

# Inverclyde Council

# Annual Procurement Report

1ST APRIL 2019 – 31ST MARCH 2020

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## 1. Introduction

As required under section 15 of the Procurement Reform (Scotland) Act 2014 (“the Act”), a contracting authority must publish a Procurement Strategy by December 2016 and subsequently produce an Annual Procurement Report, required by section 18 of the Act. The Annual Procurement report monitors the authority’s regulated procurement activities against delivery of its procurement strategy and should be published as soon as is reasonably practicable after the end of their financial year. The 2019/20 Report is being issued later than normal due to the impact of Covid.

Inverclyde Council is pleased to publish our second Annual Procurement Report. The content of this Report covers all regulated procurements completed during the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 and details how those procurements supported the objectives included within the council’s Corporate Procurement Strategy.

All actions listed on the action plan were completed within the agreed timescales.

Key benefits delivered by these actions included:

- Updating process and procedures to comply with the requirements of the new procurement rules and regulations.
- Increasing time spent on strategic aspects of procurement activities.
- Supporting the council’s overall savings targets.
- Embedding the council’s community benefits policy into all relevant and proportionate contracts delivering a greater volume and increased variety of outcomes across a wider range of commodities.
- Transitioning to the Scottish Government Procurement Journey which standardised and aligned our processes and procedures and reduced risk and duplication.
- Ensuring Small and Medium-sized Enterprises (SMEs) are provided targeted opportunities as standard within our Quick Quote process (Goods and Services under £25,000, Works under £100,000).
- Fulfilment of our procurement work plans, including the delivery of tenders supporting special projects (e.g. The Glasgow City Region City Deal)

The Council was assessed as part of the national Procurement and Commercial Improvement Programme (PCIP), and achieved a score of 70% in 2016. The PCIP assessment was planned to take place in late 2020 has been postponed until 2022 as a result of the pandemic.

## 2. Summary of Regulated Procurement

Section 18(2)(a) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: “a summary of the regulated procurements that have been completed during the year covered by the report”

Regulated procurement refers to any procurement above £50,000 for goods and services or £2,000,000 for works. A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. Regulated procurements can refer to new contracts and framework agreements but also to mini-competitions and call offs from existing framework agreements.

In total the council completed 12 regulated procurements during the reporting period with a total value of £7,566,287

Type	Volume	Value
Awards of New Council Contracts	7	£6,820,887
Awards from Non Council Frameworks	5	£745,400

Appendix 1 shows a full list of each individual procurement completed.

We also utilised the COSLA National Care Home Contract to make awards above regulated procurement with a total value of £12,500,000.

During the reporting period, we also utilised a number of legacy non council frameworks on a call off basis, meaning a large volume of low value orders were raised accumulating to more than £50,000. The 2019/20 spend is shown for each framework in Appendix 1 table 2. It should be noted that the reported collaborative spend is lower than usual as a result of outstanding management information from framework suppliers due to pandemic.

Contract values are based on the total value of the contract for all years that the contract could be in place and therefore includes possible extensions.

During the same period there were instances where alternative methods of procurement were used in line with the regulations and the Council Standing Orders Relating to Contracts (e.g. where there is only one potential supplier).

### 3. Review of Regulated Procurement Compliance

Section 17 of the Procurement Reform (Scotland) Act 2014 requires that regulated procurements be carried out in accordance with the organisation's procurement strategy, so far as reasonably practical. Section 18(2) states that an annual procurement report must include, at 18(2)(b), "a review of whether those procurements complied with the authority's procurement strategy" and, at 18(2)(c), "to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply".

The Council's Procurement Strategy sets out how regulated procurement would be undertaken in compliance with the Act. This Strategy also set out objectives for improving the process and procedures relating to regulated procurements.

From the Strategy objectives we identified the following key compliance categories:

- Best Value
- Fairness and transparency (General Duties)
- Economic and social sustainability (community benefits)
- Environmental sustainability
- Fair work practices (including Living Wage)
- Purchase to pay efficiencies

Further information on the requirements of the Act can be seen in Appendix 2.

All regulated procurement in the council is undertaken in accordance with a legal and procedural framework which ensures that each procurement is compliant with the Strategy. Legal requirements are set out in the Council Standing Orders Relating to Contracts. Procedural requirements are set out in Scottish Government Procurement Journey (for general procurement best practice) and the Corporate Procurement Manual.

Throughout the reporting period, our regulated procurements were monitored on an ongoing basis. This monitoring process consisted of reviewing the key supporting documents that underpin our legislative and procedural framework including sourcing strategies, project plans, procedural documentation, scoring calculators and approval reports. The monitoring process was supplemented by post project reviews, which are undertaken after a contract is awarded as well as at the end of the contract. In addition the best value aspect of our contracts is monitored regularly as part of a robust contract management process. These combined processes ensured that all regulated procurements were undertaken in compliance with the legal and procedural framework and, as a result, in compliance with the Strategy. The reviews have also allowed us to identify the following potential improvement areas:

- There are further opportunities to secure economic and social sustainability outcomes from non Council frameworks.
- Existing contract and frameworks can continue to be targeted in order to increase purchase to pay efficiencies.
- Continue to work with client teams on advance provision of work plans which will allow increased opportunity to deliver best value from our regulated procurements.

The council is committed to ensuring that all suppliers who are awarded business are paid within 30 days. Prompt payment clauses requiring a 30 day payment term are embedded within our contractual terms and conditions. Suppliers are required to apply the same terms and conditions with their sub-contractors who are delivering and supporting the council contract.

## 4. Community Benefit Summary

Section 18(2)(d) of the Procurement Reform (Scotland) Act 2014 states that it is mandatory for an annual procurement report to include “a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report”.

Section 25 of the Procurement Reform (Scotland) Act 2014 mandates that all contracting authorities “must consider whether to impose community benefit requirements as part of the procurement” when the estimated contract value is greater than or equal to £4,000,000.

The council’s own policy and manual stipulates that community benefits must be considered for inclusion in all works contracts with an estimated value greater than £1,000,000 and give consideration to include in all goods and services contracts above £50,000.

Robust processes have been developed to ensure that community benefits are considered for inclusion in all relevant contracts in line with the requirements of both the Procurement Reform (Scotland) Act 2014 and the Council’s own community benefits policy.

When initiating procurement activity, client departments are required to consider and highlight potential community benefits considerations for inclusion where relevant. Procurement staff then engage with key stakeholders and undertake market research and benchmarking activity to further explore potential opportunities and identify appropriate requirements for inclusion in the contract.

Delivery of agreed outcomes is monitored and reported internally on a quarterly basis using monitoring updates provided by suppliers. Information on community benefit requirements fulfilled during the period 1 April 2019 to 31 March 2020 can be found in the summary below.

Type of Community Benefit	Number Delivered
Employment & Skills Activity	3
Support Education Activities	2

Appendix 3 provides details of all outcomes secured and delivered during the reporting period.

## 5. Fair Work and the Real Living Wage

As an update to the requirements and as introduced in the 2018/19 Procurement Annual report, the Council is also required to provide the following summary:

a) The number of regulated contracts awarded during the period that have included a scored Fair Work criterion.	9
b) Number of unique supplier who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period.	9
c) Number of unique suppliers who are accredited Living wage employers and were awarded a regulated contract during the period.	1
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract award during the period.	1

## 6. Payment Performance

As an update to the requirements and as introduced in the 2018/19 Procurement Annual report, the Council is also required to provide information on payment performance as summarised in the table below:

a) Number of valid invoices for the period.	41,065
b) Percentage of invoices paid on time for the period.	96.13%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains	12
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts	0

A detailed summary of spend by supplier using a purchase card is provided in Appendix 5. Although this is not a requirement of the act this information serves as an extra level of transparency. All of these transactions involve legitimate expenses and have been fully scrutinised before being approved.

## 7. Supported Businesses Summary

Section 18(2)(e) of the Procurement Reform (Scotland) Act 2014 requires organisations to include “a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report”.

The council’s Contract Standing Orders dictates that consideration be given to inclusion of supported businesses in all regulated procurements.

During the reporting period there were no regulated procurements awarded to supported businesses. The reason for this is that the goods, services or works associated with these procurements are not provided by existing supported businesses.

The council does have existing agreements in place with Lady Haigs Poppy Factory, spending £438.00 who are a registered Supported Business and continues to explore opportunities for other organisations to become a supported business.

## 8. Spend and Savings Summary

As an update to the requirements and as introduced in the 2018/19 Procurement Annual report, the Council is also required to provide a summary of spend and savings as contained in the table below:

a) Total procurement spend for the period covered by the annual procurement report.	£115,819,705
b) Total procurement spend for the period on SMEs during the period covered by the annual procurement report.	£64,724,839
c) Total procurement spend with third sector bodies during the period covered by the report.	Info not available.
d) Percentage of total procurement spend through collaborative contracts	9.40%
e) Total targeted cash savings for the period covered by the annual procurement report	£0
f) Total delivered cash savings for the period covered by the annual procurement report	£0
g) Total non-cash savings for the period covered by the annual procurement report	£0

## **9. Future Regulated Procurements Summary**

Section 18(2)(f) of the Procurement Reform (Scotland) Act 2014 states it is mandatory that an annual procurement report must include “a summary of the regulated procurements the authority expects to commence in the next two financial years.” Future regulated procurements have been identified via the following means:

- Current contracts on the council register that will expire and need to be extended or re-let over the next two years.
- New procurements identified via future work plans provided by Council service teams.
- New procurements identified via anticipated work plans for special projects (e.g. The Glasgow City Region City Deal).

A full list of anticipated procurements in the next two years can be seen in Appendix 4.

## Appendix 1 – Full List of Regulated Procurements (April 2019 - March 2020)

Table 1 - Awards of New Council Frameworks and Contracts

Date of Award	The Names of Suppliers	Subject Matter (Commodity)	Title of Contract	Contract Value	Contract start date	Contract End date including extensions	SME YES/NO	3 <sup>rd</sup> Sector YES/NO
30/01/2020	CBC Glasgow Ltd	Construction	Greenock Ocean Terminal & Wylie Gallery CP0329	£6,208,908	30/03/2020	22/03/2021	Yes	No
31/05/2019	Enva Organics Recycling Ltd	Waste	Organic Waste ENV0325	£411,000	01/07/2019	30/06/2021	Yes	No
16/09/2019	Business Development Advisers	Business Development	Business Gateway Services in Inverclyde	£179,413	15/09/2019	14/09/2021	Yes	No
18/12/2019	Barr Environmental Ltd	Waste	Treatment & Disposal of Street Sweepings & Gully Waste	£134,400	01/01/2020	31/01/2023	Yes	No
03/02/2020	Land Energy Girvan Ltd	Fuel	Supply & Delivery of Wood Pellets for the Biomass Heating System at PGCC	£99,750	27/01/2020	26/01/2023	Yes	No
07/08/2019	Link Treasury Services Ltd	Finance	Treasury Consultancy Services	£97,500	09/08/2019	08/08/2025	Yes	No
19/07/2019	CFH Total Document Management	Print Services	Provision of Printing, Binding, Enveloping & Mailing Service	£80,000	01/09/2019	31/08/2021	Yes	No

09/01/2020	Inverclyde Physiotherapy		Provision of an Occupational Health Service	£78,000	01/02/2020	31/01/2024	Yes	No
18/06/2019	Rose Project Management Ltd	Consultancy	Project Management – Greenock Cremator Replacement & Associated Works	£77,315	18/06/2019	01/11/2023	Yes	No
13/12/2019	AVM Impact	ICT	Supply, Delivery & Installation of Touchscreens, Stands & Commercial TVs	£70,000	20/09/2019	12/02/2020	No	No
03/12/2019	Langstane Press Ltd	Furniture	Full Educational Furniture Kit Out for St Marys and Gourock PS	£70,000	03/12/2019	24/01/2021	Yes	No
26/08/2019	Lowmac Alloys	Waste	Treatment & Disposal of Recyclable & Residual Waste	£60,000	01/09/2019	31/08/2023	Yes	No

Table 2 – Orders on Frameworks amounting to more than £50,000 spend in 2019/20.

Framework Owner	Framework Name	Framework Start	2019/20 Spend
Scotland Excel	Children's Residential Care	01/05/2018	£2,131,689
Scotland Excel	Vehicle Purchase RM6060	02/12/2018	£1,098,087
Scotland Excel	Roadstone	01/07/2018	£1,019,515
Scotland Excel	Groceries & Provisions	01/05/2016	£432,859
Scotland Excel	Frozen Foods	01/07/2017	£369,474
Scotland Excel	Vehicle & Plant Hire	01/11/2017	£331,166
Scotland Excel	Care Homes for Adults (LD)	29/06/2015	£297,131
Scotland Excel	Meats - Fresh, Prepared & Cooked (inc. Fresh	01/01/2018	£178,680
Scotland Excel	Janitorial Products	01/03/2015	£164,401
Scotland Excel	Fostering	25/03/2017	£157,298
Scotland Excel	Electrical Materials	01/04/2016	£138,765
Scotland Excel	Education Materials	01/08/2017	£129,010
Scotland Excel	Recycle and Refuse Containers	01/11/2013	£115,872
Scotland Excel	Salt	01/07/2014	£113,715

Scotland Excel	Organic Waste	01/08/2017	£109,767
Scotland Excel	Presentation & Audio Visual Equipment	01/04/2015	£106,738
Scotland Excel	Engineering Consultancy	18/03/2017	£103,048
Scotland Excel	Library Books & Text Books	01/02.2018	£102,005
Scotland Excel	Outdoor Play Equipment & Artificial Surfaces	13/03/2017	£98,098
Scotland Excel	Personal Protective Equipment	01/03/2017	£95,161
Scotland Excel	Street Lighting Materials	01/10/2018	£94,396
Scotland Excel	Social Care Agency Workers	01/08/2018	£89,771
Scotland Excel	Heavy Vehicles	01/01/2018	£89,668
Scotland Excel	Milk	01/03/2014	£78,950
Scotland Excel	Security	01/04/2015	£74,610
Scotland Excel	Tyres for Vehicles & Plant	01/11/2017	£67,113
Scotland Excel	Washroom Solutions & Sanitary Products	01/10/2018	£61,954
Scotland Excel	Education And Office Furniture	01/03/2017	£58,645
Scotland Excel	Care Homes for Adult LD inc Autism	11/10/2019	£58,500
Scotland Excel	Technology Enabled Care	01/01/2019	£55,695
Scotland Excel	First Aid Materials	01/10/2018	£55,456

Scotland Excel	Vehicle Parts	13/01/2017	£53,375
Sub-Total (Scotland Excel)			£8,130,612
Procurement Scotland	Electricity	01/04/2019	£1,571,630
Procurement Scotland	Gas	01/04/2014	£785,820
Procurement Scotland	Water and Waste Water	01/03/2016	£508,127
Procurement Scotland	Fuel	14/10/2015	£398,335
Procurement Scotland	Desk Top Client Devices	01/01/2016	£301,033
Procurement Scotland	Mobile Client Devices	16/11/2015	£266,368
Procurement Scotland	Office Equipment - Multifunctional Devices & Services	03/06/2017	£259,734
Procurement Scotland	Stationery and Office Paper	01/06/2016	£161,994
Procurement Scotland	Print & Associated Services	01/04/2019	£73,613
Sub-Total (Procurement Scotland)			£4,326,654
<b>TOTAL</b>			<b>£12,457,266</b>

\*Note collaborative spend via Scotland Excel lower as a result of delayed reporting of Management Information from Framework Suppliers due to pandemic.

## Appendix 2 – Requirements of the Act

Procurement Reform (Scotland) Act 2014 asp 12 Part 2 General duties Section 8 8

### General duties

- (1) A contracting authority must, in carrying out a regulated procurement— (a) treat relevant economic operators equally and without discrimination, (b) act in a transparent and proportionate manner.
- (2) A contracting authority must also comply with the sustainable procurement duty.
- (3) However, a contracting authority must not do anything in pursuance of subsection (2) that would conflict with its duty under subsection (1).
- (4) A relevant economic operator is an economic operator who is a national of, or is established in—
  - (a) a member State, or
  - (b) Iceland, Liechtenstein or Norway.
- (5) Subsection (1) does not apply in relation to an EU-regulated procurement.

### 9 Sustainable procurement duty

- (1) For the purposes of this Act, the sustainable procurement duty is the duty of a contracting authority—
  - (a) before carrying out a regulated procurement, to consider how in conducting the procurement process it can—
    - (i) improve the economic, social, and environmental wellbeing of the authority's area,
    - (ii) facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and
    - (iii) promote innovation, and
  - (b) in carrying out the procurement, to act with a view to securing such improvements identified as a result of paragraph (a)(i).
- (2) The contracting authority must consider under subsection (1) only matters that are relevant to what is proposed to be procured and, in doing so, consider the extent to which it is proportionate in all the circumstances to take those matters into account.
- (3) In this section—
  - “small and medium enterprises” means businesses with not more than 250 employees,
  - “third sector bodies” means organisations (other than bodies established under an enactment) that exist wholly or mainly to provide benefits for society or the environment.

(4) In this section, references to the wellbeing of the authority's area include, in particular, reducing inequality in the area.

Procurement Reform (Scotland) Act 2014 asp 12 Part 2 Procurement strategy and annual report Section 15

## 15 Procurement strategy

(1) A contracting authority which expects to have significant procurement expenditure in the next financial year must, before the start of that year—

(a) prepare a procurement strategy setting out how the authority intends to carry out regulated procurements, or

(b) review its procurement strategy for the current financial year and make such revisions to it as the authority considers appropriate.

(2) Subsection (3) applies where a contracting authority—

(a) has not, in relation to a financial year, prepared or reviewed a strategy under subsection (1), and

(b) becomes aware of the likelihood of having significant procurement expenditure during that year.

(3) The contracting authority must, as soon as practicable after it becomes aware of the likelihood of having significant procurement expenditure—

(a) prepare a procurement strategy setting out how the authority intends to carry out regulated procurements, or

(b) review its most recent procurement strategy and make such revisions to it as the authority considers appropriate.

(4) An authority has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5,000,000.

(5) The procurement strategy must, in particular—

(a) set out how the authority intends to ensure that its regulated procurements will

(i) contribute to the carrying out of its functions and the achievement of its purposes,

(ii) deliver value for money, and

(iii) be carried out in compliance with its duties under section 8, (b) include a statement of the authority's general policy on—

(i) the use of community benefit requirements,

(ii) consulting and engaging with those affected by its procurements,

- (iii) the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements,
  - (iv) promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act, and
  - (v) the procurement of fairly and ethically traded goods and services,
- (c) include a statement of the authority's general policy on how it intends its approach to regulated procurements involving the provision of food to—
- (i) improve the health, wellbeing and education of communities in the authority's area, and
  - (ii) promote the highest standards of animal welfare,
- (d) set out how the authority intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented—
- (i) payments due by the authority to a contractor,
  - (ii) payments due by a contractor to a sub-contractor,
  - (iii) payments due by a sub-contractor to a sub-contractor,
- (e) address such other matters as the Scottish Ministers may by order specify.

(6) The Scottish Ministers may by order modify subsection (4) so as to substitute for the figure specified there for the time being such other figure as they consider appropriate.

(7) In subsection (5)(b)(iii), a “living wage” means remuneration which is sufficient to ensure an acceptable standard of living.

### Appendix 3 – Community Benefit Outcomes

Type of Community Benefit / Outcome	Number Delivered
<b>Employment &amp; Skills Activity</b>	
New Entrant - Modern Apprentice (Painter & Decorators - St Mary's PS Project)	2
New Entrant – Job (Labourer – St Mary's PS Project)	1
<b>Support Education Activities</b>	
Site Safety Poster Design Competition (St Mary's PS)	1
Construction information session (Gourock PS)	1

#### Appendix 4 – Future Regulated Procurements (From April 2020 to March 2022)

Subject Matter (Commodity)	Title of Contract	Contract Start Date	Estimated Total Contract Value	Type
Software	SWIFT Replacement	01/07/2021	£1,600,000	Ongoing
Construction	Inverkip (City Deal)	01/10/2021	£3,250,000	One off
Construction	Rainbow Family Centre Extension	14/09/2020	£2,300,000	One off
Construction	Larkfield Early Learning Centre	19/10/2020	£3,000,000	One off
Construction	Ocean Terminal Building (City Deal) Retender PRO0833	19/04/2021	£7,200,000	One off
Construction	Community Learning Disability Hub	01/02/2022	£6,700,000	One off
Security	Cash Collection	10/8/2021	£53,000	Ongoing
Security	Parking Management System	15/10/2021	£100,000	Ongoing
Adult Social Care	National Care Home Contract	01/04/2021	£14,000,000	Ongoing
Adult Social Care	Supported Living Services	06/02/2022	£7,000,000	Ongoing
Adult Social Care	Care at Home	01/04/2022	£10,000,000	Ongoing
Employability	Employability Services	01/4/2022	£4,100,000	Ongoing
Social Care	Housing Information and Advice	10/12/2021	£165,000	Ongoing
Social Care	Independent Advocacy Service	31/03/2021	£216,000	Ongoing
Social Care	Provision of a School Age Counselling Service	01/08/20	£1,198,000	Ongoing
Social Care	Provision of a Family Support Worker Service	01/10/20	£900,000	Ongoing
Social Care	Provision of a Community Connector Service	01/04/21	£255,000	Ongoing
Social Care	Independent Advocacy Services for Children & Young People	01/04/21	£255,000	Ongoing

Property	Lift Maintenance	31/05/2021	£75,000	Ongoing
Business Development	Business Gateway	15/09/2021	£220,000	Ongoing
Waste	Residual Waste	17/08/2021	£15,000,000	Ongoing
Waste	Scrap Metal	30/08/2021	£200,000	Ongoing
Waste	Food Waste	30/06/2021	£200,000	Ongoing
Finance	Printing, Binding, Enveloping & Mailing Service	01/09/2021	£240,000	Ongoing

**Appendix 5 - Purchase Card Spends Equating to more than £25,000 for 2019/20**

<b>SUPPLIER</b>	<b>SPEND</b>
MCCONECHY TYRES	£122,673
ELECTRIC CENTER	£102,480
AMAZON	£76,279
TESCO	£64,805
ARNOLD CLARK VAN CENTRE	£61,112
GRAHAM	£56,008
DVLA VEHICLE TAX	£39,835
SHB HIRE LTD	£30,231
HOWDENS GREENOCK	£27,576
CURRYS T/SALES	£26,244
<b>TOTAL</b>	<b>£607,243</b>