

## **VisitScotland Annual Procurement Report**

**For the Periods:**

**1 April 2018 to 31 March 2019**

**DRAFT**

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## Section 1 Contents

### Contents

Section 1	Contents .....	2
Section 2	Introduction/Executive Summary .....	3
Section 3	Compliance with Strategic Objectives .....	5
3.1	Efficiency and Collaboration .....	5
3.2	Savings .....	6
3.3	Sustainable Procurement.....	6
3.4	Monitoring, Measurement & Reporting.....	7
3.5	Capability .....	7
Section 4	Governance, Audit and Risk.....	8
<b>4.2</b>	<b>Audit</b> .....	8
<b>4.3</b>	<b>Risk</b> .....	8
<b>4.4</b>	<b>Fraud Avoidance</b> .....	9
Section 5	– Supplier Inclusion .....	9
Section 6	Community Benefits .....	10
Annex A	–Summary of Regulated Procurements: with contracts that commenced within the Period: 1 April 2018 to 31 March 2019 .....	11
Annex B	- Summary of regulated procurements expected to commence during the period 1 April 2019 to 31 March 2021 .....	13

## Section 2 Introduction/Executive Summary

VisitScotland's core purpose is to stimulate new and sustainable growth in the visitor economy. In so doing, we will play a key role in delivering against the shared industry ambition as set out in Tourism Scotland 2020 of growing tourism revenues by £1bn by 2020 from a baseline of £4.5bn.

### **Our Strategies**

To deliver our vision and our core purpose VisitScotland will focus its activities across the following three strategic pillars:

1. Building a visitor-shaped destination brand
2. Investing in Scotland's Tourism and Events Communities
3. Facilitating collaboration and embracing change in a global digital economy

### **Key Enablers**

To drive our activity, we will invest in talent and technology, with the following key enablers central to all that we do:

- Investing in technology that makes people's real-life visitor experiences better
- Developing and supporting flexible, specialist and passionate people who embrace change
- Developing and enhancing strategic partnerships as our most potent differentiator.

Serving as a key enabler for the VisitScotland Corporate Strategy, the Procurement function aims to assist the organisation's support of the Scottish Government's Economic Strategy for sustainable economic growth, and the Tourism 2020 Strategy.

Through sustainable procurement, VisitScotland seeks to grow the visitor economy directly to the benefit of Scottish based suppliers, accommodation providers and visitor attractions, many of which are SMEs.

As a public sector contracting authority, VisitScotland is subject to Procurement Reform (Scotland) Act 2014. In accordance with the act, VisitScotland is required in law to produce an annual report on procurement activity.

### **Procurement is core to the successful delivery of VisitScotland's Corporate and Operational Plan.**

Recognising an evolving procurement environment, our vision for procurement is one where "by supporting our stakeholders we can stimulate innovation so that the organisation will continue to

make procurement decisions and delivering Value for Money in an open, transparent and sustainable manner”.

Detailed in this report, covering the periods **1 April 2018 to 31 March 2019**, VisitScotland will set out:

- A summary of regulated procurement activity;
- A review of compliance with the organisations procurement strategy;
- For any procurements that did not comply, how the organisation plans to ensure future compliance;
- A summary of steps taken to involve supported businesses, the third sector and charities;
- A summary of community benefits imposed and fulfilled during the period;
- A summary of the regulated procurements that the organisation plans to undertake in the next two financial years

## Section 3 Compliance with Strategic Objectives

The activities summarised below in this Section 4 have been conducted in accordance with the Procurement Strategy and in support of the organisation's Strategic Objectives. VisitScotland can confirm that there are no reportable compliance issues.

### 3.1 Efficiency and Collaboration

#### Efficiencies

Public Contracts Scotland (PCS) is used to publicly advertise all relevant tender opportunities with an aggregated value exceeding the current procurement thresholds. The volume of published Contract Notices is summarised as follows:

- Period: 1 April 2018 to 31 March 2019 VisitScotland published **13 Contract Award Notices** through Public Contracts Scotland.

In accordance with the Public Contracts (Scotland) Act 2014, the organisation has published and maintained a Contracts Register on [www.visitscotland.org](http://www.visitscotland.org) on a quarterly basis.

In addition, the organisation has accessed Public Contracts Scotland to manage a programme of Quick Quotes. Quick Quote is used for lower value procurements with a value greater than £5,000, but less than a regulated procurement, or as a call-off contract from a pre-tendered contract. These can be summarised as follows:

- Period: 1 April 2018 to 31 March 2019 VisitScotland published **31 Quick Quote Award Notices** through Public Contracts Scotland.

In all relevant procurements, evaluation have been conducted against the criterion that will best deliver the operational objectives of the corporate plan. As required by the procurement Reform (Scotland) Act 2014, contract award decisions were made on the basis of the Most Economically Advantageous Tender (MEAT).

#### Collaboration

VisitScotland led on the collaborative procurement for the provision of Books and Maps. Collaborative partners to the contract are: VisitScotland, Historic Environment Scotland and Scottish Parliamentary Corporate Body. The contract was awarded on the 36 month basis to a maximum value of £2,310,000.

The organisation continues to support external collaborative contract, providing resource into key collaborative User Intelligence Groups (UIGs). This provides technical expertise into the procurement project and insures that the organisation's operational requirements are fully considered in specification and during contract development and management. In the period covered by this report, VISITSCOTLAND has contributed to the following collaborative UIGs:

- Media Planning, Buying & Associated Services (Scottish Government)
- International Media Planning, Buying & Associated Services (Scottish Government)
- Publishing, Print, Design and Associated Services (Scottish Government)
- Print and Associated Services (Scottish Government)

## 3.2 Savings

Annual procurement efficiencies are forecast in the range of £0.4m - £0.7M per annum. The following efficiencies have been achieved:

- Full Financial year 2018/19 - £686k (Draft)

## 3.3 Sustainable Procurement

### **Sustainable Procurement Duty**

VisitScotland is committed to the sustainable duty of the Procurement Reform (Scotland) Act 2014. The Act requires that before the organisation buys anything it must consider how it can:

- a) Improve the social, environmental and economic wellbeing of the area in which it operates;
- b) Facilitate the involvement of small and medium enterprises, third sector and supported businesses in the process, and;
- c) Promote innovation

The sustainable procurement duty applies to all regulated procurement exercises and subject to the Regulations). Whilst VisitScotland conforms to the Act, we also seek to embed sustainability as a business as usual in all our procurement activity.

The organisation's Application to Tender (ATT) process is effective for all regulated procurement activity (i.e. any procurement activity exceeding the threshold in operation at that time) and must give due consideration to Sustainable Procurement Duty.

### **Fair and Equal Treatment**

VisitScotland is subject to specific equality duties that were introduced by Scottish Ministers through the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. The duties came into force on 27 May 2012 and it is incumbent on the organisation to ensure that our tender processes comply with the legislation. VISITSCOTLAND complies with the duties of the Act through our standard and 'long form' conditions of contract that explicitly refer to the legislation and employer's liabilities under the Equalities Act.

### **Fair Work Practices, including the Living Wage**

As part of the range of statutory guidance under the Procurement Reform (Scotland) 2014 Act, the guidance deals with fair work practices including the Living Wage as part of procurement processes.

The guidance makes clear that the Scottish Government considers payment of the Living Wage to be a significant indicator of an employer's commitment to fair work practices and that the payment of the Living Wage is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce. VisitScotland complies with this requirement through the inclusion of 'Workforce Matters' clauses in appropriate tenders.

## **Payment Performance**

VisitScotland observes the Scottish Government's policy for prompt payment to creditors, and is committed to paying suppliers within 10 days of receipt of a valid invoice.

- **Analysis of invoices received between 1 April 2018 and 31 March 2019 shows that VisitScotland paid 76% of valid invoices within 10 working days.**

Conditions of contract are prepared to ensure that where a lead contractor is using the services of a sub-contractor, appropriate terms are in place to ensure that sub-contractor invoices are paid timeously. Payment of contractors and sub-contractors will form part of Contract and Supplier Management reviews in appropriate regulated contracts.

## **3.4 Monitoring, Measurement & Reporting**

### **Contract & Supplier Management**

VisitScotland has embarked on a program of contract and supplier management, by working closely with internal customers and contracted suppliers in a bid to maximise efficiency and reduce risk in the contract. The processes and procedures of the Scottish Government's Procurement Journey are adopted and applied to contracts awarded where the total contract value for goods or services exceeds £50,000.

All new regulated procurements have a commodity strategy where the level of Contract and Supplier Management required is identified through a Contract Management Assessment Tool (CMAT).

### **Best Practice Indicators (BPIs)**

VisitScotland continues to report Best Practice Indicators (BPIs) to the Scottish Procurement Information Hub on a quarterly basis and submit our annual return within agreed deadlines.

## **3.5 Capability**

### **The Procurement Team**

The skills and knowledge of the Procurement team will continue to be developed through further education and internal training programmes to enhance the contribution and benefits delivered by the team

Within a team of five, we currently have two MCIPS qualified colleagues and two colleagues studying towards a CIPS qualification. Additionally, VisitScotland currently has a Modern Apprentice – Procurement.

All members of the team are encouraged to participate in relevant vocational training appropriate to their role.

### **Internal Colleagues**

All colleagues involved in the procurement process, whether this is the purchase order process, tendering, or other, are provided with training relative to their involvement in the process. All new-starts who will access the Purchase-to-Pay system must undertake procurement training before they will gain system access rights. On a monthly basis, the Procurement team manage a training session for all new-starts.

When colleagues are involved in a competitive tender, specific training has been developed and is provided in advance of the tender process.

### **PCIP (Procurement and Commercial Improvement Programme)**

In February 2019, the organisation was assessed as part of the 2019 PCIP programme by Scottish Procurement Capability Team. Consequently, the organisation has improved its score by 4% from 73% to 77% within the highest banding awarded to a medium sized organisation - defined as an organisation with spend in the range £15M - £50M per annum.

Recognising that this is a journey of continuous improvement, VisitScotland Procurement has developed an improvement plan which has been submitted to the Scottish Procurement Capability Team. The plan identifies key actions that will address perceived areas for improvement ensuring enhanced performance.

## **Section 4 Governance, Audit and Risk**

VisitScotland operates within a strict governance framework which is rigorously applied and subject to audit:

### **4.1 Governance**

VisitScotland currently ensures that all procurement decisions are made relative to with the organisation's scheme of Delegated Purchase Authority (DPA) and in line with the organisation's Management Statement as agreed by Scottish Government (aligned to the Scottish Public Finance Manual). Appropriate separation of duties exist and all procurement decisions are made within a regulated environment.

### **4.2 Audit**

Audit services are provided to VisitScotland's procurement activity internally by our appointed internal auditors and externally via Audit Scotland. Where European funding is utilised by the organisation, then this activity is subject to audit by Scottish Government and the European Court of Auditors. VisitScotland currently have no live European funded projects.

The Procurement team apply a number of processes and procedures that ensure that we will maintain absolute transparency in the procurement process. All procurement information is held centrally on the organisations SharePoint site or on the ERP system (Oracle).

VisitScotland confirms that clean audit reports have been filed for Procurement activity.

### **4.3 Risk**

VisitScotland maintain a Corporate Risk Register that shall continue to include entries for Procurement risk at a corporate level.

A recent addition to the corporate risk register is 'the risk of business disruption in the event of an issue with a supplier or partner'. Mitigating actions have been developed and include profiling key suppliers to identify and avert any potential disruption. Contract and supplier management reviews will seek a business update from key suppliers, including changes to business structure, contracts held, marketplace, and where appropriate management accounts.

At an operational level a risk assessment is conducted at the outset of each regulated procurement exercise, capturing risk in the procurement through the Contract Management Assessment Tool (CMAT). The CMAT considers loss to the organisation, loss resulting from market forces, and loss resulting from changes to the commodity. The overall likelihood and impact determines the degree of contract and supplier management to be applied.



As the process of Contract and Supplier Management matures, risk registers will be developed and maintained on a contract by contract basis in conjunction with the end user and appointed Supplier.

#### 4.4 Fraud Avoidance

The organisation maintains a fraud avoidance policy which provides guidance on the prevention, detection, reporting and handling of fraud within VisitScotland. Procurement is a key area where fraud prevention measures can have a major positive impact.

The following mitigating procedures have been put in place within the procurement environment:

- All Procurement team members have undertaken anti-fraud training;
- Separation of Duties is a guiding principle throughout the VisitScotland's Purchase-to-Pay process and system;
- Conflicts of Interest declarations are required within the Employee Handbook;
- VisitScotland maintains a comprehensive Whistleblowing Policy within the Employee Handbook;
- VisitScotland Standard Conditions or Contract include anti-corruption and anti-fraud clauses aligned with the Bribery Act 2010

## Section 5 – Supplier Inclusion

### SME Expenditure

The duties of Sustainable Procurement include a requirement to **“facilitate the involvement of small and medium enterprises, third sector and supported businesses in the process”**. This is a duty that VisitScotland also places significant importance on.

- 51% of VisitScotland's non-payroll expenditure is with Scottish-based SMEs

### SME Inclusion in Tendering

Public Contracts Scotland (PCS) is used as the tender portal for VisitScotland. As highlighted in Section 4.1 the volume of SME procurements is summarised as follows:

- Period: 1 April 2018 to 31 March 2019 VisitScotland awarded **59 tendered contracts, both regulated and Quick Quote. 25 awarded to Scottish-based SMEs**

### The Third Sector

'Third Sector organisations' is a term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations such as charities, and social enterprises (including supported businesses).

VisitScotland is actively looking to grow the involvement of the third sector in the procurement process. As an organisation we are a participant in the Scottish Government led Supported Business Action Group (SBAG).

VisitScotland spent £13,500 with third sector suppliers in the period 1 April 2018 to 31 March 2019.

## Section 6 Community Benefits

The potential to deliver Community Benefits is a consideration in all regulated procurements and in the event that the organisation has a procurement requirement greater than £4M in value then mandatory Community Benefits clauses will be applied in accordance with the Procurement Reform (Scotland) Act.

Community Benefits clauses are incorporated into all regulated procurements on a voluntary submission basis. Where a bidder offers Community Benefits within their tendered submission, these will be accepted as a contractual requirement.

Through tendering there is clear evidence that many of our contracted suppliers are providing significant and varied community benefits, with a number developing community benefits strategies and members of organisations such as Business in the Community Scotland. Others are also affiliated with organisations including Scottish Business Pledge and Scottish Government's Partnership for Change. In addition, our suppliers support programmes aimed at developing creative skills in secondary school pupils or offering their event space facilities free of charge to local colleges, universities and organisations within creative industries.

Through inclusion of Community Benefits clauses, VisitScotland's contracts has directly led to:

- LDDS have recruited a new warehouse person and a part-time driver to deliver the contract in Glasgow & Carrbridge operations (Leaflet Merchandising, Storage and Distribution).

Through contract and supplier management, the following benefits can also be reported:

- Whitespace offer paid and contracted internships that have contributed directly to the contract delivery to VisitScotland (Digital Marketing)

**Annex A – Summary of Regulated Procurements: with contracts that commenced within the Period: 1 April 2018 to 31 March 2019**

Contract Title	Contractor	Contract Start Date	Contract Period	Total Value (ex VAT)
<b>Events Partnership</b>	VisitBritain	01/04/2018	36	£200,000
<b>Soft Skills, Leadership and Technical Training</b>	Elite Training and Consultancy	01/04/2018	36	£120,000
<b>Stand Space - The Meetings Show</b>	Centaur Media	11/04/2018	4	£50,000
<b>EXPO 2019 Venue</b>	SEC	14/04/2018	12	£115,000
<b>Social Media Management Tool</b>	Falcon	01/05/2018	24	£50,000
<b>Stand Space - IGTM</b>	Reed Exhibitions	10/05/2018	6	£64,000
<b>Talent and Production Support</b>	BD Network	24/05/2018	12	£50,000
<b>Legal Services (Property &amp; Related Matters)</b>	Morton Fraser	21/06/2018	36	£50,000
<b>Microsoft Enterprise Agreement</b>	Phoenix Software Limited	01/07/2018	36	£500,000
<b>Internal Audit Services</b>	Scott-Moncrieff	01/07/2018	36	£177,000
<b>IMEX 2018 Space</b>	Regent Exhibitions	06/07/2018	4	£87,200
<b>Social Listening Tool</b>	Brandwatch	01/08/2018	36	£74,880
<b>Stand Space - IBTM World 2018 Barcelona</b>	Reed Exhibitions Ltd	09/08/2018	12	£100,212
<b>Rothsay Restoration Works</b>	DM Roofing & Roughcasting Ltd	22/08/2018	7	£450,000
<b>Diary/Ethnographic Study</b>	Modern Human Design	27/08/2018	6	£57,860
<b>Cafe and Catering Services</b>	Dine Contract Catering Ltd	01/09/2018	36	£158,000
<b>Content Aggregation Tool</b>	Stackla Ltd	30/09/2018	36	£64,500
<b>Medical Cash Plan</b>	Medicash Health Benefits Ltd	01/10/2018	36	£101,574

<b>Office Equipment</b>	Canon UK Ltd	01/10/2018	24	£100,000
<b>Sales Agency Services - France</b>	Interface Tourism	09/10/2018	36	£100,500
<b>Digital Signage</b>	AJAR-Tech Ltd	01/11/2018	36	£50,000
<b>Provision of Payroll Services</b>	Automatic Data Processing	09/11/2018	12	£50,000
<b>Catering Services - Business Events UK &amp; Europe</b>	Cafe Expo International Ltd	14/11/2018	24	£54,000
<b>Verifone Services Order Form</b>	Verifone	14/11/2018	24	£52,182
<b>Internet Services - Wide Area Network</b>	Daisy Communications Ltd	07/12/2018	36	£55,776
<b>Licences &amp; Support for EPOS Solution</b>	Retail Systems Group	01/01/2019	12	£55,000
<b>Membership Fee Scottish Chambers of Commerce</b>	Scottish Chambers of Commerce	01/01/2019	36	£54,000
<b>Estates Professional Services</b>	Graham & Sibbald	07/01/2019	36	£225,000
<b>Destination Management System</b>	New Mind Internet Consultancy	22/01/2019	84	£1,342,410
<b>Marketing Creative Services</b>	Union Advertising Limited	01/02/2019	36	£60,000
<b>TEDSummit 2019</b>	Edinburgh International Conference Centre Ltd.	01/03/2019	5	£95,000
<b>New York Event – Scotland Week</b>	NH Hotel	01/03/2019	2	£52,750

## Annex B - Summary of Regulated procurements expected to commence during the period 1 April 2019 to 31 March 2021

Please note that this list is provisional and subject to change.

Month / Year	Contract Title	Contract Start Date (Forecast)	Period of Contract (months)	Anticipated value
Apr-19	EXPO Venue 2020 and 2021	13/04/2019	24	£115,000
	Insurance Services	30/04/2019	36	£160,000
	Technical Skills Training	30/04/2019	36	£60,000
May-19	iCentre Design and Build	31/05/2019	36	£2,000,000
Jun-19	Digital Marketing	12/06/2019	24	£2,000,000
	Sales Agency Services - Spain	27/06/2019	36	£54,000
Jul-19	PR Agency Services - Germany (BTU)	29/07/2019	36	£135,000
	PR Services North America - Lot 1 Leisure	31/07/2019	36	£664,000
	PR Services North America - Lot 2 Business to Business	31/07/2019	36	£360,000
Aug-19	Domestic Media Planning, Buying and Associated Services	31/08/2019	24	£10,000,000
Oct-19	Sales Agency Services - German Speaking Market	10/10/2019	36	£270,000
Nov-19	Data Capture & Campaign Fulfilment	30/11/2019	36	£150,000
Dec-19	Scottish Accommodation Occupancy Survey	31/12/2019	36	£285,000
Jan-20	Supported Business Travel	03/01/2020	36	£165,000
Apr-20	Management Development Passport	02/04/2020	36	£75,000
	Social Media Management Tool	30/04/2020	36	£75,000
Jun-20	Sales Agency Representation - North America (Business Events)	11/06/2020	36	£260,000
Jul-20	Stand & Event Management Services	25/07/2020	36	£1,00,000
	Social Listening Tool	31/07/2020	36	£75,000
	Catering and Cleaning Consumables	31/07/2020	36	£50,000
Aug-20	Measuring International Marketing Effectiveness	27/08/2020	36	£95,000
Sep-20	Content Management System (CMS)	25/09/2020	36	£480,000
Oct-20	Stand Build for Expo	30/10/2020	36	£370,000
	Telephony Services	31/10/2020	36	£155,000
Nov-20	Hospitality for Business Events UK & Europe	13/11/2020	36	£54,000
	Legal Services	24/11/2020	36	£164,000
Jan-21	Provision of a Courier Services Provider	14/01/2021	36	£90,000
	Staff Uniforms	18/01/2021	36	£90,000
	Media Auditor Services	31/01/2021	36	£225,000
Feb-21	Measuring UK&I Marketing Effectiveness	12/02/2021	36	£135,000
	Harris Tweed Products for Retail	13/02/2021	36	£300,000
Mar-21	Leaflet Merchandising, Storage & Distribution	16/03/2021	36	£810,000