

Strathclyde Partnership for Transport  
**Procurement Strategy 2019/2022**



# Procurement Strategy 2019/2022

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# 1. Overview of Strathclyde Partnership for Transport and the Procurement Function.



Strathclyde Partnership for Transport is the Regional Transport Partnership for the west of Scotland covering 12 council areas.

SPT is at the heart of the region's transport planning, operations and project delivery and works to develop a joined up network now and for the future. We provide subsidised local bus services, are instrumental in the delivery and growth of community transport, and provide demand responsive services – MyBus – in areas not served by the commercial market and in rural communities where public transport would otherwise be unavailable. We deliver on street bus shelters and stops, transport information and are a key influence in the design of the bus network.

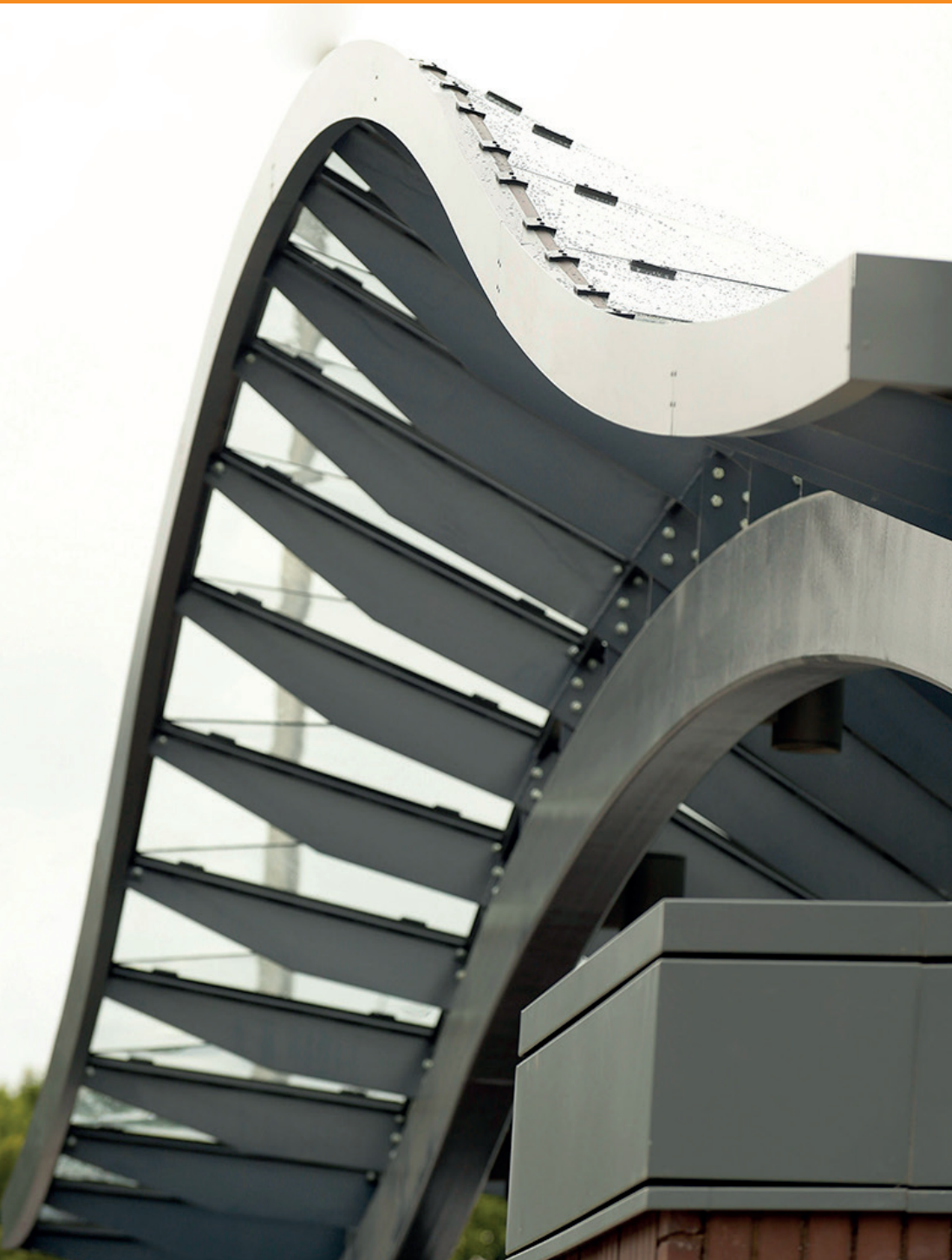
SPT organises the biggest school run in Scotland – ensuring around 40,000 pupils get to and from school every day. We control and operate Buchanan, East Kilbride, Greenock and Hamilton bus stations with a total of around 1.2 million bus departures from our stations every year.

SPT also own and operate the Subway in Glasgow – the world's third oldest underground system and a vital part of the west of Scotland's transport network. The Subway carried over 13 million passengers in 2018/19.

The roll-out of the £288.7 million Subway modernisation programme continues with construction work progressing on building a new Operational Control Centre and the redevelopment of the Operational Depot in advance of the continued work on design and build of rolling stock, signalling and associated systems. Station refurbishment work at St George's Cross and Cowcaddens stations are due to conclude in summer 2019 with the final two station refurbishments, at Kinning Park and West Street, also due to commence at this time.

Work continues on the manufacture and testing of the prototype new rolling stock units. Delivery of the first three rolling stock units to the manufacturer's site in Glasgow is expected early in 2019/20, followed by an extensive period of onsite testing.

On behalf of operators, SPT is also responsible for the operation and administration of the region's ZoneCard – an integrated multi-modal ticketing scheme supporting an estimated 10 million journeys per annum. On behalf of the 12 Councils, we also operate and administer the Strathclyde Concessionary Travel Scheme, which provides discounted travel for those who are eligible on rail, subway and ferry.



We also work with many other organisations central to the planning and delivery of transport, including constituent Councils, Transport Scotland, Clydeplan and public transport operators to name a few.

The Partnership's Procurement service supports the delivery of all required works, supplies and services and has a vital role in facilitating the contractual arrangements that support the efficient and effective operation of the maintained networks.

The previous Procurement Strategy was introduced to cover the period 2016 through to the end of 2018, and during this time the Partnership has invested heavily in developing the staff and capabilities of the Procurement service to support the delivery of this strategy and its objectives. During this period the Procurement service has successfully modernised its approach and has achieved benefits in the cost and quality of the goods, works and services purchased. Increasingly it has also been able to achieve a range of Sustainable Benefits and will actively look to continue to improve upon these during the period of this new Strategy.

The Procurement service recognises how the role of procurement within the public sector is changing, with the main catalysts being introduction of the Procurement Reform (Scotland) Act, the Public Contracts

(Scotland) Regulations and amendments, together with the impending exit of the UK from the European Union. These changes create an opportunity to review the overall approach to procurement and determine how an innovative and forward thinking procurement function can best support the Partnership to deliver its objectives going forward, whilst driving efficiencies and delivering benefits.

A direct consequence of the successful delivery of the objectives outlined in the previous strategy is that an increasing proportion of the addressable spend has been subject to one or more rounds of rigorous competitive tendering. This has reduced the opportunities for Procurement to deliver substantial annual savings from contract retendering activity, however we will continue to seek efficiencies through improved contract management and by maximising sustainable benefits.

The Procurement function, like all support functions, will play its part in delivering these efficiencies however will continue to provide the professional advice that customers need to support the planned transformational changes.



## 2. Our Vision for Procurement Improvement

### Strategic Aims and Procurement Governance

To maximise the benefits of procurement and make a positive impact on customers and service users, supporting SPT's strategic aims. To work collaboratively with other public bodies and with fairness, transparency, equality and integrity in all aspects of commercial activity.

Strong leadership and governance arrangements are at the centre of delivering an effective procurement service. The centralised procurement structure will ensure procurement activity is well managed and best practice is more easily disseminated across the whole organisation.

Effective communication and partnership with both external and importantly internal stakeholders is also essential to meet SPT's aspirations for improved procurement performance, creating sustainable economic growth, ethical business relationships and recognition of environmental concerns. Close partnership working with Legal services is also essential to ensure procurement practice remains compliant with regulatory requirements.

Management information reports, financial data, performance reports and the identification of proposed procurement requirements will improve the visibility of spend that may be influenced and allows a positive input into greater compliance and the capture of efficiencies and benefits. These themes will be enhanced by the continued formation of formal standard processes and documentation.

All improvement actions are open to audit scrutiny to measure and evidence improvement and validate the use of day to day good practice and ethical procurement activities.



### 3. Planned Expenditure Profile

This Procurement Strategy sets out how it's Procurement service will support SPT's expenditure plans as detailed in the approved budget. This budget is published annually on SPT's website and can be accessed from this. As described the last Procurement Strategy (2016-2018), much of this expenditure and particularly that related to the Glasgow Subway is already under contract. There are however still many opportunities that will be offered annually to the open market, with each tender advertised individually on Public Contracts Scotland (PCS) and the resultant tender documents made available via Public Contracts Scotland-Tender (PCS-T).

A brief summary of some of the expenditure as defined within the published 2019/20 budget is included for information.

SPT will strive to obtain best value and to maximise savings and benefits throughout all of its Procurement activity, and its Procurement service will be at the forefront of this at all times.

Activity	Budget
Subway Modernisation	£47,372,000
Bus Operations	£2,555,000
Subway Infrastructure	£2,175,000
Subway Operations	£1,770,000
Projects	£1,230,000
Advertising Infrastructure	£300,000
Digital	£265,000
School Transport (Agency)	£30,000,000
Local and MyBus Services	£13,780,000
Other Third Party Payments	£6,021,000
Property Costs	£5,878,000
General Supplies and Services	£2,320,000
Shelter & Stops Maintenance (Agency)	£716,000
Transport & Plant Costs	£146,000



## 4. Strategy Objectives

### 4.1 Definition of the Requirement

SPT currently uses Public Contracts Scotland-tender (PCS-t) as its sole method of procurement for both Open and Restricted Regulated contracts and has already met the requirements of the European Procurement Directives to have this facility in place by October 2018.

The European Single Procurement Document (ESPD) provides a standardised approach to the qualification stage of all tenders over the stated limit where advertising across Europe is mandated by Regulation. SPT has adopted its use in both Regulated and EU Regulated procurement procedures.

The use of a standard approach to assess the procurement requirement and denoting best practice is central to defining the supply need. The approach centres on the use of a Sourcing Methodology to ensure consideration of the need, internal and external collaboration opportunities, contract benefits and sustainable opportunities.

A critical part of the procurement process will be supplier relationship management, in particular the promotion of contract efficiencies, contract compliance, innovation, consolidated invoicing, increased supplier capacity and effective performance.

SPT also has a duty to ensure it embraces economic and supplier development to actively encourage fair and open competition across a varied supply base by making it easier for all organisations, regardless of size, to participate in contracts.

#### Objectives

- To minimise and manage the level of procurement risk.
- To understand market conditions and potential solutions before committing to any given procurement route.
- Ensure risks, collaborative solutions and innovative solutions are identified.
- Ensure consistency of approach across procurement activity to address continuous improvement.
- To improve the knowledge and skills of bidders to support their tendering activity with SPT.
- To encourage early market engagement for all regulated contracts.



## 4.2 Sustainability

SPT will seek to maximise opportunities to secure a full range of community benefits including training and employment by facilitating business growth of SME, third sector and supported businesses from its procurement activities.

SPT will put in place a community benefits process that will be applied to all regulated procurements. The monitoring and delivery of any resultant community benefits will be undertaken by Procurement and project managers.

Payment of the Living Wage is seen to be a significant indicator of an employer's commitment to fair work practices and is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce. SPT pays the Living Wage to its employees, and uplifts its pay levels each year accordingly to maintain this. SPT has in addition attained Glasgow Living Wage Accreditation. To encourage its suppliers to adopt the Living Wage, SPT will promote this more robustly by applying the Fair Work Practices methodology for consideration within Regulated procurements.

This methodology addresses the question of how suppliers manage their workforce and includes consideration of payment of the Living Wage alongside other benefits such as flexible working, training, employee benefits and no inappropriate use of zero hours contracts.

Suppliers will also be encouraged to provide support to their employees for learning and development and give clear commitment to nurture talent to help individuals fulfil their potential. They will also be encouraged to promote equality of opportunity and develop a workforce which reflects the population in terms of age, gender, religion or belief, race, sexual orientation and disability.

SPT is committed to protecting and enhancing the environment by reducing the environmental impact of purchasing goods, works and services. Environmental considerations will be part of our procurement evaluations in our processes and contracts, and by raising staff awareness will help embed this into all procurements that we undertake.

### Objectives

- To encourage the promotion of fair working practices and payment of the Living Wage.
- To obtain a range of Community Benefits through our procurement activities
- That contracts will promote equality and sustainability.





### 4.3 Contract and Supply Management

The Procurement service will facilitate a standardised approach to supplier management, to develop and improve relationships with suppliers and to drive efficiencies and innovation.

The impact of the UK's planned exit from the European Union will inevitably impact on SPT's contracts and suppliers. Foreign exchange rate movements and inflation increases could impact across a number of areas.

The Performance Appraisal process will be further developed and its use mandated for all contracts with a value in excess of certain key financial and risk thresholds.

#### Objectives

- Establish a clear, understandable and standardised approach to supplier engagement and performance throughout the organisation in order to improve relationships with suppliers and to drive efficiencies.

### 4.4 People

The Procurement Service relies upon employees having the appropriate knowledge and skill sets within an adequately resourced and structured service, in order to deliver an effective service to all stakeholders and service users.

SPT will maintain a team of highly skilled, trained and motivated procurement professionals who are committed to delivering excellent customer service, providing advice and guidance to all levels of stakeholders both internal and external.

All employees with procurement responsibilities will be given the opportunity to access the necessary training, tools and support to enable them to perform their duties effectively.

Identification of skills requirements and skills gaps will be an ongoing exercise to ensure continuous professional development. The Procurement Service will be involved in all appropriate initiatives across the organisation to embed procurement skills and awareness into the day-to-day business of service delivery.

#### Objectives

- Ensure all employees with procurement responsibilities gain the appropriate and relevant skills, qualifications and levels of competence to promote compliance and reduce the risk of censure or reputational damage to the organisation.



## 4.5 Prevention and Detection of Fraud

Financial or reputational loss arising from theft, misappropriation of funds, collusion, bribery or corruption is considered to be a significant risk within the overall Procure to Pay process.

Procurement delivers contracts for works, supplies and services of significant values every year and as such has always been a high risk area for attempts at fraud by individuals and illegal activities by serious and organised criminal groups.

It is therefore important that robust processes and procedures are in place to protect SPT and the public against criminal activity in relation to procurement exercises and contracts where there is a likelihood of involvement of corrupt individuals or organised criminal gangs.

To mitigate against the above, the Procurement service works in conjunction with Internal Audit and partners to ensure that the risks are minimised and that relevant information can be shared to assist in protecting public funds and disrupting criminal activities. Procurement will take steps to deter criminal groups from both bidding for and potentially winning contracts with SPT, by requiring that all bidders provide information on their ownership structure and self-declare that they have no involvement in criminal activity. This information may be shared with Police Scotland.

### Objectives

- To mitigate the risk of loss through fraudulent activity perpetrated through procurement activities.
- To deter organised criminal involvement in SPT contracts.



## 4.6 Collaboration

Collaboration across all areas of procurement activity remains a fundamental requirement for all public sector organisations. Collaboration is advocated for national, sectoral and local requirements and is used internally across the organisation, where appropriate to service needs, to achieve economies of scale and comply with aggregation obligations. SPT already is at the forefront of collaboration and is responsible for the procurement of in excess of 1800 contracts for the transport of school children on behalf of 11 Scottish Local Authorities.

To support continuous improvement throughout the organisation, there will be proactive involvement in national and local collaborative initiatives by professional and operational staff. Collaborative best practice and lessons learnt will be disseminated throughout the organisation to contribute to improving the level of collaborative procurement activities and increasing compliance and awareness.

### Objectives

- To ensure collaboration is consistently considered for all procurement activities and actively promoted, where appropriate, in order to share best practice and increase benefits.
- To proactively input into external collaborative procurements (subject to business need) to reflect and promote the corporate position and aims.



## 4.7 Purchasing and Payment Systems

SPT is committed to ensuring that the procurement activity it carries out maximises its contribution towards the delivery of efficient and effective public services. To achieve this all procurement processes and procedures must be open, robust and continuously improved and developed to reflect recognised best practice.

SPT's Financial Management System is currently set to pay suppliers within 10 days upon receipt of a valid invoice, which ensures that all payments due are paid within the prescribed timeframe of 30 days. It is equally important that SPT ensures that the benefits of this prompt payment are not restricted to payments directly to our contractors but are in addition present throughout the supply chain. SPT currently obliges that all contractors certify that they will pay sub-contractors employed by them on contracts under the same payment terms as the core contract i.e. 30 days, and will extend this certification to encompass all contractors undertaking work on SPT contracts regardless of how they were employed and their position within the supply chain.

Public Sector organisations must be able to receive invoices and make payment electronically for all contracts regulated under the EU Procurement Directive by 01 April 2020. This Directive states that an e-Invoice is one that has been issued, transmitted and received in a structured electronic format which allows for automatic and electronic processing. SPT recognises that there are a range of benefits and efficiencies to be made by implementing e-Invoicing and will do so within the required timescale.

E-Procurement is a critical element and an essential tool in delivering procurement. It has the potential to reduce costs, standardise processes and provide management information on which to base strategic and operational procurement decisions. It is crucial that SPT maximises the benefits and information available via its current e-procurement system.

The use of the Scottish Government portals, Public Contracts Scotland and Public Contracts Scotland-tender, are particularly important and ensure process efficiency and compliance, standardised formats and easier access to opportunities for suppliers, in particular SMEs.

### Objectives

- To ensure electronic payments for all contracts regulated under the EU Procurement Directive is in place by 01 April 2020.
- Continue to develop the organisation's purchasing systems to maximise contract compliance, management information, and to standardise ordering and invoicing formats where possible.



## 4.8 Strategy action plan

Objective	Planned Action	Implementation timescale
<b>Procurement Governance</b>	Implement and maintain legally compliant standard procurement documentation and processes.	December 2019
	Quarterly Reporting of Procurement Performance.	August 2019
	Production of an Annual Procurement Performance Report.	Ongoing
<b>Procurement Capability</b>	The existing Procurement Implementation Plan will be revised to encompass all aspects of the Procurement process, and will be agreed by all parties prior to tender stage.	January 2020
	Pre Market Engagement will be undertaken for all Regulated Procurements.	August 2019
	Consideration will be given to engagement with the Supplier Development Programme to enhance the tendering ability of micro, small and medium sized organisations that do business with us.	April 2020
	Where appropriate, extend the current use of the PCS-T tendering system to facilitate full electronic tendering and evaluation.	December 2020
	Existing standard Procurement tender documentation will be developed and enhanced to streamline the process for both Procurement staff and bidders.	April 2020
A suite of standard procurement templates will be developed to cover all critical aspects of the service.	July 2020	

Objective	Planned Action	Implementation timescale
<b>Sustainability</b>	Appropriate and relevant Community Benefits will be included in all Regulated Procurements, and a methodology developed for their inclusion, recording and reporting.	August 2019
	A measurement of Fair Work Practices, including payment of the Living Wage, will form part of the assessment of all Regulated tenders.	August 2019
	Sustainability of solutions, including the use of recycled materials and whole life costing will be considered when goods, works and services are being specified.	December 2019
<b>Contract and Supplier Management</b>	A process for the management and measurement of contractors performance will be introduced across the organisation.	July 2020
	A standard reporting format to increase stakeholder awareness of all procurement activity, both present and planned, together with the current position of all contracts will be developed and implemented.	April 2020
<b>People</b>	All staff involved in procurement activity will be appropriately trained and be in possession of the necessary tools to undertake their duties in an effective and efficient manner.	Ongoing
	An awareness of Procurement and the constraints in which it is bound will be imparted to key stakeholders throughout the organisation.	December 2020
<b>Prevention of Fraud and Criminal Activity</b>	Declarations and clauses will be introduced into all Procurement activity to disrupt, deter and prevent attempted fraud and the involvement of organised crime in SPT tenders and contracts.	December 2019
<b>Collaboration</b>	Identify new areas for collaborative working with internal and external stakeholders.	Ongoing
	Ensure collaboration is consistently considered for all procurement activities and increase collaboration where possible.	Ongoing
<b>Purchasing and Payment Systems</b>	Electronic invoicing is implemented prior to 01 April 2020 to facilitate compliance with EU Directives.	December 2019
	Purchasing system use is enhanced to capture all appropriate spend across the organisation.	December 2020
	The organisation will maximise the number of invoices paid within a 10 day period from receipt in accordance with current Scottish Government guidelines.	December 2020

