

UK GOVERNMENT SUSTAINABLE PROCUREMENT ACTION PLAN

The UK Sustainable Development Strategy, published in March 2005, sets out the case for Government leadership as essential for achieving the wider behaviour changes – of citizens, communities, business – needed to deliver sustainable development. Government needs to show a lead in order to catalyse that behaviour change; to help make sustainable consumption and production the norm; and to help support business in the transition to a more sustainable economy through innovation.

The Strategy also sets out the case for harnessing public sector purchasing power directly to transform the market for goods and services with lower environmental and social impacts and achieve the Government's goal to be among the EU leaders in sustainable procurement by 2009.

This guidance is the UK Government's Sustainable Procurement Action Plan. It describes in detail the actions to be taken collectively by Government and individually by Departments to achieve that goal. It points to further work planned in the wider public sector and through the Comprehensive Spending Review.

The Plan has been informed by the report of the business-led Sustainable Procurement Task Force. It incorporates the Government's response to the report and meets the European Commission's recommendation for each Member State to develop a Greener Public Purchasing National Action Plan (in its 2003 Communication on Integrated Product Policy).

A key feature is the focus on greater pan-Government collaboration to deliver both sustainability and efficiency. Collaboration provides opportunities to pool expertise and risk, and provides the vehicle for managing the cross-Departmental costs and benefits issues identified by the Task Force. It enables improved management of both demand and supply and offers an effective route to compliance with mandatory



policies, standards and guidance, providing additional incentives for Departments to participate.

Meeting the commitments set out in this report are designed to help Government Departments achieve their sustainable operations targets, in the areas of carbon neutrality, energy efficiency, carbon emissions, waste and water reductions and biodiversity protection. They will also help drive behaviour change throughout the Government supply chain and help transform the market in key sectors such as construction, food, energy-using products and transportation.

EXECUTIVE SUMMARY

Accepting the challenge

The business-led Sustainable Procurement Task Force challenged the UK Government to 'use its immense buying power' to make rapid

progress towards our sustainable development goals, as set out in the UK Government Sustainable Development Strategy – 'Securing the Future'. The UK Government accepts that challenge. Its plans for 'Transforming Government Procurement', published on 23 January 2007, and the measures set out here describe how we will make it happen.

This Plan provides the foundations required for the successful delivery of the Government's Energy Review commitments on government procurement. It will also help the UK to meet the requirements of the Energy End-Use and Energy Services Directive, by providing a basis for the public sector to fulfil an exemplary role in improving energy efficiency.

What is the goal?

The UK Government's goal is for the UK to be among the European Union (EU) leaders in sustainable procurement by 2009, to achieve a low carbon, more resource-efficient public sector.

It wants to move towards:

- a sustainably built and managed central government estate that minimises carbon emissions, waste and water consumption and increases energy efficiency (in line with Departmental sustainable operations targets)
- sustainably built and managed properties and roads throughout the public sector
- government supply chains and public services that are increasingly low carbon, low waste and water-efficient, which respect biodiversity and deliver wider sustainable development goals

How will the UK Government achieve this?

It will take action through policies, performance frameworks and procurement practice, working with the supply chain to provide the innovative eco-technologies and solutions that will be needed.

In Government Departments, the focus will be on increasing the level of procurement professionalism, raising the status and standard of procurement practice and ensuring rapid progress towards achieving targets for Sustainable Operations on the Government Estate.

Alongside the measures set out in Transforming Government Procurement, the UK Government is taking action in eight key areas, underpinned by strengthened scrutiny by the Sustainable Development Commission:

1. As part of the **Comprehensive Spending Review** a new set of public service agreements, which reflect the principles of sustainable development, will be agreed to help deliver the Government's priority objectives.
2. **Priorities and future plans** – the UK Government has clarified its current sustainable procurement policy priorities, through issuing a sustainable procurement policy framework with which Government Departments are expected to demonstrate compliance in working towards their sustainable operations targets, and setting out how it intends to develop the policy framework during 2007.
3. **Strengthening leadership for sustainable procurement by clarifying accountabilities and roles throughout Government and ensuring appropriate performance objectives and incentives are in place within each Government Department:**
 - delivery will be overseen by the Ministerial Committee on Energy and Environment (EE), chaired by the Prime Minister
 - the Secretary of State for Environment, Food and Rural Affairs (Defra) will be the lead Minister, reporting to the Prime Minister
 - the Head of the Civil Service will oversee delivery of this plan and a report on progress in 2008, supported by a nominated Permanent Secretary Champion for Sustainable Procurement
 - Permanent Secretaries are accountable for their Department's overall progress and for ensuring, from 2007-08 onwards, key staff in their Departments have performance objectives and incentives that drive the implementation of this plan, linked to performance objectives for delivering efficiency savings
 - the Head of the Government Procurement Service (GPS)/Chief Executive of the Office of Government Commerce (OGC) is

accountable for embedding agreed procurement policies through the profession so that they become part of normal procurement practice from 2007-08 onwards

4. **Budgeting and accounting practice** – the UK Government will improve Departmental practice through promoting greater compliance with existing government policy on value for money.

This will be pursued by:

- providing simplified guidance on the HM Treasury (HMT) Green Book and updated guidance on environmental appraisal (during 2007)
- the National Audit Office (NAO)'s ongoing scrutiny of Departmental compliance with the Green Book
- committing Departments to review their budgeting arrangements and performance frameworks to ensure they are not creating unnecessary barriers to choosing sustainable solutions
- Departments raising their case with HMT when a real affordability constraint appears to prevent them from choosing a sustainable solution
- Defra examining a possible role for Salix funding in supporting Government delivery of sustainable operations targets
- OGC reviewing effectiveness of current measures to embed sustainability in the Gateway Process

5. **Building capacity across Departments by:**

- working with the National School for Government on improving public servants' sustainable development skills and with the Chartered Institute of Purchasing and Supply (CIPS) on skills for purchasing professionals
- Departments making full use of the Task Force flexible framework where it helps improve procurement practice and achieve sustainable operations targets, pending the development of a new procurement framework by the OGC
- Defra providing initial support through workshops to practitioners seeking help on the flexible framework
- OGC auditing those standards through procurement capability reviews of Departments' functions, ensuring Departments meet required standards, and helping to build and increase professional procurement function capacity where necessary
- Defra consulting during 2007 on proposals for a Centre of Sustainable Procurement Excellence to provide coherent quality support, guidance and advice and establishing a Sustainable Products Unit to develop evidence on the life cycle impacts of products

6. **Raising standards through improving Departmental compliance to agreed mandatory standards:**

- including through greater use of pan-Government collaborative procurement
- the Department for Trade (DfT) will review the standards and targets for the Government car fleet, and will publish an updated Government new car average CO₂ emissions target later in the spring
- from 1 April 2009 only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed Forest Law Enforcement, Governance and Trade (FLEGT) partner will be demanded for use on the Government estate – appropriate documentation will be required to prove it. From 1 April 2015, only legal and sustainable timber would be demanded
- extending and updating the existing 'quick-wins' standards to an increased range of products ('Quick Wins 2007' of which there are 54 in total) (which means for example departments will increasingly only choose computers, office equipment and white goods that are low energy) and consulting during 2007 on standards for a wider range of products and services
- including in government contracts appropriate requirements for suppliers and subcontractors to provide products and services

that comply with these standards and to assist in the achievement of Departmental sustainable operations targets and promoting these standards to the wider public sector

7. Market engagement and capturing innovation – the Department of Trade and Industry (DTI) is leading cross-Government work on how public procurement can more effectively stimulate innovation to deliver better value for money and to drive wealth creation as part of its forward policy programme:

- DTI and Defra will replicate the Forward Commitment procurement model more widely in the public sector
- all Departments will continue to promote to their buyers and suppliers the issues identified in the OGC/DTI 'Capturing Innovation' guidance as good procurement practice
- OGC/DTI guidance on finding and procuring innovative solutions will be published in spring 2007
- DTI and Cabinet Office will provide ongoing advice and support to small and medium-sized enterprises and third sector organisations wishing to supply the public sector
- government departments will work collectively to strengthen their strategic engagement with sectors that are key to achieving our sustainable operations and efficiency targets and wider sustainable development goals and Defra will lead on work with key government suppliers to develop voluntary commitments to achieving low carbon activities and supply chains

8. Scrutiny and reporting – building on the strengthened 'watchdog' role given to the Sustainable Development Commission (SDC) in 2005, the SDC will report on Departmental progress through progressively including the sustainable procurement commitments set out here in the annual Sustainable Development in Government (SDiG) reports and in their scrutiny of Departmental Sustainable Development Action Plans (SDAPs). Subject to any future investigations by the NAO or EAC (Environmental Audit Committee), the UK Government will invite the SDC to conduct a health-check review of our ambition, plans and progress in this area in 2008.

All actions will be undertaken within the legal and policy framework governing public procurement. This requires securing value for money, and consistency with EU Procurement Directives and Treaty-based principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality. These measures will directly influence approximately £60 billion of the £150 billion public sector expenditure estimated by the Task Force. They will help to deliver about one million tonnes of CO₂ savings by 2020 estimated to result from achieving the existing sustainable operations targets for the government estate. But to be a leader, the UK Government recognises that it must keep pace with the private sector and other organisations, particularly in the area of action to tackle climate change.

A package of measures to help change public behaviour on climate change will be announced, including Government actions as an employer, consumer and provider of services, later in the spring.

To influence the remaining £90 billion, those in the public sector with the largest spend have been invited to develop their own responses to meet the challenge set out by the Task Force report and this Action Plan, indicating how they will support the achievement of the Government's goal. Responses from local government and health sectors are expected in summer 2007.

What difference will the UK Government make?

The Government's response to the Task Force and subsequent work with the private sector is intended to make rapid progress in the following key areas:

- reduced carbon footprint of Government activities and a lower carbon wider public sector that support our wider messages to business and citizens on climate change and showcase sustainable buildings, products and solutions in use (eg in schools, highways)
- effective use of Government procurement power as an enabler to transform the market for innovative and sustainable solutions and make them more widely available and affordable to citizens and corporate buyers

- more strategic procurement across Government supported by a refocused OGC which ensures: more strategic engagement with the marketplace; increased pan-Government procurement meeting agreed sustainability standards; improved Departmental procurement capabilities supported by a knowledge base on environmental impacts of products; more intelligent public sector clients who engage earlier with the market, use outcome-based specifications and are receptive to choosing innovative solutions
- voluntary initiatives with key Government suppliers to reduce their carbon footprints
- process improvements to drive delivery through: strengthening leadership and accountabilities, including through the CSR/PSA framework; a clear 'low carbon' policy priority; building capacity in sustainable procurement tools and techniques; ensuring greater use of whole-life costing and social cost of carbon to inform purchasing decisions

The UK Government will judge its success overall by the progress it makes in each of these key areas:

- by 2020, the Government office estate would have reduced its emissions by around 180,000 tonnes of carbon dioxide
- save around 75,000 tonnes of carbon dioxide by 2010-11 from road vehicles
- achieving a carbon-neutral office estate by 2012 through offsetting between 475,000 and 550,000 tonnes of carbon dioxide per annum
- in addition, by 2009, around 100,000 tonnes of carbon dioxide per annum will be offset through the air travel offsetting scheme (to which all Departments have signed up)
- by 2020, the Government would increase its energy efficiency by around 100kWh per m² and save around £1 million (based on net present value)
- by 2020, the Government estate would reduce its total waste arising by 30,000 tonnes and recycle around 65,000 tonnes of waste
- a total of 220 Sites of Special Scientific Interest (SSSI) on the Government estate would be in target condition by 2010
- by 2020, the Government estate would have reduced its office water consumption by around 65,000m³

What does this Action Plan mean for procurement and estates leads and practitioners within Government Departments?

Individual Departmental progress on sustainable procurement and operations will be judged against their delivery of the sustainable operations targets and on the process improvement measures set out in this response.

Achievement of these targets will require Departmental effort to embed the sustainable operations targets and mandatory product standards into relevant contracts and decisions in key areas, including:

- estates strategies and lease agreements
- capital expenditure plans
- construction projects for new build and refurbishments
- facilities management, buildings and grounds maintenance
- IT hardware and services and office solutions
- contracts for the supply of energy and fuels
- travel services
- hire, lease and pool cars

The wider OGC/HMT drive for greater collaboration to reduce supply costs will make it easier for Departments to ensure standards and contractual conditions required to help achieve the operational targets are defined in the contracts, agreed with suppliers and subsequently delivered during the course of the contract.

In essence, Departments will need to:

- design and build low carbon and water-efficient new buildings and major refurbishments, which achieve standard 3m³ water per employee, consider the use of renewable energy sources that contribute towards carbon neutrality and only use sources of timber that are legal and sustainable

- operate buildings with equipment meeting the standards defined in the 'quick-wins' lists (such as 'A' or 'B' rated boilers, low-flush toilets) and make energy supply choices (such as biomass) which help to reduce the carbon intensity of Government energy demand
- use within the buildings and equip staff with the most resource-efficient product types, such as computing equipment that is 'energy star' compliant, the most energy-efficient white and brown goods; compact fluorescent and LED lamps; and for stand-by power being consistent with the aims of the International Energy Agency (EA)'s one watt plan
- only use contractors able to supply equipment and/or services (including design) which help to deliver the operational targets and comply with procurement standards
- DfT will review the standards and targets for the Government car fleet to ensure that Government leads the way in reducing CO₂ emissions from new cars and will publish an updated Government new car average CO₂ emissions target later in the spring

What does this Action Plan mean for suppliers to Government?

For suppliers to Government, this Action Plan means:

- all Government Departments will now be looking for solutions that best help them meet their sustainable operations and efficiency targets and that comply with an increasing range of Government product standards
- Government Departments and the OGC will increasingly seek out innovative solutions and approaches to procurement, including through early engagement with the marketplace and the use of outcome-based specifications
- during 2007 Government will be looking to engage strategically with key sectors to help drive low carbon resource-efficient supply chains
- from 1 April 2009 only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed FLEGT partner will be demanded for use on the Government estate – appropriate documentation will be required to prove it. From 1 April 2015, only legal and sustainable timber would be demanded
- all public sector organisations are increasingly seeking to minimise the risk to their reputation and achievement of sustainable development goals (through the application of Government-endorsed best practice guidance) – they will need to demonstrate how their activities and those in their supply chain are 'low risk'

ACTION PLAN

Leadership and Accountability

Permanent Secretaries are accountable for their Department's overall progress and for ensuring, from 2007-08 onwards, key staff in their Departments have performance objectives and incentives that drive the implementation of this plan, linked to performance objectives for delivering efficiency savings.

Budgeting and Accounting Practice

Where responsibility for capital and revenue budgets is divided between different organisations, sponsoring Departments will review budgeting arrangements and performance frameworks to ensure any barriers to choosing sustainable solutions are resolved. In addition, where Departments believe an upfront cost constraint prevents them from choosing the most sustainable option, they may raise this with the Treasury.

Building Capacity

Departments to set out the actions they are taking to ensure procurement practice helps to achieve their sustainable operations targets in their Departmental Sustainable Development Action Plans.

Government encourages organisations to make full use of the Task Force flexible framework where it helps improve procurement practice and achieve sustainability targets while OGC is developing a new detailed procurement framework.

Raising Standards

Departments/OGC to take action in respect of Central Government contracts to meet updated and extended mandatory standards:

- existing contracts will be updated as soon as is practical
- new contracts will be required to meet these standards
- steps will be taken to remove offers that fall below these standards from framework agreements within 12 months (where permissible under existing contract terms)
- Departments will make use of pan-Government collaborative contracts in key areas to achieve compliance
- New Government contracts, where relevant, will include appropriate requirements for suppliers and sub-contractors to provide products and services that comply with agreed mandatory standards and assist in the delivery of Departmental sustainable operations targets

From 1 April 2009 only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed FLEGT partner will be demanded for use on the Government estate – appropriate documentation will be required to prove it. From 1 April 2015, only legal and sustainable timber would be demanded.

OGC will help Departments achieve their sustainable operations targets through supporting the development of pan-Government procurement of goods and services required to meet the sustainable operations targets.

Market Engagement and Capturing Innovation

OGC and Government Departments will work together to strengthen their strategic engagement with key sectors to ensure key suppliers have plans in place to lower their carbon footprint and that of their supply chains.

Existing sustainable operational commitments (to continue until completion)

- Departments to source at least 10% of electricity from renewables (31 March 2008)
- Departments to source at least 15% of electricity from Combined Heat and Power (2010)

The above sustainable operational targets to apply from the reporting period April 2006 – March 2007.

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