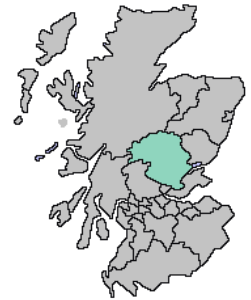




# Procurement Annual Report 2023-24



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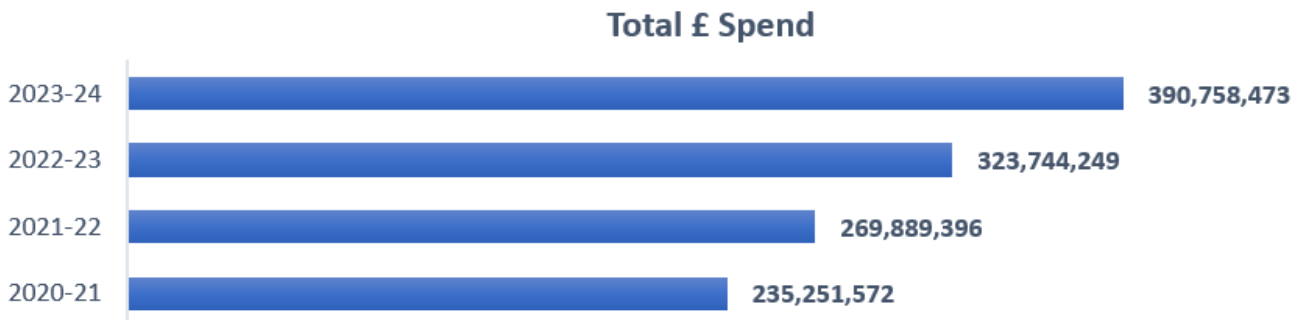
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The Council agreed a two year Procurement Strategy in November 2021. This report records the procurement activity for under that strategy for financial year April 2023 to March 2024. The report focusses on the variety of ways in which this activity has supported the delivery of the Council’s strategic outcomes.

The report also provides assurance that the Council’s working practices are meeting the legislative and regulatory requirements under the [Procurement Reform \(Scotland\) Act 2014](#) and associated regulations.

Council spend with third parties during 2023/24 was c£390 million. This relates to the procurement of goods, works and services, services commissioned via arm’s length organisations (ALEOs) and Tayside Contracts. The figure also includes monies allocated to support Capital investment decisions taken by the Council.

The chart below shows the total spend over the last four years. This illustrates a year on year increase in respect of spend.



## 1. Introduction

Given the financial challenges facing local government and the wider public sector there is a greater focus and need for procurement activity to deliver efficiencies and support new models of service delivery.

Our approved Procurement strategy recognises that effective, planned procurement is key to achieving the strategic objectives as set out in the Community and Corporate Plans for Perth and Kinross and to delivering best value.

During 2023/24 we have continued to focus on how our procurement activity supports the delivery of agreed strategic outcomes set out below and how we can secure additional social value from the way in which we work with our supply chain.

- Giving every child the best start in life
- Supporting people to lead independent, healthy and active lives
- Developing educated, responsible and informed citizens
- Creating a safe and sustainable place for future generations
- Promoting a prosperous, inclusive and sustainable economy

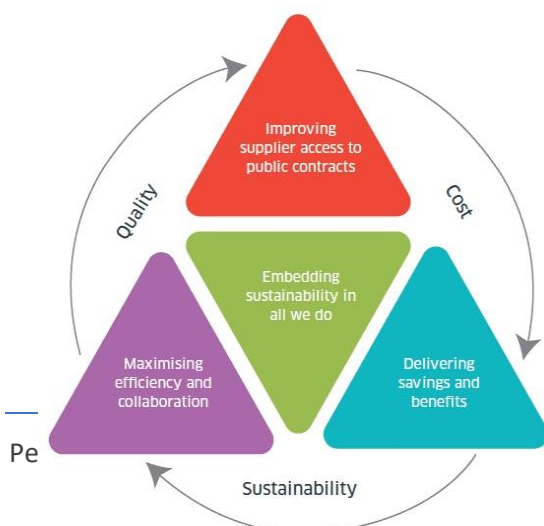
This is the final report relating to the current Procurement Strategy. A new Procurement Strategy for 2024-2029 will be presented to Full Council for approval on 26th June 2024.

## 2. Vision for procurement

***“To achieve commercial excellence in our procurement activities and ensure that we deliver Best Value services to the communities of Perth and Kinross and do so in an effective, efficient, ethical and sustainable way that delivers local economic, environmental and social benefits.”***

## 3. Context

Our approach to procurement is shaped by the complexity of our business and the landscape in which local government operates which provide the drivers for change that have informed our strategy. The [Scottish Model of Procurement](#), shown below, sets high level objectives for all public bodies to consider when working with supply markets and this is also reflected in our strategic approach.



- 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, and Council 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

Transparency and good governance are key to effective public sector procurement. Perth & Kinross Council ensures visibility to the market of opportunities to bid for public sector contracts by using the national advertising portal [Public Contracts Scotland](#). For the reporting period all Council contract opportunities with a contract value greater than £50,000 (goods and services) and £250,000 (works) are publicly advertised where there is no existing formal arrangement available. Those contract opportunities with a value lower are issued using a “Quick Quote” process through the same portal.

The legal and internal governance requirements for our procurement activity are set out in legislation and within our Contract Rules and these vary according to the value of the contract.

- Those above a [Regulatory defined threshold](#) must be **tendered** following the [Public Contracts \(Scotland\) Regulations 2015](#).
- Contracts between **£50,000 (goods & services) and £250,000 (works)** and the Regulatory threshold must follow the procurement approach as set out in [Procurement \(Scotland\) Regulations 2016](#).
- For contracts valued between **£5,000 and £50,000 (goods & Services) and £250,000 (works)** we will invite **quotations** from a minimum of 3 bidders as set out in the Council's Contract Rules.

### Contracting Activity for the period

Each financial year, we publish a Contract Delivery plan derived from the budget planning process. This plan sets out, in broad terms, the intended procurement work over the reporting period, and includes some longer-term projects.

In 2023/24, the Council spent **c £390 million** with external parties.

The 2023/24 Contract Delivery Plan published in November 2023, included an anticipated **309** distinct pieces of procurement work and 340 were concluded during the reporting period. A number were in progress at the end of the financial year and the remainder are anticipated to be concluded in 2023/24. It is also worth noting that some budget commitments listed in the Contract Delivery Plan relate to contracts that can be concluded through use of existing commercial agreements – removing the requirement for the Council to carry out a full procurement exercise. One such example is Replacement Windows and Doors where a call-off was issued via an existing framework.



An overview of contracts awarded in 2023/24 is attached in Appendix B.

## Local Supplier Support

In addition to our transparent approach to the publication of contract opportunities, the Council 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. The Council is an active participant in the [Supplier Development Programme](#) and hosts regular supplier support events throughout the year including a number in the local area:

Meet the Buyer events – PKC support National and Local events, attracting exhibitors from across the Tayside public sector, as well as large contractors working in the Tayside area. The events are typically attended by local SMEs and Supported businesses, generating very positive feedback, along with spin-off one to one training sessions being provided to individual delegates to assist them in bidding for future public sector opportunities. The 2024 Tayside Meet the Buyer event took place in February and was supported by the Corporate Procurement Team.

Of the suppliers registered on Public Contracts Scotland (the Scottish national contracts portal), **926** are registered as being located in Perth and Kinross, an increase from the comparative figure of **891** in 2022/23.

The Council has a policy of encouraging local businesses to bid for public sector work where possible – in the reporting period **>£84m** (21.5%) of Council spend was recorded as



being with local suppliers. This is an increase of circa £8m from 2022/23. The table below shows the total local supplier spend over the last four years.

| Financial Year | Value (£)  | % of total spend |
|----------------|------------|------------------|
| 2023/24        | 84,113,621 | 21.5             |
| 2022/23        | 76,060,652 | 23.5             |
| 2021/22        | 66,927,315 | 25.6             |
| 2020/21        | 59,070,267 | 22.8             |

Of the suppliers registered on the portal from Perth and Kinross, **94%** are defined as micro, small and medium-sized enterprises (SMEs).

The range, in terms of employee numbers, of the Perth and Kinross based businesses registered on the portal is set out in the table below.

| Size of businesses in Perth and Kinross registered on PCS |            |
|---|------------|
| Large (over 250 employees)                                | 55         |
| Medium (50-249 employees)                                 | 79         |
| Small (10-49 employees)                                   | 186        |
| Micro (1-9 employees)                                     | 606        |
| <b>Total</b>  | <b>871</b> |

## Contracts Register

To improve the transparency around contracts held by the Council, we also publish a [Contracts Register](#). A searchable format of the Register can be viewed via Public Contracts Scotland website.

The search functions on Public Contracts Scotland can be used as a data source for exploring the contracting plans of a wide range of public bodies, including [Perth & Kinross Council](#). It is possible to search for specific contracts or themes and the data can also be downloaded as an Excel spreadsheet or a .csv file.

## 5. Highlights

The Council's Procurement Strategy and policies apply to all the Council's external expenditure on goods, services and works. The purpose of each procurement exercise carried out by the Council should be to deliver outcomes that support one or more of the Council's Corporate Plan objectives. The ways in which some of our recently awarded contracts have contributed to our objectives are described below.

### Giving every child the best start in life



In the reporting period the procurement team supported the tendering of a contract for Crisis Support Services for Children and young people people, which provides support to children to ensure they can access support at times of significant distress.

### **Educated, responsible and informed citizens**



The Council's procurement work supports this corporate objective in a variety of ways:

It **supports our Education and Children's Service** to purchase the goods materials and services needed to operate educational establishments effectively.

In 2023/24 the procurement team **delivered 585 hours of training to 179 employees**; and **received** 218 hours of training.

### **Prosperous, sustainable and inclusive economy**



Contracts and procurement work by their nature should contribute to the economic health and socio-economic development of our localities. Throughout the period 2023/24 the procurement team has supported the development and tendering of contracts to deliver key infrastructure developments such as:

- **Cross Tay Link Road Project**

The CTLR is the biggest infrastructure project ever undertaken by Perth & Kinross Council. It will involve the construction of a new 3-span bridge over the River Tay and a six kilometre stretch of new carriageway linking the A9 and the A93 to Blairgowrie and the A94, just north of Scone. It also includes the construction of two kilometres of realigned dual carriageway on the A9 just north of the Inveralmond Roundabout.

The delivery of the CTLR is integral to the Council's development planning and transport strategies; allowing land-locked areas to be freed up for housing and



employment development as well as improving the local transport network and traffic flow and reducing journey times. From an active travel perspective, it will enhance pedestrian and cycle safety and increase network capacity. It will also significantly reduce traffic congestion and related pollution in Perth city centre.

- **Perth People Plan and Perth Transport Futures**

The Procurement Team are supporting the delivery of the broad range of [Council Capital projects](#) and programmes to ensure that we have the infrastructure in place to better serve the people of Perth and Kinross.

The team has also supported the development and delivery of contracts which are designed to improve how people experience their local environment. Examples include:

- Air Quality Monitoring and Associated Services
- MaCrosty Park Water Play
- Supply of 2 Wheeled Bins

## **Independent, healthy and active lives**



**Health and Social Care** – the procurement team support the procurement of a range of social care and support services from the private and third sector to ensure that people can live safely and independently in their own homes for as long as possible.

Several contracts for the delivery of Social Care services for vulnerable individuals were awarded and implemented during 2023/2024 including Care & Support contract for Bertha Park and Dunkeld Road Projects.

## **Safe and sustainable place for future generations**



**Housing** – the team have supported Housing Services with their procurement and contracting activity to make improvements to their housing stock in line with the [Strategic Housing Investment Plan](#). Examples of contracts include Central Heating Upgrade and Replacement of Chalets at Double Dykes Gypsy Traveller Site.

## **6. Delivering Best Value**

### **Savings**

During the reporting period we continued to see significant price increases across all categories. The utilisation of collaborative arrangements with Scottish Procurement, Scotland Excel and other contracting authorities mitigated against some of this.

The estimated savings reported by Scotland Excel for framework agreements used by Perth & Kinross Council for 2023/24 was circa **£50,000**. There is an additional cost avoidance saving through use of the Scotland Excel frameworks of around £200,000.

Rebates from collaborative organisations have not been confirmed for 2023/2024 and therefore unable to report this figure.

The use of collaborative arrangements also delivers significant non-cashable benefits in terms of time and staff resources from the Council not having to carry out their own tendering activity for these requirements.

## Community Benefits in Procurement

Community Benefit clauses contribute to the delivery of the sustainable procurement objectives as set out in our Procurement Strategy.

The Council has committed to work with local communities and businesses to create a positive social impact from its contracted spend. As part of its [Sustainable Procurement Policy](#), the Council asks suppliers to work in partnership to support local communities in a real and sustainable way.

During this reporting period, **92** community benefits have been delivered. A few examples are:

| Contract  | Community Benefit Delivered   |
|---|---|
| <b>Replacement of Windows and Doors</b>   | Sidey Ltd employed five Modern Apprentices.   |
| <b>Planned Preventative &amp; Reactive Maintenance to Public Buildings</b>                                      | SPIE Scotshield Ltd started a second year apprentice to work across the contract.   |
| <b>Children's Residential Care and Education, including Short Break, Services</b>                               | Moore House School Ltd employed seven new staff from the Perth and Kinross area to create capacity for the framework.   |
| <b>Asbestos related Works and Services</b>  | Environmental Essentials recruited a trainee to help deliver the contract.  |
| <b>Mechanical &amp; Electrical Projects to Public Buildings 2022</b>  | E.W. Edwardson provided a 4-week work experience placement.   |
| <b>Minor Construction Projects as Multi Trade (main) Contractors to various public buildings (non-domestic)</b> | Hadden Construction continue to deliver work experience through Scott Street initiative. 4 candidates through Scott Street course with CSCS qualification and college bound and at least 1 into employment. |

Perth High School was awarded £7,800 from the SPA Community Benefit Fund. The funding has allowed them to continue the delivery of their football programme during the construction of the new school.

The school has used football to engage pupils with their learning and maintain attendance at school. Pupils gain valuable transferrable skills such as teamwork, communication, and resilience. It engages them in after school activities, which keeps them busy and active and they have a sense of pride from their achievements.

The funding received was for the erection of full sized goal posts and pitch hire to enable school teams to take part in regional fixtures and competitions.

In December 2023, Perth High School reported that three of their footballers had been selected for the final trial for the Scottish Schoolboys team.



Great news today hearing that 3 of our [@PerthHighSchool](https://twitter.com/PerthHighSchool) footballers have been selected for the final trial for the Scottish Schoolboys team next week. Perth High has more players at this stage than any other school in Scotland! Good luck to Zak, Aaron and Jacob! 🎉👏👏👏👏 #weAREphs  
[pic.twitter.com/GtaiqKJvkO](https://pic.twitter.com/GtaiqKJvkO)  
07/12/2023, 13:59



### Fair Working Practices

The Council is proud to be an accredited Living Wage employer since April 2016. As part of this accreditation, we made the commitment to develop our understanding of Fair Work practices, including [payment of the Living Wage](#) in our supply chain. 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.

To ensure the highest standards of service quality in our contracts, we expect suppliers to commit to progressing towards adopting the seven [Fair Work First](#) criterion implemented

by the Scottish Government in 2021. These are reflected in our contract strategies and tender documents for all regulated procurements.

## Electronic Tools and Process Efficiency

There is a national requirement to undertake all procurement communications with suppliers digitally. This reduces the cost of doing business for suppliers as well as for the Council, it also helps shorten payment windows and improve efficiency in managing performance.

All competitive activities use the national portal Public Contracts Scotland with the intention that potential suppliers are able to identify contracting opportunities in a single location. The use of electronic systems and digital tools to support and manage the procurement work is a source of further efficiency. Tenders are issued through an electronic platform ([PCS-Tender](#)) and all of the tenders issued are managed electronically.

We offer e-invoicing and procurement card payment options to suppliers who wish to adopt these methods.

## Collaborative Contracts

During this reporting period, in addition to directly procured contracts issued on behalf of the Council, we also made use of a range of contractual agreements awarded in collaboration with other bodies.

The Council continues to make significant use of collaborative contracts which are broadly split into the following three categories:

- those delivered for the whole of the public sector by [Scottish Government](#), [Hubco](#), Westminster ([Crown Commercial Services](#)), and other public sector bodies ([Scottish Procurement Alliance](#), [SCAPE](#), [Scottish Procurement Alliance](#))
- those delivered for the Scottish local authority sector by [Scotland Excel](#)
- those delivered primarily for the three Tayside Councils through the Tayside Procurement Consortium.

TPC ceased to be resourced from June 2022. This has meant that we are unable to report on our spend channelled through these contracts due to no management information being collated. The Council does not have systems to allow us to analyse spend by contract.

Other collaborative spend includes:

|                               |   |
|-------------------------------|---|
| Scotland Excel                | £10,100,000 (this is the total spend for April 2024-Dec 2024)<br>The total forecast spend for 23/24 is<br>£13,900,000 |
| Hubco                         | £41,937,451   |
| Scottish Procurement Alliance | £7,229,479  |

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

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## 7. Reporting, Review and Benchmarking Performance

### Reporting

Ensuring that procurement performance is reported regularly to an appropriate committee was highlighted as an essential requirement in the [Accounts Commission Report on Procurement in Councils](#). 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. The Council's 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

. Perth and Kinross Council have decided not to participate in this years PCIP as a result of the ongoing Procurement & Commissioning Transformation project.

During the reporting period, the Procurement Team have experienced significant resource pressures. Accordingly, officers have had to prioritise ensuring legal compliance and risk management to the detriment of desired improvement activity. This is a recognised issue and measures are in hand both to provide additional internal support to the Corporate Procurement Team and to facilitate the delivery of the Strategic Commissioning and Procurement Consolidation Review.

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## 8. Strategy Ownership and Contact details

The Council's Corporate Procurement Team is part of the Council's Legal & Governance Division in Corporate & Democratic Services, and reports to the Strategic Lead, Legal & Governance.

### Contact details

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