



**TRANSPORT  
SCOTLAND**  
CÒMHDHAIL ALBA

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# **Transport Scotland Procurement Strategy**

## **2017–2020**

## Foreword

### **Roy Brannen, Chief Executive, Transport Scotland**

Transport Scotland invests over £1.8 billion a year to deliver a safe, efficient, cost-effective and sustainable transport system for the benefit of the people of Scotland. It plays a key role in helping to achieve the Scottish Government's Purpose of increasing sustainable economic growth with opportunities for all of Scotland to flourish.

While the larger part of this budget is allocated to other public and private sector organisations through grants and support, Transport Scotland's procurement spend for 2015/16 was more than £900 million on contracts under its management.

Transport Scotland's Procurement Strategy plays a key role in supporting the Scottish Government's overall procurement aims to deliver value for money, quality and sustainability and sets out our priority to adopt best practice across the wide range of procurement activity that Scottish Ministers have charged Transport Scotland to deliver.

We are proud that the agency's procurement capability, as independently assessed under Scottish Government's Procurement and Commercial Improvement Programme ([PCIP](#)), in November 2015, achieved the highest performance band available. However, we are not complacent and continue to look at ways to improve our performance, procure in a sustainable manner, encourage innovation and achieve the maximum benefit from Scottish Government's investment in transport.

## 1.0 Executive Summary

### **Michelle Rennie, Director of Purchasing, Transport Scotland**

Procurement underpins much of the delivery of Transport Scotland's delivery priorities and has a notable impact on performance and success. In recognition of the wider impact that procurement policy and practice has on the Scottish Government's purpose and Transport Scotland's commitments, our vision for procurement is:

*“To support the delivery of value for money, sustainable and innovative infrastructure and services in fulfilment of the Scottish Government's ambition and vision for transport, and Transport Scotland's corporate commitments through a strategic and systematic approach to procurement.”*

The procurement of works, services and goods to support infrastructure investment enables the delivery of a safe, efficient, cost-effective and sustainable transport system for the benefit of the people of Scotland.

As an agency of the Scottish Government, Transport Scotland's Procurement Strategy 2017–2020, aligned to its Corporate Plan, sets out the strategic direction for procurement activity for the next three years. The Strategy supports the Scottish Government's goals of increasing competitiveness and tackling inequality, ensuring that Transport Scotland makes the best use of public money and takes account of its legal obligations.

In line with the [Procurement Reform \(Scotland\) Act 2014](#), Transport Scotland will review its Procurement Strategy annually to ensure that it continues to reflect our forthcoming Corporate Plan (due for publication in March 2017) and the Programme for Government. Any revised version of this Procurement Strategy will be published on Transport Scotland's website. In addition, a report on the performance of Transport Scotland's regulated procurements carried out within each financial year will be published annually. The first of these reports is due for publication in spring 2018 and will be made available on Transport Scotland's website.

## 2.0 Transport Scotland's Corporate Commitments

### 2.1 Transport Scotland's Procurement Strategy in Context

Transport Scotland's Procurement Strategy identifies the key policies and processes to be followed in any procurement activity undertaken by the agency and sets out the corporate procurement aims and associated actions to support the achievement of Scottish Ministers' ambition and vision for transport, and the delivery commitments set out in the Transport Scotland Corporate Plan for the period 2017-2020, due for publication in March 2017. The Corporate Plan will be available to view on Transport Scotland's website following publication.

This document sets out the framework in which Transport Scotland will work to ensure that procurement delivers value for money and sustainability across all such activities.

### 2.2 Transport Scotland's Corporate Delivery Commitments

As an agency of the Scottish Government, Transport Scotland supports and advises the Government on the strategy and policy options for transport in Scotland, to enable the delivery of major transport projects and to maintain the infrastructure of Scotland.

The agency is responsible for overseeing the operation and improvement of:

- trunk road, ferry, inland waterway and railway networks in Scotland;
- air passenger facilities and routes in the Highlands and Islands;
- national concessionary travel schemes;
- provision of travel information services;
- future transport policy and investments; and
- promoting sustainable transport and road safety.

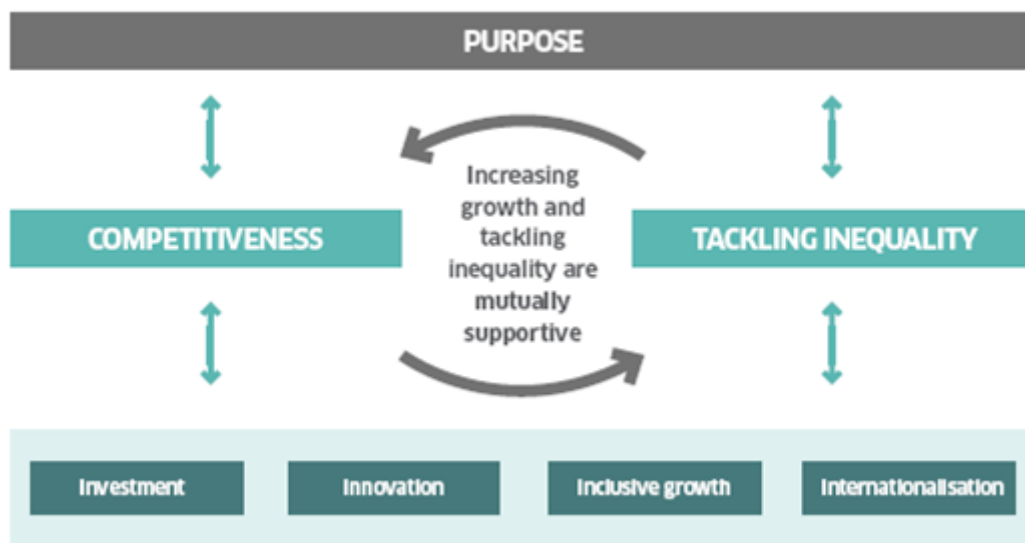
As a key enabler for enhancing productivity and delivering faster, more sustainable growth, transport is a key element of the overall strategy for infrastructure investment and is central to the Scottish Government's ambitions for a low carbon economy.

Transport Scotland seeks to deliver a safe, efficient, cost effective and sustainable transport system for the benefit of the people of Scotland. The Programme for Government sets out transport commitments for 2016-17 and recognises the vital role transport plays in creating a sustainable economy and connecting communities. The Corporate Plan (2017-2020) will build on the Programme for Government setting

out the commitments that Transport Scotland will deliver to support the Government’s purpose.

Transport Scotland’s delivery commitments are derived from, amongst other things, Scotland’s Economic Strategy (SES). The SES sets out an overarching framework for achieving the twin goals of **increasing competitiveness** and **tackling inequality** in Scotland. The SES prioritises boosting **investment** and **innovation**, supporting **inclusive growth** and maintaining a focus on increasing **internationalisation**. These four priorities are defined in Scotland’s Economic Framework.

### Scotland’s Economic Framework



Transport contributes to achieving the two mutually supportive SES goals of increasing competitiveness and tackling inequality in Scotland through boosting transport investment in services and infrastructure, stimulating transport innovation, supporting inclusive growth by enhancing regional and social cohesion and addressing internationalisation priority by increasing our international connectivity. Transport Scotland’s procurement activity plays a key role in helping to achieve the four goals.

Further information on specific corporate delivery commitments can be found in Transport Scotland’s Corporate Plan 2017-2020, to be published in March 2017, and will be available on the Transport Scotland website thereafter.

### 2.3 Transport Scotland’s Procurement Spend

Transport Scotland has a wide range of procurement needs to support the responsibilities listed above. In 2015/16 it spent in excess of £900 million through contracts with suppliers for works, goods and services. There are on average more than 200 contracts in place at any one time. These range from large-scale construction contracts such as the M8 M73 M74 Motorway Improvements, to the purchase of goods and services through collaborative contract arrangements for

supplies needed to keep our staff and offices supported and operational. In accordance with the requirements of the Procurement Reform (Scotland) Act 2014, Transport Scotland's Contracts Register, including details of contracts entered into as a result of a regulated procurement is published on the [Public Contracts Scotland portal](#).

Two examples of recent procurements undertaken by Transport Scotland illustrate the variety of procurements undertaken by the agency.

### **Road Safety Scotland: Theatre in Education programme (2016-2018)**

Road Safety Scotland is part of Transport Scotland with a remit to promote awareness of road safety issues in Scotland. To support Scottish road safety the Theatre in Education Programme 2016 – 2018 contract was awarded July 2016. This contract has a value of £0.5 million making use of theatre as a learning tool providing road safety education to different sectors of the community, but predominately children.

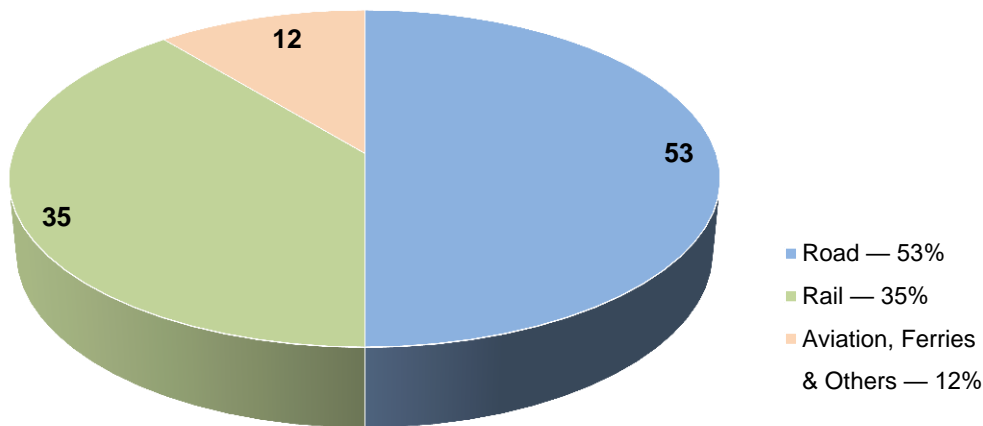
### **A9 Dualling: Kincaig to Dalraddy**

The Kincaig to Dalraddy project is the first section of the A9 to be dualled as part of the A9 Dualling Programme and comprises of a predominately on-line carriageway widening and pavement upgrade. The contract for the design, construction and maintenance of the Kincaig to Dalraddy section was awarded in June 2015 with a value of £35 million. This project supports business, communities and tourism through Scotland allowing access to and from the Highlands while providing safer road conditions.

The diagram below shows the breakdown by transport mode of total procurement spend in Transport Scotland in 2015-16. The rail segment includes spend on the ScotRail Franchise (33%), which is the highest value contract let by the Scottish Ministers with a value over its duration of around £6 billion.

The figures represent a substantial proportion of Transport Scotland's budget with most of the remainder being expended as grant funding and other forms of support to other public and private sector organisations. Details of budget allocation can be found in the agency's most recently published [Annual Report and Accounts](#).

### Spend through Contracts awarded by TS (% £900m+)\*



\*this does not include funding to Network Rail of around £500m p/a or other grants and support allocated to other public and private sector organisations

## 2.4 Our Key Stakeholders

Effective engagement with our stakeholders on procurement matters is essential to drive innovation, best practice and collaboration. The following list, although not exhaustive, outlines Transport Scotland's key stakeholders.

- Scottish Ministers
- Scottish Government Directorates, including Scottish Procurement and Commercial Directorate and Scottish Government Legal Directorate
- Local Authorities
- Convention of Scottish Local Authorities (COSLA)
- Society of Chief Officers of Transportation in Scotland
- Regional Transport Partnerships
- Scottish Futures Trust
- ScotRail
- Network Rail
- Suppliers
- Civil Engineering Contractors Association
- Association of Consulting Engineers
- Highways Term Maintenance Association
- Public Utility Providers
- Statutory bodies i.e. Scottish Natural Heritage and Historic Scotland
- National Park Authorities

With regard to procurement activity, Transport Scotland advertises all up and coming regulated procurement opportunities through the Public Contracts Scotland Portal and, those valued at over the relevant EU threshold are also advertised through the Official Journal of the European Union (OJEU). To promote interest in forthcoming contract opportunities, Transport Scotland regularly holds Industry Days to inform contractors and potential providers of the business opportunities that a contract may provide.

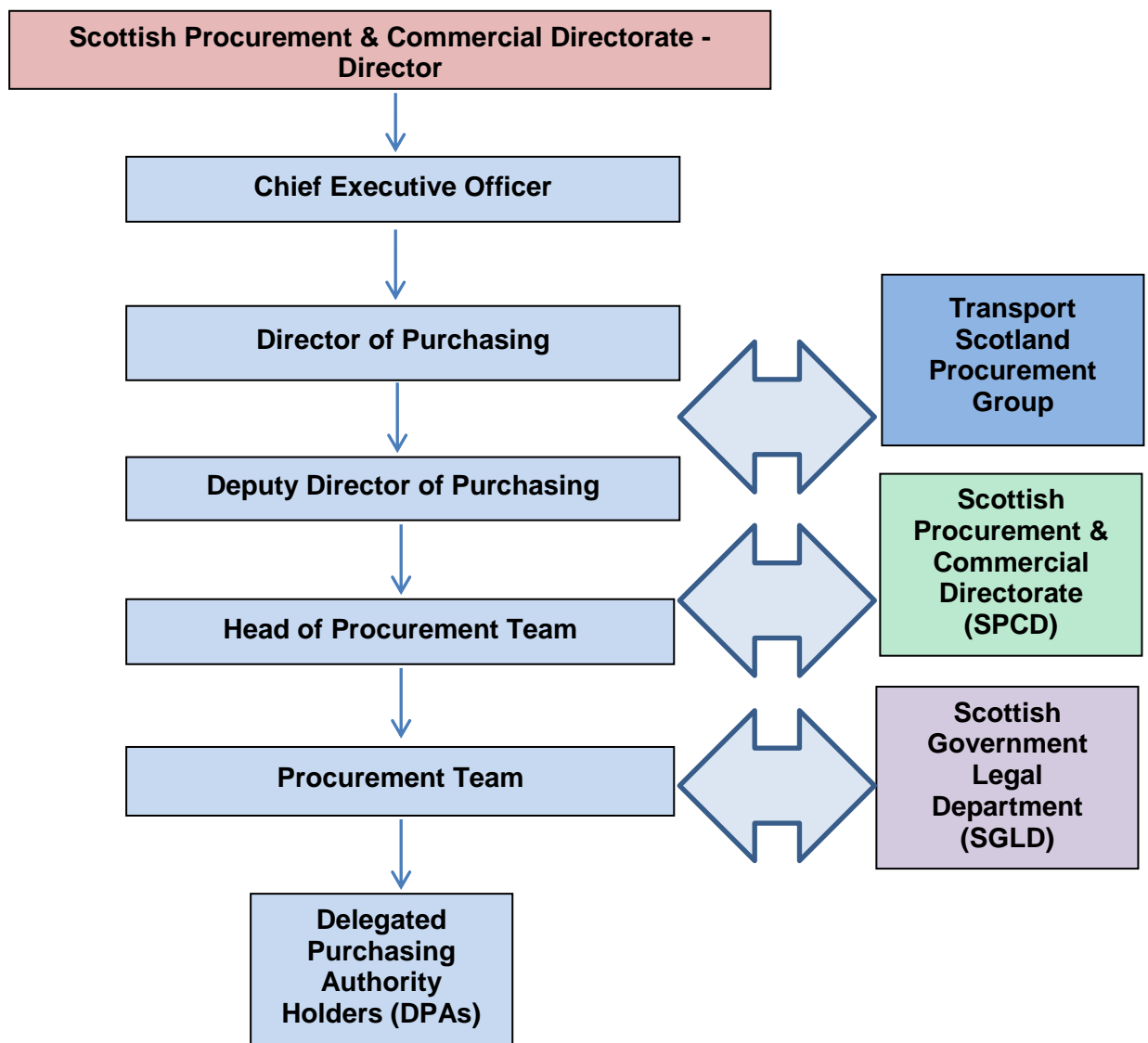


### 3.0 Procurement Governance & Capability

#### 3.1 Procurement Governance

Procurement is an integral part of the project management process in TS and consequently this activity is not undertaken by a centralised procurement function but instead carried out in a devolved manner by staff with appropriate skills and expertise who are members of specific project teams.

Transport Scotland has a clearly defined governance structure in place to support the procurement activity undertaken by the organisation. This structure is illustrated in the diagram below:



The [Scottish Government Procurement Policy Manual](#) sets out the requirement for purchasing authority to be held by officials requiring to commit to entering into a

contract. Purchasing authority is delegated to senior officials by Accountable Officers (AOs) as considered appropriate. The roles and responsibilities are briefly summarised below.

**Chief Executive Officer:** As Transport Scotland’s Accountable Officer, delegates authority for budgets and associated strategic and financial management responsibilities to senior executives for further sub-delegation as considered appropriate.

**Director of Purchasing:** Holds purchasing authority for all procurement relating to the management and operation of Transport Scotland. Has authority to sub-delegate purchasing authority to officials within each Directorate of Transport Scotland.

**Deputy Director of Purchasing:** Holds purchasing authority, as delegated by Transport Scotland’s Director of Purchasing for all procurement relating to the management and operation of Transport Scotland. Has authority to sub-delegate purchasing authority to officials within each Directorate of Transport Scotland.

**Head of Transport Scotland’s Procurement Team:** Holds purchasing authority, as delegated by Transport Scotland’s Director of Purchasing to enter into a contract, place a purchase order and agree a change to an existing contract affecting the financial or legal terms and conditions. The level of purchasing authority is commensurate with the role requirements and the type and value of contracts overseen.

**Transport Scotland’s Procurement Team:** Individuals, where appropriate, hold purchasing authority, as delegated by Transport Scotland’s Director of Purchasing to enter into a contract and agree a change to an existing contract affecting the financial or legal terms and conditions. The level of purchasing authority is commensurate with the role requirements and the type and value of contracts overseen.

**Transport Scotland’s Procurement Group:** Internally, Transport Scotland’s Procurement Group includes representation from all Transport Scotland’s Directorates and is responsible for corporate leadership of procurement activity and performance. Its main objectives are to:

- Improve and report on procurement capability and performance
- Share best practice in procurement across Directorates
- Encourage continuous improvement in procurement activities

**Delegated Purchasing Authority (DPA) Holders:** Hold purchasing authority, as delegated by Transport Scotland’s Director of Purchasing, allowing the holder to

contractually commit Transport Scotland to enter into a contract and agree a change to an existing contract affecting the financial or legal terms and conditions. Levels of purchasing authority may vary depending on the role requirements and the type and value of contracts.

**Scottish Procurement and Commercial Directorate (SPCD):** Scottish Procurement is responsible for the scheme of Delegated Purchasing Authority across the core Scottish Government directorates, including Transport Scotland as an agency.

**Scottish Government Legal Department (SGLD):** Provides advice and support to Transport Scotland on procurement and contractual matters, as required.

### 3.2 Transport Scotland's Procurement Team

While Purchasing Authority is delegated to staff across the organisation responsible for placing contracts to aid delivery of projects, Transport Scotland's Procurement Team, led by the Director and Deputy Director of Purchasing, play a central role in the following key areas of procurement activity in the organisation:

- Procuring certain works, services and supplies with overall responsibility for managing the various stages of the procurement process from the development of the procurement strategy to contract award and implementation;
- Seeking collaborative procurement opportunities;
- Supporting continuous improvement in all areas of procurement practice, improving procurement capability and ensuring that procurement activity is conducted to the highest possible standard;
- Working with the wider Scottish public sector procurement community to develop, share and promote best practice;
- Preparing and communicating sources of guidance on procurement practice such as Transport Scotland's Procurement Advice Notes;
- Developing and maintaining close links with a wide range of internal and external stakeholders through liaison on matters of common interest, including engaging with suppliers to stimulate interest in the agency's contract opportunities with the aim of achieving healthy competition and best value for money;
- Promoting sustainability through the agency's procurements;

- Supporting delivery of Transport Scotland’s infrastructure programmes and the procurement aspects of other activities and targets set out in the agency’s Business Plan;
- Providing advice and support to delegated purchasing officers across the agency’s Directorates;
- Participating in collaborative public sector procurement through involvement with the Central Government Procurement Collaboration and Cluster Groups;
- Establishing and maintaining internal procurement governance processes and procedures and records and overseeing compliance with Scottish Government procurement policy; and
- Identifying procurement training needs and organising training for delegated purchasing officers to ensure their knowledge and skills are fit for purpose.

## 4.0 Procurement Capability & Training

### 4.1 Procurement Capability

Transport Scotland employs a wide variety of professionals with specialisms ranging over a number of disciplines including engineering, law, accountancy and other technical disciplines. The skills of staff cover numerous competencies such as planning, project management, procurement, stakeholder engagement, budgeting, policy making and staff management. Transport Scotland is therefore well positioned to achieve the highest standards of innovation, professionalism and teamwork across all areas of the business.

Transport Scotland was assessed under the Scottish Government's Procurement and Commercial Improvement Programme ([PCIP](#)) in November 2015; a programme designed to evaluate the performance of public sector organisations' procurement activity. This independent assessment confirmed that Transport Scotland's procurement capability remains in the highest performance band.

Transport Scotland won the Procurement Team of the Year (Consortia and other Organisations Category) at The GO Awards Scotland 2016/17 and was highly commended in the Leading Procurement Practices category.

### 4.2 Procurement Training

Procurement is a fast-changing business area and training is key to ensuring that staff involved in this activity have the knowledge, skills and behaviours to achieve the desired outcomes. It is essential that our capability and skills are fit-for-purpose in both the short and long term. We recognise the importance of ensuring that staff receive appropriate procurement training and we fully support continuous professional development for all staff.

Transport Scotland operates a graduate recruitment and training program and supports continuous professional development for all staff. Additionally Transport Scotland offers a number of Modern Apprenticeships and in 2016, Transport Scotland saw the recruitment of two Modern Apprentices in Procurement Administrative roles as part of succession planning in procurement.

Our Procurement Training Strategy plays a key role in supporting our overall procurement aims to deliver value for money and sustainable procurement. The Training Strategy is intended to identify the actions and resources needed to achieve this vision. These actions are set out in an annual Procurement Training Programme, taking cognisance of both changes in legislation and identified skills gaps.

An important aspect of the Training Strategy is the alignment of training and development opportunities with the [Scottish Government's Skills for Success Professional Competency Framework](#).

Delegated Purchasing Authority (DPA), is granted to staff that have demonstrated the necessary skills and undertaken appropriate training in procurement. This is reviewed on a 6 monthly basis. In addition, those with DPA must complete SPCD's [Procurement Competency Framework](#) and consider the use of Scottish Government's Procurement Training Frameworks when preparing their Personal Learning Plan (PLP).

## 5.0 Transport Scotland's Procurement Policy & Procedures

### 5.1 Introduction

The following policies are embedded into existing procurement processes and procedures in Transport Scotland and are intended to assist decision making, management and administrative functions. Where appropriate, monitoring, review and reporting of the effectiveness of a policy is a key part of ensuring continuous improvement. In our drive for continuous improvement in our procurement activity, Transport Scotland plans, in 2017, to review its existing Procurement Compliance Check process which is carried out at key stages of a procurement. The Compliance Check will look to identify areas of policy and procedure non-compliance and put in place improvement action plans as necessary.

### 5.2 National Policies

Transport Scotland staff involved in procurement are required to take account of the following national policies, legislation and tools:

- The overall legal framework for public procurement applicable across EU member states (the EU Procurement Directive on Public Procurement 2014) as transposed into domestic regulations, principally the Public Contracts (Scotland) Regulations 2015;
- The Procurement (Scotland) Regulations 2016 which give effect to the provisions of the Procurement Reform (Scotland) Act 2014;
- Published Statutory Guidance to support the implementation of the Procurement Reform (Scotland) Act 2014;
- Scottish Procurement Policy Notes (SPPNs), published by Scottish procurement and providing advice on current policy matters;
- The Scottish Model of Procurement;
- Scottish Procurement's Procurement Journey;
- The Scottish Public Finance Manual;
- The Construction Procurement Manual;
- The Sustainable Procurement Duty tools developed by Scottish Government to assist public sector bodies to identify and address how they can optimise economic, social and environmental outcomes of procurement activity and to comply with the sustainable procurement duty; and
- Scottish Government's Gifts and Hospitality standard of conduct guidance.

### 5.3 Local Policies & Procedures

In addition, Transport Scotland staff are required to take account of the following local policies and procedures when undertaking any procurement activity:

- The requirement to have an appropriate level of Delegated Purchasing Authority;
- Transport Scotland’s Investment Decision Making (IDM) procedures;
- Transport Scotland’s Risk Management Framework;
- Specific Transport Scotland procurement policy including the requirement for all procurement activity to be underpinned by an approved Procurement Strategy;
- The prompt payment of invoices for works, goods and services in line with the Scottish Government’s 10 day payment policy, including the adoption of this approach in the procurement of contracts by the inclusion of clauses to ensure the same approach is adopted throughout the supply chain;
- The requirement for suppliers to comply with relevant environmental and health and safety legislation, such as the Construction (Design and Management) Regulations 2015; and
- Transport Scotland’s Fraud Response Plan.

#### **5.4 Compliance with Requirements of Section 15(5) of the Procurement Reform (Scotland) Act 2014 and Statutory Guidance**

In compliance with section 15(5) of the Procurement Reform (Scotland) Act 2014 and published Statutory Guidance, Transport Scotland is now required to set out how it will **ensure** the following for regulated procurements:

- How it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievement of its purposes (section 15(5)(a)(i) of the Act);
- How it intends to ensure that its regulated procurements will deliver value for money (section 15(5)(a)(ii) of the Act);
- How it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination (section 15(5)(a)(iii) of the Act);
- How it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner (section 15(5)(a)(iii) of the Act);
- How it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty (section 15(5)(a)(iii) of the Act); and
- How it intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to payment is presented:
  - (i) payments due by the authority to a contractor
  - (ii) payments due by a contractor to a sub-contractor
  - (ii) payments due by a sub-contractor to a sub-contractor (section 15(5)(d) of the Act).



Transport Scotland's responses to the above requirements are summarised below.

**(i) Regulated procurements will contribute to the carrying out of its functions and achievement of its purposes**

- Procurement Strategy and Commitments are aligned to the Transport Scotland Corporate Plan Commitments and delivery progress of Commitments reported on a quarterly basis to Senior Management;
- Robust investment decision making and procurement approval process in place to provide assurance that the decision to invest and place a contract directly supports a Corporate Delivery Commitment and that the selection of an appropriate procurement route has been made in accordance with policy and legislation;
- Benefits Realisation allows review of the delivery outcomes of the contracts against the original business case and the Government's strategic objectives;
- Effective contract and supplier management procedures ensure delivery in accordance with the contract terms;
- Stakeholder engagement requirements during project development and procurement preparation; and
- Corporate Commitments are communicated to all Transport Scotland staff.

**(ii) Regulated procurements will deliver value for money**

- Robust investment decision making and procurement approval process in place to provide justification for the requirement and assurance that value for money will be obtained;
- Early market engagement, as appropriate, to enable areas of savings, added value and innovation to be identified;
- Identification of collaborative opportunities identified during preparation of a project level procurement strategy;
- Effective contract and supplier management procedures in place to ensure delivery in accordance with the contract terms;
- Lessons learned review process allows identification of areas for improvement;
- Effective stakeholder engagement, both internally and externally, to ensure that purchase requirements are fully understood;
- Analysis of previous procurement activity and contract performance data to identify potential areas of savings and added value; and
- Supplier feedback system enables performance feedback to suppliers on a bi-annual basis.

**(iii) Regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination**

- Procurement approval process in place to provide assurance that the selection of an appropriate procurement route has been made in accordance with policy and legislation;
- Early market engagement, industry days;
- Use of Public Contracts Scotland portal for publication of contract and primary contractors sub-contract opportunities;
- Consideration of an appropriate Lot structure for our Frameworks;
- Publication of our Contracts Register on Public Contracts Scotland;
- Provision of debriefs; and
- Proportionate requirements with respect to insurance and financial requirements at tender stage.

**(iv) Regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner**

- Procurement approval process in place to provide assurance that the selection of an appropriate procurement route has been made in accordance with policy and legislation;
- Use of Public Contracts Scotland portal for publication of contract and primary contractors sub-contract opportunities; and
- Meet the buyer events/industry days.

**(v) Regulated procurements will be carried out in compliance with the sustainable procurement duty**

- Utilise the Scottish Government's recommended [sustainability tools](#) to identify and address how we can optimise economic, social and environmental outcomes of procurement activity. These tools comprise: Scottish Public Procurement Prioritisation Tool, [The Sustainability Test](#), Life Cycle Impact Mapping and Scottish Flexible Framework;
- Requirement for procurement specific strategies to be approved prior to procurement commencing, and taking cognisance of sustainable procurement practices and the output of the sustainability tools;
- Sustainable procurement principles and requirements are embedded in project and contract documentation, processes and procedures; and
- Training provided to staff.

**(vi) Payments are made no later than 30 days after the invoice (or similar claim) relating to payment is presented:**

- (i) payments due by the authority to a contractor**

**(ii) payments due by a contractor to a sub-contractor**

**(ii) payments due by a sub-contractor to a sub-contractor**

- Transport Scotland is committed to the prompt payment of invoices for works, goods and services and aims to settle all undisputed invoices within contract terms and also in line with the Scottish Government's 10 day payment policy. In 2015-16 Transport Scotland settled an average of 96% of invoices within this timescale;
- Prompt payment clauses requiring a 30 day payment term are embedded within our contracts and these are required to be replicated throughout the supply chain;
- Project Bank Accounts (PBAs) will be in place for all works contracts of value equal to or greater than £10 million

In compliance with section 15(5) of the Procurement Reform (Scotland) Act 2014 and published Statutory Guidance, Transport Scotland is required to set out how the agency's **policy** on the following:

- General policy on the use of community benefit requirements (section 15(5)(b)(i) of the Act);
- General policy on consulting and engaging with those affected by its procurements (section 15(5)(b)(ii) of the Act);
- General policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements (section 15(5)(b)(iii) of the Act);
- General policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c. 37) and any provision made under that Act (section 15(5)(b)(iv) of the Act);
- General policy on the procurement of fairly and ethically traded goods and services (section 15(5)(b)(v) of the Act);
- General policy on how it intends its approach to regulated procurements involving the provision of food to:
  - (i) Improve the health, wellbeing and education of communities in the authority's area, and
  - (ii) Promote the highest standards of animal welfare (section 15(5)(c) of the Act)

Transport Scotland's responses to the above requirements are summarised below.

**(i) General policy on the use of community benefit requirements**

**Policy:** Transport Scotland requires that the potential for Community Benefits to be delivered is considered at procurement preparation stage for regulated procurements, prior to approval of the project procurement strategy. When

developing any contract specification, consideration must be given to the suitability of including community benefit clauses, such as the requirement to provide targeted recruitment and training. The delivery of community benefits is a contractual commitment.

The delivery of community benefits through Transport Scotland contracts continues to provide opportunities for targeted training and recruitment, including training and jobs for long-term unemployed people, development of the skills and qualifications of the existing workforce, apprenticeships and job start positions and professional graduate training opportunities.

**Monitoring, Reviewing & Reporting:** Monitoring and reporting will include:

- Contract management to ensure delivery in accordance with contractual requirements;
- Internal data collection to identify and analyse for trends, consistency and to inform regular lessons learned reviews to identify any improvement opportunities;
- Procurement Strategy Compliance check to provide assurance that the requirements identified at development stage were carried through to the contract;
- The outcome of the above will be summarised in Transport Scotland's Annual Procurement Report in spring 2018, as per the requirements of the Procurement Reform (Scotland) Act 2014.

## **(ii) General policy on consulting and engaging with those affected by its procurements**

**Policy:** Consultation and engagement with key stakeholders affected by our procurement activity is embedded in our processes, both during project development and any subsequent procurement activity. This consultation can include, for example, public exhibitions, consultations with other statutory bodies e.g. SEPA, SNH and suppliers via open days/market engagement and meetings with specialist groups e.g. with Civil Engineering Contractors Association and the Association for Consultancy and Engineering. The appropriate level of consultation and engagement for a project will be identified at development stage and feedback from consultation during preparation for procurement will be reported in the procurement strategy to provide assurance that an appropriate level of consultation has been undertaken prior to approval to proceed.

Information about the progress of major projects is supported by an appropriate communications strategy. This includes the use of the agency's website, specific project websites and press releases to provide progress reports and other information of interest to the public about major projects throughout their lifecycle.

Direct engagement with local communities via drop in centres, evening meetings or leaflet drops is undertaken as appropriate during the project's lifecycle.

Transport Scotland advertises up and coming tender opportunities for regulated procurements through the Public Contracts Scotland portal and, those valued at over the relevant EU threshold are also advertised through the Official Journal of the European Union (OJEU).

Internally, Transport Scotland's Procurement Team communicates new processes and procedures, procurement news and publications via number of communication routes such as: Transport Scotland's website, Intranet site, Staff Notices, Procurement Advice Notices and through internal training and awareness sessions.

In addition, Transport Scotland's Procurement Group includes representation from all Transport Scotland's Directorates and is responsible for corporate leadership of procurement activity and performance. Its main objectives are to:

- Improve and report on procurement capability and performance
- Share best practice in procurement across Directorates
- Encourage continuous improvement in procurement activities

Effective communication both internally and externally can have a significant positive impact on the success or otherwise of procurement activity.

**Monitoring, Reviewing & Reporting:** Monitoring and reporting will include:

- Lessons learned review to identify any complaints regarding a failure to consult;
- Compliance checks to review level of consultation undertaken v that stated in the procurement strategy.

### **(iii) General policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements**

**Policy:** Transport Scotland understands social issues such as equalities, diversity and fair and ethical trading need to be considered, alongside economic issues.

Transport Scotland became an Accredited Living Wage employer in 2016 and considers payment of the Living Wage to be a significant indicator of an employer's (supplier) commitment to its workforce. Transport Scotland is committed to promoting the payment of the Living Wage through our procurement activities in line with the Statutory Guidance published in October 2015 and will seek to encourage

the same proactive approach from its contractors and sub-contractors as part of a package of fair work practices in all relevant contracts.

In line with the [Statutory Guidance under the Procurement Reform \(Scotland\) Act 2014](#), Transport Scotland will give consideration to relevant and proportionate questions on fair work practices as part of the competition process for all regulated procurements. Consideration of the need to include a scored question on a supplier's approach to fair employment, including the Living Wage, will be taken at procurement strategy stage depending on the nature of the procurement.

**Monitoring, Reviewing & Reporting:** Monitoring and reporting will include:

- Contract management to ensure delivery in accordance with contractual requirements;
- Internal data collection to identify and analyse for trends, consistency and to inform regular lessons learned reviews to identify any improvement opportunities;
- Procurement Strategy Compliance check to provide assurance that the requirements identified at development stage were carried through to the contract;
- The outcome of the above will be summarised in Transport Scotland's Annual Procurement Report in spring 2018, as per the requirements of the Procurement Reform (Scotland) Act 2014.

**(iv) General policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c. 37) and any provision made under that Act**

**Policy:** Health and Safety risks are taken into consideration at the design stage of a project and again during preparation for procurement. Factors pertaining to specific health and safety requirements are recorded in the procurement strategy as these will vary depending on the nature of the works, services or goods being purchased. The supplier will be required to provide information with his tender that provides assurance to Transport Scotland that the necessary legislation will be complied with.

**Monitoring, Reviewing & Reporting:** Monitoring and reporting will include:

- Contract management to ensure delivery in accordance with contractual requirements;
- Internal data collection to identify and analyse for trends, consistency and to inform regular lessons learned reviews to identify any improvement opportunities;

- Procurement Strategy Compliance check to provide assurance that the requirements identified at development stage were carried through to the contract;
- The outcome of the above will be summarised in Transport Scotland's Annual Procurement Report in spring 2018, as per the requirements of the Procurement Reform (Scotland) Act 2014.

**(v) General policy on the procurement of fairly and ethically traded goods and services**

**Policy:** Consideration of specific requirements and availability in relation to fairly and ethically traded goods and services will be considered at project development stage and recorded in the project Procurement Strategy for approval prior to commencement. The use of the ESPD as standard for regulated procurements allows consideration of whether a potential supplier has been convicted of certain offences and/or committed any acts of professional misconduct and allows suitability to be assessed.

**Monitoring, Reviewing & Reporting:** Monitoring and reporting will include:

- Contract management to ensure delivery in accordance with contractual requirements;
- Internal data collection to identify and analyse for trends, consistency and to inform regular lessons learned reviews to identify any improvement opportunities;
- Procurement Strategy Compliance check to provide assurance that the requirements identified at development stage were carried through to the contract;
- The outcome of the above will be summarised in Transport Scotland's Annual Procurement Report in spring 2018, as per the requirements of the Procurement Reform (Scotland) Act 2014.

**(vi) General policy on how it intends its approach to regulated procurements involving the provision of food to:**

- (i) Improve the health, wellbeing and education of communities in the authority's area, and**
- (ii) Promote the highest standards of animal welfare**

Not applicable to Transport Scotland contracts as no requirement to purchase food via a regulated procurement.



## 6.0 Transport Scotland's Procurement Commitments (2017–2020)

### 6.1 Corporate Procurement Commitments

Transport Scotland aims to deliver Best Value, promoting responsible procurement and professional management to meet its delivery priorities. This will be achieved by continuous improvement of procurement activity, having regard for economy, efficiency, effectiveness, openness, sustainability and transparency and our legal obligations. Transport Scotland will seek opportunities to promote best practice and to work creatively and collaboratively with Scottish Government Procurement and Commercial Directorate and other organisations where appropriate.

Transport Scotland's corporate procurement commitments for the period 2017-2020 support the agency's overall delivery commitments in respect of the Government's purpose. The commitments take cognisance of requirements deriving from recent procurement legislation including the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016, the 2014 EU Procurement Directives, the Public Contracts (Scotland) Regulations 2015 and associated published Statutory Guidance. These commitments are listed below and include a comment on delivery actions and proposed monitoring, review and reporting.

#### **Commitment 1**

##### **Undertake Transport Scotland procurements in a sustainable manner**

##### **Delivery Sub-Actions:**

- 1.1. Ensure compliance with the sustainable procurement duty, such that Transport Scotland contracts are procured and managed in an economic, social and environmentally friendly manner, including the consideration of means of transport of materials.
- 1.2. Fully utilise the Scottish Government suite of Sustainability tools for all regulated procurements.
- 1.3. Deliver community benefits through Transport Scotland's procurement activity and seek opportunities to enhance the scope of these benefits.
- 1.4. Ensure that opportunities for SMEs to tender for Transport Scotland contracts and to tender for sub-contracts via main suppliers are maximised.
- 1.5. Promote, and seek to increase opportunities for Supported Businesses to tender for Transport Scotland contracts and to tender for sub-contracts resulting from our main contracts.



- 1.6. Promote, and seek to increase opportunities for the Third Sector to tender for Transport Scotland contracts and to tender for sub-contracts resulting from our main contracts.
- 1.7. Ensure that Transport Scotland's procurement activity promotes Fair Work Practices, including the use of the Living Wage and the Modern Slavery Act and the procurement of fair and ethically traded goods and services.
- 1.8. Review and update the procurement page of the Transport Scotland website on a quarterly basis to ensure key information is visible to suppliers.

## **Commitment 2**

### **Ensure Transport Scotland procurements comply with relevant EU and national legislation and internal policy and governance procedures**

#### **Delivery Sub-Actions:**

- 2.1 Review and update model contract documents for works, good and services and identify a 'Champion' to take ownership and ensure that documents are compliant with relevant legislation and policy.
- 2.2 Provide consistent procurement advice and support to Transport Scotland staff who are undertaking procurement activity and ensure that all such activity is compliant with current European and Scottish procurement legislation.
- 2.3 Deliver a programme of procurement training to Transport Scotland staff to ensure that procurement activity remains compliant with current European and Scottish and procurement legislation.
- 2.4 Review and update Transport Scotland procurement policy and governance processes and procedures to ensure compliance with current European and Scottish procurement legislation.
- 2.5 Implement Project Bank Accounts on all Transport Scotland construction contracts of a value of £10 million and above in line with SPPN/11/2016.

- 2.6 Review and update the procurement section of the Transport Scotland intranet to ensure that it remains an effective means of communicating policy, systems and guidance to Transport Scotland staff.
- 2.7 Utilise data gathered via new Contracts Database to assist with monitoring and ensuring compliance.

### **Commitment 3**

#### **Add value through Transport Scotland procurements and promote collaborative procurement opportunities where appropriate to ensure Transport Scotland contracts represent value for money**

##### **Delivery Sub-Actions:**

- 3.1 Utilise Scottish Government and UK wide collaborative contracts to secure a range of benefits and savings, where feasible.
- 3.2 Review performance of Transport Scotland Frameworks prior to any re-let.
- 3.3 Continue to provide feedback to suppliers on a bi-annual basis and consider implementation of an electronic system to support activity.
- 3.4 Continue to undertake early market engagement, where appropriate.
- 3.5 Ensure sub-contract opportunities continue to be advertised on Public Contracts Scotland, where appropriate.
- 3.6 Engage with suppliers to identify areas of savings, added value and innovation.
- 3.7 Review, and update where required, Transport Scotland contract and supplier management guidance.
- 3.8 Utilise additional data gathering function in new Contracts Database to enable more detailed market analysis and decision making.
- 3.9 Ensure all staff undertake Fraud training and are aware of the Transport Scotland Fraud Policy and Response Plan.

## **Commitment 4**

### **Maintain a high standard of procurement capability across Transport Scotland through the implementation of best practice and continuous improvement**

#### **Delivery Sub-Actions:**

- 4.1 Create a central repository for procurement lessons learned feedback and review the process for analysis and change implementation.
- 4.2 Review and update the Transport Scotland Procurement Strategy template, Transport Scotland Procurement Guide Toolkit and Procurement Compliance Check Procedure annually to take account of any legislative changes, internal policy changes and ensure consistency between documents.
- 4.3 Engage with Scottish Government and wider public sector led initiatives, such as e-procurement and consider implementation within Transport Scotland.
- 4.4 Complete Improvement Plan actions resulting from PCIP 2015.
- 4.5 Prepare for next PCIP assessment (date TBC).
- 4.6 Engage with internal and external stakeholders, as appropriate, to facilitate sharing of best practice.

## **6.2 Review, Monitor and Reporting**

Interim compliance checks of Transport Scotland's regulated procurements will be undertaken in 2017 to identify any issues regarding compliance with policy and legislation requirements and allow an action plan to be put in place. A full compliance review will be completed for regulated procurements in early 2018 to support Annual Reporting requirements in spring 2018.

Data gathering relating to regulated procurements will be carried out continuously to identify, for example, community benefits resulting from procurement activity, the volume, value and nature of contracts and sub-contracts with SMEs, contracts placed with supported businesses and the Third sector. This data will be utilised to identify trends and areas of policy requiring intervention and in the preparation of our Annual Report, due for publication in 2018.

## 7.0 Annual Reporting

The Procurement Reform (Scotland) Act 2014 requires Transport Scotland to prepare an annual procurement report on our regulated procurement activity. Our first report will cover the period 01 January 2017 to 31 March 2018 and will be prepared and published annually thereafter.

In accordance with Section 18(2) of the Act, the Annual Procurement Report will include:

- A summary of the regulated procurements that have been completed during the year covered by the report;
- A review of whether those procurements complied with the Transport Scotland's Procurement Strategy;
- The extent to which any regulated procurements did not comply, and a statement detailing how Transport Scotland will ensure that future regulated procurements do comply;
- A summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;
- A summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the report period;
- A summary of regulated procurements expected to commence in the next two financial years; and
- Reporting on other matters as contained within this Strategy.

## 8.0 Contact Details

The owner of this Strategy, on behalf of Transport Scotland, is Michelle Rennie, Director of Purchasing.

### **Michelle Rennie**

Director of Purchasing

Transport Scotland

58 Port Dundas Road

Glasgow

G4 0HF

Email: [info@transport.gov.scot](mailto:info@transport.gov.scot)





**TRANSPORT  
SCOTLAND**

CÒMHDHAIL ALBA

**Transport Scotland**

Buchanan House, 58 Port Dundas Road,  
Glasgow, G4 0HF  
info@transport.gov.scot

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