

Annual Procurement Report

2022/23

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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 into our work. 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”¹.

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

SDS is pleased to publish our 9th 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 SDS Procurement Vision and Mission Statement and meets the requirements of Scottish Ministers (Scottish Procurement Policy Note SPPN 11/2016).

¹ [Sustainable procurement – delivering local economic, social and environmental priorities](#)

This report contains detail of our regulated procurements and key highlights from the 2022/23 financial year.

SDS continues to adapt and respond to changes to the external environment it operates in. In 2022/23, this has included our continued contribution to delivering value for money whilst meeting PRSA requirements.



Stacy McDonald

Head of Procurement
stacy.mcdonald@sds.co.uk

Skills Development Scotland registered number SC202659

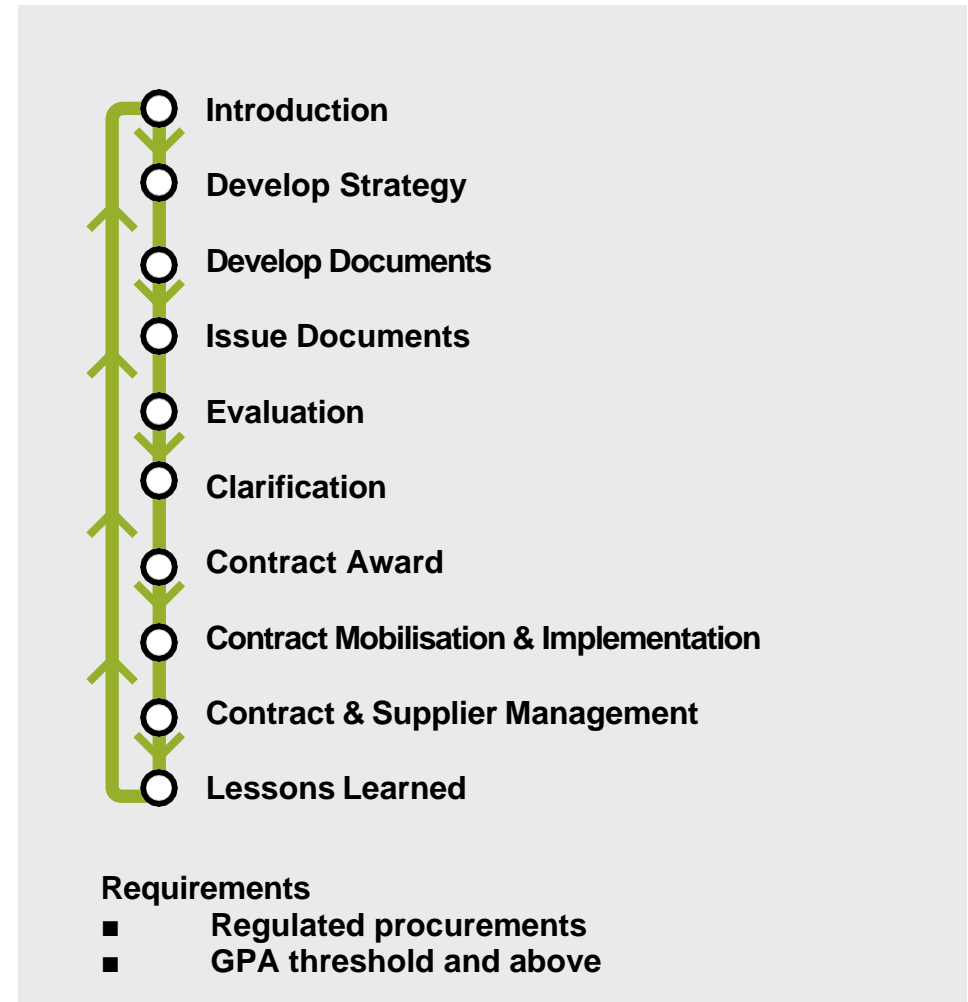
The procurement journey

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 are the only SDS personnel with access to Public Contracts Scotland, which ensures adherence to the stages of the procurement journey and best practice procurement. The Procurement team works with internal customers to develop new and re-let contracts via project or user intelligence groups to identify stakeholder requirements.

Figure 1: Procurement journey route 3 requirements



Regulated procurements in 2022/23

During the reporting period (1 April 2022 to 31 March 2023) we awarded:

- 17 new SDS regulated contracts and frameworks
- 15 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](#) at Public Contracts Scotland.

The [SDS Procurement Strategy](#) sets out how we plan to carry out our regulated procurement exercises. During the period April 2022 to March 2023, all regulated contracts were awarded to meet the policies and principles set out in the strategy.

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	£20,607,396.00
Call-offs	£8,164,119.16
Total	£28,771,515.16

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 2022/2023 was £1,823,918.99.

Figure 2: Value for money savings achieved in 2022/2023.



Collaboration

SDS activity on behalf of the Devolved Governments

In 2016, Skills Development Scotland took on the role of managing Standards and Frameworks activity on behalf of the Devolved Governments in Scotland, Wales and Northern Ireland. This relationship is governed by a Memorandum of Understanding (MOU) between the Devolved Governments and SDS.

In 2019, SDS awarded the first Framework Agreement for Standards and Frameworks, with the second Framework Agreement awarded in April 2023. Improvements were implemented into the new Framework Agreement based on lessons learned from the first iteration.

It is split into four lots and allows for the delivery of the following products: National Occupational Standards (NOS), Welsh Translation of NOS, Scottish Vocational Qualifications and Competency Based Qualifications, and Apprenticeships in Wales and Northern Ireland. This is a fixed price agreement, and the rates were set in line with the new commercial model approach. A total of 18 suppliers were awarded across 4 lots, 17 of which are small and medium enterprises (SMEs).

Enterprise Information Services (EIS) Shared Services

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

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 SMEs, and charity/third sector organisations, including supported businesses, where appropriate.

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 organisations²

Organisation type	% of SDS Expenditure	Expenditure (£)
UK SMEs Charity/Third Sector *not including Scottish SMEs	0.11	143,851.00
UK SMEs Non-Charity *not including Scottish SMEs	1.15	1,538,699.59
Scottish SMEs Charity/Third Sector	7.49	9,999,646.63
Scottish SMEs Non-Charity	37.39	49,909,941.39

² As defined via Spikes Cavell reporting tool.

Prompt payment

Prompt Payment is a priority when seeking to act in a responsible and sustainable manner. Prompt Payment of the supply chain is not only the ethical and socially responsible thing to do, it is critical to the [sustainability and resilience](#) of supply chains

SDS is committed to paying suppliers and understands the importance of Prompt Payment to ensure our suppliers and the supply chain do not have cash flow difficulties. SDS has embedded Prompt Payment in line with SPPN2/2022 in our procurement process to ensure suppliers and sub-contractors are paid on time.

- Our standard terms and conditions for the purchase of goods and/or services were updated on 1 June 2022 to require suppliers to include Prompt Payment conditions within any sub-contracts relevant to the SDS contract.
- We have agreed a written process for procurement team for Part 1 and Part 2 inclusion of Prompt Payment in line with SPPN.

In 2022/23, SDS made 81.5% of payments in fewer than 10 days and 99.2% within 30 days, demonstrating our delivery of prompt payment.

Fair Work First

SDS has adopted Fair Work First (FWF) principles as an employer, through commitment to the delivery of high-quality public services. This is dependent on SDS having a workforce that is well-motivated, has appropriate opportunities for training and skills development and is engaged in decision making at all levels of the organisation through our culture of 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. This should form 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.

SDS has included FWF criteria in several contracts where deemed relevant, for example, FWF criteria was scored and weighted in the Modern Apprenticeship contract.

FWF criteria, where applicable, will be monitored throughout the lifetime of our contracts as part of our contract management process.

Modern slavery

SDS has updated its [Modern Slavery Statement](#) on its corporate website. This details the measures that SDS has taken during the relevant financial year to prevent the risk of modern slavery or human trafficking taking place in our organisation or our supply chains. Several improvements have been made this year, including the addition of obligations on suppliers in connection with modern slavery in our standard terms and conditions for the purchase of goods and/or services and our template Framework Agreement and call-off terms.

An action plan for the year ahead has also been prepared to assist in considering potential further improvements to our practices, including consideration of the appropriateness of a supplier code of conduct, whether the Home Office's Modern Slavery Assessment Tool could be used, and relevant KPIs.

In addition, the Procurement team has produced a sector leading [Prevention of Modern Slavery in Procurement Policy](#).

To raise awareness of the risk of modern slavery further, an e-learning module for colleagues is available on the SDS Academy, alongside a Best Practice Guidance Note. It is now mandatory for all SDS staff to complete the e-learning module.

Supported businesses

SDS engages with supported businesses and uses the Supported Businesses Framework for furniture and signage, as and when we have a procurement requirement. SDS will continue to seek future opportunities to consider and utilise them, as appropriate and in line with our contract strategy development.

Equality, diversity, and inclusion

The Public Sector Equality Duty requires a public authority, in the exercise of its functions, to have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

The SDS Procurement team co-ordinates consideration of equalities within our procurement process. The team works with client departments to ensure the specification has considered and, where applicable, completed and gained approval of an Integrated Equality Impact Assessment (EqIA) with the support of relevant colleagues. Completed EqIA's are published on the SDS corporate [website](#).

Community benefits

SDS considers inclusion of Community Benefits in line with S18(2) of The Procurement Reform (Scotland) Act 2014 in all procurement processes for relevant contracts at or above £4 million in value. As an organisation, we 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.

SDS Climate Strategy 2020-2030

In 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.

Under the action plan and to meet Procurement Reform Scotland Act 2014 and SPPN1/22 Climate & Circular Economy, the Procurement team has embedded consideration of sustainability criteria into contracting and incorporating monitoring where relevant, through our contract strategy documentation and procurement processes.

We utilise [sustainability tools](#) and run prioritisation tools as appropriate and include areas of scope and influence into our contract strategies. Small changes such as travel, environmental and digital requirements have been included to make changes to the way we ask for services to be delivered.

Procurement also ensures that we involve our Carbon Management Executive in the specification of requirements and user intelligence group, where applicable. In addition to these actions, the SDS Procurement team representative had been part of the Scottish Government Carbon Monitoring and Reporting workstream.

We previously created sustainability case study on the move to Microsoft Azure based hosting and we will continue to make improvements in the next iteration.

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. We consider their impact on our Procurement Policy, Contract Management Policy and Prevention of Modern Slavery in 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 updated accordingly.

- Community Benefits in Procurement
- Supported Businesses
- Contract Management
- Demand Management
- Evaluation of Tenders
- Grant v Procurement
- Fair Work First
- Identifying and Defining Requirements
- Modern Slavery in Procurement
- Sustainable Procurement

Organisational resilience

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

- Continuing to conduct due diligence for SPPN 1/2022 requirements Russian/Belarus
- Attendance and involvement at the Digital Assurance Group and Security Office meetings. This helps to ensure data protection and cyber security requirements are embedded within our Procurement Processes to mitigate security risk, whilst ensuring these are appropriate and do not unnecessarily discourage SMEs from bidding
- Embedding of SPPN2/2022 prompt payment into procurement process
- Attendance at the Scottish Government Carbon Monitoring and Reporting workstream and where appropriate, climate considerations identified in line with SPPN3/2022
- Review of indices and index linked inflation clauses and relevance to SDS services

Learning, development, talent management

SDS recognises the importance of those responsible for procurement, a separation of duties and an appropriate level of delegated authority. It is fundamental that all procurement personnel have the professional qualifications, knowledge, skills, and experience to undertake procurement activity.

SDS undertakes a customised approach to the professional development of procurement colleagues. The SDS Procurement team currently has five team members have CIPS qualifications at levels 4, 5 and 6. We continue to provide Continuing Professional Development (CPD) opportunities that allow use of the Procurement Competency Framework, as applicable.

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 team members undertake relevant procurement learning and development.

The SDS Procurement team has developed a range of e-learning materials for colleagues, available through the SDS Academy 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
- 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.

The Procurement team also continue 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 SDS Procurement team have continued to seek feedback, both internally and externally, to ensure we deliver the best possible service to our customers.

Some improvements identified and made in 2022/23 are as follows:

- Additional customer engagement sessions
- Induction pack and targeting new SDS new colleagues
- Created Procurement Team resource plan
- Creation of procurement checklist for all team members
- Reporting capability in our finance system in line with Scottish Procurement Policy Notes (SPPN)

In addition, we conducted a review of our standard terms and conditions, including the addition of the obligations on a supplier in connection with Prompt Payment in sub-contracts.



Annex A. Input to the Scottish Government Annual Procurement Activity Report

1. Organisation and report details	
a) Contracting authority name	Skills Development Scotland
b) Period of the annual procurement report	April 2022 – March 2023
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	32
b) Total value of regulated contracts awarded within the report period	£28,771.515.16
c) Total number of unique suppliers awarded a place on a regulated contract during the period	34
i) how many of these unique suppliers are SMEs	21
ii) how many of these unique suppliers are Third Sector bodies	1
3. Review of regulated procurements compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	31
b) Number of regulated contracts awarded within the period that did not comply with your Procurement Strategy	1
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	1
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

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	16
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	8
c) Number of unique suppliers who are accredited Living Wage employers and were awarded a regulated contract awarded during the period	8

6. Payment performance

a) Number of valid invoices received during the reporting period	217,295
b) Percentage of invoices paid on time during the period ("On time" means within the time period set out in the contract terms)	99.55%
c) Number of regulated contracts awarded during the period containing a contract term requiring the Prompt Payment of invoices in public contract supply chains	10
d) Number of concerns raised by sub-contractors about the timely payment of invoices within the supply chain of public contracts.	0

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:	£0
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	£133,489,213.00
b) Total procurement spend with SMEs during the period covered by the annual procurement report	£78,491,657.20
c) Total procurement spend with Third sector bodies during the period covered by the report	£120,051,005.69
d) Percentage of total procurement spend through collaborative contracts.	3%
e) Total delivered cash savings for the period covered by the annual procurement report	£1,823,918.99
f) Total non-cash savings value for the period covered by the annual procurement report	Not measured
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	14
b) Total estimated value of regulated procurements expected to commence in the next two financial years	TBC

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, rxtended, re-let	Expected award date	Estimated value of the contract
Subscription Services Marketing Automation and Analytics	Renewal	Jan-24	Approx. £240,000
Modern Apprenticeships	Renewal	Apr-24	TBC
Facilities Management	Renewal	Apr-24	TBC
People Manager Development Offer	Renewal	Apr-24	TBC
Master Data Management - MultiVue	Renewal	Apr-24	£265,000
My World of Work Site Search Service	Renewal	Apr-24	TBC
Accredited Management Training	Renewal	May-24	£172,000
Technology Peripherals and Infrastructure Framework	Renewal	May-24	TBC
Digital Hosting	Renewal	Jul-24	TBC
Mobile Data & Devices	Renewal	Oct-24	TBC
End User Computing - Deskside	Renewal	Nov-24	TBC
Room Booking System	Renewal	Nov-24	TBC
Quality Assurance System	Renewal	August 2024 (extension available)	TBC
Survey Platform	Renewal	September 2024 (extension available)	TBC

