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**REPORT TO: CORPORATE COMMITTEE ON 1 FEBRUARY 2022**

**SUBJECT: PROCUREMENT PROCESS**

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

**1. REASON FOR REPORT**

- 1.1 To request amendments to the Council procurement process, to allow for the recording of data relevant to the Key Performance Indicators (KPIs) for the Economic Recovery Plan for Moray.
- 1.2 This report is submitted to Committee in terms of Section III (B) (21) of the Council's Scheme of Administration to formulate, supervise the implementation of and review as necessary the policies and practices of the Council in relation to its procurement arrangements

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee agree the proposed changes to the procurement process as outlined in para 4.3 and 4.4 to allow for capturing additional information from contracted suppliers**

**3. BACKGROUND**

- 3.1 Moray Economic Partnership (MEP) has been providing support to business throughout the COVID pandemic in response to the crisis. MEP membership is made up of Moray Council, Highlands and Islands Enterprise, Moray College UHI, NHS Grampian, Moray Chamber of Commerce, Robertson Construction, Moray Speyside Tourism, TSI Moray, Federation of Small Business, Skills Development Scotland and Gordon and MacPhail.

- 3.2 As part of this response, MEP established an Economic Recovery Plan for the region, based around the principles of:
- Smart growth - business continuity and resilience at the heart of the recovery process
  - Clean growth - transition to net zero, including promotion of home-working to reduce commuting
  - Inclusive growth - no geographic locations or sections of the community left behind
  - Fair work – ensuring employees are rewarded and benefit from economic recovery
  - Targeting disadvantage - enabling early recovery particularly for those reliant on child care, public transport, access to broadband and reskilling
  - Smart procurement – utilising public sector spend to maximise local economic impact and opportunity

This high level action plan was approved by the Economic Growth, Housing and Environmental Sustainability Committee, at its meeting on 6 October 2020 (paragraph 9 of the minute refers). The action plan included the creation of a Community Wealth Building (CWB) Strategy for Moray, to support an increase in local procurement spend.

- 3.3 Following creation of the Economic Recovery Plan, MEP agreed a suite of short term key performance indicators (KPIs) to measure economic recovery, at its meeting on 26 May 2021.

- 3.4 The KPIs agreed were as follows:

- Local procurement content by public sector partners by both main and sub-contractors
- Number of Apprenticeships (Foundation, Modern and Graduate) in all sectors
- Number of inward investment activities by land and asset purchases
- Number of expansion activities by land and asset purchase and planning and building warrant application
- Gender Pay Gap
- Number of start-ups in all sectors and their survival rate
- Town Centre vacancies/start-ups and survival rates
- Unemployment across all age brackets
- % of unemployed people assisted into work from council operated/funded employability programmes.

#### **4. PROPOSED CHANGES TO PROCUREMENT PROCESS**

- 4.1 At its meeting on 7 December 2021, the Economic Development and Infrastructure Services Committee agreed that a further report be presented to the Corporate Committee to approve proposed changes relating to the procurement process. These changes are required in order to accurately report on the Economic Recovery Plan KPI's (paragraph 9 of the minute refers).

- 4.2 In order to report fully on these indicators, two amendments are required to the procurement process in order that the appropriate data may be captured.

- 4.3 At present, it is not possible for the Council to report fully on local procurement content by public sector partners by both main and sub-contractors, as suppliers are not requested to provide data on sub-contract spend.
- 4.4 To address this issue, it is recommended that a clause be inserted into all Moray Council procurement contracts, requiring the main contractor to provide information relating to sub-contractor spend to the Contract Manager. It will be the responsibility of the Contract Manager to secure this data from the contractor, which will then be collated and analysed by the new CWB Officer, following recruitment for this post.
- 4.5 Additionally, Council procurement spend does not currently account for firms who have a branch or depot in Moray, but are headquartered elsewhere. To more accurately capture the level of spend with locally based suppliers, it is also recommended that a mechanism for capturing this data be added within the Contract Register. This will provide clarification on whether a supplier has a branch in the local area, and if so whether this branch will be delivering the contract for which they are tendering. Again, this data will be collated and analysed by the CWB Officer, when the post has been filled.

## **5. SUMMARY OF IMPLICATIONS**

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

Increasing local procurement spend will contribute towards the corporate plan priority to promote economic development and growth, as well as the LOIP priority of a growing and sustainable economy.

### **(b) Policy and Legal**

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan.

### **(c) Financial implications**

There are no financial implications arising directly from this report.

### **(d) Risk Implications**

There are no risk implications arising directly from this report.

**(e) Staffing Implications**

The proposed changes will be incorporated into the duties of the CWB Officer post. Following several recruitment processes, this fixed term 2.5 year post remains vacant. A separate report regarding recruitment to this post will be presented to Economic Development and Infrastructure Services in February 2022.

Implementation of the proposed changes in the procurement process will require the support of officers from Procurement and Strategic Planning and Development. Departmental lead officers will be responsible for capturing and sharing sub-contract spend data through contract management. This may prove to require significant resource to deliver, particularly for the contract managers of construction services.

The support of the ICT Department will be required to implement a new process for capturing the branch / depot information within the Contract Register.

**(f) Property**

There are no property issues arising directly from this report.

**(g) Equalities/Socio Economic Impact**

The Economic Recovery Plan aims to promote fair and equitable growth in the economy as part of the COVID recovery process. The objective of the proposed new procurement procedures is to support growth and improved resilience in local enterprises, through increased local spend.

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

There are no biodiversity issues arising directly from this report. However, it is highly likely that increased local procurement spend will have a positive impact the Council's carbon output, through reduced transport and travel emissions.

**(i) Consultations**

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Payments Manager, Principal Accountant, Principal Climate Change Officer, the Equal Opportunities Officer and Committee Services Officer have been consulted and their comments incorporated.

## **7. CONCLUSION**

- 7.1 Increasing local procurement spend is a vital mechanism through which the Council can support the local economic recovery.
- 7.2 Making the proposed amendments to the way in which information is captured from suppliers, through the Council procurement process, will provide essential data which will inform and support delivery of the Economic Recovery Plan.

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Background Papers:

Ref: SPMAN-813460984-171