



**Annual Procurement Report 2020-21**

# **Angus Council Annual Procurement Report 2020-21**

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# Angus Council Annual Procurement Report 2020-21

## Section 1 - Summary and Background

The Angus Council Annual Procurement Report 2020-2021 covers the Council's procurement activity from 1 April 2020 to 31 March 2021. The annual report records and publicises the Council's performance and achievements in delivering its procurement strategy. This report has been produced in accordance with the guidance issued by the Scottish Government. A number of challenges and opportunities have arisen in this period: -

### Response to Covid-19 Pandemic

This report covers a period a great challenge faced by all services across the Council as a result of the Covid-19 pandemic. Despite these difficulties, the Procurement Service has been fully functional during this time, providing both business-as-usual and emergency services. Key areas of support have been provided in relation to: -

- Procurement and distribution of PPE and sanitisation equipment.
- Key Supplier Support - Cross-functional team facilitated payments for care providers and other essential suppliers to support long term sustainability.

### Brexit

Whilst the pandemic has caused disruption in supply chains, the EU Exit has also created challenges. In conjunction with services and suppliers, the team has ensured that the council has appropriate strategic and operational contingency plans to ensure supplies, services and works contracts can continue to be delivered as effectively as possible.

### Shared Service Review

In this period a shared service review with Perth & Kinross Council and Dundee City Council was ongoing, under the project management of Scotland Excel. This project had been undertaken with the possibility of combining procurement resource into a shared service. The project explored systems, processes, structures, strengths, opportunities, and resource. In summer 2021 the review concluded that the Councils were not, at that point, ready to commit to a full shared service but that three "tests of change" would be jointly developed, and these are now being progressed.

Much of the review work that was completed in 2021 will inform Angus Procurement Transformation in financial year 2022/23. Albeit consensus was not reached on combining the procurement resource of the three Councils into a shared service the recommendations arising from the review will be integral to inform the ambition and planned progress of the Angus Council Procurement Team.

During the review process, several posts in the Angus Procurement & Commissioning Team were not recruited to, pending the outcome of the review. Since the review concluded, these posts have now been recruited to and the team is now in a better position as regards staff resources and to progress with the ambitions detailed above.

### Angus Procurement Strategy 2019/21

The Angus Council Procurement Strategy has 4 key strategic objectives which are aligned to the crosscutting themes of the Angus Council Plan/Corporate Plan, especially that of the "Economy": -

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1. Procurement Capability Development
2. Maximising Efficiencies through Procurement
3. Development of Collaborative Opportunities
4. Fulfilment of Sustainable Procurement Duties

This Annual Report provides information on how the Council has delivered on its strategic objectives in 2020-21 and also looks forward to the development of a refreshed strategy.

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## Section 2 - Procurement & Commissioning Team

During the period covered by this Annual Report the Procurement & Commissioning Team sat within the Finance Directorate. In the latter part of 2021, the team moved to Legal and Democratic Services.

Angus has a core procurement team made up of the following officers: -

Team Management	
1 LG14 Manager - Procurement and Commissioning (Post vacant and new member of staff will start in mid-March 2022)	
Corporate Procurement	Social Care Procurement
1 LG12 Procurement Team Leader	1 LG12 Social Care Procurement Team Leader (new post recruited October 2021)
1 LG9 Contracts Officer (post vacant for entire 20/21 period pending shared service review)	3.5 LG9 Contracts Officers (2 posts vacant for entire 20/21 period pending shared service review)
1 LG6 Procurement Officer	

A temporary team as part of the Procurement Team was also set up in 2020 to administer the Key Supplier Support Scheme which arose to support essential suppliers during the Covid-19 pandemic. The Key Supplier Support Team currently comprises 2 LG9 Temporary Contracts Officers (financial auditing). It is expected that this scheme will come to an end in summer 2022.

### Tayside Procurement Consortium (TPC)

Angus Council currently pays for access to collaborative resource within TPC, which is shared with Perth and Kinross and Dundee City Councils. TPC is currently undergoing a change of structure to become more embedded in each constituent council. TPC will become more driven by council needs and will be able to ensure that planned activity is efficient and maximises collaborative opportunities.

### Scotland Excel

Angus Council pays Scotland Excel £87,710 per annum for access to contracts and frameworks with leveraged economies of scale due to being available for all councils to access.

Savings made by using Scotland Excel frameworks are just under **£200,000** per annum for the 2020-21 period (full spend in Annex 1).

It is also worth noting that the Angus local supply base benefits greatly from being suppliers on Scotland Excel contracts, benefitting from large spend from other local authorities as detailed below. This table shows the spend from all Councils within Scotland, through Scotland Excel Contracts, with

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suppliers based in Angus Council Area (please note that other Angus suppliers are on Scotland Excel contracts but spend data is not available in relation to these): -

<b>Supplier Name</b>	<b>SME Status</b>	<b>Town</b>	<b>Postcode</b>	<b>Spend by all councils via SXL Frameworks</b>
A M Phillip Trucktech Ltd	Medium	Forfar	DD8 1XP	£2,742,764
Rossie Young People's Trust	Medium	Montrose	DD10 9AQ	£3,931,069
Angus Tyres Ltd	Small	Arbroath	DD11 1AL	£2056
Breedon Northern Ltd.	Large	Monifieth	DD5 3RB	£475,824
Reid Hydraulic Services Ltd.	Micro	Arbroath	DD11 4UF	£86,856

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## Section 3 - Angus Council Spend

Angus Council's procurement spend in 2020/21 was **£114.5M**. It should be noted that the total spend figures throughout this report include Angus Health and Social Care Partnership spend. Angus awarded 100 contracts during the period 2020-21. The value was notably increased with 1 large value contract being awarded for an Early Years provision contract valued at £31million over 5 years. This was to ensure compliance with new legal duties following Early Learning and Childcare (ELC) expansion in 2021.

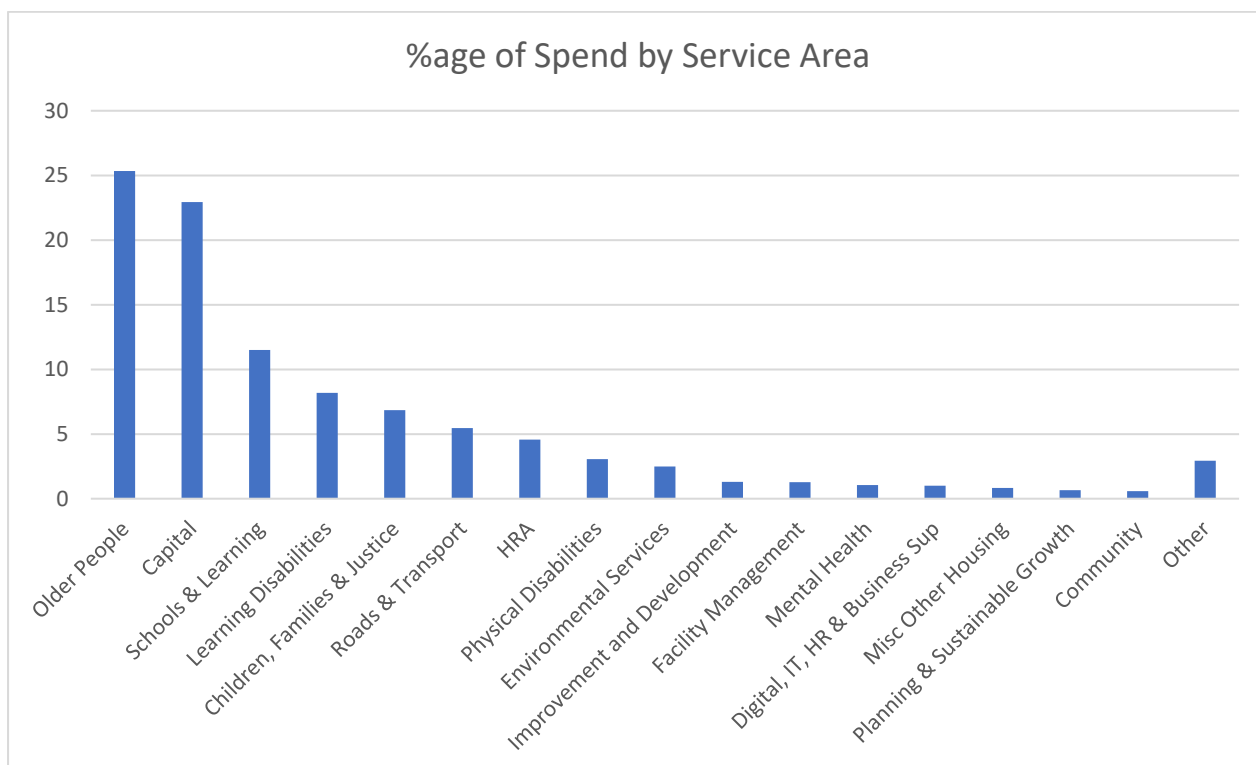
Procurement Activity Metrics	2020/21	2018/19	2017/18	2016/17	2015/16	2014/15
Number of Contracts Awarded	<b>100</b>	143	136	224	107	153
Number of awards published with £nil value	<b>2</b>	33	26	55	30	34
Number of Regulated Procurements	<b>10</b>	20	6	5	4	5
Number of Non-Regulated Procurements	<b>90</b>	123	130	219	103	148
Total Value of Contracts Awarded	<b>£59,859,347.8</b>	£24,971,860	£33,631,617	£48,456,182	£21,409,688	£47,499,535
Total Value of Regulated Procurements	<b>£48,036,431.20</b>	£11,564,256	£19,882,194	£20,835,984	£15,994,028	£35,735,399
Total Value of Non-Regulated Procurements	<b>£11,822,916.6</b>	£13,407,604	£13,749,423	£27,620,198	£5,415,660	£11,764,136

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Average Value of Contracts Awarded	<b>£598,593.48</b>	£227,017	£305,742	£286,723	£278,048	£399,156
Average Value of Regulated Procurements	<b>£598,5934.78</b>	£889,558	£3,313,699	£4,167,197	£3,998,507	£7,147,080
Average Value of Non-Regulated Procurements	<b>£131,365.74</b>	£138,223	£132,206	£168,416	£74,187	£103,194

## Angus Council Spend by Service Area

Table below is 20/21 Spend Shown in order of percentage



As illustrated above, spend continues to be highest in respect of social care, schools and learning and construction.

Procurement for construction is largely devolved to Council Services, with Corporate Procurement offering support as and when required.



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Procurement for Social Care is carried out with the support of the Social Care Team within Procurement and Commissioning. This is a large spend area driven by Angus Health and Social Care Partnership. The Social Care Team within Procurement and Commissioning had a number of unfilled vacant posts throughout the period this report covers, which have now been filled. There are also a number of changes expected to arise following the Feely report and the National Care Service Review and sufficient resource in this area will be critical to ensuring that there is no negative impact to the people of Angus while we accommodate any future change.

## Cost Reduction

Temporary funding has been secured for a temporary Spend Analyst and Project Assistant post to be recruited in 2022. Their remit will include examining spend and identifying opportunities to rationalise spend across the Council where possible. Initial work has been undertaken with approximately £50,000 of savings identified for proof of concept. These posts will not only aim to uncover more opportunities for economies across the Council, working in conjunction with the Enterprising Angus project, but to further build in cost savings to our processes.

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## Section 4 - Local Suppliers

During the 2020-21 period, Angus Council spent **£46.3 million** with local suppliers, which is **40.42%** of total spend.

Angus sits within the top 5 authorities for local spend for this period and regularly sits within the top 10 year on year. Given Angus' size and geographical location this success is testament to work with Procurement Engagement Events ("Meet the Buyer"), in conjunction with Economic Development, the wider council and Elected Members. In addition to this work, there have been increases in local spend in 2020-21. These increases are due to a number of factors, increased early years provision accounts for a higher spend in the early years and childcare sector, although notably for 20/21 it was lower than projected. There was also increased spend in relation to the Covid-19 response, which was often facilitated by local suppliers where national suppliers became unable to meet demand and local suppliers were able to respond quickly to meet our needs. Examples of this include: -

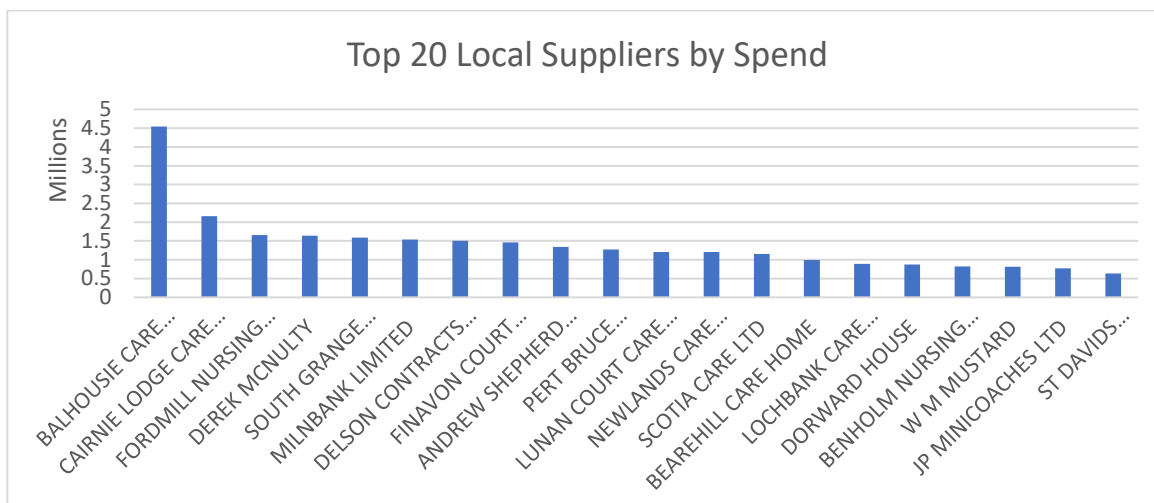
- Superfine – a local Angus supplier helped the Council react to the unforeseen demand for hand sanitiser and other related items.
- CJ Lang – a company based in Dundee but with presence in Angus assisted the Council to react quickly to the need for food boxes for those isolating and shielding when national companies were unable to cater for specific dietary needs.

These and other similar examples pushed our already high local spend with care and construction suppliers even higher.

Table below shows local spend year on year with this years being 40%

Year	% Of Spend with Suppliers HQ'd in Angus	% Of Spend with Suppliers HQ'd in Tayside	Scottish LAs Average
<b>2020/21</b>	<b>40%</b>	<b>58%</b>	<b>28%</b>
<b>2018/19</b>	<b>37%</b>	<b>52%</b>	<b>28%</b>
2017/18	41%	60%	25%
2016/17	35%	52%	20%
2015/16	29%	42%	27%
2014/15	30%	45%	26%

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## SME Spend

Angus Council has increased spend with SME suppliers from previous years, again helped by having to source required items and services for Covid-19 response, along with good engagement and collaboration with Economic Development and Procurement.

Year	% Of Spend with Small Businesses	% Of Spend with Medium Businesses	% Of Spend with SMEs	% Of Spend with Large Businesses	Scottish LAs Average % SMEs Spend
<b>2020/21</b>	<b>28%</b>	<b>35%</b>	<b>63%</b>	<b>37%</b>	<b>56%</b>
2018/19	27%	33%	61%	39%	56%
2017/18	23%	38%	62%	38%	55%
2016/17	24%	34%	58%	42%	56%
2015/16	19%	28%	47%	53%	56%

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## Section 5 - Payments

The Council is committed to ensuring that suppliers are paid on time. Angus Council made **103,654** payments in financial year 2020/21, with **98%** being on time, and **97%** being paid electronically. With local suppliers, **98%** of payments were made on time.

With the new “P2P” (procure to pay) system being implemented and ongoing work in relation to this, this high level of “on-time” payments will be sustained and, potentially, improved upon. Angus is committed to paying Micro businesses and SMEs, in particular, within 14 days of invoice receipt. It is expected that this will become more achievable with the new P2P system and structure and on-time payments are a key performance indicator for this system.

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## Section 6 - Community Benefits

In 2020-21 Angus Council included Community Benefits requirements in all Regulated Procurements.

However, it has been identified that monitoring of community benefits is not as efficient as it could be, and the team is not currently resourced for its ambitions in community benefits and community wealth- building.

Covid-19 demanded huge procurement resource and this impacted time allocated to spend on development of community benefits. As a result, funding was secured for a dedicated Community Benefits Officer FTE post for a period of 2 years that will focus on leveraging community benefits, delivering a community benefits “wish-list”, and monitoring delivery of agreed community benefits. This post will be recruited in 2022. Targets have been set for delivery of community benefits and community wealth-building to the people of Angus. This post will sit within the Procurement and Commissioning Team and will work closely with Services across the Council, particularly Economic Development and the Tay Cities Deal project team.

### Living Wage

Angus Council has made great efforts to ensure living wage is being paid by all suppliers we are contracting with. This is undertaken, as far as possible, at procurement stage and suppliers are regularly surveyed to ensure that they pay the living wage. It had been planned that during 2020-21 the Council would apply for Living Wage Accreditation but that was not possible due to Covid-19 priorities. However, continued good work and focus in this area has put the Council in a strong position to be able to apply for Living Wage Accreditation in 2022/23.

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## Section 7 - Opportunities for Improvements

As detailed above, 2020-21 was a period of flux for the Angus Council Procurement and Commissioning Service, both as a result of the ongoing shared service review with its limitations on the ability to recruit staff, as well as the significant challenges brought about by the Covid-19 pandemic. This has resulted in less opportunity to improve as it might have without these challenges. However, recruitment has now been undertaken to various vacancies and will also now be undertaken for the new temporary positions detailed above, all of which will be key in delivering on a number of ambitions to assist in meeting strategic objectives, including in relation to: -

1. **Compliance** – with increased resource, we aim to increase compliance and identify risks of non-compliance, a more detailed monitoring of spend will take place and this will be facilitated by the new “P2P” system in Finance.
2. **Savings** – Like all Scottish local authorities, budget pressures are a significant challenge for Angus Council. More detailed monitoring of spend, in conjunction with recruiting to the Spend Analyst posts, will enable the Council to focus on delivery of savings through procurement. This additional focus and resource will enable opportunities around efficiencies relating to third party spend to be explored and realised.
3. **Training** – Angus has one of the smallest per £spend corporate procurement teams in local government and as such has the most devolved procurement responsibility within Services. It has been identified that those with devolved procurement responsibility should be skills-assessed and training provided to address any skills gaps. This will increase compliance, build in cost savings, and reduce risk of legal challenge to the Council.
4. **Forward Plan** – We have a requirement by Scottish Government to publish our forward plan, identifying anticipated procurement activity in the coming year. With devolved procurement responsibility this has been difficult to co-ordinate, but work is ongoing to progress this and to ensure that this is published. Publishing a forward plan will further inform the market of our needs, give suppliers a chance to input and prepare for tenders, reducing strain on suppliers and increasing good quality tender responses (and in turn creating better value procurements).

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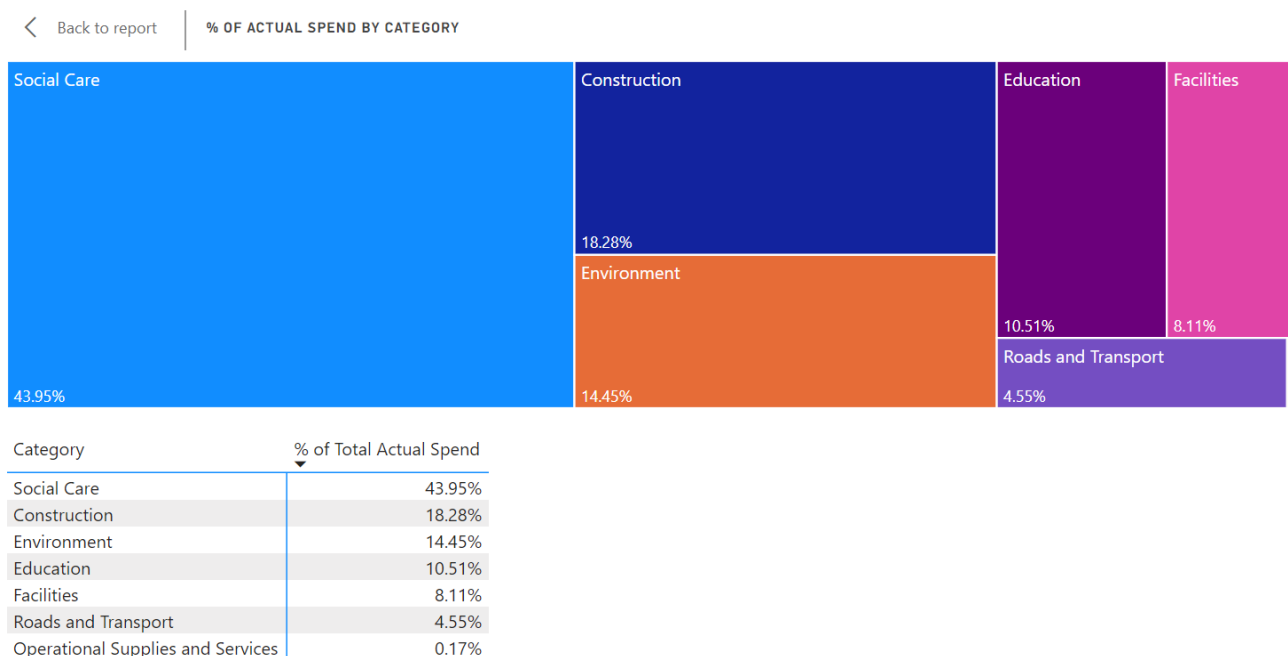
## Annex 1

### Scotland Excel Spend

Scotland Excel Spend by category below

Savings by using Scotland Excel contracts is just under £200,000 for the financial year 2020/21. In addition to economies of scale, being able to access these contracts allows us to utilise our procurement resource on Angus-specific contracts, reducing spend on resource within Angus and also allowing us quick compliant routes to market when we have urgent requirements that otherwise we wouldn't be resourced to service.

Our total spend with Scotland Excel for 20/21 is £12.4 million – split over categories shown in the graphic below



### Scotland Excel Spend and Savings

Table below shows Angus Council spend by contract with Scotland Excel

Contract No	Contract Title	Savings Committee Value	Actual Spend	Forecast Spend	Variance	Estimated Saving
0913	Energy Efficiency Contractors	3.00%	£855,470	£1,444,263	59.2%	£26,458
0916	Education Materials	10.90%	£501,846	£527,697	95.1%	£61,393
0416	Personal Protective Equipment	0.85%	£379,195	£128,119	296.0%	£3,251

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0815	Domestic Furniture and Furnishings	0.80%	£331,127	£299,976	110.4%	£2,670
1218	Janitorial Products	15.00%	£327,337	£174,671	187.4%	£57,765
0617	Library Books & Textbooks	0.13%	£293,280	£290,176	101.1%	£382
0216	Education And Office Furniture	4.40%	£239,963	£331,390	72.4%	£11,044
0616	Engineering Consultancy	4.60%	£204,598	£99,954	204.7%	£9,865
3217	Washroom Solutions and Sanitary Products	0.55%	£194,161	£90,256	215.1%	£1,074
0117	Recycle And Refuse Containers	1.24%	£157,891	£94,188	167.6%	£1,982
1419	Waste Disposal Equipment	1.00%	£154,115	£88,370	174.4%	£1,557
3117	Technology Enabled Care	8.70%	£144,731	£126,016	114.9%	£13,791
0618	Audio Visual	0.40%	£99,214	£195,606	50.7%	£398
0719	Security Services and Cash Collection	3.70%	£45,807	£14,994	305.5%	£1,760
1018	First Aid Materials	15.00%	£20,947			£3,697
1919	Catering Sundries	4.88%	£19,024	£11,406	166.8%	£976
1917	Milk	-9.38%	£14,422	£43,698	33.0%	-£1,237
0318	Building & Timber	0.30%	£11,701	£10,215	114.6%	£35
0717	Trade Materials	6.20%	£9,843	£4,820	204.2%	£651
0116	Vehicle Parts	7.22%	£9,026	£147,101	6.1%	£702
0919	Electrical Materials	0.40%	£4,040	£4,185	96.5%	£16
0720	Vehicle Parts	1.39%	£2,453	£0		£35
3017	Road Maintenance Materials	2.00%	£2,299	£2,049	112.2%	£47
0217	Vehicle & Plant Hire	2.92%	£1,657	£40,287	4.1%	£50
0915	Catering Sundries	2.50%	£1,390	£7,187	19.3%	£36
1118	Commercial Catering Equipment	9.90%	£830			£91
1818	Cleaning Equipment	7.50%	£13			£1
1220	Education Materials	0.50%		£63,232		
1620	Telecare Dps	0.00%		£0		
<b>Total</b>			<b>£12,423,579</b>	<b>£25,765,125</b>	<b>48.2%</b>	<b>£198,491</b>