

Caledonian Maritime Assets Ltd

# Annual Procurement Report

**Fiscal Year from 1st April 2017 to 31st March 2018**



## Introduction

The Procurement Reform (Scotland) Act 2014 covers public sector contracting authorities. Caledonian Maritime Assets Ltd (CMAL) (registered number SC001854) is a public sector Limited Company (contracting authority). To meet the Procurement Reform (Scotland) Act 2014 a contracting authority is required to produce an annual procurement report on its regulated procurement activities. CMAL is pleased to publish its 2<sup>nd</sup> Annual Procurement Report which covers regulated procurements and non-regulated procurements and highlights our cohesive approach to embedding sustainable procurement. The CMAL Procurement team champion the Scottish Procurement Model through embedding sustainable procurement.

Sustainable Procurement is “a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation but also to society, the economy and the environment”.

CMAL purchases business critical services intrinsic to our customer requirements. CMAL spends a lot of money on third party expenditure through Contractors/suppliers which deliver services for CMAL its customers and staff.

Given the leverage of non-pay expenditure through third party providers Fair Work Practices are encapsulated in CMAL’s key Procurement Principles: Fairness, Openness, Transparency, Mutual Recognition, Non-Discrimination and Proportionality.

A summary of regulated procurements conducted by CMAL are available on Slides 7 and 8 of this Annual Report. A summary of CMAL’s Contracts Register is published externally on the CMAL’s website on the Procurement Page on a quarterly basis.

George McGregor  
Procurement Manager

## What the Annual Report Must Include

A contracting authority which is required to prepare or revise a procurement strategy, (It is anticipated that a revised and enhanced CMAL Procurement Strategy will be introduced fiscal year 18/19 to be implemented in fiscal year 19/20) in relation to a financial year CMAL must prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of that financial year.

The report must include:

- (a) a summary of the regulated procurements that have been completed during the year covered by the report,
  - (b) a review of whether those procurements complied with the authority's procurement strategy,
  - (c) to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply,
  - (d) a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,
  - (e) a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,
  - (f) a summary of the regulated procurements the authority expects to commence in the next two financial years,
  - (g) such other information as the Scottish Ministers may by order specify.
- (3) For the purposes of subsection (2)(a), a regulated procurement is completed when the award notice is published or when it otherwise comes to an end.

## Summary of regulated procurements completed in fiscal year

CMAL has in the fiscal year 2017 to 2018 completed 26 procurements which are regulated (CMAL treat all Procurements over £15,000.00 as regulated) this does not include a further 11 procurements that have been started in the fiscal year that have not been completed in the fiscal year.

- 13 Quick Quotes Completed.
- 7 Non-EU Tenders Completed.
- 6 Full EU Tenders Completed.
- 588 Purchase Order Completed.
  - 550 Low Value (below £15,000.00 Threshold) PO's
  - 38 High Value PO's (Above threshold)
- 120 Low Value Procurements completed.

CMAL has introduced Community Benefits successfully into all projects in line with SG wishes (Brodick) George Leslie, (New Vessels) Fergusons and Raynesway (Colintraive & Rhuodach) being the main providers, it is estimate that the Total Community benefits are worth in real terms £4.9M to the local communities within the fiscal year.

CMAL sends out details of all the Supported Business in Scotland to all companies who take part in any procurement exercise. This has resulted at least 9 suppliers placing orders with Supported businesses. (most orders come from procurements below the recommended regulated spends)

Spend is line with current forecast.

## Summary of CMAL Procurements that did not comply

- In Fiscal year 2016 to 2017 CMAL raised 22 Non Competitive Actions (NCA's) within that period. In Fiscal year 2017 to 2018 CMAL has raised 16 NCA.

### Statement of how CMAL intends to ensure all procurements comply

- CMAL has taken further steps to mitigate and put efforts into restricting the use of NCA's and between Jan 2018 to April 2018 only 3 NCA's have been issued.
- The NCA's are as follows
  - 5 due to direct supply issues,
  - 2 due to market testing
  - 9 due to emergency requirements.
- The CMAL Procurement manager has provided procurement training to all CMAL staff.
- The CMAL Procurement manager has taken control the issue of Purchase orders and one of the checks is to review the competition route used.

## Review of whether those procurements complied with CMALs Procurement strategy

- CMAL procurements are all aligned with the CMAL strategy and the CMAL Procurement Policy.
- CMAL Procurement Policy has been changed to reflect the business needs
  - Staff placing purchase orders must come through procurement.
  - Staff must quote the PCS Award number or the NCA number on the Purchase Requisition for regulated procurements.
  - All spend below £15,000.00 are audited by the Procurement Manager.
  - All New Suppliers must complete the New Supplier Form.
  - Monthly updates are provided to the Senior Management Team (SMT).
  - A supplier's risk register has been established.
  - All high risk suppliers are audited.
  - All suppliers are asked to pay sub-contractors within the Scottish Government Guidelines (Maximum of 30 days of receipt of an approved invoice)
  - On-going suppliers are on CMAL's Supplier development programme with clear performance KPI's measured.

## CMAL Annual Procurement Report

Fiscal Year (Finance) 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018

Caledonian Maritime Assets Ltd (based on Invoices paid in period)	Spend Fiscal Year 2017 to 2018 (full Year spend )
Total Spend	£67,876,790.88
Exempt Spend	£22,340,664.80
*Procurement Spend (Non Exempt)	£45,536,126.08
Spend with Small Suppliers	£33,259,346.13
Spend with Medium and Large Supplier	£11,523,487.82
*Note of the £45.5M of the Procurement Spend (Non Exempt) £27.2M was spent with just 2 suppliers	

## Brodict Project Community benefits Feedback

Ref No. A3:F11	Community Issue	Metrics	Description	UOM	Amount
<b>Employment &amp; Skills</b>					
1	Placements	Number of trainee weeks provided	Number of training weeks provided for placement students, apprentices, trainees and other new entrants e.g. younger people and the long term unemployed. Target within Tender Instruction is 52 training weeks per £1m of contract value. Proposed Project target is 52 training weeks £1m of George Leslie Ltd staff and labour costs. Target to be agreed.	Weeks	25
2	Apprenticeships	Number of trainee weeks provided		Weeks	60
3	New entrants	Number of trainee weeks provided		Weeks	10
4	Work Experience	Number of weeks on project/office	Unpaid work experience of typically 1-2 weeks (unpaid placements of greater than 4 weeks are not permitted). Could be for pupils/students in school or FE (Full-time Education(FTE)) or those who are NEET or are Armed Forces Leavers.	Weeks	4
5	Graduate Programme	Number on project	Graduates on the George Leslie Ltd Graduate programme and employed on the project by George Leslie .	Weeks	20
6	Use of Local labour	Percentage living locally	Use of local labour on site, where local is either defined by the client or default is 30-mile radius. Local definition must match that for local procurement for consistency. Applies to George Leslie Ltd and supply chain.	Weeks	400
7	Pre Employment Course	Participation in regionally managed schemes	Specific courses for groups of NEET residents designed to offer training and work experience; e.g., Prince's Trust Get into Construction, Job Centre Plus Sector-based Work Academy. Generally, 2-4 weeks duration. Will assist Jobs Created.	Weeks	0



## Brodick Project Community benefits Feedback

Ref No. A3:F11	Community Issue	Metrics	Description	UOM	Amount
<b>Community Engagement</b>					
8	Contribution to education (Curriculum Engagement)	Number of Educational Curriculum activities and Number of Career activities	George Leslie Ltd staff time spent in local schools, colleges or universities assisting with delivery of curriculum or careers activities.	Days	6
9	Employability skill workshops	Number of employability skill workshops delivered	support workshops for community groups or youth groups on the Island of Arran with a view of introducing / developing employability skills.	Days	2
10	CCS Scheme	CCS score and visit no.	We will carry our an assessment to understand demographic, local business, stakeholders and key drivers within a community		0
11	Volunteering days	Number of person-days spent volunteering.	Opportunities for project staff to join with local community groups, schools or even the local authority to offer time in volunteering in the community		0
12	Charitable Fundraising/Donations	Money raised	Opportunities for project staff to raising money for either local charities or for Building Better Futures charitable trust	£s	25,000
<b>Supporting Local Businesses (SMEs and Social Enterprises)</b>					
14	Local Procurement	Value and Percentage of project spend that is spent locally.	£4,000,000		20%
		Value and Percentage of project spend that is spent with SMEs.	£4,000,000		20%
		Value and Percentage of project spend that is spent with Female-owned businesses	£250,000		1%
16	Award of Contract to a Supported Business	Number of contracts awarded to a Supported Business	George Leslie Have Committed to Engage with SG Supported Business for future Projects		0

Community benefits Feedback  
 Ship Construction Project  
 Ferguson Marine Engineering Ltd  
 (FMEL)  
 Apprentices 2017 to 2018

Ferguson Marine Engineering Ltd (FMEL) Current Apprenticeship Programme Fiscal year 2017 to 2018				
Amount of Places	Type of Apprentice	Year In Apprenticeship		
4	Welders	2nd Year		
8	Fabricators	2nd Year		
3	Welders	3rd Year		
2	Fabricators	3rd Year		
2	Shipwrights	3rd Year		
3	Pipe Fitters	3rd Year		
3	Engineers	3rd Year		

Community benefits Feedback  
 Raynesway  
 Colintrave & Rhuodach

COLINTRAVE & RHUODACH COMMUNITY BENEFITS						
29-06-18						
Project Budget: £5,371,707.00 (VAT not incl.)						
Company	Trade	Total Forecated	% /Total Value	To date	Postcode	Distance (M)
Breedom	Concrete	£350,081.00	6.52%	£183,669.00	PA32 8XW	50
Bonnar	Quarry	£66,251.00	1.23%	£60,078.00	PA26 8BH	34
Ambrisbeg	Quarry	£100,000.00	1.86%	£95,672.00	PA20 9PE	12
Bute Blacksmith	Steel	£805,000.00	14.99%	£765,000.00	PA20 9BB	12
Shearwater Marine Service	Divers	£140,000.00	2.61%	£105,000.00	PA23 8PB	18
Caledonian MacBrayne	Ferry	£9,500.00	0.18%	£8,700.00	PA22 3AP	0
Cowal Building & Plumbing	Small tools / material	£2,000.00	0.04%	£1,556.00	PA20 0HD	9
Staff Acomm & Expenses	General Expenses	£103,342.00	1.92%	£91,859.00	PA22 3AP	0
		£1,576,174.00	29.34%	£1,311,534.00		

## Regulated Procurements

Fiscal Year 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018

CMAL Procurement Number	DESCRIPTION	Date Opened	CMAL Date Awarded	Public or Utilities	Number of Tenderers	Category	Sustainability	Awarded to	Tendered Price
CMAL0148	Loch Maddy Tarbert Uig	01/05/2017	01/07/2017	Utilities	6	Harbours	Yes	Wallace Stone	£600,000.00
CMAL0151	Insurance Broker Tender	12/06/2017	12/09/2017	Utilities	6	Corporate	Yes	Tysers	£5,000,000.00
CMAL0154	Linkspan Outer	18/01/2017	11/07/2017	Utilities	7	Harbours	Yes	GSS Plant	£81,000.00
CMAL0156	Repairs to Remedial External Cladding Ardrossan	14/02/2017	22/05/2017	Utilities	7	Harbours	Yes	Cosmos Projects	£80,000.00
CMAL0158	Tarbert Pier Concrete Investigation	25/02/2017	11/07/2018	Utilities	3	Harbours	Yes	Charles Darley	£30,000.00
CMAL0159	Oban Surveying Works	12/04/2017	13/04/2017	Utilities	2	Harbours	Yes	Niras Frankel	£51,500.00
CMAL0160	Gourock Surveying (Kevin)	01/04/2017	12/04/2017	Utilities	2	Harbours	Yes	Turley	£12,000.00
CMAL0161	Quality assurance	25/04/2016	25/04/2017	Utilities	1	Corporate	Yes	Karen Milligan	£49,000.00
CMAL0162	Kerrera Replacement Boat	10/05/2017	17/05/2017	Public	6	Vessels	Yes	Malakoff	£190,000.00
CMAL0163	Health Care Cancelled ( Did not go to contract)	01/06/2017		Utilities	1	Corporate	Yes		£10,000.00
CMAL0164	Lochboisdale Fender Repair	10/07/2017	19/07/2017	Utilities	3	Harbours	Yes	NG Builders	£10,000.00
CMAL0166	Oban Replacement Seating	01/07/2017	19/07/2017	Utilities	3	Harbours	Yes	Alpha	£15,000.00
CMAL0167	Lochaline Ship To Shore Power	23/07/2017	01/08/2017	Utilities	1	Harbours	Yes	Walton	£54,200.00
CMAL0168	Gourock Lighting Project	01/09/2017	01/04/2018	Utilities	5	Harbours	Yes	Lightways	£190,000.00
CMAL0169	Oban Flooring	01/07/2017	23/08/2017	Utilities	4	Harbours	Yes	McGarry Flooring	£35,000.00
CMAL0170	External Audit	15/11/2017	20/04/2018	Utilities		Corporate	Yes	Scott Moncrieff	£480,000.00
CMAL0171	Kilchoan Pier Repairs	23/07/2017	28/09/2017	Utilities	2	Harbours	Yes	Alchemy	£40,000.00
CMAL0173	Kerrera Defects Repair	12/10/2017	12/10/2017	Utilities	2	Harbours	Yes	Alchemy	£3,800.00
CMAL0174	Gourock Linkspan Repairs	15/09/2017	28/09/2017	Utilities	1	Harbours	Yes	NG Builders	£10,000.00
CMAL0175	Financial Controller	29/09/2017	02/10/2017	Utilities	6	Corporate	Yes	Aspen	£10,000.00
CMAL0178	Lochaline Ground Investigation	05/11/2017	06/11/2017	Utilities	2	Harbours	Yes	Soil Engineering	£40,000.00
CMAL0179	Document Project	08/01/2018	08/01/2018	Utilities		Corporate	Yes	Haven	£10,000.00
CMAL0180	Lochranza Waiting Room	14/11/2017	08/01/2018	Utilities	5	Harbours	Yes	Thomson Construction	£180,000.00
CMAL0181	Tarbert Bethnic	14/11/2017	21/11/2017	Utilities	3	Harbours	Yes	Aspect	£58,000.00
CMAL0184	Kerrera Walkway	12/12/2017	20/12/2017	Utilities	2	Harbours	Yes	Alchemy	£15,000.00
CMAL0188	Tarbert Ground Investigation	26/02/2018	20/03/2018	Utilities	6	Harbours	Yes	Causeway Geotech	£212,000.00

## Summary of Regulated Procurements

Forecast for the next 2 Fiscal Year

CMAL's Financial years run from 1<sup>st</sup> April to the 31<sup>st</sup> March the following year.

	2018/19 £'000s	2019/20 £'000s
<b>Operating Costs</b>		
Vessel surveys	40	40
Harbours engineering, M&R etc	4,688	4,688
Harbour operations	504	504
Development project costs	0	0
Legal fees	108	108
Consultancy fees	192	192
Insurances	374	377
Information technology	106	112
Audit	40	40
Vessels	23,937	23,000
Piers and harbours	17,948	18,707