

David MacBrayne Limited

Annual Procurement Report 2019-20

David MacBrayne Limited Procurement Vision and Policy Statement

David MacBrayne Limited (DML) is wholly owned by Scottish Ministers. It is the UK's largest ferry operator and one of the largest transport operators in Scotland, providing essential lifeline services and logistical support to island and remote communities. DML has several subsidiaries, including ferry operators CalMac Ferries Ltd, and a human resource subsidiary, David MacBrayne HR (UK) Ltd and Solent Gateway Ltd (SGL), a Joint Venture with GBA (Holdings) Ltd. In order to deliver these services DML procures a diverse range of works, supplies and services from its suppliers.

DML aims to ensure that commercial excellence is embedded throughout the organisation, services always deliver best value and excellence is embedded in commercial, procurement (the whole process from identification of need, specification, selection, evaluation and award) and commissioning practices and skills. Procurement objectives are aligned with DML's corporate objectives and the Scottish Government National Performance Framework.

DML is committed to the following, which must be adhered to by everyone involved in the procurement process, whether as budget holder, end user or purchaser:

- Staff undertaking procurement decisions have the appropriate authority and capability;
- Demonstrate leadership and the highest standards of honesty, integrity, impartiality and objectivity in all our dealings with suppliers and potential suppliers;
- Procurement to be conducted through the most appropriate Procurement route to market;
- Improve supplier access to DML contract opportunities, including the publication of contract notices on Public Contracts Scotland and enabling SMEs, third sector and supported businesses to compete for work, either as a contractor or sub-contractor;
- Deliver efficiencies and savings to ensure value for money, including consideration of whole life costs and the best price/quality ratio;
- Enabling optimum procurement practices, continuous improvement and innovative solutions;
- Embed sustainability in procurements in a relevant and proportionate manner using Scottish Government sustainable procurement tools including the Prioritisation Methodology and Sustainability Test as required by the Procurement Reform (Scotland) Act 2014;
- Apply the EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition in all procurements;
- Compliance with the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015, the Utilities Contracts (Scotland) Regulations 2016, and all

other relevant legislation or regulations;

- Compliance with the Utilities Contracts Regulations 2016 for SGL;
- Undertake consultation with key internal and external stakeholders, including early engagement to ensure relevant risks and opportunities are considered in commodity strategies;
- Collaborate with other contracting authorities where appropriate including relevant use of sector or National Frameworks and sharing of best practice;
- Payment of suppliers on time in accordance with contractual arrangements;
- Monitor and report performance annually against DML's Procurement Strategy and intended objectives.

The Procurement Policy, endorsed by senior management, will be reviewed on an annual basis.

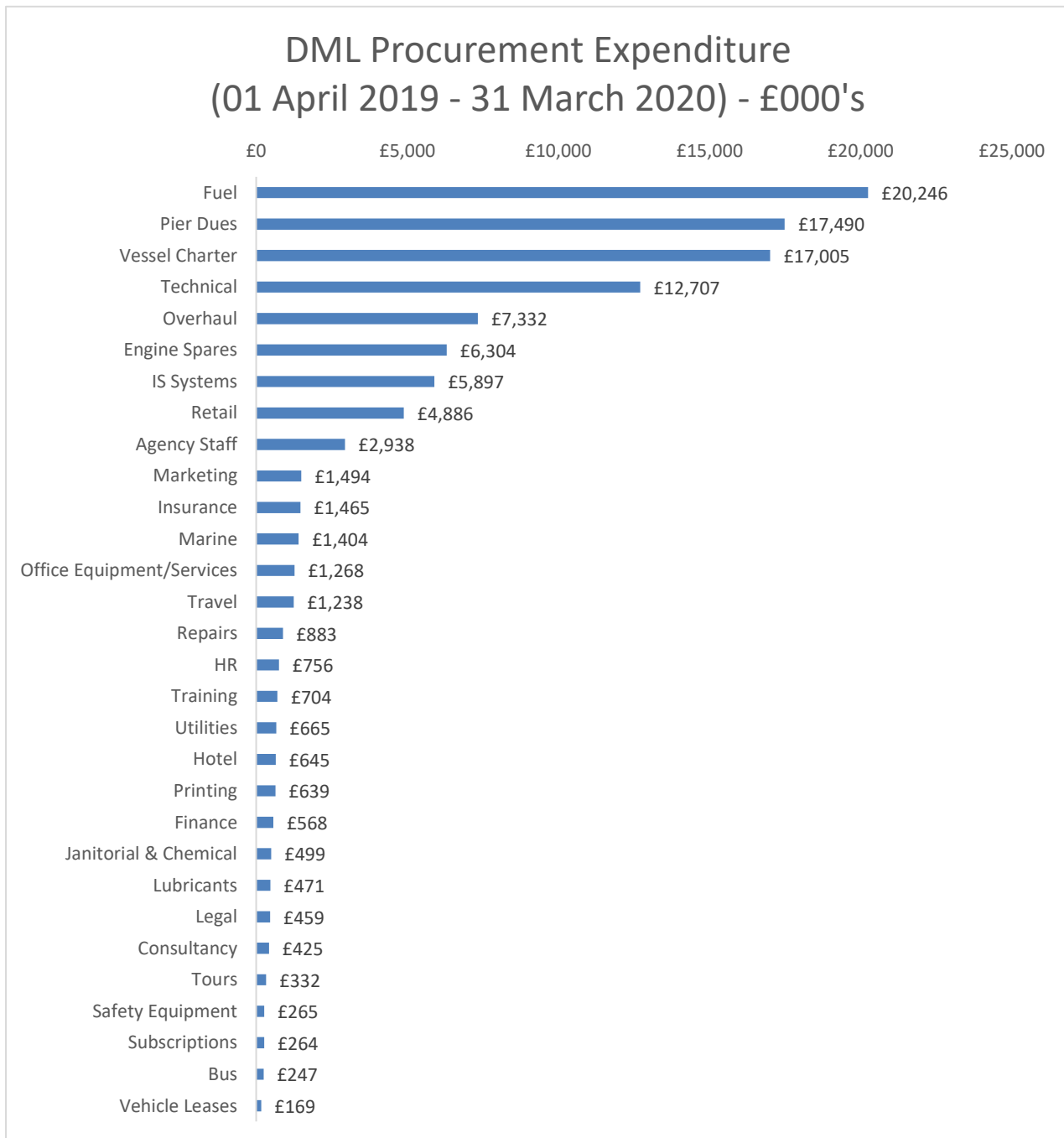
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1 Introduction

David MacBrayne Ltd, which is wholly owned by Scottish Ministers, is the UK's largest ferry operator, running 29 routes to over 50 destinations across 200 miles of Scotland's west coast. Our fleet of 33 vessels complete approximately 136,000 sailings a year with crossings ranging from 5 minutes to 7 hours. We provide an everyday lifeline service to west coast communities, and for tourism, we play a critical role in enabling its development, which is hugely important for the area's economy.

DML's annual procurement expenditure from April 2019 – March 2020 was £110,024,051. The breakdown of our spend for this period is shown by category in the following table. It includes spend of £100,000 or over, by category:



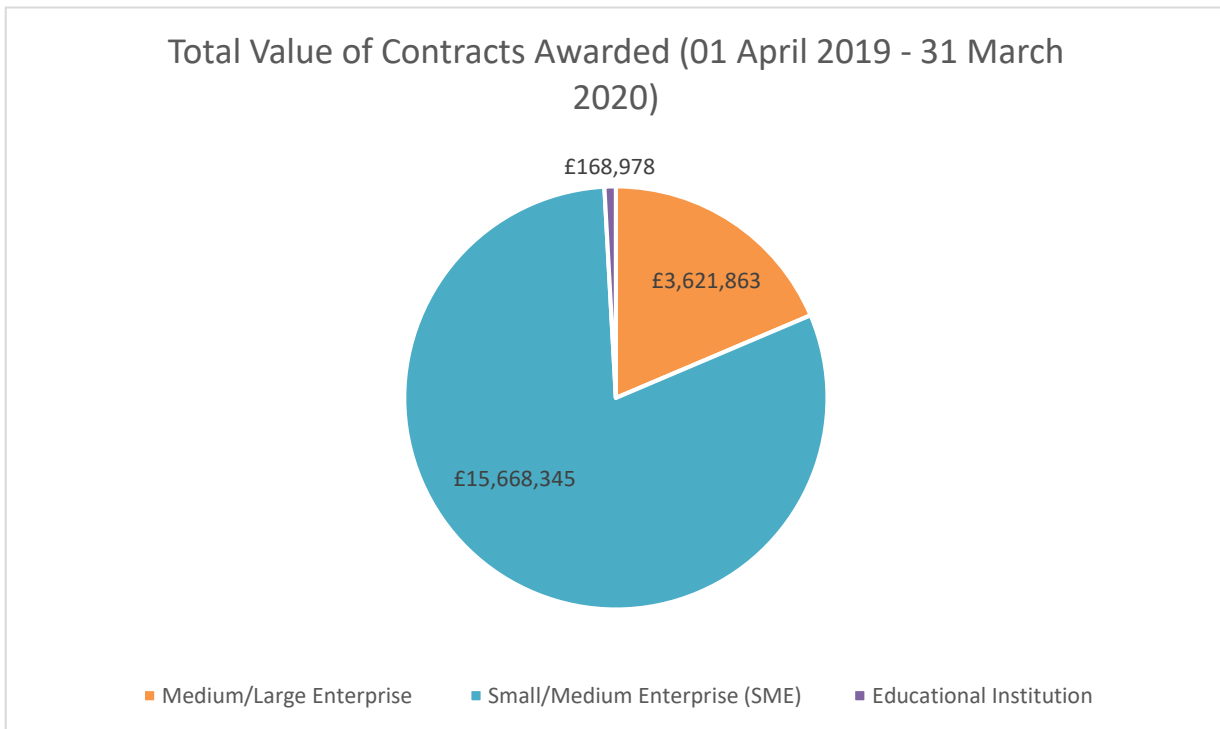
Procurement is the process of obtaining goods, services and works from third parties; from the consideration and identification of the need, specification of relevant requirements, supplier selection, contract award and invoice payments. It is an important enabler of organisational and National outcomes. This Strategy also considers the appropriate management of awarded contracts to monitor and report relevant outcomes.

Details of the projected contracting activity for Financial years 2020/21 and 2021/22 are included in Annex A. This may be subject to change due to budgetary readjustments, prioritisation and the requirements of the business.

1.1 Procurement Contracts Awarded (April 2019 – March 2020)

The total value of Procurement contracts awarded over the financial year 2019/2020 was £19,459,186 with a total of 57 contract awards being made. A further breakdown of these contract awards can be seen below.

Type of Business	Total Number of Contracts Awarded	Total Value of Contracts Awarded
Small/Medium Enterprise (SME)	45	£15,668,345
Medium Large Enterprise	11	£3,621,863
Educational Institution	1	£168,978



2 Procurement Principles

In all dealings with suppliers and potential suppliers, DML will act with the highest standards of honesty, integrity, impartiality and objectivity.

Those engaged in commissioning of tenders/contracts must:

- Be fair, efficient, firm and courteous;
- Maintain the highest possible standard of integrity in all business relationships;
- Achieve appropriate professional standards in the management of contracts;
- Comply with the law, guidance on professional practice and contractual obligations;
- Declare any personal interest which may affect or be seen by others to affect impartiality;
- Respect the confidentiality of information received and ensure that information given is honest and clear;
- Respond promptly, courteously and efficiently to suggestions or enquiries, including handling Freedom of Information obligations according to Group policies.

DML will ensure that its procurement activities always operate in accordance with the following principles so that it treats economic operators equally and without discrimination:

- **Equal treatment and non-discrimination** – giving everyone the same chance to win a contract regardless of nationality or familiarity;
- **Transparency** - stating the requirements up front and adhering to them in an open and inclusive manner;
- **Proportionality** - setting the requirements in accordance with the needs of the contract in question;
- **Mutual Recognition** – giving equal validity to qualifications and standards from all Member States, where appropriate;
- **Confidentiality** – respecting the confidentiality of any information received regarding tenders and economic operators;
- **Standardisation** – making use of standardised procurement templates and tools where possible to ensure consistency, compatibility and efficiency, including the standard pre-qualification questionnaire;
- **Business-friendly** - making it easier for business, including SMEs and the third sector, to access contract opportunities and sub-contracting requirements. This includes the use of Lots and acceptance of relevant consortia bids.

In order to apply these principles DML will:

- Undertake relevant early market engagement to inform the Procurement Strategy prior to the publication of a Contract Notice on Public Contracts Scotland (PCS), allowing more time for tender responses;
- Publish our "buyer profile" on PCS and advertise as many contract opportunities as possible and publish Contract Award Notices - to give suppliers free access to contract opportunities;
- Use the "quick quote" facility for very low value contracts - to allow suppliers to bid for very low value contracts with the minimum of bureaucracy;
- Ensure that all language used, and outcomes set are clear and precise allowing all "reasonably well-informed and normally diligent tenderers to interpret it in the same way";
- Use the European Single Procurement Document, adjusted to suit the procurement in a relevant and proportionate manner;
- Make standard Terms and Conditions widely available, including on our website;
- Enable a range of economic operators to compete for business including SMEs, third sector, supported businesses, suppliers from under-represented groups including consideration of the suitability of breaking contract requirements into smaller lots;
- Reviewing the potential for reserving contracts for supported businesses, reflecting the EU

definition. This follows DML's experience in working productively with local Supported Businesses in the provision of the Clyde and Hebrides Ferry services;

- Ensure that contract requirements as established within specifications, invitations to tender, supplier selection, evaluation and award and contract management are relevant and proportionate to the subject matter of the contract reflecting market capacity and relevant intended outcomes. This will reflect early market and stakeholder engagement, a systematic consideration of relevant risks and opportunities, with purchasers having the capability to apply requirements in a relevant and proportionate manner;
- Open and inclusive publication of potential requirements, prior information notices, invitations to tender, awards and other documentation using:
 - The use of electronic communication for all procurement activity, Public Contracts Scotland for all procurements over £50,000;
 - Open public and market engagement including the use of "Meet the Buyer" events, community and market consultation;
 - Prompt notification of the outcome of bids, and supplier debriefing to facilitate better future performance.

2.1 Value for Money

DML will seek Value for Money from procurements. Its approach is as follows:

In accordance with procurement regulations DML will ensure that regulated procurements reflect the Most Economically Advantageous Tender (MEAT) and the Best Price-Quality Ratio;

DML also embraces The Scottish Model of Procurement and the appropriate balance of cost, quality and sustainability. This reflects the objectives as set out in this Strategy, that are a priority for procurements.

All regulated procurement by DML will therefore consider the relevant balance, according to the nature of the procurement, recognising that it can vary from project to project. This is embedded in Procurement practices. DML also enables purchasers to have the appropriate capability to determine the relevant balance.

All regulated procurements will be considered for their relevant life cycle costs, that may relate to costs of acquisition, use and maintenance and end of life.

By treating potential and incumbent suppliers equally in a non-discriminatory manner, DML will facilitate greater competition, promote innovation, and encourage a wide range of economic operators to become involved in DML procurement and so achieve better value for money.

Consideration of Quality and Sustainability outcomes, the scope of life cycle costs and the eventual balance between cost, quality and sustainability will be undertaken in a transparent and consistent manner.

2.2 Responsible and Sustainable Procurement

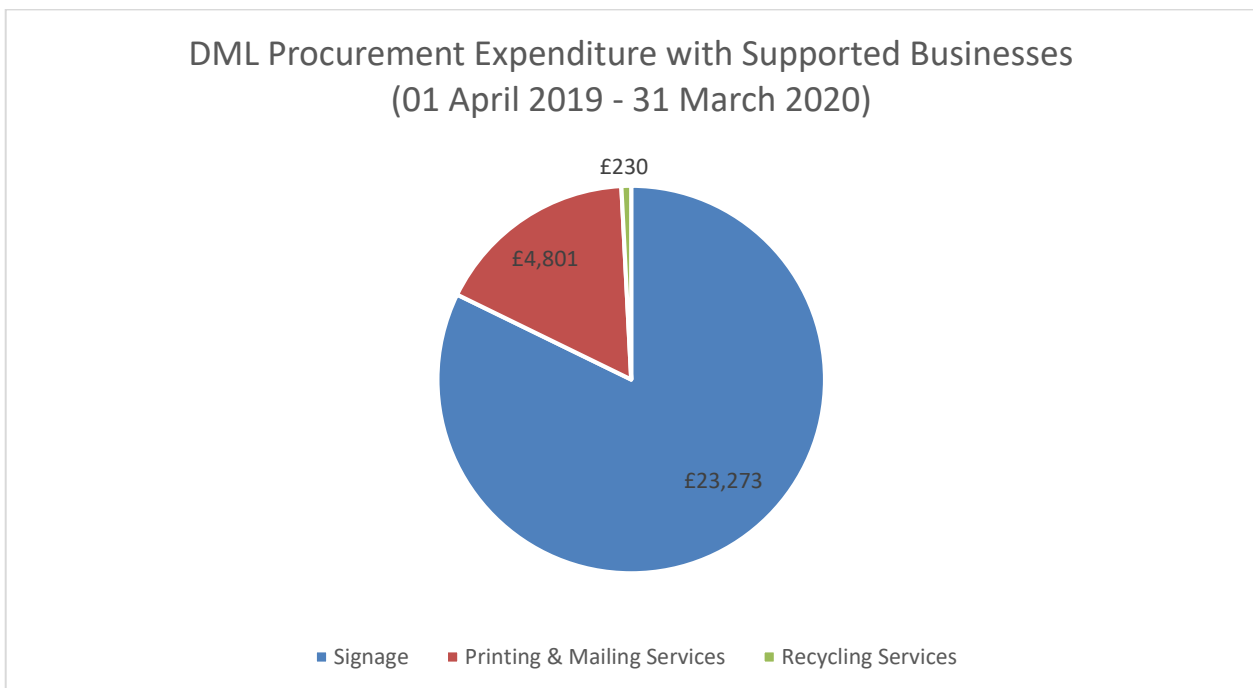
DML has a clear set of sustainable procurement outcomes to be considered in a relevant and proportionate manner and embedded within procurement practices.

DML will utilise available guidance to assist the embedding of relevant and proportionate sustainability requirements.

DML's intended sustainable outcomes are aligned with those embedded within procurement tools that support the delivery of the Sustainable procurement duty (outlined in Procurement Reform (Scotland) Act 2014), and this enables DML to apply a systematic approach to identifying risk and opportunity across organisational spend:

- **Prioritisation Methodology** – this enables DML to understand the commodities it procures which represent the highest combination of spend, environmental and socio-economic risks and opportunities.
- **Sustainability Test** – this is embedded in Procurement Practices to enable consideration of relevant and proportionate sustainability requirements for regulated procurements.
- **Life Cycle Impact Mapping** – this is a tool to assist purchasers to consider with key stakeholders, the scope of potential sustainability risks and opportunities.

The total value of DML's expenditure with supported businesses over the period 2019/2020 was £28,304. A further breakdown can be seen in the chart included below.



Supported Business	Annual Spend (April 2019/March 2020)
Haven Products T/A Haven Sign Factory	£8,259
Haven Products T/A Printing & Mailing	£4,801
Haven Products T/A Haven Recycling	£230
Royal British Legion Industries T/A Scotland's Bravest Manufacturing Company	£15,014

Annex A – Regulated Procurements forecast April 2020 – March 2022

Contract Title	Current Status	Type of Contract	Anticipated Commencement Period (based on Financial Year)
Asset Management			
Design and Engineering Consultancy Framework (Naval Archt. Mechanical, Electrical & Structural Engineering, Technical Investigations)	In Progress	Services	2020 / 2021
Scheduled and Non-Scheduled Classification Surveys	In Progress	Services	2020 / 2021
Interim Defect Management System	In Progress	Services	2020 / 2021
Electrical and Electronic Supplies including Tools and PPE	In Progress	Goods	2020 / 2021
Lifting Equipment Major Vessels	In Progress	Goods	2020 / 2021
Lubricating Oil	In Progress	Goods	2020 / 2021
Wartsila Long Term Service Agreement	In Progress	Goods	2020 / 2021
Reintjes Benelux	Planned	Services	2020 / 2021
RH Marine	Planned	Services	2020 / 2021
MES, LSA, FSB, & Fire Suppression	Planned	Goods	2020 / 2021
MAK Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Volvo Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Cummins Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Holland Diesel	Planned	Goods	2020 / 2021
Voith	Planned	Goods	2020 / 2021
Twin Disk	Planned	Goods	2020 / 2021
Kumera A.S.	Planned	Goods	2020 / 2021
Catriona Battery Servicing	Planned	Goods	2020 / 2021
Ships Fuel Monitoring Systems	Planned	Goods	2020 / 2021
Supply & Delivery of Original Equipment Manufacturers (Volvo) Spare Parts	Planned	Goods	2020 / 2021
Schottel	Planned	Goods	2020 / 2021
Asset Storage and On Call Facilities	Planned	Goods	2020 / 2021
Supply & Delivery of Original Equipment Manufacturers (Cummins) Spare Parts	Planned	Goods	2020 / 2021
MAK and Caterpillar Spare Parts	Planned	Goods	2020 / 2021
Supply and Delivery of Engine Couplings	Planned	Goods	2020 / 2021
Lift Servicing	Planned	Services	2021 / 2022
Mooring Ropes	Planned	Goods	2021 / 2022

Hydraulics Services – Framework	Planned	Goods	2021 / 2022
Supply & Delivery of Original Equipment Manufacturers (Mitsubishi) Spare Parts	Planned	Goods	2021 / 2022
Lifjacket Lights	Planned	Goods	2021 / 2022
IT			
Break Fix Contract	In Progress	Services	2020 / 2021
Data Centre and Cloud Hosting	In Progress	Services	2020 / 2021
EE Data and Voice Services	In Progress	Services	2020 / 2021
Microsoft Dynamic Licenses	Planned	Services	2020 / 2021
Network Fixed Line and SIP Services	Planned	Services	2020 / 2021
Open Accounts / Open People - Maintenance and Support	Planned	Services	2020 / 2021
Network Field Support Services	Planned	Services	2020 / 2021
Support Services for Unified Communications System	Planned	Services	2020 / 2021
Citrix Support Services	Planned	Services	2020 / 2021
HPE Application Lifecycle	Planned	Services	2020 / 2021
Engine Fuel Consumption Monitoring and Management Solution and Data Hosting	Planned	Services	2020 / 2021
Symantec Bluecoat: Cloud Service Security, WSS Agent, Cloud Malware Analysis	Planned	Services	2020 / 2021
Diadem Licenses	Planned	Services	2020 / 2021
Nowcasting Weather Forecast	Planned	Services	2020 / 2021
Onboard NAPA	Planned	Services	2020 / 2021
Penetration Testing and Other Information Security Services	Planned	Services	2021 / 2022
EPOS Retail System	Planned	Services	2021 / 2022
Digital Platform and Hosting	Planned	Services	2021 / 2022
Managed Print Services	Planned	Services	2021 / 2022
Corporate Services - Projects			
Replacement Websites for CalMac and David MacBrayne consultancy	In Progress	Services	2019 / 2020
HR Software Covering: Payroll; Expenses; Attendance Management; Employee Data; HR Policies	In Progress	Services	2019 / 2020
Ar Turas Replacement Ticketing Software	In Progress	Services	2019 / 2020
Replacement Websites for CalMac and David MacBrayne	In Progress	Services	2020 / 2021
Consultancy - Development of Specification for an CMS - Company Wide	In Progress	Services	2020 / 2021
Replacement CMS - Company Wide	In Progress	Goods	2020 / 2021
LNG Supply and Temporary Bunkering Facility	In Progress	Goods	2020 / 2021

Corporate Services - Commercial			
Company Signage	In Progress	Goods	2019 / 2020
Dairy Products - Various Vessels and Routes	In Progress	Goods	2019 / 2020
Various Small Retail Suppliers for Goods Sold on CalMac Vessels	In Progress	Goods	2019 / 2020
Advertising on Vessels	In Progress	Services	2020 / 2021
Confectionary & Soft Drinks	In Progress	Goods	2020 / 2021
Alcohol & Tobacco	In Progress	Goods	2020 / 2021
Email Marketing; Dedicated IP; Web orders & Insights; Account Management Process	Planned	Services	2020 / 2021
CalMac Marketing Framework Agreement	Planned	Services	2020 / 2021
Customer Engagement Survey Ardrossan - Brodick Service	Planned	Services	2020 / 2021
PR Services	Planned	Services	2020 / 2021
CalMac Fleet Stocktaking Service (291241-S432-C1)	Planned	Services	2020 / 2021
Ticket Printing	Planned	Goods	2020 / 2021
Timetables Printing 2020-21	Planned	Goods	2020 / 2021
Go Explore Brochure	Planned	Goods	2020 / 2021
Newspapers and Magazines	Planned	Goods	2020 / 2021
Corporate Services - Finance			
Internal Audit Service	In Progress	Services	2020 / 2021
Port Office Cash Collection Service	Planned	Services	2020 / 2021
Company Fuel Cards	Planned	Services	2021 / 2022
Banking Services	Planned	Services	2021 / 2022
Legal Services	Planned	Services	2021 / 2022
Corporate Services - Human Resources			
Training - STCW Manilla Amendment Safety	In Progress	Services	2019 / 2020
Temporary Seagoing Staff - Agency Agreement	In Progress	Services	2020 / 2021
Training - Management Academy Course	In Progress	Services	2020 / 2021
Permanent & Fixed Term Recruitment - Agency Agreement	Planned	Services	2020 / 2021
Offshore Crewing Contract	Planned	Services	2020 / 2021
Child Care Vouchers	Planned	Services	2020 / 2021
Training - PCI-DSS Course	Planned	Services	2020 / 2021
Drug & Alcohol Testing	Planned	Services	2021 / 2022
Training - Leadership Course	Planned	Services	2021 / 2022
Training - Abrasive Wheel and Safe Working Practices	Planned	Services	2021 / 2022
Training - Recruitment & Selection Course	Planned	Services	2021 / 2022
Training - Dangerous Goods Course	Planned	Services	2021 / 2022
Training - Electrical & Hydraulics Course	Planned	Services	2021 / 2022
Training - IOSH Managing Safety Course	Planned	Services	2021 / 2022

Corporate Services - HSEQ			
Gourock Car Park Refurbishment	Planned	Works	2020 / 2021
Professional Investigatory Services	Planned	Services	2020 / 2021
Incident Response	Planned	Services	2020 / 2021
Water Treatment Monitoring	Planned	Services	2020 / 2021
Food Safety Audits	Planned	Services	2020 / 2021
Servicing of Fire Extinguishers for Ports and Offices	Planned	Services	2020 / 2021
The Provision of on Demand Vessel and Port Security	Planned	Services	2020 / 2021
Gourock Alarm on Fire Doors	Planned	Services	2020 / 2021
Gourock Card Entry System Gourock	Planned	Services	2020 / 2021
Document Shredding Contract	Planned	Services	2020 / 2021
Water Dispensers	Planned	Services	2020 / 2021
Gas-Oban (Nat. Contract)	Planned	Services	2021 / 2022
Franking Machines (APUC Contract)	Planned	Services	2021 / 2022
Micro-biological sample	Planned	Services	2021 / 2022
Medical Stores	Planned	Goods	2021 / 2022
Food Waste Compactors	Planned	Goods	2021 / 2022
Corporate Services - Service Delivery (Marine)			
AIS Hazman & Marine Traffic licences	Planned	Services	2020 / 2021
Supply and Delivery of Charts and Publications	Planned	Goods	2020 / 2021
Body Cams - CalMac Ferries DEMS Trial	Planned	Goods	2021 / 2022
Corporate Services - Service Delivery (Ports)			
Variable Messaging Boards (VMB)	In Progress	Goods	2019 / 2020
Van Replacement Program	In Progress	Goods	2019 / 2020
Gourock to Dunoon on call Transport Service	Planned	Services	2020 / 2021
Dunoon to Gourock on call Transport Service	Planned	Services	2020 / 2021
CalMac Ferries Gourock / Dunoon Security Guard Service	Planned	Services	2020 / 2021
Mallaig - Lochboisdale Bus Service	Planned	Services	2020 / 2021
Corporate Services - Service Delivery (Harbours)			
Diving Services framework agreement	In Progress	Services	2020 / 2021
Port Life Jackets	In Progress	Goods	2020 / 2021
Examination, Testing, Upgrades & Certification of Ships Gangways & Associated Lifting Accessories	Planned	Services	2020 / 2021
Asset Management – Resilience			
Stabiliser Control Installation	In Progress	Services	2020 / 2021
Schottel Upgrade Installation	In Progress	Services	2020 / 2021
Changing Places Toilets	In Progress	Services	2020 / 2021
Inventory of Hazardous Materials	In Progress	Services	2020 / 2021
A60 Bulkhead Insulation	In Progress	Services	2020 / 2021
Small Vessel Ramp Replacement	In Progress	Goods/Services	2020 / 2021
Replacement Mast Loch Dunvegan	In Progress	Goods	2020 / 2021
Generators & Engines Tier III	In Progress	Goods	2020 / 2021

Main Fire Pumps and GS Pumps	In Progress	Goods	2020 / 2021
Searchlights Replacement	In Progress	Goods	2020 / 2021
IOM Refrigeration Plant	In Progress	Goods	2020 / 2021
FRB and Davit Systems	In Progress	Goods	2020 / 2021
50 Man Rafts	In Progress	Goods	2020 / 2021
Carvorra Ramp Replacement	In Progress	Goods	2020 / 2021
Macerator	In Progress	Goods	2020 / 2021
Economiser Installation	Planned	Services	2021 / 2022
A60 External Cladding	Planned	Services	2021 / 2022
Raft Replacement	Planned	Goods	2021 / 2022
Nav Light LED Replacement	Planned	Goods	2021 / 2022