

ABERDEEN CITY COUNCIL

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| COMMITTEE | Strategic Commissioning Committee |
| DATE | 16 June 2021 |
| EXEMPT | No |
| CONFIDENTIAL | No |
| REPORT TITLE | Annual Procurement Report 2020-2021 |
| REPORT NUMBER | COM/21/146 |
| 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 appendix to this report follows the format as issued by the Scottish Government for this purpose.

2. RECOMMENDATION

- 2.1 That the Committee approves the content and publication of the Annual Procurement Report 2020-2021 (Appendix A).

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) 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 2020-2021; 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: -

| Title | Content |
|---|---|
| Introduction | |
| COVID Impact | Information on impact of COVID-19 on Procurement Activity in the reporting period. |
| Section 1 – Summary of Regulated Procurements | Regulated procurements that have been completed in the reporting period. |
| Section 2 – Review of Regulated Procurement Compliance | Information on how regulated procurements have complied with the key objectives of the Joint Procurement Strategy |
| Section 3 – Community Benefit Summary | Community benefit requirements imposed as part of a regulated procurement. |
| Section 4 – Supported Businesses Summary | Steps taken to facilitate the involvement of supported businesses in regulated procurements. |
| Section 5 – Future Regulated Procurements Summary | Regulated procurement the authority expects to commence in the next two financial years. |
| Appendix 1 – Regulated Procurements - 1 April 2020 to 31 March 2021 | |
| Appendix 2 – Future Regulated Procurements 2021-2023 | |

3.7 The Annual Procurement Report 2020-2021 provides details of spend and percentage of spend with local suppliers. Looking ahead to financial year 2021-2022, a Supplier Development programme will be developed to build upon current engagement with local and small to medium enterprises 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. An overview of improvement activity is provided within the Annual Procurement Report at Appendix A.

A look ahead to objectives for delivery in financial year 2021-2022:

- Commercial Strategy has been developed and implementation of the strategy will be undertaken in financial year 2021-2022
- Climate criteria will be embedded within procurement activity, with a view to influencing Climate change through the Council's expenditure (where proportionate and relevant)
- Development and implementation of a system to capture Community Benefits, Fair Work Practices, Sustainability and Climate data
- A comprehensive review and revision will be undertaken of the Procurement Manual, including a revision of all associated templates.
- Comprehensive review of the procurement strategy will be undertaken
- A programme of events will be developed in conjunction with the Supplier Development Programme to facilitate involvement of the local supply chain
- Supplier Relationship Management procedures will be implemented across the organisation, improving upon the current Contract Management procedures
- The Commercial & Procurement Shared Service intend to launch a website, it's anticipated the website will have both an external facing and internal facing section.
 - External facing – aimed at suppliers/public
 - Internal facing – delegated procurers within the 3 Councils

- 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, however as the number of procurements advertised during the reporting period has been significantly affected by COVID-19 this in turn has affected the Community Benefit outcomes achieved during financial year 2020-2021. As detailed in the Community Benefits Analysis Summary as an organisation we have included, in process or delivered a total of 302 Community Benefits in this period.

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 |

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| 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 |
|--|-------------------------------------|
| Impact Assessment | Full Impact Assessment not required |
| Data Protection Impact Assessment | Not required |

9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix A – Aberdeen City Council Procurement Annual Report 2020-2021

11. REPORT AUTHOR CONTACT DETAILS

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