
ANNUAL PROCUREMENT REPORT

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

20 AUGUST 2019

1 PURPOSE AND SUMMARY

- 1.1 **This report presents the Executive Committee with the 2018/19 Annual Procurement Report (APR), a mandatory report required by the Procurement Reform (Scotland) Act 2014.**
- 1.2 Organisations that require to prepare a procurement strategy must also publish an annual procurement report. These documents are now part of the reporting landscape for the public sector to support increased transparency and visibility of public expenditure and to embed sustainability into public sector procurement.
- 1.3 The purpose is to demonstrate to stakeholders that procurement spend is being used to best effect to achieve:
 - Better public services
 - Social, economic and environmental outcomes in the area; and
 - A range of local and national policies.
- 1.4 The key ambition of our procurement strategy is to support our local market and the economy. During 2018/19, and through delivering on our strategic objectives, the level of local spend continues to increase with £75.9m (45.2%) of the £168m Council spend (with third parties) being with businesses operating in the geographical boundaries of the Scottish Borders.
- 1.5 Following committee approval the APR must be submitted to the Scottish Government and published on the internet.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Executive Committee approves the submission of the Annual Procurement Report 2018/19 to the Scottish Government and its publication on the council's website.**

3 BACKGROUND

- 3.1 The Procurement Reform (Scotland) Act 2014 requires any public organisation, with 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.
- 3.2 The Council's procurement strategy for the period 2018-2023 was approved in December 2017 and is being taken forward by the Commercial & Commissioned Services team and the wider organisation.
- 3.3 Where an organisation is required to prepare a procurement strategy, it must also publish an annual procurement report to record and publicise its performance and achievements in delivering its strategy.
- 3.4 The strategy and annual report are now part of the reporting landscape for public sector organisations to support increased transparency and visibility of public expenditure, and to embed sustainability into public sector procurement.

4 ANNUAL REPORT

- 4.1 A copy of the APR for the period 1st April 2018 – 31st March 2019, developed in the format required by Scottish Government guidance, is attached to this report as Appendix 1.
- 4.2 The aim of report is to demonstrate to stakeholders that procurement spend is being used to best effect to achieve:
 - Better public services
 - Social, economic and environmental outcomes in the area; and
 - A range of local and national policies.
- 4.3 As part of the production of the report, an assessment has been undertaken to ensure delivery of procurement is in line with strategy objectives and the legislative landscape. The assessment has concluded all activities are compliant.
- 4.4 The APR also offers the opportunity to showcase activities and benefits delivered through procurement in the reporting period. Case studies have been included to demonstrate delivery is in line with the Corporate Plan.
- 4.5 The procurement strategy must be reviewed annually to ensure it remains aligned to corporate objectives. A review of the 2018-2023 strategy has been undertaken which confirms the direction of procurement remains in line with the ambitions of the new Corporate Plan – Our Plan and your part in it.
- 4.6 Following endorsement by the Committee, the approved APR will be submitted to the Scottish Government and published on the corporate website.

5 REPORT HIGHLIGHTS

- 5.1 During 2018/19, the level of local spend has increased to £75.9m (45.2%) of the £168m relevant overall Council spend (with third parties) being with

businesses operating in the geographical boundaries of the Scottish Borders.

- 5.2 Delivering sustainable procurement with social and economic impact is another area of key importance. Significant success with this ambition was achieved through working in partnership with JobCentre Plus and Borders College to help young and unemployed people gain work in the construction sector. The team was delighted to receive a highly commended award for the initiative at the Public Procurement Go Awards last year.
- 5.3 A further key ambition of the procurement strategy is to identify effective and efficient procurement improvements. Contract and Supplier Management (CSM) is crucial to unlocking the supply chain, through which performance improvement and efficiency savings can be realised. During 2018/19 the team led development work on a new framework for CSM and is now moving towards delivery of the new corporate approach.

6 IMPLICATIONS

6.1 Financial

There are no financial implications contained in the report.

6.2 Risk and Mitigations

If the annual report is not submitted to the Scottish Government and made available online then the Council will not be compliant with statutory legislation.

6.3 Equalities

An EIA has been carried out and there are no adverse equality issues arising from the report.

6.4 Acting Sustainably

Effective procurement supports a prosperous, fair and sustainable area, delivering best value as well as local economic, social and environmental benefits.

6.5 Carbon Management

There are no effects on carbon emissions associated with this report.

6.6 Rural Proofing

Not applicable.

6.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to the Schemes of Administration or Delegation as a result of this report.

7 CONSULTATION

7.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council will be consulted and any comments received incorporated into the final report.

Approved by

David Robertson
Chief Financial Officer

Signature.....

Author(s)

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Background Papers:
Previous Minute Reference:

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