



'Midlothian – a great place to grow'

Midlothian Council Annual Procurement Report

(1st April 2021 – 31st March 2022)

Contents

- Introduction
- Summary of Regulated Procurement
- Review of Regulated Procurement Compliance
- Community Benefit Summary
- Supported Business Summary
- Future Regulated Procurements Summary
- Review of Midlothian's Procurement Strategy 2018 – 2023
- Appendix 1: Regulated Procurements Completed (1st April 2021 – 31st March 2022)
- Appendix 2: Regulated Procurement Forward Plan (1st April 2022 – 31st March 2024)

Introduction

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

The annual procurement report is intended to:

1. Aid visibility of procurement activities
2. Be a mechanism for conveying how the Council is meeting legislative requirements; and
3. 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 2021 – 31st March 2022) Midlothian Council carried out the regulated Procurements found in Appendix 1 and provides a high level summary which includes:

1. The date of award
2. The name of the supplier(s)
3. Title of contract
4. Estimated value of contract/framework
5. Contract start date
6. 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 aims to ensure 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.

Following the appointment of a new team lead earlier in the year, a review into the templates used for pre-procurement strategies and post-procurement recommendation reports will be undertaken. 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 2021/22 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 2018-2023 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. This is currently recorded on the Cenefits software system but work is ongoing to explore alternative solutions.

Key community benefit outcomes secured during the reporting period include:

- Targeted recruitment and training e.g jobs, training, work experience, job shadowing opportunities, apprenticeships for young persons and unemployed individuals
- Community Consultation, engagement and strengthening community relations
- Sponsorship of local organisations

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 page on the Council's intranet site includes details of supported businesses who currently have contracts with Scottish Government and Scotland Excel.

During the reporting period 2021/22 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 two financial years following the end of the reporting period..

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:

1. Current contracts on the council's contract register that will expire and need to be extended or re-let over the next two years.
2. 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.

Review of Midlothian's Procurement Strategy 2018 – 2023

Midlothian's 2018-2023 strategy consisted of 3 main themes;

1. Economic – Supporting the local economy
2. Social - Deliver safe, quality and innovative services that meet citizens' needs
3. Commercial Efficiency and Contract & Supplier Management – Securing best value for money

Economic

The Procurement Team has published a Local/SME Procurement Strategy in conjunction with Economic Development colleagues. The two teams continue to work in partnership to limit any barriers or obstacles which would have been preventing local businesses from participating in Council contracts.

Without question, this area can be developed considerably but in the last 2 years, limited resource within the Procurement team has prevented progress and stunted opportunity for growth.

Social

The Cenefits system was implemented as a means of recording Community Benefits (CBs). This was a partial success in that the system offers a clean way of recording/tracking CBs. However, resource remains a challenge from both Council and Supplier side in relation to the execution of the CB. Midlothian are actively exploring alternative solutions.

Community Benefits are included in every competitive procurement as standard. As are Key Performance Indicators and Service Level Agreements where appropriate and proportionate.

Commercial Efficiency and Contract & Supplier Management

The Procurement Team continue to work closely with Scotland Excel, Scottish Procurement (Scottish Government) and Crown Commercial Services to establish best value for money solutions. In addition, cross Council collaborations remain in place for certain contracts.

The team is currently split into 3 Categories;

1. People and Partnerships
2. Construction & Commercial Operations
3. Corporate

It is unlikely however that a full Category Management approach to these areas can be credibly claimed. The nature of the work has resulted in reactive methodologies as oppose to the proactive approach Category Management requires. There is an ongoing proposal to recruit additional procurement officers and to change the structure from 3 to 4 Categories which should be more manageable.

Appendix 1

Table of Compliant Regulated Procurements (between 01 April 2021 and 31 March 2022)

To be inserted

Appendix 2

Compliant Regulated Procurements Pipeline (between 01 April 2022 and 31 March 2024

To be inserted

MID-21-04	School Counselling Service	School Counselling Service for children and young people aged 10 – 18 years	New	1,531,460.00	29/03/2021	05/10/2021	01/09/2021
MID/xx/xx	M&E Term Contract	Mechanical and Electrical Maintenance Term Contract	Re-let	4,600,000.00	01/05/2022	15/09/2022	01/10/2022
MID/xx/xx	Highway maintenance	Highway maintenance contract	New	4,000,000.00	01/07/2022	01/07/2022	01/07/2022
MID/xx/xx	Housing Newbattle	New housing at Newbattle High School Site	New	23,000,000.00	01/11/2021	01/03/2022	01/07/2022
MID/XX/XX	Gas Audit Services	Provision of gas audit services in domestic and commercial properties	Re-let	160,000.00	15/01/2022	15/05/2022	01/06/2022
MID/XX/XX	Easthouses Primary School	Primary school at Easthouses in Midlothian	New	15,000,000.00	01/10/2022	01/03/2023	01/04/2023
MID/XX/XX	Intermediate Care, day Care and Extra Care Facilities Polton Street	Care facilities at Polton Street Bonnyrigg	New	10,000,000.00	23/09/2021	01/04/2022	01/05/2022
MID/XX/XX	Windows and Doors	Supply of windows and doors for domestic properties in Midlothian	Re-let	2,000,000.00	01/12/2021	25/11/2021	01/12/2021
MID/21/53	Supply of 3 RCVs	Supply of 3 RCVs	New	150,000.00	03/11/2021	03/11/2021	03/11/2021
MID/XX/XX	Woirdburn Primary School	Extension of existing Primary School	New	11,400,000.00	15/01/2022	01/06/2022	01/07/2022
MID/XX/XX	Mayfield St Lukes	Replacement school campus at Mayfield	New	15,000,000.00	01/11/2022	01/03/2023	01/04/2023
MID/XX/XX	Beeslack High School	Replacement school campus in Penicuik	New	50,000,000.00	01/04/2022	01/09/2022	01/10/2022
MID/XX/XX	Housing Newton Church Road Danderhall	Provision of 24 units at Newton Church Road Danderhall	New	TBC - High Value / Complex	01/04/2022	01/09/2022	01/04/2023
MID/XX/XX	Housing Bonnyrigg High Street	Provision of 20 units at High Street Bonnyrigg	New	4,900,000.00	01/02/2022	01/06/2022	01/07/2022
MID/XX/XX	Housing Stobhill Road Gorebridge	Provision of 25 units at Stobhill Road Gorebridge	New	5,900,000.00	01/06/2022	30/09/2022	01/11/2022
MID/XX/XX	A701 Link Road	A701 relief Road, A702 Spur Road, A701 active travel corridor and Straiton Junction signalisation	New	30,000,000.00	01/06/2022	01/11/2022	01/12/2022
MID/XX/XX	Gulley machine	Provision of a Gulley machine	New	150,000.00	01/12/2021	01/12/2021	01/12/2021
MID/XX/XX	Hilled Main Building	Main building at Hillend Ski Centre	New	11,000,000.00	01/12/2022	01/05/2023	01/06/2023
MID/XX/XX	Hillend Glamping Units	Glamping units at Hillend Ski Centre	New	1,000,000.00	01/03/2023	01/04/2023	01/06/2023
MID/XX/XX	Planer/Cold Milling Machine	Provision of a Planer/Cold Milling machine	New	300,000.00	TBC	TBC	TBC
MID/21/43	Hillend Civils Utilities and Minor Works	Civils contractor for the provision of upgrade and alteration works to A702 junction	New	5,000,000.00	06/09/2021	01/03/2022	31/03/2022
MID/XX/XX	Primrose Lodge - 4 Units and 2 Respite Units	Services for people with Profound and Multiple Learning Disabilities	New	3,200,000.00	01/07/2022	01/09/2022	01/12/2022
MID/XX/XX	Early Learning and Childcare	Early Learning and Childcare Provision	New	7,000,000.00	01/02/2022	01/05/2022	01/08/2022
MID/XX/XX	Day Services - Learning Disabilities	Day Services - Learning Disabilities	New	TBC - High Value / Complex	01/03/2022	01/06/2023	01/09/2023
MID/XX/XX	Befriending Service & Therapeutic Family Work	Befriending Service & Therapeutic Family Work	Re-let	597,934.00	10/01/2022	01/03/2022	01/06/2022
MID/XX/XX	Lasswade Primary School	Lasswade Primary School	New	TBC - High Value / Complex	01/04/2023	01/09/2023	01/10/2023
MID/XX/XX	Kings Park Primary School Extension and Refurbishment	Kings Park Primary School Extension and Refurbishment	New	TBC - High Value / Complex	01/04/2023	01/09/2023	01/10/2023