

**SUBMISSION TO THE SCOTTISH PARLIAMENT
INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE**

THE PROCUREMENT REFORM (SCOTLAND) BILL

*Submitted on behalf of Nourish Scotland, Scottish Organic Milk Producers Association,
Scottish Organic Producers Association, Organic Growers Alliance, and Soil Association
Scotland*

Introduction

1. We welcome the Scottish Government's decision to legislate in this important area. As outlined in the Financial Memorandum the public sector spends over £9 billion each year on goods, services and works. The size of this spend offers a considerable opportunity to lead the way in promoting sustainable procurement practices in Scotland.
2. However, the core of the Bill as Introduced is still centered on obtaining value for money. We believe that it is now time to move away from seeing money as the principal driver and pursue a wider goal of delivering value for society and for the environment. Cash savings are a part of this wider goal, but society and environment represent so much more than money. Centering the Bill on money sets it up to miss some of these greater opportunities.
3. There are a number of ways in which the Bill could be strengthened in order to deliver these wider benefits. There are also a number of areas that are likely to require detailed guidance under the Bill and on which further clarification would be useful.

The Procurement Reform (Scotland) Bill – as Introduced

4. The Bill's accompanying documents make it clear that, whilst there has been significant progress on procurement reform, there is still scope for improvement in ensuring that procedures are consistent, transparent, and proportionate and that procurement activity supports sustainability.
5. We very much welcome the third and fourth key priorities of the Bill: "improving access to public sector contracts, particularly for SMEs" and "embedding sustainable procurement at the heart of the reform agenda" because both of these have the potential to make our food system considerably more resilient and sustainable than it is at present.
6. We particularly welcome the creation of a sustainable procurement duty in section 9 of the Bill. This will require a contracting authority to consider, before carrying out a regulated procurement activity, how that process can improve the economic, social and environmental wellbeing of the authority's area.
7. In addition, we welcome the requirement for a contracting authority expecting to have significant procurement expenditure (generally exceeding £5 million) to prepare a procurement strategy. This strategy must set out how the authority will carry out regulated procurement, how this will contribute to the carrying out of its functions and the achievement of its purposes, how this will deliver value for money and how it will ensure that it complies with its duties (including the sustainable procurement duty). We also welcome the requirement on contracting authorities to set out their general policy on the use of community benefit requirements.
8. However, although bodies that are required to prepare a strategy must report annually on their procurement activities (and whether their procurement complied with their overall

strategy) there is not a specific requirement to report on how they have improved the economic, social, and environmental wellbeing of the area.

9. **We would welcome clarification on how the Scottish Government intends to monitor compliance with the sustainable procurement duty** and consider that the requirement to report on this aspect could be spelled out more clearly on the face of the Bill. In addition, we would welcome clarification on how the procurement activities of those bodies beneath the £5 million threshold will be guided and monitored and what steps will be taken to ensure that those procurement activities are sustainable. This is important given the acknowledged lack of consistency in the sector, as it seems highly likely to be smaller, less scrutinised bodies that will fail to comply. **We recommend that all contracting authorities should report publicly, at least once every 3 years, on how their procurement activities have improved the economic, social and environmental wellbeing of their areas.**

Sustainable Procurement – the opportunities

Sustainable Food Procurement

10. The public sector is a major purchaser of food and drink. The food we eat accounts for around one-third of our carbon emissions, so there is huge potential to make carbon savings by employing a sustainable food procurement strategy. Such a strategy would apply a “life-cycle” approach to food procurement, taking account of the energy and environmental costs of food production at all stages. It could also be used to support local businesses and encourage economic development by retaining money in the local economy (the “multiplier effect”).
11. We welcome the Scottish Government’s statement that it would expect to see sustainable food procurement covered in any procurement strategy. Public expenditure on food has the potential to unlock considerable benefits for public health, well being, social justice and the environment as well as supporting access to market, employment and training opportunities. We strongly believe that there are specific issues around food procurement that procuring authorities must take account of. Food cannot be treated in the same way as procuring other objects and services. Every one of us has a direct connection to food, and we all make conscious buying decisions in our daily lives. When it comes to procurement, we have to think about not only issues such as freshness, seasonality and quality assurance, but also the direct impact that procurement decisions have on nationally important issues such as diet, health and environmental protection.
12. We recognise that for certain goods there will be a requirement to source internationally, for example, the provision of rice, bananas and coffee. However, where this is the case we recommend that these goods should be sourced from suppliers who can meet fair-trade and organic standards. Scotland is a fair-trade nation and we believe that in procuring goods from international suppliers we should be continue to be mindful of the global impact of our purchasing decisions.
13. A sustainable food procurement strategy can strongly encourage suppliers to reduce their carbon emissions, adopt recognised quality assurance systems (for example in relation to fair-trade or animal welfare), improve the freshness, nutritional value and seasonality of foodstuffs, and reduce energy use and excess packaging. Using networks of local suppliers not only encourages economic development and boosts jobs, but also gives greater resilience to our food chain, by making us less susceptible to supply chain disruptions caused by extreme weather events and less exposed to changes in the global commodity market.
14. Food production is responsible for a number of harmful greenhouse gas emissions. These include methane production by ruminant animals, emissions from nitrate fertilisers applied to

grains, fruit and vegetables and animal feed crops, and emissions from storage, transport and refrigeration processes.

15. However, the type of farming considerably affects the amount of emissions and organic farming is definitely more environmentally friendly. Organic farming and production is recognised as being a sustainable system and is the only system formally recognised in this way by European directives. Organic farming methods can provide improved soil fertility, higher organic matter content and biological activity, better soil structure and less susceptibility to floods and erosion, reduced pollution from nutrient leaching and pesticides, and improved plant and animal biodiversity.¹ For example, research by the Organic Research Centre showed that organic farms had higher number of butterflies, insects and earthworms along with higher numbers of some types of birds, such as linnets, yellowhammers and skylarks. There was also an increase in levels of plant and floral diversity.²
16. Organic farming produces 28% higher soil carbon levels than non-organic farming.³ If we consumed and produced organic foodstuffs on a widespread basis we could offset at least 23% of UK agriculture's greenhouse gas emissions.⁴
17. Organic farming is more labour intensive than the industrial farming processes operated by large agricultural businesses. Because of this it has potential to create a higher number of new jobs, markets and training opportunities in organic production. It also has health and safety benefits for farm workers, particularly by removing the requirement to work with dangerous pesticides that can be harmful to workers and may also contaminate food. For these reasons **we would strongly encourage the adoption of procurement strategies that increase the procurement and consumption of organic produce.**
18. We note that the Bill includes a provision allowing Scottish Ministers to require specified proportions of recycled goods or materials to be procured. We recommend that a similar provision be inserted in relation to organic food and other goods. **We want to see a provision that would allow a national target for procuring organic food to be set, which could be increased over time.** Organic targets have already been introduced in countries such as France, Denmark and Sweden. We recognise that many procuring authorities are already using the Soil Association's Food for Life programme; designed to drive up standards in school meals including increasing freshly prepared food, seasonal, local, ethical and healthy choices. Such schemes are helpful in moving towards targets and we back the further rolling out of the Food for Life Catering Mark in Scotland. We also recognise that many of these issues will require detailed guidance to be developed for procuring authorities and we would welcome clarification on how the guidance to be produced under the Bill will deal with these issues.
19. There are also specific issues associated with procurement of fish with many European stocks overfished. Many Scottish fisheries have made advances in sustainable fishing techniques and sustainable seafood should be part of a good diet. Procurement authorities will require guidance on what fish stocks can be sustainably procured, for example by using certification schemes like the Marine Stewardship Council and the guidance supplied by the Marine Conservation Society. **We recommend that all fish procured by public bodies should meet the standards or recommendations set out in these schemes.**

¹ For more information on the benefits of organic farming please see the Soil Association publication "what you can say when selling organic food".

² Organic Research Centre, The biodiversity benefits of organic farming (2010)

³ The Soil Association, a review of the evidence on the relationship between agriculture and soil carbon sequestration and how organic farming can contribute to climate change mitigation and adaptation (2009)

⁴ The Soil Association, Soil, Carbon and Organic Farming, A review of the evidence of agriculture's potential to combat climate change (2009)

Links to Existing Public Sector Duties: Climate Change Targets and Adaptation Measures & Bio-diversity

20. The Bill is a key opportunity for the Scottish Government to deliver on climate change targets and to move towards a low carbon economy. We are disappointed that the Bill does not make explicit reference to the existing public bodies climate change duty. This seems to be a missed opportunity to ensure that public bodies consider sustainability and carbon issues when making large scale purchasing decisions. **We recommend that the Bill should impose a specific duty on contracting authorities to consider (and report upon) how their procurement activities can contribute to meeting their climate change targets.** (Such a duty would, for example, make it clear that authorities need to make more sustainable procurement decisions on issues such as energy efficiency, sourcing of timber, wood and paper products, and reducing transport related emissions and packaging when making purchasing decisions).
21. In addition, all public bodies in Scotland are under an existing duty to further the conservation of biodiversity under the Nature Conservation (Scotland) Act 2004. Procurement decisions in areas such as timber, food and energy can all have an impact on biodiversity and the Bill as it stands misses an opportunity to drive this duty home by creating more effective linkages between these different pieces of legislation.
22. Encouraging contracting authorities to report on all these duties in a single place and a more coherent way would reduce the burden of reporting, and allow authorities to consider how to deliver maximum social and environmental benefit for their spend while meeting their legislative duties.

Regional Food Procurement strategies

23. Because of the very specific issues surrounding food production and procurement (distance from markets, food miles, freshness, seasonality etc.) there may be occasions on which groups of contracting authorities wish to collaborate on a regional basis. For example, rather than the NHS and local authorities working through vertical procurement structures, on a national basis, the NHS and local authorities, universities and so on might wish to work together on a regional or horizontal basis to procure food.
24. We therefore welcome section 12 of the Bill, which allows for two or more authorities to have a joint procurement strategy. This would help efforts to create shorter supply chains and more direct contact between suppliers and purchasers. This would allow contracting authorities to respond more flexibly to local circumstances and to actively work with suppliers, especially SMEs, to develop their businesses and help them meet the procuring bodies requirements.

Community Benefit Requirements and the Living Wage

25. We welcome the ability for a contracting authority to use procurement to obtain specified community benefits, such as employment or training opportunities.
26. We recognise that, for the reasons set out in the Scottish Parliament Information Centre's briefing on the Bill, it may be difficult for an authority to specify that a living wage must be paid. However, **we ask that detailed guidance be developed on this point explaining how authorities can best ensure that contractors, and sub-contractors must pay their staff a living wage when fulfilling public contracts.**

Conclusion

27. We welcome the Bill as Introduced as a step forward in introducing sustainable public procurement in Scotland. However, more can be done to fully realise the potential underlying the Bill. We would welcome the opportunity to give evidence to the Committee and would be happy to answer any questions that members may have.