



# **Procurement Annual Report**

**1 April 2021 to 31 March 2022.**

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## Definition of Key Terms

Contract.	An agreement between the Council and any Contractor made by formal agreement or by issue of acceptance or an official order for Supplies, Services or Works.
Contractor(s).	Includes any sole trader, partnership or company (limited or unlimited) or any duly incorporated trade, professional or commercial body.
Delegated Authority.	Officers who have been given formal written authority by their Executive Director or Chief Officer to manage procurement exercises within a specified value range on behalf of the Council.
Threshold.	The threshold for determining the application of the Regulations. In the case of the Public Contracts (Scotland) Regulations 2015 the threshold is £213,477 (indicative value excluding 20% VAT £177,897) for Supplies and Services and £5,336,937 (indicative value excluding 20% VAT £4,447,897) for Works. In the case of the Utilities Contracts (Scotland) Regulations 2016 the threshold is £426,955 (indicative value excluding 20% VAT £355,795) for Supplies and Services and £5,336.937 (indicative value excluding 20% VAT £4,447,897) for Works.
Framework Agreement.	An overarching agreement with supplier(s) to establish terms governing individual contracts that may be awarded during the life of the agreement ('call-offs'), concluded in accordance with Section 34 of the Public Contracts (Scotland) Regulations 2015.
Health and Social Care Services.	A public contract or framework for social and other specific services listed in Schedule 3 of the Public Contracts (Scotland) Regulations 2015.
Life-Cycle Costing.	All consecutive or interlinked stages, including research and development to be carried out, production, trading and its conditions, transport, use and maintenance, throughout the existence of the product or the works or the provision of the service, from raw material acquisition or generation of resources to disposal, clearance and end of service or utilisation.
Procurement.	The process leading to the award of a public contract or framework agreement or establishment of a dynamic purchasing system for the acquisition of works, supplies or services from an economic operator.

Public Contracts Scotland (PCS) portal.	The Scottish Government's official national advertising <a href="#">portal</a> for public sector contract opportunities.
Quick Quote (QQ).	An online quotation facility which allows the Council to obtain competitive quotes electronically for: <ul style="list-style-type: none"> <li>• Low value requirements between £10,000 and £50,000; and</li> <li>• Unregulated Works Contracts, depending on complexity of contract (as defined in Clause 17 of the Council's Contract Standing Orders).</li> </ul>
Quotation.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract does not exceed £50,000.
Regulated Procurement.	As defined by the Procurement Reform (Scotland) Act 2014 and referred to as the Reform Act 'slice' a regulated procurement for Goods or Services Contracts with a value of over £50,000 and for Works Contracts over £2,000,000 and less than the relevant Thresholds.
Regulations.	The Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016 and / or the Concession Contract (Scotland) Regulations 2016 as the context requires, but where the Council is acting as a Harbour Authority and chooses to do so, the Utilities Contracts (Scotland) Regulations 2016.
Supplies.	Goods or the hire of goods and for any siting or installation of those goods.
Tender.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract is £50,000 (excluding VAT) or more.
Unregulated Works Procurement.	A contract for Works with a value of between £50,000 and £2,000,000, being a procurement not covered by the Regulations and procured utilising the Council's database of pre-approved contractors.
Works.	Building construction, building maintenance or engineering works.

## Introduction

Orkney Islands Council ('the Council'), provides a range of facilities and services to a community with a population estimated as 22,190 in mid-2018 by the Office of National Statistics. The Council is also the Harbour Authority with a port estate of 29 piers and harbours, a Roads Authority for the islands and operates a network of internal air and ferry services.

The Council provides procurement and related services for a wide range of works, supplies and services with an annual spend, for the financial year 2021 to 2022, of over £53 million.

The Council operates a devolved model of procurement across five directorates. The central Procurement Services Team is now based within Legal and Governance, having moved from Building Services, and consists of 4.7 full-time equivalent staff: a Service Manager (Procurement), three Procurement Officers and an Assistant Procurement Officer post (currently vacant). The Service Manager's responsibilities include the development of a network of 19 trained and experienced officers across the Council who are assigned delegated responsibility for the procurement of supplies, services and works.

The Council published its Procurement Strategy, as required by the Procurement Reform (Scotland) Act 2014 ('the Act'), in December 2016 and updated this in January 2019 and subsequently in June 2020. In order to report compliance with its Procurement Strategy and the Act itself, the Council must publish an annual report.

There are 11 key priorities identified in the Procurement Strategy as follows:

- Sustainability.
- Working with suppliers.
- Value for money.
- Collaboration and partnering.
- Governance.
- Contract management.
- Communication.
- E-Procurement.
- Monitoring and measurement.
- Guidance.
- Training.

The six key priority areas where targets have been identified and are attributable for the Procurement Strategy reporting period ending 31 March 2023 remain the same as for the previous year and are as follows:

- Sustainability.
- Working with suppliers.
- Value for money.
- Collaboration and partnering.
- Contract management.
- E-Procurement.

The guidance and template issued by the Scottish Government has been used for this fifth Procurement Annual Report. The reporting period for this fifth annual report is from 1 April 2021 to 31 March 2022.

In addition to the required information set out in the Act, this report includes performance against several strategic indicators as detailed in the Council's Procurement Strategy 2021 to 2023.

To evidence our progress against our strategic targets and the new duties introduced by the Act, the published Annual Report details the form of measurement taken. The statistics presented in this report provide the evidence which should, over time, show how the Council is progressing against both the national and local objectives. Targets were set in the Council's Procurement Strategy and progress towards these has been noted in this fifth Procurement Annual Report.

## **Section 1 – Summary of Regulated Procurements Completed**

Section 18(2) of the Act requires organisations to include ‘**a summary of the regulated procurements that have been completed during the year covered by the report**’.

As defined by the Act and referred to as the Reform Act ‘slice’ a regulated procurement is for Goods or Services Contracts with a value of over £50,000 and for Works Contracts over £2,000,000 and less than the relevant Thresholds.

A Regulated Procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

Appendix 1 provides the breakdown of the Regulated Procurements completed for the reporting period of 1 April 2021 to 31 March 2022.

## **Section 2 – Review of Regulated Procurement Compliance**

All procurement exercises carried out by the Council are required to be carried out in accordance with the Council's Contract Standing Orders (CSOs) and these are regularly updated to take account of changes in legislation and best practice in procurement.

Prior to the point of contract award, all recommendation reports are required to include a statement that the CSOs have been complied with, therefore full compliance is anticipated. Examples of internal and external review of the Council's processes and compliance with these processes are detailed in the audit / improvement capability outcomes as follows:

### **Procurement and Commercial Improvement Programme (PCIP)**

The Council first completed Scotland Excel's PCIP in July 2017. The PCIP is undertaken every two years and a second PCIP assessment for the Council took place on 3 September 2019. Outcomes and recommendations from this exercise are incorporated as a process of ongoing procurement improvement. An assessment would have been due in Autumn 2021, this was delayed due to Covid and a new proposed date is awaited from Scotland Excel which is now likely to be in 2023.

The objective of the PCIP is to assist the Council to improve its structure, capability, processes and ultimately performance by attaining a level of procurement performance that is appropriate to the scale and complexity of its business. As part of the PCIP the Council is required to demonstrate a prudent and well-planned approach to defining its supply needs. Assessment of the Council's procurement improvement capability is carried out every two years by Scotland's Centre of Expertise Scotland Excel and covers procurement activities carried out by the Council's Officers with Delegated Authority in the Procurement, Capital Projects, Facilities and Engineering Teams.

### **Internal Audit**

#### **Contract Management**

An internal audit of contract management was completed prior to the end of the reporting period 2020/21. The findings of this report were presented to the Monitoring and Audit Committee on 1 April 2021 and provided adequate assurance that the processes and procedures relating to contract management were well controlled and managed. There were 4 audit recommendations. The Audit Report is available [here](#).

#### **Quarry Stone**

The Council's Interim Chief Executive became aware of an order raised for the importation of approximately 80,000 tonnes of stone. There was significant public interest in this purchase including concerns about the environmental, and local economy sustainability, nature of the exercise. There was also widespread public concern amongst the community over the non-inclusion of local businesses in the procurement process.

The Interim Chief Executive requested that the Chief Internal Auditor carry out an urgent audit in relation to Cursiter Quarry Procurement Procedures, and compliance with OIC processes, policies and regulations. This was done in early 2021 with the completed report completed on 5 March 2021. This report was presented to the Monitoring and Audit Committee on 11 March 2021 with an overall audit opinion of unsatisfactory and resulted in five recommendations. The Audit Report is available at the following link:

## [Item 5: Appendix 1 - Quarry Procurement Audit Report \(orkney.gov.uk\)](http://orkney.gov.uk)

This review was carried out by Internal Audit in its primary role of an assurance function which provides an independent and objective opinion on the adequacy of the Council's control environment. Internal audit work is designed to add value to and improve an organisation's operations, in particular in evaluating and improving the effectiveness of risk management, control and governance processes. This review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The review highlighted that purchasing activity had been carried out by obtaining quotations and raising of purchase orders in a manner outwith an open procedure which is required within the Council's own policies and law.

All actions relevant to procurement have been completed within the reporting period and incorporated into the Contract Standing Orders issued in July 2022.

As a result of the audit report, it is now a requirement that a procurement plan, which includes an assessment of the use of lots for each contract, must be submitted to the Service Manager (Procurement) for all contracts over the value of £10,000. The procurement plan is authorised by the Service Manager (Procurement), and forwarded to the relevant Head of Service and Corporate Director or Chief Officer for further approval.

A Sustainable Procurement Impact Assessment (SPiA) has been developed and is carried out where appropriate for goods, services and works procured which use carbon based energy and discharge associated emissions.

### **Contract Standing Orders**

The Council's CSOs were significantly updated, revised and published in June 2016 to include the provisions of the Act and the Procurement (Scotland) Regulations 2016. The CSOs were also updated to include recommendations of an internal audit on procurement at the Council. The CSOs were approved by General Meeting of the Council 5 July 2016. Since then the CSOs have been updated a number of times. In October 2017 and March 2018 respectively to reflect an additional procedure to ensure there is documentation to evidence that there are no conflicts of interests for evaluation team members and to update the EU Threshold for procurement, and then in January 2020 which included the new EU thresholds and included an update on new procurement procedures in use by the Council. Changes to the CSOs were highlighted to Senior Managers and key procurement staff, and within the organisation, by way of the Procurement Services Bulletin. The CSOs were further updated in July 2022 which amongst other national policy changes incorporated the need to include VAT, where applicable, when calculating the estimated value of contracts under the procurement regulations from 1 January 2022.

### **Procurement Strategy**

The Council's Procurement Strategy was first published in December 2016.

The Strategy was updated in January 2019 and has subsequently been updated again for the period 2021 to 2023 with the intention that a public consultation will be undertaken in 2023. This will commence and be underpinned by the new Council Plan for 2023 onwards following adoption by the Council.

Appendix 2 attached to this report is the Procurement Service Improvement Action Plan which contains the Procurement Strategy targets set and records the progress made over the last financial year.

## Section 3 – Community Benefit Summary

The Council has a Sustainable Procurement Policy. This policy sets out the general principles that the Council will follow across all its procurement and commissioning activities to ensure that it is undertaken in a sustainable manner.

This Policy also sets out how the Council will plan and manage its procurement activities to meet the Council's corporate aims and objectives and comply with regulatory and legislative requirements. Finally, the policy supports the Council's commitment to sustainable procurement which is set out in the Council's Corporate Procurement Strategy 2019 to 2021.

The Procurement Strategy has now been further updated, for the period 2021 to 2023, with the intention that a public consultation will be undertaken in 2023. This will commence and be underpinned by the new Council Plan for 2023 onwards following adoption by the Council. This will ensure that the Procurement Strategy for 2023 onwards dovetails with the new Council Plan and which is to be presented to the Policy and Resources Committee.

[Procurement Strategy \(orkney.gov.uk\)](https://www.orkney.gov.uk)

The Procurement Strategy is intended for all of those who are involved in, or affected by, the Council's procurement activities throughout our community and beyond. The Council spends tens of millions of pounds each year on a diverse range of goods, services and works from third parties. It is important therefore that this spending power is used to support key Council objectives. The Sustainable Procurement Policy has been developed to help the Council to meet its legal duties and to deliver its key strategic objectives. The Sustainable Procurement Policy was updated and approved by Council in March 2022.

Sustainable procurement supports the Council's values, as outlined in the [Council Plan 2018-2023 and the Council Delivery Plan 2018-2023](#).

The Strategic Themes identified are as follows:

- Connected Communities.
- Caring Communities.
- Thriving Communities.
- Enterprising Communities.
- Quality of Life.

It is a statutory requirement that Community benefits must be considered for all procurement processes at or above £4 million in value to meet the Council's requirement to meet the sustainable procurement duty.

For each individual Regulated Procurement exercise, Officers with Delegated Procurement Authority must complete a 'Commodity Strategy for all Regulated Procurements' which includes a section on Community Benefits to be considered where applicable.

## Procurements that have included Community Benefits

There have been three procurements, where Community Benefits for procurements with a contract value over the £4,000,000 threshold, have been included and have been carried out by the Council.

For procurement of Category C (local contract / framework including local collaborative framework agreements) Contracts which are undertaken by the Council, Community Benefits are included without exception as part of the award criteria where the value of the contract is over £4 million. This is recorded in the Procurement Strategy Improvement Action Plan, attached at Appendix 2.

These contracts are as follows, and have either been completed or have ongoing spend within the reporting period for this annual report:

<b>Date of Award.</b>	<b>Subject Matter.</b>	<b>Estimated Value (£).</b>	<b>Start Date.</b>	<b>End Date.</b>
01/02/2019.	Supply of Two New Towage Boats.	12,000,000.	11/02/2019.	September 2021.
05/01/2021	Inter-island Air Services	4,880,363.	01/04/2021.	31/03/2025.
09/04/2021	School and Public Bus Contracts	4,672,014.	16/08/2021.	15/08/2031.

Where the Council can access Category A (national collaborative) contracts or Category B (sectoral collaborative) contracts via Framework Agreements the overall anticipated value of the Framework is inevitably of a high value and likely to be over the £4 million threshold for the inclusion of community benefits.

Contracts awarded under Framework Agreements are required to achieve Community Benefits as mandatory. However, for contracts awarded via a Framework Agreement it is more difficult to identify Community Benefits which will be realised locally, except where the local supply chain is involved in the delivery of the Contract.

Monitoring of Community Benefits for exercises before this year have continued as planned.

For the two new Tugboats, sea and shore staff have been trained in the use of new equipment and maintenance prior and following the vessels being delivered to Orkney waters. There is also a requirement for the knowledge of modern technology to effectively be passed on to increase the knowledge base of local suppliers. This will be necessary due to the requirement for a higher level of shore side backup for these vessels.

There has been no increase in the number of contracts over the value of £4 Million with Community Benefit Clauses over the past financial year, however the inclusion of Community Benefit Clauses are routinely considered where appropriate for all procurements.

<b>Community Benefit Analysis.</b>	<b>1 April 2021 to 31 March 2022.</b>
Total Number of Contracts where Community Benefit Clauses have been included.	33
Number of *Applicable Contracts with Community Benefit Clause.	3.
Percentage of total *Applicable Contracts with Community Benefit Clauses.	100%.

\*The remaining 30 contracts noted relate to those under the £4M threshold.

## Other considerations

The following factors are routinely taken into consideration in relevant procurements, especially in construction or social care procurement. However, these may not always be specifically labelled as Community Benefit Award Criteria:

- Climate change (carbon and energy consumption, carbon in production, adaption, carbon in vehicle emissions).
- Materials (scarcity, security).
- Waste (production, reuse / recondition / remanufacture).
- Hazardous materials / emissions.
- Bio-diversity (protection and enhancement).
- Heritage (protection and enhancement).
- Water (consumption and production).
- Employment (skills and training, SMEs / social enterprises / supported businesses).
- Communities.
- Fair and ethical trading (working conditions, conflict materials).
- Equality (protected characteristics).

Following the legislative changes, and as recorded for the financial years covered by this report on the Council's On-Contract Spend Register, there have been a total of 107 procurements undertaken including live ongoing contracts to the end of the March 2022 reporting period where Sustainability Clauses have been part of the award criteria.

The most notable significant procurement exercises which were undertaken during the current reporting period include the new Public and School Transport services, the outer isles Kerbside Collection Services and the isles haulage services which incorporated proportionate Community Benefit clauses and have resulted in positive contributions from bidders.

In accordance with the Council's Sustainable Procurement Policy, the inclusion of sustainable procurement clauses in award criteria are considered for all contracts where this is appropriate. The following table illustrates the number of contracts where sustainable procurement clauses have been included regardless of value.

<b>Sustainability Clauses Analysis.</b>	<b>1 April 2021 to 31 March 2022.</b>
Number of Contracts where Sustainability Procurement Clauses have been included.	107.
Percentage of total Category C (local contract / framework including local collaborative framework agreements) Contracts with Sustainable Procurement Clauses.	48%.

A summary of the Community Benefits and Sustainable Procurement clauses as part of the award criteria for the procurements included within the reporting period are as follows:

- Employment (skills and training, small or medium-sized enterprises (SMEs) / social enterprises / supported businesses).
- Fair Work Practices.
- Transport and emissions.
- Employment opportunities for people who experience barriers to employment.

## **Section 4 – Supported Businesses Summary**

The [Act](#) included a new classification for supported business, and defined a supported business as ‘an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged’.

Public organisations can restrict the right to participate in procurement for the award of a public contract / framework to supported businesses only.

This change expanded the potential for more businesses to be included in this category however the Council’s contract activity for the reporting year has not provided an opportunity to carry out such an exercise.

## **Section 5 – Future Regulated Procurements Summary**

The Procurement team has worked with Corporate Directors across the Council to develop a forward procurement plan for their service areas. These plans identify the Council's anticipated procurement activity for the coming year for Category C and C1 procurement (excluding Category A and B activity).

The Act has extended this timeframe to two years and Appendix 3 includes information regarding anticipated Regulated Procurements for that period. As referenced in the introduction above, this report includes information on all procurement activity and this is included in the Forward Plan, i.e. it also covers 'non-regulated' procurement.

See Appendix 3 for the Council's Forward Plan.

## **Section 6 – Other Information**

### **Supplier Development**

A Meet the Buyer event has been held annually for the years 2018 to 2020.

Given the Covid-19 pandemic there has not been an over-arching Meet the Buyer event organised during 2020 to 2022, however contract specific market engagement events have taken place in a format compatible with Coronavirus restrictions in place at the time where required and on a case by case basis. The events are organised by the Council's Procurement Team, together with service colleagues and the Business Gateway. An example of this was the Mini-Meet the Buyer event advertised via a Prior Information Notice for the Kerbside Collection Service for the Outer Isles in 2021. The focus of this event was to explain the rationale for the forthcoming procurement exercise and signpost the support available via the Business Gateway Orkney Service and the Supplier Development Programme.

Scotland Excel have presented in person to the last three Meet the Buyer events. Similarly the Supplier Development Programme has been active in providing support to contractors and has also actively involved in helping local firms do business better with the Council. The events have attracted between 10 and 50 individuals over the last four occasions and have been well received by attendees.

The following commitments have been made as part of the Council's Procurement Improvement Action Plan:

- To increase attendance at 'meet the buyer' or equivalent events to cover areas of concern, engage with local suppliers and advise on how to become a supplier to the Council. Encourage main contractors to engage with SMEs through the inclusion of Community Benefit clauses.
- Encourage suppliers to the Council to access support available to businesses, via Business Gateway Orkney and the Supplier Development Programme.

Meet the Buyer events, following the format of the Kerbside Collection Service going forward have either taken place or are planned for contract/sector specific market engagement, for example, fleet, food procurement and Orkney Harbours Masterplan projects.

### **Collaboration and Partnering Opportunities**

In accordance with the Council's Procurement Strategy there is a Council commitment regarding collaboration and partnering. It is recognised that greater efficiencies can be achieved by improved collaboration between different organisations within the public sector with similar requirements, whether within the local government sector or in other areas of the public sector, such as the Scottish Government, the Crown Commercial Service, Non-Departmental Public Bodies and the National Health Service (NHS).

Collaboration maximises the value of procurement whether it be through aggregation of demand or through the sharing of resources to reduce administration. Framework Agreements are noted as either a Category A Contract or a Category B Contract or Category C1 for local collaborative contracts in place. The Council's use of these is shown in the tables below.

The Council's internal contract register lists all purchases for works, services and supplies known to have a contract in place. This register does not include ad hoc purchases for values typically under the £10,000 minimum threshold as noted in the Council's CSOs. There are exceptions to this rule where the nature or complexity of the contract does warrant having a contract in place regardless of being of low value (under £10k, for example, IT licensing agreements, cleaning contracts etc.

In total there are 503 live contracts listed in the Council's contract register for the year 1 April 2021 to 31 March 2022.

Tables 1, 2, 3, 4, 5 and 6 below summarise all live contracts as recorded on the Council's Contract Register by category for the previous six complete financial years and a corresponding split between Services, Supplies and Works.

**Table 1 – 1 April 2016 to 31 March 2017**

<b>Contract Category Analysis of Contracts (as recorded on the Contracts Register).</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	21.	11.64%.	2,830,560.07.
Category B (sectoral).	18.	7.45%.	1,811,503.54.
Category C (local single supplier).	163.	72.64%.	17,663,409.07.
Category C1 (local contract / framework including local collaborative framework agreements). (Example for Category C1 are the collaborative contracts in place with the Council as the lead with NHS Orkney for the provision of food for the schools, residential homes and the Balfour Hospital and specialist legal services working collaboratively and e-learning working.)	23.	2.00%.	486,816.67.
Category O (other).	101.	6.26%.	1,523,172.78.
<b>Total.</b>	<b>326.</b>	<b>100.00%.</b>	<b>24,315,462.12.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	240.	73.62%.	14,116,677.76.	58.06%.
Supply.	65.	19.94%.	4,814,221.17.	19.80%.
Works.	21.	6.44%.	5,384,563.20.	22.14%.
<b>Total.</b>	<b>326.</b>	<b>100.00%.</b>	<b>24,315,462.12.</b>	<b>100.00%.</b>

**Table 2 – 1 April 2017 to 31 March 2018**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	18.	10.41%.	3,151,612.07.
Category B (sectoral).	43.	7.77%.	2,354,034.99.
Category C (local single supplier).	187.	74.85%.	22,667,547.25.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	26.	1.60%.	484,316.67.
Category O (other).	112.	5.37%.	1,625,027.23.
<b>Total.</b>	<b>386.</b>	<b>100.00%.</b>	<b>30,282,538.21.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	256.	66.32%.	15,853,299.03.	52.35%.
Supply.	82.	21.24%.	4,589,907.12.	15.16%.
Works.	48.	12.44%.	9,839,332.06.	32.49%.
<b>Total.</b>	<b>386.</b>	<b>100.00%.</b>	<b>30,282,538.21.</b>	<b>100.00%.</b>

**Table 3 – 1 April 2018 to 31 March 2019**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	120.	9.29%.	3,239,609.60.
Category B (sectoral).	29.	6.76%.	2,356,310.38.
Category C (local single supplier).	190.	75.57%.	26,339,687.96.

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	12.	1.05%.	364,900.00.
Category O (other).	117.	7.33%.	2,553,243.36.
<b>Total.</b>	<b>468.</b>	<b>100.00%.</b>	<b>34,853,751.30.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	244.	52.14%.	17,163,049.95.	49.24%.
Supply.	162.	34.61%.	4,896,225.17.	14.05%.
Works.	62.	13.25%.	12,794,476.18.	36.71%.
<b>Total.</b>	<b>468.</b>	<b>100.00%.</b>	<b>34,853,751.30.</b>	<b>100.00%.</b>

**Table 4 – 1 April 2019 to 31 March 2020**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	35.	7.63%.	£3,158,775.74.
Category B (sectoral).	33.	5.83%.	£2,413,179.78.
Category C (local single supplier).	201.	71.40%.	£29,559,423.37.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	12.	0.75%.	£311,378.48.
Category O (other).	145.	14.39%.	£5,959,463.85.
<b>Total.</b>	<b>426.</b>	<b>100.00%.</b>	<b>£41,402,221.23.</b>

Type of Contract.	Number of Contracts.	Percentage of Total Contracts.	Value of Contracts (£).	Percentage of Total Value.
Service.	277.	65.02%	£18,328,542.27	44.27%
Supply.	80.	18.78%	£12,044,994.21	29.09%
Works.	69.	16.20%	£11,028,684.75	26.64%
<b>Total.</b>	<b>426.</b>	<b>100.00%.</b>	<b>£41,402,221.23</b>	<b>100.00%.</b>

**Table 5 – 1 April 2020 to 31 March 2021**

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	25.	7.69%.	£2,828,299.00.
Category B (sectoral).	29.	7.24%.	£2,662,194.74.
Category C (local single supplier).	212.	58.82%.	£21,618,832.83.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	13.	1.02%.	£373,967.50.
Category O (other).	149.	25.23%.	£9,540,039.67.
<b>Total.</b>	<b>428.</b>	<b>100.00%.</b>	<b>£37,023,333.74.</b>

Type of Contract	Number of Contracts	% of Total Contracts	Value of Contracts	% of Total Value
Service	275.	64.25%.	£19,064,537.13.	51.49%.
Supply	57.	13.32%.	£10,829,453.22.	29.25%.
Works	96.	22.43%.	£7,129,343.39.	19.26%.
<b>Total.</b>	<b>428.</b>	<b>100%.</b>	<b>£37,023,333.74.</b>	<b>100%.</b>

**Table 6 – 1 April 2021 to 31 March 2022**

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	54	2.39%	£1,002,229.10
Category B (sectoral).	58	10.21%	£4,282,885.39

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category C (local single supplier).	222	63.22%	£26,531,161.52
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	10	1.20%	£503,333.29
Category O (other).	159	22.98%	£9,643,541.36
<b>Total.</b>	<b>503</b>	<b>100.00%</b>	<b>£41,963,150.67</b>

<b>Type of Contract</b>	<b>Number of Contracts</b>	<b>% of Total Contracts</b>	<b>Value of Contracts</b>	<b>% of Total Value</b>
Service	323	64.21%	£22,203,979.34	52.91%
Supply	109	21.67%	£4,544,836.92	10.83%
Works	71	14.12%	£15,214,334.41	36.26%
<b>Total.</b>	<b>503</b>	<b>100%</b>	<b>£41,963,150.67</b>	<b>100%</b>

## Procurement Annual Spend Data

The Council is required by the Scottish Government to input its annual spend data to the Procurement Hub which records all purchasing transactions made by the Council for each financial year. The information is processed and released back to the Council for the purposes of analysis and forward planning.

The following table provides a summary of key data for the Council spend data for the past six financial years.

<b>Financial Year.</b>	<b>2016/17.</b>	<b>2017/18.</b>	<b>2018/19.</b>	<b>2019/20.</b>	<b>2020/21.</b>	<b>2021/22.</b>
Total Spend (£).	40,922,973.	43,949,847.	45,158,580.	45,351,144.	40,405,786.	53,235,315.
Core Trade Spend (£).	36,836,233.	38,934,328.	40,890,739.	41,136,579.	37,412,755.	50,458,363.
Input suppliers.	2,245.	2,249.	2,129.	2,143.	1,802.	2,205.
De-dedicated Suppliers.	2,216.	2,218.	2,091.	2,103.	1,764.	1,998.
Duplicate Suppliers.	29.	31.	38.	40.	38.	27.
SME Suppliers.	733.	702.	671.	730.	670.	971.
Local Suppliers.	225.	228.	238.	249.	217.	294.
Transactions.	34,655.	34,292.	34,684.	35,299.	29,226.	34,999.

Financial Year.	2016/17.	2017/18.	2018/19.	2019/20.	2020/21.	2021/22.
Average Spend per supplier (£).	18,467.	19,815.	21,596.	21,564.	22,906.	26,644.
Percentage of SME Spend.	75%.	63%.	67%.	65%.	61%.	62%.
Percentage of Local Spend.	43%.	41%.	47%.	41%.	38%.	41%.
Percentage of Core Trade Spend of Total Spend.	90.01%.	88.59%.	90.55%.	90.70%.	92.59%.	94.50%.

### Key to categories in Procurement Annual Spend table:

- Total Spend - the total amount of spend for the financial year.
- Input Suppliers - The number of suppliers, before de-duplication.
- De-duplicated Total Suppliers - The number of unique suppliers.
- Duplicate Suppliers - The number of suppliers which are duplicates of another supplier.
- Transactions - The total number of transactions.
- Avg. spend per supplier - The average spend per unique supplier.
- Core Trade Spend - Core Trade is a sub-set of your supply base that includes all Trade Suppliers and Social Care Provider with whom you have spent £1,000 or more in the financial year.
- SME Supplier - Small and Medium sized businesses where the supplier has less than 249 employees or where the annual revenue is less than £22.8m.
- SME Spend - Spend with SME as a percentage of Core Trade Spend.
- Local Suppliers – Spend with suppliers within the same local authority area as your organisation (based on Postcodes).
- Local Spend – Spend with local suppliers as a percentage of Core Trade Spend.

### Procurement Spend – National Context

The Council has the fourth highest value (38%) in comparison to the whole of Scotland for the reporting period 2020 to 2021, for total procurement spend on local SMEs (Figure 2).

Orkney's procurement spend on local SMEs is 9% above the 'all Scotland' national average of 29% (Figure 1).

Please note that the figures referred to in this section are the percentages of the Council's spend on local SMEs which is a different data set to the figures recorded for percentage of SME Spend and percentage of Local Spend in the table above. This information is sourced from the Local Government Benchmarking data sets and are the 2020 to 2021 figures. These are the most up to date statistics available to illustrate the national context.

### What percentage of my council's procurement is spent on local enterprises?

Figure 1: Percentage of Council Procurement spent on local SMEs 2020 to 2021. Source: [www.improvementservice.org.uk](http://www.improvementservice.org.uk), accessed 8 June 2022. Orkney Islands Council spend on local enterprise is 38%, higher than the national average of 29%.

What percentage of my councils' procurement is spent on local enterprises?



Figure 2: Percentage of Council Procurement spent on local SMEs – Scottish Local Authorities 2020 to 2021. Orkney Islands Council is ranked 4th across all Scottish Local Authorities. (Source: as above).

What percentage of my councils' procurement is spent on local enterprises?

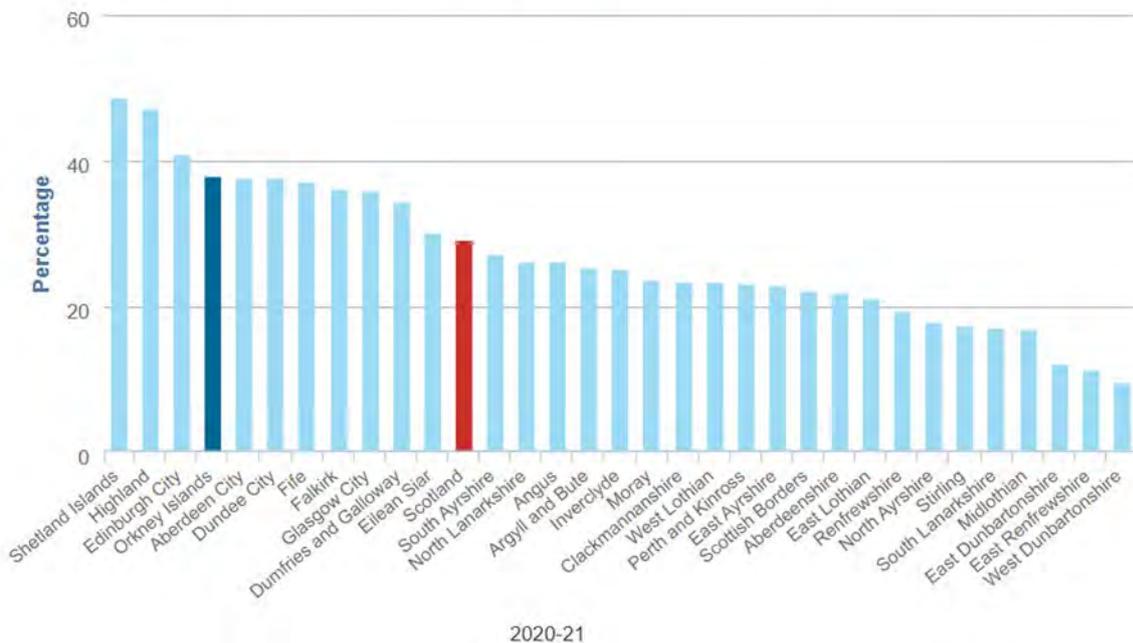
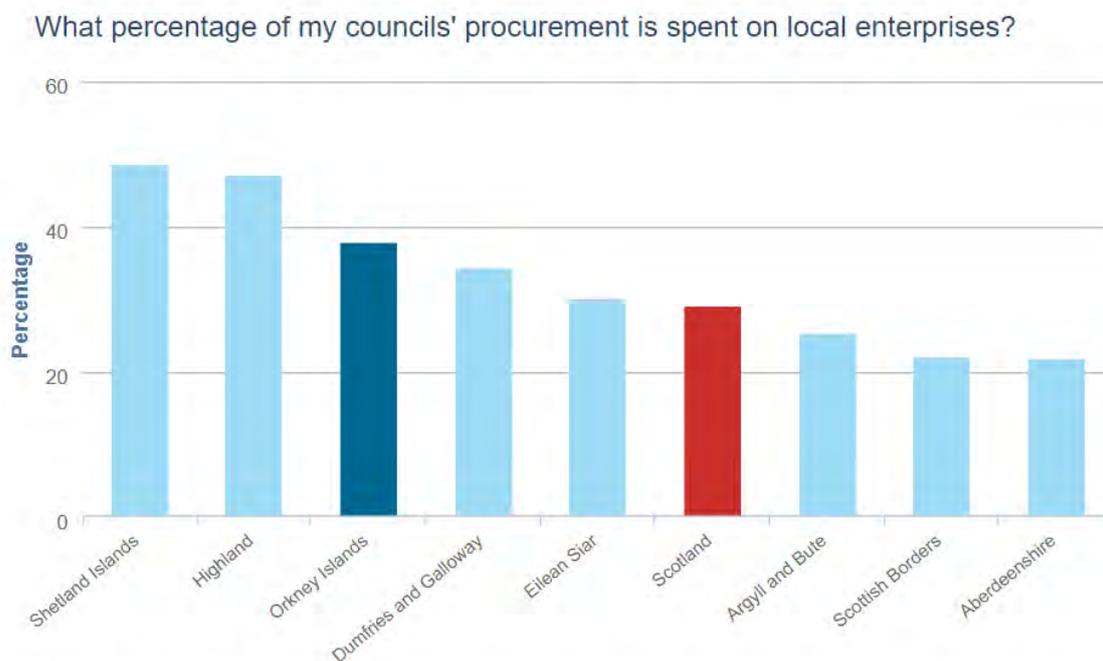


Figure 3: Percentage of Council Procurement spent on local SMEs –Compared to similar Scottish Local Authorities 2020 to 2021. (Source: as above).



For Corporate Services, Economic Development, Environmental Services, Culture and Leisure Services, Financial Sustainability and Tackling Climate Change similar types of councils are grouped by their population density

## Climate Change Duties

The Climate Change (Scotland) Act 2009 places ‘Climate Change Duties’ (CCD) on public bodies, which require them to:

- Contribute to national carbon emissions reduction targets.
- Contribute to climate change adaptation.
- To do this sustainably.

All public bodies are required to prepare reports on compliance with climate change duties for submission to the Sustainable Scotland Network at the Edinburgh Centre for Carbon Innovation, setting out what they are doing to fulfil their CCD. The Council will be statutorily required to provide the above in annual reports from reporting year 2021/22 onwards, as part of The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2020.

The Council’s 2020/21 annual CCD report was agreed by Council in October 2021. Copies of previous CCD reports may be accessed [here](#).

## Biodiversity Duty

Part 1 of the Nature Conservation (Scotland) Act 2004 places a ‘Biodiversity Duty’ on public bodies, requiring them to ‘further the conservation of biodiversity’ when carrying out their functions. Local authorities are well placed to deliver biodiversity conservation; as land managers and planning authorities, they can have a significant positive impact on biodiversity protection, as well as identifying opportunities for enhancement. Across a range of functions there are also opportunities for education, community engagement,

sustainable resource management, projects and initiatives which can deliver significant benefits for biodiversity.

The Wildlife and Natural Environment (Scotland) Act 2011 requires public bodies in Scotland to provide a publicly available report, every three years, describing the actions which they have taken to meet their Biodiversity Duty. Orkney Islands Council has already published Biodiversity Duty reports in 2014, 2017 and 2020, the most recent of which is available on the Council's website [here](#).

The Council is a member of the Orkney Local Biodiversity Action Plan Steering Group and helps prepare and implement the Orkney Local Biodiversity Action Plan (LBAP). First published in 2002 then revised in 2008, 2013 and 2018, the LBAP identifies actions which can be taken locally, and which will contribute to the conservation of those species and habitats identified as being 'at risk' or 'threatened' in the UK. All four versions of the LBAP are available on the Council's website [here](#).

## **Changes to Procurement Legislation at the end of the EU Exit Transition Period**

The Scottish Government produced a policy note [SPPN 11/2020](#) on 17 December 2020 regarding changes to Procurement legislation at the end of the EU Exit Transition period in January 2021. This policy note was subsequently updated on 19 April 2021 with a further policy note [SPPN 5/2021](#) issued on 18 August 2021.

The Council's key policy documents have been amended in accordance with the guidance issued by the Scottish Government during the period covered by this Procurement Annual Report and into the 2022/23 reporting period. This will continue as further policy notes are issued.

## **Changes in Scotland's Public Procurement Reporting Requirements for 2022-23**

The Scottish Government produced a policy note [SPPN 5/2022](#) on 22 August 2022 regarding future reporting requirement for the 2022 to 2023 period.

In May 2021, following consultation across the public sector and with representatives from business and the third sector, the Public Procurement Group (PPG) published a set of seven priorities for all public procurement leaders across Scotland. These priorities, high level aims and aspirational delivery statements for all public procurement leaders, demonstrate the Scottish Government's commitment to using the power of procurement to deliver and influence outcomes that are good for the people of Scotland. Following a period of review, the public procurement priorities were updated for 2022 to 2023. Whilst public bodies are not being asked to report against the priorities for the period for 2021 to 2022, the Scottish Government intend to issue a separate commission to bodies at the end of 2022-2023.