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## **ANNUAL PROCUREMENT REPORT/STANDING ORDERS AMENDMENT**

**Report by Executive Director, Finance & Regulatory**

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### **EXECUTIVE COMMITTEE**

**14 September 2021**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report presents the Executive Committee with the 2020/21 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
  - Compliance with a range of local and national policies.
- 1.4 The report includes a dedicated section noting the support and service provided in response to the Covid-19 pandemic. The key areas of support include payment and reporting of all relevant business support (£70m), managing financial sustainability support for Social Care Providers and working as part of a cross functional team on the sourcing, supply and distribution of personal protective equipment (PPE).
- 1.5 It is also intended to adjust the Procurement & Standing Orders to amend the process of approving the appointment of consultants. It is proposed that individual Directors undertake this approval, rather than CMT.

#### **2 RECOMMENDATIONS**

- 2.1 **It is recommended that the Executive Committee**
  - (a) **approves the Annual Procurement Report 2019/20 as appended to this report.**

- (b) agrees to recommend to Council the amendment of the Procurement & Contract Standing Orders to provide for the approval by Directors of the appointment of consultants.**

### **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 delivered 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 a standard 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 The APR for the period 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 (developed in the format required by Scottish Government guidance) is attached to this report as Appendix 1.
- 4.2 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.
- 4.3 The APR also offers the opportunity to showcase activities and benefits delivered through procurement in the reporting period.
- 4.4 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 current Corporate Plan – Our Plan and your part in it.
- 4.5 Following endorsement by the Executive Committee, the approved APR will be submitted to the Scottish Government and published on the corporate website.

### **5 REPORT HIGHLIGHTS**

- 5.1 During FY 2020/21, the level of spend with micro, small and medium sized businesses reduced by approximately 1.5% or £1.6m from FY 19/20. This change is a direct impact of the pandemic and the associated closure of services and businesses. The value of local spend with businesses operating in the geographical boundaries of the Borders reduced as a result of two different factors. SB Cares was reintegrated as a Council service (overall value of spend £11.5m). While this does not affect the actual value of spend in the community, it can no longer be reported within this statistic and so along with a COVID related reduction

in spend of approximately £2m, the overall spend reduces from £77.1m during 19/20 to £63.7m for 20/21.

- 5.2 Delivering sustainable procurement with social and economic impact is an area of key importance. Substantial community benefits and other social value has been achieved through the Hawick Flood Protection Scheme project. A case study on some of the benefits delivered to date is included on page 11 of the report.
- 5.3 A further key ambition of the procurement strategy is to support the supply chain's cash flow by ensuring the efficient and effective payment of invoices. The average indicator for the year 2020/21 was 95%, a strong increase of 5% on 2019/20. This level of performance compared very positively when compared with the average all Scotland figure of 92% (latest available comparison period Local Government Benchmarking Framework 2019/20).
- 5.4 The report contains details of the Commercial & Commissioned Services team response to COVID-19. This work covered many areas across business grants and other support payments, social care provider sustainability funding, and the provision of PPE. Full details are provided at page 4 of the full report.

## **6 PROCUREMENT & CONTRACT STANDING ORDERS**

- 6.1 It is proposed to amend section 12, a supplement to the Procurement & Contract Standing Orders requiring all appointments of consultants to be approved by the Corporate Management Team (CMT) before any engagement process is commenced.
- 6.2 As a result of focusing CMT resources on strategic decision making, it is proposed that this activity is carried out by Directors.
- 6.3 Appendix 2 notes the proposed change to the current standing orders document.

## **7 IMPLICATIONS**

### **7.1 Financial**

There are no costs attached to any of the recommendations in this report.

### **7.2 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.

### **7.3 Integrated Impact Assessment**

This is a routine report for good governance and statutory purposes, not a new or revised strategy of policy for decision and, as a result, completion of an integrated impact assessment is not an applicable consideration.

#### **7.4 Sustainable Development Goals**

Legislation in Scotland drives the consideration and use of economic, social, and environmental benefits in public procurement. The Procurement Reform (Scotland) Act 2014 places a number of general duties on public authorities.

A public body must, in carrying out a regulated procurement:

- treat economic operators equally and without discrimination,
- act in a transparent and proportionate manner,
- comply with the sustainable procurement duty.

The sustainable procurement duty is a general duty which aims to encourage wider economic, social, and environmental benefits in contracts. Scotland's sustainable procurement duty is a key mechanism through which public procurement contributes to the outcomes of the National Performance Framework which in turn support the delivery of the SD goals.

#### **7.5 Climate Change**

Public procurement is expected to contribute to climate change targets, and public bodies will be required from next year's Procurement Annual Report to report annually on how their procurement policies and activity have:

- contributed to carbon emissions reduction targets
- contributed to climate change adaptation
- acted sustainably

As point 6.4, the sustainable procurement duty should help in this reporting process as the tools associated with the duty prompt public bodies to consider carbon and energy consumption, resource efficiency and pollution during the procurement process.

#### **7.6 Rural Proofing**

Not applicable.

#### **7.7 Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

#### **7.8 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.

### **8 CONSULTATION**

- 8.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director of HR & Communications, the Clerk to the Council and Corporate Communications have been consulted with comments received incorporated into the report.

**Approved by**

**David Robertson**  
**Executive Director, Finance & Regulatory Signature.....**

**Author(s)**

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**Background Papers:**  
**Previous Minute Reference:**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Procurement & Payment Team can also give information on other language translations as well as providing additional copies.

Appendix 1 – Annual Procurement Report

Appendix 2 – Revised Procurement & Contract Standing Orders