

Annual Procurement Report

For the period
31st December 2016 to 31st March 2018

Published June 2018

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1. INTRODUCTION

1.1 About SCRA

The Scottish Children's Reporter Administration (SCRA) is a national body focused on children and young people most at risk. SCRA was formed under the Local Government (Scotland) Act 1994 and became fully operational on 1st April 1996. Our main responsibilities as set out in the Act are:

- To facilitate the work of Children's Reporters,
- To deploy and manage staff to carry out that work,
- To provide suitable accommodation for Children's Hearings.

The Children's Hearings System provides the operational setting in which SCRA and its partner agencies work. The aim is to provide a safety net for vulnerable children and young people, and deliver tailored solutions which meet the needs of the individuals involved, while helping to build stronger families and safer communities.

SCRA's Procurement Strategy 2017-20 was approved by the Board in December 2016. The Strategy details the principal aims of SCRA Procurement as follows:

- Deliver a professional and flexible procurement service to both internal managers and external suppliers, ensuring that SCRA receives best value for money in the procurement of all goods, services and works in order to deliver an effective and efficient service to children and families.
- Ensure full compliance with EU & UK Public Sector regulations giving due regard to SCRA's needs and requirements to ensure operational effectiveness is maximised.
- Ensure SCRA's procurement practices contribute to the Scottish Government's objective for sustainable economic growth and contribute to the achievement of relevant National Outcomes

The Strategy set out seven priorities for the three years covered by the Strategy. The priorities and progress to date are covered in the table at section 3.2. The Strategy was refreshed in late 2017/18 with changes approved by the senior management team

The Principal Reporter/Chief Executive was clear in his foreward that the solid approach to procurement, captured in the strategy, allows SCRA Localities and Teams across the country to have the kind of access to specialist support and advice they need, now and in the future, to make wise, best value decisions about goods and services, to benefit from the scale of national contracts and to vision future ways of making things ever more efficient, responsive and adaptable to our changing needs.

Key procurement activities are incorporated in the annual Finance & Physical Resources Plan which forms part of SCRA's annual Business Plan.

1.2 Procurement Vision

Our vision for the future is one where the approach to procurement and contract management is fully integrated into our business strategies and a culture of best practice is embedded which will deliver legally compliant procurement processes, ensuring value for money, sustainability, quality services and continuous improvement.

1.3 Publication of Report

This report will be published on SCRA's website at www.scra.gov.uk.

2. SUMMARY OF REGULATED PROCUREMENTS COMPLETED

The following regulated procurements were completed in the period from 31st December 2016 to 31st March 2018.

Date of Award	Contract Title/ Subject Matter	Supplier	Total Est. Value (Including Extensions (Ex. VAT))	Total Est. Value (Excluding Extensions) (Ex. VAT)	Contract Start Date	Contract End Date (Excluding Extensions)
13/12/2017	CMS – Additional Services	Opentext	£136,360	£136,360	24/12/2017	31/03/2020
22/12/2017	Core Systems & Applications Solution (CSAS) – development and support of core systems for the Children's Hearing System	Leidos Innovations (UK) Ltd	£7,750,000	£3,937,000	22/12/2017	21/12/2020
13/07/2017	Internal Audit Services	BDO LLP	£86,400	£64,800	01/07/2017	30/06/2020
03/02/2017	Postal Services	Royal Mail	£1,064,000	£760,000	17/02/2017	30/09/2019
23/02/2018	Supply of Laptops & Accessories	Hewlett Packard Ltd	£87,968	£87,968	23/02/2018	Delivery Date
17/10/2017	Supply of Laptops & Accessories (Phase 2)	Hewlett Packard Ltd	£88,638	£88,638	17/10/2017	Delivery Date
12/11/2017	Interpreting, Translation & Transcription Services	Global Connections (Scotland) Ltd.	£653,333	£163,333	12/11/2017	11/11/2019
07/03/2018	Facilities Management (Interim Advanced Services Agreement)	FES Ltd	£84,000	£84,000	12/03/2018	When two year contract commences

3. REVIEW OF REGULATED PROCUREMENT COMPLIANCE

3.1 In compliance with Section 15(5) of the Procurement Reform (Scotland) Act 2014 and published Statutory Guidance, SCRA is now required to set out how it will ensure its regulated procurements will:

- Contribute to the carrying out of its functions and achievement of its purposes
- Deliver value for money
- Be carried out in accordance with the General Duties and the Sustainable Procurement Duty
- Ensure payment of invoices are made no later than 30 days after the invoice relating to payment is presented

3.2 Review of compliance with Corporate Procurement Strategy

Key Priorities	Compliance in 2017/18
1. Ensure full compliance with EU and UK	Public Sector regulations
For all regulated procurements comply with statutory requirements for addressing Fair Work Practices, including payment of a Living Wage	<p>Complied:</p> <ul style="list-style-type: none"> • Addressed by SPCD or APUC in setting up Frameworks. • Statements on workforce matters, CSR, Environmental performance and Sustainability included in ITTs and Evaluation criteria where applicable. • In one case awarded as an NCA under urgent circumstances so not applicable.
Develop a diverse range of suppliers, including SMEs, Supported Businesses and Third Sector	<p>Complied:</p> <ul style="list-style-type: none"> • Addressed by SPCD or APUC in setting up Frameworks. • One market testing event organised. • One successful service provider runs an SME innovation marketplace to bring through SME led innovation with 75% of their supply chain made up of SME's. • The nature of the Interpreting, Translation & Transcription business means that the majority of suppliers are SME's and the Interpreters are freelanced, self-employed individuals. • In one case awarded as an NCA under urgent circumstances so not applicable.

<p>Consider Community Benefit clauses in all contracts for goods and services over £50k in value</p>	<p>Partly complied:</p> <ul style="list-style-type: none"> • Considered by SPCD or APUC in setting up Frameworks. • No additional Community Benefit clauses added by SCRA. • In one case awarded as an NCA under urgent circumstances so not applicable.
<p>Ensure that regulated procurements are carried out in compliance with SCRA's sustainable procurement duty</p>	<p>Partly complied:</p> <ul style="list-style-type: none"> • Addressed by SPCD or APUC in setting up Frameworks. • Sustainability Test included in Procurement Strategies, Evaluation Criteria or Market Days as appropriate. • In one case awarded as an NCA under urgent circumstances so not applicable.
<p>Comply with SCRA's Health & Safety Policy by ensuring that suppliers comply with relevant regulations and best practice</p>	<p>Complied:</p> <ul style="list-style-type: none"> • Addressed by SPCD or APUC in setting up Frameworks.
<p>Follow SCRA's established approach of consulting and engaging with those affected by its procurements</p>	<p>Complied:</p> <ul style="list-style-type: none"> • Where appropriate SCRA engaged with partner organisations in the Hearing System, internal stakeholders (setting up a UIG or discussion with business lead) and suppliers (market test day).
<p>Ensuring SCRA's contracts deliver value for money</p>	<p>Complied:</p> <ul style="list-style-type: none"> • Procurement Strategies identify best route to market and ensure demand is justified. • Business Cases include whole life costing where appropriate. • Opportunities for collaboration actively considered. • All regulated procurements tendered via PCS.
<p>Ensuring that SCRA pays its suppliers within 30 days and endeavour to make payment within 10 working days of receipt of a valid invoice</p>	<p>Partly complied:</p> <ul style="list-style-type: none"> • Improvement in payment performance will be targeted in 2018/19.

2. Promote continuous improvement	
Develop contract management practices across SCRA	Partly complied: <ul style="list-style-type: none"> New guidance has been developed but not yet implemented for all critical suppliers.
Develop and train staff involved in managing contracts and suppliers	Partly complied: <ul style="list-style-type: none"> No formal training delivered but regular focus at Contracts Review Group.
Embed the role of the Contracts Review Group in ensuring SCRA receives best value whilst meeting legal obligations	Partly complied: <ul style="list-style-type: none"> Some progress in 2017/18, need to work more closely with a refreshed group in 2018/19.
Develop relationships with Scottish Government Procurement and identify opportunities for collaborative working with other public bodies	Complied: <ul style="list-style-type: none"> Good relationships with Scottish Government Procurement and opportunities for collaboration actively considered.

3.3 Review of regulated procurements

SCRA's Head of Finance and Resources reviewed all regulated procurements in the period January 2017 to March 2018, as shown in the table above, for compliance with the organisation's Procurement Strategy and Policy.

In summary all eight regulated procurements:

- where relevant were tendered via PCS;
- complied with SCRA Procurement Policy thresholds;
- where appropriate, included statements in the ITTs on Fair Work Practices, sustainability including fair and ethically traded goods and payment performance for suppliers and sub-contractors;
- were awarded under Scottish Government Frameworks and in one case, an APUC Framework and two NCA's.

4. COMMUNITY BENEFITS SUMMARY

- 4.1 Where relevant, consideration was given to the inclusion of Community Benefit Clauses, but there were no Community Benefits included in procurements during the period from 31st December 2016 to 31st March 2018.

5. SUPPORTED BUSINESSES SUMMARY

- 5.1 One contract with an estimated value of £28.9k was awarded to a Supported Business during the reporting period following a mini competition using the Supported Factories & Businesses Framework.

5.2 SCRA has representation on the Supported Businesses Working Group and attended the Supported Business Engagement Day in August 2017.

6. FUTURE REGULATED PROCUREMENTS

6.1 A summary of regulated procurements expected to commence within the next two financial years is included at Appendix A. Details may be subject to change due to budget revisions/resource availability.

7. NON-REGULATED PROCUREMENTS

7.1 A summary of non-regulated procurements with an estimated value above £20k, awarded in the reporting period, is included at Appendix B.

In addition a further 21 non-regulated procurements with a total value of around £160k were awarded in the reporting period.

8.0 PROCUREMENT PERFORMANCE

8.1 Supporting national policies

SCRA and CHS have commenced a joint Digital Strategy which will transform digital services in the Children's Hearing System. The Strategy is fully aligned with the Scottish Government's Digital ambitions for Scotland.

SCRA's Procurement Team participate in the organisations Environmental Group which leads on environmental reporting and development of environmental initiatives. In addition the potential for environmental benefits are considered in procurement exercises and where appropriate sustainability is included as one of the criteria for tender evaluation with bidders advised that sustainability is a key feature of the Procurement Reform Bill and a focus of Scottish Government.

8.2 PCIP Healthcheck

The last Healthcheck took place in autumn 2016. The main recommendations were:

- Contract and Supplier Management (CSM) - although competent and evidenced it was agreed that SCRA need to strengthen CSM formalities.
- Further development by SCRA Procurement Team (with support from SPCD) in Community Benefit Clauses in the tender process/weighting and scoring/recording and reporting.

Revised guidance on CSM has been developed and communicated internally. A self-assessment exercise will be carried out in 2018/19 to establish a baseline and identify areas for improvement, starting with critical suppliers.

Community Benefit clauses are considered at Procurement Strategy stage in regulated procurement exercises and included in tender exercises where identified as appropriate. It remains the case that opportunities are very limited however the Procurement Team continue to build their understanding of Community Benefits requirements including reviewing examples of best practice.

8.3 2017/18 Published Spend Data

The following table was extracted from the data published by Spikes Cavell.

<p style="text-align: center;">£4,445,530 Total Spend</p>			<p style="text-align: center;">£3,465,776 Core Trade Spend</p>	
<p style="text-align: center;">305 Input Suppliers</p>	<p style="text-align: center;">295 De-duplicated Total Suppliers</p>	<p style="text-align: center;">10 Duplicate Suppliers</p>	<p style="text-align: center;">70 SME Suppliers</p>	<p style="text-align: center;">1 Local Suppliers</p>
<p style="text-align: center;">2195 Transactions</p>	<p style="text-align: center;">£15,069 Avg. spend per supplier</p>	<p style="text-align: center;">3% PCard Spend</p>	<p style="text-align: center;">30% SME Spend</p>	<p style="text-align: center;">2% Local Spend</p>

Key:

Total Spend - the total amount of spend for the 17/18 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.

PCard Spend - Percentage of transactions by value of spend that are identified as Purchase Card transactions in the extract.

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 Providers** with whom you have spent £1,000 or more in the financial year.

SME Suppliers - Small & 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.

Of the total procurement spend of £4,445,530 in 2017/18, £4,137,441 was contracted spend (including non-regulated contracts). This represented 93% of all procurement spend in the year. This is an increase of 20% compared to 2016/17. The main reason for the increase is due to postal charges.

Procurement spend is closely monitored by the Procurement Team with support from the Contracts Review Group.

8.4 Spend with SMEs

During 2017/18 30% of spend was with SMEs, however, it should be noted that Spikes do not currently have sufficient data from all suppliers on their number of employees, so the SME information is likely to be understated.

Of the eight regulated procurements completed within the reporting period, three were awarded to SME's. A further five non-regulated contracts above £20k were awarded to SMEs and c. sixteen contracts below £20k.

8.5 Invoices paid within 30 days

During the year ended 31 March 2018 SCRA paid 68% (31 March 2017: 59%) of all invoices within the terms of its payment policy.

8.6 Collaborative working

SCRA utilises Scottish Government Frameworks where possible. In addition SCRA occasionally participates in UIGs (Interpreting, Translation & Transcription Services) and during 2017/18 SCRA worked with Children's Hearings Scotland on a tender for development of new core IT solutions for the children's hearings system and on the letting of Internal Audit contracts.

8.7 Savings & Benefits

Scottish Procurement have confirmed that SCRA made savings of £405k in 2017/18 from SCRA's use of Scottish Government collaborative framework agreements. It should be noted that these are not savings which reduce SCRA's costs or help SCRA to operate within the approved level of Grant in Aid so are not counted as efficiency savings.

The Procurement Officer has developed a Savings Tracker to capture savings from SCRA contracts (as distinct from Frameworks above). Information on these savings have been captured throughout 2017-18 and the accumulated savings, largely based on the difference between the average of all tenders less the winning bid, amount to around £50k across the 10 procurement exercises where savings were calculated.

Savings are reported to SCRA's Board in the annual Efficiency Plan which is presented each June.

9.0 OTHER PROCUREMENT ACTIVITIES

9.1 Digital Strategy

The Procurement Team have supported the first year of the implementation of the Digital Delivery plan. The main procurement exercise was for the development of new core IT solutions for the Children's Hearings System. Although SCRA engaged an external provider to oversee the procurement exercise (using a Scottish Government Framework Agreement) SCRA's Procurement Team played a significant part in the successful contract award. In addition to the core IT solutions the Procurement Team were involved in a significant number of contract awards for IT equipment purchases and infrastructure/system support contracts.

The Digital Strategy vision is to create a child centred hearing system, staffed with digitally capable volunteers and employees, who confidently utilise digital technologies to improve outcomes for children and young people in Scotland including through enhanced participation and engagement. The Strategy is linked to Scottish Government ambitions for digital transformation.

9.2 Facilities Management

Prior to 2017/18 SCRA participated in the second Facilities Management collaborative contract let by Scottish Government. The performance of the contractor, Carillion, caused considerable difficulties throughout 2017/18 and the Procurement Team supported efforts to manage the main contractor, move services over to the main sub-contractor following Carillion's liquidation, and to let a two year contract with a view to commencing a new regulated procurement exercise in 2018/19.

9.3 General Data Protection Regulations (GDPR)

The Procurement Team started working closely with SCRA's Information Governance Team in late 2017/18 to develop Data Processing Contracts where required in line with the requirements of the new GDPR, to update standard Terms and Conditions and Privacy Notices before the deadline of 25th May. The Procurement Officers attended in house GDPR training in March 2018.

9.4 Policy development

SCRA's Procurement Strategy was updated in 2017/18 with changes approved by the senior management team in early 2018/19. The Procurement Policy is reviewed every two years and will be updated during 2018/19.

10.0 CONTINUOUS IMPROVEMENT ACTIVITY

10.1 Competency Framework

During 2017/18 the Procurement Officers started to update their Procurement Competency using the Framework template. The priority areas for development

will be incorporated into Personal Development Plans for the Procurement Officers and progress tracked in 2018/19.

10.2 Flexible Framework

The Flexible Framework was completed in late 2017/18. Level 1 for People criteria has been completed and actions identified which will ensure progress towards completion of other criteria (Objectives-Strategy, Process, Stakeholders and Monitoring & Reporting) at Level 1 during 2018/19.

10.3 Contract and Supplier Management (CSM)

New CSM procedures have been developed and these will be rolled out during 2018/19 using the results of a baseline exercise to identify areas for improvement. There is a need to introduce more formality into contract management of critical suppliers with the Procurement Team reviewing evidence of compliance with the new procedures to ensure greater consistency of approach.

10.4 Networks and Training

SCRA's Procurement Officers are members of a Cluster Group and one of the Procurement Officers is a member of the Supported Business Working Group. In addition Procurement Officers attended the following events during the reporting period:

- SG 13th National Procurement Conference (including Training Zones on Effective Evaluation Tips and Market Engagement training)
- Sustainability test training event
- Embedding Sustainability in Service Contracts Workshop
- Asbestos Awareness Refresher Training
- Webinar on Annual Procurement Reports and the Procurement Reform (Scotland) Act
- GDPR training
- ESPD (Scotland) Workshop

11.0 OWNERSHIP AND CONTACT DETAILS

The owner of SCRA's Annual Procurement Report is as follows:

Ed Morrison
Head of Finance & Resources
0131 244 8585
ed.morrison@scra.gsi.gov.uk

**SUMMARY OF REGULATED PROCUREMENTS EXPECTED TO COMMENCE
IN THE NEXT 2 FINANCIAL YEARS**

Subject Matter	Type	Expected Contract Notice or Call Off Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract or Extension
CMS Support	Extension	N/A	Nov 2018	24/12/2018	£48,000
CMS Support	Extension	N/A	Nov 2019	24/12/2019	£48,000
Confidential Shredding	Re-Let	Sept 2018	Apr 2019	12/03/2019	£64,000
Facilities Management Services	Re-Let	Dec 2018	Aug 2019	01/06/2020	£1,500,000
Finance System	Extension	N/A	Nov 2019	01/01/2020	£65,502
FM (2 year contract)	NCA	N/A	Apr 2018	01/05/2018	£790,000
General Stationery & Office Paper	Re-Let	May 2019	May 2019	01/06/2019	£208,000
Interpreting, Translation & Transcription Services	Extension	Oct 2019	Oct 2019	12/11/2019	£163,333
Legal Services	Re-Let	Oct 2019	May 2020	01/06/2020	£560,000
Legal Services – Lot 3 – Principal Reporter's Statutory Functions	Extension	May 2018	May 2018	01/06/2018	£250,000
Postal Services	Extension	N/A	Sept 2019	01/10/2019	£310,000
Supply of Electricity	Re-Let (Call Off)	Mar 2019	Mar 2019	01/04/2019	£800,000
Supply of Gas	Re-Let (Call Off)	Mar 2020	Mar 2020	01/04/2020	£220,000
Water & Waste Water	Re-Let (Call Off)	Jan 2019	Jan 2019	01/03/2019	£260,000

**SUMMARY OF NON REGULATED PROCUREMENTS ABOVE £20K
AWARDED BETWEEN 31/12/16 AND 31/03/18**

Contract/ File Ref.	Contract Title	Supplier Name(s)	Total Value (ex VAT)	Contract Award Date
SCRA/2017/15	Edinburgh - 3rd Hearing Room - Principal Contractor	Interact Interiors Ltd	£34,056	09/02/2018
SCRA/2017/16	Glasgow Upgrading - Principal Contractor	Ross & Laidlaw	£51,256	29/12/2017
SCRA/2017/16	Glenrothes Upgrading - Principal Contractor	Ross & Laidlaw	£33,124	02/02/2018
SCRA/2016/20	Hearing Room Furniture	Matrix Fife	£28,993	06/02/2017
SCRA/2016/26	ICT Procurement Specialist	Capita	£34,486	26/04/2017
SCRA/2017/23	Model Hearing Room Furniture	Azzurro	£38,147	30/01/2018
SCRA/2017/17	Stranraer - Building Fabric Works	Ross & Laidlaw	£86,763	01/02/2018

* Note - Works contracts below £2m are classed as non-regulated.

Glossary

Term	Description
Collaboration	When two or more groups of people or organisations engage in procurement work together for mutual benefit (CIPS).
Contract Management	The process of monitoring the performance of a supplier to contract.
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
Critical Suppliers	Those suppliers identified as business critical in terms of risk/value and business continuity.
Procurement Exercise	Full end to end procurement exercise documentation from strategy development to contract & supplier management.
Procurement function	The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.
Procurement Journey	Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an on-going basis with feedback from users and any other identified good practice guidance and tools where appropriate to ensure a standardised approach to the supply base.
Procurement Officer	Individual who spends the majority of their time working in a role that adds value to the quality, cost and effectiveness of the procurement or acquisition of goods, works and services; impacting upon commercial relationships during one or more stages of the procurement cycle and contributing towards best practice contract and supplier management.
Procurement strategy	Strategy for procurement within an organisation (can be called policy).
Public Contracts Scotland	The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
Small Medium Enterprise (SME)	The category of micro, small and medium-sized enterprises (SME's) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
Supply Chain Management	The coordinated set of techniques to plan and execute all steps used to acquire raw materials from suppliers, transform them into finished goods, and deliver both goods and services to customers. It includes chain-wide information sharing, planning, resources and performance measurements.

Supported Business	Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.
Value for Money	An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
Whole Life Costing	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.