**Procurement Journey**

**Procurement Strategy**

**Best Practice Template**

V 2.0



Procurement strategy

Document subtitle

Procurement strategy

**Introduction and Disclaimer**

*This template has been developed to contain a set of STANDARD procurement strategy sections, which may be used by an organisation to create a new procurement strategy or develop an existing procurement strategy document.*

*It is at the discretion of the individual organisation whether to use some, all or indeed none of this template to prepare for its procurement strategy.*

*Not all sections of this procurement strategy template will be appropriate for all organisations. As a result, it is the responsibility of the organisation to ensure that its final published procurement strategy is relevant and proportionate, meeting all legal and internal governance requirements.*

*Please note that:*

* *This template is an example only and should be adapted to suit individual circumstances. The template includes links to examples of strategies and these are provided for illustrative purposes only*
* *The term “organisation” used in this document also refers to: contracting authority; contracting entity; public body; public organisation*

***Any questions regarding the content of a procurement strategy should be raised with respective internal legal departments.***

section 1 - contents

This contents page lists examples of real-life sections that have been included in procurement strategies.

There is no one-size-fits-all approach. A procurement strategy will reflect an organisation’s function, its objectives and priorities.

The organisation should ensure that the content of its final published procurement strategy is relevant and proportionate whilst meeting all legal and internal governance requirements.

* Introduction / Executive Summary
* Procurement Vision / Mission Statement
* Strategy Rationale / Context
* Strategic Aims, Objectives & Key Priorities
* Spend/Finance
* Recommendations and Other Content for Consideration
* Monitoring, Reviewing and Reporting on Strategies
* Strategy Ownership and Contact Details
* Policies, Tools & Procedures
* Appendices
* Glossary

**Note to buyer:**

**Please delete the above notes when using this procurement strategy template.**

section 2 – introduction/executive summary

An Executive Summary demonstrates that the organisational owner, for example board level or equivalent is committed to the aims, objectives and delivery of the procurement strategy of an organisation. This section should explain the organisation’s approach to procurement including context, strategic goals & objectives and prevailing challenges.

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section 3 – procurement vision/mission statement

A mission statement refers to the present (the organisations purpose and what it delivers), whereas a vision statement points to a future, aspirational destination (where do we want to be in X years?).

An unambiguous vision statement should be included in a procurement strategy. This can be accompanied by a mission statement that should be aligned to reflect the purpose & values of the organisation, which all employees should understand and work to deliver. Vision & mission statements should be:

* aligned to the organisation’s goals & objectives
* consider the vision of the [Public Procurement Strategy for Scotland](https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028/)
* visible within and out with the organisation
* realistic and achievable
* concise, inspirational and engaging
* easily articulated

Some illustrative examples of existing public sector vision & mission statements can be found below:

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section 4 – strategy rationale/context

This section should contain an explanation of the rationale behind a procurement strategy e.g.:

* what is the purpose of the strategy?
* what are the drivers behind Procurement Functions’ strategic aims & objectives?
* economic challenges?
* local & national objectives including the [Public Procurement Strategy for Scotland](https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028/)
* existing skillsets / gaps?

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section 5 – strategic aims, objectives and key priorities

As laid out in the [Act](http://www.legislation.gov.uk/asp/2014/12/part/2/crossheading/procurement-strategy-and-annual-report), a procurement strategy should explain how the organisation’s approach to procurement fits with and aligns to its broader organisational aims and objectives.

Strategic Aims, Objectives & Key Priorities may be categorised in line with National Outcome “Good Fors”:

* Good for businesses and employees
* Good for places and communities
* Good for society
* Open and Connected

A procurement strategy should confirm that there is a clear pathway for:

* identifying and acting on improvements;
* ensuring that best value/value for money is being obtained consistently when goods and services are purchased.

Ensuring that, as a minimum, all mandatory requirements are included; this is the section where the detailed components of a procurement strategy should be laid out. For example:

* What is the strategic direction for your procurement activities?
* What are the organisation’s overall procurement objectives?
* What improvements does the organisation plan to deliver over the reporting period?
* What action plans will it put in place to ensure the objectives are delivered?
* Outline performance indicators which will be used to monitor progress of each outcome for the lifespan of the strategy
* How will success be determined?



**mandatory requirements (**[**section 15(5) of the procurement reform (scotland) act 2014**](https://www.legislation.gov.uk/asp/2014/12/part/2/crossheading/procurement-strategy-and-annual-report)**)**

**It is in this section you can include the following requirements set out in the Act. Set out how the organisation intends to ensure that its regulated procurements will:**

* **contribute to the carrying out of its functions and the achievement of its purposes (2.5.1 of the Guidance under the Procurement Reform (Scotland) Act) This should include high level commercial targets and effective contract and supplier management**
* **deliver value for money (a balance of cost, quality and sustainability) (2.5.2)**
* **be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination (2.5.3))**
* **be undertaken in compliance with its duty to act in a transparent and proportionate manner (2.5.4)**
* **comply with the sustainable procurement duty (2.5.5)**

**and include statements of the organisation’s general policy on:**

* **the use of community benefit requirements (2.5.6)**
* **consulting and engaging with those affected by its procurements (2.5.7)**
* **the payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements (2.5.8)**
* **promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and any provision made under that Act (2.5.9)**

**the procurement of fairly and ethically traded goods and services (2.5.10)**

This live example from a Scottish public body’s procurement strategy, demonstrates how the effective use of the criteria laid out here can support, measure and deliver the organisation’s goals and objectives.



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section 6 – spend/finance

Most organisations include a section on spend/finance in their procurement strategy. This is where an organisation would normally include more information on how they will deliver value for money (a balance of cost, quality and sustainability).

This section could detail historical and projected spend information and spend analysis (for the organisation/sector/market) which could include:

* Total annual spend
* Spend by category
* Procurement influenceable spend
* Forecasts

Some areas that could be included for the organisation specifically are:

* Savings achieved
* Savings targets, and how to deliver and measure savings & benefits
* How the organisation will minimise cost and maximise value
* How will the spend profile be improved e.g. reduce maverick spend, increase SME/supported business ratio’s, etc.
* What financial tools, systems & processes are currently used? Can these be improved?
* Accountability and auditability – previous results and projections
* Planned budget allocation

**mandatory requirements (**[**section 15(5) of the procurement reform (scotland) act 2014**](https://www.legislation.gov.uk/asp/2014/12/part/2/crossheading/procurement-strategy-and-annual-report)**)**

**This section can include the mandatory statement of the organisation’s general policy on 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 the payment is presented:**

* **Payments due by the organisation to contractor(s),**
* **Payments due by a contractor to a sub-contractor(s),**
* **Payments due by a sub-contractor to sub-contractor (2.5.12)**

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section 7 – recommendations and other content for consideration

In addition to the mandatory requirements, there are many other common elements in a procurement strategy which an organisation can consider, if relevant to its organisation, such as:

* How to define the supply need
* People and skills – how to identify and address skills gaps/improve the skillset across the team
* Supplier Engagement and Contract Management
* Organisational enhancements
* Identification and management of [risks](https://procurement-journey.test.wsdev.org/additional-resources/risk-management) & opportunities e.g. collaboration opportunities
* Accountability and auditability

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section 8 – implementation, monitoring, reviewing and reporting

This section can used to detail procurement performance management and monitoring structures and processes.

Although not a mandatory requirement of the Act, it is strongly recommended that organisations also focus on the appropriate [PCIP](https://procurement-journey.test.wsdev.org/pcip/pcip-overview) Assessment Question (the procurement influence question) when developing their strategy.

In addition the Act requires specific measures to be reported via the [Annual Report](http://www.legislation.gov.uk/asp/2014/12/section/18). Further information can be found in the [statutory guidance for the Procurement Reform (Scotland) Act 2014](https://www.gov.scot/publications/procurement-reform-scotland-act-2014-statutory-guidance/pages/2/)

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section 9 – strategy ownership and contact details

The organisation should include the strategy owner name(s), responsibilities and contact details in its procurement strategy. Some organisations may include this information in a Foreword, or in another section of the procurement strategy. This is at the discretion of the organisation.

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section 10 – policies, tolls and procedures

To provide further information to its audience an organisation should consider listing (and linking to) local and national policies, processes and procedures. Some examples are listed below (this is not an exhaustive list).

Some examples of Local Policies & Procedures are as follows:

* Key Stakeholder Map / internal / external customers
* Risk Management
* Gifts, hospitality and other inducements
* Conflicts of interest / anti-competitive behaviour / fraud awareness
* Suppliers charter

Examples of National Policies, Tools and Legislation can be found by clicking the following links (this is not an exhaustive list):

* [Scottish Model of Procurement](http://www.gov.scot/Topics/Government/Procurement/about/spd-aims)
* [The Public Procurement Strategy of Scotland](https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028/)
* [Procurement Thresholds](https://procurement-journey.test.wsdev.org/additional-resources/thresholds)
* [Procurement Journey](https://www.procurementjourney.scot/)
* [PCIP](https://www.procurementjourney.scot/pcip/pcip-overview)
* [Public Contracts Scotland](http://www.publiccontractsscotland.gov.uk/)
* [Public Contracts Scotland – Tender](https://www.publictendersscotland.publiccontractsscotland.gov.uk/esop/pts-host/public/pts/web/login.html)
* [Information Hub](https://www.gov.scot/publications/scottish-procurement-information-hub-contract/)

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section 11 – appendices

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section 12 – glossary

Since the audience may not be familiar with all terms used in the procurement strategy, it may be useful to provide a glossary of terms near the back of a procurement strategy document. This should explain/define any unusual, difficult or specific words, terms and/or expressions used in the text.

This is particularly relevant if your organisation operates in a specialist field/market.

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