

ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Committee
DATE	12 November 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Annual Procurement Performance Report 19-20
REPORT NUMBER	COM/20/211
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Melanie Mackenzie
TERMS OF REFERENCE	4.5

1. PURPOSE OF REPORT

- 1.1 Every Scottish Local Authority is required to publish an Annual Procurement Report on its procurement activity. The supporting appendices to this report are in a format following guidance issued by the Scottish Government.

2. RECOMMENDATION

- 2.1 That the Committee approves the content and publication of the Annual Procurement Report 2019/2020 (Appendix A) and Annex A to the report (Appendix B).

3. BACKGROUND

- 3.1 Section 18 of the Procurement Reform (Scotland) Act 2014 requires every Scottish Local Authority to publish an annual procurement report on its regulated procurement activities. Regulated procurements are any procurement of goods and services with a value above £50,000 and works contracts with a value above £2 million.
- 3.2 The Annual Procurement Report (Appendix A) and Annex A (Appendix B) as appended to this report provide details of the performance of procurement activity across Aberdeen City Council. The report has been produced in accordance with the guidance issued by the Scottish Government and includes the required mandatory and optional sections. The report covers all regulated procurements completed from during the financial year 2019/2020; and anticipated future procurements covering the next two years (2021-2023).
- 3.3 Section 19 of the Procurement Reform (Scotland) Act 2014 requires every Scottish Local Authority to publish its procurement strategy on the internet and notify the Scottish Government of its publication. The Scottish Government must also prepare an annual report on procurement activity in Scotland which is based upon all the published annual procurement reports.
- 3.4 The Council's procurement function is shared with Aberdeenshire Council and The Highland Council. The procurement strategy sets out how the authority will

ensure that its procurement activity delivers value for money and contributes to the achievement of each of the authority's broader aims and objectives. The Strategy was published in 2017 and covers the period 2017 – 2022.

3.5 The high-level strategic priorities of the Joint Procurement Strategy focus on key themes of Efficiency, Governance and Improvement to underpin all procurement activity: -

- Support the delivery of financial and non-financial efficiencies.
- Deliver value and innovation.
- Support the local economy.
- Increased collaboration and standardization

3.6 The Annual Procurement Report covers the following Sections: -

Section	Title	Content
1	Summary of Regulated Procurements	Regulated procurements that have been completed in the reporting period.
2	Review of Regulated Procurement Compliance	Information on how regulated procurements have complied with the key objectives of the Joint Procurement Strategy
3	Community Benefits Summary	Community benefit requirements imposed as part of a regulated procurement.
4	Supported Businesses Summary	Steps taken to facilitate the involvement of supported businesses in regulated procurements.
5	Future Regulated Procurement Summary	Regulated procurement the authority expects to commence in the next two financial years.

3.7 As detailed in the annual procurement report, the performance data for 2019-2020 shows a significant increase in spend and percentage of spend with local suppliers, with an increase with spend with local SME's (Small and Medium Enterprises) demonstrated within those figures. Looking ahead to financial year 2021-2022, a Supplier Development programme will be developed which has an increased focus on future, actual contract opportunities (pipelines) across the main commodity categories, particularly where the local business community can help to shape/scope requirements to ensure competitiveness, a diverse marketplace and inclusive participation.

- 3.8 The Commercial & Procurement Shared Services are continually driving improvement in procurement activity through the provision of comprehensive guidance and training. In 2019-2020, a series of procurement e-learning modules were launched, all members of staff involved in procurement across Aberdeen City Council are required to be approved to a certain Delegated Procurement Authority (or DPA) level, depending on the procurement tasks they perform - from low level purchases to full competitive tenders.

A look ahead to objectives for delivery in financial year 2020-21:

- The procurement manual will be subject to a comprehensive review, including all associated templates
- A review of the joint procurement strategy will be undertaken

- 3.9 In the reporting period, the approach to community benefits within procurement activity has been guided by the commitments and aspirations expressed in our Joint Procurement Strategy. Our “Mission Statement” commits to delivery of:

“ethical and sustainable value for money solutions that support the operational needs and wider strategic aims of the councils and the communities they serve to further local and national priorities to the fullest extent possible.”

Beyond mandatory (£4M) and regulated thresholds (£50K for goods and services/£2M for works) the partner councils routinely seek:

“leverage opportunities (including social, economic and environmental value) aligned to the needs and priorities of our communities”

Our themed approach to community benefits continues to evolve and improve in close alignment with the following local and national priorities, as a result significant community benefit outcomes have been secured through the Council’s procurement activities within 2019-2020. To increase the measured impact across the city, the Council is working with Community Planning partners to explore how approaches could be aligned. Furthermore, Community Planning Aberdeen plans to engage the wider business community, beyond its supply chain, to promote opportunities for businesses to contribute towards lasting transformational change through their corporate social responsibility efforts.

This approach will see public, private and third sector organisations working together towards the shared ambition of ensuring ‘Aberdeen is a place where all people can prosper’ through the delivery of the Local Outcome Improvement Plan. This will be achieved by connecting businesses of all sizes with improvement projects and community organisations delivering social, economic and environmental outcomes for the city.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications from the recommendations of this report. The Commercial and Procurement Team will continue to target savings from all aspects of the strategic procurement process (tender, contract management, purchase to pay cycle) and will embed and improve demand management within the processes.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

<u>Category</u>	<u>Risk</u>	<u>Low (L)</u> <u>Medium (M)</u> <u>High (H)</u>	<u>Mitigation</u>
Strategic Risk	None	L	Annual reporting to Scottish Government as required by Procurement Legislation aids mitigation against Strategic Risk through transparency and scrutiny on outcomes delivered by Procurement Activity.
Compliance	Failure to publish an annual procurement report in line with SG Guidance	L	The recommendation has been made within this report in order to meet the SG requirements. Following approval, the report will be published on the ACC Website to meet the SG requirements and requirements of the Procurement Reform Act.
Operational	Significant areas of improvement highlighted within the annual report	M	Mandatory procurement training for staff involved in procurement activity supplemented with documented guidance and support notes

Financial	Assisting the council to meet budget savings targets	M	Continue to look for opportunities for efficiencies within third party contract expenditure, including opportunities to collaborate in procurement with our public sector partners and benchmarking to ensure those collaborations provide best value.
Reputational	Lack of signposting to key information	M	Development and implementation of a procurement communication strategy which will include updating internal and external procurement pages and provide regular updates to all council staff, members of the public and suppliers.
Environment/Climate	Lack of knowledge and understanding of the benefits of sustainable procurement	M	Increase through the training programme the knowledge and understanding of the benefits of sustainable procurement for all council staff who participate in the procurement process and make better use of the expertise within the council to ensure wider sustainable outcomes are achieved.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The ability to have an overview of contract activity/expenditure is aligned to Core Outcomes of the LOIP and the whole systems commissioning cycle approach.

Aberdeen City Local Outcome Improvement Plan	
Stretch Outcomes (Prosperous Economy/People/Place)	Community Benefits requirements are incorporated into all ACC Procurement Activity, consideration is given to the Stretch Outcomes within the LOIP at the development phase.
Regional and City Strategies	The proposals within the business cases appended to this report support Key Regional and City Strategies, details of anticipated outcomes are contained within each the business cases.
UK and Scottish Legislative and Policy Programmes	Each of the business cases appended to the report contains details of the legislative and policy programmes to be complied with.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix A – Aberdeen City Council Procurement Annual Report 2019-2020

Appendix B – Aberdeen City Council SPPN4/2019 Annex A

11. REPORT AUTHOR CONTACT DETAILS

Name Melanie Mackenzie
Title Strategic Procurement Manager
Email Address MeMackenzie@aberdeencity.gov.uk
Tel 01467 538293