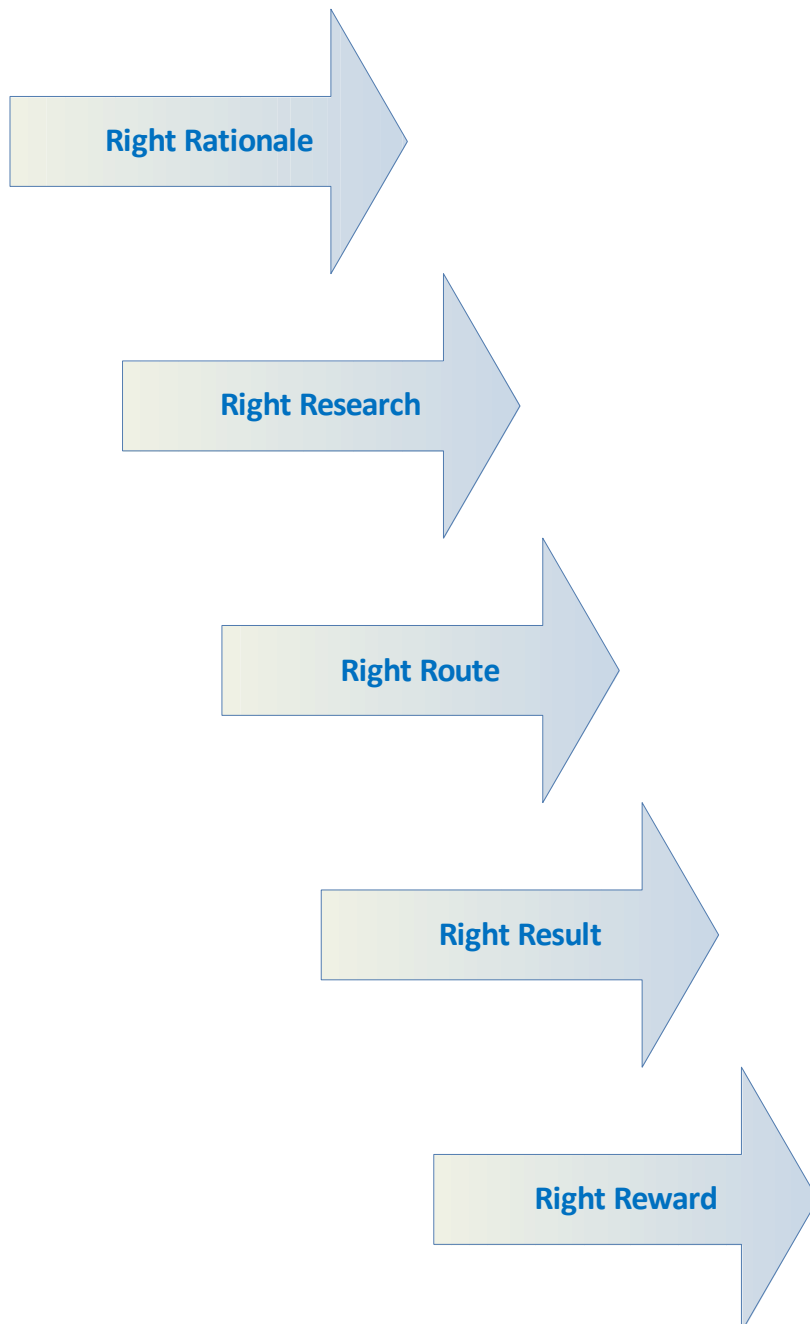




**MORAY COUNCIL
ANNUAL PROCUREMENT REPORT
2019/2020**



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INTRODUCTION

The Procurement Reform (Scotland) Act 2014 (the Act), requires the Council to publish its Procurement Strategy each year and in order to report compliance with this Strategy and the Act itself, the Council must publish an Annual report.

In addition to the required information set out in the Act, this report also includes performance against a number of strategic indicators which were introduced in order to measure progress on the new duties introduced by the legislation.

In order to evidence our progress against our strategic targets, the published Annual Report requires some form of measurement. The statistics presented in this report provide the evidence which should, over time, show how the Council is progressing against both the national and local objectives. The following sections provide both the statistical information and a commentary on performance (*in italics*).

SECTION 1 – SUMMARY OF REGULATED PROCUREMENTS

TABLE 1 highlights the summary of live contracts (2019/2020) by category.

TABLE 1

Contract Type	Number	Estimated Contract Annual Value £000
Category A (national)	29	7,812
Category B (sectoral)	128	20,688
Category C (local single supplier)	240	42,635
Category C (framework)	16	10,723
Category C1 (local collaboration)	13	1,781
Category O (other)	77	18,363
Non advertised	96	31,649
2019/20 Total	599	133,651
2018/19 Total	522	168,614
2017/18 Total	476	142,891
Quick Quotes (transactions under £50K)	66	4,303
PIN Quick Quotes (supplier selection via Prior Information Notice)	1	292

In total there are 599 live contracts listed in the Council's contract register; of these 240 were awarded or added to the register in the year 2019/20

To present a complete picture Quick Quotes (QQ) and PIN Quick Quotes (PIN QQ) are now being added to the contract register with effect from April 2018.

Commentary on performance:

From 2017/18 there has been a year on year increase, this highlighted the Councils increased use of frameworks that allow for project mini competitions and direct awards. For example, the planned framework, which has a high proportion of local suppliers, had 96 mini competitions in 2019/20.

The Annual report for 2018/19 did highlight a growing problem for the procurement team of unplanned projects with 68% of all work being in this category. We have seen a slight improvement in this area with a reduction to 59% of the total workload arriving as unplanned; we hope to build on that by including the annual procurement action plan process a focus on uncertain but potential projects.

SECTION 2 – REVIEW OF REGULATED PROCUREMENT COMPLIANCE

APPENDIX 1 provides the performance results against the Council's Procurement Strategic Action Plan for 2019/2020, which is split between the Procurement Commercial Improvement Programme (PCIP) objectives and the Procurement Strategy measures. An update and comment on performance is given and where improvements are still required, the relevant actions have been identified.

Commentary on performance:

For the second year, the team's ability to meet their strategic targets has been restricted due to the increased workload and a short-term reduction in procurement resource within the team.

Of the nine targets that were set for the year (see APPENDIX 1), five have seen little or no progress.

We have had some notable successes in 2019/2020:

- *Made best use of the Council's full membership of the Supplier Development Programme and supported the four events that have taken place locally.*
- *Support was provided for a number of strategic tenders within the care and education sector that resulted in a significant change in service delivery and positive outcomes for service users.*

Section 2 of the action plan concentrates on measurements that will support the delivery of the Procurement Strategy.

Despite the increased workload, the team have still managed to secure a high level of savings (see Section 4 for the detail). For the first time we have seen the budget adjusted savings (1.074M) overtake the non-budget adjusted savings (0.835M) for recurring years, which secures the savings.

Table 2 provides a high level view of the non-cash benefits that have been included in the contracts awarded in the year (comparison to previous year). This matrix is wider than just the social, environmental or economic factors (also referred to as Community Benefits) required by the Act and incorporates other added value benefits such as process efficiencies and price stability. The use and measurement of this type of benefit is in its infancy and we have now developed a tool that will support the consideration and inclusion at an early stage in any procurement project.

TABLE 2

Benefit Category	No of contracts	Sub category
Collaboration/tender process	206 (133)	181 savings in procurement development time 25 digital process
Community	29 (25)	8 apprentices 8 Community Benefit Clause (wide ranging) 6 school visits 7 training
Cost Avoidance	22 (10)	3 added value 6 price increase rejection 10 price versus market savings 3 process redesign
Environmental	21 (17)	5 energy 7 greenhouse gases 6 sustainable construction 3 waste
Purchase to Pay Process	4 (6)	2 e- invoicing 2 consolidated invoices
Demand/Rationalisation	5 (4)	4 specific contract issues 1 rationalised list
Social	23 (25)	8 fair work issues 8 other – wide ranging 1 public social partnership 2 local subcontracting programme

		3 Participatory budget 9 Other
Living Wage (new part way through year)	20	5 Accredited 3 Working to accreditation 11 Paying living wage 1 Neither paying or accredited

Commentary on performance:

The Council's method of recording non-cash benefits was introduced in 2015/2016 and we have seen a year on year improvement- total live contract with non-cash benefit:

2017/18 – 182

2018/19 – 220

2019/20 – 335

As the maturity of our procurement portfolio grows it has made it more difficult to achieve financial savings and so we are starting to see a switch in focus to the non-cash added value benefits although on a small scale due to the lower value range of contracts we have. Non-cash benefits are recorded for all contracts, this may result in some duplication where a framework allows for mini competitions as both will have non benefits recorded on the contract register.

Table 3 considers the potential use of supported businesses. Public organisations can reserve the right to participate in procurement for the award of a public contract/framework to a supported business (explanation below).

TABLE 3

Reserved Supplier	2019/20 Turnover £
Scotland Bravest Manufacturing Company	1,028
Moray Desktop Publishing Ltd	35,490
Moray Reach Out	325,483
Out of Darkness Theatre	94,847
Living Ambitions	351,679

Commentary on performance:

The second group of suppliers in the above table are not formally contracted as supported businesses but we believe that our use of these companies goes some way to meet the Reform Act requirement to support such enterprises. To meet the required criteria

supported businesses the main aim of the organisation has to be the social and integration of disabled or disadvantaged persons and where at least 30% of those employed and engaged with the programme are disabled or disadvantaged. These companies however cannot meet the “employment” criteria but certainly do meet the “engagement” element.

SECTION 3 - FUTURE REGULATED PROCUREMENT SUMMARY

The Procurement team work with Heads of Service to develop a Departmental Procurement Action Plan (DPAP) for their service which identifies the Council’s procurement activity for the coming year. In addition to this internal forward planning the Act requires the publication of a summary of future regulated procurements in the next two years.

The plan for Moray Council from January 2021 to January 2023 totals:

Number 318

Estimated value of contracts £341,193,062

Estimated annual value £79,974,002

The detail of this forward plan can be found in our published contract register - [Contract Register - Moray Council](#)

Commentary on forward plan:

The above statistics are taken from the contract register. This list contains all contracts with an end date between 2021 and 2023; however it should be noted that some may be subject to possible extensions and some may not be re-let. Decisions around the direction for each requirement are taken during the annual DPAP planning process with Service Heads.

SECTION 4 - MORAY UPDATE

Although the information contained in the above and linked appendices highlights the performance in areas covered by the Act, there has been considerable development activity throughout the year to consolidate and build on previous improvements.

Supplier Development Forum – this Council group includes representatives from Economic Development, Business Gateway, PCS and Procurement. The previously developed Action plan has been updated and new tasks identified to support the development of suppliers in this area and beyond.

Supplier Development Programme - The Forum supports the work down by the Supplier Development Programme (SDP) a national body jointly funded by the Scottish Government and Local Authorities who are charged with supporting and training Scottish SME suppliers to engage in public procurement. Moray Council became a full member of SDP in 2019 and a programme of local events were undertaken in Moray. The membership launch in October 2019 was attended by 83 local businesses who were asked to complete a snap survey to find out what support was most needed. Using the survey responses to determine content, two training sessions were carried out in Elgin, a third was scheduled but unfortunately cancelled due to the COVID-19 lockdown. In addition to the face to face training workshops delivered by the SDP there is also a suite of webinars available to suppliers on a range of procurement topics. In response to the pandemic SDDP has quickly moved from the previous mix of face to face and online events to totally virtual, continuing to provide the support for SME's, this includes virtual meet the buyer events.

Moray is represented on the SDP Board by the Payments Manager who presented at the Meet the Buyer North event in Aviemore (September 2019) and attended the two training sessions. A total of 153 Moray attendees have participated in the SDP events and webinars in 2019.

Going forward the SDP will be utilised to support the Moray Community Wealth and Moray Growth Deal programmes.

Moray Council Procurement Savings – The Council has a process for recording the impact of contracts on the council – this includes cash and non-cash benefits. The cash savings have been categorised as follows:

- 1 Cash saving anticipated – but budget not adjusted
- 2 Cash saving anticipated – budget adjusted
- 3 No baseline – savings cannot be established, review of contract on anniversary of award to reassess
- 4 No savings anticipated

With Local authority finances becoming increasingly more complicated the team have developed a number of new categories of savings to try to measure the outcomes from any procurement project:

- 5 Non cash benefits
- 6 Capital – projects delivering savings against estimate/budget, total saving taken in the year the project was awarded
- 7 Rebate – centralised collection of contract rebates
- 8 Spend to Save – phased return on investment

Table 4 provides the results for 2019/20 and the previous year (comparison).

TABLE 4

Cash Savings 2019/20 (2018/19)		
Category of Saving	Recurring savings £ million	Savings for year (adjusted for start and end date) £ million
1 Budget not adjusted	0.835 (1.309)	0.755 (1.068)
2 Budget adjusted	1.074 (0.658)	1.050 (0.645)
Total	1.909 (1.967)	1.805 (1.713)
6 Capital	N/A	0.190 (3.567)
7 Rebate	N/A	0.030 (0.024)
8 Spend to save	N/A	Nil recorded

Commentary on savings achieved:

For some time we have been expecting the savings achieved to start to decline given the maturity of our procurement portfolio and although we can see a slight drop in recurring savings we can see an increase in the adjusted figure for the financial year.

Procurement Commercial Improvement Programme (PCIP) – a national evidence based audit for all public organisations, which considers a wide-ranging set of competencies. Normally carried out every two years the programme has been suspended due to COVID-19. Moray Council’s last assessment was in March 2018, this resulted in a score of 64%, which took us from Level 2 to Level 3 (silver) but left us short of the national Local Authority average of 70%. This is due to the lack of resources for development work.

Team Structure - In order to address the resource issue within the team, a review of the structure was undertaken to see what changes could be made, without increasing the establishment and therefore the budget. This concluded with a change to the responsibilities of the Payment Officers (Procurement) to include contract assessment work for national (cat A) and sectoral contracts (cat B). Moving this work from the small team of Procurement Officers has allowed them to concentrate on tender development whilst the new post of Procurement Assistant means that we can adopt and mobilise category A & B contract much quicker.

SECTION 5 - SUMMARY

The significant, year on year, improvements evidenced by the PCA (predecessor to PCIP) - 19% 2009 to 64% 2014 and PCIP 60.4 2016 to 64% 2018 have now stalled, mainly due to resources and although we continue to improve it is at a much slower pace than previously recorded.

This should be viewed in context as the increased workload for the team is evidence of the continued focus on compliant procurement that continues to deliver quality contract outputs and significant savings for the Council.

The Council has recognised this position and anticipating the additional workload that will also come from the Moray Growth Deal an additional procurement officer post has been approved and will be filled by February 2021

APPENDIX 2 is the Scottish Government's Annual report template for the statistics required by the Act. A number of the measurements are not currently recorded as they would involve a significant change to our process which is already burdensome and heavily reliant on human intervention.

MORAY COUNCIL STRATEGIC PROCUREMENT ACTION PLAN (SPAP) 2019/2020			
SECTION 1 - PCIP Measurements			
Data Warehouse			
Action	Timetable	Aim	Update
1.1 Development of supplier spend data for Category A & B contracts. To match contract register information with supplier spend to identify variances	December 2019	To ensure that we are maximising the use of the contracts available To sense check the estimated annual value used on the contract register To increase accuracy of date reporting	<i>Work had started to compare Moray spend data with that provided by Scottish Procurement and Scotland Excel. Some discrepancies were investigated but the project stalled at that point due to available resources</i>
1.2 To develop existing contract register to maximise on required functionality	October 2019	Functionality requests submitted to ICT to improve access to data and ease of use	<i>With ICT</i>
Leadership & Governance			
1.2 Operational improvement programme: <ul style="list-style-type: none"> To carry out qualitative checks on team outputs Report to Service head on outcomes as part of the quarterly combined procurement DPAP update (pending delivery of point 1.4) 	Throughout the year	To focus on the procurement outputs produced by both the team and departments to deliver consistent approach To ensure that actions identified by the review are actioned	<i>A vacancy and new recruitment at Assistant Procurement Manager for a large part of the year made this action impossible to achieve</i>
1.3 DPAP review	December 2019	To consider the structure and content of current process and report To reduce the volume of unplanned work for the team To ensure that Service Heads have the information they need to monitor progress against plan	<i>The process for the DPAP has been reviewed and the documentation developed to focus on the wider aspects of procurement activity, planning, training, potential projects and off contract spend.</i>

1.4 Health & Social Care (MIJB) Support	Ongoing	Targeted support to develop infrastructure for MIJB Support the development of responsibility matrix Develop the structure of support requests	<i>A contract time line has been developed to allow procurement to track contract actions and to try to align with the commissioning teams priorities</i>
1.5 ICS Commissioning Project	June 2019 August 2019 Dependent on service October 2019 October 2019	To develop the mandate based around the Transformational action To update contract register on all ICS placements and contract developments To support the service (when ready) to procure contracts for new service ethos To consider commissioning structure options To develop business case	<i>The project nearly completed and service took over from Procurement as part of its on-going development.</i>
1.6 Supplier Development Programme (SDP)	April 2019 Sept 2019 Throughout the year	To support Economic Development in the localised support for suppliers with a pilot year of full membership of SDP through the Moray Supplier Development Forum To support local event/s To maximise procurement training for Moray suppliers	<i>Procurement Manager supported the SDP Board, regional group and short term strategic group. Attendance and presentation at Meet the Buyer and Moray membership launch. Attendance at the training sessions to provide council prospective to the workshop</i>
Development & Tender			
1.7 See 1.2 re operational improvement plan Quality checks to be carried out on finalised tenders	Throughout the year	To monitor tender quality To develop action plan based on findings.	<i>See 1.2</i>
Contract			
1.8 Post award implementation improvements: Checklist/structure/pack for meeting	Throughout the year	To ensure that contract awards are subject to a full implementation plan with all stakeholders involvement as part of the operational improvement programme	<i>As for 1.2 it proved difficult to carry out this review due to resources</i>

Key Purchasing Processes			
1.9 Support the corporate stores project	As dictated by corporate project	To assess the various systems currently in place To consider consolidation or new procurement	<i>Support was provided as required</i>

SECTION 2 – Procurement Strategy Measurements. 2019/20			
a. Savings			
The measure	Target	2019/20 (2018/19) Results	Will Demonstrate Comments
A1 Percentage of all council expenditure covered by contracts Total commercial spend – contract register annual estimated values for live contracts in year	95%	94.73% (95.53%)	Greater contractual exposure
A2 Value of procurement savings achieved through contracts live during the year	£1M	1.909M (£1.967M)	The financial results from contracts <i>Slight decrease in the recurring savings but an increase in the Adjusted year figure. See comments in Section 4 Table 4 or the report</i>
A3 Number of collaborative contracts awarded as a percentage of all commenced in year	40%	38.80% (38.79%)	Successful collaboration <i>Increase in localised contracted and call off from frameworks has reduced the % but the number for live collaborative contracts remain constant - 227 (2018) and 247 (2019)</i>
A5 Percentage of contracts commenced in year that contain a contract benefit (all categories)	15%	90.83% (76.50%)	Increasing focus on non-financial benefit <i>The majority of our contracts will have some from processing benefits</i>

b. **Contracts**

The measure	Target	2019/20 (2018/19) Results	Will Demonstrate Comments
B1 Percentage of planned activity taken to award during year	75%	78.36% (67.74%)	Improved procurement planning <i>Planned activity increased from 104(2018) projects to 134 (2019) with 105 being taken to award in 2019</i>
B2 Percentage of unplanned to planned activity during the year	25%	39.18% (69.00%)	Measure to try and keep unplanned to a minimum <i>Percentage affected by overall increase in workload from 200 in 2018 to 342 in 2019</i>

c. **Compliance**

The measure	2018/19 Target	2017/18 (2018/19) Results	Will Demonstrate Comments
C3 Percentage of Account Payable transactions with a Purchase Order (where relevant ie non-recurring) number during year	75%%	76.83% (75.49%)	Compliance management

d. **Accessibility**

The measure	2018/19 Target	2018/19 (2017/18) Results	Will Demonstrate Comments
D1 Percentage of contracts commenced during year to SMEs	30%	30.83% (50.32%)	SME access to our business – volume <i>In addition to the 74 new contracts awarded to SMEs which is reflected in this result, we have also awarded an additional 141 mini comps and direct awards to SMEs, this changes the result to 90.42%</i>

D2 Percentage value of annual spend with SMEs for year	55%	46.77 (49.74%)	SME access to our business – by value
D3 Percentage value of spend with Moray, Highland and Aberdeen council areas	50%	37.69 (38.56%)	“local” access to our business – value
D4 Number of “events” held or participated in during year	10	9 (8)	Supplier engagement

e. **Community Benefits -**

The Measure	2018/19 Target	2018/19 (2017/18) Results	Will Demonstrate Comments
E1 Percentage of commenced contracts within the year that have a community benefit (category 7)	20%	5.83% (9.28%)	Sustainable duty performance <i>Result is affected by the increase in volume of workload</i>
E2 Percentage of collaborative contracts commenced in the year that have a community benefit (category 7)	20%	4.58% (18.30%)	Sustainable duty performance

f. **Sustainability**

The measure	2018/19 Target	2018/19 (2017/18) Results	Will Demonstrate Comments
F1 Percentage of contracts commenced in the year that have incorporated a sustainable target (category 5)	20%	6.25% (7.10%)	Sustainable duty performance
F2 Score on Flexible Framework	Level 3	(Level 3)	Sustainable duty performance <i>As for previous year, we have reviewed our processes and adopted some of the level 4 practices but cannot meet all of the required outcomes.</i>
F3 Prioritisation tool used to assess Service priorities	100%	(100%)	Sustainable duty performance <i>Embedded as part of the Dept Proc Action Plan process as such will remove this from the report for next year</i>

APPENDIX 2

Annual Procurement Report – Required Data

<u>1. Organisation and report details</u>	
a) Contracting Authority Name	Moray Council
b) Period of the annual procurement report	April 2019 to March 2020
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes / No)	Yes
<u>2. Summary of Regulated Procurements Completed</u>	
a) Total number of regulated contracts awarded within the report period	240
b) Total value of regulated contracts awarded within the report period	£53,172,347
c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period	420
i) how many of these unique suppliers are SMEs	326
ii) how many of these unique suppliers how many are Third sector bodies	Not recorded
<u>3. Review of Regulated Procurements Compliance</u>	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	Not recorded
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	Not recorded
<u>4. Community Benefit Requirements Summary</u>	
Use of Community Benefit Requirements in Procurement:	
a) Total number of regulated contracts awarded with a value of £4 million or greater.	3
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain Community Benefit Requirements.	1
c) Total number of regulated contracts awarded with a value of less than £4 million that contain a Community Benefit Requirements	33

Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:

d) Number of Jobs Filled by Priority Groups (<i>Each contracting authority sets its own priority groups</i>)	Not recorded
e) Number of Apprenticeships Filled by Priority Groups	Not recorded
f) Number of Work Placements for Priority Groups	Not recorded
g) Number of Qualifications Achieved Through Training by Priority Groups	Not recorded
h) Total Value of contracts sub-contracted to SMEs	Not recorded
i) Total Value of contracts sub-contracted to Social Enterprises	Not recorded
j) Total Value of contracts sub-contracted to Supported Businesses	Not recorded
k) Other community benefit(s) fulfilled	Not recorded

5. Fair Work and the real Living Wage

a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	Not recorded
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	Not recorded
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period.	Not recorded
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	Not recorded

6. Payment performance

a) Number of valid invoices received during the reporting period.	66418
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms.)	87.31%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains.	Not recorded
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	None

7. Supported Businesses Summary

a) Total number of regulated contracts awarded to supported businesses during the period	1
b) Total spend with supported businesses during the period covered by the report, including:	£1,000
i) spend within the reporting year on regulated contracts	Not recorded
ii) spend within the reporting year on non-regulated contracts	Not recorded

8. Spend and Savings Summary

a) Total procurement spend for the period covered by the annual procurement report.	£144,888,551
b) Total procurement spend with SMEs during the period covered by the annual procurement report.	?
c) Total procurement spend with Third sector bodies during the period covered by the report.	Not recorded
d) Percentage of total procurement spend through collaborative contracts.	48.14%
e) Total targeted cash savings for the period covered by the annual procurement report	£1,805M
i) targeted cash savings for Cat A contracts	£0.149M
ii) targeted cash savings for Cat B contracts	£0.114M
iii) targeted cash savings for Cat C contracts	£1,512M
f) Total delivered cash savings for the period covered by the annual procurement report	Not recorded
i) delivered cash savings for Cat A contracts	Not recorded
ii) delivered cash savings for Cat B contracts	Not recorded
iii) delivered cash savings for Cat C contracts	Not recorded
g) Total non-cash savings value for the period covered by the annual procurement report	Not recorded

9. Future regulated procurements

a) Total number of regulated procurements expected to commence in the next two financial years	318
b) Total estimated value of regulated procurements expected to commence in the next two financial years	£341,193,062

