlined internal process to be developed and integrated with other Council electronic systems wherever possible to maximise efficiency.

### **21.9. Monitoring and measurement**

In order to measure improvement in effectiveness and efficiency it is important that an agreed set of standard indicators are adopted. The methods of monitoring and measuring procurement performance are required to be proportionate to the scale and complexity of the Council’s procurement activities.

Council Commitment:

- The Council will implement as standard, the Best Practice Indicators that were recommended by the Public Procurement Reform Board as a means of measuring the effectiveness and efficiency of the procurement function.
- The Procurement and Commercial Improvement Programme (PCIP) performance reporting framework to be considered for incorporation and adoption of additional Best Practice indicators as appropriate.

### **21.10. Guidance**

An important aspect of the role of the procurement function is to provide guidance and advice to Council services and to all stakeholders.

Council commitment:

The Council will continue to develop procedural guidance as follows:

- The introduction of standard procurement guidance.
- Provide training in the use of standard procurement guidance.
- To develop a purchasing guide for those involved in the ordering of supplies and services.

- The use of the electronic Standard Procurement Document (e-SPD), standard tender documentation and standard letters and updates as required.
- One suite of terms and conditions for all Council Requirements updated in accordance with legislation and published on the Council's external website.

### **21.11. Training**

The Council recognises that training and development are essential to an effective procurement function and that this is a key element of the ongoing Procurement Commercial Improvement Programme. All Officers who have Delegated Procurement Authority (DPA) undergo a training programme prior to being granted DPA status.

Council Commitment:

- Develop training to ensure that procurement activities are compliant with legislation and obtaining value for money.
- Develop ILearn / Induction training to ensure that all new employees are aware of the Contract Standing Orders.
- Sustainable Procurement Tools Training and Refresher Training to be available for all Officers with Delegated Procurement Authority.
- Develop Service Specific Training as and when required across Council Services.
- To ensure that the Council's service areas actively support a strong focus on Sustainable Procurement including a focus on climate considerations by utilizing the Sustainable Procurement Impact Assessment SPiA where appropriate to the subject matter of the contract,

## Annex 1 – Targets/Indicators

What will success look like?

The measures below are designed to stretch us as we strive to achieve our ambitions. Despite these uncertain times, we must be bold in what we aim to achieve and not just settle for simply maintaining the current position.

### 21.1. Sustainability, Climate Change and Net Zero Targets

| Target/Indicator 2023 to 2028   | Target |
|---|--------|
| Number of Procurements where Community Benefit Clauses have been included in the award criteria.  | 70     |
| Number of Procurements for higher value contracts where climate change selection criteria have been included in the initial selection process for contracts identified as likely to impact on climate change. | 30     |
| Percentage of procurements where a sustainability award criteria clause has been included.  | 50%    |
| Percentage of procurement spend on local enterprises – Council Plan target.   | 45%    |
| Percentage of overall spend with the Third Sector and supported businesses.   | 10%    |

### 21.2. Working with local suppliers

| Target/Indicator 2023 to 2028  | Target |
|--|--------|
| Number of local suppliers registered with the Supplier Development Programme.                            | 80     |
| Number of local supply base registered on the Public Contracts Scotland Advertising Portal.              | 100    |
| Percentage of Council spend attributable to SMEs (currently 41%).  | 45%    |
| To review contract award procedure – to ensure that they place the minimum possible burden on suppliers. | 2024   |



### 21.3. Value for Money

| <b>Target/Indicator 2023 to 2028</b>  | <b>Target</b> |
|---|---------------|
| Actual spend expressed as a percentage of the contract award criteria value compared to expenditure over the value of £1,000. | 90%           |

### 21.4. Collaboration and partnering

| <b>Target/Indicator 2023 to 2028</b>                            | <b>Target</b> |
|---|---------------|
| Percentage of contract spend utilising Collaborative Contracts. | 30%           |

### 21.6. Contract Management

| <b>Target/Indicator 2023 to 2028</b>  | <b>Target</b> |
|---|---------------|
| Contract Management Materials Toolkit (to include small contracts where applicable) for services to be developed. | 2026          |
| All contracts classified as high value and/or high risk to have an appropriate contract management plan in place. | 2026          |
| Exit plans in place for all appropriate contracts.  | 2027          |

### 21.7. Communication

| <b>Target/Indicator 2023 to 2028</b>                        | <b>Target</b> |
|---|---------------|
| To seek customer satisfaction/feedback from bidders.        | 2026          |
| To advertise contract opportunities on the Council website. | 2024          |

### 21.8. e-Procurement

| Target/Indicator 2023 to 2028  | Target |
|--|--------|
| Review of internal processes carried out to identify opportunities to integrate with other Council electronic systems. | 2028   |

### 21.11. Training

| Target/Indicator 2023 to 2028   | Target |
|---|--------|
| Sustainable Procurement and Procurement Climate Change Training to be undertaken by all Officers and Managers with Delegated Procurement Authority. | 2024   |
| Induction for all new employees to include procurement awareness.   | 2025   |

## Document Control Sheet

## Review/Approval History

| <b>Date.</b>      | <b>Name.</b>                    | <b>Position.</b> | <b>Version Approved.</b> |
|-------------------|---------------------------------|------------------|--------------------------|
| 10 December 2013. | General Meeting of the Council. |                  | Version 1.0.             |
| 13 December 2016. | General Meeting of the Council. |                  | Version 3.0.             |
| 5 March 2019.     | General Meeting of the Council. |                  | Version 4.0.             |
|                   | General Meeting of the Council. |                  | Version 5.0.             |
| 21 June 2022.     | General Meeting of the Council. |                  | Version 5.0.             |
| 5 July 2022.      | General Meeting of the Council. |                  | Version 6.0.             |

## Change Record Table

| <b>Date.</b>      | <b>Author.</b>    | <b>Version.</b> | <b>Status.</b> | <b>Reason.</b>  |
|-------------------|-------------------|-----------------|----------------|---|
| 29 November 2016. | Rosemary Colsell. | 2.0.            | Final.         | Draft revised strategy prepared for public consultation to include the provisions of the Procurement (Scotland) Act 2014 and the Procurement Scotland Regulations 2016. |
| 21 January 2019.  | Rosemary Colsell. | 4.0.            | Draft.         | Draft updated strategy following consultation from 2019 to 2021.  |
| 5 March 2019.     | Rosemary Colsell. | 4.0.            | Final.         | Published strategy for 2019 to 2021.  |
| 21 June 2022.     | Rosemary Colsell. | 5.0.            | Draft.         | Updated strategy 2021 to 2023 with new legislation and policies.  |
| 5 July 2022.      | Rosemary Colsell. | 5.0.            | Final.         | Published strategy 2021 to 2023.  |
| 25 May 2023.      | Rosemary Colsell. | 6.0.            | Draft.         | Draft revised strategy prepared for Procurement Consultative Group.   |
| 13 October 2023.  | Rosemary Colsell. | 6.1.            | Draft.         | Revised strategy prepared for Procurement Consultative Group following public consultation period.  |