

Annual Procurement Report

2021/22

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Introduction

Skills Development Scotland (SDS) is a public sector contracting authority, subject to the Procurement Reform (Scotland) Act (PRSA) 2014. We are required to produce an annual report on our regulated procurement activities.

SDS champions the Scottish Procurement Model by embedding sustainable procurement. Sustainable procurement is “a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation but also to society, the economy and the environment”.

Our key procurement principles incorporate fairness, openness, transparency, mutual recognition, non-discrimination and proportionality.

SDS is pleased to publish our 8th Annual Procurement Report which meets the requirements of Scottish Ministers (Scottish Procurement Policy Note 5/2022) and is aligned to the SDS Corporate Procurement Strategy 2021/25.

The Strategy includes the 2021 SDS Procurement Vision and Mission Statement and meets the requirements of Scottish Ministers (Scottish Procurement Policy Note SPPN 11/2016).

This report contains detail of our regulated procurements and key highlights from the 2021/22 financial year.

SDS continues to adapt and respond to changes to the external environment it operates in. In 2021/22, this has included our continued contribution to delivering value for money whilst meeting PRSA requirements.



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The Procurement Journey

To ensure consistency of approach in the Scottish public sector, we are asked to adhere to the Scottish Government's Procurement Journey, as shown in Figure 1.

At SDS, we ensure compliance with this model throughout our work, and auditors have noted a clear alignment of our practices to the stages of the Procurement Journey.

The SDS central Procurement team works with internal customers to develop new contracts. We also conduct collaborative IT procurements for Scottish Enterprise, Highlands and Islands Enterprise and South of Scotland Enterprise, through the EIS Shared Service which is based on the Gartner Service Integration and Management model.

Figure 1 Procurement Journey Route 3 Requirements



Summary of regulated procurements completed between 1 April 2021 and 31 March 2022

During the reporting period (1 April 2021 to 31 March 2022) we awarded:

- 20 new SDS regulated contracts and frameworks
- 20 regulated call-offs from frameworks.

The total number of SDS regulated contracts and frameworks completed during this period are those established by SDS.

The total number of regulated call offs includes those established by SDS for its own and/or collaborative use or established by another Public Body.

Details of SDS contract awards regulated by PRSA (2014) are available on our [external contracts register](#).

Table 1 below shows SDS's awarded value for regulated contracts and frameworks in the reporting period.

Category Description	Awarded Value ex VAT
SDS contracts and frameworks	£91,905,468
Call-offs	£4,079,940.24
Total	£95,985,408.24

Table 2 below shows SDS's regulated spend for contracts and frameworks in the reporting period.

Category Description	Spend incl VAT
SDS contracts and frameworks	£82,108,673.86
Call-offs	£1,787,036.76
Total	£82,108,673.86

Review of whether our procurement activity achieved policies set out in our Procurement Strategy 2021-2025

The [SDS Procurement Strategy](#) sets out how we plan to carry out our regulated procurement exercises.

This annual report reflects on whether those procurements complied with that strategy during the period April 2020 to March 2021.

During that period, all regulated contracts were awarded to meet the policies and principles set out in the strategy.

SDS recognises the importance of those responsible for procurement, a separation of duties and an appropriate level of delegated authority. Fundamental to this is making sure that all procurement personnel have the professional qualifications, knowledge, skills and experience to undertake procurement activity. SDS continues to provide Continuing Professional Development (CPD) opportunities that allow use of the Procurement Competency Framework, as applicable.

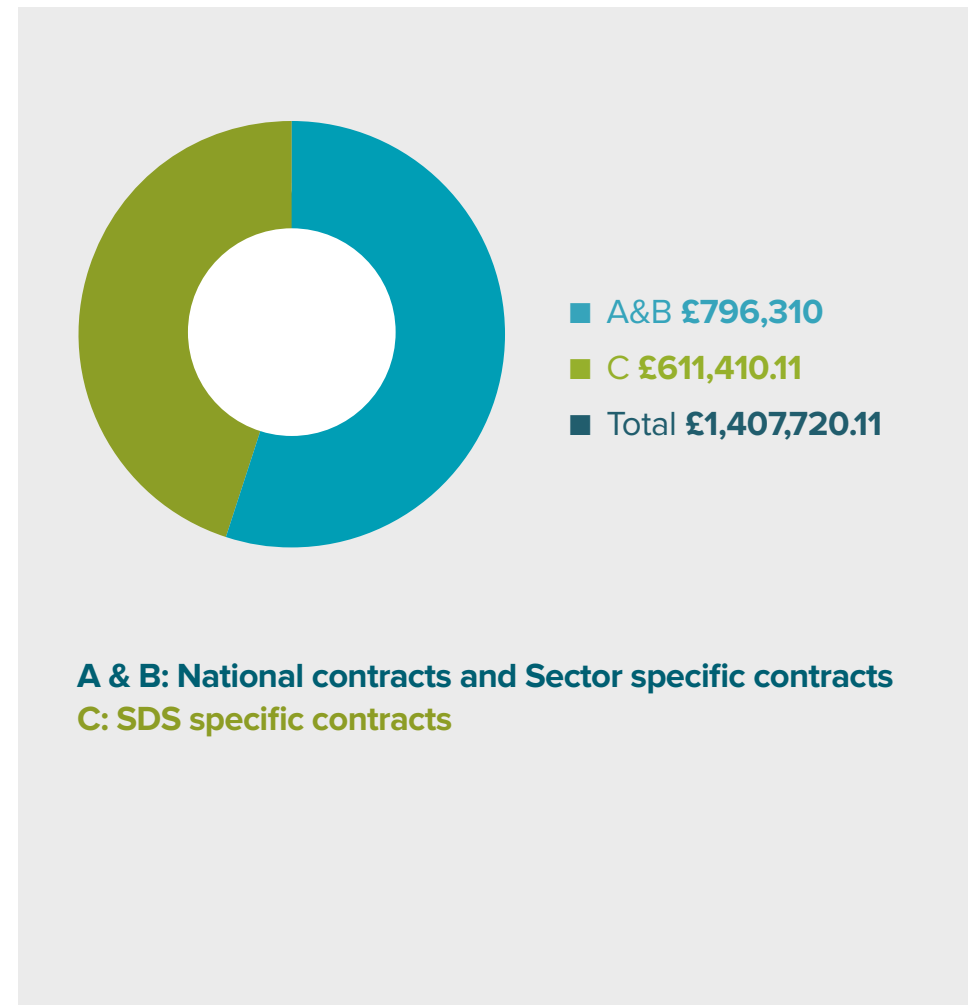


Value for money savings

Value for money is a principal tenet of public sector procurement – “meeting customer’s requirements at the lowest cost”. When applicable we received savings from use of Category A National Frameworks and/or used a standardised method for calculating value for money for SDS Category C contracts/frameworks.

The total value for money savings realised for SDS contractual activity during the Financial Year 2021/2022 was £1,407,720.11.

Figure 2 Value for money savings achieved in 2021/2022.



Responsible and sustainable procurement

Supplier inclusion supports sustainable procurement and is of significant importance to SDS. We are pleased to have a diverse range of suppliers/providers to deliver our wide range of services that contribute to our success. We remain committed to supplier inclusion and seek to conduct business with a wide range of providers, including small and medium enterprises (SMEs), and charity/third sector organisations, including supported businesses.

SDS's spend profile is economically and socially responsible. Table 3 below provides details on the % of SDS expenditure in the reporting period.

Table 3 SDS expenditure with SMEs and charity/third sector organisations¹

Organisation Type	% of SDS Expenditure	Expenditure (£)
UK SMEs Charity/Third Sector *not including Scottish SMEs	0.41	£250,950
UK SMEs Non-Charity *not including Scottish SMEs	2.23	£3,915,566
Scottish SMEs Charity/Third Sector	7.88	£13,821,347
Scottish SMEs Non-Charity	38.4	£67,315,375

¹ As defined via Spikes Cavell reporting tool.

Responsible and sustainable procurement

Prompt payment

Prompt payment is a priority when seeking to act in a responsible and sustainable manner. We are committed to paying suppliers and understand the importance of prompt payment to ensure that suppliers do not have cash flow difficulties. Our on-time payment performance is 98.2% of payments made in fewer than 10 days and 99.5% within 30 days.

Fair Work practices

SDS has adopted Fair Work First principles as an employer, through commitment to the delivery of high-quality public services and recognises that this is critically dependent on a workforce that is well-motivated, well led, has appropriate opportunities for training and skills development and is engaged in decision making at all levels across the organisation where we promote Everyday Leadership. These factors are also important for workforce recruitment and retention, and continuity of service.

To ensure the highest standards of service quality in the contracts we procure, we expect suppliers to evidence a positive approach to fair work practices as part of a fair and equitable employment and reward package for all employees (whether permanent, temporary or agency) involved in the delivery of any SDS Contract.

Where proportionate and relevant we evaluate tender responses on the following Fair Work First criteria:

- a fair pay and equal pay policy that includes a commitment to supporting the real Living Wage, including, for example, being a Living Wage Accredited Employer
- investment in workforce development including a strong commitment to Modern Apprenticeships
- no inappropriate use of zero hours contracts
- flexible working (flexi-time 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 a more diverse and inclusive workplace, which reflects the population of Scotland in terms of age, gender, race and disability
- offer flexible and family friendly working practices for all workers from day one of employment
- oppose the use of fire and rehire practice.

Each of the above, where applicable, will be monitored throughout the lifetime of the contract as part of our contract management process.

Responsible and sustainable procurement

Modern Slavery

SDS has updated the [Modern Slavery Statement](#) on the website. This details the measures that SDS are taking to ensure that no modern slavery or human trafficking is occurring in our organisation or our supply chains. In addition, the Procurement team has produced a sector-leading [Prevention of Modern Slavery in Procurement Policy](#).

To raise colleague awareness of the risk of Modern Slavery further, an e-learning module has been published on the SDS colleague CPD Portal (Academy), alongside a Best Practice Guidance Note.

Equality, diversity and inclusion

The Public Sector Equality Duty requires public authorities, in the exercise of its functions, to have due regard to the need 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 a protected characteristic and those who do not.

Community Benefits

SDS consider inclusion of Community Benefits in line with S18(2) of The Procurement Reform (Scotland) Act 2014 for all procurement processes for relevant contract at or above £4 million in value. As an organisation we will also consider lower value thresholds, as applicable, for all procurement at or greater than £1 million in value.

Community Benefits has not been featured in SDS's procurement process in the reporting period due to the contracts placed, however, we will continue to consider and include where relevant and proportionate to do so.

Supported Businesses

SDS uses the Supported Businesses Framework for Furniture and Signage, as and when we have a procurement requirement. SDS engage with supported businesses and will continue to seek future opportunities to utilise, as relevant as appropriate and consider as per our contract strategy development.

SDS Climate Change Strategy 2020-2030 Carbon Action plan

December 2020 SDS published a new 10-year Climate Change Strategy which sets out our vision for 2030 and how we aim to get there, across different areas of the organisation. One of the four work streams within this strategy was Business Processes:

- embed sustainability into our business processes
- drive environmental performance reporting
- improve efficient use of resources.

Under the action plan for this work stream Procurement have been progressing:

- continued integration of sustainability criteria into contracting and incorporating monitoring where possible in line with relevant specifications
- developing a Disposals Policy.

In addition to these actions, SDS Procurement continue to form part of the Scottish Government Carbon Monitoring and Reporting work stream.

We had previously created sustainability case studies to show improvements made. One of these case studies was on the move to Microsoft Azure based hosting. We are now working on improving the carbon monitoring requirements for the next iteration of this requirement.

SDS Sustainable Procurement Lifecycle



Embedding best practice in SDS

SDS is required to interpret and implement recent changes in procurement legislation as we see fit as a contracting authority, consider their impact on our procurement policy and processes, and communicate this to appropriate colleagues.

The SDS Procurement team has created a suite of Best Practice Guidance Notes for internal customers which are available to view on our Intranet site and update accordingly.

- Community benefits in procurement
- Supported businesses
- Contract management
- Demand management
- Entry routes into procurement
- Evaluation of tenders
- Grant v procurement
- Fair work practice
- Identifying and defining requirements
- Modern Slavery in procurement
- Brexit and data protection in the UK
- Sustainable procurement
- Data analytics and spend and spend management information.

Organisational resilience

The SDS Procurement and Legal team undertakes activity to support organisational resilience. This year, this activity included:

- embedding SPPN 1/2022 requirements Russian/Belarus due diligence
- scoping of potential impact on supply chain implications following Brexit and Russian/Belarus invasion on the Ukraine
- analysis of the SDS Procurement expenditure in conjunction with Scottish Government
- implementation of cyber security within our Procurement Contract Strategy Templates to ensure it is considered in every contract from regulated procurement value upward. Our strategy is in line with Scottish Government guidance and takes into account the cyber security risk, ensuring these are appropriate and do not unnecessarily discourage SMEs from bidding.

Learning, development, talent management

SDS undertakes a customised approach to the professional development of procurement colleagues. As a team, we continue to develop team members. Currently five team members have CIPS qualifications at levels 4, 5 and 6.

SDS encourages procurement practitioners to use the Scottish Government National Procurement Competency Framework for their own CPD.

This is based on the Chartered Institute of Procurement and Supply four pillars:

- Infrastructure
- Process
- Performance
- People

The Chartered Institute of Procurement and Supply is an international professional body with Global Occupational Standards.

Additionally, Procurement & Legal team members undertake relevant Procurement and Legal learning and development.

The SDS Procurement and Legal team has developed a range of e-learning materials for colleagues, available through the SDS learning platform covering:

- Business benefit/value for money
- Contract management
- Evaluating tenders
- Fair work practices in procurement
- Grant or procurement
- Identifying and defining requirements
- Modern Slavery
- Procurement legislation
- SDS procurement journey and sustainable procurement.

E-Learning and Best Practice Guidance Notes (BPGN) continue to be developed with the relevant e-learning modules to be used as desktop guides. We are introducing mandatory training for all SDS colleagues on Modern Slavery.

The Procurement team also continuing to develop customer engagement webinars for SDS colleagues and induction packs for new procurement colleagues.

Continuous improvement activity

Our values as an organisation include a commitment to continuous improvement and keeping the customer at the heart of all we do.

The Procurement and Legal team has continued to seek feedback, both internally and externally, to ensure we deliver the best possible service to our customers.

This has included thorough feedback via Your Views Surveys and Internal Support Services Survey, leading to the development of actions in our continuous improvement action plan.

Examples of this activity included reporting improvement following updates to our finance system (Agresso) and commencement of the formal recording of whether contracts are re-let in time, and where any delays occur, as well as publishing the contract reference number displayed on the Purchase Order.

Updates on our management information and reporting is evolving and is continually updated in line with procurement team feedback and anything that we feel can be embedded to enhance reporting in line with updated Scottish Procurement Policy Notes.



Annex A. Scottish Government Annual Procurement Activity Report – input

1. Organisation and report details	
a) Contracting authority name	Skills Development Scotland
b) Period of the annual procurement report	April 2021 – March 2022
c) Required by s18 Procurement Reform (Scotland) Act 2014 to prepare an annual procurement report? (Yes/No)	Yes
2. Summary of regulated procurements completed	
a) Total number of regulated contracts awarded within the report period	40
b) Total value of regulated contracts awarded within the report period	£95,985,408.24
c) Total number of unique suppliers awarded a place on a regulated contract during the period	291
i) how many of these unique suppliers are SMEs	N/A
ii) how many of these unique suppliers	291
iii) how many are Third sector bodies	N/A
3. Review of regulated procurements compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	20
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	0
4. Community benefit requirements summary	
Use of community benefit requirements in procurement:	
a) Total number of regulated contracts awarded with a value of £4 million or greater	As detailed in b)
b) Total number of regulated contracts awarded with a value of £4 million or greater that contain community benefit requirements	0
Benefit Requirements	
c) Total number of regulated contracts awarded with a value of less than £4 million or greater that contain community benefit requirements	0
Key contract information on community benefit requirements imposed as part of a regulated procurement that were fulfilled during the period:	
d) Number of jobs filled by priority groups (each contracting authority sets its own priority groups)	Not available
e) Number of apprenticeships filled by priority groups	Not available
f) Number of work placements for priority groups	Not available

Annex A. Scottish Government Annual Procurement Activity Report – input (continued)

4. Community benefit requirements summary continued	
g) Number of qualifications achieved through training by priority groups	Not available
h) Total value of contracts sub-contracted to SMEs	Not available
i) Total value of contracts sub-contracted to Social Enterprises	Not available
j) Total value of contracts sub-contracted to supported businesses	Not available
k) Other community benefit(s) fulfilled	Not available
5. Fair Work and the real Living Wage	
a) Number of regulated contracts awarded during the period that have included a scored Fair Work criterion	7
b) Number of unique suppliers who have committed to pay the real Living Wage in the delivery of a regulated contract awarded during the period	Not available
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period	125
d) Number of unique suppliers who have signed up to the Scottish Business Pledge and were awarded a regulated contract awarded during the period.	104
6. Payment performance	
a) Number of valid invoices received during the reporting period	269,208
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms)	99.5%
c) Number of regulated contracts awarded during the period containing a contract term requiring the prompt payment of invoices in public contract supply chains	20
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

Annex A. Scottish Government Annual Procurement Activity Report – input (continued)

7. Supported businesses summary	
a) Total number of regulated contracts awarded to supported businesses during the period	0
b) Total spend with supported businesses during the period covered by the report, including:	
i) spend within the reporting year on regulated contracts	£0
ii) spend within the reporting year on non-regulated contracts	£0
8. Spend and savings summary	
a) Total procurement spend for the period covered by the annual procurement report	£175,300,000
b) Total procurement spend with SMEs during the period covered by the annual procurement report	£71,230,941
c) Total procurement spend with Third sector bodies during the period covered by the report	£17,987,863
d) Percentage of total procurement spend through collaborative contracts.	N/A
e) Total targeted cash savings for the period covered by the annual procurement report	N/A
i) targeted cash savings for Cat A contracts	£796,310
ii) targeted cash savings for Cat B contracts	Not measured
iii) targeted cash savings for Cat C contracts	£611,410
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	34
b) Total estimated value of regulated procurements expected to commence in the next two financial years	N/A

Annex B. Summary of regulated procurements expected to commence in the next two financial years

Whilst it is acknowledged that at this time SDS cannot understand its precise requirements for the next two financial years, we have provided an indicative forward plan of anticipated procurements

Subject Matter	New, Extended, Re-let	Expected award date	Estimated value of the contract
Modern Apprenticeships	Optional Extension periods (1+1) for (22/23 and 23/24)	February 2023 for final permitted extension year 23/24	TBC
Facilities Management	Re-let	April 2023	£5,000,000
Occupational Health	Re-let	February 2023	£150,000
Legal Services	Re-let	September 2022	£500,000
Small Works Estates	New	December 2022	TBC
Recruitment Services	Re-let	June 2023	£5,000,000
Small Moves and Storage	Re-let	May 2023	£150,000
Fogging Services	Re-let	August 2023	TBC
SDS Academy	Re-let	May 2023	TBC
Service Desk Tool	Re-let for current contract expiry May 2023	May 2023 for (23/24)	£700,000
Business Applications	Current contract expected to be extended until September 2023, re-let required thereafter	September 2023 for (23/24)	£6,000,000
Gartner Subscription	Re-let	April 2023 (23/24)	£140,000
Microsoft Premier Support	Re-let	April 2022 (22/23), April 2023 (23/24)	£315,000
Strengths Tool	Re-let	April 2022 (22/23)	£25,000
Microsoft Licences	Re-let	April 2022 (22//23)	£9,000,000

Annex B. Summary of regulated procurements expected to commence in the next two financial years

Subject Matter	New, Extended, Re-let	Expected award date	Estimated value of the contract
Software Licences	Re-let	June 2022 (22/23)	£1,000,000
Domestic LAN/WAN	Re-let	April 2023 (23/24)	£3,500,000
International LAN/WAN	Re-let	December 2022 (22/23)	£950,000
Wireless LAN	Re-let	January 2023	£68,000
Azure Express Route	Re-let	January 2023	£175,000
Security Operations Centre	Re-let	June 2022 (22/23)	£325,000
MultiVue Support	Re-let	July 2022 (22/23)	£240,000
Azure Hosting	Re-let	April 2022 (22/23)	£7,000,000
Intranet Software	Re-let	April 2023	£125,000
My World of Work Site Search Tool	New	April 2022 (22/23)	£130,000
Training and Development	New	TBC	TBC
National Occupational Standards and Frameworks	Re-let	February 2023	TBC
Healthcare Pathway Pilot in collaboration with the NHS – Development	New	September 2022	£83,300
Healthcare Pathway Pilot in collaboration with the NHS – Delivery	New	January 2023	TBC
Modern Apprenticeships	Re-let	January 2024	TBC
National Occupational Standards (misc.)	New	TBC	TBC
Apprenticeship Developments (misc.)	New	TBC	TBC
NOS Database Upgrade	New	January 2023	TBC

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