

## Report

Report to: Finance and Corporate Resources Committee

Date of Meeting: 1 September 2021

Report by: Executive Director (Finance and Corporate Resources)

Subject: Annual Procurement Report 2020/2021

#### 1. Purpose of Report

- 1.1. The purpose of the report is to:-
  - provide details of the Annual Procurement Report for 2020/2021

#### 2. Recommendation(s)

- 2.1. The Committee is asked to approve the following recommendation(s):-
  - (1) the Annual Procurement Report for 2020/2021 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 2020/2021 is included in Appendix 1.

#### 4.2 <u>Section 2: Regulated Procurement Activity</u>

- 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 £393 million. The report provides details of 159 regulated contract awards with a total value of £394 million, including one high value award for the Adult Supported Living Procured Service Arrangement at £243 million. Although a number of tender exercises were abandoned due to Covid-19, there were also a range of contracts to support the Council's pandemic response, including PPE and homeless and social care services.

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

- 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 2020/2021, including implementation of appropriate procurement changes required by EU Exit legislation, managing the Council's pandemic response sourcing requirements and monitoring the impact of both factors on commodity pricing and supply chain issues.

## 4.4. <u>Section 4: Community Benefits</u>

- 4.4.1. The Council's approach to secure community benefits through procurement is outlined in the report, with descriptions of suitable benefits which will be considered in all regulated tenders.
- 4.4.2. A summary of the contracts attracting Community Benefits is provided with example of community benefits secured for St Joseph's New Building Housing and Care Facility and the Auldkirk New Build Housing contract.

### 4.5. <u>Section 5: Supported Businesses</u>

- 4.5.1. This section of the report has been expanded, at the request of Scottish Procurement, to include an update on progress in the Sustainable Procurement Duty. An update on the Council's progress in embedding the new sustainable procurement tools and examples of sustainable outcomes included in 2020/2021 contracts is included. Examples of positive sustainable outcomes in procurement include electric vehicles, living wage and emission standards in the Passenger Transport framework.
- 4.5.2. 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.

#### 4.6. Section 6: Future Planning

4.6.1. A summary of the regulated procurements the authority expects to commence in the next two years is provided, including renewals and new contracts, is included as an appendix to the report, which has been developed following procurement service planning consultation with Resources.

#### 4.7. <u>Section 7: Further information</u>

- 4.7.1. Information to be included in this section is not prescribed, however, the Council has highlighted a number of areas, including engagement with local companies and SMEs and payables and e-invoicing performance information.
- 4.8. Procurement Performance Information and SME engagement
- 4.8.1. A range of 2020/2021 performance indicators are provided in this section.
- 4.8.2. Procured spend with SMEs (overall) increased by 1% to 43% in 2020/2021, driven by growth in social care spend with SME providers, including new entrants to the Care at Home market.

- 4.8.3. Spend in the South Lanarkshire area (for all contractors, including SMEs) remained static at £59 million, although as a percentage of core trade spend, this decreased from 18% in 2019/2020 to 17% in 2020/2021. Spend with South Lanarkshire SMEs also reduced from 13% to 12%.
- 4.8.4. A geographical analysis of spend outwith the local area has been included in the annual procurement report for the first time and quantifies spend for the wider Lanarkshire area (34%), in Glasgow City Region (47%) and across Scotland (60%).
- 4.8.5. 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. Although many supplier engagement events were impacted by the pandemic, progress has been made in moving towards digital events.
- 4.8.6. An analysis of local spend through Scotland Excel collaborative frameworks is also included in the annual report, noting that although while £4.9m (14%) of South Lanarkshire Council spend via Scotland Excel frameworks is with local enterprises, £40 million of spend is directed to South Lanarkshire companies from other local authorities through Scotland Excel, indicating a wider economic benefit from collaboration.

#### 5. Employee Implications

5.1. The forward programme of work for the Procurement Service represents a significant increase in the volume of procurement activity. Additional resources are therefore being identified to help ensure the activity is delivered and risks are minimised.

#### 6. Financial Implications

6.1. None.

#### 7. Climate Change, Sustainability and Environmental Implications

7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

#### 8. Other Implications

8.1. None.

#### 9. Equality Impact Assessment and Consultation Arrangements

9.1. 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)

12 August 2021

## Link(s) to Council Values/Ambitions/Objectives

- ♦ 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 2019/2020, Finance and Corporate Resources Committee, 28 October 2020

## **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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