



REPORT TO: MORAY COUNCIL ON 15 SEPTEMBER 2021

SUBJECT: 2020/2021 PROCUREMENT ANNUAL REPORT

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT, AND FINANCE)

1. REASON FOR REPORT

- 1.1 To provide the Council with an update report on Procurement activity in Moray and in particular report on procurement performance for 2020/2021.
- 1.2 This report is submitted to Committee in terms of Section III B (28) of the Council's Scheme of Administration relating to procurement arrangements.

2. RECOMMENDATION

- 2.1 **It is recommended that the Council considers and notes the overall procurement performance for 2020/21 set out in the Annual Report in APPENDIX 1 and in Section 4 below.**

3. BACKGROUND

- 3.1 The Procurement Reform (Scotland) Act 2014 (the Reform Act) introduced a number of significant duties for all public bodies, including the publication of a Procurement Strategy and subsequent Annual Procurement Report, which outlines performance against that Strategy.
- 3.2 The Procurement Strategy for 2020/21 was a light touch review of the Procurement Strategy 2019/20 in light of the pandemic.

4. 2020/2021 PROCUREMENT PERFORMANCE

- 4.1 The report assesses performance against a number of categories including:
 - i) Summary of Regulated procurements
 - ii) Review of procurement compliance
 - iii) Assessment of progress against the strategic action plan
 - iv) Non Cash benefits
- 4.2 The main action and learning points from the 2020/21 report are:

- i) There has been a decrease in local “category C” contract activity due to the pandemic and resultant uncertain market conditions. During 2020/21 the team saw a change to the normal departmental support requests with an increase in unplanned activity (for emergency contracts) and quick quote projects. A review of the workload allocation management has been carried out to ensure that the team were able to meet these changes.
- ii) Despite this reduction in procurement activity the savings for categories 1 & 2 (non-budget adjusted and budget adjusted) only shows a slight decrease from £1.909 million in 2019/20 to £1.794 million which is still considerably above the target of £1 million.
- iii) The team continues to improve performance on environmental and sustainable non-cash benefits albeit with a reduced volume of contract awards. Work will now start with the newly recruited Community Wealth Building Officer and Principal Climate Change Strategy Officer to strengthen the links between procurement and these two strategically important council priorities.

4.3 Section 4 Moray Update (Pages 6-8 of the Annual Report refer)

4.3.1 The Section 4 of the annual report – Moray Update - includes the following summary of procurement savings recorded during 2020/21:

Cash Savings 2020/2021 (2019/20)		
Category of Saving	Recurring savings	Savings for year (adjusted for start and end date)
	£ million	£ million
1 Budget not adjusted	0.784 (0.835)	763 (0.755)
2 Budget adjusted	1,010 (1.074)	977 (1.050)
Total	1,794 (1.909)	1,740 (1.805)
6 Capital	N/A	0.213(0.190)
7 Rebate	N/A	0.024 (0.030)

4.3.2 We have maintained a savings target of £1M for a number of years in the expectation that it would become harder to achieve savings from recurring contractual awards, it is therefore encouraging to note the results despite the challenging conditions in 2020/21.

4.3.3 An increasing workload and static establishment has in recent years resulted in a reduction in development and improvement time and this is reflected in the result of the PCIP in 2018 and the outputs recorded under the Strategic Action Plan. However, additional staffing resources were approved during 2019/20 to meet the workload associated with Moray Growth Deal and the new focus on community wealth building and climate change. This post and the long term vacancy for Assistant Procurement Manager were filled in quarter 3 of 2020/21. This staffing change will improve the team’s ability to recover from the backlog of work created by the pandemic and start to work on the strategic developments outlined in the 2021/22 Strategy Action Plan.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The work undertaken by the procurement team assists the Council achieve its local outcomes detailed for the Council's priorities in the Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan)

(b) Policy and Legal

The Council policy on procurement was agreed by Policy Committee on 29 August 2007 (paragraph 11 of minute refers).

(c) Financial implications

Details of savings are shown in paragraph 4.3.1 of this report. The procurement savings make a significant contribution to the Council's ability to balance its budget.

(d) Risk Implications

If the Council fail to implement the annual Procurement Strategy this may impact on its ability to achieve additional savings and procurement benefits in the future.

(e) Staffing Implications

The changes in Procurement team staffing is outlined in paragraph 4.3.3 of this report.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

Equality impact assessments were carried out on the procurement process August 2016.

(h) Consultations

Information contained in Departmental Procurement Action Plans (DPAP), agreed with Heads of Service has been used to create the future regulation procurement summary. Efficiency savings are calculated in consultation with Paul Connor, Principal Accountant and agreed by the Chief Financial Officer. Corporate and Senior Management teams have been consulted on the content of this report.

6. CONCLUSION

6.1 The Annual Procurement Report summarises procurement progress during 2020/2021. This shows areas of progress and good performance and also identifies areas for further improvement with actions for continuing improvements in the Council's procurement arrangements contained in the action plan.

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