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<b>Report to:</b>	<b>Corporate Committee</b>	<b>Meeting Date:</b>	<b>22 April 2025</b>
<b>Report by:</b>	<b>Depute Chief Executive (Economy, Environment and Finance)</b>	<b>Report No:</b>	<b>FIN001/25/LP/EMac</b>
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<b>Subject:</b>	<b>Moray Council's Procurement Strategy, 2023-26 (2024/25 annual review)</b>		

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## 1. PURPOSE

For Decision     For Information

- 1.1 The purpose of this report is to approve the 2024/25 annual review of the Council's Procurement Strategy, 2023-2026 ('procurement strategy').
- 1.2 This report is submitted to Committee in terms of Section III B (21) of the Council's scheme of administration relating to procurement arrangements.

## 2. SUMMARY

- 2.1 This report is provided to Committee to seek approval for the Procurement Strategy following its annual review in 2024/25. The revised Strategy incorporates updated financial information and a revised statement on ethical procurement.

## 3. RECOMMENDATIONS

### 3.1 It is recommended that Committee:

- i) Consider and note the changes to the Strategy as set out in section 5 of this report; and
- ii) Approve the Procurement Strategy for 2023/26 as amended following review.

**Emily MacLeod**  
**Assistant Procurement Manager**

#### **4. BACKGROUND AND CONTEXT**

- 4.1 The Procurement Reform (Scotland) Act 2014 ('Reform Act') requires the Council as a public organisation with an estimated annual regulated spend of more than £5 million to develop or review a procurement strategy annually.
- 4.2 The current procurement strategy was developed and approved by the Corporate Committee on 29 August 2023 (paragraph 11 of the Minute refers) and set the Council's direction up until 2026.
- 4.3 As required by section 15 of the Reform Act, we have undertaken an annual review of the strategy for the year 2024/25, making some minor changes, mainly updating financial information, and also reviewing the Council's statement on ethical procurement. These changes are identified below in 5.1.
- 4.4 The Council's Annual Procurement Report is another legislative requirement of the Reform Act and is tied to the procurement strategy. The report showcases the Council's annual performance against procurement targets and commitments and was reported to this committee on 5 November 2024 (paragraph 8 of the Minute refers).

#### **5. PROPOSALS**

- 5.1 Proposed updates throughout the procurement strategy include changes to reflect 2023/24 figures (including table of figures).
- 5.2 Updated the vision statement to reflect changes to our corporate priorities, and now read '...tackling poverty and inequality, building stronger, greener, vibrant economy and building thriving, resilient, empowered communities...'
- 5.3 Minor formatting, grammar, font, and date amendments throughout, for reasons of currency and clarity.
- 5.4 Greater emphasis on 'ethical issues in procurement' as well as a proposed update to the statement on ethical procurement, including the introduction of a new statement of expectation for officers that aligns with the Council's commitment to supporting and promoting the use of fairly and ethically traded goods where possible
- 5.5 Quick quote lower threshold updated from £5,000 to £10,000. This amendment follows review of appropriate limit, to reflect increase in prices since first approved.
- 5.6 Updated strategy to reflect recent changes to the procurement support model/DPAP (departmental procurement action plan) review within the financial year

5.7 Governance chart, and accountability chart updated to reflect change in duties and responsibility for the annual procurement report and procurement strategy.

**6. SUMMARY OF IMPLICATIONS**

6.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO
Corporate Plan and 10 Year Plan (Local Outcome Improvement Plan)	✓	
Policy and Legal	✓	
Financial	✓	
Risk		✓
Staffing	✓	
Best Value and Transformation	✓	
Property		✓
Information Communications Technology/Digital		✓
Equalities. Social Inclusion and Economic Impact	✓	
Climate Change, Biodiversity and Sustainability	✓	

6.2 **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**  
Improved Collaborative Leadership, as part of continuous improvement through Best Value, will better enable the Council to fulfil the ambitions set out in its strategic plans.

a) Links to Council Corporate Plan – The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:

- Tackle Poverty and Inequality.
- Build a Stronger Greener Vibrant Economy.
- Build Thriving, Resilient, Empowered Communities.

b) Links to Local Outcomes Improvement Plan – The proposals in this report support and contribute to improved outcomes for communities as outlined in the following local Outcomes Improvement Plan priorities:

- Developing a diverse, inclusive, and sustainable economy
- Building a better future for our children and young people in Moray.
- Empowering and connecting communities.
- Improving wellbeing of our population

**6.3 Policy and Legal**

The Council must meet the legislative requirements of the Reform Act, which includes ensuring an annual procurement strategy is in place, or that the strategy has been reviewed. Failing to maintain a procurement strategy may impact on the Council’s ability to meet legislative requirements and increases legal risks.

The Council’s procurement policy, which sets the overall aims for procurement was agreed by the Policy Committee on 29 August 2007 (paragraph 11 of the Minute refers). This policy is scheduled for review in the 2025/26 financial year as detailed in the Procurement Action Plan (Annual Procurement Report for 2023/24) and will be reported to the Corporate Committee once complete.

**6.4 Financial**

The procurement strategy outlines the Council’s approach and goals for achieving optimal value for money whilst ensuring compliance with legislative requirements, given the Council’s role as a public entity managing public funds.

One off Costs:

<b>Service Area</b>	<b>Budget</b>	<b>Budget Years</b>	<b>Proposed Spend this Year</b>	<b>Virement From</b>	<b>Other Comments</b>
N/A	N/A	N/A	N/A	N/A	N/A

Annually Recurring Costs:

<b>Service Area</b>	<b>Budget</b>	<b>With Effect From</b>	<b>Annual Net Impact</b>	<b>Virement From (if applicable)</b>	<b>Other Comments</b>
N/A	N/A	N/A	N/A	N/A	N/A

**6.5 Risk**

The Council must meet the legislative requirements of the Reform Act, including those relating to the procurement strategy. Failing to maintain a procurement strategy may impact on the Council’s ability to meet legislative requirements, achieve savings and benefits in the future.

**6.6 Staffing**

None arising from this report.

**6.7 Best Value and Transformation**

The procurement strategy supports the work of the Council in delivering a high quality, professional procurement service that achieves value for money across all services and contributes to the achievement of our corporate priorities.

**6.8 Property**

None arising from this report.

**6.9 Information Communications/Technology/Digital**

None arising from this report.

**6.10 Equalities, Social Inclusion and Economic Impact**

The procurement strategy details the way in which the Council commits to economic responsibilities, equality of opportunity in the procurement process. Equality impact assessments were last carried out on the procurement process in August 2016.

**6.11 Climate Change, Biodiversity and Sustainability Impacts**

The procurement strategy sets out the way in which the Council aims to deliver sustainable outcomes from each contract, supporting the Council's overall sustainable targets in the Corporate Plan. The Climate Change Strategy which includes specific actions for procurement but also sets the wider challenge to affect the required culture change in everything we do to ensure that climate change is at the forefront of our intentions, including the development of specifications for external goods and services.

**7. CONSULTATION**

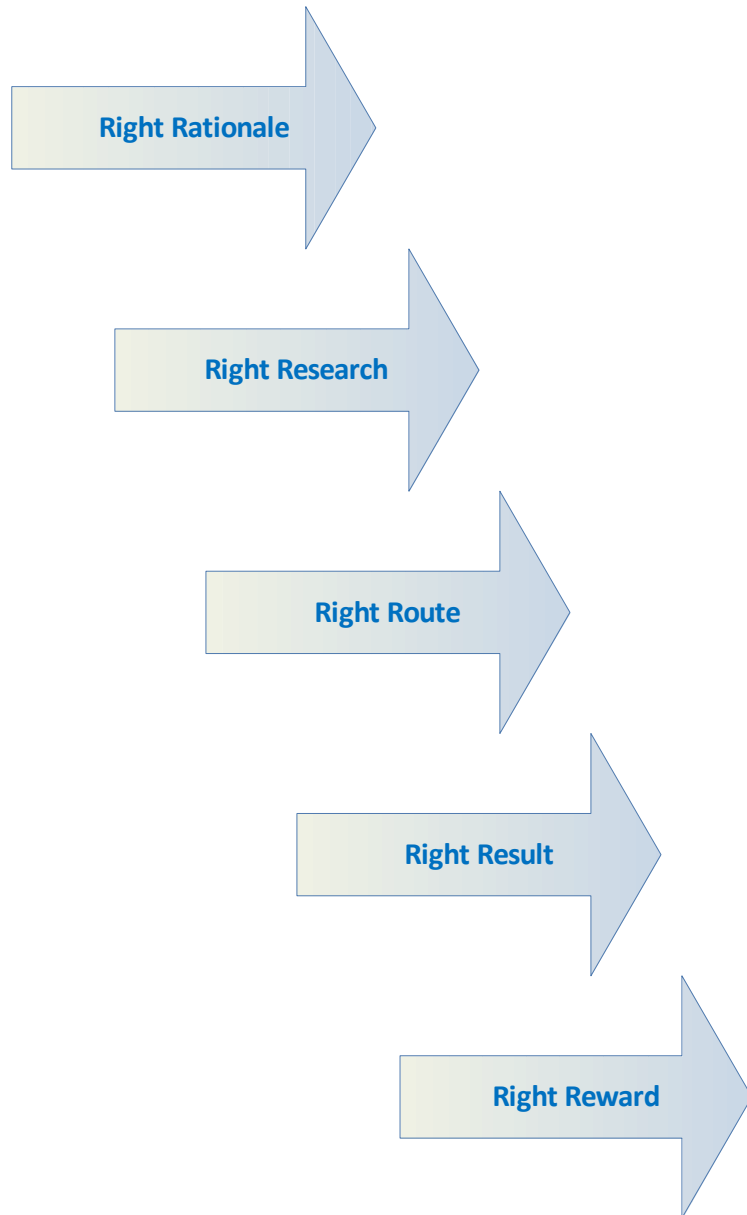
7.1 This report has been prepared in consultation with Heads of Services, Rod Lovie, Principal Climate Change Strategy Officer and Business Gateway Area Business Manager and Democratic Services Manager and any comments made have been incorporated into the report.

**8. BACKGROUND PAPERS**

8.1 [Moray Council Annual Procurement Report 2023-24 \(which contains the Procurement Action Plan for 2024-26\)](#)

8.2 [Moray Council Procurement Strategy 2023-26](#)

8.3 [Corporate Committee Report, Tuesday 29 August 2023](#)



# **MORAY COUNCIL PROCUREMENT STRATEGY 2023/2026**

**Annual review 2024/25**

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# Introduction

This strategy outlines our priorities for the period 2023 to 2026.

Building on the high level Scottish Government Public Procurement Strategy for Scotland (2023 to 2028) <https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028> the Moray Council Strategy provides the local level detail to support the ambitions contained within that plan.

At a Council level we aim to deliver a high quality professional procurement service that achieves value for money across all services and contributes to the achievement of our corporate priorities, whilst taking account of our duties as required in the Procurement Reform (Scotland) Act 2014.

The strategy recognises that the procurement of goods, works and services has a major impact on many aspects of life in Moray, including the environment, social factors and local economic development. The Council recognizes the important impact public sector procurement can have for local businesses and aims to maximize benefits for local communities, giving Value for Moray.

The strategy gives a clear direction and approach to deliver improvement to our procurement process over the next three years and will be supported by an annual review of procurement targets and actions designed to ensure that the procurement process meets the needs of the Council and local communities, now and in the future.

It is important to recognise however that this strategy does not, of itself, lead to effective procurement. The commitment of senior management, elected members and lead officers throughout the council are all important to its success.

As the Chair of the Committee with responsibility for procurement, I recognise that this strategic approach to the subject can achieve significant benefits for the Council, the local people, local services, local businesses and the local environment. The Strategy places a strong emphasis on Community Wealth Building, using our procurement spend to add value to the local economy.

Councillor Bridget Mustard  
Chair of Corporate Committee

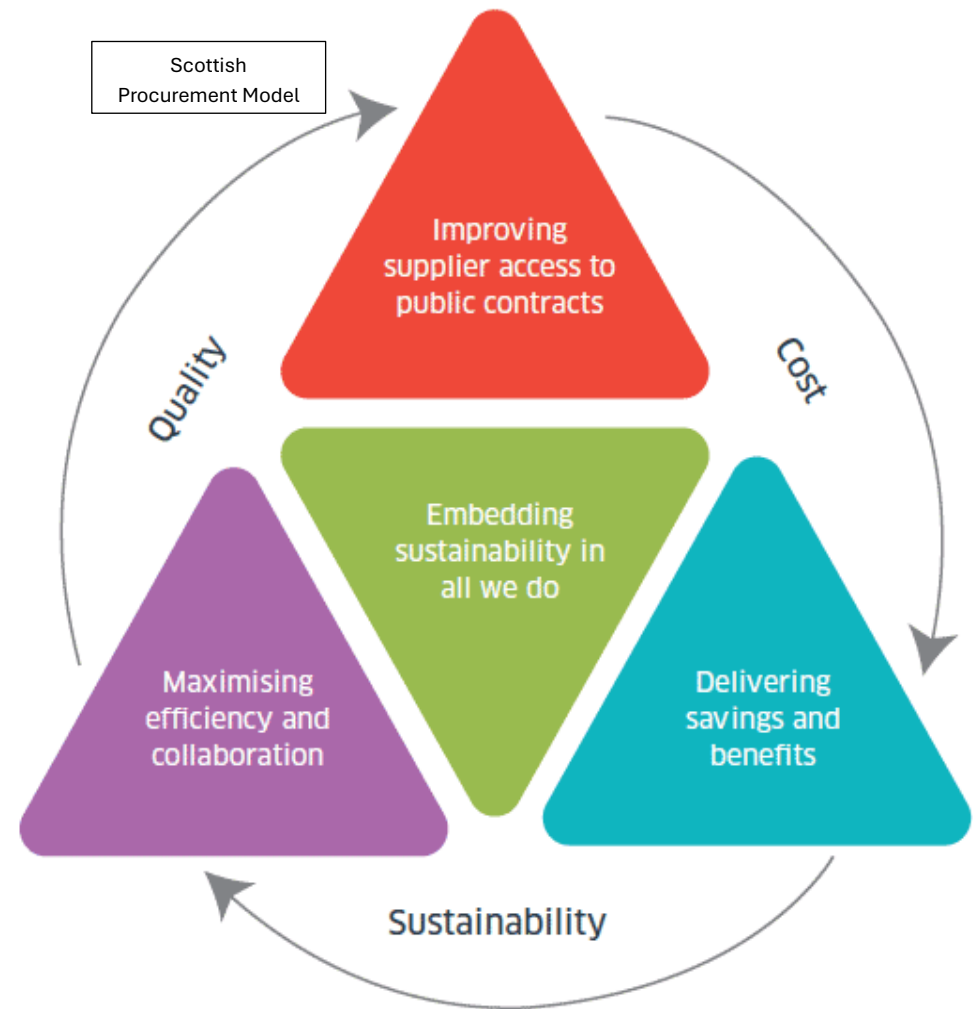
# Procurement for Moray

Procurement is the total process of acquisition and disposal, starting from the identification of a requirement. It therefore includes pre-contract activities (options appraisal and sourcing) and post contract activities (contract management and supplier relationship management).

The Council is mindful that the impact of procurement is far greater than this definition of a 'process' and our vision, objectives and principles as set out in this strategy illustrate the contribution that effective procurement arrangements can make to wide ranging socio-economic agendas. These include equality and diversity, a successful local economy, a thriving voluntary and third sector, environmental issues (including the Council's commitment to Climate Change), ethical issues and value for money and for Moray.

The Procurement Strategy is built on the successes delivered under the previous strategies by continuing the development of an effective centralised procurement operation.

The Procurement team provide early engagement in service development and continue with support throughout the life of a contract. This can add a strategic element to the process and as a consequence lead to more wide ranging commercial excellence and Value for Money rather than just procurement success



## **Vision Statement for Moray Council Procurement**

To embed commercial excellence throughout the organisation, ensuring that our services always deliver Best Value for Moray through the consistent application of this strategy, embedding community benefit and climate focus in our procurement processes to deliver the corporate priorities of Tackling Poverty and Inequality, Building a Stronger, Greener, Vibrant Economy and Building Thriving, Resilient, Empowered Communities, supporting an economy based on well-being and inclusion.

# Strategy Rationale

To support the Council in achieving its overall aims, details of which can be found in the Corporate Plan 2024, which outlines Moray Council's contribution to the priorities in Local Outcomes Improvement Plan (LOIP). This strategy has been developed to focus on how procurement will deliver our externally provided services.

It is clear from the challenges highlighted in our long term plans that delivering first class, innovative services for Moray will not be easy. Every contract opportunity will have to be explored to ensure that all aspects of the requirement are considered before tendering, the request clearly sets our requirement; the resultant submissions are evaluated according to our priorities, adopted in the most efficient manner and monitored throughout the delivery of the contract.

It is therefore essential that the content of this strategy forms the basis of every procurement, with all stakeholders committed to delivering its direction.

Current Moray Council limits determine the direction of any procurement:

Under £10,000 – best price

£10,001 to £50,000 – Quick Quote (QQ)

£50,001 + – regulated tender

£50,001 to £2,000,000 – following supplier selection process, a quotation process for certain construction projects.

# Procurement Spend and Savings

Moray Council procurement spend is measured in a number of ways, using the systems and data to best present an accurate picture.

The following uses the latest set of complete data (2023/24) to provide context for this Strategy and shows how much we spend by contract category and by department along with data on both cash and non-cash savings.

## Contract Register Values

At the point of contract award an impact statement is prepared for each project highlighting the values associated with that contract. This data is used to populate the contract register and calculate the following values for contracts live during the relevant year:

<b>2023/24 Estimated Contract Annual Value and Number by contract category</b>		
Category A – National	£6.3M	31
Category B – Sectoral	£48.6M	167
Category C – Local	£75.1M	280
Category C1 – Collaborative	£1.1M	13
Category O – Other Organisations	£8.9M	141
<b>Regulated Total</b>	<b>£140M</b>	<b>632</b>

In addition to the register entries for all contracts that have been awarded via the competitive tendering process we also record all sub-regulated value contracts that are awarded by the Quick Quote (QQ) process (individual contracts each with a total estimated value of less than £50,000 across the life of the contract).

Non regulated - QQ	1.51M	74
<b>Total including QQ</b>	<b>£117M</b>	<b>663</b>

The figures above are based on the estimated annual value for the Council's live contracts during 2023/24. However, in order to determine the true overall picture we have to analyse the spend information available from the Council's financial management system. This shows us the actual relevant spend was £137m (£127m 2022/23) for the year with £3.6m (£1m for 2022/23) non-commercial (ie. refunds, grants, etc). £126m (£115m for 2022/23) spend was with contracted suppliers leaving a total of £7.3m (£12m for 2022/23) with non-contracted suppliers. Spend with non-contracted suppliers is regularly reviewed to identify areas where the Council would benefit from having a contract in place ie potentially recurring expenditure as opposed to expenditure which is likely to be one-off.

Given the seasonal nature of and varying annual spend on some of our commodities it is hard to be totally accurate when estimating total contract spend over the life of the contract.

## Savings

As well as recording the contract values the impact statement for each contract also identifies the anticipated savings categorised as follows:

1	Anticipated cash saving Budget not adjusted	Savings insignificant Budget too diverse Budget not identified
2	Anticipated cash saving Budget Adjusted	Budget adjusted in line with Impact statement
3	No baseline – savings cannot be established	Data not available at commodity level Baseline is historic (infrequent purchase)

		Contract will be reviewed (annual anniversary) with contracted supplier to establish savings
4	No Savings anticipated	Contract has resulted in no savings or indeed an increase
5	Non Cash	Non cash benefits
6	Capital (new for 2017)	Capital projects delivering savings against estimated budget at contract award
7	Rebate (new for 2018)	Centralised collection of rebates

The Council had set a procurement savings target of £1m for 2023/24 and reported the following savings for that year:

### 2023/24 Cash Savings

Contract Category	Savings Type 1 (unadjusted budget)	Savings Type 2 (adjusted budget)	Savings Type 6 (capital saving)
Category A - National	£0.122M	£0.132M	£0.000M
Category B - Sectoral	£0.009M	£0.000M	£0.355M
Category C - Local	£0.659M	£0.800M	£0.142M
Category O – Other organisation	£0.001M	£0.000M	£0.382M
Quick Quotes	£0.000M	£0.006M	£0.000M
<b>Total</b>	<b>£0.791M</b>	<b>£0.938M</b>	<b>£1.261M</b>

Non-cash benefit data is categorised into 8 main headings (listed below) with 28 more detailed sub headings.

<b>2023/24 Non Cash Contract Benefits</b>	
Cost Avoidance	8
Collaboration/Process	217
Rationalisation	11
P2P Process	7
Environmental	22
Social	13
Community	54
Living Wage	128
<b>Total</b>	<b>460</b>

(All national and sectoral (Category A and B) contracts fall into this category) – see p20 below)

# Procurement Objectives

The following key objectives have been developed to ensure that Moray Council achieves Best Value whilst also delivering on our procurement duties and responsibilities under the Procurement Reform (Scotland) Act 2014. In addition to these objectives there is an over-arching objective that the Council will be an ethical procurer and the next full scale review of the Procurement Strategy will incorporate a fuller development of that objective.

- a. Savings** – considering the potential savings a contract may deliver. Moray Council has developed a [Procurement Savings Strategy](#) to be applied to each project. A review of the Savings Strategy (written in 2016) will be scheduled to confirm if it is still relevant.
- b. Contracts** – managing the forthcoming procurement activity is key to ensuring early engagement and influence by the procurement team. A new category management process is being introduced to facilitate this and improvements in planning future procurement activity (including major capital projects) are being developed.
- c. Compliance** – ensuring that all procurement activity complies with statutory and regulatory requirements both national and local.
- d. Accessibility** – ensuring that contracts can be structured in such a way as to allow access to Council business, wherever practical, to local suppliers, micro, small and medium enterprises and the third sector. Building on the Community Wealth Building Strategy - [http://www.moray.gov.uk/moray\\_standard/page\\_149231.html](http://www.moray.gov.uk/moray_standard/page_149231.html) introduced by the Council in 2023 and revised in 2024, relevant procurement activities will consider the potential local impact of the contract and service delivery as part of the tender development.
- e. Community Benefits** – ensuring that all relevant contracts have considered the inclusion of community benefits that will benefit the local Moray community. Aspects of Community Wealth Building sit within the ambit of community benefits
- f. Sustainability** – ensuring that all relevant contracts are arranged to include sustainable procurement requirements and contribute towards the Council's targets for climate change as detailed in the Climate Change

Strategy.<http://www.moray.gov.uk/downloads/file136442.pdf>. The Council has published a sustainable development statement which links to Corporate Best Value Self-Evaluation to determine how the Council reports on sustainable development issues through the Corporate Plan, 2024-2029 which underpins Service Plans, and sustainable development as set out in the Sustainable Development Statement -

Measurements have been developed to collect outcomes for these objectives and were incorporated into the Moray Council Procurement Action Plan 2024/25

### **a. Savings**

#### **Purpose**

To achieve the targeted savings.

#### **Activities**

Various methods will be employed to maximise both cash and non-cash benefits from our contracts:

- Applying the Procurement Savings Strategy to all relevant projects leading to early identification of potential savings.
- Ensuring effective contract management to manage these contracts, ensuring delivery of identified benefits and any other potential added value opportunities that may arise during the lifetime of the contract.
- Increasing use of collaborative contracts with other public sector organisations, thereby effectively sharing and where possible leading on, national and regional benefits
- Developing and implementing more efficient ordering and invoice processing methods

#### **Main Measure**

- Savings achieved

## **b. Contracts**

### **Purpose**

To ensure that all contract activity for the coming year is allocated, project managed and effectively delivered within expected timeframe by the Procurement team. All key contracts and suppliers are effectively managed by Departmental Lead officers and supported by the Procurement team throughout the lifetime of each contract.

### **Activities**

Collaborative and forward planning between the Procurement team and Moray Council Departments is key to the getting the right resource at the right time:

- Departmental Action Plan process - The Procurement team engage with Service Heads and Lead Officers to produce their service procurement annual plan, including local, sectoral and national contract activity. A new continuous DPAP process has been developed and will be implemented in 2025/26.
- Service procurement plans are merged to produce the annual Moray Procurement Activity Programme
- Resources are allocated on a quarterly basis to meet the planned activity
- Weekly monitoring of Procurement team activity ensures that all projects are progressing, escalating those that are not
- All contracts are supported by the development of a Procurement Strategy document, a complete record of the decisions and direction taken during the lifetime of the requirement

### **Main Measure**

- Percentage of unplanned activity taken to award in the year

## **c. Compliance**

### **Purpose**

For Moray Council to make the most of our procurements and to avoid challenge and unfair practices, we must ensure compliance with national and local regulation.

### **Activities**

Managing expectations from a tender exercise will minimise the risk of poor outcomes and potential legal challenge:

- All regulated contracts receive procurement team support to ensure compliance to legislation and council regulation
- Procurement team peer review of each project to ensure compliance
- Procurement team review of quote submissions prior to publication
- Review of Moray Council transactions to ensure compliance with procedures. This includes contract background, (which may result in approach to single supplier), Purchasing process (purchase order present), payment in advance and emergency actions
- Moray Council has for some time mandated the use of publiccontractscotland (PCS) portal for advertising our opportunities but also uses the linked electronic tendering system publiccontractscotland – tender (PCST) for all appropriate tenders

### **Main Measure**

- Percentage of Accounts Payable transactions with a Purchase Order number during year.

## **d. Accessibility**

### **Purpose**

To make sure that Moray Council opportunities are accessible by all

### **Activities**

A number of actions are undertaken at various stages of a procurement to ensure that we reach as wide an audience as possible:

- Early engagement between Department and Procurement team to allow time for market issues to be considered
- Good market research
- Stakeholder engagement
- Sub-contractor and supply chain considerations making use of PCS
- Maintaining links with local and national forums, Scotland Excel (SXL), Business Gateway, TSI Moray, Public Contracts Scotland (PCS)
- Work with the Supplier Development Programme (SDP)
- Work with the Council's Economic Development service and the Supplier Development Forum to engage with local suppliers and develop their ability to tender for council opportunities.
- Hold and participate wherever possible in procurement events, promoting access to Moray Council contracts,

### **Main Measure**

- Percentages of contract numbers and values with Small to Medium sized Enterprises during year

## **e. Community Benefits**

### **Purpose**

To maximise our use of community benefits for all contracts – although our legislative duties relating to Community Benefits only applies to contracts over £4M, Moray Council will consider the development and inclusion of such clauses in all our contracts taking into consideration the value and commodity in question.

### **Activities**

- Ensure that the procurement process considers what the Council wants from the procurement and how community benefits can support the objectives providing added value to the commercial process
- Maintain a local focus on the potential benefits arising from any such contract clauses
- Support Scotland Excel in the development of Local Authority (category B) contracts, ensuring the same level of local consideration is included (where possible)
- Report annually on performance based on Moray Council categorisation of benefits
- Challenge contractors to highlight their Fair Work First practices (including their stance on the Living wage) in tender responses
- Challenge contractors to outline their approach to climate change issues in tender responses
- Consider innovation and potential added value developments during tender development and the lifetime of the resultant contract

### **Main Measure**

- Number of contracts commenced during the year which have a non cash benefit by category

## **f. Sustainability**

### **Purpose**

To deliver sustainable outcomes from each contract that support the Council's overall sustainable targets in the Corporate Plan and service plans as reflected in the Sustainable Development Statement ( <http://www.moray.gov.uk/downloads/file158184.pdf> ) and to widen this approach to at least consider the impact a contract may have no matter how small.

The Procurement Reform (Scotland) Act 2014 formalised work which had previously been undertaken to develop the wider ranging benefits that can come from a structured procurement project and introduced a set of sustainable procurement duties that public organisations have to incorporate into their process.

### **Activities**

- Procurement team to challenge each project to consider sustainability issues at stage one of the development of the requirement
- Performance reported annually based on Moray Council categorisation of benefits
- The Council will use the Scottish Government Flexible Framework tool to measure our progress against organisational procurement strategies and help build an action plan for future developments in this area
- Make use of the Scottish Government prioritisation tool to establish the sustainable priorities for each Council service
- Complete the actions identified in the Climate Change Strategy attributable to procurement activities – see below

**Climate Change** - Although linked to the Councils commitment to sustainability and the Procurement Reform (Scotland) Act 2014 duties for Economic, Social and Environmental issues, the focus on Climate Change received additional emphasis with the declaration of Climate and Ecological Emergency by the Council in June 2019. To achieve the goal of net zero the Council has

developed a Climate Change Strategy <http://www.moray.gov.uk/downloads/file136442.pdf> which outlines the actions required by officers and members. This includes a number of specific actions for procurement but also sets the wider challenge to effect the required culture change in everything we do to ensure that climate change is at the forefront of our intentions, including the development of specifications for external goods and services.

## Main Measure

- Percentage of contracts commenced during the year which have a sustainable target.

# Moray Process

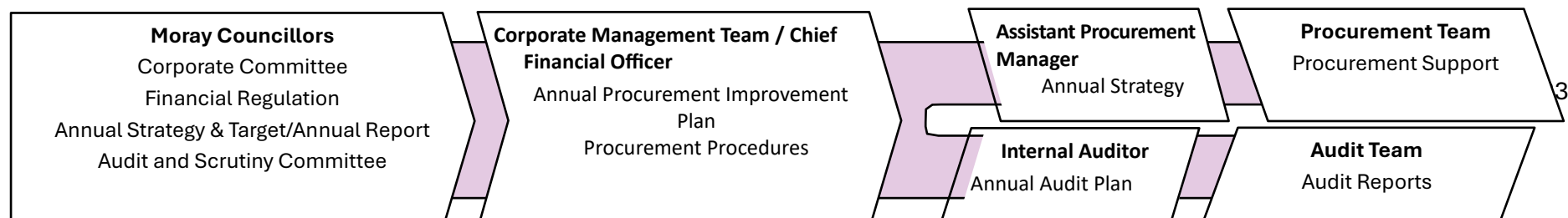
## Procurement Structure

The Council has adopted a centralised procurement operation. The key element to that operation is the Departmental Commodity Lead Officer, the business expert who leads on all procurement projects for that commodity and who is supported by the procurement team.

In order to ensure a consistent approach to procurement across the Council, a standard procurement process has been developed which all officers are required to follow. This is incorporated into our Financial Regulations and Procurement Procedures which provide a step by step guide on the main components of the procurement process. [Procurement procedures](#) must be followed by all officers without exception.

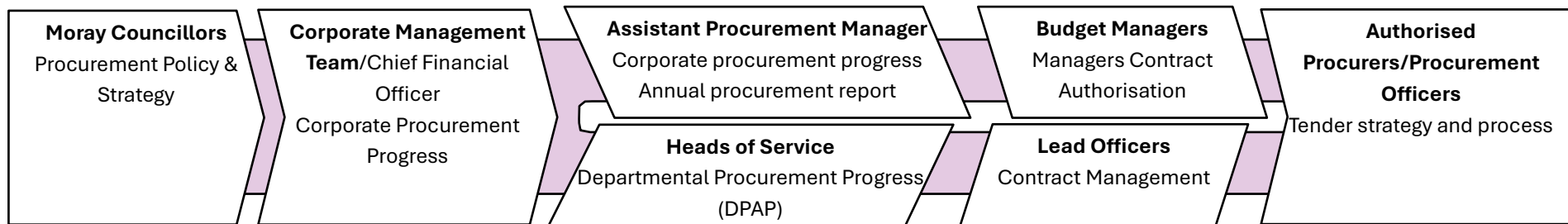
The Procedures are reviewed and updated annually to take account of national and local regulatory changes and initiatives.

Ultimately the Chief Executive is responsible for all procurement carried out within the Council. However governance and accountability for procurement has been delegated:



- Moray Councillors will provide the strategic leadership required to ensure that Officers execute their procurement duties effectively, efficiently and economically and that they also promote and establish constructive supplier and stakeholder relationships in order to deliver best value and quality services to the community and to deliver Best Value for Moray.
- The Procurement Team will support departments in their preparation to meet the governance and accountability requirements.
- Internal and External Audit will be responsible for auditing departmental procedures to ensure compliance.

## Accountability



Moray Council is committed to providing fairness and transparency in the way we procure and all those involved must be responsible for the discharge of their duties in all procurement activities. In the procurement process there are three key distinguishable roles, they are:

- The Head of Service, who will determine the service procurement strategy, prioritising the procurement activity and ensuring that there are sufficient authorised resources to meet their requirements. Given the strategic importance of the Department's role in the delivery of compliant procurement, the annual Departmental Procurement Action Plan was developed with each Head of Service for the 2024/25 financial year. The review and launch of the new procurement support model was completed in early 2025 and is being used to inform the procurement priorities for the coming two years.

- The Lead Officer/Budget Manager, who perceives the need and makes out the business case to obtain any necessary approval to spend, then commissions the appropriate procurement process. Lead officers may also be assigned to a defined list of commodities and they will represent and take responsibility for the Council in all procurement matters pertaining to the assigned commodity
- The process for H&SCM and Children's Services differs from the above, in that they have commissioning teams who coordinate the early commissioning function and support the longer term contract management. An action is recorded on the Procurement Action Plan 2024/25 to review the Procurement Procedures and reflect this approach.
- The purchaser, who fulfils the procurement role, is responsible for ensuring that the procurement process fully complies with Procurement Procedures.

Six levels of procurement responsibility have been identified and only officers who have completed the mandatory training course can procure on behalf of the Council. All procurements undertaken by trained officers will be supported by the procurement team.

## **Contract Management**

The purpose of contract management is to ensure that all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance against key targets.

The main requirements of the Moray Council approach are:

- All contracts will include quality and performance standards to ensure that the Council achieves value for money from its suppliers

- All contracts will be subject to continual review to ensure suppliers are meeting the agreed performance standards. This will include holding review meetings at suitable intervals
- There will be a clear understanding and monitoring of contractual and supplier risk
- There will be effective handling of contract changes
- A good working relationship will be maintained with all suppliers which includes clear channels of communication

The management of a contract is the responsibility of the departmental Lead Officer. The procurement team provides support for contract where performance is in question and improvement is required.

## **Collaboration**

The Council recognises that collaboration in procurement can achieve significant benefits such as:

- Reduced duplication of procurement effort
- Better utilisation of scarce resources and skills
- Aggregation of spend to create greater purchasing power which will, in return, result in greater cost savings
- The spread of best practice

Collaboration can take place at a number of levels:

**National** – through Scottish Procurement and Commercial Directorate (category A contracts)

**Sectoral** – the Council is a member of Scotland Excel, the Centre of Procurement Expertise for local authorities (category B contracts)

**Local** – direct collaboration with other neighbouring organisations i.e. Highland or Aberdeen City and Shire Councils (category C1 contracts)

**Organisational** – utilising existing collaborative arrangements put in place by other organisations e.g. Scottish Procurement Alliance, Scottish Housing Association, shared framework contracts etc (category O contracts)

We will actively collaborate wherever possible, subject to detailed contract assessment of the resultant offering to ensure that it meets our aims and objectives. Hub North Scotland is a strategic partner in a number of major projects and has been assessed positively as an organisation which can be directly approached for collaborative working.

## **Contract Register**

A corporate contract register is updated monthly and published on the Council website, giving internal management and external visibility of all contracts awarded by the Council thus promoting transparency and fulfilling our duty under the Act. The register is updated by the procurement team as procurements progress through to award. Lead Officers provide benefit information at award stage through an Impact Statement which outlines the benefits and added value the Council will take from the contract.

This data is used annually to report statistical information to Corporate Committee on the Council's procurement activity carried out in the past year and the overall benefits achieved (both cash savings and non-cash benefits).

## **Demand Management**

The centralised Procurement operation in place for Moray Council includes the provision of a central buying team. Well versed in corporate contract content, they receive all Council requisitions (apart from any purchase made via a stock system), source the need and place the order. This centralised focus allows the Council to manage immediate orders, specialist requirements and build on the management information produced to meet changing demands. Working with contracted suppliers we can look for added value within a contract, and identify opportunities based on requested demand.

## **Strategic considerations for individual projects**

In addition to the process employed by Moray Council to deliver the contracts, purchases and payments, during the development of any requirement there is a wider consideration of economic, social and environmental factors that will also support the organisation's ultimate aims. This wide ranging consideration is documented within each procurement strategy and the achievements against the aims set monitored throughout the life of the contract via our contract management arrangements. A summary of the tender development and contract award is prepared for Service Heads at the end of each project, providing information on the sustainability content and financial impact of the resultant contract. In addition to sustainability, consideration will be given to ethical issues when each procurement strategy is developed. An assessment framework will be developed to strengthen this process.

## **Responsibilities under the Procurement Reform (Scotland) Act 2014**

### **Economic**

The Council is committed to using a mixed supply base to help stimulate innovation and value for money. An important element of this is support for small and medium sized enterprises (SMEs) and voluntary third sector suppliers to make it easier for them to compete for Council contracts. The Council have an on-going ambition to maximise local procurement opportunities whilst still meeting its legal obligations under Scottish law.

The Council aims to encourage local regeneration:

- Advertise all opportunities over £10,000 but under £50,000 on PCS (quick quote) – to include at least one local supplier and/or 1 SME
- Consider SME involvement in opportunity at procurement strategy stage
- Make best use of PCS 'Supplier Finder' functionality for supplier selection
- Attend and support relevant partner events (Business Gateway, TSI Moray, etc.)

- Hold supplier events – roadshows, surgeries and meet the buyer events as required
- Make full use of our full membership of the national Supplier Development Programme (SDP) at Board, Regional and local level.
- Sit on a local forum made up of Council procurement staff, Economic Development staff, HIE, UHI, NHS and Business Gateway to discuss and support supplier development in Moray. This forum will work to encourage local supplier engagement with the opportunities presented by the Council and through community wealth building also look at opportunities with other anchor organisations in Moray
- Provide supplier debriefs post contract award – to provide performance feedback
- Develop reports to show local and SME involvement in Council procurement activity
- Make the procurement process proportionate to the complexity, risk and value of contract
- Where appropriate make use of contract lotting to allow SMEs to compete for the opportunity
- Encourage the creation of reusable supplier e-tendering profiles) within PCS-T
- Consider the potential use of reserved contracts (see glossary) where the opportunity allows for such a structure
- Consider the supply chain involvement in Council procurements – particularly around our use of frameworks and subsequent contractors' use of local sub-contractors.
- Develop contract clauses that look for investment in the skills development of the workforce and insist on prompt payments of sub-contractors in our contracts

## Social

The issues that will be considered during a procurement project are wide ranging and include the social wellbeing of the citizens of Moray. Resilient and inclusive local economies which enhance wellbeing are also part of the ethos of community wealth building. Wherever possible the resultant contract should try to promote good quality and affordable housing, safer communities, supporting children and young people, access to art and leisure opportunities, education. Health related factors are also to be considered to ensure that should our contracts have an impact in this area, it is a positive one. Encouraging the voluntary sector and supporting the Community Empowerment (Scotland) Act 2015 may also influence the content of specification and resultant contract.

The examples above highlight the areas that have been specifically listed in the guidance that supports the Procurement Reform (Scotland) Act 2014 but are not exhaustive. Promoting positive outcomes for Moray citizens should always be one of the key drivers when developing a procurement project.

## Environmental

The Council commits to improve our management practices to reduce our impact on the environment. Our procurement objectives in this area link to the Councils Climate Change Strategy - <http://www.moray.gov.uk/downloads/file136442.pdf> which set a goal of being carbon neutral by 2030. Specific actions have been asked of procurement which include:

- The inclusion of statements around climate change in relevant contracts.
- Deliver and Record climate change sustainability benefits achieved through the procurement process
- Continue to deliver sustainable procurement guidance to officers to raise awareness of climate change aspects in the procurement process

## Other commitments

**Equalities** – The Council is committed to equality of opportunity in the procurement process. We aim to:

- Ensure that all tender opportunities are fair and transparent
- Require companies tendering for Council contracts to practice equalities in employment and service delivery
- Carry out Equality Impact Assessments on services to be procured, where relevant and proportionate, to ensure that services meet the needs of our service users
- Carry out Equality Impact Assessments on the procurement process to ensure equal treatment and non-discrimination of contractors. The process will be reviewed every 3 years
- Include equality issues in our contract management process
- Consider the use of award criteria that will assist the Moray Council in meeting its Public Sector Equality Duties. These criteria will be based on the Equality Impact Assessments of the services to be procured

**Ethical Procurement** – Where appropriate and practical, we will design our tenders and selection processes to ensure we partner with suppliers who share our vision of minimising negative social and ethical impacts.

There are three strands to the Council's approach to ethical procurement: positively seeking specific ethical outcomes; proscribing certain unethical behaviours; having regard to wider ethical considerations on a sectoral basis.

### **The positive commitment**

The Council is committed to supporting and promoting the use of fairly and ethically traded goods and services whenever feasible. There are four areas currently where the procurement process actively seeks to achieve positive ethical outcomes.

**Provision of food/animal welfare** – all regulated procurement involving the provision of food will consider the potential impact of the food source in the strategy. For any national or sectoral contracts, the Council will request similar considerations at the specification development stage.

**Reserved contracts** – we will consider the use of reserved contracts for supported businesses where the opportunity allows for such an approach. Where a business has as its main aim to socially and professionally integrate disabled or disadvantaged people we will consider reserving the contract opportunity to this sector.

**Health & Safety** – the Council will promote health and safety within the workforce in particular adherence to the Health & Safety at Work Act 1974

**Workforce** – the Council internally promotes a positive workforce culture and seeks the same from its contractors, including but not limited to:

- A positive recruitment and retention policy
- A positive package of remuneration measures, including the supplier's approach to payment of the Living Wage
- Training and support
- Ensuring zero hours contracts are not used inappropriately
- Flexible working
- Career breaks

The Scottish government's Fair Work First guidance - <https://www.gov.scot/publications/fair-work-first-guidance-2/> provides examples of how workplace practices can be strengthened to enhance worker's experience at work and this is carried through into the Moray procurement process with the use of weighted questions where appropriate. Moray Council achieved Living Wage accreditation in September 2022 which highlighted the impact council contracts have over the payment of the living wage by relevant suppliers. This work continues by the inclusion of Living Wage criteria in every tender and the requirement for this is strengthened by Scottish Government and other national public bodies mandating payment of the Living Wage as a prior condition for grant funding.

### **The negative commitment:**

Officers involved in procurement must not:

- knowingly work with suppliers that have committed offences under the Modern Slavery Act 2015, that trade in slavery,

- prostitution, illegal drugs, or who breach international labour organisation conventions;
- offer, give or agree to give any person an inducement or reward as part of an agreement which may constitute an offence under the Bribery Act 2010.

They must also:

- Take all reasonable steps in accordance with good industry practice, to prevent fraud in connection with procurement; and
- Comply with the law, professional best practice, and contractual obligations.

### **The wider approach**

As well as the issues set out above, there are issues which are less well embedded in the procurement process but which require to be taken account of when appropriate and practical. It is not anticipated that these will be universal issues for all procurements. At the beginning of a procurement officers should consider if these or other known issues are likely to be relevant in the particular procurement:

- Wider human rights issues
- Reputational issues eg history of committing pollution offences
- Formal links with organisations about which there are ethical concerns
- Reputational strengths eg commitment to sustainable development

As part of the strategic approach set out in this strategy a formal assessment process will be developed for this potentially more nebulous set of criteria and embedded in the procurement process.

## **Procurement Measurement**

Procurement development targets are set each year in the Procurement Action Plan. These targets are based around legislative changes and guidance from a number of sources:

- Scottish Government Policy Notes
- Sectoral Best Practice Guidance
- The Procurement Training Programme (internal)
- Lessons Learned process carried out for each tender
- Supplier Development Forum input

- Compliance activity

Progress against these targets is reported the following year in the Procurement Annual Report.

In addition to the development actions identified above the Procurement team also prepare a plan of procurement activity based on the information collected through an annual referral process with Heads of Service. This process considers:

- expiring contracts for the department at all levels
- category A, B, C, and O new requirements
- changing responsibilities
- resources
- off contract spend

## Glossary

**Aggregation** – Adding together the value of separate contracts for the same supply, works or service

**Annual Report** – Legislative requirement to publish performance against strategy objectives

**Award Stage** – this is the stage when the tender evaluation panel determine who the preferred bidder/s are that will be awarded the contract post standstill period

**Best Practice** – The most effective and desirable method of carrying out a function or process derived from experience rather than theory

**Best Value** – Considers price, quality and sustainability to determine the best outcome

**Community Benefit Clause (CBC)** – Clauses incorporated into a specification that look for certain benefits from the resultant contract relating to the local community.

**Community Wealth Building** – an approach which uses the Council's procurement of goods and services along with those of other anchor organisations to add value to the local economy

**Contract** – A contract is an obligation, such as an accepted offer, between competent parties upon a legal consideration, to do or abstain from doing some act. The essential elements of a contract are: an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent; legality of purpose, and sufficient certainty of terms

**Contract Administration** – The administration surrounding the award of a new contract:

- Supplier relationship (Account Manager)
- Contract adoption arrangements (launch)
- Communication arrangements
- Management Information
- Catalogue
- Order process
- Delivery arrangements
- Billing and Payment process
- Complaint

**Contract Management** – The management surrounding the contract delivery, carried out by the person responsible for the contract (Lead Officer)

**Contract Value** – The total monetary value of a contract over its full duration (not annual value) including any possible extension periods

**Contract Register** – A record of contracts awarded by the organization – published on the Council's website

**Contractor** – An organisation or individual who has entered into contract to undertake works, supply goods or provide services

**Departmental Procurement Action Plan** – An annual process during which Service Heads and the procurement team determined the procurement priorities and resources for the coming financial year

**Government Procurement Agreement (GPA)** -This is an agreement of World Trade Organisation ([WTO](#)) members to mutually open up their markets for selling goods and services to governments, often including regional and local governments

**Impact Statement** – the record of the impact of any awarded or adopted contracts on Moray Council, both financial and non financial

**P2P** - Procure to Pay or Purchase to Pay covering all the processes within a Procurement lifecycle, namely Requisitioning, Purchasing and Payment

**Procurement Officers/Team** – officers who support the Departmental Lead officers during individual procurement projects

**Quality** – The level of fitness for purpose which is specified for or achieved by any service, work or product

**Public Contracts Scotland Advert** – [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk) National advertising portal for public sector contracts add web address

**Public Contracts Scotland Tender** – [www.publictendersscotland.publiccontractsscotland.gov.uk](http://www.publictendersscotland.publiccontractsscotland.gov.uk) National electronic tendering portal for the management of the tendering process for both the supplier and public sector buyers

**Specification** – a detailed description of the supplies or services to be purchased

**Sub-contracting** – The process where a contractor assigns part of the contract to another contractor(s)

**Sustainability** – The economic, environmental and social issues to be considered in a procurement exercise including Climate Change and Fair Work.

**Tender** – a written offer to contract to provide goods or services or works precisely as specified in the tender documents at a stated price or rate. Successful tenders result in the award of a contract to deliver the goods, services or works specified.