

# City Deal Procurement Strategy

2015 to 2020

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# Foreword

The City Deal is an agreement between the UK Government, the Scottish Government and eight member authorities across Glasgow and the Clyde Valley.

The partnership of eight neighbouring member authorities (East Dunbartonshire; East Renfrewshire; Glasgow City; Inverclyde; North Lanarkshire; Renfrewshire; South Lanarkshire; and West Dunbartonshire) has secured a £1.13 billion City Deal, the largest in the UK, which will drive economic growth in the Glasgow and Clyde Valley region.

Twenty-six projects will be delivered over a period of twenty years, with projects a mixture of infrastructure, employability and new business growth.

Since funding will be drawn down subject to delivery of agreed Gross Value Added (GVA) regional targets at each stage, our continual success will be dependent on our ongoing collaboration. (GVA is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy.)

As such, it is understood that procurement and collaboration in procurement can assist to support this vision.

Over the past few years, there has been considerable progress by local government to address common issues facing buyers in member authorities and suppliers to the public sector.

This strategy seeks to build on this work and sets out a collaborative approach for procurement for the Glasgow and Clyde Valley City Deal Programme. By working together, we will share best practice, maximise opportunities for leveraging community benefits from suppliers and provide a more common and consistent experience for suppliers to local government in areas such as policies, payment timeframes and information requirements. With the scale of the City Deal programme in mind, our collaboration will also allow us to develop an overall programme procurement schedule and commodity analysis to aid discussion around timing, so that we are not competing to secure suppliers which may lead to limited choice or increased costs.

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procure the best at the best price

Under the umbrella of the City Deal programme, collaboration should allow us to procure the best at the best price, leading to better value and better opportunities for local business and residents, and ultimately to assist in driving greater regional economic growth.

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# Summary of City Deal Agreement 2014

Glasgow and the Clyde Valley includes eight member authorities:

- East Dunbartonshire Council
- East Renfrewshire Council
- Glasgow City Council
- Inverclyde Council
- North Lanarkshire Council
- Renfrewshire Council
- South Lanarkshire Council
- West Dunbartonshire Council.

This is the largest city-region in Scotland and one of the largest in the United Kingdom, with a population of over 1.75 million people.

As such Glasgow and the Clyde Valley makes a significant contribution to the economic growth for both the Scottish and UK economies. It generates around 32% of Scotland's Gross Value Added; 33% of Scottish jobs; and is home to over 29% of all businesses in Scotland.

Glasgow and the Clyde Valley benefits from several economic assets including:

- strengths in financial services, life sciences, engineering, manufacturing and creative and media industries;
- successful universities and research institutes; and
- a skilled workforce.

However the city and wider region also faces a number of challenges that have acted as barriers to economic growth. These include:

- high rates of long term unemployment;
- poor survival rates for business start-ups, when compared to similar UK cities;
- stalled development sites in key locations; and
- weaknesses in the area's transport infrastructure.

Recognising these challenges and opportunities, local leaders, the Scottish Government and the UK Government have worked together to transform Glasgow and the Clyde Valley.

This City Deal is one of the largest ever agreed. It is an agreement between:

- the UK Government;
- the Scottish Government; and
- the eight member authorities across Glasgow and the Clyde Valley.

This deal provides an example of what can be achieved when all levels of government, businesses, universities and the voluntary and community sector work together to promote economic growth. Over its 20 year lifetime, local leaders in Glasgow and the Clyde Valley estimate this City Deal will:

- support an overall increase in the economy of around 29,000 jobs in the city region.
- work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- secure £1 billion of Scottish Government and UK Government capital funding to support the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from Glasgow and Clyde Valley member authorities.
- move an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.
- spread the benefits of economic growth across Glasgow and the Clyde Valley, making sure deprived areas benefit from this growth.

The member authorities believe that the planned investment in infrastructure will result in the creation of around 29,000 new jobs in the city region by 2035. During the first five years of the programme the jobs created will primarily be in the construction sector. The use of Community Benefit clauses in the procurement of all contracts will maximise the number of opportunities for new entrants, trainees and apprenticeships and this Procurement Strategy confirms our joint commitment to explore proposals to maximise the economic impact.

# 1. Background

To support and drive forward this strategy, a new group has been created, the Legal and Procurement Support Group (LPSG), made up of representatives from each of the eight participating authorities. It will provide guidance on best practice to the Project Management Office (PMO) and other stakeholders and assist the member authorities to understand the impact procurement will have on the City Deal Programme.

The LPSG understands the challenges in delivering the priorities of the City Deal and recognises that with the procurement of £1 billion of works, goods and services, we need to use procurement methods which will help to deliver the greatest economic benefit to our region.

We need to apply the latest economic thinking. We also need to make sure we consistently apply all the agreed procurement policies and principles throughout our engagement with the market, tenders and contract management. By doing this we can be certain we have created the right conditions for investment and innovation at every level in the Glasgow and Clyde Valley member authority areas.

This Procurement Strategy will continue to be developed in line with any changes made by our Cabinet, Chief Executives Group, Lead Officers Group and the PMO.

The strategy will make sure:

- there is partnership working to support the requirements of each member authority's client teams; and
- there is a joined up approach to all supply bases and their sub-contractors.

By making our procurement opportunities accessible to everyone and by being efficient with required governance whilst promoting best practice, we can remove barriers to economic growth. This will be done by making sure we create the right conditions for local businesses, investment and innovation to support delivery of the City Deal targets to be met.

How we will do this:

- Procurement and commercial decision-making will be conducted to the highest possible standard. Our efforts will not be duplicated and resources will be allocated where they are needed most, with risks identified and managed.
- Glasgow and the Clyde Valley member authorities will be acknowledged as straight forward councils to do business with. Our tender opportunities will be user friendly so that they are accessible for businesses of all shape and size.
- Through our guidance and the application of agreed policies, we will deliver real and lasting benefits to our stakeholders and assist the overall aim of the City Deal.

What this will achieve:

All eight member authorities will work together to develop a strategic and streamlined approach to procurement.

By doing this we will:

- deliver the necessary infrastructure and investment projects in a way which will position our region to meet the challenges of the next 20 years.
- become more outward-looking and better connected to local, UK and global markets.
- be better placed to take advantage of growth opportunities across our region and reduce economic inequality; and
- provide a highly skilled and entrepreneurial workforce able to engage fully with the labour market.

## 2. Strategic Objectives

It is proposed the strategy will focus on six key measurable objectives.

### 2.1 City Deal Governance

#### Aim

The LPSG will regularly consider the strategic vision of the Glasgow and Clyde Valley City Deal to ensure that procurement stays aligned to the requirements raised by the individual member authorities and other identified stakeholders.

We will acknowledge the responsibility of each member authority's procurement team to provide guidance and best practice to support the objectives of the PMO, the Chief Executives Group and the Cabinet.

By realising, where appropriate, the benefits of bringing into line member authority's procurement policies and terms and conditions, we will assist in delivering a harmonious approach to the market. Through the economies of scale achieved, we will assist in cementing the success of the City Deal Programme.

We will continue to drive innovation, cost effectiveness and risk management to produce an end to end procurement service. This will result in a proactive LPSG Group that is recognised as being a fundamental part of the City Deal governance structure.

The LPSG will strive to deliver best value procurement by working collaboratively as a team to eradicate negative impacts on procurement projects.

#### How we will do this:

- We will make sure the LPSG members are involved at the start of any City Deal strategic procurement activity or programme planning before it reaches PMO level.
- We will provide guidance and experience on how to establish best value community benefits policies, work force matter principles; and make sure they match the City Deal longer term priorities.
- We will make sure there is full support and attendance at all LPSG meetings, workshops and sub-groups.
- We will implement procurement recommendations from the PMO to secure financial or budgetary approval for projects.
- We will communicate regularly with colleagues in member authorities. We will seek opinions, advice, and feedback on relevant procurement challenges to help improve our processes.



# 2. Strategic Objectives

## 2.2 Working in Partnership

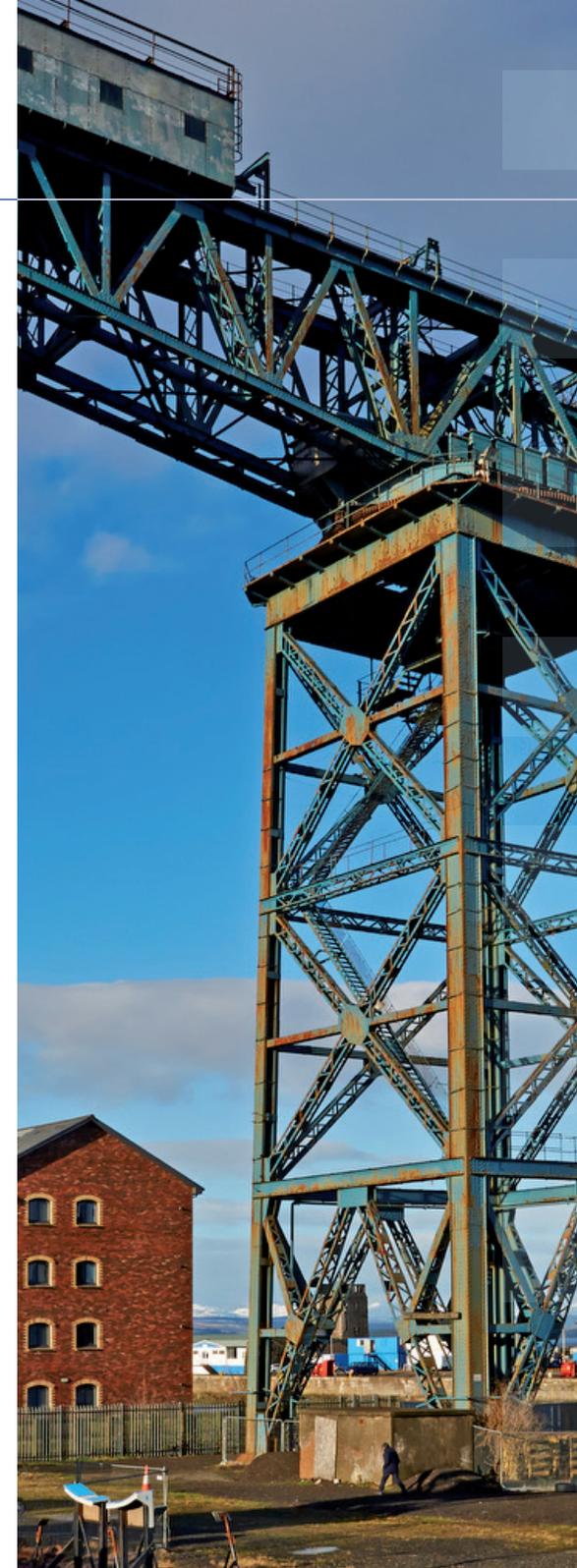
### Aim

We will work together to agree procurement activity and commercial decision-making to establish a competitive advantage to drive greater public value, efficiencies and produce cost savings through economies of scale.

We will minimise duplication of effort, allocate scarce supplier resources where most needed and we will create market conditions which align with our strict budget levels. We will make opportunities accessible to everyone by being efficient with the required governance whilst promoting best practice and reducing the risk of legal challenges.

### How we will do this:

- We will create an aligned member authority procurement programme to determine where supply bottlenecks may occur.
- We will work together to analyse the market, consult on innovation and lead or encourage alliances between council project teams on similar infrastructure projects.
- We will work together to engage with the market, through “Supplier Engagement Events”, training and information sessions, and the use of Public Contracts Scotland (PCS).
- We will lobby Centres of Excellence to support our requirements with the creation of frameworks to meet City Deal programme schedules over the long term.
- We will share information or knowledge on the practicality of using frameworks that may not be widely known.
- We will allow City Deal local authorities to participate or have access to each other’s tenders and contracts which could benefit through economies of scale.
- We will apply the latest contract management techniques to meet the many challenges of delivering complex projects within the City Deal programme, and align our contract management methodologies to share lessons learned and enable challenges to be addressed by all procuring member authorities.



# 2. Strategic Objectives

## 2.3 City Deal – A Unified Approach

### Aim

We will promote all City Deal Procurement as being a united, best in class professional group which sends clear, consistent messages to our market place.

We will be clear in all our messages and communicate that our environment is innovative and creative. We will be at the forefront of encouraging best processes, design and performance in everything we do. We will make sure our expectation of the market to perform and deliver is echoed throughout all our interactions and filtered down through all our supply chains. Our methods of engagement must promote a two way knowledge transfer between suppliers and all our procurement teams to deliver real and lasting benefits to our stakeholders.

### How we will do this

- We will have early supply chain engagement and gain competitive advantage within the market place to our benefit, not detriment.
- We will set high expectation levels within all our tenders indicating we require innovative and sustainable products and solutions throughout all supply chains.
- We will provide consistent and clear communications for citizens, clients, product manufacturers, designers, contractors and member authorities.
- We will use the PCS and PCS-T platforms where appropriate, to advertise and conduct all City Deal Procurement under one banner and make available to interested suppliers, information and guides on the City Deal via the platform.
- We will coordinate member authorities' approach at Supplier Engagement Events by displaying the agreed City Deal logos and promote our willingness to engage with SMEs, voluntary and not for profit organisations.
- We will consider contractual terms and conditions to oblige first tier contractors to advertise their sub contract opportunities on the PCS portal.
- We will make sure contractually that first tier contractors attend Supplier Engagement Events allowing SMEs to have one to one contact with first tier contractors regarding sub contract opportunities.
- We will review the requirement for contractual obligations on first tier contractors to provide mentoring and training. This will help to close SME knowledge gaps on identified subjects such as health and safety, insurance, working with new legislation which may be a SME barrier to entry.



# 2. Strategic Objectives

## 2.4 Shared Policies

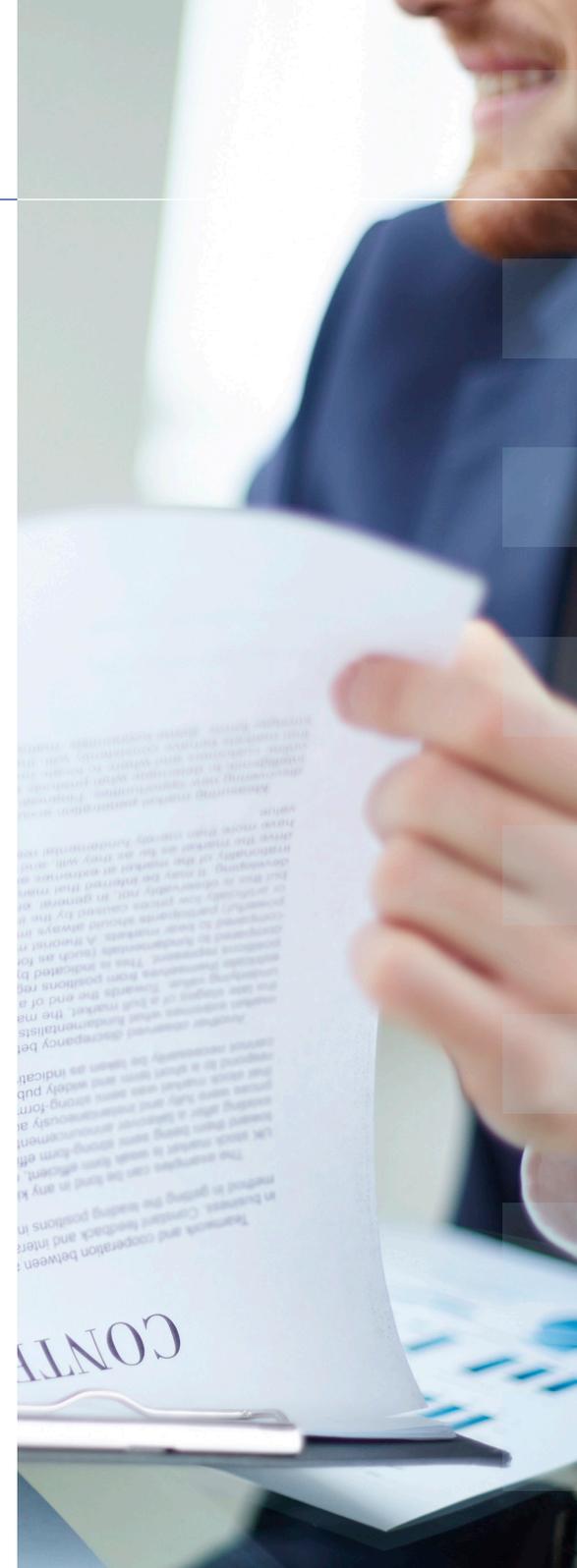
### Aim

We recognise that as distinct member authorities, we will already have strong internal governance in place. However, we will seek to establish common ground on identified policies to deliver commonality across a range of factors. This will guarantee the City Deal Procurement Programme is presented as a unified, professional body. It will also demonstrate the LPSG has considered thoroughly the need to minimise the risk of bureaucracy and confusion to our stakeholders and suppliers by applying conflicting thresholds and policies.

### How we will do this:

- We will establish clear and consistent policies covering all key areas of the procurement journey.
- Through the creation of sub-groups, made up of participants from each member authority, we will analyse and implement a coordinated approach. This will assist in tackling barriers to growth that suppliers or legislation cannot address itself in isolation.
- The following sub-groups have been established:

<b>Sub-Group one</b> Lead: Renfrewshire Council	<b>Sub-Group two</b> Lead: West Dunbartonshire Council	<b>Sub-Group three</b> Lead: Glasgow City Council
Economic Issues	General Terms and Conditions	Environmental Sustainability
For example, Community Benefits, Workforce Matters, Blacklisting, SME Agenda	Insurance, Risk Management, Sub OJEU Tenders, Information Sharing Project (Police Scotland), PQQs and ITT	BREEAM (Building Research Establishment Environmental Assessment Method)  CEEQUAL (Civil Engineering Environmental Quality), BIM Building Information Modelling Standard Forms, Construction Contracts



# 2. Strategic Objectives

## 2.5 Shared Tender Documents

### Aim

We will review the appearance and content of all applicable procurement documents and adapt where appropriate the shared aims required to benefit the City Deal.

By agreeing to consider the creation of shared tender documents we can streamline our interaction with the supply base. We will create a user friendly, customer focused approach at the same time as incorporating our experience and best practice. This will benefit all our procurements processes within our own member authorities.

This objective would be consistent with our drive for minimal bureaucracy and improved access to contracts. This will enhance the procurement experience and we will roll it out consistently to all bidding organisations. This approach will help to deliver a fresh eye over our procurement processes and provide transparency, simplification, standardisation and efficiencies for all buyers and suppliers.

### How we will do this:

- We will review and compare current procurement documents for shared and inconsistent practices.
- We will agree on new policy wording delivered through our analysis within created sub-groups.
- We will agree to lean but robust procurement documents, striving for a consistent approach.
- We will develop documents with consistent background appropriate to the City Deal.
- We will develop documents which will include the latest innovation and creativity from the market place; as well as techniques and legislation which conveys the evaluation criteria and its application.
- We will consider the use of a shared platform as a toolkit which holds all approved City Deal procurement documents and terms and conditions.
- We will consider a common risk register which includes our approach to risk management.
- We will agree on invoice payment terms and conditions and how we expect prompt payment within our supply chains.



# 2. Strategic Objectives

## 2.6 Sustainability

### Aim

The LPSG recognises it must drive sustainable development, through its procurement of works, goods and services. We will pledge to contract manage all suppliers to meet the many challenges of delivering sustainable procurement and we will address changes required to meet our own corporate sustainability objectives throughout our tendering activity.

Our aim is to deliver sustainability through procurement by making sure value for money works, products and services are awarded in all cases, combined with a balanced consideration of social, ethical, environmental and economic impacts.

### How we will do this:

- We will challenge our clients and suppliers to make sure sustainable solutions are at the forefront of the entire supply chain.
- We will promote client engagement with our supply chain to address risks or concerns about new innovative approaches.
- We will consider life cycle or whole life costing within our evaluation criteria.
- We will maximise the use of recycled products and products derived from reclaimed materials.
- We will select fair or ethically sourced and produced goods and services. Where possible, we will use the voluntary and not for profit sector to supply our requirements. We will work with the Supplier Development Programme and other local agencies to maximise the opportunities available to SMEs and local enterprises to encourage bidding for City Deal tenders or sub contracts.
- Where appropriate, we will ensure tender strategies have incorporated the Scottish Government's Sustainability Tool which will determine the level of sustainable criteria in relation to evaluating suppliers.
- We will maximise the opportunities for GVA by inviting employment and economic gain initiatives within community benefits clauses in all applicable tender documents.



# 3. Procurement Strategy Governance

The LPSG will deliver this strategy within each of the member authorities for projects related to the City Deal.

After the first year, a full review will take place of this Procurement Strategy. This will establish if we have delivered the strategic objectives outlined.

The Strategy will be reviewed every year to ensure it builds on learning and best practice. The LPSG will assist in the preparation of reports to the PMO, Chief Executives Group and the Cabinet to provide updates utilising the management information derived from Public Contracts Scotland on the implementation of the strategy and the challenges faced.

Recommendations from the first year review will help develop future objectives and help the LPSG manage, measure and identify the success needed by all our stakeholders; and make sure we are flexible and aligned to all the requirements of our service users.

How we will do this:

- We will engage with stakeholders to develop meaningful milestones for deliverables.
- We will determine frequency and format of reports to the various City Deal governance bodies aligned to the strategy.
- We will engage with Scottish Government and PCS Platform to develop meaningful Management Information (MI) Reports, which provide evidence required for the success of the City Deal.



## 4. Next steps

What we will do:

- We will attend PMO City Deal Roadshows and continue to apply new procurement practices and provide or undertake appropriate training to assist suppliers and other stakeholders to implement and demonstrate the success of agreed outcomes and outputs required at the Gateway Reviews to enable future funding to be unlocked.
- We will work with the Scottish Government to establish a bespoke area for Glasgow and Clyde Valley City Deal opportunities within PCS; and provide a list of Management Information requirements and gain training to use PCS to our full advantage.
- We will issue guidance through the LPSG sub-groups on proposed common policies, processes and best practice. We will establish a common robust contract management system to support our clients and consistently manage our common suppliers.
- By mapping all Glasgow and Clyde Valley procurements, we will assist all stakeholders in realising the requirements of the City Deal and the benefits of sharing commodity knowledge and market analysis, in helping reduce the risk of fluctuations or bottlenecks when approaching the market.
- We will support attendance at supplier engagement events and agree our approach with principal contractors to gain the maximum supplier performance and output.

“ We will establish a common robust contract management system to support our clients and consistently manage our common suppliers. ”

