

Annual Procurement Report 2021/22

About us

Highlands and Islands Airports Limited (HIAL) is a private limited company wholly owned by the Scottish Ministers and is responsible for the management and operation of 11 airports.

HIAL was incorporated in Edinburgh on 4 March 1986 as a private limited company. On 1 April 1995, ownership of the company transferred from the UK Civil Aviation Authority to the Secretary of State for Scotland and subsequently to the Scottish Ministers. HIAL receives subsidies from the Scottish Government in accordance with section 34 of the Civil Aviation Act 1982 and is sponsored by Transport Scotland – Aviation, Maritime, Freight and Canals Directorate.

Our airports are located at: Barra, Benbecula, Campbeltown, Dundee, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick, and pre-Covid handled over 1.78m passengers a year. The company employs over 700 people.

Working with our partners and stakeholders, we are committed to supporting the essential socio-economic role of aviation in Scotland by maintaining and developing our airports and the vital lifeline services and connections they enable for some of our country's more remote communities.



Safety underpins every aspect of our operations. We have a robust safety and security programme that achieves regulatory compliance throughout our organisation. We continuously review our systems and procedures to ensure that our organisation and every one of our airports has the very highest standards of safety performance and resilience.

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Executive Summary

The Procurement Reform (Scotland) Act 2014 (the Act) forms part of public procurement regulation that governs how Scottish public bodies buy goods, works, and services, and aims to maximise the economic benefit brought to Scotland from effective and efficient procurement activity.

The Act requires all Scottish public bodies with an annual procurement spend of over £5m to prepare and implement a procurement strategy. It also requires the publication of an annual procurement report to inform stakeholders on procurement performance and achievements in delivering their procurement strategy.

The updated HIAL Procurement Strategy 2021-26 has been approved by the HIAL Board. The 2021-2026 Strategy builds on progress made to date and provides a targeted transformational approach to supporting our mission to create social benefit and economic prosperity by building Scotland's sustainable regional airport group of the future; reinforced by our vision to become a net-zero carbon regional airport group. Procurement is a key facilitator to HIAL achieving its corporate strategic priorities.

For the majority of 2021, Covid-19 restrictions continued to impact globally in reduced end-user demand, businesses temporarily closed and staff temporarily on furlough or made redundant – all of which impacted on our supply chain tiers, from raw materials and manufacturing to suppliers and retail. The aviation sector was particularly affected due to the worldwide restriction on travel, which effectively grounded aircraft and partially closed airports. Private sector aviation capital projects were postponed or cancelled, and ongoing aviation related services and supplies were cut back.

Whilst the lifting of restrictions in the later part of 2021 was universally welcomed, the impact on suppliers and contractors to upscale rapidly to respond to the recovery high demand resulted in a “perfect storm” of scarce labour and goods resources combined with unprecedented demand. The impact on HIAL was unforeseen increase on costs and significantly increased lead times for delivery. In particular the scarcity of microchips and other key components affected our programmed procurement of vehicles and electronic equipment.

The HIAL Procurement function continues to become more embedded within the corporate and operational processes across all airport sites, particularly with budgetary pressures making it ever important to source the best solutions at the best price. Supply competition is viewed positively by our managers, whilst being assured that local supply chains are maintained where possible.

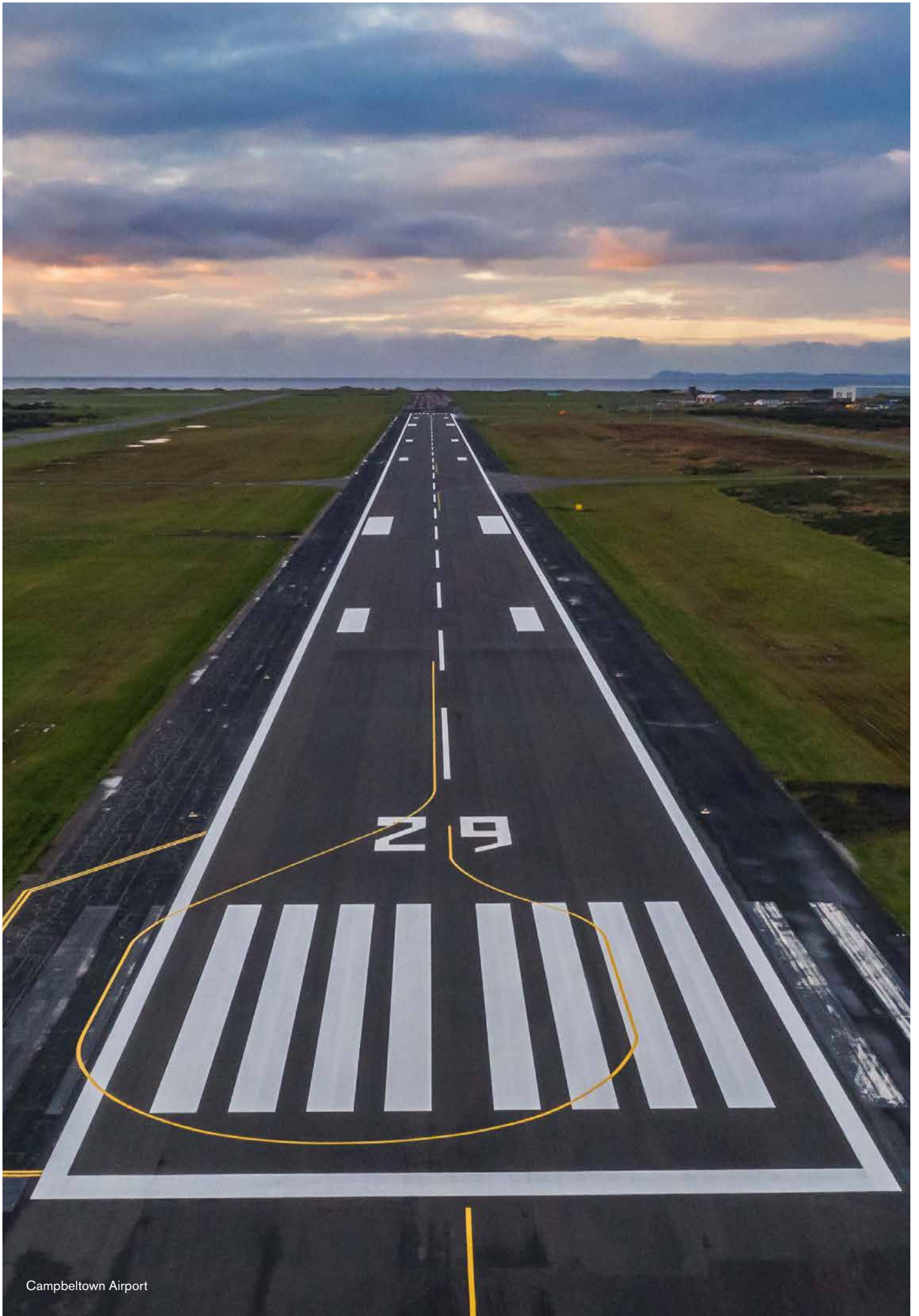
The 2021/22 HIAL Annual Procurement Report is endorsed by the HIAL Board and senior management team as a summary of procurement activities and performance against our Procurement Strategy and supports continued improvements in this area.

Our mission:

HIAL's mission is to create social benefit and economic prosperity by building Scotland's sustainable regional airport group of the future. This is reinforced by our vision to become a 'net-zero carbon regional airport group'.

Our core activities include:

- Providing airports which meet regulatory standards and support essential transport connectivity
- Maintaining and developing airport infrastructure and services
- Working with airlines and others to maintain and develop scheduled, charter and freight air services
- Developing our commercial revenue to build business resilience.



Campbeltown Airport

Section 1 – Summary of Regulated Procurements Completed

‘Regulated Procurements’ are purchasing activities that must be undertaken in a manner compliant with Scottish procurement legislation. They include the award of a new contract or framework agreement, or the award of a call-off contract from an existing framework agreement.

Overview of Regulated Procurement as Applicable to HIAL

HIAL is subject to several procurement regulations, depending on the purpose and value of the procured item:

- The Utilities (Scotland) Regulations 2016
- The Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014
- The Procurement (Scotland) Regulations 2016
- The Concession Contracts (Scotland) Regulations 2016.

The Utilities (Scotland) Regulations 2016 (the Utilities Regs) apply to “activities relating to the exploitation of a geographical area for the purpose of the provision of airports”. Items or activities procured by HIAL above the Utilities Regs threshold values¹ for the purpose of operating our airports are regulated by this legislation.

Should HIAL wish to procure items or activities not related to operating an airport (for example building a hotel), **The Public Contracts (Scotland) Regulations 2015** (the Public Contracts Regs) would apply where the value is above Public Contracts Regs thresholds.²

The Procurement Reform (Scotland) Act 2014 (the Act) introduced a range of measures to provide a legislative framework for sustainable public procurement across the Scottish public sector that supports Scotland’s economic growth through improved procurement practice, including:

- Mandatory publication of procurement strategies and annual procurement reports
- Sustainable procurement duty
- Community benefits
- Fair work practices, including Living Wage
- Selection of tenderers and award of contracts below EU thresholds.

The Act applies to “regulated procurements” which are defined as public contracts with a value between certain thresholds³ that are not an excluded contract. Under the Act, an excluded contract is “of a kind to which Public Contracts Regulations do not apply”. Therefore, the regulated procurements covered by the Act and applicable to HIAL are only those contracts which are not related to operating an airport.

The Procurement (Scotland) Regulations 2016 (the Procurement Regs) exercise the power conferred by relevant elements of the Act.

The Concession Contracts (Scotland) Regulations 2016 (the Concession Regs) apply to works and services concession contracts over a threshold value⁴, where exemptions do not apply. A service or works concession contract is a contract for pecuniary interest in which HIAL entrusts the provision and management of services, or execution of works, to one or more economic operators, the consideration of which consists either solely in the right to exploit the services that are the subject of the contract or in that right together with payment, for example a retail concession in an airport terminal building or the construction of a commercial car park.

The current public procurement regulations are derived from European Procurement Directives. Following the transition of the UK from European Union, the UK has become a member of the World Trade Organisation’s (WTO) Government Procurement Agreement (GPA) as a party, which will require technical changes to Scottish public procurement regulations, currently being debated in Scottish Government.

The current HIAL Procurement Policy states that all contracts with a whole life value above £50k are tendered and contracts below £50k are awarded following three quotations. These process thresholds provide the business with sufficient controls, best value, and transparency.

This Procurement Annual Report 2021-22 covers all regulated procurements as the regulations apply to HIAL.

¹ Thresholds for regulated procurements under the Utilities Regs:

Contract Type	Pre-January 2022 Thresholds	Post 1 January 2022 Thresholds
Works	£4,733,252	£5,336,937 (£4,447,447 excl VAT)
Services and Supplies	£378,660	£426,955 (£355,795 excl VAT)

² Thresholds for regulated procurements under the Contracts Regs:

Contract Type	Pre-January 2022 Thresholds	Post 1 January 2022 Thresholds
Works	£4,733,252	£5,336,937 (£4,447,447 excl VAT)
Services and Supplies	£189,330	£213,477 (£177,897 excl VAT)

³ Threshold for regulated procurements (1 Jan 2020 – 1 Jan 2023) under the Act:

Contract Type	Thresholds
Works	above £2,000,000 and below EU thresholds.
Services and Supplies	above £50,000 and below EU thresholds

⁴ Threshold for regulated procurements (1 Jan 2020 – 1 Jan 2022) under the Concession Regs:

Contract Type	Thresholds
Works and Services	above £4,733,252

Section 1 – Summary of Regulated Procurements Completed

Table 1 – Summary of Regulated Procurements Completed in 2021/22

Procurement Route	Number of Contracts	Total Value	Number Awarded to SME	Number with UK Base
Framework Call-Off	2	£2,158,735	1	2
Tender	9	£16,948,262	4	9
Negotiated Without Call for Competition	1	£1,282,142	1	0
	12	£20,389,139	6	11

Table 2 – Detail of Regulated Procurements Completed in 2021/22

Contract	Airport	Contract Award Value	Supplier	Procurement Route
Twin Otter Lease Management Support	Corporate	£143,701	Energy Aviation Services	Tender
Security Body Scanners	Inverness, Sumburgh	£268,792	Smiths Detection-Watford Ltd	Tender
Supply and Maintenance of Column Vehicle Lifts	Benbecula, Campbeltown, Dundee, Islay, Tiree, Kirkwall, Stornoway, Sumburgh, Wick	£361,995	Steril UK Ltd	Tender
Instrumented Runway Visual Range (IVRVR) Capability	Inverness, Kirkwall, Stornoway, Sumburgh, Dundee	£369,947	Systems Interface Ltd	Tender
Storage Tanks for Runway De-Icer Liquid	Campbeltown, Islay, Tiree Stornoway, Sumburgh	£505,968	Chem Resist Group Ltd	Tender
Airfield Wildlife and Habitat Management Services	All Airports	£713,168	Baines Simmons WHM (t/a Safeskys Limited)	Tender
Tractors & Trailer Equipment	Benbecula, Dundee, Inverness Barra, Islay, Kirkwall, Sumburgh	£831,055	Lister Wilder Ltd	Framework
Instrumental Landing System (ILS) Component Replacement	Sumburgh, Kirkwall, Stornoway, Dundee	£1,282,142	Indra Navia	NPWCC*
Runway Sweeper Brush Blowers	Stornoway, Kirkwall, Inverness, Sumburgh	£1,327,680	Motus Group (UK) Ltd t/a S&B Commercials	Framework
Runway 11-29 Refurbishment	Campbeltown	£3,767,003	Lagan Aviation and Infrastructure Ltd	Tender
Coastal Protection Works	Stornoway	£4,108,992	Breedon Hebrides	Tender
Windfarm Mitigation Solution for Air Traffic Services	Inverness	£6,708,696	NATS (Services) Ltd	Tender
		£20,389,139		

* Negotiated Procedure Without Call for Competition

Note: There are four contracts included as a Regulated Procurement shown in Table 2 that appear to be below the applicable thresholds. The pre-tender cost estimate for all four procurements were calculated as above threshold and were therefore run as Regulated Procurements. However, the subsequent contract award values were less than anticipated.

Section 2 – Review of Regulated Procurements Compliance

The Act requires the Annual Report to summarise whether regulated procurements complied with the contracting authority’s Procurement Strategy objectives during the reporting period, and where procurements do not comply, how HIAL intends to improve compliance.

In June 2021 the HIAL Board approved the Procurement Strategy for 2021-26 which, aligned with HIAL’s overall Corporate Strategy, will be a key enabler of the company’s strategic objectives. The six core pillars of the procurement strategy are:

1. Support the delivery of ‘Net-Zero’ targets through sustainable procurement
2. Support service delivery through strategic commissioning
3. Support local and national economic recovery through sustainable procurement
4. Support added value and cost savings through “better buying” procurement
5. Increase the efficiency of procurement processes through digitalisation
6. Reduce supply chain risk through strengthening key supplier relationships

A summary is shown for each core pillar on the following pages and have been marked accordingly.

How HIAL complied

How HIAL will improve compliance



Jet Sweeper, Inverness Airport

Section 2 – Review of Regulated Procurements Compliance

2.1 Support the delivery of ‘Net-Zero’ targets through sustainable procurement

Eighty per cent of Scotland's carbon footprint is associated with materials produced or consumed. The Climate Change Act commits Scotland to reduce emissions by 75% by 2030 and achieve a target of net-zero carbon emissions by 2045. Procurement is the key tool to achieve sustainability targets. HIAL is committed to minimising its environmental impact; leading the transition in aviation services to a net-zero aviation region and for all 11 HIAL airports to be carbon-neutral.

- The Procurement function was engaged early in all 12 Regulated Procurements;
- Sustainability outcomes and Circular Economy approaches were considered in all Regulated Procurements, with the following benefits achieved:
 - Recyclable packaging was used in six Regulated Procurements
 - The Tractors, Trailers and Runway Snow Clearing vehicles all have lower carbon emissions
 - The Column Vehicle Lifts consume less energy than the existing equipment
 - The Airfield Wildlife Management Service is replacing all diesel airfield vehicles with electric powered vehicles
 - Four suppliers used local sub-contractors or suppliers to reduce travel-related carbon emissions
 - The Runway Rehabilitation at Campbeltown Airport:
 - Reused the runway excavated materials among local farmers and landowners in Campbeltown and surrounding areas
 - Ensured 90% waste was diverted from landfill
 - Utilised solar powered construction lighting on site
 - Utilised biodegradable oils in plant to reduce risks associated with spillages
 - The Stornoway Airport Coastal Protection Works
 - Utilised the contractor-owned local quarry on the island to provide all aggregate, reducing shipping carbon
 - Applied a circular economy approach to waste at the quarry to make new aggregate or use in landscaping
 - Utilised a local workforce and a site minibus, reducing travel-related carbon emissions
 - Utilised biofuel in site plant to reduce carbon emissions and use of fossil fuels
 - Zero waste to landfill
 - Net zero carbon emissions – residual carbon of 605 tCO₂e offset by providing £8.5k to a certified carbon offsetting investment in Scotland
- We were not able to calculate carbon usage and off-set in design as these tools and processes are still in development.





Vehicle Lift

Section 2 – Review of Regulated Procurements Compliance

2.2 Support service delivery through strategic commissioning

Many private companies and public sector organisations already appreciate the additional value that procurement can bring and are shifting the role of procurement away from traditional reactive purchasing to a more strategic approach. The fallout from Covid-19 powered this transition further and we are today facing more urgent and tougher challenges than ever before. Procurement can deepen internal collaborative relationships, serving as the “glue” within our distinct and sometimes fragmented corporate and operational departments; providing insight into technical and commercial areas, cross-functional understanding of operations, and access to the supply market.

Strategic commissioning standardises requirements across all airports to raise quality standards, achieve economies of scale, form/strengthen key supplier relationships and reduce supply chain complexity and risk.

- ✓ The Procurement Team were involved in all Regulated Procurements.
- ✓ All Regulated Procurements were undertaken in accordance with a standard process aligned to the Scottish Government's Procurement Journey, which ensures that each procurement is compliant with legislative requirements.
- ✓ There were no formal legal challenges to our Regulated Procurements.
- ✓ Nine Regulated Procurements were conducted under the Open Procedure, with contracts awarded based on the Most Economically Advantageous Tender (MEAT), balancing price, quality, and sustainability.
- ✓ Two Regulated Procurements were call-offs from public body Framework Agreements, taking advantage of greater buying power, more competitive prices, resource savings and robust contracts.
- ✓ Eight Regulated Procurements were planned on the basis of aggregated demand across the business, providing economies of scale, standardised quality and maintenance regimes, and more robust procurement programmes and resource planning.

Section 2 – Review of Regulated Procurements Compliance

2.3 Support local and national economic recovery through sustainable procurement

We are reliant on our supply chain to deliver goods, works and services for our airports to continue to be operational and provide our customers with the service they have grown to expect. These suppliers are a mix of Small and Medium Enterprises (SME's) based in local communities, Scottish SME's, and larger Scottish and UK based organisations. We also have a number of non-UK key suppliers who serve the wider aviation sector.

The global Covid-19 pandemic has affected all businesses to some degree. To protect our operation, our communities, our supply chain, and support a wider public sector agenda of economic recovery, we focused on sustainable procurement practices as a lever.

- ✔ We considered added social value and community benefits with all Regulated Procurements.
- ✔ We considered market-friendly, proportionate procurement processes that were sensitive to businesses' capacity to tender and deliver to deadlines.
 - We issued three Requests for Information prior to tendering to gauge supply market capacity and capability to participate in the context of Covid recovery, and also to understand preferences for contract and payment terms.
- ✔ We encouraged local SME participation where relevant and promoted the use of local contractors, service providers and suppliers as sub-contracting opportunities for larger contracts.
 - Six Regulated Procurement contracts were awarded to SME's
 - 11 suppliers had a UK base
 - Four suppliers used local sub-contractors and suppliers, supporting local and national employment.
- ✔ Two contracts were for a longer term to provide continuity of supply and assurance to suppliers of longer term orders.
- ✔ Local HIAL staff liaised with local community groups and airport stakeholder groups to better understand community needs and potential targeted Community Benefits for inclusion in two Regulated Procurements (see Section 3)
- ✔ We considered Prompt Payment support mechanisms in all Regulated Procurements
 - One contract successfully utilised a Project Bank Account to ensure that certain sub-contractors were paid at the same time as the main contractor
 - 79% of Regulated Procurement invoices were paid within 30 days.

Section 2 – Review of Regulated Procurements Compliance

2.4 Support added value and cost savings through “better buying” procurement

Procurement facilitates greater competition and innovation, with a wider range of suppliers, which will in turn provides us with greater value for money. Procurement can assist with our market competitiveness by reducing costs, adding benefits, forming/strengthening key supplier relationships and increasing our ability for inward investment. By supporting data-based decision making on a needs-led basis, Procurement can provide the link between operational success and cost management.

- ✓ We implemented a Category Management approach to eight Regulated Procurements, aggregating demand across all airports, consolidating our supply base to reduce supplier complexity and risk.
- ✓ We competitively tendered for nine Regulated Procurements, achieving cost savings where possible and enabling a more efficient purchasing process.
- ✓ Global supply issues resulted in increased prices for raw materials, construction materials, labour and logistics which affected five Regulated Procurements. Steps have been taken to allow greater price risk allocation to pre-tender cost estimates to adequately plan and budget.
- ✓ Detailed expenditure reports are not yet available from our new Finance system but the team is working to get this data available to allow data-driven decisions and planning.

2.5 Increase the efficiency of procurement processes through digitalisation

Digital transformation is an intrinsic part of our corporate strategy to achieve key goals and the pace of transformation has accelerated following the impact of Covid-19 pandemic. We recognise the value of data-driven decision making and the positive impact that digitalisation and technology can have on our ability to respond more efficiently to meet operational demands.

As the threat from cyber criminals grows, we must do all we can to ensure our digital services are as secure as possible and can recover quickly when cyber-attacks succeed. Our supply chain has the potential to be susceptible to cyber risks, and in turn affect our critical systems. The Scottish Government have developed a proportionate, risk-based supply chain cyber security policy and tools to provide a consistent approach to improving cyber security within public sector supply chains.

Procurement processes are by nature relatively complex, particularly in balancing procurement legislation compliance with business needs. To support our staff to ‘buy better’ we should have the right tools to ensure a standardised approach that reduces complexity and therefore risk.

- ✓ All Regulated Procurement process were managed electronically through the use of an internal document sharing platforms in tender preparation; Public Contracts Scotland portal to advertise, manage and receive electronic tender submissions; e-contracts with electronic signatures; electronic purchase orders; automatic invoice matching and BACS payment.
- ✓ Three Regulated Procurements included the Scottish Government’s Cyber Security Procurement Support Tool to assess and mitigate potential cyber security risk from our supply chains.

Section 2 – Review of Regulated Procurements Compliance

2.6 Reduce supply chain risk through strengthening key supplier relationships

Deepening relationships with key suppliers provides a two-way conduit to reduce risk for both parties – the key to resilience for HIAL and suppliers is visibility and collaboration. Visibility of our suppliers is critical for managing risk and knowing our supply markets; and our visibility to suppliers allows for better forecasting of future demand.

- ✓ We implemented a Category Management approach to procurement, starting the process of grouping our business-wide purchasing into categories of commodities so that we can begin to distil the spread of suppliers to only those that are contracted. This will enable more robust contract and supplier management going forward. Resilience in our key supply chain continues to be an essential consideration and single points of failure avoided as far as possible.
- ✓ We continue to collaborate with other public sector bodies and utilise Frameworks where relevant when procuring common goods/services to reduce our procurement resource pressure whilst combating supply chain risk.
 - Two Regulated Procurements for airfield vehicles totalling £2.16m were placed under Framework Agreements, supported by wider due diligence and supplier management.
- ✓ Formal Contract and Supply Relationship Management processes are yet to be developed and implemented to key suppliers and contracts.

Section 3 – Community Benefit Summary

The Act requires the Annual Procurement Report to provide a summary of any Community Benefit requirements imposed as part of a regulated procurement that were fulfilled during the reporting year.

Under the Act, HIAL has a requirement to consider Community Benefits for contracts over £4m. Community Benefits are contractual requirements relating to training and recruitment or sub-contracting opportunities, or which will improve the social, economic, or environmental wellbeing of the communities we serve, and include:

- Generate employment and training opportunities for priority groups
- Vocational training for existing employees, new entrants, or sub-contracted staff
- Apprenticeships and job opportunities targeted at young people
- Up-skill existing workforce
- Equality and diversity initiatives
- Make sub-contracting opportunities available to SMEs, the third sector and supported businesses
- Supply-chain development activity
- Build capacity in community organisations
- Educational support initiatives
- Work with schools, colleges, and universities to offer work experience or site visits
- Minimise negative environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected areas, buildings, or sites.

✓ Six Regulated Procurement contracts (50%) were awarded to SME's.

✓ Three Regulated Procurement contracts included Community Benefits – all confirmed a commitment to Fair Work First criteria, no inappropriate use of zero hours contracts, and payment of at least the Real Living Wage.

Community Benefits delivered included:

✓ Campbeltown Airport Runway Refurbishment

- Investor in People – Gold Standard
- 100% of employees on this contract received two Health & Safety “toolbox talks” per week
- One placement apprentice employed on the contract
- Two local persons were employed for site security via Campbeltown Job Centre
- The Project Manager gave a presentation to engineering students at Argyll College
- A site visit was arranged for students from Argyll College
- The contractor was involved with a careers event organised by Campbeltown Grammar School
- The local quarry provided all aggregate, supporting local employment
- The contractor engaged with two local charities, Youth Hub and the local food bank, and supported these charities through the StaySafe card fund
- The contractor held a charity quiz night during the project and raised £117 for the RNLI.



Section 3 – Community Benefit Summary

✓ Stornoway Airport Coastal Protection Works

- The Contractor employs 50 staff locally within the Lewis and Harris areas
- Two local SME's used for topographical surveys and haulage on this contract, 45 local SME's are used in Western Isles by the organisation
- Three apprentices local to the Stornoway area were used on this contract, 80 apprentices across the organisation
- The contractor supports local schools through the Career Ready Scotland mentorship scheme.

✓ Inverness Airport Windfarm Mitigation

- The technical solution has lower power requirements than traditional radar solutions, reducing the operational carbon footprint
- Local SME civil and electrical contractors were used on this contract
- The equipment was shipped in recyclable packaging
- The supplier has a gender pay gap action plan
- The supplier provides employee support forums – SkyPride, Women's Network, Young Professional Network
- The supplier provides Early Careers Programme supporting 90 undergraduates, graduates and apprentices
- 44.5% of the supplier's sub-contractors and suppliers are SME's.

Section 4 – Supported Business Summary

The Act requires the Annual Procurement Report to provide a summary of any steps taken to facilitate the involvement of Supported Businesses in regulated procurements during the reporting period.

Supported Businesses are those suppliers whose main aim is the social and professional integration of disabled or disadvantaged persons where at least 30% of the employees are disabled or disadvantaged. This provides employment, training, and social support to those who may otherwise be excluded from the workplace. Utilising the services of a Supported Business is an element of our Sustainable Procurement Duty.

Due to the nature of HIAL's business, there are very few Supported Business opportunities relevant to HIAL requirements and HIAL procured no such contracts in this reporting period.



Section 5 – Future Regulated Procurements Summary

The Act requires this report to provide a summary of the regulated procurements HIAL expects to commence in the next two financial years.

HIAL continues its programme of capital investment projects across all its airports to ensure essential connectivity is sustained, passenger experience is enhanced, and critical equipment remains operable.

Table 3 – Future Regulated Procurement Summary 2022/23 – 2023/24

Project Name	Airport	Estimated Contract Value (£'000)	Estimated Date Published	Estimated Award Date	Estimated Start Date
Fire Kit PPE Supply, Laundry & Repair	All	£747	Q3 2022	Q4 2022	Q4 2022
Airfield Pavement, AGL & Drainage Refurbishment	Inverness	£4,300	Q3 2022	Q4 2022	Q4 2022
BT21CN – Connectivity	All	tbc	Q3 2022	Q4 2022	Q4 2022
Air Traffic Control Training	All	tbc	Q4 2022	Q4 2022	Q1 2023
Facilities Management Services	All	£36,000	Q4 2022	Q4 2022	Q3 2023
Support Service for Passengers with Reduced Mobility	Inverness	£2,000	Q4 2022	Q4 2022	Q2 2023
ICT Network & Cabling Provision	All	£400	Q4 2022	Q1 2023	Q1 2023
Primary Radar Replacement	Sumburgh	tbc	Q1 2023	Q1 2023	Q2 2023
Runway Pavement and Drainage Refurbishment	Islay	£6,089	Q1 2023	Q2 2023	Q2 2023
Runway Pavement Refurbishment	Sumburgh	£7,393	Q1 2023	Q2 2023	Q2 2023
Air Traffic Engineering Services Provision	All	tbc	Q1 2023	Q2 2023	Q1 2024
Infrastructure Survey Services Framework	All	tbc	Q1 2023	Q2 2023	Q2 2023
Infrastructure Construction Works Framework	All	tbc	Q2 2023	Q3 2023	Q3 2023
Catering Concession	Inverness	tbc	Q2 2023	Q2 2023	Q3 2023
Infrastructure Professional Services Framework	All	tbc	Q2 2023	Q3 2023	Q3 2023
Runway Pavements, AGI & Drainage Refurbishment	Kirkwall	tbc	Q4 2023	Q1 2024	Q1 2024

Section 6 – Other Considerations

HIAL and the Scottish Government have clear objectives for sustainable economic growth both within the organisation and for the broader local communities.

In the 2021/22 period our procurement-related spend was over £51.6m; £16.4m revenue expenditure and £35.2m on capital projects. The majority of HIAL's procurement spend is on operational service provision and maintaining our airfields and public area infrastructure.

Non-Regulated Contracts Awarded 2021/22:

Procurement Route	Number of Contracts	Total Value
Framework Call-Off	47	£4,981,172
Tender	3	£525,128
Negotiated without a Call for Competition	1	£123,290
Direct Award	12	£1,068,585
Quotation	17	£930,999
	80	£7,629,174

All Contracts Awarded by Value 2021/22:

Contract Value	Number of Contracts	Total Value
Above Regulated Threshold	12	£20,619,638
Above £50k - Below Threshold	38	£6,789,396
Above £10k - Below £50k	29	£775,111
Below £10k	13	£64,667
	92	£28,248,812

Summary of All Procurement Activities 2021/22:

Route to Contract Award	Number of Contracts	Total Value
Framework Call-Off	49	£7,139,907
Open Tender	11	£17,329,689
Restricted Tender	0	£0
Negotiated Without Call for Competition	1	£1,282,142
Existing Contract Modification	0	£0
Direct Award	14	£1,566,075
Quotation	17	£930,999
	92	£28,248,812

Section 6 – Other Considerations

Within the HIAL Procurement forward planner for 2022/23 and 2023/24 are procurements for HIAL framework agreements and contracts for the provision of construction works and facilities management services at all 11 airport sites. This provides an opportunity to consider more closely the potential impact on local communities that such contracts could bring.

The unprecedented global, national, local, and individual impact of the Covid-19 pandemic, Ukraine crisis, and climate change emergency necessitates an ongoing review of what and how we procure to influence commercially competitive decisions and support economic recovery.

Achievement of HIAL corporate aims for increased growth and improved connectivity for its regional airports will rely on the performance, quality, and resilience of its supply chain. The Procurement function will have a key part to play in optimising efficiencies and securing quality services to meet customer expectations.

Sarah Shelley
Procurement Manager

Highlands and Islands Airports Limited
Head Office, Inverness Airport, Inverness IV2 7JB

Tel: (01667) 464207
Email: sshelley@hial.co.uk
www.hial.co.uk



Tiree Airport

