

Agenda Item	12
Report No	RES/29/23

## THE HIGHLAND COUNCIL

**Committee:** Corporate Resources Committee

**Date:** 06 September 2023

**Report Title:** Annual Procurement Report 01 April 2022 – 31 March 2023

**Report By:** Head of Corporate Finance

### 1. Purpose/Executive Summary

- 1.1 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. The Annual Procurement Report 2022-2023 has been produced in accordance with guidance from Scottish Government and is attached at **Appendix A**. The report covers all regulated procurements completed during the financial year 2022-2023; and anticipated future procurements covering the next two years (2023-2025).
- 1.2 This report has been presented to the Corporate Resources committee for the purposes of providing an update on procurement performance for 2022-2023 and to seek approval to publish the annual procurement report on the Highland Council website, to ensure that the Council is compliant in terms of Section 18 of the Procurement Reform (Scotland) Act 2014.

### 2. Recommendations

- 2.1 Members are asked to:
- i. Approve the content and publication of the Highland Council Annual Procurement Report 2022-2023 (Appendix A)

### **3. Implications**

#### **3.1 Resource**

There are no specific resources implications associated with the report.

#### **3.2 Legal**

The production of the report ensures that the Council meets its duties under the Procurement Reform (Scotland) Act 2014, and the report outlines how the Council intends to improve compliance going forward to ensure compliance under the Procurement Reform (Scotland) Act 2014.

#### **3.3 Community (Equality, Poverty, Rural and Island)**

The report highlights the positive impacts delivered through the inclusion of Community Benefits and Social Value clauses within procurement activity in previous years and provides details of those secured within the financial year covered in the report.

#### **3.4 Climate Change / Carbon Clever**

The report highlights the positive impacts delivered through the inclusion of Environmental clauses in the financial year.

#### **3.5 Risk**

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.

#### **3.6 Health and Safety (risks arising from changes to plant, equipment, process, or people)**

There are no Health & Safety implications arising from this report.

#### **3.6 Gaelic**

There are no Gaelic implications arising from this report.

## 4. Annual Procurement Report Purpose

- 4.1 Section 19 of the Procurement Reform (Scotland) Act 2014 requires every Scottish Local Authority to publish an Annual Report 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 across Scotland.
- 4.2 The Council's procurement function is shared with Aberdeen City and Aberdeenshire 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 the authority's broader aims and objectives, in line with Scotland's National Outcomes. The current Joint Procurement Strategy was published in 2017 and covers the period 2017 – 2023 and relates to the period covered by this Annual Report. Members will note from the agenda of this meeting that a refreshed strategy for the period 2023/24 on is a separate report.

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

## 5. Annual Procurement Report Highlights

- 5.1 The Annual Procurement Report includes the following Sections: -

Section	Title	Content
Introduction	Introduction	Provides details of Strategic Aims and Structure of Procurement to meet these along with high level expenditure details in the reporting period.
1	Summary of Regulated Procurements	Regulated procurements that have been completed in the reporting period.
2	Review of Regulated Procurement Compliance	Information on how regulated procurements have complied with the key objectives of the Joint Procurement Strategy.
3	Community Benefits Summary	Community benefit requirements imposed as part of a regulated procurement.
4	Supported Businesses Summary	Steps taken to facilitate the involvement of supported businesses in regulated procurements.
5	Future Regulated Procurement Summary	Regulated procurement the authority expects to commence in the next two financial years.

- 5.2 The procurement activity carried out within financial year 2022-2023 supported delivery of key Strategic objectives for the Highland Council and supported the Council in carrying out its functions. The report also highlights the improvement actions implemented in financial year 2022-2023, planned improvements for financial year 2023-2024 and provides analysis of the Community Benefits/Social Value delivered from contracts awarded in previous years and secured for future delivery from procurements concluded in 2022-2023.
- 5.3 The Procurement Reform (Scotland) Act 2014 requires local authorities to comply with the sustainable procurement duty in all regulated contracts. Regulated contracts are those with a total (“whole of life” ex VAT) value of £50,000 in terms of goods and services and £2M in the case of works. The Annual Report is primarily concerned with regulated procurements. Policies and procedures relating to procurement activity have a strong emphasis on the Public Sector Equality Duty, Fair Work Practices including Real Living Wage and a wide range of other socio-economic considerations designed to alleviate various forms of poverty and disadvantage under the Fairer Scotland Duty. The Highland Council is committed to securing meaningful environmental, social, and economic value in procurements and to working with all sectors of the business community in order to achieve increased prosperity.
- 5.4 Financial efficiencies of £613,000\* (Revenue) were achieved during the period 01 April 2022 to 31 March 2023 against a target figure (including carry forward) of £742,000. The balance of the procurement savings 2022/23 carried forward into this year 2023/24 with total carried forward of £127,000, the reason for this was solely attributable to the timing of delivery on the savings as opposed to under delivery of savings.

## **6. Strategic Alignment**

- 6.1 The annual procurement report highlights the procurement activity for financial year 2022-2023 in support of delivery of key strategic objectives for Highland Council.

Designation: Head of Corporate Finance

Date: 08 August 2023

Authors: Melanie Mackenzie (Strategic Commercial Manager, C&PSS)



**The Highland  
Council**  
**Comhairle na  
Gàidhealtachd**

**HIGHLAND COUNCIL**  
**ANNUAL PROCUREMENT REPORT**  
**01 APRIL 2022 – 31 MARCH 2023**



**Commercial &  
Procurement  
Shared Service**

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## Introduction

This is The Highland Council's Annual Procurement Report; the report covers the Council's procurement activity from 1 April 2022 to 31 March 2023. The report includes anticipated future procurement activity over the next two financial years - 2023 to 2025. The annual report records and publicises the Authorities performance and achievements in delivering its procurement strategy. This report has been produced in accordance with the guidance issued by the Scottish Government.

The Highland Council is part of the Commercial & Procurement Shared Services (C&PSS), a shared service agreement with Aberdeen City Council and Aberdeenshire Council. A joint Procurement Strategy 2017-2022 was published in November 2017, as required by the Procurement Reform (Scotland) Act 2014.

The high-level strategic priorities of the joint procurement strategy and key themes of Efficiency, Governance and Improvement continue to underpin all procurement activity.

- **Support the delivery of financial savings and non-financial efficiencies** through leverage of a combined contract portfolio;
- **Deliver value and innovation** by effective use of category and commercial management techniques and utilisation of spend analytic tools to enable smarter decision-making; identify collaborative opportunities and provide sector-specific market intelligence to inform decision making;
- **Support the local economy** by representing the North and East region at national framework user intelligence groups to ensure the needs of the communities are considered; maximising opportunities for the local supply chain, SMEs and third sector organisations through publication and prior engagement;
- **Increased collaboration and standardisation** without compromising governance/legislative compliance, the approach allows increased focus on:
  - Savings capture;
  - Market management;
  - Effective negotiation;
  - Exploration of new business models/opportunities; and
  - Social value

The Joint Procurement Strategy end date was extended to 2023 to allow for a full review and in addition to the mandatory elements required under legislation the proposal is to include themes covering Community Wealth Building, Climate Change and Commercialisation, the revised Joint Procurement Strategy is anticipated to go live in quarter three of financial year 2023-2024 following consultation and approval in each of the three partner Councils to the Shared Service.

The Commercial & Procurement Shared Service offers a range of strategic services with a dedicated team providing these services to the partners to the Shared Service agreement, which includes:

## Category & Commercial Management Team

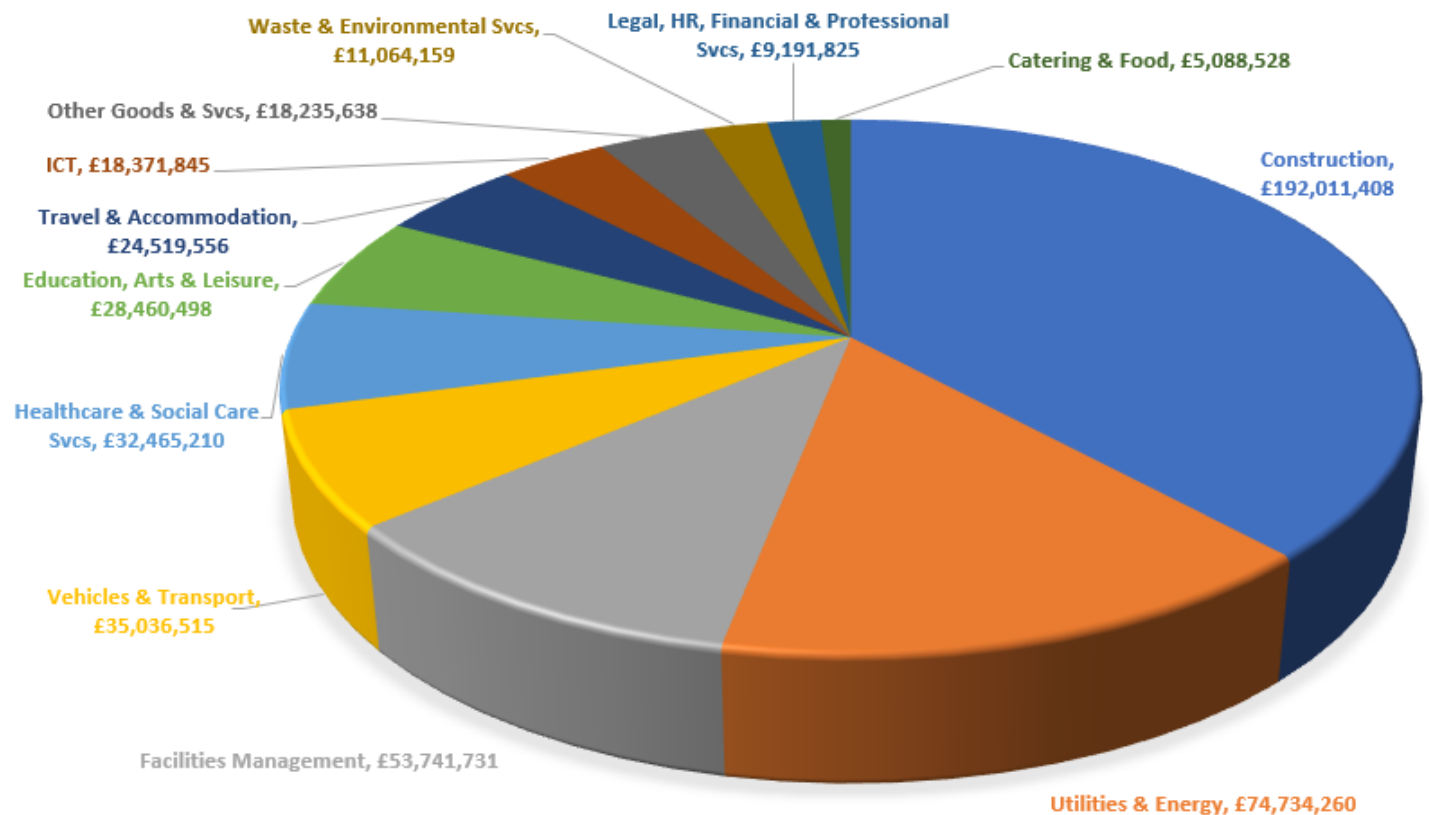
Category & Commercial Management Team covering Strategic Category Management supported by Category Managers and Senior Procurement Specialists, a dedicated data team offering cross functional high-quality data analysis, commercial team covering revenue opportunities and Community Benefits and Sustainable Procurement guidance & support.

The primary role of the Category & Commercial Management Team is to enable the partner councils to achieve their strategic objectives through the delivery of goods, works and services procured externally and to deliver improved value/increased revenue opportunity.

The strategic services provided by the team are:

- Data management, performance, analytics and insight.
- Procurement strategy, legislation, policy and advice.
- Category Management (for all strategic categories of spend).
- Review of regulated procurement compliance/Continuous Improvement Activity
- Commercial Management – covering revenue opportunities

The below graphic shows the annual expenditure by spend category (*expenditure across all budgets excluding staffing*) total spend in financial year 2022/3 of £502.9m





**\*A breakdown of the categories included in Other Goods & Services can be found below:**

<b>Category</b>	<b>Spend</b>	<b>Category</b>	<b>Spend</b>
Business Support Services	£ 4,790,882	Retail & Wholesale	£ 493,061
Public Sector Bodies	£ 4,290,524	Stationery & Office Products	£ 488,206
Security Equipment & Services	£ 2,458,903	Economic Development	£ 365,682
Marketing & Media	£ 1,378,055	Charitable & Religious Activity	£ 240,945
Community Development	£ 1,239,422	Laboratory	£ 123,960
Not Classified	£ 1,181,882	Purchasing Services	£ 48,776
Animals & Farming	£ 541,856	Clothing	£ 43,443
Manufacturing & Machinery	£ 517,994	Personal Care	£ 32,047

*The data is obtained from Spikes Cavell (Scottish Procurement Hub for publication of annual procurement related spend) and is based on the VCode Classification system, which classifies suppliers by their business activities and is specifically designed to allow public sector organisations a more accurate method of classification of suppliers.*

### **Strategic Procurement Board**

The Shared Service is overseen by the Strategic Procurement Board, the board is comprised of Senior Leaders from across the three Councils and has responsibility for:

- Oversight of the delivery of the services to the partners to the joint arrangement.
- Review the performance of the service using Key Indicators (such as the following) and providing scrutiny and challenge, where appropriate:
  - Local Supplier Spend;
  - Collaborative Spend;
  - Community Benefits;
  - % of spend on and off contract;
  - Savings flowing from the joint arrangements.
- Oversight of a programme of digitisation of procurement processes
- Providing oversight of the roll out of a procurement capability programme across the shared arrangement.

## **Capital Projects/Property Maintenance Contracts**

The procurement of Capital Projects/Property Maintenance Contracts has been devolved to Infrastructure and Environment and Property & Housing within the Highland Council, the procurement for these projects follows the strategy/guidance as contained within the Contract Standing Orders/Procurement Manual for the Highland Council as developed by the Commercial & Procurement Shared Service with reference to relevant legislation/Scottish Government guidance.

## **Infrastructure, Environment and Economy**

Is responsible for the design and construction of a diverse range of capital funded infrastructure such as roads, bridges, culverts and retaining walls; cycleways and footpaths; streetscaping, rock slope stabilisation, flood alleviation works; piers and harbours, coast protection; burial grounds; landfill sites and recycling facilities.

## **Housing and Property**

Is responsible for the management and delivery of construction programmes and projects within the Councils Capital Programme. We have a diverse range of projects including new build housing, new school builds and extensions, improvements to Council housing stock as well as projects to heritage buildings and visitor facilities.

In the year April 22 to March 23, 72 contracts were awarded by Housing and Property to fifty-seven contractors to the total value of £136M, £77M of which were awarded through frameworks. The largest contract awarded last year was £64M for the new 3-18 campus at Tain.

## **Supply Chain Challenges**

The COVID-19 pandemic has continued to have an impact on the Council's supply chain, as have the ongoing impacts of Brexit and more recently the impact of the invasion of Ukraine. The effects on the global economy and financial markets have made for another challenging year for the Council and its supply chain.

The Commercial & Procurement Shared Service have worked collaboratively with Services and Suppliers throughout the financial year, identifying solutions to challenges and minimising impacts of pricing increases as they have arisen (wherever possible), supporting delivery of vital frontline services whilst maintaining sustainability of our supply chain.

## Section 1 – Summary of Regulated Procurements

Section 18(2)(a) of the Procurement Reform (Scotland) Act 2014 requires organisations to include:

“a summary of the regulated procurements that have been completed during the year covered by the report” Regulated procurements are any procurement for goods and services with a value above £50,000 and works contracts with a value of above £2 million. A summary of the regulated procurements awarded within financial year 01 April 2022 to 31 March 2023 is provided in the graphics below.

A summary of all un-regulated procurements awarded within financial year 01 April 2022 to 31 March 2023 is also provided within the graphics below.

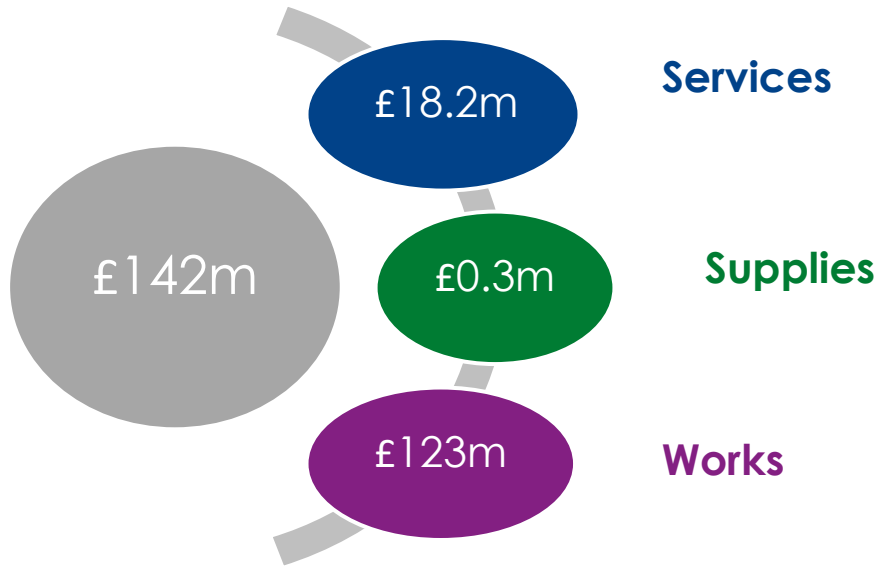
The information contained in the infographics below includes the award of mini-competitions or call-offs from established frameworks. The Council use several national framework providers including Scotland Excel and Scottish Government.

The Council maintains and publishes a contract register of contracts awarded on its website. The contract register can be used to identify future opportunities.

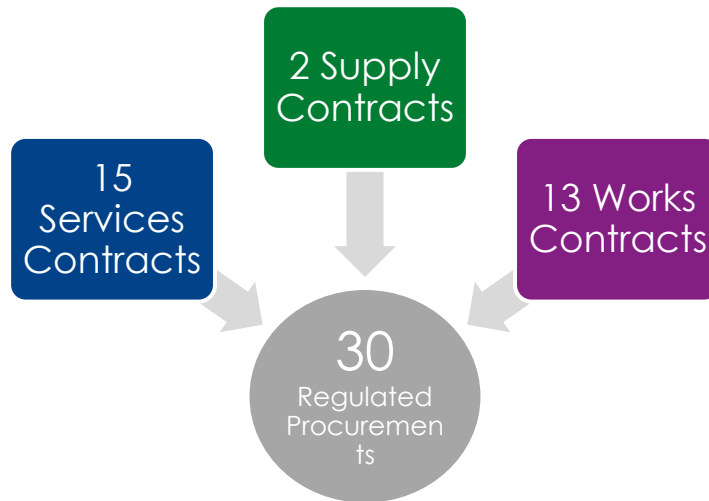
A detailed list of awarded regulated procurements for the reporting period can be found in Appendix 1 – Details of Regulated Procurements.

Period 01 April 2022 – 31 March 2023

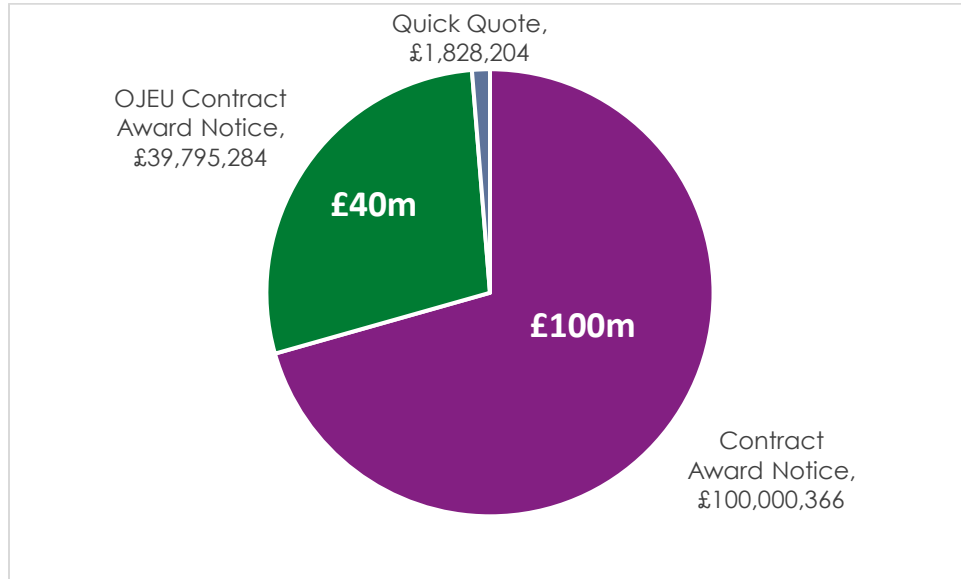
Value of Regulated Procurements Awarded by Category



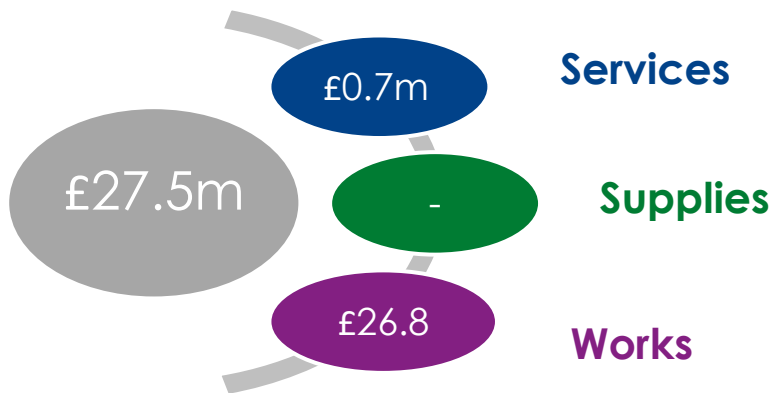
Number of Regulated Procurements Awarded by Category



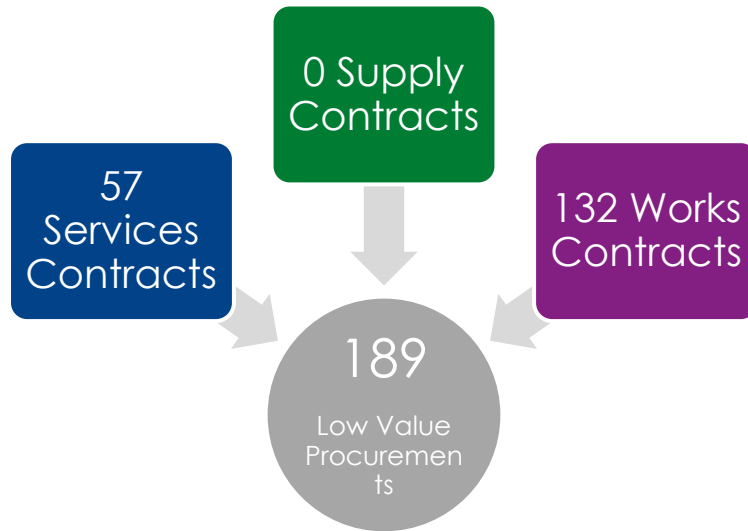
## Value of Regulated Procurements Awarded by Notice Type



## Value of Non-Regulated Procurements Awarded by Category



## Number of Non-Regulated Procurements Awarded by Category



## External Framework Use (Scotland Excel Membership) 01 April 2022 – 31 March 2023

Management information from Scotland Excel at the end of Q4 22-23 shows that The Highland Council participated in fifty-five out of sixty-eight (81%) of the available framework agreements.

Local suppliers available for use across these frameworks on 31st March 2023 was twenty-three suppliers local to Highland across seventeen framework agreements, the number of suppliers local to Highland on Scotland Excel framework agreements has increased by six from 31 March 2022.

Total spend with these local suppliers in the reporting period under the frameworks was £2,000,000 across all Council, Highland Council spend with local suppliers accounted for 68.6% of this figure.



## Section 2 – Review of Regulated Procurement Compliance

Section 17 of the Procurement Reform (Scotland) Act 2014 requires that regulated procurements be carried out in accordance with the organisation’s procurement strategy, so far as reasonably practical. Section 18(2) states that an annual procurement report must include, at 18(2)(b), “a review of whether those procurements complied with the authority’s procurement strategy” and, at 18(2)(c), “to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply”.

The Strategy includes high level strategic priorities, which focus on key themes of Efficiency, Governance and Improvement which underpins all procurement activity: -

- Support the delivery of financial and non-financial efficiencies.
- Deliver value and innovation.
- Support the local economy.
- Increased collaboration and standardisation.
- Support the delivery of financial and non-financial efficiencies

C&PSS collaborated with Council Services and Suppliers to deliver cashable and non-cashable savings for the Council through delivery of new contracts, reduction of supply base; consolidation of spend; product rationalisation.



### Financial efficiencies

Financial efficiencies of £613,000\* (Revenue) were achieved during the period 01 April 2022 to 31 March 2023 against a target figure (including carry forward) of £742,000.

*\*The balance of the procurement savings 2022/23 carried forward into this year 2023/24 with total carried forward of £127,000, the reason for this was solely attributable to the timing of delivery on the savings as opposed to under delivery of savings.*

## **Non-financial efficiencies**

The Report covers this within Section 3 – Community Benefit Summary.

## **Value & Innovation through increased collaboration and standardisation**

C&PSS enables a greater level of collaboration and standardisation across the three partner councils in the following areas: -

- Identification of consolidation and aggregation of spend opportunities to generate best value.
- Identification of product rationalisation and alternatives to generate best value.
- Sharing of best practice and processes to identify standardisation, consistency, efficiency and effectiveness.
- Identification and delivery of opportunities for Community Benefits, Environmental and Economic Outcomes
- Maximising the benefits of digital technology for example purchase to pay processes, electronic tendering, e-auctions and dynamic purchasing systems.

## **Review of regulated procurement compliance/Continuous Improvement**

All regulated procurement in the Council is undertaken in accordance with a legal and procedural framework which ensures that each procurement is compliant with the Strategy. Legal requirements are set out in the Council's Contract Standing Orders. Procedural requirements are set out in the Scottish Government Procurement Journey (for general procurement best practice) and through our Procurement Manual (used in conjunction with the internal Procurement Regulations/Scheme of Governance).

Processes, procedures and guidance are subject to regular review to ensure that all procurement activity is compliant with internal and external regulations. Within the continuous improvement section are details of improvement actions carried out in this financial year and planned activity for next financial year.

The Commercial & Procurement Shared Services are continually driving improvement in conjunction with colleagues in Housing & Property and Infrastructure, Environment and Economy, through innovative approaches to delivery of projects and provision of comprehensive guidance and training, all members of staff involved in procurement activity across Highland Council are required to be approved to a certain Delegated Procurement Authority (or DPA) level, depending on the procurement tasks they perform - from low level purchases to full competitive tenders. Please see below for continuous improvement highlights for financial year 2022-23.



**Housing and Property Achievements**

A significant achievement in the reporting period was the award of the new 3-18 Tain Campus, works have commenced on site on the first Passivhaus project being delivered for the Council.

Work also continued housing developments across the Highland Council area.



Tain Campus



New Flats in Nairn



New Housing at Kincaig

## Go Awards

The GO Awards Scotland set out to recognise the achievement and successes of procurement teams from all aspects of the public, private and third sector organisations. The Commercial & Procurement Shared Service team in conjunction with colleagues involved in projects submitted entries for and were finalists in three categories for the event held on 27 October 2022:

### **Collaborative Procurement Initiative Award (Two Entries)**

Dynamic Purchasing System for Training (Led by Aberdeen City Council in partnership with Aberdeenshire and The Highland Council)

Commercial & Procurement Shared Service & Highland Council for entry Air Services Wick John O’Groats airport (Wick PSO)

This Award recognises collaboration, and that collaboration is a vital ingredient for successful public procurement, it also acknowledges that collaboration is not always easy – so this Award is as focused on how organisations have overcome friction and cultural differences in their pursuit of better outcomes as it is on those for whom the whole concept of collaboration has been second nature.

### **Procurement Team of the Year**

Team working is vital to the success of public procurement and this Award recognises leadership, communication, innovation, collaboration, personal development and a collective team ethic and approach to deliver excellence in public services.

### **Other highlights of 2022/23 for the Category & Commercial Team include:**

- The Contract Standing Orders (CSO’s) were revised in 2022 (Approved by Council 08 December 2022), The agreed changes to the Contract Standing Orders intended to ensure an increased level of scrutiny on business needs and approach to procuring goods, services and works contracts to ensure that procurement activity not only delivers best value but also delivers positive economic, environmental and community outcomes.
- Development of a Procurement Blog, providing delegated procurers with regular updates/guidance
- Procurement Approval Group established - The purpose of the procurement approval group is to review, scrutinise and approve expenditure where any contract funded by revenue budget including HRA/Common Good has an estimated value of above £50,000
- Revision and consultation on the Joint Procurement Strategy (to be approved in 2023-24)

## **A look ahead to objectives for delivery in financial year 2023-24:**

- Development and implementation of a system to capture Community Benefits, Fair Work Practices, Sustainability and Climate data
- Development of a Highland specific Community Benefit Policy which will outline the Highland approach to the delivery of community benefits and work in collaboration with the C&PSS Joint Procurement Strategy.
- A comprehensive review and revision will be completed of the Procurement Manual, including a revision of all associated templates.
- A programme of events will be developed in conjunction with the Supplier Development Programme to facilitate involvement of the local supply chain linked to aims of Community Wealth Building
- The Council will explore the development of a Highland Project Bank portal hosted on the Council's website. The portal will aim to provide a platform for communities, community groups and the local third sector to submit requests for support. The Project Bank will provide suppliers with a single point of reference of Community need which can be considered for offer by suppliers in their community benefit proposals.

## **Supporting the local economy**

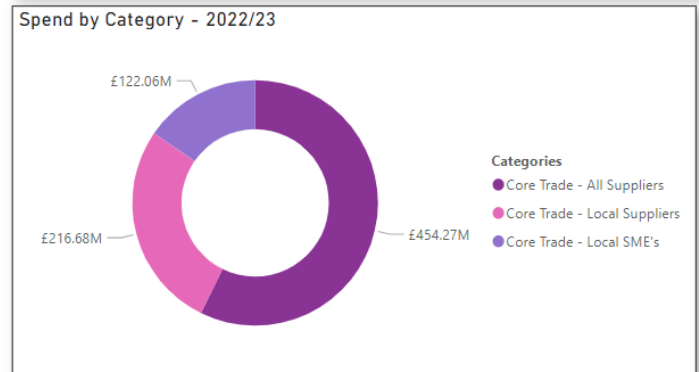
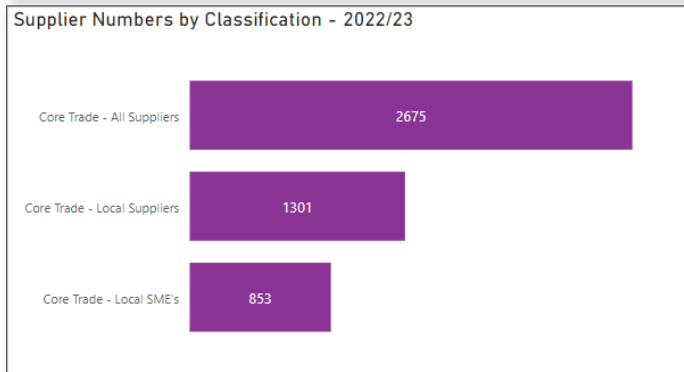
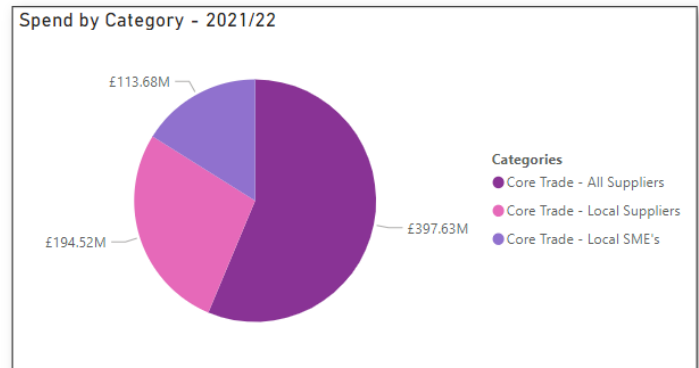
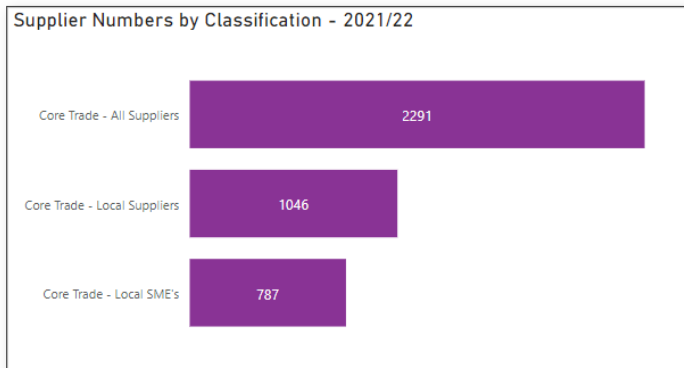
**Local Supplier Spend** - The Accounts Commission (the public spending watchdog for local government) has a statutory power to specify information that councils must publish about their performance. They do this through statutory performance indicators (SPIs). Each Council collects and publishes its information.

The remit for SPI reporting requirement was amended during 2018-19; with a request that all local authorities report on spend with Core Trade suppliers only. Core Trade being defined as: Suppliers with whom over £1000 has been spent in a 12-month period, which have also been classified as a health, social care, arts, political, religious or trading organization.

Two SPIs relevant to the local economy and procurement related spend are - spend with local suppliers and local SMEs.

The data is obtained from Spikes Cavell (Scottish Procurement Hub for publication of annual procurement related spend) and is based on locality and size of business.

The below shows a comparison of core trade spend with local businesses and SMEs in financial year 2022-23 and 2021-22:



Categories	21/22 (£)	22/23 (£)	21/22 (% of Total Spend)	22/23 (% of Total Spend)
Core Trade - All Suppliers	£397,634,795	£454,269,506	100%	100%
Core Trade - Local Suppliers	£194,520,284	£216,684,870	49%	48%
Core Trade - Local SME's	£113,676,063	£122,058,884	29%	27%

**SME definition as per Spikes is:**

Legend	Details
Small	Less than 50 employees, regardless of turnover, or, if the number of employees is unknown, then turnover of less than £5.6m will be taken as an indicator that it is a small enterprise.
Medium	Between 50 and 249 employees, regardless of turnover, or, if the number of employees is unknown, then turnover of greater than or equal to £5.6m and less than £22.8m will be taken as an indicator that it is a medium enterprise.
Large	Greater than or equal to 250 employees, regardless of turnover, or, if the number of employees is unknown, then turnover of greater than or equal to £22.8m will be taken as an indicator that it is a large enterprise.

*Spend in the annual report is based on spend by local authority area based on core trade creditors only; the Local authority areas as defined by the ONS (Office of National Statistics); Core-Trade: Suppliers with whom over £1000 has been spent in a 12 month period, that have also been classed as a trading organisation or as a non-trade social care provider.*

## **Community Wealth Building**

The procurement and commissioning of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. It is vital the Council uses its purchasing power to deliver economic, social, and environmental justice through progressive procurement and commissioning of goods and services. This approach includes increasing levels of spend with local organisations and small to medium sized enterprises (SMES).

In December 2022, the Council appointed a dedicated Community Benefits Manager. The primary purpose of this role is to maximise community benefit opportunities across all procurement activity. The delivery of benefits in this context aims to increase prosperity that contributes to economic growth, reduces inequality, benefits all sections of society and helps to minimise impacts on the environment.

This will be achieved through the development of a Highland specific 'Sustainable Procurement and Community Benefit Policy' which will focus on meeting the needs of the Council, our communities, and suppliers, whilst linked to the strategic objectives of the Council, Scotland's National Performance Framework and the Highland Local Outcome Improvement Plan (LOIP).

## **Supplier Development**

The Supplier Development Programme (SDP) was established in 2008, and is a partnership of Local Authorities, Scottish Government and other public bodies that works together to bring free support and training in all aspects of tendering to Scottish-based SMEs.

As at the end March 2023 there were 653 suppliers within the Highland Council area who had registered with the Supplier Development Programme, an increase of 11% on the previous year.

The Highland Council have participated in or been supported in hosting the below events by the Supplier Development Programme in the period 01 April 2022 – 31 March 2023.

### **Meet the Buyer 2022 - Live Virtual Event 15th June 2022**

In total, 1,248 suppliers pre-registered interest on the SDP website for the Meet the Buyer 2022: Live Virtual Event plus forty-four bookings for the Talking Tenders session with NHS Lanarkshire and fourteen bookings for the Talking Tenders session with Scotland Excel for Repair, Maintenance and Refurbishment Framework.

There were 728 actual attendees on the day, including both exhibitors and individual suppliers. 510 suppliers logged in during the Meet the Buyer 2022 event, and of those 322 were from 278 unique Scottish SME and supported businesses.

### **Meet the Buyer North 2022 – 7th September 2022**

In total, 672 suppliers pre-registered interest on the SDP website for the Meet the Buyer North 2022 event. There were 345 actual attendees on the day. Of these, 238 attendees were from 192 unique Scottish SME businesses. Of those thirty-five were based in the Highland Council area.

**The Highlands and Islands Networking Together (HINT) Group** – established by the Supplier Development Programme and currently chaired by a member of the Commercial & Procurement Shared Service.

The Group was set up to continue the networking of public sector bodies in the Highlands and Islands membership includes several other public sector bodies in the Northeast of Scotland.

Its purpose is to discuss and facilitate the drive for best practice of procurement activity, share key documents and to improved visibility of contracts, key projects and opportunities for supplier engagement to aid economic recovery. Attendees share best practice, discuss new and existing Scottish Government policies and their impact upon local businesses in the North of Scotland, give practical advice on creating procurement reports, and participate in discussion on procurement barriers and how to overcome them, as well as participate in general networking with the various public sector bodies in the region.

## Section 3 – Community Benefit Summary

### Statutory Requirement

Section 18(2) (d) of the Procurement Reform (Scotland) Act 2014 requires annual procurement reports to contain: “a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report”.

### Interpretation

“Imposed” has been interpreted to mean community benefit requirements included within regulated procurements published in the reporting period. Reporting is intended to capture community benefit inclusion at all stages of incorporation, implementation and fulfilment.

The point at which community benefit requirements are “fulfilled” can be a matter of interpretation. Some community benefits outcomes can take a period of years to complete. “Fulfilled” has been interpreted to include community benefits “underway” and “in process.” Maximum flexibility is offered to suppliers as to when community benefit requirements commence and are ultimately “fulfilled” over the entire contract term. Suppliers are held to their total community benefit commitments (imposed and volunteered) over the life of the contract.

### Reporting Period

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:

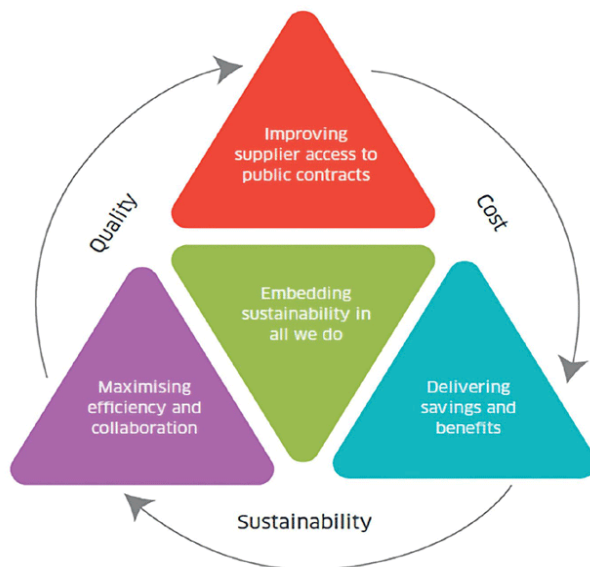
**“ethical and sustainable value for money solutions that support the operational needs and wider strategic aims of the councils and the communities they serve to further local and national priorities to the fullest extent possible.”**

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, and the Scottish Model of Procurement.

The Scottish Model of Procurement is owned by all the Scottish Public Sector with the aim of promoting the power of public spending to deliver genuine public value beyond simply cost and /or quality in procurement:



As detailed in the Community Benefits Analysis Summary as an organisation we have included, in process or delivered a total of 413 Community Benefits in this period.

### **Community Benefit Manager**

In December 2022, the Council appointed a dedicated Community Benefits Manager as part of the Council's Community Support and Engagement Team. The primary role of the Community Benefit Manager is to provide dedicated support and collaborative working with C&PSS, Council Services, Suppliers, the local 3rd Sector, and Highland Communities to maximise community benefit opportunities across all procurement activity in Highland.



## Non-financial efficiencies Community Benefits (CB).

In total, **439** community benefit outcomes were included, are in process or were delivered in the reporting period

**73** Community benefit outcomes delivered across Regulated contracts advertised in the reporting period

**366** Community benefit outcomes imposed across regulated contracts advertised in the reporting period



**9 of 28**

Regulated contracts **(32%)** included requirements relating to Fair Work Practices (including Real Living Wage).



**14 of 28**

Regulated contracts **(50%)** included Community Benefit requirements

## Community Benefits

# 73

### Community benefit outcomes delivered across Regulated contracts advertised in the reporting period

**5** Fair Work Practices  
Real Living Wage  
Gender pay gap



Living Wage logo

**5** Apprenticeship placements



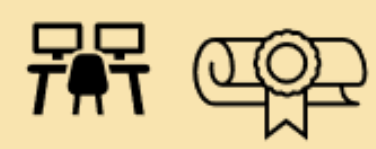
**10** Jobs Created by the Project)



**13** Further & Higher Education  
Engagement Activities



**12** Qualifying the Workforce



**9** Developing the Workforce



**4** Environmental Wellbeing, Measures, Carbon Reduction, Fuel Poverty & Climate Literacy



**4** Donations & Fundraising




**3** Education Outreach Activities



**4** Work Experience Placements



**2** Training Plans



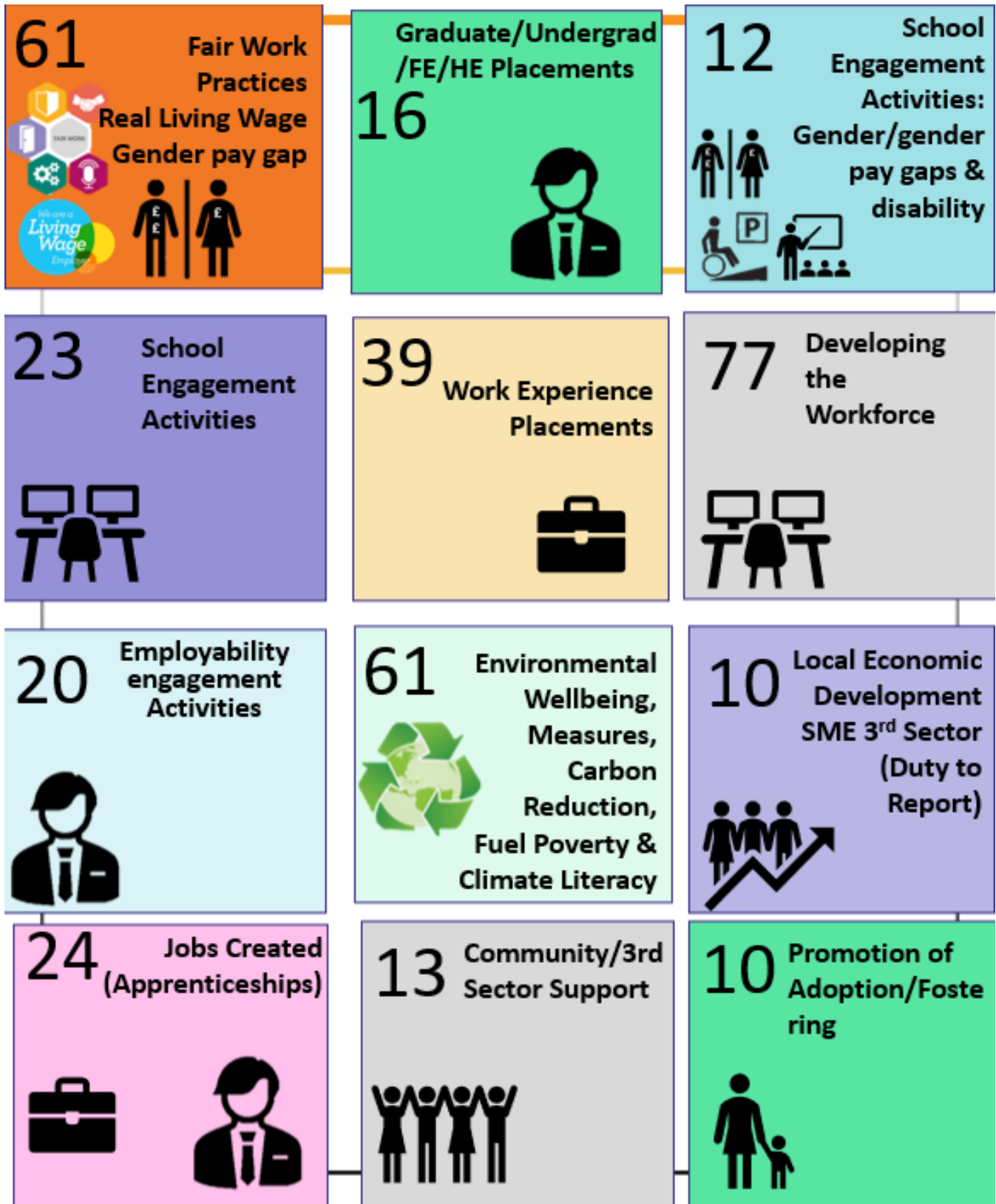
**2** Case Studies



# 366

## Community Benefits

366 Community benefit outcomes imposed across regulated contracts advertised in the reporting period



## Supplementary Community Benefits

In addition to the Community Benefits “imposed” as part of a regulated procurements. Suppliers have delivered, or committed to deliver, a wide range of benefits to communities across Highland during the reporting period. Examples include:

- Financial support (including sponsorship) and volunteering to Highland Hospice, various sports clubs and local events e.g., Loch Ness Etape.
- The conversion on a £5000 fund into a Tech Fund which will provide smartphones and tablets to vulnerable clients Highland wide through a local charity for the lifetime of the contract.
- An online Community Learning Portal which will provide five hundred licences to Community Groups to access a wide range of online courses in Career Development, Health and Wellbeing and Leadership and Management.
- Donations of surplus supplies e.g. timber, topsoil etc,
- Professional Health & Safety advice and support to a local charity

## Section 4 – Supported Business Summary

Section 18(2) (e) of the Procurement Reform (Scotland) Act 2014 requires annual procurement reports to contain: “a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report”.

### Related Duties

#### Engaging with those affected by our procurements;

- Ensuring regulated procurements contribute to the carrying out of our functions/achieving our purposes;
- Acting in a transparent and proportionate manner;
- Policy on the use of community benefit requirements;
- Compliance with the sustainable procurement duty.

The Details of the contracts with supported businesses in the reporting period is shown below.



#### Contract with Passion4Social:

IT services website design

**\*Contract for services to the Commercial & Procurement Shared Service covering Aberdeen City, Aberdeenshire, Highland Councils**

The definition of a Supported Business as per Scottish Government:

**“Supported businesses are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged.”**

It is Scottish Government policy that every public body should have at least one contract with a supported business.



**Report Images Credits:**

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**Capital Projects – Images provided by Sharon Barrie**

**This page - Loch An Eilean by THC**

## Section 5 – Regulated & Future Procurement Summary

### Appendix 1 – Regulated Procurements 01 April 2022- 31 March 2023

PCS Document ID / Contract ID	Description	Contract Type	Category Type	Total Value	Supplier Name	Award Date	Start Date	End Date
727418	CSH23003 Longman Park, Inverness - Phase 1 - Architectural Services	1 Services Contract	Contract Award Notice	£75,800	Leslie Hutt Architect (GB)	28/03/2023	27/03/2023	27/03/2025
726701	Provision of an Advice & Information Service 2023	1 Services Contract	OJEU Contract Award Notice	£5,350,000	Inverness Badenoch & Strathspey Citizens Advice Bureau (GB)	23/03/2023	01/04/2023	31/03/2028
724199	DIP21008 Condition Surveys Phase 3	1 Services Contract	Contract Award Notice	£399,847	Watts Group Limited (GB)	28/02/2023	21/02/2023	21/06/2023
723166	New Housing Units, Former Hockey Field, Golspie	2 Works Contract	Contract Award Notice	£4,824,123	Capstone Construction Scotland Ltd (GB)	20/02/2023	20/02/2023	20/02/2024
722521	Charging Point Installation (TPPL Call Off)	0 Supply Contract	OJEU Contract Award Notice	£175,069	SWARCO UK LTD (GB)	14/02/2023	16/02/2022	16/03/2023
722481	Provision of Taxi Inspection Services 2020	1 Services Contract	Contract Award Notice	£150,000	riverford autos ltd (GB)	13/02/2023	01/07/2020	30/06/2024
722468	23 New Units North East - Kingussie	2 Works Contract	Contract Award Notice	£4,597,433	Davall Developments Limited (GB)	13/02/2023	13/02/2023	13/03/2023

PCS Document ID / Contract ID	Description	Contract Type	Category Type	Total Value	Supplier Name	Award Date	Start Date	End Date
721963	DIHD20040 New Housing Units at Chapelton/Balloch Farm, Balloch, Inverness	2 Works Contract	OJEU Contract Award Notice	£8,978,711	IBI Joiners Limited (GB)	08/02/2023	06/03/2023	06/08/2024
720876	DIHD22097 11 Housing Units at Carr Road, Carrbridge (Site H1)	2 Works Contract	Contract Award Notice	£2,246,057	Tulloch Homes Express (GB)	31/01/2023	03/04/2023	03/02/2024
719622	Temporary Homeless Accommodation 2022	1 Services Contract	OJEU Contract Award Notice	£7,200,000	Ashington Brooke Ltd (GB) / Eildon Ltd (GB)	20/01/2023	14/12/2022	13/12/2026
716561	New Tain 3-18 Campus - Clerk of Works	1 Services Contract	Contract Award Notice	£81,004	BC Quality Control Ltd (GB)	12/12/2022	19/12/2022	19/12/2024
712066	DIHD22035 100 New Housing Units, Black Isle Road, Muir of Ord - Architect Appointment	1 Services Contract	OJEU Contract Award Notice	£191,341	NORR Consultants Ltd (GB)	02/11/2022	05/12/2022	05/12/2024
712064	DIHD22034 70 New Housing Units, Torvean North, Inverness - Architect Appointment	1 Services Contract	OJEU Contract Award Notice	£228,953	HRI Munro Architecture (GB)	02/11/2022	05/12/2022	05/12/2024
712030	Award of ERP - Software as a Service	1 Services Contract	Contract Award Notice	£1,122,090	Technology One (GB)	01/11/2022	29/09/2022	28/09/2026



PCS Document ID / Contract ID	Description	Contract Type	Category Type	Total Value	Supplier Name	Award Date	Start Date	End Date
710594	CAL20007 - New Tain 3-18 Campus	2 Works Contract	Contract Award Notice	£65,023,321	Kier Construction Scotland (GB)	19/10/2022	26/09/2022	26/12/2024
710466	Award of Postal Services Call-Off Contract SP-19-035	1 Services Contract	Contract Award Notice	£1,520,000	Royal Mail (GB)	17/10/2022	01/10/2022	30/09/2026
710437	Ness Castle Primary School - Temporary Accommodation	0 Supply Contract	Contract Award Notice	£86,500	Sibcas Limited (GB)	17/10/2022	29/06/2022	29/06/2022
708897	CAL15048A Grantown Primary School Refurbishment	2 Works Contract	Contract Award Notice	£2,071,254	Compass Building & Construction Services (GB)	04/10/2022	20/06/2022	20/03/2023
703751	Award of Provision of Glass Recycling 2021 - HC/C&P/GR-CMGLACP/2021	1 Services Contract	Quick Quote	£1,324,300	Biffa Waste Services Limited (GB)	17/08/2022	01/09/2021	31/08/2023
702977	New Housing Units, Former Fire Station Site, Drumnadrochit	2 Works Contract	Contract Award Notice	£3,967,536	Springfield Properties (GB)	10/08/2022	03/10/2022	03/02/2024
701856	Award of Highland Bridge Maintenance Technical Support 2022-23	1 Services Contract	Quick Quote	£252,340	Atkins (GB)	29/07/2022	20/05/2022	21/05/2022
699565	DIHD20036 Residential development comprising thirty-four units	2 Works Contract	OJEU Contract Award Notice	£8,593,307	Compass Building & Construction Services (GB)	06/07/2022	01/08/2022	01/03/2024

PCS Document ID / Contract ID	Description	Contract Type	Category Type	Total Value	Supplier Name	Award Date	Start Date	End Date
699322	DI22026 Refurbishment of Northern Meeting Park, Inverness DI22027 Refurbishment of Bught Stadium - Civil & Structural Engineer	1 Services Contract	OJEU Contract Award Notice	£72,000	Fairhurst (GB)	05/07/2022	04/07/2022	04/10/2023
696691	Award of DI22026 Northern Meeting Park & DI22027 Bught Stadium Redevelopment - QS Commissions	1 Services Contract	Quick Quote	£74,430	McLeod & Aitken (GB)	10/06/2022	10/06/2022	11/06/2022
695352	DIHD20027 New Housing Development, Former Childrens Home, Coulhill, Alness	2 Works Contract	Contract Award Notice	£3,246,131	Compass Building & Construction Services (GB)	31/05/2022	06/06/2022	06/09/2023
693431	DIHD20041 Union Street Development, Inverness	2 Works Contract	OJEU Contract Award Notice	£9,005,903	Forthpoint Ltd (GB)	16/05/2022	11/01/2021	11/07/2022
691358	Housing Electrical Rewire Framework - Highland Wide	2 Works Contract	Contract Award Notice	£4,000,000	Sangster Electrical Ltd (GB) / James Urquhart Electrical Contractor Ltd (GB) / G & A Barnie Group Ltd. (GB)	10/05/2022	11/04/2022	10/04/2026

PCS Document ID / Contract ID	Description	Contract Type	Category Type	Total Value	Supplier Name	Award Date	Start Date	End Date
692583	Award of Professional Services for A890 Stromeferry Bypass Rockworks	1 Services Contract	Quick Quote	£177,134	AECOM Ltd (GB)	06/05/2022	29/04/2022	30/04/2022
691325	DIHD21022 - 20 New Units, Former Travis Perkins Building, Station Road, Dingwall	2 Works Contract	Contract Award Notice	£2,874,053	WGC Scotland Limited (GB)	26/04/2022	06/06/2022	06/08/2023
690074	DIHD22003 - 25 New Housing Units, Ness-side C3, Inverness	2 Works Contract	Contract Award Notice	£3,715,218	Tulloch Homes Express (GB)	26/04/2022	01/06/2022	01/01/2024

**Appendix 2 – Future Regulated Procurements 01 April 2023 – 31 March 2025**

<b>Contract Name</b>	<b>Type of Contract</b>	<b>Estimated Contract Notice Publication Date</b>	<b>Estimated Contract Value</b>
Compostable Food Waste Bags Supply	Mini comp under SXL	01/06/2023	£ 25,050
Garden Waste	Renewal	01/05/2023	£ 1,316,000
Food Waste	Renewal	01/05/2023	£ 159,375
Payment processing services	Direct Award	01/05/2023	£ 200,000
Contract for the provision of legal services	Mini Competition	01/05/2023	£ 400,000
Banking Services	Renewal	01/05/2023	£ 201,000
Purchase Cards	Renewal	01/07/2024	-£ 98,000
Groceries & Provisions	Call Off	01/11/2023	£ 1,000,000
Fresh Fruit & Veg	Renewal	01/04/2024	£ 2,000,000
Tyres and related services	Direct Award	01/10/2023	£ 605,200
Small Repairs and Minor Works Framework Agreement - Tranche 1	New Procurement	14/07/2023	£ 4,833,867
Small Repairs and Minor Works Framework Agreement - Tranche 2	New Procurement	14/11/2023	£ 2,000,000
Small Repairs and Minor Works Dynamic Purchasing System - Tranche 3	New Procurement	14/03/2024	£ 10,000,000
Breakdown Service, Maintenance & Repairs for vehicles	New Procurement	01/08/2023	£ 150,000
Ground Maintenance Machinery	Mini Competition	15/06/2024	£ 2,550,000
English For Speakers of Other Languages	Renewal	01/04/2024	£ 150,000
Business Support Services	Renewal	04/04/2023	£ 300,000
Cromarty - Nigg Ferry Service F.03	Extension	01/02/2024	£ 480,000
Road Haulage 2023	Renewal	20/06/2023	£ 1,400,000
ITT- Level 3 - Bus Shelters Low Carbon Transport & Travel Fund	New Procurement	01/05/2023	£ 225,000
Highland ABS	Mini Competition	01/05/2023	£ 9,600,000
Biomass Boiler Servicing	Renewal	05/09/2023	£ 5,800,000
Lift Servicing	Renewal	31/08/2023	£ 20,721

<b>Contract Name</b>	<b>Type of Contract</b>	<b>Estimated Contract Notice Publication Date</b>	<b>Estimated Contract Value</b>
Synthetic Turf Sports Pitches	Renewal	30/09/2024	£ 92,351
Non-Domestic Gas Safety Checks	Renewal	27/10/2023	£ 114,612
Sports & Gym Equipment	Renewal	27/11/2024	£ 24,480
Emergency Lighting - Inspection/Testing	Renewal	15/12/2023	£ 107,531
Kitchen Extract System Cleaning	Renewal	12/01/2024	£ 69,704
Grease Traps	Renewal	21/02/2025	£ 39,355
Mechanical Ventilation	Renewal	21/02/2025	£ 105,202
Fire Suppression Systems	Renewal	30/03/2024	£ 33,032
Inspection & Testing of Plant & Equipment	Renewal	15/07/2024	£ 255,826
Lifting Equipment & Mobility Aids	Renewal	30/07/2024	£ 53,460
Swimming Pool Maintenance	Renewal	27/10/2024	£ 63,265
Fire Hydrants and Wet & Dry Risers	Renewal	19/12/2024	£ 45,177
Portable Fire Appliances	Renewal	17/03/2025	£ 40,286
Lightning Protection, Chimney & Edge Protection	Renewal	22/03/2025	£ 32,178