



Annual Procurement Report 2017/18

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Contents

1.0	Introduction
1.1	About the Care Inspectorate
2.0	Key priorities
2.1	Achieve value for money
2.1.1	Collaborative procurement
2.1.2	Non contracted spend
2.1.3	Contract benefits realised
2.1.4	Summary of procurement activity 2017/18
2.1.5	Forward procurement plan
2.1.6	Electronic purchasing card
2.1.7	Invoice analysis
2.2	Deliver sustainable procurement
2.2.1	Prompt payment to suppliers
2.2.2	Paying the living wage through regulated procurement
2.2.3	Community benefits
2.2.4	SME's local businesses, supported businesses and the third sector
2.2.5	Fair and ethical trading
2.2.6	Other sustainability benefits
2.3	Raise the level of procurement knowledge, skills and expertise
2.4	Provide timely performance information
2.5	Achieve the benefits derived from collaborative working
2.6	Strengthen contract and supplier management processes
2.7	Provide a procurement service which supports effective procurement which delivers best value
3.0	Top 10 contracted suppliers
4.0	Supplier activity
5.0	Conclusion

Glossary

Annex 1	Care Inspectorate and SSSC regulated procurement 2017-18
Annex 2	Care Inspectorate and SSSC forward procurement plan 2018-20

1.0 INTRODUCTION

1.1 About the Care Inspectorate

The Care Inspectorate is the independent scrutiny and improvement body for care, social work and child protection services and has a significant part to play in improving services for adults and children across Scotland. It regulates and inspects care services and carries out joint inspections of adults' and children's services delivered by health and social care partnerships across local authority areas.

The Care Inspectorate operates from offices across Scotland. Its headquarters are co-located with the Scottish Social Services Council (SSSC) in Dundee.

We aim to make sure that people receive high quality care and that their rights are promoted and protected.

It's our job to make sure that:

- vulnerable people are safe
- the quality of care, social work and child protection services improve
- people know the standards they have a right to expect
- we can report publicly on the quality of these services across Scotland
- we can support and encourage the development of better ways of delivering these services.

The Care Inspectorate and SSSC published a joint Procurement Strategy in 2016. This strategy covers the period 2016 to 2019 and is designed to take a responsible and sustainable approach to procurement. The strategy has the following key priorities:

1. Achieve value for money
2. Deliver sustainable procurement
3. Raise the level of procurement knowledge, skills and expertise
4. Provide timely performance information
5. Achieve the benefits derived from collaborative working
6. Strengthen contract and supplier management processes
7. Provide a procurement service which supports effective procurement which delivers best value.

The purpose of this report is to record and publish the Care Inspectorate's procurement performance and achievements in delivering its procurement strategy.

2.0 KEY PRIORITIES

2.1 Achieve Value for Money

Procurement spend subject to procurement legislation and procedures excludes the following:

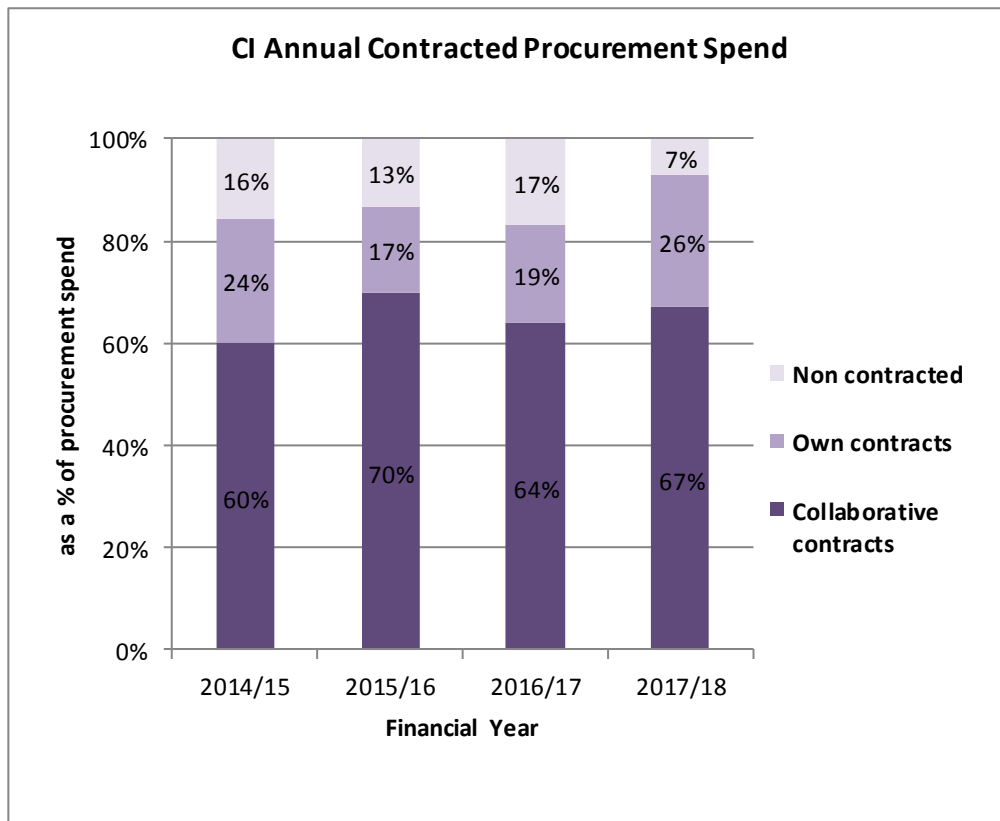
- Payroll expenditure
- Internal spend - i.e. 'spend' or cross charging between departments
- All direct payments to Her Majesty's Revenue and Customs
- Rent
- Rates
- Shared services

To ensure value for money is achieved in our procurement activity, sourcing strategies are prepared for all standard tenders.

The table below shows the value and volume of procurement activity for the year to 31 March 2018 (figures for the year to 31 March 2017 are shown for comparison):

Table 1: Value and Volume Summary	2016/17	2017/18
Total Spend	£8,977,305	£7,602,487
Total Procurement Spend	£4,976,460	£4,905,822
Total Invoice Value	£9,116,441	£7,861,517
Number of Invoices	3,473	2,734
Number of Suppliers Paid	736	683
Average Invoice Value	£2,625	£2,875

The analysis of procurement spend between spend on collaborative frameworks and spend on organisation owned contracts and frameworks is as follows:



As can be seen from the analysis above, contracted spend represents 93% of procurement spend. This is an increase of 10% from the contract spend reported in 2016/17. An analysis of spend classified as non-contracted spend is provided in 2.1.2.

2.1.1 Collaborative procurement

We use collaborative frameworks wherever possible and only tender for our own procurement where there is not a suitable framework in place. Spend on collaborative procurement continues to represent the highest value of procurement spend. During the year we have undertaken mini-competitions or called off of frameworks with the following contract or framework owners:

- Scottish Procurement
- Crown Commercial Services
- Audit Scotland
- HMRC
- Scotland Excel.

Where possible, we collaborate with the Scottish Social Services Council (SSSC) in the award of contracts.

2.1.2 Non contracted spend

Non contracted procurement spend comprises expenditure with suppliers who are not on our contracts register.

This has decreased significantly from 2016/17, representing 7% of our overall procurement spend for 2017/18 and is mainly due to the following:

1. The mobile telephony contract was extended beyond the initial contract period to allow participation in a collaborative contract that Scottish Government was leading on. The timescales were longer than anticipated, however, it is expected the savings and benefits from this collaborative process will be greater than any that we could have secured undertaking a non collaborative approach.
2. A new contract was awarded for the provision of fixed telephony with these services migrating on a phased basis.

An analysis of non-contracted spend is as follows:

Description	Value (£000)	%age
Total non- contracted spend	350	100%
Spend now regularised (mainly mobile and fixed telephony)	(300)	(85.7)%
Spend being regularised (storage and archiving)	(46)	(13.1)%
Low value catering	(2)	(0.6)%
Spend which should have followed a low value procurement process	(2)	(0.6)%
Total unidentified spend	0	0%

As noted above, the highest value of this spend relates to legacy contracts where the position has now been regularised. This means the non-contracted spend for future reporting years should be minimal and will largely relate to low value catering purchased using GPC cards.

2.1.3 Contract benefits realised

Reported procurement savings have been calculated following the 'Procurement Benefits Reporting Guidance' which was developed for the Scottish Public Sector.

Savings totalling £620k have been realised from procurement during the year. This comprises £556k cash savings and £64k non cash savings. This is an increase of £338k (120%) from savings realised in 2016/17. This increase is mainly due to savings from the re-let of the following contracts:

- ICT licences and support
- Fixed telephony
- Car Lease Insurance
- Cleaning and associated services

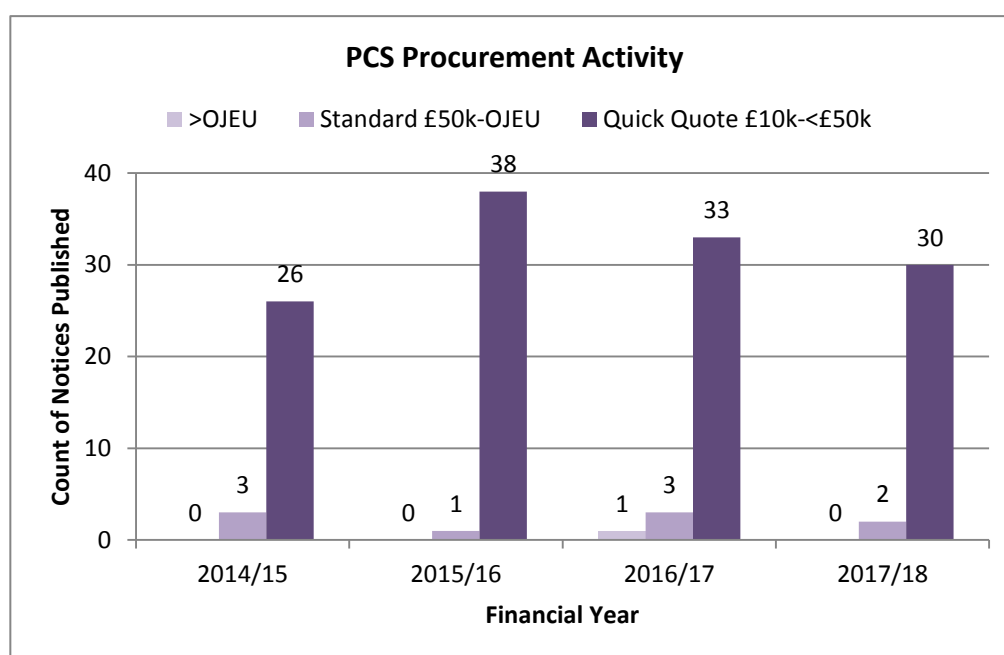
Sustainability benefits realised during the year are detailed in 2.2.

2.1.4 Summary of procurement activity 2017/18

We are committed to making public procurement open and accessible to businesses, especially small and medium sized enterprises (SMEs), the third sector and supported businesses. Most of our tender opportunities greater than £10,000 are advertised on the Public Contracts Scotland (PCS) advertising portal. Where procurement spend is estimated to be at or above the European Commission procurement thresholds, this is also published in the Official Journal of the European Union (OJEU). We also publish our contract register on PCS.

The PCS portal has a 'Quick Quote' facility which is a proportionate process to request and receive quotes for lower value goods and services and for goods and services which are competitively advertised using collaborative framework suppliers.

The following summarises the tenders which were advertised on PCS and shows that most of the Care Inspectorate's procurements are below the OJEU threshold.



An analysis of regulated procurement completed during the year is as attached as Annex 1 to this report.

2.1.5 Forward procurement plan

In order to promote wider participation in the Care Inspectorate's procurement process, a two year plan of our procurement activity will be published. This plan gives notice to suppliers of future opportunities and is attached as Annex 2 to this report. This plan provides the following information:

- the subject matter
- whether it is a new, extended or re-let procurement
- the expected contract notice publication date
- expected award date
- expected start date
- the estimated value of the contract.

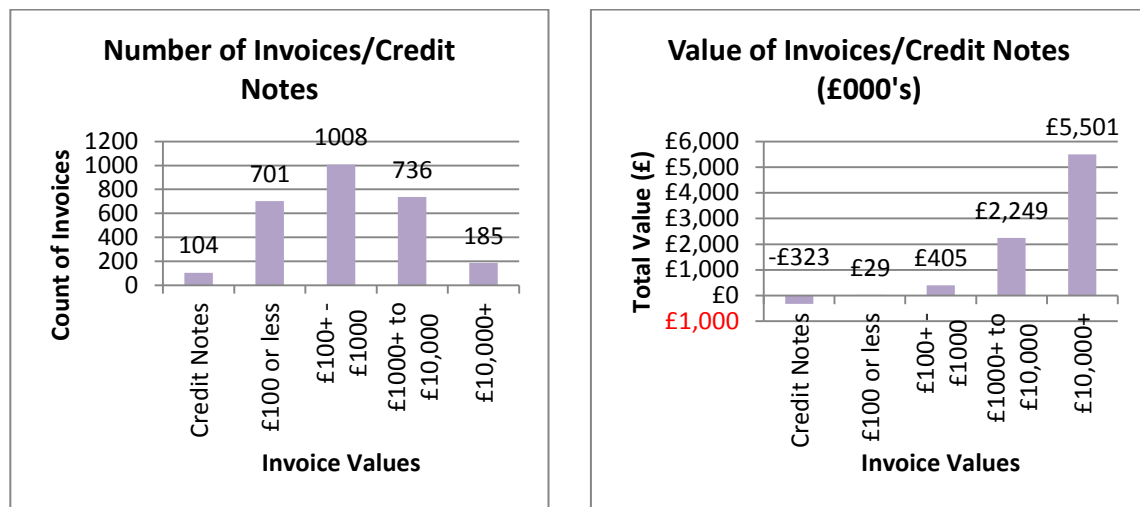
2.1.6 Electronic purchasing card (formerly GPC) spend

Purchasing and payment by electronic purchasing card is encouraged when paying for low value, high volume goods and services. There were 1,152 transactions totalling £146,395 using this method in 2017/18 with an average transaction value of £127.08.

The value of spend is broadly similar to that reported in 2016/17 (£152,720), although the volume of transactions has increased by 18%.

2.1.7 Invoice analysis

A total of 2,734 invoices, totalling £7.9m in value were processed during the year. The following tables shows the profile of these invoices by volume and value.



We continue to explore opportunities for consolidated invoicing, where savings are realised from the reduction in volume of invoices processed. The volume of low value invoices has decreased by 28% in 2017/18. This reduction is largely due to consolidating services in the award of the cleaning and associated services contract for which we now receive consolidated invoices.

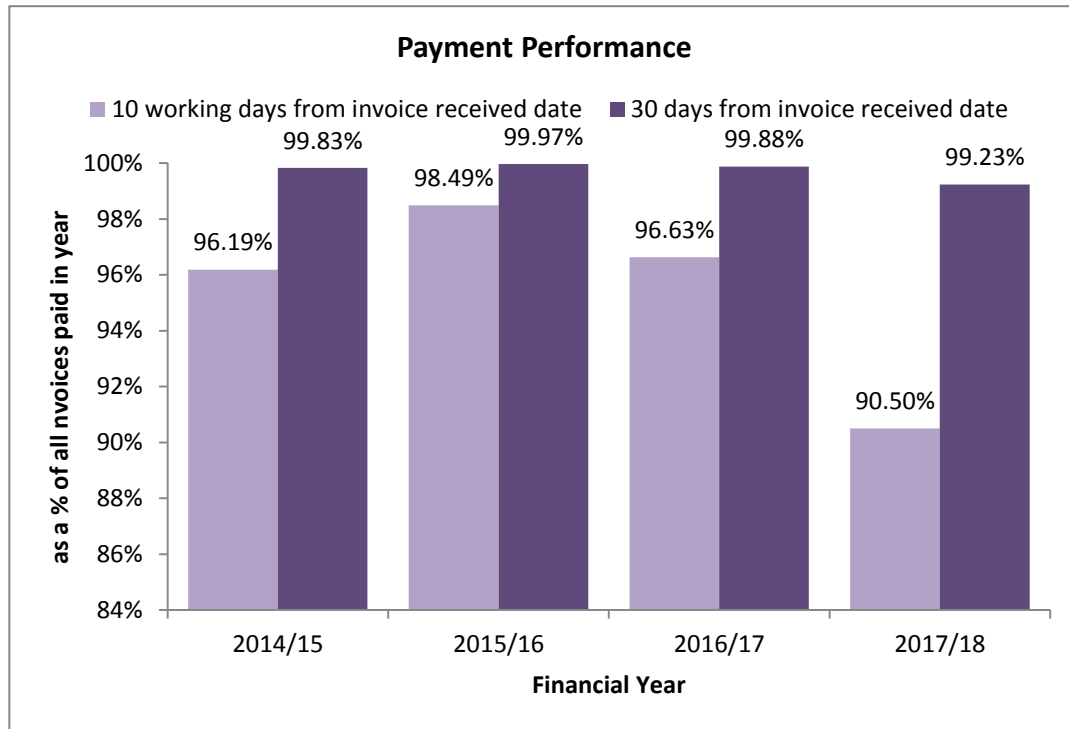
2.2 DELIVER SUSTAINABLE PROCUREMENT

The Care Inspectorate has a duty to comply with the sustainable procurement duty as detailed in the Procurement Reform (Scotland) Act 2014. The procurement strategy details our sustainability priorities and our progress towards

achieving those are outlined in 2.2.1 to 2.2.6.

2.2.1 Prompt payment to suppliers

We are committed to paying our suppliers promptly and payment performance continues to be maintained at a high level. 99.23% of suppliers were paid within 30 days of the invoice received date, and 90.50% paid within the Scottish Government's target of 10 days. The following shows payment performance for the financial years 2014/15 to 2017/18.



2.2.2 Paying the living wage through our regulated procurement

We promote fair work practices in all of our tender documentation and are committed to promoting the payment of the Real Living Wage. The Care Inspectorate is an accredited living wage employer.

During the year we have awarded the following contracts or call-offs where the suppliers pay either the Real Living Wage or the Living Wage:

1. Parliamentary monitoring and intelligence (awarded contract value £36k)
2. Physical activity improvement programme (awarded contract value £58k)
3. Physical activity improvement programme app development (awarded contract value £8k)
4. Property maintenance services (awarded contract value £140k)
5. Interpreting, Translation & Transcription Services (awarded contract value £115k)
6. Office design services (awarded contract value £45k)
7. Website support and maintenance (awarded contract value £7k)

8. Replacement of non-domestic gas central heating boilers (contract award value £27k).
9. Interim professional services (call-off value £9k).

2.2.3 Community benefits

We promote the use of community benefits within procurement exercises where they are relevant and proportionate to the contract. We have not had any contracts exceeding £4m in value and have no reportable community benefits.

2.2.4 SME's local businesses, supported businesses and the third sector

During the year we have continued to address sustainability in procurement. A directory of supported business is published on the Care Inspectorate intranet. This directory provides supported business supplier names, contact details including website links and a summary of goods and services provided by each supported business.

During the year we placed two call-offs from Scottish Procurement's Framework for Supported Factories and Businesses. We continue to contract with a supported business for ICT equipment disposal services.

The Care Inspectorate has representation on the Supported Business Action Group and attended the Supported Businesses Engagement Day in August 2017. We submit quarterly returns to Scottish Government showing Care Inspectorate spend with supported businesses.

We continue to capture spend with SME's, social enterprises and third sector suppliers. Our annual spend with SMEs is £1.2m, representing 16% of our total spend and 19% of our procurement spend. Our contracted spend with SMEs increased by 4% in 2017/18, representing 25% of our total contract spend.

	(%) 2016/17	(£) 2016/17	(%) 2017/18	(£) 2017/18
Total Spend to SMEs	16%	1,403,870	16%	1,243,036
Procurement Spend to SMEs	20%	1,019,590	19%	915,593
Contracted Spend to SMEs	21%	884,964	25%	829,507

2.2.5 Fair and ethical trading

Our standard procurement procedures involve assessing a bidder's suitability to be awarded the contract. This process includes considering whether the bidder has been convicted of certain offences or committed any acts of professional misconduct while running their business. There were no tenders where mandatory or discretionary grounds for exclusion were applied.

Our standard terms and conditions allow us to end a contract if the contractor or subcontractor fails to keep to their legal duties in the areas of environmental, social or employment law when carrying out that contract.

2.2.6 Other sustainability developments

We implemented an action plan to improve our performance against the sustainability criteria in the Scottish Flexible Framework assessment tool and have achieved level two in all five themes.

We have worked with Care Inspectorate key contract managers to complete the Sustainability Prioritisation Tool at organisation level. This has highlighted the areas with the greatest potential to generate sustainability benefits and there are plans to develop the use of this tool further at commodity level.

The sustainability test has been completed for all regulated procurements, with the output being incorporated into the Invitation to Tender documents as appropriate.

We continue to maintain a sustainability tracking tool where we capture sustainability benefits in our procurement activity for both the Care Inspectorate and SSSC. For 2017/18 the Care Inspectorate and SSSC awarded 25 contracts and 23 call-off contracts where the following social, environmental and economic benefits were realised :

- | | |
|------------------------|--|
| Social Benefits | <ul style="list-style-type: none">• Supplier diversity• Social Inclusion• Equality & human rights |
| Environmental Benefits | <ul style="list-style-type: none">• Emissions• Energy use• Raw materials• Habitat• Waste |
| Economic | <ul style="list-style-type: none">• Competiveness |

These benefits relate to regulated and lower value contracts. The sustainability benefits realised from regulated procurement are noted in Annex 1.

Of all of the paper and stationery purchased during 2017/18, 45% of expenditure related to the purchase of 'green' products.

2.3 RAISE THE LEVEL OF PROCUREMENT KNOWLEDGE, SKILLS AND EXPERTISE

The Care Inspectorate continues to invest in ensuring our staff are equipped with the right tools and experience in order to discharge their procurement duties effectively and efficiently. A central procurement training register is maintained by the Procurement Team.

We worked with Central Government Procurement Shared Service (CGPSS) to deliver two training sessions throughout the year where the level of interest from staff was very positive:

- Specification writing delivered in August 2017.
- Technical evaluation delivered in August 2017.

The Procurement Team delivered training at Care Inspectorate Team level. This allowed the training to be delivered around individual team requirements, ensuring it was meaningful and relevant. During the year, they delivered six training events. Feedback has been excellent and the Procurement Team are experiencing a greater level of interaction around procurement following this.

Informal training is provided on an on-going basis by the Procurement Team and procurement continues to form part of the induction that new staff undertake when they join the Care Inspectorate.

The Care Inspectorate was represented at the annual procurement conference, the annual capability event and a sustainability test workshop held in November 2017.

The Procurement Development Group meet at least twice per year.

2.4 PROVIDE TIMELY PERFORMANCE INFORMATION

The Procurement Development Group (PDG) was established in 2011 to provide an opportunity where key procurers within the Care Inspectorate and SSSC can discuss best practice, new developments and procurement plans with a specific aim of developing and improving the organisations' procurement capability and the effectiveness of our internal processes. The PDG inform the development of our internal procedures and reporting requirements, both internally and to Scottish Government.

A set of agreed performance measures are reported to this group bi-annually where progress against targets is reviewed and solutions are provided for further improvement.

This report on annual performance is also presented to this group, the respective Executive Management Teams of the Care Inspectorate and SSSC, the Care Inspectorate's Board and the SSSC's Resources Committees. Feedback from this report will be incorporated into the 2018/19 procurement action plan where required.

Outwith the above, any areas of concern are reported to the relevant management team as they occur.

2.5 ACHIEVE THE BENEFITS DERIVED FROM COLLABORATIVE WORKING

As can be seen from the information reported in 2.1, we continue to use

collaborative frameworks where available and continue to explore opportunities for collaboration through CGPSS and our membership of our Procurement Cluster Group.

Our relationships with CGPSS and the procurement cluster group facilitate the sharing of knowledge and encourage partnership working to ensure we deliver value for money and pool resources and expertise.

Savings of £508k, representing 82% of our total procurement savings, have been realised from the use of collaborative frameworks.

2.6 STRENGTHEN CONTRACT AND SUPPLIER MANAGEMENT PROCESSES

Contract management training has been delivered to all staff with responsibility for managing contracts. This training provides staff with the tools and techniques required to better manage their contracts and suppliers.

Contract managers are appointed for all relevant contracts and contract management meetings are held regularly for all key contracts. Supplier performance on key contracts is managed effectively to deliver value for money. The procurement team collate contract management information bi-annually and maintain a central record of this which is linked to the contract register.

The Procurement Team, in collaboration with Information Governance, developed a plan to consider the requirements that General Data Protection Regulations (GDPR) would have on current and future contracts. A plan to address this was drafted for implementation in 2018/19.

The procurement team also attended a contract and supplier management workshop in October 2017. Learning from this has been used to strengthen our contract and supplier management process.

2.7 PROVIDE A PROCUREMENT SERVICE WHICH SUPPORTS EFFECTIVE PROCUREMENT WHICH DELIVERS BEST VALUE

The procurement business processes are reviewed by the Procurement Team on a cyclical basis ensuring all processes are reviewed annually. This review ensures they reflect current legislation and meet the needs of the users. A number of processes have, and continue to be, amended and developed to support the changing procurement landscape. A key development during 2017/18 was the creation of flow charts as an alternative to written guidance notes for staff.

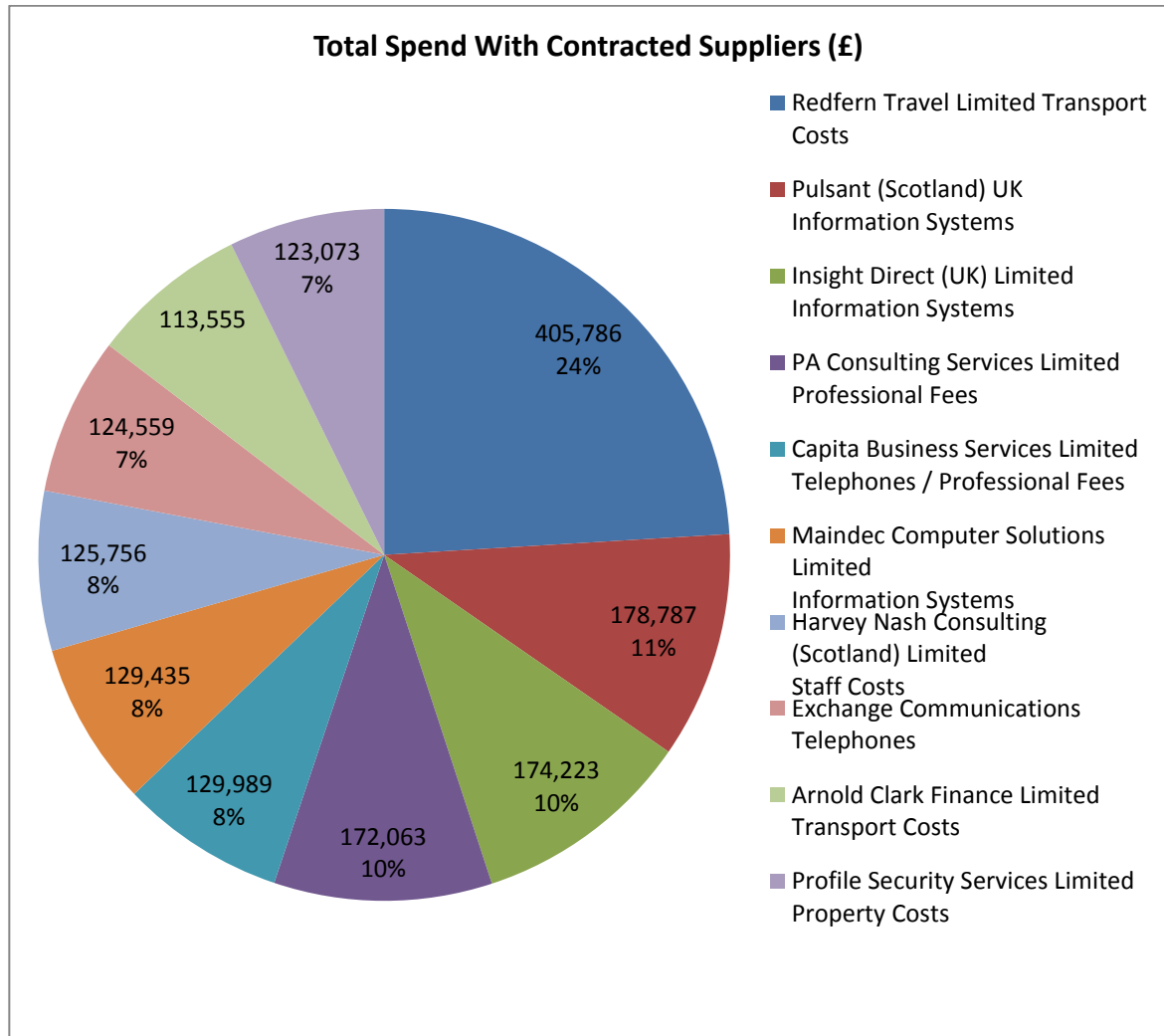
The Procurement Team have also had an integral role in the creation of lessons learned reviews during the year. These are shared with the wider internal procurement community to ensure these valuable lessons are considered for future procurements.

The success of the service delivery is informed by the independent 'healthcheck', regular feedback from users of the procurement service and a customer survey

which is distributed every two years. This feedback and follow-up action contributes to ensuring that the right level and quality of service is being delivered.

3.0 TOP 10 CONTRACTED SUPPLIERS

Together the top 10 suppliers account for 34% (2016/17: 38%) of our total procurement spend, and 37% (2016/17: 45%) of our contracted spend.



The top 10 contracted suppliers provide goods and services across the following categories of expenditure:

Spend Category	Spend Value £000
Transport Costs	530
ICT Network Infrastructure	482
Telephones	255
Accommodation	123
Professional Fees	172
Hired Agency Staff	126
Total	1,688

4.0 SUPPLIER ACTIVITY

The Procurement Team review active suppliers quarterly, with the aim being to ensure only suppliers we do regular business with are set up in the creditors' ledger. Suppliers who have not been used for a period of 13 months are made 'inactive' and any request to use them requires completion of a procurement template to ensure procurement procedures are being complied with. Only when this has been undertaken can new suppliers be created or inactive suppliers updated to 'active' status. This ensures current contract arrangements have been analysed to ensure we are buying from a contract wherever possible. This is also good practice to mitigate the risk of purchasing or supplier fraud.

The number of active suppliers as at 31 March 2018 was 273 (2016/17: 312). Of those there were 202 supplier sites for the supply of goods or services and 71 supplier sites for reimbursing inspection volunteers for travel and subsistence expenses (2016/17: 228 suppliers, 104 inspection volunteers).

5.0 CONCLUSION

The Care Inspectorate continues to make good progress towards the achievement of the published procurement priorities and the procurement action plan which supports the procurement strategy has been updated to reflect current priorities. The implementation of this plan will support continued development in procurement.

Glossary

Term	Description
Call-off	Either mini competition or direct call-off from a collaborative framework using framework conditions
CGPSS	Scottish Government Central Government Procurement Shared Service
Collaborative Frameworks	A collaborative framework is a framework which has been awarded to meet the needs of a number of public sector organisations.
Community Benefits	Contractual requirements which deliver a wider social benefit in addition to the core purpose of the contract. In particular, requirements in relation to targeted training and employment outcomes.
Contract spend	Spend which is compliant with Care Inspectorate procurement governance
Living Wage	National minimum wage for workers aged over 25
Non contracted	Spend not linked to a formal contract which is recorded on the contract register
Own contracts	Contracts advertised and awarded by the Care Inspectorate
Procurement Cluster Group	Group of Scottish Public Sector bodies of differing sizes who meet to discuss best practice, new developments and procurement plans. This facilitates the development of procurement capability within the Scottish Public sector.
Procurement spend	Spend which is influenced by Procurement governance arrangements
Public Contracts Scotland (PCS)	Public procurement advertising portal where contract notices and awards are published.
Regulated procurement	Procurement seeking offers in relation to a contract with a value of £50,000 or over.
Real Living Wage	Living wage calculated to be sufficient to provide the necessities and comforts essential to an acceptable standard of living. Applies to all workers over the age of 18.
Supported Business	A supported business' primary aim is the social and professional integration of disabled or disadvantaged persons. At least 30 per cent of the employees of those businesses should be disabled or disadvantaged.