



# Procurement Strategy



The  
Scottish  
National  
Investment  
Bank



# Contents

1. Introduction.....	2
2. Strategy rationale and context .....	3
3. The procurement process .....	4
4. Supplier opportunities.....	5
5. Strategic aims, objectives and key priorities.....	5
6. Equality, Diversity and Inclusion.....	8
7. Fairly and ethically traded goods and services.....	9
8. Spend / finance.....	9
9. Implementation, monitoring, reviewing and reporting .....	10
10. Strategy ownership and contact .....	10
Appendix - Policies and procedures.....	11

## 1. Introduction

The Scottish National Investment Bank was launched in 2020 as Scotland’s development bank. We provide ‘patient’ (long term) capital investment to businesses and projects connected to Scotland that align to our missions and that will help to create a fairer, more sustainable economy.

We invest commercially and are focused on ensuring that we deliver a fair return and positive social, environmental and economic impacts that support the delivery of our missions. You can read more about our missions and our investment strategy on our website ([www.thebank.scot](http://www.thebank.scot)).

In addition to our investment activity, we also regularly procure goods and services, and this document lays out our strategic approach to procurement for financial year 23/24 (FY23/24).

In this document where we refer to the “Bank”, we’re referring to the Scottish National Investment Bank and its subsidiaries ‘Scottish Investments Services Limited’ and ‘Scottish Investments Limited’.

We expect a procurement spend in the region of £5 million in FY23/24 on goods and services. Ensuring we obtain the best value for money from our procurement activity and supply chain management allows us to support the delivery of the Bank’s strategic objectives in the most optimal way.



## 2. Strategy rationale and context

Our procurement vision is to achieve the highest standard of professional procurement in order to contribute towards building a fairer, sustainable and more ambitious Scotland.

We will conduct our procurement processes in an open, fair, inclusive and transparent manner ensuring we can demonstrate both value for money and innovation in our approach. We fully embrace the principles of sustainable procurement to support the transition to a net zero society, implement community benefits and contribute towards reducing inequalities within Scotland.

This strategy supports our 2023-2024 Business Plan, available on our [website](#).

We will be responsive to emerging themes and priorities of the Bank and will fully engage in supporting the delivery of our missions while delivering procurement activity. In addition, we'll also, clearly, ensure that all of our procurement activity aligns with the relevant legislation and guidance, which we have listed in the Appendix.



We will conduct our procurement processes in an open, fair, inclusive and transparent manner ensuring we can demonstrate both value for money and innovation in our approach.



### 3. The procurement process

As set out above, our aim is to deliver procurement across the Bank in an open, fair, inclusive, transparent and compliant manner.

Our procurement processes consider the social, economic and environmental wellbeing of the areas affected by our contracts. We will consider our approach to any procurement activity to ensure the process is open and accessible to Small and Medium-sized Enterprises (SMEs), ‘supported’ businesses (an organisation whose aim is to socially and professionally integrate disabled or disadvantaged people, and at least 30% of the employees of the bidding organisation must be disabled or disadvantaged persons), social enterprises and the third sector.

Our procurement team is responsible for facilitating quotation and tender processes for goods and service contracts above £10,000. Teams across the Bank have devolved authority to manage procurement for goods and service contracts below £10,000 and call-off from established framework agreements.

‘Regulated’ procurements – those valued at over £50,000 for goods and services – are awarded on a combination of factors which include cost and quality. Scored and non-scored questions relating to social inclusion and/or sustainability practices may also be included where relevant and proportionate (e.g. fair work principles, community benefits, net zero strategies).

To do this we will ensure we use clear language in our tender documents, ensure all our processes are run electronically, financial requirements are set at an appropriate level, and we will ‘lot’ or reserve contracts as appropriate. We will consider whole life costs of contracts, as appropriate, and ensure our contract opportunities are advertised through Public Contracts Scotland (PCS).

We will seek feedback from our customers to ensure we continually improve our processes to ensure they are efficient and effective. We will continually develop our procurement knowledge, skills and expertise, including training provision and collaboration with other public bodies.

We will continue to work collaboratively with other public bodies for example through our local “Cluster Group” (these are meetings of local public bodies set up by the Scottish Government) which facilitates the sharing of knowledge, best practice, and investigates opportunities for sharing resource, expertise and experiences.

We seek to gain efficiencies through economies of scale and reduction of resources required to undertake procurement exercises while also delivering our requirements and priorities. This can be achieved by the use of Government Framework agreements where appropriate.

We will implement cyber security provisions into appropriate contracts to ensure we can demonstrate cyber resilience within our contracts.

We will consider innovative routes to market and will encourage innovation from the supplier base through the use of output-based specifications where these are relevant (to ensure suppliers can offer solutions to meet our needs rather than the Bank prescribing how the market should meet our needs).





## 4. Supplier opportunities

We advertise our tendering opportunities valued over £50,000 via PCS. We also use PCS for Quick Quote opportunities – where we select and invite an appropriate number of relevant suppliers to participate in individual quotations. We typically recommend that suppliers register on the PCS portal and fully complete and publish their profile in order to be able to participate in these processes. Supplier user guides and materials are available on the portal to help with the registration and use of the portal. We do not hold any lists of approved suppliers. Suppliers who wish to bid for our contracts and/or find out about our procurement activity can register with PCS (which is free). The majority of our tendering activity is actioned through this portal but we may use emails, pre-established frameworks and marketplaces as an alternative to PCS as needed.

## 5. Strategic aims, objectives and key priorities

We have developed three key procurement goals which both complement the approach set out above and contribute to improving competitiveness and fairness:

Procurement Goal	Actions to deliver Goal	Supporting the Bank Goal
1. Deliver Value for Money	<ul style="list-style-type: none"> <li>◆ Ensuring contracts are awarded on a combination of factors including both quality and cost</li> <li>◆ Facilitating an efficient and effective service for all contractual spend</li> <li>◆ Identifying commercial opportunities and appropriate delivery models – including out-sourcing, partnership working, in-house and hybrid solutions</li> <li>◆ Identifying and delivering aggregation and collaboration opportunities</li> <li>◆ Looking for opportunities to reduce internal cost and demand</li> <li>◆ Regularly reviewing our spend data to identify commercial opportunities to do things differently that deliver savings and non-financial benefits</li> <li>◆ Seeking opportunities to collaborate and benefit from economies of scale and buying power</li> <li>◆ Reviewing and considering appropriate price:quality ratios within our evaluation methodology which achieve the relevant balance between helping to reduce costs and not reducing the required quality of services and goods.</li> </ul>	Targeting financial self-sustainability



## 5. Strategic aims, objectives and key priorities continued

Procurement Goal	Actions to deliver Goal	Supporting the Bank Goal
2. Sustainable Procurement	<ul style="list-style-type: none"><li>◆ Considering sustainability for all our regulated procurement activities through use of the 'Sustainability Test' and embed the results of this in a proportionate manner. This includes Community Benefits, Fair Work First, Living wage and Equality, Diversity and Inclusion considerations. We also seek to award contracts adhering to the Sustainable Procurement Duty</li><li>◆ Where appropriate using Prior Information Notices (PINs) for procurements to raise earlier awareness of future tender opportunities</li><li>◆ Identifying and progressing pre-market engagement opportunities</li><li>◆ Continuing to monitor contractor provision of Fair Work Practices</li><li>◆ Continuing to learn from best practice and other organisations, for example the Local Procurement Cluster group</li><li>◆ Considering how to incorporate more Fair Work First principles into call-offs from collaborative framework agreements that we utilise</li><li>◆ Contributing to Net Zero Scotland achievement and the global climate emergency through our procurements and supply chain where relevant to the contract through use of the Sustainability test for Regulated processes. We will do this by looking for opportunities to set evaluation criteria which consider their approach to this during delivery of the contract</li><li>◆ Reviewing and identifying (where appropriate) alternative products from existing contracts/ framework agreements</li><li>◆ Continuing to identify and embed best practice to maximise the inclusion and delivery of community benefits from our procurement activities.</li></ul>	<p>Demonstrating and enabling Impact</p> <p>Building insights, partnerships and our reputation</p>



## 5. Strategic aims, objectives and key priorities continued

Procurement Goal	Actions to deliver Goal	Supporting the Bank Goal
3. Leadership and Governance	<ul style="list-style-type: none"><li>◆ Ensuring compliance with all relevant legislation and that our procurement activity is aligned to our priorities</li><li>◆ Allocating the management of all procurement policy, process and facilitation of contracts valued over £10,000 to our specialist Procurement function</li><li>◆ Reviewing and updating our internal procurement guidance documentation, for example our strategy and policies at least annually</li><li>◆ Continuing to review our approach to procurement, seeking improvements in how we deliver contracts and framework agreements and our contract and supplier management processes and procedures</li><li>◆ Engaging effectively with stakeholders to provide guidance and advice on all aspects of the procurement, contract and supplier management processes and encouraging strategic partnering</li><li>◆ Increasing the profile of procurement by promoting and clarifying the benefits of procurement internally to teams and externally to our potential supplier base to ensure we can demonstrate our processes are open, fair and transparent</li><li>◆ Regularly reporting on procurement activity and secured outcomes</li><li>◆ Increasing the strategic involvement of procurement early in the planning process for new contract requirements or contract re-tendering</li><li>◆ Reviewing our processes to ensure commercial and procurement considerations are included as early as possible</li><li>◆ Identifying and accessing procurement and commercial training and skills development across the procurement team</li><li>◆ Creating and embedding a procurement-related 'lessons learned' document</li><li>◆ Reviewing our internal procurement guidance and contract strategy templates regularly to keep these up to date with new policy, case law and developments in procurement.</li></ul>	<p>Targeting financial self-sustainability</p> <p>Realising the potential of our people</p>



## 6. Equality, Diversity and Inclusion

The Bank has published an Equality Strategy outlining our ambition, commitment and approach to embedding Equality, Diversity and Inclusion (EDI) into how we operate and the Equality outcomes and objectives the Bank are working towards.

The Bank is committed to the principles of Fair Work First, as set out by the Scottish Government. These principles are built into our procurement processes. All bidders are required to demonstrate their commitment to paying the real Living Wage and adopt Fair Work First principles. In addition to considering EDI through community benefit clauses, the Bank also considers further EDI award criteria and conditions in relation to regulated public procurements. Although this is a requirement for Regulated Procurements, we also incorporate consideration of EDI for all contracts (regardless of value) where it is proportionate to do so. The degree and the nature of how our EDI requirements are specified within procurement documentation will vary according to the goods, services or works being purchased and will be assessed on a case-by-case basis. This will help to ensure that full consideration is given to the needs and impacts of all users and others who will be affected by the contract. An example may be that we ask bidders to demonstrate how they will engage with specific sectors, Small and Medium-sized Enterprises, or approaches to inclusive survey methods etc. within their methodology for delivery of the contract.

Similarly, how we articulate and prioritise Community Benefits that can result from the goods, services or works being procured will also be used to help embed EDI within our contracts.

The Bank defines 'Community Benefits' as initiatives which set out to improve economic, social or environmental wellbeing to a named community. Such initiatives may include, but are not limited to:

- i. improving employability through the delivery of new jobs, apprenticeships or other recruitment opportunities;
- ii. providing work experience placements/programmes, educational or vocational training opportunities;
- iii. enhancing and improving community and environmental projects; tackling inequalities observed within under-represented groups; supporting charitable initiatives.

Any contract awarded with EDI award criteria and/or community benefits will require the supplier to report on progress towards these criteria on at least an annual basis.

We will assess the characteristics of each contract at the Contract Strategy stage of a procurement process to identify any potential Modern Slavery risks that may exist. If we are procuring from any labour intensive or areas considered high risk we will incorporate relevant questions and consideration into tender documentation and subsequent contract management.





## 7. Fairly and ethically traded goods and services

To ensure proportionate application of ethical trading standards by our suppliers we will consider the use of lifecycle costing where this is relevant and proportionate to do so. We will complete a Sustainability Test (using the Scottish Government sustainability tool) before undertaking any Regulated tender process. The purpose of this is to identify any environmental or socio-economic impacts that may exist relating to a specific product or service. This exercise may identify opportunities to incorporate Fair Work Practices into the tender process or it may identify risks to fair and ethical work practices in the supply chain which we can then consider in the tender documentation.

As indicated above, we may also put reporting requirements in place where specific EDI and/or Community Benefits are a factor in awarding a contract. Our goal is always to ensure goods and services are traded fairly and ethically and the supply chain is also treated fairly and ethically. We may also request a label certifying that the goods, works or services being procured meet specific environmental, social or other characteristics which are directly relevant to the contract. Any label would align with relevant established and recognised standards.

## 8. Spend / finance

We anticipate spending in the region of £5 million on contract in FY23/24.

This is the first external publication of our Procurement Strategy and as such we are aiming to create some targets that we can report on annually that reflect our priorities as a team. FY23/24 will be used as the benchmark for future reporting requirements and we intend to report on the following areas this year with a view to then looking at percentage targets for following years, so we will continue to mature our objectives and targets to ensure they are relevant and align with the Bank missions and objectives over the years to come. The reporting will be based on contracts valued at £50,000 or over.

**Target 1** – Cash savings for financial year\*

**Target 2** – Collaborative percentage of contract spend (spend via established frameworks or contracts awarded in conjunction with other public bodies)

**Target 3** – Total percentage spend with SMEs (Small and Medium-sized Enterprises)

**Target 4** – Number of contracts awarded with a Community Benefit scored/non-scored question

In addition to the above, we will, so far as reasonably practicable, ensure undisputed invoices are paid no later than 30 days after the invoice relating to the payment is presented as:

- ◆ Payments due by a contractor to a sub-contractor
- ◆ Payments due by a sub-contractor to a sub-contractor

\*These are identified and defined by the Scottish Government as 'cash savings' but this figure is derived from a methodology identified within the "Procurement Benefits Reporting Guidance 2015" document which was produced by the Scottish Government to arrive at the savings figure identified, these are not cash releasing savings.



## 9. Implementation, monitoring, reviewing and reporting

The Bank has not yet been subject to the Procurement Capability Improvement Programme (PCIP) which assesses organisational capability and focuses on driving procurement performance through policies and procedures. We will undertake a 'Self Assessment' using the PCIP lite-touch checklist during the course of 2023/24.

Reviews on procurement activity are included as part of the Bank's Internal Audit Plan.

Implementation and delivery of the strategy will be reported annually as part of our annual Procurement Report.

Our objectives will be reviewed, updated and reported annually.

## 10. Strategy ownership and contact

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## Appendix – Policies and procedures

### **Policies and procedures that affect our procurement activity:**

- ◆ Operational Risk Policy
- ◆ Financial Management Policy
- ◆ Conflicts of Interest
- ◆ Code of Conduct
- ◆ Information Security
- ◆ Business Continuity Management
- ◆ Modern Slavery

### **National and regional procedures and processes:**

- ◆ Procurement (Scotland) Regulations 2016
- ◆ Public Contract (Scotland) Regulations 2015
- ◆ Scottish Public Procurement Strategy
- ◆ The Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020
- ◆ Procurement Reform (Scotland) Act 2014
- ◆ Sustainable Procurement Duty
- ◆ The Scottish Procurement Journey
- ◆ Scottish Model of Procurement
- ◆ National Outcomes
- ◆ Public Procurement Reform Programme
- ◆ Public Sector Equality Duty
- ◆ Case Law
- ◆ SPPN updates



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