

2023/2024 Annual Review - Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to seek approval for the 2023/2024 Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy.
- 1.2 This report outlines the requirement for the annual updates and the key changes that have been made to both the Procurement Strategy and the Sustainable Procurement Policy.
- 1.3 The first drafts of both documents were noted by the Procurement Board on 2nd November 2022, the Departmental Management Team on 7th November 2022 and the Executive Leadership Team on 14th November 2022.
- 1.4 The report recommends that the Policy & Resources Committee agree the Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy, and documents to go on to the Full Council for noting in February 2023.
- 1.5 Following the formal approval process both documents will be finalised and published in April 2023.

2023/2024 Annual Review - Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25

2.0 INTRODUCTION

- 2.1 The purpose of this paper is to seek approval for the revised Procurement Strategy 2022/2025 and Sustainable Procurement Policy 2022/2025, following the Annual Review of both.

3.0 RECOMMENDATIONS

- 3.1 That the Policy & Resources Committee note the minor changes to the Procurement Strategy 2022/2025 and Sustainable Procurement Policy 2022/2025.
- 3.2 That the Policy & Resources Committee approves the final revised Procurement Strategy 2022/25 and Sustainable Procurement Policy 2022/25, to go on to the Full Council in February 2023.

4.0 DETAIL

- 4.1 All public bodies with an annual regulated procurement spend of £5 million and above must produce a Procurement Strategy under Section 15 of the 2014 Act.

In terms of the Act, a public body which expects to have procurement expenditure of £5 million or more in the next financial year must, before the start of that year, either publish a Strategy, where one does not exist or review an existing strategy making such revisions to it as the body considers appropriate and publish its revised strategy.

On publishing a revised Procurement Strategy, a public body must then notify Scottish Ministers by sending an e-mail to ProcurementStrategies@gov.scot with a link to where the revised strategy can be accessed.

The Council published its 3 year Procurement Strategy 2022/2025, and this paper sets out the Annual Review of the Strategy for 2023/2024. This ensures that we meet the various obligations set out in the Strategy in a timeously manner.

4.2 The Council has three key strategic procurement objectives:

- Legal compliance
- Value for money
- Empowering local suppliers

which remain in the updated Strategy.

The updated Procurement Strategy continues to set out a framework which enables the Council to continue on its journey of change and innovation through:

- Build capacity and skills within the Council to continue to improve procurement, commissioning and contract management activity;
- Promoting the benefits of early procurement engagement and innovation;
- Making sure we comply with our statutory procurement duties;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Making sure we continue to adopt a partnership approach between internal and external partners;
- Encouraging more innovative use of community benefits requirements and ensuring that community benefit outcomes have been achieved that deliver for our local communities;
- Engaging proactively with key suppliers through contract and supplier relationship demand management to ensure that we extract maximum value and innovation from our supply base;
- To enhance contract management throughout the Council to increase efficiency and deliver better value for money;
- Focusing our procurement activity on delivering best value improvements for the people and communities in Argyll and Bute;
- Working co-operatively in everything we do to support Small and Medium-sized Enterprises (SMEs) and the third sector organisations. Continue to improve access to public sector contracts, particularly for local SMEs, Supported Businesses, Social Enterprises, Co-operatives and Third Sector;
- Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond;
- Continuing to promote sustainability, fair work first practices and the importance of equality and equal treatment through procurement;
- Setting out clear and achievable strategic objectives which support delivery of the Council's wider goals and objectives; and
- Making sure we continue to investigate and develop purchase to pay systems to improve our procurement methods.

4.3 Procurement Strategy Annual Review Outcomes

The PCCMT has reviewed this Strategy's aims, key priorities and objectives against the national outcomes set by the Scottish Government via their Scottish Procurement Policy Notes to ensure it continues to meet all of the Council's procurement requirements and objectives for the period 2023/2024.

The review concluded all objectives remain the same and identified the following minor changes to the Strategy attached as Appendix 1 (changes to wording updated in red):

Section 3 – Page 8: Item v) Priority: climate emergency, high level aims have been updated, in red, as follows:

v) Priority: climate emergency (including carbon reduction and a circular economy)

High level aims:

- prioritise and take account of climate and the circular economy within our regulated procurement activity; through the inclusion of questions on both of these issues within the initial strategy development stage for all regulated procurements, which will ensure that these issues are considered at an early stage of the procurement process; through the inclusion of appropriate evaluation criteria within relevant procurement processes; and through ongoing monitoring of relevant contractual elements within contract management.
- embed climate considerations in a 'whether', 'what', 'how' and 'how much' we buy approach.
- integrate climate action in contract and supplier management activities.
- seek local leaders, stakeholders and suppliers commitment to developing cross-functional roadmaps that exploit opportunities for economic development while delivering on our climate ambitions.

Delivery/success statement for all procurement leaders

We will mobilise the public sector's c£12.6 billion procurement spend to support our climate change and circular economy obligations. We will take part in an aligned sectoral approach, building on existing networks to secure high-level buy-in, clarify expectations and gain traction on the call to action.

We will identify and mitigate risks, exploiting opportunities and priorities through in-sector and cross-sectoral ways of working. We will develop integrated cross-functional climate impact reduction roadmaps (for example, construction, heat, travel, fleet) that may also exploit opportunities for economic development in delivering our climate ambitions. We will benchmark industry best practice and work collaboratively across the public sector to develop practical approaches and buyer capability to influence a green recovery and wider climate and circular economy ambitions.

As the approach to Climate Change develops nationally, the Council's Procurement, Commercial and Contract Management Team and Climate Change Board colleagues will continue to work collaboratively to ensure a consistent Argyll and Bute Council approach for future potential measurement and reporting of scope 3 emissions.

Section 6 - Page 27: The Corporate & Education Category's Analysis of the existing spend profile updated, in red, with 2021/22 spend data as follows:

2022/25 Strategy

Analysis of the existing spend profile (financial year 2021/22) across the Corporate & Education Category has identified the volume of uncontracted suppliers as a priority areas of focus. The analysis breaks down as follows:

Spend Type	Number of Orders	Total value (£)	Number of suppliers	Average transaction value (£)	Total %
Contracted	23942	£19.84m	290	£828.85	88.61%
Uncontracted	3981	£2.55m	339	£641.03	11.39%

Section 7 - Page 37-39: The Financial Analysis section has been updated, in red, with 2021/22 spend data.

7.1 The Council's total procurement spend in 2021/22 on supplies, services and works was £158.8 million, this is broken down by Category in the table below.

Table 1: Procurement Spend by Category for 2021/22

Category	Total Spend 2021/22
Construction & Environment	£81.58m
Corporate & Education	£22.40m
Care & Housing	£54.82m
Total	£158.80m

7.2 The following table (Page 6) shows the Council's spend in more detail by vCode Business Sector, a classification system appended by the Scottish Procurement Information Hub.

Table 2: Procurement Spend by vCode Business Sector for 2021/22

vCode Business Sector	Total Spend 2021/22
Social Care & Services	£46.54m
Construction	£37.65m
Facilities Management	£18.89m
Waste & Environmental Services	£10.35m

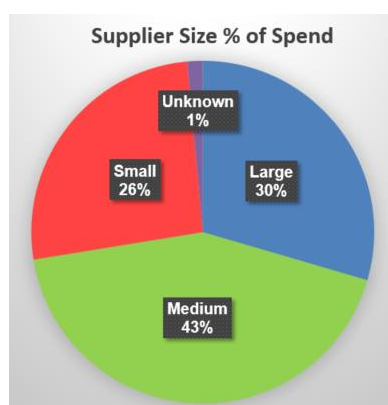
vCode Business Sector	Total Spend 2021/22
Travel & Accommodation	£6.30m
Other Goods & Services	£5.79m
Vehicles	£5.76m
ICT	£4.60m
Utilities & Energy	£4.18m
Healthcare	£3.75m
Arts, Sport & Leisure	£2.44m
Transport	£1.90m
Human Resources	£1.89m
Education	£1.64m
Financial Services	£1.45m
Business Support Services	£1.02m
Food, Beverage & Catering	£0.91m
Animals & Farming	£0.60m
Public Sector Bodies	£0.57m
Professional Services	£0.52m
Security Equipment & Services	£0.50m
Legal	£0.36m
Data Not Available	£0.35m
Manufacturing & Machinery	£0.28m
Marketing & Media	£0.26m
Stationery & Office Products	£0.15m
Clothing	£0.05m
Retail & Wholesale	£0.04m
Laboratory	£0.03m
Personal Care	£0.02m
Charitable & Religious Activity	£0.003m
Total	£158.80m

7.3 The top 20 suppliers to the Council account for 47.9% of the procurement spend. The following table shows the top suppliers and spend for the year 2021/22.

Table 3: Spend with Top 20 suppliers in 2021/22

Supplier Name	Total Spend 2021/22
ABC Schools Ltd	£15.36m
Heron Bros Ltd	£10.25m
Renewi Argyll and Bute Ltd	£6.89m
Hub North Scotland Ltd	£5.52m
Carr-Gomm Society Ltd	£4.85m
West Coast Motor Services Co.	£4.81m
Enable	£4.50m
Kiely Bros Ltd	£3.22m
Hillhouse Quarry Company Ltd	£2.89m
Econ Engineering Ltd	£2.61m
DCF Joiners & Building Services Ltd	£1.84m
HC One Ltd	£1.72m
BCA Insulation	£1.71m
Key Housing Association Ltd	£1.64m
Affinity Trust	£1.61m
Mckenzie Care Homes Ltd	£1.57m
Carers Direct Ltd	£1.47m
TSL Contractors Ltd	£1.22m
Barr Environmental Ltd	£1.20m
Breedon Aggregates Scotland Ltd	£1.15m
Total Spend with Top 20 Suppliers	£76.03m

7.4 In 2021/22, spend with SMEs accounted for 69% of procurement spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2021/22.



4.4 **Sustainable Procurement Policy**

The Argyll and Bute Council Sustainable Procurement Policy 2022/2025 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic, and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

4.5 **Summary of key changes to the Sustainable Procurement Policy 2022/25**

The Argyll and Bute Council Sustainable Procurement Policy 2022/2025 has only had a minor update, **Item 1.3 - Page 51: "Argyll and Bute Council is one of the region's major purchasers, with a total procurement spend in 2021/22 of £158.8 million"**.

4.6 The 2023/2024 Annual Review of the 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy is attached as Appendix 1.

4.7 The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

5.0 **CONCLUSION**

5.1 The Procurement Strategy and Sustainable Procurement Policy have been reviewed in keeping with the Strategy requirements (Section 8.2) to ensure that it continues to meet the Council's procurement objectives and outcomes as well as ensuring that the Council meet its statutory requirement to do so on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

6.0 IMPLICATIONS

6.1	Policy:	The Procurement Strategy and the Sustainable Procurement Policy
6.2	Financial:	None
6.3	Legal:	This paper ensures the Council meets the statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis.
6.4	HR:	None
6.5	Fairer Scotland Duty:	
	6.5.1 Equalities protected characteristics	None]
	6.5.2 Socio-economic Duty	None
	6.5.3 Islands	None
6.6	Climate Change:	None
6.7	Risk:	None
6.8	Customer Service:	None

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Appendices

Appendix 1:

2023/2024 Annual Review of 2022/2025 Procurement Strategy and 2022/2025 Sustainable Procurement Policy