



The
Scottish
National
Investment
Bank

PROCUREMENT STRATEGY 2025

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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).

In addition to our investment activity, we also regularly procure goods and services, and this document lays out our strategic approach to procurement for FY25/26.

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 2025/2026 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.

STRATEGY RATIONALE AND CONTEXT

This Procurement Strategy provides the framework within which the procurement activities of the bank can develop and help support our strategic objectives and outcomes. It can also be understood as a procurement improvements journey based on a clear understanding of where the Bank is currently, in terms of our procurement practice and where we want and need to be, and how we should get there.

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.

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 Appendix 1.

This strategy recognises that our procurement practice is based on the Scottish Model of Procurement, which sees procurement as an integral part of policy development and service delivery and is essentially about achieving the best balance of cost, quality and sustainability.

This strategy supports our Business Plan and the Banks goals which are available on our website. In addition, the strategy also supports the vision of the Public Procurement Strategy for Scotland 2023

to 2028¹ of putting public procurement at the heart of a sustainable economy to maximise value for the people of Scotland as well as the outcomes outlined by the Sustainable Procurement Duty, which requires us to buy in a way which is:

- good for businesses and employees
- good for society
- good for places and communities
- open and connected

THE PROCUREMENT PROCESS

The Bank's 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 (SME's), '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 £10k. Teams across the Bank have devolved authority to manage procurement for goods and service contracts below £10k 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).

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.

It is the policy of the Bank to use genuine and effective competition to maximise value for money and mission impact when awarding contracts. We reserve the right to use Non-competitive actions which are requests to award a contract without competition. These are only granted by exception and are

¹ <https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028/documents/>

limited to situations where competition is not deemed appropriate and must be backed with appropriate evidence and/or justification.

STRATEGIC OBJECTIVES

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

These objectives are measured and supported through the Procurement Action Plan within Appendix 2 of this Strategy.

Procurement Objective	Supporting the Bank Goal
To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities	Targeting financial self-sustainability
To continue embedding sustainable procurement practices into all procurement activity, ensuring compliance with legislation	Demonstrating and enabling Impact Building insights, partnerships and our reputation
Leadership and Governance	Targeting financial self-sustainability Realising the potential of our people

TREATING RELEVANT ECONOMIC OPERATORS EQUALLY AND WITHOUT DISCRIMINATION

The bank will conduct all its regulated procurements in compliance with the principles of non-discrimination, transparency, procedural fairness and we will consider early engagement with the supply market where relevant prior to the publication of a contract notice. All regulated procurements will be posted on portals such as Public Contracts Scotland (PCS) and shall strive to ensure the use of separate lots, where appropriate, with straightforward output-based specifications where relevant to encourage innovation and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible.

ACTING IN A TRANSPARENT AND PROPORTIONATE MANNER

The Bank will engage with its local supply market and use clear and precise language in its specifications. The Bank shall ensure contracts are awarded using appropriate quality, risk and sustainability factors as well as cost according to declared score weightings specific to each contract. The Bank will actively take steps to make it easier for smaller and local businesses to bid for contracts through:

- The use of Public Contracts Scotland and Quick Quotes.
- Provide information on third party training opportunities (such as the Supplier Development Programme).
- Attending local supplier/buyer engagement events (such as Meet the Buyer).

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 - [Download our current Equality Strategy | Scottish National Investment Bank](#).

The Bank became an accredited Living Wage employer in May 2025 which is a commitment to pay the Living Wage for all staff we directly employ. The Bank also actively encourages those who work on our contracts to pay the Living Wage as part of fair work practice in relevant contracts. By paying the Living Wage this will have a positive effect on the quality of the services that are provided.

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 Procurement, we also incorporate consideration of EDI for all contracts (regardless of value) where it is proportionate to do so for example by requesting confirmation of adherence to Fair work first principles and payment of the Living Wage from lower value contract holders. 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 where we ask bidders to demonstrate how they will engage with specific sectors, small and medium sized enterprises, 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.

The Bank is committed to understanding potential Modern Slavery risks related to its activities, and to minimising the risk of slavery and human trafficking in relation to its procurement activities and associated supply chains. The bank will do this by assessing 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.

OUR POLICY ON PAYING INVOICES IN 30 DAYS OR LESS TO OUR CONTRACTORS AND SUB-CONTRACTORS

The Bank recognises the importance of paying suppliers promptly once a service has been performed or goods delivered and that late payment is particularly detrimental to SMEs, third sector bodies and supported businesses.

Our standard payment terms are within 30 days from receipt of valid invoices. We also require contractors to pay sub-contractors in no more than 30 days after the receipt of a valid and payable invoice. The Bank also complies with the Scottish Procurement Policy Note (SPPN) on prompt payment in the supply chain, which came into force in June 2022.

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.

IMPLEMENTATION, MONITORING, REVIEWING AND REPORTING

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.

STRATEGY OWNERSHIP AND CONTACT DETAILS

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APPENDIX 1 - 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
- Procurement Policy

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
- [World Trade Organisation \(WTO\) Agreement on Government Procurement \(GPA\)](#)
- 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

APPENDIX 2

PROCUREMENT ACTION PLAN

This Action Plan consists of a number of specific actions and commitments in relation to each of the strategic objectives. Progress against this Action Plan will be regularly monitored by the Procurement Team.

This Action Plan will be reviewed and updated, as required, to maintain alignment of the Bank's procurement activity.

Procurement Objective	Actions to deliver Objective	Performance Target	Performance Outcome 2024/25
To promote the delivery of value for money through good procurement practice and optimal use of procurement collaboration opportunities	<ul style="list-style-type: none"> The Bank through its Procurement Policy and Procedures will seek to consistently apply the principle of Value for Money, albeit the balance of cost, quality and sustainability will vary for each procurement depending on the commodity, category and market. Facilitating an efficient and effective service for all contractual spend Recording savings and benefits according to agreed sector and national criteria Identifying commercial opportunities and appropriate delivery models – including out-sourcing, partnership working, in-house and hybrid solutions Regularly review our spend data to Identify collaboration opportunities, reduce non-compliant spend, identify commercial opportunities to do things differently that deliver savings and non-financial benefits Seeking opportunities to collaborate and benefit from economies of scale and buying power 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. 	<p>Target 1- Maintain or increase annually depending on activity:</p> <p>1} BT1 Cash Savings</p> <p>2) BT2 Price versus market savings</p> <p>Target 2 – Maintain or increase annually depending on activity:</p> <p>Collaborative percentage of contract spend (spend via established frameworks or contracts awarded in conjunction with other public bodies)</p>	<p>£485k</p> <p>£46k</p> <p>15%</p>

Procurement Objective	Actions to deliver Objective	Performance Target	Performance Outcome 2024/2025
Sustainable Procurement	<ul style="list-style-type: none"> • 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. • Where appropriate using Prior Information Notices (PINs) for procurements to raise earlier awareness of future tender opportunities. • Identifying and progressing pre-market engagement opportunities. • Continuing to monitor contractor provision of Fair Work Practices. • Continuing to learn from best practice and other organisations for example the Local Procurement Cluster group. • Considering how to incorporate more Fair Work First principles into call-offs from collaborative framework agreements that we utilise. • Contributing to Net Zero Scotland achievement 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. • The Bank will seek to monitor and report progress through the annual procurement report and the Public Bodies Climate Change Duties (PBCCD) Annual Report. • Establishment of Carbon Management or Net Zero practices across the Regulated contracts we award and the goods and services we procure. • Whilst we do not directly control emissions of our partners and stakeholders, we can support and influence them to manage and 	<p>Target 3 – Maintain or increase annually:</p> <p>Total percentage spend with SME's</p> <p>Target 4 – Maintain or increase annually:</p> <p>Percentage of contracts awarded with a Community Benefit scored/Non scored question</p>	<p>52%</p> <p>33%</p>

	<p>reducing them. Carbon reduction and transparency across our entire sphere of influence, including those associated with our purchased goods and services is vital in addressing some of the more challenging emissions sources.</p> <ul style="list-style-type: none"> • To support our ambition, we will begin to work with suppliers awarded a 'Regulated' contract to measure and report their Scope 1 and 2 emissions and provide evidence that they are applying appropriate carbon management practices to their own operations, either through a carbon management plan or equivalent (Net Zero Strategy). • Where a supplier delivering a Regulated contract does not have appropriate carbon management practices, we will require a commitment to establish appropriate practices. Where required we will support the development of these plans. • Reviewing and identifying (where appropriate) alternative products from existing contracts/framework agreements 		
Leadership and Governance	<ul style="list-style-type: none"> • Ensuring compliance with all relevant legislation and that our procurement activity is aligned to our priorities. • Allocating the management of all procurement policy, process and facilitation of contracts valued over £10,000 to our specialist Procurement function. • Reviewing and updating our internal procurement guidance documentation such as the Procurement strategy and policies annually. • 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 • Updating our standard terms and conditions • Applying supplier prioritisation mapping on all contracted suppliers to 	<p>Target 5- Maintain or increase annually:</p> <p>Numbers of staff who have received Procurement training</p>	All new Joiners

	<p>assess and identify the most appropriate contract management route for each as outlined within the contract Management policy.</p> <ul style="list-style-type: none"> • Embed the contract management policy to improve efficiencies, ensure consistency and compliance, mitigate risk, and improve supplier management and performance. • Engaging effectively with stakeholders to provide guidance and advice on all aspects of the procurement, contract and supplier management processes • Providing training and guidance to staff on procurement best practices. • 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. • Regularly reporting on procurement activity and secured outcomes. • Increasing the strategic involvement of procurement early in the planning process for new contract requirements or contract re-tendering. • Identifying and accessing procurement and commercial training and skills development across the procurement team. • Creating and embedding a procurement-related 'lessons learned' document. 		
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