Procurement Strategy

2016-19
1.0 Introduction

VisitScotland’s purpose is to grow and develop the sustainable economic benefit of tourism to Scotland’s visitor economy and we will achieve this through the adoption of seven strategies:

- Marketing;
- Events;
- Internationalisation and International Engagement;
- Customer Experience;
- Quality and Sustainability;
- Inclusive Tourism;
- Working in Partnership.

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.

The VisitScotland Procurement Strategy has been devised in recognition of the Procurement Reform (Scotland) Act 2014 and EU Procurement Directives, and has been developed to progress the purchase of goods and services in a sustainable and responsible manner by applying the principles of the Scottish Government Procurement Journey.

Financial investment in appropriate corporate strategies will be conducted in accordance with the Procurement Strategy and we will continue to work collaboratively to secure best value for money for public sector finances.

It is expected that the following outcomes identified by the Public Procurement Reform Programme / Scottish Procurement Policy Handbook will be delivered through the implementation of this Strategy:

- Efficiency and collaboration
- Savings and benefits (economic, social and environmental)
- Improved access to public sector contracts, in particular, small to medium sized enterprises (SMEs)
- Making sustainable procurement business as usual
- Procurement capability

In aspiring to meet these objectives VS shall deliver the following additional outcomes:

- application of the Procurement Journey techniques across all relevant procurements
- improved Stakeholder Engagement
- influence the supply chain in respect of Community Benefits
- development of an Annual Procurement Report
- advancement in Procurement and Commercial Improvement Programme (PCIP)
- positive audits of the Procurement function

Through a proactive approach it will place Procurement centrally in organisational planning as the recognised experts on procurement, contractual and supplier management matters.
2.0 Strategic Objectives

VisitScotland’s Procurement Strategy drives an action plan that will develop procurement performance and processes, whilst considering the corporate objectives of the organisation:

- Efficiency and Collaboration
- Savings
- Sustainable Procurement (economic, social and environmental)
- Monitoring & Measuring
- Capability

2.1 Efficiency and Collaboration

Value for Money

Purpose:

To deliver value for money when procuring goods, services and works. This is guided by the consideration of whole life costs, make versus buy and fitness for purpose. The organisation is committed to open-up competition opportunities in accordance with the current Procurement Directives.

How will we manage this?

Public Contracts Scotland (PCS) will be used to publicly advertise all relevant tender opportunities with an aggregated spend greater than £50,000 (ex VAT). Such exercises are classed as ‘regulated’ procurements.

Contracts will be awarded on the basis of the Most Economically Advantageous Tender (MEAT) which balances Price with Adherence to Specification

VS shall track and report annualised cash and non-cash efficiencies which will be published in the Annual Procurement Report. VS targets procurement efficiencies in the range of £0.4M - £0.7M per annum.

VS will publish and update quarterly a Contracts Register on www.visitscotland.org, in accordance with the Public Contracts (Scotland) Act 2014

Collaboration

Purpose:

Through collaborative procurement, VS will seek to identify and develop working relationships, both internally and externally, to aggregate and refine requirements, driving innovation and leverage through economies of scale and to develop commodity strategies aligned to the organisational operational and strategic requirements with consideration to efficiency savings and sustainability benefits (economic, social and environmental).

How will we manage this?

External Contracts – VS will actively contribute and provide resource to collaborative User Intelligence Groups (UIGs) led by external public bodies, such as Scottish Procurement, to ensure that the operational requirements of VS are considered in specification development and that VS value for money expectations drive the category and commodity strategies.
VS Contracts - VS shall use data analysis and market intelligence to identify, develop and lead on collaborative opportunities with both internal stakeholders and externally with other public bodies with similar commodity requirements. Invitations will be extended to other public bodies to work collaboratively in procuring goods and services.

2.2 Savings

Most Economically Advantageous Tender

Purpose:

VS will evaluate all publicly advertised contracts in terms of Most Economically Advantageous Tender (MEAT).

How will we manage this?

In all relevant procurements, evaluation shall be conducted against the criterion that will best deliver the operational objectives of the corporate plan. As required by the procurement Reform (Scotland) Act, contract award decisions will be determined on the basis of Value for Money or Most Economically Advantageous Tender (MEAT). In doing so, evaluation criteria will be ranked in order of importance to the identified success factors of contract.

Commodity Strategies

Purpose:

VS will develop commodity strategies for all publicly advertised procurements (i.e. those greater than £50,000 (ex VAT) and subject to the Regulations).

How will we manage this?

When developing specific commodity strategies consideration will be given to:

- Collaborative Opportunities
- Evaluation Criteria in the basis of MEAT
- Tender Route to Market
- Sustainable Procurement Duty considerations
- Risk Management
- Implementation and Exit Strategies

2.3 Sustainable Procurement

Processes and Procedures

Purpose:

The principles of sustainable procurement will remain at the forefront of the organisation’s procurement decisions. The sustainable duty of the Procurement Reform (Scotland) Act 2014 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 (i.e. those greater than £50,000 (ex VAT) and subject to the Regulations).

Whole Life Costs will be considered at the outset of a procurement exercise and Value for Money for goods or services will be based on the total cost of ownership. Specification and Price considerations of the procurement requirement will be balanced alongside the Social, Economic and Environmental impacts.

The organisation will continue to pursue Community Benefits in its procurement activity.

How will we manage this?

Identified procurement requirements will be managed in accordance with the Scottish Government Procurement Journey.

The Application to Tender (ATT) will ensure that the duties of the Act are considered and can be evidenced as a key part of the approval process.

We will challenge the End User to ensure that Whole Life Costs are considered at the outset and incorporated into the ATT.

The sustainable procurement considerations outlined above will be included in Commodity Strategy and carried through to tender documentation.

Where appropriate, the Scottish Government’s Sustainability Tests will be applied to determine the proportionate level of sustainability criteria used in the evaluation of tenders.

Community Benefits clauses shall be 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.

As noted above, the potential to deliver Community Benefits will be considered 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.

VS will continue to support the Community Benefits Champions Workshops.

Fair and Equal Treatment

Purpose:

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. VS will continue to comply with the duties of the Act.

How will we manage this?

We consider equality throughout or tender process and suppliers are required to demonstrate their legal obligations through the provision of any equality policies or systems and process that they have in place.

Additionally, our standard and ‘long form’ conditions of contract explicitly refer to the legislation and employers liabilities under the Equalities Act.
Employment Relations Act 1999 (Blacklists) Regulations 2010 is also captured within our Conditions of Contract.

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

**Purpose:**

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

**How do we manage this?**

As a Living Wage employer, VisitScotland will follow the lead of the Scottish Government by promoting the payment of the Living Wage in public procurement contracts and we encourage others to be a Living Wage Accredited Employer.

For appropriate tenders Fair Work Practices will be an evaluation criterion.

**Payment and Management of Contractors and Sub-Contractors**

**Purpose:**

The organisation aims to meet the Scottish Government’s objective of ensuring that contractor’s invoices and subsequent sub-contractors invoices are paid no later than 10 working days upon receipt of a valid invoice.

**How will we manage this?**

We will ensure that all valid invoices are paid within 10 working days of receipt. 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 and tracked through contract KPIs. Payment terms will be reported by the organisation as a BPI and in the Annual Procurement Report.

2.4 **Monitoring, Measurement & Reporting**

**Supplier & Contract Management**

**Purpose:**

VS shall implement 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.

**How will we manage this?**

We will implement and oversee a schedule of Contract and Supplier Management to be agreed with appropriate internal colleagues. At the point of contract award, implementation meetings will be established and contract specific Key performance Indicators (KPIs) and Service Level Agreement (SLA) agreed with contracted suppliers. Frequency, measures and roles and responsibilities may vary subject to the contract requirements, value and risk will be agreed in conjunction with relevant stakeholders.
The processes and procedures of the Scottish Government’s Procurement Journey will be adopted and applied to all contracts awarded where the total contract value for goods or services exceeds £50,000.

Regular supplier review meetings will be scheduled to provide a formal route of monitoring, measuring and reporting on contract and supplier performance. It will also provide a platform for suppliers to appraise the contribution of the purchaser to the contract.

VisitScotland has dedicated resource that will manage the programme of contractor and supplier management and will mentor colleagues and suppliers alike on process and benefits.

**Best Practice Indicators (BPIs)**

**Purpose:**

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

**How will we manage this?**

BPI reporting will continue against the planned programme required by Scottish Procurement.

### 2.5 Capability

**The Procurement Team**

**Purpose:**

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.

**How will we manage this?**

All members of the Procurement team will achieve or be working towards a CIPS (Chartered institute of Procurement & Supply) recognised qualification. In addition, all members of the team will be encouraged to participate in relevant vocational training appropriate to their role.

**Internal Colleagues**

**Purpose:**

All colleagues involved in the procurement process, whether this is the purchase order process, tendering, or other, will be 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.

**How will we manage this?**

On a monthly basis, the Procurement team will manage an online training session for all new-starts.

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

**PCIP (Procurement and commercial Improvement Programme)**

**Purpose:**

VS will aim to maintain the M1 assessment achieved in the PCIP programme and to develop performance to improve upon the specific percentage score attained.
How will we manage this?

During the 2016 PCIP, the organisation achieved the highest banding awarded to a medium sized organisation - defined as an organisation with spend in the range £15M - £50M per annum. VS procurement has identified and prepared an improvement plan which has been submitted to the Scottish Procurement Capability Team. The plan indicates key actions that will address perceived weakness areas ensuring that improvement leads to enhanced performance.

3.0 Governance, Audit and Risk

VisitScotland operates within a strict governance framework with is rigorously applied and subject to audit.

3.1 Governance

Purpose:

VS currently ensure that all procurement decisions are made in accordance with the organisation’s scheme of Delegated Purchase Authority (DPA).

How will we manage this?

The organisation operates to a Management Statement which has been agreed by Scottish Government and in accordance with the Scottish Public Finance Manual.

Internally the organisation functions within a scheme of Delegated Authority, ensuring that appropriate separation of duties exist and that all procurement decisions are made within a regulated environment.

3.2 Audit

Purpose:

To ensure that clean audit results are achieved in all procurement activity.

How will we manage this?

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.

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 organisation’s SharePoint site.

3.3 Risk

Purpose:

VS maintain a Corporate Risk Register that shall continue to include entries for Procurement risk.

How will we manage this?

At an operational level, VS Procurement will conduct a risk assessment at the outset of each regulated procurement exercise with risk management allocated at contract level to the stakeholder best placed to manage the risk. Risk registers will be developed and maintained within the process of contract and Supplier Management on a contract by contract basis.
During Year 1 of this strategy we will review and consider the need and purpose of a Procurement specific Risk Register.

Corporately, will continue to identify record in the Corporate Risk Register and manage procurement risk at a strategic level.

### 3.4 Fraud Avoidance

**Purpose:**

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.

**How will we manage this?**

To support our approach to risk management, VS has put in place the following mitigating procedures:

- All Procurement team members have undertaken anti-fraud training. Refresher training will be accessed as required;
- Separation of Duties is a guiding principle throughout the VS Purchase-to-Pay process and system;
- Declared Conflicts of Interest are required within the Employee Handbook. In addition, Conflict of interest Statements require to be signed by all stakeholders involved in a regulated procurement;
- VS maintains a comprehensive Whistleblowing Policy within the Employee Handbook;
- VS Standard Conditions or Contract include anti-corruption and anti-fraud clauses aligned with the Bribery Act 2010

### 4.0 Annual Report

**Purpose:**

The Procurement Reform (Scotland) Act 2014 requires that purchasing authorities produce an Annual Procurement Report, detailing achievements and performance against the objectives of the relative Procurement Strategy.

**How will we manage this?**

In line with our Annual Accounting process we will seek to finalise and publish our Annual Procurement Report aligned with the key areas of this Procurement Strategy. The Report will be published annually thereafter.

In addition to the key areas identified, the annual report will include as a minimum:

- A summary of all regulated procurement (i.e. those greater than £50,000);
- A review of whether those procurement complied with the organisations procurement strategy;
- Details of procurements that did not comply and details of any corrective actions to ensure future compliance;
- A summary of Community benefits achieved and fulfilled within the reporting year;
- A summary of steps taken to facilitate the involvement of Supported Businesses in regulated procurements within the reporting year;
- A summary of regulated procurements expected to commence in the next two financial years.

The VisitScotland Annual Procurement Report will be published on [www.visitscotland.org](http://www.visitscotland.org)
5.0 Legislation, Policies and Procedures

Points of Reference:

Examples for Legislation as listed below (list not exhaustive):

- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- Procurement (Scotland) Regulations 2016
- Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
- Employment Relations Act 1999 (Blacklists) Regulations 2010

Example Policies and Tools are listed below (list not exhaustive):

- Public Procurement Reform Programme / Scottish Procurement Policy Handbook
- Procurement Journey
- Scottish Model for Procurement
- Public Contracts Scotland
- VisitScotland Procurement Policy
- Suppliers' Charter
- Contract Register
- Chartered Institute for Procurement & Supply (CIPS)