# Sustainable Procurement

The **Sustainable Procurement Duty**, outlined in the **Procurement Reform (Scotland) Act 2014**, requires you to think about how you can improve the:

- Economic,
- Social and
- Environmental wellbeing

of the area(s) in which you operate – whether that is nationally or more locally. Particular focus should be on reducing inequality.

You can create a positive impact through every procurement exercise you undertake, regardless of its value or scope.  This must be a key part of commodity/service profiling and strategy development rather than an optional area of interest. You must fully explore the possibilities with your User Intelligence Group and other stakeholders for your procurement.

Quickfire Guide

Quickfire Guide

## Economic, Social and Environmental Wellbeing Examples

### Economic Factors

Availability of suitable and high-quality jobs

Measures to encourage access to procurement for local small businesses

Addressing fair work practices, including paying at least the real Living Wage

Efficient and effective transport links

Lifelong learning

Training and skills development

**Social Factors**

The promotion of good quality and affordable housing

Access to education and skills

The encouragement of the voluntary sector

Looking after the most vulnerable

Activities to promote equality of opportunity and foster good relations

**Health Factors**

Promotion of good physical, social and mental health

Developing and promoting policies that have a positive impact on health outcome

**Environmental Factors**

The removal of objects considered hazardous to health

Protecting communities against the threat of climate change

Improving and promoting biodiversity and accessibility to nature

**Statutory Guidance** has been published on Sustainable Procurement Duty to help you.

**Sustainable Procurement Duty Tools**

Open or close

The Scottish Government has developed a number of tools to help you:

- identify and work on how to increase economic, social and environmental benefits from your contract.
- to agree your sustainable procurement priorities.

You can use **Sustainable Procurement tools** when developing your commodity/service strategies.  You will be required to register on this platform. These tools include:

- The **Prioritisation Tool**: an early stage tool that can be used at an organisation or category level
- The **Sustainability Test:**: used at commodity/service level to identify potential scope of benefits
- **Life Cycle Impact Mapping**: assesses economic, social and environmental impacts throughout the life cycle
- The **Flexible Framework Assessment Tool**: self-assess current performance and actions required

By using these tools you can:

- identify what risks and opportunities can be targeted for each commodity
- help manage those risks and exploit opportunities
- include recommendations in your Commodity Strategy to be addressed as part of the procurement process

As a matter of good practice, you should have completed the Sustainable Public Procurement Prioritisation Tool (to prioritise Sustainable Procurement aims) at a category or organisation level prior to working on your commodity/service strategy. If you are unsure, please speak to your manager to ask if this has been done.

**Sustainable Procurement, Risks and Opportunities**

Open or close

The primary considerations of the Sustainable Procurement Duty (when Profiling the Commodity/Service) are:

- identify the opportunities to improve the economic, social and environmental wellbeing of the area(s) in which your organisation operates

- facilitate the involvement of small and medium enterprises, third sector and supported businesses
- promote innovation

**Involving Supported Businesses, SMEs and Third Sector Suppliers**

Open or close

To meet your obligations under the Sustainable Procurement Duty you must consider how to facilitate the involvement of:

- Small and Medium Enterprises (SMEs) and
- Third Sector Bodies and
- Supported Businesses

in all procurement exercises.

To do so there are some specific actions you must take.

- Develop transparent, detailed organisation Procurement Strategies and Annual Procurement Reports. This helps prospective tenderers identify opportunities ahead of the advertisement stage and plan resources. Procurement Strategies and Annual Procurement Reports are mandatory for Organisations who expect the value of their regulated contracts in that year to be £5 million or over (excluding VAT).
- Advertise regulated contracts and award notices through Public Contracts Scotland (PCS). PCS allows free and unlimited access to all potential bidders and smaller suppliers are more able to find opportunities.
- Increase the use of debriefing. This supports the development and improvement of bidders, benefiting both the bidders and the organisation for future procurement exercises.

**Supported Business**

A Supported Business is a supplier:

- whose main aim is the social and professional integration of disabled or disadvantaged persons,
- where at least 30% of their employees are disabled or disadvantaged workers.

**Reserving Contracts**

Your Organisation can “reserve” a competition  so that only supported businesses can bid.  In these cases, this must have been assessed as appropriate as there are specific rules around the reservation of competitions.

**The Guidance for Public Sector Buyers for the purchase of goods and services from Supported Businesses guidance document** can be found at the bottom of this page.  This document provides guidance for public sector buyers who procure goods and services, to enable them to better consider how procurement activity is conducted, and contracts are developed, in order to reduce barriers and enable participation of supported businesses in Public Sector Procurement

**A Supported Businesses DPS** has been created to support the integration of disabled and disadvantaged citizens into the mainstream workforce

**SPPN 1/2025** provides further information and guidance on Reserving Contracts For Supported Businesses, including:

- Determining whether an organisation meets the definition of a supported business for the purposes of public procurement legislation;
- Identifying supported businesses; and
- Monitoring and reporting.

**SME’s**

The majority of businesses are SME’s. By doing everything you can to make it easy for SME’s to bid for your exercise then you are reaching the broader market and this will benefit your organisation as well as the broader economy.

Some things you can do to help SME’s access your process include:

- make sure your procurement exercise is advertised properly;
- use lotting to enable smaller companies to identify potential opportunities;
- make sure to include SME’s in pre-tender market engagement;
- check that your tender and any pre-qualification are proportionate and will not exclude SME’s - e.g.  do you really need such high levels of insurance for this process?

- using a **Dynamic Purchasing System (DPS)** can offer benefits to SME's in that, on qualifying they can access the contract at any time through its life and have access to smaller competitions within larger frameworks.

There are many more things that you can do (or indeed not do) and you should take time to explore these as part of your strategy development. Speaking to colleagues, your UIG and contacting organisations such as the Federation of Small Businesses and the Supplier Development Programme can be very helpful.

**Third Sector**

The third sector, which includes charities, social enterprises and voluntary groups, delivers essential services, helps to improve people's wellbeing and contributes to economic growth. It plays a vital role in supporting communities at a local level. The economic contribution of third sector organisations is steadily increasing and we expect this to continue in the coming years. Some things you should do to help Third Sector suppliers access your procurement include:

- Identify and engage with any relevant Third Sector suppliers as early as possible in the process;
- Examine the market to identify any potential "blockers" to entry – e.g. are their providers for some of the requirement but not all? Would lotting help open up the opportunities ?

Many of the actions that you can take to make sure SME's are engaged can also support the inclusion of Third Sector organisations. Each council in Scotland has a "Third Sector Interface" (TSI) and further information can be obtained from these if you need help in identifying local Third Sector organisations.

**Addressing Fair Work Practices**

Fair Work practices are actions an employer adopts for the benefit of its workers. They are above the minimum legal requirements and reflect the five dimensions of the Fair Work Framework and the Scottish Government's Fair Work First policy.

When developing any procurement exercise, you must do so in line with **Statutory Guidance**. This requires you to consider how to address Fair Work practices in all procurement exercises before you start your procurement.

To support this **Fair Work First in Procurement guidance** has been developed to offer additional guidance and practical tools for public bodies and suppliers. .

### Promote Innovation

Open or close

You must consider how you can promote innovation through your procurement exercise.

Some methods you can use to achieve this are:

- using outcome specifications
- identifying options to innovate through the procurement process
- directly procure research and development to inform your requirements

## Other Areas for Consideration

Sustainable procurement elements can also be included as part of your costing model and it's important for you to review what models are available and assess where you think that sustainable elements can be considered.

### Whole Life and Life Cycle Costing

Open or close

Information on Whole Life Costing and Life Cycle Costing can be found in **Additional Resources**

### Lifecycle Impact Mapping

Focuses on social and environmental impact rather than cost. Life cycle impacts help the user identify and assess impacts. For example, it may help to focus attention on the disposal phase before the procurement is carried out.  This  allows you to build end-of-life management requirements into performance clauses for successful contractors and your  own internal management procedures.

**Please note:** Life cycle impact mapping can be used alongside life cycle costing as part of the procurement process.

The **Lifecycle impact Mapping** t**ool** can be accessed by registering on the **Sustainable Procurement Tools** platform.

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Open or close

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There is specific guidance around the use of labels within procurement.

To specify labels in your procurement exercise you need to meet the following criteria:

- The labels can only concern criteria that are linked to the subject matter of the contract. These must be appropriate to define characteristics of the supplies or services;
- They must be based on objective and non-discriminatory criteria
- The label itself is established in an open and transparent procedure and accessible to all interested parties
- The label requirements are set by a third party over which no potential bidder has any decisive influence

Rather than apply a label on a broad basis, if it’s more proportionate you can detail which label requirements are to be met.  This will reduce the burden on bidders and could expand the number of capable bidders for your process.

Labels must comply with the label requirements of the Public Contracts (Scotland) Regulations 2015 and equivalent labels must be accepted.  Where the bidder can demonstrate it has not been possible to obtain either the label or an equivalent, through no fault of its own, you must accept other appropriate means of proof e.g. manufacturers technical dossiers.

## Additional Documents

**Life Cycle Mapping Example**

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**Guidance for public sector buyers on purchase of goods and services from Supported Businesses**

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