



# **David MacBrayne Limited**

## **Procurement Strategy 2020-23**

# David MacBrayne Limited Procurement Vision and Policy Statement

David MacBrayne Limited (DML) is wholly owned by Scottish Ministers. It is the UK's largest ferry operator and one of the largest transport operators in Scotland, providing essential lifeline services and logistical support to island and remote communities. DML has a number of subsidiaries, including ferry operators CalMac Ferries Ltd, and a human resource subsidiary, David MacBrayne HR (UK) Ltd and Solent Gateway Ltd (SGL), a Joint Venture with GBA (Holdings) Ltd. In order to deliver these services DML procures a diverse range of works, supplies and services from its suppliers.

DML aims to ensure that commercial excellence is embedded throughout the organisation, services always deliver best value and excellence is embedded in commercial, procurement (the whole process from identification of need, specification, selection, evaluation and award) and commissioning practices and skills. Procurement objectives are aligned with DML's corporate objectives and the Scottish Government National Performance Framework.

DML is committed to the following, which must be adhered to by everyone involved in the procurement process, whether as budget holder, end user or purchaser:

- Staff undertaking procurement decisions have the appropriate authority and capability;
- Demonstrate leadership and the highest standards of honesty, integrity, impartiality and objectivity in all our dealings with suppliers and potential suppliers;
- Procurement to be conducted through the most appropriate Procurement route to market;
- Improve supplier access to DML contract opportunities, including the publication of contract notices on Public Contracts Scotland and enabling SMEs, third sector and supported businesses to compete for work, either as a contractor or sub-contractor;
- Deliver efficiencies and savings to ensure value for money, including consideration of whole life costs and the best price/quality ratio;
- Enabling optimum procurement practices, continuous improvement and innovative solutions;
- Embed sustainability in procurements in a relevant and proportionate manner through the use of Scottish Government sustainable procurement tools including the Prioritisation Methodology and Sustainability Test as required by the Procurement Reform (Scotland) Act 2014;
- Apply the EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition in all procurements;

- Compliance with the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015, the Utilities Contracts (Scotland) Regulations 2016, and all other relevant legislation or regulations;
- Compliance with the Utilities Contracts Regulations 2016 for SGL;
- Undertake consultation with key internal and external stakeholders, including early engagement to ensure relevant risks and opportunities are considered in commodity strategies;
- Collaborate with other contracting authorities where appropriate including relevant use of sector or National Frameworks and sharing of best practice;
- Payment of suppliers on time in accordance with contractual arrangements;
- Monitor and report performance annually against DML's Procurement Strategy and intended objectives.

The Procurement Policy, endorsed by senior management, will be reviewed on an annual basis.

**Group Finance Director: Janine Beckett**

**Dated: 9 June 2020**

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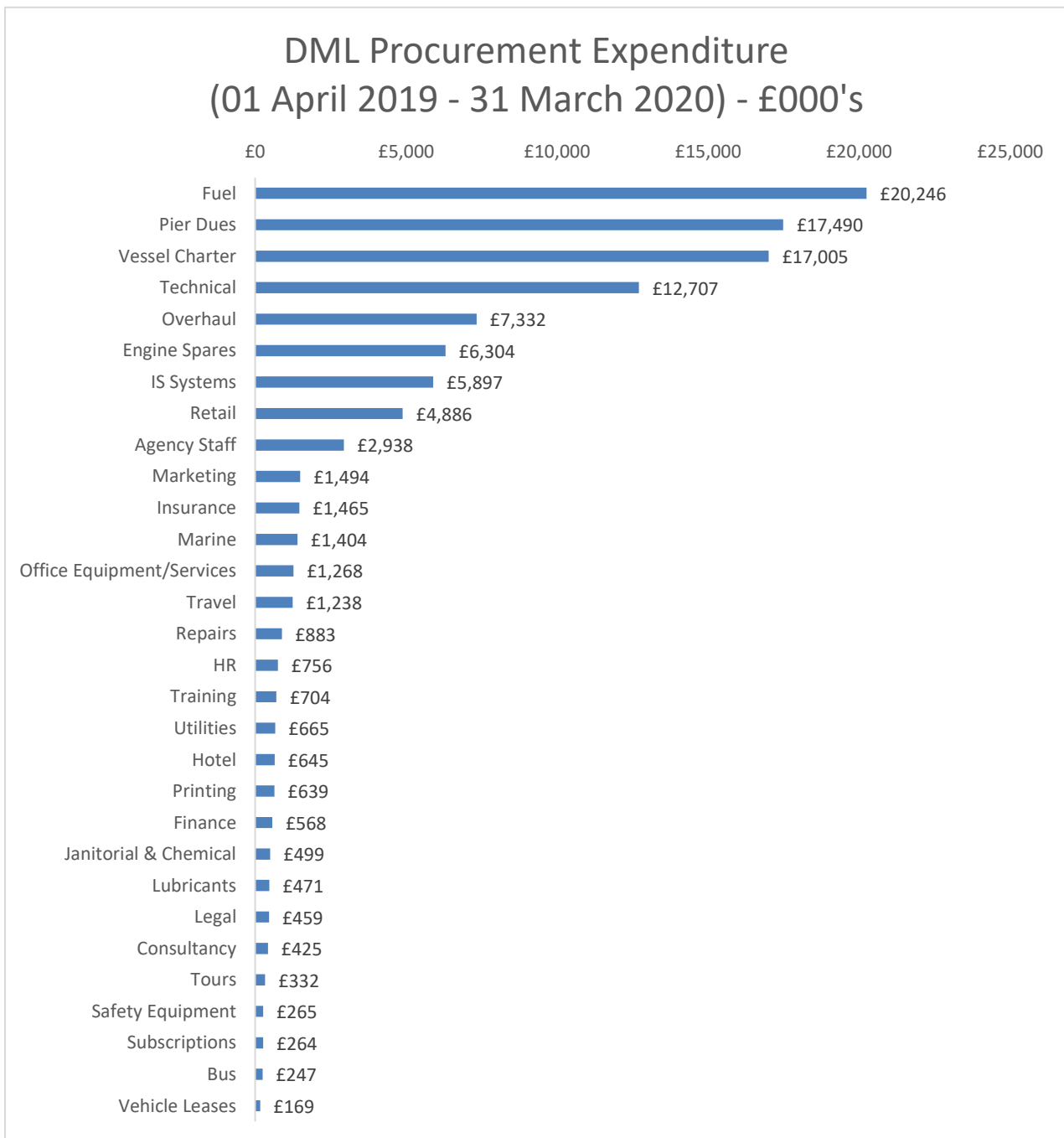
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# 1. Introduction

## 1.1 Background

David MacBrayne Ltd, which is wholly owned by Scottish Ministers, is the UK's largest ferry operator, running 29 routes to over 50 destinations across 200 miles of Scotland's west coast. Our fleet of 33 vessels complete approximately 136,000 sailings a year with crossings ranging from 5 minutes to 7 hours. We provide an everyday lifeline service to west coast communities, and for tourism, we play a critical role in enabling its development, which is hugely important for the area's economy.

DML's annual procurement expenditure from April 2019 – March 2020 was £110,024,051. The breakdown of our spend for this period is shown by category in the following table. It includes spend of £100,000 or over, by category:



Procurement is the process of obtaining goods, services and works from third parties; from the consideration and identification of the need, specification of relevant requirements, supplier selection, contract award and invoice payments. It is an important enabler of organisational and National outcomes. This Strategy also considers the appropriate management of awarded contracts to monitor and report relevant outcomes.

Details of the projected contracting activity for Financial years 2020/21 and 2021/22 are included in Annex A. This may be subject to change due to budgetary readjustments, prioritisation and the requirements of the business.

## 1.2 Aim of this Strategy

This document sets out DML's priorities and action plan to ensure that procurement furthers the strategic objectives of the Scottish Government and DML including wider social, economic and environmental aims, delivers continual improvement while encouraging innovation. This Strategy for 2020-23 sets a framework for DML to ensure that procurement delivers value for money, directly contributes to the achievement of its aligned aims and objectives, adopts best practice procurement capability, clarifies how procurement is undertaken while ensuring compliance with the requirements of the Procurement Reform (Scotland) Act 2014, the Public Contracts Regulations (Scotland) 2015, Procurement (Scotland) Regulations 2016, Utilities Contracts (Scotland) Regulations 2016 and other relevant legislation.

Embedding good procurement practice and organisational capability involves a focus on enabling appropriate skills and capability of those involved in the procurement process, clearly articulated and aligned organisational procurement objectives, robust procurement processes, procedures and policies which deliver efficient procurement and are at all times relevant and proportionate, communication and engagement with key internal and external stakeholders, including suppliers and monitoring and reporting of organisational and contractual performance.

This Strategy, which has been approved in accordance with DML's internal governance, has been published on the DML website, and its development has involved consultation and communication with relevant staff and stakeholders. It describes for staff and stakeholders the management of DML's procurement process to meet corporate aims and objectives, while also describing relevant procurement practices, which are detailed within the Finance Manual.

This Strategy will be reviewed on a regular basis (at least annually), to ensure continual compliance with relevant legislation and related Strategies and other material changes impacting on procurement. This includes reporting performance against Strategy objectives. The Strategy will be updated by the Head of Procurement in consultation with relevant stakeholders and any changes will be reflected in the document.

## 2. Roles and Responsibilities

### 2.1 Procurement structure

DML's Head of Procurement and the Procurement Department are responsible for establishing best practice purchasing arrangements, for maintaining compliance to these consistently within DML and to provide guidance, advice and training to stakeholders. The Group Finance Director is accountable for all procurement activity.

It is the responsibility of all line managers to ensure that all staff involved in procurement processes adhere to the policies and practices detailed in this document.

'End user' is defined as the individual with responsibility for formulating a requirement for goods, services and works or providing the relevant budget. They define the need, ensure adequate consultation with users, provide technical expertise and approve key review stages throughout the procurement process.

'Purchaser' is defined as any individual who is authorised to procure goods, services and works on behalf of DML and Delegated Purchasing Authority is the authority permitting an individual to enter into a legally binding contract on behalf of DML, including variations and extensions to contracts.

Between £1 and £2,000 one written quotation is acceptable; between £2001 and £20,000 a minimum of three written quotes should be sought using the Group's low value quotation procedures as detailed in the Group's Finance Manual.

Where spend is estimated to be greater than £20,000 or the procurement is considered complex or high risk, in these instances they should be referred to the Procurement Department, who in conjunction with the End Users, will undertake the procurement exercise in line with the Group's tendering procedures. Above £50,000 all tenders will be advertised using the Public Contracts Scotland portal.

In exceptional circumstances, Non-competitive Action (Single Tender Action) may be required for procurements greater than £2,000, where they cannot satisfy minimum competition requirements. In these circumstances it must be justifiable, ensuring that all suppliers are treated fairly and in a non-discriminatory manner, while ensuring that value for money considerations are taken into account. Prior approval for such an Action is required from the Head of Procurement where the value is in excess of £20,000.

Liaison between End Users, Purchasers and other key stakeholders early in the procurement process is embedded as a good practice requirement, in particular:

- Defining the business requirements;
- Challenging need, reflecting intended outcomes, whole life (life cycle) costs;
- Deciding the optimum mechanism to deliver the requirements;
- Consideration of procurement alternatives and life cycle costs;
- Understanding market capability;
- Developing the Business Case which must be approved prior to proceeding to the Procurement Strategy phase;
- Determining the procurement route;
- Development of outcome-based specifications to attract market interest and stimulate competition and innovation.

In all procurements, the Procurement Department remains a central service providing support and advice to others with Delegated Purchasing Authority.

Section 4 of the Finance Manual clarifies the above practices.

## 2.2 Procurement Routes

DML will procure:

- Directly from the market;
- It will also utilise Framework Agreements for commonly procured items and services, such as Stationery, ICT, Utilities and Marketing, as follows:
  - Scottish Procurement Framework Agreements;
  - University Caterers Organisation (TUCO);
  - Crown Commercial Service (CCS) Framework Agreements;
  - Eastern Shires Purchasing Organisation (ESPO);
  - National Health Service (NHS);
  - Yorkshire Procurement Organisation (YPO).

Details of items available from Framework Agreements are maintained by the Procurement Team.

Utilisation of a Framework Agreement will reflect consideration of the scope and scale of DML's requirement and the optimum method of enabling achievement of intended outcomes. Call offs from Framework Agreements will be undertaken in accordance with procurement regulations and DML Procurement Procedures.

DML's procurement practices are based on best practice processes designed and approved by the Scottish Procurement and Commercial Directorate.

## 2.3 Procurement Practices

### 2.3.1 Requirements of Purchasers

DML Procurement Practices are set out in the Finance Manual.

While procurement is undertaken in accordance with the principles set out in Section 3, those responsible for the procurement process are required to follow appropriate practices, with the requirement to ensure that:

- The goods and/or services to be procured provide the best opportunities for attaining value for money;
- The procurement is based on a sound and approved Business Case;
- Procurement requirements are at all times relevant and proportionate;
- The project and budget have full approval;
- Timescales are realistic, requirements are clear and relevant for all procurement stages, including supplier selection, tender requirements, evaluation criteria and award.

### 2.3.2 Procurement Strategy

A Procurement Strategy is required for procurements with an estimated value equal to or greater than £50,000, and for high risk and complex procurements. This enables us to determine the optimum procurement strategy for the commodity in question and considers:

- Intended outcomes and appropriate use of outcome-based specifications to allow businesses to propose innovative and alternative solutions to our business needs;
- An understanding of the market for a commodity and how to approach the market;
- Historical spend patterns and any existing contracts or frameworks which may meet the requirement;
- The results of any soft market testing;
- Input and views of all relevant stakeholders.
- Alternative procurement models;



- Relevant risks and opportunities;
- Logistics, timescales, planning and risk management throughout the Procurement Journey.

The development of the Strategy must reflect:

- The input of a cross-functional team, or User Intelligence Group (UIG). The UIG will assist when developing the procurement strategy, assist with tender evaluation and the ongoing activities of contract/supplier management, monitoring, implementation, compliance and benefits tracking;
- Assessment of relevant and proportionate risks and opportunities.

### 2.3.3 Systems

In order to embed continual improvement and procurement efficiency, DML will continue to review our approach in terms of Purchasing automation opportunities.

## 3. Procurement Principles

In all dealings with suppliers and potential suppliers, DML will act with the highest standards of honesty, integrity, impartiality and objectivity.

Those engaged in commissioning of tenders/contracts must:

- Be fair, efficient, firm and courteous;
- Maintain the highest possible standard of integrity in all business relationships;
- Achieve appropriate professional standards in the management of contracts;
- Comply with the law, guidance on professional practice and contractual obligations;
- Declare any personal interest which may affect or be seen by others to affect impartiality;
- Respect the confidentiality of information received and ensure that information given is honest and clear;
- Respond promptly, courteously and efficiently to suggestions or enquiries, including handling Freedom of Information obligations according to Group policies.

DML will ensure that its procurement activities operate at all times in accordance with the following principles so that it treats economic operators equally and without discrimination:

- **Equal treatment and non-discrimination** – giving everyone the same chance to win a contract regardless of nationality or familiarity;
- **Transparency** - stating the requirements up front and adhering to them in an open and inclusive manner;
- **Proportionality** - setting the requirements in accordance with the needs of the contract in question;
- **Mutual Recognition** – giving equal validity to qualifications and standards from all Member States, where appropriate;
- **Confidentiality** – respecting the confidentiality of any information received regarding tenders and economic operators;
- **Standardisation** – making use of standardised procurement templates and tools where possible to ensure consistency, compatibility and efficiency, including the standard pre-qualification questionnaire;
- **Business-friendly** - making it easier for business, including SMEs and the third sector, to access contract opportunities and sub-contracting requirements. This includes the use of Lots and acceptance of relevant consortia bids.

In order to apply these principles DML will:

- Undertake relevant early market engagement to inform the Procurement Strategy prior to the publication of a Contract Notice on Public Contracts Scotland (PCS), allowing more time for tender responses;
- Publish our "buyer profile" on PCS and advertise as many contract opportunities as possible and publish Contract Award Notices - to give suppliers free access to contract opportunities;
- Use the "quick quote" facility for very low value contracts - to allow suppliers to bid for very low value contracts with the minimum of bureaucracy;
- Ensure that all language used and outcomes set are clear and precise allowing all "reasonably well-informed and normally diligent tenderers to interpret it in the same way";
- Use the European Single Procurement Document, adjusted to suit the particular procurement in a relevant and proportionate manner;
- Make standard Terms and Conditions widely available, including on our website;
- Enable a range of economic operators to compete for business including SMEs, third sector, supported businesses, suppliers from under-represented groups including consideration of the suitability of breaking contract requirements into smaller lots;
- Reviewing the potential for reserving contracts for supported businesses, reflecting the EU definition. This follows DML's experience in working productively with local Supported Businesses in the provision of the Clyde and Hebrides Ferry services;
- Ensure that contract requirements as established within specifications, invitations to tender, supplier selection, evaluation and award and contract management are relevant and proportionate to the subject matter of the contract reflecting market capacity and relevant intended outcomes. This will reflect early market and stakeholder engagement, a systematic consideration of relevant risks and opportunities, with purchasers having the capability to apply requirements in a relevant and proportionate manner;
- Open and inclusive publication of potential requirements, prior information notices, invitations to tender, awards and other documentation using:
  - The use of electronic communication for all procurement activity, in particular Public Contracts Scotland for all procurements over £50,000;
  - Open public and market engagement including the use of "Meet the Buyer" events, community and market consultation;
  - Prompt notification of the outcome of bids, and supplier debriefing to facilitate better future performance.

## 4. Aligned Objectives

### 4.1 Outcomes and KPIs

DML ensures that its regulated procurements are aligned with DML and national objectives through a link from organisational objectives and Strategies to procurement requirements. DML aims to deliver efficient transport and logistic delivery services, customer and community satisfaction and procurement has an important role in enabling this, through its contractual arrangements with suppliers.

DML supports the Scottish Government's Model of Procurement's overall aims to improve supplier access to public contracts, maximise efficiency and collaboration, deliver savings and benefits while embedding sustainability in all that DML does. This means that DML's procurement strategy is aligned with the following objectives:

1. National Outcomes and National Indicators;
2. Organisational priority outcomes, as set out in DML's Corporate Plan and related Strategies;

3. Delivery of efficient and valued services through a focus on quality service requirements within relevant contracts, aligned with national and organisational outcomes. This includes contributing to DML and National targets and KPIs;
4. Strategic Partners' vision and requirements, including those of Transport Scotland, Scottish Government, Caledonian Maritime Assets Limited and key Local Authorities;
5. Value for Money;
6. Encouraging innovative solutions from suppliers and consideration of alternative procurement models to optimise intended outcomes;
7. Clarity and consistency in consideration of aligned procurement outcomes and appropriate risk management and capturing of relevant opportunities in procurement requirements;
8. Relevant and proportionate consideration of:

**Environmental Risks and Opportunities:**

- Climate Change – minimise the impact on climate change and adapt to anticipated climate change;
- Materials – minimise the use of unsustainable materials;
- Waste – minimise waste produced and maximise re-use, repair, remanufacture to support Scotland's move towards a circular economy;
- Hazardous materials – minimise the use of hazardous materials, generation of pollution and biosecurity management;
- Biodiversity – protect and where practical enhance biodiversity;
- Heritage – protect and where practical enhance Scotland's built and maritime heritage;
- Water – minimise water consumption.

**Socio-economic Risks and Opportunities:**

- Employment, skills and training – enable opportunities for enhancing skills and training of suppliers' workforce, including those from disadvantaged groups, enable SMEs, the third sector and supported businesses to compete for business;
- Health and wellbeing – protect and enhance health and wellbeing of suppliers' workforce and users of services;
- Communities – enhance community consultation and engagement, and related community benefits;
- Security and crime – protect communities and prevent crime;
- Fairly and ethically traded – require fairly and ethically traded supplies and services by focusing on labour standards, working conditions and animal welfare within supply chains;
- Equality – prevent discrimination and promote equality among those with protected characteristics and diverse workforces among suppliers;
- Fair Work – enable Fair Work practices within DML's supply chain in support of DML's Living Wage accreditation which is aligned with Scottish Government's Statutory Guidance.

In order to ensure that DML's Procurement Strategy effectively contributes to the above objectives. consultation has taken place with a range of internal and external stakeholders. This has involved liaison with End Users/Purchasers and those responsible within DML for aligned strategies. During procurement processes, consultation with relevant stakeholders is undertaken according to the nature and scale of the procurement.

## 4.2 Value for Money

DML will seek Value for Money from procurements.

Its approach is as follows:

- In accordance with procurement regulations DML will ensure that regulated procurements reflect the Most Economically Advantageous Tender (MEAT) and the Best Price-Quality Ratio;
- DML also embraces The Scottish Model of Procurement and the appropriate balance of cost, quality and sustainability. This reflects the objectives as set out in this Strategy, that are a priority for particular procurements.
- All regulated procurement by DML will therefore consider the relevant balance, according to the nature of the procurement, recognising that it can vary from project to project. This is embedded in Procurement practices. DML also enables purchasers to have the appropriate capability to determine the relevant balance.
- All regulated procurements will be considered for their relevant life cycle costs, that may relate to costs of acquisition, use and maintenance and end of life.
- By treating potential and incumbent suppliers equally in a non-discriminatory manner, DML will facilitate greater competition, promote innovation, and encourage a wide range of economic operators to become involved in DML procurement and so achieve better value for money.
- Consideration of Quality and Sustainability outcomes, the scope of life cycle costs and the eventual balance between cost, quality and sustainability will be undertaken in a transparent and consistent manner.

## 4.3 Sustainable Procurement

### 4.3.1 Early consideration of economic, environmental and social wellbeing

As indicated in section 3 and within the Procurement Policy, DML has a clear set of sustainable procurement outcomes to be considered in a relevant and proportionate manner and embedded within procurement practices.

DML will utilise available guidance to assist the embedding of relevant and proportionate sustainability requirements.

DML's intended sustainable outcomes are aligned with those embedded within procurement tools that support the delivery of the Sustainable procurement duty (outlined in Procurement Reform (Scotland) Act 2014), and this enables DML to apply a systematic approach to identifying risk and opportunity across organisational spend:

- **Prioritisation Methodology** – this enables DML to understand the commodities it procures which represent the highest combination of spend, environmental and socio-economic risks and opportunities.
- **Sustainability Test** – this is embedded in Procurement Practices to enable consideration of relevant and proportionate sustainability requirements for regulated procurements.
- **Life Cycle Impact Mapping** – this is a tool to assist purchasers to consider with key stakeholders, the scope of potential sustainability risks and opportunities.

In addition, DML utilises the updated **Scotland Flexible Framework** to:

- Identify actions necessary to enable DML to progress in sustainable procurement;
- Embed good procurement practice.

DML ensures that procurement and other staff understand sustainable procurement principles and practices.

### 4.3.2 Community Benefits

As part of the utilisation of the above Sustainable Procurement tools, DML is required to consider the relevance of Community Benefits for all procurements above £4m, with the intention of enhancing employability and skills and reducing inequality.

For this purpose, DML adopts the definition of Community Benefit requirement as set out in the Procurement Reform (Scotland) Act 2014:

*“A contractual requirement imposed by a contracting authority, relating to:*

- *training and recruitment, or*
- *the availability of sub-contracting opportunities, or*
- *which is otherwise intended to improve economic, social or environmental wellbeing of the authority’s area in a way additional to the main purpose of the contract in which the requirement is included.”*

DML’s policy on the inclusion of Community Benefit requirements in procurement is as follows:

- Consider relevant Community Benefits by utilising the results of the Prioritisation Methodology in Procurement Strategy development and clarify by use of the Sustainability Test according to the subject matter of the specific contract/framework at their development to ensure relevance and proportionality at all times.
- This will include early engagement with relevant stakeholders internally and in the market so that community benefits reflect relevant community needs. These shall consider clearly defined relevant and proportionate Community Benefits relating to:
  - Targeted Employment and Training – e.g. modern apprenticeships, vocational training;
  - Education Support Initiatives – e.g. placements, school visits;
  - Supply Chain Capacity Building – e.g. enabling SMEs, third sector and supported businesses to compete for business as contractors or sub-contractors;
  - S/NVQ Training;
  - Support other disadvantaged groups to reduce inequality – e.g. those groups which DML’s key Local Authorities are seeking to support;
  - Community initiatives – e.g. community engagement and support.
- Where opportunities to deliver community benefits have been identified, relevant requirements will be included in contracts which are capable of measurable outcomes.

### 4.3.3 Fair Work Practices

DML is committed to encouraging Fair Work practices in its procurements.

DML’s approach to Fair Work practices as they relate to procurement is as follows:

- DML is a Living Wage Accredited Employer;
- DML will promote the payment of the Living Wage as part of Fair Work practices in its procurements;
- DML utilises the Sustainable Procurement tools to help identify Commodities for which Fair Work practices are relevant considerations, by virtue of their nature, scope, size and location of contract performance; this will inform Procurement Strategies and the appropriate balance between Price, Quality and Sustainability;
- Fair Work practices that are relevant to specific procurements may include the Living Wage but also other Fair Work practices, which may include the following and potentially others according to relevance and proportionality for the subject matter of the contract: avoidance of zero-hours contracts, avoidance of umbrella companies, workforce representation and workforce learning and development, embedding of Fair Work practices in sub-contractors;
- DML will ensure the capability of purchasers to ensure that Fair Work practices are applied in a relevant, proportionate and legally compliant manner.

#### 4.3.4 Health and Safety

DML is committed to promoting compliance with Health and Safety regulations by contractors acting on its behalf.

DML's approach to Health and Safety and the procurement of goods, works and services is as follows:

- DML utilises the Sustainable Procurement tools to help identify commodities for which health and Safety considerations are relevant, by virtue of their nature, scope, size and location of contract performance (such as, but not restricted to, construction). This will inform Procurement Strategies and the appropriate balance between Price, Quality and Sustainability. This will be supported by relevant market engagement to determine current practices regarding relevant outcomes.
- Procurement requirements will at all times be relevant and proportionate according to the subject matter of the contract while ensuring equal and non-discriminatory treatment of suppliers.
- Procurement requirements relating to Health and Safety will focus on obtaining evidence of compliance by contractors and sub-contractors with the requirements of the Health and Safety at Work Act 1974 as well as other relevant legislation (e.g. Construction (Design and Management) Regulations 2015, and others that may be relevant) and a systematic approach to the assessment of potential health and safety risks with systems and procedures put in place by contractors to mitigate these including appropriate management throughout the relevant supply chain and training of contractor and sub-contractor staff. This may include the proportionate use of OHSAS 18001, or equivalent.

#### 4.3.5 Fairly and Ethically Traded Goods and Services

DML is committed to including fair and ethical procurement requirements, which promote fairness, dignity, and the rights of workers and producers in international trading.

DML's approach to Fairly and Ethically Traded Goods and Services procured is as follows:

- DML utilises the Sustainable Procurement tools to help identify commodities for which Fairly and Ethically Traded Goods and Services are relevant considerations, by virtue of their nature, scope, size and location of contract performance. This will inform Procurement Strategies and the appropriate balance between Price, Quality and Sustainability. This will be supported by relevant market engagement to determine current practices regarding relevant outcomes.
- Procurement requirements will at all times be relevant and proportionate according to the subject matter of the contract while ensuring equal and non-discriminatory treatment of suppliers.
- Procurement requirements relating to Fairly and Ethically Traded Goods and Services will focus on obtaining evidence of a systematic approach to fairness, dignity and workers' rights and where practicable continual improvement. This may include acceptance of labels certifying that Goods meet relevant social characteristics, as well as equivalent evidence of meeting these.
- DML will ensure the capability of purchasers to ensure that procurement requirements relating to Fairly and Ethically Traded Goods and Services are applied in a relevant, proportionate and legally compliant manner.

#### 4.3.6 Food Procurement

DML is committed to including health and wellbeing and animal welfare procurement requirements, which promote the health, wellbeing and education of communities and promote the highest standards of animal welfare.

DML's approach to Food procurement is as follows:

- Food is procured by DML for Ferry passengers, crew and its own staff meetings and visitors;
- DML utilises the Sustainable Procurement tools to help identify commodities for which health

and wellbeing and animal welfare are relevant considerations, by virtue of their nature, scope, size and location of contract performance. This will inform Procurement Strategies and the appropriate balance between Price, Quality and Sustainability. This will be supported by relevant market engagement to determine current practices regarding relevant outcomes.

- Procurement requirements will at all times be relevant and proportionate according to the subject matter of the contract while ensuring equal and non-discriminatory treatment of suppliers.
- Procurement requirements relating to food procurement focus on nutritional quality, health and wellbeing, minimising environmental impact such as packaging and sourcing as well as the application of appropriate animal welfare standards in accordance with all relevant legislation. CalMac obtained “Healthy Living Accreditation” through NHS Scotland and have obtained “Taste our Best” Accreditation that demonstrates that over 51 % of our Mariners Menu contains Scottish produce, on 11 vessels.
- DML will ensure the capability of purchasers to ensure that procurement requirements relating to Fairly and Ethically Traded Goods and Services are applied in a relevant, proportionate and legally compliant manner.

## 5. Prompt Payment

The Finance Manual clarifies requirements for ordering, invoicing and payments.

DML will pay all valid and approved invoices to a contractor promptly with regard to the payment terms agreed in the contract and the European Commission Directive 2011/7/EU on late payments. Where no contract payment terms are specified, our policy is to pay within 28 days of receipt of a valid invoice.

Contractual arrangements with contractors require payment to sub-contractors and by sub-contractors to sub-contractors no later than 30 days after the invoice relating to the payment presented. Contractors are required to ensure that contract clauses with sub- contractors apply the same requirements.

## 6. Key stakeholders – communication and consultation

DML relies on a range of internal stakeholders to inform and deliver this Strategy and other specific Procurement Strategies.

### 6.1 Internal

DML has a range of internal stakeholders who are involved in clarifying corporate objectives, defining the procurement need, purchasing and using goods, works and services procured.

These include End Users, Budget holders, Purchasers, Executive, Finance, Legal, Environmental Management, Contract Managers as well as those who have responsibility for service delivery. DML has and will consult with key internal stakeholders regarding this Procurement Strategy, related Action Plan and Procurement practices, as relevant. This is to ensure awareness of and effective alignment with Corporate objectives, while obtaining views on alignment with DML’s service delivery and practical application of Policy commitments.

The Procurement Department will communicate relevant information to stakeholders using appropriate channels, including regular procurement meetings with Department Heads and Executive team.

DML also has determined the requirement for all relevant staff to receive procurement training and

learning and development (including CIPS membership) to enhance the skills set of procurement and other stakeholders, including refresher training, so that capability is in place to meet procurement regulations, DML's policy commitments, intended outcomes and procurement practices. Training requirements are reviewed regularly, reflecting changes in regulations, Corporate objectives and other material changes.

## **6.2 External**

DML has a range of key external stakeholders affected by this Strategy and its regulated procurements, including:

- Strategic partners – Transport Scotland, Scottish Government, Caledonian Maritime Assets Limited and Local Authorities;
- Community groups and representatives;
- Service users including the public and commercial operators;
- Suppliers and potential suppliers.

Annual Procurement Reports and updates to this Strategy will be routinely reported.

External stakeholders will be engaged with through appropriate channels such as community groups, "meet the buyer" events, supplier development programmes and the DML website.

This Strategy is communicated to internal and external stakeholders through DML's corporate website and internally on the Quality Management System as part of its communication strategy.

## **7. Collaboration**

DML collaborates with a range of public sector bodies with the aim of generating savings, sharing of good practice to deliver relevant outcomes and applying efficient procurement practices.

DML for example works with Scottish Procurement, the Supplier Development Programme, Third Sector Providers, as well as other public sector bodies.

DML will seek further opportunities for collaboration where relevant.

## **8. Monitor and Review**

### **8.1 Procurement Strategy**

This Procurement Strategy will be reviewed at least annually at the end of each Financial year and updates issues at that time, or earlier if material changes (such as alignment with corporate or national objectives and relevant legislation) are likely to affect it.

Updated Strategies will be published in accordance with DML's communications strategy.

### **8.2 Annual Procurement Report**

At the end of each financial year (and within 3 months of the end of the year, with the first Report due after July 2020), DML shall prepare and publish an Annual Procurement Report.

This report shall comprise:

- A summary of all regulated procurements (those that are regulated by relevant Procurement Regulations) that have been completed in the year in question.



- The Report shall be prepared by the Head of Procurement in consultation with the procurement team.
- The involvement of SMEs, third sector or supported businesses in delivery of the procurement will also be identified.
- A summary of the regulated procurements the authority expects to commence in the next two financial years, in the form of a draft Forward Plan is available in Annex A.

The Annual Report will be published on the website.

### **8.3 Contract Management**

Effective contract management is essential in the delivery of goods and services. DML's development and use of contract management tools remains a key focus.

Contracts are recorded on the Contract Register.

To ensure DML's procurement performance is visible to the organisation, contract management will be relevant and proportionate at all times and a comprehensive set of KPI's developed and updated. Risk remains a key consideration with regards supplier categorisation and supplier engagement plans.

## Annex A – Draft Forward Plan, Regulated Procurements forecast to be conducted April 2020 – March 2022

Contract Title	Current Status	Type of Contract	Anticipated Commencement Period (based on Financial Year)
<b>Asset Management - BAU</b>			
Design and Engineering Consultancy Framework (Naval Archt. Mechanical, Electrical & Structural Engineering, Technical Investigations)	In Progress	Services	2020 / 2021
Scheduled and Non Scheduled Classification Surveys	In Progress	Services	2020 / 2021
Interim Defect Management System	In Progress	Services	2020 / 2021
Electrical and Electronic Supplies including Tools and PPE	In Progress	Goods	2020 / 2021
Lifting Equipment Major Vessels	In Progress	Goods	2020 / 2021
Lubricating Oil	In Progress	Goods	2020 / 2021
Wartsila Long Term Service Agreement	In Progress	Goods	2020 / 2021
Reintjes Benelux	Planned	Services	2020 / 2021
RH Marine	Planned	Services	2020 / 2021
MES, LSA, FSB, & Fire Suppression	Planned	Goods	2020 / 2021
MAK Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Volvo Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Cummins Docking & Inservice Maintenance	Planned	Goods	2020 / 2021
Holland Diesel	Planned	Goods	2020 / 2021
Voith	Planned	Goods	2020 / 2021
Twin Disk	Planned	Goods	2020 / 2021
Kumera A.S.	Planned	Goods	2020 / 2021
Catriona Battery Servicing	Planned	Goods	2020 / 2021
Ships Fuel Monitoring Systems	Planned	Goods	2020 / 2021
Supply & Delivery of Original Equipment Manufacturers (Volvo) Spare Parts	Planned	Goods	2020 / 2021
Schottel	Planned	Goods	2020 / 2021
Asset Storage and On Call Facilities	Planned	Goods	2020 / 2021
Supply & Delivery of Original Equipment Manufacturers (Cummins) Spare Parts	Planned	Goods	2020 / 2021
MAK and Caterpillar Spare Parts	Planned	Goods	2020 / 2021
Supply and Delivery of Engine Couplings	Planned	Goods	2020 / 2021
Lift Servicing	Planned	Services	2021 / 2022
Mooring Ropes	Planned	Goods	2021 / 2022
Hydraulics Services – Framework	Planned	Goods	2021 / 2022
Supply & Delivery of Original Equipment Manufacturers (Mitsubishi) Spare Parts	Planned	Goods	2021 / 2022

Lifejacket Lights	Planned	Goods	2021 / 2022
<b>IT</b>			
Break Fix Contract	In Progress	Services	2020 / 2021
Data Centre and Cloud Hosting	In Progress	Services	2020 / 2021
EE Data and Voice Services	In Progress	Services	2020 / 2021
Microsoft Dynamic Licenses	Planned	Services	2020 / 2021
Network Fixed Line and SIP Services	Planned	Services	2020 / 2021
Open Accounts / Open People - Maintenance and Support	Planned	Services	2020 / 2021
Network Field Support Services	Planned	Services	2020 / 2021
Support Services for Unified Communications System	Planned	Services	2020 / 2021
Citrix Support Services	Planned	Services	2020 / 2021
HPE Application Lifecycle	Planned	Services	2020 / 2021
Engine Fuel Consumption Monitoring and Management Solution and Data Hosting	Planned	Services	2020 / 2021
Symantec Bluecoat: Cloud Service Security, WSS Agent, Cloud Malware Analysis	Planned	Services	2020 / 2021
Diadem Licenses	Planned	Services	2020 / 2021
Nowcasting Weather Forecast	Planned	Services	2020 / 2021
Onboard NAPA	Planned	Services	2020 / 2021
Penetration Testing and Other Information Security Services	Planned	Services	2021 / 2022
EPOS Retail System	Planned	Services	2021 / 2022
Digital Platform and Hosting	Planned	Services	2021 / 2022
Managed Print Services	Planned	Services	2021 / 2022
<b>Corporate Services - Projects</b>			
Replacement Websites for CalMac and David MacBrayne consultancy	In Progress	Services	2019 / 2020
HR Software Covering: Payroll; Expenses; Attendance Management; Employee Data; HR Policies	In Progress	Services	2019 / 2020
Ar Turas Replacement Ticketing Software	In Progress	Services	2019 / 2020
Replacement Websites for CalMac and David MacBrayne	In Progress	Services	2020 / 2021
Consultancy - Development of Specification for an CMS - Company Wide	In Progress	Services	2020 / 2021
Replacement CMS - Company Wide	In Progress	Goods	2020 / 2021
LNG Supply and Temporary Bunkering Facility	In Progress	Goods	2020 / 2021
<b>Corporate Services - Commercial</b>			
Company Signage	In Progress	Goods	2019 / 2020
Dairy Products - Various Vessels and Routes	In Progress	Goods	2019 / 2020
Various Small Retail Suppliers for Goods Sold on CalMac Vessels	In Progress	Goods	2019 / 2020
Advertising on Vessels	In Progress	Services	2020 / 2021
Confectionary & Soft Drinks	In Progress	Goods	2020 / 2021
Alcohol & Tobacco	In Progress	Goods	2020 / 2021
Email Marketing; Dedicated IP; Web orders & Insights; Account Management Process	Planned	Services	2020 / 2021
CalMac Marketing Framework Agreement	Planned	Services	2020 / 2021
Customer Engagement Survey Ardrossan - Brodick Service	Planned	Services	2020 / 2021
PR Services	Planned	Services	2020 / 2021
CalMac Fleet Stocktaking Service (291241-S432-C1)	Planned	Services	2020 / 2021

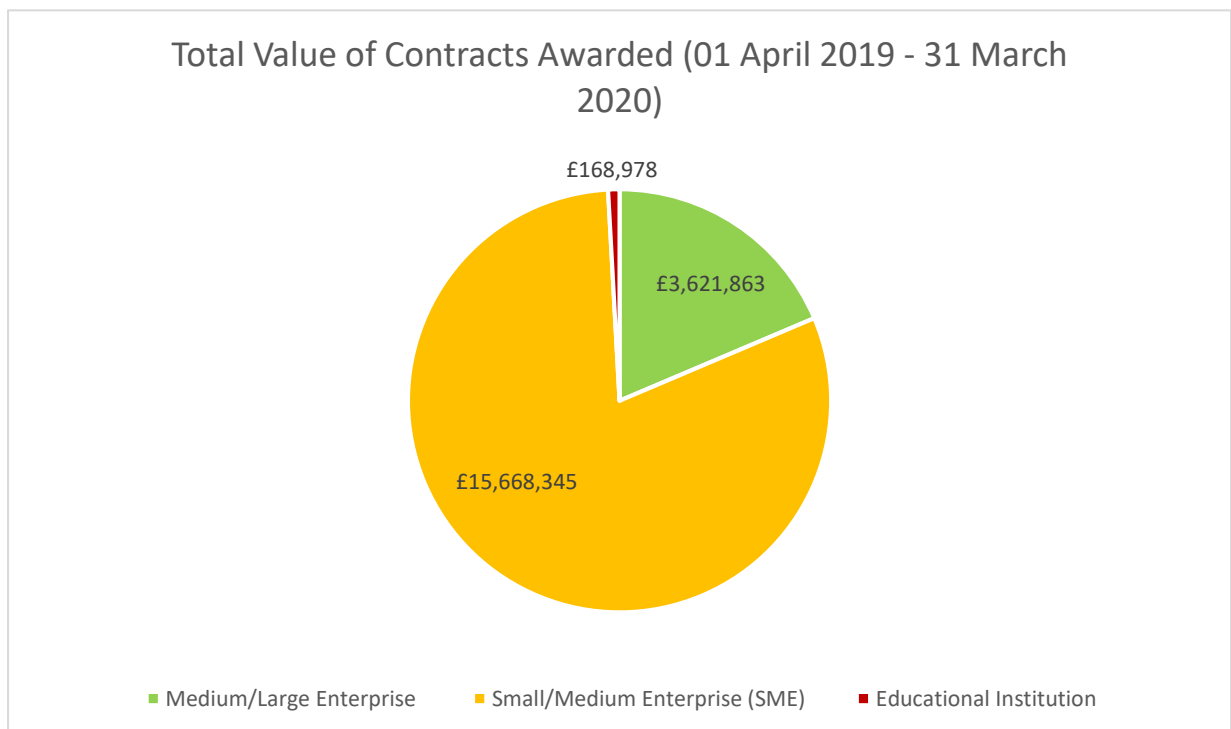
Ticket Printing	Planned	Goods	2020 / 2021
Timetables Printing 2020-21	Planned	Goods	2020 / 2021
Go Explore Brochure	Planned	Goods	2020 / 2021
Newspapers and Magazines	Planned	Goods	2020 / 2021
<b>Corporate Services - Finance</b>			
Internal Audit Service	In Progress	Services	2020 / 2021
Port Office Cash Collection Service	Planned	Services	2020 / 2021
Company Fuel Cards	Planned	Services	2021 / 2022
Banking Services	Planned	Services	2021 / 2022
Legal Services	Planned	Services	2021 / 2022
<b>Corporate Services - Human Resources</b>			
Training - STCW Manila Amendment Safety	In Progress	Services	2019 / 2020
Temporary Seagoing Staff - Agency Agreement	In Progress	Services	2020 / 2021
Training - Management Academy Course	In Progress	Services	2020 / 2021
Permanent & Fixed Term Recruitment - Agency Agreement	Planned	Services	2020 / 2021
Offshore Crewing Contract	Planned	Services	2020 / 2021
Child Care Vouchers	Planned	Services	2020 / 2021
Training - PCI-DSS Course	Planned	Services	2020 / 2021
Drug & Alcohol Testing	Planned	Services	2021 / 2022
Training - Leadership Course	Planned	Services	2021 / 2022
Training - Abrasive Wheel and Safe Working Practices	Planned	Services	2021 / 2022
Training - Recruitment & Selection Course	Planned	Services	2021 / 2022
Training - Dangerous Goods Course	Planned	Services	2021 / 2022
Training - Electrical & Hydraulics Course	Planned	Services	2021 / 2022
Training - IOSH Managing Safety Course	Planned	Services	2021 / 2022
<b>Corporate Services - HSEQ</b>			
Gourock Car Park Refurbishment	Planned	Works	2020 / 2021
Professional Investigatory Services	Planned	Services	2020 / 2021
Incident Response	Planned	Services	2020 / 2021
Water Treatment Monitoring	Planned	Services	2020 / 2021
Food Safety Audits	Planned	Services	2020 / 2021
Servicing of Fire Extinguishers for Ports and Offices	Planned	Services	2020 / 2021
The Provision of on Demand Vessel and Port Security	Planned	Services	2020 / 2021
Gourock Alarm on Fire Doors	Planned	Services	2020 / 2021
Gourock Card Entry System Gourock	Planned	Services	2020 / 2021
Document Shredding Contract	Planned	Services	2020 / 2021
Water Dispensers	Planned	Services	2020 / 2021
Gas-Oban (Nat. Contract)	Planned	Services	2021 / 2022
Franking Machines (APUC Contract)	Planned	Services	2021 / 2022
Micro-biological sample	Planned	Services	2021 / 2022
Medical Stores	Planned	Goods	2021 / 2022
Food Waste Compactors	Planned	Goods	2021 / 2022
<b>Corporate Services - Service Delivery (Marine)</b>			
AIS Hazman & Marine Traffic licences	Planned	Services	2020 / 2021
Supply and Delivery of Charts and Publications	Planned	Goods	2020 / 2021
Body Cams - CalMac Ferries DEMS Trial	Planned	Goods	2021 / 2022

<b>Corporate Services - Service Delivery (Ports)</b>			
Variable Messaging Boards (VMB)	In Progress	Goods	2019 / 2020
Van Replacement Program	In Progress	Goods	2019 / 2020
Gourock to Dunoon on call Transport Service	Planned	Services	2020 / 2021
Dunoon to Gourock on call Transport Service	Planned	Services	2020 / 2021
CalMac Ferries Gourock / Dunoon Security Guard Service	Planned	Services	2020 / 2021
Mallaig - Lochboisdale Bus Service	Planned	Services	2020 / 2021
<b>Corporate Services - Service Delivery (Harbours)</b>			
Diving Services framework agreement	In Progress	Services	2020 / 2021
Port Life Jackets	In Progress	Goods	2020 / 2021
Examination, Testing, Upgrades & Certification of Ships Gangways & Associated Lifting Accessories	Planned	Services	2020 / 2021
<b>Asset Management – Resilience</b>			
Stabiliser Control Installation	In Progress	Services	2020 / 2021
Schottel Upgrade Installation	In Progress	Services	2020 / 2021
Changing Places Toilets	In Progress	Services	2020 / 2021
Inventory of Hazardous Materials	In Progress	Services	2020 / 2021
A60 Bulkhead Insulation	In Progress	Services	2020 / 2021
Small Vessel Ramp Replacement	In Progress	Goods/Services	2020 / 2021
Replacement Mast Loch Dunvegan	In Progress	Goods	2020 / 2021
Generators & Engines Tier III	In Progress	Goods	2020 / 2021
Main Fire Pumps and GS Pumps	In Progress	Goods	2020 / 2021
Searchlights Replacement	In Progress	Goods	2020 / 2021
IOM Refrigeration Plant	In Progress	Goods	2020 / 2021
FRB and Davit Systems	In Progress	Goods	2020 / 2021
50 Man Rafts	In Progress	Goods	2020 / 2021
Carvorra Ramp Replacement	In Progress	Goods	2020 / 2021
Macerator	In Progress	Goods	2020 / 2021
Economiser Installation	Planned	Services	2021 / 2022
A60 External Cladding	Planned	Services	2021 / 2022
Raft Replacement	Planned	Goods	2021 / 2022
Nav Light LED Replacement	Planned	Goods	2021 / 2022

## Annex B – Procurement Contracts Awarded (April 2019 – March 2020)

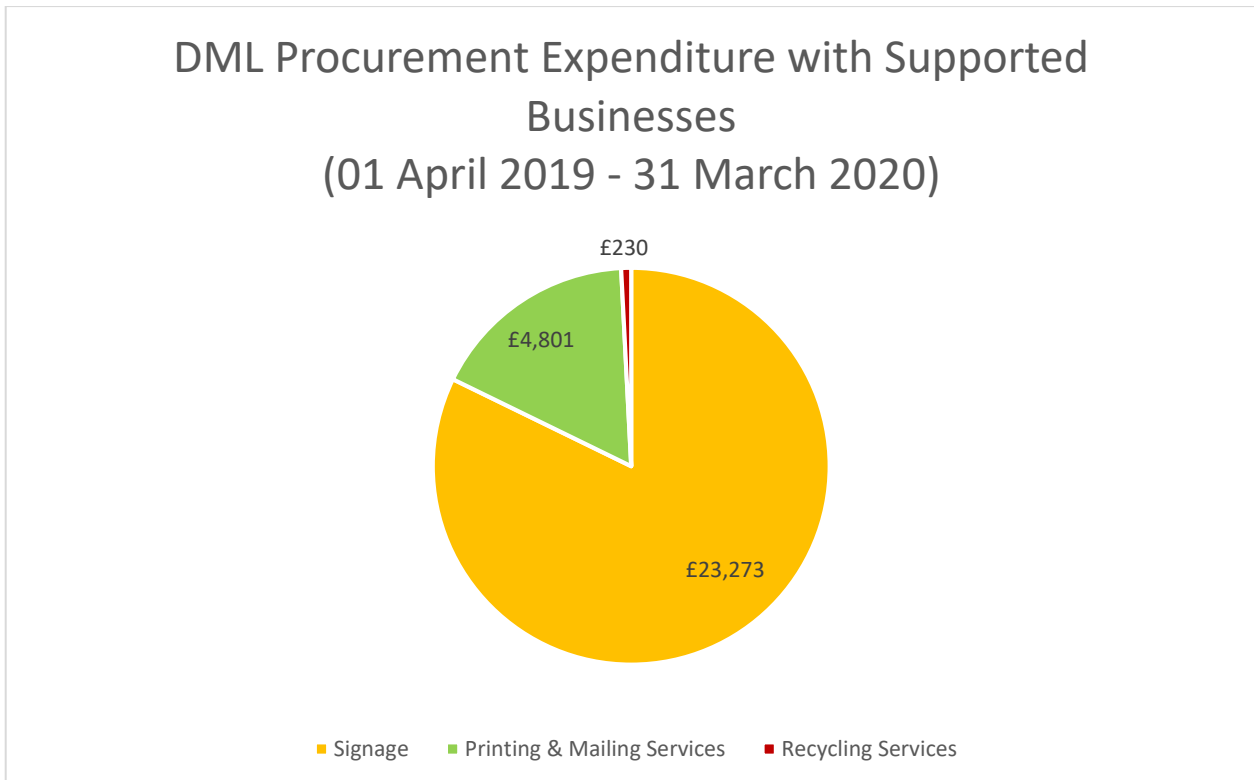
The total value of Procurement contracts awarded over the financial year 2019/2020 was £19,459,186 with a total of 57 contract awards being made. A further breakdown of these contract awards can be seen below.

Type of Business	Total Number of Contracts Awarded	Total Value of Contracts Awarded
Small/Medium Enterprise (SME)	45	£15,668,345
Medium Large Enterprise	11	£3,621,863
Educational Institution	1	£168,978



## Annex C – DML Procurement Expenditure with Supported Businesses (April 2019 – March 2020)

The total value of DML’s expenditure with supported businesses over the period 2019/2020 was £28,304. A further breakdown can be seen in the chart included below.



## Annex D: 2020-21 Action Plan - in support of 2020-23 Strategy

Refer Strategy Section No.	Strategy Priority	Details	Responsible	Estimated Delivery
<b>2</b>	<b>Roles and Responsibilities</b>			
2.1	<b>Procurement Structure</b>	<ul style="list-style-type: none"> <li>Finalise Phase One of the Procurement Team restructure.</li> <li>Continued Team development - Ensure Procurement team members are CIPS qualified or are progressing towards qualification.</li> </ul>	L Dunn	June 2020
2.3	<b>Procurement practices</b>	<ul style="list-style-type: none"> <li>Requirements and obligations of Purchasers - Provide advice and on-going refresher communications and training to purchasers.</li> <li>Promote awareness of purchasing best practice in order to achieve greater adherence to procedures and ensure compliance.</li> </ul>	L Dunn	2020 - 2021
<b>6</b>	<b>Key Stakeholders</b>			
6.1	<b>Internal</b>	<ul style="list-style-type: none"> <li>Share Procurement Strategy with all key internal stakeholders</li> </ul>	L Dunn	May 2020
6.2	<b>External</b>	<ul style="list-style-type: none"> <li>Issue Procurement Strategy via DML internet</li> </ul>	L Dunn	June 2020
<b>8</b>	<b>Monitor and Review</b>			
8.1	<b>Procurement Strategy</b>	<ul style="list-style-type: none"> <li>Review and revise Procurement Strategy.</li> </ul>	L Dunn	On-going
8.2	<b>Annual Procurement Report</b>	<ul style="list-style-type: none"> <li>Produce Annual Procurement Report.</li> </ul>	L Dunn	Annually
8.3	<b>Contract Management</b>	<ul style="list-style-type: none"> <li>Contract Management processes for Corporate Services Procurement under review with development planned to commence 2020.</li> </ul>	L Dunn	2020 - 2021