
ANNUAL PROCUREMENT REPORT 2022/2023

Report by Director, Finance & Procurement

EXECUTIVE COMMITTEE

12 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report presents the Executive Committee with the 2022/2023 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 2022/2023, 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 was 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 new strategy is in place for 2023-24 which is aligned to the Council Plan but it should be noted the period of this APR aligns with the previous 2018-2023 Commercial and Commissioned Services Strategy.
- 4.5 Note that the Scottish Government has clarified and modified their reporting requirements for Annex A to the APR. The effect of these changes has been to reduce the collaborative spend percentage from 30+ percent in previous years to 12 percent this year (since strictly only category A and B contracts are to be included) and a change in how cash and non-cash savings are recorded.
- 4.6 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 FY 2022/23, the total level of spend increased from c. £183m in the previous financial year to c.£200m with the amount spent with SMEs remaining broadly flat at c. £100m. There were notable increases in the

spend on Electricity (from approx. £2.6m to £3.3m) and Gas (from approx. £700k to £1.7m), both of which are procured through Category A national frameworks established by the Scottish Government.

- 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 and other projects. Examples of some of the benefits delivered to date are included in Appendix 4 of the report.
- 5.3 A further key ambition of the procurement strategy is to support the supply chains cash flow by ensuring the efficient and effective payment of invoices. The average indicator for the year 2022/23 was 94% with 100% of invoices paid electronically. This maintains the performance from the previous year with a 12% increase in the number of invoices. This compares favourably against the Scottish average of 91.4% for 2021/22 (latest available comparison period Local Government Benchmarking Framework).

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
Director, Finance & Procurement
Signature.....

Author(s)

Ryan Douglas	Procurement Business Partner
--------------	------------------------------

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.