



SEIRBHEIS PHRÌOSAIN NA H-ALBA

# SPS PROCUREMENT STRATEGY 2023-2028

Unlocking Potential - Transforming Lives



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Front cover: Artists Impression of the new HMP Highland, Inverness showing the front elevation.

## 1. Introduction

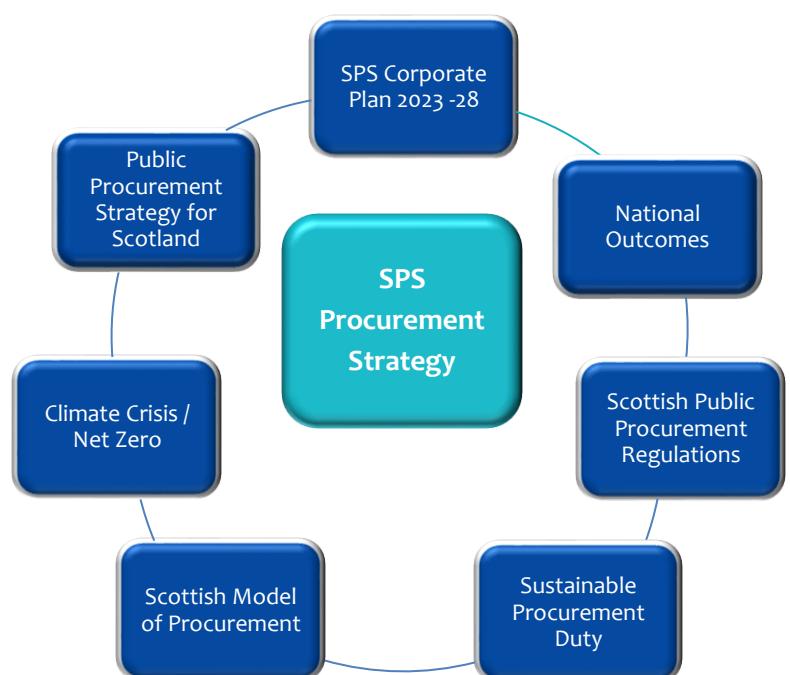
The Scottish Prison Service (SPS) recognises that effective public procurement and contract management activity directly underpins SPS's operational activities and some of the objectives in the SPS Corporate Plan 2023-28. SPS is therefore fully committed to ensuring that its significant annual public expenditure demonstrably provides value for money, is effective and awarded compliantly, and that the goods, services and works procured are fit for purpose.

SPS also recognises that effective public procurement can serve to support wider policy objectives flowing from [Scotland's National Performance Framework \(NPF\)](#) and the [Public Procurement Strategy for Scotland 2023-2028](#). These include the challenges presented in making further Net Zero / Climate Crisis improvements within SPS operations, seeking to reduce inequalities through Fair Work First, supporting economic recovery, and contributing to other social, economic, or environmental outcomes which can be achieved through planned and carefully managed public expenditure.

This SPS Procurement Strategy builds on a strong base where SPS has established procurement systems, processes, and resources (people) to undertake compliant and effective public procurement activities with the context of the prevailing Regulations and relevant Scottish Government policies.

A key contextual consideration within the delivery of this Strategy is the continued constraints on public sector finances. In the 2022 Resource Spending Review, SPS was allocated a flat cash settlement for the subsequent four years. General inflation, Living Wage commitments, and other factors such as increased energy costs all contribute to a challenging financial position. The consequent need to derive efficiency, value for money and savings from public procurement activity has never been greater.

The management of Covid-19 within prisons required that SPS be adaptable, open to change, innovative and responsive. This attitude and approach should provide a good platform for SPS to rise to the various challenges that lie ahead. We will also endeavor to ensure that the SPS delivers its procurement and commercial activity as efficiently and effectively as possible.



**Gerry O'Donnell**  
Director of Finance  
(Strategy Owner)



**Andy Door**  
Head of Procurement

## 2. Background and Context

The SPS is an Executive Agency of the Scottish Government. There are currently seventeen prisons located across Scotland: fifteen directly operated by SPS and two operated by private sector operators under contract to SPS (although one of these, HMP Kilmarnock, will move back to public operation during the term of this Strategy). There is also an SPS Headquarters, an SPS College and SPS Fauldhouse which serves to provide a Central Stores and operational training facility. SPS directly employs around 4,600 staff.

SPS operates the Victim Notification Scheme for registered victims of crime, who have the right to receive information about the progression and eventual release of the person convicted of the offence against them. SPS also manages the contract for the Scotland-wide Court Custody and Prisoner Escorting Service for the provision of the safe and secure transport of those in custody to and from Courts and appointments on behalf of multi-agency justice partners.

The role of Scotland's prisons is derived from two key documents: the Scottish Government's '[Vision for Justice](#) in Scotland 2022' and the Scottish Sentencing Council's 'purposes of sentencing'.

The work of SPS staff and prisons contributes to the delivery of the National Outcomes specified in the [National Performance Framework](#) particularly the outcomes of:

- “We live in communities that are inclusive, empowered, resilient and safe”.
- “We respect, protect, and fulfil human rights and live free from discrimination”.

SPS also delivers actions that contribute to realising the National Strategy for Community Justice.

The SPS Corporate Plan 2023-28 also recognises that SPS activities contribute towards outcome in the National Performance Framework. The Corporate Plan provides a statement of “Strategic Intent”, a perspective of changing prison demand trends, and three core Objectives.

<b>Objective 1</b>	<b>Objective 2</b>	<b>Objective 3</b>
<b>People in Scotland's prisons live in establishments that are safe, secure, and suitable.</b>	<b>The health, wellbeing and care of the people living in Scotland's prisons are more effectively managed, promoted and tailored to individual need.</b>	<b>People in Scotland's prisons are better supported to safely follow an individualised pathway towards release, in ways that prioritises public protection.</b>

The Corporate Plan reflects that, as part of these Objectives, the SPS intends to deliver prison services that that focus on being person-centred, inclusive, trauma-informed, and rights-based. SPS will also better promote the health, safety, and wellbeing of all people who live in Scotland's prison system. The Plan also reflects taking forward various transformative work around the physical prison estate, digital systems, learning and development, data & evidence, etc. Procurement activity (as set out in section 4) will underpin and enable many of the projects which underpin the Corporate Plan.



The SPS senior management team recognises that effective public procurement can also serve to support wider policy objectives including those articulated in the [Public Procurement Strategy for Scotland 2023-2028](#). This national strategy is structured around four ‘Good For’s’ which align to the National Performance Framework outcomes.

SPS’s corporate activities are guided by the principles described in the [Scottish Approach to Service Design \(SAtdSD\)](#). This envisages a future where “the people of Scotland are supported and empowered to actively participate in the definition, design, and delivery of their public services”. SPS’s work must therefore understand the needs of those in our care to inform policy making through to live service improvement. Any subsequent procurement activity will then be informed by internal stakeholders reflecting relevant positions into definitions of business and service need.



The SPS Corporate Plan 2023-28, the Annual Report and Accounts and SPS Quarterly Public Information page (available via the [SPS website](#)) provide key metrics about the SPS and Scotland’s prisons. The SPS Annual Report & Accounts includes supporting narrative about some of the work SPS undertakes with those in our care and other partner organisations. SPS will also continue to publish an Annual Procurement Report (APR) reflecting the activities and outcomes achieved each year.



Artist's Impression of the new HMP Glasgow

### 3. Procurement in SPS

#### 3.1 Procurement Policy & Services Department

The Procurement Policy & Services Department (PPSD) is part of the SPS Finance Directorate and, as such, provides a core corporate resource to enable procurement to be conducted effectively, legally, and compliantly. In performing its function, procurement must be agile enough to mirror the demands of the operational service itself and provide sound contracts, value for money, commercially astute outcomes and leadership for SPS procurement and systems.

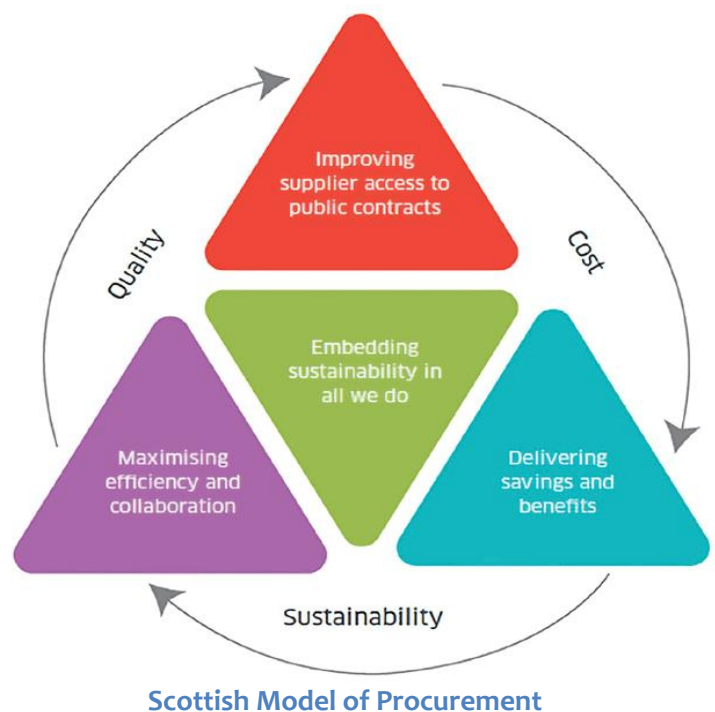
At the same time, we recognise that procurement and commercial activity can contribute both *directly*, and *indirectly*, towards the outcomes within the SPS Corporate Plan and activities including those which support transforming the lives of people in SPS's care through Community Benefit provisions or joint work with other partners.

The Public Procurement Strategy for Scotland sets out four bold themes where public procurement can contribute towards Scotland's National Outcomes. These themes are reflected in this Strategy.

SPS recognises the legal obligations to undertake procurement activities within the framework set out in the Scottish Public Procurement Regulations, the [Procurement Reform \(Scotland\) Act 2014](#), the associated Statutory Guidance, and relevant government policy. The Act requires that public sector organisations publish a procurement strategy which sets out how it intends to conduct its 'Regulated' procurements and that it publishes an Annual Procurement Report that describes how its procurement activities have complied with its strategy. 'Regulated' public procurements are contracts valued at £50,000 and above for goods and services and £2 million and above for works.

The Scottish Model of Procurement and the Sustainable Procurement Duty (SPD) will remain a core part of the SPS's Regulated procurement activity. The SPD encourages authorities to consider **social, economic, and environmental** benefits not only to the organisation itself but also for the wellbeing of the authority's area.

As Scotland's national prison service with sites variously located around the country, the "authority's area" and reach are seen as Scotland-wide. However, each prison is part of the community it serves and is located within a Local Authority and NHS area. SPS procurement activity will therefore continue to take steps to ensure that SPS contributes to support Scotland's wealth, economic and sustainable development.



### 3.2 Duties, Regulation and Scrutiny

The SPS Corporate Plan recognises that the SPS has a range of duties and obligations (including Procurement compliance and reporting) that support the delivery of an effective, transparent, and meaningful public service. The SPS Head of Procurement has responsibility for procurement policy and systems and ensuring that contracts are then available which support SPS activities. With this in mind:

- We will ensure that SPS procurement staff are trained and remain up to date with relevant policy changes, legislative or case law provisions including the general obligations to conduct Regulated public procurement fairly, transparently, and proportionately.
- We will maintain a Procurement Manual and policy which underscores the central procurement of larger and/or complex contracts (>£20k in value) along with a degree of devolved procurement to support local operational needs (<£20k value) where no national contract exists. This policy seeks to strike the right balance between leverage and economy, local flexibility, and business controls. SPS will advertise and compete relevant contract opportunities (>£20k in value) via the Public Contracts Scotland website.
- We 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 will ensure appropriate aggregation of SPS expenditure, consistency of specification and supply across SPS, and support value for money. This also ensures that contracts available across SPS address the Sustainable Procurement Duty and Net Zero requirements, Fair Work First provisions, and that suppliers have been ‘assured’ through relevant due diligence.
- The PPSD management team will oversee the delivery and monitoring of this Procurement Strategy the procurement facing element of the annual delivery plan and associated outcomes. This will include weekly Senior Management Team meetings within procurement, monthly full team meetings and project specific review activity to provide oversight of progress. We will publish an Annual Procurement Report (section 8) to demonstrate our progress.
- PPSD will engage with Scottish Government auditors and Audit Scotland to take forward any procurement / contract facing lessons or management actions following such audit activity.

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 undertaking procurement effectively and compliantly. The next PCIP assessment is due in the first half of 2024.



### 3.3 Other Commercial Activity

SPS has a longstanding tradition of undertaking industrial activity in prisons. This provides work and various upskilling for the people in its care. The commercial activity to support SPS [Prison Industries](#) is overseen by SPS Fauldhouse and reports to the Head of Procurement.

SPS Fauldhouse performs a range of business support activities for SPS Prison Industries including:

- Research, design, and development of goods for production and use within prisons, or for sale to external customers.
- The sales and marketing of products manufactured in prisons in Scotland.
- Production planning, sourcing of materials and components, and
- Inventory / logistics management for the SPS (incl finished products, materials, and management of specific product stocks for the SPS).



SPS seeks to support individuals within its care to address the barriers and complex challenges that people with convictions and those preparing for release often have in relation to securing employment. SPS Prison Officer Instructors typically supervise and lead Prison Industries and vocational training activities to those in SPS's care.

The commercial team at SPS Fauldhouse will provide a core role in facilitating such activities for the SPS and supporting development of new work-based activities – those may include links to the circular economy. SPS Fauldhouse will also continue to provide work-placement opportunities for some of those individuals in SPS care within the Central Stores area.

SPS will continue to use the Sustainable Procurement Duty and Community Benefits provisions to promote SPS Prison Industries and to encourage suppliers, prospective employers, and partners to engage with this either directly or indirectly through supply-chain activity. SPS will also continue to explore 'make versus buy' decisions when assessing procurement options where the use of internal production might offer a viable and economic alternative.



## 4. Main Objectives and Priorities

### 4.1 Programme of Work

#### 4.1.1 Contract Development



##### **Good for Business and their Employees.**

SPS typically awards 110-130 central contracts of varying size for goods, services and works with the majority being above the Regulated value threshold. This includes agreements with private sector organisations, the Third Sector, statutory partners, and Supported Businesses.

A large element of the work is planned 'business as usual' contract renewal activity, or new areas of work to support SPS Directorates and prisons as identified in the corporate planning processes and the SPS Annual Delivery Plan (ADP). There is also a variety of reactive procurement that reflects SPS operational and spending priorities including occasional 'emergency situations.' The procurement work programme therefore retains an element of flexibility to manage such activity along with the planned contract renewals. In executing the Programme, SPS will encourage competition, advertise requirements in the Public Contracts Scotland website and continue to take account of the prevailing Scottish Government procurement policy, the SPD, and other relevant considerations.



PPSD works with various stakeholders, cross functional 'user intelligence groups', potential suppliers and others to help understand the needs and to design / take forward procurement activity to ensure those needs are addressed. Consultation can involve obtaining feedback from various internal clients including those in custody and relevant 'community' stakeholders to help shape SPS requirements.



A 'prioritisation toolkit' (flowing from the SPD) is also used to determine relevant project priorities for the procurement. Whole life costing models will be encouraged to ensure environmental, in-service support / operating life, operating costs, and social value form part of the value proposition in relevant projects.

Key SPS projects in the coming period relying on procurement delivery include:

##### **Physical Estate – Supporting a sustainable built environment.**

- The development of the prison estate as set out in the SPS Corporate Plan 23-28 ("Objective 1"). This reflects the completion of HMP Stirling and the construction of the new HMP Highland in Inverness and HMP Glasgow.
- The managed transition of HMP Kilmaronock (a PFI prison) from private to public sector operation.
- A range of small and medium works infrastructure / FM projects to maintain, update and to ensure the SPS estate progresses towards Net Zero.



##### **Environmental Sustainability**



Supporting delivery of the SPS vision and plans to move towards Net Zero and to adapt / mitigate against climate events. This will require action around various contracts and SPS business areas to progress towards Net Zero (Scope 3) outcomes alongside existing activities to manage Scope 1 and 2 emissions (TCO<sub>2e</sub>).

## Digital Transformation and Connectivity - Open & Connected

Continued activity to support the SPS Digital Strategy and transformation including:

- Provision and development of a new digital Human Resources solution for SPS.
- Activity to provide a replacement of the SPS prisoner records system.
- The provision of in-cell/room digital services (and associated ICT infrastructure).
- The roll-out of an updated prisoner telephony system.
- The next generation prison Learning, Skills and Employability contract reflecting an increased focus on digital led learning and inclusion and work to promote wellbeing.



### 4.1.2 Contract Management



**Good for Business and their Employees.** PPSD will provide proportionate level of contract management oversight and leadership within SPS in conjunction with key internal clients. The monitoring and management of c. 240 ‘live’ contracts (including collaborative contracts) aims to provide assurance that the contracts are performing as intended, that relevant actions are taken where this may not be the case, and that SPS sustains productive relationships with the suppliers concerned. The contract management review activity also supports decisions whether to exercise any available extension option or to re-tender, and for these decisions to be planned in good time.

Contract management activity by PPSD reflects ‘prioritisation’ (Platinum, Gold, Silver, and Bronze) based on the relative value and corporate risk of the contract to the SPS. The activity therefore reflects a proportionate level of contract management of higher value / risk contracts (Gold & Silver) by PPSD and a more ‘needs based’ approach for routine Bronze contracts. Relevant internal clients support the contract management activity and oversight with PPSD.

The operational management of the ‘Platinum’ rated Private Prison contracts and the Scottish Court Custody & Prisoner Escort Service contracts (‘SCCPES’) will continue to be undertaken by dedicated Contract and Supplier Management team. This activity is led by Operations Directorate to provide pro-active day to day contract oversight and operational / KPI monitoring activity through Controllers (private prisons) and Escort Monitors.

**Good for Society.** SPS Strategy & Stakeholder Engagement Directorate (S&SE) continue liaison with the Scottish Government and NHS partners in respect of the 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 services pending this transition. Healthcare and Criminal Justice Social Work services in prisons will continue to be provided by the NHS and relevant councils through Memorandum of Understanding (MOU) arrangements with oversight of the services managed by S&SE.

**Good for Business and their Employees.** PPSD will continue to provide supply impact reporting to the SPS Executive Management Group. This will focus on SPS contracts where there may be supply availability issues or significant inflationary cost impacts. The work will also focus on any actions that could be taken (through procurement or contract management activity) to mitigate those issues, improve operational resilience, promote supply-chain & resilience and to secure value for money for the SPS.

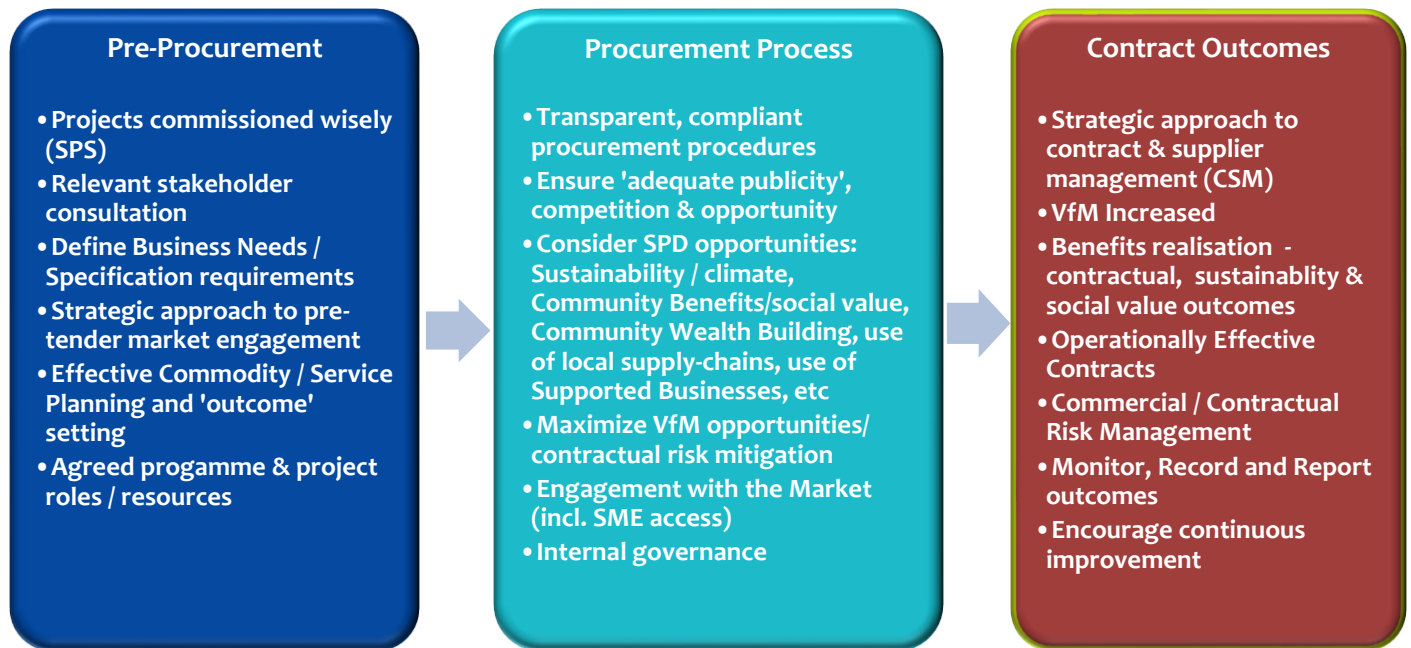


### 4.1.3 Driving Value for Money and Value-Add Outcomes



**Good for Business and their Employees.** The SPS procurement function will continue to take a leading role in interacting with internal client(s) and relevant stakeholders, being accessible to potential and current suppliers, ensuring clear specifications that support business needs, and that there is effective, open competition.

SPS procurement has a strong record of managing the full procurement cycle as set out below:



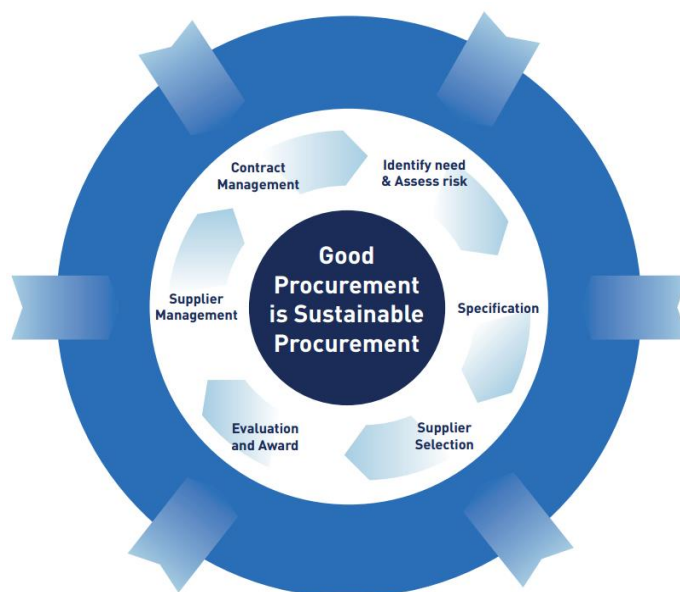
- We will make relevant use of Prior Information Notices (PINs) to prompt early market engagement, undertake market research, engage with SMEs, and seek competition for contracts above £20,000 through the Public Contracts Scotland website. The range of social, economic, and environmental outcomes expected from public contracts increases the importance of the pre-procurement 'Preliminary Market Consultation' phase.
- SPS will look to continue use of Bidder and Applicant Forums, and engage in 'Meet the Buyer' events, as appropriate. SPS will also routinely continue to use post-procurement activity to debrief both successful and unsuccessful tenderers with a view to generating improvements in existing contracts, stimulating future competition, and enabling suppliers to bid more successfully.
- We will also continue to use relevant collaborative Frameworks and contracts such as those set up by the Scottish Government, Scotland Excel, the Ministry of Justice (HMPS), or the Crown Commercial Services (as appropriate) to provide an effective route to market. Such joint, collaborative work will support value or best use of scarce procurement resources.
- SPS will also seek to manage and minimise 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 Procurement or a Procurement Manager.

## 4.2 Sustainable Procurement Duty (SPD) and Social Value

**Good for Places & Communities.** Public bodies are required to consider the various facets of the SPD and social value opportunities within their procurement. As Scotland's national prison service, the SPS has a strong sense of purpose around social value activities that engage with individuals in custody, those leaving custody and their families. SPS also has a good track record of working collaboratively with various organisations towards social value outcomes.

This Strategy and our Procurement Pledge (section 10) reflects that SPS will continue to promote and develop opportunities that consider social, economic and/or environmental outcomes in SPS procurement activities where this is appropriate, practicable and proportionate to the nature/size of the procurement activity.

SPS will continue to apply a 'prioritisation toolkit' methodology to support informed discussions with internal clients around the SPD, Net Zero, and potential socio-economic outcomes from SPS's range of contracts and activities. This will consider the areas indicated at 4.2.1 to 4.5 as appropriate to the project.



### 4.2.1 Net Zero, Climate Crisis, Circular Economy & Biodiversity



#### Good for Places & Communities - Climate Crisis and Environment.



Scotland is committed to the ambitious target of net-zero greenhouse gas emissions (Scope 1 to 3) nationally by 2045, with key milestones being set by Scottish Government. The SPS has made significant progress with a decade-long programme of carbon reduction and energy efficiency measures across prisons. Despite this work, the SPS understands the challenge to drive further change improvements and invest in this area over the coming decade and beyond.

A Director-led Net Zero Strategy Board will plan and coordinate activities to support underpin SPS's Net Zero objectives. The Board is informed by the '[Public Sector Leadership on the Global Climate Emergency](#)' document published in October 2021; guided by the [Net Zero Practical Guide for Finance Teams](#); and recognition of the need to ensure a [Just Transition](#) towards a sustainable, low carbon economy in Scotland.



The Net Zero / Climate Crisis imperative will require a concerted and sustained approach within SPS across all functions and this approach will develop over time. Key activities in the period 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.
- Continuing to develop buying goods, services or works 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.
- Continuing to promote awareness of **Climate Literacy and Circular Economy** amongst procurement and relevant internal staff using the e-learning sustainable procurement toolkits provided by Scottish Government.
- Considering the Construction Handbook, the developing policy and guidance around climate within SPS works activity and how we best reflect that into SPS projects. 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.
- Supporting SPS planning to decarbonise and phase out petrol and diesel cars and light vans from the SPS fleet. SPS will also monitor and report commercial vehicle emissions from the contracted Scottish Court Custody & Prisoner Escort Service. In the medium term we intend to develop opportunities to decarbonise this heavy commercial fleet.
- Using 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 crisis and achieving positive Net Zero outcomes.



#### 4.2.2 Small and Medium Sized Enterprises (SMEs)



**Good for Businesses and their Employees.** SPS has maintained a position over the past few years whereby approx. 50-60% of the c. 1,100 - 1,200 suppliers used annually by the SPS are SMEs. This equates to >£30m pa of SPS direct expenditure plus additional SME spend through main contractor supply-chains.



- SPS procurement activity will continue to provide a platform for SMEs to access SPS contract opportunities through SPS advertising contract opportunities on PCS (>£20k), or SPS placing of business 'locally' through devolved procurement officers. We will continue to consider opportunities to buy or source locally and to encourage that through main contractor supply chains.
- The Annual Procurement Report will continue to report the economic impact of the SPS's procurement spend including 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.



### 4.2.3 Supported Business, Third Sector & Social Enterprise



**Good for Businesses and their Employees.** Article 21 of the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act reflects that a public body may place ‘Reserved Contracts’ with Supported Businesses.



The British Association for Supported Employment, the Third Sector and Social Enterprise organisations all have a strong track record of providing employment and support for people with multiple barriers who are often quite far removed from the labour market. This includes various work with the SPS to support individuals in custody (work placements) or those who are leaving custody where those individuals happen to be disabled or meet the definition of “disadvantaged”.

- SPS will continue to consider Reserved Contracts (*where appropriate*). We will also encourage the Third Sector or Social Enterprise to bid for relevant SPS tenders and contracts.
- A significant part of the Third Sector engagement with 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 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 several positive outcomes.

### 4.2.4 Fair Work First

**Good for Places & Communities.** Fair Work First (which includes security of employment; fair rates of pay based on the Real Living Wage supported by good conditions; flexible, family friendly working practices; creation of more diverse and inclusive workplaces; etc.) is recognised as a method where public procurement can assist in tackling in-work poverty and by extension, child poverty and social levelling-up.

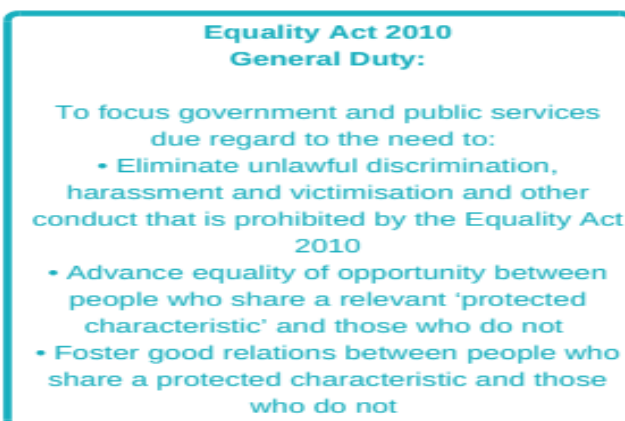


SPS applies Fair Work First principles as an employer through its policies, practices, and behaviours. SPS has also been an Accredited Living Wage employer since August 2016. SPS therefore expects suppliers to evidence a positive approach to Fair Work First practices as part of a fair and equitable employment and reward package for all employees (whether permanent, temporary or agency) involved in the delivery of any SPS contracts.

- SPS will mandate the Real Living Wage in all new SPS public contracts and commissioning activity and encourage others we work with to adopt this approach.
- SPS will record commitments made by suppliers during procurement activity on Fair Work First and payment of the Real Living Wage.
- SPS contract management activity will monitor supplier compliance including that they continue to meet the agreed obligations to pay the Real Living Wage when this changes annually.

## 4.2.5 Equality and Diversity

**Good for Society.** SPS will continue to consider [Equality and Diversity](#) in its commissioning, procurement and contracting activity to underpin compliance 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 delivery of procured services can contribute to the advancement of equality and good relations.



SPS positively supports and promotes diversity and inclusion through its various activities:

- 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 and to reduce inequality within the performance of the contract.
- Individuals working in prisons can join the SPS staff equality network (PRISM). Specific contracts such as prison Learning & Skills services will also promote inclusivity through learning-based activities.

## 4.2.6 Fairly and Ethically Traded

**Good for Society, Places and Communities.** Scotland is committed to economic, social and human rights and, as part of the UK, is signed up to the [International Labour Organisation \(ILO\) core conventions](#). International trade, complex supply chains and a broad range of sourcing mean that buying organisations necessarily need to take steps to assure themselves that legal minima and fair, safe, and appropriate work conditions are being achieved, and to take steps when issues are noted.



The provisions of the UK Modern Slavery Act 2015 and the associated requirement for UK organisations to produce and maintain a [Modern Slavery and Human Trafficking Statement](#) provides a regulatory framework to underpin their supply-chain checks and assurance processes.

- SPS will consider what fairly and ethically traded provisions may apply within relevant contracts given the associated supply chains and countries of origin. This may include seeking assurances from suppliers of the steps taken by them to ensure established international labour standards are being met (e.g. the [Ethical Trading Initiative Base Code](#)) and that products or services being supplied are being obtained from legal and assured sources (Supply Chain Traceability).
- SPS will use the Scottish Procurement Document (SPD) supported by due diligence verification that relevant suppliers are meeting the legal minima (e.g. publication of a Modern Slavery Statement) and have operating practices that support this. These processes will allow us to consider a bidder's overall suitability and reliability to hold a public contract.
- SPS will consider, specify, and use the Fair Trade Mark, ‘ethically traded’ or equivalent assured social label products and standards where appropriate to the intended contract.
- SPS will use the Fair Work First and Serious & Organised Crime provisions outlined elsewhere in this document to support contract award decisions.

## 4.2.7 Health & Wellbeing



**Good for Society.** The SPS Corporate Plan (“Objective 2”) recognises that promoting good health and wellbeing goes beyond specific health interventions. This includes SPS providing an environment and service that promotes good health by recognising and responding to the impact of trauma, enabling the more social and relational side of wellbeing. Much of that work will be taken forward by SPS with various key partners such as the NHS, Local Authorities, and social care providers. There are some elements of health and wellbeing that contracted Goods and Services support:

- SPS caterers will continue to work within the NHS Health Scotland guidelines 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 also ensure that the daily catering arrangements for prisoners includes a range of options to meet religious or dietary requirements (including Halal, Kosher, vegan and vegetarian).
- All food supplied to the SPS is expected to fully comply with the relevant, prevailing statutory provisions (as amended from time to time). SPS strategies for food contracts also recognise the Scottish Government’s ambitions around [Good Food Nation](#).
- SPS will continue to promote high animal welfare standards, sustainable production, food origin and traceability, authenticity, healthy eating and nutrition, and the use of products in a manner which minimises food waste.
- SPS procurement will continue to encourage our food supply chain to use local suppliers and seasonal produce. This recognises the potential for local provision to create local economic benefit and, ultimately, ‘healthier communities’ in the broadest sense.
- SPS also recognises the contributory emissions that agriculture and food production have 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 receiving it.
- PPSD and the SPS Operations Directorate are both included within the Food Standards Scotland (FSS) – Public Sector Incident Protocol. FSS will alert SPS of any known food related supply or production issues that may require follow-up with prison caterers.



## 4.3 Serious Organised Crime (SOC)

**Good for Society.** 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, involvement or that operate in a non-compliant manner with prevailing laws, regulations, and (labour) standards.





PPSD will continue to undertake due diligence prior to award of contracts. This will reflect (open source) supplier checks such as use of the UK Violation Tracker website and engaging with Police Scotland to undertake SOC validation checks as permitted under the Public Procurement Regulations. 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.

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 need to work in prisons.

**Procurement Ethics.** As a public body operating within the criminal justice sector the SPS is also alert to the risks of individuals being compromised, corrupted or potentially engaging in fraudulent or unethical behaviours within their official duties. SPS procurement and financial policy provide operating frameworks designed to maintain separation of duties and to provide due oversight of commercial decisions. SPS also maintains a corporate Code of Conduct, Fraud Prevention and Whistleblowing policies. These provide a basis to deter and detect inappropriate actions, and to allow SPS to deal robustly with any party discovered to be engaging in such activities. The latter policies also allow individuals or organisations to report any issues of concern. The policies apply to all facets of SPS activities including procurement.

## 4.4 Digital Transformation and Connectivity



**Good for Open and Connected.** The [Scottish Digital Strategy](#) sets-out broad ambitions for digital transformation of public services, to make effective use of data, increase digital inclusion and participation across Scotland, to promote Cloud-first principles and to ensure we are cyber resilient.

The SPS Corporate Plan and SPS's own new Digital Strategy develops those themes by promoting increased digital inclusion for those in custody and use of modern systems and good quality data to underpin the work of SPS staff.

The Digital Strategy recognises that to be successful, SPS must focus on delivering a set of human-centric, innovative services that enable our people (employees) to facilitate the rehabilitation of those in our care, whilst ensuring SPS remain a connected, secure and cost-effective component of both the Scottish justice system as well as the broader public service provision for all of our citizens.



The five key pillars of the SPS Digital Strategy (see previous diagram) are designed to increase digital inclusion for those in our care, empower and increase the digital skillset of our staff, optimise our business processes, and transform SPS into a data-led, efficient and smart prison service. Each one of these areas provides direct support to the nation's Justice and Digital visions and as such provides direct positive benefit to key themes across our National Performance Framework. Procurement activity and contracts will necessarily underpin this digital transformation.

Current ongoing work to install in-cell cabling will provide the basis to deliver 'in-room' prisoner services through digital engagement, increase self-agency, whilst supporting education and welfare. SPS plans to incorporate new technologies into its new-build establishments and undertake digital infrastructure improvements to ensure our systems are reliable, cyber-secure and cost effective, and developments that will allow us to better understand, exploit and share our data.

## 4.5 Health and Safety

**Good for Society.** SPS recognises the importance of ensuring compliance with the provisions of the Health and Safety at Work legislation that contracts are performed with due regard to Health & Safety, and that there are safe systems of work within SPS operations / sites. This includes engaging reliable contactors that are familiar with the legislation, understand their responsibilities and undertake their work compliantly and safely. Systems are in-place to provide relevant oversight, incident reporting & follow-up where required.



SPS will continue to use tender qualification and evaluation criteria to check and assess bidders' 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 requires these statements to demonstrate and ensure compliance with the [CDM Regulations 2015](#) and Approved codes of Practice. SPS contract management activity on works projects, typically overseen by an Estates project manager, will promote compliance within contractor activities.

## 5 e-Commerce Capability



**Good for Open and Connected – Connectivity & Consistency.** SPS will continue to progress its e-Commerce capability across our sites to support procurement, 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 \(PCS\)](#) website. SPS also maintains and publishes a contract register within PCS. In addition, for low value requirements, SPS continues to use PCS Quick Quote functionality for faster turnaround and to enable bidders to provide electronic quotations.

- SPS will continue to use the **Public Contracts Scotland Tender (PCS-T)** system as a means of making tendering more open, transparent, connected and cost-effective for suppliers and stakeholders. SPS also uses **electronic contract management (e-CM) within PCS-T** to support contract management activity.



- SPS procurement continues to take forward work to grow the utilisation of the **Professional Electronic Commerce Online System (PECOS)**. This work is being taken forward in conjunction with the Scottish Government's e-Commerce Shared Services Team.
- SPS utilise the **Scottish Procurement Information Hub (Observatory)** and maintain data within that.
- Procurement will take forward work to further develop in-house performance and dashboard reporting to provide key data and metrics to support business reporting. This will include the uptake and use of PECOS across SPS and other selected metrics which will allow us to demonstrate the contribution of SPS procurement in the APR and for other reporting purposes.

## 5.1 Prompt Payment of Invoices

**Good for Businesses and their Employees.** 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 when agreed, on time on 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 three financial years. SPS Finance also monitors SPS payment performance within 10 days with SPS achieving performance of circa 90% here.

- **Project Bank Accounts.** SPS will continue to use Project Bank Accounts (as set out in Scottish Procurement Policy Note ([SPPN 2/2022](#))) as appropriate in major works projects such as HMP Highland and HMP Glasgow to support prompt payments to the sub-contract supply chain.
- SPS recognises the value of prompt payment through the supply chain, and how delays can affect SMEs. We will therefore through our tender and contract management processes, promote the importance of prompt payment throughout the supply chain and 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 ensure that any complaints from contractors and subcontractors about overdue payments receive relevant follow-up action.

**Open and Connected – Consistency.** Work will continue with SPS Finance to roll-out the government **Electronic Purchasing Cards (e-PC)** within SPS for certain types of non-contract purchases. The Scottish Government backed e-PC system will support faster payment to the suppliers used for low value, ad-hoc purchases and, over time, will supersede the need for cash or cheque-based transactions by SPS.



The roll-out of both PECOS and e-PC will provide a basis for PPSD and Finance to review and update the structures, processes and approach to undertaking purchase to pay (P2P) activity across SPS sites. This work will reflect the changing environment and expectation of P2P activities whilst ensuring good budget management and governance, business controls and appropriate back-office support functions within SPS.

## 6 Procurement Capability - People



**Enabler: Procurement Capability.** Our people remain key to the successful delivery of our Procurement Strategy. SPS must ensure that we attract and retain new and existing procurement talent, that we develop capability and talent, and that we provide sound professional leadership within SPS procurement activities.

PPSD will maintain 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. PPCSD will continue to address this issue via a three-fold approach:

- I. **Flexible Resourcing:** PPCSD will continue its proven 'Procurement Career Pathway', and 'grow from within' approach. This provides several entry (*and exit*) points for new, less experienced, or existing SPS staff to join PPCSD team and to develop their skills, experience, and capabilities. This includes structured learning, mentoring, and supporting individuals towards achieving a professional qualification (CIPS).
- II. **Hybrid Working:** SPS and its procurement function will continue to support and promote a hybrid working model. The SPS HQ 'hot desks,' collaborative meeting areas, use of other SPS sites as bases, and digital connectivity will underpin this style of working. We anticipate that hybrid working will serve to increase the relative attractiveness of SPS procurement roles, particularly for individuals who may not be within daily commuting distance of Edinburgh.
- III. **Devolved Procurement:** PPCSD will continue work to provide support and guidance 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 material to support local procurement activity undertaken by Delegated Procurement Officers. Training for devolved DPA Officers moved to virtual delivery during the pandemic. We will continue this approach, combined with selective in person and e-learning modules.



The SPS Procurement and Finance functions intend to review the current functional operating models including the devolved teams conducting such roles across the various SPS sites. The pressure of the Resource Spending Review allied to recent improvements in digitalisation (e.g. digital connectivity, hybrid and remote working models, E-Systems such as PECOS, etc.) provide an opportunity to review the operating arrangements to ensure continued cost-effective and service focused support functions.



## 7 Collaboration



**Enablers: Collaboration & Engagement.** The 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. This will entail, 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 cross sectoral Public Sector Food Forum (PSFF), and Construction forums. We will also ensure relevant contributions to other initiatives that further effective working and the procurement collaborative agenda.



SPS has a very good record of working collaboratively with various external stakeholders including both contractors and local authorities as part of major works projects. However, there is also wider ongoing collaboration with the Third Sector (Public Social Partnership (PSP) activity, etc) and with other partners that similarly work with those in or leaving custody (NHS, Department of Work & Pensions, etc). These partner relationships are essential to supporting transitions into and out of prison, and to providing support, opportunities, and connections while in our care.

**Good for Places & Communities. Community Wealth Building (CWB).** SPS is aware of CWB and the developing narrative around people-centred approaches to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people. We will seek to identify, develop, and take forward relevant activity as appropriate. This acknowledges that SPS and our establishments may have a role as an ‘anchor organisation’ or local partner with respect to taking forward joint CWB activity.



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.

## 8 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 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 forward work plan of the known Regulated procurement activity that SPS expects to tender / procure over the current and the next financial year.

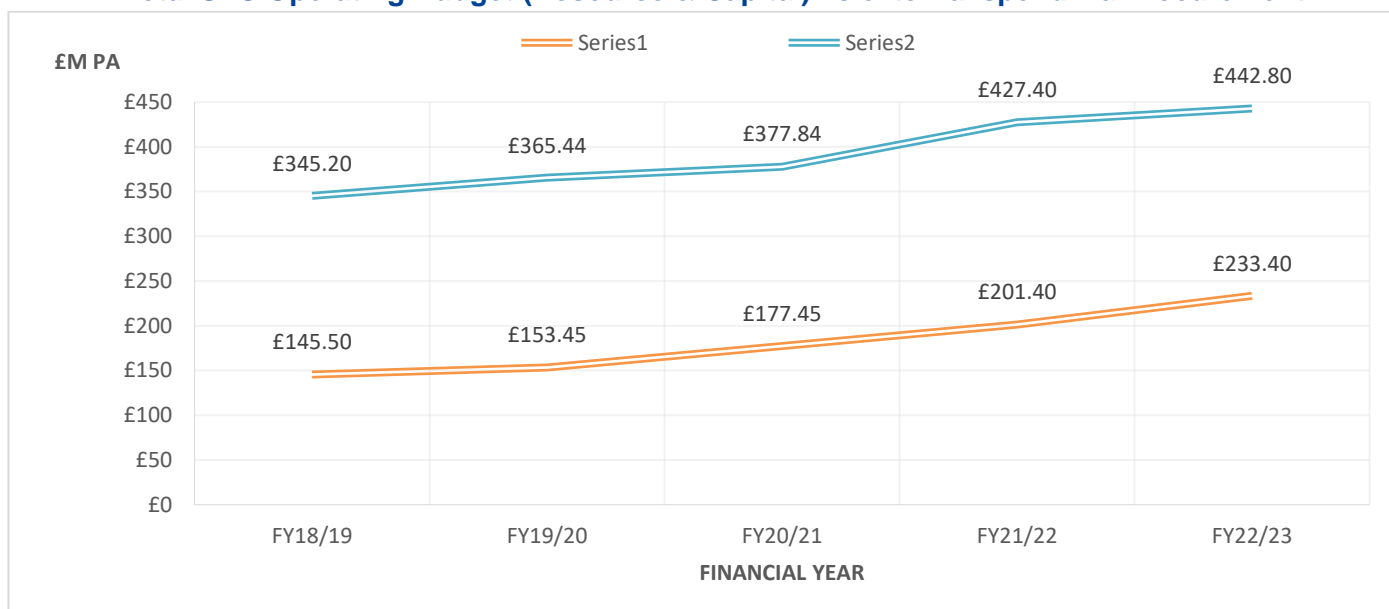
The SPS APRs are available to download from the [SPS website](#). Each new APR is available by August each year covering the preceding financial year (April to March inclusive). SPS reports as part of the Public Bodies Climate Change Report obligations. These reports include a section about “Procurement” activity and are publicly accessible via: [The Sustainable Scotland Network](#).

## 9 Resource Budget and Expenditure

In the 2022 Resource Spending Review, the Scottish Government allocated the SPS a flat cash settlement for the subsequent four years. General inflation, increased energy and food costs, the requirement to meet Real Living Wage commitments in contracts, etc. are all currently contributing to across-the-board general upward cost pressures. Whilst it is difficult to fully understand the medium to long term impact of this in detail, the funding position is likely to place additional pressure on SPS resources. The consequent need to derive efficiency, value for money and savings from public procurement activity has never been greater.

The Resource Budget for the SPS in 2022/23 was £369.6m, (21/22 £354.6). This covered the cost of SPS staff, service delivery contracts by external providers, buildings and energy, prisoner food and other costs, and administration. The Capital budget for 2022/23 was £72.8m. A total of £442.8m for 22/23 and (21/22, £427.4m). SPS procurement activity and external expenditure typically accounts for 40 - 50% per annum of the overall SPS budget.

### Total SPS Operating Budget (Resource & Capital) vs external spend via Procurement.



In 2022/23, the following areas of recurring expenditure accounted for £178.3m (approx. 76%) of SPS's £233.4m external spend in that year:

- 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.
- Utilities: gas (Total Power), electricity (EDF Energy) and water (Scottish Water).
- Food products: Frozen, Pre-packed Groceries, Milk & Dairy, Fresh Meat, Fresh Fruit & Vegetables, and Bread and Bakery products.
- Telecommunication & broadband services (BT Plc, Virgin).
- Digital transformation activity / software licenses - (Microsoft, Insight Direct & European Electronique)
- Social work (council provided) and social care services.
- Security & Fire systems (ADT Plc, Smiths Detection, etc.).
- Prisoner Learning & Skills Contract (Fife College).
- Prison Retail Goods (J W Filshill Ltd).
- Janitorial, cleaning supplies, and paper, plus also various PPE (Greenham Trading and Arco).
- Vehicle fleet, plant / grounds vehicles, vehicle hire and fuels.
- Project specific construction payments for the new HMP Stirling (Morrison Construction), the two Community Custody Units (Ogilvie Construction); HMP Highland (Balfour Beatty); and works at HMP Barlinnie (Kier Construction).

## 10 The SPS Procurement Pledge

This SPS Procurement Strategy recognises the complex environment within which public procurement in Scotland is being undertaken and the variety of different policy areas which need to be considered. We recognise that procurement can contribute to the four key themes within the Public Procurement Strategy for Scotland and SPS's own Corporate Plan and Objectives for 2023-28:



Our SPS Procurement Pledge reflects ensuring that economic, social, and environmental (Community Wealth Building) outcomes flow because of the SPS's public procurement activity. Our Pledge can be summarised as:

- Ensuring effective competition, value for money and post contract award oversight for SPS expenditure reflecting the prevailing procurement Regulations, policy, and legal environment.
- Ensuring access to (SPS) contract opportunities, particularly for SMEs, social enterprises, and Supported Businesses through advertising (Public Contracts Scotland) and competition.
- Using pre-tender bidder forums, dialogue with existing suppliers, bidder debriefing and Meet the Buyer events to promote engagement.
- Using procurement category plans to consider opportunities for Lotting (regional contracts), collaborative procurement and opportunities to increase local spend / sourcing to retain wealth in the local area.
- Inclusion of Community Benefit clauses in relevant SPS contracts whose whole-life value is £4m+ but also exploring those opportunities for contracts below this threshold.
- Encouraging use of local sub-contractors / local sourcing and Supported Businesses (where possible) including with prime contractors as part of their supply-chain.
- Promoting the Living Wage and Fair Work First through SPS contracts.
- Promoting and continuing to develop Net Zero and sustainability outcomes through SPS contracts.
- Promoting prompt payment provisions.
- Undertaking due diligence checks to minimise the risk of those involved in SOC, Modern Slavery or other regulatory breach issues being awarded a public contract.
- Ensuring connectivity and transparency of SPS procurement activity:
  - the continued publication of an on-line contract register (Public Contracts Scotland), and an
  - SPS forward procurement work programme through the Annual Procurement Report (or other means) to provide visibility of upcoming SPS requirements.
- Ensuring liaison and engagement with relevant anchor organisations in the locality of prisons, relevant stakeholders, and those with similar buying requirements to identify and progress joint procurement and collaboration opportunities.

## 11 Links

1. 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@prisons.gov.scot](mailto:SPSProcurementCDT@prisons.gov.scot)

2. **SPS Annual Procurement Reports** are published on the [SPS website](#)
3. A [SPS Procurement Privacy Notice](#) sets out how the SPS manages and hold information obtained as part of procurement and contract management activity.
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@prisons.gov.scot](mailto:spsindustries@prisons.gov.scot)
  - Link to the products made by SPS Prison Industries: [SPS Industries, Brochure](#)
5. [Public Procurement Strategy for Scotland 2023-2028](#) published by the Scottish Government in April 2023 provides the key “Good For” themes and procurement objectives reflected in this SPS Procurement Strategy.
6. Any enquiries about this SPS Procurement Strategy or an Annual Procurement Report can be directed to:

Andy Door, Head of Procurement, c/o [SPSProcurementCDT@prisons.gov.scot](mailto:SPSProcurementCDT@prisons.gov.scot), or  
SPS Headquarters, One Lochside, 1 Lochside Avenue, Edinburgh, EH12 9DJ

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