

Strathclyde Partnership for Transport
Procurement Strategy 2023/2026



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

Strathclyde Partnership for Transport is the largest of Scotland's seven Regional Transport Partnerships and is responsible for planning and coordinating regional transport in the west of Scotland, delivering better public transport for all.

SPT provides subsidised bus services ensuring some of the region's more rural towns and villages remain connected; operates key bus stations; and administers the ZoneCard and other tickets to help people connect their journeys. We also operate the MyBus service – the essential door-to-door pick up and drop off service which enables residents with mobility issues or without access to traditional public transport services to get around.

We maintain over 3,700 bus stops including 3,290 bus shelters, 13,700 pole mounted information boards and 834 Real Time Passenger Information Screens, and are a key influence in the design of the bus network.

SPT operate Buchanan, East Kilbride, Greenock, Hamilton, Partick and Govan bus stations, which normally see around 1.5 million bus departures from these annually.

In addition we procure contracts which transport approximately 36,000 pupils to school on a daily basis across the west of Scotland.

SPT operates the Glasgow Subway, the third oldest Underground system in the world, which is currently undergoing a major £288 million modernisation programme to ensure its future well into the 21st century. The Subway carried just under 13 million passengers in 2019/20, which was a drop of 3.6% on the previous year and can be directly attributed to the onset of Covid 19, however this fell to just over 2.5 million passengers carried during 2020/21 as the full effects of the pandemic were felt. Patronage is now recovering strongly with 2022/2023 patronage forecast to be around 90% of pre Covid 19 levels.

On behalf of Bus and Rail 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 pre Covid 19. On behalf of the 12 constituent 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.



2. Our Vision for Procurement Improvement

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 Procurement service recognises how the role of procurement within the public sector is continually evolving, with the main catalysts being introduction of the Procurement Reform (Scotland) Act, the Public Contracts (Scotland) Regulations and amendments, together with the exit of the UK from the European Union and the impacts of Climate Change. These factors 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.

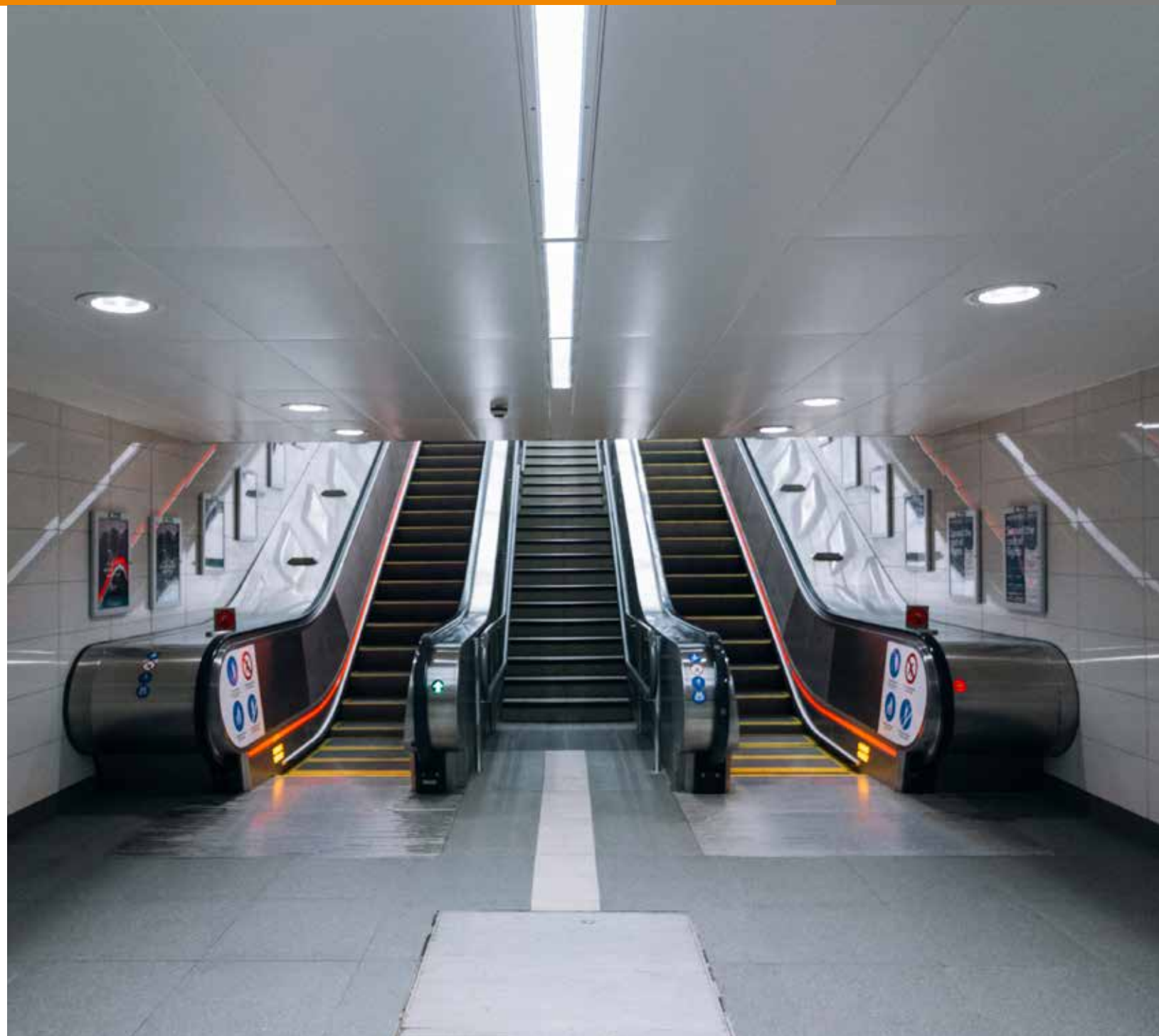
The previous two iterations of this Procurement Strategy covered the periods from 2016 through to April 2023, and during this time the Partnership has invested heavily in developing the staff and capabilities of the Procurement

service to support the delivery of its objectives. During these periods the Procurement service has successfully modernised its approach and has achieved benefits in the cost and quality of the goods, works and service purchased. Increasingly it has also been able to achieve a range of Sustainable Benefits and will actively seek to significantly reduce the Scope 3 carbon emissions of the outsourced services during the period of this new Strategy.

A direct consequence of the successful delivery of the objectives outlined in the previous strategies is that an increasing proportion of the addressable spend has been subject to one or more rounds of rigorous competitive tendering. This, together with current market instabilities as a result of the severe inflationary pressures and associated cost of living crisis, has and will continue to reduce 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 will play its part in delivering these efficiencies and will continue to provide the professional advice that customers need to support the planned transformational changes and efficiencies and have the following main objectives:

- To provide strategic guidance and leadership on all matters pertaining to outsourced goods, works and services;
- Ensure SPT meets the requirements of all Procurement legislation and the fundamental principles of non-discrimination, transparency and proportionality.
- Support the organisation and its stakeholders to enable it to continue to achieve value for money;
- Ensure SPT explores all opportunities to use its procured activities to further its objectives, in particular those pertaining to sustainability;
- Continue to develop and improve procurement processes and to support their adoption across the organisation;
- Support the development and growth of SME's with a view to increase market capacity, capability and resilience;
- Simplify tender processes where possible to maximise the interest in and the responses to contracts tendered.





3. Planned Expenditure Profile

This Procurement Strategy sets out how its 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 (2020-23), 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 2023/24 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.

Revenue Budget

| Cost Category | Cost |
|----------------------------|-------------------|
| Electricity | 3,495,518 |
| Repairs and Maintenance | 402,000 |
| Property Insurance | 397,000 |
| Other Property Costs | 4,129,965 |
| Supplies & Services | 1,463,919 |
| Transport & Plant Costs | 133,850 |
| Bus Operator Payments | 14,840,400 |
| Communications | 365,000 |
| Other Third Party Payments | 9,364,007 |
| Total | 34,591,659 |

Agency Services

| Service | Cost |
|------------------|-------------------|
| School Transport | £44,029,000 |
| Shelters & Stops | £950,000 |
| Total | 44,979,000 |

Capital Budget

| Project | Cost |
|-------------------------------------------------------------|--------------------|
| Bus Stops and Shelters Upgrade Programme | £600,000 |
| Purchase of Operational Vehicles | £355,000 |
| Buchanan Bus Station Improvements | £535,000 |
| Expansion and Upgrade of Real Time Bus Information | £500,000 |
| Bus Station Improvements | £40,000 |
| Bus Stop Asset Management System | £50,000 |
| Corporate System Improvements | £70,000 |
| Advertising Infrastructure | £100,000 |
| Technical Refresh | £250,000 |
| Public Wifi and Cellular Network Connectivity | £250,000 |
| Smart & Integrated Ticketing | £495,000 |
| Transport Planning Model Development | £20,000 |
| Corporate Security Systems Replacement (including CCTV) | £1,600,000 |
| Decarbonisation (SPT estate) | £25,000 |
| Property Improvements (including Accessibility) | £20,000 |
| Tunnel & Infrastructure Works | £5,975,000 |
| Subway Modernisation Programme Support | £546,000 |
| Rolling Stock & New System: Management & Specialist Support | £1,763,000 |
| Rolling Stock & New System: Manufacture & Supply Agreement | £23,197,000 |
| Station Minor Works | £405,000 |
| Broomloan Depot Improvements | £225,000 |
| New and Enhanced Plant & Equipment | £260,000 |
| Asset Management System Improvements | £60,000 |
| Secure Mobile Operational Communications System | £255,000 |
| Total | £37,596,000 |

Overall Total

£117,166,659





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 also makes use of this system for all Quotations in excess of £20k in value.

The Single Procurement Document (SPD) provides a standardised approach to the qualification stage of all tenders over the Higher Regulated threshold where advertising across the UK is mandated by Regulation. To promote consistency of approach and to assist its supply base, SPT has however adopted its use in both Regulated and Higher 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 recognises the urgency of the climate emergency and the opportunity for public procurement to support wider social, economic and environmental goals. SPT is committed to the reduction of its Scope 3 Emissions, and will actively mitigate the environmental impact of all goods, works and services procured across their whole life cycle. Environmental considerations will be at the core of all tender specifications and SPT will seek to incorporate where practical sustainable solutions into our processes and contracts. SPT's Standing Orders Relating to Contracts have now been altered to mandate this approach, and together with a programme of staff awareness will help embed this into all procurements that we undertake.

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. The vast majority of all SPT tenders will now incorporate clauses to mandate the payment of the Real Living Wage as set by the Resolution Foundation and SPT will promote this robustly by applying the Fair Work Practices methodology within Regulated procurements. This methodology addresses the question of how suppliers manage their workforce and includes payment of the Living Wage alongside other benefits such as flexible working, training, employee benefits and no inappropriate use of zero hours contracts.

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 already applies a community benefits process to all Regulated procurements, however over the course of this Strategy will look to focus benefits realised where possible to the transport industry and in particular to areas where there is an aging workforce and a present and future skills gap. The monitoring and delivery of any resultant community benefits will be undertaken by Procurement and project managers.

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.

Objectives

- To comply with all relevant legislation.
- To promote fair working practices and where possible mandate payment of the Real Living Wage.
- To obtain a range of targeted Community Benefits through our procurement activities that support a healthier environment, inclusive economic growth and improved quality of life for communities.
- To ensure procurement activities support delivery of the SPT Climate Change and Adaptation Strategies and SPT's corporate carbon emission reduction pathways and targets.
- To ensure procurement activities support delivery of the Regional Transport Strategy and SPT's vision for high quality, sustainable and low carbon transport shaped by the needs of all.
- To ensure procurement activities where appropriate consider mechanism to eliminate discrimination, advance equality of opportunity, and foster good relations and support delivery of SPT's Equality policies and outcomes.

4.3 Supply Base Development

Much of the transport industry supply base, and in particular Bus and Taxi operators which serve the contracts which SPT offer to tender are sole traders and micro enterprises with less than 10 employees. Both these smaller operators and indeed those that are larger, have struggled to come to terms with the introduction of wholly electronic tendering and the constraints of Public Sector procurement in general, and for some this has become a barrier to accessing this work which has in turn reduced the supply base and available resource.

The Covid pandemic has further shrunk the market, and in addition contributed to the transport industry encountering a severe driver shortage, limiting capacity and in turn the levels of competition within the market.

To alleviate these issues where at all possible, SPT will endeavour to enhance the tendering skills of bidders whilst at the same time simplifying our tender processes to increase their accessibility without compromise to either quality or price.

Objectives

- To standardise and simplify SPT's tenders to increase their accessibility
- With the assistance of the Supplier Development Programme, to enhance the tendering skills of SPT's core supply base.

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. SPT will additionally ensure a succession plan is in place to ensure this continues throughout the period of this Strategy and beyond.

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.
- Put in place a recruitment and succession plan to ensure skills and experience gained are not lost through staff turnover.



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 1,150 contracts for the transport of school children on behalf of 11 Scottish Local Authorities within the SPT area. SPT additionally has awarded collaborative contracts accessible by other named public bodies for the supply of rail and for the provision of training.

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 consider the use of collaborative procurement routes for all requirements where appropriate and where best value will be served.
- To actively seek opportunities to work in collaboration with other Public Bodies.
- 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.

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

- Upgrade the Financial Management System to take account of new procurement functionality including redesigned user interface to enhance the user experience for both requisitions and receipting. Provide greater clarity on order amendments and enhanced reporting.
- The implementation of an integrated contract's module within the Financial Management System. The new contracts module will aid in maximising contract compliance and providing management information.

4.8 Strategy Action Plan

| Objective | Planned Action | Implementation Timescale |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Procurement Governance | Maintain and simplify where possible, legally compliant standard procurement documentation and processes. | Implemented and Ongoing Review |
| | Quarterly Reporting of Procurement Performance. | Implemented and Ongoing |
| | Production of an Annual Procurement Report | Implemented and Ongoing |
| Procurement Capability | The existing Sourcing Methodology will be revised as and when required to encompass all aspects of the Procurement process, and will be agreed by all parties prior to tender stage. | Implemented and Ongoing Review |
| | Pre-Market Engagement will be undertaken for all Regulated Procurements. | Implemented and Ongoing Review |
| | The Supplier Development Programme will be engaged where appropriate during the pre-tender stages to enhance the capabilities and awareness of small to medium sized enterprises. | March 2024 |
| | Where appropriate, extend the use of fully electronic procurement to non-Procurement staff for all purchasing activity over £5k in value. | April 2024 |
| Sustainability | Appropriate and relevant Community Benefits will be included in all Regulated Procurements, including both Subsidised and School Transport contracts, and these benefits tracked and reported. | April 2025 |
| | The measurement of Fair Work Practices will form part of the assessment for all Regulated contracts, including those for both Subsidised and School Transport contracts | August 2024 |
| | Sustainable solutions will be embedded within the Specifications of all regulated contracts, with progress tracked and reported. | September 2023 |
| Contract and Supplier Management | A formal process for the management, measurement and recording of contractor performance will be developed and introduced across the organisation for all key contracts. | April 2024 |
| | A standard whole organisational reporting format to be adopted to increase stakeholder awareness of all procurement activity, both present and planned, together with the current position of all contracts. | August 2023 |

| Objective | Planned Action | Implementation Timescale |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| | A process and programme will be developed to enhance the tendering skills of the Subsidised and School Transport market, with the goal of maximising capacity, capability and sustainability. | April 2024 |
| People | 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 both key stakeholders and where applicable new employees throughout the organisation. | Ongoing |
| | A succession plan will be implemented to ensure skills and experience gained are not lost through staff turnover. | December 2023 |
| Prevention of Fraud and Criminal Activity | Declarations and clauses in Procurement documents will be revised as required to disrupt, deter and prevent attempted fraud and the involvement of organised crime in SPT tenders and contracts. | Ongoing |
| Collaboration | New areas for collaborative working with internal and external stakeholders, and with Public Sector partnering organisations will be identified. | Ongoing |
| | Ensure collaboration is consistently considered for all procurement activities and increase the use of collaborative procurement where possible and where best value is served by this. | Ongoing |
| Purchasing and Payment Systems | Tender documentation will be amended to mandate payment to the same terms as those of awarded contracts within contractors related supply chains for all Regulated contracts | April 2024 |
| | The organisation will maximise the number of invoices paid within a 10 day period from receipt in accordance with current Scottish Government guidelines. | Ongoing |
| | Upgrade the Financial Management System to take account of new procurement functionality | April 2024 |
| | Implement an integrated contract's module within the Financial Management System | April 2024 |

