

Midlothian Council
Annual Procurement Report
(1st April 2018 – 31st March 2019)

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Introduction

The Procurement Reform (Scotland) Act 2014 requires any public contracting authority such as Midlothian Council (who is required to publish a procurement strategy) to prepare and publish an annual procurement report on all our regulated procurement activities.

The annual procurement report is intended to:

- Aid visibility of procurement activities
- Be a mechanism for conveying how the Council is meeting legislative requirements; and
- Outline how the Council's procurement activity is contributing to the delivery of its broader aims and objectives.

Section 18(2) of the Procurement Reform (Scotland) Act 2014 details the minimum content of the annual procurement report:

- A summary of regulated procurements completed during the year
- A review of whether those procurements complied with the authority's procurement strategy
- Where any procurements did not comply, a statement of how the authority intends to ensure future regulated procurements do comply
- A summary of community benefit requirements imposed as part of the regulated procurement that were fulfilled during the year
- A summary of any steps taken to facilitate involvement of supported businesses
- A summary of regulated procurements the authority expects to commence in the next 2 financial years

This procurement report will review Midlothian's Procurement Strategy 2018-2023 and evaluate the organisations procurement activity and further supports Midlothian Council's commitment to transparency within it procurement activity.

Summary of Regulated Procurements

Section 18(2) 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 procurement refers to any procurement above £50,000 for goods and services or £2,000,000 for works. A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. Regulated procurements can refer to new contracts and framework agreements but also to mini-competitions and call-offs from existing framework agreements.

The principle of transparency requires an organisation to approach its public procurements in an open and inclusive manner.

During the period of this annual procurement report (1st April 2018 – 31st March 2019) Midlothian Council carried out the regulated Procurements found in Appendix 1 and provides a high level summary which includes:

- The date of award
- The name of the supplier(s)
- Title of contract
- Estimated value of contract/framework
- Contract start date
- Contract end date

Review of Regulated Procurement Compliance

Section 17 of the Act requires all regulated procurements to be carried out in line with the organisations procurement strategy. Section 18(2) states that an annual procurement report must include a “a review of whether those procurements complied with the authority’s procurement strategy” and “the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply”.

Prior to the commencement of any regulated procurement exercise a commodity strategy is developed. Commodity strategies are reviewed as part of the governance procedures. This involves a review by the project team and various members of management to ensure commodity strategies reflect and adhere to the values and principles set out in the overall procurement strategy. Commodity strategies reflect Midlothian Council’s procurement strategy and ensure that the procurement exercise follow a journey that embeds our organisations principles, values and objectives.

This methodology represents and ultimately ensures that all regulated procurements align with the Procurement Strategy. Furthermore, our approach to strategic procurement in this way maximises the added value potential in each and every procurement exercise.

Midlothian has recently reviewed the commodity strategy template to incorporate any changes to legislation with a particular focus on data protection and the recent introduction of GDPR. We continually strive to strengthen and develop our internal governance and recognise that strategy development is crucial in the creation of our contracts and frameworks.

To ensure suppliers (locally and nationally) are paid timeously the Council is committed to paying all suppliers within 30 days. Prompt payment clauses requiring a 30 day payment term are embedded within our contractual terms and conditions. Suppliers are required to apply the same terms and conditions with their subcontractors who are supporting and delivering the council contract. During the reporting period the Council paid 93.1% of invoices within agreed timescales.

The combined strategy development and procurement processes in place ensured that all regulated procurements were undertaken in compliance with the legal and procedural framework, and as a result in compliance with our overarching Procurement Strategy.

Community Benefit Summary

Section 18(2) of the Procurement Reform (Scotland) act states that it is mandatory for the annual procurement report to include a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report.

Section 25 of the Procurement Reform (Scotland) Act 2014 mandates that all contracting authorities must consider whether to impose community benefit requirements as part of the procurement when the estimated contract value is greater than or equal to £4,000,000. However, community benefits are a key objective of the Council's Procurement Strategy 2015-2018 meaning all appropriate procurements must consider community benefits during the commodity strategy stage.

Incorporating community benefits into our procurement activity recognises that we contribute to the delivery of social and environmental benefits. Suppliers are required to make a community benefits submission as part of their overall tender

submission. Community benefits secured through the procurement process are recorded and monitored over the lifetime of the contract.

Key community benefit outcomes secured during the reporting period include:

Theme	Outcome	Value	Secured for Delivery
Targeted Recruitment	New Entrant - Apprenticeship	Nr	34
	New Entrant - Graduate	Nr	8
	New Jobs Created (within 50 Miles)	Nr	21
Training and Educational Support	Workplace/Site Visits for College Students (Pupil Numbers)	Nr	129
	Workplace/Site Visits for School Pupils (Pupil Numbers)	Nr	1755
	Work Experience Placement (14 - 19yr olds)	Days	54
	Work Experience Placement (College/Uni Student)	Days	310
Business Support	Meet the Buyer Events	Events	3
Community Engagement	Financial Support for Communities	£	£680.00

Supported Businesses Summary

Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report.

Supported Businesses make an important contribution to the Scottish economy, through the goods and services they deliver, but also by providing meaningful employment, training and social support for those who otherwise may be excluded from the workplace.

The council's procurement manual instructs that consideration be given to inclusion of supported businesses in all regulated procurements. In addition the procurement intranet page includes details of supported businesses who currently have contracts with Scottish Government and Scotland Excel.

During the reporting period there were no regulated Midlothian procurements awarded to supported business. The reason for this is that the goods, services or works associated with the awarded contracts over the reporting period are not currently provided by existing supported businesses.

Future Regulated Procurements Summary

Section 18(2) of the Procurement Reform (Scotland) Act 2014 states that it is mandatory that the annual procurement report must include a summary of the regulated procurements the authority expects to commence in the next two financial years.

Acting in a transparent and proportionate manner is an effective way by which an organisation can encourage competition and achieve better value for money in its procurements. It promotes wider participation in the public procurement process and this information will give notice to suppliers of future opportunities.

Future regulated procurements have been identified via the following means:

- Current contracts on the council's contract register that will expire and need to be extended or re-let over the next two years.
- New procurements identified via future work plans provided by Council service teams.

A full list of anticipated procurements in the next two years can be seen in Appendix 2.

Appendix 1 –Regulated Procurements

Award Date	Suppliers	Contract Title	Start Date	End Date	Estimated Value
04/01/2019	McLaughlin and Harvey Construction Ltd	Procurement of main contractors for new Hopefield Primary School	28/01/2019	29/01/2020	£9,326,641
04/01/2019	AHR	Appointment of multi disciplinary consultant for new Danderhall Primary School	09/04/2018	02/02/2020	£899,326
04/01/2019	Lot 1 - Regen Waste Ltd. Lot 2 – Dryden Aqua Ltd	Treatment of dry mixed recycling and Mixed Glass recycling	04/01/2019	31/12/2023	£2,700,000
22/02/2019	Lot 1 - Advance Construction Scotland Group, Leiths Group, Johnston Builders and Roofing Ltd, Sportsmasters UK Ltd, Crummock Surfacing Ltd, DK Smith Stonemasons, AM Dagg Ltd, MD Contracting Lot 2 - Willsweep Ltd, MD Contracting, AM Dagg Ltd Lot 3 - Leiths Group, Ritchie Girt and Clear, Sportsmasters UK Ltd, AM Dagg Ltd, MD Contracting	Winter Additional Resources and Winter Maintenance	22/02/2019	19/02/2023	£400,000

	Lot 4 - Wilsweep Ltd, AM Dagg Ltd				
	Lot 5 – Leiths Group, AM Dagg Ltd				
01/02/2019	Clockwork removals	Removal Transportation and storage services	01/02/2019	31/12/2023	£250,000
05/06/2018	Hart Builders	Design and Construction of Site 109, Conifer Road, Mayfield	05/06/2018	04/12/2021	£9,200,000
29/08/2018	Thistle Health & Wellbeing	Midlothian Wellbeing Service	01/11/2018	31/10/2021	£979,144
21/11/2108	McLaren Plant Ltd	Pedestrian barrier supply, installation and removal	03/12/2018	02/12/2021	£136,000
30/11/2018	Eurotech Insulation Rendering Systems Ltd	Silicon Roughcast and Ancillary Works	04/12/2018	30/03/2019	£810,000
20/11/2018	McLaren Plant Ltd	Forestry works at Cuiken Glen	20//11/2018	31/03/2019	£25,073
24/08/2018	Learn to Love Digital	MBTAG Digital Project	01/09/2018	01/03/2019	£50,000

Appendix 2 – Future Regulated Procurements

Subject Matter (Commodity)	Title of Contract	Contract Start Date	Estimated Total Contract Value	Type
Property and Facilities Management	Roughcasting	Mar 2020	£ 3,000,000	Re-Tender
Property and Facilities Management	M&E Term Contract	Mar 2020	£ 4,600,000	Re-Tender
Property and Facilities Management	Provision of servicing, maintenance and upgrading of Domestic Central Heating	June 2020	£ 8,250,000	Re-Tender
Property and Facilities Management	Voids Property Repairs Back up	Dec 2020	£ 180,000	Re-tender
Property and Facilities Management	Supply of External Doors and Window Units	Mar 2020	£ 3,000,000	Re-Tender
Commercial Services	Treatment of residual waste and associated services	July 2020	£ 4,000,000	Re-Tender
Commercial Services	Mayfield Town Centre Master Planning	Sep 2019	£79,275	New Opportunity
Property and Facilities Management	Danderhall Primary School	April 2019	£15,214,900	New Opportunity
Property and Facilities Management	Supply of Kitchen Units	June 2020	£1,425	Re- tender
Property and Facilities Management	Term Contract for Project Manager, QS, Principal Designer and Clerk of Works	Jan 2020	£1,800,000	New Opportunity
Property and Facilities Management	Extension and Internal Alterations to Sacred Heart Primary School	April 2019	£2,965,349	New Opportunity
Property and Facilities Management	Proposed Housing Development, Newmills Road, Dalkeith	Nov 2019	£12,935,000	New Opportunity
Business Solutions	Customer Service Platform	Feb 2020	£787,000	Re-Tender
Education	Family Learning Centres	July 2019	£1,697,000	New Opportunity
Education	Money Welfare Advisory Services	April 2019	£750,000	Re-Tender
Health and Social Care	Mental Health Rehabilitation Service	April 2019	£1,300,000	Re-Tender
Economic Development	Midlothian Science Zone Co-ordinator	Nov 2019	£100,000	New Opportunity
Customer and Housing Services	Management of Supported Temporary Accommodation Units Service and Tenancy Support	Apr 2020	£13,302,835	Re-Tender
HR Services	Physiotherapy Services	Mar 2020	£90,000	Re-Tender
HR Services	Employee Assistance Programme	Mar 2020	£75,000	Re-Tender
HR Services	Occupational Health	Mar 2020	£180,000	Re-Tender