



November 2024–2028

Sustainable Procurement Handbook



Contents

1. Introduction and Purpose	3
1.1 Scope of the Sustainable Procurement Handbook	3
2. Background and Context	4
2.1 Sustainable Procurement in Scotland	4
2.2 The national Public Procurement Strategy for Scotland	5
2.3 Sustainable Procurement in Scotland Excel	5
3. Delivery	6
3.1 Segmentation of Scotland Excel's portfolio	6
3.2 Social impact.	7
3.3 Community Wealth Building	7
3.4 Fair Work First	8
3.4.1. Real Living Wage	8
3.5 Community Benefits	9
3.6 Environmental impacts	10
3.6.1 Circular Economy	10
3.7 Net Zero	12
3.7.1 Portfolio Development	12
3.7.2 Enabling the Workforce	13
3.8 Economic and Commercial	14
3.8.1 Optimising use of public funds.	14
3.9 Economic activity in supply chains	15
3.9.1 SMEs	15
3.9.2 Third Sector Bodies	15
3.9.3 Supported Businesses	15
4. Recording Impact of this Handbook	16
4.1 Procurement Benefits Reporting.	16
4.2 Performance Management	17
5. Conclusion	17
Appendix 1: Activity Plan for year end 31 March 2026.	19
Appendix 2: Sectoral Engagement.	21
Appendix 3: Sources and Useful Links	23



1. Introduction and Purpose

The purpose of this handbook is to ensure the work of Scotland Excel is delivered with optimal impact from a sustainability perspective. The handbook updates Scotland Excel's approach to sustainable procurement, replacing the previous policy and bringing together Scotland Excel's approach to:

- segmenting contractual arrangements
- responding to Net Zero targets
- consolidating Fair Work First practices
- contracting for community benefit delivery.

1.1 Scope of the Sustainable Procurement Handbook

Scotland Excel's primary aim is to provide collaborative, innovative and transformative solutions that support social, economic and environmental wellbeing in local government.

Scotland Excel provides a range of commercial and procurement services to members. Each of these services are structured to align with the priorities set out at a national and organisational level.

Many of the benefits to society available from sustainable procurement practices must be created in the specifications and contract terms that will apply to contracts between the supply chain and the members of Scotland Excel. Specifications are developed collaboratively with member councils. This handbook will guide the processes applied and outcomes agreed.

The handbook will be applicable to all procurement work undertaken by Scotland Excel, including any work undertaken in support of members, post contract award. Templates and guidance will be updated to reflect the policy statements set out here.

This handbook includes an activity log that states actions to be carried out in the first year of the handbook. On an annual basis the actions for the year ahead will be updated.

2. Background and Context

2.1 Sustainable Procurement in Scotland

Scotland’s approach to sustainable public procurement is set out in the Procurement Reform (Scotland) Act 2014, expressed as the sustainable procurement duty (the duty). The duty is aligned with the National Performance Framework and Scotland’s Economic Strategy.

The duty requires a contracting authority to determine how its buying patterns can improve the social, environmental and economic wellbeing of the area in which it operates, with a particular focus on reducing

inequality. This includes the use of procurement processes that can facilitate the involvement of SMEs, third sector bodies and supported businesses, and promote innovation.

A summary of how wellbeing is defined in the context of the duty is set out in **Table 1**, below.

Economic factors	Social factors	Health-related factors	Environmental factors
Availability of suitable and high quality jobs	Good quality and affordable housing	Good physical, social and mental health	Greenhouse gas emissions reduction
Encourage local small businesses	Safe communities		Availability of clean air, clean water, clean streets
Efficient and effective transport links	Encouragement of the voluntary sector	Policies which have a positive impact on health outcomes, especially on health inequalities	Quality of the built environment
Lifelong learning, training and skills development	Needs of children and young people		Removal of objects considered hazardous to health
Provision of infrastructure/ information/ communication technologies	Access to the arts or leisure opportunities		Protecting communities against the threat of climate change
	Access to education		Freedom from risk of flooding
			Improving and promoting biodiversity and accessibility to nature

Table 1.

In support of the implementation of the sustainable procurement duty, the Scottish Government has developed a range of tools including the sustainability test, prioritisation tool and life cycle impact mapping alongside a range of eLearning. These assist public sector organisations to identify the optimal economic, social and environmental outcomes from their procurement activity.

This handbook sets out how Scotland Excel will use the national toolkit to meet internal objectives.



2.2 The national Public Procurement Strategy for Scotland

In April 2023, the Scottish Government published the first Public Procurement Strategy for Scotland with the central purpose outlined, “*To use our collective spending power to deliver sustainable and inclusive economic growth*”. Aligned with the enablers and outcomes of the Sustainable Procurement Duty, the strategy is structured in accordance with the National Performance Framework setting a vision for procurement which is:

- Good for businesses and employees
- Good for society
- Good for places and communities
- Open and connected

Scotland Excel is committed to demonstrating the contribution the organisation and its membership is making to meeting Scotland’s needs.

2.3 Sustainable Procurement in Scotland Excel

Sustainable procurement is embedded within the [Scotland Excel Corporate Strategy 2023-28](#) and in the goals set for each year. There is a strong focus on the delivery of innovative, collaborative solutions to members.

These goals are set out as follows:

- Journey towards a net zero Scotland
- Drive for efficiency to support the financial sustainability of local public services
- Community wellbeing with equal access to services, economic development and fair work jobs across Scotland
- Resilient supply chains that maximise opportunities for Scottish businesses and the third sector
- Advancement of skills to deliver Scotland’s economic transformation.

Each of these statements underpins the sustainability of contracts, frameworks and services delivered by Scotland Excel. Scotland Excel has embedded a sustainable approach to procurement for many years, with initial changes to practices being made prior to the introduction of the Procurement Reform (Scotland) Act of 2014.

This sustainable procurement handbook supports the corporate strategy and is an enabler of [Scotland Excel’s Net Zero Strategy 2023-28](#). This handbook will be revised in 2028 to align with the review period of both the corporate strategy and the net zero actions committed to in 2024, for delivery through to 2028.

3. Delivery

3.1 Segmentation of Scotland Excel's portfolio

In recognition of the need to balance the various outcomes achievable through sustainable procurement, a segmentation approach was launched by Scotland Excel during 2023/2024.

This internal process builds on the learning from the use of the sustainable procurement tools referenced in Section 1 of the handbook.

a) Flexible framework assessment tool

The flexible framework assessment tool is used to assess the current level of sustainability performance in a public body and the actions required to embed further good procurement practice to realise agreed outcomes. Scotland Excel will apply the tool at each revision of this handbook and use the output to inform future action planning.

b) Prioritisation tool

The prioritisation tool is designed to assist early-stage strategic planning, and brings a standard, structured approach to the assessment of spend categories. To date, this tool has been used at category level within Scotland Excel. In 2024/25 Scotland Excel established a Market Development Team which develops the planning process for new and revised procurements. The criteria applied take accounts of the prioritisation principals.

c) Life Cycle impact Mapping

Every product and service have a 'life cycle': obtaining raw materials; manufacturing and logistics; use of products or works and the delivery of services; re-use/re-manufacture and final disposal. Scotland Excel will increase its use of Life Cycle Impact Mapping (LCIM) through the adoption of this handbook. The LCIM tool is used to identify and assess the social and environmental impacts of each of the lifecycle stages. Scotland Excel will use this information to specify products, services or works delivery that minimise the negative impacts of sourcing.

d) Sustainability test

For more complex procurements, Scotland Excel will aim to use the sustainability test toolkit more consistently. The tool is designed to help embed relevant and proportionate sustainability requirements in the development of frameworks and contracts. It can be used in isolation or by reference to the results of prioritisation assessment, where undertaken.

e) Segmentation tool (internal document)

The segmentation of the portfolio of frameworks is centred around the well-established pillars of sustainable public procurement – the social, economic, and environmental outcomes. The portfolio is considered with reference to these three pillars, which were surmised as 'Social/CWB' 'Commercial,' and 'Net Zero' to reflect Scotland Excel's strategic aims and documented strategies. Each contractual arrangement within Scotland Excel's Contract Delivery Plan will have an assigned segmentation priority for which endorsement will be sought from the established User Intelligence Group.

This priority will be articulated by the strategic procurement objectives with mechanisms to embed the approach. For example, arrangements with a commercial priority have the most potential to make savings for Scotland Excel's members. Arrangements with a social priority have the most potential to embed social value through the inclusion of local supply chain development initiatives or community benefit approaches, for example. Arrangements with environmental priority will have the most potential to embed carbon reduction and circular economy practices. Implementation of the segmentation of framework portfolio is stated as **Activity 2** in the activity plan in **Appendix 1** of this handbook.

Through use of the suite of tools described above each procurement will set out with a view to the balance of economic, environmental, and social benefits achievable and what will create most value for Scotland Excel's members. This is stated as Activity 1 in the activity plan in Appendix 1 of this handbook.

The following sections of this handbook set out Scotland Excel's approach to each of these three pillars, linking social, environmental, and economic impacts to the segmentation of the portfolio and to the requirements of the Sustainable Procurement Duty.

3.2 Social impact

Scotland Excel delivers social value through its core procurement programme, flexible procurement services, skills development through The Academy and contract and supplier management work. The diverse portfolio of frameworks includes sustainable outcomes, most of which require the delivery of community benefits, as well as and all setting out expectations in respect of Fair Work First practices.

Community wealth building is threaded through the range of services provided by Scotland Excel. Scotland Excel is well placed to support local government to access benefits from taking a community focused approach to public procurement.



3.3 Community Wealth Building

Community Wealth Building (CWB) seeks to transform local and regional economic systems to enable more local communities and people to own, have a stake in, access and benefit from the wealth our economy generates. Community Wealth Building can deliver more and better jobs, business growth, community-owned assets and shorter supply chains, creating greater resilience and supporting net zero ambitions. CWB acts as a framework for activity across five interlinked pillars:

- **Spending:** Maximising community benefits through procurement and commissioning, developing good enterprises, fair work and shorter supply chains
- **Workforce:** Increasing fair work and developing local labour markets that support the wellbeing of communities
- **Land and property:** Growing social, ecological, financial and economic value that local communities gain from land and property assets
- **Inclusive ownership:** Developing more local and social enterprises which generate community wealth, including social enterprises, employee-owned firms and cooperatives
- **Finance:** Ensuring that flows of investment and financial institutions work for local people, communities and businesses.

CWB is designed to harness the economic leverage of local ‘anchor’ organisations to tackle long standing systematic challenges and structural inequalities within communities. Over the past 15 years, Scotland Excel has worked closely with the Scottish Government and other centres of procurement expertise for Health and Further Education on initiatives to maximise the social, economic and environmental benefits brought by responsible public procurement.

This handbook commits Scotland Excel to continue to drive value from the £2bn portfolio of collaborative contracts and ensure that member organisations are able to derive community wealth from their spending power.

This builds on the learning from a pathfinder project focused on four pilot councils to help them further drive the ethos of localism and ‘grow local’ within their local supply base. It led to the creation of a “grow local” toolkit for councils and other public bodies to use, to strengthen local supply chains.

The success of CWB initiatives is driven by engagement with key stakeholders. With significant experience in bringing together complex and diverse stakeholder groups to achieve best value for the public sector, Scotland Excel will continue to build and strengthen relationships across the public and private sectors as new and innovative approaches evolve. This is stated as **Activity 3** in the activity plan in **Appendix 1** of this handbook.



3.4 Fair Work First

Scotland Excel and the Scottish Local Authorities are committed to the delivery of high-quality public services and recognise that this is critically dependent on a workforce which is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and development, is diverse and inclusive, and can influence decision making. These factors are also important for workforce recruitment and retention, and thus continuity of service delivery.

Fair Work First is the Scottish Government's initiative to drive good quality, fair work in Scotland. It is embedded in tendering and contract management approaches, with all bidders for tendering arrangements asked to describe how they will commit to adopt Fair Work First criteria in the delivery of the contract:

Suppliers with Fair Work practices have:

- Appropriate channels for effective voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero hours contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- Provided fair pay for workers (for example, payment of the Real Living Wage)
- Flexible family friendly working practices for all workers
- Oppose the use of fire and rehire practice.

Scotland Excel embeds the principles of Fair Work First in all contractual arrangements.

3.4.1. Real Living Wage

Included in Fair Work First policy is the provision of fair pay. The Living Wage Foundation defines the Real Living Wage as the minimum hourly wage necessary for shelter (housing and incidentals such as clothing and other basic needs) and nutrition for a person for an extended period (lifetime). This standard generally means that a person working full-time, with no additional income, should be able to afford a specified quality or quantity of housing, food, utilities, transport, healthcare, and recreation.

Scotland Excel considers payment of at least the Real Living Wage to be a significant indicator of an employer's commitment to fair work first and that payment of at least the Real Living Wage is one of the clearest ways an employer can demonstrate that it takes a positive approach to its workforce.

Real Living Wage commitments are included in the technical section of tenders, to ascertain whether a bidder is currently paying, accredited or will commit to payment or accreditation during the lifetime of an arrangement. This status is monitored over the duration of the framework, with contract management activity that assesses whether commitments made are being realised.

To further enhance its commitment to the Real Living Wage and Fair Work First, Scotland Excel will continue to track the delivery of commitments made and address any shortfall against those commitments.

As part of this handbook, Scotland Excel will introduce a new report to councils which sets out the spend across the portfolio with suppliers that do not pay the Real Living Wage. This will allow councils to make informed decisions about the suppliers they use, and will hopefully move a higher percentage of the workforce delivering public services onto the Real Living Wage, as a minimum. This is stated as **Activity 4** in the activity plan in **Appendix 1** of this handbook.



3.5 Community Benefits

Community Benefits provide a means of achieving sustainable outcomes through public contracts and Scotland Excel is committed to maximising Community Benefits from frameworks for works, goods and services.

Scotland Excel has refined the methodology by which community benefits are offered and delivered. Bidders to Scotland Excel tenders are required to commit to Scotland Excel's approach to community benefit accounting. A spend threshold is deployed and community benefit entitlement accrued by the contracting body (council or associate member of Scotland Excel).

To support the introduction of community benefits in procurement exercises, comprehensive guidance is available for teams via the Scotland Excel intranet. This documentation includes developing tenders, contract management activity and reporting community benefit results.

The process of gathering and reporting community benefits was reviewed and refreshed in 2022 and has resulted in an increase in the number of benefits being delivered.

Contract management actions will reinforce the importance of community benefits and their delivery during the mobilisation of a new or renewed framework. Mobilisation packs will include an explanation of the threshold system applied during the tender and expectations on delivery of community benefits following award to the framework.

Engagement between framework suppliers and contracting members on the topic of Community Benefits starts as early in the call off process as possible. Scotland Excel will set this out in member documentation.

Scotland Excel will provide forums for members to engage with each other to discover and promote best practice in the management and delivery of community benefits. There is strong evidence that proactive management improves skills, economic activity, and community benefits.

The implementation of a community benefits forum is stated as **Activity 5** in the activity plan in **Appendix 1** of this handbook.



3.6 Environmental impacts

Increasingly, this area of sustainability is being driven by legislation. Scotland Excel is working to ensure that legislative duties can be met through compliant public sector contracts. The sustainability toolkit described in section 2.1 of this handbook are used to identify how environmental impact can be reduced in the contracting activities Scotland Excel facilitates. Tender documentation is written to optimise the environmental benefits which can be achieved.

Two areas of emergent legislation are influencing the actions taken to specify goods, works and services; these are set out in section 4.1 and 4.2 below.

3.6.1 Circular Economy

A circular economy is based on the reuse and regeneration of materials or products, especially as a means of continuing production in a sustainable or environmentally responsible way. Moving towards a circular economy is critical to meeting obligations in respect of the climate emergency and the achievement of net zero by 2045.

The Circular Economy (Scotland) Bill of 2023, sets out the principles of a circular economy to:

- Reduce the use of goods and materials
- Increase the reuse of items and products
- Increase recycling
- Reduce the creation of waste.

Circular practices are outlined in the Scottish Procurement Policy Note (SPPN) 3/2022 which aligns climate change reporting duties with procurement policy and legislation. It also requires public bodies to consider and act on opportunities to improve social and environmental wellbeing. It highlights that public bodies should use their public procurement spend to support climate and circular economy ambitions, signposting sources of support to embed this handbook in practice.

As stated in Scottish Government's Statutory Guidance on Sustainable Procurement and Circular Economy, buying organisations looking to implement circular practises have four key considerations to make: Whether to buy, what to buy, how to buy and how much to buy.

Set out overleaf are these considerations and the handbook commitments in support of them Scotland Excel makes.

3.6.1 a) Whether to buy

Organisations should consider whether what they currently have is good enough, can be used for longer or can be reused, refurbished, or repaired. Scotland Excel will support members to achieve this by:

- » Assessing during exit from incumbent arrangements and will undertake pre-strategy/opportunity assessment of a first-generation arrangement, whether there is an option not to continue to buy the products and service identified. Early exit strategy implementation is stated as Activity 6 in the activity plan in Appendix 1 of this handbook.
- » Potentially this may lead to an alternative mechanism for sourcing such as reused, refurbished or repaired items. Alternatively, the assessment may lead to an agreement with members that no framework for the goods or service will be needed in the future.

3.6.1 b) What to buy

Commodities and products that are sourced environmentally and consist of lower emission goods, services and supply chains are critical to Scotland's climate and net zero ambitions. Scotland Excel will support members to identify such commodities by:

- » Developing specifications that require a higher percentage of recycled or re-used materials.
- » Building product lists containing goods or services that contain lower embodied carbon and meet responsible sourcing standards.
- » Working with suppliers to identify and deliver innovative service solutions and product ranges that reduce environmental impact of activities carried out.
- » Introducing more framework lot(s) dedicated to sourcing reused, refurbished or recycled items.

3.6.1 c) How to buy

Scotland Excel will, as a result of this handbook:

- » Bring additional focus to life cycle impacts where a framework has been segmented to have an environmental priority. Examples of such focus would be evaluating impacts of raw materials, delivery, use and end-of-life disposal or reuse.
- » Work with suppliers to identify and deliver innovative solutions and product ranges that reduce environmental impacts.

3.6.1 d) How much to buy

Reducing consumption directly minimises the emissions associated with supply chain logistics, manufacturing, and distribution. Scotland Excel will:

- » Work with User Intelligence Groups (UIGs) on demand management, rationalisation of core items and stockholding in support of climate and circular economy outcomes.
- » Consult with UIGs on distribution models, reduction of deliveries, route planning and logistics.
- » Make recommendations on smaller core product ranges, thereby reducing the environmental impact associated with sourcing, storing and distributing broader ranges of goods.

While the purpose of making changes listed above is environmental, it is also worth recording the financial impact of the changes, as this will often be a reduction due to the reuse of existing resources.

The application of the above principles of the circular economy—Whether to buy; What to buy; How to buy; How much to buy – are stated as Action 7 in the activity plan in Appendix 1 of this handbook.



3.7 Net Zero

Scotland Excel worked with councils during 2022/23 to understand their aspirations to achieve net zero emissions and tackle climate change. The published Climate Change Plans were reviewed to provide direction on the needs of councils. This was considered in the drafting of Scotland Excel's Net Zero Strategy which was published in April 2023, committing Scotland Excel to a series of actions at organisational level to contribute to and facilitate local government activity.

The review and revision of Scotland Excel's Sustainable Procurement Handbook was an action arising from the Net Zero strategy. The strategic and harmonious implementation of organisational policies is stated as **Activity 8** in the activity plan in **Appendix 1** of this handbook.

3.7.1 Portfolio Development

In line with the approved Net Zero Strategy, Scotland Excel's portfolio is expanding to provide routes to emerging markets. These new developments will focus on mechanisms which will reduce carbon in local government supply chains. The newly established Market Development team will assess future opportunities in line with this handbook.

Examples of framework delivery aligned to the handbook are:

- The Energy Efficiency Contractors (EEC) framework, awarded in 2019 to provide members with an effective and efficient method of upgrading existing housing stock includes innovative energy efficiency measures to reduce carbon output and thereby household bills. It has social and environmental policy objectives at its core, to support members to tackle fuel poverty and reduce carbon emissions. The revision of this framework will commence in 2025 and will be concluded in line with this handbook.
- The New Build Residential Construction (NBRC) framework specifies ambitious sustainability standards, offering low/zero carbon generating technology, carbon dioxide emissions and energy for space heating. Offsite construction methods alongside traditional building methods and the use of local materials and labour are also facilitated. The second generation of this framework—awarded in 2024—is strengthened by updated and improved energy efficient specifications.



3.7.2 Enabling the Workforce

All members of Scotland Excel's Strategic Procurement function were trained in sustainability during 2024/25 using the Scottish Government training courses:

- Introduction to Sustainable Procurement,
- Using Procurement to Tackle the Climate Emergency and
- Fair and Inclusive Procurement.

New recruits will receive the training as part of their induction.

This initiative supports effective delivery of this handbook, building the capability to embed enhanced specifications, alternative selection and award criteria, or development of circular procurement approaches into the portfolio of frameworks as well as contract management approaches.

These measures support the Net Zero Strategy and are driven by Scotland Excel's Net Zero Working Group, which has the following goals:

- Broadening the support Scotland Excel offers member councils, including additional sustainability driven tender considerations
- Focusing contract and supplier management on net zero objectives
- Developing cross sector value propositions within the public sector to participate in and inform future contract opportunities
- Gathering good market intelligence for development of tendering and contract management that clearly demonstrate the benefits of joint procurement.

As detailed in **table 1** of this handbook, a broad spectrum of consultation has been undertaken in support of this handbook. This is in recognition of the shared goal across the public and private sectors to collaborate on carbon reduction. Continued stakeholder engagement with all relevant public and private sector bodies involved in the environmental sphere is stated as **Activity 9** in the activity plan in **Appendix 1** of this handbook.



3.8 Economic and Commercial

Scotland Excel has a long history of delivering commercial savings for its customers. For every pound invested with Scotland Excel, around five pounds of value are created. Attaining Best Value is a key driver for Scotland Excel in agreeing a Sustainable Procurement Handbook.

3.8.1 Optimising use of public funds

The Scottish Government Procurement Journey summarises the procurement role in delivery of Best Value using the Best Value Triangle, a tool used to consider options for Supply Base Management, Total Cost Management and Purchase Demand Management. Completing an accompanying Best Value Opportunity Assessment can help identify opportunities for value enhancement as well as risks that will need to be managed.

The three pillars of the Best Value Triangle and associated characteristics are:

3.8.1 a) Supply Base Management

Opportunities include:

- » Restructuring relationships
- » Increasing competition
- » Restructuring the supply base

In 2023 Scotland Excel created further capacity for targeted engagement through a relaunched Key Supplier Management (KSM) program. This facilitates the optimal structuring of relationships for the ten Scotland Excel suppliers with most impact on local government expenditure.

Market shaping to gauge and build market interest and competition within first-generation arrangements will be required in emerging supply chains – particularly those responding to climate change. Scotland Excel has a strong record of establishing stakeholder networks to aid the strategic development of complex, national works, and services arrangements.

3.8.1 b) Total Cost Management

This section links strongly to the economic opportunities associated with the lifecycle mapping (section 2.1 c) and circular economics (section 4.1).

- » Optimise total supply chain costs
- » Reduce total life cycle / ownership costs
- » Reduce / eliminate transactions

Whole Life Costing (WLC) is the related theory that focuses on cost (£) of a product or service from cradle to grave. It takes into account purchase, operation, ownership and disposal costs. Though WLC does not by definition include environmental and social costs, this handbook establishes the consideration of WLC in conjunction with sustainability tools.

3.8.1 c) Purchase Demand Management

- » Reduce consumption
- » Consolidate spend
- » Improve specification

As described in the Environmental and Circular Economy sections of this report, a reduction of consumption, consolidation of spend and specification improvements have broader implications than just commercial ones. Scotland Excel will continue to work with members on the visibility and aggregation of national requirements to ensure economies of scale continue to be realised. Furthermore, by working with specifiers, supply chains and regulators that the evolving needs of the sector can be met through process, product or project re-engineering.



3.9 Economic activity in supply chains

3.9.1 SMEs

Procurement processes in Scotland Excel have been constructed and adapted where necessary to facilitate the involvement of SMEs, third sector bodies and supported businesses, all in accordance with the Sustainable Procurement Duty. This includes full electronic access to manage costs associated with submitting a tender, removing barriers to participation through ability to service considerations and extensive early engagement with the market.

Through careful consideration of shaping the market, the vast majority of the portfolio is segmented into multiple lots and or sub-lots to enable Smaller and Medium Enterprises (SMEs) to compete with large companies on high-value procurement opportunities. Frameworks are developed with a geographical awareness, through regional or per council options, allowing bidders to state which local authority areas they can service. Requirements have been sub-divided for award by specialist product grouping within lots to further increase opportunities for participation. Procurement documents routinely encourage the establishment of supply chain relationships. This would include encouraging the sourcing of relevant product groupings or services from supported business, for example.

3.9.2 Third Sector Bodies

Extensive supplier engagement and early market consultation is carried out as strategy work takes place for framework development. This includes the Third Sector, which is encouraged to participate in pre-tender engagement, allowing Scotland Excel to understand the capability and capacity of Social Enterprises and charities. All procurement development is drafted to be as accessible as possible to a wide range of bidders. Suppliers are signposted to work with the Supplier Development Program, which is in place to help SMEs and Third Sector organisations navigate the processes necessary for establishing public sector contracts.

First tier suppliers are also encouraged, or required by contract terms, to consider working with SME, third sector and supported business sub-contractors to fulfil contract requirements.

3.9.3 Supported Businesses

Scotland Excel has a longstanding relationship with the British Association for Supported Enterprises (BASE), carrying out pre-tender engagement with supported businesses across Scotland. Scotland Excel has hosted forums to facilitate stronger engagement between local government buyers and the supported business community and actively support the BASE regional forum.

Scotland Excel signed up to the Buy Social Pledge a “values-led initiative for those bodies looking to make a commitment to bring social enterprises into their supply chains”. This commits action on the recognition of Fair Work for all, embracing a net zero policy, supporting social enterprises and prompt payment as well as measuring impact. In 23/24, c.£19.8m spend was reporting for supported business and social enterprises.

4. Recording Impact of this Handbook

Measurement of the success of these initiatives will be aligned with the Scottish Government's Procurement Benefit Reporting Guidance. Measures will be embedded through tender, contract award and contract mobilisation stages of the procurement journey.

4.1 Procurement Benefits Reporting

The Scottish Government published Benefits Reporting guidance in 2019 to help procurement teams identify savings and benefits from procurement activity and ensure benefits are reported in a consistent manner across the sectors. Scotland Excel has implemented reporting against these benefit types through end-to-end governance gateways to evolve the articulation of value for the sector. Work is underway to align these benefit types with our performance management framework.

4.1.1 Environmental Reporting

In direct response to the international Paris Agreement, the Climate Change (Scotland) Act 2009 was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, increasing the ambition of Scotland's emissions reduction targets to net zero by 2045.

For context, "scopes" are the basis for mandatory greenhouse gas reporting in the UK. There are three scopes:

Scope 1 emissions: The Green House Gas (GHG) emissions that a company makes directly. Examples of these emissions are those made while running its boilers, electricity and vehicles.

Scope 2 emissions: Emissions that a company makes indirectly, for example when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf.

Scope 3 emissions: Emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its supply chain.

Scotland Excel will continue to consider the recording of environmental data which includes carbon emissions from the supply chain. ClimateXchange, Scotland's centre of expertise on climate change which has been funded by Scottish Government since 2011 stated:

"The purchase of goods, services and works can account for more than 70% of a public body's overall greenhouse gas emissions in Scotland. These are referred to as 'indirect scope 3 emissions'. Targeting action to reduce these emissions could result in significant emissions reduction across public bodies."

(extract from "Driving emission reductions through the public sector supply chain: Scope 3 procurement emissions", 2023).

In Scotland Excel's supply base, 76% of suppliers are classified as SMEs. SMEs in the UK are not legally required to report their carbon emissions. This mandate primarily applies to larger companies, as mentioned previously. However, the UK government has indicated an intention to extend mandatory emissions reporting to the wider UK economy, potentially by 2025.

For larger companies, reporting scope 1 and scope 2 emissions is a requirement, while reporting scope 3 emissions is currently voluntary. Public bodies have the same obligations, which means Scotland Excel should support scope 1 and 2 reduction for its membership as a priority, developing scope 3 capability as a future focused activity.

The ClimateXChange report states that 52% of public bodies interviewed as part of the research process for writing the report do not yet calculate their supply chain emissions. Furthermore, the ClimateXChange report "*Simplified route map to analysing supply chain emissions*", indicates that spend data should drive the basis of environmental reporting. The report recommends that if they are not already doing so then public bodies should start recording supply chain carbon emissions.

Analysis of historical management information (MI) has identified that 15% of Scotland Excel spend is on arrangements which are environmentally segmented. Of these arrangements, 15 suppliers receive c.24M (80%) of spend. These suppliers will be targeted for survey/engagement to identify readiness to provide baseline carbon outputs to be tracked over time in the development of reduction measures.

Initiating work to baseline national scope 3 emissions will involve cross sector collaboration to ensure that this workstream is informed by tools and methodologies being adopted consistently across the sector, alongside bespoke approaches.

The engagement of all relevant stakeholders to ascertain Scotland Excel's environmental reporting approach is stated as **Activity 10** in the activity plan in **Appendix 1** of this handbook.

4.2 Performance Management

This will enable the launch of Scotland Excel's performance management framework in 2024/2025. Strategic procurement and commissioning teams have a range of commercial and social measures well established, meaning that historical data is available for interrogation e.g. savings, community benefits and real living wage. Mechanisms to measure social impact are evolving to take account of Community Wealth Building and Wellbeing.

An important area of development for Scotland Excel will be introducing more rigour to the carbon impact of existing contracts which are used by members in

activities which generate scope 1 or 2 emissions. The use of the Lifecycle Impact Mapping tool to attach a value to the whole life use of a product will play a part in progressing this improvement.

The launch of the performance management framework, underpinned by a segmented approach, will transform the measurement and reporting of sustainable procurement outcomes.



5. Conclusion

This revised sustainable procurement handbook sets out Scotland Excel's future focus.

Commitments are made to support members, drive good procurement practice and collaborative public sector partnerships to achieve a more sustainable future.

The specifics of these commitments are summarised in the activity plan shown in Appendix 1 to this handbook. These activities will be undertaken in the first year of the handbook. Thereafter, the handbook and activity plan will be reviewed to both build upon the activities carried out the year previously, and to ensure any emerging legislation is accounted for within the scope of the handbook.

The background of the page is an abstract composition of flowing, organic shapes in various shades of green and teal. The colors range from a deep, dark teal to a bright, vibrant green. The shapes overlap and curve, creating a sense of movement and depth. The overall effect is modern and artistic.

Appendices

Appendix 1: Activity Plan for year end 31 March 2026.

Activity ID	Activity	Activity Area	Description	Timeline	Owner
1	Sustainable Procurement Tools	Environmental	Implement Scottish Government's suite of sustainable procurement tools on all new and retender procurement activities. Centralised monitoring of outcomes of sustainability test for targeted initiatives. Prioritisation Tool undertaken for procurement.	2025	Net Zero Working Group
2	Environmental segmentation focus	Segmentation	Implementation of the segmentation of framework portfolio. Consolidate outcomes for frameworks that have been environmentally focused.	2025	Procurement
3	Community wealth building	Social	Continue to build and strengthen relationships across the public and private sectors as new and innovative approaches evolve.	2025	Procurement
4	Real Living Wage reporting	Social	Scotland Excel will introduce a new report to councils which sets out the spend across the portfolio with suppliers that do not currently pay the Real Living Wage. This action will be taken in support of moving an even higher percentage of the workforce delivering public services onto the Real Living Wage, as a minimum.	2026	Procurement
5	Community benefits	Social	Conclude development of automated reporting process to facilitate ease of contract management. Establish community benefits forum.	2025	Community benefits lead
6	Early exit planning	Environmental	Embed early planning into procurement strategy in support of circular economy practises	2025	Procurement
7	Application of circular economy practises	Environmental	Broaden range of procurement exercises to include application of the principles of the circular economy	2025	Procurement

Activity ID	Activity	Activity Area	Description	Timeline	Owner
8	Strategic implementation of organisational policies	Environmental	Ensuring Sustainable Procurement Strategy and Net Zero Strategy work in harmony under the development of the organisational Procurement Strategy.	2025	Net Zero Working Group
9	Environmental engagement	Environmental	<p>Maintain relevant stakeholder engagement with existing and new forums such as the Net Zero Working Group (internal), Climate and Procurement Forum (Scottish Government/public bodies) and Sustainable Scotland Network (public bodies).</p> <p>Maintain engagement with University of Edinburgh and their proposed collaborative public sector net zero route map.</p> <p>Engage with COSLA and Zero Waste Scotland to further broaden the knowledge held within Scotland Excel.</p>	2025	Net Zero Working Group
10	Environmental reporting	Environmental	Engage all relevant stakeholders to ascertain reporting approach, focusing initially on reducing scope 1 and 2 emissions associated with Scotland Excel frameworks	2025	Net Zero Working Group

Appendix 2: Sectoral Engagement

Scotland Excel has recognised that sustainability is a complex area affecting a wide range of stakeholders, and has undertaken substantial stakeholder engagement across the public sector and beyond in the development of this handbook. This engagement is summarised in **table 2** below.

Stakeholder	Purpose of Engagement	Findings	Future Activity
Scottish Government	Participation Climate and Procurement Forum Advocacy within the local government sector	Additional standard statement in Single Procurement Document (SPD) Climate action in selection criteria Invites sharing of climate change plan.	1. Continue to advocate through the Climate and Procurement Forum. 2. Introduce SPD question to tenders 3. Support supply chain change in the sector
Local Authorities	Targeted engagement with member councils Understand priorities Support deliver of local action plans	Aberdeen Shared Procurement Service, Dundee City Council and Perth and Kinross Council are recording both direct and indirect (supply chain) carbon emissions	1. Engagement nationally now required 2. coordinated planning for tracking and reporting 3. focus on Scope 1 and 2 emissions initially
Sustainable Procurement Ltd	Sustainable Procurement Ltd created Scottish Government's sustainability toolkit Previously supported Scotland Excel best practice case studies Provides sector wide training on sustainability in procurement Gather information on developing measurement of supply chains	Sustainable Procurement Ltd cite climateXchange report "Driving Emission Reductions Through the Public Sector Supply Chain" Advise a methodology to collate and disseminate scope 1 and scope 2 emissions data nationally prioritised Scope 3 emissions impractical at this stage	1. Scotland Excel will continue to provide robust procurement routes for activities which relate to local government scope 1 & 2 emissions. (EEC, fleet portfolio etc.) 2. Scotland Excel will explore additional provision to support scope 1 & 2 reductions (heat network ancillary contracts, EV enabling contracts)
Sustainable Scotland Network	Sustainable Scotland Network (SSN) is Scotland's public sector network focusing on sustainability and climate change. Supports public bodies in Scotland on net zero planning.	SSN analyse public sector annual reports re climate change, review toolkits and provide manuals Foster best practice and facilitate collaboration	1. Maintain levels of engagement 2. Provide routes to market where required

Stakeholder	Purpose of Engagement	Findings	Future Activity
Zero Waste Scotland	<p>Scotland's circular economy public body</p> <p>Lead on the using products and resources responsibly</p> <p>Scotland Excel seek guidance and support to embed circularity in frameworks</p>	<p>Opportunities for joint working to ensure routes to market for circular economy solutions are developed</p>	<p>1. Use sustainability tools to identify opportunities for circular economics in procurement solutions</p> <p>2. Work with ZWS to ensure opportunities are maximised</p>
Improvement Service/Climate Intelligence Service	<p>SCIS supports local authorities in the development of area-wide programmes of emissions reduction</p> <p>Jointly funded by Scottish Government and local government</p> <p>Activity partnership between Edinburgh Climate Change Institute and the Improvement Service</p>	<p>SCIS offered insight on local government journey to net zero</p> <p>Facilitated session with the University of Edinburgh and National Health Service (NHS) Scotland</p> <p>Demonstrate of carbon emission reporting</p>	<p>1. Maintain engagement as appropriate</p> <p>2. employ cross sectoral learning</p>
University of Edinburgh	<p>University of Edinburgh (UOE) emerging as leading institution in climate action</p>	<p>UoE has developed a pathway to net zero for the Further and Higher Education Sector (FHE)</p> <p>Monitoring Scope 3 carbon emissions from procurement</p> <p>Potential for use across the wider Public Sector in Scotland</p> <p>Collaborative approach to addressing our Scope 3 emissions = greatest impact.</p>	<p>1. Collaborative approach is to be presented to the December 2024 meeting of the Climate and Procurement forum</p> <p>2. Future consideration of adoption by Scotland Excel.</p>
Environmental Data Companies	<p>Review offering from companies that have developed software packages that are used for carbon accounting and recording environmental data.</p>	<p>Demonstrations of software packages used for carbon accounting</p> <p>Complexity of the public sector /supply chains present a barrier to collection of data - and a cost</p> <p>CO2Analytic: implemented by three local authorities</p> <p>NEONI: artificial intelligence-driven software analyses management and spend information Net Zero Toolkit – Developed by Edinburgh Science as a means of ascertaining a supplier's position on the route to net zero and targets for improvement. This is in the early stages of development.</p> <p>RCIS—The Royal Institute of Chartered Surveyors (RCIS) carbon accountancy software. Specifically geared to construction industry</p>	<p>1. Scotland Excel to consult further to ascertain whether investment in a software package will be required</p> <p>2. Await the pending legislation noted in Scottish Government's Programme for Government 2024/25. Climate Change (Emissions Reduction Targets) Bill.</p> <p>Scottish Government is expected to release guidance on the reporting of scope 3 emissions by end 2024.</p>

Appendix 3: Sources and Useful Links

Scotland Excel Corporate Strategy 2023 – 2028:

<https://home.scotland-excel.org.uk/about-us/publications/corporate-strategy/>

Procurement Reform (Scotland) Act 2014:

<https://www.gov.scot/publications/procurement-reform-scotland-act-2014-statutory-guidance/>

National Performance Framework:

<https://nationalperformance.gov.scot/>

Scotland's National Strategy for Economic Transformation:

<https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

Scottish Government Sustainability Tools:

<https://sustainableprocurementtools.scot/>

Scotland Excel Community Benefits Tender Template:

<https://xlnet.scotland-excel.org.uk/About-Us/Our-Teams/Strategic-Procurement/Strategic-Procurement-Policies/Pre-Tender>

Scotland Excel Community Benefits Reporting Master and Guidance Documents:

<https://xlnet.scotland-excel.org.uk/About-Us/Our-Teams/Strategic-Procurement/Strategic-Procurement-Policies/Pre-Tender>

Sustainable Procurement Duty:

<https://www.legislation.gov.uk/asp/2014/12/section/9>

Supplier Development Programme:

<https://www.sdpScotland.co.uk/>

British Association for Supported Employment:

<https://www.base-uk.org/home>

Scottish Government Supported Business Dynamic Purchasing System:

<https://www.gov.scot/publications/procurement-requirements-reserved-for-supported-businesses-dynamic-purchasing-system/>

Fair Work First:

<https://www.gov.scot/publications/fair-work-first-guidance-2/pages/2/>

Living Wage Scotland:

<https://scottishlivingwage.org/what-is-the-real-living-wage/>

Scotland Excel Net Zero Strategy 2023 – 2028:

<https://home.scotland-excel.org.uk/media/5gpjt3ut/net-zero-strategy-2023-28.pdf>

ClimateXChange “Driving emission reductions through public sector supply chain” Report:

<https://www.climateexchange.org.uk/projects/driving-emission-reductions-through-the-public-sector-supply-chain/>

Scottish Government “Statutory Guidance for Public Bodies to support them in putting their Climate Change Duties into practice”:

<https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2011/02/public-bodies-climate-change-duties-putting-practice-guidance-required-part/documents/0113071-pdf/0113071-pdf/govscot%3Adocument/0113071.pdf>

Scottish Government Circular Economy Bill:

<https://www.parliament.scot/bills-and-laws/bills/circular-economy-scotland-bill>

Public procurement—taking account of climate and circular economy considerations: SPPN 3/2022:

<https://www.gov.scot/publications/public-procurement-taking-account-of-climate-and-circular-economy-considerations-3-2>

Get in touch

Contact us to find out more about our services
and how we can help your organisation:

Phone: 0141 488 8230

Email: contactus@scotland-excel.org.uk

www.scotland-excel.org.uk

X @ScotlandExcel **in** www.linkedin.com/company/scotland-excel

Professional | Courageous | Respectful | Integrity

