

VisitScotland Annual Procurement Report

For the Periods:

31 December 2016 to 31 March 2017

&

1 April 2017 to 31 March 2018

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Section 2 Introduction/Executive Summary

VisitScotland's purpose is to grow and develop the sustainable economic benefit of tourism to Scotland's visitor economy and we will achieve this through the adoption of five strategies:

- Marketing;
- Events;
- Quality and Sustainability;
- Inclusive Tourism;
- International Engagement.

Serving as a key enabler for the VisitScotland Corporate Strategy, the Procurement function aims to assist the organisation's support of the Scottish Government's Economic Strategy for sustainable economic growth, and the Tourism 2020 Strategy.

Through sustainable procurement, VisitScotland seeks to grow the visitor economy directly to the benefit of Scottish based suppliers, accommodation providers and visitor attractions, many of which are SMEs.

As a public sector contracting authority, VisitScotland is subject to Procurement Reform (Scotland) Act 2014. In accordance with the act, VisitScotland is required in law to produce an annual report on procurement activity.

Procurement is core to the successful delivery of VisitScotland's Corporate and Operational Plan.

Recognising an evolving procurement environment, our vision for procurement is one where "by supporting our stakeholders we can stimulate innovation so that the organisation will continue to make procurement decisions and delivering Value for Money in an open, transparent and sustainable manner".

Detailed in this report, covering the periods **31 December 2016 to 31 March 2017 & 1 April 2017 to 31 March 2018**, VisitScotland will set out:

- A summary of regulated procurement activity;
- A review of compliance with the organisations procurement strategy;
- For any procurements that did not comply, how the organisation plans to ensure future compliance;
- A summary of steps taken to involve supported businesses, the third sector and charities;
- A summary of community benefits imposed and fulfilled during the period;
- A summary of the regulated procurements that the organisation plans to undertake in the next two financial years

Section 3 Summary of Regulated Procurements:

3.1 Contracts Commenced within the Period: 31 December 2016 to 31 March 2017

Contract Title	Contractor	Total Value (ex VAT)	Contract Start Date	Contract Term
iCentre Design and Build	Izon	£1,200,000	01/03/2017	25 months
Scottish Accommodation Occupancy Survey	GCUC	£285,000	01/01/2017	36 months
Supported Business Travel	Traveleads	£165,000	04/01/2017	36 months

3.2 Contracts Commenced within the Period: 1 April 2017 to 31 March 2018

Contract Title	Contractor	Total Value (ex VAT)	Contract Start Date	Contract Term
PR Agency Services - London	Cow PR	£162,000	01/04/2017	36 months
Cleaning Services - Ocean Point	Mitie	£50,000	01/04/2017	9 months
Management Development Passport	Edinburgh College	£75,000	03/04/2017	36 months
Digital Transformation	Fujitsu Services Ltd	£270,000	01/05/2017	11 months
Direct Mail & Data Processing Services	The Union	£1,120,000	16/05/2017	36 months
Sales Agency Representation - North America	DCI	£259,716	12/06/2017	36 months
Content Management System	SDL	£75,726	23/06/2017	12 months
VisitScotland Expo 2018 Venue - Glasgow	SEC	£114,000	20/07/2017	12 months
Provision of Destination Management System	New Mind Internet Consultancy Ltd	£195,000	21/07/2017	18 months
Stand & Event Management Services	Rocket Exhibitions & Events Ltd	£990,000	26/07/2017	36 months
Catering and Cleaning Consumables	Lyreco UK Ltd	£50,000	01/08/2017	36 months
Measuring International Marketing Effectiveness	BDRC Continental Ltd	£95,041	28/08/2017	39 months
Content Management System (CMS)	Bloomreach B.V.	£479,275	25/09/2017	36 months
Estates Professional Services	Graham & Sibbald	£100,000	01/10/2017	12 months

Stand Build for Expo	GES	£369,000	30/10/2017	36 months
Telephony Services	Virgin Media	£154,092	01/11/2017	36 months
Legal Services	DWF LLP	£164,000	25/11/2017	36 months
Trip Planner	Zoocha	£115,200	01/12/2017	24 months
Stand Space at IMEX Frankfurt	Regent Exhibitions	£100,000	01/01/2018	5 months
License and Support for Epos Solution	Retail Systems Group	£50,000	01/01/2018	12 months
Provision of a Courier Services Provider	Eagle Couriers	£90,000	15/01/2018	36 months
Development Partner	Sopra Steria	£500,000	16/01/2018	24 months
Staff Uniforms	Streamline Corporate Ltd	£90,000	19/01/2018	36 months
Media Auditor Services	SLiK Media Ltd	£225,000	01/02/2018	36 months
Usability Testing	UserZoom	£84,280	09/02/2018	24 months
Measuring UK&I Marketing Effectiveness	Progressive Partnership Ltd	£135,000	13/02/2018	36 months
Harris Tweed Products for Retail	Glen Appin of Scotland Limited	£300,000	14/02/2018	36 months
Expo 2018 Audio Visual Services	Vision Events UK	£55,548	09/03/2018	3 months
Leaflet Merchandising, Storage & Distribution	LDDS (C/O - Freemedia)	£810,000	17/03/2018	36 months
London and Partners	London and Partners	£50,000	20/03/2018	5 months

Section 4 Compliance with Strategic Objectives

The activities summarised below in this Section 4 have been conducted in accordance with the Procurement Strategy and in support of the organisation's Strategic Objectives. VisitScotland can confirm that there are no reportable compliance issues.

4.1 Efficiency and Collaboration

Efficiencies

Public Contracts Scotland (PCS) is used to publicly advertise all relevant tender opportunities with an aggregated value exceeding the threshold to be classified as a Regulated procurement. The volume of regulated procurements is summarised as follows:

- Period: 31 December 2016 to 31 March 2017 VS confirmed the award of **9 regulated procurements** through Public Contracts Scotland;
- Period: 1 April 2017 to 31 March 2018 VS confirmed the award of **17 regulated procurements** through Public Contracts Scotland.

In accordance with the Public Contracts (Scotland) Act 2014, the organisation has published and maintained a Contracts Register on www.visitscotland.org on a quarterly basis.

In addition, the organisation has accessed Public Contracts Scotland to manage a programme of Quick Quotes. Quick Quote is used for lower value procurements with a value greater than £5,000, but less than a regulated procurement. These can be summarised as follows:

- Period: 31 December 2016 to 31 March 2017 VS confirmed the award of **26 Quick Quotes** through Public Contracts Scotland;
- Period: 1 April 2017 to 31 March 2018 VS confirmed the award of **31 Quick Quotes** through Public Contracts Scotland.

In all relevant procurements, evaluation have been conducted against the criterion that will best deliver the operational objectives of the corporate plan. As required by the procurement Reform (Scotland) Act 2014, contract award decisions were made on the basis of the Most Economically Advantageous Tender (MEAT).

Collaboration

VisitScotland led on the collaborative procurement for the provision of Leaflet Merchandising, Storage & Distribution. Collaborative partners to the contract are: VisitScotland, Historic Environment Scotland, National Trust for Scotland, Royal Botanic Gardens Edinburgh, Scottish Parliamentary Corporate Body, Forestry Commission Scotland, Scottish Natural Heritage and National Galleries of Scotland. The contract was awarded on the 36 month basis to a maximum value of £825,000.

VS led on the collaborative procurement of Media Auditor Services in support of the Scottish Government Media Planning, Buying and Associated Services. The services offered by this contract are provided into 30+ public sector organisations. The contract was awarded on a 36 month basis to a maximum value of £225,000.

Working in collaboration with Shetland Islands Council, Orkney Islands Council and Outer Hebrides Council, VisitScotland contracted for the provision of an Island Visitor Survey. The research contract was awarded on a 24 month basis to a maximum value of £60,000.

The organisation continues to support external collaborative contract, providing resource into key collaborative User Intelligence Groups (UIGs). This provides technical expertise into the procurement project and insures that the organisation's operational requirements are fully considered in specification and during contract development and management. In the period covered by this report, VS has contributed to the following collaborative UIGs:

- Marketing – Creative Services Framework (Scottish Government)
- Marketing – Digital marketing Framework (Scottish Government)
- Marketing – Public Relations Framework (Scottish Government)
- Marketing – Market Research Framework (Scottish Government)
- Publishing, Print, Design and Associated Services (Scottish Government)
- Print and Associated Services (Scottish Government)

4.2 Savings

Annual procurement efficiencies are forecast in the range of £0.4m - £0.7M per annum. The following efficiencies have been achieved:

- Full financial year 2016/17 - £670k
- Full financial year 2017/18 - £668k (draft)

4.3 Sustainable Procurement

Sustainable Procurement Duty

VisitScotland is committed to the sustainable duty of the Procurement Reform (Scotland) Act 2014. The Act requires that before the organisation buys anything it must consider how it can:

- a) Improve the social, environmental and economic wellbeing of the area in which it operates;
- b) Facilitate the involvement of small and medium enterprises, third sector and supported businesses in the process, and;
- c) Promote innovation

The sustainable procurement duty applies to all regulated procurement exercises and subject to the Regulations). Whilst VisitScotland conforms to the Act, we also seek to embed sustainability as a business as usual in all our procurement activity.

The organisation's Application to Tender (ATT) process is effective for all regulated procurement activity (i.e. any procurement activity exceeding the threshold in operation at that time) and must give due consideration to Sustainable Procurement Duty.

Fair and Equal Treatment

VisitScotland is subject to specific equality duties that were introduced by Scottish Ministers through the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. The duties came into force on 27 May 2012 and it is incumbent on the organisation to ensure that our tender processes comply with the legislation. VS complies with the duties of the Act.

Fair Work Practices, including the Living Wage

As part of the range of statutory guidance under the Procurement Reform (Scotland) 2014 Act, the guidance deals with fair work practices including the Living Wage as part of procurement processes.

The guidance makes clear that the Scottish Government considers payment of the Living Wage to be a significant indicator of an employer's commitment to fair work practices and that the payment of the Living Wage is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce. VisitScotland complies with this requirement.

Payment Performance

VisitScotland observes the Scottish Government's policy for prompt payment to creditors, and is committed to paying suppliers within 10 days of receipt of a valid invoice.

- Analysis of invoices received between 1 April 2016 and 31 March 2017 shows that VisitScotland paid 89% of valid invoices within 10 working days.
- Analysis of invoices received between 1 April 2017 and 31 March 2018 shows that VisitScotland paid 90% (draft) of valid invoices within 10 working days.

Conditions of contract are prepared to ensure that where a lead contractor is using the services of a sub-contractor, appropriate terms are in place to ensure that sub-contractor invoices are paid timeously. Payment of contractors and sub-contractors will form part of Contract and Supplier Management reviews in appropriate regulated contracts.

4.4 Monitoring, Measurement & Reporting

Contract & Supplier Management

VisitScotland has embarked on a program of contract and supplier management, by working closely with internal customers and contracted suppliers in a bid to maximise efficiency and reduce risk in the contract. The processes and procedures of the Scottish Government's Procurement Journey are adopted and applied to contracts awarded where the total contract value for goods or services exceeds £50,000.

All new regulated procurements have a commodity strategy where the level of Contract and Supplier Management required is identified through a Contract Management Assessment Tool (CMAT)

Best Practice Indicators (BPIs)

VisitScotland continues to report Best Practice Indicators (BPIs) to the Scottish Procurement Information Hub on a quarterly basis and submit our annual return within agreed deadlines.

4.5 Capability

The Procurement Team

The skills and knowledge of the Procurement team will continue to be developed through further education and internal training programmes to enhance the contribution and benefits delivered by the team

Within a team of five, we currently have two MCIPS qualified colleagues and two colleagues studying towards a CIPS qualification. Additionally VS currently has a Modern Apprentice – Procurement.

All members of the team are encouraged to participate in relevant vocational training appropriate to their role.

Internal Colleagues

All colleagues involved in the procurement process, whether this is the purchase order process, tendering, or other, are provided with training relative to their involvement in the process. All new-starts who will access the Purchase-to-Pay system must undertake procurement training before they will gain system access rights. On a monthly basis, the Procurement team manage a training session for all new-starts.

When colleagues are involved in a competitive tender, specific training has been developed and is provided in advance of the tender process.

PCIP (Procurement and Commercial Improvement Programme)

During the 2016 PCIP, the organisation achieved the highest banding awarded to a medium sized organisation - defined as an organisation with spend in the range £15M - £50M per annum. VS procurement has identified and implemented an improvement plan which has been submitted to the Scottish Procurement Capability Team. The plan identifies key actions that will address perceived weakness areas ensuring that improvement leads to enhanced performance.

VS aim to maintain the M1 assessment achieved in the PCIP programme and to develop performance to improve upon the specific percentage score attained.

Section 5 Governance, Audit and Risk

VisitScotland operates within a strict governance framework with is rigorously applied and subject to audit:

5.1 Governance

VS currently ensures that all procurement decisions are made relative to with the organisation's scheme of Delegated Purchase Authority (DPA) and in line with the organisation's Management Statement as agreed by Scottish Government (aligned to the Scottish Public Finance Manual). Appropriate separation of duties exist and all procurement decisions are made within a regulated environment.

5.2 Audit

Audit services are provided to VisitScotland's procurement activity internally by our appointed internal auditors and externally via Audit Scotland. Where European funding is utilised by the organisation, then this activity is subject to audit by Scottish Government and the European Court of Auditors.

The Procurement team apply a number of processes and procedures that ensure that we will maintain absolute transparency in the procurement process. All procurement information is held centrally on the organisations SharePoint site.

VisitScotland confirms that clean audit reports have been filed for Procurement activity.

5.3 Risk

VS maintain a Corporate Risk Register that shall continue to include entries for Procurement risk at a corporate level.

At an operational level a risk assessment is conducted at the outset of each regulated procurement exercise capturing risk in the procurement event.

As the process of Contract and Supplier Management matures, risk registers will be developed and maintained on a contract by contract basis in conjunction with the end user and appointed Supplier.

5.4 Fraud Avoidance

The organisation maintains a fraud avoidance policy which provides guidance on the prevention, detection, reporting and handling of fraud within VisitScotland. Procurement is a key area where fraud prevention measures can have a major positive impact.

The following mitigating procedures have been put in place within the procurement environment:

- All Procurement team members have undertaken anti-fraud training;
- Separation of Duties is a guiding principle throughout the VS Purchase-to-Pay process and system;
- Conflicts of Interest declarations are required within the Employee Handbook;
- VS maintains a comprehensive Whistleblowing Policy within the Employee Handbook;
- VS Standard Conditions or Contract include anti-corruption and anti-fraud clauses aligned with the Bribery Act 2010

Section 6 – Supplier Inclusion

SME Expenditure

The duties of Sustainable Procurement include a requirement to **“facilitate the involvement of small and medium enterprises, third sector and supported businesses in the process”**. This is a duty that VisitScotland also places significant importance on.

- 78% of VisitScotland’s non-payroll expenditure is with SMEs

SME Inclusion in Tendering

Public Contracts Scotland (PCS) is used as the tender portal for VisitScotland. As highlighted in Section 4.1 the volume of SME procurements is summarised as follows:

- Period: 31 December 2016 to 31 March 2017 VS awarded **29 tendered contracts to SMEs (14 awarded to Scottish-based SMEs)**
- Period: 1 April 2017 to 31 March 2018 VS awarded **34 tendered contracts to SMEs (22 awarded to Scottish-based SMEs)**

The Third Sector

‘Third Sector organisations’ is a term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations such as charities, and social enterprises (including supported businesses).

VisitScotland is actively looking to grow the involvement of the third sector in the procurement process. As an organisation we are a participant in the Scottish Government led Supported Business Action Group (SBAG).

In the period 1 April 2017 – 31 March 2018, VS spent approximately £25,000 in the Third Sector.

Section 7 Community Benefits

The potential to deliver Community Benefits is a consideration in all regulated procurements and in the event that the organisation has a procurement requirement greater than £4M in value then mandatory Community Benefits clauses will be applied in accordance with the Procurement Reform (Scotland) Act.

Community Benefits clauses are incorporated into all regulated procurements on a voluntary submission basis. Where a bidder offers Community Benefits within their tendered submission, these will be accepted as a contractual requirement.

Through tendering there is clear evidence that many of our contracted suppliers are providing significant and varied community benefits, with a number developing community benefits strategies and members of organisations such as Business in the Community Scotland. Others are also affiliated with organisations including Scottish Business Pledge and Scottish Government's Partnership for Change.

Through inclusion of Community Benefits clauses, VisitScotland's contracts has directly led to:

- LDDS have recruited a new warehouse person and a part-time driver to deliver the contract in Glasgow & Carrbridge operations (Leaflet Merchandising, Storage and Distribution).

Annex A – Summary of regulated procurements expected to commence during the period 1 April 2018 to 31 March 2020

Please note that this list is provisional and subject to change.

Month / Year	Contract Title	Contract Start Date	Period of Contract	Anticipated value
May-18	Stand Space at IMEX Frankfurt	01/01/2018	5	£100,000
Jun-18	Content Management System	23/06/2017	12	£75,000
	Microsoft Enterprise Agreement	01/07/2015	36	£570,000
Jul-18	WAN Services	01/08/2015	12+12+12	£290,000
Aug-18	Stand space The Meetings Show	11/04/2018	4	£50,000
	Secure Storage Services	17/08/2016	12+12	£50,000
Sep-18	Content Aggregation Tool	30/09/2015	36	£65,000
	Estates Professional Services	01/10/2017	12	£100,000
Oct-18	Sales Agency Services - France (Business Events)	09/10/2015	12+12+12	£70,000
	Brand Marketing Creative & Production	01/11/2015	12+12+12	£3,300,000
Nov-18	Stand Space for IGTM	10/05/2018	6	£65,000
Dec-18	License and Support for Epos Solution	01/01/2018	12	£50,000
Mar-19	Search Engine Optimisation	02/03/2016	12+12+12	£800,000
	Retail Publications - LOT 1 Books and Maps	17/03/2016	36	£470,000
	Provision of Destination Management System	21/07/2017	12+6	£195,000
	Brand and Communications Tracking and Evaluation Survey	01/04/2015	36+12	£680,000
	Domestic Media Planning, Buying and Associated Services to VS	01/12/2015	12+12+12	£15,000,000
Apr-19	Technical Skills Training	01/05/2016	36	£60,000
	Sporting Event	01/12/2016	36	£140,000
	Insurance Services	01/05/2016	36	£160,000
May-19	iCentre Design and Build	01/03/2017	3+12+12	£1,200,000
Jun-19	Digital Creative Services	15/06/2016	12+12+12	£2,100,000
	Sales Agency Services - Spain	28/06/2016	12+12+12	£54,000
Jul-19	PR Agency Services - Spain (Business Events)	07/07/2016	12+12+12	£70,000
	PR Agency Services - Germany (BTU)	30/07/2016	12+12+12	£135,000
	PR Services North America - Lot 2 Business to Business	01/08/2016	12+12+12	£260,000

	PR Services North America - Lot 1 Leisure	01/08/2016	12+12+12	£660,000
Oct-19				
	Hospitality services at Business Tourism exhibitions in the UK and Europe	01/11/2016	12+12+12	£50,000
	Sales Agency Services - German Speaking Market	11/10/2016	12+12+12	£270,000
Nov-19				
	Trip Planner	01/12/2017	12+6+6	£115,000
	Data Capture & Campaign Fulfilment	01/12/2016	12+12+12	£150,000
Dec-19				
	Scottish Accommodation Occupancy Survey	01/01/2017	12+12+12	£285,000
Jan-20				
	Supported Business Travel	04/01/2017	12+12+12	£165,000