

SPS PROCUREMENT STRATEGY 2019-2022



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1. Introduction

The Scottish Prison Service (SPS) is well aware of the importance of effective procurement and contract management activity. When undertaken effectively and efficiently, these activities ensure that SPS derives value for money from our external expenditure and that the goods, services and works procured are fit for purpose and directly support SPS in our wider service delivery.

This strategy underlines the SPS's commitment to ensuring that procurement activity is delivered both effectively and compliantly. However, it also identifies that our procurement and commercial activity directly contribute to the delivery of our corporate Vision and Mission. The strategy also recognises the wider contribution that SPS's procurement activity can make to the range of National Outcomes set out in Scotland's National Performance Framework.

I look forward to reviewing the progress with the Procurement Strategy and the impact that our procurement activity has made on these areas in the months ahead.

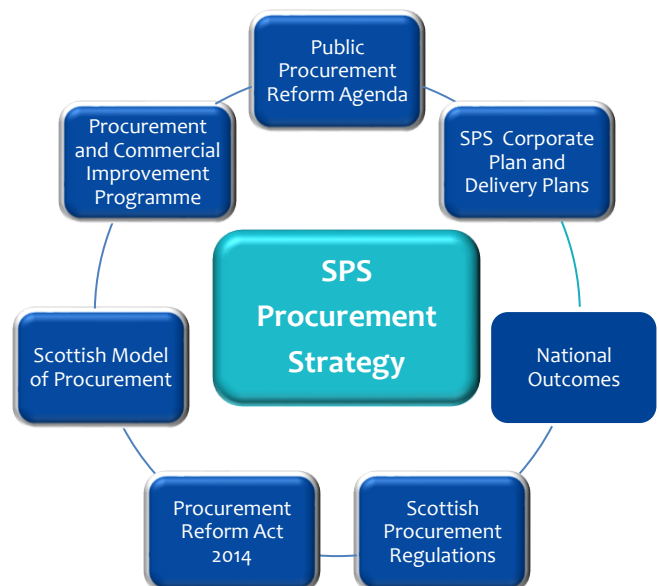
Ruth Sutherland
Director of Corporate Services (Strategy Owner)



2. Executive Summary

The SPS Procurement Strategy for 2019-22 provides the strategic context for the programme of procurement activity that SPS is scheduled to undertake. The strategic themes provide the basis for SPS ensuring that procurement activity meets business needs and that procurement practice complies with the current legislation.

The strategy builds on SPS's well-established approach to procurement, the previous Procurement Strategy 2016-18 and reflects an ongoing commitment to deliver effective public contracts for SPS which provide value for money. In doing so, the strategy recognises that public bodies continue to be encouraged to consider value for money and the Scottish Model of Procurement in a broader sense. SPS will also continue to consider not only quality and price, but also the many aspects of sustainability and wider social value within our procurement activities.



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3. Vision and Mission

An organisational review in November 2013 ([Unlocking Potential: Transforming Lives](#)) set a direction for the Scottish Prison Service. This set-out a person centred approach towards engaging with those in custody with a focus on desistance and collaborative working to achieve the aims of the review. The review also resulted in an ambitious Vision and Mission for SPS.

OUR VISION

Helping to build a safer Scotland, unlocking potential, transforming lives.

OUR MISSION

Providing services that help to transform the lives of people in our care so they can fulfil their potential and become responsible citizens.

The Vision and Mission continue to be reflected into the [SPS Corporate Plan 2019/22](#) and Annual Delivery Plans through a number of Strategic Themes and priorities. These are outlined in section 4.2 overleaf.

The **Mission for Procurement** in SPS recognises the context of the organisational Vision and Mission and is designed to ensure that procurement activity supports this as effectively as possible.

SPS Procurement – Mission

To provide a flexible procurement and commercial service which enables the SPS to deliver its strategic objectives and achieve value for money.

Central to the Mission for SPS Procurement is the need for a flexible, responsive service that is fit for purpose and agile enough to mirror the demands of the operational service itself. In doing so, the function must ensure legally compliant procurement processes, provide SPS with sound contracts, value for money and commercially astute outcomes.

SPS Procurement will continue to consolidate the practice and approaches described in the Procurement Mission and ensure that the service is consistently delivered to a high standard. At the same time, it is recognised that procurement and commercial activity can *indirectly*, and sometimes *directly*, contribute to the SPS Vision and Mission and to transforming the lives of people in SPS's care. These ambitions are reflected in the Vision for SPS Procurement.

Vision for SPS Procurement

SPS to be seen as a leading exponent of the Scottish Model of Procurement delivering real value and positive social outcomes for Scotland

4. Background and Context

4.1 About SPS

SPS is an Executive Agency of the Scottish Government with 15 prisons located across Scotland: 13 of these are operated by SPS and 2 by private sector operators under contract. SPS directly employs circa 4,500 staff and, for 2018-19, had an overall operating budget of £345.2m. Approximately £150m (43%) of this expenditure is committed via procurement activity and contracts with external suppliers. Scottish Government infrastructure commitments to fund the major projects for the construction and fit-out of the new national Women's Facility and the two Community Custody Units (CCUs) are expected to increase the relative value of external expenditure in the period 2019 to 2021/22.

4.2 SPS Corporate Plan and Delivery Plans

Delivery of the SPS Vision and Mission is being driven by a three year [SPS Corporate Plan 2019-2022](#) and the associated [SPS Annual Delivery Plans](#). These plans set-out how the SPS will deliver the Scottish Government's priorities in the provision of custodial care in a way which supports the delivery of [Justice in Scotland: Vision and Priorities \(Scottish Government 2017\)](#) and the outcomes set out in the [Scottish Government's National Performance Framework \(NPF\)](#). The NPF sets out 11 National Outcomes and 81 National Indicators which describe the Scottish Government's objectives.

The SPS Corporate Plan 2019-22 contains five main strategic themes and priorities:

Strategic Theme	Strategic Outcomes
1. Development	We will have the right people, with the right skills, in the right place, at the right time.
2. Engagement	Everyone has a voice and contributes meaningfully to our corporate improvement journey.
3. Impact	Our services are efficient, effective and provide value for money.
4. Standards	Our prisons are safe, healthy and positive places in which to live and work.
5. Collaboration	Growing and strengthening our stakeholder and partner networks and relationships to achieve better outcomes for those in and leaving our care.

There are a number of contextual links in these Priorities and Themes that transmit to this SPS Procurement Strategy and the day to day work of the procurement function to support SPS operations.

4.2.1 Strategic Context

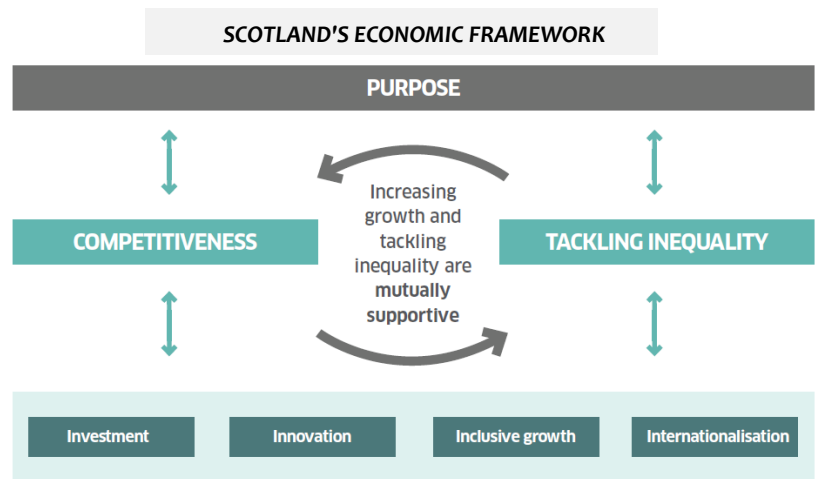
There is recognition in the SPS that public procurement activity can also, directly or indirectly, support achievements against a number of National Outcomes and be an important contributor towards Scotland becoming an inclusive society:

Economy	We have a globally competitive, entrepreneurial, inclusive and sustainable economy.
Fair Work & Business	We have thriving & innovative businesses with quality jobs & fair work for everyone.
Environment	We value, enjoy, protect and enhance our environment.
Poverty	We tackle poverty by sharing opportunities, wealth and power more equally.
Human Rights	We respect, protect and fulfil human rights and live free from discrimination.

Offending and the operation of the justice system in Scotland incurs significant costs for the Scottish economy. The cost per prisoner in Scotland, for example, in 2017-18 was £35,293 (2016-17 £35,325). However, the real cost of imprisonment and reoffending is significantly higher when the ‘ripple effect’ is taken into consideration. This includes the impact on partner and support organisations, the costs of the many service providers supporting, or involved with, individuals prior to, in and leaving custody plus also the negative costs to community, economy and environment which arise from criminal activity. The challenge of tackling the cycle of reoffending therefore has both an economic and societal imperative.

There are also clear synergies here between the SPS’s corporate Priorities / Themes and using the Sustainable Procurement Duty and Community Benefit outcomes to support such work.

[Scotland’s Economic Strategy](#) also sets out an overarching framework for a competitive, productive, cohesive and fairer Scotland. It is based on the principle that delivering sustainable growth and addressing long-standing inequalities are reinforcing, and not competing, objectives. Creating a fairer society is not just a desirable goal in itself, but is essential to the sustained, long-term prosperity of the Scottish economy.



The Economic Strategy provides a clear socio-economic focus (which is mirrored within the procurement legislation and policy guidance in Scotland) and a context for the SPS Procurement Strategy. There are also clear links between SPS’s Vision and Mission and the Purpose Target.

Collectively, Scotland’s Economic Strategy, the National Performance Framework and the Justice in Scotland document serve to provide a broad policy canvas against which public procurement can contribute in terms of tackling inequality: whether directly or indirectly.

4.3 Public Sector Procurement in Scotland

Public bodies have a legal obligation to ensure ongoing compliance with the Scottish Public Procurement Regulations when conducting public procurement (e.g. *Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016, and the Remedies Directive*). The Scottish Regulations, the associated procurement procedures including the general obligations to conduct public procurement fairly, transparently and to advertise contract opportunities will persist following Brexit.

The Procurement Reform (Scotland) Act gave effect to the [Sustainable Procurement Duty](#) elements of the [Scottish Model of Procurement](#). This aims to leverage the power of the £11 billion per annum of public expenditure managed via procurement activities to deliver genuine public value beyond simply cost and quality. The aspiration is that procurement decisions be at the heart of Scotland’s economic recovery and sustainable development.

SUSTAINABLE PROCUREMENT
 Sustainable procurement can be defined as: A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment.”
 Scottish Sustainable Procurement Action Plan

The **Scottish Model of Procurement** continues to be seen as a key driver in Scotland’s economic development. It is a simple concept that considers outcomes not outputs, with a view to leveraging the power of public spend to deliver genuine public value. It urges public sector purchasing authorities to look beyond simply cost and quality when making purchasing decisions. Instead, it requires authorities to also consider Sustainability and the benefits not only to the organisation itself but also to the economic, social or environmental wellbeing of the authority’s area. The Value for Money triangle sums up the Scottish Model of Procurement.

Scottish Procurement

“The value-for-money triangle - cost, quality and sustainability - is central to the Scottish model of procurement, and economic, social and environmental sustainability must be at the heart of all that we do around procurement”
 Nicola Sturgeon, First Minister



Scottish Model of Procurement



Procurement activity, when undertaken well, provides an important contribution to SPS organisational delivery and enables SPS to demonstrate that it has considered the Scottish Model of Procurement within its activities.

4.4 Procurement in SPS

The SPS procurement team creates many of the underpinning contracts and agreements with private sector organisations, the Third Sector, statutory partners, and Supported Business whose activities directly or indirectly support SPS’s mission. PPSD will typically award in excess of 100 contracts of varying size and complexity in any given year the majority of which are above the Regulated value thresholds.

SPS has a procurement function that works closely and effectively with a broad range of internal customers and stakeholders to plan, programme, and deliver a range of contracts to meet SPS business needs. SPS’s contract management and monitoring activity supports SPS by ensuring the contracts are performed as intended.

SPS will continue to employ Public Contracts Scotland (PCS) and the Public Contracts Scotland – Tender (PCS-T) websites to advertise contract opportunities and ensure these are as accessible as possible for small, medium and large suppliers alike. In doing so we will ensure effective competition and maintain an open and transparent approach to procurement activity in SPS. For all Regulated procurements there needs to be consideration whether contract opportunities should be divided into Lots; SPS will ensure an explanation where SPS elects not to do this. SPS will also give due consideration to supply chains and the opportunities that this can afford suppliers of different sizes including potential use of local suppliers.

Procurement activity in SPS is governed by a Procurement Policy which separates duties between budget holders and those who actually undertake procurement activity.



The policy also empowers Procurement Policy and Services Department (PPSD) to act as the SPS's central team. PPSD work with stakeholders to undertake the majority of SPS procurement activity including the mandating of national contracts. This approach is designed to ensure appropriate aggregation of expenditure, relevant standardisation of requirements, and value for money but also to ensure that SPS fully complies with relevant legislation.

In order to provide operational flexibility, however, specific Delegated Procurement Authority (DPA) is also delegated to a range of staff (DPA Officers) across SPS to enable local purchases to be made to meet local needs (and where no national contract exists).

4.5 Procurement Activity

There is an ongoing programme of contracting activity which includes the sourcing of Goods, Services and Works that are highly diverse in nature, reflecting the diversity of SPS's operation.

Contracting activity in SPS includes not only the development of contracts but the active ongoing management of key contracts and supplier relationships.

In the period April 17 to March 18, SPS published approx. 105 Contract Notices / Quick Quotes via PCS and awarded approx. 125 contracts through its central procurement team (PPSD). A designated contract management team oversees approx. 250 live contracts; around 40% of these are subject to a programme of proactive contract management.

4.6 Other Commercial Activity

PPSD's remit includes the management of the facility and functions of SPS Fauldhouse. SPS Fauldhouse provides a range of commercial and business support activities for the work based activities and training undertaken by [Prison Industries](#) across the SPS estate. SPS Fauldhouse activities include:

- The sales and marketing of products manufactured by Prison Industries;
- Research, design and development of products for Prison Industries;
- Production planning and logistics activities; and the
- Inventory management (finished products, materials and also management of specific contingency stocks for SPS operations).



PPSD and the SPS Fauldhouse team recognise the clear links between the Employability Strategy (see section 6.11), and SPS's corporate Priorities and Themes. The team work together to provide a range of commercial and contracting support to facilitate arrangements with external partners to deliver employability and enterprise activities. This includes, the development of Employability Partnership agreements to enable partners to host their business enterprise in a prison setting (providing work-based activity for those in, or leaving, custody).

5. Rationale for Procurement Strategy 2019-22

5.1 SPS Procurement Strategy 2019-22

This Procurement Strategy is designed to provide a context for SPS to plan and deliver its procurement activity during the current and next financial year. Scotland introduced significant new Public Procurement Regulations and associated Statutory Guidance during the term of the last SPS Procurement Strategy 2016-18. These changes, including requirements to produce an Annual Procurement Report, consider Fair Work Practices, and address the Sustainable Procurement Duty are now being taken forward as ‘business as usual’ considerations for all Regulated procurement activity. SPS will continue to embed and develop these areas.

Arguably the most important factor that needs to be taken into account in delivering this Strategy is the continued constraint on public sector finances. The consequent need to derive efficiency and value for money from public contracts has to be balanced with the wider obligations flowing from the Sustainable Procurement Duty, and SPS’s corporate objectives.

The uncertainty around **Brexit** and the resulting potential impact upon supply-chains and costs will also undoubtedly affect the context in which the strategy is delivered. SPS is taking specific steps, as part of the wider public sector planning, to ensure that prison operations are maintained following Brexit.

5.2 Outlook in 2019

This strategy builds upon a platform of an established procurement function whose remit covers all areas of SPS expenditure. SPS has made significant progress and there is evidence to suggest that the Vision for Procurement has been realised – this includes the SPS procurement function being recognised as a key enabler to SPS service delivery and the SPS being recognised as consistently delivering best practice procurement.



SPS was reassessed in February 2019 by Scottish Government under the [Procurement and Commercial Improvement Programme \(PCIP\)](#) and achieved the highest possible (F1) rating. This followed the SPS’s last PCIP assessment in February 2016 and various development activities taken in response to that. The PCIP provides independent validation that SPS and PPSD is providing undertaking procurement effectively and compliantly.

PPSD will continue to work to ensure that procurement in SPS is delivered effectively, efficiently and that we are compliant with the relevant Public Procurement Regulations. SPS will continue to develop its organisational procurement capability, e-Commerce Capability (see section 6.9) and People (see section 6.10); will ensure continued access to contract opportunities for suppliers including SMEs, and we will collaborate within procurement in the Scottish Public Sector.

5.2.1 Continuing Themes

Many of the areas identified in the previous strategy remain true and are reflected in this updated strategy. This includes a continuing recognition that SPS will:

- Maintain / grow contract coverage in SPS ensuring these contracts provide value and remain fit for purpose in terms of meeting SPS operational needs;
- Need to continue to deliver a financial, socio-economic and sustainability contribution from its procurement activity. This includes due consideration of the Equality Act and the General Duty within relevant contracts;
- Address any contractual or supply-chain issues and cost issues arising generally and in the post-Brexit period to ensure availability and value for the SPS;
- Award contracts *compliantly (reflecting any post Brexit changes in public procurement legislation in Scotland)*;
- Reflect relevant lessons learned from Audit review and best practice review of SPS processes and contract outcomes;
- Continue its use of collaborative contracts and the sharing of best practice tools and techniques within the public sector procurement community;
- Continue to develop use of e-Commerce tools with a view to improving both effectiveness and efficiency; and to
- Retain a focus on team working to ensure successful delivery of procurement activity.

6. Main Objectives and Priorities (2019-22)

6.1 Compliance with Legislation

SPS has a legal obligation to ensure ongoing compliance with the Scottish Public Procurement Regulations. SPS will ensure that its Procurement team remains up to date with the developments across both legislation and relevant case law as it emerges. This is with a view to ensuring that SPS continues to comply fully with this legislation, including meeting all requirements pertaining to Regulated procurement activity under the above legislation.

6.2 Management of Expenditure


6.2.1 Procurement Policy

SPS will continue to operate a procurement policy which enables the central procurement of larger and/or complex contracts (>£20k in value) along with the ability for devolved procurement officers to award business in response to local operational needs (<£20k value).

SPS will review its procurement thresholds to ensure that this continues to strike the right balance between leverage / economy, local flexibility and business controls.

6.2.2 Small and Medium Sized Enterprises (SMEs)

SPS has maintained a position over the past few years whereby approx. 50-60% of the 1,200-1,300 suppliers used annually by the SPS are SMEs. SPS procurement policy will continue to provide a platform for SMEs to access SPS contract opportunities, whether this be as a result of SPS advertising contract opportunities on PCS (>£20k) or the placing of business 'locally' through devolved procurement officers.

In 2017 / 18 we used	Of the 1,236 Suppliers	This means	
1,236	695	56%	
Suppliers	were Small & Medium Enterprises (SME)	of the Suppliers used by the SPS were SMEs.	

SME's typically account for 25-30% of SPS's external expenditure. In 2017-18, this equated to approx. £30.5m of work awarded by the SPS. Other SMEs are engaged as sub-contractors in the supply chain of larger contractors however, in all but the largest projects, this is not something we seek to track.

6.3 Programme of Work

6.3.1 Contract Development

2019-22 Programme

The SPS's forward Programme of Work (see Link in Section 9) will be updated periodically where there are any substantive changes.

A large element of the work programme is planned contract renewal activity, or new areas of work to support SPS Directorates, prisons or [Corporate Delivery](#) Plans. There will always be activity that is reactive in nature to reflect SPS operational and spending priorities. PPSD seek to maintain flexibility to manage this activity along with planned contract renewals.

The ongoing programme of contract development activity for 2019-22 once again includes a range of requirements which are planned over a long term. Key areas include:

- Women's Estate (National Facility and the two Community Custodial Units – Dundee and Glasgow) and the ancillary service and supply contracts to support start-up and operation.
- The re-tender of the prisoner canteen goods contract.
- Activity to support sourcing the next generation Prison Records System, and the Prisoner Telephony System.

There are also a range of potential prison projects which are scheduled under the Scottish Government's Infrastructure Investment Plan. Planning and commencement of procurement activity will be identified as required to support this programme as it evolves.

SPS, through the Strategy & Stakeholder Engagement Directorate, is liaising with Scottish Government and national partners on the Health and Justice Collaboration Improvement Board (HJCIB). Determining responsibility for social care in prisons and establishing delivery models is a key priority of the multi organisation HJCIB. As part of this work Scottish Government have commissioned Social Work Scotland (SWS) to develop options for health and social care integration in prisons underpinned by best practice legal, financial and organisational structures. Healthcare in prisons will continue to be provided by the NHS however the above work will revisit the underpinning Memorandum of Understanding (MOU) with a view to updating this and including social care and additional partners in the arrangements.

6.3.2 Contract Management

At any one time, PPSD manages and has oversight of approximately 250 'live' contracts (including Scottish Government collaborative contracts) to support the range of SPS activities. SPS will continue to employ a strategic approach to contract management in conjunction with key customers. This includes assessing contracts according to their relative value and risk then providing:

- (i) active management of higher value/risk contracts with a focus not only on ensuring SPS realises value for money and all intended contractual benefits but develops and sustains productive relationships with suppliers, including aiming for continuous improvement, and

- (ii) a proportionate monitoring approach to lower value and risk contracts with the focus on ensuring that the contracts deliver what is contracted and, where applicable, that their renewal is planned in good time.

In addition, SPS will retain its dedicated team for Contract and Supplier Management for the operational management of the two Private Prison contracts and the Scottish Court Custody & Prisoner Escort Service contracts ('SCCPES'). PPSD will continue to provide commercial and contractual support to this team.

6.3.3 Annual Procurement Report

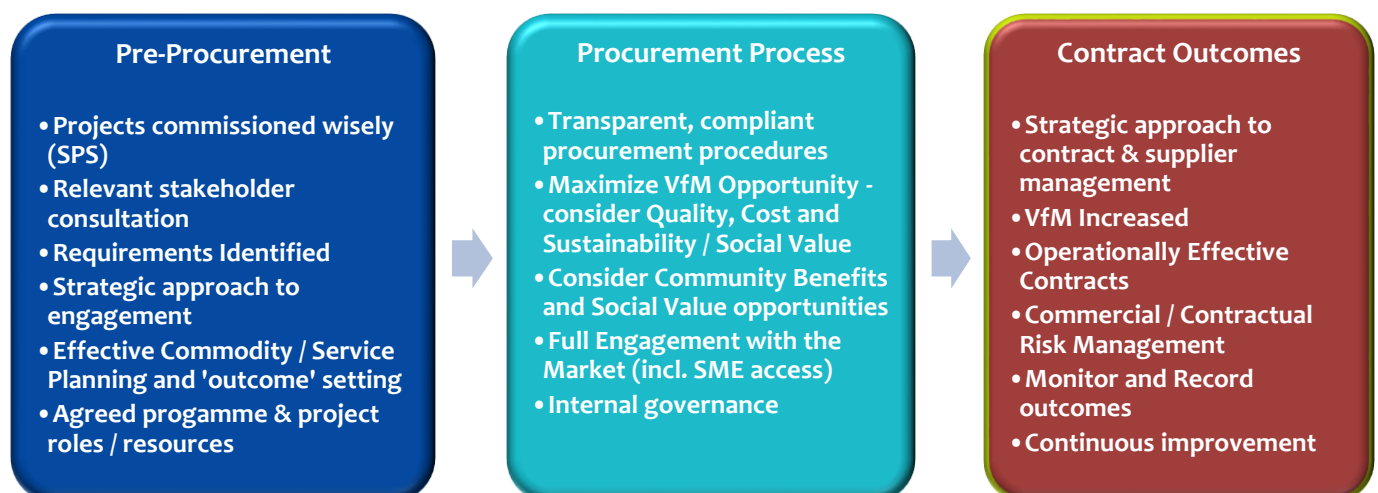
In accordance with the [Procurement Reform \(Scotland\) Act 2014](#), SPS produced its first Annual Procurement Report (APR) in July 2018. SPS will produce a further APR each summer covering the preceding financial year (Mar to April). The APR will include amongst other things:

- a narrative outlining achievements and outcomes against the SPS Procurement Strategy;
- details of Regulated procurements completed during the financial year;
- a summary of the community benefits derived as part of Regulated procurement activity;
- a summary of the steps taken to facilitate the involvement of Supported Business, and
- a summary of the Regulated procurement activity SPS expects to commence over the next two financial years.

6.4 Value for Money

The way that SPS interacts with economic operators is key to ensuring effective competition, achieving value for money and relevant contract outcomes. The role of pre-procurement activity, early market engagement and being accessible to economic operators has become increasingly important to successful procurement activity.

The Procurement Regulations promote 'Preliminary Market Consultation' and provides a supportive legislative context for this. SPS has a strong track record here including use of Prior Information Notices to prompt early market engagement.



SPS will look to build on its extensive experience here through the continued use of Bidder and Applicant Forums, and engagement in ‘Meet the Buyer’ events, as appropriate. Equally, SPS will continue to utilise post-procurement activity to routinely provide debriefs for both successful and unsuccessful tenderers, with a view to generating improvements in existing contracts and stimulating future competition.

PPSD will also seek to manage and reduce the incidence of Non-Competitive Actions (NCAs) i.e. direct awards of contract. Any NCA in SPS requires sound business justification and prior approval by the Head of PSD. Whilst the lack of market competition can be mitigated in some cases by price benchmarking there remains a risk of potential challenge from the market for any direct award.

6.5 Sustainable Procurement Duty (SPD) and Social Value

Public bodies are required to consider the SPD and social value opportunities within procurement activity. SPS will ensure that it has given due regard to: the potential for SME involvement, Third Sector or supported business in the process, the promotion of innovation and, above all, how improvements might be made to the Authority’s area (which in the case of SPS includes the majority of Scotland and the engagement / progression of people in or leaving custody or otherwise).



SPS will continue to seek to promote and develop opportunities which consider social, economic and/or environmental outcomes and **Community Benefit** opportunities in its tender activities where this is both appropriate, practicable and proportionate. This includes through Supply Chain for larger contracts. Whilst the approach needs to be both realistic and proportionate, PSD's track record to date indicates that there are opportunities to generate and report improved social value outcomes.

A significant piece of work was completed in late 2017 to create a **Sustainability Prioritisation** database for SPS. This supports SPS procurement staff to have informed discussions with internal clients around sustainability and potential socio-economic priorities and outcomes from different types of contract. This Prioritisation covers various policy areas, including those shown at 6.5.1 to 6.7.

6.5.1 Fair Work and Living Wage

SPS has been an Accredited Living Wage employer since August 2016. As well as ensuring that SPS continues to pay its employees the current Living Wage, it will continue to ensure that its procurement activity contributes to maintaining Fair Work provisions including Living Wage for supplier staff working in SPS sites. SPS will, to the extent permitted by law, include [Workforce Matters](#) in applicable contracts (as determined by the sustainability prioritisation).



In addition, through its contract management activity, SPS will monitor compliance with supplier Workforce Matter commitments including in terms of Fair Work: Living Wage in applicable contracts.

"employers whose staff are treated fairly, who are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, and who are a diverse workforce are likely to deliver a higher quality of service."

Scottish Government
Statutory Guidance on Fair
work Practices including Living
Wage

6.5.2 Equality and Diversity

SPS will continue to consider [Equality and Diversity](#) in its commissioning, procurement and contracting activity. The primary area is the need to comply with the [Equality Act 2010](#) and the 'General Duty' (see *Figure*). In addition, SPS needs to comply with the [Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#) - the duty to consider award criteria and conditions in relation to public procurement.

Equality Act 2010 General Duty:

- To focus government and public services due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010
 - Advance equality of opportunity between people who share a relevant 'protected characteristic' and those who do not
 - Foster good relations between people who share a protected characteristic and those who do not

For all of its substantial procurement activity, SPS will include a requirement for tenderers to confirm that they comply with the General Duty. SPS shall, where appropriate, also include relating to the contract award criteria and/or the conditions pertaining to contract performance.

6.5.3 Supported Business & Social Enterprise

Article 21 of the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act reflects that a public body may Reserve Contracts for Supported Business. The latter Act also encourages public bodies to consider how their procurement activities can be used to improve the economic, social and environmental wellbeing in the authority's area within the performance of public contracts.

BASE and the SPS have an overlapping agenda around engaging with, and assisting, disadvantaged people. SPS will continue to work and promote collaboration and a range of engagements with BASE which build on the successful and established partnership.

base British Association for Supported Employment

BASE members and also some **Social Enterprises** have a strong track record of providing work placements, employment and employability support for people who are quite far removed from the labour market. This includes those in, or leaving custody, and in circumstances where those individuals happen to be disabled or meet the definition of “disadvantaged”.

SPS will consider relevant Reserved Contracts (*where appropriate*) and also seek to engage with relevant Social Enterprise organisations whose goals and purpose support outcomes which align with SPS’s own objectives for those in, or leaving, custody. SPS will also encourage, through contract development or contract management activity, relevant contractors to utilise Supported Business or Social Enterprise within parts of their supply chain. There is evidence that such an approach is being supported and leading to positive engagement.

6.5.4 Fairly and Ethically Traded

SPS will consider what Fairly and Ethically Traded provisions we could apply appropriately and proportionately within relevant contracts and the associated supply-chains. For example, all SPS food contracts require suppliers to provide a Supply Chain Traceability Analysis.

The Modern Slavery Act 2015 requires that certain organisations (*i.e. those whose revenue is more than £36m per annum*) develop and publish a slavery and human trafficking statement. The Statement should set out what steps organisations have taken to ensure modern slavery is not taking place in their business or supply chains. We will take steps to ensure that relevant suppliers used by the SPS are compliant with the obligation to publish and that they are taking relevant steps in terms of supply chain oversight.

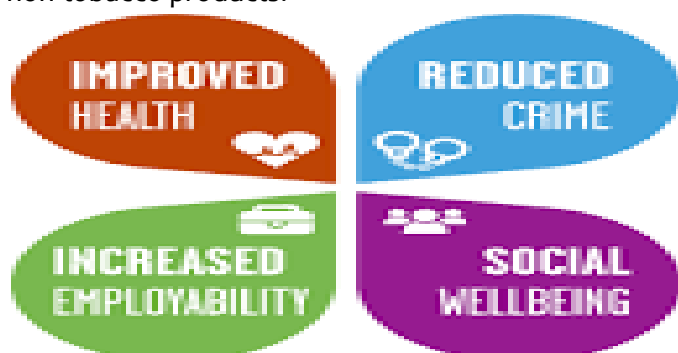
6.5.5 Food Contracts: Health & Wellbeing

SPS strategies for food contracts recognise the Scottish Government’s ambitions around [Becoming a Good Food Nation](#). SPS provides daily catering for its prisoner population offering a range of dietary options. SPS caterers continue to work with the Scottish Government and NHS Health Scotland to provide nutritionally balanced meals to those in custody. This includes work towards reductions in the consumption of high fat, salt and sugar products and an increase in fruit and vegetable consumption.

A number of prisons have attained or are working towards the [Healthy Living Award](#), which is designed to support the NHS Health Scotland’s 5 year strategy [A Fairer Healthier Scotland](#).

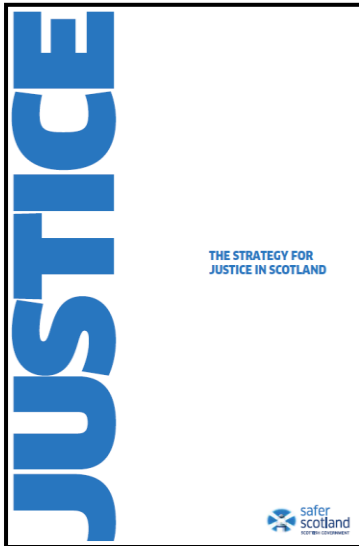
Scottish prisons also became smoke free at the end of November 2018. SPS procurement supported this work by ensuring the availability of alternative non-tobacco products.

SPS procurement will continue to encourage its suppliers to provide products which support the above and to use local suppliers in their supply chain where practicable. This recognises the potential for local provision to create local economic benefit and, ultimately, ‘healthier communities’ in the broadest sense.



SPS's approach to its food contracts will continue to ensure that they meet the requirements of the organisation whilst also taking account of a range of factors, including: traceability, animal welfare, environmental standards, nutrition and waste. All food supplied is expected to fully comply with the applicable and relevant statutory provisions (*as amended from time to time*).

6.6 Serious Organised Crime (SOC)



The [Strategy for Justice in Scotland](#) recognises the importance of tackling serious organised crime including that associated with Modern Slavery & human trafficking. This includes ensuring that SPS does not work with suppliers who may have such links or involvement.

SPS is working with Police Scotland to undertake SOC validation checks as permitted under the Public Procurement Regulations. These focus on the business sectors which have been identified by Police Scotland as most at risk of being targeted or exploited by serious & organised crime groups. The checks will support those conducted through use of Scotland's Procurement Document and the associated business probity declarations.

The Scottish Government launched [A Cyber Resilience Strategy for Scotland: Public sector action plan 2017 – 2018](#) with the aim of promoting higher standards of cyber resilience across Scotland. In recognition of the increasing risks in this area, SPS will be further strengthening our procedures in relation to business continuity, disaster recovery and cyber security, incorporating these as specification requirements and evaluation criteria in our tenders where it is proportionate and relevant to do so.

6.7 Health and Safety

SPS recognises the importance of ensuring that it complies with Health and Safety at Work Act. This includes engaging reliable contactors that are familiar with this legislation, understand their responsibilities and who operate safe systems of work.

Within its procurement activity, SPS uses tender qualification criteria to check and test tenderers' understanding of their responsibilities and their track record. For relevant contracts, SPS will obtain a suitable method statement which addresses Health and Safety as it pertains to that contract and will evaluate the proposed method statements. For applicable Works contracts, SPS require these statements to demonstrate and ensure compliance with the [CDM Regulations 2015](#).

6.8 Payment of Invoices

All SPS contracts include a condition which commits SPS to pay suppliers within 30 days of receipt of a valid, correct invoice or within the agreed contractual terms if otherwise specified. SPS aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms.

During the year ended 31 March 2018, SPS paid 99.1% (2016-17 99.7%) of all correct invoices received within the terms of its payment policy. SPS has sought to achieve the Scottish Government's aspiration to pay suppliers within 10 days. Payment performance on this basis was 93.5% (2016-17 94.5%). SPS publishes the latest payment performance statistics within the SPS Annual Report and Accounts. The 2018-19 Accounts are expected to be published on the SPS website in mid-2019.

SPS also recognises the value of prompt payment through the supply chain and how this can affect cash flow: positively or adversely. Where practicable, therefore, SPS, through its tender processes, will promote the importance of prompt payment throughout supply chain. Furthermore, SPS will respond appropriately to any issues formally raised by sub-contractors with regards to payment. For large Works contracts, SPS will seek to utilise **Project Bank Accounts** as appropriate with a view to ensuring prompt payment within the supply chain.

6.9 e-Commerce Capability

SPS will continue to progress its e-Commerce capability across a number of areas. SPS will continue to encourage fair and open competition and SME engagement by advertising contract opportunities above £20k via the **Public Contracts Scotland** website.

SPS also continues to use the Public Contracts Scotland Tender (PCS-T) system (*which is the Scottish Government's electronic tender platform for public bodies in Scotland*) as a means of making tendering easier and more cost-effective for suppliers and stakeholders. In addition, for low value requirements, SPS extensively utilises **PCS Quick Quote** for fast turnaround and to enable bidders to provide electronic quotations. We will consider how the latter tool may be deployed to support the work of devolved procurement staff within prisons.



SPS maintains and publishes its contracts register within PCS (see link at section 9). In 2018/19 we introduced **electronic contract management (e-CM) within PCS-T** to enable more effective management of contracts. We will increase the scope and reach of this by providing access to a variety of SPS stakeholders and, in time, to suppliers.

The most significant development, however, will be the delivery of a project to introduce **electronic purchase to pay** across SPS, based on the Scottish Government's PECOS product. The project will represent considerable change for SPS as we look to replace our existing, mainly manual, purchase to pay processes with full electronic purchasing activity for all transactions across all SPS sites. The project will be jointly delivered by SPS with the Scottish Government's e-Commerce Shared Services Team and will commence in April 2019 for delivery over a period of three years.

The electronic purchase to pay project will also provide a suitable context in which PPSD will review and update the structures and approach to undertaking devolved procurement activity across the estate, and to establish processes for better supporting delegated procurement activity across the SPS estate.

6.10 People



The annual Government Opportunities (GO) Awards recognises the achievements of organisations in the field of public sector procurement in Scotland. In 2018 the SPS was Highly Commended in the GO category for the “Procurement Project of the Year Award (above £20m value)”.



This award was for a considerable cross-functional team effort and once again underlines the importance of effective team-working, and of developing procurement people who are capable of delivering against the vision set out in this Strategy. The Award follows a number of successes at the GO awards in previous years.



Attracting and retaining qualified and capable procurement professionals remains an ongoing issue for SPS within a competitive job market. SPS is addressing this via a three-fold approach.

1. PPSD will continue its proven ‘Procurement Career Pathway’, and ‘grow from within’ approach. This provides a number of viable entry (*and exit*) points for new, less experienced or existing SPS staff to join the SPS Procurement team and to develop their skills, experience and capabilities. This includes PPSD providing structured learning and supporting individuals to progress towards achieving a professional qualification (CIPS).
2. PPSD will serve as part of the pilot group for Smart Working project including use of the associated technologies for remote working. The Smart Working project supports a number themes related to staff motivation and effective working along with environmental impacts through reduced travel.
3. SPS, in collaboration with other public bodies, set-up the Procurement Development Network (PDN) to support the professional development and knowledge sharing amongst new procurement practitioners in the public sector. The PDN operates a web-page in the Knowledge Hub and meets periodically. SPS procurement will continue to sponsor and support this initiative.

These approaches are designed to provide a more flexible and agile approach to resourcing and to promote and encourage people to enter and develop a career within the procurement profession. This work also aligns with the Scottish Government ‘**Procurement People of Today and Tomorrow**’ initiative which similarly seeks to encourage more people towards a career in procurement.

Since its inception in 2012, SPS has engaged 34 individuals into the procurement professional through various entry routes (Modern Apprentice, undergraduate, and via an internal Development Opportunity grow from within transfer within SPS). Of these, 26 are known to be still actively working in procurement (either within SPS or outwith).

‘ Increase the number of Graduates in positive destinations’
Scottish Government National Indicator

‘We realise our full economic potential with more and better employment opportunities for our people.’
Scottish Government National Outcome

6.11 Employability and Commercial Activity

In 2018, SPS produced an [SPS Employability Strategy](#). This sets out the SPS vision to support individuals within our care to address the barriers and complex challenges that people with convictions and those preparing for release often have in relation to securing employment.

The SPS procurement team recognise the links between this Employability Strategy and SPS's corporate Priorities and Themes. We have utilised the provisions of the Sustainable Procurement Duty (SPD) and Community Benefits provisions to encourage suppliers, prospective employers and partners to engage with SPS either directly or indirectly through supply-chain activity.

PPSD's management of SPS Fauldhouse (Central Stores) and links to SPS Prison Industries also provides further opportunities to engage. For example, providing work-placement opportunities for those individuals in our care within our Central Stores area or in generating work for Prison Industries through 'make versus buy' decisions. We have seen a growing awareness of the SPD and Community Benefit obligations amongst suppliers and a desire and willingness to engage with SPS here.

In general, SPS is seeking to establish and maintain relationships with customers and partners (including Social Enterprise) to deliver work-based opportunities. The SPS Procurement function will continue to creatively use the procurement regulation to generate employment opportunities, and will provide commercial and contractual input as this work continues to evolve.

6.12 Collaboration

SPS will continue to support sectoral (Central Government), cross-sectoral, and national collaborative procurement activities through use of relevant collaborative contracts, and by engagement and participation at various levels. For example, ensuring relevant representation at the Procurement Collaboration Group (PCG); the Central Government (CG) Cluster Group; participation in the national Scottish Government "Procurement Policy", "Best Practice" and Construction forums, and ensuring relevant contribution to other initiatives which further effective working and the procurement collaborative agenda.



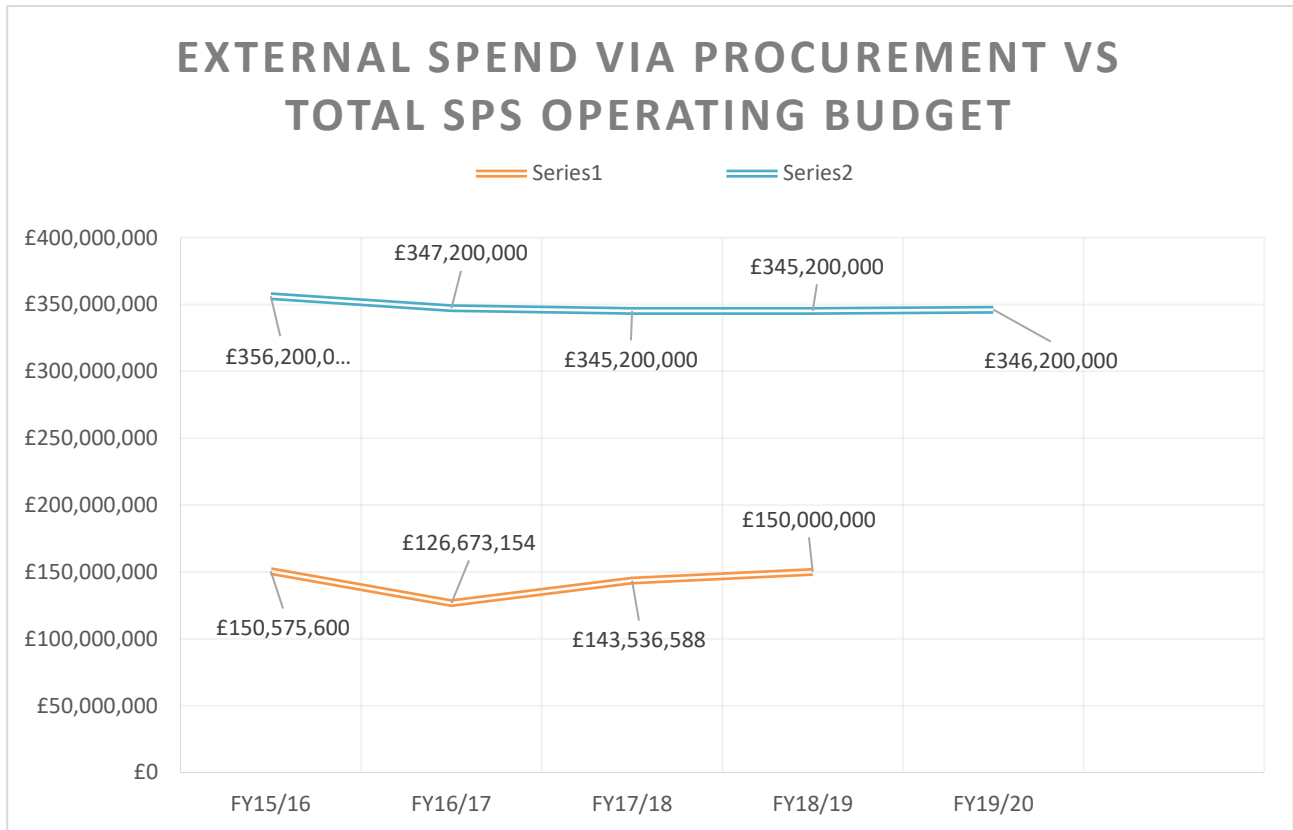
Where resources permit, SPS will also continue to support sectoral collaboration through its leadership of some sectoral (Cat B) procurement projects and engaging in potential future collaboration with the [Scottish Government Shared Services](#) team.

6.13 Data Protection

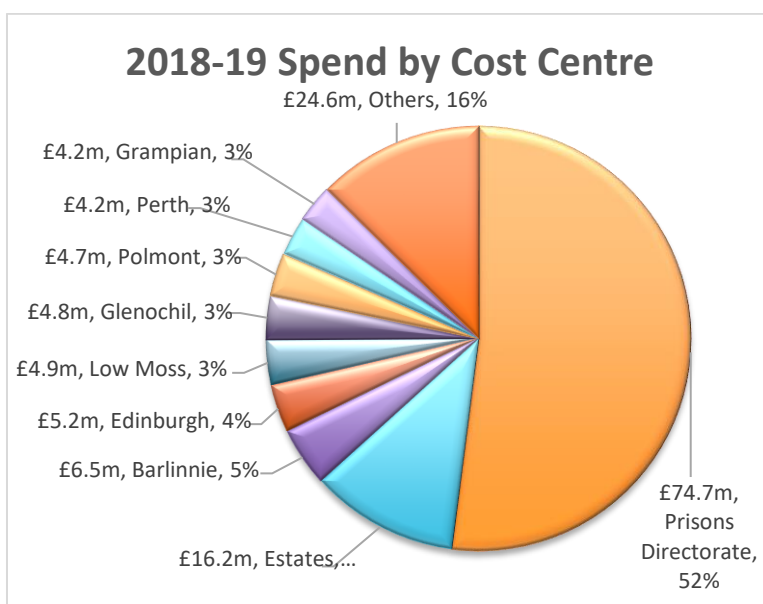
The General Data Protection Regulation (GDPR) came in to force in May 2018. SPS have reviewed current contracts in light of the GDPR to ensure that these are compliant and we have updated our procurement procedures to reflect GDPR requirements going forward. A [SPS Procurement Privacy Notice, Nov 2018](#) sets out how the SPS manages and holds information obtained as part of procurement and contract management activity.

7. Expenditure / Finance

SPS is provided with an annual operating budget by the Scottish Government. In 2018-19, SPS had an overall operating budget of £345.2m. Approximately £150m of this expenditure was committed via procurement activity and contracts with external suppliers.



The £150m was attributed to the following areas. Prisons Directorate expenditure includes the SPS's three largest contracts i.e. the two private prisons (HMP Addiewell and HMP Kilmarnock) and the Scottish Court Custody and Prisoner Escort Services (SCCPES).

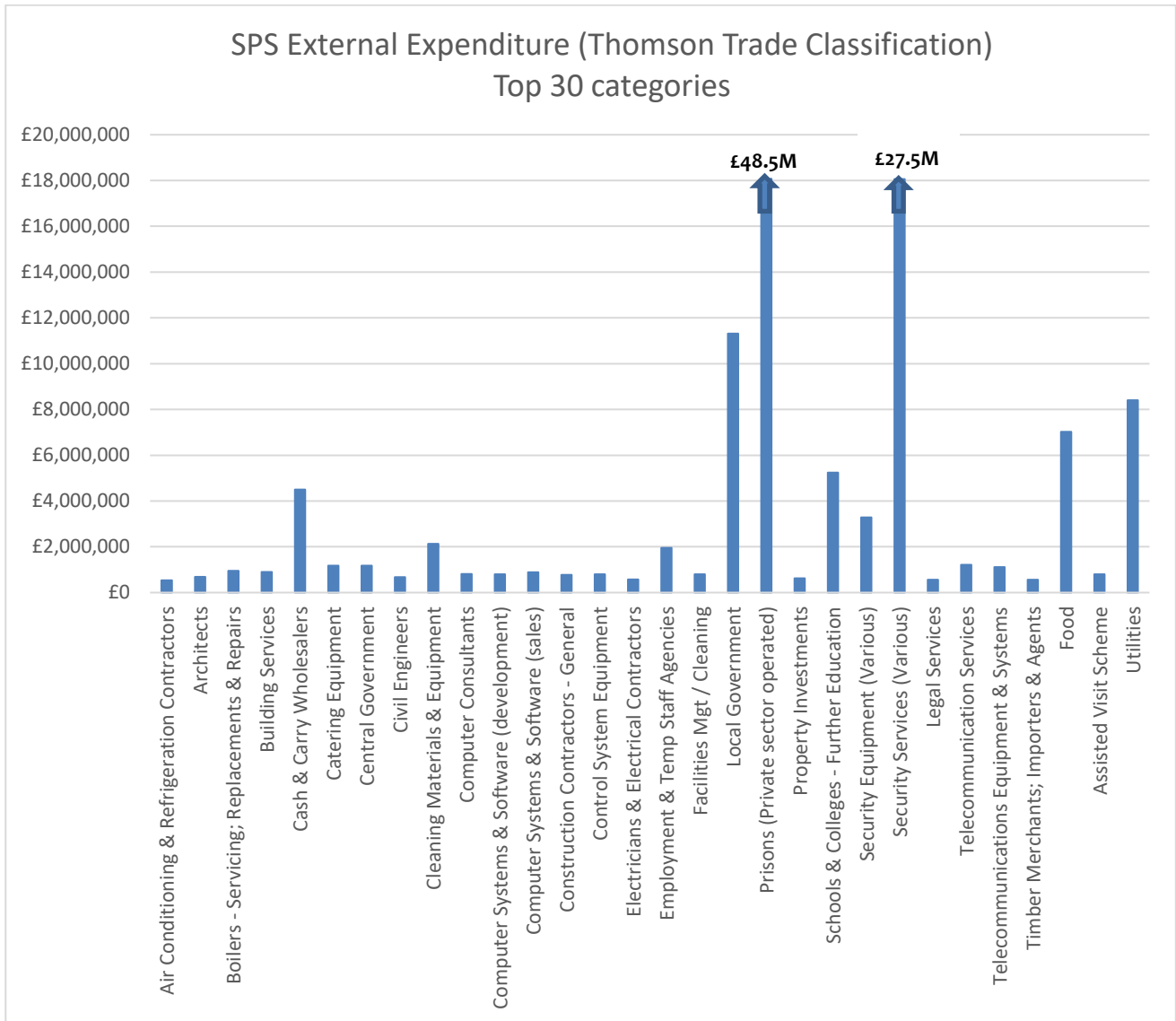


Prison based expenditure reflects use of National Contracts advertised via PCS and awarded by PPSD for use across the SPS, plus also local procurement activity / awards by the prisons concerned.

We anticipate the replacement of new National Women's prisons and the two Community Custody Units (CCU) being built in Glasgow and Dundee to be reflected in an increase in overall external expenditure via Estates during the term of this strategy.

SPS procures Goods, Services and Works (both construction and Facility Maintenance and Support) across a wide variety of the Thomson Trade Classifications to underpin SPS operations. The majority of requirements are contracts directly awarded by PPSD however SPS also utilises relevant collaborative contracts set up by Scottish Government (e.g. Utilities – electricity, natural gas and water) or other public bodies to ensure contract coverage and value for money for the SPS.

The following table illustrates the Top 30 areas of SPS’s external expenditure.



8. Glossary

<p>‘BASE’: ‘British Association for Supported Employment’: the national association for the supported employment sector. BASE works to promote sustainable long-term employment for disadvantaged / disabled individuals and provides support, advice and training to businesses / employers doing so.</p>
<p>‘Bidders Forums’ or ‘Applicants Forums’: are events where representatives from SPS (the Project Manager, Procurement, etc.) provide important information about the procurement process and the contract requirements prior to tenders being formally submitted by bidders.</p>
<p>CDM Regulations 2015 means the Construction (Design and Management) Regulations 2015 which relate to health & safety around construction projects.</p>
<p>‘CIPS’: The ‘Chartered Institute of Procurement & Supply’: the professional body for purchasing professionals.</p>
<p>‘Community Benefits’: are contractual requirements imposed by a contracting authority to improve the economic, social or environmental wellbeing in the authority’s areas.</p>
<p>‘Contract Development’: is the process of planning and procuring goods, services and works.</p>
<p>‘Contract Management’: support and review of contracts through their lifetime to ensure the expected outcomes are being achieved, liaison between both customer and supplier on contractual/commercial matters.</p>
<p>‘DPA Officers’: staff in SPS who are authorised to exercise Delegated Procurement Authority and to undertake activities to procure goods, services and works.</p>
<p>‘PCIP: Procurement and Commercial Improvement Programme’: an external appraisal of the procurement functions across public bodies in Scotland against defined criteria to identify where best practice exists, where there are gaps and where continuous improvements and efficiencies can be implemented.</p>
<p>‘PPSD’: ‘Procurement Policy and Services Department’: the central procurement function in SPS with responsibility for the development & management of national and local contracts above £20k.</p>
<p>‘PRA: ‘Procurement Reform (Scotland) Act 2014’: legislation passed by the Scottish Government that came into force from April 2016. This set out a range of obligations on public bodies including the Sustainable Procurement Duty (SPD) and Community Benefit provisions.</p>
<p>‘Preliminary Market Consultation’: is where a contracting authority conducts market consultations with a view to preparing the procurement and scope of requirements. In an SPS context this can include the internal client obtaining formal and informal feedback from a range of stakeholders including staff, those in our care, community justice partners, and potential suppliers.</p>
<p>‘Procurement Career Pathway’: a flexible methodology, developed by PPSD to enable the recruitment and retention of individuals into procurement within SPS.</p>
<p>‘Public Contracts (Scotland) Regulations 2015’: the legislation passed by the Scottish Parliament which implements public procurement in Scotland.</p>
<p>‘Public Contracts Scotland Register’: a legislative requirement to maintain and publish a register of all public contracts let and awarded by the public organisations over a value of £50k.</p>
<p>‘Public Contracts Scotland, Tender’ or ‘PCS-T’: The national e-Tendering system for buyers and suppliers to manage public tender exercises online in Scotland.</p>
<p>‘Public Contracts Scotland’ or ‘PCS’: the website used by public bodies in Scotland to meet the obligations for transparency and adequate publicity (advertising) of public contract opportunities.</p>
<p>‘Regulated’: Refers to public procurement activity whose expected value is > £50k for Goods or Services or >£2m for Works as defined in the Procurement Reform (Scotland) Act.</p>
<p>‘Scotland’s Procurement Document’ refers to the standardised (ESPD) supplier qualification criteria (drawn from the Scottish Public Procurement Regulations) employed in Scotland.</p>
<p>‘SME’: a small, or medium sized enterprise is defined as one which has <250 employees and turnover <= €50m and/or annual balance sheet <= €50m.</p>
<p>‘Workforce Matters’: reflects provisions relating to Fair Work practices and remuneration (including payment of a Living Wage, no inappropriate use of zero hours contracts, commitment to engaging disadvantaged workers, flexible working, etc) for persons involved in working in SPS sites as part of a contract.</p>
<p>‘Meet the Buyer Events’: events which bring together suppliers and buyers from across the Scottish public sector to promote engagement.</p>
<p>The ‘Scottish Government Infrastructure Investment Programme’ sets out the programme of long-term investment in Scotland.</p>
<p>The ‘Scottish Model of Procurement’: puts procurement at the heart of Scotland’s economic recovery; an integral part of policy development and service delivery. The Value for Money, triangle considers the balance of cost, quality and sustainability.</p>

9. Links

SPS publishes the SPS Procurement Strategy and Forward Work Programme in the SPS website under Corporate/Publications: [Forward Work Programme for Procurement Strategy \(May 19 version\)](#)

The forward work programme will be periodically updated during the term of this Strategy. The [SPS Contracts Register](#) is maintained and available to view in Public Contracts Scotland website.

The SPS **Annual Procurement Report** reflecting progress against the prevailing SPS Procurement Strategy is published annually on the SPS website – typically by 31st July.

[SPS Industries, Brochure](#) Commercial or trade enquires regarding purchasing products manufactured by SPS Prison Industries should be directed to: Telephone: 01501 773 979
spsindustries@sps.pnn.gov.uk

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