

Sustainable Procurement in Scotland - A Collection of Case Studies



Zero Waste Scotland procurement resource site

As part of our on-going commitment to support sustainable procurement practices in Scotland, we have created a dedicated resource site.

To access the site please visit
www.zerowastescotland.org.uk/scotlandprocurement

The site creates a dedicated resource for the content used in the recent Marrakech Approach to Public Procurement - National Training Programme.

The site also provides supporting information across a range of categories to assist public sector organisations embed sustainability in to all that they do. For example:

- Supply chain management and sustainable procurement
- On-Line Zero Waste training
- European Pathway to Zero Waste (EPOW)
- Facilities Management
- Local Authorities
- Sustainable Event Management

For assistance or further information, please contact either Tim Lockett (tim.lockett@wrap.org.uk) or Pete Brown (peter.brown@scotland.gsi.gov.uk).



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The Marrakech Approach

Zero Waste Scotland works with businesses, individuals, local authorities, and the public sector to help them reduce waste, recycle more and use resources sustainably.

For more information about Zero Waste Scotland's services and other publications that will help you, please visit the website (www.zerowastescotland.org.uk) or contact the free Helpline on 0808 100 2040.

Contents

Section	Page
1 Foreword	1
2 Introduction	2
3 Case Studies	3
Life cycle impact mapping informs procurement strategy development	3
Prioritising actions	5
Identifying the need	7
Developing the specification	9
Bid evaluation and contract award	13
Supplier selection and engagement	15
Contract management	17
Supplier engagement	19

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The partners were, Barbara Morton Director of Sustainable Procurement Ltd², Phil Duddell Director of Olive Consultancy Ltd³ and Jane Waring Director of Ammatis Ltd⁴. In addition, we would also like to thank Peter Brown of The Scottish Government for his role in co-ordinating cross sector collaboration.

Approximately 350 public sector delegates attended the training events contributing a significant input of resources furthering the sustainable procurement agenda in Scotland.

In particular, Zero Waste Scotland would like to thank the individuals and Barbara Morton who collaborated on the development of these case studies.

¹ www.lrsconsultancy.com

² www.sustainableprocurement.eu.com

³ www.consultolive.com

⁴ janewaring@ammatis.co.uk

Foreword

Helping Scotland's public sector to lead the way in good sustainable procurement practice is a clear objective of the Scottish Government's Zero Waste Plan, and one that Zero Waste Scotland is pleased to support.



Our vision for procurement places sustainability alongside quality and value for money considerations, making it a key criterion in buying decisions. Encouraging the purchase of products containing recycled content and the minimisation of resource use overall holds the potential to reduce waste and develop and strengthen markets for resource efficient products and services, especially when large-scale public sector contracts are concerned.

Sustainable procurement is already a cross cutting theme across many of our support programmes. Our Love Food Hate Waste campaign is a great example of how sustainable habits can deliver cost savings to householders. Our support to businesses also focuses on achieving efficiencies in procurement and operations to save both money and resources.

Delivering against the Zero Waste Plan's commitment to develop a national sustainable procurement methodology, we have developed a new programme of activities in partnership with Scottish Procurement for 2013 /14. Our aim is to build capability in sustainable procurement across Scotland's public sector.

Building on existing training, the new programme will embed the Marrakech Approach to Scottish Public Procurement into Scottish Procurement policy and systems. This approach will ensure that good procurement is sustainable procurement.

The following case studies illustrate some of the efforts made by individuals and organisations to embed sustainability within their public procurements, covering social, economic and environmental elements of sustainability. Each case study includes the contact details of a member of the team within the organisation for you to follow up with, to encourage replication and delivery against The Scottish Government's vision of a zero waste society.

Iain Gulland
Director of Zero Waste Scotland



From Director of Scottish Procurement

'The partnership between Zero Waste Scotland and Scottish Procurement is supporting the Public Procurement Reform Programme's commitment to embed sustainability in all we do. These case studies bring sustainable procurement to life and reflect the real change that is happening on the ground.'

Alastair Merrill
Director of Scottish Procurement

Introduction

The Scottish Government, in partnership with Zero Waste Scotland, is delivering support on the Marrakech Approach to Sustainable Public Procurement.



A training programme has been rolled out to around 350 staff with procurement responsibilities in Scotland during 2011/12. The course content is available via the Zero Waste Scotland website¹.

The Marrakech Approach is a risk and opportunity based approach that assists organisations and individuals to embed economic, social and environmental considerations in their procurement activities. It helps people do this in a way that is relevant and proportionate to who they are, what they are proposing to purchase and the outcomes they are seeking to achieve. The following diagram summarises the Marrakech Approach to Sustainable Public Procurement.

The Approach is designed to be flexible to the needs, capacities and capabilities of organisations large and small, from across the public sector and throughout their supply chains.

The following case studies provide a 'snapshot' of progress made to date by a range of organisations who have participated in the training programme.

We aim to learn lessons from tracking progress on what works well and what needs to be improved. This learning will contribute to the further enhancement of the Marrakech Approach as the wider public sector in Scotland leads the way globally in good, sustainable procurement practice as part of its internally-recognised Procurement Reform Programme.



The Marrakech Approach

¹ www.zerowastescotland.org.uk/scotlandprocurement

Case Study - Life cycle impact mapping informs procurement strategy development



Key Actions:

- Life cycle impact mapping
- Opportunity and risk analysis

Key Benefits:

- Life cycle impacts identified
- Risks and opportunities identified throughout the life of the procurement
- Innovate market

Scottish Government's use of a key Marrakech Approach technique in developing its framework for 'Biomass Energy Supply Agreements'.

The Scottish Government issued an Invitation to Tender for the Provision of Biomass Energy Supply Agreements on 31 May 2012. This is their first tender in a series of competitions related to Biomass Energy in the Scottish public sector.

The decision to pursue collaborative sourcing solutions for Biomass-related technologies was influenced by the identification of several risks and opportunities, including impact on biodiversity both at the supply stage and at the end-of-life stage. For example, the potential impacts of sourcing wood, as well as disposal of ash and decommissioned boilers were all analysed.

In addition to environmental factors, the procurement team were able to identify an economic sustainability opportunity. Given the large-scale and innovative nature of the work, the framework solutions will have the potential to integrate an immature supply chain in the hope of developing a 'lead market' for future export to the rest of the UK, and further-afield.

One of the key techniques used in the Marrakech Approach is life cycle impact mapping. The techniques can be applied to any procurement activity from major works projects and social care to stationery. It helps organisations and individuals to appreciate:

- where the risks lie;
- where the opportunities lie;
- the actions they can and should take to manage these risks; and
- at what stage of the procurement process this is best done.

Every product and service has a 'life cycle' or number of stages it goes through:

- from the extraction and sourcing of raw materials, such as mining;
- to the transportation of sub-assemblies and parts, often through a global supply chain;
- to the use of products or works and the delivery of services; and
- to the re-use, recycling, remanufacture and final disposal of materials.

In the Marrakech Approach, the assessment of these risks and opportunities is broken down into four key phases, summarised below:

- Raw materials;
- Manufacturing and logistics;
- Use; and
- Disposal or end-of-life.

Life cycle impacts

Life cycle impacts help the user identify and assess impacts. It is also possible to refer to other information sources to identify the key environmental and socio-economic risks and opportunities.

For example, it may help to focus attention on the disposal phase before the procurement is carried out, allowing the organisation to build end-of-life management requirements into both its performance clauses for successful contractors and its own internal management procedures.

Impacts of obtaining raw materials Focus on specification, suppliers' own procurement

Impacts of manufacturing and logistics Focus on supplier selection stage

Impacts during use Specification and end user awareness

Impacts at end-of-life / disposal Supplier responsibility and end user awareness

Having identified the risks and opportunities of most significance to them, organisations can move onto addressing them at the most appropriate stage of the procurement cycle.

In this respect, life cycle impact mapping is closely linked to the Prioritisation Methodology, since it helps organisations to focus on the economic, social and environmental issues of particular relevance to them.

What has the Scottish Government done?

Life cycle impact mapping was used at the strategy development stage for this framework. The results are shown below:

Impacts of obtaining raw materials

- Sourcing overseas if demand outstrips supply – impact on carbon emissions;
- Wood should be sourced not just from legal but also sustainable forests/woodlands – forest management is critical;
- Potential impact on biodiversity of forests/woodlands if focus is only on economic viability;
- Support development of an immature supply chain through aggregated demand; and
- Opportunities for community woodland schemes to be integral to supply chain.

Impacts of manufacturing and logistics

- Carbon emissions from transportation, particularly if local supply chains are inadequate;
- Production of chips/pellets – is renewable energy used?;
- Sourcing overseas if demand outstrips supply – impact on carbon emissions;
- Competition for raw materials e.g. chipboard manufacturers; and
- Waste products from pellet manufacturing process.

Impacts during use of product/service

- Emissions particularly in 'Air Quality Management Areas';
- Shortage of qualified engineers/installers; through aggregated demand an opportunity to influence recruitment and training; and
- Disposal of waste products e.g. ash.

Impacts at end-of-life/disposal

- Disposal of ash – use as a fertiliser; and
- Disposal of boilers.

The procurement team responsible for the energy framework consulted with a wide range of stakeholders to identify the key risks and opportunities, including:

- wood fuel forums;
- rural development organisations;
- Forestry Commission;
- Scottish Government policy colleagues in Renewable Energy and Rural Development;
- Carbon Trust;
- UK's Department for Energy and Climate Change; and
- Ofgem who administer the Renewable Heat Incentive scheme.

The Scottish Government team was able to incorporate factors such as community benefits into the procurement strategy that might be delivered through the framework. Working with Ready for Business² they developed appropriate wording for the framework.

What happened next?

The Tender was influenced by the identification of several risks and opportunities using life cycle impact mapping which included:

- woodland management;
- transportation;
- chipping and pellet manufacturing;
- delivery of fuel; and
- manufacture of boilers, installation and maintenance.

Some of the impacts may occur many years into the future and would not necessarily have been factored into the development of this framework strategy without the application of life cycle impact mapping. This was particularly true of the integration of an immature supply chain and the wider economic opportunities.

For more information, contact Scottish Government, tel 0131 244 0865.

One of the members of the procurement team responsible said:



The Marrakech process opened our eyes to opportunities and risks that otherwise we would not have identified. The small investment of time up-front greatly improved the outcomes of our work while enabling us to anticipate and avoid problems. Had we failed to anticipate those problems, resolving them would have cost us much more time and resource than that invested up-front. Following the Marrakech process gave a fantastic return on investment.



Case Study - Prioritising actions



Falkirk Council



Key Actions:

- Prioritisation methodology
- Early market engagement

Key Benefits:

- Environment and economic benefits
- Achieved greater levels of sustainability at no additional cost
- Use of Government Buying Standards for cleaning products and services

Falkirk Council uses the Marrakech Approach techniques to raise product and service standards.

Falkirk Council used the Prioritisation Methodology of the Marrakech Approach to Sustainable Procurement to identify categories of spend on which to focus their drive to deliver environmental and socio-economic improvements.

Using the Prioritisation Methodology, procurement staff at Falkirk Council were able to engage effectively with the market and to raise the sustainability standards in upcoming contracts that led to significant improvements in environmental performance at no additional cost¹.

Background The Prioritisation Methodology

The Prioritisation Methodology was designed to take a standard approach across the public sector that focuses the time and resources of organisations on areas with the greatest potential to improve sustainability performance.

The methodology is based upon the following parameters:

- Amount of spend;
- Risk - including environmental and socio-economic risks and opportunities;
- Scope for improvement; and
- Influence on the market.

The methodology covers both environmental and socio-economic issues, as follows:

Environmental issues:

- CO2 and methane emissions;
- Other air emissions;
- Emissions to water;
- Waste to landfill;
- Hazardous substances;
- Materials;
- Energy;
- Other natural resources;
- Water;
- Biodiversity; and
- Local environment.

Socio-economic issues:

- Health;
- Education;
- Employment;
- Community;
- 'Developing world' supply chains;
- Diversity; and
- Other socio-economic.

These criteria are used in the assessment of risk and opportunity of expenditure by an organisation. Running the methodology generates 3 matrices known as:

1. Prioritising action - which can be used to develop an action plan for procurement.
2. Buyer approach - which can be used at category level by buying teams or individuals to determine where to focus their attention.
3. Market engagement strategy - which can be used to plan which suppliers and contractors to target on sustainability and when.

The actions from the market engagement strategy are provided on the next page:

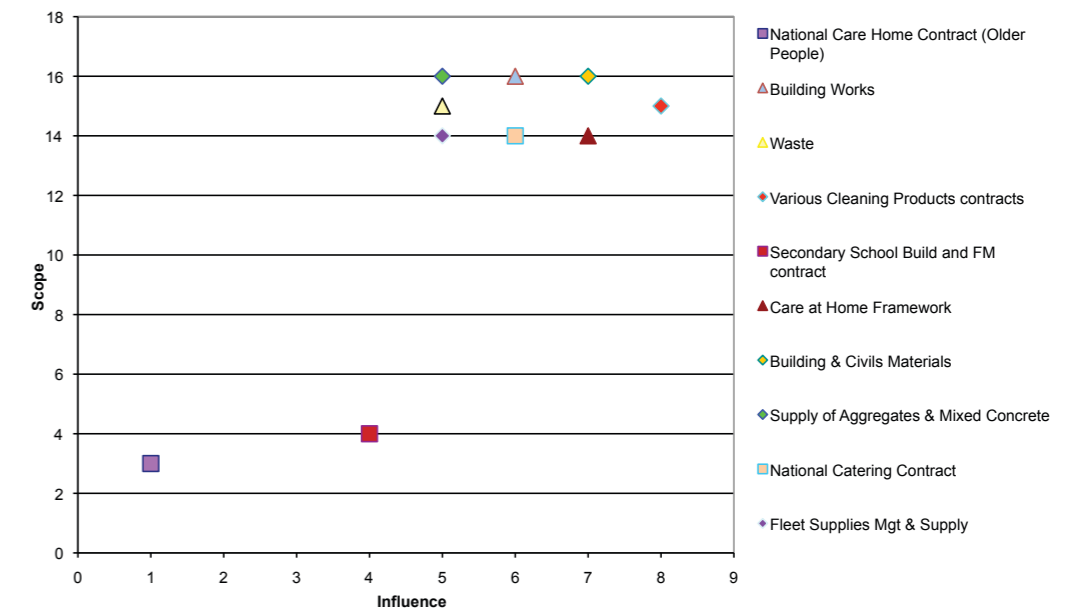
Market engagement strategy - scope and influence



What did Falkirk Council Do?

In Falkirk's case the results of running the Prioritisation exercise, for Market engagement strategy are as follows:

Market engagement strategy



The Marrakech training provided the methodology and tools that allowed me to explore when and how sustainability requirements can be incorporated into the procurement process. This has resulted in a framework agreement that will deliver social and environmental benefits contributing to Falkirk Council's corporate objectives.



James King
Procurement Officer
Falkirk Council

Falkirk Council has been able to identify a number of areas of spend in which it could drive sustainability performance. The Market Engagement Strategy matrix indicated that in the area of cleaning products and services, there was scope to do more by developing specifications for greater sustainable goods and services.

It also revealed that the internal scope for improvement could be combined with Falkirk's considerable influence in this market. This suggested a major opportunity for sustainability performance improvement, which Falkirk Council has acted on to good effect.

Falkirk Council was able to research the possible introduction of Government Buying Standards for cleaning products and services. In discussing this with the incumbent supplier and others, Falkirk

established that it would be possible to obtain products to this standard. Products and services to these standards are now being used with the overall effect on costs being neutral.

The minimum 'mandatory' standard specified for cleaning products and cleaning services was applied, with a requirement that successful contractors will work with the contracting authority to achieve best practice standards. This is a good example of the use of the Prioritisation Methodology to determine where to focus procurement effort to deliver successful sustainable outcomes.

For more information, contact James King, Procurement Officer, Falkirk Council, purchasing@falkirk.gov.uk

¹This is further explained in the case study on 'Developing the Specification'.

Case Study - Identifying the need:



Key Actions:

- Senior management buy-in
- Procurement hierarchy
- Waste hierarchy

Key Benefits:

- Substantial cost savings
- Reduced waste to landfill through re-use
- Avoided depletion of natural resources

Furniture procurement policy at Perth & Kinross Council.

Background

The Marrakech Approach emphasises the importance of challenging the need to buy - anything, at all.

Maximising the use of resources available to an organisation is at the heart of sustainable procurement. So, sustainable procurement can mean not buying. This does not mean that the needs of the organisation are not met, of course. It can mean looking at the outcomes the organisation wants to achieve and finding different, new ways of delivering those outcomes and satisfying those needs. This case shows that the needs of an organisation can sometimes be met by 're-thinking the need' to procure.

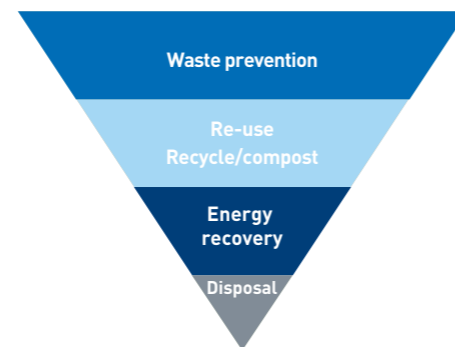
Perth & Kinross Council has set an example in their approach to the provision of furniture - avoiding the need to procure new furniture in all but a few cases, while still satisfying the requirements of the organisation. This has saved the Council money while reducing the impact on the environment and stimulating the development of new business models.

The 'Procurement Hierarchy' in practice

The Marrakech Approach introduces the 'Procurement Hierarchy' which encourages organisations and individuals to apply the principles of the waste hierarchy at the earliest possible stage of the acquisition process.

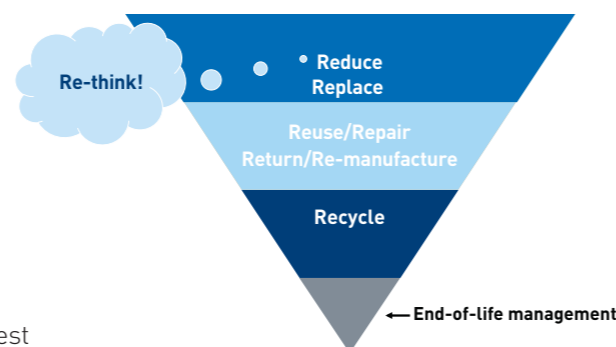
The waste hierarchy promotes the elimination or reduction of waste, thereby avoiding or reducing the costs of waste disposal, for example:

The Waste Hierarchy.....



In the Marrakech Approach, the principles of the waste hierarchy are applied to procurement activity, to create a procurement hierarchy:

...The Procurement Hierarchy



What did Perth and Kinross Council do?

Over the past three years and with senior management support, Perth & Kinross Council has changed its policy on the procurement of furniture for its own use. The adoption of this policy has been reinforced by the messages delivered through the Marrakech Approach training which staff from Perth & Kinross Council attended in March 2011.

Applying procurement hierarchy principles:

1. Reducing the need to buy comes first, so close examination of what is already available helps to reduce overall demand.
2. Re-use comes next, so if surplus furniture is available within the Council, this will be used first. Perth & Kinross Council has been able to use a third party facilitator to store and catalogue what they have in surplus. A flat-rate fee is charged for storage of these items, which are then made available whenever they are required.
3. Re-use can also involve using other people's surplus furniture. In the case of Perth & Kinross Council, this has meant that the Council was able to make use of furniture that was surplus to the requirements of a large financial institution. It is fit-for-purpose and meets users' requirements, while at the same time allowing Perth & Kinross Council to avoid the need to buy new.
4. The next option is to buy re-used furniture through an existing framework. Three providers are able to offer re-used furniture at present.
5. Finally, the 'buy new' option is reached - but only after all of the alternatives have been explored.

Only after all of the other options have been considered will Perth & Kinross Council consider buying new furniture.

This case illustrates how the needs and requirements of a council can be met successfully while reducing environmental impact and the depletion of natural resources.

Through its 'buy last' furniture procurement policy, Perth & Kinross Council has managed to achieve cost savings and environmental benefits in the same package. In fact the savings figures have been substantial:

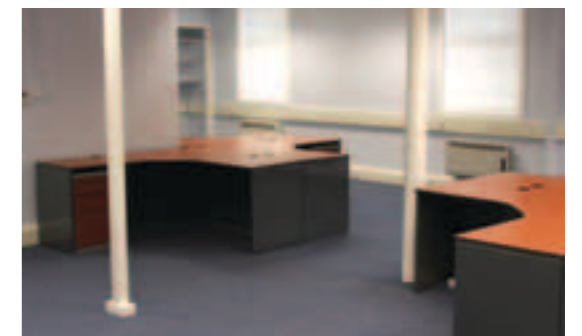
Year	Expenditure
09/10	£292,904
10/11	£131,499
11/12	£61,300
12/13 (projected)	£33,000 approx.

These figures help to overcome the widespread misconception that sustainable procurement will always cost more. Analysis indicates that over 92% of this expenditure is through contracts, showing again how a drive for sustainable procurement helps to support good procurement practice.

Senior management support is vital to the success of sustainable procurement. Perth & Kinross Council's new policy on furniture had the backing of the senior management and is clearly seen to be supporting the Council's Sustainable Procurement Policy. The approach to procurement of furniture involves the use of the PECOS system and in that respect helps to reinforce good procurement practices throughout the devolved procurement structure. Internal monitoring is important and Perth & Kinross Council have an award-winning waste management group in place. They are involved in reducing the volumes of waste sent to landfill, including developing the strategy for the current furniture procurement policy.

Perth & Kinross Council will also be seeking to influence the upcoming renewal of a framework agreement, to ensure they continue to have access to a 'lot' offering re-used furniture. They will also be investigating the potential to deliver even more sustainable outcomes through the potential use of third sector providers as part of new arrangements for furniture provision, as many other public bodies across Scotland have started to do.

For more information, contact furnitureprocurement@pkc.gov.uk



Case Study - Developing the Specification:



Falkirk Council



Key Actions:

- Development of sustainable specifications
- Use of Government Buying Standards
- Market engagement

Key Benefits:

- Achieved greater levels of sustainability throughout products and services
- Improved contract management
- Process for continuous improvement through collaboration with supplier

Government Buying Standards help to drive environmental improvement and deliver value for money at Falkirk Council.

Background

Falkirk Council procurement staff attended a Marrakech Approach workshop in March 2011 where they identified the requirement to incorporate higher environmental performance standards into their framework for deep cleaning of kitchens. They achieved this by using the Government Buying Standards, formerly known as Quick Wins.

Government Buying Standards

The UK's Government Buying Standards (GBS) are a set of purchasing specifications that encourage the smart procurement of more sustainable goods and services in order to achieve cost savings in public operations by, for example, cutting bills for electricity, water and reducing waste to landfill.

The standards have been developed by a Cross-Government Stakeholder Group for a range of commonly-purchased products, including cleaning products and services. The standards are updated to ensure that they remain current with market developments.

They are developed to show that through good sustainable procurement you can cut costs and reduce carbon whilst looking after the environment.

With the exception of Construction GBS¹ the Scottish Government is promoting the cross-sectoral use of these standards at the Marrakech Approach training.

Government Buying Standards are set in three categories:

Minimum technical specifications –

These standards are mandatory for all central government departments and voluntary in wider government.

Best practice – These either set the bar higher for existing criteria, or add further criteria that need to be fulfilled.

Class leader – this applies to only a few products and is aimed at signalling the direction of travel for suppliers and buyers and to encourage innovation.

For some products, there are no best practices or class leader standards set as yet. Over time, the standards will evolve so that the mandatory requirement is raised, and more best practice standards are published.

The standards can be used:

- in the development of contract documentation, including the Invitation where they are relevant and proportionate;
- to gain insight into the key sustainability issues for a product; or
- where long term contracts have already been awarded, can be used as the basis for discussion with the market.

What Did Falkirk Council Do?

Falkirk Council had a contract for deep cleaning of kitchens that was due for renewal. The existing contract did not include requirements for sustainable products or services. The Marrakech training helped procurement staff at Falkirk identify that there was an opportunity to introduce the Government Buying Standards (GBS) when this contract was renewed.

The process of introducing GBS started with a meeting with the incumbent supplier who advised they could meet the GBS standard. This formed part of the market testing that organisations are encouraged to undertake when introducing sustainability criteria to contracts, particularly for the first time. The GBS mandatory standard was specified for cleaning products and cleaning services, with a requirement that successful contractors would work with the contracting authority to achieve best practice standards.

Perfect Service Solutions



We were aware of the Government Buying Standards and some of our products were already compliant. However, this tender provided the impetus for us to change the non-compliant products thereby ensuring we are in an even stronger position to compete for public sector tenders.



Duncan Sibbald
Managing Director
Perfect Service Solutions

Bidders provided a signed declaration that all relevant products will meet GBS Mandatory criteria. Performance will be monitored throughout the lifetime of the contract:

“After the first 6 months of contract, and thereafter at the end of every year of contract, a balance to be submitted by the contractor indicating the name and quantity of all cleaning products used. For any products falling within the scope of Mandatory GBS not mentioned in the initial bid the contractor shall provide the required proof of compliance with the relevant criteria.”

The standard of cleaning is monitored by the Quality Team through non-conformance reporting. Falkirk Council will investigate ways of improving the sustainability performance by increasing the standards to be applied over time. As part of good procurement practice, regular meetings are held with suppliers to develop best practice standards.

A community benefit clause for a training opportunity was also included and will be monitored during the lifetime of the contract.

For more information, contact James King, Procurement Officer, Falkirk Council, purchasing@falkirk.gov.uk

Falkirk developed the framework to include GBS requirements. An extract is shown overleaf.

Falkirk Council included additional sustainability features at other stages of the procurement process too. Award criteria included an assessment of tenderers proposals to mitigate the impact on the environment in the performance of the contract, e.g. waste disposal, fuel emissions.

Framework agreement for the deep cleaning of kitchens, cleaning of kitchen canopies (including ductwork & filters)

Contract Specification

The successful contractors onto the framework MUST comply with the mandatory standards contained within the Government Buying Standards for Cleaning Products and Services.

The successful contractors onto the Framework will be expected to work with the Contracting Authorities to achieve Best Practice standard within the Government Buying Standards.

Government Buying Standards for Cleaning Products

Impact Area	Mandatory
All products within general scope	Products must be delivered with clear dosing instructions to avoid over-application by the user. Verification: Bidders must provide a signed declaration that all relevant products will meet this criterion.
All products within general scope	Sprays containing propellants must not be used. Verification: Bidders must provide a signed declaration that all relevant products will meet this criterion.
All products within general scope	The primary packaging shall be easily separable into mono-material parts. Verification: Bidders must provide a signed declaration that all relevant products will meet this criterion.
All purpose cleaners and window cleaners	Products must be supplied as concentrates requiring dilution before use except for trigger sprays which may be supplied containing ready-to-use products, provided they are part of a product range where reuse of trigger sprays with concentrated refills is intended. Verification: Bidders must provide a signed declaration that all relevant products will meet this criterion. Where products are supplied as part of a cleaning services contract, use of ready-to-use trigger sprays can be monitored via the mandatory cleaning services GBS requirements.
All products within general scope	Products must not contain paradichlorobenzene or alkylphenol ethoxylates (APEs). Verification: Bidders must provide a signed declaration that all relevant products will meet this criterion.

Cleaning products included within the general scope of this Government Buying Standard are:

- All purpose cleaners – detergent products intended for the routine cleaning of floors, walls, ceilings, windows and other fixed surfaces, and which are diluted in water prior to use. All-purpose cleaners shall mean products intended for indoor use in buildings which include domestic, commercial and industrial facilities.
- Detergents for dishwashers – detergents for dishwashers and products used as rinse aids, whether in powder, liquid or any other form, which are intended to be marketed and used exclusively in automatic domestic dishwashers and in automatic dishwashers for professional use.
- Hand dishwashing detergents – all detergents intended to be used to wash by hand dishes, crockery, cutlery, pots, pans, kitchen utensils and so on. The product group shall cover products for both private and professional use.
- Window cleaners – specific cleaners intended for the routine cleaning of windows
- Sanitary cleaners – detergent products intended for the routine removal, including by scouring, of dirt and/or deposits in sanitary facilities, such as laundry rooms, toilets, bathrooms, showers and kitchens. This subgroup thus contains bathroom cleaners and kitchen cleaners.
- Laundry detergents – laundry detergents and pre-treatment stain removers whether in powder, liquid or any other form. Pre-treatment stain removers include stain removers used for direct spot treatment of textiles (before washing in the machine) but do not include stain removers dosed in the washing machine and stain removers dedicated to other uses besides pre-treatment.

This product group shall not comprise products that are dosed by carriers such as sheets, cloths or other materials nor washing auxiliaries used without subsequent washing, such as stain removers for carpets and furniture upholstery.

Case Study - Bid evaluation and contract award:



Key Actions:

- Consider sustainability early
- Risk and opportunity analysis
- Agree sustainability criteria in contract

Key Benefits:

- Reduced waste to landfill through re-use of construction and demolition waste
- Community benefits in the form of employment and skills development
- Increase biodiversity

Scottish Government's Bull Stud facility.

The case of the construction of a new Bull Stud Facility highlights the importance of considering sustainability outcomes at the earliest possible stage in the procurement cycle. This means considering sustainability risks and opportunities from design all the way through to operation and contract management. The appropriate sustainability requirements can then be incorporated into the procurement documentation at each stage in a relevant and proportionate manner, in line with the Marrakech Approach to sustainable procurement.

This case study emphasises the social, economic as well as the environmental outcomes that can be delivered by including relevant award criteria in a below OJEU threshold construction project. Here, all three strands of sustainability are seen to be important, notably in the opportunities offered to deliver community benefits in the form of employment and skills development.

Scottish Government was able to draw on the expertise of ConstructionSkills Scotland in the development of an appropriate Employment Skills Plan in this instance, demonstrating the importance of collaboration in designing robust procurement strategies.

Background

Knocknagael Farm near Inverness is a Scottish Government-owned facility that provides bull-stud services to crofters across the Highlands and Islands of Scotland.

The strategic aim of the Project was to provide a modern bull stud facility, maximising the operational effectiveness and efficiency of the farm and providing a safe and welfare compliant environment for the livestock in order to support high quality, on-croft cattle breeding.

The contract was for several works to the existing stud farm facilities by way of demolition of redundant structures, refurbishment and new build elements.

What did Scottish Government do?

A wide range of sustainable benefits have been agreed in this contract, principally:

- All inert materials will be processed on-site and used in the permanent construction i.e. no inert material will go to landfill;
- Excess materials that are unsuitable for formation will be utilised in the construction of bunds to the silage clamp and wet land areas;
- 'Borrow Pits' will be used to generate aggregates in excess to those "won" from demolition and the overall cut and fill exercise;
- Environment and habit enhancement for bats and breeding birds is incorporated as a fundamental project design objective including roost habitat and wildlife corridors;
- All steelwork will be removed for salvage;
- Increased biodiversity through the re-aligning of the swale and supporting the pond area, which will be rich with wildlife;
- Solar thermal panels were installed to supply hot water to offices and animal-handling facilities;
- The solar panel system will reduce the farm's electricity requirements by around 20% and provide a source of revenue in the form of a Feed-in-Tariff;
- Rainwater recovery and attenuation; and
- The contract is structured in such a way that a range of contracting opportunities will be available to Small and Medium enterprises.

Employment and skills commitments as follows:

Employment & Skills Area	No.
Existing apprentices or apprentice completion (including final year apprentice)	4
Jobs Advertised Through Local Employment Vehicles	2
Get Ready for Work taster/placement for a suitable individual (16-19 years)	4
N/SVQ Starts for Subcontractors (persons)	4
N/SVQ Completions for Subcontractors - (persons)	4
Training Plans for Subcontractors	4
Supervisor Training for Subcontractors - (persons)	4
Leadership and Management Training for subcontractors - (persons)	4
Advanced Health and Safety Training for subcontractors - (persons)	4

In addition to the Employment and Skills criteria set out in the ITT the contractor agreed to facilitate site visits for schools and the Agricultural Community to demonstrate the innovation adopted, with particular emphasis on Zero Waste Policy and Design Development with regard to the safe operation of Agricultural Facilities.

For more information, contact Scottish Government Tel: 0131 244 0865.

Case Study - Supplier selection and engagement:



Key Actions:

- Supplier engagement
- Supplier selection process

Key Benefits:

- Community benefits addressing recruitment and training as well as involvement of SME's and Third Sector
- Innovation
- Improved contract management

Shotts Prison Phase 2 development, Scottish Prison Service.

Background

In addition to the primary objectives for the building of a new prison (meeting time, cost and quality objectives), this project presented the Scottish Prison Service (SPS) with an opportunity to address a number of environmental and socio-economic issues throughout the procurement process. This case illustrates the importance of early stakeholder involvement, including supplier engagement, to successfully deliver a major infrastructure project.

It also provides an excellent example of how socio-economic factors, in this case community benefits, can be used as part of a robust supplier selection process. The principles of relevance and proportionality, which are at the heart of the Marrakech Approach are exemplified in this case study.

What did Scottish Prison Service do?

To ensure social sustainability considerations were embedded in the Phase 2 development of Shotts Prison, SPS specified the requirement for contractors to consider Community Benefits. Working in partnership with North Lanarkshire Council (NLC) a Pre-Qualification Questionnaire (PQQ) was developed which specifically tested bidders experience of including community benefit involvement within construction projects.

The key areas focussed on were Recruitment and Training; Involvement of Small and Medium Sized Enterprises and Involvement of the Third (Voluntary) Sector. The NLC hosted a 'Bidders' Forum' with SPS to provide background to the requirements on existing regeneration and other Community Benefit programmes operational in the local area. NLC also supported the SPS procurement process by providing specific questions for inclusion within the Invitation to Tender along with an example format of an 'Employability and Skills Plan'. Bidders were requested to address these elements which were assessed as part of the tender evaluation process.

The winning contractor (Laing O'Rourke) for the design and build contract (awarded in December 2010) outlined a number of community benefits provisions that would be undertaken during the construction project. These included: 16 employment opportunities for people who have been unemployed for over 12 months; work-based training weeks and local sub-contractor engagement in support of the primary contract.

Laing O'Rourke were proactive in meeting with the SPS prior to works commencing and engaging with proposed sub-contractors to outline requirements, which included the delivery of a breakfast seminar to prospective supply chain companies. Throughout the process the Laing O'Rourke Project Manager has been actively engaged in driving the Community Benefits agenda with SPS and NLC. Outcomes include:

- **Apprenticeships & trainees:** 8 new apprentices via NLC; 9 adult apprenticeships and 24 additional apprenticeships being sustained as a result of the project.
- **Work Experience:** 150 weeks paid work experience has been provided.
- **Employment:** Sixteen employment opportunities created for individuals >12 months unemployed; six trainees engaged through NLC's Bridges Programme, and a further six through NLC's 'Routes to Work' programme.

- **Other:** Laing O'Rourke also undertook various schools, community and SME/Third Sector engagement events.

Advisory note: This example supports the recommendation to be proactive in seeking innovation and clearly articulating this to suppliers. Undertaking 'Early Market Engagement' activities early in the pre-procurement phase helped to allow identification of new, innovative or alternative ways of meeting requirements. Consideration of Community Benefit provisions were developed and reflected in the procurement process at this early stage to establish realistic objectives and targets which then informed the specification, testing of bidder capability at PQQ, and the resulting contract. Community benefit provisions which are relevant to the contract and performance of the contract can be included as part of the qualitative tender evaluation criteria. Early engagement with the market regarding potential objectives through pre-tender dialogue or Bidder Forum's, joint working with the contractor to turn the outcomes indicated in the contract into practice, and ensuring follow-up monitoring during the performance of the contract are considered key success factors.

For more information, contact Andrew Door, Head of Procurement, Scottish Prison Service. Email: andrew.door@sps.pnn.gov.uk



Case Study - Contract Management:



Scottish Futures Trust's suite of Key Performance Indicators for hub.

Working in collaboration with a number of stakeholders, most notably Local Authorities, NHS Boards and ConstructionSkills Scotland, sustainability has been addressed in the development of a suite of Key Performance Indicators (KPIs) by the Scottish Futures Trust (SFT).

The sustainability criteria is being applied to the delivery of numerous community infrastructure projects across Scotland.

Key Actions:

- **Develop Key Performance Indicators**
- **Collaborative procurement**
- **Creation of a Supplier Development Programme**

Key Benefits:

- **Community engagement**
- **Community benefits addressing recruitment and SME and Third Sector development**
- **Contract management and management information**

Amongst the KPI areas covered are community engagement and community benefit, sustainability and supply chain management. KPIs focussing on community benefits have been developed to cover both recruitment and training as well as SME and third sector development. Under the heading of sustainability, KPIs address the achievement of BREEAM targets¹; reducing construction waste; re-use and recycling of construction waste; recycled content materials and Energy Performance Certificates.

Background

The Scotland-wide hub initiative is led by SFT on behalf of the Scottish Government. hub is a national approach to the delivery of community infrastructure projects across five geographical hub territories.

The programme brings together community planning partners including health boards, local authorities, police, fire and rescue services and other public bodies together with a private sector development partner to increase joint working, shared delivery of sustainable community buildings and best value.

The operation of each territory is governed by a Territory Partnering Board that comprises members of each public sector participant engaged with the initiative. The public sector bodies and SFT enter into a long-term joint venture arrangement with a Private Sector Development Partner. This can be one organisation or a consortium who are procured through a competitive process following EU rules. The public /private joint venture then becomes a hub company (hubCo).

To enable hubCos to monitor performance for their programmes, Skills Plan Outcomes of the National Skills Academy are used. This is a system developed by ConstructionSkills to manage and monitor the achievements of projects and has been further developed and personalised for the hubCos to incorporate additional performance metrics which they are required to monitor.

SFT encourages each hub territory to liaise with the Supplier Development Programme which organises meet the buyer events and delivers free capacity and capability training for SMEs to enable them to tender for work. For example, in the North hub territory, 100 contractors, suppliers and consultants have been identified across Shetland, Thurso, Elgin, Aberdeen, Fort William and the Western Isles indicating that there will opportunities for SMEs to become part of the supply chain. SFT is confident that the hubCo model will deliver community benefits across all the territories as the programme develops.

For more information contact Morag Wallace, morag.wallace@scottishfuturestrust.org.uk, or visit www.scottishfuturestrust.org.uk



Case Study - Supplier Engagement:



Key Actions:

- Early supplier engagement
- Partnership working
- Embed sustainability throughout the procurement cycle

Key Benefits:

- Community benefits
- Performance management
- Increased transparency

Renfrewshire's early engagement with suppliers delivers sustainable outcomes.

This case study illustrates the benefit to Renfrewshire Council of early supplier engagement, which has to be seen in the context of an organisation-wide and senior level commitment to embedding appropriate and relevant sustainability considerations at every stage of the procurement cycle. Renfrewshire Council has made a significant commitment to improving its assets and to capitalise on the potential of Renfrewshire and its citizens. This has also been demonstrated through an asset improvement programme which delivered high quality facilities, including:

- new-build and refurbished schools;
- new-build care homes;
- improved leisure;
- sports facilities; and
- improvements to town centres.

The case study is based on Renfrewshire Council's Building Better Communities (BBC) programme, a £103M+ investment in schools, sports, social care and community facilities. This investment is designed to drive forward the regeneration of Renfrewshire town centres, encourage healthy lifestyles, increase participation in sport and leisure activities and improve services for adults with learning disabilities. Facilitated through a framework agreement competitively tendered in 2010, the Council, together with Renfrewshire Leisure Ltd (RLL) have been working with BAM Construction Ltd to deliver the BBC programme. Through effective supplier engagement and the principles of partnership working across all stakeholders, the BBC project has so far seen the progression of a number of high profile, major capital schemes, delivered on time; on budget; to the satisfaction of the end users, the Council and RLL and with a number of associated community benefits. This supplier engagement programme has shed light on a number of important forward thinking procurement issues that can be applied elsewhere across the public sector.

Firstly, it resolved shortcomings of the council's approach to the delivery of major capital schemes such as:

- inconsistent contract and risk management;
- lost opportunities in capturing efficiencies and delivering best value;
- low level of client / end user satisfaction;
- some projects in excess of tendered amount; and
- opportunities of wider community benefits not being exploited.

The impact of the supplier engagement programme was openness, trust, effective management, on time delivery, on budget, a high standard and a number of community benefits. These included facilitating opportunities for local supply chains, employment and skills development.

Secondly, the supplier engagement initiative was particularly innovative with respect to the delivery of community benefits which did not carry a significant weighting in the evaluation of bids for individual BBC projects but nevertheless through significant stakeholder involvement delivered results that exceeded contractual obligations. These community benefits included: 31% of sub-contracted work or £16.5m of £53.2m going to local sub-contractors; 27 apprentices employed on BBC projects; contribution to local charity initiatives; development of local environmental projects and contribution of educational input to local schools.

Thirdly, the most challenging aspect of the supplier engagement initiative was the establishment of the partnering ethos between all stakeholders which has been critical to the success of the BBC programme to date. At the start of the programme, there were very few examples of effective engagement with contractors through a partnership approach within the Scottish public sector. Projects were typically procured on a project by project basis; price was often the main driver in the evaluation of tenders and the most commonly used forms of contract did not enforce resolution of risks and issues as they arose

therefore increasing the likelihood of disputes at settlement of final account. One of the critical success factors in meeting supplier engagement objectives was effective supplier (contractor) engagement. It was recognised that in order for the programme to be a success, a change in culture was required. A number of measures were adopted to achieve this which included: a governance structure which included BAM Construction, jointly establishing roles and responsibilities, agreed targets and performance reporting and escalation mechanisms, joint workshops and adoption of a pain/gain mechanism where risks and rewards are shared between contractor (and their supply chain) and the Renfrewshire Council.

Fourthly, the outcome achievements to date have included:

- more efficient and innovative supply chains;
- design and engineering efficiencies;
- better cost predictability;
- significant local employment;
- skills and SME opportunities; and
- community benefits.

Performance has been measured by key performance indicators, benefit tracking, client satisfaction studies and informal feedback from stakeholders.

Lastly, Renfrewshire Council, in light of the supplier engagement initiative, has improved overall procurement policies and integrated sourcing and supplier management into core governance processes and mechanisms that encourage new suppliers and clear access routes (eg. SMEs). In light of its open transparent and robust policies; processes and procedures, Renfrewshire Council achieved the highest local authority score in last year's Procurement Capability Assessment and its standard documentation has been shared / adopted by a number of organisations.

For more information, contact: Julie Welsh, Head of Strategic Procurement Renfrewshire Council, tel 0141 618 7362.