



National Galleries of Scotland

Procurement Strategy

2019 - 2022

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1. Background and Purpose

The National Galleries of Scotland Procurement Strategy 2019-22 has been informed by the Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016. The Strategy is designed to take a responsible and sustainable approach to procurement.

The purpose of this Strategy is to set out how the National Galleries of Scotland will plan and manage its procurement process to meet its corporate aims and objectives and comply with obligatory, regulatory and legislative requirements. The Procurement Strategy applies to all procurement conducted by the National Galleries of Scotland and, where appropriate, to the National Galleries of Scotland Trading Company Ltd.

This document sets out the strategy for procurement within National Galleries of Scotland (NGS) over the next three years to help us embed a culture of best practice, to maximise benefits to the organisation and above all, to ensure we undertake fair, competitive and transparent procurement. This is especially important in a challenging financial climate.

Procurement can generate savings and efficiencies that can be used to re-invest in other activities to support achieving objectives. Effective and robust procurement practices will help us stay strong and resilient and will allow us to allocate resources as efficiently as possible to deliver our corporate aims. This document is supported by a Procurement Action Plan.

The Strategy supports our corporate plan for 2019-23 specifically our aim to develop a sustainable and efficient business model to support our objectives and ensure long-term viability; and underpins NGS' Procurement Policy.

A Procurement Manager was appointed in July 2018. The purpose of this new job role at NGS is not to centralise procurement but to better support, advise and monitor the contracting managers. In lieu of a central procurement function within the organisation, all staff with the delegated authority to incur expenditure on behalf of NGS must be confident using the procedures and systems in place and SMT must be satisfied that the policy is being enforced. The strategy aims to ensure these requirements are met.

2. Ownership and Approval of the Strategy

The Director-General, as Accountable Officer, has specific responsibility to ensure that procurement activity is conducted in accordance with the requirements of the Procurement section of the Scottish Public Finance Manual. This responsibility will be discharged through the implementation of this Strategy.

The Director of Operations acts as the Procurement Champion for the organisation and will be responsible for delivery of this strategy and any action plans which underpin it. Support will be provided primarily by the Procurement Manager and in-house Lawyer with the extended support from the Procurement Management Group which includes the Estates Operations Manager, the Director of Finance, Chief Technology Officer, the Compliance and Data Protection Officer and the Management and Systems Accountant.

The Strategy must be approved by the Board of Trustees of the National Galleries of Scotland and the National Galleries of Scotland Leadership Team.

3. NGS Procurement Policy Statement

NGS will provide best value in its expenditure of public funds when procuring goods, works and services from third parties, guided by the principles of:

- a. Compliance with legislation, directives and obligations
- b. Sustainable Procurement
- c. Best Value
- d. Open Competition
- e. Separation of Duties
- f. Proportionality & Practicality
- g. Transparency & Accountability
- h. Counter-fraud
- i. Equality, Diversity & Non-Discrimination
- j. Data Protection by Design

4. Our Procurement Priorities

Our procurement strategy:

- Sets out our priorities and proposals for procurement over the planning period;
- Identifies those factors that will influence the way in which we manage the procurement process;
- Outlines the intended outcomes of adhering to our Procurement Strategy; and
- Describes the arrangements for monitoring and evaluating the Strategy.

Our Strategy has 7 key priorities as follows:

1. Achieve Value for Money
2. Deliver Sustainable Procurement
3. Raise the Level of Procurement Knowledge, Skills and Expertise; including strategies for fraud prevention and requirements of General Data Protection Regulations
4. Provide Timely Performance Information
5. Participate in the Work of and Benefits Derived from Collaboration
6. Strengthen Contract and Supplier Management Processes
7. Provide an Excellent Procurement Service; appropriate and suitable for the size of our organisation.

4.1 Priority One: Achieve Value for Money

We aim to achieve value for money when procuring goods, services and works. This is based on the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement. Competition promotes efficiency and effectiveness in public expenditure; accordingly, goods, services and works should be acquired by effective competition, including adequate publication of the contract unless there are convincing and justifiable reasons to the contrary. We will award contracts on the basis of the most economically advantageous (MEAT) tender which balances value for money and the required quality of the services, goods or works being procured.

We are continually developing mechanisms to establish efficiency, cost savings and to track benefits.

4.2 Priority Two: Deliver Sustainable Procurement

Sustainable procurement means routinely considering the environmental, social and economic opportunities and impacts of purchasing decisions, whilst taking a long-term view.

4.2.1 Whole Life Costing

Where appropriate, NGS will follow the Sustainable Procurement Duty guidelines. This includes identifying and assessing the social and environmental impacts of raw materials, manufacturing and logistics, as well as the use and disposal or end-of-life management of items being procured.

4.2.2 Circular Economy

Scotland's Strategy for Circular Economy 'Making Things Last' will also be considered where applicable in order to support Scotland to retain value in the economy, create jobs and growth, tackle climate change and preserve natural capital. This means sourcing products from renewable and sustainable sources, minimising waste, encouraging maintenance and upgrades, sharing assets where possible, encouraging innovation and knowledge share and accessing virtual services.

4.2.3 Environmental Management

As a minimum requirement across all contracts and detailed within the T&Cs of all contracts, Suppliers are expected to take environmental concerns into consideration at all stages in the performance of the contract, having due regard to NGS' Sustainability and Environmental Management Policy.

4.2.4 Fair and Ethical Trading

We will procure fairly and ethically traded goods and services in accordance with current legislation. If a procurement procedure includes the provision of food, we will pursue the highest standards of animal welfare and promote health, wellbeing and locally grown and sourced produce supply chains.

4.2.5 Community Benefits

We will promote the use of community benefit clauses within procurement practice where relevant and proportionate to the contract.

4.2.6 SMEs, Local Businesses, Supported Businesses and the Third Sector

We will continue to review and update our procurement policies and procedures to ensure that we contribute to improving social, economic and environmental wellbeing where relevant in delivering our contracts. This ongoing review will ensure that we remain an inclusive organisation; and where possible and appropriate, encourage a diverse range of suppliers including SMEs, the third sector and supported businesses.

We will use the Scottish Government's Supported Business Framework where there is a requirement to purchase goods and services covered by this contract.

4.2.7 Equality, Diversity & Non-Discrimination

We consider equality throughout our tender processes and comply with the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. Suppliers are required under our standard terms and conditions not to discriminate unlawfully against any person within the meaning of the Equality Act 2010 in its activities relating to the Contract or any other contract with the Purchaser. Our additional duties require us to advance equality of opportunity and foster good relations, which we will also seek to do wherever possible in our procurement of goods, works and services.

4.2.8 Paying the Living Wage through our Regulated Procurement

Consideration of the Scottish Living Wage will form part of any relevant project. We will incorporate the evaluation of workforce matters for our regulated procurements.

4.2.9 Prompt Payment to Suppliers and their Sub-Contractors

We are committed to paying our suppliers promptly and include a clause in our standard terms and conditions stating that we will pay valid invoices within 30 days from receipt. This includes payments due by a contractor to a sub-contractor. We measure and publish our performance in our Annual Accounts.

4.2.10 Charging

NGS will not charge a fee for participating in any part of the process relating to a regulated procurement (including a fee to provide any document required to participate in that process).

4.2.11 Publication of Contract Notices and Award Notices

NGS will continue to publish Contract Notices and Award Notices for regulated procurements on the Public Contracts Scotland Website.

4.2.12 Unsuccessful Bidders

NGS will comply with the requirements of the Procurement Reform (Scotland) Act 2014 in relation to the giving of reasons to unsuccessful participants, requests for further information and withholding of information.

4.3 Priority Three: Raise Level of Procurement Knowledge, Skills and Expertise; including strategies for fraud prevention and requirements of General Data Protection Regulations

We will continue to work with and support staff who have a procurement responsibility, to ensure staff are equipped with the necessary tools to increase their level of procurement knowledge, skills and expertise. We will complete the Scottish Government Procurement Competency Framework document on an annual basis.

Staff with procurement responsibility for regulated procurements have also undertaken e-learning training and attended face-to-face seminars which cover changes to Scotland's public procurement legislation.

We have a training programme and have provided staff with access to Scottish Government online training resources such as the Guide to Quick Quote. Further detailed procurement training is provided to staff depending on post and procurement responsibility. Ongoing training needs will be recorded in individual training and development plans as part of the annual staff appraisal process.

All staff with delegated authority to commit or approve expenditure have undertaken procurement fraud training. NGS also has in place a Prevention of Fraud Policy which outlines where fraud may occur, who is responsible for reporting fraudulent activity and who to report it to. Appropriate preventable and detective controls, such as 'separation of duties' and robust systems of control, have been put in place to counter the risk of fraud. NGS staff receive biennial Bribery Prevention inputs in line with the requirements of the Bribery Act 2010.

NGS also has in place a Whistleblowing policy which encourages employees to raise concerns about possible improprieties in the conduct of our business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

Any procurement which will involve an element of processing of personal data must take a 'data protection by design' approach, as required by the GDPR. This may mean undertaking a data protection impact assessment (DPIA) to identify any potential data protection risks. A DPIA is obligatory in certain cases and highly recommended in others. A data processing agreement must be in place when NGS is instructing a third party to process personal data on our behalf.

4.4 Priority Four: Provide Timely Performance Information

We will develop performance measures for Procurement and report against these quarterly to the Leadership Team and Trustees. We will also measure benefits and savings realised from collaborative and high value contracts. We will maintain, monitor and publish a Contracts Register.

4.5 Priority Five: Participate in Work and Benefits Derived from Collaboration

NGS will continue to use Scottish Procurement frameworks, dynamic purchasing systems and Crown Commercial Services frameworks where appropriate.

We will explore opportunities for further collaboration through our previous partnership with Central Government Procurement Shared Services (CGPSS) and ongoing membership of the Procurement Cluster Group. These relationships facilitate the sharing of knowledge and encourage partnership working to ensure we deliver value for money and pool resources and expertise.

4.6 Priority Six: Strengthen Contract and Supplier Management Processes

Effective contract management is essential in the delivery of goods, services and works.

We will develop and implement policy, procedure and training for relevant staff involved in the management of contracts to provide them with the tools and techniques required to better manage our contracts and suppliers.

As part of the procurement process, Health & Safety policies and associated information (including RAMS), are requested where relevant from suppliers to ensure compliance with NGS Health &

Safety Policy and associated guidance and procedures. As a minimum requirement contractors and sub-contractors must be compliant with The Health & Safety at Work Act 1974 and any provisions under that Act.

4.7 Priority Seven: Provide an Excellent Procurement Service Appropriate and Suitable for the Size of the Organisation

We will review our business processes regularly to ensure that delegated authority is appropriate, that there is appropriate separation of duties when procuring goods and services, all valid invoices are paid on time; and all purchasing and procurement procedures are followed.

We will review our procurement procedures and guidance across the organisations to take into account feedback from suppliers and users.

We will build into our procurement policy and processes more effective consultation and engagement with those affected by our procurements.

Feedback from the Procurement Health Check will inform the further development and improvement of our procurement practices.

5. Anticipated Outcomes of the Procurement Strategy

Our procurement priorities as outlined above, have been selected to ensure the outcomes of our procurement practice are in keeping with our procurement principles and policy statement.

In our commitment to compliance and best practice; and drive for sustainable development, we aim to ensure our procurement processes are clear, proportionate, justified and transparent. This approach should strengthen our Supplier relationships and obtain value for money when incurring expenditure.

Our procurement activity and performance are driven and monitored by senior management. It is imperative that NGS staff demonstrate a high level of competency when procuring supplies, services and works on behalf of NGS.

6. Delivery of Strategy

6.1 Communication

NGS has a procurement related section on its external website where we outline our procurement processes and publish our Procurement Strategy, Procurement Policy and our standard terms and conditions for suppliers.

To ensure that stakeholders have the opportunity to engage and contribute to the development of the strategy, a consultation on the strategy will be undertaken as follows:

- Consideration by the internal Procurement Management Group
- Consideration by the Leadership Team

All of our regulated contracts are publicly available on a contract register hosted by Public Contracts Scotland.

The approved Strategy and all related documents will be communicated to all staff through our Staff intranet.

6.2 Management and Monitoring

The Procurement Manager, with assistance from the Procurement Management Group, is responsible for overseeing the implementation of the Strategy.

NGS will review the Strategy and our action plan annually. The outcome of the annual review will be a new programme of work and identified tasks that will feed into the operational and financial planning processes for the following year.

We will also use the corporate and business planning process to identify any new procurement projects which are likely to require additional support from the Procurement Management Group.

6.3 Reporting

As soon as practicable after the end of the financial year, an annual procurement report will be published to include:

- A summary of regulated procurements completed during the year covered by the report;
- A review of whether those procurements complied with the Procurement Strategy;
- Non-compliant regulated procurements and a statement of the intention to ensure future procurements do comply;
- Summary of community benefits as part of regulated procurements in the report period;
- Summary of steps taken to facilitate involvement of supported businesses in regulated procurements during the report period;
- Summary of regulated procurements expected to commence in the next two financial years;
- Any other information as required by Scottish Ministers;
- An annual procurement performance report will be submitted to the Leadership Team and the Board of Trustees reporting procurement performance and progress towards achieving the priorities in this strategy.

7. Supporting Policies

Our strategy for procurement is supported by other NGS policies and procedures on:

- Procurement Procedures
- Purchasing of Goods and Services
- Sustainability & Environmental Management
- Data Protection and Records Management
- Prevention of Fraud
- Whistleblowing
- Conflict of Interest
- Hospitality & Gifts
- Health & Safety
- Equality & Diversity
- Modern Slavery & Human Trafficking
- Cyber Security

8. Continuing Improvement Ensuring Compliance

Scottish Government has been undertaking Procurement Capability Assessments (PCA) with public sector organisations since 2010/11 and NGS has developed and improved its processes in response to its assessment. In 2016 Scottish Government introduced the Procurement and Commercial Improvement Programme (PCIP) and as part of this programme NGS will undergo a Procurement Healthcheck. NGS will continue to develop and improve its processes through its action plan building on the outcomes of such assessments.

The procurement function is also subject to periodic review through the delivery of the NGS internal audit plan, where any recommendations for improvement will be considered for implementation by the Leadership Team.

NGS has in place a Procurement Management Group which meets on a monthly basis. The Group undertakes a review of procurement activity and any non-compliance identified through this review is addressed directly with the relevant officer(s). Reports are made quarterly to the Leadership Team and Trustees (Audit & Risk).

9. Contacts

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