Skills Development Scotland

Annual Procurement Report

2025/26

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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 12th 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 2024-27(refresh 2026)

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 2025/26 financial year.

SDS continues to adapt and respond to changes to the external environment it operates in. In 2025/26, this has included our continued contribution to delivering value for money whilst meeting Procurement Reform Scotland Act 2014 (PRSA) requirements and considering and contributing as applicable to the wider impact that procurement policy and practice has on Scotland’s National Outcomes and supporting 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.

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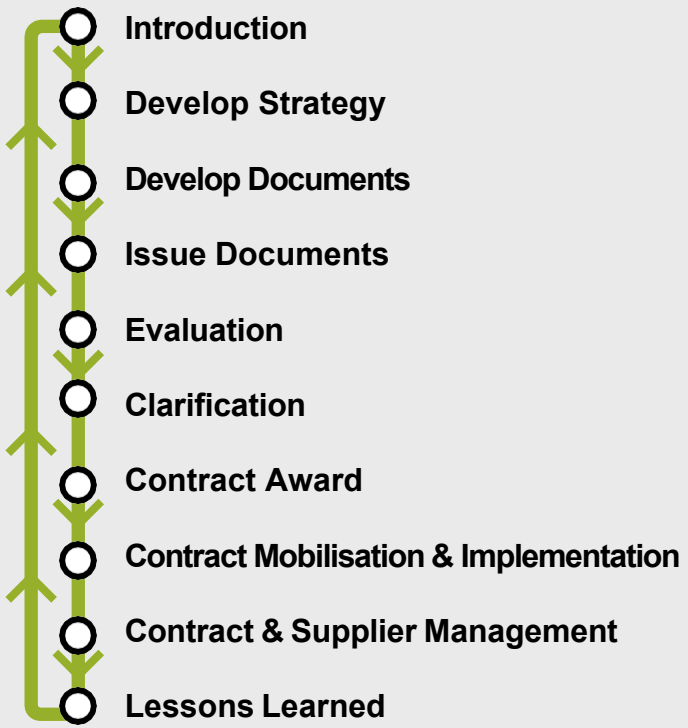
The procurement journey

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 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 three requirements



Regulated procurements in 2025/26

During the reporting period (1 April 2025 to 31 March 2026) we awarded:

- 27 - SDS regulated contracts, frameworks and call-offs
- 13- regulated call-offs from other 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.

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 frameworks and call-offs	£3,673,413.359
Call-offs from other frameworks	£7,112,998.72
Total	£10,786,412.31

The SDS Procurement Strategy sets out how we plan to carry out our regulated procurement exercises. During the period April 2024 to March 2025, all regulated contracts were awarded to meet the policies and principles set out in the strategy.

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.

The total value for money savings realised for SDS contractual activity during the financial year 2025/2026 was £384,091

The Cat A frameworks utilised are as follows:

- Electronic Purchasing Card
- General Office Supplier
- Interpreting Translation & Transcription
- Legal Services Framework
- Managed Print
- Media Planning, Buying and Associated Services
- Media Services
- Mobile Client Devices
- Mobile Voice & Data Services
- Natural Gas
- Publishing, Print, design and Associated Services
- Software – Value Added Reseller (VAR)
- Technology Peripherals and Infrastructure
- Travel Services Contract
- Vehicle Hire
- Water and Waste Water Services
- Web Based & Proprietary

SDS utilises both Category A National frameworks and other UK wide Frameworks as required to achieve Value for Money, collaboration and efficiencies for all throughout the process.

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 four lots, 17 of which are small and medium enterprises (SMEs).

Procurement published various mini competitions across all lots of the NOS Standards and Framework, Framework Agreement during 2025-26. A tender was also awarded for the NOS database hosting and maintenance contract.

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.

SDS Procurement team awarded the following regulated contracts/call-offs in 2025/2026:

- Microsoft EA Licences
- End User Computing
- Domain Name Services

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 2 below provides details on the % of SDS expenditure in the reporting period.

Table 2: SDS expenditure with SMEs and charity/third sector organisations[2]

Organisation type	% of SDS Expenditure	Expenditure (£)
UK SMEs Charity/Third Sector *not including Scottish SMEs	0.17	219,360
UK SMEs non-Charity *not including Scottish SMEs	3.15	4,009,251
Scottish SMEs Charity/Third Sector	6.29	8,017,035
Scottish SMEs non-Charity	44.32	56,499,264

[2] As defined via DXC 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.
- We monitor Prompt Payment, as required, in our contracts.

In 2025/26, SDS made 99.1% of payments in fewer than 10 days and 99.8% 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 were deemed relevant, for example, FWF criteria were scored and weighted.

From new contracts placed in 2025/26, 4 suppliers who committed to paying the real living wage across 3 contracts.

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

Modern slavery

SDS has published its updated 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 during the relevant financial year, which have been included in the statement, including (i) the addition of an introduction by SDS's Chief Executive , (ii) the inclusion of additional information in line with certain suggestions included in the Home Office's new statutory guidance on Transparency in Supply Chains, which was published in March 2025, (iii) the addition of information on SDS's Integrated Equality Impact Assessments and how updated SDS policies are communicated to staff, (iv) a review conducted by Procurement of SDS's template contract management plans and the inclusion of a suggested agenda item and guidance in contract management minutes for relevant suppliers to confirm that they abide by all modern slavery legislation in performing its obligations under the contract and (v) confirmation of the KPIs introduced in the previous statement, namely on reported instances of modern slavery and completion rates for SDS's modern slavery e-learning.

An action plan for the year ahead has also been prepared to further improve our practices, including considering further suggestions included in the Home Office's new statutory guidance on Transparency in Supply Chains.

In addition, the procurement team has produced a 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 our internal SDS Academy, alongside a Best Practice Guidance Note. It is mandatory for all SDS staff to complete the e-learning module.

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 EqIAs 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 have been featured in SDS's procurement process in the reporting period in our End User Computing contract and we will continue to consider and include where relevant and proportionate to do so.

Supported businesses

SDS will continue to seek future opportunities to consider and utilise supported businesses, as appropriate and in line with our contract strategy development.

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. Sustainable procurement practices support the Business Processes workstream where the ambition is to 'continuously improve our business processes so that they better support our environmental ambitions

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 contribute the SDS Climate Change Action Plan and have an action for consideration and integration of sustainability criteria within all of our Enterprise IS contracts.

- End User Computing contract consideration – tender question set on UN Sustainable development goal on consumption and production patterns. Also, on disposal/recycling and customer data
- Cloud Services and Security Operations Centre (SOC) contracts sustainability consideration and inclusion of roadmap towards Net Zero and reporting on CO2 usage.

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.

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:

- Ongoing update of Terms and Conditions of Contract
- Updating of Best Practice Guidance notes as required.
- Updating of user guides for internal stakeholders and procurement team
- Provision of G-Cloud 14 guidance for procurement team
- Ongoing attendance and involvement at SDS Digital Assurance Group on Cyber security and data protection and discussion on supplier assurance

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 four team members who have CIPS qualifications at levels 4, 5 and 6.. The Chartered Institute of Procurement and Supply is an international professional body with Global Occupational Standard.

SDS now encourages procurement practitioners to use the Scottish Procurement and Commercial Competency Framework (February 2026) for their own CPD. This aligns to the Chartered Institute of Procurement and Supply (CIPS) global standards:

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. SDS mandates 21 hours of CPD per year that requires to be undertaken.

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 2025/26 are as follows:

- Updates to Terms and Conditions of Contract
- Ongoing collaboration across the procurement and legal team to ensure consistent and contingency
- Collaboration with our Finance colleagues to ensure financial commitments can be realised
- Provision of external legal advice session to our SDS colleagues on Procurement
- Building of Artificial Intelligence prompts for procurement process

In addition, we continue to review of our standard terms and conditions, e-learning, best practice guidance notes and tender documentation on an ongoing basis, as required.



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 2025 – March 2026
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	£10,786,412.31
c) Total number of unique suppliers awarded a place on a regulated contract during the period i) how many of these unique suppliers are SMEs ii) how many of these unique suppliers are Third Sector bodies	25 13 1
3. Review of regulated procurements compliance	
a) Number of regulated contracts awarded within the period that complied with your Procurement Strategy	40
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	0
b) Total number of regulated contracts awarded with a 5value 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	3
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	131
6. Payment performance	
a) Number of valid invoices received during the reporting period	204,214
b) Percentage of invoices paid on time during the period (“On time” means within the time period set out in the contract terms)	99.8%
c) Number of regulated contracts awarded during the period containing a contract term requiring the Prompt Payment of invoices in public contract supply chains	7
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: i) spend within the reporting year on regulated contracts ii) spend within the reporting year on non-regulated contracts	£10,700 £0 £10.,700
8. Spend and savings summary	
a) Total procurement spend for the period covered by the annual procurement report	£27,476.433.98
b) Total procurement spend with SMEs during the period covered by the annual procurement report	£68,774,811.72
c) Total procurement spend with Third sector bodies during the period covered by the report	£8,727.,511.01
d) Percentage of total procurement spend through collaborative contracts.	6.27%
e) Total delivered cash savings for the period covered by the annual procurement report f) Total non-cash savings value for the period covered by the annual procurement report	£384,091.20 Not measured
9. Future regulated procurements	
a) Total number of regulated procurements expected to commence in the next two financial years	
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, renewal	Expected award date	Estimated value of the contract
Penetration Testing	Renewal	23 Jan 27	TBC
Dark Web Monitoring	Renewal	15 Feb 27	TBC
Modern Apprenticeships	Renewal	01 Apr 27	TBC
Expenses	Renewal	01 Apr 27	
National Occupational Standards Framework	Renewal	17 Apr 27	TBC
Applicant Tracking System	Renewal	01 May 27	TBC
Recruitment Framework	Renewal	18 Aug 27	TBC
Payroll	Renewal	01 Apr 28	TBC
Business Continuity	Renewal	01 Apr 28	TBC
NOS Database Hosting and Maintenance	Renewal	01 Jul 28	TBC
Filmography	Renewal	01 Aug 28	TBC
Domain Name Services	Renewal	01 Aug 28	TBC
Business Applications	Renewal	01 Oct 28	TBC
Skills for Growth Framework	New	TBC	TBC