



**SCOTTISH ENTERPRISE'S
SUSTAINABLE PROCUREMENT STRATEGY
2019/2022**



Scottish Enterprise

SE Sustainable Procurement Strategy 2019/2022

Introduction

"...increased reach and inclusivity for Scotland's economy and its communities..."

Directed by Scottish Enterprise's (SE) new Strategic Framework, our Sustainable Procurement Strategy has a particular emphasis in providing an increased reach and inclusivity for Scotland's economy and its communities.

The Strategy aligns with the Scottish Government's vision of "growth that combines increased prosperity with greater equality, creates opportunities for all and distributes the benefits of increased prosperity fairly" (1).

It also reflects the emphasis placed in the Enterprise and Skills Board's Strategic Plan on the importance of productivity and growth, along with the other economic and social objectives around business, citizens and society. Alongside this, it responds to the Plan's four guiding principles of sustainable economic growth:

- Investing in our people, infrastructure and assists;
- Fostering a culture of innovation;
- Promoting inclusive growth;
- Enabling Scotland to take advantage of international opportunities.

These four key principles also encapsulate the two main drivers identified as integral to sustainable economic growth - increasing competitiveness and tackling inequality.

Sustainable Procurement Defined

Within the Procurement Reform (Scotland) Act 2014, (section 9) the Sustainable Procurement Duty places a duty to consider the improvement of economic, social and environmental well-being of the authority's area. The Act is also based on the procurement principles of transparency, equal treatment and non-discrimination; placing a strong emphasis on the role of procurement in delivering innovation, sustainability and social justice.

[1] Scottish Government Economic Strategy

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"...high levels of employment, and a just society that promotes social inclusion, sustainable communities..."

Therefore, sustainable procurement, in its broadest context, is about considering how sustainable approaches can be developed and adapted to create a more innovative and productive economy “delivers high levels of employment, and a just society that promotes social inclusion, sustainable communities.... This will be done in ways that protect and enhance the physical and natural environment, and use resources and energy as efficiently as possible.”.[2]

It includes social and economic factors such as employment, skills, training, health and well-being, equality and fair work practices. Facilitating the involvement of small and medium enterprises, third sector bodies and supported businesses in the process. Social, economic and environmental considerations within the procurement life cycle are integral to achieving long term sustainable economic growth.

Embedding Sustainable Procurement

SE Procurement aims to make a meaningful contribution to Scotland's Economic Strategy and our Strategic Framework through delivery of a transparent, efficient and effective procurement service which contributes to Scotland's inclusive growth, offers value for money, is legally compliant and follows best practice.

To strengthen our commitment to sustainable procurement, a member of the team has been identified to take forward the role of Sustainability Champion to ensure it is embedded within all relevant work. SE Procurement recognises that procurement delivered in a sustainable way, can make a significant contribution in realising sustainable economic growth and achieving long-term social, economic and environmental benefits for all.

We have undertaken recent sustainable procurement training which included reviewing Scottish Government's sustainability assessment tools and examining how sustainability can be realised throughout the procurement process.

As part of this commitment to ensuring that sustainability is embedded throughout the procurement life-cycle, SE Procurement has implemented Scottish Government's sustainability test.

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The sustainability test is applied on an individual contract basis for regulated procurement at tender strategy stage where appropriate to do so. The use of this test allows us to take a methodical yet pragmatic approach in determining the most relevant and appropriate environmental and socio-economic risks and/or opportunities relevant to individual contracts.

Whole Life Costing

The Whole Life Costing (WLC) tool created by the Scottish Futures Trust provides a consistent method of comparing and reporting anticipated whole life costs and will draw on this when considering WLC. This approach considers all costs involved in a project, from initial conception, to the contract end and/or ultimate disposal. It involves taking into consideration the environmental, social and economic considerations while encouraging, promoting and adopting sustainable practices.

When appropriate and proportionate to do so, WLC methodology will be used at tender strategy development stage to assist in selecting the best value solutions. This will be applied within larger construction, infrastructure and facilities management projects.

Transparency

To ensure transparency and to assist prospective suppliers, existing suppliers and other stakeholders, the Procurement section on <https://www.scottish-enterprise.com> outlines SE Sustainable Procurement Strategy, SE standard terms and conditions, and the organisation's commitment to the Government's Suppliers Charter.

In addition, SE Procurement will work towards increasing the information available to prospective bidders on advice on procurement processes and consortia bidding on Scottish Enterprise.com. The site also links to SE Procurement Strategy, Annual Report and Forward Procurement Plan, which advises suppliers when SE contracts will be procured and assists them in bidding for current opportunities.

SE Procurement aims to use clear and precise language to ensure processes and procedures are easily accessible, while also providing a clear and common understanding of SE requirements.

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Competitiveness - Innovation

Competitiveness and innovation are interlinked. The key to remaining competitive both nationally and internationally is to harness and foster a culture of innovation – a driver which underpins sustainable economic growth.

SE Procurement will continue to focus on outputs and performance-based specifications to encourage innovative solutions from suppliers. More widely, we will work to promote a culture of 'procurement of innovation' with public-sector partners and assist other areas of SE in the use of both pre-commercial procurement and commercial procurement processes designed specifically with innovation in mind.

Regulated (Over £50,000)

The team will use the open procedure for the majority of procurement activity which increases opportunities for suppliers (SMEs, in particular) and reduces paperwork and timescales. Our Procurement policy is, except in exceptional circumstances, to advertise tender opportunities above £50k, excluding VAT, on the Public Contracts Scotland portal to reach the widest possible number of potential suppliers. SE Procurement will continue to award contracts based upon the Most Economically Advantageous Tender (MEAT), considering a balance between price and quality in all procurement decisions.

At the end of each regulated procurement process, in line with legislative requirements, SE Procurement will complete a tender completion report that reviews and records the procurement exercise, including lessons learned. We will work continuously to improve policies and procedures for both internal customers and suppliers as far as is reasonably practicable, while ensuring that regulated procurement is carried out in accordance with SE Procurement Strategy.

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Equality and Non-Discrimination

“The Scottish Government’s Economic Strategy emphasises that full economic growth can only be achieved through inclusion of everyone in society, and Scottish Enterprise has been at the forefront of implementing the equality agenda.”^[3] Tackling inequality is a key driver underpinning the four key objectives of sustainable economic growth.

In line with the Scottish Government’s “A Fairer Scotland for All: Race Equality Action Plan 2017-21”, SE Procurement has reviewed procurement policies and procedures to strengthen SE ambitions towards Inclusive Growth. In line with guidance from Scottish Government, Fair Work Practices and Community Benefits are included as part of evaluation criterion within tenders. Going forward SE Procurement will monitor the number of successful supplier organisations which are Women-led to gain an insight in to the number of such businesses with whom SE contract.

Paying Living Wage Through Regulated Procurement

SE Procurement will continue to incorporate evaluation of workforce matters into all tenders where the use of labour is key to the delivery of the contract. We are committed to promoting the use of the Real Living Wage and this is reflected throughout our procurement tender processes.

SE is a Real Living Wage Employer and therefore, where suppliers have staff working on SE premises, we will ensure that these employees are being paid the Real Living Wage. SE ensure zero hours contracts are not used by current suppliers in an inappropriate manner in the delivery of services on our behalf. SE Procurement include questions on the real living wage and use of zero hours contracts within tenders for the purposes of monitoring and reporting on these.

^[3]Pg. 4 Scottish Enterprise, Equality Mainstreaming Report April 2017

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Realising Community Benefits

Community benefits are a prominent part of the Procurement Reform (Scotland) Act 2014. SE is committed to assisting the Scottish Government to achieve local and national outcomes relating to employability, skills and the reduction of inequality through community benefits. SE Procurement fully recognises the ability of contracting activities to leverage wider benefits for communities. These benefits can be extremely varied, ranging from training opportunities such as apprenticeships to promoting careers to school children from disadvantaged areas.

For regulated procurements, suppliers are expected to present a community benefits proposal. The supplier's proposal details how, they will address community benefits and this should be community benefits which have not previously been undertaken. The benefits proposed should then be provided specifically as a result of being successful within the tender process.

As part of the Procurement Reform Act, SE is required to compile an annual report on community benefits. The report provides a summary of community benefits achieved during the year through procured contracts such as suppliers making charitable donations; suppliers holding education events and suppliers providing work placements.

SE Procurement will continue to promote the use of Community Benefit clauses to suppliers on an individual contract basis where relevant and proportionate to do so within all regulated procurement. Suppliers will continue to be encouraged to 'give something back' using community benefit clauses within procurement exercises wherever appropriate and contracts will be managed to ensure that community benefits offered by suppliers are realised.

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Working with SME's, local businesses, supported businesses and the third sector

SMEs play a vital role in Scotland's economy, providing significant employment opportunities and providing innovative solutions to SE requirements. From 2007/08 onwards, SE Procurement has had an annual procurement spend with SMEs in excess of 50%; in 2017/18 contracted spend with SMEs was 58%. This approach will continue to be adopted within contracting strategies to ensure that SMEs have fair and equal access to tender opportunities, and to encourage new suppliers.

As part of our work to ensure SE's procurement activity further benefits communities across Scotland, we are refreshing our approach to contracting, placing a greater emphasis on creating opportunities for local and regional suppliers. In making this change, we will review available evidence from similar approaches elsewhere, including the 'Preston Model of Procurement', where the City Council has been spearheading a collaborative approach to Community Wealth Building in partnership with other key public-sector organisations in the region.

Undertaking Regulated Procurement

SE follows the code of conduct laid out in the Scottish Government's Suppliers Charter, which aims to facilitate access to public sector procurement opportunities. SE Procurement will continue to participate in Meet the Buyer events aimed at providing advice and guidance to businesses wishing to work with us.

There will be ongoing reviews and updates of procurement policies and procedures to ensure that our procurement activity contributes to improving social, economic and environmental wellbeing where relevant in delivering of contracts. While encouraging a diverse range of suppliers including SMEs, the third sector and supported businesses to tender for contract opportunities.

To actively encourage the involvement of SMEs within the supply chain, where appropriate, larger contracts will be split into lots to make opportunities more accessible to smaller suppliers. In addition, SE terms and conditions have been simplified to share risks with suppliers in a more equitable manner, as well as being easier to understand.

SE Procurement will continue to identify and reserve appropriate contracts for supported businesses. SE regularly attends the Scottish Government's supported businesses engagement events. We will continue to procure from Supported Businesses and will use the new Commodities Reserved for Supported Businesses framework where it is appropriate to do so. In 2017/18 SE awarded contracts totalling £156,300 to supported businesses and is forecasting to award contracts to supported businesses of approximately £150,000 in 2018/19.

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Ensuring Fair and Ethical Trading

In line with legislation, the [European Single Procurement Document \(ESPD\) Scotland](#) has been adopted for all regulated competitive procurement. This document requires bidders to disclose criminal convictions and misconduct in relation to money laundering, child labour and human trafficking as well equality and environmental legislation. Our standard terms and conditions also reference the [Employment Relations Act 1999 \(Blacklists\) Regulations 2010](#) which addresses blacklisting activities. We will exclude suppliers from our procurement processes where appropriate.

Environmental Considerations

Where appropriate, environmental criterion are included in requirements and evaluated. SE Procurement will continue to consider the whole life cost and environmental impact where relevant and proportionate to do so, specifically within construction projects specifying high BREEAM ratings for sustainable design and construction.

Through our procurement work, we will encourage recycling and the reuse of materials; maximising the use of materials from sustainable sources and considering EPC ratings during the procurement of construction contracts where relevant.

Biodiversity

“Biodiversity plays an essential role in meeting the Scottish Government’s vision of a smart, sustainable and successful Scotland, and lies at the heart of our economic strategy. It supports our tourism, farming, forestry, aquaculture and fishing industries and is crucial to attracting investment and marketing of our food and drink”.[4]

Where appropriate, SE Procurement, for projects involving physical construction work, demolition, site enhancement and/or landscaping, will ensure that biodiversity is given due consideration. In these cases, an ecological assessment will be included as part of any site strategy.

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Climate Change - Carbon Reduction

The Climate Change Act, 2009 sets clear and ambitious targets for emissions reduction, including the 42% reduction by 2020, and other climate change provisions. Under the Act, Public Bodies are placed with a duty in assisting with the delivery of Scotland's climate change ambitions in both these areas and to act in a way that promotes acting in a sustainable manner. Part 4 of the Act places duties on public bodies relating to climate change which came into force in January 2011.

SE Procurement actively encourages and promotes low carbon options supporting the move towards a circular economy. SE publishes an annual Climate Change report which outlines the organisation's commitment to supporting the Scottish Government's strategy of sustainable economic growth. The SE Low Carbon Statement 2018/2019 highlights the work undertaken and SE's approach to carbon reduction within operations.

SE aims to be a leader in organisational sustainability; creating a sustainable working environment and contributing to Scottish Governments target of an overall reduction of carbon emissions of 42% of CO₂ by 2020 from SE baseline year of 2009-10.

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Resource Efficiency

According to the Scotland Economic Strategy, the improvement of resource efficiency plays a central role in reduction of energy demands and contributes greatly to carbon emissions reduction. Resource efficiency has much wider societal benefit including making businesses more productive, innovative and reduces fuel poverty for many within their homes.

In support of the Scottish Government's Energy Strategy, SE will continue to support the Scottish Government's Low Carbon Infrastructure Transition Programme and continue to encourage companies to think about their resource efficiency.

SE Procurement in response to supporting a low carbon circular economy, requests details from suppliers of their resource efficiency policies and practices; along with monitoring membership of Resource Efficient Scotland Pledge.

The Resource Efficiency Pledge is a nationwide scheme backed by the Scottish Government to assist Scottish businesses and organisations to use their energy, water and raw materials more efficiently. SE has been a member of the scheme since 2015 and is proud of have achieved the Silver Award in June 2016.

Sustainability in Action

SE has recently implemented a number of environmentally friendly low carbon initiatives. Some of the notable changes include the removal of plastic cups from the water coolers throughout all offices. This initiative was brought about by the SE drive to cut down the use of single use plastics within SE offices. The response from staff has been positive.

Whilst SE recognises that travel for business may be necessary, as a responsible employer SE actively encourages staff to consider the use of public transport wherever possible. The use of rail travel is encouraged rather than travelling by air or car to assist with a reduction in CO2 emissions of many journeys. Or instead of having to travel, staff are encouraged to utilise teleconferencing for business activities where possible.

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Our travel policy outlines a strong commitment to sustainable travel and ensures staff make responsible environmentally friendly choices when it comes to how they travel and to consider if travel is absolutely necessary. There has been a reduction in car travel by 35.8% since 2015-16 and air travel emissions have decreased by 36.6%.

We have consistently reduced the volume of copier paper purchased by the organisation with a reduction of 2,000 reams of paper since 2015-16 with a reduction in paper purchasing of 66% since 2009-2010. This has been principally due to the introduction of 'follow me' printing and better utilisation of mobile and I.T equipment by staff which has meant that printing has not been necessary on many occasions. To mitigate carbon generated from producing paper SE Procurement have procured 100% recycled and FSC approved paper from 2017-18 onwards.

SE's overall waste recycling rate is 98% and it is our goal to increase the internal recycling rate and continues in the reduction of the amount of waste sorted off site. This will help achieve SE ambition to become a Zero Waste accredited organisation.

Recently introduced is a process which ensures that when refurbishment of an SE office takes place, contractors are required to provide information on how waste from the site will be disposed of and provide a statement on items sent to landfill. The to use Fair Trade products or similar considered and whenever possible utilised.

Our Facilities Management team has an Asset Management & Disposal Register with the supporting policy in place setting out our process in the treatment of various types of disposals, including furniture. Recently SE has been engaging directly with charities to donate surplus furniture for reuse rather than recycling. This has resulted in a reduction to the number of items being recycled or going to landfill. SE is engaging with current suppliers through the Cleaning, Waste & Security Contract to formalise this process.

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Ongoing Commitment

There is an ongoing commitment within SE to ensure that our Procurement team are professionally equipped in the delivery and implementation of sustainable procurement throughout the organisation. There will be a continued focus on the professional development and training within the team which will assist in maximising procurement benefits within SE, while also helping to realise Scottish Government's overarching sustainable economic objectives.

The Head of Procurement has completed a Procurement MBA and the team leader has completed an MSc in Procurement. Six members of the team are members of the Chartered Institute of Purchasing and Supply (MCIPS) with a further two members are working towards attaining their MCIPS qualifications. This knowledge is proving invaluable in implementing the various changes in policy and procedures in relation the EU Directive 2014/24 on Public Procurement and the Procurement Reform (Scotland) Act 2014.

Alongside this and in further strengthening our understanding and responding to the needs of internal customers, this year one member of the team has achieved the BIFM Level 4 Diploma in Facilities Management and another member of the team is completing a BSc in Quantity Surveying in 2018/19.

Conclusion

SE Procurement is committed to the ongoing delivery of sustainable procurement throughout the organisation; offering an efficient, transparent and competitive service to SE, its suppliers and customers. Providing best value for money and contributing to the delivery of sustainable economic growth for Scotland undertaken with an inclusive approach.

We will continue to encourage sustainable procurement practices and processes throughout SE in line with legislative duties while ensuring that business needs are met. We will continue to develop and improve processes and procedures to ensure that sustainable procurement is firmly embedded within SE to deliver social, economic and environmental benefits for all.

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