RESPONSIBLE AND SUSTAINABLE PROCUREMENT STRATEGY
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1.0 BACKGROUND

1.1 Purpose of this strategy

This Strategy sets out the Skills Development Scotland (SDS) longer term approach to embedding Responsible and Sustainable Procurement within the procurement processes and across the supply chain. It builds upon the SDS Corporate Social Responsibility (CSR) Policy. SDS will embed responsible and sustainability considerations throughout all SDS commercial activities.

1.2 What is Sustainable Procurement?

Sustainable procurement can be defined as:

“A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment”.


In the context of a procurement process obtaining "best value for money" means choosing the bid that offers "the optimum combination of whole life costs and benefits to meet the customers requirement". This is not necessarily the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as capital investment, transition, exit and change costs. SDS’s requirements can include community, economic, environmental, and other strategic objectives and is defined at the earliest stages of the procurement cycle. “The criterion of best value for money is used at the award stage to select the bid that best meets the requirement”.

There is a general misconception that sustainability and value for money are in conflict. On the contrary, sustainability is about achieving value for money whilst realising environmental, social and economic objectives and the two are rarely in conflict when the whole life cycle is taken into account. For example, energy saving light bulbs, may have a higher initial purchase price however, they are a proven way to reduce bills because they have a longer life span than traditional bulbs and also reduce energy consumption.

Sustainable procurement is not limited to environmental considerations alone (e.g. carbon, waste and water). It also covers community and economic impacts actions, such as encouraging increased participation from Small and Medium Enterprises (SMEs) in procurements as well as Socio-Economy organisations / Third Sector. There is a general consensus that small firms can offer better value for money and innovation and therefore public procurement should look to remove barriers that they may face in competing for public sector contracts.
1.3 Why is Sustainable Procurement Important?

The Scottish Government is committed to equipping Scotland for sustainable economic growth and success and this commitment includes “safeguarding our environment for future generations” and becoming “the greenest government ever”.

There is general and global agreement that climate change presents a threat that goes far beyond the immediate disruption to our environment. The physical effects of climate change, such as sea level rise, droughts, floods and other extreme weather events, will lead to social and economic problems: large scale migration, crop failure, faster and wider spread of diseases, economic volatility, and resource competition. Climate change will accelerate global instability and exacerbate existing tensions around the world.

Procurement can be used as a significant mechanism to advance the sustainability agenda. Sustainable procurement is about securing value for money whilst realising environmental, social and economic benefits and therefore becomes a key driver for promoting sustainable global growth and sustainable development commitments. SDS’s ability to meet its commitment to skills development and the environment is therefore directly linked to its ability to procure sustainably.

Escalating energy crises worldwide, for example, require SDS to consider conserving resources and increasing energy efficiency. SDS is required to adapt its procurements so that investment in estates is fit for purpose to support future environmental considerations.

1.3.1 Government Commitments
The Scottish Government has implemented a new Climate Change (Scotland) Act 2009 which commits to reduce Scotland’s emissions levels by 80% by 2050 and ensure that 20% of total Scottish energy use is from renewable sources by 2020. It is also aiming to move towards a ‘zero-waste’ society.

1.3.2 SDS Commitments
SDS will strive where appropriate and possible, to ensure that decisions on the procurement of resources and/or in relation to the provision of grant funding or financial assistance to any organisation or individual are undertaken in line with our sustainability commitments and that commercial relationships are formed and nurtured with suppliers and partnering organisations who share our values on sustainability.
2.0 SDS RESPONSIBLE AND SUSTAINABLE PROCUREMENT

2.1 SDS Responsible and Sustainable Procurement Key Drivers

SDS has an expenditure in excess of £100 million per annum on a diverse range of goods, works and services. SDS is a major procurer of ICT supplies and services, paper, furniture, energy, travel, training programmes etc. There is a great opportunity to influence our internal and external customers to practise sustainability. The approach taken to this expenditure has a significant impact on the community and our own resources. The Central Procurement Team (CPT) is well placed to make positive contributions to sustainable development through its procurement decisions, with sustainability being considered in the development of all Contract Strategies.

In relation to procurement, SDS is committed to making every effort to minimise its reliance on non-renewable resources and make resource efficiency a core requirement of all its operations where economic/best value can be achieved. As a major procurer of goods and services, SDS has a significant impact on both the local and wider environment and it is SDS responsibility to implement appropriate controls and policies to ensure that negative impacts on the environment are kept to a minimum.

Key Drivers diagram
2.2 Delivery

In order to assist SDS to build responsible and sustainable procurement into our corporate culture, we require to take proper account of sustainability in procurement activity and to be able to demonstrate how this is being achieved, The Scottish Government introduced the “Scottish Sustainable Procurement Action Plan” (SSPAP) in October 2010, which includes a 10 Step Plan:

1. Commitment within the organisation:
2. Making the commitment public
3. Organisational buy-in
4. Benchmarking and progression
5. Prioritising
6. Specifying sustainability
7. Sustainability in the procurement process
8. Working with suppliers
9. Measuring performance
10. Publicising your successes

SDS, in adopting this plan, will ensure that it improves on a year by year basis in the following areas:-
• People
• Policy
• Collaboration
• Agile & adaptive
• Strategy & communications
• Procurement process
• Engaging suppliers
• Measurements & results

2.2.1 Audience

This Sustainable Procurement Policy is applicable to all internal and external stakeholders of SDS:
• The Corporate Procurement Team (CPT)
• Budget Holders
• Executive Leadership Group & Senior Managers
• Green Champions network
• Procurement Champions network
• Third Sector / Socio-economy organisations
• Suppliers
2.2.2. Communication

**Communication with Supply Chain Partners**
As part of its Sustainable Procurement Policy, SDS will seek to promote its policy at every opportunity with its supply chain partners so that we can justifiably claim to be “greening our supply chain”. SDS will also ensure that when the policy is reviewed annually, in line with the Sustainable Procurement Action Plan, key suppliers are consulted by seeking their views on the content of the policy.

**Internal Communication**
Employees of SDS who are involved in procurement are required to follow the guidance contained within the Sustainable Procurement Policy. SDS procurement activity, led by the CPT, will be constantly monitored to ensure compliance with the provisions of this Sustainable Procurement Policy and progress against the Sustainable Procurement Action Plan, as above.

2.2.3. We Can Make a Difference

By being responsible, SDS can create long term value for both society and the public purse while supporting the delivery of its Corporate Strategy. It also helps SDS achieve its goals of being a catalyst for positive change and organisational excellence.

SDS’s Carbon Management Team take a number of measures to make a difference. Heating, cooling and powering our offices represents (70%) of our carbon footprint. To meet our carbon reduction targets we heat and cool our offices sparingly as well as adopt best practice with equipment and lighting use. We also use a range of low carbon technologies, including more efficient lighting (such as replacing halogen spotlights with LEDs), timers and more efficient boilers.

The new recycling and waste contract covering 24 of our larger offices was introduced in April 2012 and has drastically reduced our waste sent to landfill; in one year we reduced the amount of waste sent to landfill by 41%. More of our offices can also recycle printer cartridges onsite in a Toner Recycling Tower. We also plan to introduce organic waste recycling in 24 offices for paper towels, tea bags and food in 2013/14.

Business travel includes all travel made during the working day and makes up 29% of our carbon footprint. There is great scope to reduce our impact on the environment by: reducing the amount we travel during business hours by utilising technology, and switching to less carbon intensive forms of transport, such as trains, buses and bicycles. Our target is to reduce our business travel emissions by 30% by April 2015, against a base year of 2010/11.

3.0 FLEXIBLE FRAMEWORK

The Flexible Framework was produced by the UK Sustainable Procurement Task Force, SDS will use the Flexible Framework to self assess it's performance on sustainable procurement. It will help SDS to prioritise the areas for improvement.

The framework is provided on pages 8 and 9.
<table>
<thead>
<tr>
<th>Level</th>
<th>People</th>
<th>Policy, Strategy &amp; Comms</th>
<th>Procurement Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.</td>
<td>Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.</td>
<td>Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.</td>
</tr>
<tr>
<td>Embed</td>
<td>All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.</td>
<td>Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.</td>
<td>Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.</td>
</tr>
<tr>
<td>Practice</td>
<td>Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.</td>
<td>Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.</td>
<td>All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.</td>
</tr>
<tr>
<td>Enhance</td>
<td>Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.</td>
<td>Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.</td>
<td>Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.</td>
</tr>
<tr>
<td>Lead</td>
<td>Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.</td>
<td>Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations’ EMS. The Sustainable Procurement strategy recognised by political leaders is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.</td>
<td>Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.</td>
</tr>
<tr>
<td>Engaging Suppliers</td>
<td>Measurements &amp; Results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.</td>
<td>Key sustainability impacts of procurement activity have been identified.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.</td>
<td>Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communications between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.</td>
<td>Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.</td>
<td>Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.</td>
<td>Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.</td>
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</tbody>
</table>
4.0 GUIDANCE AND TOOLS

4.1 Guidance – Scottish Procurement Policy Notes (SPPNs)

SDS has adopted and developed a number of tools over the years to help staff and current and prospective suppliers to understand why sustainability is so important. Guidance is also available and there are incentives and frameworks which are available to assist various cohorts. This includes a range of Modern Apprenticeship (MA) frameworks which SDS supports also provides assistance with employer incentives, for third sector and supported businesses.

Scottish Procurement Policy Notes (SPPNs) also provide guidance:

*Equality Act 2010 SPPN: SPPN 2012 No.8*

“Any award criteria and contract performance conditions must, in accordance with the Public Contracts (Scotland) Regulations 2012, be related to and proportionate to the subject matter of the contract or framework agreement. The inclusion of award criteria and contract performance conditions should be assessed on a case by case basis to ensure that full consideration is given to the needs of, and likely impact on, all those who will be affected by the contract.

By way of an example, when procuring care and support services, an authority might consider incorporating award criteria which will allow it to evaluate service providers’ understanding of how equalities legislation applies to the delivery of those particular services. Similarly, contracts for the delivery of care and support services should contain appropriate equalities clauses.”

*Blacklisting SPPN: SPPN 2013 No.4*

“any company which engages in or has engaged in the blacklisting of employees or potential employees should be considered to have committed an act of grave misconduct in the course of its business and should be excluded from bidding for a public contract unless it can demonstrate that it has taken appropriate remedial steps.

*Supported Business SPPN: SPPN 2012 No.7*

“Consideration should be given by public bodies at the early strategy stage of their procurement activity to determine whether supported businesses and a reserved contract can satisfy their requirements either via the above Framework or by utilising Article 19 to carry out a separate tendering exercise for goods and services not covered by the Framework but available from supported businesses.”
4.2 Tools

4.2.1 Sustainable Procurement Risk Assessment Tool (SPRAT)

SDS is a socially responsible business and is committed to moving beyond a base of legal compliance on CSR matters to integrating socially-responsible behaviours into our core values.

The Sustainable Procurement Risk Assessment Tool (SPRAT) is available and can be used when developing Procurement Strategies.

4.2.2 Supported Businesses

A supported factory and business is an organisation where more than 50% of the workers are disabled persons. Supported factories and businesses have a valuable role in assisting people with disabilities to integrate into the labour market and in helping to improve their overall independence and well being, which is crucial in building a healthier and fairer Scotland.

The Scottish Government is taking action to level the playing field for social enterprises, supported businesses and other third sector organisations in securing access to the public sector market, hence the establishment of a Scottish Reserved (Article 19) Framework for Supported Factories and Businesses.

At SDS we have called off from the framework and awarded contracts to:
1. The Sign Factory under Lot 4 Signage
2. Redrock Document Processing Services under Lot 2

4.2.3 Diversity and Equality

SDS is subject to the public sector duty under the Equality Act 2010. Also, where we require suppliers to have an Equal Opportunities Policy, we ask them to demonstrate what actions they can and will take to address the underrepresentation of people with Protected Characteristics (particularly Black and Minority Ethnic people) and/or occupational segregation in the suppliers’ sector.

4.2.4 Developing Market for the Third Sector

SDS supports the “Developing Market Sector for the Third Sector Provider’s Programme”. Community Benefits in this context are contractual requirements which deliver a wider social benefit. There are various categories of Community Benefits Clauses:
- Targeted Recruitment and Training
- Environmental
- Community Engagement

www.readyforbusiness.org

Suppliers are sign-posted to the Our Skills Force website.

4.2.5 SDS Sustainable Procurement Awareness Guide

The SDS Sustainable Procurement Awareness Guide has been developed for all existing and potential suppliers, informing them of our vision and targets for sustainable procurement and what we expect from those we work with.
5.0 CONTRACT PROVISIONS

5.1 Bribery Act 2010

All contracts, irrespective of value, or relevant procurement process should contain anti-
bribery provisions.

SDS has produced templates for short-form and long-form contracts which include these 
terms.

5.2 Diversity and Equality (Equality Act)

For each above threshold procurement SDS shall consider the extent to which it is 
appropriate to include specific equality and diversity requirements. This will be undertaken 
in accordance with best practice. Guidance is available on the Equality and Human Rights 
Commission website (which were valid at the time of preparing this document). 
http://www.equalityhumanrights.com/uploaded_files/Scotland/PSED_in_Scotland/ehrc_pro 
curent_guidance_2013_-_final.doc

Where SDS considers that it is appropriate to include a specific requirement, the 
requirement should be captured in the general requirements schedule (e.g. “Suppliers are 
required to produce a contract specific Diversity & Equality Delivery Plan within 6 months 
of the start date and update on an annual basis. They must also provide data relating to 
the make up of their workforce in terms of gender, disability and ethnicity.” Note this is just 
an example – any requirement will have to relate specifically to the subject matter of the 
contract, so will be contract-specific.) It is unlikely that specific additional terms and 
conditions will be required in the Terms & Conditions, but SDS legal can discuss this as 
required. SDS may also include Diversity & Equality criteria within its award criteria.

5.3 Blacklisting

All SDS contracts should include a provision governing blacklisting. Scottish Government’s 
SPPN 4/2013 contains a suggested clause which SDS is using as a template. The clause 
requires to be adapted for each contract to reflect the terminology used.

Scottish Government style clause:-
‘The Service Provider must not commit any breach of the Employment Relations 1999 Act 
(Blacklists) Regulations 2010 or section 137 of the Trade Union and Labour Relations 
(Consolidation) Act 1992, or commit any breach of the Data Protection Act 1998 by 
unlawfully processing personal data in connection with any blacklisting activities. Breach of 
this clause is a material default which shall entitle the Purchaser to terminate the Contract 
with immediate effect.’

5.4 Apprenticeships, Training and Skills

Where the SDS procurement team in discussions with the commissioning team believe 
that in relation to the specific goods and services being acquired that it is appropriate to 
include requirements concerning apprenticeships, training and skills (e.g. requiring the 
supplier to deliver details of training programmes and plans within specified timescales), 
these should be included within the general requirements schedule. Again, please note 
that this is simply an example – the requirement will need to be appropriate and 
proportionate to the specific services or goods SDS wishes to acquire.