

Annual Procurement Report 2022/23

About Us

Highlands and Islands Airports Limited (HIAL) is a private limited company* wholly owned by the Scottish Ministers and responsible for the management and operation of 11 regional airports located at Barra, Benbecula, Campbeltown, Dundee, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick.

Working with our stakeholders, we are committed to supporting the essential socio-economic role of aviation in Scotland by maintaining and developing our airports and the connections they provide 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 standard of safety performance and resilience.



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* HIAL was incorporated in Edinburgh on 4 March 1986 as a private limited company. On April 1995, the 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.

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 HIAL Procurement Strategy 2021-26, approved by the HIAL Board, builds on progress made to date and provides a targeted transformational approach to supporting our mission to enable air connectivity and support lifeline services for the communities we serve through a network of safe and sustainable airports. This is reinforced by our ambition to become a net zero regional airport group.

Procurement is a key facilitator to HIAL achieving its corporate strategic priorities.

The past year has been one of recalibration and steady progress for HIAL as we continue to move away from post-pandemic recovery and towards a focus on bolstering our services for the communities we serve. However, global issues continue to impact 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, resulting in reduced supply chain availability.

The lifting of restrictions in the later part of 2021 was universally welcomed, however 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.

Our mission:

HIAL's mission is to enable air connectivity and support lifeline services for the communities we serve through a network of safe and sustainable airports. This is reinforced by our ambition to become a net zero regional airport group.

Further information can be found at www.hial.co.uk

The impact on HIAL was unforeseen increase on costs and significantly increased lead times for delivery, which continued through most of 2022/23, providing a challenging environment for procurement.

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 2022/23 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 core activities include:

- Operating 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 streams to build business resilience.



Barra 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, **The Public Contracts (Scotland) Regulations 2015** (the Public Contracts Regs) would apply where the value is above Public Contracts Regs thresholds².

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 **HIAL Procurement Policy** covering the period of this report states that all contracts with a whole life value above £50k are tendered and contracts below £50k are awarded following quotations. These process thresholds provide the business with sufficient controls, best value, and transparency.

This Procurement Annual Report 2022-23 covers all regulated procurements as the regulations apply to HIAL.

¹ Thresholds for regulated procurements under the Utilities Regs:

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

² Thresholds for regulated procurements under the Contracts Regs:

| Contract Type | Post 1 January 2022 Thresholds |
|-----------------------|----------------------------------|
| Works | £5,336,937 (£4,447,447 excl VAT) |
| Services and Supplies | £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 2023) 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 2022/23

| Procurement Route | Number of Contracts | Total Value | Number Awarded to SME | Number with UK Base |
|---|---------------------|--------------------|-----------------------|---------------------|
| Framework Call-Off | 3 | £2,134,018 | 1 | 3 |
| Open Tender | 5 | £7,269,257 | 0 | 5 |
| Negotiated Without Call for Competition | 1 | £464,335 | 1 | 0 |
| Compliant Contract Modification | 13 | £3,566,337 | 3 | 11 |
| | 22 | £13,433,947 | 5 | 19 |

Table 2 – Detail of Regulated Procurements Completed in 2022/23

| Contract | Airport | Contract Award Value | Supplier | Procurement Route |
|--|--|----------------------|---------------------------------|-----------------------|
| Supply Body Scanners | Benbecula, Dundee, Islay, Kirkwall, Stornoway, Wick | £832,317 | Rohde & Schwarz UK Ltd | Open Tender |
| Supply Liquid Explosion Detection Systems | Benbecula, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Wick | £452,904 | Agilent Technologies LDA UK Ltd | Open Tender |
| Runway Pavements Rehabilitation and Airfield Ground Lighting (AGL) Works | Islay | £4,887,881 | Breedon Trading Ltd | Open Tender |
| Supply of APAPI System and Solar AGL System | Tiree | £464,335 | S4GA | NWPCC |
| Supply Passenger Processing Equipment | Inverness, Sumburgh | £263,672 | Record UK Ltd | Open Tender |
| ILS Duct Repairs | Kirkwall | £15,180 | Indra Navia AS | Contract Modification |
| Supply Ground Power Units | Benbecula, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Wick | £832,483 | Aero Specialities Inc | Open Tender |
| Supply Workwear and PPE | All | £64,583 | Hunter Apparel Solutions | Contract Modification |
| Sumburgh Airport Approach Radar Service – Extension | Sumburgh | £521,479 | NATS (Services) Ltd | Contract Modification |
| Sumburgh Approach Radar Service – Extension | Sumburgh | £1,535,788 | NATS (Services) Ltd | Contract Modification |
| Term Maintenance Services – Increased Scope | Corporate | £13,555 | NATS (Services) Ltd | Contract Modification |
| Term Maintenance Services – Extension | All | £904,509 | NATS (Services) Ltd | Contract Modification |
| HR & Payroll System – Additional Consultancy | Corporate | £4,500 | MHR International Ltd | Contract Modification |
| HR & Payroll System – Recruitment Module and Support | Corporate | £31,500 | MHR International Ltd | Contract Modification |
| Supply Fuel and Related Equipment | Dundee | £64,126 | World Fuel Services Ltd | Contract Modification |
| Supply Out of Gauge Hold Baggage X-Ray Machine | Inverness | £67,230 | Smiths Detection-Watford Ltd | Contract Modification |
| Air Traffic Service Training Service – Extension | Benbecula, Dundee, Inverness, Kirkwall, Stornoway, Sumburgh, Wick | £204,888 | Global ATS Ltd | Contract Modification |
| Support Services for Passengers of Reduced Mobility | Inverness | £139,000 | Aviation Ground Support Ltd | Contract Modification |
| Electricity Supply | Corporate | £1,379,126 | EDF Energy Ltd | Framework Call-Off |
| SATE Project – Airspace Change & Safety Cases | SATE Project | £100,510 | Helios Technology Ltd t/a Egis | Framework Call-Off |
| Liquid Fuel Supply | Corporate | £654,381 | Scottish Fuels | Framework Call-Off |
| | | £13,433,947 | | |

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.

The Procurement Strategy 2021-26, aligned with HIAL's overall Corporate Strategy, is 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



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 22 Regulated Procurements stated in Section 1 Table 2.
- ✓ Sustainability outcomes and circular economy approaches were considered in all Regulated Procurements.
- ✓ The following environmental benefits were achieved:
 - Runway Rehabilitation at Islay Airport:
 - All waste generated was segregated and reused or recycled.
 - Fuel was stored within the compound banded fuel tanks located at least 30m away from watercourse or drains and fitted with high level alarms.
 - Solar panels were fitted to workers temporary accommodation units.
 - Mobile asphalt plant systems monitored and recorded CO2 emissions.
 - Most small plant and equipment were all-electric.
 - LED lighting was used at night, carefully orientated to minimise disturbance to residents and protected species.
 - Noise limits were set for plant and equipment. The contractor worked closely with Argyll & Bute environmental health department and the local community council to manage and mitigate the effects of plant noise on local residents and businesses.
 - Recyclable packaging was used in 4 Regulated Procurements.
 - The Ground Power Units are all electric or hybrid, replacing old diesel units with significantly lower carbon emissions and noise.
 - The solar powered Airfield Ground Lighting system at Tiree replaced old and inefficient battery-operated lighting, reducing energy consumption.
 - 3 suppliers used local sub-contractors or suppliers to reduce travel-related carbon emissions.



- ✓ We were not able to calculate carbon usage and off-set in design as these tools and processes are still in development.



New runway, Islay airport.

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 stated in Section 1.
- ✓ 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.
- ✓ 5 Regulated Procurements were conducted under the Open Procedure, with contracts awarded based on the Most Economically Advantageous Tender (MEAT), balancing price, quality, and sustainability.
- ✓ 3 Regulated Procurements were call-offs from public body Framework Agreements, taking advantage of greater buying power, more competitive prices, resource savings and robust contracts.
- ✓ 5 Regulated Procurements were planned based on 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 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 several non-UK key suppliers who serve the wider aviation sector.

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 a Requests for Information prior to tendering Islay Runway Refurbishment to gauge supply market capacity and capability to participate, and 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.
 - 5 Regulated Procurement contracts were awarded to SME's.
 - 19 suppliers had a UK base.
 - 2 suppliers used local sub-contractors and suppliers, supporting local and national employment.
 - ✓ 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 2 Regulated Procurements (see Section 3).
- ✓ We considered Prompt Payment support mechanisms in all Regulated Procurements
 - 1 contract successfully utilised a Project Bank Account to ensure that certain sub-contractors were paid at the same time as the main contractor.
 - 81% of invoices were paid within 30 days, of which 28% were paid within 10 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 utilised our Category Management approach to 4 Regulated Procurements, aggregating demand across all airports, consolidating our supply base to reduce supplier complexity and risk.
- ✓ We competitively tendered for 5 Regulated Procurements, achieving cost savings where possible and enabling a more efficient purchasing process.

- ✓ Global supply issues are still affecting prices for raw materials, construction materials, labour, and logistics.

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. HIAL adopted the Scottish Government’s risk-based cyber security tool to provide a consistent approach to assessing cyber security resilience within 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 using 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.

- ✓ 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 further developed a Category Management approach to procurement, continuing to group our business-wide purchasing into categories of commodities so that we can 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.
 - 3 Regulated Procurements totalling £2.13m were placed under Framework Agreements, supported by wider due diligence and supplier management.
- ✓ We appointed a Contracts Advisor, and a Contract and Supplier Relationship Manager to support better Contract and Supplier Relationship Management across the business.
- ✓ We introduced new procedures for contract review and signature and established a digital contract repository and contract issue tool to monitor and track resolution of contract management issues.

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.

One Regulated Procurement was undertaken over the £4m threshold, with associated contractual Community Benefits shown below. HIAL also considered community benefits, as a proportionate and relevant requirement, within several procurements:

- ✓ 5 Regulated Procurement contracts were awarded to SME's.
- ✓ 1 Regulated Procurement contract included Community Benefits, confirming 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 included:
 - Islay Runway Refurbishment was awarded to a local contractor, with the following Community Benefits:
 - Local SMEs were used for shipping, road transport and truck drivers to transport plant, equipment and materials to site, cold milling/ planning and grooving, plus local services for the labourers.
 - Three apprentices, all recent school leavers, worked on this project, all living in the Hebrides & Western Isles. An apprentice administrator also worked on this project.



Section 4 – Supported Business Summary

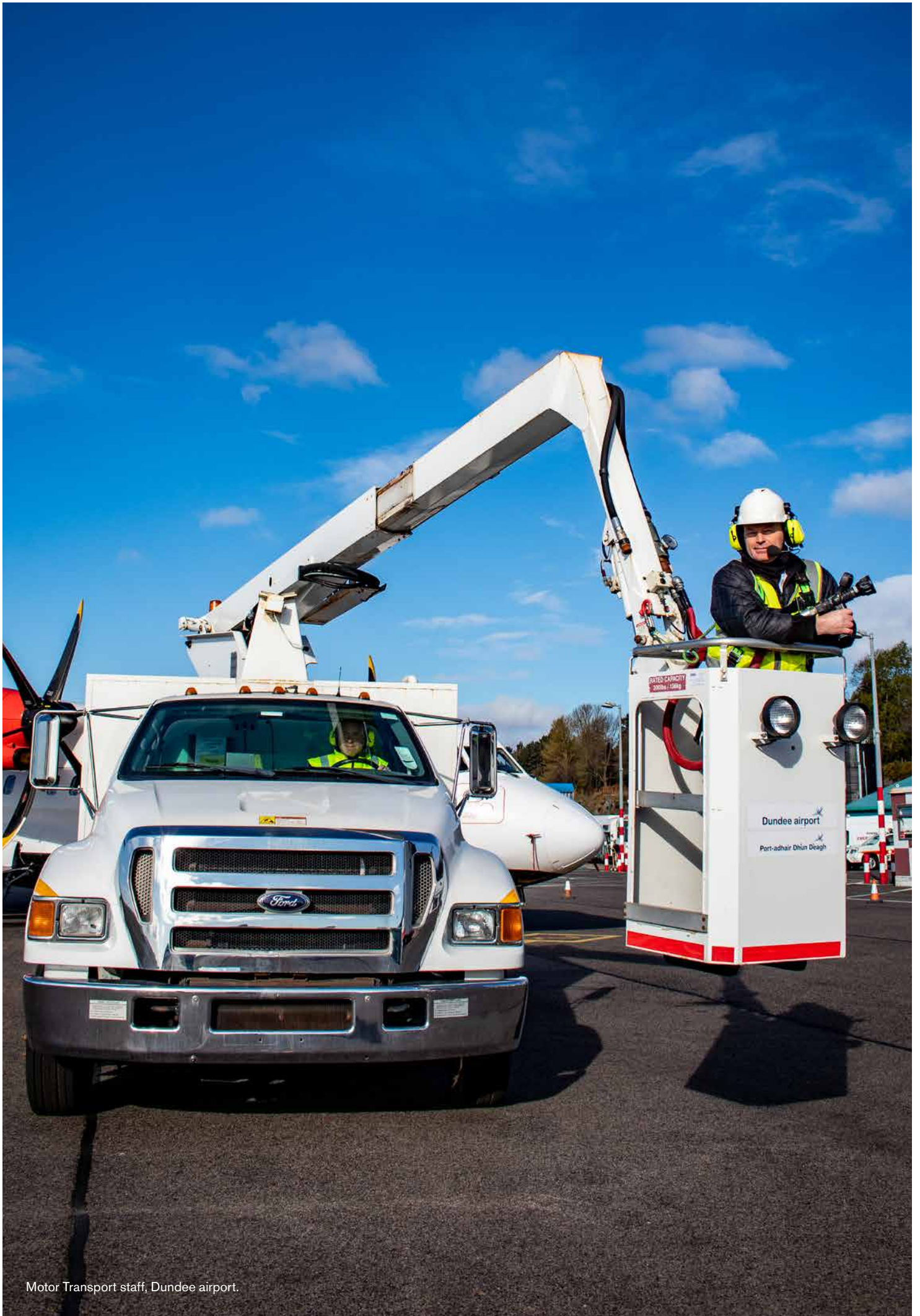
The Act requires the Annual Procurement Report to provide a summary of any steps taken to facilitate the involvement of Supported Businesses in regulated procurements during the reporting period.

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, here are very few Supported Business opportunities relevant to HIAL requirements and HIAL procured no such contracts in this reporting period.



Wick airport.



Motor Transport staff, Dundee airport.

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 2023/24 – 2024/25

| Project Name | Airport | Estimated Contract Value | Estimated Date Published | Estimated Award Date | Estimated Start Date |
|---|-----------|--------------------------|--------------------------|----------------------|----------------------|
| Air Traffic Services FIDS Provision | Multiple | £650,000 | Mar 23 | Jul 23 | Sep 23 |
| Airfield Ground Lighting Replacement | Inverness | £2,900,000 | Sep 23 | Jan 24 | Apr 24 |
| Airfield Ground Lighting Replacement | Kirkwall | £3,800,000 | Sep 23 | Jan 24 | Apr 24 |
| Car Hire Concession Services | Inverness | £9,100,000 | Sep 23 | Nov 23 | Jan 24 |
| Air Traffic Services DVOR Refresh | Kirkwall | £620,000 | Nov 23 | Jan 24 | Apr 24 |
| Air Traffic Services DME Replacement | Multiple | £1,150,000 | Dec 23 | Mar 24 | May 24 |
| Aeronautical Flight Inspection Services | Multiple | tbc | Dec 23 | Mar 24 | Apr 24 |
| Support Services for Passengers with Reduced Mobility | Inverness | £4,200,000 | Jan 24 | Apr 24 | Jun 24 |
| Facilities Management Services | Multiple | tbc | Feb 24 | May 24 | Jul 24 |
| Cleaning & Waste Management Services | Multiple | tbc | Feb 24 | May 24 | Jul 24 |
| Mechanical & Electrical Term Maintenance Services | Multiple | tbc | Feb 24 | May 24 | Jul 24 |
| Catering Concessions | Inverness | tbc | Feb 24 | Apr 24 | Jun 24 |
| Retail Concessions | Inverness | tbc | Feb 24 | Apr 24 | Jun 24 |
| Air Traffic Engineering Services | Multiple | £10,000,000 | Feb 24 | Jul 24 | Jul 25 |
| Cabin Baggage Screening Equipment | Inverness | tbc | Mar 24 | Jun 24 | Aug 24 |
| Arrivals Baggage Carousel Equipment | Inverness | £450,000 | Mar 24 | Jun 24 | Aug 24 |
| AGL and Airfield Mechanical & Electrical Maintenance | Multiple | tbc | Mar 24 | May 24 | Jul 24 |
| Building & Civils Maintenance Services | Multiple | tbc | Apr 24 | Jun 24 | Sep 24 |
| Airfield Building and Civils Maintenance | Multiple | tbc | Apr 24 | Jul 24 | Sep 24 |
| Legal Services | Corporate | £500,000 | Jun 24 | Aug 24 | Oct 24 |

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 2022/23 period our procurement-related spend was £39.2m; £20.1m revenue expenditure and £19m 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 2022/23:

| Procurement Route | Number of Contracts | Total Value | Number Awarded to SME | Number with UK Base |
|---|---------------------|-------------------|-----------------------|---------------------|
| Framework Call-Off | 25 | £886,013 | 8 | 25 |
| Open Tender | 4 | £4,776,081 | 1 | 3 |
| Negotiated without Call for Competition | 3 | £118,255 | 1 | 3 |
| Compliant Contract Modification | 17 | £516,358 | 7 | 17 |
| Non-Compliant Contract Modification | 1 | £72,047 | 0 | 1 |
| Non-Compliant Direct Award | 12 | £139,478 | 6 | 12 |
| Quotation | 7 | £655,369 | 6 | 7 |
| | 69 | £7,163,601 | 29 | 68 |

All Contracts Awarded by Value 2022/23:

| Contract Value | Number of Contracts | Total Value |
|------------------------------|---------------------|--------------------|
| Above Regulated Threshold | 12 | £16,990,530 |
| Above £50k – Below Threshold | 23 | £2,573,759 |
| Above £10k – Below £50k | 33 | £958,193 |
| Below £10k | 23 | £75,066 |
| | 91 | £20,597,548 |

Summary of All Procurement Activities 2022/23:

| Route to Contract Award | Number of Contracts | Total Value | Regulated | SME | UK |
|---|---------------------|--------------------|-----------|-----------|-----------|
| Framework Call-Off | 28 | £3,020,031 | 3 | 9 | 28 |
| Open Tender | 9 | £12,045,338 | 5 | 1 | 8 |
| Restricted Tender | 0 | £0 | 0 | 0 | 0 |
| Negotiated without Call for Competition | 4 | £528,590 | 1 | 2 | 3 |
| Compliant Contract Modification | 30 | £4,082,695 | 13 | 10 | 28 |
| Non-Compliant Contract Modification | 1 | £72,047 | 0 | 0 | 1 |
| Non-Compliant Direct Award | 12 | £139,478 | 0 | 6 | 12 |
| Quotation | 7 | £655,369 | 0 | 6 | 7 |
| | 91 | £20,597,548 | 22 | 34 | 87 |

Section 6 – Other Considerations

Within the HIAL Procurement forward planner for 2023/24 and 2024/25 are procurements for HIAL framework agreements and contracts for the provision of term maintenance and facilities management services covering 11 airport sites. These services are being strategically lotted to optimise the provision of local services with island communities.

The unprecedented global, national, local, and individual impact of the COVID pandemic, wars, 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.

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