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**REPORT TO: CORPORATE COMMITTEE ON 29 AUGUST 2023**

**SUBJECT: PROCUREMENT ANNUAL REPORT FOR 2022/23 AND  
PROCUREMENT STRATEGY FOR 2023/2026**

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

**1. REASON FOR REPORT**

- 1.1 To provide the Committee with an update report on Procurement activity in Moray and in particular on procurement performance for 2022/2023 and to seek Committee approval of the Strategy for 2023/26 and the Procurement Action Plan for 2023/24.
- 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. RECOMMENDATION**

**2.1 It is recommended that the Committee:**

- i. considers and notes the overall procurement performance for 2022/23 set out in the Annual Report in APPENDIX 1 and summarised in Section 4 below;**
- ii. approves extending the current one year Strategy to three years (2023 to 2026) outlined in Section 3.3 below; and**
- iii. approves the Strategy and Procurement Action plan set out in APPENDICES 2 and 3 and summarised in Section 5 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 2021/22 was approved by the Economic Growth, Housing and Environmental Sustainability Committee on 8 June 2021

(paragraph 12 of the minute refers). No changes to this strategy were recommended for 2022/23.

- 3.3 Given the maturity and stability of the Procurement horizon and the fact that little change was made to the strategy last year, it is recommended that the review timetable for the strategy is amended from one to three years. A draft Procurement Strategy for 2023 to 2026 is included as **APPENDIX 2** to this report along with the Procurement Action plan for 2023/24 as **APPENDIX 3**. The Procurement action plan will be subject to annual review and will continue to be reported to future meetings of this Committee along with the Annual Procurement Report.

#### **4. 2022/2023 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 action plan; and
- iv) Non Cash benefits.

- 4.2 The main learning points from the 2022/23 report are:

- i) There continues to be a significant increase in workload for the team with the post pandemic catch up, additional ring fenced monies received by the Council and activity that did not form part of the annual Departmental Procurement planning process (DPAP) across most Council services.
- ii) The market conditions around increased prices, supplier / contractor capacity and uncertain supply chains have impacted on some tender results with a number receiving either no interest or higher than anticipated pricing.
- iii) As a result of this procurement activity the savings for categories 1 and 2 (non-budget adjusted and budget adjusted) shows a slight decrease from all time high last year £2.038 million to £1.638 million (see paragraph 4.3).
- iv) Work continues with the wide ranging non cash benefits derived from procurement activity including collaboration, environmental impacts and community wealth building considerations.

- 4.3 The Section 4 (table 4) of the annual report – Moray Update - includes the following summary of procurement savings recorded during 2022/23:

<b>Cash Savings</b>				
Category of Saving	<sup>1</sup> Recurring savings		Savings for year (adjusted for start and end date)	
	£ million		£ million	
	2022/23	2021/22	2022/23	2021/22
1 Budget not adjusted	0.688	1.022	0.627	0.792
2 Budget adjusted	0.951	1.016	0.935	0.973
Total	1.638	2.038	1.562	1.766
6 Capital	N/A	3.470	3.470	0.516
7 Rebate	N/A	0.067	0.067	0.034

4.4 The Council has 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 award. Whilst is disappointing that the 2021/22 level of savings was not maintained it is not unexpected given the inflationary market conditions.

4.5 The total contract savings (estimated award values) achieved through procurement since the centralised operation was created in 2011 is £18.4M

## **5. STRATEGY 2023/26 AND PROCUREMENT ACTION PLAN 2023/24**

5.1 A new Strategy has been developed for 2023/26 to reflect the work done to date and the changing workload and priorities of the team and is included as **APPENDIX 2** to this report.

5.2 The changes to the Strategy are in tracked changes, with the exception of data. Data in the previously approved Procurement Strategy was for 2019/20 and has been updated to 2022/23 in **APPENDIX 2**, but not in tracked changes, for ease of reading.

5.3 A new Procurement Action plan has been developed for 2023/24 to reflect the work done to date and the changing workload and priorities of the team and is included as **APPENDIX 3** to this report.

5.4 Key points in the Procurement Action Plan are summarised below:

- Development of the contract register;
- Continuation of work to support the Supplier Development Programme and Community Wealth Building actions; and
- Continuing to work to further embed climate change considerations into the procurement process.

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<sup>1</sup> Recurring annual savings from the lifespan of live contracts

## 6. **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's procurement policy, which sets the overall aims for procurement, was agreed by the Policy Committee on 29 August 2007 (paragraph 11 of minute refers). This policy will be reviewed during 2023/24 and reported to the Corporate Committee.

**(c) Financial implications**

Details of savings are shown in paragraph 4.3 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**

Increased workloads are impacting on the ability of the procurement team to respond to additional requests from departments and in future the service will require to prioritise such requests.

**(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 in August 2016 with no significant changes since then.

**(h) Climate Change and Biodiversity Impacts**

The following positive climate change implications have been identified from the work being carried out by the procurement team:

- All Procurement officers have been through the corporate Climate Change training programme which helps them to identify potential tenders for specific climate consideration
- Weighted questions have been developed to challenge potential suppliers on their climate change impact

**(i) 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 the Accountancy section and agreed by the Chief Financial Officer. Heads of Services, Principal Climate Change

Officer and Committee Services have been consulted in the preparation of this report and comments included.

**7. CONCLUSION**

**7.1 The Annual Procurement Report summarises procurement progress during 2022/2023. 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 Procurement Action Plan.**

**7.2 The three year Strategy outlines how the Council will meet legislative requirements for procurement and continue to support the local economy**

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Background Papers:

Ref: SPMAN-1293228629-928