



# Report

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>7 September 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Annual Procurement Report 2021/2022</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide details of the Annual Procurement Report for 2021/2022

## 2. Recommendation(s)

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

- (1) that the Annual Procurement Report 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. The Act states that the annual report must include information on:-

- ◆ regulated procurement activity
- ◆ regulated procurement strategy and compliance
- ◆ community Benefits
- ◆ supported businesses
- ◆ future planning
- ◆ any other relevant information

## 4. Procurement Annual Report

4.1. The Procurement Annual Report for 2021/2022 is included in Appendix 1.

### 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 total level of procured expenditure for the period of the report was £384 million. Appendix 1 of the annual report provides details of 164 contract awards (over £50,000) with a total value of £664 million. This contract value encompasses several high value long term awards for Procured Service Arrangements, including: Educational Services (£42 million), Adult Supported Living (£243 million) and Early Learning and Childcare (£143 million) PSAs: where contract value is over the full 10 or 15 year term.

#### 4.3. Section 3: Regulated Procurement Activity

4.3.1. The Council's Procurement Strategy 2020 to 2023 was approved by the Executive Committee in May 2020. The Strategy included an action plan to ensure continuous improvement across procurement activity.

4.3.2. A summary of the Council's strategic objectives is included as Appendix 2 and the Annual Report highlights actions completed during 2021/2022, including implementation of Fair Work First, monitoring EU Exit implications and responding to supply chain and pricing issues. Procurement also supported the "spend" pillar under the Council's Community Wealth Building Strategy, delivering changes to Quick Quote arrangements for works contracts under £2 million to improve the participation of local enterprises.

#### 4.4. Section 4: Community Wealth Building and Community Benefits

4.4.1. This section of the annual report has been further developed to focus on procurement outcomes from the Community Wealth Building Strategy, including increased levels of local spend and changes to Standing Orders on Contracts to improve local engagement in tenders.

4.4.2. The Council's approach to secure Community Benefits through procurement is outlined in the Annual Report, with descriptions of suitable benefits which will be considered in all regulated tenders, including employability and local supply chains. A summary of the contracts attracting Community Benefits is provided with examples of community benefits secured for Jackton Primary School construction and the Council's Buildings' Waste contract.

#### 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 in procurement include implementation of Fair Work First guidance, completion of the Prioritisation Framework (summarised in the report) and use of the sustainability test to embed sustainability measures in a forthcoming 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/EU. The Council's contractual activity with supported businesses and social enterprises is noted, including 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.

#### 4.7. 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 2021/2022.

#### **4.8. Procurement Performance Information and SME Engagement**

- 4.8.1 Spend in the South Lanarkshire area (for all contractors, including SMEs) increased to £62 million, increasing from 17% in 2020/2021 to 18% in 2021/2022 as a percentage of core trade spend. This restored local spend to pre COVID-19 levels following restricted activity in construction, furniture and transport in the previous year.
- 4.8.2. A geographical analysis of spend outwith the local area is included in the annual procurement report and quantifies spend for the wider Lanarkshire area (35%), Glasgow City Region (49%) and across Scotland (64%): all of these areas having increased since 2020/2021. More spend is being retained within the local area, with spend with South Lanarkshire enterprises exceeding spend with North Lanarkshire suppliers for the first time.
- 4.8.3. 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.
- 4.8.4. An analysis of the impact on local spend through collaborative arrangements is also included in the annual report, noting that although while £5 million (13%) of South Lanarkshire Council spend via Scotland Excel frameworks is with local enterprises, £42 million of spend is directed to South Lanarkshire companies from other local authorities, an increase from £40 million in 2020/2021 attributable to post COVID-19 recovery and spend with The Furnishing Service. Similarly, Council spend with Hub South West resulted in local sub-contracted spend of £7.2 million (40% of spend from Council projects) but Hub South West's total sub-contracted spend in South Lanarkshire was £76 million, indicating a much wider economic benefit from collaboration.

#### **5. Employee Implications**

- 5.1. The forward programme presents a significant number of projects for delivery by the Procurement Team: resource requirements will continue to be monitored to ensure the plan is delivered and risks are minimised.

#### **6. Financial Implications**

- 6.1. None.

#### **7. Other Implications**

- 7.1. None.

#### **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)**

17 August 2022

**Link(s) to Council Values/Priorities/Outcomes**

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

**Previous References**

- ◆ Procurement Strategy 2020 to 2023, Executive Committee, 13 May 2020
- ◆ Annual Procurement Report 2020/2021, Finance and Corporate Resources Committee, 1 September 2021

**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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