Know How in Sustainable Procurement: Giving Meaning and Value to our Actions

Jo Mitchell
Scottish Government, June 2018
Evolving Economic Policy

2007
Growing Economy
- Focus on long-term growth
- supply-side drivers
- productivity
- sectors
- skills shortages

2011
Uncertain Recovery
- Focus on recovery & resilience
- capital invest.
- youth training & employability
- tax relief for businesses & households
- access to finance

2015
Stabilising Economy
- Refocus on long-term growth
- supply-side drivers (4I’s)
- inclusive growth
- economic resilience
‘The Purpose of the Scottish Government is to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth’
Our Social Impact & Procurement Story

2003 - 8
Community Benefits in Procurement Pilot, Report and Policy
Participants - Glasgow Housing Association, Raploch URC, Falkirk, Dundee & Stirling
1st Public Social Partnership Pilot (EQUAL, 2004 – 7)
Reserving Contracts for Supported Businesses (UK-wide policy) (Public Contracts Scotland Regulations 2006)
Scotland specific social issues guidance (2007)

2008 - 14
Community Benefits in Procurement use:
Commonwealth Games, Glasgow 2014; Queen Elizabeth II Hospital Queensferry Crossing;
Public Social Partnerships, Phase 2
UNEP, Marrakech Task Force Approach (2011-)
Sustainable Procurement Bill (2011)
Supported Business Framework (2011)

2014 - 18
Procurement Reform (Scotland) Act 2014
Sustainable Procurement Duty, Community Benefit & Supported Business Provisions
Statutory Guidance and adaptation of UNEP approach to ‘Scotland Performs’
Public Contracts (Scotland) Regulations 2015
6 Strategic Public Social Partnerships
Why Legislation?

‘the introduction of a Sustainable Procurement Bill to make clear the legislative framework for procurement decisions [which deliver added social benefits] and support the greater use of social and environmental benefit clauses’.

Scottish National Party Manifesto, 2011
## Procurement Reform (Scotland) Bill

### Content of the Bill – as introduced to Parliament

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<th>Duties</th>
<th>Proposed Measures</th>
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<td>1. Treat relevant economic operators equally and without discrimination and act in a transparent and proportionate manner</td>
<td>1. Publish Procurement strategy (inc. prompt payment) and report against the strategy annually</td>
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<td>2. Publish Contracts Register</td>
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<td>3. Consider Community Benefits – for all major contracts</td>
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<td>4. Supported Business access to reserved contracts at lower value</td>
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<td>5. Regulations about the use of technical specs</td>
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<td>6. Prohibit charging for participation in procurement process</td>
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<td>7. Use a standard and proportionate pre qualification questionnaire</td>
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<td>8. Publish advert and award notices</td>
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<td>9. Exclusion of bidders</td>
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<td>10. Climate Change (Scotland) Act 2009 – amendment re recycled and recyclable products</td>
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<td>11. Debriefing of unsuccessful bidders</td>
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**REMEDIES**
Procurement Reform (Scotland) Act 2014 - Sustainable Procurement Duty

Business friendly: Socially responsible

Procurement Reform (Scotland) Act 2014

Sustainable Procurement Duty

Consider:

Improving
Economic, social, environmental, wellbeing and reducing inequality in the area.

Involving
Small and medium enterprises and 3rd sector bodies including supported businesses.

Promoting
Innovation

Act in a way to secure these
What do we Mean By Social?

| Employment, skills and training |
| Health and wellbeing |
| Communities |
| Security and crime |
| Fairly and Ethically traded |
| Equality |
| Fair Work |
Embedding Relevant & Proportionate Sustainable Procurement

What we will do differently

- Scotland's National Purpose
- Scotland's High Level Purpose Targets
- National Outcomes
- National Indicators
- Scotland Public Sector Organisational Sustainable Outcomes
- Scotland Public Sector Organisational Procurement Outcomes
- Scotland Public Sector Procurement Strategic Priorities
- Frameworks/ Contracts
- Outcomes delivered

Identify the need and what we will do

Annual Procurement Report

Contract management

Sustainable Procurement Duty tools

Procurement strategy
Practical Support

- Policy Development (2003 – 8) – Consultancy & legal Support for Pilots
- UNEP Marrakech Task Force Approach (2011 – 16)
- Procurement and Commercial Training Framework 2016
- Case Studies
<table>
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<tr>
<th>National Outcome</th>
<th>Community Benefits in Procurement Outputs</th>
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| We realise our full economic potential with more and better employment opportunities for our people | • Recruitment from priority\(^1\) groups  
• Apprenticeships from priority groups  
• Opportunities in the supply chain for SMEs and third sector bodies (will generate further employment outcomes) |
| Our young people are successful learners, confident individuals, effective contributors and responsible citizens | • Apprenticeships and job opportunities targeted at young people.  
• Work experience placements for young people at school, college and university.  
• Support to young people including school visits, structured career events for school pupils or college students, mentoring, mock interviews and assistance with CVs. |
| We have tackled the significant inequalities in Scottish society                  | • Requirements targeted at specific groups (for example long-term unemployed, residents of deprived areas, those with a previous conviction) – thus contributing to a reduction in inequality. |
Case Study – Warmer Homes Scotland

- A joint venture between Energy Saving Trust, Everwarm and Changeworks

- Formed to deliver Warmer Homes Scotland – national flagship fuel poverty scheme - worth up to £224m over up to seven years

- Eligibility based on income and energy efficiency of dwelling

- Demand-led, reactive programme intended to target the most vulnerable customers
Case Study – Warmer Homes Scotland

Key procurement design considerations:

• energy efficient measures need to be compatible with national quality standards

• Providing maximum carbon reduction potential whilst sustainably reducing fuel bills for customers

• Create a national supply chain operating in all regions across Scotland resulting in jobs and training opportunities

• Fair work practices to be embedded throughout the supply chain
Case Study - Warmer Homes Scotland

Total Supply Chain & Warmworks ESP Targets Sep'15 - Mar'18

- Graduates: 10 (Supply Chain & Warmworks Targets to 2020), 10 (Supply Chain & Warmworks Actual to March ‘18)
- Placements: 40 (Supply Chain & Warmworks Targets to 2020), 55 (Supply Chain & Warmworks Actual to March ‘18)
- Apprentices: 26 (Supply Chain & Warmworks Targets to 2020), 88 (Supply Chain & Warmworks Actual to March ‘18)
- Jobs: 15 (Supply Chain & Warmworks Targets to 2020), 436 (Supply Chain & Warmworks Actual to March ‘18)
- Training: 131 (Supply Chain & Warmworks Targets to 2020), 1139 (Supply Chain & Warmworks Actual to March ‘18)
National Performance Framework (2018)

**OUR PURPOSE**
To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

**OUR VALUES**
We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way.

- We respect, protect and fulfil human rights and live free from discrimination.
- We are open, connected and make a positive contribution internationally.
- We are creative and our vibrant and diverse cultures are expressed and enjoyed widely.
- We value, enjoy, protect and enhance our environment.
- We are healthy and active.
- We have thriving and innovative businesses, with quality jobs and fair work for everyone.
- We are well educated, skilled and able to contribute to society.
- We live in communities that are inclusive, empowered, resilient and safe.
- We grow up loved, safe and respected so that we realise our full potential.

Scottish Government
Riaghaltas na h-Alba
gov.scot
Scotland’s Purpose
To focus on creating a more successful country, with opportunities for all of Scotland to flourish, through sustainable and inclusive economic growth

National Outcomes
• We grow up loved, safe and respected so that we realise our full potential
• We live in communities that are inclusive, empowered, resilient and safe
• We are creative and our vibrant and diverse cultures are expressed and enjoyed widely
• We have a globally competitive, entrepreneurial, inclusive and sustainable economy
• We are well educated, skilled and able to contribute to society
• We value, enjoy, protect and enhance our environment
• We have thriving and innovative businesses, with quality jobs and fair work for everyone
• We are healthy and active
• We respect, protect and fulfil human rights and live free from discrimination
• We are open, connected and make a positive contribution internationally
• We tackle poverty by sharing opportunities, wealth and power more equally
What next?

• New NPF, revised sustainable procurement tools
• Annual Reporting and more analysis
• Emphasis on equality, fair work, and on jobs and training for priority groups
• Improved monitoring and reporting requirements based on analysis
Links

National Performance Framework:
http://nationalperformance.gov.scot/

Scotland’s Economic Strategy:

Procurement Reform (Scotland) Act
http://www.legislation.gov.uk/asp/2014/12/contents

Statutory Guidance Under the Act
http://www.gov.scot/publications/2016/03/8410

Sustainable Procurement Tools

Community Benefits in Procurement

Public Social Partnerships – Research

Case Studies
http://www.gov.scot/Topics/Government/Procurement/casestudies &
Contact Details:

Jo Mitchell,
Scottish Government

Josephine.Mitchell@gov.scot