

# Minute

## Policy and Resources Committee

Monday, 29 November 2021, 10:00.

Microsoft Teams.



## Present

Councillors James W Stockan, W Leslie Manson, Stephen G Clackson, Alexander G Cowie, Norman R Craigie, Robin W Crichton, David Dawson, Andrew Drever, Barbara Foulkes, Steven B Heddle, J Harvey Johnston, Rachael A King, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Graham L Sinclair, Magnus O Thomson, Owen Tierney, Duncan A Tullock and Heather N Woodbridge.

## Clerk

- Hazel Flett, Senior Committees Officer.

## In Attendance

- John W Mundell, Interim Chief Executive.
- Stephen Brown, Chief Officer/Executive Director, Orkney Health and Care.
- Hayley Green, Interim Executive Director of Environmental, Property and IT Services.
- Gareth Waterson, Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.
- James Wylie, Executive Director of Education, Leisure and Housing.
- Karen Greaves, Head of Executive Support.
- Andrew Groundwater, Head of HR and Performance.
- Colin Kemp, Interim Head of Finance (for items 1 to 8).
- Gavin Mitchell, Head of Legal Services.
- Roddy Mackay, Head of Planning, Development and Regulatory Services (for Items 1 to 7).
- Kenny MacPherson, Interim Head of IT and Facilities (for Items 1 to 8).
- Lorna Richardson, Interim Head of Roads, Fleet and Waste (for Items 1 to 7).
- Rosemary Colsell, Procurement Manager (for Items 1 to 7).
- Les Donaldson, Safety and Resilience Manager (for Items 1 to 3).
- Alex Rodwell, Improvement Support Manager (for Items 1 to 4).
- Ian Rushbrook, Capital Programme Manager (for Items 1 to 8).

## Observing

- Stuart Allison, Economic Development Manager (for Items 1 to 7).
- Paul Kemp, Strategic Finance Manager (for Items 1 to 4).
- Steven Bruce, Project Officer (ReFlex Project) (for Items 1 to 8).

- Lorraine Stout, Press Officer (for preliminaries and Item 1).
- Rebecca McAuliffe, Press Officer (for Items 1 to 8).

## **Declaration of Interest**

- Councillor Stephen Sankey – Item 5.

## **Chair**

- Councillor James W Stockan.

## **1. Disclosure of Exempt Information**

The Committee noted the proposal that the public be excluded from the meeting for consideration of Items 8 and 9, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **2. Procurement Annual Report**

After consideration of a report by the Interim Executive Director of Environmental, Property and IT Services, copies of which had been circulated, and after hearing a report from the Interim Head of IT and Facilities, the Committee:

Noted:

**2.1.** That, in terms of Section 18 of the Procurement Reform (Scotland) Act 2014, the Council must prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year to which the report related.

**2.2.** That the Council was required to notify the Scottish Ministers when the Procurement Annual Report had been published.

**2.3.** That the Scottish Government issued guidance and a template which public authorities could use to report on procurement performance.

The Committee resolved to **recommend to the Council:**

**2.4.** That the Procurement Annual Report, including the undernoted appendices, attached as Appendix 1 to this Minute, be approved for publication:

- Appendix 1: Contracts awarded 1 April 2020 to 31 March 2021.
- Appendix 2: Council's Procurement Service Improvement Plan 2020 to 2021.
- Appendix 3: Forward Plan Regulated and Unregulated Procurement 2021 to 2023.

## **3. Evaluation of Service Health and Safety Performance**

After consideration of a report by the Interim Executive Director of Environmental, Property and IT Services, copies of which had been circulated, and after hearing a report from the Interim Head of IT and Facilities, the Committee:

Scrutinised the Evaluation of Service Health and Safety Performance for 2020/21, attached as Appendix 1 to the report by the Interim Executive Director of Environmental, Property and IT Services, and obtained assurance.

Councillors Andrew Drever and Stephen Sankey left the meeting at this point.

#### **4. Improvement Support Team – Annual Report**

After consideration of a report by the Chief Executive, copies of which had been circulated, and after hearing reports from the Head of Executive Support and the Improvement Programme Manager, the Committee noted:

**4.1.** That, on 18 February 2020, when considering a review of the Change Programme, the Policy and Resources Committee recommended:

- That the projects [listed in section 3.1 of the report by the Chief Executive] be approved as priorities for the Change Team.
- That the Change Team be renamed the Improvement Support Team, with the purpose to support services in the delivery of projects, improvements and initiatives; be they incremental or transformational in nature
- That the Improvement Support Team be established on a permanent basis.

**4.2.** That, due to the urgent support required for the Orkney Partnership's Children's Services' Improvement Plan, arising from the joint inspection of children and young people in need of care and protection, the Senior Management Team adjusted the priorities for the Change Team referred to above.

**4.3.** That the undernoted projects were supported by the Improvement Support Team during 2020/21:

- Orkney Partnership's Children's Services' Improvement Plan.
- Grounds Maintenance.
- Customer Services Platform.
- Electronic Document and Records Management System.

**4.4.** That, recently, the capacity of the Improvement Support Team had been expanded to enable the team to reinstate parked projects and support other priorities of the Senior Management Team.

**4.5.** That the undernoted projects were the most significant areas of support for the Improvement Support Team during 2021/22:

- Orkney Partnership's Children's Services' Improvement Plan.
- Grounds Maintenance.
- Customer Services Platform.
- Electronic Document and Records Management System.
- Our People Our Plan.
- Replacement Information Management System for New Horizons.

**4.6.** That, as part of the budget setting process for 2020/21, the Senior Management Team agreed 13 projects for progressing to Project Initiation Documents with a view to achieving efficiencies, which would be reviewed for achievability.

**4.7.** That the Our People Our Plan priority project, the 13 Project Initiation Documents and the revised 'Change Programme' were to be collectively 'badged' together as a single Senior Management Team improvement agenda.

## **5. Economic Recovery Steering Group**

### **ASPIRE Orkney – Progress Update**

After consideration of a report by the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, copies of which had been circulated, and after hearing a report from the Head of Planning, Development and Regulatory Services, the Committee:

Noted:

**5.1.** That, on 25 November 2020, the Council resolved that the detail of the ASPIRE Orkney programme be subject to further consideration, in the context of the Council's corporate plan, by the Policy and Resources Committee, with effect from January 2021, and thereafter as a standing item for the Policy and Resources Committee.

**5.2.** That progress updates in relation to the ASPIRE Orkney programme of activity had been presented to the Policy and Resources Committee on 23 February, 20 April and 22 June 2021.

**5.3.** That ASPIRE Orkney Limited was incorporated, as a private company limited by guarantee without share capital, on 26 April 2021, to support the activities described by the ASPIRE Orkney vision and programme plan.

**5.4.** The main activities undertaken by ASPIRE Orkney Limited between June and October 2021 as detailed in section 4 of the report by the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.

Councillor Stephen Sankey rejoined the meeting at this point and declared a financial interest in this item, in that his business was in receipt of a COVID-19 Business Hardship Support Grant. However, as the item related to a general update, rather than specific grant funding, he concluded that his interest did not preclude his attendance for the remainder of the item but that he would take no part in the remaining discussion.

The Committee resolved to **recommend to the Council:**

**5.5.** That the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services should submit a report, to the meeting of the Committee to be held on 21 June 2022, providing a progress update on ASPIRE Orkney Limited's Business Plan and the ASPIRE Orkney Action Plan.

## 6. Integrated Waste Facility – Stage 2 Capital Project Appraisal

After consideration of a report by the Interim Executive Director of Environmental, Property and IT Services, copies of which had been circulated, and after hearing a report from the Interim Head of Roads, Fleet and Waste, the Committee:

Noted:

**6.1.** That, on 26 September 2018, the Development and Infrastructure Committee recommended that, subject to resources being secured, as an exception to the Capital Project Appraisal process, due to concerns over the sustainability of the current waste disposal route and the necessity of planning to meet more stringent recycling targets, the Executive Director of Development and Infrastructure should submit, to the Policy and Resources Committee, a Stage 2 Capital Project Appraisal in respect of proposed new waste management facilities.

**6.2.** That, on 7 September 2021, when reviewing the preferred treatment options and the proposed site for a new waste facility, the Development and Infrastructure Committee recommended that the proposal to progress development of new waste management facilities be reaffirmed, based on the following:

- In Vessel Composter for organic (food and garden) waste.
- Mechanical pre-treatment (shredding) for residual waste.
- Sorting facility for mixed dry recyclable materials.

**6.3.** That, on 2 November 2021, the Asset Management Sub-committee recommended that the site of the former Abattoir/Cull Hall at Hatston Industrial Estate, incorporating the existing Household Waste Recycling Centre and associated infrastructure, be designated as the preferred site for the proposed new Integrated Waste Facility.

**6.4.** That an application had been made to the Scottish Government's Recycling Improvement Fund in respect of eligible capital costs relating to the proposed new Integrated Waste Facility, representing approximately £12,000,000 of the gross capital cost of £17,206,000.

**6.5.** That efficiency savings associated with the resulting changes in collection methods, increased income from the sale of recyclable materials and a reduction in disposal costs due to reduced residual volumes would cover only part of the cost of the associated loan charges.

**6.6.** That, should the proposed new Integrated Waste Facility project be approved and added to the capital programme, an asset transfer in respect of the former Abattoir building, which was currently held on the Strategic Reserve Fund as an investment property, would be effected at market value, currently £500,000.

On the motion of Councillor James W Stockan, seconded by Councillor Graham L Sinclair, the Committee resolved to **recommend to the Council**:

**6.7.** That, subject to the successful outcome of the grant application to the Scottish Government's Recycling Improvement Fund, the Stage 2 Capital Project Appraisal in respect of the proposed new Integrated Waste Facility, attached as Appendix 2 to this Minute, be approved.

**6.8.** That, as an exception to the Capital Project Appraisal process, due to concerns over the sustainability of the current waste disposal route and the necessity of planning to meet more stringent recycling targets, the provision of a new Integrated Waste Facility be added to the capital programme for 2023/24 onwards, at a gross capital cost of £17,206,000.

**6.9.** That the capital cost of the Integrated Waste Facility be part-funded by external grant funding of £12,000,000, with the remaining capital financing requirement financed through borrowings.

**6.10.** That a contribution of £500,000, to be met from General Fund unearmarked Reserves, be made to the Strategic Reserve Fund to reflect the arms-length transfer of the former Abattoir building at Hatston Industrial Estate to the General Fund in order to accommodate the new Integrated Waste Facility.

## **7. Exclusion of Public**

On the motion of Councillor James W Stockan, seconded by Councillor W Leslie Manson, the Committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **8. Orkney College**

### **Proposed Installation of Solar Photovoltaic Panels and Battery Storage**

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Interim Executive Director of Environmental, Property and IT Services and the Executive Director of Education, Leisure and Housing, copies of which had been circulated, and after hearing a report from the Capital Programme Manager, the Committee:

Noted:

**8.1.** That an opportunity had arisen whereby photovoltaic panels and a battery system could be installed at Orkney College.

**8.2.** That, should the proposal to install the photovoltaic panels and battery system at Orkney College be approved, it was envisaged that electricity costs at Orkney College would reduce, as would emissions through increased renewable generation.

**8.3.** The proposal that, should the installation at Orkney College prove successful, consideration be given to installations of similar systems on further suitable sites.

The Committee resolved to **recommend to the Council:**

**8.4.** What action should be taken with regard to the installation of Solar Photovoltaic Panels and Battery Storage at Orkney College.

**8.5.** That, should the installation at Orkney College prove successful, powers be delegated to the Interim Executive Director of Environmental, Property and IT Services, in consultation with the Head of Finance and the Solicitor to the Council, to approve installations of similar systems on further suitable sites.

**The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

Councillor Owen Tierney joined the meeting at this point.

## **9. Proposed Corporate Management Structure**

### **Our People Our Plan – Priority 1: Operating Model**

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1 and 11 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Chief Executive, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** what action should be taken with regard to a proposed corporate management structure, including Appendices 3 to 5 of this Minute.

**The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

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## **10. Conclusion of Meeting**

At 15:12 the Chair declared the meeting concluded.

Signed: (Leader's signature).



# **Procurement Annual Report**

**1 April 2020 to 31 March 2021.**

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## Definition of Key Terms

Contract.	An agreement between the Council and any Contractor made by formal agreement or by issue of acceptance or an official order for Supplies, Services or Works.
Contractor(s).	Includes any sole trader, partnership or company (limited or unlimited) or any duly incorporated trade, professional or commercial body.
Delegated Authority.	Officers who have been given formal written authority by their Executive Director or Chief Officer to manage procurement exercises within a specified value range on behalf of the Council.
EU Threshold. .(As of January 2021 renamed the Threshold).	The threshold for determining the application of the Regulations. In the case of the Procurement (Scotland) Regulations 2016 the threshold is £189,330 (Supplies and Services) and £4,733,252 (Works). In the case of the Utilities Contracts (Scotland) Regulations 2016 the threshold is £378,660 for Supplies and Services and £4,733,252 for Works.
EU Regulated Procurement. (As of January 2021 renamed higher value regulated procurement).	Goods, Services or Works contracts with a value over the EU Threshold.
Framework Agreement.	An overarching agreement with supplier(s) to establish terms governing individual contracts that may be awarded during the life of the agreement ('call-offs'), concluded in accordance with Section 34 of the Public Contracts (Scotland) Regulations 2015.
Health and Social Care Services.	A public contract or framework for social and other specific services listed in Schedule 3 of the Public Contracts (Scotland) Regulations 2015.
Life-Cycle Costing.	All consecutive or interlinked stages, including research and development to be carried out, production, trading and its conditions, transport, use and maintenance, throughout the existence of the product or the works or the provision of the service, from raw material acquisition or generation of resources to disposal, clearance and end of service or utilisation.

Procurement.	The process leading to the award of a public contract or framework agreement or establishment of a dynamic purchasing system for the acquisition of works, supplies or services from an economic operator.
Public Contracts Scotland (PCS) portal.	The Scottish Government's official national advertising portal for public sector contract opportunities <a href="https://www.publiccontractsscotland.gov.uk/">https://www.publiccontractsscotland.gov.uk/</a> .
Quick Quote (QQ).	An online quotation facility which allows the Council to obtain competitive quotes electronically for: <ul style="list-style-type: none"> <li>• Low value requirements between £10,000 and £50,000; and</li> <li>• Unregulated Works Contracts, depending on complexity of contract (as defined in Clause 17).</li> </ul>
Quotation.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract does not exceed £50,000.
Regulated Procurement.	As defined by the Procurement Reform (Scotland) Act 2014 and referred to as the Reform Act 'slice' a regulated procurement for Goods or Services Contracts with a value of over £50,000 and for Works Contracts over £2,000,000 and less than the relevant Official Journal of the European Union (OJEU) Thresholds.
Regulations.	The Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016 and / or the Concession Contract (Scotland) Regulations 2016 as the context requires, but where the Council is acting as a Harbour Authority and chooses to do so, the Utilities Contracts (Scotland) Regulations 2016.
Supplies.	Goods or the hire of goods and for any siting or installation of those goods.
Tender.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract is £50,000 (excluding VAT) or more.

Unregulated Works Procurement.	A contract for Works with a value of between £50,000 and £2,000,000, being a procurement not covered by the Regulations and procured utilising the Council's database of pre-approved contractors.
Works.	Building construction, building maintenance or engineering works.

## Introduction

Orkney Islands Council ('the Council'), provides a range of facilities and services to a community with a population estimated as 22,190 in mid-2018 by the Office of National Statistics. The Council is also the Harbour Authority with a port estate of 29 piers and harbours, a Roads Authority for the islands and operates a network of internal air and ferry services.

The Council provides procurement and related services for a wide range of works, supplies and services with an annual spend, for the financial year 2020 to 2021, of over £40 million.

The Council operates a devolved model of procurement across five directorates. The central Procurement Services Team is based within Corporate Services and consists of three full-time equivalent staff; a Procurement Manager and a Procurement Officer and an Assistant Procurement Officer. The Procurement Manager's responsibilities include the development of a network of 18 trained and experienced officers across the Council who are assigned delegated responsibility for the procurement of supplies, services and works.

The Council published its Procurement Strategy, as required by the Procurement Reform (Scotland) Act 2014 ('the Act'), in December 2016 and updated in January 2019. In order to report compliance with its Procurement Strategy and the Act itself, the Council must publish an annual report.

There are 11 key priorities identified in the Procurement Strategy as follows:

- Sustainability.
- Working with suppliers.
- Value for money.
- Collaboration and partnering.
- Governance.
- Contract management.
- Communication.
- E-Procurement.
- Monitoring and measurement.
- Guidance.
- Training.

The six key priority areas where targets have been identified and are attributable for the Procurement Strategy reporting period ending 31 March 2021 remain the same as for the previous year and are as follows:

- Sustainability.
- Working with suppliers.
- Value for money.
- Collaboration and partnering.
- Contract management.
- E-Procurement.



The guidance and template issued by the Scottish Government has been used for this fourth Annual Procurement Report. The reporting period for this fourth annual report is from 1 April 2020 to 31 March 2021.

In addition to the required information set out in the Act, this report includes performance against several strategic indicators as detailed in the Council's Procurement Strategy 2019 to 2021.

To evidence our progress against our strategic targets and the new duties introduced by the Act, the published Annual Report details the form of measurement taken. The statistics presented in this report provide the evidence which should, over time, show how the Council is progressing against both the national and local objectives. Targets were set in the Council's Procurement Strategy and progress towards these has been noted in this second Procurement Annual Report.

## **Section 1 – Summary of Regulated Procurements Completed**

Section 18(2) of the Act requires organisations to include **‘a summary of the regulated procurements that have been completed during the year covered by the report’**.

As defined by the Act and referred to as the Reform Act ‘slice’ a regulated procurement is for Goods or Services Contracts with a value of over £50,000 and for Works Contracts over £2,000,000 and less than the relevant former OJEU Thresholds.

A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

Appendix 1 provides the breakdown of the regulated procurements completed for the reporting period of 1 April 2020 to 31 March 2021.

## **Section 2 – Review of Regulated Procurement Compliance**

All procurement exercises carried out by the Council are required to be carried out in accordance with the Council's Contract Standing Orders (CSOs) and this is regularly updated to take account of changes in legislation and best practice in procurement.

Prior to the point of contract award, all recommendation reports are required to include a statement that the CSOs have been complied with, therefore full compliance is anticipated. Examples of internal and external review of the Council's processes and compliance with these processes are detailed in the audit / improvement capability outcomes as follows:

### **Procurement Improvement Capability Programme (PCIP)**

The Council first completed Scotland Excel's PCIP in July 2017. The PCIP is undertaken every two years and a second PCIP assessment for the Council took place on 3 September 2019. Outcomes and recommendations from this exercise are incorporated as a process of ongoing procurement improvement. An assessment would have been due in Autumn 2021, this has been delayed due to Covid and we are waiting on a new date to be proposed by Scotland Excel.

The objective of the PCIP is to assist the Council to improve its structure, capability, processes and ultimately performance by attaining a level of procurement performance that is appropriate to the scale and complexity of its business. As part of the PCIP the Council is required to demonstrate a prudent and well-planned approach to defining its supply needs. Assessment of the Council's procurement improvement capability is carried out every two years by Scotland's Centre of Expertise Scotland Excel and covers procurement activities carried out by the Council's Officers with Delegated Authority in the Procurement, Capital Projects, Facilities and Engineering Teams.

### **Internal Audit**

#### **Contract Management**

An internal audit of contract management was completed prior to the end of the reporting period of 2020/21. The findings of this report were presented to the Monitoring and Audit Committee on 1 April 2021. This Audit therefore falls outwith this reporting time frame and will be covered in more detail in the report for 2021/22.

#### **Quarry Stone**

The Council's Interim Chief Executive became aware of an order raised for the importation of approximately 80,000 tonnes of stone. There was significant public interest in this purchase including concerns about the environmental, and local economy sustainability, nature of the exercise. There was also widespread public concern amongst the community over the non-inclusion of local businesses in the procurement process.

The Interim Chief Executive requested that the Chief Internal Auditor carry out an urgent audit in relation to Quarry Procurement Procedures, and compliance with OIC processes, policies and regulations. This was done in early 2021 with the audit

report completed on 5 March 2021. This report was presented to the Monitoring and Audit Committee on 11 March 2021 with an overall audit opinion of unsatisfactory and resulted in five recommendations. The Audit Report is available at the following link:

[Monitoring and Audit Committee - 11 March 2021 \(orkney.gov.uk\)](https://www.orkney.gov.uk/monitoring-and-audit-committee-11-march-2021)

This review was carried out by Internal Audit in its primary role of an assurance function which provides an independent and objective opinion on the adequacy of the Council's control environment. Internal audit work is designed to add value to and improve an organisation's operations, in particular in evaluating and improving the effectiveness of risk management, control and governance processes. This review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The review highlighted that purchasing activity had been carried out by obtaining quotations and raising of purchase orders in a manner outwith an open procedure which is required within the Council's own policies and the law.

The actions identified in the action plan which accompanied the audit are being implemented and the outcome of these will be reflected in the Procurement Annual Report for the reporting period 2021 to 2022.

### **Contract Standing Orders**

The Council's CSOs were significantly updated, revised and published in June 2016 to include the provisions of the Act and the Procurement Scotland Regulations 2016. The CSOs were also updated to include recommendations of an internal audit on procurement at the Council. The CSOs were approved at the General Meeting of the Council held on 5 July 2016.

Since then the CSOs have been updated three times. In October 2017 and March 2018 respectively to reflect an additional procedure to ensure there is documentation to evidence that there are no conflicts of interests for evaluation team members and to update the EU Threshold for procurement, and then in January 2020 which included the new EU thresholds and an update on new procurement procedures in use by the Council. Changes to the CSOs were highlighted to Senior Managers and key procurement staff, and within the organisation, by way of the Procurement Services Bulletin.

### **Procurement Strategy**

The Council's current Procurement Strategy was published in January 2019 for the following two years and three-month period to 31 March 2021. This version brings the Procurement Strategy in line with the ongoing annual reporting requirements.

Appendix 2 attached to this report is the Procurement Service Improvement Action Plan which contains the Procurement Strategy targets set and progress made over the last financial year.

## Section 3 – Community Benefit Summary

The Council has a Sustainable Procurement Policy. This policy sets out the general principles that the Council will follow across all its procurement and commissioning activities to ensure that it is undertaken in a sustainable manner.

This Policy also sets out how the Council will plan and manage its procurement activities to meet the Council's corporate aims and objectives and comply with regulatory and legislative requirements. Finally, the policy supports the Council's commitment to sustainable procurement which is set out in the Council's Corporate Procurement Strategy 2019 to 2021:

<https://www.orkney.gov.uk/Service-Directory/P/procurement-strategy-2019-to-2021.htm>

It is intended for all of those who are involved in, or affected by, the Council's procurement activities throughout our community and beyond. The Council spends tens of millions of pounds each year on a diverse range of goods, services and works from third parties. It is important therefore that this spending power is used to support key Council objectives. The Sustainable Procurement Policy has been developed to help the Council to meet its legal duties and to deliver its key strategic objectives available at the link below:

[Sustainable Procurement \(orkney.gov.uk\)](https://www.orkney.gov.uk/Service-Directory/P/procurement-strategy-2019-to-2021.htm)

Sustainable procurement supports the Council's values, as outlined in Orkney Islands Council Plan 2018 to 2023 and the Council's Delivery Plan 2018 to 2023:

<https://www.orkney.gov.uk/Council/C/corporate-strategic-plan-2018-2023.htm>

The Strategic Themes identified are as follows:

- Connected Communities.
- Caring Communities.
- Thriving Communities.
- Enterprising Communities.
- Quality of Life.

Community benefits must be considered for all procurement processes at or above £4 million in value to meet the Council's requirement to meet the sustainable procurement duty.

For each individual regulated procurement exercise, Officers with Delegated Procurement Authority must complete a 'Commodity Strategy for all Regulated Procurements' which includes a section on Community Benefits to be considered where applicable.

## Procurements that have included Community Benefits

There have been three procurements, where Community Benefits for procurements with a contract value over the £4,000,000 threshold, have been included and have been carried out by the Council.

These Procurements are as follows, and have either been completed or remain ongoing with the reporting period for this annual report:

<b>Date of Award.</b>	<b>Subject Matter.</b>	<b>Estimated Value (£).</b>	<b>Start Date.</b>	<b>End Date.</b>
13/02/2017.	Framework agreement for the Provision of personalised care and support services in Orkney for Individuals with Complex Needs, (Various Call off Contracts).	4,000,000.00.	13/02/2017.	12/02/2021.
01/02/2019.	Supply of Two New Towage Boats.	12,000,000.00.	11/02/2019.	September 2020.
05/01/2021.	Inter-island Air Services.	4,880,363,00.	01/04/2021.	31/03/2025.

A summary of the Community Benefits included in the award criteria for the procurements included within the reporting period, and those in procurements that are not concluded yet, are as follows:

- Employment (skills and training, small or medium-sized enterprises (SMEs) / social enterprises / supported businesses).
- Fair Work Practices.

Monitoring of Community Benefits for exercises before this year have continued as planned.

In the instance of the provision of Personalised Care and Support Services contracts resulting from the framework agreement (awarded 13 February 2017), reporting of community benefits achieved are contained within quarterly contract management meetings for each individual contract. Contracts are awarded throughout the life of the framework and will vary according to each contract where relevant.

For the two new Tugboats sea and shore staff will be trained in the use of new equipment and maintenance prior and following the vessels being delivered to Orkney waters. There is also a requirement for the knowledge of modern technology to effectively be passed on to increase the knowledge base of local suppliers. This will be necessary due to the requirement for a higher level of shore side backup for these vessels.

## Other considerations

The following factors are routinely taken into consideration in relevant procurements, especially in construction or social care procurement. However, these may not always be specifically labelled as a Community Benefit Award Criteria:

- Climate change (carbon and energy consumption, carbon in production, adaption, carbon in vehicle emissions).
- Materials (scarcity, security).
- Waste (production, reuse / recondition / remanufacture).
- Hazardous materials / emissions.
- Bio-diversity (protection and enhancement).
- Heritage (protection and enhancement).
- Water (consumption and production).
- Employment (skills and training, SMEs / social enterprises / supported businesses).
- Communities.
- Fair and ethical trading (working conditions, conflict materials).
- Equality (protected characteristics).

There has been no increase in the number of contracts over the value of £4 Million where Community Benefit Clauses are used over the past financial year.

Following the legislative changes, and as recorded for the financial years covered by this report on the Council's On-Contract Spend Register, there have been a total of 11 procurements undertaken including live ongoing contracts to end of March 2021 reporting period where Community Benefit Clauses have been part of the award criteria.

For procurement of Category C (local contract / framework including local collaborative framework agreements) Contracts which are undertaken by the Council, it is now routine for Community Benefits to be included as part of the award criteria where the value of the contract is over £4 million. This is recorded in the Procurement Strategy Improvement Plan, attached at Appendix 2.

Where the Council can access Category A (national collaborative) contracts or Category B (sectoral collaborative) contracts via Framework Agreements the overall anticipated value of the Framework is inevitably of a high value and likely to be over the £4 million threshold for the inclusion of community benefits.

Contracts awarded under Framework Agreements are likely to achieve Community Benefits. However, for contracts awarded via a Framework Agreement it is more difficult to identify Community Benefits which will be realised locally, except where the local supply chain is involved in the delivery of the Contract.

Going forward several significant procurement exercises which were in development but not yet completed during this current reporting period include the new Public and School Transport services and the outer isles Kerbside Collection Services which

both incorporated proportionate Community Benefit clauses and have resulted in positive contributions from bidders.

<b>Community Benefit Analysis.</b>	<b>1 April 2020 to 31 March 2021</b>
Number of Contracts Community Benefit Clauses is *applicable to.	5.
Number of *Applicable Contracts with Community Benefit Clause.	5.
Percentage of total *Applicable Contracts with Community Benefit Clauses.	100%.

\*Applicable in this context means that the overall contract value is over £4 Million.



## **Section 4 – Supported Businesses Summary**

The Act (<http://www.legislation.gov.uk/asp/2014/12/section/18>) included a new classification for supported business, and defined a supported business as ‘an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged’.

Public organisations can reserve the right to participate in procurement for the award of a public contract / framework to a supported business.

The classification change in 2016 expanded the potential for more businesses to be included in this category however the Council’s contract activity for the reporting year has not provided an opportunity to carry out such an exercise.

## **Section 5 – Future Regulated Procurements Summary**

The Procurement team has worked with Executive Directors across the Council to develop forward procurement plans for their service areas. These plans identify the Council’s anticipated procurement activity for the coming year for Category C and C1 procurement (excluding Category A and B activity).

The Act has extended this timeframe to two years and Appendix 2 includes information regarding anticipated Regulated Procurements for that period. As referenced in the introduction above, this report includes information on all procurement activity and this is included in the Forward Plan, i.e. it also covers ‘non-regulated’ procurement.

See Appendix 3 for the Council’s Forward Plan.

## **Section 6 – Other Information**

### **Supplier Development**

A Meet the Buyer event has been held annually for the last four years.

Given the Covid-19 pandemic there has not been a Meet the Buyer event organised for 2020/21 however contract specific market engagement events have taken place in a format compatible with Coronavirus restrictions in place at the time where required and on a case by case basis. The events are organised by the Council's Procurement Team together with service colleagues and the Business Gateway. An example of this was the Mini-Meet the Buyer event advertised via a Prior Information Notice for the Kerbside Collection Service for the Outer Isles. The focus of this event was to explain the rationale for the forthcoming procurement exercise and signpost the support available via the Business Gateway Orkney Service and the Supplier Development Programme.

Scotland Excel have presented in person to the last three Meet the Buyer events, similarly the Supplier Development Programme has been active in providing support to contractors and actively involved in helping local firms do business better with the Council. The events have attracted between 10 and 50 individuals over the last four occasions and have been well received.

The following commitments have been made as part of the Council's Procurement Improvement Action Plan:

- To increase attendance at 'meet the buyer' or equivalent events to cover areas of concern, engage with local suppliers and advice on how to become a supplier to the Council. Encourage main contractors to engage with SMEs through the inclusion of Community Benefit clauses.
- Encourage suppliers to the Council to access support available to businesses, via Business Gateway Orkney and the Supplier Development Programme.

### **Collaboration and Partnering Opportunities**

In accordance with the Council's Procurement Strategy there is a Council Commitment regarding collaboration and partnering. It is recognised that greater efficiencies can be achieved by improved collaboration between different organisations within the public sector with similar requirements, whether within the local government sector or in other areas of the public sector, such as the Scottish Government, the Crown Commercial Service, Non-Departmental Public Bodies and the National Health Service (NHS).

Collaboration maximises the value of procurement whether it be through aggregation of demand or through the sharing of resources to reduce administration. Framework Agreements are noted as either a Category A Contract or a Category B Contract or Category C1 for local collaborative contracts in place. The Council's use of these is shown in the tables below.

The Council's internal contract register lists all purchases for works, services and supplies known to have a contract in place. This register does not include ad hoc purchases for values typically under the £10,000 minimum threshold as noted in the

Council's CSOs. There are exceptions to this rule where the nature or complexity of the contract does warrant a contract in place, for example, IT licensing agreements, cleaning contracts etc.

In total there are 428 live contracts listed in the Council's contracts register for the year 1 April 2020 to 31 March 2021.

Tables 1, 2, 3.4 and 5 below summarise all live contracts as recorded on the Council's Contract Register by category for the previous five complete financial years and a corresponding split between Services, Supplies and Works.

**Table 1 – 1 April 2016 to 31 March 2017**

<b>Contract Category Analysis of Contracts (as recorded on the Contracts Register).</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	21.	11.64%.	2,830,560.07.
Category B (sectoral).	18.	7.45%.	1,811,503.54.
Category C (local single supplier).	163.	72.64%.	17,663,409.07.
Category C1 (local contract / framework including local collaborative framework agreements). (Example for Category C1 are the collaborative contracts in place with the Council as the lead with NHS Orkney for the provision of food for the schools, residential homes and the Balfour Hospital and specialist legal services working collaboratively and e-learning working).	23.	2.00%.	486,816.67.
Category O (other).	101.	6.26%.	1,523,172.78.
<b>Total.</b>	<b>326.</b>	<b>100.00%.</b>	<b>24,315,462.12.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	240.	73.62%.	14,116,677.76.	58.06%.
Supply.	65.	19.94%.	4,814,221.17.	19.80%.
Works.	21.	6.44%.	5,384,563.20.	22.14%.
<b>Total.</b>	<b>326.</b>	<b>100.00%.</b>	<b>24,315,462.12.</b>	<b>100.00%.</b>

**Table 2 – 1 April 2017 to 31 March 2018**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	18.	10.41%.	3,151,612.07.
Category B (sectoral).	43.	7.77%.	2,354,034.99.
Category C (local single supplier).	187.	74.85%.	22,667,547.25.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	26.	1.60%.	484,316.67.
Category O (other).	112.	5.37%.	1,625,027.23.
<b>Total.</b>	<b>386.</b>	<b>100.00%.</b>	<b>30,282,538.21.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	256.	66.32%.	15,853,299.03.	52.35%.
Supply.	82.	21.24%.	4,589,907.12.	15.16%.
Works.	48.	12.44%.	9,839,332.06.	32.49%.
<b>Total.</b>	<b>386.</b>	<b>100.00%.</b>	<b>30,282,538.21.</b>	<b>100.00%.</b>

**Table 3 – 1 April 2018 to 31 March 2019**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	120.	9.29%.	3,239,609.60.
Category B (sectoral).	29.	6.76%.	2,356,310.38.
Category C (local single supplier).	190.	75.57%.	26,339,687.96.

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	12.	1.05%.	364,900.00.
Category O (other).	117.	7.33%.	2,553,243.36.
<b>Total.</b>	<b>468.</b>	<b>100.00%.</b>	<b>34,853,751.30.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	244.	52.14%.	17,163,049.95.	49.24%.
Supply.	162.	34.61%.	4,896,225.17.	14.05%.
Works.	62.	13.25%.	12,794,476.18.	36.71%.
<b>Total.</b>	<b>468.</b>	<b>100.00%.</b>	<b>34,853,751.30.</b>	<b>100.00%.</b>

**Table 4 – 1 April 2019 to 31 March 2020**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	35.	7.63%.	£3,158,775.74.
Category B (sectoral).	33.	5.83%.	£2,413,179.78.
Category C (local single supplier).	201.	71.40%.	£29,559,423.37.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	12.	0.75%.	£311,378.48.
Category O (other).	145.	14.39%.	£5,959,463.85.

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
<b>Total.</b>	<b>426.</b>	<b>100.00%.</b>	<b>£41,402,221.23.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	277.	65.02%.	£18,328,542.27.	44.27%.
Supply.	80.	18.78%.	£12,044,994.21.	29.09%.
Works.	69.	16.20%.	£11,028,684.75.	26.64%.
<b>Total.</b>	<b>426.</b>	<b>100.00%.</b>	<b>£41,402,221.23.</b>	<b>100.00%.</b>

**Table 5 – 1 April 2020 to 31 March 2021**

<b>Contract Category Analysis.</b>	<b>Number.</b>	<b>Percentage of Total Value.</b>	<b>Estimated Contract Value (£).</b>
Category A (national).	25.	7.69%.	£2,828,299.00.
Category B (sectoral).	29.	7.24%.	£2,662,194.74.
Category C (local single supplier).	212.	58.82%.	£21,618,832.83.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	13.	1.02%.	£373,967.50.
Category O (other).	149.	25.23%.	£9,540,039.67.
<b>Total.</b>	<b>428.</b>	<b>100.00%.</b>	<b>£37,023,333.74.</b>

<b>Type of Contract.</b>	<b>Number of Contracts.</b>	<b>Percentage of Total Contracts.</b>	<b>Value of Contracts (£).</b>	<b>Percentage of Total Value.</b>
Service.	275.	64.25%.	£19,064,537.13.	51.49%.
Supply.	57.	13.32%.	£10,829,453.22.	29.25%.
Works.	96.	22.43%.	£7,129,343.39.	19.26%.
<b>Total.</b>	<b>428.</b>	<b>100.00%.</b>	<b>£37,023,333.74.</b>	<b>100.00%.</b>

## Procurement Annual Spend Data

The Council is required by the Scottish Government to input its annual spend data to the Procurement Hub which records all purchasing transactions made by the Council for each financial year. The information is processed and released back to the Council for the purposes of analysis and forward planning.

The following table provides a summary of key data for the Council spend data for the past six financial years.

<b>Financial Year.</b>	<b>2015 / 2016.</b>	<b>2016 / 2017.</b>	<b>2017 / 2018.</b>	<b>2018 / 2019.</b>	<b>2019 / 2020.</b>	<b>2020 / 2021.</b>
Total Spend (£).	44,002,015.	40,922,973.	43,949,847.	45,158,580.	45,351,144.	40,405,786.
Core Trade Spend (£).	39,228,692.	36,836,233.	38,934,328.	40,890,739.	41,136,579.	37,412,755.
Input suppliers.	2,221.	2,245.	2,249.	2,129.	2,143.	1,802.
De-dedicated Suppliers.	2,183.	2,216.	2,218.	2,091.	2,103.	1,764.
Duplicate Suppliers.	38.	29.	31.	38.	40.	38.
SME Suppliers.	761.	733.	702.	671.	730.	670.
Local Suppliers.	235.	225.	228.	238.	249.	217.
Transactions.	35,728.	34,655.	34,292.	34,684.	35,299.	29,226.
Average Spend per supplier (£).	20,156.	18,467.	19,815.	21,596.	21,564.	22,906.
Percentage of SME Spend.	70%.	75%.	63%.	67%.	65%.	61%.
Percentage of Local Spend.	48%.	43%.	41%.	47%.	41%.	38%.
Percentage of Core Trade Spend of Total Spend.	89.15%.	90.01%.	88.59%.	90.55%.	90.70%.	92.59%.

### Key to categories in Procurement Annual Spend table:

- Total Spend - the total amount of spend for the 2019 / 2020 year.

- Input Suppliers - The number of suppliers, before de-duplication.
- De-duplicated Total Suppliers - The number of unique suppliers.
- Duplicate Suppliers - The number of suppliers which are duplicates of another supplier.
- Transactions - The total number of transactions.
- Avg. spend per supplier - The average spend per unique supplier.
- Core Trade Spend - Core Trade is a sub-set of your supply base that includes all Trade Suppliers and Social Care Provider with whom you have spent £1,000 or more in the financial year.
- SME Supplier - Small and Medium sized businesses where the supplier has less than 249 employees or where the annual revenue is less than £22.8m.
- SME Spend - Spend with SME as a percentage of Core Trade Spend.
- Local Suppliers – Spend with suppliers within the same local authority area as your organisation (based on Postcodes).
- Local Spend – Spend with local suppliers as a percentage of Core Trade Spend.

### **Procurement Spend – National Context**

The Council has the third highest value (41%) in comparison to the whole of Scotland for the reporting period 2019 to 2020, for total procurement spend on local SMEs (Figure 2).

Orkney's procurement spend on local SMEs is 19% above the 'all Scotland' national average of 29% (Figure 1).

Please note that the figures referred to in this section are the percentages of the Council's spend on local SMEs which is a different data set to the figures recorded for percentage of SME Spend and percentage of Local Spend in the table above. This information is sourced from the Local Government Benchmarking data sets and are the 2019 to 2020 figures. These are the most up to date statistics available to illustrate the national context.



**What percentage of my council's procurement is spent on local enterprises?**

Figure 1: Percentage of Council Procurement spent on local SMEs 2019 to 2020. Source: [www.improvementservice.org.uk](http://www.improvementservice.org.uk), accessed 15 September 2021. Orkney Islands Council spend on local enterprise is 41%, higher than the national average of 29%.

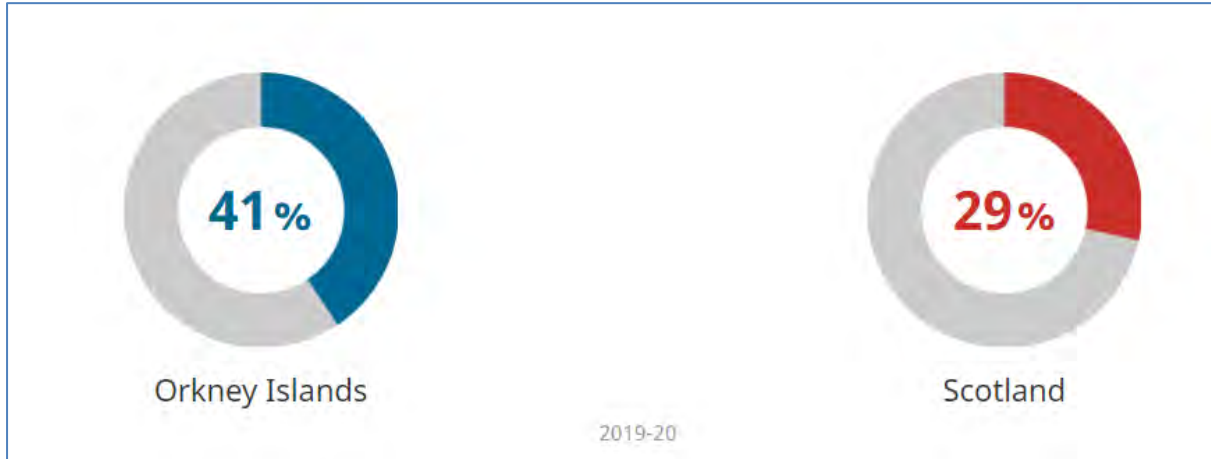


Figure 2: Percentage of Council Procurement spent on local SMEs – Scottish Local Authorities 2019 to 2020. Orkney Islands Council is ranked 3<sup>rd</sup> across all Scottish Local Authorities. (Source: as above).

What percentage of my councils' procurement is spent on local enterprises?

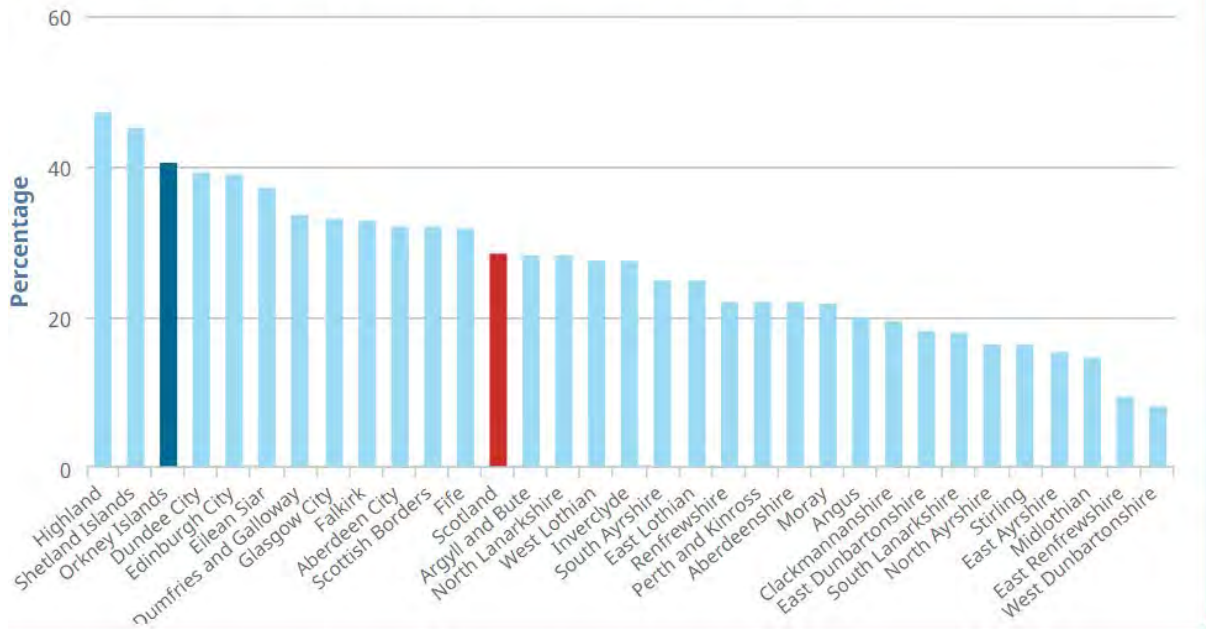
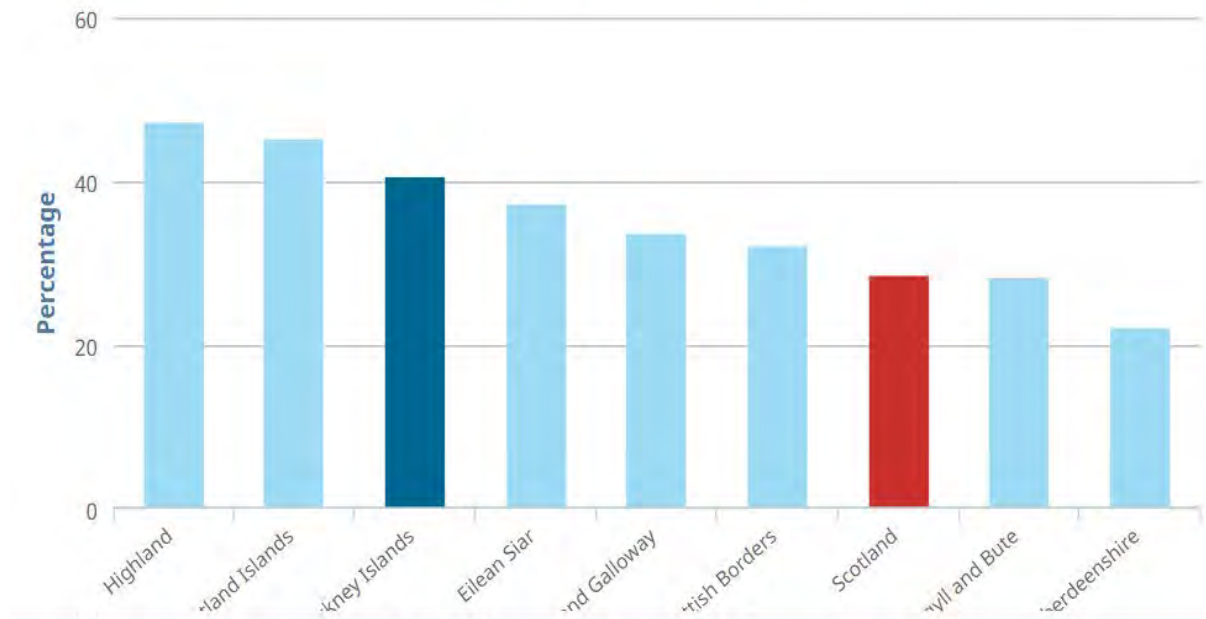


Figure 3: Percentage of Council Procurement spent on local SMEs –Compared to similar Scottish Local Authorities 2019 to 2020. (Source: as above).

What percentage of my councils' procurement is spent on local enterprises?



## Climate Change Duties

The Climate Change (Scotland) Act 2009 places 'Climate Change Duties' (CCD) on public bodies, which require them to:

- Contribute to national carbon emissions reduction targets.
- Contribute to climate change adaptation.
- To do this sustainably.

All public bodies are required to report annually to the Sustainable Scotland Network at the Edinburgh Centre for Carbon Innovation, setting out what they are doing to fulfil their CCD. The Council will be required to provide the above in annual reports from reporting year 2021 / 2022 onwards, as part of The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2020.

The Council's 2020 / 2021 annual CCD report, due to be submitted by November 2021 was agreed by committee in October 2021. Copies of previous CCD reports may be accessed at <https://sustainablesotlandnetwork.org/reports/orkney-islands-council>.

## Biodiversity Duty

Part 1 of the Nature Conservation (Scotland) Act 2004 places a 'Biodiversity Duty' on public bodies, requiring them to 'further the conservation of biodiversity' when carrying out their functions. Local authorities are well placed to deliver biodiversity conservation; as land managers and planning authorities, they can have a significant positive impact on biodiversity protection, as well as identifying opportunities for

enhancement. Across a range of functions there are also opportunities for education, community engagement, sustainable resource management, projects and initiatives which can deliver significant benefits for biodiversity.

The Wildlife and Natural Environment (Scotland) Act 2011 requires public bodies in Scotland to provide a publicly available report, every three years, describing the actions which they have taken to meet their Biodiversity Duty. Orkney Islands Council has already published Biodiversity Duty reports in 2014, 2017 and 2020 and these are available on the Council's website at <https://www.orkney.gov.uk/Service-Directory/B/Biodiversity.htm>.

The Council is a member of the Orkney Local Biodiversity Action Plan Steering Group and helps prepare and implement the Orkney Local Biodiversity Action Plan (LBAP). First published in 2002 then revised in 2008, 2013 and 2018, the LBAP identifies actions which can be taken locally, and which will contribute to the conservation of those species and habitats identified as being 'at risk' or 'threatened' in the UK. The Orkney LBAP 2018-2022 is available on the Council's website at <https://www.orkney.gov.uk/Service-Directory/B/Biodiversity.htm>.

## **Changes to Procurement Legislation at the end of the EU Exit Transition Period**

The Scottish Government produced a policy note on 17 December 2020 regarding changes to Procurement legislation at the end of the EU Exit Transition period in January 2021. This policy note was subsequently updated on 19 April 2021 with a further policy note issued on 18 August 2021.

<https://www.gov.scot/publications/changes-to-procurement-legislation-at-the-end-of-the-eu-exit-transition-period-sppn-11-2020/>

<https://www.gov.scot/publications/sppn-5-2021-changes-to-scottish-procurement-legislation-following-the-uks-exit-from-the-eu/>

The Council's key policy documents are being amended in accordance with the guidance issued by the Scottish Government during the period covered by this Procurement Annual Report and into the 2021/22 reporting period. This will continue as further policy notes are issued.

## Summary of Regulated Procurement carried out 1 April 2020 to 31 March 2021

Date of Award.	Supplier Name.	Subject Matter.	Estimated Value (£).	Start Date.	End Date.
01/04/2020.	Various.	Local Bus and School Transport.	£1,006,730.99.	01/04/2020.	15/08/2020.
01/04/2020.	SXL Framework Suppliers various.	Personal Protective Equipment.	£424,999.12.	01/04/2020.	31/03/2021.
15/04/2020.	Hedde Construction Ltd.	Stromness Passenger Walkway Repairs.	£53,400.00.	15/04/2020.	10/07/2020.
20/04/2020.	Bill Mackie Engineering Ltd.	Shapinsay Refit.	£73,063.63.	04/05/2020.	15/05/2020.
16/05/2020.	Various.	Local Bus and School Transport.	£4,600,039.12.	16/08/2020.	15/08/2021.
29/05/2020.	Vodafone.	Mobile Phones.	£80,064.00.	01/06/2020.	31/05/2022.
14/07/2020.	Action for Children Services Ltd.	Children and Young Peoples Mental Health & Wellbeing.	£62,500.00.	05/10/2020.	04/10/2022.
16/07/2020.	Scot JCB.	Excavator.	£80,775.00.	16/07/2020.	Purchase Only.
16/07/2020.	Scot JCB.	3x Small Rollers.	£55,500.00.	16/07/2020.	Purchase Only.
16/07/2020.	Scot JCB.	Telehandler.	£86,750.00.	16/07/2020.	Purchase Only.
12/08/2020.	Capability Scotland.	Individual Placement - Capability Scotland – Tayview.	£74,769.00.	01/09/2020.	Ongoing.
18/08/2020.	Johnston Sweepers Limited.	Road Sweeper.	£84,270.00.	18/08/2020.	Purchase Only.
20/08/2020.	A M Phillip Trucktech.	Access Platform Van.	£71,475.00.	20/08/2020.	Purchase Only.
11/09/2020.	IDN Supplies.	Digital Inclusion - Grant (Chrome Books & Ipads).	£85,768.20.	11/09/2020.	Purchase Only.

<b>Date of Award.</b>	<b>Supplier Name.</b>	<b>Subject Matter.</b>	<b>Estimated Value (£).</b>	<b>Start Date.</b>	<b>End Date.</b>
22/10/2020.	MeteoGroup UK Ltd.	Weather Forecasting Service.	£63,750.00.	01/11/2020.	31/10/2025.
06/11/2020.	ITWorx.	Disaster Recovery Network Installation.	£59,907.35.	12/11/2020.	12/12/2020.
16/11/2020.	Marshall Motor Group.	3x Electric Vans.	£63,108.10.	16/11/2020.	Purchase Only.
26/11/2020.	Molsen Young Plant and Equipment Sales Ltd.	Supply and Delivery of one New Tromnel Screener.	£77,800.00.	26/11/2020	Purchase Only.
24/12/2020.	Macduff Shipyards Ltd.	Nordic Sea - Refit 2021.	£95,700.00.	11/01/2021.	22/02/2021.
05/01/2021.	Loganair.	Provision of Inter Island Air Services.	£4,880,363.00.	01/04/2021.	31/03/2025.
19/01/2021.	Casey Construction Ltd.	Proposed Extension and Refurbishment of St Andrews Nursery.	£3,625,773.98.	15/03/2021.	TBC.
19/01/2021.	APEM.	Provision of Aquatic Sample Processing and Taxonomic Determination.	£182,642.50.	01/05/2021.	31/04/2025.
02/02/2021.	Northwards Limited.	Container Shipment of Waste to Shetland.	£1,951,571.00.	01/04/2021.	31/03/2026.
04/02/2021.	Environmental Technical Services.	3 Year Ventilation Systems Inspection, Testing, Maintenance and Cleaning.	£109,364.00.	01/02/2021.	31/01/2024.
01/03/2021.	Bill Mackie Engineering Ltd.	Hoy Head 2021 Refit.	£87,956.15.	15/03/2021.	26/03/2021.
16/03/2021.	XMA Limited.	Storage Infrastructure and Disaster Recovery.	£251,765.25.	29/01/2021.	29/01/2026.
26/03/2021.	A M Philip Trucktech.	2x26T Gritters.	£388,000.00.	26/03/2021.	Purchase only.

# Procurement Service Improvement Action Plan 2020 to 2021

<b>1. Sustainability.</b>	<b>The Council is conscious that its procurement decisions must take account of the social, economic and environmental impact it has on the people and communities of Orkney and elsewhere.</b>
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Council Commitment.	Action.	Progress to Date.	Completion date.	Status.
1.1. To embed sustainability into the procurement process where it is relevant to the subject matter of the contract and to comply with the Council's Sustainability Duty.	Consideration of sustainability built into individual commodity strategy as evidence.	Development of a commodity strategy for each individual procurement as included in the reviewed CSOs approved in June 2016. Complete in Central Procurement Unit (CPU), roll out to other services in progress, where appropriate.	March 2018.	Complete.
1.2. Implementation of the Scottish Government 10 steps to Sustainable Procurement to assist sustainability and other responsible procurement themes.	Sustainable Procurement Policy 2017 to 2018 in place. Part of the new suite of legislation effective from June 2016. Ensure all proforma documentation is updated accordingly.	Sustainability clause in all Invitation to Quote and Invitation to Tender documentation issued by the CPU. Incorporated into all documentation when appropriate.	March 2018.	Complete.
1.3. To engage with the local supplier base to develop Community Benefit Clauses to maximise the potential of the local economy to compete for Council business for the	Consultation event for spring / summer 2017 on Sustainable Procurement Policy update 2017 to 2018.	Consultation complete and final Strategy published March 2018.	September 2018.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
economic benefit and sustainability of Orkney.				
1.4. To implement the use of Community Benefit Clauses in contracts as appropriate.	Update CSOs and procurement proformas for the Commodity strategy and the contract award recommendation report updated to ensure compliance with the new requirement to consider the inclusion of a community benefit clause for all procurement with a value over £4 million.	CSOs revised and updated 2018, proformas being updated accordingly.	March 2018.	Complete.
		Sustainability training to be developed for network of procurement officers with delegated authority.	December 2021.	On track.

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<b>Indicators: 1. Sustainability</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of relevant Procurements where Community Benefit Clauses have been included in the award criteria. This indicator was replaced by the one below in 2018 / 2019.	5% (100%).	10% (100%).	N / A.	N / A.	N / A.
Number of Procurements where Community Benefit Clauses have been included in the award criteria.	3.	4.	6 (5).	8 (5).	10 (5).

<b>Indicators: 1. Sustainability</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of overall spend with the third sector and supported businesses.	7% (5.52%).	8% (10.65%).	11% (11.91%).	12% (10%).	13% (8.15%).
Percentage of contract spend with local supplier base in Orkney.	50% (43%).	52% (41%).	55% (47%).	56% (41%).	57% (35%).

<b>2. Working with Suppliers.</b>	<b>The Council recognises that there is a popular view amongst suppliers and contractors, and particularly amongst SMEs, that Councils are difficult to do business with and that communications are often poor.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
2.1. At all times adopt a professional approach in all of its business undertakings with suppliers and contractors. Where decisions are made every effort will be made, within the confines of the law and commercial confidentiality, to provide a full explanation of the reasoning behind the	Recording of evaluation decisions integrated to procurement process.	Feedback provided as required by law and within the 15-day mandatory timescale. European Social Fund / Scottish Government audit report recommendation to keep all individual evaluations on record incorporated into the procurement manual update.	June 2017.	Complete.



<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
procurement decision making process.				
2.2. To ensure that the procurement process is appropriate to the value and complexity of the goods, services and works that are being acquired and to keep bidding costs to the minimum necessary and remove barriers to participation by, for example small firms, the self-employed and the third sector without discriminating against others.	Documentation prepared that is proportionate to the value and complexity of the procurement.	Documentation and method of advertising considered as per CSOs in a proportionate and accessible manner, utilising Quick Quote wherever possible and contacting suppliers prior to release of advert or QQ.	April 2019.	Complete.
		How to Tender workshops run by Business Gateway on a regular basis.	April 2019.	Complete.
2.3. To engage with the local supplier sustainability of Orkney.	Reviewed on an ongoing basis.	Standard method statements in place for low value procurements and evaluation of submissions. Minimal documentation in place.	April 2019.	Complete.
2.4. Use outcome based tender specifications wherever possible – to allow businesses to propose innovative and alternative solutions to the Council's needs.	Method statements adopted.	Consider outcome-based specification training for delegated authority officers.	December 2021.	On track.

<b>Indicators: 2. Working with Suppliers.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of local supply base registered with the Supplier Development Programme. This indicator was replaced by the one below in 2018 / 2019.	8% (no systems in place to record this data).	12% (no systems in place to record this data).	N / A.	N / A.	N / A.
Number of local suppliers registered with the Supplier Development Programme.	N / A.	36.	40 (36).	45 (51).	50 (53).
Number of local supply base registered on the PCS Advertising Portal.	N / A.	N / A.	89 (83).	95 (84).	100 (86).
Percentage of outcome-based specifications in place.	2% (no systems in place to record this data).	5% (no systems in place to record this data).	N / A.	N / A.	N / A.
Percentage of Council spend attributed to SMEs.	50% (75%).	52% (63%).	65% (67%).	66% (65%).	67% (61%).
Number of Local Suppliers (Local suppliers providing goods, services or works to the Council).	250 (225).	265 (228).	230 (238).	235 (249).	240.(217).

1277

<b>3. Value for money.</b>	<b>Section 1, Local Government in Scotland Act 2003 places a statutory duty on the Council to secure best value. Procurement activities which deliver value for money will contribute to the achievement of value for money.</b>
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**Best Value is continuous improvement in the performance of the Council's functions. In accordance with Best Value principles all proposed and current services arrangements shall be subject to review and option appraisal.**

**The aim of Council procurement must be the achievement of value for money (the optimum combination of whole life cost and quality) for the Council.**

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
3.1. To further develop tender evaluation procedures in order that contracts awarded represent value for money (or Most Economically Advantageous Tender where the full provisions of the Procurement Regulations apply) taking quality and price into consideration and not just lowest price.	Procurement advice and CSOs.	New Regulations June 2016 mandate regulated procurement and over to utilise Most Economically Advantageous Tender (MEAT) in all tender – CSOs reviewed in June 2016 include this requirement. Procurement Manual updated to include this.	June 2017.	Complete.
3.2. As part of value for money considerations the Council will take account of other relevant Council policies in relation to corporate social responsibility, sustainability and Community Benefits.	Sustainable Procurement Policy.	Example clause and link referring to Sustainable Procurement Policy included in all Invitation to Quote (ITQ) and Invitation to Tender (ITT) documentation issued by the CPU.	December 2017.	Complete.
		Procurement Bulletin distributed to Officers with Delegated Procurement featured new Sustainable Procurement Policy.	April 2019.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
3.3. To raise awareness internally of potential framework savings and make recommendations to ensure a more consistent approach across all Council services.	Awareness training and improve visibility of available framework agreements to service areas.	Awareness training provided to Corporate Admin Group.	March 2018.	Complete.
		Contract information on the staff portal reviewed and updated.	March 2018.	Complete.

<b>Indicators: 3. Value for money.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage savings target secured through increase on-contract spend.	1% (no systems in place to record this data).	2.5% (no systems in place to record this data).	N / A.	N / A.	N / A.
Percentage of procurement spend covered by a contract.	55% (66%).	60% (78%).	80% (77%).	85% (91%).	88% (99%).
Savings targets for frequently purchased items.	£50,000 (systems under development to record this).	£103,000 (systems under development to record this).	£97,000 (systems under development to record this).	TBC.	TBC.

<b>4. Collaboration and partnering.</b>	<b>Greater efficiencies can be achieved by improved collaboration between different organisations within the public sector with similar requirements, whether within the local government sector or in other areas of the public sector, such as the Scottish Government, the Crown Commercial Service, Non-Departmental Public Bodies and the NHS. Collaboration maximise the value of procurement whether it be through aggregation of demand or through the sharing of resources to reduce administration.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
4.1. Where collaborative arrangements provide a benefit to the Council there will be a strong presumption towards the use of contracts that have been established by Procurement Scotland (the national centre of procurement expertise) and Scotland Excel (the local government centre of procurement expertise).	Increase the use of framework agreements.	Use of frameworks the default position where no local market identified. Category C contracts only put in place where no local market or framework available that demonstrates best value.	June 2016.	Complete.
		New CSOs include section for framework agreements.	June 2016.	Complete.
4.2. Where it is demonstrated that collaborative contracts represent value for money to the Council the use of such contracts should be	Ensure all service areas are aware of collaborative contracts available and arrangement for	Change programme review in progress to identify where use of framework agreements could be maximised. Now business as usual.	March 2018.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
mandatory across the Council to reduce off-contract buying.	purchasing goods and services.	Procurement Bulletin distributed to Officers with Delegated Procurement featured new Sustainable Procurement Policy.	April 2019.	Complete.
4.3. Where there is a known local supply base as well as collaborative contracts available for the Council to use, a twin track approach should be used to ensure best value is achieved and the local market has the opportunity to respond to contract opportunities.	All procurement exercises considered on this basis on a case by case basis. Procurement Manual to incorporate this approach.	Procurement Manual updated to incorporate this where contracting opportunity is below the threshold for regulated procurements.	April 2019.	Complete.
4.4. To collaborate wherever possible with the various Centres of Expertise and Procurement Expertise to maximise the value of strategic procurement.	Links with Scotland Excel strengthened, and regular commercial User Intelligence Group held with area representative.	Increase in use of framework agreements and an increase in the range of framework providers utilised.	April 2019.	Complete.

1281

<b>Indicators: 4. Collaboration and partnering.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentages of contract spend utilising Collaborative Contracts.	15% (21.09%).	20% (19.78%).	22% (17.11%).	23% (14.47%).	25% (15.45%)

<b>Indicators: 4. Collaboration and partnering.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of locally based contractors participating in Collaborative / Framework Contract Opportunities.	0% (0%).	1% (0%).	1% (0%).	1% (0%).	1% (0%).
Percentage of contract opportunities where local supply base has had the opportunity to submit bids.	N / A.	N / A.	10%. (systems under development to record this data).	15%. (system established for 2020 / 2021 contract register).	20%. (reporting system remains to be fully implemented).
Percentage of contract spend with local supplier base in Orkney.	50% (43%).	52% (41%).	50% (47%).	50% (41%).	50% (38%).

<b>5. Governance.</b>	<b>The Council currently has a highly devolved procurement structure with the majority of services still carrying out a sizeable procurement role. The culture of compliance with the Councils governance arrangements is difficult to manage. The Council expects that all possible attention is given to the issue of accountability and governance in the area of procurement.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
5.1. The Council's Procurement Member Officer Working Group (PMOWG) will consider the strategic direction of Procurement.	PMOWG re-established and terms of reference reviewed.	PMOWG Terms of Reference agreed.	April 2019.	Complete.
		PMOWG meets as needed throughout the year and has been amended to be a Consultative Group.	April 2019.	Complete.
5.2. The Council will introduce an embedded procurement officer network (a network of staff who are formally authorised to undertake procurement activities on behalf of the Council).	A network of lead procurement officers across service areas has been established. Delegated authority forms and guidance reviewed in consultation with Heads of Service.	Delegated authority forms reviewed and completed by relevant Directors.	April 2019.	Complete.
5.3. Suppliers will be given notice that goods, services and works should only be provided to the Council on the award of a contract or purchase order.	Confirm the position with colleagues in Finance.	This will be instigated when Purchase to Pay (P2P) has been established.	March 2020.	Correspondence sent to inform suppliers of new P2P system.
5.4. That no member of Council staff may award a contract or purchase order without written delegated authority.	CSOs and financial standing orders reviewed in 2014. (Reviewed again in 2016).	Register of Officers with delegated approval for procurement and purchase orders in place.	April 2019.	Complete.



<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
5.5. The key roles of budget holder and procurer will not be performed by the same member of staff.	CSOs reviewed.	Highlighted to relevant service areas via discussions with key Managers Procurement Manual and CSOs reviewed.	April 2019.	Complete.
5.6. The Council will endeavour to ensure there are no potential conflicts of interest in the procurement process.	Officers with delegated authority to carry out procurement to be made aware of the requirement to declare any potential conflict of interest.	Proforma form developed and in use by staff who are involved in the evaluation of tenders.	July 2017.	Complete.
5.7. The Council will endeavour to comply with the Scottish Procurement Policy Handbook. <a href="https://www.gov.scot/publications/public-procurement-reform-programme-scottish-procurement-policy-handbook/pages/0/">https://www.gov.scot/publications/public-procurement-reform-programme-scottish-procurement-policy-handbook/pages/0/</a> .	Scottish Government Routes 1, 2 and 3 are integral to the CSOs and the Procurement Manual.	CSOs and Procurement Manual are reviewed regularly (latest review carried out and completed in March 2018 for the CSOs and in April 2019 for the Procurement Manual). Future reviews scheduled for 2020, or when there are legislative changes.	July 2018 / April 2019.	Complete.
5.8. The Council will comply with the CSOs <a href="https://www.orkney.gov.uk/Council/C/Contract-Standing-Orders.htm">https://www.orkney.gov.uk/Council/C/Contract-Standing-Orders.htm</a> .	CSOs updated to reflect new legislation. iLearn Procurement Awareness iLearn module developed.	Updated CSOs available on the Council Website and Staff Portal.	July 2017.	Complete.
		iLearn training module under development.	December 2021.	On track.

<b>6. Contract management.</b>	<b>Active contract management is increasing across the Council with segmentation used to identify high value / high risk contracts to ensure targeting of staff resources to develop and apply a contract management plan at the implementation stage following contract award.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
6.1. To strengthen contract management procedures by holding regular meetings with major contractors to review performance and improve levels of contract compliance.	Contract management clause written into all relevant ITTs documentation.	Contract manager and administrator roles in place for Schools Investment Programme and high value / high risk projects.	March 2018.	Complete.
6.2. To roll out contract management arrangements to all high value high risk contractors.	Contract management clause written into all relevant ITTs. Segmentation approach to be embedded in proforma documentation as appropriate.	Service areas responsible for contract management for works and part of the Joint Contracts Tribunal (JCT) / New Engineering Contracts (NEC). Services operate effective contract management in consultation with CPU.	March 2018.	Complete.
		Formal contract management proforma to be developed for service contracts. Enhanced section is now included in the Procurement Manual	April 2019.	Complete.
		Documentation to be updated to reflect segmentation and identification of high risk / high cost projects as appropriate. Included in the Procurement Manual update.	April 2019.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
6.3. Exit strategy to be considered and documented for all contracts where appropriate.	Exit strategy to be considered as an integral part of contract management.	Procurement manual to be updated to reflect the importance of exit strategies in contract management processes where appropriate to the subject matter of the contract.	April 2019.	Complete.

<b>Indicators: 6. Contract management.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of contracts Classified as high value / high risk with an appropriate contract management plan in place.	25% (26.99%).	30% (53.85%).	60% (52.5%).	65% (57.98%).	70% (43.22%).
Percentage of contracts with an exit plan in place where appropriate.	N / A.	N / A.	60% (no systems in place to record this data).	65% (system established for reporting in the 2020 / 21 contract register).	70% (reporting system remains to be fully implemented).
Percentage value of savings negotiated during the annualised contract period where there is a contract in place.	1% (no data available).	2% (no data available).	N / A.	N / A.	N / A.
Percentage of contracts where improvements have been agreed and implemented.	1% (no data available).	2% (no data available).	N / A.	N / A.	N / A.

<b>7. Communication.</b>	<b>It is recognised that, key to the successful implementation of any new procurement processes or policy, there has to be an understanding amongst all stakeholders of the reasons behind such actions.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
7.1. To inform and advise its stakeholders by means of: Increasing the use of the PCS website at <a href="http://www.publiccontractsscotland.gov.uk/">http://www.publiccontractsscotland.gov.uk/</a> .	Promote the use of the PCS portal.	Significant increase in usage of PCS – Paper copies of tenders are now available on an exception basis only.	March 2020.	Complete.
7.2. Increasing the use of the procurement page on the Council's intranet (portal).	Increase awareness amongst council staff via bulletins and briefing notes to Senior Management Team (SMT) / Corporate Management Team (CMT).	Awareness raising ongoing amongst CPU staff and the network of procurement officers with delegated authority to carry out procurement is ongoing.	March 2018.	Complete.
7.3. Increasing the use of the procurement section of the Council's website.	Website information regularly updated.	Awareness raising via How to Tender workshops and Meet the Buyer Event.	August 2016.	Complete.
		Contracts register link on website and promoted via news item on the Council website.	August 2016.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
7.4. Increase attendance at 'meet the buyer' or equivalent events to cover areas of concern, engage with local suppliers and advice on how to become a supplier to the Council. Encourage main contractors to engage with SMEs through the inclusion of Community Benefit clauses.	Organise a Council wide Meet the Buyer event and consider joining the Supplier Development Requirement for Inclusion of Community Benefit clause now mandatory for all contracts with a value of over £4m.	Meet the Buyer events took place in August 2016, October 2017 and October 2018. Membership of the Supplier Development Programme. Continuing membership under review. Fourth Meet the Buyer Event held 9 October 2019. No event planned for 2020 / 21 given the pandemic.	August 2016.	Complete.
7.5. Encourage suppliers to the Council to access support available to business, via Business Gateway Orkney and the Supplier Development Programme.	Construction was one of the main focus areas for the Meet the Buyer Event (MTBE) on 25 August 2016.	MTBE 2018 October event planning commencing May 2018, a different focus planned for each next event, possibly Transport to be confirmed.	October 2018.	Complete.

1288

<b>8. e-Procurement.</b>	<b>The Council has yet to implement a process for the replacement of all paper-based purchase ordering systems with a modern e-Procurement system and where appropriate with corporate purchasing cards.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
8.1. To implement an e-Procurement system by December 2017.	PCS portal is used for all tender opportunities with a value of over £50,000 for goods and	PCS portal use is mandated across the Council. Contract award	January 2018.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
	services and works providing an effective and secure e-procurement system.	reminders sent out monthly to all service areas.		
8.2. To consider (as appropriate) use of e-procurement tools (e.g. e tendering and e European Standard Procurement Document (ESPD) (i.e. PCS-Tender)).	Training of staff needed prior to authorised usage of PCS-Tender.	Training has been completed for PCS-Tender which took place in January 2018. Electronic-ESPD now available for PCS which is in use by a number of Procurement Officers.	December 2017	Complete.
8.3. To maximise the use of the PCS 'QQ' facility for low value / low risk procurements.	Briefing note distributed to all staff. Alternative methods of information dissemination iLearn modules under consideration.	QQ usage significantly increased – paper tenders only used on an exceptional basis only.	March 2018.	Complete.
		iLearn module under development.	December 2021.	On track.

1289

<b>Indicators: 8. E-Procurement.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of invoices paid within 30 days.	80%.	90% (81%).	81% (81%).	77% (71%).	90% (84%).
Percentage of invoices using e procurement / purchase to pay system.	4% (systems not in place yet).	25% (systems not in place yet).	60% (17%).	60% (32%).	60% (tbc).

<b>Indicators: 8. E-Procurement.</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target (Actual).</b>	<b>Target.</b>
	<b>2016 to 2017.</b>	<b>2017 to 2018.</b>	<b>2018 to 2019.</b>	<b>2019 to 2020.</b>	<b>2020 to 2021.</b>
Percentage of procurement undertaken using e tendering system i.e. PCS-Tender or ESPD Module.	N / A.	N / A.	10% (12%, applicable contracts 76%).	50% (36%, applicable contracts 90%).	100% (46.2% of applicable contracts).

<b>9. Monitoring and measurement.</b>	<b>Performance measurement within the Council has developed significantly in recent years. In order to measure improvement in effectiveness and efficiency it is important that an agreed set of standard indicators are adopted. The methods of monitoring and measuring procurement performance are required to be proportionate to the scale and complexity of the Council's procurement activities.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
9.1. The Council will implement as standard, the Best Practice Indicators (BPIs) that were recommended by the Public Procurement Reform Board as a means of measuring the effectiveness and efficiency of the procurement function.	BPIs uploaded to the procurement hub.	Key Performance Indicators (KPIs) reported on via corporate performance reporting system. Not all BPIs reported on directly, Performance Capability Assessment / PCIP pick up these in an alternative format.	July 2017.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
9.2. The PCIP performance reporting framework to be considered for incorporation and adoption of additional BPIs as appropriate.	Participation in the PCIP planned for July 2017.	Outcomes and recommendations from 2017 assessment incorporated into Procurement Improvement Plan.	March 2018.	Complete.

<b>10. Guidance.</b>	<b>An important aspect of the role of the procurement function is to provide guidance and advice to both Council services and to all stakeholders.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
10.1. The Council will continue to develop procedural guidance as follows: The introduction of standard procurement guidance.	Update procurement manual in line with 2016 legislation and to incorporate new Strategic commitments.	Procurement Manual updated.	July 2018.	Complete.
10.2 Provide training in the use of standard procurement guidance.	Training to be developed and accessible for existing and new staff members.	Training accessed via Scottish Government and disseminated to new staff prior to taking up delegated procurement officer duties. Basic operational training under development for roll out as an iLearn module.	December 2021.	On track.



<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
10.3. To develop a purchasing guide for those involved in the ordering of supplies and services.	Procurement manual in place.	Procurement manual under reviewed to match updated CSOs. Liaise with finance / review of relevant procurement sections.	July 2018.	Complete.
		Purchase to pay procedures to be developed in conjunction with the Integra Project Team.	March 2020.	Complete.
10.4. To review and publish standard selection questionnaire (ESPD), tender documentation and standard letters.	Standard documentation developed and in place.	ESPD (which replaces the Pre-Qualification Questionnaire) Standard documentation is in place for supplies and services. JCT and NEC contracts utilised for engineering and works contracts. New CSOs provide for the adoption of the ESPD and use of Routes 1, 2 and 3 of the procurement journey ensuring that the most up to date documentation is used.	March 2019.	Complete.
10.5. One suite of terms and conditions for all Council Requirements.	Standard terms and conditions under review.	Reviewed terms and conditions published on staff portal and Council website by end of 2017. New General Data Protection Regulations legislation incorporated and published on the Council's website.	May 2018.	Complete.

<b>11. Training.</b>	<b>The Council recognises that training and development are essential to an effective procurement function and that this is a key element of the McClelland Review and the ongoing Procurement Capability Assessments.</b>
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<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
11.1. Develop training to ensure that procurement activities are compliant with legislation and obtaining value for money.	Training materials to be developed or accessed via Scottish Government or Scotland Excel training courses.	Training to ensure a wide range of officers both operational and at a strategic level were aware of the implications of the new legislation was undertaken in March 2016.	March 2016.	Complete.
		Suite of iLearn training modules under development.	December 2021.	On track.
11.2. Develop a training plan to meet the training needs of the Network of Procurement Officers with Delegated Authority to carry out procurement activities. Ensure that Procurement Officers with Delegated Authority receive training in relevant legislation when changes take place.	Procurement awareness iLearn and fraud awareness under development. Resources for sustainable procurement and contract management iLearn modules or similar to be identified.	Draft training plan to include a suite of iLearn modules under development to include, procurement awareness, contract management, sustainable procurement and procurement fraud awareness. Consideration of potential e learning modules in progress. Still under development.	September 2021.	On track.
			December 2021.	On track.
11.3. To maintain a lessons learned log to ensure that organisational	Distribute lessons learned log to network of Procurement Officers with delegated authority and	Lessons learned log updated on a regular basis, located on the staff	November 2017.	Complete.

<b>Council Commitment.</b>	<b>Action.</b>	<b>Progress to Date.</b>	<b>Completion date.</b>	<b>Status.</b>
learning is captured and available for continuous improvement.	share materials from training events attended by senior officers where relevant.	portal and referred to in a briefing note to SMT / CMT.		

## Forward Plan for Regulated and Unregulated Procurements April 2021 to March 2023

Subject matter of Contract.	New / Extended / Re-let.	Expected Contract Notice / Publication Date.	Expected Award Date.	Expected Start Date.	Estimated Value of the Contract (£).	Regulated / Unregulated.
Personalised Care and Support Services in Orkney for Individuals with Complex Needs (Framework).	Re-let. Under review.	To be confirmed (TBC).	TBC.	TBC.	£4,000,000 (over the lifetime of the framework).	Regulated.
Telecare Calls Handling.	New.	Prior to end of 2021.	Early 2022.	March 2022.	£75,000 (over the 5 years).	Regulated.
Cleaning Services (Waiting Rooms and Public Conveniences various mainland and island locations).	Re-let.	Various 2020 to 2022.	Various throughout 2020 to 2022.	Various throughout 2020 to 2022.	TBC.	Unregulated.
Personalised Care and Support Services in Orkney for Individuals with Complex Needs (Framework Agreement Call Offs).	New and re-let.	Various 2021 to 2022.	Various throughout 2021 to 2022.	Various throughout 2021 to 2022.	£4,000,000 (over the lifetime of the framework).	Regulated.
Vehicles and Plant replacement.	New.	Various throughout 2021 and 2022.	TBC.	TBC.	£1,200,000 per financial year.	Regulated / Unregulated.
Vessel Re-fits 2020 individual contracts.	Re-let.	Various throughout 2021 and 2022.	TBC.	TBC.	TBC.	Regulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Vessel Re-fit and Strategic Repair Framework 2022 to 2026.	New and re-let.	Various throughout 2022 to 2026.	Various throughout 2022 to 2026.	Various throughout 2022 to 2026.	£7,800,000 (over the lifetime of the framework).	Regulated.
Security Services for Orkney Harbour Authority.	Re-let.	September 2021.	September / October.	January 2022.	£80,000 (4-year contract).	Regulated.
Outdoor Activity Instructors.	Re-let.	November 2021.	January 2022.	May 2022.	£30,000 (1-year contract).	Unregulated.
Provision of School Teacher Transport – Eday.	Re-let. To be reviewed.	October 2021.	November 2021.	January 2022.	£900 (2-year contract).	Unregulated.
Provision of School Teacher Transport – Stronsay.	Re-let. To be reviewed.	October 2021.	November 2021.	January 2022.	£12,000 (2-year contract).	Unregulated.
Provision of School Teacher Transport – Sanday.	Re-let. To be reviewed.	October 2021.	November 2021.	January 2022.	£16,000 (2-year contract).	Unregulated.
Provision of School Teacher Transport – Rousay.	Re-let. To be reviewed.	October 2021.	November 2021.	January 2022.	£21,900 (2-year contract).	Unregulated.
Provision of School Teacher Transport – Flotta.	Re-let. To be reviewed.	October 2021.	November 2021.	January 2022.	TBC.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Paper and Stationery Supply.	New.	2022 / 2023.	TBC.	TBC.	TBC.	Regulated.
Various IT Contracts.	New and Re let.	Various 2021 and 2023.	TBC.	TBC.	TBC.	Regulated / Unregulated.
Banking Services.	Re-let.	Prior to end of 2021 / early 2022.	Spring 2022.	April 2022.	£72,000 (4-year contract).	Regulated.
Inspection and Testing of Vehicles for use as Taxi and Private Hire Cars.	Re-let.	Spring 2021.	Summer 2021.	Summer 2021.	£20,000 (5-year contract).	Unregulated.
Provision of Care and Repair Services.	Re-let.	Winter 2021.	Spring 2022.	Spring 2022.	£1,140,000 (5-year contract).	Regulated.
Provision of Business Gateway Services.	Re-let.	Summer 2022.	Autumn 2022.	December 2022.	£520,000 (5-year contract).	Regulated.
Port Marine Safety Code – Designated Person.	Re-let.	Summer 2021.	Autumn 2021.	October 2021.	£74,900 (5-year contract).	Regulated.
Supply and Servicing of Hygiene Units.	Re-let.	Winter 2021.	Spring 2022.	April 2022.	£204,226 (3-year contract).	Regulated.
Kerbside Collection Various.	New.	Summer 2021.	November 2021.	December 2021.	£726,300 (5-year contract).	Regulated.
Boiler and Controls replacement Stromness Swimming Pool.	New.	Autumn 2023.	Winter 2023 / 2024.	Winter 2023 / 2024.	£150,000.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
External Wall Insulation to Hope Primary.	New.	Spring 2022.	Summer 2022.	Summer 2022.	£402,000.	Unregulated.
Soulisquoy Infrastructure.	New.	Spring 2022.	Summer 2022.	Summer 2022.	£3,000,000.	Regulated.
Kirkwall Care Home.	New.	Spring 2021.	Autumn 2021.	Autumn 2021.	£10,390,000.	Regulated.
Demolition of the Former Papdale Halls of Residence.	New.	TBC.	TBC.	TBC.	£2,000,000.	Regulated.
Stronsay and Eday School Transport Services.	Re-let.	Autumn / Winter 2021.	December 2021.	January 2022.	TBC.	Regulated.
Wind Farm Post Consent Advice.	New.	Autumn 2021.	November 2021.	November 2021.	£250,000.	Regulated.
Roads Maintenance 2021-22: Surfacing.	New.	June 2021.	July 2021.	September 2021.	£400,000.	Unregulated.
Roads Maintenance 2021-22: Reconstruction.	New.	July 2021.	August 2021.	October 2021.	£90,000.	Unregulated.
Roads Maintenance 2021-22: Patching.	New.	June 2021.	July 2021.	September 2021.	£180,000.	Unregulated.
Roads Maintenance 2021-22: Street Repairs.	New.	June 2021.	July 2021.	September 2021.	£100,000.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Roads Maintenance 2021-22: Bridge Repairs.	New.	October 2021.	November 2021.	December 2021.	£200,000.	Unregulated.
Roads Maintenance 2021-22: Footways.	New.	June 2021.	July 2021.	September 2021.	£30,000.	Unregulated.
Village Gateway Signs.	New.	November 2021.	December 2021.	January 2021.	£25,000.	Unregulated.
Kirkwall Crossings Ph2.	New.	November 2021.	December 2021.	January 2021.	£50,000.	Unregulated.
Car Park Ticket Machines – Installs.	New.	November 2021.	December 2021.	January 2021.	TBC.	Unregulated.
Culvert Screen Platforms.	New.	November 2021.	December 2021.	January 2021.	TBC.	Unregulated.
Barrier No. 1 – Resurfacing.	New.	2022.	2022.	2022.	TBC.	Regulated / Unregulated.
Roads Maintenance 2022-23: Surfacing.	New.	2022.	2022.	2022.	TBC.	Unregulated.
Roads Maintenance 2022-23: Reconstruction.	New.	2022.	2022.	2022.	TBC.	Unregulated.
Roads Maintenance 2022-23: Patching.	New.	2022.	2022.	2022.	TBC.	Unregulated.
Roads Maintenance 2022-23: Street Repairs.	New.	2022.	2022.	2022.	TBC.	Unregulated.



<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Roads Maintenance 2022-23: Bridge Repairs.	New.	2022.	2022.	2022.	TBC.	Unregulated.
Roads Maintenance 2022-23: Footways.	New.	2022.	2022.	2022.	TBC.	Unregulated.
North Isles Resurfacing and Lining.	New.	2021.	2021.	2021.	£75,000.	Unregulated.
Coplands Dock Wall & Planting works.	New.	2021.	2021.	2021.	£55,000.	Unregulated.
Cycle Shelter Installation.	New.	2021.	2021.	2021.	<£10,000.	Unregulated.
SDWQ & Hatston – Marine SI.	New.	July 2021.	September 2021.	October 2021.	£1,500,000.	Regulated / Unregulated.
SDWQ – Land SI.	New.	July 2021.	September 2021.	October 2021.	£400,000.	Regulated / Unregulated.
NI Fender Repairs (Sanday & Westray).	New.	2021.	2021.	2021.	£100,000.	Unregulated.
NI Fender Repairs (Eday & Stronsay).	New.	2022.	2022.	2022.	£150,000.	Unregulated.
Fender Supply contract.	New.	2021.	2021.	2021.	£50,000.	Unregulated.
Kirkwall Linkspan Painting.	New.	2021.	2021.	2021.	£180,000.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Scapa Shore Power Upgrade: Civils.	New.	2021.	2021.	2021.	£120,000.	Unregulated.
Kettletoft Pier Repairs.	New.	2021.	2021.	2021.	£60,000.	Unregulated.
Rousay Pier Repairs.	New.	2021.	2021.	2021.	£50,000.	Unregulated.
Kirkwall Pier Refurbishment Ph3.	New.	2022.	2022.	2022.	£400,000.	Unregulated.
Hatston Pier Marshalling Area.	New.	2022.	2022.	2022.	£250,000.	Unregulated.
Lyness Remediation.	New.	TBC.	2021.	2021.	£350,000.	Unregulated.
Cursiter Quarry Advance Works.	New.	December 2021.	February 2022.	April 2022.	£1,200,000.	Unregulated.
Salt Barn D&C.	New.	2022.	2022.	2022.	£750,000.	Unregulated.
Grounds Maintenance – General contract.	Re-let.	Winter 2021.	Spring 2022.	Spring 2022.	£1,150,000 (4-year contract).	Regulated.
Grounds Maintenance – FooTBCII Pitches.	Re-let.	Winter 2021.	Spring 2022.	Spring 2022.	£64,000 (4-year contract).	Regulated.
Orkney Library – lighting.	New.	Winter 2021.	Winter 2022.	Spring 2022.	£145,000.	Unregulated.
Kirkwall Town Hall – External Stone Works.	New.	Spring 2023.	Spring 2023.	Summer 2023.	£450,000.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Orphir School External Wall Insulation and Boiler Replacement.	New.	Winter 2023.	Spring 2024.	Spring 2024.	£462,000.	Unregulated.
Aurrida House – relighting.	New.	Winter 2021.	Spring 2022.	Spring 2022.	£100,000.	Unregulated.
Pickaquoy Centre – Running Track Replacement.	New.	Spring 2023.	Spring 2023.	July 2023.	£161,000.	Unregulated.
Stromness Town Hall – External Survey and Remedial Works.	New.	Autumn 2021.	Autumn 2021.	Autumn 2021.	£375,000.	Unregulated.
Garden House.	New.	Spring 2022.	Spring 2022.	Spring 2022.	£900,000.	Unregulated.
Finstown Cemetery.	New.	Autumn 2021.	Autumn 2021.	Winter 2021.	£130,000.	Unregulated.
Measured Term Contract 2022-2025.	Re-Let.	Winter 2021 / 2022.	Spring 2022.	Spring 2022.	£3,500,000.	Regulated.
New Kirkwall Nursery.	New.	Spring 2022.	Summer 2022.	Summer 2022.	£1,500,000.	Unregulated.
Papdale Play Park.	New.	Summer 2021.	Autumn 2021.	Autumn 2021.	£750,000.	Unregulated.
Cathedral Boilers.	New.	Winter 2021.	Winter 2021.	Winter 2021.	£100,000.	Unregulated.
Ness Campsite.	New.	Winter 2021.	Winter 2021.	Winter 2021.	£280,000.	Unregulated.
Carness Housing Phase 2.	New.	Spring 2022.	Spring 2022.	Spring 2022.	£2,000,000.	Unregulated.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Heat Pump maintenance (mar 22).	Re-let.	Spring 2022.	Spring 2022.	Spring 2022.	TBC.	Unregulated.
Oil Boiler Maintenance (oct 22).	Re-let.	Autumn 2022.	Autumn 2022.	Autumn 2022.	TBC.	Unregulated.
Swimming Pool Maintenance.	New.	Winter 2021.	Winter 2021.	Winter 2021.	£284,000.	Unregulated.
Fire Fighting Equipment Maintenance.	New.	Summer 2022.	Summer 2022.	Summer 2022.	TBC.	Unregulated.
Auto Doors.	New.	Winter 2021 / 2022.	Winter 2021 / 2022.	Winter 2021 / 2022.	TBC.	Unregulated.
Replacement Heat Pump Sea Loop.	New.	Winter 2021 / 2022.	Winter 2021 / 2022.	Winter 2021 / 2022.	TBC.	Unregulated.

## Anticipated Long Term Capital Projects.

<b>Subject matter of Contract.</b>	<b>New / Extended / Re-let.</b>	<b>Expected Contract Notice / Publication Date.</b>	<b>Expected Award Date.</b>	<b>Expected Start Date.</b>	<b>Estimated Value of the Contract (£).</b>	<b>Regulated / Unregulated.</b>
Orkney Integrated Waste Management facility.	New.	TBC.	TBC.	TBC.	TBC.	Regulated / Unregulated.
Renewables Project (Scale Wind) various.	New.	TBC.	TBC.	TBC.	TBC.	Regulated / Unregulated.
Private Wire Project various.	New.	TBC.	TBC.	TBC.	TBC.	Regulated / Unregulated.
Port Master Plan Various.	New.	TBC.	TBC.	TBC.	TBC.	Regulated / Unregulated.

# Capital Project Appraisal – Stage 2

**Capital Programme: General Fund.**

**Client Service: Roads, Fleet and Waste.**

**Project Name: Integrated Waste Facility.**

## 1. Background

1.1. Orkney's existing waste transfer station (Chinglebraes) has been operating since 1976. Despite investment a few years ago, it is an ageing facility and cannot provide the scope to improve, nor the flexibility that will be required to respond to the changing legislative landscape in waste over the next five years.

1.2. There is a wide range of planned and proposed legislation impacting on waste collection and treatment which will place additional requirements on the Council's facilities and collection services. The existing infrastructure is not capable of addressing these requirements, nor does it provide sufficient flexibility to be confident of being able to address any additional requirements which may arise.

1.3. The latest official government figures (2019) for household waste recycling rates show that in Orkney the rate is 18.8%, compared to a Scottish average of 44.9%. The Scottish Government target is for 70% of all household waste to be recycled by 2025. Significant interventions are required to allow Orkney to aim for this target, enabling a wider range of materials to be collected and processed separately. In particular, this applies to the ability to separately collect and treat food waste. Although Orkney is currently exempt from the requirements to collect this material separately, given its significant potential contribution to overall recycling rates there is a clear indication that this exemption may be removed in the future. Whilst garden waste is currently treated separately, it is not to the standard required and so does not currently count towards the recycling target. To collect additional material streams will require expansion of the facilities at the Waste Transfer Station and the ability to separate and sort co-mingled material streams.

## 2. Options available

2.1. Following the decision in 2015 to explore the feasibility of replacing the facility at Chinglebraes, a Stage 1 Capital Project Appraisal considered by the Development and Infrastructure Committee in September 2018 recommended that two options be considered for the treatment of waste. These were:

- Residual waste – local recovery in Orkney through an Energy from Waste Plant.
- Organic waste – separate treatment through either an Anaerobic Digestion plant or via In Vessel Composting.

2.2. A detailed Business Case was subsequently completed in 2019 with the objective of achieving the following:

- A balance between defining and delivering sustainable levels of waste minimisation/reduction and recycling.
- Potentially introduce treatment of selected waste streams (e.g. treatment of organic wastes and other processes, increasing resource recovery).
- Providing a residual waste treatment option and/or facility of appropriate scale and technology.
- Minimising the disposal of residues to landfill to meet the forthcoming ban on biodegradable municipal waste to landfill ban.

2.3. As a result of this work, the preferred options from the Stage 1 Capital Project Appraisal were investigated, with the following conclusions:

- Option 2: An Energy from Waste solution is not technically viable. Instead, residual waste should be subject to mechanical pre-treatment, prior to export for disposal.
- Option 4: The most cost-effective treatment for organic waste is In Vessel Composting.

2.4. The details and conclusions of the Business Case study were discussed in depth with Members at a seminar on 19 September 2019. A key finding was that there is no suitable energy recovery technology capable of dealing with the relatively low volumes of waste produced in Orkney. Therefore, waste will continue to be required to be exported for disposal. The provision of additional pre-treatment will, however, allow for flexibility regarding disposal locations, should this be necessary.

2.5. Inherent in this conclusion is the requirement for the Council to introduce a food waste collection service to the community. Currently Orkney is not required to collect food waste separately, due to the rural derogation contained within the Waste (Scotland) Regulations 2012. However, there have been strong indications from the Scottish Government that this derogation may be removed in the future.

2.6. The original Stage 1 Capital Project Appraisal gave no consideration to any sorting facilities for recyclable materials. However, given the increasing focus by Government on the capture of a wider range of materials and the associated legislative requirements regarding kerbside collection and sorting, it is considered prudent to take this opportunity to include the appropriate sorting facilities, principally, an ability to separate plastic materials from steel and aluminium. This will enable the co-collection of these materials, simplifying the collection processes for householders, increasing the recycling rates and ensuring compliance with regulatory requirements.

### **3. Proposed Waste Facility**

3.1. The components of the proposed waste facility are:

- In Vessel Composter for organic (food and garden) waste.
- Mechanical pre-treatment (shredding) for residual waste.
- Sorting facility for mixed dry recyclable materials.

3.2. In addition, a Household Waste Recycling Centre, with the capacity of taking all existing material tonnages, plus an ability to collect a wider range of recyclable materials will be included. Complementary to this, the concept of the addition of a re-use 'front of house' one stop shop, with a view to working in partnership with a third sector partner to operate this facility, is also part of the proposed facility.

3.3. The mechanical pre-treatment process will enable the sifting and sorting of waste and so ensure compliance with regulatory waste thermal treatment guidelines. This builds flexibility in respect of the export of treated residual waste, allowing the exploration of options elsewhere in Scotland or the UK or, potentially, Europe. Additionally, this process will sift out the most valuable materials from the waste stream such as steel and aluminium cans, enabling the recovery of value from these items.

3.4. The ability to sort dry recyclable materials will facilitate the introduction of co-mingled kerbside collections, which drive up recycling rates, due to making it easier for the community to recycle. This will also ensure a more consistent system with the rest of Scotland, again making it easier for residents and visitors to understand and allowing consistent messaging across the country. It will also enable the collection of additional materials, ensuring that the Council is able to benefit from the proposed Extended Producer Responsibility Scheme and recover some of the costs of collection and treatment of these materials.

3.5. The new facility has been designed with the future in mind, enabling Orkney to benefit from forthcoming legislative changes by providing the infrastructure and space to collect additional materials with the capacity and technology to process these where there is a clear market. This will result in a plant that has inbuilt resilience, capable of responding to the future market and the opportunities that presents including increasing further the household recycling performance.

3.6. The cumulative impact of collecting more recycling streams, plus the separation of food waste will result in reduced residual waste tonnages being shipped to Shetland for disposal. This results in reduced haulage costs as well as reduced disposal costs. In order of magnitude, the savings that can potentially be achieved through the delivery of a new waste facility and associated collections infrastructure will be derived from avoided residual disposal, residual collections savings and recycling collection savings.

## **4. Land Purchase Requirements**

4.1. The preferred site for the proposed replacement waste facility for Chinglebraes has been identified as the former Abattoir/Cull Hall site at Hatston, incorporating the existing Household Waste Recycling Centre and associated infrastructure, which is in the ownership of Orkney Islands Council.

4.2. On 2 November 2021, the Asset Management Sub-committee recommended that the preferred site be designated for this project.

4.3. The location of the proposed site, together with a conceptual layout of the Integrated Waste Facility, is detailed in Annex 1.



## 5. Project Appraisal

	Criteria	Response
1.	Protects Existing Statutory Provision	The Council has a statutory duty to provide waste and recycling collection services and to ensure that the materials collected are dealt with appropriately. There are also Scottish Government targets in respect of recycling performance which the Council is expected to contribute to. The current Waste Facilities will not be able to meet the statutory obligations anticipated over the next five years. Development of an Integrated Waste Facility will ensure that the Council is able to appropriately fulfil this existing statutory provision in a cost-effective, flexible and pragmatic manner. The proposed facility is being designed to be as future proofed as reasonably possible.
2.	Meets Corporate Priority / Community Planning Goal	The proposed Integrated Waste Facility will support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Enterprising Communities. It relates directly to Priority 4.6: Explore ways to reduce the volume, and cost of handling, of the county's waste of the Council Delivery Plan.
3.	Protects Existing Assets	The Integrated Waste Facility will consolidate the existing waste related assets, ensuring efficient use of the land and buildings at Hatston and enabling the site at Bossack to retain and focus on its landfill operations. The existing assets at Chinglebraes will be cleared and the site made good as part of this project. Costs for this are included in the financial assessment. Following this the site will be available for use by other Council functions or disposal, to be determined by Council.
4.	Minimises Capital Cost	The proposed treatment options were subject to a detailed Cost-Benefit analysis, ensuring that the selected processes provide appropriate pay-back and that capital expenditure represents value for money.
5.	Maximises Investment from External Sources	Support to cover some of the expected capital costs is being sought from the Scottish Government's Recycling Improvement Fund, a £70 million fund designed to support transformative projects aimed at substantially improving Scotland's recycling rate through the improvement of services and treatment infrastructure.

	<b>Criteria</b>	<b>Response</b>
		Following an initial expression of interest, the Council was invited to submit a Stage 2 application to the Fund in September 2021 and the results are still awaited. Funding is being sought for the full amount of in-scope costs, which represents approximately £12 million of the overall costs.
6.	Beneficial Impact on Revenue Expenditure	It is estimated that the proposed facility will not require additional revenue funding. However, neither will it offer opportunities for significant savings. Instead, the benefit of the Integrated Waste Facility is in the opportunities for efficiencies with collections and disposal, rather than the treatment process itself. In addition, the proposed Extended Producer Responsibility Scheme will ensure that Local Authorities are able to recover the costs of collection and treatment of specified packaging materials, such as plastic film. The current waste facilities do not allow the collection of these materials and so the Council will not be able to benefit from this scheme. However, the new facility will ensure that the Council is able to fully benefit, with potentially significant reductions in net revenue costs.
7.	Linked to Other Council Provision	
(a)	Enhances Statutory Provision	There is no direct link to other statutory provisions.
(b)	Protects or Enhances Discretionary Provision	There is no direct link to other discretionary provisions.
8.	Re-use of Derelict Land or Building	The land proposed for the Integrated Waste Facility is currently occupied by the existing Household Waste Recycling Centre, the disused Cull Hall and the former Abattoir.
9.	Promote or Enhance Orkney's Environment	The project will enable beneficial environmental impacts, in that it will promote and facilitate greater recycling and re-use of materials within Orkney. A planning development brief was submitted to the Planning Service in November 2020 who advised that the development is not likely to have significant effects on the environment and therefore will not require an Environmental Impact Assessment. Nor does it fall within a sensitive area. Therefore, no detrimental environmental impact is expected.

	<b>Criteria</b>	<b>Response</b>
10.	Promote or Enhance Orkney's Heritage	There is no direct promotion or enhancement of Orkney's heritage associated with this project.
11.	Economic Prosperity or Sustainable Communities	<p>This project facilitates the development of business opportunities related to the re-use, recycling or reprocessing of individual material streams as it will enable their separate capture. Significant opportunities are becoming available in this field as Scotland moves to embrace circular economy principles and the appropriate technology develops. This can be particularly suited to smaller communities at a distance from the large-scale reprocessing facilities. The In Vessel Composting facility will require technical skills and so will provide greater opportunity for skilled work within the waste team at the Council.</p> <p>The facility will enable the collection of a greater range of materials from both Mainland and Island communities and assist to moving towards an equitable service to all areas of Orkney.</p>
12.	Enhances Council operations or Improves Health and Safety	This project will improve the efficiency of the waste and recycling collection services, ensuring that a wider range of materials can be collected using existing resource and therefore providing greater service to the community. As it incorporates a site for a re-use facility it also has the potential to provide opportunities for 3 <sup>rd</sup> sector organisations.

## 6. Financial Implications

6.1. Annex 2 details the capital implications associated with the project. The total estimated capital cost of the project is £17.2m, of which the technology components comprise £4.4m.

6.2. Annex 2 details the associated revenue budget implications. There is not expected to be any net gain or increase in revenue costs associated with waste treatment, although some efficiency savings will be realised in association with reduced volumes of waste being sent for disposal and increased income from the sale of recyclable materials.

## 7. Risk Assessment

7.1. Risk of not proceeding:

- The Council will be unable to make progress towards achieving the national recycling rate of 70%. There are no other identified interventions which could help to achieve this.

- No additional materials can be collected, meaning that the Council will not be able to take advantage of the funding likely to be offered as part of Extended Producer Responsibility.
- The facility at Chinglebraes could require significant additional investment in the future, with no associated improvement in recycling capabilities.
- The Council will be unable to comply with any future changes to statutory obligations with regards to the collection and disposal of recyclable materials and/or waste.

## 7.2. Risks of proceeding

- This is a complex project which will require careful management to ensure that the desired outcome is fully realised. It is proposed to procure specialist support to assist with the development and procurement of this tender.
- Insufficient internal resource to adequately manage the project. To mitigate this, specialist external expertise will be brought in to assist with project management.
- Substantial price increases for materials as a result of current supply-chain challenges. As the project is not due to begin until 2023, the market may stabilise by that point. Efforts will be made to ensure supplies of materials are confirmed and prices agreed prior to project commencing, as far as is reasonably practicable.

## 8. Conclusion

8.1. Provision of an Integrated Waste Facility will ensure that the Council is able to fulfil its statutory and wider obligations with regards to the collection, treatment and disposal of a wide range of materials. In particular, it will substantially improve Orkney's recycling rate, ensure that the Council is well placed to take advantage of future funding opportunities associated with Extended Producer Responsibility and facilitate wider commercial opportunities around the re-use and recycling of various material streams.

8.2. The facility has been designed with the future in mind, enabling Orkney to benefit from forthcoming legislative changes by providing the infrastructure and space to collect additional materials with the capacity and technology to process these where there is a clear market. This will result in a plant that has inbuilt resilience, capable of responding to the future market and the opportunities that presents including increasing further the household recycling performance.

8.3. The cumulative impact of collecting more recycling streams, plus the separation of food waste will result in reduced residual waste tonnages being shipped to Shetland for disposal. This results in reduced haulage costs as well as reduced disposal costs. In order of magnitude, the savings that can potentially be achieved through the delivery of a new waste facility and associated collections infrastructure will be derived from avoided residual disposal, residual collections savings and recycling collection savings.

## 9. Recommendation

It is recommended that the Integrated Waste Facility is added to the capital programme, at an estimated cost of £17.2m and with an expected start date of April 2023. That the project be part-funded by a capital grant of £12m, leaving a capital financing requirement of £5.2m to be financed through borrowings. The project is then expected to be complete by April 2025, with the new facility operating from January 2025.

## 10. Accountable Officers

Hayley Green, Interim Executive Director of Environmental, Property and IT Services,  
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Lorna Richardson, Interim Head of Roads, Fleet and Waste, Email  
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## 11. Annexes

Annex 1 – Site location and proposed layout.

Annex 2 – Financial Assessment of Capital Expenditure.

Annex 3 – Financial Assessment of Revenue Expenditure.



Existing Site with Abattoir, Cull Hall and Hatston HWRC



Conceptual Site Layout



Project Name: Orkney Isles - CPA  
 Project Manager: Laura Williams  
 Drawn By: Audra Brown and Molly Hickman  
 Reviewed By: Sophie Crossette and Andy Grant

Orkney IWF Conceptual  
 Layout v3.0  
 Scale  
 1:850 @ A3

STAGE 2 - CAPITAL PROJECT APPRAISAL  
FINANCIAL ASSESSMENT OF ASSOCIATED CAPITAL EXPENDITURE IMPLICATIONS

<b>Capital Programme:</b>	<b>General Fund</b>
<b>Client Service:</b>	<b>Roads, Fleet and Waste</b>
<b>Project Name:</b>	<b>Integrated Waste Facility</b>

		1	2	3	4	5	Onwards	Notes
<b>CAPITAL COSTS</b>	<b>Total £ 000</b>	<b>2021/21 £ 000</b>	<b>2022/23 £ 000</b>	<b>2023/24 £ 000</b>	<b>2024/25 £ 000</b>	<b>2025/26 £ 000</b>	<b>£ 000</b>	
<b>1. Initial Costs (at inflated prices)</b>								1
Land or Property Purchase	500.0		500.0		-	-		
Other Site Costs (including Fees)	5,532.0	-		3,263.0	634.0	1,635.0	-	
Construction or Improvements	4,916.0	-		209.0	3,507.0	1,200.0	-	
Information Technology Costs	230.0	-		-	230.0	-	-	
Plant, Vehicles & Equipment	4,400.0	-		-	4,400.0	-	-	2
Professional Fees - Consultant - In-house	1,628.0	-		814.0	814.0	-	-	
<b>Gross Capital Expenditure</b>	<b>17,206.0</b>	<b>-</b>	<b>500.0</b>	<b>4,286.0</b>	<b>9,585.0</b>	<b>2,835.0</b>	<b>-</b>	
<b>2. Initial Funding (at inflated prices)</b>								
Government Grants	12,000.0	-		3,000.0	6,700.0	2,300.0	-	
Other Grants	-	-	-	-	-	-	-	
Other Financial Assistance	-	-	-	-	-	-	-	
<b>Total Grants Receivable, etc.</b>	<b>12,000.0</b>	<b>-</b>	<b>-</b>	<b>3,000.0</b>	<b>6,700.0</b>	<b>2,300.0</b>	<b>-</b>	
<b>Net Capital Cost of Project</b>	<b>5,206.0</b>	<b>-</b>	<b>500.0</b>	<b>1,286.0</b>	<b>2,885.0</b>	<b>535.0</b>	<b>-</b>	
<b>Net Council Capital Expenditure</b>	<b>5,206.0</b>	<b>-</b>	<b>500.0</b>	<b>1,286.0</b>	<b>2,885.0</b>	<b>535.0</b>	<b>-</b>	
<b>Net Present Value</b>	<b>4,574.9</b>	<b>-</b>	<b>476.2</b>	<b>1,166.4</b>	<b>2,492.2</b>	<b>440.1</b>	<b>-</b>	
Cost of Capital		5%	5%	5%	5%	5%	5%	
Year		0	1	2	3	4	5	

**Notes** - Additional narrative on main assumptions and support working papers

1 The estimated costs for the project were provided by Eunomia Research and Consulting in their report "Orkney Islands Council – Capital Projects Appraisal Report v3.0" and its Appendix 10. Eunomia were selected as part of a tender process conducted in April 2020. Their subcontractor, Stantec provided a set of capital cost estimates for the developed conceptual site design including drainage and utilities arrangements, site levels and cut/fill remodelling, access, road layouts, areas of hardstanding, weighbridge locations and building area and height. These high level budget costings are Order of Cost Estimates, and are based on the project stage assumed to be RIBA stage 1/2 or equivalent.

2 Costs for the technology elements were based on supplier quotes, averaged across the number of quotes supplied.



STAGE 2 - CAPITAL PROJECT APPRAISAL  
FINANCIAL ASSESSMENT OF ASSOCIATED REVENUE BUDGET IMPLICATIONS

Capital Programme:

General Fund

Client Service:

Roads, Fleet and Waste

Project Name:

Integrated Waste Facility

		1	2	3	4	5	Onwards	Notes
REVENUE COSTS / (SAVINGS)	Total £ 000	2021/21 £ 000	2022/23 £ 000	2023/24 £ 000	2024/25 £ 000	2025/26 £ 000	£ 000	
<b>1. Full Year Operating Costs (at inflated prices)</b>	Please see note below							
Staff Costs	-	-	-	-	-	-	-	
Other Staff Costs (incl. recruitment, etc.)	-	-	-	-	-	-	-	
Property Costs	-	-	-	-	-	-	-	
Supplies and Services	-	-	-	-	-	-	-	
Transport, Vessel and Plant Costs	-	-	-	-	-	-	-	
Administration Costs	-	-	-	-	-	-	-	
Apportioned Costs	-	-	-	-	-	-	-	
Third Party Payments	- 284	-	-	-	-	- 142	- 142	
Finance and Loan Charges	729.3	-	-	-	243.1	243.1	243.1	2
Miscellaneous Expenditure	138	-	-	-	-	69	69	
<b>Gross Revenue Expenditure / (Saving)</b>	583.3	-	-	-	243.1	170.1	170.1	
<b>2. Operating Income (at inflated prices)</b>								
Government Grants	-	-	-	-	-	-	-	
Other Grants	-	-	-	-	-	-	-	
Rents and Lettings	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	
Fees and Charges	14.0	-	-	-	-	7.0	7.0	
Miscellaneous Income	-	-	-	-	-	-	-	
<b>Gross Revenue Income</b>	14.0	-	-	-	-	7.0	7.0	
<b>Net Revenue Expenditure / (Saving) of Project</b>	569.3	-	-	-	243.1	163.1	163.1	
Increase / (Reduction) in Revenue Costs	569.3	-	-	-	243.1	163.1	163.1	
Net Present Value	-	-	-	-	222.5	144.9	140.7	
Cost of Revenue		3%	3%	3%	3%	3%	3%	
Year		0	1	2	3	4	5	

**Notes** - Additional narrative on main assumptions and support working papers

1. It is anticipated that this project will generate efficiency savings of £80,000 per annum in terms of revenue operating costs once the new facility is fully operational in 2025/26. Whilst the costs associated with the operation of the new facility will be broadly in line with those associated with current working arrangements, additional recurring costs associated with the collection and treatment of the waste have been estimated at £69,000 per annum. This should however be more than offset by savings in the volume of waste to be shipped to Shetland estimated at £142,000 per annum, along with potential to generate additional income from the sale of recyclates estimated at a further £7,000 per annum. In advance of further details being confirmed in respect of Extended Producer Responsibility arrangements, these figures indicate that part of the associated loan charges for this development can be met by the Service.

2. The capital financing requirement of £5.206m for the proposed development would be funded by borrowing. Estimated loan charges of £7.292m would be repayable on a straight line basis over 30 years, and based on an assumed interest rate of 2.5% per annum. This equates to an average cost of £243,100 per annum.

Appendix 3.

## **Leadership Principles**

Pages 1317 to 1322.

Resolved that, under section 50A(4) of the Local Government (Scotland) Act 1973, the public were excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1 and 11 of Part I of Schedule 7A of the Act.

**This constitutes a summary of the Appendix in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

### **Local Government (Scotland) Act 1973 – Schedule 7A**

#### **Access to Information: Descriptions of Exempt Information**

- Paragraph 1. Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office holder, former office-holder or applicant to become an office-holder under, the authority.
- Paragraph 11. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office-holders under, the authority.

Appendix 4.

## **Proposed Corporate Management Structure**

Pages 1323 to 1343.

Resolved that, under section 50A(4) of the Local Government (Scotland) Act 1973, the public were excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1 and 11 of Part I of Schedule 7A of the Act.

**This constitutes a summary of the Appendix in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

### **Local Government (Scotland) Act 1973 – Schedule 7A**

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- Paragraph 11. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office-holders under, the authority.

Appendix 5.

## **Implementation Plan**

Pages 1344 to 1345.

Resolved that, under section 50A(4) of the Local Government (Scotland) Act 1973, the public were excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1 and 11 of Part I of Schedule 7A of the Act.

**This constitutes a summary of the Appendix in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.**

### **Local Government (Scotland) Act 1973 – Schedule 7A**

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- Paragraph 11. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office-holders under, the authority.