

# Annual Procurement Report 2017/18

September 2018

## Our values

- **Integrity**
- **Commitment**
- **Accountability**
- **Pride in what we do**
- **Listening and engaging**
- **Creativity and learning**

# Annual Procurement Report 2017/18

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Resources Committee:

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## **1.0 INTRODUCTION**

### **1.1 About the SSSC**

The Scottish Social Services Council (SSSC) was established in October 2001 by the Regulation of Care (Scotland) Act 2001. We are responsible for registering people who work in social services and regulating their education and training. Our work will increase the protection of people who use services by ensuring that the workforce is properly trained, appropriately qualified and effectively regulated. The SSSC's vision is a competent, confident and valued social service workforce.

Our aims:

1. to protect those who use services
2. to raise standards of practice
3. to strengthen and support the professionalism of the workforce.

To achieve our objectives we have a number of responsibilities:

- to set up registers of key groups of social service staff
- to publish Codes of Practice for all social service workers and their employers
- to regulate the training and education of the workforce
- to promote education and training
- to undertake the functions of the Sector Skills Council; Skills for Care and Development (SfCD), this includes workforce planning and development.

We will achieve this by:

- putting people who use services and carers at the heart of everything we do
- raising awareness of the work carried out by the social service workforce
- promoting the importance of education, training and workforce development as part of the drive to raise standards
- being responsive to policy developments and wider initiatives in the sector
- regulating and registering the social service sector
- being open, accountable, accessible and responsive
- working in partnership with our stakeholders.

The SSSC and Care Inspectorate 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 an excellent procurement service appropriate and suitable for the size of our organisation.

The purpose of this report is to record and publish SSSC'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:

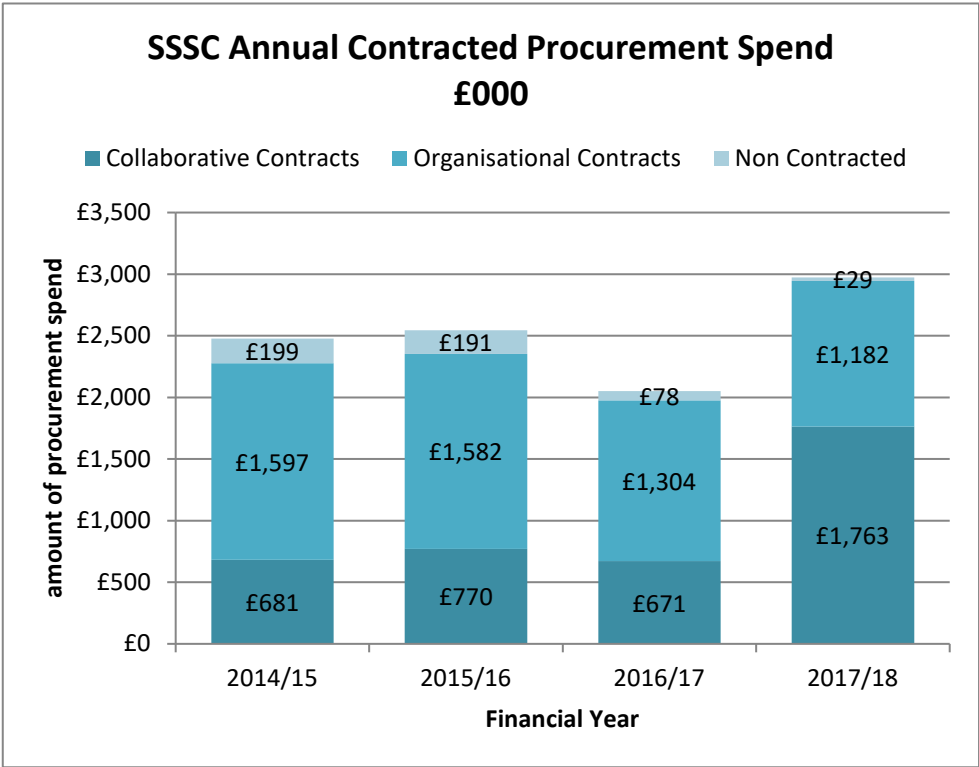
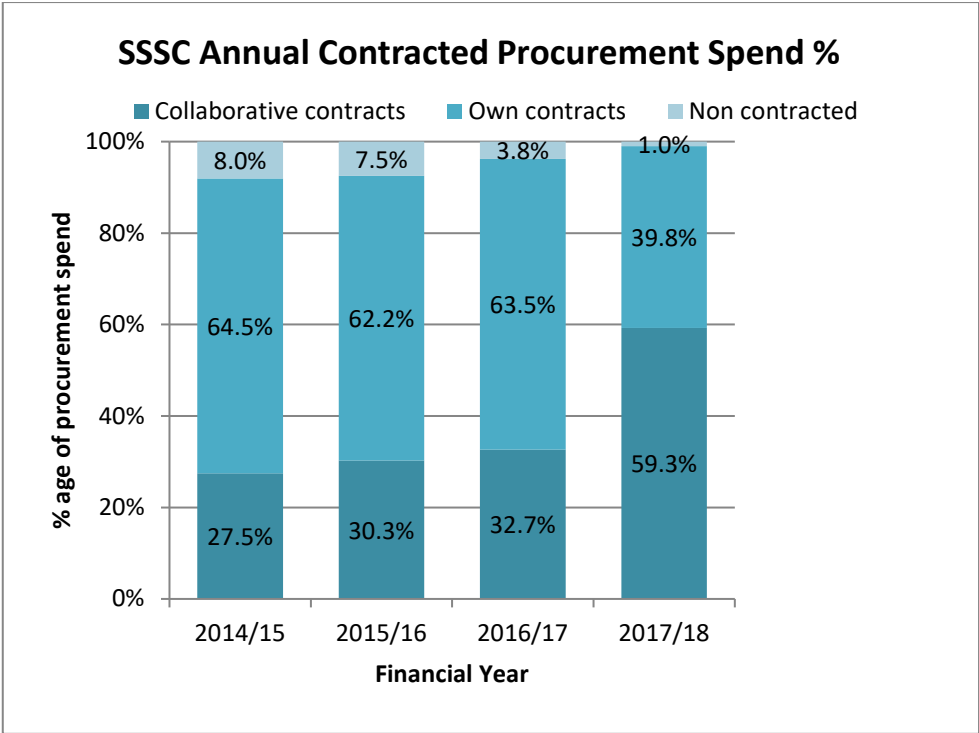
- Payroll and pension data expenditure
- Internal spend - i.e. 'spend' or cross charging between departments
- All direct payments to Her Majesty's Revenue and Customs (HMRC)
- Rent
- Shared services
- Student Disbursements
- Practice learning fees

To ensure value for money is achieved in our procurement activity, we have introduced a process where 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:

<b>Table 1: Value and Volume Summary</b>	<b>2016/17</b>	<b>2017/18</b>
Total Spend	£4,408,893	£5,301,077
Total Procurement Spend	£2,052,446	£2,973,355
Total Invoice Value	£4,133,373	£5,247,089
Number of Invoices	2,666	2,564
Number of Suppliers Paid	501	626
Average Invoice Value	£1,550	£2,046

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



As can be seen from the analysis above, contracted spend continues to improve with 99% of procurement spend from contract. A very small proportion of spend is classified as non -contracted. This represents spend with suppliers who are not on our published contracts register. An analysis of this 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
- HMRC
- ESPO
- Advanced Procurement for Universities & Colleges (APUC)
- Care Inspectorate

Where possible, we collaborate with the Care Inspectorate 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. An analysis of non-contracted spend is as follows:

<b>Description</b>	<b>Value (£000)</b>	<b>(%)</b>
<b><u>Total non-contracted spend</u></b>	<b><u>28.6</u></b>	<b><u>100%</u></b>
Spend now regularised (cash collection, mobile telephony and courier services)	(17.8)	(62.2)%
Legacy telecoms contract under review	(4.9)	(17.1)%
Non recurring spend which should have followed a procurement process	(4.6)	(16.1)%
Low value spend for court, transcription and tracing services	(1.3)	(4.6)%
<b><u>Total unidentified spend</u></b>	<b><u>0</u></b>	<b><u>0.0%</u></b>

The non-contracted spend represents 1% of total procurement spend. This is a continued improvement from earlier years, and the above analysis shows there are plans in place to ensure continued improvement in procurement compliance in 2018/19.

### 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 £218k have been realised from procurement during the year. This comprises £168k cash savings and £50k non cash savings. This is an increase of £54k (33%) from savings realised in 2016/17. The increase is due to the award of a contract using the Scottish Government's collaborative Digital and Technology Services framework where significant savings have been reported. The reported savings from the use of the collaborative frameworks do not reflect the total 2017/18 spend therefore it is likely to be understated.

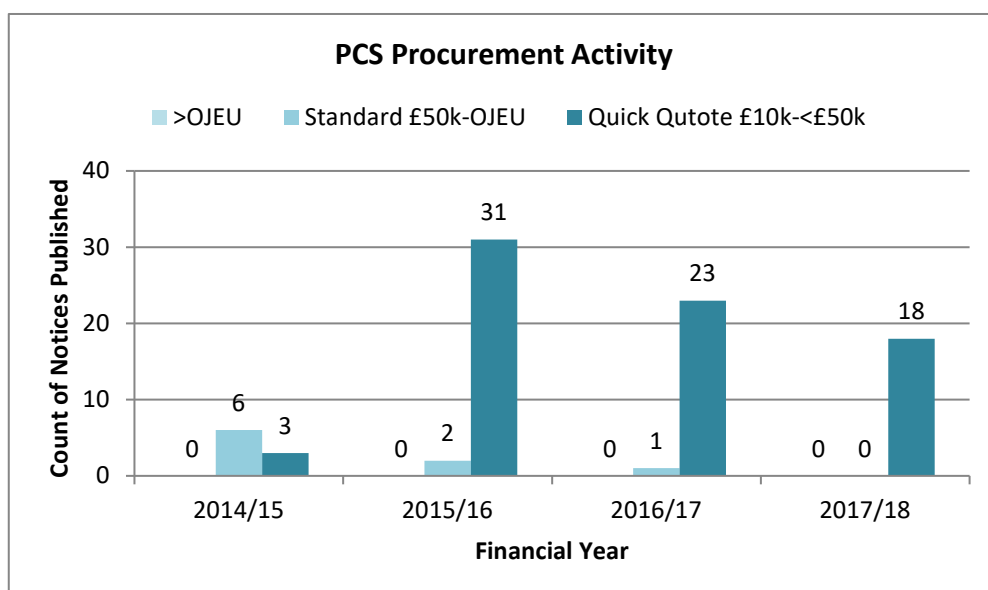
Sustainability benefits realised during the year are detailed in 2.2.

### 2.1.4 Summary of Procurement Activity 2017/18

We are committed to making public procurement open and accessible to businesses and especially small and medium sized enterprises (SMEs), the third sector and supported businesses. All tender opportunities greater than £10,000 are advertised on the Public Contracts Scotland (PCS) advertising portal and in the Official Journal of the European Union where required. 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 all of the SSSC's procurements are below the OJEU threshold and for 2017/18, all are below the regulated procurement threshold.





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

### 2.1.5 Forward procurement plan

In order to promote wider participation in the SSSC' 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

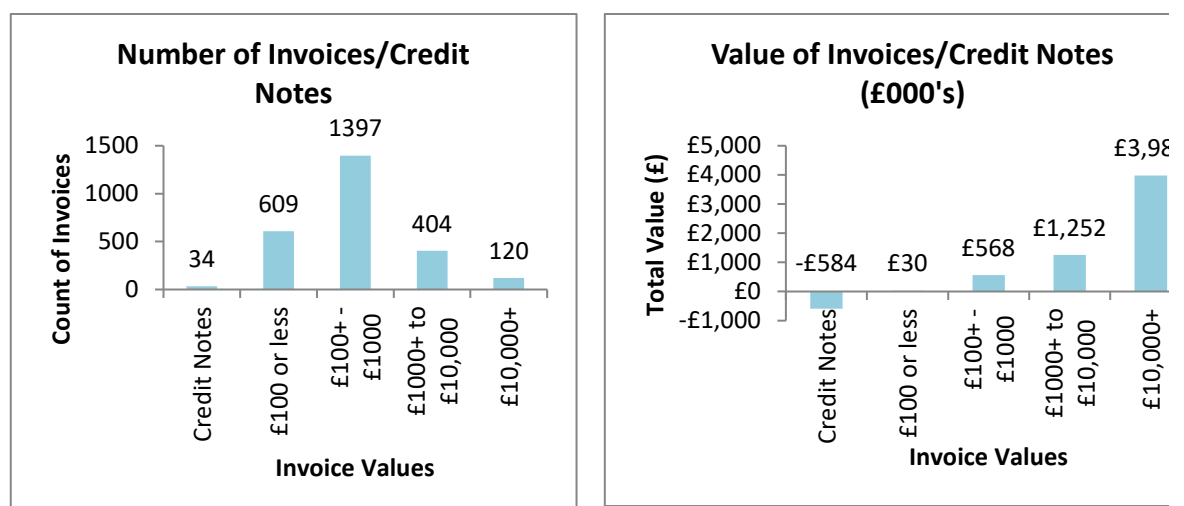
### 2.1.6 Electronic Purchasing Card (formerly GPC)

Purchasing and payment by electronic purchasing card is encouraged when paying for low value, high volume goods and services. There were 526 transactions totalling £73,053 using this purchasing method in 2017/18 with an average transaction value of £138.88.

This is broadly similar to the position reported in 2016/17.

### 2.1.7 Invoice analysis

A total of 2,564 invoices, totalling £5.2m in value were processed during the year. The following tables shows the profile of these invoices by volume and value.



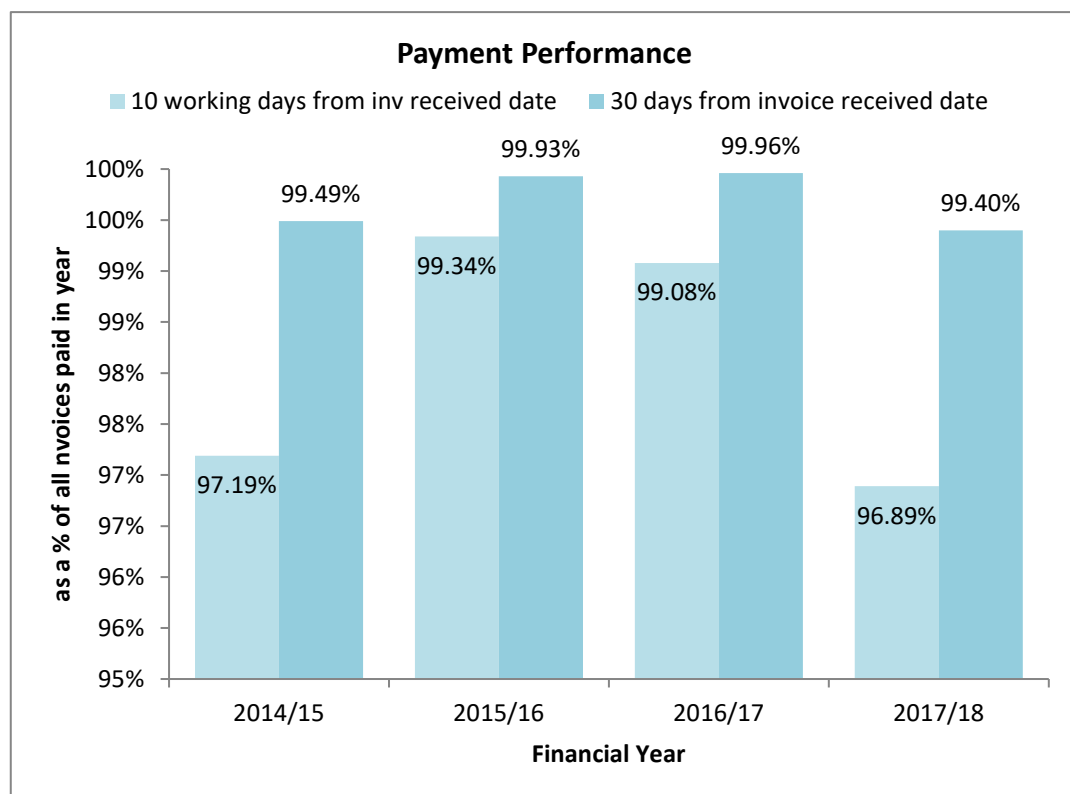
We continue to explore opportunities for consolidated invoicing, where savings are realised from the reduction in volume of invoices processed. The volume of low value invoices has decreased by 14% in 2017/18.

## 2.2 DELIVER SUSTAINABLE PROCUREMENT

The SSSC 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. 99.40% of suppliers were paid within 30 days of the invoice received date, and 96.89% 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 use of the Scottish Living Wage. We are accredited as a Scottish Living Wage employer.

During the year we have awarded the following contracts where the suppliers have agreed to pay either the Scottish Living Wage or the Living Wage:

1. Interpreting, Translation & Transcription Service (contract award value £16k)

2. Interim ICT staff (contract spend totalling £169k)
3. Upgrade and maintenance of the CRM system (contract award value £5m)
4. Interim professional services (contract spend totalling £29k)
5. Temporary support staff (contract spend totalling £59k)

We also benefit through a service level agreement with the Care Inspectorate from the award of the following contracts where suppliers have agreed to pay either the Scottish Living Wage or the Living Wage:

- Property maintenance services (awarded contract value £140k)
- Office design services (awarded contract value £45k)

### **2.2.3 Community benefits**

We promote the use of community benefits within procurement exercises where they are relevant and proportionate to the contact. As part of the overarching framework the upgrade and maintenance of the SSSC's CRM system provider has committed to providing community benefits such as:

- Apprenticeship schemes
- Graduate programmes / trainee schemes
- Sponsoring local charities
- Supporting voluntary work
- Staff training and development
- Supporting schools through initiatives such as sponsorship, computer clubs and design competitions.

This is a new contract and the delivery of these benefits will be reported on in 2018/19.

### **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 has been communicated to all staff and is published on the SSSC intranet. This directory provides supported businesses, contact details including website links and a summary of goods and services provided by each supported business.

The SSSC receive shared services from the Care Inspectorate who have awarded two contracts to supported businesses during the year for replacement signs and ICT equipment disposal services.

We continue to capture spend with SME's, social enterprises and third sector suppliers. Our annual spend with SMEs is £1.6m, representing 31% of our total spend and 52% of our procurement spend. This shows a significant increase in the proportion of contracts awarded to SMEs from the position reported in 2016/17 and is mainly attributable to the upgrade and maintenance of the SSSC's CRM system being awarded to an SME.

	(%) 2016/17	(£) 2016/17	(%) 2017/18	(£) 2017/18
Total Spend to SMEs	23%	1,015,429	31%	1,646,720
Procurement Spend to SMEs	26%	534,395	52%	1,556,299
Contracted Spend to SMEs	26%	512,074	52%	1,543,274

### 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 completed 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 work with key contract managers to develop the use of this tool further at commodity level.

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

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, 63% of expenditure related to the purchase of 'green' products.

### **2.3 RAISE THE LEVEL OF PROCUREMENT KNOWLEDGE, SKILLS AND EXPERTISE**

The SSSC 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 the Care Inspectorate to deliver 2 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 SSSC Team level. This allowed the training to be delivered around individual team requirements, ensuring it was meaningful and relevant. During the year, they delivered eight 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 SSSC.

The SSSC was represented at the annual procurement conference, the annual capability event and a sustainability test workshops 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 SSSC and Care Inspectorate 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 SSSC and the Care Inspectorate and both 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 £199k, representing 91% of our total procurement savings, have been realised from the use of collaborative frameworks.

## **2.6 STRENGTHEN CONTRACT AND SUPPLIER MANAGEMENT PROCESSES**

As noted in 2.3, 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.

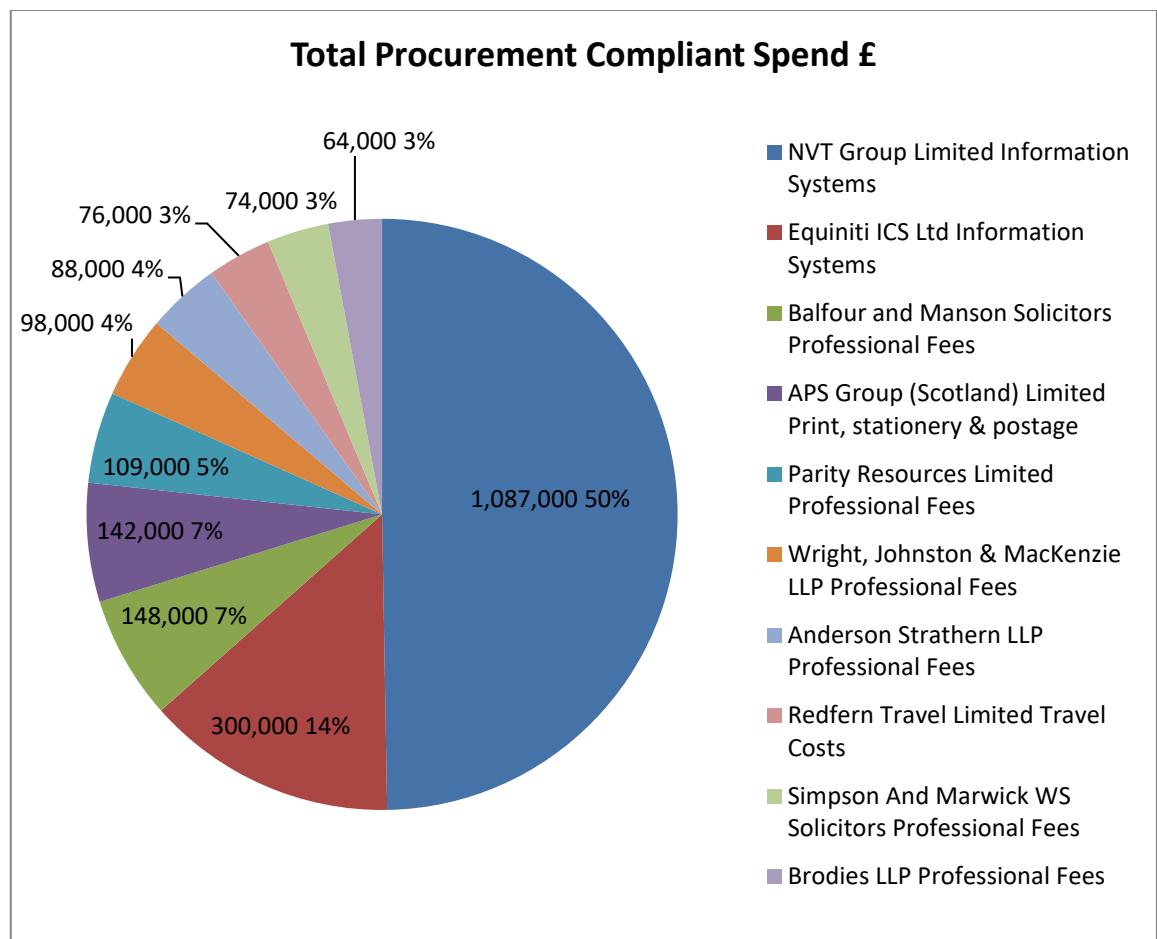
## 2.7 PROVIDE A PROCUREMENT SERVICE WHICH SUPPORTS EFFECTIVE PROCUREMENT WHICH DELIVERS BEST VALUE

The procurement business processes are reviewed on a cyclical basis to ensure 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 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 74% (2016/17: 70%) of our total procurement spend, and 74% (2014/15: 73%) of our contracted spend.



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

<b>Spend Category</b>	<b>Spend Value £000</b>
Information systems	1,387
Professional fees	581
Print, stationery and postages	142
Travel & accommodation	76
<b>Total</b>	<b>2,186</b>

#### **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 243 (2016/17: 212). Of those there were 130 supplier sites for the supply of goods or services, 93 due & lay regard members and 20 legally qualified chairs. (2016/17: 120 suppliers, 87 due & lay regards members and 5 students).

#### **5.0 CONCLUSION**

The SSSC 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 should support continued development in procurement.



## Glossary

Term	Description
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
Collaborative Frameworks	A collaborative framework is a framework which has been awarded to meet the needs of a number of public sector organisations.
Public Contracts Scotland (OCS)	Public procurement advertising portal where contract notices and awards are published.
Scottish Living Wage	Scottish 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.
Living Wage	National minimum wage for workers aged over 25
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.
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.
CGPSS	Scottish Government Central Government Procurement Shared Service
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.
Call-off	Either mini competition or direct call-off from a collaborative framework using framework conditions