

Inverclyde Council Annual Procurement Report

1ST APRIL 2018 –
31ST MARCH 2019

Contents

1. Introduction.....	2
2. Summary of Regulated Procurement.....	3
3. Review of Regulated Procurement Compliance	4
4. Community Benefit Summary	5
5. Fair Work and the Real Living Wage.....	6
6. Payment Performance and spend on Purchase Cards.....	6
7. Supported Business Summary.....	7
8. Spend and Savings Summary.....	7
9. Future Regulated Procurements Summary	8
Appendix 1 – Full List of Regulated Procurements	9
Appendix 2 – Requirements of the Act.....	14
Appendix 3 – Community Benefit Outcomes.....	17
Appendix 4 – Future Regulated Procurements (From April 2018 to March 2020)....	18
Appendix 5 - Spend on Purchase Cards	19

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.

Inverclyde Council is pleased to publish our second Annual Procurement Report. The content of this Report covers all regulated procurements completed during the period 1st April 2018 to 31st March 2019 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. A further PCIP assessment will take place in late 2020.

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 10 regulated procurements during the reporting period with a total value of £4,325,896

Type	Volume	Value
Awards of New Council Contracts	7	£3,713,877
Awards from Non Council Frameworks	3	£612,019

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 2018/19 spend is shown for each framework in Appendix 1 table 2.

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..

Key community benefits outcomes secured include:

- 1 Modern Apprenticeships
- 4 New start skilled or semi-skilled posts.

- 6 educational events and or site visits

Appendix 3 provides full 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 within the 2017/18 Procurement Annual report, the Council is now 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.	10
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.	10
c) Number of unique suppliers who are accredited Living wage employers and were awarded a regulated contract during the period	3
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract award during the period	2

6. Payment Performance

A further addition to this years report from last years is the table below on payment performance.

a) Number of valid invoices for the period	59750
b) Percentage of invoices paid on time for the period	95.86%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains	10
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts	0

A 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 £297, who are a registered Supported Business and continues to explore opportunities for other organisations to become a supported business.

8. Spend and Savings Summary

A further new requirement of this years report is that the following summary of spend and savings is provided:

a) Total procurement spend for the period covered by the annual procurement report.	£114,530,134
b) Total procurement spend for the period on SMEs during the period covered by the annual procurement report.	£75,303,563
c) Total procurement spend with third sector bodies during the period covered by the report.	£38,834,932
d) Percentage of total procurement spend through collaborative contracts	28.5%
e) Total targeted cash savings for the period covered by the annual procurement report	£0
f) Total delivered cash savings for the	£0

period covered by the annual procurement report	
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

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 rd Sector YES/NO
17/10/18	Portakabin (Scotland) Ltd	Temporary Accommodation	Gourock Primary Temporary Accommodation	£131,854.00	14/11/2018	02/10/2019	Y	N
31/10/18	Marwood Electrical Company Limited	Supply of Street Lighting Materials	Street Lighting Materials via Mini Competition on Scotland Excel Framework	£322,494.30	31/10/2018	12/12/2018	Y	N
20/11/18	Safe Shores Limited	Telecare	Provision of a Lone Monitoring System	£48,000	01/01/2019	31/12/2022	Y	N
04/12/18	The Legal Services Agency	Legal Advice	Housing Information and Advice	£110,000	11/12/2018	10/12/2021	Y	Y
04/05/18	Kompan Scotland Limited	Outdoor Play Equipment	Design, Supply & Installation of Outdoor Play Equipment via Mini Competition on Scotland Excel Framework	£139,525.45	18/06/2018	20/08/2018	Y	N
18/05/18	Hillhouse Quarry Group	Roadstone	Supply and Delivery	£2,000.000	01/06/2018	31/05/2020	Y	N

	Limited		of Coated Roadstone					
24/05/18	Kone plc	Lift Maintenance	Service, Maintenance and Repair of Lifts	£75,000	01/06/2018	31/05/2021	Y	N
05/06/2018	The Wise Group	Property Maintenance and Construction/ Energy Efficiency	Management Partner for the Delivery of Home Energy Efficiency Programmes	£1,249,023	29/06/2018	30/06/2021	Y	Y
02/07/18	Scottish Water Horizons	Waste Processing	Provision of a Food Waste Service via Mini Competition on Scotland Excel Framework	£100,000	16/10/2018	15/10/2021	N	N
09/08/2018	Imperial Civil Enforcement Solutions	Software	Parking Management Systems Services	£150,000	16/10/2018	15/10/2021	Y	N

Table 2 – Orders on Frameworks amounting to more than £50,000 spend in 2018/19.

Framework Owner	Framework Name	Framework Start	2018/19 Spend
Scotland Excel	Children's Residential Care	01/05/2018	£1,636,099
Scotland Excel	Street Lighting Materials	01/07/2017	£434,891
Scotland Excel	Groceries & Provisions	01/05/2016	£442,778
Scotland Excel	Care Homes for Adults (LD)	29/06/2015	£704,699
Scotland Excel	Heavy Plant	02/03/2015	£103,824
Scotland Excel	Frozen Foods	01/07/2017	£262,422
Scotland Excel	Meats - Fresh, Prepared & Cooked (inc. Fresh	01/01/2018	£156,553
Scotland Excel	Secure Care	01/04/2017	£88,933
Scotland Excel	Salt	01/07/2014	£152,836
Scotland Excel	Janitorial Products	01/03/2015	£104,821
Scotland Excel	Library Books & Textbooks	01/02/2018	£157,764
Scotland Excel	Engineering Consultancy	18/03/2017	£138,732
Scotland Excel	Education Materials	01/08/2017	£224,802
Scotland Excel	Fostering	25/03/2017	£154,512
Scotland Excel	Security	01/04/2015	£142,260
Scotland Excel	Presentation & Audio Visual Equipment	01/04/2015	£151,382

Scotland Excel	Milk	01/03/2014	£102,239
Scotland Excel	Heavy Vehicles	01/01/2018	£99,744
Scotland Excel	Light Vehicles	16/07/2013	£87,480
Scotland Excel	Street Lighting Bulk Renewal of Luminaires	21/07/2016	£86,859
Scotland Excel	Education And Office Furniture	01/03/2017	£224,802
Scotland Excel	Recycle and Refuse Containers	01/11/2013	£103,824
Scotland Excel	Personal Protective Equipment	01/03/2017	£85,434
Scotland Excel	Vehicle Parts	13/01/2017	£65,793
Scotland Excel	Tyres	01/11/2017	£129,851.12
Scotland Excel	Asbestos	01/04/2015	£62,200
Scotland Excel	Building Related Engineering Consultancy	01/10/2015	£59,118
Scotland Excel	Vehicle and Plant Hire	10/11/2017	£56,894
Scotland Excel	Electrical Materials	01/04/2016	£70,959
Procurement Scotland	Stationery and Office Paper	01/06/2016	£357,316
Procurement Scotland	ICT Products	01/01/2016	£404,500
Procurement Scotland	Fuel	14/10/2015	£565,023

Procurement Scotland	Gas	01/04/2014	£692,467
Procurement Scotland	Electricity	01/04/2013	£1,878,422
Procurement Scotland	Water and Waste Water	01/03/2016	£390,000

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

Theme	Outcome	Secured for Delivery
Targeted Recruitment and Training	<u>New Entrant - Modern Apprentice</u> Saint Mary's	1 posts
	<u>New Entrant – Job</u> Crosshill Childrens Centre Saint Mary's	1 posts 3 posts
Educational Support	Careers Event, Industry Awareness Days or Workshops for school pupils or college students	6 events

Appendix 4 – Future Regulated Procurements (From April 2019 to March 2021)

Subject Matter (Commodity)	Title of Contract	Contract Start Date	Estimated Total Contract Value	Type
Software	SWIFT Replacement	01/01/2021	£1,000,000	Ongoing
Software	Homecare Management System	30/07/2020	£300,000	Ongoing
Roads Civils	Road Markings & Studs	01/11/2019	£200,000	Ongoing
Adult Social Care	National Care Home Contract	01/04/2020	£12,500,000	Ongoing
Construction	Inverkip Power Station (City Deal)	01/10/2019	£3,250,000	One off
Construction	Ocean Terminal Marine Works	01/08/2019	£12,000,000	One off
Construction	Ocean Terminal Building	01/10/2019	£7,200,000	One off
IT Hardware	Multi-Functional Devices	01/12/2019	1,500,000	Ongoing
Healthcare	Occupational Health	01/02/2020	£270,000	Ongoing
Ironmongery/ Blacksmiths	Blacksmiths	01/11/2019	£400,000	Ongoing
Professional Services	Provision of a Citizen`s Panel	01/11/2019	£50,000	Ongoing
Waste	Residual Waste	01/09/2021	£15,000,000	Ongoing
Fuel	Wood Pellet	01/12/2019	£240,000	Ongoing
Waste Management	Gulley Waste and Street Sweeping	01/12/2019	£50,000	Ongoing
Business Development	Business Gateway	01/09/2019	£370,000	Ongoing

Appendix 5
Purchase Card Spends Equating to more than £25,000 for 2018/19

Supplier	Spend
MCCONECHY TYRES	£129,851.12
AMAZON	£68,596.47
ELECTRIC CENTER	£66,321.39
ARNOLD CLARK2	£65,087.74
TESCO	£61,327.00
GRAHAM	£47,372.57
DVLA VEHICLE TAX	£40,124.00
MGM TIMBER	£28,519.74
LYRECO UK LTD	£26,361.93
SHB HIRE LTD	£25,837.41

