



REPORT TO: MORAY COUNCIL ON 10 MARCH 2021

SUBJECT: 2019/2020 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 on in particular report on the procurement performance in 2019/2020.
- 1.2 This report is submitted to Council 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 2019/2019 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 Report, which outlines performance against that Strategy.
- 3.2 The Reform Act dictates the format and content of the Annual Report. This now includes a prescribed set of performance measurements as Appendices to the main report.
- 3.3 The Procurement Strategy for 2020/21 was a light touch review of the Procurement Strategy 2019/20, in the light of the pandemic. As approved by Policy and Resources Committee on 8 May 2018 (paragraph 7 of the Minute refers) this strategy has not been reported to members. However, significant revisions will be made in developing the Strategy for 2021/22, to reflect the Climate Change Strategy once approved and to reflect the growing importance of Community Wealth Building as an agent of economic recovery, and the revised strategy will be reported to Council in early course.

4. 2019/2020 PROCUREMENT PERFORMANCE

- 4.1 The report assesses performance against a number of categories including:

- i) Summary of regulated procurements (volume)
- 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 2019/2020 report are:

- i) The volume of live contracts continue to grow year on year from 476 in 2017/2018 to 599 in 2019/2020. Whilst much of this is due to an increasing awareness of the benefits of the procurement process, it also highlights the Council's use of frameworks and subsequent call offs (which form an individual contract). Many of the Council developed frameworks have been let to local suppliers (planned and reactive repairs and small works).
- ii) Unplanned work, (a problem identified in the Annual Report for 2018/2019) has reduced slightly due to a change in focus in the Departmental Procurement Action Plan process
- iii) Despite the continuing problem of resources, there have been some successes in 2019/2020. This includes the support we have provided to Supplier Development Programme (full membership pilot) and the four local events that took place during the year. In addition, the team continues to support the development of service tenders that can deliver on change that results in an improved user experience.
- iv) Contrary to our expectations, the procurement savings reported for 2019/2020 remains high at £1.805M for the year and £1.909M for recurring years. Maintaining this level of saving is difficult given the maturity of our procurement portfolio and the need to ensure that savings are not made at the expense of quality and performance.

Cash Savings 2019/20 (2018/19)		
Category of Saving	Recurring Savings £ million	Adjusted savings for year £ 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		0.190 (3.567)
		0.030 (0.024)

- v) We continue to see a steady increase in the volume of non-cash benefits that are now included in our contracts but we know that this is an area that does need constant consideration as the tender process is developed.
- vi) Progress on the strategic action plan has been slow due to resources. A review of the structure noted the change and increase in workload since the establishment had been created in 2010 and recommended a change in team responsibilities. With this new structure and the recent recruitment for an additional procurement officer to support the Moray Growth Deal, the team are confident that they can start to take on the development work that has been put to one side due to workload.

5. SUMMARY OF IMPLICATIONS

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

The work undertaken by the procurement teams 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 2001 (paragraph 11 of minute refers)

(c) Financial implications

Details of savings are shown in paragraph 4.2 (iv) of this report. The procurement savings make a considerable contribution to the Council's ability to balance its budget whilst preserving levels of service.

(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

Whilst the volume of unplanned work and the increased workload has impacted on the team's development performance, work has been done to review the structure of the team, to allow the procurement officers to concentrate on tender development. An additional procurement officer post has also been approved to support the anticipated work expected from the Moray Growth Deal.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

Equality impact assessment was carried out on the procurement process August 2016.

(h) Consultations

Information in the 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 Conner, Principal Accountant and agreed by the Chief Financial Officer. Corporate and Senior Management teams and Tracey Sutherland, Committee Services Officer have been consulted on the content.

6. CONCLUSION

- 6.1 The Annual Procurement Report summarises procurement progress during 2019/2020. This shows areas of progress and good performance and also identifies areas for further improvement with action for continuing improvements in the Council's procurement arrangements contained in the action plan.**

Author of Report:
Background Papers:
Ref:

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