



SPS PROCUREMENT STRATEGY 2022-2023

Unlocking Potential - Transforming Lives

1.	INTRODUCTION	3
2.	BACKGROUND AND CONTEXT	4
3.	SPS’S VISION AND MISSION	5
3.1	VISION AND MISSION.....	6
3.2	STRATEGIC CONTEXT.....	6
3.3	STRATEGIC CONTEXT FOR PROCUREMENT	6
4.	PROCUREMENT IN SPS	7
4.1	OTHER COMMERCIAL ACTIVITY	8
5.	MAIN OBJECTIVES AND PRIORITIES (2022-23)	9
5.1	PROGRAMME OF WORK	9
5.1.1	Contract Development	9
5.1.2	Contract Management.....	10
5.1.3	DRIVING VALUE FOR MONEY AND VALUE -ADD OUTCOMES	11
5.2	COMPLIANCE WITH LEGISLATION	11
5.3	Small and Medium Sized Enterprises (SMEs).....	12
5.4	Supported Business, Third Sector & Social Enterprise	12
5.5	Sustainable Procurement Duty and Social Value	12
5.5.1	Climate Emergency and Circular Economy	14
5.5.2	Fair Work First (FWF)	15
5.5.3	Equality & Diversity	16
5.5.4	Fair and Ethical Trade	16
5.5.5	FOOD: HEALTH & WELLBEING	16
5.6	SERIOUS ORGANISED CRIME (SOC).....	17
5.7	Digital Transformation and Cyber Security	18
5.8	HEALTH AND SAFETY	18
5.9	Prompt PAYMENT OF INVOICES	18
5.10	E-COMMERCE CAPABILITY	19
5.11	PEOPLE	20
5.12	EMPLOYABILITY AND COMMERCIAL ACTIVITY	21
5.13	COLLABORATION.....	21
5.14	Annual Procurement Report	22
6.	EXPENDITURE / FINANCE	23
7.	LINKS	24

1. Introduction

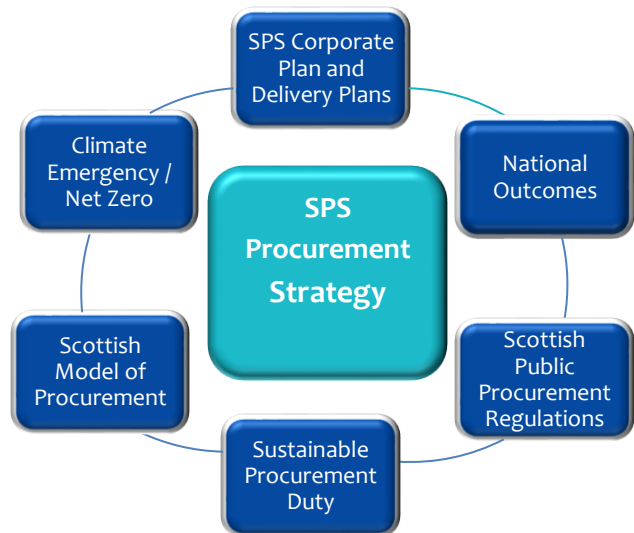
The Scottish Prison Service (SPS) recognises the importance of effective public procurement and contract management activity to underpin SPS’s operational activities and the role this can serve in contributing towards the broad range of National Outcomes set out in Scotland’s National Performance Framework.

SPS is committed to ensuring that procurement activity is delivered both effectively and compliantly providing goods, services and works that are fit for purpose. We also continue to recognise that SPS’s procurement and commercial activity directly contributes to the delivery of the SPS [Vision and Mission](#), the SPS Corporate Plan, and in a broader context, social, economic and environmental outcomes within Scotland. Procurement activity in SPS is built upon sound foundations with established leadership, processes, and capability and the necessary strong links to SPS operations. The SPS Procurement Policy and Services Department (PPSD) has set out the procurement priorities for SPS in its Annual Delivery Plan (ADP) for 2022-23. These are informed by the corporate business planning process and therefore includes both corporate projects and a range of business as usual (BAU) contract renewal activity. In executing the programme for 2022-23, SPS will continue to take account of relevant Scottish Government procurement policy as well as a number of other key considerations.

Firstly, SPS’s Climate Emergency / Net Zero ambitions and the ongoing development of a roadmap to 2045 increasingly influences both the approach and the priorities for procurement. Secondly, the [Public Procurement Priorities 2021-24](#) set out by the Scottish Government that consider key areas such as supply chain resilience, sustainable economic recovery and developing systems to drive sustainable outcomes.

In addition, the Ministerial call to action on Fair Work First reflects continued focus on that area which is mirrored in our procurement activity. Finally, the Sustainable Procurement Duty continues to inform much of SPS’s procurement activity including opportunities for both Supported Businesses and Social Enterprise.

This updated strategy builds on the previous Procurement Strategy 2019-22. SPS will revisit the strategy in 2023 to align it with the future 5-year corporate plan (2023-2028). The SPS Annual Procurement Reports published on the [SPS website](#), will continue to report progress against the Procurement Strategy and the outcomes achieved by the SPS through its procurement activities.



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2. Background and Context

SPS is an Executive Agency of the Scottish Government with (15) prisons located across Scotland: (13) are operated by SPS and (2) by private sector operators under contract. SPS directly employs circa 4,000 staff and for 2021/22 had an overall operating budget of £427.4 (2022/23, estimated to be £444m). Approximately (50%) of this expenditure is committed via procurement activity and ongoing contracts (£201.4m external spend in 2021/22). Key suppliers include the private sector operators of two prisons and the Scottish Court Custody and Prisoner Escort Service (SCCPES).

A Scottish Government infrastructure commitment to fund the major projects for the construction of the new HMP Highland in Inverness is continuing along with early stage activity for the new HMP Glasgow. Work also continues to conclude the construction phase for Women's Estate projects including the new HMP Stirling and two-community custody units (CCUs) in Dundee and Glasgow all of which will open during 2022/23.

The SPS Annual Report and Accounts (2020-21) provides a key financial metric that the annual average cost per prisoner place, which excludes capital charges, exceptional payments and the cost of the Court Custody and Prisoner Escort contracts, was £39,350 (2019-20 £38,213). The SPS Annual Report and Accounts (2021-22) provides updated figures annually.

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 (including Third Sector) 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. This SPS Procurement Strategy continues to recognise the opportunities presented by the Sustainable Procurement Duty and Community Benefit provisions to leverage outcomes that can contribute to the wider SPS agenda of reintegration, reducing reoffending and social inclusion.

3. SPS’s Vision and Mission

3.1 Vision and Mission

The Scottish Prison Service strategy of [Unlocking Potential: Transforming Lives](#) remains a key focus for the Scottish Prison Service within its overall Vision and Mission.

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 SPS will be developing a new SPS corporate strategy covering the 5-year period (April 2023 – March 2028). This will align with the recently published [Vision for Justice in Scotland](#) and the evolving person-centred, desistance and rehabilitation approaches within the criminal justice sector.

SPS recognises the challenges presented by Climate Emergency and Scotland’s Net Zero ambitions and that these need to be addressed within the planning, operation of prisons and outcomes reported by the SPS. SPS is therefore taking forward work in 2022/23 to revisit and update its existing Carbon Management Strategy and to align this towards Net Zero objectives. Recovery from the impact of Covid-19 within day-to-day prison activities is also an ongoing corporate focus within 2022-23.

The Procurement Policy & Services Department (PPSD) is part of SPS Corporate Services and, as such, provides a core corporate resource, processes and systems to enable procurement in SPS to be conducted effectively, legally and compliantly.

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.

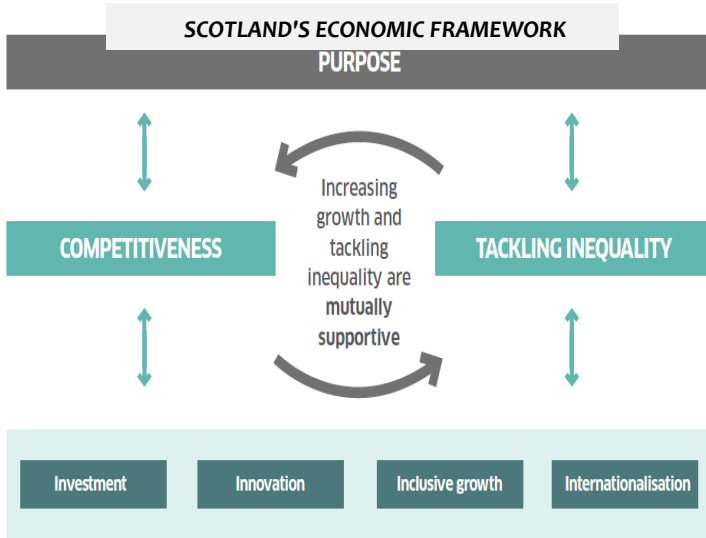
Central to the Mission for SPS procurement is the need for a flexible, responsive service delivered to a high standard that is fit for purpose and agile enough to mirror the demands of the operational service itself. In doing so, the function provides SPS with sound contracts, value for money, commercially astute outcomes and leadership in the types of social, economic and environmental outcomes that the Sustainable Procurement Duty expects from public procurement activity.

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 through Community Benefit provisions or similar social value add. The [SPS Annual Procurement Report](#) provides a detailed narrative of the various Community Benefit, social value outcomes achieved each year.

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

3.2 Strategic Context

[Scotland’s National Strategy for Economic Transformation](#) (March 2022) sets out an overarching framework for a competitive, productive, cohesive and fairer Scotland with a wellbeing economy. 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.



These themes flow into the [Public Procurement Priorities 2021-24](#) set out by the Scottish Government. These priorities include a focus on Climate Emergency and sustainable outcomes, supply chain resilience and supporting sustainable economic recovery from the Covid-19 pandemic. The Ministerial call to action and continued focus on Fair Work First and use of Supported Businesses also both remain areas SPS continues to pursue within its procurement activity.

Collectively, Scotland’s National Strategy for Economic Transformation, the National Performance Framework and the [Vision for 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.

3.3 Strategic Context for Procurement

The Public Procurement Regulations and associated Statutory Guidance provide a regulatory operating framework for public procurement. The various provisions include requirements to produce a Procurement Strategy and an Annual Procurement Report, reflect Fair Work First provisions into public contracts, take steps to address Climate Emergency / Net Zero, and to address the other facets of the Sustainable Procurement Duty within our procurement activity. SPS will continue to embed and develop these areas in its Regulated procurement.

The [Scottish Model of Procurement](#) and the [Sustainable Procurement Duty \(SPD\)](#) encourages public sector purchasing bodies to look beyond simply cost and quality considerations when making significant £ value purchasing decisions. The SPD also requires authorities to consider social, economic and environmental benefits not only to the organisation itself but also for the wellbeing of the authority’s area. The aspiration is that procurement decisions be at the heart of Scotland’s economic recovery and sustainable development.



Scottish Model of Procurement

SPS will continue to apply these principles in its procurement activity. We will also take forward work to support Climate Emergency – achieving Net Zero, Fair Work First (including Living Wage) and supporting Scotland’s economy (through public expenditure & supply chain spend). Procurement activity, when undertaken well, provides an important contribution to SPS organisational delivery and towards Scotland’s overall benefit.

The continued constraints on public sector finances particularly at a time when inflation is significantly adding to cost pressures, is a key contextual consideration within the delivery of this Strategy. The consequent need to derive efficiency, value for money and savings from public procurement activity has to be balanced with the wider obligations flowing from the Sustainable Procurement Duty, SPS’s corporate objectives and funding.

Challenges will also continue in terms of the evolving post-Brexit and post Covid-19 landscape affecting both global and UK supply-chain lead-times and costs (inflation). We have seen the conflict in Ukraine add to the already challenging supply-chain and cost pressures affecting various contracts and commodities. As we moved into 2022/23, energy (gas and electric), transport and fuels (oil, petrol and diesel), commodity prices (wheat, cooking oils, fish, meat, steel, cardboard and aluminium packaging, fresh fruit and vegetables, etc.), Living Wage and National Insurance increases were all combining to present a challenging climate for many sectors. UK general inflation as measured by the ‘Consumer Price Index’ rose to 7% in March 2022 with the Bank of England projecting that CPI may reach 9 to 10% by the end of 2022 and that the prices of some items may remain at a high level compared with the past.

The above factors place significant pressures on both tendering and contract management activity and the ability to obtain value for money within public procurement. SPS procurement is therefore taking specific steps (including as set out in 5.1.2 and 5.1.3) to monitor potential supply impact and to seek to mitigate this – whether the impact be on availability of supply, lead times/service levels or prices.

4. Procurement in SPS

A central procurement team, the Procurement Policy and Services Department (PPSD) works closely with a broad range of internal customers and stakeholders to plan and deliver a programme of contracts to underpin SPS business needs and support operational activity.

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 DPA Officers to award business in response to local operational needs (<£20k value) where no national contract exists. SPS reviewed and updated its procurement thresholds earlier this year (2022) to ensure that this continues to strike the right balance between leverage and economy, local flexibility and business controls.

SPS procurement policy will continue to mandate use of national contracts (including use of relevant collaborative contracts such as those established by the Scottish Government or others). This policy ensures appropriate aggregation of SPS expenditure, consistency of specification and supply across SPS and delivery of value for money. It also ensures contracts available across SPS that address the Sustainable Procurement Duty and Net Zero requirements, Fair Work First and provide suppliers that have been ‘assured’ through relevant due diligence to fully comply with relevant legislation.

PPSD also provides contract management oversight and leadership within SPS, working with stakeholders to provide oversight of a wide range of contract and supplier management activity. This work provides monitoring and assurance to SPS that contracts are being performed as intended, that relevant actions are taken where this may not be the case, and that agreed outcomes such as Community Benefits are being achieved.

Scottish Government reassessed the SPS in February 2019 as part of the [Procurement and Commercial Improvement Programme \(PCIP\)](#). SPS achieved the highest possible (F1) rating. The PCIP provides independent validation that SPS and PPSD is providing undertaking procurement effectively and compliantly. The next PCIP assessment is due in late 2023.

4.1 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 (incl-finished products, materials and management of specific product stocks for the SPS).

The SPS Fauldhouse team recognises the clear links between the Employability Strategy (see section 5.12), and SPS's corporate Vision and Mission. The Fauldhouse team works together with colleagues in the SPS's Strategy & Stakeholder Engagement Directorate to provide a range of commercial and contracting support to facilitate arrangements with external partners to deliver employability and enterprise activities.



The role of SPS Fauldhouse evolved during the Covid pandemic to provide a central hub for the storage and distribution of PPE and other related requirements to prisons. SPS also agreed to store a range of products for Police Scotland making use of capacity at SPS Fauldhouse. Ahead of SPS's planned move to a new, smaller SPS Headquarters building in late 2022, SPS Fauldhouse will be increasing its storage racking capacity to enable it to expand the existing service of providing long-term records storage for SPS.

5. Main Objectives and Priorities (2022-23)

5.1 Programme of Work

5.1.1 Contract Development

SPS typically awards 100-120 central contracts of varying size for Goods, Services and Works with the majority being above the Regulated value thresholds. This includes agreements with private sector organisations, the Third Sector, statutory partners, and Supported Businesses.

A large element of the work programme is planned 'business as usual' contract renewal activity, or new areas of work to support SPS Directorates and prisons as identified in the SPS Annual Delivery Plan (ADP). There will always be activity that is reactive in nature to reflect SPS operational and spending priorities and the work programme therefore retains an element of flexibility to manage this activity along with planned contract renewals.

PPSD works with various internal clients, potential suppliers and others to help us design procurements to ensure the requirements meet SPS and service user needs. For national contracts, this may involve the setting up of cross functional 'user intelligence groups'. The programme of contract development and other activity being taken forward by SPS during 2022-23 includes:

- HMP Highland (in Inverness). Instruct/ commission advanced works.
- HMP Glasgow. Work to establish a pre-construction services agreement (PCSA)
- Work to support the Cat B fit-out and transition into the new SPS HQ (One Lochside Avenue) and to support the handback of the existing SPS HQ (Calton House) to the landlord.
- The major projects for the construction and fit-out of the new HMP Stirling and the two Community Custody Units (CCUs) are expected to conclude in 2022/23 with the opening of all three facilities. There is various work around ancillary service and supply contracts to support start-up and operation.
- A range of approx. 50 Works projects including Mechanical, Electrical and Special System (MESS) during 2022/23 with an expected overall value of £11m. Whilst the majority of these projects are each sub £100k, there a number of more significant activities such as:
 - planned roofing works for HMP Dumfries (£1.4m) and HMP Greenock (£575k);
 - kitchen refurbishment at HMP Greenock (£830k);
 - multi-site CCTV projects (£1.3m);
 - multi-site alarm system replacements (£850k);
 - watermist system replacement at 3 sites (£1.4m);
 - a photovoltaic (PV) solar array for HMP Grampian; and
 - various small energy / carbon efficiency projects.
- Taking forward preparatory work to support the transfer of HMP Kilmarnock (a PFI prison) to SPS operation.
- Continued activity to support the SPS Digital strategy and transformation including updating cabling infrastructure across all prisons to support increased digital capability and in-cell telephony.
- Taking forward preparatory work for a new HR e-HR digital solution.
- Market sounding to support the business case for a long-term replacement prisoner records system.

- The continued roll-out of the Scottish Government’s “Professional Electronic Commerce Online Service” or “PECOS” with a view to improving both effectiveness and efficiency of transactional purchase to pay activity;
- The adoption and pilot use of e-purchasing cards within SPS.
- Supporting the SPS Net Zero / Carbon Management Strategy Board develop its vision and plans for SPS to move towards Net Zero outcomes. This is expected to generate a multi-year programme including various procurement facing activity.

SPS Strategy & Stakeholder Engagement Directorate (S&SE) will also continue to liaise with the Scottish Government and NHS partners in respect of the developing National Care Service. This service is expected, amongst its other activities, to provide care services for those in custody. SPS will continue to maintain contractual arrangements for social care pending this transition. Healthcare and Criminal Justice Social Work services in prisons will continue to be provided by the NHS and relevant councils through the existing Memorandum of Understanding (MOU) with oversight of the arrangements managed by S&SE.

5.1.2 Contract Management

SPS will continue to employ a strategic approach to contract and supplier management across c. 200 ‘live’ contracts (including collaborative contracts). This activity, led by PPSD, in conjunction with key customers, assesses contracts according to their relative value and risk and provides:

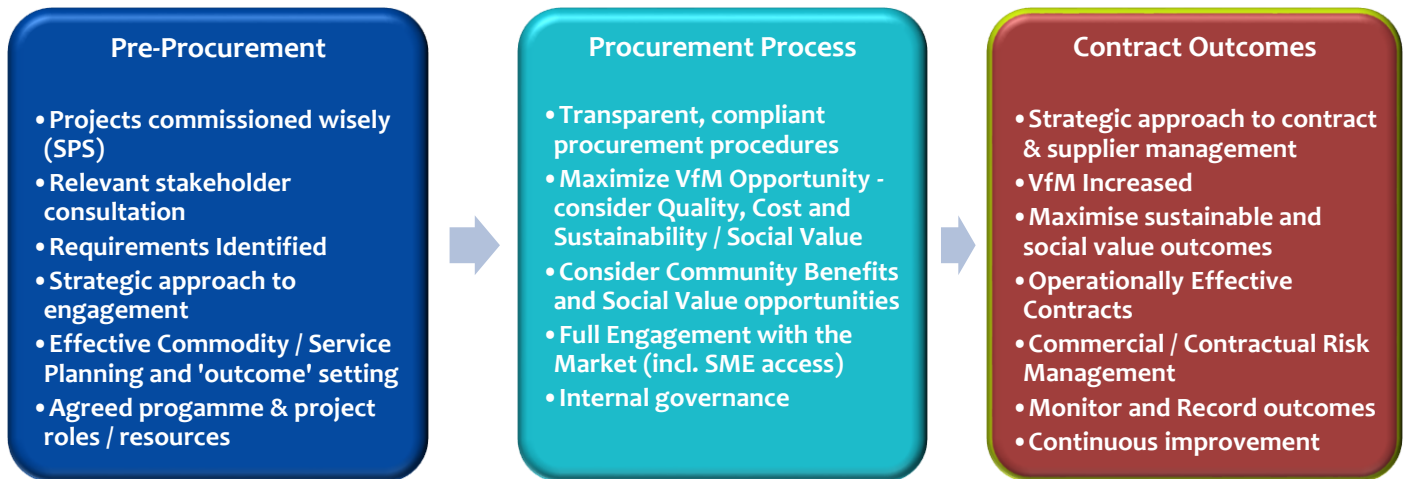
- (i) active management of higher value/risk contracts with a focus not only on ensuring SPS realises value for money and all intended contractual benefits and outcomes, but develops and sustains productive relationships with suppliers, including aiming for continuous improvement, and
- (ii) a proportionate monitoring approach to lower value and risk contracts with the focus on ensuring that the contracts deliver what is contracted and, where applicable, that the renewal of these 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’). This team, led by Operations Directorate takes forward planned, prioritized, active contract management and monitoring activity to ensure contracts are performed as intended, KPIs monitored, and relevant actions taken where this may be required.

The Head of Procurement will continue to chair the SPS Supply Impact Response Group (SIRG) and report to the SPS Executive Management Group. SIRG focuses on SPS contracts: supply availability, minimising inflationary cost impacts, and taking actions (*through procurement or contract management activity*) that supports operational resilience.

5.1.3 Driving Value for Money and Value-Add Outcomes

The SPS procurement function will continue to take a leading role in interacting with the internal client, being accessible to potential and current suppliers, ensuring clear specifications that support business needs, and that there is effective, open competition. The range of social, economic and environmental outcomes that are now expected from large public contracts increases the importance of the pre-procurement 'Preliminary Market Consultation' phase. SPS has a strong track record here including use of Prior Information Notices to prompt early market engagement, undertaking market research, and in seeking competition for contracts above £20,000 through the Public Contracts Scotland website.



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 routinely continue to use post-procurement activity to provide debriefs for both successful and unsuccessful tenderers with a view to generating improvements in existing contracts and stimulating future competition

We will also continue to use relevant collaborative Frameworks and contracts such as those set up by Scottish Government, Scotland Excel or the Crown Commercial Services (as appropriate) to provide an effective route to market and value.

SPS 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 PPSD.

5.2 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 including the general obligations to conduct public procurement fairly, transparently and proportionately, and that we openly advertise contract opportunities. This is with a view to enabling SPS to continue to comply fully with legislation, including meeting all requirements pertaining to Regulated procurement activity.

5.3 Small and Medium Sized Enterprises (SMEs)

SPS has maintained a position over the past few years whereby approx. 50-60% of the c. 1,200 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.

The Annual Procurement Report will continue to report the economic impact of the SPS's direct spend with SMEs. We will continue to take forward activity to enable SPS to capture and better report sub-contract / supply chain impact within SPS's larger contracts including major Works projects.

5.4 Supported Business, Third Sector & 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. SPS will continue to consider Reserved Contracts (*where appropriate*) and to encourage the Third Sector or Social Enterprise to bid for relevant tender / contract activity.

base British Association for Supported Employment

BASE and the SPS have an overlapping agenda around engaging with, and assisting, disadvantaged people. BASE members, and also **Third Sector and Social Enterprise** organisations, have a strong track record of providing work placements, employment and employability support for people who are often quite far removed from the labour market and often with multiple barriers. This includes individuals who are leaving custody and in circumstances where those individuals happen to be disabled or meet the definition of "disadvantaged".

A significant part of the Third Sector engagement in SPS is Grant funded by third parties including the Scottish Government. This includes the ongoing Public Social Partnership (PSP) activity. PPSD will continue to support SPS colleagues who commission and oversee SPS's work with the Third Sector.

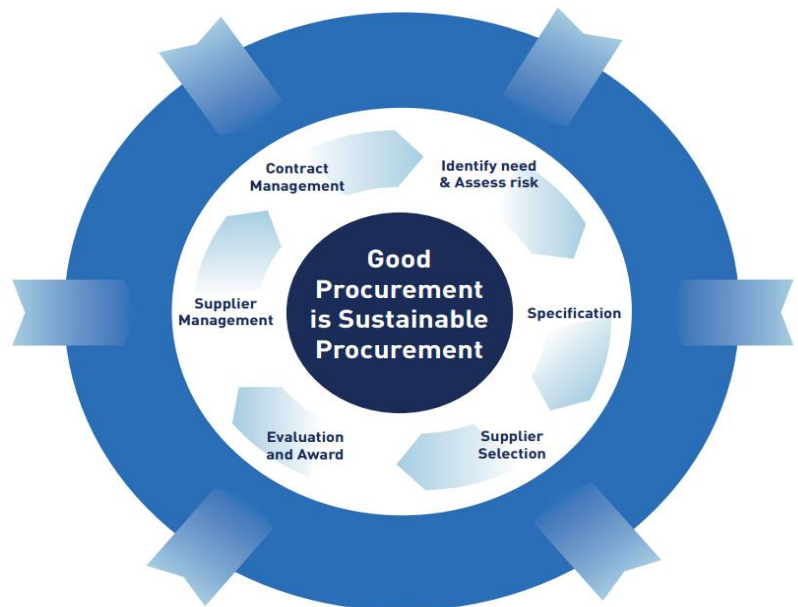
SPS will use the Annual Procurement Report to showcase some of that work and the outcomes / social value this generates. SPS will also encourage relevant contractors, through contract development or contract management activity, to consider Supported Business, Third Sector or Social Enterprise within their supply chain. There is evidence that such an approach is leading to a number of positive outcomes.

5.5 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. In the case of SPS, the Authority’s area includes the majority of Scotland and the engagement / progression of people in, or leaving custody, or otherwise.

SPS will continue to promote and develop opportunities that consider social, economic and/or environmental outcomes in its procurement activities where this is appropriate, practicable and proportionate. This includes where this is required under the Procurement Reform (Scotland) Act 2014 (e.g. Community benefit provisions in contracts whose whole-life value is £4m+) but also exploring opportunities for contracts below this threshold and, in addition, through the Supply Chain for larger contracts.

SPS is aware of the developing agenda around Community Wealth Building (CWB) and the intent to engage cross-sectorally and with community partners and organisations to leverage joint social value opportunities and outcomes. Whilst there is already various community engagement at different levels and by various parts of SPS, we will seek to identify, develop and take forward relevant activity as appropriate with SPS recognising its role as an anchor organisation with respect to CWB activity.



SPS will continue to apply a sustainable prioritisation methodology which supports informed discussions with internal clients around the SPD, net-zero, circular economy, and potential socio-economic outcomes from SPS’s range of contracts and activities. This will consider the areas indicated at 5.5.1 to 5.6 below on a relevant and proportionate basis (depending on the nature/size of the procurement activity).

5.5.1 Climate Emergency & Circular Economy

Scotland is committed to a target of net-zero greenhouse gas emissions nationally by 2045 in response to the global climate emergency. The letter from Scottish Ministers ‘Global Climate Emergency – Call to Action’ dated March 2021 served to underline the priority of this agenda and the expectations being placed on public bodies by Scottish Ministers.



The SPS has undertaken a decade-long programme of carbon reduction and energy efficiency measures. This includes targeted investment in energy saving technology such as LED lighting, photovoltaic solar panel installations (c. 4,000 PV panels, across eleven SPS sites), waste recycling activities, and activity to ‘green’ some of the SPS vehicle fleet. The latter has included installing smart EV chargers at 4 SPS sites plus 3 new build sites for use by staff and official SPS vehicles.

Despite all of the above work and improvement activity, SPS expects to increase activity and investment in this area over the coming decade and beyond to ensure we meet the Net Zero ambitions and key milestones being set by Scottish Government.

A Director-led Net Zero Strategy Board was established in 2020 to enable SPS to develop an update strategy to support the next phase of activities to underpin Net Zero objectives. The Board is informed by the [‘Public Sector Leadership on the Global Climate Emergency’](#) document published in October 2021 and guided by the [Net Zero Practical Guide for Finance Teams](#). This work will enable SPS to develop beyond its current [carbon emissions reduction strategy](#).

The Net Zero / Climate Emergency imperative will require a concerted and sustained approach within SPS across all functions and this approach will develop over time. Key activities during 2022/23 (and beyond) include:

- SPS will look for ways to reduce how much we buy, consume and where we can minimise any waste; this may require operational leadership and change in terms of specification and efficient disposal.
- A continued focus on buying goods and services that support Net Zero outcomes, allow the consolidation / minimisation of supplier deliveries, and allow for re-use or recycling wherever appropriate. We will continue to use collaborative contracts established by Scottish Government (or others) which include such provisions within their scope.
- We will continue to be part of the Scottish Government led cross-sector Climate and Procurement Forum.
- We will increase the awareness of **Climate Literacy and Circular Economy** amongst procurement staff and with relevant internal staff using the e-learning tools provide by Scottish Government as part of the sustainable procurement toolkit.



- The Construction Handbook and the developing policy and guidance around climate will be considered within SPS Works activity. New prison major infrastructure projects such as HMP Highland and HMP Glasgow will both reflect various provisions in the design, construction and operation that positively support Net Zero outcomes.
- Support planning to decarbonise and phase out petrol and diesel cars and light vans from the SPS fleet from 2025. Commercial vehicle emissions from the contracted Scottish Court Custody & Prisoner Escort Service will continue to be monitored and reported by the SPS. Activity to decarbonise this heavy commercial fleet will follow in the medium term.
- We will seek to capture, measure, and report the social value and Net Zero outcomes (such as Scope 3 emissions) from contracts using appropriate methodology as advised by Scottish Government or others. For example, a virtual video visits project during the Covid pandemic and lockdowns led a to reduction in travel to prisons by the family and friends of those in custody – an indirect, but positive climate change outcome, that SPS could possibly quantify as the virtual visits technology continues to remain part of the facilities available for service users.
- We will use our networks with other public bodies, Zero Waste Scotland and influence within the market and with suppliers to identify opportunities and promote a collaborative approach to tackling the climate emergency and achieving positive Net Zero outcomes.

5.5.2 Fair Work First

The SPS applies Fair Work First principles as an employer through its policies, practices and behaviours, and is committed to the delivery of a high-quality public service. SPS also recognises that the Fair Work First principles support workforce engagement, motivation, and the types of training and skills development necessary for a 21st century service. The SPS has also been an Accredited Living Wage employer since August 2016.



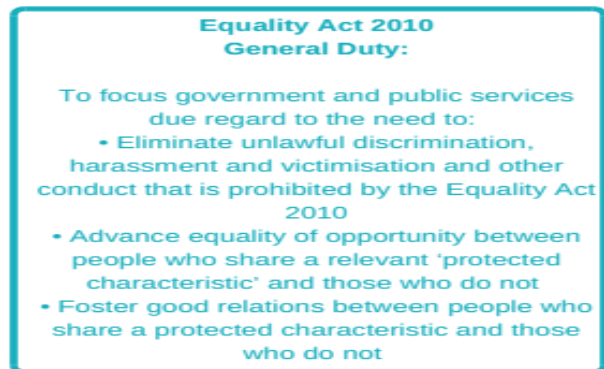
To ensure the highest standards of service quality in the contracts we procure, we expect suppliers to evidence a positive approach to Fair Work First practices as part of a fair and equitable employment and reward package for all employees (whether permanent, temporary or agency) involved in the delivery of any SPS contracts.

The letter from Ministers “Fair Work First in Public Bodies” dated Dec 2020 served to reinforce and emphasize Scottish Ministers expectations in this policy area. As we transition out of the Covid-19 pandemic and into a period of economic recovery and renewal, Fair Work First remains as important as ever and must be at the heart of employment practices, funding and procurement.

SPS will include the latest 2021 Fair Work First provisions as tender evaluation criteria and reflect those provisions within contracts themselves. SPS contract management activity continues to monitor supplier compliance in terms of Fair Work First provisions including suppliers continuing to meet the agreed provisions including obligations to pay the real Living Wage when this changes annually.

5.5.3 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 will reflect the [Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#) - the duty to consider award criteria and conditions in relation to public procurement.



For all substantial procurement activity, SPS will include a requirement for tenderers to confirm that they comply with the General Duty. SPS shall also include relevant specification, contract award criteria and/or conditions of contract (as appropriate) which serve to underpin equality provisions within the performance of the contract.

Individuals working in prisons have the opportunity to join the SPS staff equality network (PRISM). Specific contracts such as Learning & Skills services will also promote inclusivity through learning-based activities.

5.5.4 Fair and Ethical Trade

SPS will use sustainable procurement tools to consider what fair and ethical provisions we apply appropriately and proportionately within relevant contracts and the associated supply chains. Considering the risks and opportunities at an early stage in a procurement process will enable SPS to take account of ethical issues when assessing a bidder's overall suitability and reliability to be awarded a contract. This includes considering if the bidder has been convicted of certain criminal offences or has committed any acts of professional misconduct whilst running their business.

Early consideration during the procurement process also enables us to consider opportunities to promote positive outcomes. For example, using the specification or contract criteria to provide Supply Chain Traceability Analysis alongside other socio-economic and environmental factors or to include use of Fair Trade or equivalent products where appropriate.

5.5.5 Food: Health & Wellbeing

SPS provides daily catering for its prisoner population offering a range of options to meet dietary or religious requirements (incl Halal, Kosher, and vegetarian). A number of prisons have previously attained the [Healthy Living Award](#). SPS caterers continue to work with the Scottish Government and NHS Health Scotland to provide nutritionally balanced meals and to tackle health inequalities amongst those in custody. This includes menu planning to reduce the consumption of high fat, salt and sugar products an increase in fruit and vegetable consumption, and activities in prisons to promote healthy eating and lifestyle choices.

SPS strategies for food contracts recognise the Scottish Government's ambitions around [Good Food Nation](#). SPS procurement will continue to encourage its suppliers to provide products that use local suppliers and fresh seasonal produce in their supply chain. This recognises the potential for local provision to create local economic benefit and, ultimately, 'healthier communities' in the broadest sense. The national prison Retail Goods contract continues to support Smoke Free prisons by ensuring the availability of alternative non-tobacco products.

SPS's approach to its food contracts will continue to ensure that these meet the requirements of the organisation taking account of a range of factors, including: food production traceability, authenticity, promoting high animal welfare standards, healthy eating and nutrition, and waste minimisation. All food supplied is expected to fully comply with the relevant prevailing statutory provisions (as amended from time to time).

SPS also recognises the contributory emissions that agriculture and food production has within Scotland's Net Zero ambitions. Non-meat (plant based) options have increased in use within SPS. We will continue to develop that theme within the overall context of providing healthy, nutritious and attractive food to those in custody.

5.6 Serious Organised Crime (SOC)

The [Serious and Organised Crime Taskforce Strategy](#) for Scotland recognises the importance of tackling serious organised crime including that associated with Modern Slavery, human trafficking, cyber-crime, organised environmental crime, etc. This includes ensuring that SPS does not work with suppliers who may have such links or involvement.

SPS will continue to engage with Police Scotland to undertake SOC validation checks as permitted under the Public Procurement Regulations. We will combine this with due diligence open source checks of proposed suppliers. This due diligence will focus on the business sectors that Police Scotland have identified as most at risk of being targeted or exploited by serious & organised crime groups. SPS will continue to take appropriate action based on any information or issues identified through the SOC and other due diligence checks ahead of any decision to award contracts.

These SOC checks will continue to support those conducted through use of Scotland's Single Procurement Document, the associated business probity declarations, and Disclosure Scotland checks for contractor staff who may enter or work in prisons.

5.7 Digital Transformation and Cyber Security

The Scottish Government strategy [“A changing nation: How Scotland will thrive in a digital world”](#) sets out a range of ambitions for digital transformation of public services, effective use of data, increased digital inclusion and participation across Scotland, Cloud-first principles and the importance of cyber resilience. The SPS Digital Strategy and transformation journey takes forward the above themes and also promotes increased digital inclusion for those in custody.

The SPS is progressing digital transformation of the IT systems used by staff (Office 365 and MS Teams) and, through work with Microsoft, also enhancing SPS’s cyber-security provisions. Work will also be taken forward to update the SPS College e-learning MYLO platform used by SPS staff. The model of digitally-led remote hybrid working will also continue where appropriate for SPS activities. SPS is also taking forward activity to support in-cell digital services for those in custody. Infrastructure cabling works will serve as an enabler for in-cell phones and kiosk services. The latter will enable those in custody to engage and undertake a number of tasks such as ordering items from the prison canteen, booking visit appointments, etc. The above work and any associated procurement will continue during 2022/23.

SPS will also take forward work during 2022/23 to consider the digital landscape, vision and updated strategy for in-prison Learning & Skills services. This will consider how we further develop digital inclusion and participation within learning for those in custody.

The Procurement team will continue to work with the internal clients to incorporate cyber security and accreditation requirements within specification and tender evaluation criteria where it is relevant to do so.

5.8 Health and Safety

SPS recognises the importance of ensuring that it complies with legislation pertaining to Health and Safety at Work. This includes engaging reliable contactors that are familiar with the legislation, understand their responsibilities and that they operate safe systems of work. Whenever a contractor's staff are on SPS premises, under the terms of our standard contracts, they must comply with SPS’s health and safety requirements as set out.

SPS will continue to use tender qualification and evaluation criteria to check and test tenderers’ understanding of their responsibilities and will obtain a suitable method statement which addresses Health and Safety as it relates to that contract. For applicable Works contracts, SPS require these statements to demonstrate and ensure compliance with the [CDM Regulations 2015](#). SPS contract management activity on works projects, typically overseen by an Estates project manager, will continue to provide oversight of contractor activities.

5.9 Prompt Payment of Invoices

All SPS contracts include a condition that 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 invoices, including disputed invoices once the dispute has been settled, on time in these terms.

SPS publishes the latest payment performance statistics within the SPS Annual Report and Accounts and Annual Procurement Report. SPS has consistently maintained 30-day payment performance at circa 99% during the past 3 financial years (2018-19 to 2020-21). SPS Finance also monitor SPS payment performance (circa 90%) within 10 days.

Project Bank Accounts were first enacted by SPS for the HMP Stirling construction project to support prompt payment to sub-contractors. As set out in Scottish Procurement Policy Note ([SPPN 2/2022](#)), SPS will continue to use Project Bank Accounts as appropriate in similar major Works projects to support prompt payments to the sub-contract supply chain.

SPS also recognises the value of prompt payment through the supply chain, and how delays can particularly affect SMEs. We will also take steps (*on a pareto basis*) to monitor our largest contracts and main contractor compliance with prompt payment (30 day) terms to their sub-contractors / supply-chain.

SPS will, through its tender and contract management processes, also promote the importance of prompt payment throughout the supply chain and continue to monitor SPS payment performance. SPS will ensure that any complaints from contractors and subcontractors about late payments are addressed through appropriate follow-up action.

5.10 e-Commerce Capability

SPS will continue to progress its e-Commerce capability across a number of areas to support both contract development, contract management and purchase to pay activities.



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 maintains and publishes a contract register within PCS. In addition, for low value requirements, SPS continues to utilise [PCS Quick Quote](#) for faster turnaround and to enable bidders to provide electronic quotations.

SPS will continue 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, more open and transparent, and cost-effective for suppliers and stakeholders. SPS also uses the [electronic contract management \(e-CM\) within PCS-T](#) to support effective management of contracts.

SPS procurement continues to take forward a project to implement the [PECOS electronic Purchase to Pay system](#) (Scottish Government's Professional Electronic Commerce Online System known as PECOS). The project is being jointly delivered by the SPS with the Scottish Government's e-Commerce Shared Services Team. The project represents 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. Following suspension of the project in 2020 due to Covid-19 it recommenced in January 21. The implementation phase is now making significant progress against the redrawn project plan.

Work is also being planned with SPS Finance to pilot and implement the government **Electronic Purchasing Cards (e-PC)** within SPS during 2022/23. e-PC is intended to provide a more effective purchasing to pay method which addresses low value ad-hoc purchases however it will also support faster payment to the suppliers.

These two projects will provide a basis for PPSD and Finance to review and update the structures, processes and approach to undertaking devolved purchase to pay activity across SPS sites whilst maintaining due governance and business controls.

5.11 People

PPSD will retain a focus on continuous professional development, training (internal and externally led), coaching, and team / cross functional working to underpin effective procurement activity in SPS. We recognise that attracting and retaining qualified and capable procurement professionals remains an ongoing issue for SPS within a competitive job market. PPSD will continue to address this issue via a three-fold approach:



1. **Flexible Resourcing:** 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 PPSD team and to develop their skills, experience and capabilities. This includes structured learning, mentoring and supporting individuals to progress towards achieving a professional qualification (CIPS).

We will continue this Pathway model during 2022/23 with a view to recruiting an Undergraduate placement, two Graduate Procurement Officer posts, and also continue to offer internal development opportunities for SPS staff to move into PPSD.



2. **Hybrid Working:** PPSD moved to a remote working model during the Covid pandemic in line with Scottish Government policy. During 2022/23, activity will continue to develop a hybrid working model. This will coincide with SPS’s move to a new, smaller headquarters building in late 2022. The new facility will provide ‘hot desk’ areas and a range of meeting spaces that will support collaborative working and facilitate the transition to hybrid working as the long-term approach.

3. **Devolved Procurement:** PPSD will continue work to provide support to delegated procurement staff across the organisation. This includes maintaining a support network through the established ‘Procurement leads’ and ‘Estate leads’ groups. It also includes the provision of documents and guidance to support local procurement activity undertaken by Delegated Procurement Offices such as Request for Quotations or various contract management activity. These networks will also serve to increase awareness of the various policy and practice agendas such as Net Zero and to encourage best practice. Training for devolved DPA Officers moved to on-line virtual delivery during Covid and this approach will continue to be developed along with e-learning modules available via the SPS College e.g. Climate Literacy, etc.

5.12 Employability and Commercial Activity

The [SPS Employability Strategy](#) 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.

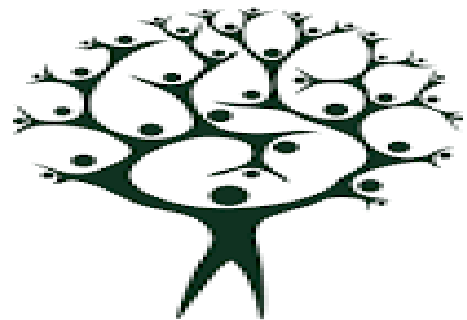
The SPS procurement team recognises the links between this Employability Strategy and SPS's corporate Vision and Mission. SPS has utilised the provisions of the Sustainable Procurement Duty (SPD) and Community Benefits provisions to encourage suppliers, prospective employers and partners to engage with 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 with this agenda. 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. Whilst a number of these activities were necessarily suspended during the Covid pandemic, as restrictions ease, the SPS Procurement function will continue to creatively use the procurement regulations to generate employment opportunities, and will provide commercial and contractual input as this work re-starts and continues to evolve.

5.13 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 led Procurement Policy Forum, the CG sector Climate and Procurement Forum, the cross-sectoral Public Sector Food Forum, and Construction forums. We will also ensure relevant contribution to other initiatives that 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.

5.14 Annual Procurement Report

SPS produces and publishes an Annual Procurement Report (APR) in accordance with the provisions of the [Procurement Reform \(Scotland\) Act 2014](#). The APR reflects a review of SPS procurement activity undertaken in the preceding financial year and also includes:

- 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.

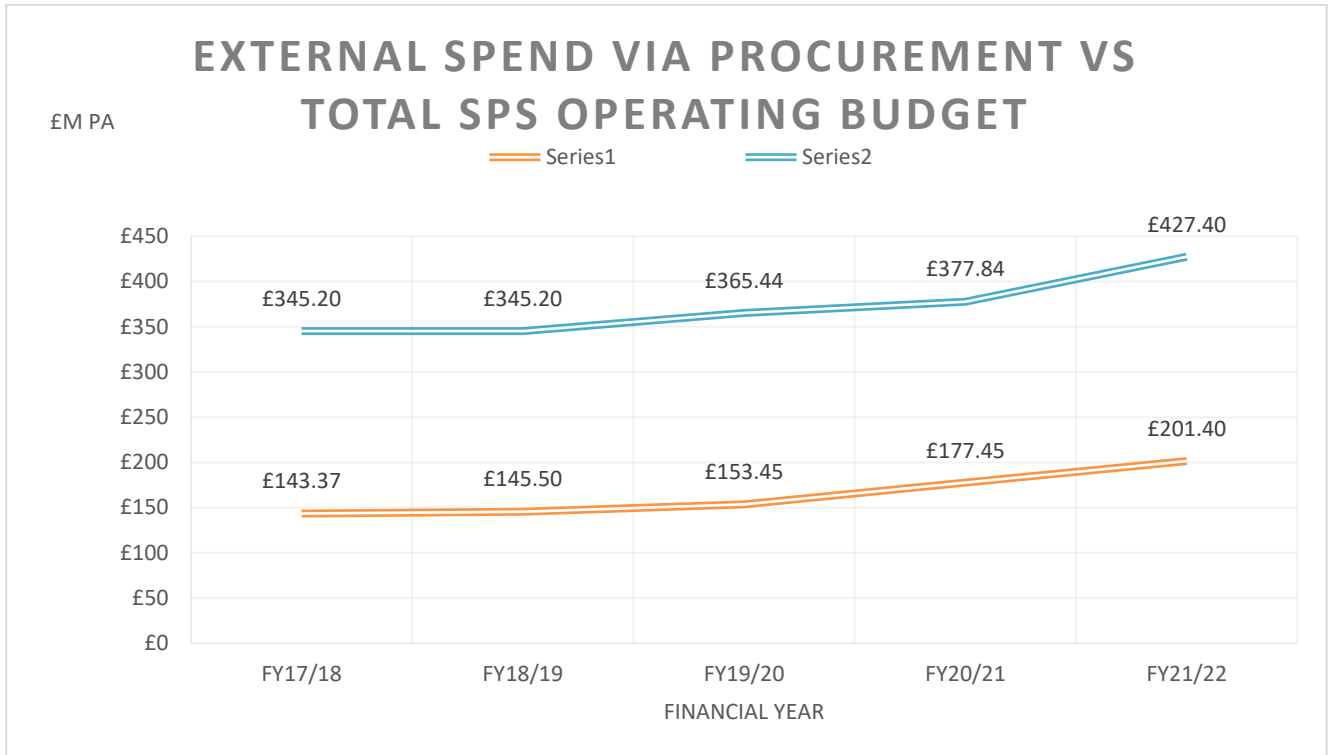
The SPS APRs (from 2017-18 onwards) are available to download from the [SPS website](#). We expect to publish the next APR covering financial year 2021/22 by the end of July 22.

SPS also provides corporate reports under the Public Bodies Climate Change Report. These reports reflect a section about “Procurement” activity and are publicly accessible via: [The Sustainable Scotland Network](#).

6. Expenditure / Finance

The last SPS Procurement Strategy covered a 3-year period 2019-20 to 2022-22. The Scottish Government provides the SPS with an annual operating budget as illustrated below.

- In 2018-19, approximately £145m (42%) of SPS expenditure was committed via procurement activity and contracts with external suppliers. In 2021-22, this had increased to £201.4m (47%) of the SPS’s expenditure.
- SPS’s overall operating budget for 2022/23 is estimated to be £444m.



The £201.4m was attributed to the following areas. The top areas of expenditure include:

- The SPS’s three largest service contracts i.e. HMP Addiewell (APL Ltd), HMP Kilmarnock (KPSL Ltd), and the Scottish Court Custody and Prisoner Escort Services (SCCPES) with Geo Amey Ltd.
- Payments for the construction of the new HMP Stirling (Morrison Construction) and two Community Custody Units (Ogilvie Construction);
- Payments for utilities: gas (Total Power), electricity (EDF Energy) and water (Scottish Water);
- Prisoner Learning & Skills Contract (Fife College);
- Prison Retail Goods (J W Filshill Ltd)
- Telecommunication services (BT Plc)
- IT equipment (HP Ltd)
- Janitorial, cleaning supplies, and paper, plus also various PPE (Greenham Trading and Arco)
- Food: Frozen, pre-packed groceries, milk & dairy, fresh meat, fresh fruit & vegetables, and bread and bakery.

Expenditure reflects use of National Contracts advertised via PCS and awarded by PPSD for use across the SPS (approx. 90%) plus also a modest amount of procurement activity / awards directly by prisons.

7. Links

1. Contracts Register

An [SPS Contracts Register](#) is maintained and available to view in Public Contracts Scotland (PCS) website. SPS will typically plan, take forward and advertise any contract renewal or tenders in PCS well in advance of the stated contract expiry date. Enquiries regarding the renewal or retender of existing contracts can sent to: SPSProcurementCDT@sps.pnn.gov.uk

2. A [SPS Procurement Privacy Notice](#) sets out how the SPS manages and hold information obtained as part of procurement and contract management activity.

3. The Public Procurement Group has developed a set of priorities, high-level aims and aspirational delivery statements for all public procurement leaders in Scotland – the [Public procurement: priorities 2021 to 2024](#). These principles are reflected within SPS procurement activity and projects.

4. SPS Prison Industries

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
- Link to the products made by SPS Prison Industries: [SPS Industries, Brochure](#)

5. SPS Annual Procurement Report

The SPS Annual Procurement Reports are published on the [SPS website](#)

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