Shetland Islands Council

ANNUAL PROCUREMENT REPORT 2025/2026

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Introduction

Shetland Islands Council (the Council) is a local authority providing a range of amenity and community services to a population of approximately 23,000. It is the Roads Authority for the islands and the Harbour and Pilotage Authority for the Port of Sullom Voe and other ports and harbour facilities. The Council also provides procurement and related support to Zetland Transport Partnership (ZetTrans), covering local transport services including bus, inter-island air and inter-island ferry services.

This Annual Procurement Report is published in compliance with section 18 of the Procurement Reform (Scotland) Act 2014 and covers the Council's regulated procurement activity from 1 April 2025 to 31 March 2026.

The Council operates a devolved procurement model across five directorates. A central procurement team, consisting of a Procurement Manager and 2.9 FTE Procurement Officers within the Governance Directorate, provides advice, assurance and support to all directorates and the Chief Executive. Contracts estimated at £50,000 and above are administered through the central procurement team.

The report reviews delivery against the Council's Procurement Strategy 2023-2026, Contract Standing Orders and wider corporate priorities. It also describes how procurement activity contributed to value for money, climate and environmental outcomes, local economic development, fair work and community wellbeing.

At a glance

Measure	2025/26 result
Regulated procurements completed	64
Total estimated contract value at award	£80,632,258.74
Spend with Shetland-based organisations	38.8%
Supported business spend	£605,200.00
Contracts including community benefits	4
Procurements with recorded sustainability action	1

Section 1 - Summary of Regulated Procurements

During the reporting period, the Council completed 64 regulated procurements with a total estimated contract value of £80,632,258.74 excluding VAT. Appendix 1 lists the regulated contracts awarded, including extensions where these are reportable under the Council's agreed methodology.

Activity by contract type

Type	Number	Estimated value
Goods	10	£18,424,470.50
Services	37	£49,176,692.11
Works	17	£13,031,096.13
Total	**64**	**£80,632,258.74**

Commentary

The proportion of expenditure with local suppliers decreased from 44.9% in 2024/25 to 38.8% in 2025/26. This change is largely explained by increased investment in major infrastructure projects, including new passenger vessels, infrastructure works and sports facility improvements, which represented a substantially higher proportion of total procurement expenditure during the year. The specialist requirements associated with these projects limited opportunities for local supplier participation, resulting in a lower overall local spend percentage despite continued commitment to supporting local businesses wherever practicable.

Section 2 - Review of Compliance with the Procurement Strategy

Based on the procurement records reviewed, the Council considers that its regulated procurements completed during 2025/26 complied with the Council's Procurement Strategy 2023–2026 and relevant governance

arrangements. No instances of material non-compliance were identified through the review undertaken for this report.

Procurement process and governance

Procurement routes were selected according to value, complexity, risk and the nature of the requirement. Regulated procurements were advertised through Public Contracts Scotland unless a framework agreement, collaborative route or other procedure applied. Above-threshold notices were published through the applicable UK notification service. Evaluation criteria and weightings were disclosed in advance, and awards were based on the best balance of cost, quality and sustainability appropriate to the contract.

Contract and supplier management

Contract owners monitored contract and supplier performance through proportionate arrangements, ensuring contractual obligations, community benefit commitments and intended service outcomes were delivered effectively.

2.1 Sustainable Procurement and Climate Action

During 2025/26 the Council considered environmental sustainability within relevant procurement exercises. This included consideration of waste management, responsible sourcing, energy efficiency, infrastructure design and opportunities to reduce environmental impacts over the life of contracts. Sustainability considerations formed part of procurement planning and contract management arrangements where proportionate to the requirement.

2.2 Community Benefits and Social Value

The Council considered the potential to secure community benefits through its regulated procurement activity during 2025/26. Requirements were included where they were relevant and proportionate to the subject matter, value, duration and delivery arrangements of the contract.

Four regulated contracts awarded during 2025/26 included community benefit requirements. At 31 March 2026, the relevant commitments were either awaiting contract commencement or remained in delivery. Consequently, no completed community benefit outcomes from these contracts are reported for 2025/26. Progress will be monitored through contract-management arrangements and reported in the period in which the commitments are fulfilled.

An example of community benefit requirements was the B9082 Gutcher to Cullivoe Road Improvement contract which had an estimated value of £8,000,000.00 excluding VAT and was awarded at a value of £7,445,286.00 excluding VAT. The procurement included an evaluated community benefits requirement. Tenderers were required to describe the additional benefits they would deliver beyond the primary purpose of the work, together with an implementation plan, delivery timescales and arrangements for monitoring and reporting. The identified areas included opportunities for local employment, apprenticeships and training; support for community projects through volunteering, sponsorship or donations; and environmental sustainability measures such as reducing carbon emissions, managing waste and supporting local green projects. The successful tenderer's commitments form part of the contract requirements.

Delivery of the community benefit commitments associated with the B9082 Gutcher to Cullivoe Road Improvement was in progress at 31 March 2026. As the commitments are to be delivered over the life of the works contract, final outcomes were not available at the reporting date. Progress and evidence of delivery will be monitored through the Council's contract-management arrangements and reported when the relevant activities have been completed.

Community benefit commitments across the Council's contracts are monitored through proportionate contract-management arrangements. The Council will continue to improve how commitments and delivered outcomes are recorded and reported.

2.3 Fair Work First and Workforce Matters

The Council continued to promote Fair Work First through relevant and proportionate procurement activity during 2025/26. Where workforce practices were relevant to the delivery of a contract, procurement documents asked bidders to explain how they would support fair work for workers engaged in delivering the requirement.

Considerations included payment of at least the real Living Wage, arrangements that enable employees to be consulted and have their views heard, investment in workforce development, no inappropriate use of zero-hours contracts, action to address workplace inequalities, flexible and family-friendly working practices, and opposition to the use of fire and rehire practices.

Fair Work requirements were applied in a manner proportionate to the nature of each contract and were not used where they were unrelated to contract delivery. Relevant commitments were incorporated into contract-management arrangements where appropriate. The Council will continue to strengthen the recording of procurements in which Fair Work First requirements are evaluated or included as contractual commitments.

2.4 Local Economy, SMEs and Third Sector

The Council sought to make procurement opportunities accessible to businesses of different sizes and types, including Small and Medium-sized Enterprises (SMEs), third-sector organisations and local suppliers. Measures included the use of clear specifications, proportionate selection requirements, appropriate contract lotting, publication of opportunities through Public Contracts Scotland and early engagement with the market where appropriate.

During 2025/26, 38.8% of relevant Council procurement expenditure was with suppliers recorded as being based in Shetland. This percentage was calculated using the Council's annual supplier expenditure analysis.

While procurement legislation does not permit the Council to favour suppliers solely because they are local, the Council can reduce unnecessary barriers to participation and help suppliers understand how to compete for public contracts. The Council will continue to promote visibility of forthcoming opportunities, encourage supplier registration on Public Contracts Scotland and consider proportionate lotting and market-engagement arrangements.

Opportunities for third-sector and supported-business participation were considered where relevant to the requirement. Further information on expenditure with supported businesses and commissioned-service providers is given in Section 3.

Section 3 - Supported Businesses and Commissioned Services

During 2025/26, actual expenditure with supported businesses was £605,200.00 excluding VAT. Actual expenditure during the year with the commissioned-service providers included in the Council's reporting methodology was £496,452.25 excluding VAT. These figures represent expenditure incurred during 2025/26 and should not be confused with the whole-life contract values shown in Appendix 1.

Commissioned services were delivered by a range of third-sector organisations supporting individuals and communities across Shetland. These included services relating to advice and advocacy, independent living, care provision, community wellbeing and support for vulnerable people. Providers included organisations such as Citizens Advice Shetland, Shetland Women's Aid and Shetland Care Attendant Scheme Ltd.

The Council also continued to support participation by supported businesses. Expenditure with COPE Ltd contributed to employment and training opportunities for people who may otherwise experience barriers to entering or remaining in the labour market.

Section 4 - Future Regulated Procurement Summary

Appendix 2 sets out regulated procurements anticipated to commence during 2026/27, based on information available at the date of publication. The programme is indicative and may change as service requirements, funding, market conditions and delivery timetables develop.

Forward planning priorities

- Undertake early market engagement for suitable higher-risk or strategically important requirements.
- Identify sustainability, Fair Work and community benefit opportunities at strategy stage.
- Consider lotting, frameworks and collaborative routes while maintaining SME accessibility.
- Confirm governance, resources and realistic procurement lead times.

Section 5 - Procurement Service Update

Supplier development

The central procurement team continued to encourage suppliers to register with and use Public Contracts Scotland and to seek support, where required, from the Supplier Development Programme.

Staff development

Procurement training was provided to Council employees on topics including Introduction to Public Procurement, Tender Evaluation for Procurement Leads and Tender Evaluation for Evaluators. Professional development within the procurement team included three members of the procurement team commencing the SQA Procurement Practitioner course.

Section 6 - Performance Highlights and Conclusion

Performance dashboard

Indicator	2024/25 comparator	2025/26 result
Regulated contracts awarded	36	64
Estimated value at award	£50,758,872.65	£80,632,258.74
Shetland-based suppliers paid	300	291
Supported business spend	£363,552.30	£605,200.00
Commissioned services spend	£1,013,932.00	£496,452.25

Conclusion

During 2025/26, the Council's procurement activity supported the delivery of essential services while seeking the best balance of cost, quality and sustainability. Principal achievements included appointing multiple local suppliers to the Passenger Transport Services Framework Agreement and awarding the contract for the design and build of the new Fair Isle passenger ferry. Continued improvement will focus on training for client-service personnel involved in procurement activity. During 2026/27, the central procurement team will work with services, suppliers and partners to deliver the forward programme and strengthen evidence of financial, environmental, social and local economic outcomes.

Appendix 1 - Regulated Contracts Awarded in 2025/26

Contract Name	Supplier Name	Estimated Value (At Award)	Award Date	Start Date	End Date
COPE Skills Development, Volunteering Opportunities	COPE Ltd	£605,200.00	01/04/2025	01/04/2025	31/03/2027
Respite Care Services	Shetland Care Attendant Scheme Ltd	£269,655.00	01/04/2025	01/04/2025	31/03/2028
Grounds Maintenance Services - Contract B - Central Mainland	Grounds Maintenance Solutions Ltd t/a Shetland Grasscutting	£115,656.10	03/04/2025	07/04/2025	20/10/2028
Harlsdale Refurbishment - Clerk of Works	Civil and Structural Engineering Shetland Ltd	£81,000.00	03/04/2025	16/04/2025	14/10/2026
Care and Child Care Qualifications Multi Supplier Framework Agreement	Shetland UHI	£775,000.00	14/04/2025	14/04/2025	13/04/2027
CCS RM6244 Call Off Lots 3 & 10 - Library Van	Iveco Ltd c/o NI Trucks Ltd	£148,000.00	28/04/2025	28/04/2025	28/08/2025
Planned and Cyclical Maintenance Programme - Patient Handling Services - Extension	Atlas Lifts & Services	£204,772.00	05/05/2025	31/05/2025	30/05/2027
Planned and Cyclical Maintenance Programme - Lift Maintenance Services - Extension	Atlas Lifts & Services	£167,620.00	05/05/2025	31/05/2025	30/05/2027
Planned and Cyclical Maintenance Programme - Heating, Ventilation and Air Conditioning Services - Extension	Isometric Engineering Ltd	£142,055.14	05/05/2025	31/05/2025	30/05/2027
Planned and Cyclical Maintenance Programme - Fire Extinguishing Maintenance and Servicing - Extension	Malakoff Limited	£75,134.52	05/05/2025	31/05/2025	30/05/2027
Planned and Cyclical Maintenance Programme - Electrical Services (Rural Care Homes) - Extension	MEB Services Ltd	£63,970.00	05/05/2025	31/05/2025	30/05/2027
Planned and Cyclical Maintenance Programme - Mechanical Services - Extension	Ness Engineering Ltd	£340,088.00	05/05/2025	31/05/2025	30/05/2027
CCS Call Off RM 1557.14 Lot 2 Cloud Software - ITSM Software ICT Service Desk	Halo Services Solutions Ltd	£160,000.00	16/05/2025	16/05/2025	15/05/2028
Scottish Government Call Off SVAR Framework (SP-21-034)-VMware License Renewal	ComputaCentre UK Ltd	£78,161.76	23/05/2025	23/05/2025	22/05/2028
Supply of Two Engine Room Propulsion Engines for MV Geira	HNP Engineers (Lerwick) Ltd	£300,000.00	27/05/2025	27/05/2025	31/08/2025

Contract Name	Supplier Name	Estimated Value (At Award)	Award Date	Start Date	End Date
Supply Used Excavator Hitachi ZX350-7	Garriock Bros Ltd	£185,000.00	27/05/2025	27/05/2025	27/05/2025
Electrical Testing and Ventilation Installations to Social Housing - Year 4 (2025/2026) - Extension	Westside Electrical Services Ltd	£115,070.00	30/05/2025	30/05/2025	31/03/2026
Fair Isle Vessel (2nd)	Parkol Marine Engineering Limited	£5,700,000.00	04/06/2025	04/06/2025	30/04/2027
Anderson High School Halls of Residence, Lerwick - Hard Facilities Management Services	Robertson Facilities Management Limited	£425,000.00	06/06/2025	01/07/2025	30/06/2028
Development and Maintenance of Shetland Islands Regional Marine Plan 2025/26	Shetland UHI	£54,643.00	07/06/2025	01/04/2025	31/03/2026
CCS Call off RM6259 Lot 3 Environment and Planning Solutions for Geospatial System (GIS)	Esri UK Ltd	£101,654.00	13/06/2025	23/06/2025	22/06/2028
Proposed 33m & 38m Vessel-Detailed Design of 2 Vessels-Call Off from ED/02/23 Naval Architect	Macduff Ship Design Ltd	£150,000.00	14/06/2025	14/06/2025	13/06/2026
B9082 Gutcher to Cullivoe Road Improvement, Yell	C W Johnson Plant Ltd	£7,445,286.00	24/06/2025	01/07/2025	30/06/2027
Maintenance of Traffic Signs and Miscellaneous Street Furnishings - Extension	Garriock Bros Ltd	£273,794.02	24/06/2025	01/08/2025	31/07/2027
Maintenance and Provision of Roadside Vehicle Safety Barriers and Cattle Grids - Extension	Garriock Bros Ltd	£1,287,750.66	24/06/2025	01/08/2025	31/07/2027
Provision of Road Markings and Reflective Road Studs - Extension	Markon Limited	£315,595.95	26/06/2025	01/08/2025	31/07/2027
Call Off No PoNACS-No0005 from Naval Architecture ED/2/23 - Oversight of Design and Construction of 24m Workboat/Ferry	Macduff Ship Design Ltd	£125,000.00	02/07/2025	02/07/2025	01/04/2028
Three Islands Councils Co-Working	Message Matters	£58,500.00	07/07/2025	01/04/2025	30/04/2026
Call Off from City of Edinburgh Council FW CT2675 Lot 13- Active Travel Transitional Arrangements	Stantec UK Limited	£50,000.00	09/07/2025	09/07/2025	08/01/2026
Call Off CCS Framework RM6259 Lot 2 Social Care Case Management	Access UK Limited	£1,600,000.00	18/07/2025	18/07/2025	17/07/2030

Contract Name	Supplier Name	Estimated Value (At Award)	Award Date	Start Date	End Date
Management (Replacement of SWIFT)					
SXL Call-Off from 1320 Lot 1.4 Management Agent - Energy Efficiency	Warmworks	£400,000.00	21/07/2025	21/07/2025	31/01/2030
Call off from CoEC CT2675 Lot 13 for IITC Fixed Link Model Development	Stantec UK Limited	£695,000.00	15/08/2025	18/08/2025	31/03/2026
Provision of Dry Docking Facilities for Refit/Maintenance and Associated Services of Marine Vessels - Multi-Supplier FW Agreement	Multi-Supplier	£500,000.00	18/08/2025	01/01/2026	31/12/2026
SP-22-005 Call Off - Vodafone Voice and Data	Vodafone	£80,000.00	18/08/2025	01/08/2025	01/08/2027
Call off From I/09/22 for Geira Engine and Gearbox Fitting and Annual Docking	Malakoff Limited	£661,013.59	26/08/2025	18/10/2025	21/12/2025
Supply of 2 New Hydraulic Rams for Type 2 Ramp Spares	Enermech Ltd	£109,808.50	27/08/2025	27/08/2025	27/02/2026
Roads - Winter Weather Forecasting Service	StormGeo UK Ltd	£120,000.00	30/09/2025	01/10/2025	30/09/2029
Plumbing Supplies Framework 2025	Multi-Supplier	£50,000.00	01/10/2025	01/10/2025	30/09/2029
39 Norstane, Lerwick - Blockwork Replacement	RG Construction	£90,000.00	09/10/2025	13/10/2025	13/12/2025
Ferry Operations - Booking System Replacement-Consultant	Independent Information Technology & Communications (IITAC) Ltd	£95,000.00	13/10/2025	13/10/2025	09/10/2026
Brevik Cottages Refurbishment, Lerwick	JDC Shetland Limited	£1,700,000.00	14/10/2025	02/02/2026	31/07/2027
School Transport – ANDE033 - School Bus Service - Burra/Trondra/Blydoit to Anderson High School and Return	AGS Morrison T/A Andrew's	£55,000.00	22/10/2025	01/04/2025	16/08/2026
Dunrossness Primary School, Dunrossness - Demolition of Temporary Classroom Block	George Beattie & Sons Ltd	£120,000.00	27/10/2025	12/01/2026	09/02/2026
Waste to Energy Recovery Plant, Lerwick - Cladding and Flashing Refurbishment West, East and South Gable	Hunter & Morrisons Ltd	£250,000.00	03/11/2025	26/01/2026	26/06/2026

Contract Name	Supplier Name	Estimated Value (At Award)	Award Date	Start Date	End Date
Provision of Passenger Transport Services 2026 Multi-Supplier Framework Agreement	Multi-Supplier	£38,500,000.00	11/11/2025	01/08/2026	31/07/2031
Collafirth Pier Cathodic Protection Works	Leask Marine Ltd	£300,000.00	21/11/2025	18/12/2025	31/03/2026
Replacement External Doors and Windows to Social Housing 2022 - 2025 - Properties List 2025	DITT Construction Ltd	£210,015.61	24/11/2025	25/11/2025	30/03/2026
Re-Pointing and Roofing Remedial Works, Lerwick - Lot 1	Bisset and White Builders Ltd	£169,865.89	26/11/2025	12/01/2026	06/04/2026
Brevik Cottages, Lerwick - Refurbishment - Clerk of Works	Civil and Structural Engineering Shetland Ltd	£70,200.00	08/12/2025	02/02/2026	02/08/2027
Horseshoe Close, Virkie - Kitchen Replacements	RG Construction	£118,500.00	12/01/2026	10/02/2026	27/03/2026
A970 Gulberwick - Heathery Park Link Path	Shetland Plant Hire Ltd	£100,000.00	20/01/2026	26/01/2026	27/03/2026
Setter to Veester Hill, Sandwick - Active Travel Path	C W Johnson Plant Ltd	£350,000.00	21/01/2026	23/03/2026	23/06/2026
Supply and Delivery of Marine Grade Gas Oil	Henty Oils Ltd (WORLD FUEL SERVICES)	£10,000,000.00	30/01/2026	01/02/2026	31/01/2027
Webcasting, audio-visual, and software with streaming and maintenance	Public-I	£75,679.00	18/02/2026	18/02/2026	02/02/2031
Provision of a Financial Health Advice Service and Fuel Poverty Advice Service 2026 - 2030	Shetland CAB	£472,000.00	02/03/2026	01/04/2026	31/03/2030
Light Detection and Ranging (LiDAR) Mapping of Shetland	Field Geo AS	£322,000.00	12/03/2026	17/03/2026	27/11/2026
CCS Call off RM6098 Lot 3 Microsoft Licensing NFC193 Aggregation	Ultima Business Solutions	£1,600,000.00	12/03/2026	12/03/2026	11/03/2029
Minimum Income Standard Research	Loughborough University	£195,180.00	17/03/2026	18/03/2026	17/03/2027
Electrical Testing and Ventilation Installations to Social Housing - Year 5 (2026/2027) - Extension	Westside Electrical Services Ltd	£125,218.00	20/03/2026	01/04/2026	31/03/2027
GCA Call off RM1557.14 Health & Safety Compliance Software	Evotix	£255,983.00	26/03/2026	31/03/2026	30/03/2029
Provision of a Children and Young People's support service, a Women's support service and a	Shetland Women's Aid	£435,189.00	30/03/2026	01/04/2026	31/03/2030

Contract Name	Supplier Name	Estimated Value (At Award)	Award Date	Start Date	End Date
Homelessness and Refuge service.					
Provision of adaptations to private sector houses under the Housing (Scotland) Act 2006 (One Stop Shop)	Hjaltland Trading Limited	£758,000.00	31/03/2026	01/04/2026	31/03/2030
External Redecoration Contract - West Mainland	Shetland Painters	£60,000.00	31/03/2026	01/06/2026	30/10/2026
Call off from CoEC CT2675 Lot 13 for Inter-island Transport Connectivity (IITC) Programme – business case development work	Stantec UK Limited	£175,000.00	31/03/2026	31/03/2026	31/10/2026

Appendix 2 - Anticipated Regulated Procurements 2026/27

Contract Title/Description	Estimated Value (At Award)	Estimated Start Date	Estimated Contract Duration
Stendaal, Nesting - Refurbishment Works	£2,700,000.00	26/10/2026	24 months
Supply of Used McCloskey R70 Screener	£86,750.00	18/05/2026	1 Month
Supply of Two Hydraulic Rams	£153,541.80	15/06/2026	2 Months
Complex Off Island Placement	£322,121.80	01/06/2026	6 Months
Old AHS Institute North West Wing Wall	£123,560.00	29/06/2026	4 Months
Access Webroster Renewal	£110,686.11	17/10/2026	24 Months
Tingwall Airport Preventative Maintenance and Standby	£175,000.00	02/09/2026	24 months
Client Project Manager to support delivery of Brae Campus to Full Business Case stage - Hub North Ltd	£112,470.00	24/08/2026	6 Months
Provision of Social Care Agency Staff	£300,000.00	30/06/2026	12 Months
Roads Weather Bureau Services	£62,230.00	01/10/2026	3 Years
Supply of Used Dumper Volvo A30G for Scord Quarry	£190,000.00	13/08/2026	1 Month
GCA Call Off from Lot 2 RM6098- Ferry Servers and SAN	£140,000.00	25/08/2026	5 Years
Provision of Dry Docking Facilities for Refit/Maintenance and Associated Services of Marine Vessels	£6,000,000.00	01/12/2026	4 Years
Phone System - Call Manager Licences	£121,000.00	18/05/2026	3 Years
Ventilation and Heat Pump Servicing	£154,562.50	13/07/2026	3 years
Scalloway Fox Type Houses - Dormer Roofs, Window and Door Replacements	£175,000.00	29/03/2027	18 weeks
Supply of Two (2) Prefabricated Ferry Terminal Waiting Rooms	£80,000.00	29/07/2026	21 weeks
Pitt Lane Demolitions, Lerwick	£360,000.00	12/10/2026	8 weeks

At the date of publication, the Council had not identified any additional regulated procurements expected to commence during 2027/28 beyond those included in its current forward planning information. The programme will continue to be reviewed and updated as service requirements, funding decisions and delivery programmes develop.