

ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Committee
DATE	23 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Annual Procurement Report 2021-2022
REPORT NUMBER	COM/22/104
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

That the Committee:-

- 2.1 Approves the content and publication of the Annual Procurement Report 2021-2022 (Appendix A).

3. CURRENT SITUATION

- 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 2021-2022; and anticipated future procurements covering the next two years (2022-2024).
- 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, the strategy will be reviewed and refreshed during Q2 and Q3 of the current financial year.
- 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 standardisation
- 3.6 The Annual Procurement Report covers the following Sections: -

Title	Content
Introduction	
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 2021 to 31 March 2022	
Appendix 2 – Future Regulated Procurements 2022-2024	

- 3.7 The Annual Procurement Report 2021-2022 provides details of spend and percentage of spend with local suppliers. Looking ahead to financial year 2022-2023, the programme of Supplier Development will be continued 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.

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 2022-2023:

- Development and implementation of a system to capture Community Benefits, Fair Work Practices, Sustainability and Climate data
- A comprehensive review and revision will be completed 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 will launch the C&PSS website following completion of testing
- Social Care team - further development of the quality assurance process commenced in financial year 2021/22

- 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 detailed in the Community Benefits Analysis Summary as an organisation we have included, in process or delivered a total of 2271 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 provide support to Services 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. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	-	-	-	-
Compliance	Failure to publish an annual procurement report	Production of Annual Report and subsequent publication to meet the SG requirements and requirements of the Procurement Reform Act.	L	Yes
Operational	Significant areas of improvement identified within the annual report	Mandatory procurement training for staff involved in procurement activity supplemented with documented guidance & support notes.	M	Yes
Financial		Ongoing assessment of opportunities for efficiencies within third party contract expenditure, including potential for collaboration in procurement with our public sector partners to achieve best value.		Yes
Reputational	Lack of signposting to key information	Development and implementation of a procurement communication strategy which will include updating internal and	L	Yes

		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	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.	M	Yes

8. 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, Fair Work and Climate 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.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

None

11. APPENDICES

Appendix A – Aberdeen City Annual Procurement Report (APR) 2021-2022

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