



Annual Procurement Report 2018/19

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Approved by:
Board:

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
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

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 April 2020 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

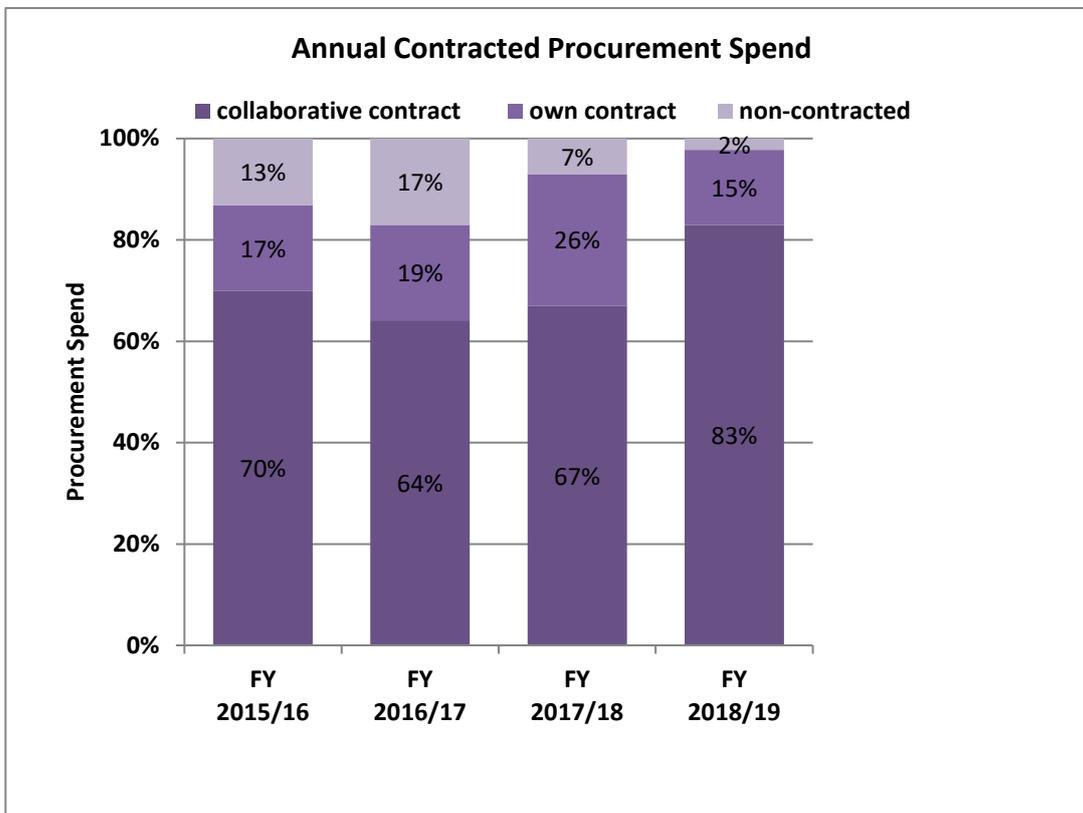
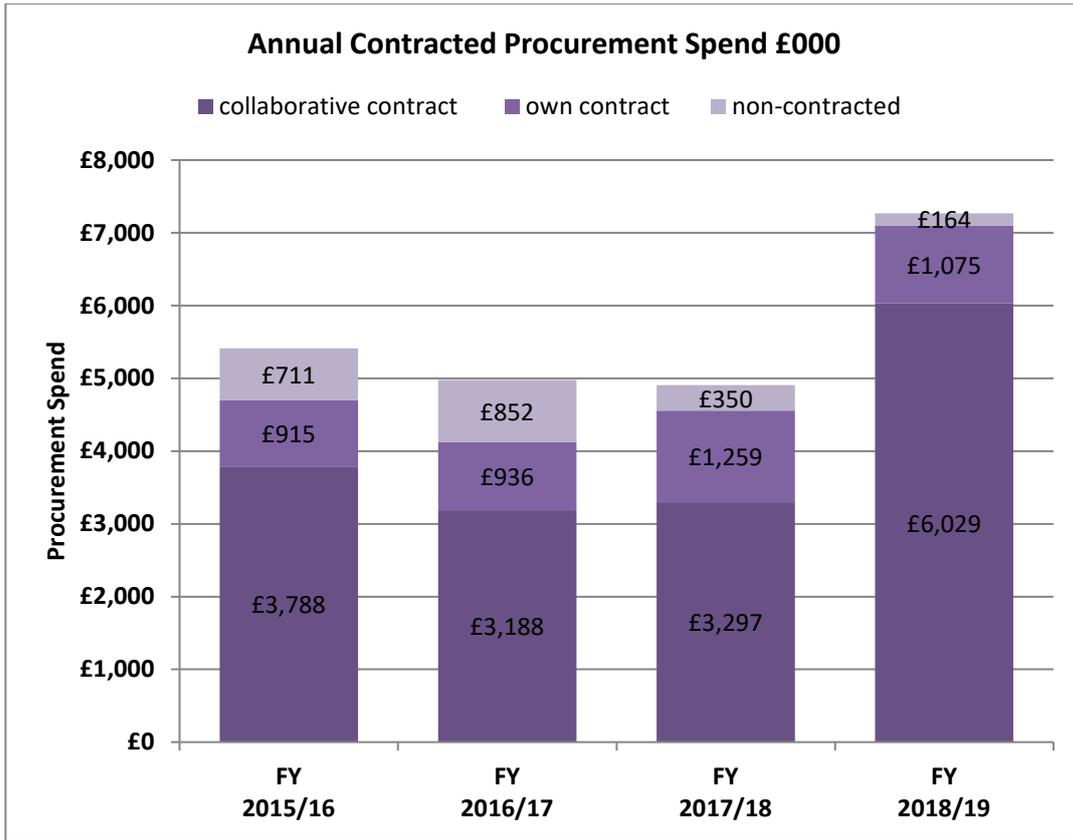
To ensure value for money is achieved in our procurement activity, sourcing strategies are prepared for all standard tenders.

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	2017/18	2018/19
Total Spend	£7,602,487	£9,491,872
Total Procurement Spend	£4,905,822	£7,267,595
Total Invoice Value	£7,861,517	£9,285,352
Number of Invoices	2,734	2,650
Number of Suppliers Paid*	683	667
Average Invoice Value	£2,875	£3,504

* No of suppliers includes 289 paid by electronic purchasing card (2017/18; 278).

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 98% of procurement spend. This is an increase of 5% from the contract spend reported in 2017/18. 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 continued to call off of frameworks with the following contract or framework owners:

- Scottish Procurement
- Crown Commercial Services
- Audit Scotland
- HMRC
- Scotland Excel
- Scottish Prison Service
- Health Trust Europe
- Yorkshire Purchasing Organisation (YPO)
- National Services Scotland (NSS).

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 2017/18, now representing 2% of our overall procurement spend for 2018/19 and comprises the following:

Description	Value (£000)	%age
Total non- contracted spend	164	100%
Spend now regularised (mainly storage and archiving and telecoms)	(149)	(91)%
Spend which should have followed a low value procurement process	(11)	(7)%
Legacy banking contract for which transactions are being phased out.	(4)	(2)%
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.

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 £1.198m have been realised from procurement during the year. This comprises £1.005m cash savings and £0.193m non cash savings. This is an increase of £0.578m (93%) from savings realised in 2017/18. This increase is mainly due to savings from the following contracts:

- Fixed telephony services
- Mobile telephony services
- ICT hardware purchases
- Business and digital development support
- Car lease insurance
- Cleaning and associated services

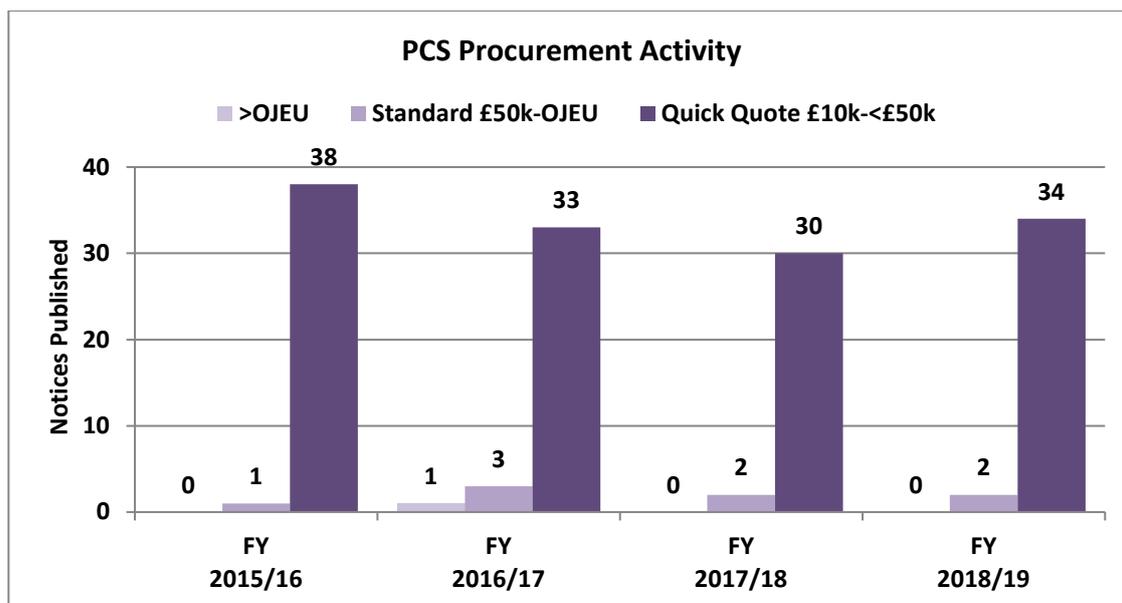
Sustainability benefits realised during the year are detailed in 2.2.

2.1.4 Summary of procurement activity

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 all of the Care Inspectorate's 2018/19 procurements are below the OJEU threshold.



All regulated procurement followed a compliant procurement process

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 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

Purchasing and payment by electronic purchasing card (ePC) is encouraged when paying for low value, high volume goods and services. There were 1,228 transactions totalling £146,595 using this method in 2018/19 with an average transaction value of £127.52.

The value and volume of spend has increased by 7% from the position reported in 2017/18 where there were 1,152 transactions totalling £146,395.

2.1.7 Invoice analysis

A total of 2,650 invoices, totalling £9.3m in value were processed during the year. We continue to explore opportunities for consolidating invoicing and purchasing low value goods and services using ePCs, where savings are realised from the reduction in volume of invoices processed. The volume of low value invoices has

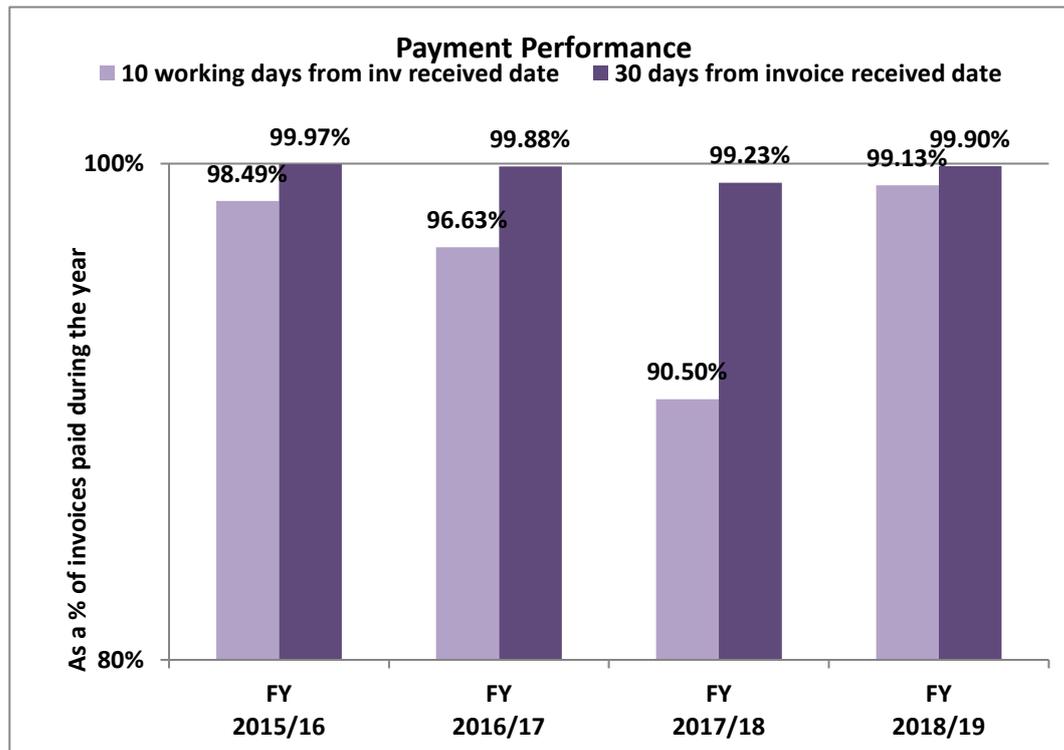
decreased by 8% in 2018/19. The cumulative saving from this is £38k and is reported in the non cash savings in 2.1.3.

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. 99.90% of suppliers were paid within 30 days of the invoice received date, and 99.13% paid within the Scottish Government’s target of 10 working days. The following shows payment performance for the financial years 2015/16 to 2018/19.



2.2.2 Paying the living wage through 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:

- ❖ Security alarm, CCTV and access control provision, maintenance and monitoring (awarded contract value £34k)
- ❖ Supporting involvement work with children and young people (awarded contract value £55k)
- ❖ Banking services (estimated contract value £4k)
- ❖ Software development & knowledge transfer in supporting digital transformation (awarded contract value £226k)
- ❖ Sharepoint & Office 365 deployment design (awarded contract value £55k)
- ❖ ICT training framework for Office 365 and Windows 10 (awarded contract value £13k).
- ❖ ICT consultancy (awarded contract value £36k)
- ❖ Develop, implement and manage a measurement framework for CAPA 2 (awarded contract value £52k)
- ❖ Website maintenance, support and improvement services (contract award value £89k)
- ❖ Publishing, print and associated design services (estimated award value over life of contract £651k).

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, however, we have secured the following community benefit:

- The supplier awarded a framework to implement a coaching strategy programme has committed to providing pro bono coaching support to young people.

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

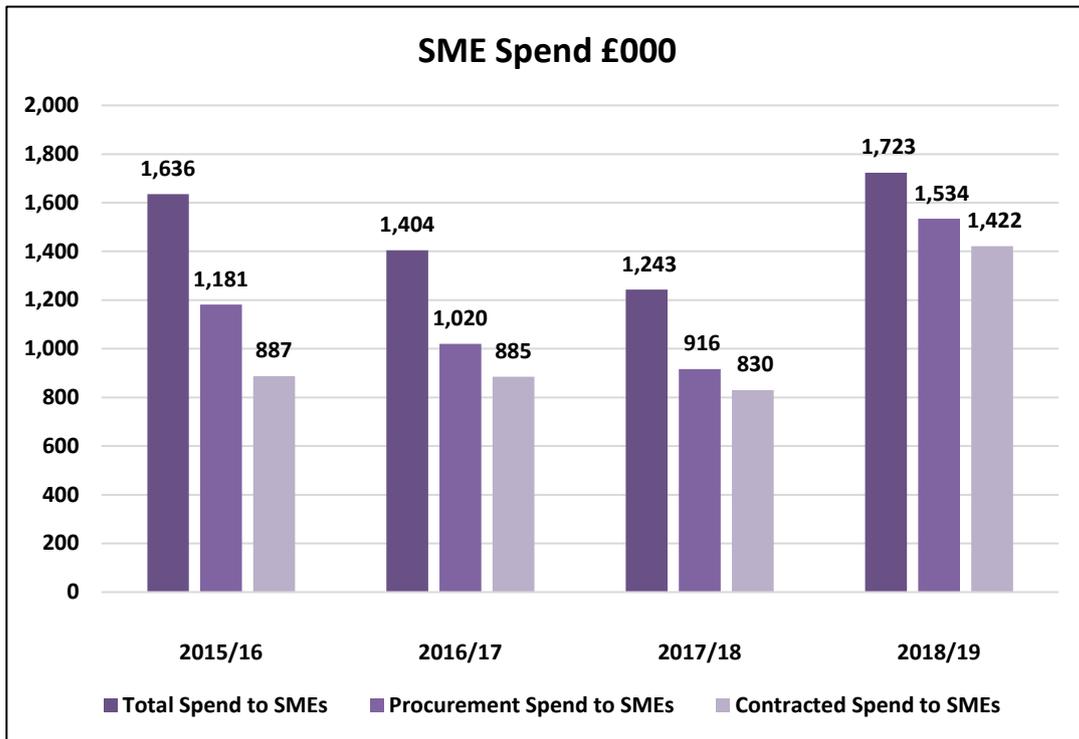
During the year we have continued to address sustainability in procurement. A directory of supported businesses is published on the Care Inspectorate intranet. This directory provides supported business supplier names, contact details including website links and a summary of goods and services provided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

We continue to contract with a supported business for ICT equipment disposal services.

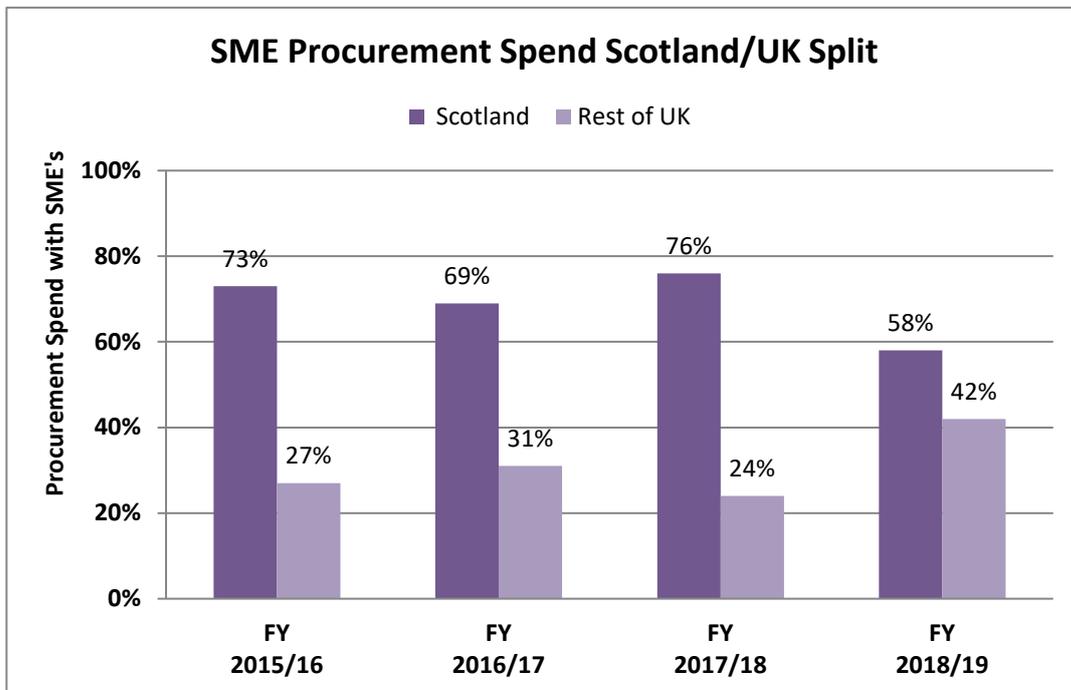
We submit quarterly returns to Scottish Government showing Care Inspectorate spend with supported businesses.

We continue to capture spend with SME's, social enterprises and third sector suppliers. Our annual spend with SMEs is £1.7m, representing 18% of our total spend and 21% of our procurement spend. This is an increase of 2% in our procurement spend for 2018/19, representing 21% of our total contract spend.

Within this, £68k of spend has been with supported businesses. An analysis of our annual spend with SMEs is shown below:



A breakdown of the procurement spend between Scottish and other UK SMEs is represented in the tables below:



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 benefits

We continue to maintain a sustainability tracking tool where we capture sustainability benefits in our procurement activity. For 2018/19 the Care Inspectorate awarded 19 contracts and 26 call-off agreements 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">• Competitiveness

These benefits relate to regulated and lower value contracts.

Of all of the paper and stationery purchased during 2018/19, 52% of expenditure related to the purchase of 'green' products. This is an improvement of seven percentage points from the position reported in 2017/18

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.

The Central Government Procurement Shared Service (CGPSS) delivered technical evaluation training during the year.

The Procurement Team continued to deliver 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 five training events.

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 Procurement Development Group meet at least twice per year.

2.4 PROVIDE TIMELY PERFORMANCE INFORMATION

The Procurement Development Group (PDG) provides 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 sought 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 2019/20 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 £1.062m, representing 89% 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.

In preparation of the General Data Protection (GDPR) coming into force in May 2018, the procurement team, in collaboration with Information Governance, prepared a plan to address compliance for all contracts. This plan was implemented at the beginning of the year and our procurement procedures have been updated to reflect GDPR requirements.

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

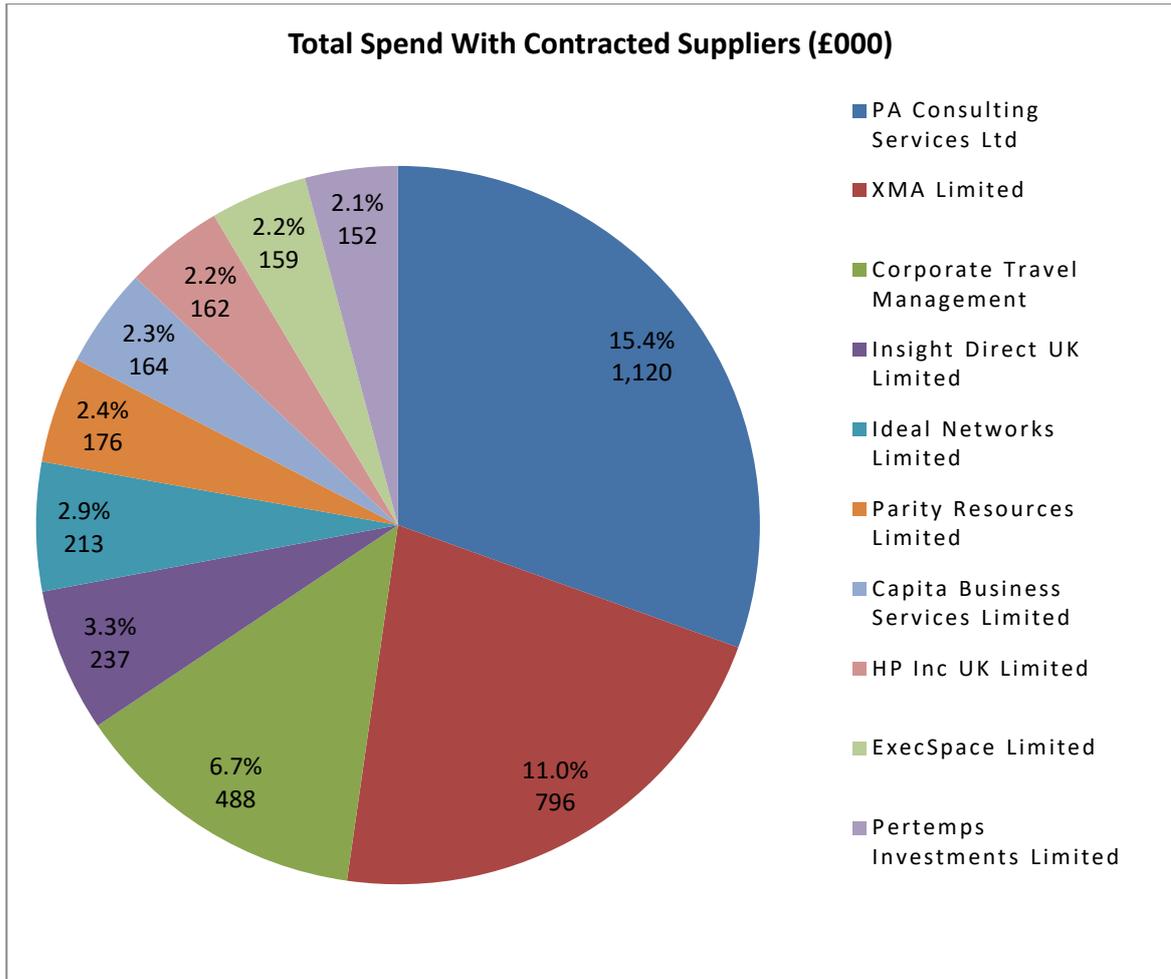
The procurement business processes are reviewed by the Procurement Team on a cyclical basis ensuring all processes are reviewed annually. This review ensures they reflect current legislation and meet the needs of the users. A number of processes have, and continue to be, amended and developed to support the changing procurement landscape.

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 contribute 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 50% (2017/18: 34%) of our total procurement spend, and 36% (2017/18: 37%) of our contracted spend.



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

Spend Category	Spend Value £000
Information systems	1,413
Professional fees	1,120
Transport costs	488
Hired agency staff	328
Telecoms	111
Venue and Events Hire	159
Training and Development	48
Total	3,667

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 274 (2017/18: 273). Of those there were 198 supplier sites for the supply of goods or services and 76 supplier sites for reimbursing inspection volunteers for travel and subsistence expenses (2017/18: 202 suppliers, 71 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.
SME	The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees.

Term	Description
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.
Third Sector	Term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives.