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# **Procurement Annual Report Financial Year 2015/2016**

## Annual Procurement Report

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## 1. Introduction

The Procurement Reform (Scotland) Act 2014 covers public sector contracting authorities. The Skills Development Scotland Co. Ltd (registered number SC202659) is a public sector contracting authority. To meet the Procurement Reform (Scotland) Act 2014 a contracting authority is required to produce an annual procurement report on its regulated procurement activities. SDS is pleased to publish our third Annual Procurement Report which covers regulated procurements and non-regulated procurements and highlights our cohesive approach to embedding sustainable procurement. The SDS Procurement team champion the Scottish Procurement Model through 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”.

SDS purchases business critical services intrinsic to our customer propositions. SDS spends more money on third party expenditure through suppliers which deliver services than the pay expenditure for SDS staff. Given the leverage of non-pay expenditure through third party providers Fair Work Practices are encapsulated in SDS’s key Procurement Principles : Fairness, Openness, Transparency, Mutual Recognition, Non-Discrimination and Proportionality.

A summary of regulated procurements conducted by SDS is available on page 5 of the Annual Report 2015/16. A summary of SDS’s Contracts Register is published externally on the SDS website on the Procurement Page on a quarterly basis.

Tom Wilson

Head of Procurement and Legal Services

## 2. The Procurement Journey



### 3. Procurement Reform Regime

The Scottish Procurement Model supports sustainable economic growth, and is internationally acknowledged to be at the leading edge of sustainable procurement which places greater emphasis on:

- socio-economic value
- communities
- and environment

The main changes through the Procurement Reform Regime include:

- additional reporting obligations to ensure greater transparency when awarding contracts
- greater focus on sustainable procurement
- regular inclusion of community benefits clauses in to contract schedules for services
- adoption of Fair Work practices e.g. living wage accreditation
- support SME agenda – splitting contracts in to smaller lots to ensure fairer opportunities for the small businesses
- greater collaboration and more innovative approaches to develop new solutions to meet authorities' requirements
- minimum time limits for procurement exercises have been reduced, meaning that contracts can be put in place more quickly

Ensuring a consistent approach for the implementation of the duties from the Act is crucial - all requirements need to be carried out in a proportionate and phased manner. The good news is that SDS have already been successful in meeting a number of key obligations of the Act so far including:

- the use of supported businesses for digitisation, IT hardware disposals and signage requirements
- quarterly publication of our summarised contracts register on the SDS Corporate website
- publication of our 3rd annual procurement report
- publication of our Responsible and Sustainable Procurement Strategy and Policy
- Volunteering to assist supported businesses in bid writing support
- SDS is a Living Wage accredited employer

### 4. Procurement Commercial Improvement Programme (PCIP)

SDS participated in the independent Procurement and Commercial Improvement Programme (PCIP) assessment which was conducted by the Scottish Government Capability Development Team on 16 February 2016. A rigorous Full Assessment was conducted.

The PCIP serves as a continuous improvement programme to establish benchmarks and drive improvements across the procurement community and to embed best practice.

SDS were required to undertake a Full Assessment. The highest banding was achieved F1 which is greater than 70%.

## 5. Summary of Regulated Procurements Financial Year 2015/16

Contractor	Status	Type of Contract	Total Contract	Contract Start	Contract End Date	Extension (no. of)	Procurement Contact
Total Gas and Power Ltd	Live	Framework	As per usage	01/04/2014	31/03/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Office Depot	Live	Framework	As per usage	01/09/2011	30/04/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Misco	Live	Framework	As per usage	01/08/2014	31/07/2016	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Royal Bank of Scotland	Live	Framework	As per usage	18/08/2014	17/08/2018	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
EDF Energy	Live	Framework	As per usage	01/04/2013	31/03/2017	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Vodafone	Live	Framework	£267,125.00	01/04/2011	31/10/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Scott-Moncrieff	Live	ITT OJEU	£2,000,000.00	01/05/2013	30/04/2016	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Scott-Moncrieff	Live	ITT OJEU	£2,000,000.00	01/15/16	30/04/2017	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Covalent	Live	ITQ	£50,000.00	18/03/2013	31/03/2017	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Hymans Robertson	Live	ITQ	£20,625.00	01/03/2016	28/02/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
IDOX	Live	ITT non OJEU	£55,298.13	01/04/2015	30/06/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Capital Document Solutions Ltd	Live	Framework	£1,348,768.90	14/10/2013	15/12/2018	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Condecco	Live	ITT non OJEU	£10,767.20	18/10/2015	17/10/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Dacoll	Live	Framework	£543,256.00	07/07/2014	06/07/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
CGI	Live	Framework	£16,718,609.00	17/07/2014	30/06/2019	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Lockheed Martin	Live	Framework	£12,375,693.00	31/07/2014	02/03/2019	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Search Consultancy, Hays, Harmony, Parity	Live	Framework	£2,500,000.00	23/06/2015	22/06/2017	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Garth Associates	Live	ITQ	£48,234.00	09/06/2014	08/06/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Brite Initiative	Live	ITQ	£42,625.00	09/06/2014	08/06/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Aurion Learning	Live	ITQ	£44,187.00	25/08/2014	24/08/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
N S Design	Live	ITQ	£22,176.00	05/09/2014	04/09/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Rocket Science	Live	ITQ	£14,400.00	26/01/2015	25/01/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
University of Glasgow - TERU	Live	ITQ	£23,625.00	01/09/2014	31/08/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Aviour	Live	ITQ	£18,900.00	15/12/2014	14/12/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Rocket Science UK Ltd	Live	ITQ	£20,000.00	26/01/2015	25/01/2017	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Softcat	Live	Framework	£195,181.81	05/05/2014	04/05/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Louisa McDaid; Jackie Donati; Melanie Coulter; Gail Richardson	Live	Framework	£30,000.00	11/07/2014	11/07/2016	2 x 12 Month	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Interact11	Live	ITQ	£35,000.00	05/05/2014	04/05/2016		<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Equiniti	Live	ITT non OJEU	£35,000.00	01/06/2015	31/07/2018	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Capita	Live	Framework	£1,459,111.00	10/10/2014	01/07/2018	Variable	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Dog Digital	Live	Framework	£299,453.00	01/08/2014	31/07/2016	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
APS Scotland	Live	Framework	£2,100,000.00	17/06/2014	16/06/2016	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
IIP Scotland	Live	ITT OJEU	£1,089,840.00	03/04/2015	02/04/2017	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Linkdex Ltd	Live	ITQ	£19,440.00	25/08/2014	24/08/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Screenmedia	Live	Framework	£2,000,000.00	16/12/2014	11/12/2018	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Children in Scotland	Live	ITQ	£41,966.00	09/02/2015	08/02/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
3i Training and Consultancy	Live	ITQ	£47,662.00	25/02/2015	24/02/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Stand	Live	ITT non OJEU	£525,000.00	10/04/2015	09/04/2017	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
The Union	Live	ITT non OJEU	£525,000.00	01/04/2015	31/03/2017	1 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Concur Technologies Incorporation	Live	ITT non OJEU	£247,375.00	17/09/2015	31/10/2018	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Eagle	Live	Framework	£30,000.00	30/05/2014	30/05/2018	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Eden Red	Live	Framework	As per usage	02/04/2015	31/03/2018	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
	Planned	ITT OJEU		01/07/2016	30/09/2019	2 x 12 months	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Royal Bank of Scotland	Live	Framework	As per usage	01/06/2015	01/06/2019	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
	Planned					N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
	Planned					N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
NLA Media Access Ltd	Live	ITQ	£7,964.20	14/05/2015	13/05/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
University of Glasgow - TERU	Live	ITQ	£7,000.00	28/04/2015	28/04/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
S1	Live	ITQ	£6,800.00	08/05/2015	31/01/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
MACS Development	Planned	ITQ				N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Edinburgh Napier University - Employment Research Institute	Planned	ITT non OJEU				N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Redrock Document Processing	Live	ITQ	£6,820.00	22/07/2015	21/07/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Reed	Planned	ITQ				N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Enable Scotland - Open Doors Consortium	Planned	ITQ				N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Asigra Inc.	Live	ITQ	£48,000.00	30/06/2015	29/06/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
Sentel	Live	ITQ	£17,750.00	30/06/2015	29/06/2016	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
NTP - MA Provider	Live	ITT non OJEU	£75,000,000.00	04/04/2016	31/03/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
NTP - MA Employer	Live	ITT non OJEU	incl in above	04/04/2016	31/03/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>
NTP - Employability Fund	Live	ITT non OJEU	£32,000,000.00	04/04/2016	31/03/2017	N/A	<a href="mailto:procurement@sds.co.uk">procurement@sds.co.uk</a>

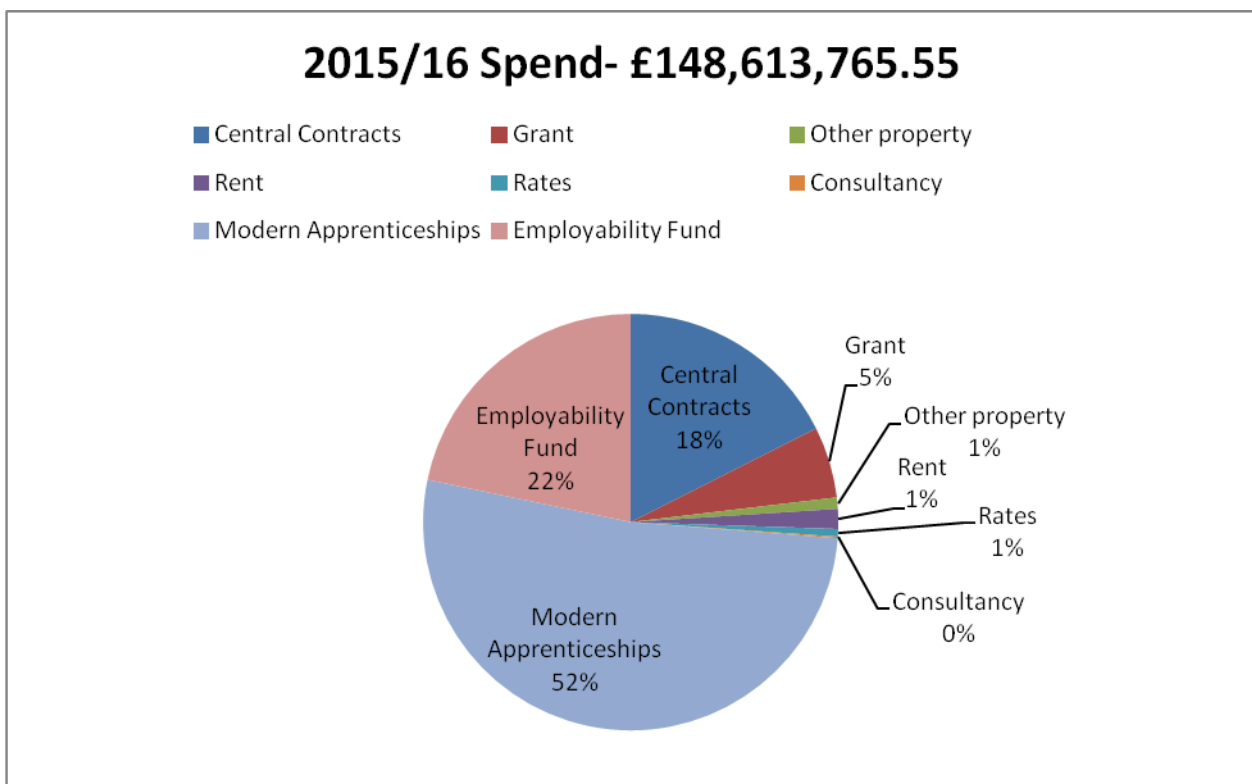
## 6. SDS Contracted Expenditure through Regulated Procurements Financial Year 2015/16

SDS Procurement produce a quarterly Procurement Dashboard generated from our Finance Management System. The dashboard includes Key Procurement Indicators. A requirement of the Central Procurement Team is to work with internal customers and to develop new contracts. The number of new central contracts placed by SDS during Financial Year 15/16 (1 April 2015 to 31 March 2016) was 141.

The number of Grants disbursed by SDS during Financial Year 15/16 (1 April 2015 to 31 March 2016) was 147.

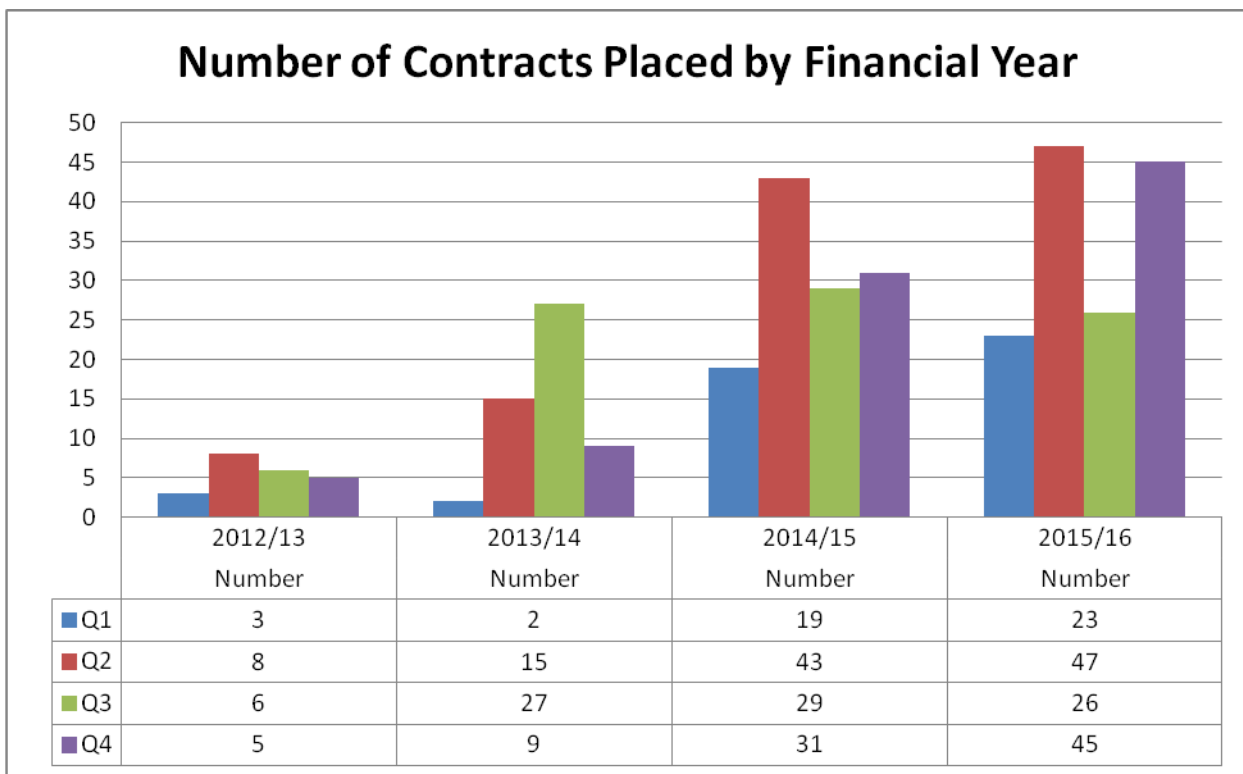
The total number of contracts placed and grants disbursed during Financial Year 2015/16 was 288.

The total expenditure for SDS is detailed below and highlights 99% Contracted Compliance through regulated Procurements.



SDS conduct IT procurements on behalf of Scottish Enterprise and Highlands and Islands Enterprise through the IS Shared Service.

The chart below shows the trends in number of contracts placed over the last four Financial Years.



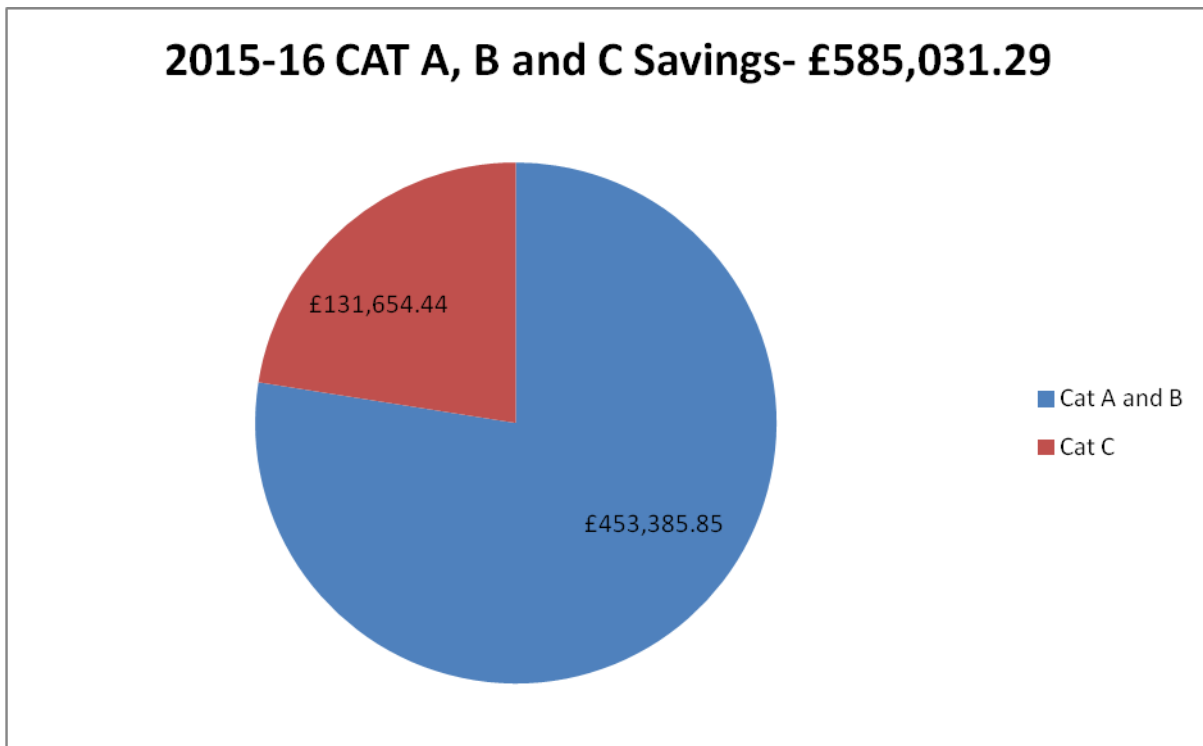


## Collaborative Contracts

SDS conducts further competitions through existing Crown Commercial Services and Scottish Government Framework Agreements. We participate in National Category Forums and User Intelligence Groups

SDS in the main conduct IT procurements on behalf of Scottish Enterprise and Highlands and Islands Enterprise through the Gartner service towers.

Total Value for money savings realised on central contracts placed during Financial Year 15/16 was £585,031.29.



## 7. Facilitating the involvement and inclusion of Supported Businesses

Supported businesses play a crucial role in the employment of disabled people and sustainability, the Larbert British Association of Supported Employers centre provides training and jobs for 90 disabled and disadvantaged people as well as hosting three supported businesses : Haven PTS, Redrock and The Sign Factory.

The use of supported businesses is of significant importance to the Scottish Government and was the key theme of the address by Keith Brown to Scottish Heads of Procurement at their annual meeting in 2015.

SDS are committed to working with supported businesses and already have in place contracts with Redrock for digitisation of SDS records and have engaged with prime contractors to engage with supported businesses (for example the Sign Factory through MITIE). More recently we have placed an order with Haven Recycle for IT Disposal.

The SDS Procurement Team provided bid support advice to supported businesses through a volunteering day. Talking after the volunteering event, Tom Wilson, Head of Procurement said:

“We are committed to responsible and sustainable procurement in SDS – this is demonstrated through our Responsible and Sustainable Procurement Strategy and policies”.

Our Central Procurement Team were able to reserve contracts under Article 19 and call-off the Scottish Government’s Supported Businesses Framework for a number of goods and services.

## 8. Contract Management Plans

SDS has now put into place Contract Management Plans for all central contracts with an aggregate value greater than £150,000. Balance Scorecards have now been introduced across a number of areas of the business.

## 9. An Inclusive and sustainable approach to new entrants into Procurement as a Career of Choice at SDS

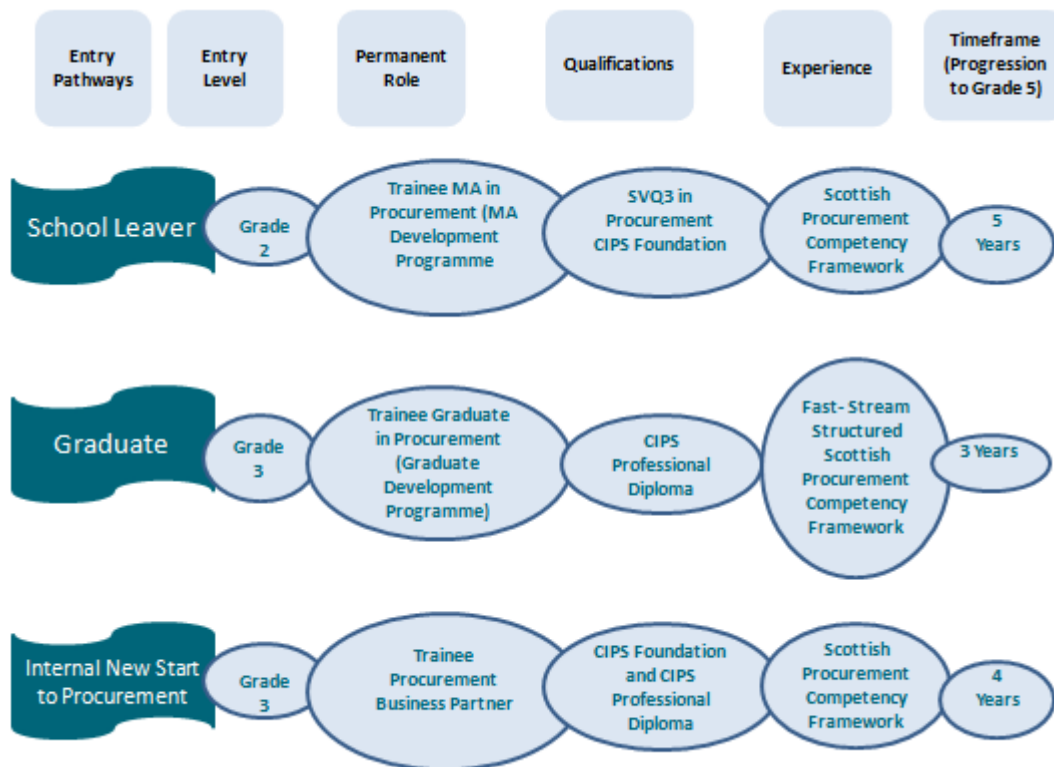
The Scottish Government have established and led a Strategic Forum on professional development across the Procurement profession in the wider Scottish Public sector. The Professional Procurement Development Strategic Forum (PPDSF) led by Nikki Bell has harmonised vocational and knowledge based qualifications to enable a blended approach to new entrant development. SDS has adopted the Chartered Institute of Purchasing and Supply Global Occupational Standards advocated by the PPDSF and the Scottish Procurement Competency Framework.

The Global Occupational Standards are embedded through the four pillars of :

1. Infrastructure
2. Process
3. Performance
4. People Development

Please see below the Ready Reckoner on Procurement Qualifications and SDS’s inclusive approach to Talent Management for new entrants :

SCQF Levels	MA in Procurement / Scottish Vocational Qualifications (SVQS)	Educational Institution Qualifications	Professional Membership Chartered Institute of Purchasing & Supply (CIPS)	SCQF Levels
12		Doctorate (PHD)		12
11	SVQ Level 5	Masters Degree (MBA/MSC)		11
10		Honours Degree	CIPS Level 6	10
9	SVQ Level 4	Ordinary Degree	CIPS Level 5	9
8		HND in Procurement	CIPS Level 4	8
7	SVQ Level 3	HNC in Procurement		7
6		Higher	CIPS Level 2	6
5	SVQ Level 2	Intermediate 2		5
4		Intermediate 1		4
3				3
2				2
1				1



## 10. Learning and Development

SDS Procurement have now developed a common Learning and development template through the Four Pillars of the Global Occupational Standards.

	Date	Course	No. of Days
<b>Infrastructure</b>			
Ethical Standards & Conduct			
European & Scottish Procurement Legislation			
Governance & Compliance			
Bribery Act			
CIPS Fraud Master Class (prevention)			
CIPS Exams & Study Leave			
<b>Process</b>			
Spend Analysis			
Market Analysis			
Specification Development			
Contract Law			
Tender Process (Procurement Journey)			
Tender Evaluation			
Award & Debrief			
Negotiation			
Contract Management			
Supplier Relationship Management			
Supply Chain Management			
<b>Performance</b>			
Benefits Tracking & Measurement			
Key Performance Indicators			
Service Level Agreements			
Six Sigma (continuous improvement)			
Project Management			
<b>People</b>			
Leading & Influencing			
Stakeholder Relationship Management			
Communications			
Managing High Performing Teams			

## 11. Supported Businesses

The aim of a supported business is the social and professional integration of disabled persons and where at least 50% of the employees are disabled (prior to change of definition, 18 April 2016).

SDS has instructed prime contractors to call-off services from supported businesses where appropriate.

SDS expenditure with supported businesses is as below :

Supported Business	Project / Service	FY 14/15	FY 15/16
Redrock	Digitisation Project	£27,482	£27,135
Haven Recycling	Disposal of IT kit	£482	£2,805

## 12. Third Sector

Third sector covers the voluntary sector, charities and social enterprises (including social firms and supported businesses).

SDS has increased significantly the level of business placed with Third Sector organisations over the last 5 years. Third Sector is a term covering the voluntary sector, charities and social enterprises (including social firms and supported businesses).

Approximate expenditure with the Third Sector :

- FY 2010/11 £250,000
- FY 2011/12 £10,300,000
- FY 2012/13 £10,400,000
- FY 2013/14 £11,000,000
- FY 2014/15 £12,000,000

Socio-economy organisations provide a valued service to SDS in engaging with disadvantaged groupings. SDS has worked with Ready for Business in developing our approach to the Third Sector.

### 13. Community Benefits

SDS include Community Benefits Clauses within major contracts with an aggregate value greater than £4M.

Community Benefits Clauses (CBCs) are contractual clauses which can be used to build a range of economic, social and environmental conditions into the delivery of public contracts. CBCs can be viewed as contributing to the Best Value and Sustainable Procurement agendas and allow organisations to contribute to the achievement of outcomes which benefit their communities by specifying requirements which seek to deliver such wider social benefits.

Targeted Recruitment and Training is important to SDS. SDS have ensured that communities have realised the benefits of :

- Work Experience
- Youth Employment

through Community Benefits Clauses.

- 8 employees have been recruited through the MITIE Total Facilities Management contract.
- CGI and Lockheed Martin have both started one Modern Apprentice in providing IT services to SDS.

14. Annex A. Summary of regulated procurements expected to commence in the next 2 Financial Years

(Values may be subject to change due to budget revisions)

	<u>Value 2016/17</u>	<u>Value 2017/18</u>
NTP – Modern Apprenticeships	£76.2M	£75M
NTP – Employability Fund	£23M	£23m
Digital Skills Business Excellence Partnership	£500k	£500k
Foundation Apprenticeships	£1M	£1M
Microsoft Licensing	£891k	£891k
Software Licensing	£470k	£470k
Total Facilities Management		£1M
IT Peripherals	£85k	£85k
Reactive Maintenance	£30k	£30k
Insurance	£60k	£60k
Filming and Photography	£50k	£50k
CPD Relationship Management	£25k	£25k
MY WOW Developments	£75k	£75k
Management Development	£45k	£45k
Room and desk booking	£15k	£15k
Deskside Support	£171k	£171k
Service Desk Software	£90k	£90k
Business Continuity System	£15k	£10k
Third Party IT Contracts	£960k	£960k
Mobile Telecommunications	£500k	£500k