

**South of Scotland Enterprise**

**The Crichton**

**Bankend Road**

**Dumfries**

**DG1 4TA**

**Procurement**

**Annual Report**

**2022-23**

Contents

[Executive Summary 3](#_Toc79411477)

[1. Introduction 4](#_Toc79411478)

[2. Vision for procurement 4](#_Toc79411479)

[3. Context 4](#_Toc79411480)

[4. Information on Contracts 5](#_Toc79411481)

[5. Highlights 7](#_Toc79411482)

[6. Delivering Best Value 8](#_Toc79411483)

[7. Monitoring, Reviewing and Reporting performance 9](#_Toc79411484)

[8. Strategy Ownership and Contact details 9](#_Toc79411485)

[Appendix A -](https://pkc.sharepoint.com/sites/EDMS_CPT/Shared%20Documents/Corporate%20Management/Annual%20Reports/Annual%20Report%202020-21/PKC%20Procurement%20Annual%20Report%202020-21%20%20draft%20July.docx#_Toc79411486)Contracts awarded in the reporting period 10

 B – Annex A ; Scottish Govt KPI data.................................................................................... 12

|  |  |
| --- | --- |
|  Executive Summary |  |

This annual report records Procurement activities and outcomes delivered by South of Scotland Enterprise (SOSE) in the budget year April 2022 to March 2023.

A SOSE Procurement Strategy is in place and is supported by a Procurement Team Business Plan, which sets out how the Procurement Team supports SOSE procurement activity.

The focus of this report is to provide an update on the variety of ways in which procurement activity has been used to support the desired outcomes of SOSE in meeting the needs of the South of Scotland.

This update provides more detail on the improvements made to ensure that SOSE’s working practices are meeting the legislative and regulatory requirements introduced by the [Procurement Reform (Scotland) Act 2014](http://www.legislation.gov.uk/asp/2014/12/contents) and the [Public Contract Scotland Regulations](https://www.legislation.gov.uk/ssi/2015/446/contents/made)

SOSE procurement spend with third parties during 2022/23 was c £7.6 million, this includes expenditure on goods, services and works.

|  |  |
| --- | --- |
|  1. Introduction |  |

The changing face of public services has seen procurement activity in the Scottish public sector embark on a journey of continuous improvement. SOSE is fully committed to the ongoing improvement of how it carries out its procurement activities and in recent years there has been a strong focus on how procurement can be used as a tool to support sustainable and inclusive growth in the South of Scotland. This annual report provides detail of SOSE’s procurement activity and progress in achieving same during 2022/23.

A SOSE Procurement strategy was approved in 2020 that reflected the increasingly significant role that procurement plays in enabling SOSE to deliver local environmental and socio-economic benefits. Building skills and capacity within the organisation, both in respect of regulated procurement activity and commercial decisions, is key to enabling the organisation to be more creative and effective in its service delivery. Effective procurement decision-making has the potential to add increased value to the spend made by the SOSE each year.

|  |  |
| --- | --- |
|  2. Vision for procurement  |  |

The Procurement Strategy for SOSE is based on the statement of values below and is aligned to both the [SOSE 2022/23 Operating plan](https://www.southofscotlandenterprise.com/media/aqgig0aa/sose-operating-plan_2022-23_a4l_final_18-11-22.pdf) and the [SOSE Five Year Plan 2023-28](https://www.southofscotlandenterprise.com/media/sdonj3nv/our-five-year-plan-1.pdf)

***’’To achieve commercial excellence in our procurement activities and ensure that we deliver Best Value for SOSE and do so in an effective, efficient, ethical, and sustainable way that delivers local economic, environmental, and social benefits’’***

|  |  |
| --- | --- |
|  3. Context  |  |

SOSE works in an increasingly complex and challenging environment. It is important to consider the context and drivers for change that have informed our Procurement approach. The [Scottish Model of Procurement,](http://www.gov.scot/Topics/Government/Procurement/about/spd-aims) shown below, sets high level objectives for all public bodies to consider when working with supply markets.



For each procurement exercise a full assessment of the ways in which the desired contract will meet our objectives is undertaken and built into the specification issued to prospective bidders.

Consideration is given to engagement with those affected by the procurement exercise – this includes, as appropriate, the communities in which the contract will be delivered, the potential local supply base, SOSE staff affected by the contract.

Options for how the contract might be delivered is also considered, with a review of potential provider solutions including, arm’s length organisations, supported businesses, not-for-profit organisations, and smaller businesses, including start-ups.

|  |  |
| --- | --- |
|  4. Information on Contracts  |  |

A key principle for effective public sector procurement is transparency; ensuring that opportunities to bid for public sector work are visible to all companies which may wish to consider it.

SOSE achieves this by using the national advertising portal – [Public Contracts Scotland](https://www.publiccontractsscotland.gov.uk/Search/Search_AuthProfile.aspx?ID=AA30448)

All SOSE contract opportunities with a contract value greater than £50,000 are advertised here.

Contract opportunities with a value lower that £50,000 can be advertised using a Quick Quote process; where 3 competitive quotes are sought from suppliers; this is also conducted through the same portal.

The way that SOSE must meet the legislative duties for procurement is set out in our Procurement Policy

* The approach required to be taken varies depending on the value of a contract.
* Those above a Regulatory defined threshold <https://www.gov.scot/publications/new-eu-procurement-thresholds-from-1-january-2020/> must be **tendered** following the [Public Contracts (Scotland) regulations 2015.](http://www.legislation.gov.uk/ssi/2015/446/contents/made)
* Contracts with a value between **£50,000** and the above Regulatory threshold must follow the procurement approach as set out in the [Procurement Reform Act](https://www.legislation.gov.uk/asp/2014/12/contents)
* For contracts valued between **£5,000** and **£50,000** we will aim to invite **quotations** from a minimum of 3 bidders.

**Contracting Activity for the period**

Each budget year, we aim to publish a high level spend plan derived from the budget planning process. This plan set out, in broad terms, the intended procurement work over the reporting period, and includes some longer-term projects

In 2022/23 SOSE spent c £7.6 million with external parties.

In 2022/23 SOSE procured from contractual arrangements with **209** suppliers during the reporting period to 31st March 2023. The procurements related to spend on contract awarded in year as well as spend on pre-existing contracts awarded in previous budget years that remained available for use by SOSE. It is also worth noting that many procurements are attended to using existing collaborative commercial agreements – removing the requirement for SOSE to carry out a full procurement exercise.

An overview of SOSE contract award activity in 2022/23 is attached in Appendix A

**Contracts Register**

To improve the transparency around contracts held by SOSE, we also have a SOSE Contracts Register which is available. A searchable format of the Register is also to be made available in 2023/24 on the Public Contracts Scotland website.

|  |  |
| --- | --- |
|  5. Highlights |  |

SOSE’s Procurement Strategy and policies apply to all SOSE’s external procurement expenditure on goods, services and works. The purpose of each procurement exercise carried out by SOSE in 2022/23 was to deliver outcomes that supported one or more of the outcomes articulated in SOSE’s Operating plan. The ways in which some of our recently awarded contracts have contributed to our objectives are described in the two examples provided below.

**Supporting Innovation; Mountain Bike Innovation Centre**

Procurement team supported the development of a Collaborative partnership with Scottish Borders Council and SFT/HubCo. to progress the initial phases of the project

The MBIC Project seeks to deliver a variety of benefits including:

* Putting the South of Scotland on the map as a world class Mountain bike destination,
* Build on the existing infrastructure and natural assets of the area
* Establish an Industry Cluster – Research & Development Hub fostering innovation and commercial success.
* Deliver and demonstrate operationally Net Zero facilities
* Deliver export growth and attract inward investment

**Just Transition to Net Zero**

Procurement work by its nature can play a key role to contribute to a just transition to Net Zero.

Contracts awarded in 2022/23 which support this aspiration include:

* Electric Vehicle Charging Points -the procurement team supported SOSE FM (Facilities Management) team with the installation of EV (Electric Vehicles) charging points at Carmont House in Dumfries
* Electric Vehicles; Procurement team delivered a salary sacrifice scheme for SOSE staff to get EV cars, usually this sees staff replacing their combustion engine vehicles
* In our IT hardware procurement, the latest energy efficiency and environment accreditations have been incorporated into the specifications used

|  |
| --- |
|  6. Delivering Best Value |

**Local Supplier Support**

In addition to the transparent approach, we have to the publication of contract opportunities, SOSE also works to support and upskill local businesses to try to ensure they have the necessary skills and understanding of how best to access and be successful in public procurement exercises. SOSE is an active participant in the [Supplier Development Programme](https://www.sdpscotland.co.uk/) and looks to hosts regular supplier support events throughout the year – typically along the following lines

* Bespoke events aimed at supporting local organisations and Supplier engagement events relating to specific contract opportunities.
* Training sessions; where local suppliers are given an opportunity to learn about the SOSE, officer roles, and how SOSE spends its budget. This enables suppliers to better understand how SOSE tender processes work, to find out about where SOSE advertises tender opportunities and to gain an insight into upcoming SOSE contract opportunities.
* Meet the Buyer events –SOSE support National and Local events, attracting exhibitors from across the public sector in the South of Scotland, as well as several large contractors working in the area. SOSE hosted the inaugural Meet the Buyer South event in October 2022 at its offices in Selkirk. <https://www.sdpscotland.co.uk/events-mtbs/>

The search functions on Public Contracts Scotland can be used as a data source for local suppliers to explore the opportunities from, and contracting plans of a wide range of public bodies, including SOSE

**Savings**

A proactive approach to identifying potential areas for budgetary savings has been developed. Proposed savings opportunities are discussed with Finance and Corporate Resource management team and senior management when developing procurement strategies and letting contracts. In the reporting period procurement activity has yielded improvements in contracted terms and has contributed to the delivery of both cashable efficiency savings and non-cashable process improvements.

**Fair Working Practices**

SOSE became an accredited Living Wage employer in 2020. As part of this accreditation, we made the commitment to develop our understanding of Fair Work practices, including [payment of the Living Wage](http://www.pkc.gov.uk/article/18612/Living-wage) in our supply chain. To this end, we include questions on the approach to Fair Work when engaging with prospective suppliers for services. Where new contracts are formed, bidders are required to provide information on their approach to Fair Work and the payment of the Living Wage**.**

**Electronic Tools and Process Efficiency**

All competitive activities use the national portal [Public Contracts Scotland](https://www.publiccontractsscotland.gov.uk/) with the intention that potential suppliers can identify contracting opportunities in a specific location. The use of electronic systems and digital tools to support and manage the procurement work is a source of further efficiency.

**Collaborative Contracts**

In addition to directly procured contracts issued on behalf of SOSE, we also make use of a range of contractual agreements awarded in collaboration with other bodies.

The collaborative contracts used by SOSE are broadly split into three categories

* those delivered for the whole of the public sector by Scottish Government, Hubco, Westminster (CCS), and other public sector bodies (SPA, SCAPE)
* those delivered for the Scottish local authority sector by Scotland Excel
* those delivered by partners (HIE, SE (Scottish Enterprise))

Almost 71% of SOSE spend is channelled through these collaborative contracts and we actively participate in the creation and operational management of several of them. Collaboration can also bring significant process efficiencies through promoting the use of common contract specifications. This in turn helps to deliver more contracts in line with time and cost targets, particularly beneficial in the construction sector.

Value from these collaborative arrangements is promoted through access to the enhanced buying power of working together with other partner organisations either local or nationally. Robust benchmarking of prices and costs is undertaken using data on market rates, comparable projects, and internal information on performance.

|  |  |  |  |
| --- | --- | --- | --- |
|

|  |  |
| --- | --- |
|  7. Monitoring, Reviewing and Reporting performance |  |

 |  |

**Monitoring**

Updates on the progress being made have been provided to SOSE’s Senior Leadership Team.

**Reporting**

The preparation of this Annual Report together with the reporting of procurement activity through service and financial monitoring reports is intended to meet this requirement.

**Review & Benchmarking**

In alternate years, an independent review of the procurement capability takes place. SOSE procurement functions are benchmarked against an assessment tool, the Procurement Capability, and Improvement Programme (PCIP). The assessment requires the submission of defined range of data and documentation as well as an on-site visit by the assessors. The PCIP focuses on the policies and procedures driving procurement performance and more importantly, the results they deliver. The PCIP focusses on four main elements:

* Leadership and Governance
* Development and Tender
* Contract Management
* Purchasing Processes

Relative to the newness of SOSE – the organisation is yet to undertake a PCIP assessment.

|  |  |  |  |
| --- | --- | --- | --- |
|

|  |  |
| --- | --- |
|  8. Strategy Ownership and Contact details |  |

 |  |

SOSE’s Procurement Team is part of SOSE’s Finance & Corporate Resource Directorate, is managed by the Procurement & Property manager and is led by the Director of Finance & Corporate Resources

#  Appendix A – Contracts awarded

**SOSE CONTRACTS AWARDED**

**1 April 2022 to 31 March 2023**

The information provided below details contracts awarded by Procurement team on behalf of SOSE during the budget year 2022/23.

|  |
| --- |
| **Financial Year 2022/23**  |
| **Awards above £50,000 (Scottish Procurement Reform Act Regulations apply)** |
| **£50,000 and above**  |
|  **Description** | **Value (£)** |
| SOSE 165 | CRM design&discovery  | 240000 |
| SOSE 197 | CRM Alpha remainder phase | 245441 |
| SOSE 214 | C2C (Coast 2 Coast) permanent counters | 66600 |
| SOSE 223 | CRM beta phase | 650468 |
| SOSE 244 | Audit fees | 103197 |
| SOSE 167 | RLUP (Regional Land Use Partnership) phase 2 (II) | 56500 |
| SOSE 248 | Financial advice ; MTBIC  | 53500 |
| SOSE 252 | Office furniture for Carmont & Ettrick offices | 51982 |
|  |
| **Awards below £50,000 (SOSE governance applies)** |
| **£5,000 to £50,000** |
|  **Description** | **Value (£)** |
| SOSE 155 | innovation ecosystem | 22000 |
| SOSE 156 | business advice ; HR policies | 12096 |
| SOSE 157 | business advice ; Digital Strategy | 17100 |
| SOSE 158 |  funding ; Tour Series  | 20000 |
| SOSE 159 | IT services | 14700 |
| SOSE 161 | parliamentary monitoring | 17370 |
| SOSE 162 | media monitoring | 6750 |
| SOSE 163 | online dse assessment | 5427 |
| SOSE 164 | website hosting etc | 46000 |
| SOSE 166 | RLUP phase 2 | 49702 |
| SOSE 168 | route map to NZ (Net Zero) | 31625 |
| SOSE 169 | insurance (2022 -23) | 19000 |
| SOSE 170 | strategic planning | 9500 |
| SOSE 171 | newspaper licensing | 11046 |
| SOSE 172 | survey ; marine | 8400 |
| SOSE 173 | advertising fees | 5250 |
| SOSE 182 | event fees | 7396 |
| SOSE 185 | CRM project support services | 26000 |
| SOSE 199 | C2C Tech survey |  38760 |
| SOSE 186 | C2C brand | 19964 |
| SOSE 187 | data analysis – business data | 23385 |
| SOSE 189 | data analysis - statistical data | 5694 |
| SOSE 192 | cyber insurance | 17076 |
| SOSE 193 | it licenses for Microsoft | 8328 |
| SOSE 194 | leadership dev prog | 29796 |
| SOSE 196 | insurance; car | 6157 |
| SOSE 201 | mgt consultancy | 20000 |
| SOSE 203 | job eval training | 10125 |
| SOSE 204 | Project work | 10000 |
| SOSE 207 | recruitment | 8000 |
| SOSE 208 | IT provision | 5000 |
| SOSE 209 | research ; housing | 8000 |
| SOSE 210 | mentoring services | 8400 |
| SOSE 215 | C2C Videography | 14010 |
| SOSE 217 | woodland creation CWB (Community Wealth Building) | 23843  |
| SOSE 213 | photo videography | 6815  |
| SOSE 216 | net Zero nation | 18000 |
| SOSE 222 | natural capital mapping | 20000 |
| SOSE 224 | butterfly conservation | 7500 |
| SOSE 225 | tweed forum fbc | 7500 |
| SOSE 226 | cycle kit & EV charger | 32805 |
| SOSE 227 | academy of enterprise | 5500 |
| SOSE 236 | route map to nz | 22250 |
| SOSE 237 | digital services mysose | 33800 |
| SOSE 247 | Creation of an investment portfolio brochure | 44475 |
| SOSE 255 | create & facilitate business event  | 25000 |
|  |
| **Awards below £5,000 (SOSE governance applies)** |
| **Under £5,000**  |
|  **Description** | **Value (£)** |
| SOSE 174 | promotional goods | 1950 |
| SOSE 175 | event hire | 2000 |
| SOSE 176 | coaching | 1350 |
| SOSE 177 | HR support | 2500 |
| SOSE 178 | HR Consultancy   |  1536 |
| SOSE 179 | advertising | 1797 |
| SOSE 180 | cima training | 4830 |
| SOSE 181 | business support | 3450 |
| SOSE 183 | nz app | 3000 |
| SOSE 184 | actuarial service | 2520 |
| SOSE 188 | data analysis | 1900 |
| SOSE 190 | data analysis | 1600 |
| SOSE 191 | amendment to sose 171  | 3500 |
| SOSE 195 | leader development prog | 3501 |
| SOSE 198 | C2C Temp counters |  8150 |
| SOSE 200 | Event Mgt | 1000 |
| SOSE 202 | mgt consultancy | 1500 |
| SOSE 205 | Event Mgt | 1490 |
| SOSE 206 | IT provision | 2064 |
| SOSE 211 | C2C Video & Photo | 5000  |
| SOSE 219 | Skills boosters | 4540  |
| SOSE 228 | social enterprise sponsorship | 2500 |
| SOSE 229 | supplier development fees | 3500 |
| SOSE 230 | training | 2500 |
| SOSE 231 | training | 4540 |
| SOSE 238 | NZ consultancy | 4800 |
| SOSE 239 | training | 1300 |
| SOSE 240 | report writing | 2000 |
| SOSE 241 | access to site | 3000 |
| SOSE 242 | report writing | 3750 |
| SOSE 243 | membership fees | 3500 |
| SOSE 245 | report writing | 4800 |
| SOSE 246 | training | 4540 |
| SOSE 249 | venue hire | 1500 |
| SOSE 250 | report writing | 2400 |
| SOSE 251 | license cost | 1237 |
| SOSE 253 | video production | 2500 |
| SOSE 254 | legal advice | 500 |

**Annex A; APR Data return required by Scottish Government**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Organisation and report details** |   |   |   |   |   |   |
| a) Contracting Authority Name |   |   |   |   | South of Scotland Enterprise Agency  |   |
| b) Period of the annual procurement report |   |   |   |  | 2022/23 |   |
| c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? *(Yes / No)* | Yes |   |
|   |   |   |   |   |   |   |
| **2. Summary of Regulated Procurements Completed** |   |   |   |   |   |   |
| a) Total number of regulated contracts awarded within the report period |   | 8 |   |
| b) Total value of regulated contracts awarded within the report period |   | 1467688 |   |
| c) Total number of unique suppliers awarded a place on a regulated contract awarded during the period | 8  |   |
|  i) how many of these unique suppliers are SMEs  |   |   |   |   | 3 |   |
|  ii) how many of these unique suppliers how many are Third sector bodies |   | 0 |   |
|   |   |   |   |   |   |   |
| **3. Review of Regulated Procurements Compliance** |   |   |   |   |   |   |
| a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy | 8 |   |
| b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy | 0  |   |
|  |   |   |   |   |   |   |
| **4. Community Benefit Requirements Summary** |   |   |   |   |   |   |
| **Use of Community Benefit Requirements in Procurement:** |   |   |   |   |   |   |
| a) Total Number of regulated contracts awarded with a value of £4 million or greater. | 0 |   |
| b) Total Number of regulated contracts awarded with a value of £4 million or greater that contain Community  | N/A |   |
|  Benefit Requirements. |   |   |
| c) Total Number of regulated contracts awarded with a value of less than £4 million that contain Community  | 0 |   |
|  Benefit Requirements |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|   |   |   |
|  |   |   |
| **Key Contract Information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:** |   |   |
| d) Number of Jobs Filled by Priority Groups(Each contracting authority sets its own priority groups) | N/A |   |
| e) Number of Apprenticeships Filled by Priority Groups |   |   |   |   | N/A |   |
| f) Number of Work Placements for Priority Groups |   |   |   |   | N/A |   |
| g) Number of Qualifications Achieved Through Training by Priority Groups | N/A |   |
| h) Total Value of contracts sub-contracted to SMEs |   |   |   |   | N/A |   |
| i) Total Value of contracts sub-contracted to Social Enterprises |   |   |   |   | N/A |   |
| j) Total Value of contracts sub-contracted to Supported Businesses |   |   |   |   | N/A |   |
| k) Other community benefit(s) fulfilled |   |   |   |   | N/A |   |
|   |   |   |   |   |   |   |
| **5. Fair Work and the real Living Wage** |   |   |   |   |   |   |
| a) Number of regulated contracts awarded during the period that included a Fair Work First criterion.  |   | 8 |   |
|   |   |   |   |
| b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated  | 8 |   |
|  contract awarded during the period. |   |   |
| c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated | N/A |   |
|  contract during the period. |   |   |
| d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a  | N/A |   |
|  regulated contract during the period. |   |   |
|   |   |   |   |   |   |   |
| **6. Payment performance** |   |   |   |   |   |   |
| a) Number of valid invoices received during the reporting period. |   |   |   |   | 1218 |   |
| b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in  | 99.34% |   |
|  the contract terms.) |   |   |
| c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt  | 0 |   |
|  payment of invoices in public contract supply chains. |   |   |
| d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain  | 0 |   |
|  of public contracts. |   |   |
|   |   |   |   |   |   |   |
|  |   |   |   |   |   |   |
| **7. Supported Businesses Summary** |   |   |   |   |   |   |
| a) Total number of regulated contracts awarded to supported businesses during the period |  | 0 |   |
| b) Total spend with supported businesses during the period covered by the report, including: | N/A |   |
|  i) spend within the reporting year on regulated contracts  |   |   |   |   | N/A |   |
|  ii) spend within the reporting year on non-regulated contracts  |   | N/A |   |
|  |   |   |   |   |   |   |
| **8. Spend and Savings Summary** |   |   |   |   |   |   |
| a) Total procurement spend for the period covered by the annual procurement report. | 7609382 |   |
| b) Total procurement spend with SMEs during the period covered by the annual procurement report. | 2072343 |   |
| c) Total procurement spend with third sector bodies during the period covered by the report. | 136440 |   |
| d) Percentage of total procurement spend through collaborative contracts. |   | 71.4% |   |
|   |   |   |   |   |   |   |
| e) Total targeted cash savings for the period covered by the annual procurement report |   | 0 |   |
|  i) targeted cash savings for Cat A contracts |   |   |   |   | N/A |   |
|  ii) targeted cash savings for Cat B contracts |   |   |   |   | N/A |   |
|  iii) targeted cash savings for Cat C contracts |   |   |   |   | N/A |   |
|   |   |   |   |   |   |   |
| f) Total delivered cash savings for the period covered by the annual procurement report | 27545 |   |
|  i) delivered cash savings for Cat A contracts |   |   |   |   | 0 |   |
|  ii) delivered cash savings for Cat B contracts |   |   |   |   | 0 |   |
|  iii) delivered cash savings for Cat C contracts |   |   |   |   | 27545 |   |
|   |   |   |   |   |   |   |
| g) Total non-cash savings value for the period covered by the annual procurement report | N/A |   |
|   |   |   |   |   |   |   |
| **9. Future regulated procurements** |   |   |   |   |   |   |
| a) Total number of regulated procurements expected to commence in the next two budget years  | N/A |   |
| b) Total estimated value of regulated procurements expected to commence in the next two budget years | N/A |   |
|   |   |  |