

Midlothian Council
Annual Procurement Report
(1st Jan 2017 – 31st March 2018)

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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 as soon as reasonably practicable after the end of our financial year.

In terms of guidance provided by the Scottish Government the annual procurement report should be published within 4 months of the Council's financial year end, however due to Council's summer recess extensions have been granted for publication to August 2018, the first procurement report should cover the period 1st January 2017 to 31st March 2018.

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 2015-2018 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 January 2017 – 31st March 2018) 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 sub-contractors 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 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 |
|------------|--|--|------------|------------|-----------------|
| 11/01/2017 | JR Events and Sales | Project Management Services – Tourism | 11/01/2017 | 10/01/2019 | £103,680 |
| 16/02/2017 | Smith Scott Mullen | Masterplan for Stobhill | 16/02/2017 | 15/01/2018 | £129,095 |
| 06/05/2017 | Techmat 2000 Limited | Supply & Delivery of Artificial Ski Mat | 02/05/2017 | 31/03/2022 | £53,500 |
| 18/05/2017 | LDA Design | Masterplan for Newtongrange | 18/05/2017 | 18/11/2018 | £88,502 |
| 18/05/2017 | Gerald Eve LLP | Ratings Consultancy Service | 01/04/2017 | 31/03/2022 | £80,000 |
| 14/06/2017 | Achieve Training No Limits RUTS Training For Care McSense MY Adventure Edinburgh Bright Green Business | Schools Vocational Directory | 01/09/2017 | 30/06/2019 | £150,000 |
| 21/06/2017 | Edinburgh College | Early Years and Childcare Training | 01/09/2017 | 30/06/2017 | £80,340 |
| 13/07/2017 | Womens Aid East and Midlothian Limited | Accommodation and Support Services for women and children affected by violence | 13/07/2017 | 12/07/2024 | £2,219,189 |
| 21/09/2017 | RUTS Lothian's Veterans Centre Intowork Access to Industry | ESF Employability Projects | 21/09/2017 | 31/12/2018 | £668,000 |
| 23/09/2017 | SCRT Mears Care McSense | Care at Home | 01/10/2017 | 30/09/2019 | £1,529,892 |
| 06/10/2017 | Legend Club Management System | Leisure Management System | 01/04/2017 | 31/03/2022 | £132,771 |
| 14/09/2017 | Levenseat | Treatment of Residual Waste | 01/10/2017 | 19/11/2018 | £4,034,215 |
| 31/12/2017 | Walker Love | Sheriff Officers | 01/08/2017 | 31/07/2022 | £500,000 |
| 21/03/2018 | Inex Works Johnston Builders & Roofers | Additional resources during adverse | 15/01/2018 | 31/12/2022 | £750,000 |

| | | | | | |
|------------|-------------------------------|---|------------|------------|----------|
| | M&M Road Surfacing | weather conditions | | | |
| | Willsweep | | | | |
| | Crummock (Scotland) Ltd | | | | |
| | Murdoch McKenzie Construction | | | | |
| 21/03/2018 | Graham & Sibbald | Valuation of House and Land & Development Sites | 01/11/2017 | 31/10/2022 | £128,750 |

Appendix 2 – Future Regulated Procurements

| Subject Matter (Commodity) | Title of Contract | Contract Start Date | Estimated Total Contract Value | Type |
|-------------------------------------|--|---------------------|--------------------------------|-----------|
| Property Maintenance | Minor Works Framework | 01/11/2019 | £ 5,800,000 | Re-Tender |
| Property Maintenance | M&E Term Contract | 01/10/2018 | £ 4,600,000 | Re-Tender |
| Property Maintenance | Domestic Central Heating | 01/02/2019 | £ 8,250,000 | Re-Tender |
| Property Maintenance | Voids Term Contract | 01/09/2018 | £ 180,000 | New |
| Property Maintenance | Wet Floor Adaptations | 01/01/2019 | £ 500,000 | Re-Tender |
| Property Maintenance | Maintenance - Hoists | 01/01/2019 | £ 80,000 | Re-Tender |
| Property Maintenance | Supply of External Doors | 31/05/2019 | £ 1,600,000 | Re-Tender |
| Property Maintenance | Supply of External Window Units | 14/12/2019 | £ 4,000,000 | Re-Tender |
| Property Maintenance | Hire of Cherry Picker | 01/12/2018 | £ 80,000 | Re-Tender |
| Property Maintenance | Scaffolding Term Contract | 05/10/2019 | £ 200,000 | Re-Tender |
| Waste | Kerbside Dry Recyclates & Glass | 31/12/2018 | £ 11,200,000 | Re-Tender |
| Construction | New Build Social Housing - Hopefield | 01/06/2019 | £ 3,800,000 | New |
| Construction | New Build Social Housing - Kirkhill | 01/06/2019 | £ 4,500,000 | New |
| Construction | New Build Social Housing - Newbattle | 01/06/2019 | £ 34,500,000 | New |
| Construction | New Build Social Housing - Dalkieth | 01/06/2019 | £ 14,000,000 | New |
| Construction | Danderhall Community Facility | 01/01/2019 | £ 16,000,000 | New |
| Property Maintenance | Dirty Work Clearances | 01/11/2018 | £ 200,000 | New |
| Construction & Property Maintenance | Supply of Kitchen Units | 01/09/2018 | £ 1,425,000 | Re-Tender |
| Construction | Dundas/Highbank Project | 01/01/2019 | £ 6,500,000 | New |
| Construction | Alteration - Cuiken Primary School | 01/10/2018 | £ 2,000,000 | New |
| Construction | Alteration - Sacred Heart PS | 01/10/2018 | £ 3,000,000 | New |
| Construction | Hopefield Depot | 01/01/2019 | £ 8,000,000 | New |
| Transport | Home to School Bus Service | 15/08/2018 | £ 4,000,000 | Re-Tender |
| Education | Maintenance & Servicing of CDT Equipment | 31/10/2018 | £ 125,000 | Re-Tender |
| Health & Social Care | Temp Accommodation & Support Services | 31/07/2019 | £ 6,191,784 | Re-Tender |
| Health & Social Care | Respite Care for Adults with Learning Difficulties | 01/09/2019 | £ 542,532 | Re-Tender |
| Health & Social Care | Housing Support (Outreach Services) | 01/04/2019 | £ 800,000 | Re-Tender |
| | | | £ 142,074,316 | |