

Sustainable Procurement Policy



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1 Introduction and Context

1.1 This Sustainable Procurement Policy has been prepared to recognise Dumfries and Galloway Council's obligations and commitments under the Sustainable Procurement Duty and to support the key priorities of Dumfries and Galloway Council to develop the local economy, provide the best start in life for all our children, protect our most vulnerable people, to be an inclusive Council and urgently respond to climate change and transition to a carbon neutral region. This Policy will also contribute towards the Scottish Government's goals aligned to the National Outcomes which seek to reduce the local and global environmental impact of our consumption and production, to value and enjoy our built and natural environment and protect it and enhance it for future generations; to have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

1.2 Dumfries and Galloway Council will ensure procurement processes and activities strive to improve the social, environmental and economic wellbeing of the region and facilitate the involvement of SMEs, third sector organisations, supported businesses and promote innovation.

1.3 Dumfries and Galloway Council spend in around £180M per annum on a range of goods, services and works. The procurement approach for this activity has a direct impact on Dumfries and Galloway communities and procurement is well positioned to make positive contributions to the sustainable development through procurement decision making with sustainability being considered in the development of all commodity and contract strategies.

1.4 The Procurement Reform (Scotland) Act 2014 places sustainable and socially responsible procurement at the heart of the purchasing process through:

- General Duties as set out in section 8 of the Act.
- A Sustainable Procurement Duty as set out in section 23. This requires a contracting authority prior to conducting a regulated procurement, to consider how in conducting the procurement process it can: 'improve the economic, social and environmental wellbeing of the authority's area', 'facilitate the involvement of SMEs, third sector bodies and supported businesses' and 'promote innovation'.
- A requirement to produce a Procurement Strategy and report performance against this annually.

1.5 The Council's Procurement Strategy incorporates key strategic objectives in relation to sustainability, the aim being that the Council will deliver sustainability through procurement by ensuring that we consider social, ethical, environmental and economic impacts in our procurement activity. These are underpinned by the aims of this sustainable procurement policy:

- We challenge our specifications and suppliers to make sure that sustainable solutions are at the forefront of the entire supply chain.
- We will promote engagement with our supply chain to address risks and opportunities about new innovative approaches.
- We will consider life cycle or whole life costing within our evaluation models.
- We will maximise relevant and proportionate environmental improvement in products and services procured including energy and water efficiency, carbon emissions reduction, waste minimisation, the use of recycled products, and products derived from reclaimed or sustainable materials, minimisation and

management of hazardous materials and emissions and the protection and, where practical, enhancement of biodiversity and heritage.

- We will select fairly and ethically sourced and produced goods and services.
- Where relevant, we will use the voluntary and not for profit sector to supply our requirements. We will work with the Supplier Development Programme and other local agencies to maximise the opportunities available to SME's and local enterprises to encourage bidding for Council tenders or sub-contracts.
- We will require contractors to demonstrate Fair Work practices within their workforce and sub-contractors, as well as non-discrimination and promotion of Equality and Diversity.
- We will require appropriate health and safety assessment, where practical, of health and wellbeing arising from projects undertaken by contractors.
- Adopt the use of the suite of Sustainable Procurement Tools, developed by Sustainable Procurement Limited on behalf of the Scottish Government.

2 Procurement Community Wealth Building Charter

2.1 Community Wealth Building (CWB) is a people- centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

Centre for Local Economic Strategies

2.2 Dumfries and Galloway Council is an **Anchor Institution** which is an organisation which has an important presence in a place (e.g. as a largescale employer, large purchaser of goods and services in the locality) and is tied to a place by their mission, histories, physical assets and local relationships. Through CWB principles, anchor institutions can play a defining role in creating a strong and inclusive local economy.

2.3 This charter is specifically in relation to the CWB Pillar of '**Progressive Procurement of Goods and Services**' with the objective of maximising economic, social and environmental benefit for the community through development of dense local supply chains of businesses likely to support local employment and retain wealth locally. These include SMEs, employee-owned businesses, social enterprises, co-operatives and community businesses.

2.4 Dumfries and Galloway Council will emphasise the importance of The Scottish Model of Procurement in supporting our CWB aims.

The Procurement Pledge

To support *Dumfries and Galloway Council's Regional Economic Strategy* by embedding Community Wealth Building principles within procurement practice to ensure social, economic and environmental wellbeing for Dumfries's communities and strive to create a strong and inclusive local economy.

2.5 *How are we going to do this?*

- Promote the *Living Wage* and Fair Work through Dumfries and Galloway Council contracts
- Promote net zero and sustainability through Dumfries and Galloway Council contracts
- Improve and develop access to public sector contracts, particularly for SMEs, co-operatives and social enterprises, as part of a wider supplier engagement programme with a series of workshops and events to support this delivered in partnership with the Supplier Development Programme
- Inclusion of Community Benefit clauses in relevant Dumfries and Galloway Council contracts
- Undertake spend analysis and identify opportunities to increase local spend where possible, particularly with SMEs, co-operatives and social enterprises
- Encourage use of local sub-contractors (where possible) with prime contractors

- Through increased engagement with our existing supply base and with potential new entrants we will seek to ensure that suppliers understand the future requirements of Dumfries and Galloway Council and are business-ready to enable them to bid successfully
- Develop a register of community support initiatives through Dumfries and Galloway Place Plans and community engagement which can be linked to Dumfries and Galloway Council's tender opportunities and community benefit support commitments and delivery
- Through proactively engaging with other Anchor Institutions, we will seek to identify and progress joint procurement opportunities, utilising local spending power to generate wealth in the local area

3 Sustainable Procurement Process

3.1 The sustainable procurement process contains four key elements:

- Prioritisation
- Sustainability test
- Lifecycle impact mapping
- Scottish Government Flexible Framework Self-Assessment Tool

3.2 Prioritisation

The Scottish Government have designed a public procurement prioritisation tool to bring a standard approach to the assessment of spend categories.

This is a risk and opportunities matrix which can be utilised to identify relevant risks and opportunities, scope to improve and areas whereby the Council can influence the supply market. This is used to inform procurement strategies and market engagement strategies and clarify specific sustainable outcomes for contracts / commodities.

The Council will adopt the use of the Sustainable Public Procurement Prioritisation Tool (SPPPT) to provide a structured approach to:

- Prioritising commodities of spend based on sustainability risk and opportunity;
- Develop an understanding and create a focus on the priority commodities with the most risk / opportunity;
- Establish and undertake mitigating action for relevant risks and maximise & capture opportunities for sustainability;
- Implement the use of the sustainability test for all high / medium risk / value frameworks and contracts;
- Develop commodity strategies and contract requirements based on evidence and market engagement.

The outcomes of the SPPPT review will allow the Council to focus resources to generate sustainable outcomes, such as delivery of community benefits, reduction carbon footprint and improved fair working practices.

3.3 Sustainability Test

The sustainability test is a tool which has been designed by Scottish Government to support delivery of outcomes achieved when using the SPPPT.

The Council will be incorporate the Sustainability Test in the development of all relevant contract strategies to identify specific risks and opportunities, actions and anticipated outcomes. The areas listed as high or medium within the prioritisation tool will always use the sustainability test and the assessment will be included within the contract strategy.

3.4 Lifecycle Impact Mapping

The Council's procurement processes will incorporate life cycle mapping approaches which consider the risks and opportunities for raw materials, manufacturing and logistics, use and disposal or end of life management. This approach will take cognisance of guidance from Scottish Government and will support the identification of economic, social and environmental impacts at each stage in the product or service delivered.

3.5 Scottish Government's Flexible Framework Self-Assessment Tool

To support continuous improvement, the Council will use the Scottish Government's Flexible Framework Self-Assessment Tool to review current performance and identify action to improve sustainable procurement across the Council. The outcomes of these reviews shall be presented within performance updates to the Finance, Procurement & Transformation Committee.

4 Community Benefits

4.1 Community Benefit Definitions

Community Benefit outcomes will deliver wider benefits to communities in addition / in support of the core purpose of the contract. Community benefit clauses can be used to build a range of social, economic or environmental conditions into the delivery of the Council contracts.

Community benefits is the term used to refer to a range of activities contributing more widely to sustainable procurement which include:

- Targeted Employment and Training Initiatives
- Educational Support Initiatives
- Supply Chain Development Activity
- Vocational Training
- Community, Corporate Social Responsibility (CSR) and Environmental Initiatives
- Supported Business, Third Sector and Voluntary Sector Initiatives
- Equality and Diversity Initiatives

Community benefits constitute one of the key components for public sector contracting authorities to fulfil their Sustainable Procurement Duty (as defined in the Procurement Reform Act 2014) which applies to all regulated procurements. Community benefits are also a key component in Community Wealth Building and are part of the councils' aspirations in this area.

Dumfries and Galloway Council is committed to securing community benefits from all contracts wherever possible and will require successful suppliers to work with, as part of the delivery of the services, in transforming the community in a real and sustainable manner.

Community benefits can be incorporated into contracts in two ways:

A. CONTRACTUAL

All contractual community benefits form part of the contract and suppliers have a contractual obligation to deliver these commitments. Appropriate contract conditions will be included to provide a remedy for failure to deliver contractual community benefits.

Contractual community benefits can be incorporated in the following ways:

- EVALUATED – Community benefits included as contractual obligations and evaluated under the Community Benefits criterion (e.g. Targeted Employment and Training Initiatives)
- MANDATORY – Community benefits are included as a contractual obligation within the contract specification but are not evaluated under the Community Benefits tender evaluation criterion (e.g. Supply Chain Development Activity such as advertising sub-contracting opportunities).

B. VOLUNTARY

Voluntary community benefits may be offered from a supplier, typically post award but will not form part of their contractual obligations to deliver. Voluntary community benefits cannot form part of considerations at tender evaluation stage. This approach will be adopted to encourage suppliers delivering on more than one contract with the Council, where through supplier management the supplier will be encouraged to offer additional community benefits as a consequence of the aggregate level of Dumfries and Galloway Council's spend with that supplier.

4.2 Community Benefit Commitments

Aim

Applying a consistent approach to delivery of community benefits has the potential to make a positive contribution towards the communities and economy within Dumfries and Galloway as a direct consequence of the Council's spend on goods, services and works.

We will deliver a clear message to the marketplace of our expectations and approach to delivering community benefits in our contracts, ensuring a proportionate approach.

We will ensure that the community benefits objectives set are realistic and achievable taking cognisance of the scope and scale of the individual contracts.

How will we do this?

- Adopting relevant and proportionate approach:
An appropriate approach will be adopted which is proportionate and relevant to the contract, with all regulated contracts providing formal consideration to the approach to be adopted in relation to securing community benefits.
- Adopting a consistent approach:
Adopting a consistent approach to inclusion of community benefits within tenders issued by the Council and including a comprehensive guidance on the Council's expectations for tenderers' responses.
- Forecasting and benchmarking:
Based on the programme of procurement activity and industry benchmarks for delivery of community benefits, a target of Community Benefits to be delivered will be forecast and progress against this will be monitored.
- Promote and encourage opportunities for SME's:
Inclusion of clauses within relevant contracts, which places an obligation on tier 1 contractors to advertise sub-contracting opportunities on Public Contracts Scotland tender portal, providing greater access to SME's where such suppliers do not have an established supply chain already in place.

4.3 Community Benefits Approach

Aim

Community Benefit Clauses will build a range of economic, social or environmental obligations into relevant Council contracts.

We will ensure that the community benefits delivered are aligned to addressing the key economic priorities across Dumfries and Galloway and will ensure that we maximise the benefits to the communities where the contracts are being delivered.

We will provide a connection to industry support available, ensuring the benefits delivered within Dumfries and Galloway are maximised, targeting key audiences and particularly those furthest removed from the job market. Ensure engagement with those directly affected by the procurement and delivery of contracts.

How will we do this?

- Stakeholder engagement:
We will ensure continuous liaison with key relevant stakeholders who will include local support agencies, voluntary and third sector agencies and the Council's economic development team.
- Market engagement:
We will provide a link between suppliers delivering community benefits by attending local and national 'Meet the Buyer' events, Procurex, GO Awards and Chamber of Commerce business opportunities event, outlining our approach and promoting our expectations of delivery of community benefits.
- Compliance with the Council's commitments:
We will align community benefits objectives with the Council's priorities of:
 - Building the local economy
 - Providing the best start in life for all our children
 - Protecting our most vulnerable people
 - Being an inclusive council
 - Urgently responding to climate change and transition to a carbon neutral region.
- Establishment of the Council's "Community Benefits Forum"
We have set up the "Community Benefits Forum" to provide a consistent strategic approach by developing, promoting and delivering community benefits across the Council. The Forum, including representatives from the Council's Economic Development, Employability, Skills & Partnerships, Communities (Ward Officers), Construction, Education and Procurement teams, will be responsible for:
 - pro-actively communicating and providing guidance on the Council's community benefits objectives and requirements with internal and external stakeholders including the guidance to contract owners on the relevant and proportionate community benefits objectives;
 - offer guidance to industry on the direction of community benefits to ensure alignment with the key economic priorities across Dumfries and Galloway and ensure that we maximise the benefits to the communities where the contracts are being delivered;
 - ensure local economic development information, such as employability programmes, funding opportunities, community initiatives, education activity and Community Plan objectives are shared with service departments and Corporate Procurement Team. As appropriate this intelligence will be shared with potential Tenderers, suppliers or market and communicated through formal procurement channels;
 - consult the community benefits delivery outcomes with the local community groups, and capture lessons learned.
 - support the delivery of Community Benefits by identifying opportunities to help maximise local employment and training opportunities;
 - manage community engagement opportunities and assist with delivery of supply chain opportunities.
 - provide leadership on best practice and continually seek improvement and innovation.
- Community Benefits Point Based System
We will adopt a Point Based System within tenders for the inclusion of contractual community benefits. This is a common approach across the Scottish local authorities.

The approach allows the Council to develop a menu of community benefits, which is based on the best practice across Scotland and engagement with industry bodies but targets specific priority groups or benefits for Dumfries and Galloway. It also provides flexibility to reflect local priorities and ensure it is relevant and proportionate to a contract scope. The development of the menu will be the responsibility of the Council's Community Benefits Forum.

- **Highlighting Importance of Community Benefits**
We will highlight the social value importance by increasing the Community Benefit's weighting in the procurement of the relevant contracts to a minimum of 5-10% of the total score for tender evaluation of relevant contracts.
- **Engagement with Suppliers on the Community Benefits delivery**
We will closely work with Suppliers to provide case studies on their achievements and, where relevant, publish these via the various Council's media platforms.
- **Launch of the Community Benefits Wishlist**
We will be working on the Community Benefits Wishlist development, which will allow the local communities to specify their needs and link them with Suppliers who will offer to meet these needs as a part of their community benefits proposals. This will contribute to the Council's commitment to promote and support the community engagement and ensure that the needs of local people and communities are at the heart of what we do.

4.4 Monitoring and Reporting of Community Benefits

Aim

Set out clear responsibilities for regular monitoring and reporting of the achievement and outcome of community benefits.

We will undertake effective contract and supplier management, as this is critical to ensuring the potential benefits from contractor commitments are realised.

Commitments made and actual achievement of community benefits from contracts awarded by the Council will be monitored on an ongoing basis to identify opportunities for additional benefits to be delivered, address common issues and to develop a benchmark to inform target setting for future contract opportunities.

How will we do this?

- **Recording commitment**
Commitments will be recorded using a Community Benefits Register, maintained by the Corporate Procurement Team.
- **Adapting efficient monitoring and reporting process**
Corporate Procurement Unit will be responsible for the co-ordination of a community benefits monitoring and reporting process. The details of these actions will be included in the Council's Community Benefits Guidance and Toolkit available through the Council's Procurement SharePoint site.
- **Introduction of Community Benefits automated system**

We will review opportunities to introduce the use of a community benefits software system, which will allow for automation of monitoring and reporting processes.

5 Fair Work First

5.1 Scottish Government provided statutory guidance addressing 'Fair work practices, including Living Wage in Procurement' under the Procurement Reform (Scotland) Act 2014. This statutory guidance applies to regulated procurements (works contracts with an estimated value over £2M for works and supplies and services contracts with an estimated value over £50k) which commenced on or after 1 November 2015. The full Statutory Guidance can be accessed [here](#).

5.2 The Council are obliged to give regard to this statutory guidance when awarding contracts. The statutory guidance explains the requirements of the Council to address fair work practices, when undertaking regulated procurements.

5.3 To ensure the delivery of high-quality services the Council expects suppliers to provide evidence of fair work practices and compliance with relevant employment, equality and health and safety law, human rights standards.

5.4 The Council will incorporate Fair Work First in all relevant procurement processes. The Fair Work First includes elements which are designed to tackle specific labour market issues. Fair Work First asks businesses bidding for Council contracts to make commit to adopting the following:

- Appropriate channels for effective voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero-hour contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- Providing fair pay for workers (for example, payment of the Real Living Wage)
- Offer flexible and family friendly working practices for all workers from day one of employment
- Oppose the use of fire and rehire practices.

5.5 Where fair working practices are being considered the World Trade Organisation's principles of transparency and proportionality still apply.

6 Ethical and Fairly Traded Products and Materials

6.1 Fairly Traded Products and Materials

Fairly trading aims to create opportunities for producers, in the developing world, to receive a fair price for their products, in turn this will help the developing world to work out of poverty. The Council will consider fairly traded products when developing specifications and selecting products and services, where appropriate. Contractual clauses will be included where relevant to ensure fairly traded products are considered throughout the supply chain.

6.2 Ethically Traded Products and Materials

The Council's supply chains include a range of commodities providing from a range of businesses including global companies employing millions of people worldwide. The procurement of these products and services will ensure ethical treatment of employees by adopting the fair working practices outlined above. This will involve inclusion of contractual clauses to ensure the supply chain treat employees in an ethical manner. Consideration of ethical treatment will be taken during relevant tender evaluations and will be monitored on an ongoing basis through effective contract management.

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