



REPORT TO: CORPORATE COMMITTEE 8 NOVEMBER 2022

**SUBJECT: PROCUREMENT ANNUAL REPORT FOR 2021/22 AND
PROCUREMENT STRATEGIC ACTION PLAN FOR 2022/2023**

**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 report on procurement performance for 2021/2022 and to seek Committee approval of the Strategic Action Plan for 2022/23.
- 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 2021/22 set out in the Annual Report in APPENDIX 1 and summarised in Section 4 below; and**
- ii. **approves the Strategic Action Plan set out in APPENDIX 2 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 are recommended for 2022/23.

4. 2021/2022 PROCUREMENT PERFORMANCE

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

- i) Summary of Regulated procurements;
- ii) Review of procurement compliance;
- iii) Assessment of progress against the strategic action plan; and
- iv) Non Cash benefits.

4.2 The main learning points from the 2021/22 report are:

- i) There has been a significant increase in workload for the team with the post pandemic catch up, additional ring fenced monies received and a continued increase in unplanned activity across most Council services.
- ii) The market conditions around increased prices, supplier / contractor capacity and uncertain supply chains has impacted on some tender results with a number receiving either no interest or unrealistic 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 increase from £1.794 million in 2020/21 to £2.04 million (see paragraph 4.3).
- iv) Work continues with the wide ranging non cash benefits derived from procurement activity including, 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 2021/22:

| Cash Savings 2021/22 (2020/21) | | |
|---------------------------------------|---|---|
| Category of Saving | Recurring annual savings from the lifespan of live contracts £ million | Savings for year (adjusted for start and end date) £ million |
| 1 Budget not adjusted | 1.022 (0.784) | 0.792 (0.763) |
| 2 Budget adjusted | 1.016 (1.010) | 0.973 (0.977) |
| Total | 2.038 (1.794) | 1.766 (1.740) |
| 6 Capital | N/A | 0.516 (0.213) |
| 7 Rebate | N/A | 0.034 (0.024) |

4.4 We have maintained a savings target of £1M for a number of years in the expectation that it would become harder to achieve savings from recurring contractual awards, it is therefore encouraging to note the results despite the challenging conditions in 2021/22.

5. STRATEGIC ACTION PLAN 2022/23

5.1 A new Strategic Action Plan has been developed for 2022/23 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 Key points in the Strategic Action Plan are summarised below:

- Development of contract register;
- Additional Departmental Procurement Action Plans for Moray Growth Deal and Capital Projects;
- Continuation of work to support Supplier Development Programme and Community Wealth Building actions including the development of the community identified benefits process which is the subject of a separate report to this committee; and
- Continuing to work to embed climate change considerations into the procurement process.

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 policy, which sets the overall aims for procurement was agreed by Policy Committee on 29 August 2007 (paragraph 11 of minute refers). This policy will be reviewed during 2022/23 and reported to Corporate Committee.

(c) Financial implications

Details of savings are shown in paragraph 4.4 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 unplanned requests from departments and in future the service will require to prioritise 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 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:

- Consideration of climate change issues has now been embedded within the procurement process
- 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.

7. CONCLUSION

7.1 The Annual Procurement Report summarises procurement progress during 2021/2022. 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 Strategic Action Plan.

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| Background Papers: | |
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