

Case Study (October 2016) – *Developing sustainable supply chains in the Scottish HE and FE sector.*

Background

The Higher and Further education sectors in Scotland constantly strive to be at the forefront of innovation and best practice in industry. With the vision, education, tools and drive of emerging talent right here in our sector it is no surprise that members of this sector also look for best practice and innovative solutions across its operations also, which includes procurement.

APUC, as the centre of procurement expertise for Universities and Colleges in Scotland, is key to helping its members discover, develop and align said best practice and innovative solutions in procurement.

APUC's core vision is "to work jointly, as one team with client institutions, to maximise the contribution that advanced procurement makes to Scotland's investment in teaching, research and knowledge transfer such that institutions can deliver more with the funds that they have available".

In 2012, APUC's members were pushing to have the means of greater visibility of ethical, economic and environmental practises in their supply chains. A variety of issues were driving this; awareness of reputational risk from unethical supply chains, a desire to improve supply chain conditions, student focus on risk areas (including pressure campaigns and demonstrations), and a demand to achieve more with money spent.

The categories contracted in the Higher and Further Education sector are wide ranging, including Estates, Laboratories, Information Services, Professional Services, HR and Libraries. Therefore, a solution was needed that worked across the range of categories, as well across the variety of member institutions.

APUC's members spend over £1b every year on contracted works, goods and services. APUC collates contract and spend data for all of its members, giving the unique and added benefit of being able to pull together an overall contract picture for the sector, highlighting key categories, contracts and suppliers based initially on spend. With this, comes the opportunity to consider collaborative influence on the supply base.

Ultimately, a solution was needed that could:

- increase supply chain awareness of social, ethical and environmental issues;
- drive for improved compliance in social, ethical and environmental areas;
- cross category boundaries;
- comply with EU procurement legislation;
- be simple to implement, flow down and use; and
- be of benefit to buyers and suppliers.

With the aim of enhancing the visibility of supply chains used in the sector, current standards of the supply base, areas of potential risk/non-compliance, areas of good practice, and to improve contract management.

The ‘Sustain’ project was established, to look at improving and embedding sustainable procurement practices in the sector.

Development

In late 2012 APUC set up a working group to take forward this new project. The group had wide representation from a variety of stakeholders across the sector – including APUC’s CEO, procurement experts, sustainability experts, students (NUS and Student Associations), and focus groups (including NGO’s and sector groups).

The group provided a means of increasing cross-functional sustainable procurement understanding, awareness of stakeholder concerns, issues and obligations (including procurement legislation) as well as providing a platform to format solutions and ways of improving sustainable procurement practices in the sector. The group was initiated prior to the new EU procurement regulations and therefore undertook development of tools and processes in line with regulations at that time (which are still fully compliant with new legislation).

It was decided to maximise opportunities to embed solutions at each stage of the procurement process to help the sector procure from an ethical supply chain.



To define the overarching goals, APUC drafted a [policy](#), strategy and [Supplier Code of Conduct](#), which were reviewed, discussed and agreed by the working group.

Using the procurement cycle (tender process) as the basis for embedding tools, the group developed, identified or embedded as applicable various tools/templates for key tender stages of strategy, tender and post award. Further detail on this can be found on the APUC website [here](#). It was recognised that (particularly under the previous procurement legislation) it was difficult to enforce, or assess against, all elements of the APUC Code of Conduct through the tender process and therefore it would be more effective to fully assess suppliers post award (contract management stage).

Strategy	ITT	C&SM
Guidance Sustainability Test Life Cycle Impact Assessment Risks & Opportunities	Weightings Questions Subcontractors Clauses Terms and Conditions Code of Conduct	KPIs/SLAs Supplier Review Meetings Prioritisation Sustain How to Improve Supply Chain Mapping

It was critical to ensure actions designed were feasible for procurement staff to use/embed and not to pose an additional burden. The tables below provide a brief description of the tools/templates embedded into the tender process.

Strategy	
Guidance	Template procurement strategy slides, questions and bullet points. Also, guidance generated from the 'Sustainability Test' and category sustainable procurement guidance generated by APUC.
Sustainability Test	APUC shortened version of the Scottish Government 'Sustainability Test' which enables a summary of potential issues to be included as a snapshot in a procurement strategy. Also used to prioritise contract management efforts.
Life Cycle Impact Assessment (LCIA)	Taken from the UN Marrakech Taskforce training, this is a simple quadrant which looks at life cycle impacts of the goods or services being procured.
Risks & Opportunities	Using the LCIA, key risks and opportunities to be addressed in the tender can be identified, along with the tender stage they can be addressed in (e.g. selection, award or contract management).

Tender	
Weightings	Appropriate use of tender weightings to accommodate sustainable procurement concerns.
Questions	Training to word questions succinctly in order to embed sustainable issues within questions if possible (based on LCIA output) rather than a default '1 question on sustainable procurement'.
Subcontractors	Clarity on whether subcontractors are relevant in the tender and if so, what degree of information should/could be requested.
Clauses	Specification or contract performance clauses on sustainable procurement relevant issues. APUC as standard includes clauses around the successful supplier's involvement in its Sustain assessment programme.
Terms and Conditions	Ensuring these are worded sufficiently to allow the contracting authority to carry out site visits / audits (directly or through a third party) and/or for supplier participation in other assessment programmes to be mandatory if requested.
Code of Conduct	Contracting authority general policy on sustainability issues, which is used as a non-mandatory element of the tender response to show a supplier commitment that they are meeting the CoC conditions.

Contract and Supplier Management	
KPIs/SLAs	Improved use of effective measures to drive performance throughout the contract life.
Supplier Review Meetings	Including topics such as sustainable practises, and utilising outcomes from the Sustain web assessment to target improvements.
Prioritisation (Sustainability Test)	Exercise to look at ethical and environmental issues by contract and at category level to enable a contract manager to understand and focus efforts on key risk contracts.

Sustain	Web tool owned by Scottish HE/FE's, designed and run by APUC. Assesses suppliers' competence and practice against the Code of Conduct.
How to Improve	Gap analysis report produced as an output of the Sustain assessment which suppliers and contract managers can use to identify improvement areas.
Supply Chain Mapping	The Sustain webtool allows for sub tier supply chain details to be linked to contracts and for those sub tier suppliers to be assessed. Country risk data is gathered for disclosed supplier locations and mapped.

The most resource and budget intensive development was for the Sustain webtool www.sustain.ac.uk – an assessment of a suppliers compliance to the Code of Conduct used across the sector.

The web tool was designed to draw upon significant data already held within the sector wide contracts database managed by APUC, which also holds collaborative contract data for the whole UK HE sector. This ensured we could design a web tool which maximised collaborative data and reduce both contract manager and supplier burden.

The web tool provides the supplier with a log in assigned to the named contract location, which links all contracts under that site on the one login. The supplier therefore only has 1 assessment to complete across numerous contracts for the sector. The tool provides a simple self-assessment to be completed by the supplier and determines compliance level against the Code of Conduct. The supplier can meet 3 performance levels (Bronze, Silver and Gold) and update supply chain data. On completion, the supplier receives a gap analysis report and (supply chain) country risk scoring. All submissions are assessed by SA8000 trained auditors¹.

Implementation

APUC, as a Centre of Expertise, has tools and templates that are used to establish framework agreements for our sector (and occasionally Scottish pan public sector or HE across the rest of the UK). This in turn means we can embed, by default, use of contract formats, wording and inclusion of our CoC. We also have good working relations and communication mechanisms with all of our members (and an extensive procurement shared service), which provides a good opportunity to assist members in using or adopting the tools and templates designed.

All APUC Framework Agreements since 2013 have included our CoC and contract clauses. By Q3 2016 80% of our HE members, and 70% of FE members have also adopted the CoC into their tender processes.

This commitment, endorsed in institutions from a senior management level, ensures we can (as a sector) push for improved standards in ethical procurement practises. This is certainly timely, given the legislative requirements introduced in 2016 including the Scottish Government's Sustainable Procurement Duty and the UK Modern Slavery Act.

APUC shares best practise with other Scottish sectoral Centres of Expertise, and with other HE/FE sector consortia across the UK through Government and Sectoral forums, national events and conferences, best practice groups and non-sector conferences. The web tool has been presented at

¹ Two members of APUC staff have trained as SA8000 (SAI) Advanced Auditors.

sector conferences, strategy groups and at individual institutional meetings for over a year to build up awareness, understanding and desire to use.

To align with use of the web tool, APUC has promoted the need for a procurement/contract manager to carry out a sustainability prioritisation exercise to validate which contracts, suppliers, or categories should be focussed on from a sustainability risk view. At a framework level, APUC carries this out also and shares its results with its members.

Through a phased launch of the web tool we have worked with a small number of suppliers to ensure all aspects of the tool were fully functional before increasing supplier assessments and contract manager usage. As such, the volume of assessed suppliers and disclosed sub tier suppliers will increase significantly over the next quarter. The tool is now being rolled out to contract managers across the Scottish Higher and Further education sector.

Outcomes

- Stakeholder engagement and increased understanding of public procurement constraints.
- Sustainable procurement tools and templates embedded into the procurement process.
- Increased supplier engagement and buy-in to the web tool.
- Live, tested, web tool to assess supplier compliance with the CoC, fully integrated with our contracts database.
- Contract Managers across the sector can access their contract and supplier details on Sustain and invite suppliers to be assessed.
- Sector wide uptake of the CoC.
- Method and tool for sustainability contract prioritisation, with a significant number of prioritisations done on behalf of the sector.
- Trained SA 8000 verifiers within the sector.
- Supply Chain tracker built into the web tool, linking to sectoral contracts and collating country risk data.
- Suppliers and contracts managers receive a gap analysis report (how to improve report) which can be used in contract management to improve standards and performance.
- Across the sector, we have achieved a better overall alignment of our aims in sustainable procurement.

Lessons Learned

Full **stakeholder involvement** in a wide-reaching programme such as this was essential. Having dialogue with student and NGO groups early on, together with non-procurement professionals and procurement professionals ensured an agreed, overarching goal and objectives were set with mutual understanding of expectations and limitations.

The outputs of this programme would have been far less had it not received APUC Chief Executive and Board **support**, together with **targeted resource and budget**. The APUC Board includes sectoral board members, thus enabling early sector support to be gathered also.

The key to uptake of processes, tools or templates is to make them workable and easy to use. We do not expect all our contract managers to be sustainability experts, and so ensured the tools and templates are **simple to use**, but provide relevant and usable information.

Identify and talk about the **benefits** of the new process – in our case this was for both suppliers and contract managers.

Engage with suppliers upfront – most have good practice that they want to shout about and are keen to get involved.

More information

www.sustain.ac.uk

<http://www.apuc-scot.ac.uk/#!/sustain.php>