



# Procurement Strategy 2021-2025

March 2023

Making skills work for Scotland

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This Strategy was reviewed in March 2023 and republished. The only changes from the previous version, published October 2021, were in the Introduction section on page 2.

## 1. Introduction

### About Skills Development Scotland (SDS)

Skills Development Scotland (SDS) is the national skills agency. Our ambition is that skills contribute to a thriving, productive and inclusive Scotland.

Collaborating extensively, we work to deliver our vision for an agile, dynamic, and employer-led skills and careers ecosystem which enables all people to develop the skills, adaptive resilience, and personal agency to thrive in a vibrant and inclusive labour market.

Through intelligence-led delivery of Scotland's Career Service, Apprenticeships and other learning and skills interventions, and the sharing of expertise and insight, we inspire and enable people and businesses to develop the right skills for a changing world. In doing so, we aim to generate the change that will lead to inclusive growth, greater productivity, a more prosperous and skilled workforce, and a fairer, more equal society.

Further details on SDS' strategic approach and operational activities can be found in our [Strategic Plan 2022-27](#).

## Strategic Context

### Scottish Public Sector Procurement

Scottish public sector procurement is governed by the Public Contract (Scotland) Regulation 2015; the Procurement Reform (Scotland) Act (PRSA) 2014, the Procurement (Scotland) regulations 2016.

Procurement is a legislative framework and SDS interprets and implements both domestic and international legislation as well as meeting the objectives of the Scottish Government and the PRSA 2014.

SDS will continue to contribute to Scotland's National Outcomes and support the achievement of the National Performance Framework outcomes in all our procurement activity, in particular through use of the PRSA 2014. Specifically, economic activity and sustainability drivers will be acted upon, some of which include the following:

#### a) BREXIT

As a result of the UK's exit from the European Union on 31 December 2020, various gaps arose within domestic legislation. These have been addressed through a number of different pieces of amending legislation which provided the necessary technical changes to the relevant legislation – namely, the Public Contracts (Scotland) Regulations 2015 (PC(S)R 2015), the Procurement Reform (Scotland) Act 2014 (PR(S)A 2014) and the Procurement (Scotland) Regulations 2016 (P(S)R 2016).

At the same time as leaving the EU, the UK acceded to the World Trade Organisation's (WTO's) Agreement on Government Procurement (GPA) in its own right, having previously been party to the agreement as a member of the EU. This prompted further technical changes to public procurement rules in Scotland.

Accordingly, amendments have been, and continue to, be made to the legislation.

SDS have taken forward amendments (made by Scottish Government) in relation to the known changes which are largely technical in nature and do not impact on procurement procedures which remain fundamentally unchanged. SDS will keep abreast of developments and introduce new requirements as required.

#### **b) Procurement Reform Scotland Act 2014**

The Procurement Reform (Scotland) Act 2014 places an obligation on SDS, that when carrying out a regulated procurement that we consider how we can:

##### ***(i) improve the economic, social, and environmental wellbeing of the authority's area***

SDS have embedded sustainable procurement to be business as usual. We have a Sustainable Procurement Action Plan in relation to carbon reduction and climate change. The SDS Sustainable Procurement Action Plan was developed through using the:

- Sustainable Procurement Flexible Framework
- Scottish Government Sustainable Procurement Prioritisation Tool
- The Sustainability Test

SDS has an agreed Climate Change Strategy for 2020-2030. By 2030, SDS aims to be a lead contributor to low carbon, inclusive and sustainable economy in Scotland, and on track to becoming a net-zero organisation. The strategy has a defined action plan with procurement actions as a key part of delivering this strategy.

SDS have produced internal best practice guidance notes for demand management and sustainable procurement, which incorporates re-use, recycle or WEEE compliant disposal

Although SDS notes the issues highlighted in SPPN 1/2021 with regards to spend based reporting, we have conducted analysis of scope 3 emissions through the factoring of spend by commodities /services to the Centre for Sustainable Accounting factors. SDS attends the Scottish Government's Monitoring and Reporting workstream and is working to improve carbon reporting in procurements identified through the government's Sustainable Procurement Prioritisation Tool.

##### ***(ii) facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process***

The local economic multiplier effect has a positive impact when business is awarded to local suppliers. SDS considers and facilitates where relevant and proportionate, splitting procurement requirements into lots, use sub-contracting opportunities and utilizing the supported businesses framework to do so.

##### ***(iii) promote innovation***

Through the SDS Sustainable Procurement Lifecycle, SDS has adopted new technologies which reduce carbon consumption. Procurement will continue to keep abreast of new developments in this area and environmentally preferable products will be prioritised through in-house electronic catalogues.

## 2. Our Procurement Vision and Objectives

The SDS Corporate Procurement Strategy 2021-25 sets out how regulated procurements will contribute to carrying out our functions and achieve our vision and mission.

**The SDS 2020 Procurement Vision** is to: *“Use our combined strengths as a High Performing Procurement Team to be recognised for excellence, innovation, customer-focus and as an enabler for mutually beneficial supplier relationships which contribute to a competitive, inclusive and resilient economy that will deliver positive outcomes on: Sustainable Economic Growth, Equalities, Fair Work and the Environment.*

**The SDS 2020 Mission Statement:** *“To deliver value add procurement that supports community, economy, equality and inclusion, fair work and the environment”.*

In order to work towards our vision and achieve our mission, we will drive forward a number of key objectives in our procurement activity through this strategy. We will:

- work in a collaborative manner with other agencies making efficiencies;
- provide opportunities for all people in Scotland to have the skills and information – through our training and skills contract opportunities;
- ensure consideration of sustainability in all that we do;
- improve use of data and technology.

### Procurement Strategy

The SDS procurement team collaborates with customer departments and a range of stakeholders to formulate our specification of requirements, via a User Intelligence Group (UIG) approach, and works to obtain direct feedback as part developing the specification and throughout the procurement process. The procurement team engages with customers/stakeholders from identification of need and consults with the customer on the needs of the services to be delivered through quarterly updates. Our contract strategies require customer involvement and consultation with other groups, as required.

Where appropriate, we will undertake early market consultation and consider SMEs, supported businesses and third sector organisations, promotion of innovation and consideration of all sustainability elements such as community benefits (for relevant contracts over £1m), fair work first and equalities in our contract strategies. We also include use of Scottish Governments Flexible Framework, sustainability tools on a high-level category basis.

In conducting the procurement process SDS procurement team will ensure that we are in compliance with our general duties until Section 8 of the PRSA 2014 when conducting a regulated procurement:

- (a) treat relevant economic operators equally and without discrimination,
- (b) act in a transparent and proportionate manner.

In the following section, we set out at a high level, through a number of key workstreams, how we intend to deliver against our procurement ambitions over the next four years.

### 3. Our 2021-2025 Workstreams

#### Sustainability - Responsible Procurement

##### a. Fair Work First

SDS is a Living Wage employer and an employer of choice, committed to enabling fulfilling working lives, through our exemplar demonstration of fair, innovative and transformative work, and that our people are highly motivated, engaged and productive workforce who take responsibility for their own personal development, wellbeing and fulfilment at work.”

SDS have adopted Fair Work First (FWF), which includes:

- A fair pay and equal pay policy that includes a commitment to supporting the real living wage, for example being a Living Wage accredited employer. This includes ensuring where possible all contractors and subcontractors delivering contracted services, goods or works on behalf of SDS are paid the living wage as a minimum.
- Investment in workforce development including a strong commitment to Modern Apprenticeships
- No inappropriate use of zero-hour contracts
- Flexible working (flexitime and career breaks) and support for family friendly working and wider work life balance
- Appropriate channels for effective voice and employee engagement, including trade union recognition
- Take action to tackle the gender pay gap and create more diverse and inclusive workplace which reflects the population of Scotland in terms of gender, race and disability

In order to ensure the highest service quality, we expect contractors to take a similarly positive approach to fair work as part of a fair and

equitable employment reward package for all employees whether permanent, temporary or agency involved in the delivery of any SDS contracts.

SDS imbeds FWF in all contractual and grant activity where relevant and proportionate and monitors FWF commitments made by our suppliers through our contract and grant management processes

In addition, SDS shall seek to ensure that that proposed new Fair Work First amendments are embedded into all procurement practices where relevant and proportionate. It is proposed they will include:

- Encouraging employers to promote flexible and family friendly practices
- Opposition to fire and rehire processes.

##### b. Equality, Diversity and Inclusion

As a public body SDS is required to adhere to The Public-Sector equality duty and requires public authorities, in the exercise of functions, to have due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010;
- Advance Equality of Opportunity between people who share a relevant protected characteristic and those who do not;
- Foster good relations between people who share protected characteristics and those who do not.

SDS will include equal opportunities within the procurement process in adherence with the Equality Act 2010.

### **c. Supported Businesses**

SDS will seek future opportunities to utilise the Supported Businesses framework, as relevant and appropriate and consider as part of our contract strategy.

### **d. Small and medium sized organisations**

SDS will continue to work with SME's and consider lotting as appropriate to assist SME inclusion and support sustainability through spend activity.

### **e. Community Benefits**

SDS will seek community benefits for relevant contracts over £4million. In additions, SDS, where relevant and proportionate to the subject matter, will consider Community Benefits for all procurements greater than £1million.

### **f. Modern Slavery**

SDS have published our Prevention of Modern Slavery in Procurement Policy which mitigates risks of instances of Modern Slavery, there is also the SDS Modern Slavery Statement and a Best Practice Guidance Note on Modern Slavery in Procurement and a SDS e-learning module. We will continue to update the SDS Modern Slavery Statement.

All SDS will be required to undertake mandatory Modern Slavery training.

### **Prompt payment and subcontractors in public contracts**

SDS practice is to make payment within 10 days of receiving a valid invoice to assist with payment to sub-contractors.

The Procurement team retain the right to have a copy of any sub-contracting agreement – this is to ensure that they contain clauses for 30-day payment. If a sub-contractor raised payment issues we would investigate.

### **Data Protection / Cyber Security**

Often contracting opportunities for SDS will include a requirement for the supplier to access personal data of various different groups. SDS will ensure that any such requirements provide the necessary data protection provisions within the contract, in line with the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

Procurement will also look to engage with the SDS Cyber Security team to improve the cyber security of the supply chain in line with the Scottish Public Sector Supplier Cyber Security Guidance Note.

### **Contract Management**

SDS has a diverse range of providers and contracts in place. From the major IS Managed Service contract to the National Training Providers (NTP) contracts.

The need to improve service levels means that there is a real need for commercial relationships to be proactively managed to identify and maximise performance improvements.

There are four key areas to contract management:

- Contract administration
- Supplier relationship management
- Performance management (Key Performance Indicators/Service Levels)
- Continuous improvement

Contract Management will be managed in line with our internal Contract Management Policy. Although contract management is devolved from procurement in SDS, we will look to encourage best practice and embed contract management into contracts

### **Reporting Procurement Performance (Data Analytics / Spend Management Information)**

SDS have a comprehensive range of procurement performance measures. Significant improvements have been put in place within the SDS Finance Management System – inclusion of a procurement contracts register which incorporates all reporting requirements and assists procurement and legal team meet the PRSA General duties, in carrying out a regulated procurement

(a) treat relevant economic operators equally and without discrimination,

(b) act in a transparent and proportionate manner.

The Procurement team have also developed data capture within the Finance Management System, and we can now report on actual spend per contract. SDS Procurement have transitioned from an excel contracts register to uploading contract details onto Agresso. This has resulted in greater granularity of spend management information which assists our internal customers.



## **Capability - Talent Management and Workforce Development**

### **a. Capability**

Procurement personnel are required to undertake 30hrs CPD per annum, thus ensuring we shall continue to keep up to date with procurement legislation changes, applicable case law, SPPNS and any other required development

The Procurement team also utilises the National Procurement Competency Framework to assess our own individual professional development needs.

### **b. Talent Management and Workforce Development**

SDS has and will continue to support, as relevant, school leavers and graduates to advance in Procurement as their career of choice. SDS has been inclusive in our approach to new entrants into procurement.

SDS has a blended approach to professional development through work-based learning and the professional qualification and we have successfully customised routes for individuals at all ages and stages in their development based on the individual and business needs. This has enabled qualifications to be undertaken via a form of learning that works for each individual.

We are delighted that SDS Procurement professionals have moved to higher level procurement positions within the team or within the profession. Procurement e-learning modules are also available for internal SDS colleagues on our SDS Academy.

## **Continuous Improvement**

SDS were awarded seven stars for the independent EFQM assessment. Continuous Improvement is ingrained across the Procurement Team. A quarterly Continuous Improvement Action Plan is submitted.

There are numerous sources which drive the Procurement team's continuous improvement:

- EFQM Self-Assessment
- Procurement Commercial Improvement Programme (the PCIP Action Plan has been submitted with all actions having been completed)
- Voice of the Customer - has resulted in numerous benefits to customers. The introduction of the in-house Procurement e-learning modules resulted from Voice of the Customer.
- Your Views surveys
- Internal Staff Services Surveys
- Process reviews with SDS Continuous Improvement Team

The procurement team obtained a score of 4\* (Silver) within our last Self-Assessment.

## 4. Performance Monitoring and Reporting

The Procurement teams progress is measured in a number of ways:

- **Internal Workplan Measures** – we have a number of specific measures agreed internally with Senior Director to monitor performance. These include measures on the following areas: number of and values of contracts and grants placed, % of contracts placed within agreed timescales, spend compliance, value for money savings, % expenditure to SME's, expenditure awarded to supported businesses and staff development.
- **Internal Workplan Actions** – actions agreed with Senior Director to deliver upon procurement team objectives which in turn are clearly link to SDS Strategic Goals. All workplan measures and actions are reviewed annually with progress reporting quarterly.
- **The Procurement & Commercial Improvement Programme (PCIP)** - The PCIP assessment provides a means of measuring and reporting on the procurement and commercial capability of organisations. SDS will continue to participate in this programme.
- **Internal Support Services Survey** – provides both qualitative and quantitative feedback on our internal colleagues view of our performance. We seek to continue our high scores achieved and use feedback for continuous development.
- **Your Views Survey** – part of this internal survey provides feedback from the Procurement team itself on working within the team and our performance. Again, feedback is used for continuous development. We examine trends in scores obtained.
- **Self-Assessment** – This process facilitated by our Quality Assurance team provides a number of improvement actions. We monitor our final score within these assessments.
- **Actions assigned to procurement within the SDS Climate Change Strategy 2020-2030 Action Plan** – we seek to meet our assigned actions within this plan within the set timescales.

### Periodic Review of the SDS Corporate Procurement Strategy

The strategy will be reviewed on an annual basis following publication and revised as required.

### Other matters

SDS will address any other matters as the Scottish Minister may by order specify.