



# **Procurement Annual Report**

**1 April 2020 to 31 March 2021.**

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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.
EU Threshold. (As of January 2021 renamed the Threshold).	The threshold for determining the application of the Regulations. In the case of the Procurement (Scotland) Regulations 2016 the threshold is £189,330 (Supplies and Services) and £4,733,252 (Works). In the case of the Utilities Contracts (Scotland) Regulations 2016 the threshold is £378,660 for Supplies and Services and £4,733,252 for Works.
EU Regulated Procurement. (As of January 2021 renamed higher value regulated procurement).	Goods, Services or Works contracts with a value over the EU Threshold.
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 portal for public sector contract opportunities <a href="https://www.publiccontractsscotland.gov.uk/">https://www.publiccontractsscotland.gov.uk/</a> .
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).</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 Official Journal of the European Union (OJEU) 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 2020 to 2021, of over £40 million.

The Council operates a devolved model of procurement across five directorates. The central Procurement Services Team is based within Corporate Services and consists of three full-time equivalent staff; a Procurement Manager and a Procurement Officer and an Assistant Procurement Officer. The Procurement Manager's responsibilities include the development of a network of 18 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 in January 2019. 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 2021 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 fourth Annual Procurement Report. The reporting period for this fourth annual report is from 1 April 2020 to 31 March 2021.

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 2019 to 2021.

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 second 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 former OJEU 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 2020 to 31 March 2021.

## **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 this is 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 Improvement Capability 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 has been delayed due to Covid and we are waiting on a new date to be proposed by Scotland Excel.

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 of 2020/21. The findings of this report were presented to the Monitoring and Audit Committee on 1 April 2021. This Audit therefore falls outwith this reporting time frame and will be covered in more detail in the report for 2021/22.

#### **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 Quarry Procurement Procedures, and compliance with OIC processes, policies and regulations. This was done in early 2021 with the audit

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:

[Monitoring and Audit Committee - 11 March 2021 \(orkney.gov.uk\)](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 the law.

The actions identified in the action plan which accompanied the audit are being implemented and the outcome of these will be reflected in the Procurement Annual Report for the reporting period 2021 to 2022.

## **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 at the General Meeting of the Council held on 5 July 2016.

Since then the CSOs have been updated three 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 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.

## **Procurement Strategy**

The Council's current Procurement Strategy was published in January 2019 for the following two years and three-month period to 31 March 2021. This version brings the Procurement Strategy in line with the ongoing annual reporting requirements.

Appendix 2 attached to this report is the Procurement Service Improvement Action Plan which contains the Procurement Strategy targets set and 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:

<https://www.orkney.gov.uk/Service-Directory/P/procurement-strategy-2019-to-2021.htm>

It 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 available at the link below:

[Sustainable Procurement \(orkney.gov.uk\)](https://www.orkney.gov.uk/Service-Directory/P/procurement-strategy-2019-to-2021.htm)

Sustainable procurement supports the Council's values, as outlined in Orkney Islands Council Plan 2018 to 2023 and the Council's Delivery Plan 2018 to 2023:

<https://www.orkney.gov.uk/Council/C/corporate-strategic-plan-2018-2023.htm>

The Strategic Themes identified are as follows:

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

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.

These Procurements are as follows, and have either been completed or remain ongoing with 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>
13/02/2017.	Framework agreement for the Provision of personalised care and support services in Orkney for Individuals with Complex Needs, (Various Call off Contracts).	4,000,000.00.	13/02/2017.	12/02/2021.
01/02/2019.	Supply of Two New Towage Boats.	12,000,000.00.	11/02/2019.	September 2020.
05/01/2021.	Inter-island Air Services.	4,880,363,00.	01/04/2021.	31/03/2025.

A summary of the Community Benefits included in the award criteria for the procurements included within the reporting period, and those in procurements that are not concluded yet, are as follows:

- Employment (skills and training, small or medium-sized enterprises (SMEs) / social enterprises / supported businesses).
- Fair Work Practices.

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

In the instance of the provision of Personalised Care and Support Services contracts resulting from the framework agreement (awarded 13 February 2017), reporting of community benefits achieved are contained within quarterly contract management meetings for each individual contract. Contracts are awarded throughout the life of the framework and will vary according to each contract where relevant.

For the two new Tugboats sea and shore staff will be 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.

## 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 a 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).

There has been no increase in the number of contracts over the value of £4 Million where Community Benefit Clauses are used over the past financial year.

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 11 procurements undertaken including live ongoing contracts to end of March 2021 reporting period where Community Benefit Clauses have been part of the award criteria.

For procurement of Category C (local contract / framework including local collaborative framework agreements) Contracts which are undertaken by the Council, it is now routine for Community Benefits to be included as part of the award criteria where the value of the contract is over £4 million. This is recorded in the Procurement Strategy Improvement Plan, attached at Appendix 2.

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 likely to achieve Community Benefits. 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.

Going forward several significant procurement exercises which were in development but not yet completed during this current reporting period include the new Public and School Transport services and the outer isles Kerbside Collection Services which

both incorporated proportionate Community Benefit clauses and have resulted in positive contributions from bidders.

<b>Community Benefit Analysis.</b>	<b>1 April 2020 to 31 March 2021</b>
Number of Contracts Community Benefit Clauses is *applicable to.	5.
Number of *Applicable Contracts with Community Benefit Clause.	5.
Percentage of total *Applicable Contracts with Community Benefit Clauses.	100%.

\*Applicable in this context means that the overall contract value is over £4 Million.

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

The Act (<http://www.legislation.gov.uk/asp/2014/12/section/18>) 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 reserve the right to participate in procurement for the award of a public contract / framework to a supported business.

The classification change in 2016 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 Executive Directors across the Council to develop forward procurement plans 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 2 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 last four years.

Given the Covid-19 pandemic there has not been a Meet the Buyer event organised for 2020/21 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. 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 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.

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 advice 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.

### **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 a contract in place, for example, IT licensing agreements, cleaning contracts etc.

In total there are 428 live contracts listed in the Council's contracts register for the year 1 April 2020 to 31 March 2021.

Tables 1, 2, 3.4 and 5 below summarise all live contracts as recorded on the Council's Contract Register by category for the previous five 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>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
<b>Total.</b>	<b>426.</b>	<b>100.00%.</b>	<b>£41,402,221.23.</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.	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**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
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>

<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.	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>100.00%.</b>	<b>£37,023,333.74.</b>	<b>100.00%.</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.

Financial Year.	2015 / 2016.	2016 / 2017.	2017 / 2018.	2018 / 2019.	2019 / 2020.	2020 / 2021.
Total Spend (£).	44,002,015.	40,922,973.	43,949,847.	45,158,580.	45,351,144.	40,405,786.
Core Trade Spend (£).	39,228,692.	36,836,233.	38,934,328.	40,890,739.	41,136,579.	37,412,755.
Input suppliers.	2,221.	2,245.	2,249.	2,129.	2,143.	1,802.
De-dedicated Suppliers.	2,183.	2,216.	2,218.	2,091.	2,103.	1,764.
Duplicate Suppliers.	38.	29.	31.	38.	40.	38.
SME Suppliers.	761.	733.	702.	671.	730.	670.
Local Suppliers.	235.	225.	228.	238.	249.	217.
Transactions.	35,728.	34,655.	34,292.	34,684.	35,299.	29,226.
Average Spend per supplier (£).	20,156.	18,467.	19,815.	21,596.	21,564.	22,906.
Percentage of SME Spend.	70%.	75%.	63%.	67%.	65%.	61%.
Percentage of Local Spend.	48%.	43%.	41%.	47%.	41%.	38%.
Percentage of Core Trade Spend of Total Spend.	89.15%.	90.01%.	88.59%.	90.55%.	90.70%.	92.59%.

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

- Total Spend - the total amount of spend for the 2019 / 2020 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 third highest value (41%) in comparison to the whole of Scotland for the reporting period 2019 to 2020, for total procurement spend on local SMEs (Figure 2).

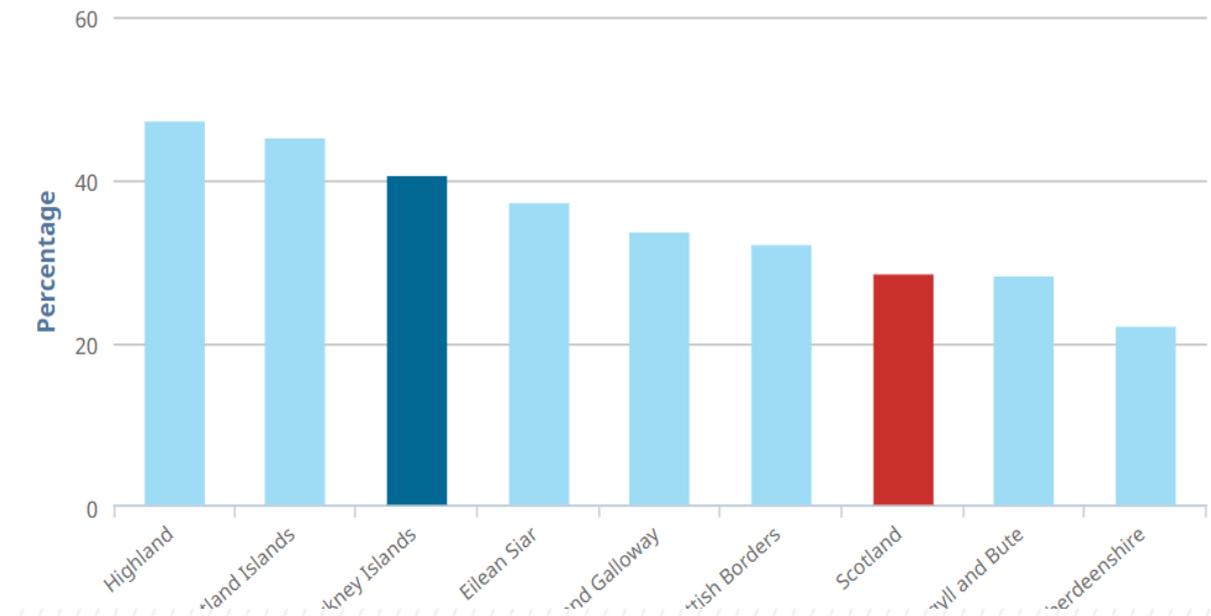
Orkney's procurement spend on local SMEs is 19% above the 'all Scotland' national average of 29% (Figure 1).

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 2019 to 2020 figures. These are the most up to date statistics available to illustrate the national context.



Figure 3: Percentage of Council Procurement spent on local SMEs –Compared to similar Scottish Local Authorities 2019 to 2020. (Source: as above).

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



## 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 report annually 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 required to provide the above in annual reports from reporting year 2021 / 2022 onwards, as part of The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2020.

The Council's 2020 / 2021 annual CCD report, due to be submitted by November 2021 was agreed by committee in October 2021. Copies of previous CCD reports may be accessed at <https://sustainablescotlandnetwork.org/reports/orkney-islands-council>.

## 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 and these are available on the Council's website at <https://www.orkney.gov.uk/Service-Directory/B/Biodiversity.htm>.

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. The Orkney LBAP 2018-2022 is available on the Council's website at <https://www.orkney.gov.uk/Service-Directory/B/Biodiversity.htm>.

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

The Scottish Government produced a policy note 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 issued on 18 August 2021.

<https://www.gov.scot/publications/changes-to-procurement-legislation-at-the-end-of-the-eu-exit-transition-period-sppn-11-2020/>

<https://www.gov.scot/publications/sppn-5-2021-changes-to-scottish-procurement-legislation-following-the-uks-exit-from-the-eu/>

The Council's key policy documents are being amended in accordance with the guidance issued by the Scottish Government during the period covered by this Procurement Annual Report and into the 2021/22 reporting period. This will continue as further policy notes are issued.