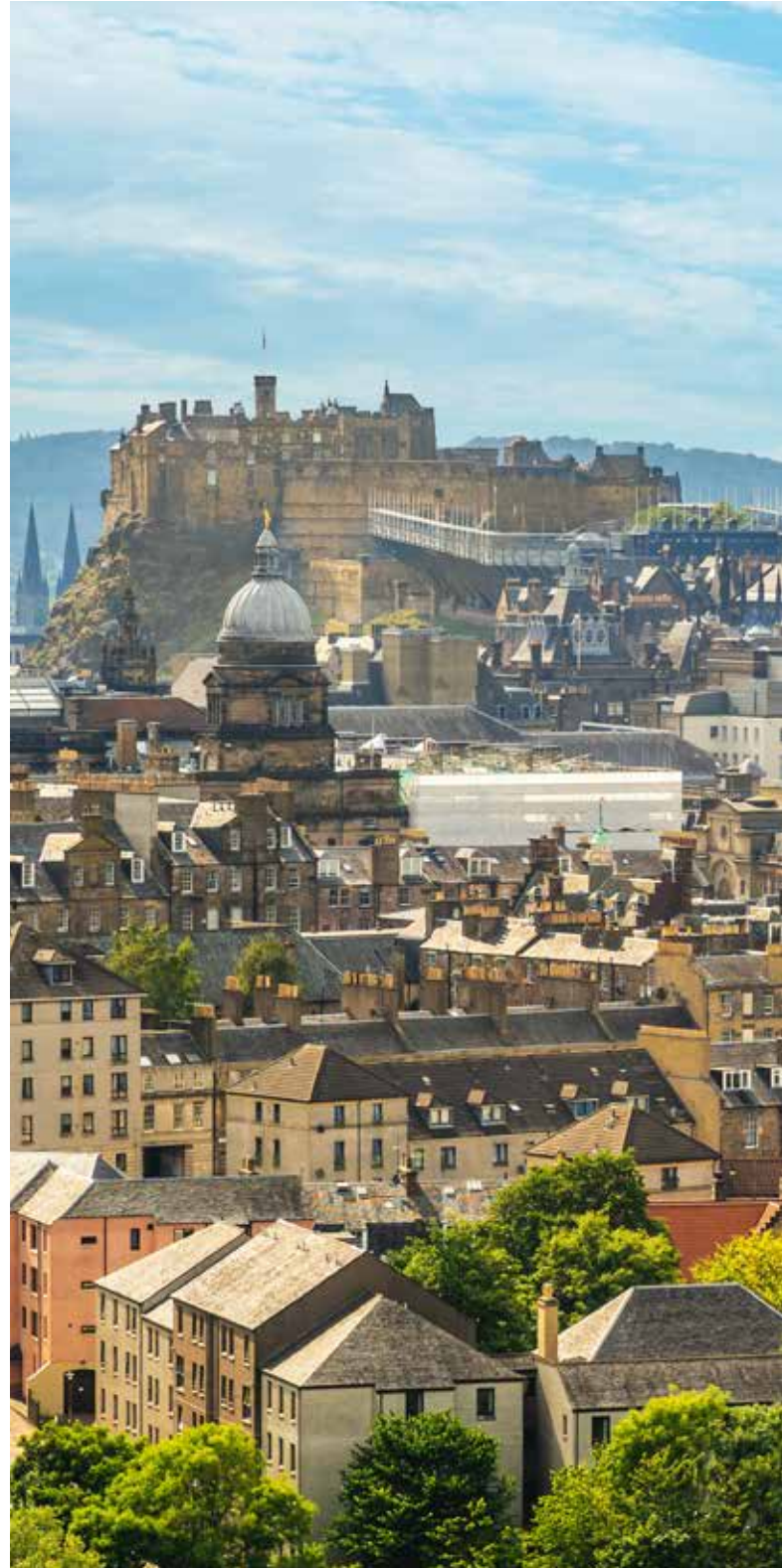


Scottish Government

Annual
Procurement
Report
2021-2022



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Foreword



I am pleased to introduce the Scottish Government's fifth annual procurement report. This report demonstrates a strong set of results for 2021 to 2022. During the reporting period we

faced new and unexpected challenges as we transitioned into a phase of recovery following the pandemic. The war in Ukraine and the emerging cost of living crisis meant that this year, more than ever, we needed to strive to further harness our significant public procurement spend to promote a green and just economic recovery, delivering the most benefits possible to society.

The Scottish Government uses our significant public spending power through the goods, works and services we purchase to make Scotland a better place to live, work and do business. We harness the power of innovation and collaboration to accomplish real social impact, in line with our published procurement outcomes that are Good for businesses and their employees, Good for society, Good for places and communities and Open and connected.

During the 12 months outlined in this report, we made significant steps forward in the Fair Work first agenda, with the Scottish Government announcing that we would mandate payment of the real Living Wage in relevant contracts.

In growing local economies, there was continued focus on working with Small and Medium Enterprises (SMEs), as well as larger business, through open engagement and roundtables and through formalised networks. This contributed to an increase in spend by the Scottish Government both with SMEs and with Scottish SMEs in the reporting period.

The leadership group for public procurement in Scotland published a set of Public Procurement Priorities for all Heads of Procurement across Scotland. This was to encourage a collective focus and consistent approach by public sector bodies to support the delivery of a robust, sustainable, inclusive economy and respond to the challenges of the climate emergency, EU exit and Covid-19.

We also continued to provide collaborative frameworks for the rest of the public sector to use, ensuring value for money and policy impact through public sector spend.

The achievements of the reporting period have provided the basis for moving forward more dynamically, collaboratively, more innovatively and more efficiently.

Nick Ford, Director Procurement & Property, Scottish Government



1.

Introduction

1.1 Background

This report provides an overview of Scottish Government procurement activity during the financial year 2021 to 2022. It reflects our performance as a contracting authority and includes reference to some of the broader activities we undertake in leading and delivering procurement policy and capability across the Scottish public sector.

The [Procurement Reform \(Scotland\) Act 2014](#) forms part of the public procurement legislation which governs how Scottish public bodies buy their goods, works and services. It allows us to maximise the economic benefit brought to Scotland through effective and efficient public procurement activity. The Act requires public bodies to publish procurement strategies to set out how they intend to carry out their regulated procurements and publish Annual Procurement Reports which describe how their procurement activities have complied with these strategies.

Annually, we review our [Procurement Strategy](#) to make sure it remains relevant and fit for purpose. This Annual Report demonstrates our delivery against the commitments set out in that strategy for the period 1 April 2021 to 31 March 2022, where we said we would:

- a) provide summary information on regulated procurements we have completed during the period;
- b) review whether those procurements kept to our strategy; and
- c) provide a summary of regulated procurement we expect to begin in the next two financial years.

Our public sector procurement ambitions are reflected in our **good for** outcomes. These underpin public procurement in Scotland, that we believe will deliver a Just Transition to a net zero economy and society, embedding Fair Work First (including the real Living Wage), climate, local economic considerations and innovation in to more contracts. The contents of this report are structured around those outcomes, setting out the importance of Scottish public sector procurement in delivering economic growth in a manner that is:

- **Good for businesses and their employees**
- **Good for society**
- **Good for places and communities**
- **Open and connected.**

Figure 1:

The four outcomes for Scottish public sector procurement



We work together with the public, private and third sectors to deliver maximum value through public procurement activity. **This report focuses specifically on Scottish Government core activity and national collaborative contracts and frameworks,** as well as our procurement and commercial policy function, and our eCommerce, Management Information and procurement best practice function.

We buy for the wider public sector in Scotland and provide procurement support to Scottish Government agencies and Non-Departmental Public Bodies (NDPBs). Our contracting activity covers four main areas (below):

- **Scottish Government (SG) core contracts:** for SG use only
- **Central Government Agencies and NDPBs:** non-collaborative contracts placed on behalf of individual public bodies in the Scottish central government family
- **Sectoral collaborative frameworks:** let by the SG for use across the central government family of organisations including agencies and NDPBs
- **National collaborative contracts/frameworks:** provide framework agreements and contracts for commonly purchased goods, services, utilities and works which are used across the public sector.

Strategic Drivers

Our key priorities for procurement across the public sector are enshrined in the [sustainable procurement duty](#) which was outlined in the Procurement Reform (Scotland) Act 2014, and are underpinned by the [National Performance Framework](#).

These priorities are centred on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable and inclusive economic growth. They align with [Scotland's National Strategy for Economic Transformation](#) (NSET) and the annual [Programme for Government](#) which sets out our plan for policy delivery and legislation each year.

The sustainable procurement duty is supported by tools which include the [National Outcomes](#) and [Indicators](#) and provides a structured approach to what we procure. The tools help public bodies identify opportunities to include economic, social and environmental considerations in their contracts and show how procurement activity contributes to the National Outcomes and, in turn, to NSET.

A set of 7 [Public Procurement Priorities](#) were published in spring 2021 for all Heads of Procurement across Scotland. This was to encourage a collective focus and consistent approach by public sector bodies to support the delivery of a robust, sustainable, inclusive, economy and respond to the challenges of the climate emergency, EU exit and Covid-19.

The priorities were created and published by the Public Procurement Group – the cross-sector leadership group responsible for directing and influencing public procurement strategy in Scotland – building on the original 5 priorities created in late 2020, updated to reflect the new, additional priorities.

The priorities (see [Annex C](#)) – leadership and visibility, sustainable economic recovery, supply chain resilience, sustainability, climate, people and systems – are interwoven with the commitments set out by government in its national framework, and reflect procurement's four **good for** outcomes. The Scottish Government consulted Heads of Procurement towards the end of 2021 to measure progress against and provide a snapshot of progress against the priorities, and inform and influence strategic discussion.

Figure 2:
Strategic Drivers for our work



External Impacts

The reporting period was again dominated by the significant challenge of responding to the pandemic, and economic conditions rapidly deteriorated at the start of 2022 at both a global and domestic level. The war in Ukraine interrupted the gradual recovery from Covid-19, causing an energy supply and inflationary shock that pushed the economy toward recession.

In response to the war in Ukraine, we conducted risk assessments for more than 130 Scottish Government-led collaborative frameworks and a number of other high risk/value SG-led contracts (with a total value of more than £5 billion), and assisted with the settlement of Ukrainian refugees in Scotland. We were able to at least partly mitigate increases to public bodies' energy bills as a result of our long-standing process for buying electricity and gas in tranches well in advance of consumption.

1.2 Methodology

This report draws on Scottish Government data and management information (MI) as well as two other primary sources:

- Public Contracts Scotland portal**
 The Public Contracts Scotland (PCS) service provides a national advertising portal for Scottish public bodies to post contract notices and awards; prime contractors on public sector contracts can also advertise sub-contract opportunities. It is mandatory for all Scottish public sector organisations to use PCS to advertise all regulated procurements (£50k and over for goods/services; £2m and over for works) and their subsequent awards; in addition, many organisations use PCS for direct requests for quotations (Quick Quotes) for lower value, non-regulated procurements.
- Scottish Procurement Information Hub**
 Public procurement spend data is available through the Scottish Procurement Information Hub ('the Hub'). Each year, the Scottish Government requests raw accounts payable data from bodies across the Scottish public sector. This data is enhanced by a third-party supplier using publicly available data in order to classify suppliers by size, location, area of business, charity status and other characteristics, before it is uploaded to the Hub where it is made available to participating public bodies for analysis.¹

Where relevant, information is supplemented by evidence from other sources – for example, from the Public Procurement Priorities report (published April 2022), the (external) Supplier Development Programme, and from other research carried out by the Scottish Government during the year.

It is important to avoid making direct comparisons between data from different sources, owing to the considerable differences in the scope and data collection methods that apply to each source. As such, the sources have not been used to draw any direct comparisons but, rather, they have been combined to provide a comprehensive overview of Scottish Government procurement activity in reporting year 2021 to 2022.

¹ The information on the Hub relates only to spend figures for suppliers that were classed as commercial organisations or as non-trade social care providers, and with whom individual public bodies have spent £1,000 or more in aggregate in that year.



2. Reporting Highlights

Some of our significant achievements in the period April 2021 to March 2022:

2.1 Good for Business and their Employees

- In 2021 to 2022, we managed 452 live contracts worth nearly £5.3 billion throughout their lifetimes (across all types of contracting activity) .
- We awarded 319 new contracts regulated by the Procurement Reform (Scotland) Act 2014 with a total value of over £877 million (across all types of contracting activity).



£161 million

Our contracts and frameworks (across all types of contracting activity) saved the public sector over £161 million.



10% increase

Public sector bodies across Scotland spent over £1.1 billion on goods and services through the national contracts and frameworks we awarded, an increase of approximately 10% from last year.



£174 million

Of the £420 million core Scottish Government spend in reporting period 2021 to 2022, just over £174 million or 44% went directly to SMEs.



97% of invoices paid within 10 days

In the reporting period we paid 97% of valid invoices within ten days and 99% of invoices within thirty days, getting cash into the economy as quickly as possible and supporting the economic recovery.

- 94% of our suppliers committed to paying the real Living Wage.
- In response to challenges faced in the labour market, we expanded our Fair Work First criteria from 5 to 7 elements to promote flexible and family friendly working practices and oppose the use of fire and rehire practices.

2.2 Good for Places and Communities



£155 million

Just over £155 million (37%) of £420 million core Scottish Government spend in 2021/22 was in Scotland – an increase of £23 million. £125 million of that went to Scottish SMEs – an increase of £49 million. 84% of Scottish spend through our contracts is with SMEs (where size and postcode is known).

- We have supported delivery of a Scotland Excel partnership to support Community Wealth Building in four local authorities (Clackmannanshire, Dumfries and Galloway, Renfrewshire and Stirling).
- As well as supporting existing jobs, Scottish Government core contracts enabled the creation of 428 brand-new new jobs, 48 apprenticeships, 33 work placements and 45 qualifications.

2.3 Good for Society

- Spend by Scottish public sector bodies through our national supported business framework for the reporting period was just over £4 million, bringing total spend through the framework since it was awarded to £9.2 million.
- We modernised our national suite of online [Sustainable Procurement Tools](#) to support Scottish public sector procurers to adjust to a more resource-efficient and sustainable procurement practice, with learning and guidance provided on climate and the circular economy.
- We applied procurement and climate change policy across a range of contracts and frameworks for services and materials to limit negative environmental impact; to drive waste minimisation and reuse, efficiency, and sustainability; and we are addressing emissions in relevant contracts.

2.4 Open and Connected

- Our national Public Contracts Scotland (PCS) portal aims to make it as easy as possible for SMEs to bid for public contracts through notice alerts and enabling main contractors to advertise sub-contract opportunities, giving suppliers the chance to bid for contracts further down the supply chain.
- Across Scotland, over 490 organisations used PCS to advertise 15,635 new public sector business opportunities. 18,880 suppliers were awarded public sector contracts through PCS in the reporting period.
- We broadened our engagement with our supply base and the SME community through a series of roundtables to discuss the most important issues and through engagement with the Procurement Supply Group (PSG)².
- We worked closely with the Public Procurement Group (PPG)³ and Heads of Procurement to initiate a blueprint benchmarking exercise to understand more about the size and scope of the procurement community in Scotland, and the issues and challenges facing public bodies.
- We consulted with Heads of Procurement across Scotland on their progress against the Public Procurement Priorities and published findings.
- We initiated engagement on a programme of work, 'Plan for the Future', part of which will develop a Scottish public procurement strategy to maximise economic recovery and benefit from learnings from best practice at home and internationally.
- We continue to engage with the global commercial and procurement community, contributing to and benchmarking best practice, to ensure that our approaches continue to be leading edge in Scotland e.g. with UK and the Devolved Administrations, Organisation for Economic Co-operation and Development (OECD), National Association of State procurement Officials (NASPO) and other foreign governments.

² The PSG is a collaborative group with representation from the Scottish Government and representative bodies for business and the third sector.

³ The PPG is the leadership group for public procurement across Scotland. It is made up of the heads of Procurement Centres of Expertise and senior Scottish Government procurement officials



3.

Summary of Scottish Government procurement activity

3.1 Overview

Whilst our Procurement Strategy 2021-2023 set out our key policies and how we would monitor them, we faced further new and unexpected challenges in 2021 to 2022, as we learned to live with the impacts of Covid-19. The war in Ukraine and the emerging cost of living crisis meant that this year, more than ever, we needed to seek to further harness our significant public procurement spend to promote a green and just economic recovery, and deliver the most benefits possible to society.

3.2 Good for businesses and their employees

3.2.1 Access to Contracts

We remain committed to improving access to public contracts for **all** businesses, and throughout the reporting period continued to review and refine the suite of tools available to both public bodies and suppliers:

Our national [Supplier Journey](#) provides free online, easy to access guidance for suppliers on all aspects of bidding, from finding opportunities and preparing bids to lessons learned, and signposts additional support. The [Procurement Journey](#) provides free guidance for public sector buyers who procure goods, services and care and support services. Our [Single Point of Enquiry](#) offers an impartial and confidential service for businesses with any concerns about a procurement exercise carried out by a Scottish public body.

We continue to fund and support the [Supplier Development Programme](#) (SDP), an independent business initiative which delivers free training, online resources and guidance on how to prepare, submit and win public procurement bids. This includes training on tenders and bidding, using the national eCommerce solutions, and understanding frameworks, community benefits and sustainable procurement. 1,364 Scottish SMEs attended SDP training events in 2021 to 2022.

We supported the SDP national and regional “Meet the Buyer” events that bring suppliers and public sector buyers together. In total, 1,623 Scottish SMEs registered with SDP in 2021 to 2022, bringing total cumulative registrations to 19,565 by 31 March 2022.

Our national eCommerce Shared Service offers a range of services and solutions which enable public sector organisations from across Scotland and their suppliers to automate and streamline their business processes from advertising contracts to paying of invoices.

We continue to make improvements to the Public Contracts Scotland (PCS) portal and data shows that suppliers continued to demonstrate an interest in working with the Scottish Government. In 2021 to 2022:

- 15,635 new public sector business opportunities were advertised.
- 10,227 supplier users registered on PCS from 1 April 21 to 31 March 22⁴.
- 18,880 suppliers were awarded public sector contracts. Of these:
 - 14,026 (74%) were Scottish;*
 - 11,615 (62%) were Scottish SMEs**;
 - and
 - 14,757 (78%) were SMEs*** from all locations.⁵

3.2.2 Small and medium-sized enterprises (SMEs)

SMEs are an integral part of the business community in Scotland. Our legislation (the [Sustainable Procurement Duty](#)) requires public sector bodies to consider how they may facilitate the involvement of Small and Medium Enterprises (SMEs), third sector organisations and supported businesses in their procurement activity.

Although not every SME will be interested in contracting with the Scottish Government, the evidence suggests that many SMEs do continue to engage through our contracting opportunities.

Our spend with SMEs

Data from the Scottish Government's Procurement Information Hub (the 'Hub') shows that the Scottish Government's continued efforts to engage with SMEs are reflected in significant levels of spend with these organisations.

⁴ Source: PCS: This is users and not unique, individual suppliers registered with PCS

⁵ Source: [Public Contracts Scotland FY2021-22 Usage Report](#)

*Suppliers registered on PCS with a Scottish-based business address, where address is known

Suppliers registered on PCS with less than 250 employees where size is known **and where address is known

***Suppliers registered on PCS with less than 250 employees where size is known

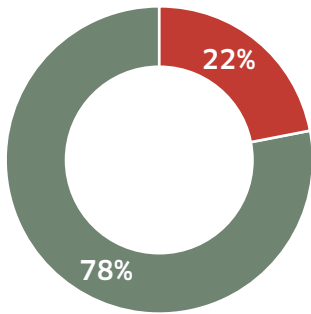
Table: Direct Spend with SMEs supplying goods and services to core Scottish Government - 2018-2019 to 2021-2022⁶

Financial Year	2018-2019	2019-2020	2020-2021	2021-2022
Spend with SMEs (£)	102,564,479	120,561,842	105,957,790	174,133,835

- Of the £420 million core Scottish Government spend, just over £174 million (44%) went directly to SMEs, an increase of £68 million on 2020/21.
- 84% of the Scottish spend through our contracts is with SMEs (where size and postcode is known).
- The ‘Hub’ data identifies the size of supplier for 1,356 organisations in 2021-2022 (of a total of 1,617). Of this 1,053 (where size is known, 78%) were SMEs.
- We paid 99% of valid invoices within thirty days and 97% within ten days, getting cash into the economy quickly and supporting the economic recovery.
- 94% of our suppliers committed to paying the real Living Wage.

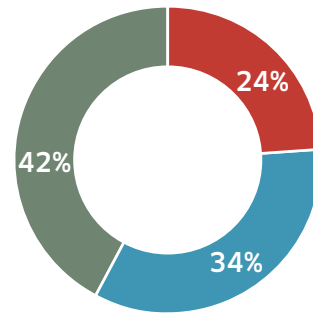
Types of Scottish Government Suppliers in 2021-2022

Type of supplier to The Scottish Government 2021-2022



■ SME ■ Large

Breakdown of SME suppliers to The Scottish Government 2021-2022



■ Medium ■ Micro ■ Small

⁶ Source: Scottish Procurement Information Hub; Where size of business is known; excludes indirect expenditure with SMEs as part of the supply chain

SMEs winning Scottish Government Contracts and Frameworks

We continue to develop our procurement strategies to make our contracts more accessible and provide opportunities for SMEs to bid for, win and deliver public sector contracts. As a direct result of **Scottish Government** procurement activity⁷:

- We awarded 68 regulated contracts and frameworks to Small and Medium Sized Enterprises (SMEs).
- There were 720 SME subcontractors on our live contracts in the reporting period, 546 of whom are based in Scotland.
- There are many more SMEs in our supply chains; they shared at least £60 million as subcontractors on live contracts, Scottish SMEs receiving over £51 million of that.

In our collaborative national procurements we consider splitting up or 'lotting' larger value contracts and frameworks into specialist or geographical requirements. We also consider placing multi-supplier frameworks in order to create other supply chain opportunities for SMEs wherever possible.

Case Study - Lot Limiting in collaborative frameworks

Our Collaborative Procurement Division issued two Invitations to Tender (ITTs) during the reporting year that included 'Lot limiting' to enhance opportunities for suppliers and in particular SMEs. Lot limiting provides an opportunity to restrict the same suppliers getting onto multiple Lots of a framework agreement. Where a bidder is successful for one Lot on the framework, we can state that they will not be considered for another Lot. As a result of Lot limiting, two suppliers were appointed to the Postal Services framework agreement with the successful bidder on Lot 2 being an SME. On the Marketing Services framework agreement, the introduction of Lot limiting in the ITT resulted in 5 additional SMEs being appointed to the new Creative Services Lot (call-offs under £50k). This approach reinforces Scottish Procurement's commitment to creating additional contracting opportunities for suppliers and reducing the barriers for SMEs.

⁷ Source: Scottish Government - Procurement Annual Reporting Dashboard

3.2.3 Third sector

The third sector, including social and community enterprises and enterprising charities, play an important part in the Scottish economy and in society more widely by contributing to economic growth, helping to improve people's wellbeing and supporting local communities. Social enterprises, for example, are businesses with a social or environmental mission, which re-invest their profits into fulfilling their organisational aims – which largely focus on empowering local communities and tackling socio-economic disadvantage

We are continuing to deliver support to organisations tendering for contracts through the business support contract for the third sector, 'Just Enterprise' – a consortium of third sector organisations. The service provides free one-to-one and one-to-many training and advice on getting 'tender ready' as well as technical tender writing as part of a comprehensive range of business support services specifically tailored to the needs of the sector. Throughout the reporting period, we also continued to fund Partnership for Procurement to provide specialist support to third sector organisations wishing to form consortia to bid for public sector contracts.

Our funding of the Supplier Development Programme (SDP) has continued to provide third sector organisations with access to the free training provided to tender for and win public sector contracts. Since 2017, 665 charities and supported businesses have registered with the SDP. Total third sector attendance at the Meet the Buyer events from social enterprises and third sector organisations in 2021 to 2022 equalled that of the previous 4 years combined.⁸

Whilst all national collaborative framework agreements placed by the Scottish Government are open for use by third sector organisations, work has been continuing with our co-delivery partners to grow engagement in public procurement across the third sector and to raise awareness amongst local and national public bodies of the significant additional benefits of doing business with the enterprising third sector beyond service delivery.

3.2.4 Supported businesses

Supported businesses are defined as organisations whose main aim is to integrate disabled or disadvantaged people, both socially and professionally, and whose workforce comprises at least 30% disabled or disadvantaged people.

Spend by Scottish public sector bodies through our national supported business framework for the reporting period was just over £4 million, bringing total spend through the framework since it was awarded to £9.2 million. The Scottish Government has continued its collaboration with British Association for Supported Employment (BASE) to increase the number of new supported businesses in Scotland. A regularly updated list of supported businesses (in addition to those on the national framework for supported business) has steadily increased the number of additional supported business available to the public and private sector.

As well as supporting existing jobs, our contracts enabled the creation of 428 brand-new new jobs, 48 apprenticeships, 33 work placements and 45 qualifications.

⁸ Source: Supplier Development Programme

3.2.5 Fair Work (including payment of the real Living Wage)

Fair Work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. We want Scotland to be a world-leading Fair Work Nation by 2025. Scotland's success as an economy is built on a shared endeavour between workers, unions and employers. The COVID-19 pandemic has affected all of our daily lives, including our workplaces, and the challenges faced by workers, employers and businesses cannot be overstated. Treating employees involved in delivery of public contracts with respect through application of Fair Work First underpins the resilience of public supply chains during times of crisis.

The strategic ambitions for Fair Work are set out in the Fair Work Convention's Framework and we have set out actions in our Fair Work Action Plan. That Action Plan prioritises Fair Work First (FWF), which is our flagship policy for driving high quality and Fair Work across the labour market in Scotland by applying Fair Work criteria to public funding.

Extending Fair Work First

It is our normal practice to include Fair Work provisions in our invitations to tender, where appropriate, and we consider these along with other relevant criteria as part of the tender evaluation process.

In response to challenges faced in the labour market, we expanded our Fair Work First criteria from 5 to 7 elements to promote flexible and family friendly working practices and oppose the use

of fire and rehire practices. Ministers set out their expectations for public bodies to lead the way and to start to implement the expanded criteria through their employment practices, relevant grants funding and public contracts. Public bodies were advised to start an incremental approach to implementing the expanded Fair Work First in new procurement processes from 31 October 2021, with a view to having fully developed internal procedures so that Fair Work First is incorporated in all relevant procurement processes in financial year 2022 to 2023.

Our SPPN 6/2021, published in September 2021 to be used by public bodies across Scotland, explained the change and how to implement in procurement processes. The seven criteria are:

- appropriate channels for effective voice, such as trade union recognition
- investment in workforce development
- no inappropriate use of zero hours contracts
- action to tackle the gender pay gap and create a more diverse and inclusive workplace
- providing fair pay for workers (for example, [payment of the real Living Wage](#))
- offer flexible and family friendly working practices for all workers from day one of employment
- oppose the use of fire and rehire practices

The real Living Wage

The Scottish Government is an accredited Living Wage Employer and we pay at least the real Living Wage to all direct employees and to all contracted staff who regularly provide services on our sites. 94% of our suppliers with current live contracts have committed to paying *at least* the real Living Wage to staff working on our contracts.

In October 2021 the Minister for Finance and Economy announced that, with immediate effect, the Scottish Government would require payment of the real Living Wage to workers involved in the delivery of our contracts where:

- Fair Work First practices, including payment of the real Living Wage, is relevant to how the contract will be delivered
- it does not discriminate amongst potential bidders
- it is proportionate to do so
- the contract will be delivered by workers based in the UK.

This change is reflected in the Procurement commitment in the National Strategy for Economic Transformation⁹ to: Deliver on the commitment to require payment of the real Living Wage in Scottish Government contracts from October 2021, including the forthcoming suite of new construction frameworks, starting with the £600 million Civil Engineering Framework.

3.2.6 Prompt Payment

Prompt payment of the supply chain is not only the ethical and socially responsible thing to do, it is critical to the sustainability and resilience of our supply chains in delivering key products, services or works to, or on behalf, of the people of Scotland.

We lead by example with Scottish Government payments. We aspire to pay valid invoices within 10 days of receipt, this is an important expression of our pledge to support businesses and goes beyond our commitment to pay suppliers within 30 days. During the reporting period, the Scottish Government paid 97% of valid invoices within ten days and 99% of invoices within 30 days, getting cash into the economy as quickly as possible.

Through our contract management arrangements, we monitor the percentage of our valid invoices paid on time, our average payment performance, any complaints from contractors and subcontractors about late payment and we take action where appropriate.

Recognising the construction sector in particular can suffer from late and extended payment terms from business to business, we required the use of project bank accounts, from which a public body can pay firms in the supply chain directly as well as making payments to the main contractor. Project bank accounts improve cash flow and help businesses stay solvent, particularly smaller firms which can be more vulnerable to the effects of late payments.

⁹ [Supporting documents – Scotland’s National Strategy for Economic Transformation – gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2021/09/Supporting_documents_-_Scotland's_National_Strategy_for_Economic_Transformation_-_gov.scot)

Public bodies covered by the Scottish Public Finance Manual (SPFM) must include project bank accounts in their tender documents for building projects over £2 million and civil engineering projects over £5 million. Some public bodies have chosen to implement project bank accounts at lower contract values. We strongly encourage public bodies outside of SPFM scope to implement project bank accounts into their construction procurement policy.

Prompt payment in supply chains is embedded in our Programme for Government commitment and our Civil Engineering Framework, valued at approximately £600m over four years, will pilot and test new approaches to prompt payment, which can then be rolled out further.

3.2.7 Health & Safety

Our aim is to be a leading employer in the delivery of health and safety and to ensure the wellbeing of our staff and those that deliver our contracts. Our policy makes sure our contractors and subcontractors keep to the Health and Safety at Work Act 1974 and any provision made under that Act.

During this reporting period, there were no incidents that required to be reported to the Health and Safety Executive. For those contractors working on our premises we meet monthly and review all relevant accident reports and any investigation findings.

Additionally, we encourage our catering and cleaning suppliers to use the in-house Contractor Safety Management System. This allows both suppliers and ourselves to check that subcontractors have all the relevant security clearance, permits and qualifications.

3.2.8 Construction

In 2021 to 2022, we continued to lead the dialogue with public bodies involved in construction and with industry representatives to define the aims and objectives of the future national collaborative construction frameworks – the first being the Civil Engineering Framework.

Integral to this engagement was collaboration with the Procurement Centres of Expertise, Scottish Futures Trust (SFT) and Transport Scotland (TS), and with industry – the Civil Engineering Contractors Association and subsequently Construction Scotland – primarily via the Civil Engineering Framework Steering Group (and its bespoke working groups), and with stakeholders via a National Portfolio Forum for Construction and a Civil Engineering User Intelligence Group.

The Civil Engineering Framework Steering Group, with representatives from the public sector and industry was formally established in December 2021. The inaugural meeting was held in January 2022 and the group continue to meet regularly.

In late January 2022, a successful Open Supplier Meeting was held virtually for the forthcoming Civil Engineering Framework, facilitated by the Supplier Development Programme, with a range of presenters from Scottish Government, Transport Scotland, Industry and the British Association for Supported Employment (BASE).

3.3 Good for places and communities

3.3.1 Local Economic Development

Scotland has been pushing the boundaries to use public procurement to achieve wider economic and social outcomes for nearly two decades. This work aligns with the Scottish Government's commitment to Community Wealth Building. (CWB), which has five pillars:

1. Plural ownership of the economy
2. Making financial power work for local places
3. Anchor Purchasing
4. Fair employment and just labour markets
5. Socially productive use of land and property.

Public procurement is central to delivering this approach in Scotland and to an inclusive recovery; ensuring that we are using procurement to contribute to the National Mission for Jobs through community benefits and that we are maximising local spend and developing our supply chain to enable them to bid for and win public contracts.

We are focusing on what and where we can do things better or indeed do things differently, particularly on local practice, initially using the levers and flexibility afforded to by existing policy and legislation. In this reporting period we commissioned an independent review that will compare sustainable procurement outcomes in Scotland with other parts of the UK and expect this report to be published in early 2023.

We have funded Grow Local for all local authorities to help them to identify opportunities to develop their local supply base and many have offered to report back on how this is working for them.

We provided 'myth busting' sessions to a variety of procurement and non-procurement audiences to describe to them the opportunities and flexibilities afforded by the existing procurement policy and legislative frameworks.

In addition to work being carried out through City and Region Deals, we have supported delivery of a Scotland Excel partnership to give impetus to the procurement arm (sustainable procurement) of CWB in four local authorities (Clackmannanshire, Dumfries and Galloway, Renfrewshire and Stirling).

Alongside colleagues in Economic Development, we work to identify and progress opportunities for Supply Chain Development to benefit indigenous supply chains/Scottish businesses.

3.3.2 Community benefit requirements across core, sectoral and national contracts

We considered community benefits in all our regulated procurements during the reporting period. 36 contracts were awarded which specifically included community and social benefits.

We currently have 40 live contracts valued at nearly £1.7 billion within which community benefits are embedded.

As well as supporting thousands of existing jobs, during the reporting period our contracts created 428 brand-new jobs and 48 apprenticeships; delivered 33 work placements for school pupils, college and university students and 3 work placements for Priority Groups; and we enabled 45 qualifications to be achieved.

An example of community benefits secured from our contracts is shown below:

Case Study – Provision of Carers And Winter Benefits Contract

The SG's vision for social security is an approach which puts respect for the dignity of the individual at the heart of SG policies, processes and systems. To support this, our approach to digital and technology solutions is one which is 'benefit neutral', with an expectation that solutions will support multiple benefits irrespective of their type, entitlement, or payment frequency.

A single, integrated benefit platform is a key guiding principle of the Social Security Digital and Technology Strategy, which is aimed at providing a citizen-centric, evidence based approach to benefit processing. To support the set-up of Scotland's Social Security system there was a requirement to secure a Service Provider(s) to support the design, development and delivery of Carer's and Winter Benefits.

The successful supplier was required to further develop a Social Program Management solution for processing devolved social security benefits, at the heart of which will sit a number of community benefits, with a focus on training and education for those seeking employment and encouraging SME involvement.

A minimum of 6 apprenticeship positions will be created at the Modern Apprentice level, with recruitment of apprentices targeted, where possible, in postcodes within the 10% most deprived in Scotland.

The contract will deliver a wide range of target support across a number of channels:

- Through Schools/colleges – engaging directly to support pupils preparing for the job market, including providing access to learning pathways, digital credentials and local job opportunities.
- Via the STEM Community – delivering practical “show don't tell” workshops covering STEM subjects including engineering, scientific activity and technology, including coding.
- With Youth Groups – to support personal development and prepare for work through Life Skills and other workshops.

Delivery of the contract will also encourage SME involvement in the supplier's services making use of their partnership with the Accord SME Alliance, providing access to a network of 22 SME companies, and a wide range of design, delivery and testing skills.

3.3.3 National Care Service for Scotland (NCS)

In response to the Independent Review into Adult Social Care we identified the need for a new approach to ethical procurement that centres on people with lived experience of social care and the people who deliver that care. We began to design ways of working to engage with providers including from the third sector, with the aim of delivering strategic standards of practice that are sustainable and implementable, and that support a consistent approach that meets the needs of people.

In December 2021 we published SPPN 7/2021, to advise public bodies involved in the commissioning and

procurement of social care services of the action they could take to prepare for the transition toward a National Care Service for Scotland (NCS). Public bodies were advised to review current Strategic Commissioning Plans to identify opportunities for alignment with ethical commissioning and procurement principles; to consider the impact of decisions on resources and the social care market to enable collective focus on implementation and consider the use of contract extensions or modifications where feasible; and to maximise opportunities in new procurement decisions to introduce ethical procurement principles and use the flexibility of the Light Touch Regime.

3.3.4 Provision of food - Using contracts involving food to improve the health, wellbeing and education of communities in Scotland and promote the highest standards of animal welfare

Our national food and drink policy: [Good Food Nation](#) continues to promote buying healthy, fresh and environmentally sustainable food and catering. Fresh catering produce used in SG canteens during the reporting period was:

Fresh Beef	28% Scottish, 72% Red Tractor/UK
Fresh Pork	58% Scottish, 42% Red Tractor/UK
Fresh Lamb	82% Scottish, 18% Red Tractor/UK
Fresh Chicken and Turkey	100% Red Tractor/UK
Eggs	68% Scottish, 32% Red Tractor/UK
Milk & Cream	92% Scottish, 8% Red Tractor/UK
Fresh Vegetables	42% Scottish, 11% UK, 37% EU, 10% Rest of World
Bakery	100% Scottish

Everything designated as 'Scottish' in the table is originally from Scotland. UK/Red Tractor covers UK products but may include some Scottish produce. Red Tractor accreditation covers food safety and environmental protections, and is only used on British products.

The welfare of farm animals, reared for products used in food provided in our catering contract and other public contracts, is generally safeguarded under legislation we have introduced to protect farm animals on farm and at slaughter. Vegan choices, including vegan dishes, sandwiches, and seasonal fruit and vegetables, are provided in our SG staff restaurants.

3.4 Good for society

3.4.1 Equality and Diversity

Equality sits at the heart of public procurement through our [Sustainable Procurement Duty](#), requiring public bodies to consider and act on opportunities to improve the social, environmental and economic wellbeing, with a particular focus on reducing inequality within its procurement activity.

Our commitment to delivering equality in the core Scottish Government is laid out in our [Scottish Government Procurement Strategy](#) and in the national procurement policies we set for Scotland. We enable compliance through our national [sustainable procurement tools](#), guidance and support. We require organisations to track compliance (against their corporate procurement strategies) in their Annual Reports on Procurement, reporting our overall impact in the Scottish Ministers Annual Report on Procurement across Scotland.

Scottish Government routinely acts on opportunities to further equality, diversity and inclusion through its procurement activity. For example, in our Temporary & Interim Staff Services tender, bidders were required to demonstrate a positive approach to building a workforce of people (including agency and interim workers) representative of the people of Scotland. That means having a workforce that includes people of different age groups, socio-economic backgrounds, faith and beliefs and sexual orientation (including where possible, temporary workers).

3.4.2 Climate change

How procurement policies have contributed to compliance with climate change duties

The Scottish Government is committed to using public procurement to contribute towards the strategic priority of transition to a more resource-efficient, lower carbon economy. The Scottish Government [National Performance Framework](#) 'National Outcomes' reflect the values and aspirations of the people of Scotland and are aligned to the 17 [UN Sustainable Development Goals](#).

Through the work of the Climate and Procurement Forum, we have modernised and further developed a suite of online [Sustainable Procurement Tools](#) based on the National Performance Framework which link intended outcomes to sustainable outcome delivery. The Tools support Scottish public sector procurers to adjust to a more resource-efficient and sustainable procurement practice.

The centrally-funded, [national sustainable procurement tools](#) now include:

- Climate Literacy and Circular economy e-learning, which helps to encourage and assist public bodies, including Scottish Government, to take account of climate and circular economy in their procurement activity;
- a range of guidance, including model wording, covering - Climate Change; Biodiversity, landscapes, natural heritage, waste and energy efficiency; and,
- A suite of procurement case studies from across the public sector.

As of 31 March 2022, over 2,000 users had registered to use the tools from 390 organisations around the globe.

Climate Literacy eLearning is mandatory for all Scottish Procurement and Property Directorate (SPPD) staff and is strongly promoted across Scotland with 853 people having completed training by 31 March 2022. The e-learning was mandated for procurement staff in the Scottish Government.

As of March 2022, the Climate Change guidance documents Carbon in Production, Climate and Energy, and Climate Change Adaptation have been refreshed to align with the Procurement Journey, and to include an annex of example procurement clauses and Key Performance Indicators.

We have aligned reporting requirements across Climate and Procurement to encourage public bodies to make best use of resources and use the same content to report on how their procurement policy and activity is addressing climate change. This is reflected in [Greenhouse Gas Reporting - Public sector leadership on the global climate emergency: guidance - gov.scot \(www.gov.scot\)](#).

Our national Sustainable Procurement Tools host a growing range of best practice case studies from across the Scottish public sector, including Reducing Embodied Carbon through [Construction Design \(March 2022\)](#) and [Pathways to a Zero Emissions Fleet \(February 2022\)](#).

How procurement activity has contributed to compliance with climate change duties

The Scottish Government applies procurement and climate change policy across a range of contracts and frameworks, for services and materials, to drive waste minimisation and reuse,

as well as efficiency, and sustainability. We are addressing emissions in relevant contracts, and there are a number of examples where procurement activity has contributed to our efforts to limit negative environmental impact, such as:

Facilities Management Services Framework (2021-2028, estimated total value £400 million) - this contract, used by several central government public bodies, provides a range of sustainability outcomes and environmental initiatives that support our climate change obligations.

National Collaborative Framework Agreement for General Stationery and Office Paper (2016-2023, estimated value of £80 million) - we have worked with the supplier to maximise environmental measures across the Scottish Public Sector by promoting the use of recycled paper. In 2021-2022 approximately 860,500 reams of recycled paper has been bought by framework public bodies resulting in environmental savings.

National Collaborative Client Devices Frameworks - Desktop Client Devices (2020-2023, estimated value £90 million; Mobile Client Devices (2021-2023, estimated value £125 million; Web Based Devices (2019-2023, estimated value £80 million) - supporting minimum standards for recycled and recyclable content, and for energy efficiency.

National Collaborative Framework Agreement for IT Consumables (2016-2023, estimated value £45 million) - In 2021 to 2022, environmental benefits reported include 100% of inbound packaging recycled and partners are encouraged to reduce packaging, and return rate of 44% for recycling of recyclable cartridges (target 40%).

Case Study - National Collaborative Client Devices Frameworks

Desktop Client Devices: January 2020 - June 2023, Estimated Value £90 million

Mobile Client Devices: August 2021 - August 2023, Estimated Value £125 million

Web Based Devices: November 2019 - November 2023, Estimated Value £80 million

Energy Efficiency - One of the main environmental impacts from the use of IT products including laptops, desktops and tablets (Client Devices) is energy consumption. Client Devices supplied under our frameworks are required to meet the Green Electronics Council's EPEAT accreditation standards which are designed to reduce the environmental impact of devices across their lifecycle.

EPEAT accredited devices are more energy efficient, less toxic, longer lasting, and easier to recycle than products that do not meet EPEAT eco-label standards, while addressing labour and human rights issues along the entire supply chain.

In 2022 Scottish Procurement was again recognised by The Global Electronics Council at their annual Purchaser Awards for excellence in procurement of sustainable IT Products.

The Global Electronics Council estimate that over their lifetime, Client Devices purchased through Scottish Procurement frameworks in 2021 to 2022 will result in a number of environmental benefits. These include:

- Savings of 127,131 MWh of electricity
- A reduction of greenhouse gas emissions of 28,904 metric tons of CO₂ equivalents
- A reduction of 5,310Kg in hazardous waste and 1,250 metric tons of primary materials.

Our success in the global EPEAT awards programme is recognition of our continued determination to deliver the highest levels of sustainability and environmental benefits to the Scottish public sector.

Packaging, Recycling and Reuse - Our Client Device frameworks include minimum standards for the use of recycled and recyclable content. Our framework suppliers are required to manage and reduce waste to deliver the best environmental outcome in accordance with the waste hierarchy including minimising the use, and environmental impact, of packaging.

Further Case Studies

Further information is published on [Reports \(sustainable.scotlandnetwork.org\)](https://sustainable.scotlandnetwork.org/reports).

The Sustainable Procurement Tools host a growing range of best practice case studies from across the Scottish public sector, including [Reducing Embodied Carbon through Construction Design \(March 2022\)](#) and [Pathways to a Zero Emissions Fleet \(February 2022\)](#).

3.4.3 Fairly and ethically traded goods and services

We take a robust approach in procurement processes to tackling criminal activity, including human trafficking and exploitation, modern slavery, corruption and fraud and also to promote positive practices. Respecting human rights is not only a moral and legal obligation, it can have business benefits such as attracting and retaining a diverse skilled workforce (which can in turn increase quality, innovation, and productivity); reducing risks, including court proceedings; and enhancing reputation and brand value, increasing the customer base.

We continue to engage with a range of organisations on ethical procurement, including learning from best practice used by others across Europe, and working with relevant stakeholders. If fairly-traded goods and services are available to meet our requirements, we will consider how best to promote them.

We believe that those we contract with should adopt high standards of business ethics, this includes taking a robust approach to ensuring the goods and services are sourced fairly and ethically.

All Invitations to Tender issued during the reporting period included a provision to ensure that our supply chains are free from human trafficking and exploitation, including modern slavery, permitting us to terminate contracts with suppliers for breaches of social, environmental or labour law.

We continued to use the national sustainability tools to inform our commodity strategies which helped us to identify and mitigate potential risks in all of our regulated procurements. We

also use targeted selection and award criteria relating to fairly and ethically traded supply chains where relevant for all regulated procurements.

3.4.4 Equal Treatment and Non-discrimination General Duty

Public bodies are required to carry out their regulated procurement activity in line with the General Duties of equal treatment and non-discrimination, encouraging a wider range of potential suppliers to engage with public procurement, while also stimulating greater levels of competition and innovative thinking, which ultimately allows us to achieve better value for public money.

The Scottish Government has complied with these duties in a number of ways:

- Recognising that one size does not fit all we have developed approaches and solutions that are proportionate, flexible and scalable to help minimise unnecessary bureaucracy for buyers and suppliers;
- Listening, adapting and remaining flexible in our approaches, engaging and consulting widely with external stakeholders as appropriate to incorporate feedback;
- Focusing on encouragement and enablement versus mandates where we can, and maximising the impact of existing legislation and policy where we can;
- Working with counterparts to align approaches (including on reporting) to avoid duplication of effort, for example, agreeing that corporate annual reports on Procurement can be used for our climate reporting obligations.

Specifically, we have:

- used PCS and [‘Find a Tender’](#)¹⁰ to advertise all regulated procurement opportunities
- used clear, precise and plain language in tender documents, to facilitate understanding of requirements
- ensured that only staff with appropriate training and experience are authorised to oversee regulated procurements
- used a toolkit of standard procedures, templates and processes to ensure best practice and consistency.

3.5 Open and connected

3.5.1 Openness and transparency

We are committed to being more transparent about how we spend public money and improving accountability, by publishing information about our procurement activity – in our procurement strategy we set out how we will carry out our regulated procurements, reported on in this annual procurement report, that contains details of upcoming procurement projects.

This is in line with our [Open Contracting Strategy](#). The principle of transparency requires public bodies to approach their public procurements in an open and inclusive way. This is an effective means by which public bodies can encourage competition and, in turn, achieve better value for money.

We use the [Public Contracts Scotland](#) portal to advertise regulated contracts and publish award notices, and as one of Scotland’s four procurement Centres of Expertise, we also use PCS

to produce a [collaborative forward plan](#) of procurement opportunities, which is updated monthly. Our selection and award criteria are explained in detail in all our tender competitions and we welcome input and clarification questions from bidders.

We publish information about what we spend, produce and report on twice a year in a public procurement in Scotland work-plan, and have produced a factsheet explaining the governance structure of public procurement in Scotland.

In this reporting period we’ve been working collaboratively with other public bodies and stakeholders to make improvements to our data and management information (MI) – and began a major project to develop our MI Platform that will support procurement’s good for outcomes, our ambitions for a green and inclusive economic recovery, and meet National Performance Framework outcomes.

We identified and made available more information related to SMEs and the Third Sector, and we began to review accessibility of data, which will culminate in a range of new formats such as graphs and maps being published later in 2022.

Our aim is to join up data across systems in Scotland, which will improve reporting and provide access to information previously unavailable; to improve intelligence on the impact of public sector procurement on targeted policy commitments, such as Community Wealth Building, Fair Work First, and a Just Transition; and improve supply chain transparency, engagement, resilience and diversity.

¹⁰ Find a Tender is used to search and apply for high value contracts (usually above £118,000) in the UK’s public and utilities sectors.

3.5.2 Innovation

The Procurement Reform (Scotland) Act 2014 places a duty on public bodies to consider how, through their procurement activities, they can promote and support innovation in the way in which public sector services are provided in Scotland.

Scotland Innovates and Public Contracts Scotland

The cross-sectoral Procurement Innovation Leadership Group was established to improve the outcome of innovation in the Scottish public sector. During the reporting period, members of the cross sectoral group began work on the development of two areas of work – the development of the National supplier led innovation service ([Scotland Innovates](#)) and improvements to processes and reporting for the procurement of innovation, developed in Public Contracts Scotland. It is hoped that Scotland Innovates would be released in Beta form during summer 2022, with PCS developments due for release by the end of the calendar year.

Transport

During 2021 to 2022, a wide range of innovation work was undertaken across the Public Sector from hydrogen HDV and rail prototypes through to the commissioning of our first electric fire appliance from Emergency One, based in Cumnock, Ayrshire. This work is the result of collaborative work between Transport Scotland, Scottish Enterprise, Scottish Government and the Scottish Fire and Rescue Service. We anticipate this appliance going on station in Glasgow for trials in 2023.

Health

During 2021 to 2022, work progressed across the NHS investigating a wide range of potential innovations from photo acquisition by GPs which allow some skin disease referrals to be managed virtually without the need for an outpatient appointment, and thereby reducing waiting times, to digital service provision potentially transforming the end-to-end heart failure pathway resulting in better patient experience, shorter waiting times, waiting list reduction and improved clinical productivity. Colon Capsule endoscopy, using a tiny camera the size of a vitamin pill, has now been used across Scotland for almost 3,000 procedures since evaluation, and Cytosponge, a small capsule which is attached to a fine string, is now being widely used to detect pre-oesophageal cancer, with almost 4,000 procedures carried out since its introduction. During the year, work has progressed – inclusive of procurement – to create a new Accelerated National Innovation Adoption (ANIA) pathway, building on experience to date. ANIA will deliver a once for Scotland approach to the identification, assessment, and adoption of innovative technologies in the NHS.

CivTech® Programme

CivTech continues to address public service challenges in an innovative way. This Scottish Government-led programme involves collaborative solving of problems public sector organisations face to create better products and services – and by doing so helping to create sustainable, high-growth-potential businesses. It enables the rapid development of creative, cost-effective solutions delivered by those businesses. The programme further expanded in 2021 to 2022 with 14 challenges delivered and the management of a major small business research initiative project for NatureScot.

Dynamic Purchasing Systems

We continue to adopt an innovative and flexible approach to the procurement of Digital Services through the use of Dynamic Purchasing Systems (DPS) in national collaborative agreements, covering Digital Technology Services, Telephony Services, Network Advice and Internet of Things.

The streamlined application process provides easier access to public sector contract opportunities for suppliers, including SMEs. Our DPS arrangements provide more than 500 suppliers with direct access to Scottish public sector contract opportunities forecast at over £100 million over the duration of the DPS. 99% of our suppliers are committed to paying the real Living Wage, and, because of their ease of use and flexibility, over 77% of the suppliers are SMEs.¹¹

3.5.3 Consulting and engaging with those affected by procurements

Our Procurement Strategy set out our approach to consulting and involving those affected by our procurements. We have continued to engage with suppliers about their experiences of public procurement, what works well and where there is scope for improvement, and will do more to challenge barriers that SMEs may face in competing for public sector contracts.

We held a programme of SME round table meetings to hear directly from SME suppliers about their experiences of bidding for and winning public contracts, and actively engage small business and third sector representative bodies, individually and through our Procurement Supply Group, influencing policy and improvements to public procurement on behalf of their members. This year, Business Services Association (Scotland) and the Scottish Trades Union Congress joined the group, and discussions are ongoing to further expand the group and subsequent reach across Scotland.

We did not record any complaints arising from our approach to consultations during the reporting period. Where appropriate we work with people who use our services, potential suppliers and others to help us design procurements. This can vary from market research to supplier engagement days or the design and piloting of services. When developing our contracting strategies and approaches, we involve people who use the services or their representatives through User Intelligence Groups.

¹¹ Source: Scottish Government National Collaborative Procurement ICT

Case Study - INDEPENDENT ADVOCACY SERVICES

As part of setting up a new social security system for Scotland, there was a requirement to establish a new independent advocacy service for individuals who, if owing to a disability, require such support to help them engage effectively with the process.

It provided the opportunity for procurement officials to work collaboratively with a diverse range of SME and micro Third Sector organisations to shape a delivery model that would maximise socio-economic benefits and ensure that people applying for benefits have a positive experience no matter what their individual circumstances are.

Working closely in collaboration with stakeholders helped create an approach which encouraged maximum participation by the Scottish market, revise the specification to remove barriers and restrictions for clients using the service, and encourage the participation of local service delivery.

Bidders were asked to demonstrate how they would ensure that the needs of all individuals are met in all locations, how they would maximise the use of local and specialist providers, and how they would ensure quantifiable wider community benefit(s) through the contract.

The successful bidder (a third sector charity) ensured that from day one there were advocates based across all 11 Scottish health boards, providing national coverage, with extra capacity to respond to spikes in call volume available via Contact Centre, meaning that people did not have to wait to speak to an advocate.

Since mobilisation, the supplier has launched a webchat function on their website, making them the first and only advocacy organisation in the UK to offer that service, further increasing accessibility for disabled people seeking benefits advocacy in Scotland.

In the first few months of service provision the Scotland Call Centre received 560 calls, 365 of which progressed to formal cases. The contract has measures in place to capture, assess, report and make recommendations to improvement services, in advance of the main rollout of benefits later in 2022, ensuring that the people claiming Scottish Social Security are at the heart of the delivery.

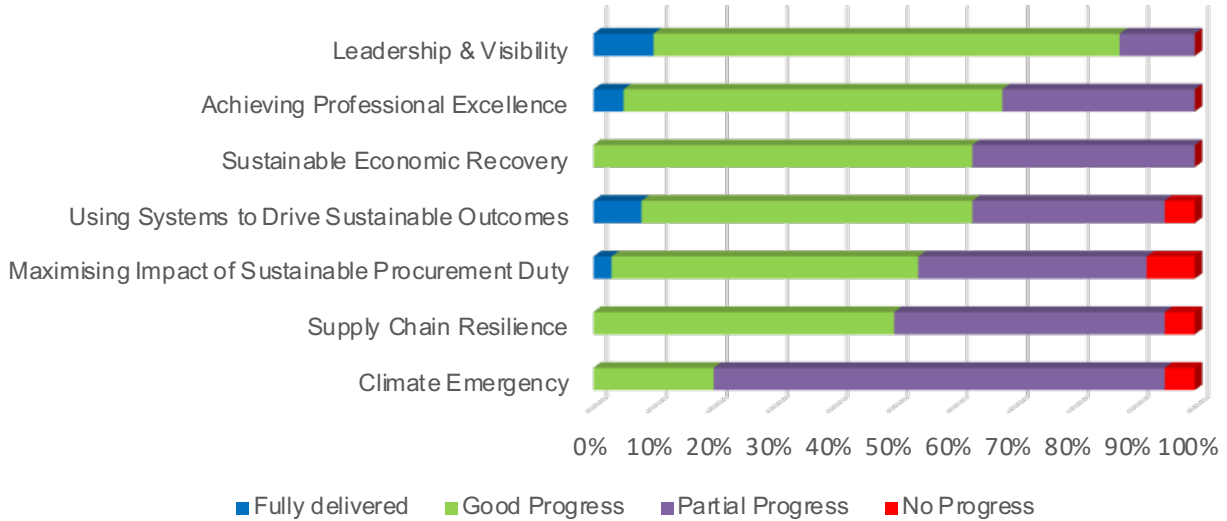
3.5.4 Research

In 2021 to 2022, building on 2020's comprehensive survey of suppliers, which received 1,556 responses, we commissioned independent research targeted at third sector organisations and new businesses, to understand more about what helps and hinders these organisations when it comes to accessing and competing for public sector contracts, the outcomes of which were published in late 2022.

We consulted all Heads of Procurement towards the end of 2021 to measure progress against the 7 [Public Procurement Priorities](#) (created and published in spring 2021 by the Public Procurement Group) and shared the findings with all public bodies, to reflect on progress, encourage discussion, collaboration, the sharing of best practice, and inform and influence strategic approaches.

The report provided a snapshot of progress by priority and sector. Collectively, public sector organisations reported positive progress against the priorities, with 57% reporting either good progress (54%) or having fully delivered (3%) against the priorities.

Public Sector Organisation Progress against Public Procurement Priorities
Progress Report (April-October 2021)



4.

Contracting activity and how our procurement activity contributes to value for money



4.1 Introduction

Our contracts deliver a wide range of economic, social and environmental benefits as well as significant financial savings for the public sector.

Our contracting activity covers Scottish Government core use only; Central Government Agencies and Non-departmental public bodies (NDPB) (non-collaborative, for individual public bodies); Sectoral collaborative frameworks (for central government organisations including agencies and NDPBs); and National collaborative frameworks and contracts. We provide framework agreements and contracts for commonly purchased goods and services which are used across the public sector.

Contracting for Scottish Government directorates is about delivering the services and goods required to enable government policy and support corporate functions, placing contracts that are key to delivery of the [Programme for Government](#). As an organisation, year on year we mainly buy research to help us understand the needs of the people of Scotland, although there are some exceptions to this. Details of our contract awards are available on the [Public Contracts Scotland](#) website.

As with the previous reporting year, 2021 to 2022 was a further period of uncertainty and budget constraints, with the EU exit legacy, the pandemic, and more recent impacts of the crisis in Ukraine and energy costs. It was therefore more important than ever that buying organisations understood and mitigated risks and continued to think commercially, spend wisely and deliver real value for money. To support this we:

- worked closely with the people who use the goods, services and works we buy to help understand their requirements and the markets we work in;
- awarded contracts on the basis of fair, open and transparent competition which is in proportion to the contract in question and which keeps to our legal obligations; and
- made sure that our contracts were effective and managed efficiently.

Our **Collaborative procurement** achieves value for money for the Scottish public sector through partnership working with buying organisations, the Procurement Centres of Expertise and suppliers.

Our established collaborative procurement portfolio teams cover **Utilities, Information and Communication Technology, and Corporate and Professional Services**. They award framework agreements for the whole of the Scottish public sector and for the central government sector.

We have a collaborative team developing a portfolio strategy for construction and our More Powers Procurement Implementation Team delivers contracts and provides commercial support to fulfil obligations under the Scotland Act 2016 which transferred a wide range of powers to Scottish Ministers, most significantly the powers over social security and employment support.

The national contracts and frameworks awarded by our buying teams can be used by public organisations across Scotland and cover a range of goods and services. Our website contains [more information on our current collaborative agreements](#).

4.2 Summary of Scottish Government¹² core Regulated Procurements April 2021 – March 2022

Key Figures

- Through the reporting period, **we managed** 452 live regulated contracts worth nearly £5.3 billion throughout their lifetimes.
- Compared to reporting year 2020 to 2021, we managed 196 fewer contracts, but with an increased value of over £573 million.
- **We awarded** 319 new contracts regulated by the Procurement Reform (Scotland) Act 2014 with a total value of over £877 million.
- Our contracts and frameworks in reporting year 2020/21 (across all types of contracting activity) **saved the public sector over £161 million.**

Case study: Covid-19 Public Engagement

Covid public health campaigns during 2021 to 2022 have typically reached 99% of the adult population in Scotland, encouraging action among two thirds or more of those who have seen the campaigns. Collaboration with contractors through the Scottish Government Marketing Services and Media Planning and Buying Frameworks was key in the delivery of this work.



¹² This does not include national collaborative frameworks and contracts.

4.3 Summary of SG procurement spend and savings in 2021-2022

Key Figures

- Combined core Scottish Government spend and collaborative frameworks spend was £1.52 billion, with savings of £161 million (11%).
- Core Scottish Government spend through regulated procurement in reporting period 2021 to 2022 was £420 million, an increase of £92 million on the previous year.
- Total spend through our collaborative frameworks was over £1.1 billion, and savings achieved through these frameworks was just over £139 million (13%). All of our national collaborative frameworks were available for use by third sector organisations.

The table below shows spend through collaborative frameworks (established by Scottish Ministers, but available to all Scottish public sector bodies) and contracts for the use of the Scottish Government.

Category	Spend (£m)	Saving (£m)	Saving %
Collaborative (National and Central Government sectoral framework contracts)	£1,100	£139	13%
Scottish Government contracts	£420	£22	5%
Total	£1,520	£162	11%

4.4 Summary of regulated procurements in the next two financial years

The Procurement Reform (Scotland) Act requires public bodies to provide a summary, in their annual procurement reports, of the regulated procurements expected to commence over the next two financial years. This brings added transparency to the procurement process and enables suppliers to gain an early indication of upcoming tendering opportunities and to plan accordingly for these.

In the next two years we anticipate **starting** around 230 procurements with a combined value of approximately £3.8 billion across our contracting scope.

We expect to **award**:

- Over 130 contracts for the sole use of the Scottish Government, with an approximate value of £969 million.
- 63 contracts worth around £207 million will be awarded in relation to the specific services required to support the additional powers devolved to the Scottish Government by the Scotland Act 2016.
- It is expected that 31 national collaborative contracts/frameworks will be awarded on behalf of Scottish public bodies, with a value of nearly £7 billion.

A full list of known regulated procurements due to commence within the next 2 years of the reporting period is in [Annex A](#).

5.

Annual Report Ownership

Nick Ford, our Director of Procurement and Property is the owner of this Annual Report on behalf of the Scottish Government. The report covers the period 01 April 2021 to 31 March 2022.

Email: scottishprocurement@gov.scot





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