Procurement Strategy (Draft)

Financial Years 2020-23
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1.0 Introduction

VisitScotland’s core purpose is to stimulate new and sustainable growth in the visitor economy. As the lead delivery agency for the visitor economy, VisitScotland focuses its resources on marketing Scotland as a tourism destination and the perfect stage for events, with the aim of attracting domestic and international visitors.

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

- **Building a visitor-shaped destination brand**
- **Investing in Scotland’s Tourism and Events Communities**
- **Facilitating innovation and embracing change**
- **Enabling VisitScotland: Good to Great to World Class**

The purpose of this document is to set out a Procurement Strategy that will enable VisitScotland to continue the journey from ‘Good to Great to World Class’ and support the delivery of the VisitScotland Strategic Framework.

The VisitScotland Procurement Strategy has been devised in recognition of the Procurement Reform (Scotland) Act 2014, Procurement (Scotland) Regulations 2016, EU Procurement Directives, and has been developed to progress the procurement of goods and services in a sustainable and responsible manner.

Applying the principles of the Scottish Government Procurement Journey, VisitScotland (VS) will continue to work collaboratively to secure best value for money for public sector finances.

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

- 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

Regulated Procurement

The Scottish Model of Procurement is widely acknowledged, and the Scottish Government Procurement Journey is now embedded within VisitScotland as the principle procurement process. The principles of Cost, Sustainability and Quality are key to all procurement decisions within VisitScotland.

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Ensuring 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?

The Public Contracts Scotland (PCS) portal 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 continue to 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.

We will continue to lead on collaborative procurement activity with other organisations to achieve common aims, outputs and efficiencies. Current examples of collaborative procurement involve:

- Scottish Government
- Scottish Enterprise
- Historic Environment Scotland
- National Trust for Scotland
- Royal Botanic Gardens Edinburgh

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 in the Supply Chain
- Supplier Cyber Security
- Data Protection
- Implementation and Exit Strategies
- Contract & Supplier Management requirements (using a Contract Management Assessment Tool)

### 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 are 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 sustainable duty impacts.
The organisation will continue to pursue Community Benefits in its procurement activity.

We will engage with stakeholders throughout the procurement process

We will seek to procure fairly and ethically traded goods and services wherever possible.

**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 the Commodity Strategy and carried through to tender documentation.

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.

**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 in 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.

**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-contractor’s 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.

**2.4 Monitoring, Measurement & Reporting**

**Contract & Supplier 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 are encouraged to work 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.

VisitScotland has operated a successful Graduate and Modern Apprentice programme for a number of years. Since 2016, we have employed a Modern Apprentice in the Procurement into the team supporting the individuals through the SVQ programme.

VS has adopted the Scottish Government Procurement Competency framework. The framework is applied to profile team members to identifying any skills gaps and enabling colleagues to access courses that supports their needs through learning & development opportunities.

**Internal Colleagues**

**Purpose:**

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.

**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. In 2019, VS retained our banding
position, whilst improving on our overall score. To promote continuous improvement, we have identified areas for development and prepared an improvement plan which has been submitted to the Scottish Procurement Capability Team.
3.0 Governance, Tools, Audit and Risk

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

3.1 Governance

Purpose:

VS currently ensure that all procurement decisions are made in accordance with the organisations 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 Tools

Purpose:

To manage and support the organisation through internal business systems and processes.

How will we manage this?

In December 2018 the organisation launched Oracle Cloud ERP (Enterprise Resource Planning) as our integrated HR, Finance and Procurement system. Within the Finance and Procurement functions there is a clear separation of duties and delegated authority and approval levels in accordance with the Chart of Accounts. All Purchase Orders are approved and issued by the Procurement team.

For Financial Year 2020/21, VS has identified the deployment of ePurchasing Cards as an additional purchase-to-pay tool. An exploratory exercise will commence, and a pilot implementation launched and evaluated.

3.3 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.

The Procurement team apply 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.

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. Identified risks within the supply chain include, but are not limited to:

- Operational / Market related
- Data Protection
- Cyber Security
- Health & Safety
- Brexit

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

3.4 Data Protection

Purpose:

VS will ensure that it manages data flow within the supply chain to comply with Data Protection legislation.

How will we manage this?

The General Data Protection Regulation (GDPR) came into effect in May 2018. As such, we have reviewed live contracts ensuring that these are compliant. We have updated our procurement procedures and terms and conditions (long and short form) to reflect data protection requirements. For each procurement, the application to tender will identify if data transfer forms part of the service. If the answer is yes, then a data protection impact assessment (DPIA) is completed, this ensures that requirements are captured within the tender specification and an appropriate data processing agreement is put in place.

We have undertaken an exercise to identify all active suppliers on our ERP system to ‘tag’ where a supplier manages data on behalf of the organisation. The New Supplier Form also requires identification of data management by the supplier. In both cases a DPIA will be conducted.

Data Protection training is mandatory for all staff.

3.4 Cyber Security

VS will identify cyber security risk in the supply chain and put measures in place to mitigate the risk.

How will we manage this?

The Scottish Cyber Assessment Service (SCAS) Tool was launched in April 2020 in support of the Scottish Government’s Cyber Resilience Strategy and organisation’s cyber security procedures. The SCAS tool is used during the procurement process to identify where potential cyber security risk exists in contracts for goods and services. As a key component of the commodity strategy, we will conduct an evaluation prior to the application to tender.
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 we will 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 is published annually.

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 organisation's 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
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**
- **Cyber Security: Guidance for Public Sector Suppliers**
- **VisitScotland Procurement Policy**
- **Contract Register**
- **Chartered Institute for Procurement & Supply (CIPS)**

Conclusion

In conclusion, through the application of this Procurement Strategy the VisitScotland Procurement Team will continue to drive the delivery of efficient services to the organisation and making sustainable procurement recognised business as usual. Supporting the VS Strategic Framework we will aim to enable VisitScotland to continue the journey from ‘Good to Great to World Class’.

An annual procurement report will be published within five months of the financial year end to record and report on the organisation’s progress in delivery of this Strategy.