

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	27 September 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Annual Procurement Report - 2022/2023
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ present the Annual Procurement Report for 2022/2023

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Annual Procurement Report for 2022/2023 be noted.

3. Background

3.1. The Procurement (Scotland) Reform Act 2014 requires contracting authorities to prepare and publish an annual procurement report on its regulated procurement activities.

3.2. This report to Committee provides an overview of the annual report highlighting key content from each of the sections. The full annual report is provided as Appendix 1.

4. Annual reporting requirements

4.1. The Act states that the annual report must include:-

- ◆ Regulated procurement activity
- ◆ Procurement strategy
- ◆ Community Wealth Building and Community Benefits
- ◆ Sustainable Procurement and Supported Businesses
- ◆ Future planning
- ◆ Other information

4.2. Section 2: Regulated Procurement Activity

4.2.1. Regulated procurement is defined by the Procurement Reform (Scotland) Act 2014 as any procurement with an estimated value of over £50,000 for supplies or services or £2 million for works contracts.

4.2.2. The Council's contract awards in 2022/2023, as detailed in Appendix 1 of the annual report, was 169 contracts (over £50,000) with a total value of £111 million. This compares to 164 contracts for the same period in 2021/2022.

4.3. Section 3: Regulated Procurement Compliance

4.3.1. This section sets out how procurements carried out demonstrated compliance with the Council's Procurement Strategy and Procurement regulations.

- 4.3.2. The Procurement Strategy 2020 to 2023 was approved by Committee in May 2020. The Strategy is subject to annual review, including an action plan to ensure continuous improvement across procurement activity. A summary of the Council's strategic objectives is included as Appendix 2 and the Annual Report highlights actions completed during 2022/2023, including implementation of Fair Work First, improved weighting for sustainability in tenders and responding to supply chain and pricing issues.
- 4.3.3. The Annual Report also outlines the Council's arrangements to ensure compliance, transparency and Value for Money.
- 4.4. Section 4: Community Wealth Building and Community Benefits
- 4.4.1. This section of the annual report has been developed to focus on procurement outcomes from the Community Wealth Building Strategy, including levels of local spend. Local spend was maintained at 18%, representing £63 million of spend with local enterprises.
- 4.4.2. The Council's approach to secure Community Benefits is outlined in the Annual Report, with descriptions of suitable benefits which will be considered in all regulated tenders, including employability, local supply chains and recently extended to include Community Wish Lists. In total, 161 Community Benefit commitments are listed, and case studies of Community Benefit projects are included, including the Clyde Bridge and Biomass supply and maintenance contracts.
- 4.5. Section 5: Sustainable Procurement and Supported Businesses
- 4.5.1. This section of the report provides an update on the Council's progress in embedding the Scottish Government's sustainable procurement tools and examples of sustainable outcomes. Positive sustainable outcomes include implementation of Fair Work First guidance, completion of the Prioritisation Framework (summarised in the Annual Report) and use of the sustainability test to embed sustainability measures in a waste contract.
- 4.5.2. The Council's responsibility to facilitate the involvement of supported businesses in procurement is also outlined in this section. Supported businesses are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged, as specified in EU Directive 2014/24/EUD. The Council's contractual activity with supported businesses and social enterprises is noted, including Haven Products, Hey Girls and Scotland's Bravest Manufacturing Company.
- 4.6. Section 6: Future Planning
- 4.6.1. A summary of the regulated procurements the authority expects to award in the next two years, including renewals and new contracts, is included in Appendix 3 of the report, which has been developed following procurement service planning consultation with Resources.
- 4.6.2. The procurement programme for 2023/2024 and 2024/2025 contains 230 projects, with a value in excess of £50,000, including high value waste and construction projects and continuing phases of the various Education and Social Care long term Procured Service Arrangements. A new Care at Home contract will be a key procurement in 2023/2024.

4.7. Section 7: Further information

- 4.7.1. Information to be included in this section is not prescribed, however, the Council has highlighted several areas, including local and SME spend analysis and payables and e-invoicing performance information for 2022/2023.
- 4.7.2. As referenced at 4.4.1, spend in the South Lanarkshire area (for all contractors, including SMEs) was stable at 18%, although this represented an increase of £1 million in local spending to £63 million.
- 4.7.3. A geographical analysis of spend is included in the annual procurement report and quantifies spend for the wider Lanarkshire area (33%), Glasgow City Region (47%) and across Scotland (70%): spend retained within Scotland having increased from 64% in 2021/2022.
- 4.7.4. The Procurement Service continue to work in partnership with the Economic Development Service and the Supplier Development Programme to improve the participation of local SMEs in Council contracts, an area of focus in the spend pillar of the council's Community Wealth Building strategy.
- 4.7.5. An analysis of the impact on local spend through collaborative arrangements is also included in the annual report, noting that £7.7 million (16%) of South Lanarkshire Council spend via Scotland Excel frameworks is with local enterprises, an increase from 13% in 2021/2022. £62 million of spend is directed to South Lanarkshire companies from Scotland Excel in total. Similarly, council spend with Hub South West resulted in local sub-contracted spend of £10.9 million (46% of spend from Council projects) but Hub South West's total sub-contracted spend in South Lanarkshire was £97 million, indicating a much wider economic benefit from collaboration.
- 4.8. The Annual Procurement Report 2022/2023 is attached as an Appendix for noting and publication thereafter.

5. Employee Implications

- 5.1. The forward programme presents a significant number of projects for delivery by the Procurement Team, at time when the recruitment of experienced procurement staff continues to be extremely challenging. However, the recruitment of graduate procurement staff helps to maintain the capacity of the team supported by experienced procurement officers.

6. Financial Implications

- 6.1. None.

7. Other Implications

- 7.1. Given the large volume of projects identified in the forward programme there is a risk that some procurement activity may be affected due to resourcing challenges. Projects will therefore continue to be prioritised and assessed to minimise the risk of disruption.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning
Executive Director (Finance and Corporate Resources)

8 September 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self-aware and improving

Previous References

- ◆ Procurement Strategy 2020-2023, Executive Committee, 13 May 2020
- ◆ Annual Procurement Report 2021/2022, Finance and Corporate Resources Committee, 7 September 2022

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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