Procurement Strategy & Annual Procurement Report

Procurement Strategy

The Procurement Reform (Scotland) Act 2014 requires any public body which expects to have a total anticipated estimated spend (of all its regulated procurements) of £5 million or more (excluding VAT) in any financial year should publish a procurement strategy before the start of that financial year, and review it at least annually. This requirement also applies to an organisation that becomes aware of reaching this level of procurement spend during the financial year. A group of 2 or more organisations may have a joint procurement strategy.

The 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 million excluding VAT for a public works contract).

An organisation with procurement spend of less than £5 million (excluding VAT) on regulated procurements in the financial year, while not legally required, is encouraged to publish a procurement strategy as a matter of good practice.

Scottish Ministers should be notified of the publication of the strategy by sending an email to 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.

The Public Procurement Strategy for Scotland 2023 – 2028 was published in April 2023. It is expected that the national strategy will be reflected in individual procurement strategies.

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

To meet legislative requirements, those organisations who are required to publish a procurement strategy must 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.

For those organisations who are not legally required to complete an annual procurement report it is recommended as best practice to compile an annual report that is proportionate to the procurement activity of your organisation and complete the relevant annex A data template.

SPPN 2/2025 provides details of how a public body should notify Scottish Ministers of the publication of their annual procurement report covering the financial year 2024 to 2025 and 2025 to 2026, including submitting a completed template provided at annex A of the SPPN.

SPPN 1/2026 provides details of how a public body should notify Scottish Ministers of the publication of their annual procurement report covering the financial year 2026 to 2027, including submitting a completed template provided at annex A of the SPPN (MS Word or MS Excel).

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.

Key Points of the SPPNs (SPPN 2/2025 and SPPN 1/2026)

- Public bodies which expect to have significant procurement expenditure are required to prepare and publish a procurement strategy or revise an existing strategy under the Procurement Reform (Scotland) Act 2014.
- A public body has significant procurement expenditure in a year if the sum of the estimated values of the contracts to which its regulated procurements in that year relate is equal to or greater than £5 million.
- Some changes have been made to the annex A data template for public bodies to implement for financial year 2026 to 2027 annual procurement reports.

In addition, while individual annual procurement reports must meet legislative requirements set by the Procurement Reform (Scotland) Act 2014, 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. We achieve this through the annex A data template.

Public bodies should complete the relevant annex A data template and include it in the email which is sent to: annualprocurementreport@gov.scot

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 annual procurement reports from public bodies. This is called the Annual Report on Procurement Activity in Scotland.

The Annual Report on Procurement Activity in Scotland 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

(file type: docx)

Procurement Strategy- Blank Template

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Annual Procurement Report - Guidance and Blank Template

(file type: docx)

Annex A Data Template - 2024 to 2025 and 2025 to 2026

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Annex A Data Template - financial year 2026-2027 onwards (MS Word)

(file type: docx)

Annex A Data Template - financial year 2026-2027 onwards (MSExcel)

(file type: xlsx)