

Procurement Strategy 2024-2027

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1. Introduction

About Skills Development Scotland (SDS)

Skills Development Scotland (SDS) is the national skills agency in Scotland. Our purpose is to drive productivity and inclusive growth through investment in skills, enabling businesses and people to achieve their full potential. We engage with partners at national, regional, and local level, shaping our delivery to meet local needs and priorities, while informed by the knowledge of effective practice from across the country and beyond.

We work to help create a Scotland in which:

- All people in Scotland have the skills, information, and opportunities to succeed in the labour market
- Scotland's businesses drive productivity and inclusive growth
- The learning and skills system is dynamic and responsive
- SDS leads by example and continuously improves to achieve excellence.

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

2. 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 wider impact that procurement policy and practice has on Scotland's National Outcomes and support the achievement of the [National Performance Framework](#) (NPF), Scotland's [National Strategy for Economic Transformation](#) (NSET) and the annual [Programme for Government](#) which sets out the plan for policy delivery and public procurement priorities and legislation.

Through use of the PRSA 2014, economic activity and sustainability drivers will be acted upon, including the following:

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:

- 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 attended the Scottish Government's Monitoring and Reporting workstream and SDS will continue to work to improve, where applicable, carbon reporting in procurements identified through the government's Sustainable Procurement Prioritisation Tool.

SDS will look to utilise the sustainable procurement prioritisation tool at re-tender stage, examples given below.

- End-user Computing
- Mobile data
- Modern Apprenticeships

(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 utilise the supported businesses framework, where applicable, 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.

Procurement Impact in Scotland

This Corporate procurement strategy aligns with, and supports delivery of the [Public Procurement Strategy](#) for Scotland published on 27 April 2023. The vision statement for public procurement in Scotland is:

“Putting Public Procurement at the heart of a sustainable economy to maximise value for the people of Scotland.”

The [Public Procurement Strategy](#) details how procurement enablers can be used to support the delivery of four key objectives through our procurement activity:

- good for businesses and their employees
- good for places and communities
- good for society
- open and connected

These procurement objectives and their enablers are reflected

in SDS's procurement priorities.

- Procurement Capability
 - SDS ensure our Procurement profession is developing individuals, building contingency, and retaining existing procurement talent.
 - SDS has a comprehensive Leadership programme and succession planning is key
- Supplier development
 - Contract and supplier engagement is devolved in SDS with procurement providing support and escalation.
 - Supplier webinars and early engagement in supply chains is undertaken as required
- Engagement
 - Use of shared collaborative tools such as Public Contracts Scotland
 - Shared processes and areas for contract management purposes
- Collaboration
 - Sharing of Best Practice across Procurement landscape
 - Shared services agreements with our EIS (IT) collaboration with partners
 -
- Shared Services for our National Occupational Standards (NOS) with the devolved governments

3. Our Procurement Vision

The SDS Corporate Procurement Strategy 2024-27 sets out our commitments to support our vision for procurement:

The SDS Procurement Vision is that: “SDS has a high quality, fit-for-purpose Procurement Service that helps to deliver the ambition for a thriving, productive and inclusive Scotland, while supporting financial sustainability and meeting all statutory obligations.

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, where applicable, 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.

The SDS 2024 Mission Statement: *“To deliver value add procurement that supports community, economy, equality and inclusion, fair work and the environment”.*

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 three years.

4. How the Procurement Function aligns to the SDS Strategic Plan

Our Strategic Plan 2022-27 sets out the corporate goal to be an:

Impactful organisation: Team SDS maximises return on investment, collaborating to deliver better outcomes and experiences for our customers, colleagues, and the economy.

Furthermore, we aim to ensure that we:

Steward our resources efficiently and effectively, ensuring that SDS is a resilient and sustainable organisation

Our Fair Work First approach links to the Impactful Organisation goal and our commitment to:

Attract, nurture, and retain a diverse team of people that share and achieve our ambitions, demonstrating fair work practices

5. Procurement processes in SDS

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 of 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.

PROCUREMENT OVER £5,000

All spend >£5,000 is procured by the Central Procurement Team. The procurement strategic sourcing journey demonstrates the process conducted by all Procurement team members to ensure we will:

- Comply with the Public Contract (Scotland) 2015 Regulations, the Procurement Reform Act 2014, the Procurement (Scotland) Regulation 2016 and any other Directives.
- Take account of climate and circular economy considerations in all Procurement activity.
- Deliver open, fair, and transparent competition.
- Deliver the most economically advantageous tender (MEAT).
- Reduce the administration burden for all internal and external stakeholders during the tender process.
- Deliver maximum Efficiency and Effectiveness, value for money that is the optimum combination of whole life cost and quality to meet the end user's requirement.

6. Our 2024-2027 Workstreams

Sustainability - Responsible Procurement

a. *Fair Work First*

SDS is proud to be an Accredited Living Wage employer and an employer of choice. This means we are committed to paying all employees at least the living wage, 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. We have set up our procurement procedures to ensure that we engage with Contractors and potential contracts to encourage them as far as possible, to also pay the Real Living Wage to people working on our premises.

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.

- Promotes and implements flexible and family friendly practices
- Opposes all fire and rehire processes

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

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 and works with SDS equality team to drive any equality actions in procurement via Equality impact assessments.

c. 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.

d. 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.

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.

g. 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.

SDS has embedded SPPN 2/22 into our procurement processes and documentation and will include within all SDS regulated contracts/frameworks

h. 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.

SDS is a member of the Digital Assurance Group (DAG). The purpose of DAG is to maintain oversight to secure effective management, adoption and use by SDS of non-standard software to identify, prioritise and steer opportunities for the effective use of its software products and applications (both standard and non-standard) across SDS and, where appropriate, with our partner agencies, and to maintain effective oversight of SDS's cyber security and resilience activities.

i. Health & Safety

Where required SDS will work with suppliers and sub-contractors promoting compliance with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act.

j. Contract Management

SDS has a diverse range of providers and contracts in place. From the major EIS Shared 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. Procurement will become involved for any areas of escalation or non-performance in contracts.

SDS has a comprehensive range of procurement performance measures. Significant improvements have been put in place within the SDS Finance Management System – including a procurement contract register, which incorporates all reporting requirements and assists the 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

Our SDS internal contract register continues to evolve in line with Procurement needs for MI/Reporting requirements.

Capability - Talent Management and Workforce Development

k(i). Capability

Procurement personnel are required to undertake 21hrs CPD per annum, ensuring we 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.

k(ii). 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.

I. 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 for 2024 will be progressed and completed)
- Voice of the Customer – is a tool we can use with individual departments as and when required
- Your Views surveys
- Internal Staff Services Surveys
- Process reviews with SDS Continuous Improvement Team
- Survey questionnaires/lessons learned on procurement activity and working with procurement team

7. Performance Monitoring and Reporting

The Procurement teams progress is measured several ways:

- **Internal 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.
- **Integrated Service Plan Actions and Milestones** – on delivering procurement objectives, aligned to strategic priorities, which are agreed and prioritized by cross-business planning groups and signed off by Executive Governance Board. Integrated service plans are reviewed annually with progress reporting quarterly.
- **Procurement team resource plan** – allocation of workload and projects across the team ensuring capacity to meet needs
- **The Procurement & Commercial Improvement Programme (PCIP)** - The 2024 assessment will provide a means of measuring and reporting on the procurement and commercial capability of organisations.
- **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.
- **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.
- **Your Views Survey** – this internal survey includes 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.

8. Periodic Review of the SDS Corporate Procurement Strategy

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

9. Other matters

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