
ANNUAL PROCUREMENT REPORT 2021/2022

Report by Acting Chief Financial Officer

EXECUTIVE COMMITTEE

13 September 2022

1 PURPOSE AND SUMMARY

- 1.1 This report presents the Executive Committee with the 2021/2022 Annual Procurement Report (APR) for review, a mandatory report required by the Procurement Reform (Scotland) Act 2014.**
- 1.2 Organisations required 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 during the period.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee approves the Annual Procurement Report 2021/2022, as appended to this report, for submission to Scottish Government.**

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 Procurement 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 1st April 2021 – 31st March 2022 (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 Council Plan.
- 4.5 Following endorsement by the Executive Committee, the approved APR will be submitted to the Scottish Government and published on the Council website.

5 REPORT HIGHLIGHTS

- 5.1 During financial year 2021/22, 54.7% of spend was made with micro, small and medium sized businesses. This compares with 59.4% during 2020/21. The annual spend with Borders based suppliers was £63,934,031 in 2021/22 compared to £62,726,858 in 2020/21.
- 5.2 During November 2021, the team delivered the Council's first Commercial Awareness Week. This was developed to support the launch of the new corporate Contract Management Framework mentioned above while also raising awareness of what we mean by commercial and why it is important. The team delivered multiple events to initiate a whole

Council approach to commerciality while supporting the development of skills to improve commercial thinking and acumen. 20 events were held covering subjects such as how to manage supplier performance, what does climate change mean for commerciality and using markets to drive commercial value. The week was very well received with over 1,000 interactions from staff.

- 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 2021/22 was 93%. This level of performance compares very positively when reviewed against the Local Government Benchmarking Framework all Scotland average figure of 91.76% (latest available data comparison period 2020/21). Further analysis confirms that the Borders performance exceeds the family group average of 90.6%.
- 5.4 The team was nominated in June for the Team of Year Award at the Purchase to Pay Network event. They were delighted to be awarded Finalist status – a fantastic achievement all round. They were up against a substantial field of private companies and other public sector bodies but the judges were impressed with the way in which the team delivers support on such a significant scale to the organisation.

6 IMPLICATIONS

6.1 Financial

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

6.4 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.

6.5 **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.

6.6 **Rural Proofing**

Not applicable.

6.7 **Data Protection Impact Statement**

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

6.8 **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.

7 **CONSULTATION**

- 7.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into this final report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

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Author(s)

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Background Papers:

Previous Minute Reference:

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