

**WEST DUNBARTONSHIRE COUNCIL****Report by Strategic Lead – Resources****Corporate Services Committee: 22 May 2019**

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**Subject: Procurement Annual Report****1. Purpose**

- 1.1** The purpose of this report is to provide Members with details of regulated procurement during the period 1 April 2018 to 31 March 2019 and planned regulated procurement processes to 2020/21.
- 1.2** To approve the Procurement Annual Report for publication.

**2. Recommendations**

- 2.1** It is recommended that Members:
- a) Note the information in relation to regulated procurement;
  - b) Note the update on levels of compliant spend; and
  - c) Approve the Procurement Annual Report for publication.

**3. Background**

- 3.1** In accordance with the *Procurement Reform (Scotland) Act 2014*, the Council published its Corporate Procurement Strategy for the period 2017/2018 to 2020/2021, as agreed at Corporate Services Committee on 23 August 2017.
- 3.2** The *Procurement Reform (Scotland) Act 2014* requires Councils to detail:
- A summary of regulated procurements completed during the financial year;
  - Whether those procurements complied with the Council's Corporate Procurement Strategy;
  - Where any procurements did not comply, a statement of how the Council intends to ensure any future regulated procurement does comply;
  - A summary of any community benefit requirements imposed as part of a regulated procurement;
  - A summary of any steps taken to facilitate involvement of supported businesses; and
  - A summary of regulated procurement the Council expects to commence in the next 2 financial years.
- 3.3** This Procurement Annual Report summarises the performance and achievements of the Council in delivering its Corporate Procurement Strategy and covers the period between 1 April 2018 and 31 March 2019. The

procurement legislation relates specifically to regulated procurement – which is defined as: any procurement above £0.050m for supplies and services contracts and above £2m for works contracts. A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end.

#### **4. Main Issues**

- 4.1** The Procurement Annual Report is attached at Appendix 1 and highlights progress made over the past financial year on regulated procurements undertaken. Annex A sets out the compliant regulated procurements awarded. For financial year 2018/2019, the percentage of regulated spend that is regarded as being on contract is 79.7%. Annex B outlines the procurements that did not comply with the regulated procurement procedure.
- 4.2** The Council's sustainable procurement duty is maintained through early consideration at the contract strategy stage or through knowledge of forthcoming collaborative opportunities with regards to supported businesses - professional integration of disabled or disadvantaged persons; local small & medium enterprises (SME); local third sector and social benefits opportunities. The initiatives that the Council have undertaken in financial year 2018/2019 are shown in the Procurement Annual Report.
- 4.3** A summary of future regulated procurements anticipated in the next two financial years is provided in Annex D. As much detail as possible about what the Council intends to procure has been provided, however until full scoping activities are undertaken and the contract strategies are complete, the timeline, contracting approach and values may be subject to change.
- 4.4 Corporate Procurement Strategy Update**
- 4.4.1** The Procurement Strategy identifies a number of approaches that are intended to improve the Council's procurement performance and there are a number of performance indicators that are measured and will be reported in the annual update when it is reported to Committee in August 2019.
- 4.4.2** As part of the process of increasing levels of compliance the Corporate Procurement Unit has commenced a quarterly review of progress on this performance indicator.
- 4.4.3** The Council's Financial Regulations normally requires spend of £2k - £10k to be subject to 3 quotes; spend of £10k - £50k be subject to quick quote process and all spend above £50k to follow an appropriate tendering process.
- 4.4.4** For financial year 2018/2019, the analysis of spend has identified that of a total spend of £154.453m, 77.2% complied with financial regulations. This compares to the 2017/18 compliance rate of 72%. The target of 90% is set to be achieved by 2020, though clearly the aim will be to attain as close to 100% as possible.

**4.4.5** Some of the non-compliance relates to issues such as: Previous partnership arrangements being in place - for example care services, looked after children; early years and childcare providers – these need to be reviewed and formally reported to Members.

## **5. People Implications**

**5.1** There are no People implications arising from this report.

## **6. Financial and Procurement Implications**

**6.1** There are no direct financial implications arising from this report, however the external audit report to Council on 14 May 2019 indicated that this meant that Council could not always demonstrate Best Value was being achieved.

**6.2** The Council's procurements are designed to be open, transparent and accountable by complying with the *EU Consolidated Public Procurement Directive, Procurement (Scotland) Regulations 2016; Procurement Reform (Scotland) Act 2014*; and the Council's Financial Regulations, Standing Orders as well as procurement best practice. The procedures are designed to ensure that all organisations interested in the Council's procurements opportunities, are treated in a fair, open and transparent manner.

## **7. Risk Analysis**

**7.1** Off contract spend activities could lead to loss of funding, price inflation, non-compliance, etc. The actions identified in the Procurement Annual Report seek to minimise levels of non-compliance.

## **8. Equalities Impact Assessment (EIA)**

**8.1** There is no Equalities Impact.

## **9. Consultation**

**9.1** The Strategic Leads and Heads of Services have been involved in generating the statistics and values of on and off contract spend and have had the opportunity to contribute to the attached report.

## **10. Strategic Assessment**

**10.1** The report on the Procurement Annual Report provides support's the Councils aims in terms of providing open, accountable and accessible local government, and supporting the following strategic priority:

- Efficient and effective frontline services that improve the everyday lives of residents.

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**Designation:** Strategic Lead - Resources

**Date:** 15 May 2019

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**Appendix:** Appendix 1: Procurement Annual Report

**Background Papers:** None

**Wards Affected:** All