



Sustainable Procurement Policy

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Introduction and Context

This Sustainability in Procurement Policy has been prepared to recognise Dumfries and Galloway Council's obligations 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 and to be an inclusive Council. 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.

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.

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.

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.

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.

The Process to Identify Opportunities and to Monitor Sustainable Procurement

The sustainable procurement process contains four key elements:

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

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 structure 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.

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 commodity strategies to identify specific risks and opportunities, this will also be applied for appropriate individual contract strategies to identify actions and anticipated outcomes.

Lifecycle Impact Mapping

The Council will update the procurement processes to 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.

Scottish Government's Flexible Framework Self-Assessment Tool

To support continuous improvement, the Council will continue to use the Scottish Government's Flexible Framework Self-Assessment Tool to review current performance and identify action to improve sustainable procurement across the Council.

Community Benefits

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 council contracts.

Community benefits which the Council will target within appropriate contracts for delivery include, but are not restricted to, delivery of the following:

- 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 can be incorporated into contracts in two ways:

1. 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).

2. 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.

Community Benefit Commitments

Aim

Applying a consistent approach to delivery of community benefits has the potential to make a positive contribution towards the expansion of the 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 market place 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?

- 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 to inclusion of community benefits within tenders issued by the council.
- 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.
- 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.

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: 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.
- Utilise relevant opportunities to promote and develop a better understanding of community benefits across the Council. This will include consideration of a Council / public sector regional "Community Benefits Forum", such a forum would have the following objectives:
 - To ensure contract opportunities, key timeframes and procurement objectives are pro-actively communicated with internal Council departments and external stakeholders;
 - To 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;
 - To identify opportunities and work strategically with economic development and in collaboration with contractors to help maximise employment opportunities;
 - To measure/report community benefit targets, monitor outcomes and highlight best practice and continually seek improvement and innovation.

- Community Benefits Menu has been developed based on best practice across Scotland and engagement with industry bodies; this menu will be used to seek offers from tenderers ensuring local priorities are included. This menu should be refreshed on a regular basis to ensure it provides an emphasis on the key priorities and programmes available in the region.
- A points based evaluation model, aligned to the Community Benefits Menu, along with consideration for the method statements supporting these outcomes being offered, will be used to assess Evaluated Contractual Community Benefits.
- Work with Suppliers to provide case studies on their achievements.

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?

- Commitments and achievements will be recorded using a community benefits register, maintained by the Corporate Procurement Team.
- Central co-ordination and reporting of programmed community benefits will be undertaken by the Corporate Procurement Unit.
- Achievement against community benefit commitments should be reported as part of contract and supplier management conducted on a regular basis.
- Provide employer support post contract award to ensure smooth delivery aligned to key priorities.

Fair Working Practices

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 and supplies and services contracts with an estimated value over £50k, including OJEU tenders) which commenced on or after 1 November 2015.

The full statutory guidance can be accessed [here](#).

The Council are legally 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, including the Living Wage, when undertaking regulated procurements.

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.

Template wording to be incorporated into all tender documents where the goods / services / works is being developed by the Corporate Procurement Team for inclusion within Procurement template documents.

Considering Fair Working Practices within Procurements

All contract strategies should include consideration as to whether or not fair working practices are relevant and proportionate to the contract. Where it is deemed not to be relevant or proportionate, this must be fully documented with details to support why this is not the case.

Fair work practices should not be evaluated where they do not directly impact on the quality of goods, services or works provided.

Statutory guidance provided by the Scottish Government considers the payment of the living wage to be a significant indicator of an employer's commitment to fair working practices, although this cannot be viewed in isolation.

The statutory guidance provides the following considerations which must be made and documented within a contract strategy when determining if fair working practices will form part of your tender assessment (this is not an exhaustive list):

- there is any previous experience of poor work practices, including pay and conditions, impacting on the quality of the contract to be delivered;
- there is any history of low pay or unequal pay in that sector;

- there is a risk that staff working on the contract might be subject to exploitative practices, e.g. through the inappropriate use of zero-hours contracts, through unnecessary distancing of the employer-worker relationship e.g. by use of an “umbrella company” and through pay and hours arrangements that deny workers stability of employment or hours of work, e.g. by failing to pay wages for travel time within the working day, such as in the care at home sector;
- there is evidence that working conditions are making recruitment and retention problematic;
- contractors are seeking to cut their costs through driving down staff terms and conditions, including pay;
- workers will be required to interact directly with the Council’s employees and/or members of the public and whether they will spend any time on the Council’s premises.

Where fair working practices are being considered the EU treaty principles of transparency and proportionality still apply.

Where the Council consider fair work practices in tenders this should include consideration of all relevant evidence, including (but not limited to) recruitment, remuneration, terms of engagement, skills utilisation and job support & worker representation.

Cognisance should be taken of the size of the tenderer and the scope of the contract when assessing to ensure proportionality.

Ethical and Fairly Traded Products and Materials

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.

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.