



**PROCUREMENT STRATEGY
2020/2021**



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COVID 19 is having a profound impact on all aspects of Scottish business. We are living in unprecedented times. Scottish Enterprise, is working in partnership, to provide appropriate support and guidance to businesses to enable them to get through this difficult period. SE's procurement team will be working to ensure we can undertake this work as efficiently and effectively as possible.

Scottish Enterprise Procurement Executive Summary

The Scottish Enterprise (SE) Strategic Framework 2019-22, 'Building Scotland's Future Today' clearly sets out our priorities, areas of focus and what we will deliver as an organisation. It highlights how we will work with partners to support the Scottish Government's goal of increasing Scotland's sustainable long-term economic growth.

We have a legal obligation to ensure compliance with the Scottish Public Procurement Regulations to conduct public procurement fairly, transparently and to advertise contract opportunities. In addition to legal compliance, our key strategic imperatives are Community Wealth Building and the Climate Emergency.

Our Sustainable Procurement Strategy 2019/2022 demonstrates SE's ongoing commitment to the delivery of inclusive, sustainable procurement and details how we champion this approach throughout the organisation. In 2020/21, SE Procurement is working with a Sustainable Procurement expert to review and strengthen our approach and application of sustainability and in particular, carbon reduction. As a result, we will be updating our Sustainable Procurement Strategy in 2020/21.

Community Wealth Building aims to increase procurement spend with local and regional suppliers whilst maintaining the necessary compliance with applicable procurement regulations. Going forward, SE will review procurement strategies for larger, SE-wide contracts and where appropriate, split these into smaller regional lots. We are also going to collaborate more closely with partner organisations on a regional basis for relevant contracts to build on this further.

In the most recent SG Procurement and Commercial Improvement Programme (PCIP) assessment of SE Procurement, we achieved the highest rating. We continue to be one of the leading Scottish public procurement organisations in terms of our overall benchmarking score and will strive to maintain this level. In line with this aim, our processes are continuously reviewed and updated. One area that we are working to develop further is contract management.

Our Strategic Economic Agenda

“To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth”

Aligned with the frameworks provided by ‘Protecting Scotland’s Future: The Government’s Programme for Scotland 2019–2020, Scotland’s Economic Action Plan’, the Enterprise and Skills Strategic Board’s Action Plan and guidance contained within ‘A Trading Nation’, our ambition, together with our partners, is to build vibrant economic communities across Scotland, further enhance Scotland’s reputation and reach, foster resilience and growth in Scotland’s businesses, sectors and regions, and look to future economic opportunities that will drive Scotland’s international advantage.

The Scottish Enterprise (SE) Strategic Framework 2019–22, ‘Building Scotland’s Future Today’ clearly sets out our priorities, areas of focus and what we will deliver as an organisation. It builds on our achievements in recent years and highlights how we will work with partners to support the Scottish Government’s goal of increasing Scotland’s sustainable long-term economic growth.



Our Strategic Procurement Agenda

“We need to work hand in hand with partners and friends who share our vision, rallying together in a more open and collaborative way so we can maximise opportunities and tackle the big challenges.”²

We have a legal obligation to ensure compliance with the Scottish Public Procurement Regulations such as Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016, and the Remedies Directive. These require us to conduct public procurement fairly, transparently and to advertise contract opportunities. These obligations will remain for 2020/21.

In addition to legal compliance, our key strategic imperatives are Community Wealth Building and the Climate Emergency.



Our Response to the Climate Emergency

“Scotland is facing a climate emergency. Like the rest of the world, we must act to mitigate the worst impacts of climate change on our people and our planet.”³

“The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.”⁴

Scottish public procurement are contributing to climate change targets, and are required to report annually on how their procurement policies and activity have:

- contributed to carbon emissions reduction targets
- contributed to climate change adaptation
- acted sustainably

Our Sustainable Procurement Strategy 2019/2022 demonstrates Scottish Enterprise’s (SE) ongoing commitment to the delivery of inclusive, sustainable procurement and details how we champion this approach throughout the organisation. As part of our commitment to ensuring that sustainability is embedded throughout the procurement lifecycle, we have implemented Scottish Government’s (SG's) Sustainability Test. Our team have undertaken sustainable procurement training which included reviewing SG's sustainability assessment tools and exploring how sustainability, including carbon reduction, can be realised throughout the procurement process. In 2019/2020 we reviewed our procurement processes in relation to sustainability and completed further sustainability training.

3. <https://www.gov.scot/publications/protecting-scotlands-future-governments-programme-scotland-2019-20/pages/5/>

4. <https://www.gov.scot/policies/climate-change/reducing-emissions/>

The use of the Sustainability Test ensures that we consider relevant environmental and socio-economic risks and opportunities for each contract and provides guidance on any actions that need to be taken. This test is now applied on an individual contract basis for all regulated procurement at tender strategy stage, with specific requirements and evaluation criteria being included in our tenders, where appropriate. We anticipate that this will result in sustainability outcomes and carbon reduction requirements being included in a higher percentage of contracts. Delivery of sustainable procurement is measured through our KPI's.

We will continue to consider the whole life cost and environmental impact of our contracts, where relevant and proportionate. Specifically within construction projects we are adopting the Scottish Futures Trust Whole Life Costing tool for regulated construction procurements. We will also actively encourage recycling and the reuse of materials; maximising the use of materials from sustainable sources in accordance with the government buying standards and considering EPC ratings during the procurement of construction contracts where relevant.

We actively encourage and promote low carbon options within procurement. SE publishes an annual Climate Change report which outlines SE's commitment to supporting the SG's strategy of sustainable economic growth. SE's aim was to create a sustainable working environment and we have exceeded our target of an overall reduction of carbon emissions of 42% of CO2 by 2020 from our baseline year of 2009-10.

The improvement of resource efficiency plays a central role in reduction of energy demands and overall greenhouse gas emissions. SE Procurement requests details from suppliers of their resource efficiency policies and practices, along with monitoring suppliers' membership of Resource Efficient Scotland Pledge.

In 2020/21, SE Procurement is working with a Sustainable Procurement expert to review and strengthen our approach and application of sustainability and in particular, carbon reduction. As a result, we will be updating our Sustainable Procurement Strategy in 2020/21.



Our Approach to Community Wealth Building

Community Wealth Building aims to increase procurement spend with local and regional suppliers whilst maintaining the necessary compliance with applicable procurement regulations. We have worked to place a greater emphasis on creating more opportunities for local and regional Scottish SME's and third sector suppliers. In 2019/20, as part of the work to ensure Scottish Enterprise (SE) procurement activity further benefits communities across Scotland, SE Procurement has refreshed its approach to contracting strategies. To enable this change, SE reviewed available evidence from similar approaches elsewhere, including the work being undertaken by North Ayrshire Council and further afield in Lancashire.

As part of this work, we undertook an analysis of our procured spend for 2017/18 and 2018/19 by geography to gain a baseline. Going forward, SE will work to place a greater emphasis on creating more opportunities for local and regional Scottish SMEs and third sector suppliers by reviewing procurement strategies for larger, SE-wide contracts and where appropriate, split these into smaller regional lots. We are also going to collaborate more closely with partner organisations on a regional basis for relevant contracts to build on this further. An example of where this approach is being implemented is the Facilities Management of our SE occupied buildings, where we are splitting contracts based on geographic region and specialist trades. This aligns with our increasing focus on "Place", within SE's Strategic Framework, ensuring all regions benefit from our activity. Going forward we will undertake analysis of our procured 2019/20 spend to understand our progress.

Our Procurement

Scottish Enterprise (SE) Procurement team aims to make a meaningful contribution to Scotland's Economic Strategy and SE's Strategic Framework through our delivery of a transparent, efficient and effective procurement service which contributes to Scotland's inclusive growth, offers best value, is legally compliant and follows best practice. We align with SE's Corporate Plan and its aims to: -

- Build vibrant economic communities across Scotland, spreading increased wealth and wellbeing.
- Build Scotland's reputation and reach in strategically important markets.
- Build resilience and growth in Scotland's businesses, sectors and regions.
- Build future economic opportunities that will drive our international advantage.

We will work with internal and external stakeholders and the supply chain, collaborate across the public sector, and ensure we have a professional and capable team. We will continuously improve and measure our progress through the use of customer and supplier surveys, external evaluation through Scottish Government assessments and delivery of efficiency savings and relevant Key Performance Indicators.

SE Procurement follows the 'Scottish Model of Procurement', using the Scottish Government's Procurement Journey as the basis for our operations. SE will continue to consider the use of collaborative Framework Agreements developed by the Scottish Procurement and Commercial Directorate, and Crown Commercial Services where appropriate. Where no appropriate frameworks are available, for regulated procurement (over £50k), the procurement team will work with our internal customers to develop and procure standalone contracts.

Our early engagement with project managers ensures that procurement options are discussed and agreed, and that the most appropriate approach is developed to deliver the requirements of the business, including value for money, sustainability and our policy ambitions with regards to inclusive growth.

We will continue to use the open procedure for the majority of our procurement activity. This increases opportunities for suppliers (SMEs in particular) and reduces paperwork and timescales. Our policy is, other than in exceptional circumstances, to advertise tender opportunities above £50k, excluding VAT, on the Public Contracts Scotland portal to reach the widest possible number of potential suppliers.

We will continue to award our contracts on the basis of the Most Economically Advantageous Tender (MEAT), considering a balance between price and quality in all procurement decisions.

At the end of each regulated procurement process, in line with legislative requirements, we will complete a tender completion report that reviews and records the procurement exercise, including lessons learned. We will work continuously to improve our policies and procedures for our internal customers and suppliers and, as far as is reasonably practicable, we will ensure that our regulated procurement is carried out in accordance with this Procurement Strategy.

Our savings and wider benefits

We will provide a high-quality service for our internal customers which is:

- responsive,
- pragmatic,
- timely, and
- delivers value for money

Since 2008/09, SE Procurement has consistently exceeded the Scottish Government's cashable savings target of 3%, and in 2018/19 a cashable saving of 4% was achieved. In 2019-20 and 2020-21, we are forecasting cashable savings of 4%.

Our savings from the use of collaborative Scottish Government framework agreements is included in the above figure. Using these frameworks has, and will continue to, provide a quicker, compliant and efficient procurement route for the organisation.

Cash savings are nothing if not accompanied by services that meet customer requirements, so our processes will continue to ensure that our contracts are effective, meet stakeholder expectations and deliver on SE's objectives.

Additionally, we fully recognise the ability of our contracting activities to leverage wider benefits for our communities. These benefits can be extremely varied, ranging from training opportunities such as apprenticeships to promoting careers to school children from disadvantaged areas.

We are working to create sustainable and inclusive economic growth. We are encouraging our suppliers to ‘give something back’ through the use of community benefit clauses within procurement exercises where appropriate and manage our contracts to ensure that community benefits offered by suppliers are realised.

Key Performance Indicators (KPIs) are reported to the Scottish Procurement Information Hub on a quarterly basis. Also, SE Procurement has internal measures which include: –

	17/18 Actual	18/19 Actual	19/20 Forecast	19/20 6 month	20/21 Forecast
Procurement cash savings	7%	4%	4%	3%	4%
Internal customer satisfaction	100%	100%	100%	100%	100%
Supplier satisfaction	100%	100%	100%	100%	100%
Contracts awarded to supported businesses	2	15	6	6	6

Our People

Where appropriate, procurement is included as part of the induction process for new employees. Further tailored procurement training will be provided to staff depending on their post and responsibility.

Each SE division has a named Procurement contact with an in-depth knowledge of the division and the associated categories of procurement activity required. These contacts deliver regular presentations at operational team meetings to share good practice, refresh the knowledge of the operational teams and ensure our internal customers know how we can assist them. Our Procurement team are based in our various offices across Scotland to ensure that they are accessible and available to help in person where needed.

All internal customers who use the Public Contracts Scotland (PCS) Quick Quotes (QQ) system are given annual training by a member of the procurement team to ensure that they understand the system, internal processes and external requirements for under £50k procurements.

To measure the quality of the Procurement team's delivery of service, we undertake regular internal customer surveys. In 2018/19, 100% of respondents surveyed about their experience of the team agreed that they were satisfied with the service they have received from SE Procurement and were satisfied with their working relationship with their procurement contact. The half yearly figures for 2019-20 reflects similar levels of customer satisfaction.

In addition to the above, the SE Procurement Intranet site allows colleagues to report any concerns regarding potentially fraudulent activity, ensuring further transparency in the procurement process. We also solicit suggestions from customers as to how our processes and procedures can be improved.



Our Partners

Close collaboration is central to achieving SE's objectives, and the SE Procurement team will continue to work closely with the Scottish Government in this respect. We have contributed to many of the Scottish Government's working groups to improve procurement policy and process across the public sector, and we are currently members of: -

- the Procurement Collaboration Group,
- the Contract and Supplier Working Group,
- the Supported Businesses Working Group,
- the Professional Practice and Development Strategic Forum, and
- the Procurement Innovation Leadership Group.

In relation to Innovation, we sit on the Government's Procurement Innovation Leadership Group, with the aim of improving the Scottish public sector's approach to the procurement of innovation. Scottish Enterprise is working with Scottish Government and several other public sector bodies to develop knowledge and guidance on the Innovation Partnership Procurement process.

We will continue to participate in the procurement of Scottish Government collaborative frameworks as a representative of both SE and the wider public sector in Scotland.

We will continue to undertake collaborative procurement with organisations where applicable, recent examples include working with organisations such as:

-
- Scottish Government
 - Scottish Futures Trust
 - Scottish Funding Council
 - South of Scotland Enterprise
 - Highlands and Islands Enterprise
 - NHS Scotland
 - Fife Council
 - Dundee City Council
 - Edinburgh City Council
 - University of Edinburgh
 - Michelin
 - Scottish National Investment Bank

This collaborative approach assists SE in achieving its objectives and delivers efficiencies through economies of scale and reduction of resources required to undertake procurement.

Sharing best practice, skills and knowledge is key to our work. We collaborate with other public sector organisations through a 'cluster' approach where we are the lead organisation for a group of other Central Government organisations facilitating the sharing of knowledge, encouraging partnership working and assisting our cluster partners to ensure that the public sector delivers value for money, policy objectives and meets the expectations of stakeholders.

The Enterprise and Skills Board's Strategic Plan has considered how activities can be delivered more cohesively to Scottish Businesses, and through working in collaboration with other bodies and seeking to align activities where possible. SE will seek, where appropriate, to collaborate on procurement activities to maximise SE's contribution to economic development and inclusive growth in Scotland.

Our prospective and existing suppliers

To ensure transparency, and to assist prospective and existing suppliers and other stakeholders, the Procurement section on the Scottish Enterprise website includes our:

- Procurement Strategy
- Forward Procurement Plan
- Procurement Annual Report
- Sustainable Procurement Strategy,
- Our standard terms and conditions,
- Our commitment to the Government's Suppliers' Charter,
- Links to Scottish Government information on Scottish public sector procurement

We will continue to be members of the Supplier Development Programme, a partnership of Local Authorities, Scottish Government and other public bodies working together to provide support to businesses in all aspects of tendering. As part of this work, we attend regular Meet the Buyer sessions, providing a platform for suppliers to meet our procurement specialists to discuss future contract opportunities.

We undertake supplier surveys to understand supplier satisfaction with, and to improve on, our processes. From March 2016, SE Procurement has been surveying all of our successful tenderers on regulated contracts to understand if, in their opinion, they were treated fairly and transparently and if we could improve our processes to reduce the burden on suppliers. For the 2018 - 19 period, responses to our supplier survey were 100% positive, and our mid-year figures reflect similar feedback.

We are committed to paying our suppliers promptly, our standard terms and conditions stating that we will pay undisputed invoices within 30 days from receipt. Further, to ensure that this flows through the supply chain, we have included a additional clause requiring our principal suppliers to pay their sub-contractors within the same timescales and to incorporate this throughout their supply chain.

Since November 2008 SE policy has been to pay valid invoices within 10 working days for all suppliers. In the year ended 31 March 2019, Scottish Enterprise paid 76% (2018: 81%) of suppliers' invoices within the revised standard. The average number of days taken to pay valid invoices during the year was 9.8 days (2018: 7.9 days). We will continue our commitment to pay undisputed invoices within 10 days.

We will continue to review and update our procurement policies and procedures to ensure that we contribute to improving social, economic and environmental wellbeing where relevant in delivering our contracts. We will encourage a diverse range of suppliers including SMEs, the third sector and supported businesses to tender for our contracts through our approach.

SMEs play a vital role in Scotland's economy, providing significant employment opportunities and providing innovative solutions to our requirements. Currently, annual procurement spend with SMEs represents of 50% of SE total spend; in 2018-19 our contracted spend with SMEs was 59%.

We will continue to adopt contracting strategies to ensure that SMEs have fair and equal access to our tender opportunities, and to encourage new suppliers to work with us. In 2018-19 76% of the organisations with whom SE has contracted were SME suppliers, and we aim to maintain that figure for 2019-20.

In relation to Supported Businesses, we have recently retendered our meeting room hospitality for four of our larger offices. This contract has been awarded to Social Bite for a period of 12 months. Social Bite is a Social Enterprise offering all profits to good causes and free food to those who find themselves homeless. They are also a Scottish Government designated Supported Business, offering employment within their organisation to people who have been homeless. Social Bite continues to expand and have recently developed their business to create Social Bite Delivers which focuses on corporate catering. Reusable platters, recyclable packaging and locally sourced ingredients are provided.



Ensuring equality

We are required to consider equality throughout our tender processes. Where appropriate, we carry out an Equal Opportunity Impact Assessment at procurement stage and suppliers are required to provide full details of equality policies and processes that will be utilised when delivering the contract. The requirement to comply with equalities legislation is also reflected in our standard terms and conditions.

In line with the Scottish Government's "A Fairer Scotland for All: Race Equality Action Plan 2017-21" and the Public Sector Equality Duty we will review our training and guidance relating to equality provided to our procurement professionals and to suppliers. In addition, all SE employees have carried out "Unconscious Bias" awareness training.

We have reviewed our procurement policies and procedures to strengthen our ambitions towards Inclusive Growth and, in line with guidance from Scottish Government, we are including Fair Work Practices as evaluation criteria within our tenders. Going forward we will implement the Fair Work First policy. Further we will be monitoring the number of successful supplier organisations which are Women led to gain an insight into the number of such businesses with whom we contract.

Paying the Living Wage through our regulated procurement

We will continue to incorporate evaluation of Fair Work elements into all tenders where the use of labour is key to the delivery of the contract. We are committed to promoting the use of the Real Living Wage and this is reflected throughout our tender processes.

SE is a Real Living Wage Employer and therefore, where suppliers have staff working on SE premises, we ensure that these employees are being paid the Real Living Wage. Also, we monitor the use of zero hours contracts to ensure that these are not used by our suppliers in an inappropriate manner in the delivery of any services to SE. We include questions on the real living wage and use of zero hours contracts within our tenders for the purposes of monitoring and reporting on these in our KPIs.



Realising inclusive sustainable growth

The SE Sustainable Procurement Strategy 2019/22 reflects the Sustainable Procurement Duty in the Procurement Reform (Scotland) Act 2014 and sets out how we intend to ensure best practice and to meet our legal and financial obligations, as well as achieve wider economic, social and environmental benefits.

We will continue to focus on professional development and training within the procurement team which will assist in maximising procurement benefits within SE, while also helping to realise the Scottish Government's overarching sustainability objectives. Also, to further strengthen our commitment to sustainability, we have identified a Procurement Sustainability Champion to ensure that sustainability is embedded within all relevant work.

Within our construction and infrastructure projects we specify high BREEAM (Building Research Establishment Environmental Assessment Method), standards where practical, and include WRAP (Waste and Resources Action Programme) requirements to minimise the amount of construction waste sent to landfill.

We seek to reduce consumption of paper, energy, water and generation of waste where possible by recycling and the use or reallocation of goods and materials, and consider the use of Fair Trade products, or similar, wherever possible. Within our tenders we are increasingly encouraging the use of technology to minimise travel and the associated emissions.

Our Continuous improvement

The Scottish Government has been undertaking capability assessments with public sector procurement organisations since 2010/11, and in the most recent Procurement and Commercial Improvement Programme (PCIP) assessment of SE Procurement, undertaken in summer 2019, we achieved the highest rating. We continue to be one of the leading Scottish public procurement organisations in terms of our overall benchmarking score and will strive to maintain this level. Further we have participated in the pilot of the Construction Procurement Capability Assessment.

In line with this aim, our processes are continuously reviewed to take account of revisions to legislation, Scottish Government Procurement Policy Notes and the outputs from Scottish Government's various procurement and commercial working groups. In addition, we ensure information from our lessons learned process, as well as feedback from internal customers and suppliers, is used to improve our processes and procedures.

One area that we are working to develop further is contract management. In accordance with Procurement Journey best practice, we have completed the Scottish Contract Management Benchmarking Survey which is used to inform contract management development across Scotland. Contract and Supplier Management is not currently undertaken by the Procurement team and is part of the duties of individual Project Managers across the business. We include contract management guidance to Project Managers within our processes, as well as providing appropriate supporting documentation.

In line with good practice and as outlined in the PCIP process, we will continue to work with other SE teams to further develop contract and supplier management across Scottish Enterprise. In 2020/21 we will roll out the Scottish Government's contract management e-learning modules to strengthen and improve contract management across SE and will be working with contract managers and key strategic suppliers to streamline contract management.

Our Management Information

We produce a quarterly progress report to inform management of the value of procurement undertaken and the savings generated. Where relevant, this management information report informs the upward briefing for senior management and for Scottish Government. We produce a:

- Procurement Strategy
- Sustainable Procurement Strategy
- Procurement Forward Plan
- SE Procurement Annual Report

Ensuring health, safety and wellbeing

A Wellbeing Hub has been developed to give support and guidance to employees. Employees' wellbeing is an important factor in successfully delivering change and longer-term priorities.

We recognise the importance of ensuring that we comply with the Health and Safety at Work Act 1974 and have a comprehensive Health and Safety Policy and associated guidance/procedures which relate to staff and contractors. Further, health and safety policies are covered in our standard terms and conditions to ensure that suppliers comply with all relevant regulations and best practice. It is also important that SE works with reliable contractors who are familiar with this legislation, understand their responsibilities and operate safe systems of work. Published guidelines ensure that contractors comply with the provisions made under the act and all relevant regulatory requirements. In addition, where Health and Safety is of key importance to a contract then this will be further set out in the invitation to tender, included as part of the tender evaluation process and suppliers may be requested to supply method statements and details of their policies. When required the Health and Safety team is involved in the evaluation of tender submissions.

Our work rarely involves the procurement of food, with the exception of our internal catering contracts, however we recognise the Scottish Government's ambition to help improve the Nation's health and wellbeing through the informed public procurement of food and drink, and this is reflected within our catering tenders that request suppliers provide healthy options. Where appropriate we will include a requirement within our contracts to ensure that all food supplied will be in accordance with statutory provisions with respect to animal welfare.

Our Team

Flexible and ongoing learning is important in maintaining a responsive and up to date team. There has been and will continue to be a focus on developing the procurement team professionally to ensure they have both the skills and knowledge to maximise the benefits of procurement to SE.

- The Head of Procurement holds an MBA with Procurement
- The Team Leader has an MSc in Procurement
- Six members of the Procurement team are members of the Chartered Institute of Procurement and Supply (MCIPS)
- Two members of the procurement team are working towards this qualification

These qualifications are invaluable in maintaining the level of knowledge and skills required to operate in a complex legislative and policy environment whilst delivering an effective procurement service to the business.

To further ensure that we have the skills to deliver the specific specialist needs of our internal customers, two members of the procurement team have a BSc in Quantity Surveying, one member of the team is a member of the British Institute of Facilities Management (BIFM), two members of the team have Business degrees, one has a Law degree and one has a degree in Economics and Sociology.

We participate in the Scottish Government's Professional Development Working Group and will take account of the group's outputs.

The SE procurement team undertake annual procurement training to ensure that we are fully up to date with EU procurement obligations, as well as the Scottish Government legislative and policy requirements. In addition, members of the team have undertaken sustainability training, coaching skills and NEC3 training for works contracts in 2019/20. In 2020-21 the procurement team will again undergo CIPS online ethics training, further sustainability training and anti-fraud training.

All members of the team have, and will continue to have, annual training and development plans, and monthly progress meetings and end of year reviews with their team leader.

Ensuring compliance

Our procurement activity is regularly audited by SE Internal Audit both specifically and as part of wider audit reviews. The results of these audits are consistently positive, confirmed by the fact that no high priority recommendations have been raised in the previous four years. The Procurement team also undertakes quarterly audits of lower value procurement across the organisation, and these audits consistently demonstrate a high compliance level. Where any issues are identified, the Procurement team follows up with relevant project managers to ensure improvements are identified and implemented.

We have a Risk Management Policy and Procedure, with guidance for risk management available at project level via SE's Project Lifecycle guidance. In relation to procurement, a risk assessment is undertaken for each regulated procurement project with risk management allocated to relevant individuals. The Procurement team will continue to feed relevant risks into the divisional risk register and, where required, these will be escalated to the SE corporate risk register in line with SE's Risk Management arrangements.

We will continue to identify, manage and control risk by developing policy and procedures that also consider operational efficiency and effectiveness alongside compliance. The Procurement team consider risk proportionately in their activities – for example, ensuring that financial thresholds and other short-listing criteria do not unreasonably discriminate against participation by SME's.

To support our approach to risk management, anti-fraud training has been undertaken with the SE Procurement team and key internal stakeholders. We have a named procurement anti-fraud champion and a procurement anti-fraud senior responsible owner. All SE staff are bound by SE's code of conduct policy. Additionally, and in line with the Bribery Act 2010, we include an anti-corruption and anti-bribery clause in our standard terms and conditions.

SE has a Counter Fraud Policy which outlines how fraud may occur and be identified, who is responsible for reporting fraudulent activity and who to report it to. Appropriate preventive mechanisms, including separation of duties, are in place to counter the risk of fraud.

SE has a comprehensive whistle-blowing policy which encourages employees to raise concerns about possible improprieties in the conduct of our business – whether in matters of financial reporting or other malpractices – at the earliest opportunity and in an appropriate way. In line with good practice there is an internal contact and an external helpline which provides anonymity if necessary.

The General Data Protection Regulation (GDPR) came in to force in May 2018. We have reviewed current contracts in light of the GDPR to ensure that these are compliant, and we have updated our procurement procedures and terms and conditions to reflect data protection requirements. For each procurement, a data protection impact assessment is completed, this ensures that requirements are captured within the tender specification. Additionally, everyone in the organisation has completed online GDPR training.

In recognition of increasing Cyber risks, we will be further strengthening our procedures in relation to business continuity, disaster recovery and cyber security, incorporating these as evaluation criteria in our tenders where it is proportionate and relevant to do so.

Conclusion

In conclusion, the SE Procurement team will continue to contribute to Scotland's inclusive sustainable growth by delivering an effective and efficient service to SE and delivering value for money while compliantly encouraging community wealth building, sustainability and reducing our carbon footprint contributing to Scotland's response to climate emergency.

In line with the Procurement Reform Act, this Procurement Strategy will be reviewed and updated annually with any slippage in targets addressed. In 2020/21 we will be publishing our updated Sustainable Procurement Strategy which recognises our commitment to inclusive sustainable growth. An action plan has been produced to ensure continuous improvement. An annual procurement report will be developed to record and report progress and this will be published by July 2020.

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GLOSSARY

Term	Description
CIPS	The Chartered Institute of Purchasing and Supply (CIPS) is the leading body representing the field of purchasing and supply chain management.
Collaboration	When two or more groups of people or organisations engage in procurement work together for mutual benefit (CIPS).
Contract Compliance	Items covered by a contract are procured from the contracted supplier using the contract terms.
Contract Management	The process of monitoring the performance of a supplier to contract.
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
OJEU	Official Journal of the European Union.
Open Procedure	A one-stage procedure whereby all suppliers are invited to tender for the contract or framework agreement. The organisation cannot limit the number of bids it receives.
Output Specification	The specification requirements set out in terms of what you want to achieve, leaving the tenderers to decide on how they will deliver those requirements. This can lead to innovation by the tenderers. The services detailed in the output specification should be capable of objective assessment so that the performance of the supplier can be accurately monitored.

Term	Description
Procurement Journey	Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an ongoing basis with feedback from users and any other identified good practice guidance and tools where appropriate to ensure a standardised approach to the supply base.
Procurement strategy	Strategy for procurement within an organisation (can be called policy).
Public Contracts Scotland	The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
Small Medium Enterprise (SME)	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Supplier	An entity who supplies goods or services; often used synonymously with "vendor".
Supported Business	Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.
Value for Money	An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
Whole Life Costing	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.