



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

HIE PROCUREMENT STRATEGY

2024-2028

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1. Introduction

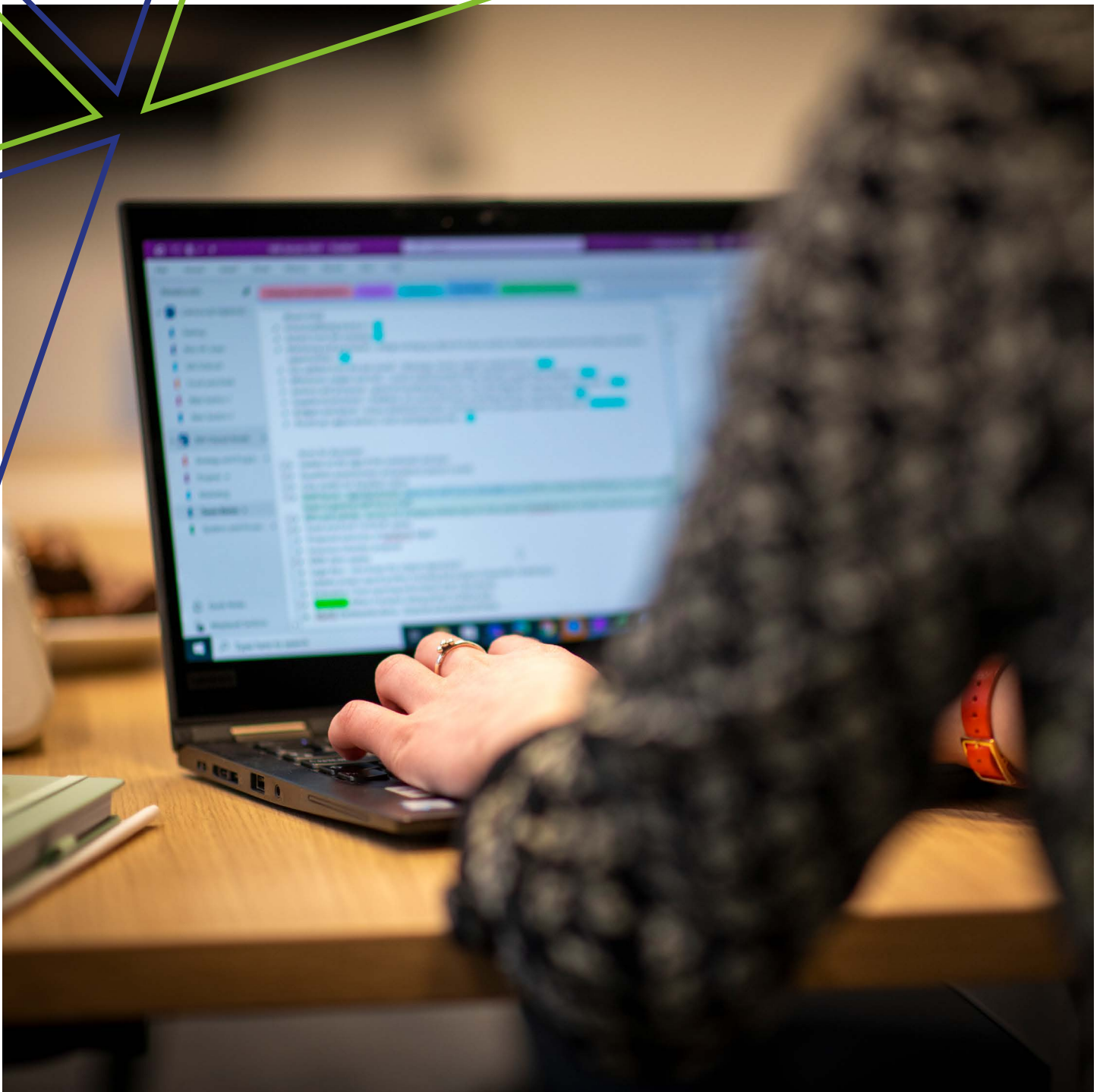
This strategy sets out the procurement objectives for Highlands and Islands Enterprise (HIE). This strategy has been developed in line with the [Public Procurement Strategy for Scotland 2023 to 2028](#) and the aims and objectives contained within the HIE Strategy 2023 to 2028.

HIE's role is to lead regional growth and development in line with Scotland's Economic Strategy, improving competitiveness and helping build a fairer society, this has wider implications than this strategy which focuses on procurement. HIE expects its subsidiary organisations to have a procurement strategy in place.

2. Procurement Vision

Our vision is to achieve the highest standard of professional procurement which delivers value for money, directly contributes to a leading net zero region with a dynamic wellbeing economy, which benefits its growing population and makes a valued contribution to Scotland.





3. Strategy Rationale/Context

This strategy supports the Public Procurement Strategy for Scotland which aligns to the National Performance Framework and HIE’s Strategy 2023-2028 and continues to work to help deliver Scotland’s National Strategy for Economic Transformation (NSET) in the Highlands and Islands.

HIE’s Strategy 2023-2028 sets out a new vision, purpose, strategic objectives, actions and key outcomes we seek to deliver across the region. The strategic framework encompasses four pillars – People, Place, Planet and Prosperity, with core cross-cutting themes related to **embedding net zero, fair and inclusive growth** and **regional transformational opportunities**. These cross-cutting themes influence our procurement strategy which is also aligned with HIE’s purpose “Build and sustain a greener, fairer and more resilient region that benefits everyone”.

Our strategy is also influenced by procurement and wider legislation and policy (including Scottish Procurement Policy Notes (SPPN’s) that impact on procurement processes and practices.

4. Strategic Aims and Objectives

The strategic aims of the procurement function and our processes are to support the delivery of the aims and objectives of HIE’s strategy and the Public Procurement Strategy for Scotland 2023-2028 key enablers (Procurement capability, supplier development and engagement collaboration).

	STRATEGIC PRIORITIES AND OBJECTIVES
HIE’s strategy	<p>The region has a balanced, distributed and growing working age population and skilled labour force.</p> <p>Management and leadership capability and a strong entrepreneurial culture are embedded in our businesses and communities.</p> <p>Unique regional advantages are levered to attract talent, develop sectors and encourage investment.</p> <p>Communities are more resilient and strengthened through local wealth building.</p> <p>Regional equity is improved through enabling infrastructure and targeted interventions.</p> <p>The region is increasingly recognised and valued as an international exemplar for renewable energy and low carbon innovation.</p> <p>The value and opportunity offered by the region’s natural resources are understood and are a catalyst for social and financial investment.</p> <p>The region and its communities have embraced and accelerated the just transition to net zero and are increasingly resilient.</p> <p>More enterprises and communities are innovative and adaptable to capitalize on opportunities and transition to net zero, increase productivity and wellbeing.</p> <p>The economic base is diversified, strengthened and more resilient to economic shocks and technological change.</p>
Public Procurement Strategy for Scotland	<p>Good for Businesses and their Employees – maximise the impact of procurement to boost a green, inclusive and wellbeing economy, promoting and enabling innovation in procurement.</p> <p>Good for Places and Communities – maximising the impact of procurement with strong community engagement and development to deliver social and economic outcomes as a means to drive wellbeing by creating quality employment and skills.</p> <p>Good for Society – ensure that we are efficient, effective and forward thinking through continuous improvement to help achieve a fairer and more equal society.</p> <p>Open and Connected – ensure procurement in Scotland is open, transparent and connected at local, national and international levels.</p>

Our aim is to conduct our procurement processes in an open, fair, inclusive, and transparent manner ensuring we can demonstrate value for money, innovation and fully embrace the principles of sustainable procurement and support the transition to net zero strategy, implement community benefits and community wealth building and contribute towards reducing inequalities within the region.

HIE’S procurement team enable, influence and support:

- An efficient and effective facilitation service for contractual spend
- The identification of commercial opportunities and appropriate delivery models
- Advice and guidance on the procurement and contract and supplier management processes
- Contracts being tendered and awarded in an open, fair, inclusive, transparent and compliant manner
- The identification and implementation of improvements to our procurement processes and documentation
- Staff with the provision of procurement related training.

COMPLIANCE WITH THE PROCUREMENT REFORM (SCOTLAND) ACT 2014

The following statements are included in this strategy to demonstrate how we will deliver the requirements of the Procurement Reform (Scotland) Act 2014.

Commercial targets

We will continue to explore and identify commercial opportunities and appropriate delivery models – including out-sourcing, partnership working, in-house and hybrid solutions.

Section 7 (Implementation, Monitoring, Reviewing and Reporting) provides a high-level listing of the key reporting criteria we will report on.

Effective contract and supplier management

Appropriate Regulated Procurements include details of our key performance indicators (KPIs) that apply to a specific contract and are regularly monitored during the contract period. KPIs may also be discussed and agreed with a contractor during an implementation meeting before the start of the contract. Our main contractors are required to submit an annual return form relating to areas of reporting and due diligence. Our internal procurement training includes aspects of contract and supplier management, and our contract managers are provided with CSM guidance and an information pack.

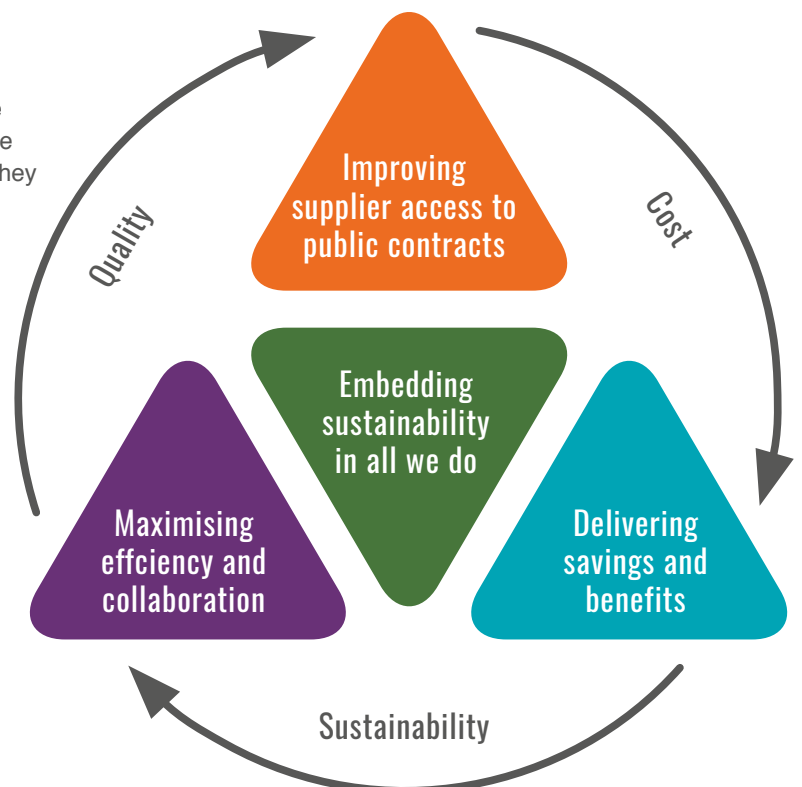
Deliver value for money

Our procurement practices and processes are designed in line with the Scottish Model of Procurement, which defines value for money as the best balance of cost, quality and sustainability. Best value will be achieved by obtaining Most Economically Advantageous Tender (MEAT) tenders.

Our procurement processes also consider due diligence in relation to data protection, cyber security and sanctions.

The Scottish Model of Procurement

Where appropriate we will use national/sectoral collaborative and our own framework agreements to enable a quicker route to market for regularly procured goods and services, where they deliver value for money.



Duty to treat relevant economic operators equally and without discrimination

Our Regulated Procurements will be conducted in compliance with the procurement legislation (Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) 2016 Regulation demonstrating equal treatment, non-discrimination, transparency, proportionality and relevancy.

Transparency and Proportionality

By using appropriate procurement routes to market and processes, we will ensure that we are acting in a transparent and proportionate manner, considering the value, risk and legislative requirements of each specific procurement. HIE will use the available national procurement portals – Public Contracts Scotland (PCS) and Public Contracts Scotland Tender (PCS T) to publish and advertise our regulated procurement opportunities.

Our approach to community wealth building into the HIE region will help identify appropriate lotting of requirements to help local small and medium sized businesses, third sector organisations and support businesses have an opportunity to bid for and win work.

Our Forward Plan of Regulated Procurements is published on a quarterly basis on our website and is referred to in our PCS buyer profile.

For appropriate procurements, as well as advertising the opportunity via PCS we will develop and publish a recorded webinar and promote this via our social media platforms.

We will continue to signpost suppliers to the [Supplier Development Programme](#) to help raise awareness of the events and services provided to help suppliers bid for public sector contracts.

Sustainable Procurement Duty

HIE will undertake regulated procurement in compliance with the Sustainable Procurement Duty, through processes and the use of tools that embed sustainable procurement practices into our procurements.

One of HIE's Strategic cross-cutting themes relates to net zero, our procurement processes and procedures will help to identify opportunities to contribute to a transition to lower emission supply chains, a low carbon economy, solutions and circular economy obligations.

Our use of the Scottish Government's Sustainability Toolkit helps identify priorities and objectives linked to sustainability and the circular economy. The toolkit includes the Prioritisation, Life Cycle Impact Mapping, Flexible Framework and Sustainability Tools.

HIE is developing a Net Zero Action Plan which will incorporate a procurement section. We will challenge ourselves at each stage of the procurement life-cycle – with emphasis on the early planning stage – on whether we need to procure something, if so, how the specification will contribute to our future sustainability priorities, what and how much we should procure and how we will evaluate the products/services/works – and where appropriate take into account whole life-cycle costs and circular procurement.

HIE will use equality (people) impact assessments to identify where relevant and proportionate equality and diversity requirements within our procurement documentation that help reduce inequalities and meet the requirements of the Public Sector Equality Duty (PSED) as set out by the Equality Act 2010.

We will assess the Scottish Government national supported businesses dynamic purchasing system to identify opportunities to procure goods and services from supported businesses.

HIE will develop a Community Wealth Building Action Plan during the period of this strategy.

Through our approach to community wealth building into the HIE region, we will:

- Apply appropriate lotting structures of requirements to help local small and medium sized businesses, third sector organisations and supported businesses have an opportunity to bid for and win work;
- Promote procurement opportunities through our social media platforms;
- Include HIE region businesses in our unregulated procurements;
- Include community benefits in our regulated procurements.

Community Benefits

We have a legal obligation to consider including community benefit requirements for contracts valued over £4 million. Where proportionate and relevant though, HIE also includes community benefit requirements for contracts valued at less than £4 million. Our aim is to receive targeted, relevant and proportionate community benefits and community wealth building into the HIE region to support local priorities, and delivery is monitored through our contract management processes.

The types of Community Benefits and community wealth building we may seek to incorporate in our contracts may include aspects relating to the following themes:

- Community Engagement
- Education and Outreach
- Employability and Skills
- Sponsorship and Funding
- Supply Chain.

CONSULTING AND ENGAGING

We will, as appropriate, consult and engage with parties who will potentially be affected by the outcome of a tender process. This may include engagement and/or consultation with:

- The marketplace
- Customers/end users
- Community representatives
- Internal stakeholders
- Collaborative partners and the other external stakeholders.

We will consider the use of Prior Information Notices published through Public Contracts Scotland (PCS) to make the market aware of our future tendering plans and where relevant gather feedback on our early ideas for the procurement.

We may undertake market research with suppliers, and other public sector organisations and consult with users, to assist in the production of a contract strategy, specification and/or evaluation criteria. Where external users or businesses may be receiving support or specialist services through our procurements, our consultation and engagement may include market research, surveys or workshops to help understand needs to inform our specification and ensure outcomes from the contract can be realised.

We will continue to work collaboratively with other public bodies for example through the Scottish Government Procurement Collaborative Group and the local procurement Cluster Group which facilitates the sharing of knowledge and best practice.

5. Spend

Living Wage

HIE is a real Living Wage accredited employer and recognises that our procurements can help to promote and underpin the principles and practice of fair work being embedded in the economy and our supply chain. Payment of the real Living Wage (as defined by the [Living Wage Scotland](#)) is a significant indicator of an employer's commitment to fair work practices. Where relevant and proportionate, HIE will address fair work practices of suppliers, particularly through our regulated procurements which may include the evaluation of a Fair Work First related question, and/or the mandating of the payment of the real Living Wage to workers on our contracts. Our contract management process will monitor performance against fair work practices.

Our processes help contribute towards improving the social well-being of local and fragile areas and reducing inequalities within the HIE region.

Health and Safety at Work

The degree to which health and safety requirements, risks and necessary measures are specified and are to be evaluated/monitored will be advised within our procurement and contract documentation. This will vary according to the goods, services or works being purchased and any associated risks.

Compliance with health and safety related legislation is mandated in our standard terms and conditions of contract.

Fairly and ethically traded goods and services

We will complete a Sustainability Test (Scottish Government sustainability tool) before undertaking any relevant Regulated tender process. This will help to identify any environmental or socio-economic impacts that may exist relating to a specific product, service or works. It may identify opportunities to incorporate Fair Work Practices into the tender process or it may identify risks to fair and ethical working practices in the supply chain which we can then consider in the tender documentation.

We will incorporate terms and conditions to ensure suppliers comply with relevant environmental, social and employment law. Our goal is to ensure goods, services and the supply chain are traded fairly and ethically. Where relevant and proportionate we may use appropriate and recognised standards and labels and maximise the use of lifecycle costing.

If we are procuring food, we will ensure we aim to be a showcase for regional produce and specify the minimum standards expected. This may include promoting the highest standards of animal welfare, delivery of good nutritional value, the promotion of good health and education, customer dietary and cultural requirements, protection of the environment and avoiding the use of unnecessary natural resources and waste while contributing towards economic development.

HIE's procured spend has averaged around £29.45 million per annum over the last three financial years (2020/21 £19.64 m, 2021/22 £33.02 m and 2022/23 £35.70 m). This includes all spend on procured goods, services and works - regulated and unregulated procurements, revenue and capital expenditure.

Prompt payment of suppliers is a key element of the Scottish Government's Economic Recovery Programme. We recognize the importance of prompt payment to the sustainability and resilience of supply chains. Payment of valid contractor and sub-contractor invoices within 30 days throughout the supply chain of public contracts is a requirement for us. Successful suppliers are expected to make payments to its supply chain within these maximum timescales. Prompt payment is addressed at the selection and award stages, as well as in our terms and conditions of contract, and through contract management.

Where contractors engage suppliers and/or sub-contractors in connection with our contracts, contractors are required to pay undisputed sums to their suppliers and/or sub-contractors within thirty days of receipt of a valid invoice.

As also required by the Scottish Government, HIE has a policy commitment to pay its own suppliers within 10 working days of receipt of undisputed invoices, or as provide for under the terms of an agreed contract.

HIE uses Project Bank Accounts as required for large construction projects.

HIE's performance in paying its own suppliers is published in our Annual Report.



6. Implementation, Monitoring, Reviewing and Reporting

For the period of this strategy HIE will progress an action plan aligned to Public Procurement Strategy and HIE's Strategy. The strategy and action plan will be reviewed annually with progress and proposed amendments reported to senior management as part of the Scottish Government (SG) Annual Procurement Reporting process. HIE's Annual Procurement Report will be published on our website and forwarded to the SG.

Amendments to our action plan will include where required:

- New Scottish Procurement Policy Notes (SPPNS) actions
- Recommendations identified through the SG Procurement Capability and Improvement Programme (PCIP)
- Best practice improvements.

Key reporting criteria which we will seek year on year improvements in will include:

- Savings
- Spend with SME's/third sector/supported businesses
- Spend in the HIE region
- Maverick spend
- Community benefits and community wealth building delivered into the HIE region
- Environment and climate change related reporting as and when introduced.

7. Strategy Ownership

Strategy signed off by Leadership Team

Strategy published – 29 January 2024

Strategy owner – Head of Procurement

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