

# **Procurement Strategy & Annual Procurement Report**

## **Procurement Strategy [UPDATE]**

The [\*\*Procurement Reform \(Scotland\) Act 2014\*\*](#) requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement strategy annually before the start of the next financial year. This requirement also applies to an organisation that becomes aware of having this level of spend during the year. A group of 2 or more organisations may have a joint procurement strategy.

This procurement strategy should set out how the organisation intends to carry out its regulated procurements i.e. procurements with an estimated value equal to or greater than £50k (excluding VAT) for goods & services (or £2,000,000 excluding VAT for a public works contract).

Scottish Ministers should be notified of the publication of the strategy by sending an email to [ProcurementStrategies@gov.scot](mailto:ProcurementStrategies@gov.scot), attaching the procurement strategy or including a link where the procurement strategy can be accessed.

The procurement strategy has an important role in setting out how an organisation runs its procurement function. The procurement strategy allows an organisation to provide a strategic focus for its procurement activities, including contract and supplier management, and an overview on how its approach to procurement supports its broader aims and objectives. Documenting a procurement strategy and establishing a review process will:

- help with strategic planning;
- increase transparency and visibility;
- provide a better basis for engagement and remove unnecessary inconsistencies.

Each procurement strategy will be proportionate to the size and spend of the organisation. However, there are some fundamental principles which will apply in

each case. In general terms, the procurement strategy should demonstrate how the organisation's approach to procurement supports delivery of its broader aims and objectives. An important part of the procurement strategy preparation process for and organisation will be assessing its aims and objectives with the resources available to it. Inevitably priorities will have to be established and it is expected that these will be consistent with, and support, the organisation's overarching ambitions.

Once the procurement strategy is developed, it should be approved by Heads of Service/the Senior Management Team (or equivalent).

The procurement strategy should be measured and reported on an on-going basis with any significant slippages or deviations being highlighted to the appropriate stakeholder(s) for information, advice and assistance to get back on track.

Further best practice guidance and a procurement strategy template (which includes notes and examples) can be accessed at the bottom of this page.

## **Annual Procurement Report**

In addition to the mandatory procurement strategy, to meet regulatory requirements the organisation must now also prepare and publish an [annual procurement report](#) disclosing how its procurement activity has complied with its published procurement strategy.

The [Procurement Reform \(Scotland\) 2014 Act](#) lists the minimum requirements that the annual procurement report must contain.

The procurement strategy/revised procurement strategy and annual procurement report should be published in a way that the organisation considers appropriate and but must include publication on the internet.

[SPPN 2/2023 - Public Procurement - Annual Procurement Reports 2022-23 and 2023-24](#) provides details of how a public body should notify Scottish Ministers of the publication of their annual procurement report covering the financial year 2020-21, including submitting a completed template provided at Annex A of the SPPN.

It also provides information on notifying Scottish Ministers of the publication of a revised procurement strategy as well as climate change and circular economy

obligations.

Further best practice guidance and an example blank annual procurement report template can be accessed at the bottom of this page.

## **Annual Procurement Report and the Procurement & Commercial Improvement Programme (PCIP)**

The [specific numerical data](#) needed to undertake a PCIP assessment will be taken from the information your organisation supplies in your Annual Procurement Report.

For those organisations who are not legally required to complete an APR, it is recommended as best practice to compile an annual report that is proportionate to the procurement activity of your organisation and complete the [APR data template](#) (also referred to as “Annex A”).

### **Key Points of the SPPN**

- public bodies with an annual procurement spend of £5 million or more are required to prepare and publish a procurement strategy or revise an existing strategy under [the 2014 Act](#)
- the 2014 Act requires a public body which is obliged to prepare or revise a procurement strategy in relation to a financial year, to publish an annual procurement report as soon as reasonably practicable after the end of that financial year
- Based on previous years, it is not unreasonable to expect an annual procurement report to be published no later than six months following the end of a public body’s financial year

In addition, while individual annual procurement reports must meet legislative requirements set by the 2014 Act, public bodies will also find them helpful in outlining how their procurement activity is contributing to the delivery of broader aims and objectives, e.g. how they are using their procurement activities to tackle the climate emergency. This means that there is likely to be some variation in the content of reports. At the same time, it is important to ensure consistency of the information common to all annual reports, as this will be helpful to the readers of individual annual reports, and for the analysis of such.

With this in mind, public bodies should complete the template at **Annex A** to this SPPN and include it in the email which is sent to: [annualprocurementreport@gov.scot](mailto:annualprocurementreport@gov.scot)

This template is **unchanged** from the previous year. At present, it focuses largely on data that relates to the minimum content required by the 2014 Act and is consistent with existing guidance embedded within the [Procurement Journey](#). The template requires information that will be helpful to public bodies in managing their contracts and suppliers and so should be readily available

## **Annual Report on Procurement Activity in Scotland**

After the end of each financial year, Scottish Ministers must prepare a [report](#) based on the information contained in the published annual procurement reports from public organisations. This is called the Annual Report on Procurement Activity in Scotland.

The Annual Report on Procurement Activity in Scotland by Scottish Ministers will be based on information contained within individual annual procurement reports and such other information that is considered appropriate. The report must include information about:

- regulated procurements that have been completed,
- community benefits requirements that contracting authorities consider were fulfilled,
- steps taken to facilitate the involvement of supported businesses in regulated procurements.

The report may also contain such other information as the Scottish Ministers consider appropriate.

### **Any documents you need are listed below**

[\*\*Procurement Strategy, APR and Procurement Activity in Scotland Report - Best Practice Guidance\*\*](#)

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**Procurement Strategy- Blank Template**

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**Annual Procurement Report - Guidance and Blank Template**

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