

# UK Government Sustainable Procurement Action Plan

Incorporating the Government  
response to the report of the  
Sustainable Procurement Task Force



# Foreword

In the 2005 Sustainable Development strategy ('Securing the Future') the Prime Minister committed Government to "lead by example" when spending taxpayers money sustainably. The UK Government and wider public sector buys £150 billion worth of goods and services each year. The Government commissioned a business-led Task Force to provide us with analysis and



recommendations on how to achieve our goal in being among the leaders in the EU on sustainable procurement – 'Procuring the Future' sets out their findings.

Together with HMT's 'Transforming Government Procurement' (published this January), this Action Plan forms the central Government response to 'Procuring the Future'. It presents a package of actions to deliver the step change we need to ensure that Government supply-chains and public services will be increasingly low carbon, low waste, water efficient, respect biodiversity and deliver our wider sustainable development goals.

Government has already launched a set of challenging sustainable operations targets for the government estate, in June 2006. However better Government procurement is essential if those targets are to be achieved and deliver around 1 million tonnes of CO<sub>2</sub> savings by 2020.

The science of climate change is now almost universally accepted. Last year's Stern report underlined the pressing need for Governments to do more. This Action Plan will enable the effective use of Government procurement to transform the market for innovative and sustainable solutions, making them more affordable and widely available. It presents Government with a means to implement the conclusion to 'Procuring the Future' – that good procurement is sustainable procurement.

A handwritten signature in black ink, appearing to read 'David Miliband'.

**David Miliband**  
Secretary of State Defra

A handwritten signature in black ink, appearing to read 'John Healey'.

**John Healey**  
Financial Secretary to the Treasury

# 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”<sup>1</sup>. We accept that challenge. Our 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<sup>2</sup>. 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.<sup>3</sup>

## What is the goal?

Our 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. We want 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 our wider sustainable development goals.

## How will we achieve this?

We 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.

<sup>1</sup> Department for Environment, Food and Rural Affairs. March 2005. *Securing the Future – UK Government sustainable development strategy*. [online] at: <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>

<sup>2</sup> Department of Trade and Industry. July 2006. *The Government’s report on the Energy Review: “The Energy Challenge”*. para. 2.85-2.93. [online] at <http://www.dti.gov.uk/files/file32003.pdf>

<sup>3</sup> European Parliament and Council Directive (EC) 2006/32/EC of 5 April 2006 on *energy end-use efficiency and energy services* and repealing Council Directive 93/76/EEC.

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'*<sup>4</sup>, we are taking actions 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 Government's priority objectives.
2. **Priorities and future plans.** We have clarified our current sustainable procurement policy priorities, through issuing a sustainable procurement policy framework (Annex A) with which Government Departments<sup>5</sup> are expected to demonstrate compliance in working towards their sustainable operations targets, and setting out how we intend 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 the Environment, Food and Rural Affairs 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.** We 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 (alongside this report) and updated guidance on environmental appraisal (during 2007);
  - ▶ The National Audit Office's (NAO) ongoing scrutiny of Departmental compliance with the Green Book; committing Departments to review their budgeting arrangements

<sup>4</sup> HM Treasury. 2007. *Transforming Government Procurement* [online] at: [http://www.hm-treasury.gov.uk/media/4EA/89/government\\_procurement\\_pu147.pdf](http://www.hm-treasury.gov.uk/media/4EA/89/government_procurement_pu147.pdf)

<sup>5</sup> Throughout this document, 'government departments' refers to all 19 central government departments and those executive agencies and NDPB's departments have defined as subject to the sustainable operations targets

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 will audit those standards through procurement capability reviews of departments' functions ensuring departments' meet required standards, 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;
- ▶ Department for **Transport (DfT)** will review the standards and targets for the government car fleet, and will publish an updated Government new car average CO<sub>2</sub> 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 sub-contractors to provide products and services that comply with these standards and to assist in the achievement of Departmental sustainable operations targets; 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<sup>6</sup> 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 (SDAP). Subject to any future investigations by the NAO or EAC (Environmental Audit Committee), we 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 1 million tonnes of CO<sub>2</sub> savings by 2020 estimated to result from achieving the existing sustainable operations targets for the government estate. But to be a leader, we recognise we must keep pace with the private sector and other organisations, particularly in the area of action to tackle climate change. **We will announce a package of measures to help change public behaviour on climate change, including Government actions as an employer, consumer and provider of services, later in the Spring.**

<sup>6</sup> NAO glossary defines: "Third sector organisation (TSO) - pursue social and environmental objectives; do not distribute any surpluses to shareholders; reinvest any surpluses in the pursuit of their objectives; and are independent of government. TSOs can take a number of organisational forms, with or without charitable status

To influence the remaining £90 billion, we have invited those in the public sector with the largest spend 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 we 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:

- i. 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 (e.g. in schools, highways);
- ii. 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;
- iii. 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 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;
- iv. Voluntary initiatives with key government suppliers to reduce their carbon footprints;
- v. Process improvements to drive delivery through: strengthening leadership and accountabilities, including through 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.

We will judge our success overall by the progress we make 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 year 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 square metre 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 65,000 cubic metres.

## 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. **The new overall suite of sustainable procurement and operations targets are shown in Annex B.**

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 standards 3 m<sup>3</sup> 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’s (IEA) 1 watt plan<sup>7</sup>;
- ▶ 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 CO<sub>2</sub> emissions from new cars and will publish an updated Government new car average CO<sub>2</sub> emissions target later in the Spring (see section 8.10).

## 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 (see section 2.4) and that comply with an increasing range of government product standards (see section 8);
- ▶ 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 (see section 9);
- ▶ During 2007 Government will be looking to engage strategically with key sectors to help drive low carbon resource efficient supply-chains (see section 9);
- ▶ 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. (see section 8.9);
- ▶ 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’ (see section 4);

<sup>7</sup> International Energy Agency. 2007. Information on the IEA’s “1-watt Plan” [Last accessed online March 2007]: <http://195.200.115.136/textbase/subjectqueries/standby.asp>

# 1. Introduction



- 1.1 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.
- 1.2 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.
- 1.3 This document 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.
- 1.4 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)<sup>8</sup>.
- 1.5 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.
- 1.6 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.

<sup>8</sup> Commission of the European Communities. 2003. *'Communication from the Commission to the Council and the European Parliament, Integrated Product Policy: Building on Environmental Life-Cycle Thinking'*, Brussels. [online]: [http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003\\_0302en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003_0302en01.pdf)

## 2. Background

### 2.1 Public Procurement

- 2.1.1 The UK government's well-established policy is that all public procurement should be based on value for money, having due regard to propriety and regularity. Value for money is set out in Chapter 22 of Government Accounting 2000 as the "optimum combination of whole life cost and quality (fitness for purpose) to meet the user's requirement"<sup>9</sup>.
- 2.1.2 The EU Procurement Directives set out the legal framework, detailed procedures and criteria for specification, selection and award of contracts above certain thresholds. Even below these thresholds, the EU Treaty-based principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality apply.
- 2.1.3 In its Interpretative Communication of 4 July 2001<sup>10</sup>, the European Commission set out the possibilities offered by Community law to integrate environmental considerations into public procurement procedures. The Court of Justice has further clarified those possibilities. The public procurement directives adopted on 31 March 2004 consolidate and complement the legal context. They specifically mention in their recitals and provisions the possibilities for adopting environmental considerations in technical specifications, selection and award criteria, and contract performance clauses.
- 2.1.4 The European Commission has also produced a handbook on environmental public procurement to help public authorities. It explains the possibilities offered by European Community law in a practical way, and looks at simple and effective solutions that can be used in public procurement<sup>11</sup>.
- 2.1.5 All public procurement exercises must be carried out within this legal and policy framework. When seeking to advance sustainable development aims through procurement, contracting authorities must ensure that they achieve value for money and act consistently with EU law. The main drive of value for money is free and open competition. As well as delivering that, free trade promotes growth, in

<sup>9</sup> HM Treasury. 2000. 'Government Accounting 2000'. [online]. <http://www.Government-accounting.gov.uk>

<sup>10</sup> Commission of the European Communities. 2001. 'Commission Interpretive Communication: on community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement', Brussels. [online] <http://www.bipsolutions.com/pdf/com274en.pdf>

<sup>11</sup> Commission of the European Communities. 2004. 'Buying Green!' – A handbook on environmental public procurement. Brussels. [online] <http://ec.europa.eu/environment/gpp/pdf/gpphandbook.pdf>

particular in poor countries. OGC has published specific guidance to help public procurers take forward environmental and social issues in their procurement practice within this domestic policy and legal framework<sup>12</sup>.

## 2.2 The UK Government Sustainable Development Strategy – “Securing the Future”

The Strategy set out the Government’s goal to be among the EU leaders by 2009 in sustainable procurement and included a commitment to establish a business-led Task Force to advise on how this goal could be achieved. It also set out our ambition for the public sector to be a leading exponent of sustainable development and for Government departments to set a better example for the rest of the public sector and business to follow. We committed to make proposals during 2005 for achieving a significant change in our own performance. Those proposals led to the announcement in June 2006 of new operations targets for the Government estate which demonstrate the Government’s ongoing commitment to lead by example.

## 2.3 Climate Change The UK Programme 2006

UK Government believes that climate change is the greatest long-term challenge facing the world today and the Programme sets out the Government’s policies and priorities for action in the UK and internationally to meet that challenge. The public sector is in a key position to lead on carbon emission reductions by setting a behavioural and strategic example. By setting high standards of energy efficiency and reducing carbon emissions, the public sector can not only reduce its own emissions but also influence the supply chain. Taking forward actions in this plan across the public sector can help to meet the Government’s ambitions on climate change. Further details on the Government’s position will be set out in the Energy White Paper, to be published in late Spring 2007.

## 2.4 The Sustainable Operations Targets for the Central Government Estate

- 2.4.1 A key test of Government progress on sustainable procurement will be clear progress towards the sustainable operations targets for the Government estate launched by the Prime Minister and the Secretary of State for the environment, food and rural affairs on 12th June 2006. Sustainable procurement across Government is the key delivery mechanism for these operational targets.
- 2.4.2 The operations targets have a long-term focus to 2020, and are outcome focused. They replaced previous commitments in the Framework for Sustainable Development on the Government Estate, (also see para 5.3). Departmental

<sup>12</sup> Office of Government Commerce. 2006. ‘*Social issues in purchasing*’. [online]. [http://www.ogc.gov.uk/documents/Social\\_Issues\\_in\\_Purchasing.pdf](http://www.ogc.gov.uk/documents/Social_Issues_in_Purchasing.pdf); and Office of Government Commerce / Department for Environment, Food and Rural Affairs. 2003. ‘*Joint note on environmental issues in purchasing*’, online at [http://www.ogc.gov.uk/documents/environmental\\_issues-defra.pdf](http://www.ogc.gov.uk/documents/environmental_issues-defra.pdf)

performance against previous Framework targets was patchy and there was considerable scope for improvement. The new targets will not be met without better and more sustainable procurement of the goods and services that we need.

## 2.5 The Report of the Sustainable Procurement Task Force

- 2.5.1 The Task Force was established in May 2005 under the Chairmanship of Sir Neville Simms and presented its report to the Prime Minister in June 2006.
- 2.5.2 The Government is grateful to the Task Force for the work it undertook, for the support it has mobilised and for the momentum it has built. The Government is determined to build on this momentum through timely implementation of the actions set out in this plan.
- 2.5.3 The Task Force identified six key areas for Government to address with the need for better scrutiny in each area. The Government agrees with the broad thrust of the Task Force conclusions that stronger leadership, clearer priorities, better standards, improved capacity, better market engagement, enhanced scrutiny and the removal of barriers which are an impediment to progress will help us reach our goal.
- 2.5.4 The Task Force challenged us to maximise the potential of the whole of the public sector's procurement expenditure – which it estimated to be £150 billion – and that means that local authorities, education and the health sectors are key players too. Recognising the responsibility for managing the majority of that expenditure (c. £90 billion) is delegated to many separate and legally autonomous public sector organisations within the policy framework provided by Government, we have invited the wider public sector community to develop and publish their own responses to the Task Force report that set out how they will contribute to the achievement of the Government's vision for sustainable procurement. **We expect responses from the Health and Local Government sectors to be published in Summer 2007.** (Interim responses and a progress report for the education sector are attached at *Annex E*). The devolved administrations in Northern Ireland, Scotland and Wales also have their own plans for taking forward sustainable procurement.<sup>13</sup>
- 2.5.5 The Stern Review on the Economics of Climate Change<sup>14</sup> was not available to the Task Force during its deliberations, but clearly amplifies the need for public investment decisions fully to reflect the costs, avoided costs and future risks of climate change. The review sets out the scale of the challenge represented by climate change, demonstrating that the global costs of inaction would far exceed the cost of tackling climate change, and that coordinated international action is

<sup>13</sup> Information can be found at: Wales - <https://www.buy4wales.co.uk/UsefulResources/sustainable/vwprog.html>  
Scotland - <http://www.scotland.gov.uk/topics/government/procurement>  
Northern Ireland - <http://www.cpdni.gov.uk/index/about-cpd/overview.htm> [Last accessed online at March 2007]

<sup>14</sup> HM Treasury, 2006, 'Stern Review on the Economics of Climate Change', [online] [www.sternreview.org.uk](http://www.sternreview.org.uk) and CUP (forthcoming).

the only way to address the issue. UK Government policy decisions will need to take the findings of the review into account, and the proposals outlined in this paper will ensure any implications for procurement policy are properly considered.

- 2.5.6 The Cabinet Secretary, Sir Gus O'Donnell has overseen the development of this Government response, supported by a senior board drawn from the largest-spending departments and serviced by a Defra secretariat. It is a cross-departmental response.

## 3. Comprehensive Spending Review



- 3.1 The Government has identified the five long-term challenges – demographic and socio-economic change, global economic integration, technological innovation, global uncertainty, climate change and natural resources – that encapsulate the main challenges to domestic and international sustainable development<sup>15</sup>. All departments will be expected to show how they are responding to them as part of the Comprehensive Spending Review. The Public Service Agreement (PSA) framework is being revised, so that there will be in future a large number of cross-Government PSAs alongside sets of departmental strategic objectives. This arrangement should be more suitable for considering sustainable development, which cuts across Government's activities.

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<sup>15</sup> HM Treasury, 2007. [last accessed online March 2007] *Long-term challenges facing the UK*  
<http://csr07.treasury.gov.uk/change/>

## 4. Priorities and Future Plans



- 4.1 UK Government sustainable procurement policy and guidance has tended to develop on an ad hoc basis, driven by particular departmental priorities. We agree with the Task Force that allowing our policies to evolve in this way has not provided sufficient clarity for practitioners or suppliers on our overall priorities. We need to rationalise both the policy framework and the guidance; and we need to ensure future guidance is policy relevant and evidence based.
- 4.2 We have therefore **streamlined existing Government sustainable procurement priorities and policies by setting out an initial sustainable procurement policy framework** (*Annex A*), as recommended by the Task Force. We have clarified those policies and supporting guidance which are 'mandatory' for Government departments and those which are 'best practice'. **Departments will comply with the existing mandatory policies now and pursue best practice according to their own priorities and circumstances in making progress towards the sustainable operations targets.**
- 4.3 Our initial approach focuses on seeking environmental outcomes and, in particular, demonstrating how changing our procurement practices and choices can make a significant contribution to our wider efforts to mitigate climate change. Departments will look to secure early successes in this area and further develop the supporting tools required.
- 4.4 Ministers will collectively agree future policy priorities and put in place a mechanism to ensure proposals for policies and guidance are policy-relevant, salient and evidence-based. Similarly, we will ensure Government endorsed best practice guidance is evidence based and consistent with the domestic legal and policy framework governing public procurement in the UK.
- 4.5 **Our aim is to develop the policy framework and, by the end of 2007, to have in place the procurement policies and supporting guidance required to maximise the potential contribution of public procurement to the achievement of our key sustainable development goals.** The Waste Strategy and the Energy White Paper, both to be published in late Spring 2007, will clarify our policy goals and the role that public procurement can play in the waste and energy sectors.

- 4.6 The Organisation for Economic Co-operation and Development (OECD), Green Alliance and others<sup>16</sup> have reported a 'paucity of evidence' on the outcomes delivered by greener public procurement initiatives. More recent research is beginning to provide this evidence but we recognise that demonstrating with more rigour how public procurement is an effective route to addressing each particular sustainability problem will improve collaboration and co-operation and therefore the achievement of outcomes. **Defra will continue its work with the European Commission and other member states to reach agreement on EU measurement tools for Green Public Procurement and to build the evidence base in this area.**

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<sup>16</sup> Defra sustainable consumption and production evidence base research programme. 2005/2006. [online] <http://www.defra.gov.uk/environment/business/scp/research/index.htm>

## 5. Strengthening Leadership



- 5.1 As the Task Force report made clear, we will not deliver our ambition without strong leadership on this agenda throughout the public sector. The Government has already set out its commitment to lead by example in the 2005 UK Sustainable Development Strategy, "Securing the Future". We agree with the Task Force that strong leadership will be needed to drive through the changes required in organisational culture and practices to deliver the sustainable procurement agenda set out here.
- 5.2 The Task Force, the Accounting for Sustainability Group<sup>17</sup> and the EAC, have all noted that there is no single 'lead' department in Government on sustainable procurement. The Government agrees that responsibilities need to be clarified and believes there will be merit in the public sector hearing a single and consistent message on sustainability and procurement and a focal, authoritative source of direction. However, sustainable development is a cross-departmental agenda and no part of it can be delivered by any one department acting alone. We therefore do not believe the single departmental ownership model is appropriate for sustainable procurement.
- 5.3 The Task Force wished to see clear and measurable targets on sustainable procurement and these were included in the revised Sustainable Operations on the Government Estate Targets, which was launched on 12 June alongside the Task Force report. This included mandating the adoption of the accepted recommendations of the Sustainable Procurement Task Force. **New Departmental commitments on sustainable procurement leading from this action plan have now been incorporated into the sustainable operations target as set out in Annex B.**
- 5.4 The Task Force also recognised that performance management must support and reward sustainable procurement if we are to make progress. The Government agrees.

<sup>17</sup> Accounting for Sustainability Group, convened by HRH The Prince of Wales, 2004. *Realising Aspirations Or, Using Value for Money to Make the Public Sector More Sustainable*. [online] <http://www.princeofwales.gov.uk/content/documents/asg.pdf>

- 5.5 We will **strengthen leadership** on sustainable procurement by clarifying accountabilities and roles throughout Government.
- i. Delivery will be overseen by the Ministerial Committee on Energy and Environment (EE), chaired by the Prime Minister. The Secretary of State for the Environment, Food and Rural Affairs will be the lead Minister, reporting to the Prime Minister;
  - ii. 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;
  - iii. 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;
  - iv. The Head of the Government Procurement Service (GPS)/Chief Executive Officer of the OGC is accountable for embedding agreed procurement policies through the profession so that they become part of normal procurement practice, and therefore has a key role in ensuring that government procurement is sustainable. As recently set out in Transforming Government Procurement, and summarised below, its core activities require it to:
    - ▶ set the procurement policy and best practice framework, standards and performance measures against which all departments will be judged;
    - ▶ audit those standards through procurement capability reviews of departments' procurement functions, ensuring that departments meet the required standards, helping to build and increase professional procurement function capacity where necessary;
    - ▶ ensure that the right incentives are in place to attract and retain those with the relevant procurement skills in the public sector, able to lead on projects appropriate to their abilities regardless of institutional boundaries;
    - ▶ set standard terms and conditions for procurement wherever possible based on contracts that have already worked well for buyers and suppliers;
    - ▶ require departments to take up centrally negotiated deals for certain goods and services to use the Government's collective buying power to get better value for money on a whole-life costing basis, or agree any alternative only where justified; and
    - ▶ require departments to collaborate in their dealings with key suppliers and markets to drive performance improvements from its most critical markets.

## 6. Budgeting and Accounting Practice



- 6.1 Project, purchasing and other expenditure decision-making is controlled and influenced by the budgeting and accounting practices of the organisation. Evidence presented to the Task Force led it to conclude there are barriers to progress in this area which require action centrally and within departments.
- 6.2 Current budgetary and accounting mechanisms encourage departments to choose value for money procurement solutions. Value for money is defined as the optimum combination of whole life costs and quality (fitness for purpose) to meet the users requirement. It is the responsibility of all Government departments and Non Departmental Public Bodies (NDPBs) to apply this policy.
- 6.3 From the analysis presented by the Task Force we recognise this policy needs to be better communicated and enforced. Alongside this response, **HMT has produced simplified guidance on the Green Book** for use by policy-makers, project managers and purchasers. We will continue to keep under review the impact of the Green Book on the delivery of Government's objectives for fiscal sustainability and sustainable development more broadly. In addition to **the NAO's ongoing scrutiny of departmental compliance with the Green Book.**
- 6.4 In addition, to support organisations in the application of whole life costs and the valuation of environmental costs and benefits in major capital projects, in **Summer 2007 Defra will produce updated guidance on environmental appraisal, and if necessary update the Defra/OGC Joint Note on Environmental Issues in Purchasing.**
- 6.5 The Task Force believed the split management of revenue and capital budgets could create a barrier to choosing the sustainable solution (e.g. it could see that against other pressures, the holder of the capital budget may resist paying more upfront for a solution with reduced running costs, as their budget may not benefit from the savings that would accrue to the revenue budget).
- 6.6 The Government's budgeting framework, based on three year firm departmental spending limits and its strict fiscal rules, seeks to ensure that the public finances remain sustainable, promoting a stable macroeconomic environment that enables procurers to make more confident decisions about the longer term. Following reforms as part of CSR 98, the Government reinforced its commitment to capital investment and tackling upfront affordability constraints by allowing departments unlimited ability to switch funds from resource to capital (but not the reverse). This separation does not mean that finance managers should ignore the interaction between resource and capital expenditure. On the contrary, it is good

financial practice to manage this relationship to ensure overall value for money for the public purse.

- 6.7 Where the capital and revenue budget split is within a Department, there is sufficient flexibility for any issue to be resolved locally through the rigorous application of whole-life cost analysis. However, 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 HMT**.
- 6.8 The Task Force also identified barriers to more sustainable procurement arising from sustainable solutions that may incur costs on one department but generates benefits to another, where the overall whole-life cost analysis indicates a net benefit to the public purse. The work being taken forward alongside the Comprehensive Spending Review (see section 3) and the plans we have set out for developing the sustainable procurement policy framework (section 4) should both help to ensure these issues are not an impediment to future progress.
- 6.9 Salix, a not-for-profit company set up by the Carbon Trust in 2004 to help the public sector reduce its own carbon emissions, uses Government funding to set up ring-fenced recycled loan funds in public sector organisations. Salix's funding is matched by the organisation and used to invest in cost-effective, long-term energy saving projects such as insulation, heating and lighting.
- 6.10 In the 2005 Pre Budget Report the Chancellor increased Salix's funding to around £20m over 2 years. Salix is accelerating its activities and has doubled its Local Authority programme from 20 to 45 authorities, with more in the pipeline. In addition, Salix is in discussion with a number of other public organisations including Universities, NHS Foundation Trusts, Government departments and defence institutions.
- 6.11 **Defra is currently examining its funding priorities for the Comprehensive Spending Review Period and will consider as part of this process, whether there might be a role for Salix funding in supporting Government delivery of sustainable operations targets for reducing carbon emissions, and improving energy efficiency.**
- 6.12 The OGC Gateway is used in central civil Government acquisition programmes and procurement projects to provide assurance they can progress successfully to the next stage. The process is based on well proven techniques that lead to more effective delivery of benefits, together with more predictable costs and outcomes. Both the Task Force, and previously the NAO, made recommendations for changes to the Gateway process to better mainstream sustainability into public procurement practice. In responding to the NAO report, OGC has raised the profile of sustainable procurement within the Gateway Reviewer community, through a tailored Review Team Leader (RTL) email newsflash and "hot topic" sessions at forthcoming RTL workshops. **OGC will review the impact of these measures during 2007 and consider if further action is required to ensure sustainable development is effectively addressed through the Gateway Process.**

## 7. Building Capacity



- 7.1 Better public procurement is increasingly seen, and rightly so, as a key driver in improving public service delivery. The Efficiency Programme, to be taken over by HMT this April, is seeking to drive through the public sector improved skills and capabilities in all areas relating to procurement including project management, contract management and strategic sourcing. Thus the actions set out here need to be seen in this wider context.
- 7.2 The challenges of the 21st century demand that procurement expertise embraces the need to look at long term sustainability issues and principles. The Government believes that sustainable procurement is good procurement. While there are pockets of expertise within the public sector – and the progress they have made should be celebrated – we agree with the Task Force that sustainable procurement practice is not sufficiently widespread among the procurement specialism.
- 7.3 We will transform the quality of Government procurement by:
- ▶ driving value for money improvements in public procurement;
  - ▶ putting in place the skills and procedures needed to deliver these;
  - ▶ developing higher calibre procurement staff, with strong leadership and support from the OGC;
  - ▶ transforming the role of the GPS, giving greater power and responsibility to the Head of the Service to develop procurement capacity within Government and strengthening the links the Head of Service requires with the commercial directors and heads of procurement in departments.
- 7.4 We believe that the OGC should assess, in carrying out its role of transforming public procurement, the appropriate representation (if any) of commercial expertise at departmental board level, rather than pursue the Task Force recommendation for all public sector organisations with procurement expenditure of over £1 billion per year to appoint a Commercial Director to the Board.
- 7.5 The CIPS has expanded its qualification syllabi coverage of sustainable procurement and a further review will ensure there is appropriate coverage of sustainable procurement in the next syllabi due in 2008. CIPS have also been commissioned by OGC to deliver the forthcoming 'Public Sector Faculty' for procurement staff.

- 7.6 Enhanced capacity will also result from Defra’s work with the National School of Government on improving public servants’ sustainable development skills. The School is committed to strengthening its capacity in the areas of risk, economics, leadership, policy and procurement in relation to sustainable development and is working with the SDC to do so.

## Task Force Flexible Framework

- 7.7 The Task Force developed a “flexible framework” (see *Annex C*) to help organisations understand and take the steps needed at an organisational and process level to improve procurement practice and to make sustainable procurement happen. It was designed to cover the facets of good procurement and ensure a consistent approach to risk management, help the public sector get better at procurement and become a more intelligent customer, and encourage organisations to capture the opportunities to stimulate innovation in their supply-chains.
- 7.8 The Government has received some positive feedback from organisations in both the public and private sectors who have already put it to use, including a number of Government departments<sup>18</sup>. It has also stimulated interest from other EU Member States.
- 7.9 As set out in ‘*Transforming Government Procurement*’ the Government has announced a major transformation programme for its procurement function. As a major part of this reform the **OGC will take account of the Task Force flexible framework** and develop a detailed procurement framework that sets out the standards that Government procurement functions need to meet to ensure that they are capable of delivering the high quality services the public demands at good value for money. This will include ensuring that Departments have the capability to implement agreed cross-Government procurement policies. The OGC will then assess departments’ capabilities against the framework.
- 7.10 Whilst this new framework is under development, the **Government encourages organisations to make full use of the Task Force flexible framework where it helps improve procurement practice and achieve sustainability targets**. In due course, the Government expects the procurement framework the OGC is putting in place to supersede the flexible framework. **Government departments have agreed 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.**

<sup>18</sup> Defra, Department for Work and Pensions, Ministry of Defence, Departments of Communities and Local Government, HM Revenue and Customs, Department for Culture Media and Sport, Home Office, Department of Health (DH) and the DH Executive Agency NHS Purchasing And Supply Agency are those so far to confirm that they will complete a self-assessment against the Task Force Flexible Framework.

## Dedicated Support for Sustainable Procurement

- 7.11 The Task Force recommended establishing a 'sustainable procurement delivery unit' for the public sector. We agree that progress will be dependent upon providing appropriate support to practitioners and also to suppliers. **Defra will consult during 2007 on proposals for a centre of sustainable procurement excellence to provide coherent and quality support, guidance and advice to practitioners, policy-makers and potentially to suppliers, for example in the area of best practice identification and promotion.**
- 7.12 In the interim, **Defra will promote adoption of the Task Force flexible framework through supporting workshops for practitioners seeking help.**
- 7.13 Basic guidance for consumers on the environmental impacts of everyday products has recently been made available on the Directgov website<sup>19</sup>. This will also be of use to procurers seeking this kind of information.
- 7.14 More detailed data will become available as Defra continues to reinforce its capacity for work on products and establishes a 'products unit'. This unit will analyse life-cycle impacts of products, develop road maps for reducing these impacts, and build up a knowledge base that will inform consumers, businesses, and policy makers. It will also propose standards that could be used and developed for public procurement activity with a view to removing the worst performing products from the market place and promoting the best.
- 7.15 The Task Force also highlighted the importance of effective management information systems to support delivery. Given the variety of management information (including product coding) systems currently in use across Government, we do not believe it is currently desirable or feasible centrally to prescribe a standard approach beyond embedding the needs of this Action Plan into central data collection requirements as they come under review. Thus issues of design and performance of these systems are largely a matter for departments.
- 7.16 **HMT, OGC and ONS will ensure that as centrally managed data collection systems are reviewed, the needs of this action plan are reflected in any proposed changes.** For example, the Office for National Statistics (ONS) is proposing a new methodology on how Government expenditure data is collected. It is seeking more product data and detail and more suitable deflators to estimate volume measure for their productivity analysis. There is also ongoing work across Government on harmonising commodity coding.
- 7.17 **Defra will also work closely with the European Commission on its approach to data collection across members state, for monitoring its greener public purchasing benchmark targets.** These targets call for the average performance in greener public procurement to be at the level of today's best performing Member State by 2010. This offers the potential for Official Journal of the European Union (OJEU) returns (currently required from all public sector bodies) to include specific data on greener public purchasing.

<sup>19</sup> <http://www.direct.gov.uk>

## 8. Raising Standards

- 8.1 The Government fully recognises that raising standards can provide improvements by creating frameworks that define norms, which can then become benchmarks.
- 8.2 The Energy Review published in July 2006 set out further commitments to use Government procurement to drive the market for energy efficient products. To deliver these commitments and strengthen the credibility of any Government product standards, we recognise the need to improve compliance and strengthen the processes by which standards are identified, agreed and promulgated.
- 8.3 **The Government will publish in June 2007 an Energy Efficiency Action Plan which will describe how it will meet the national indicative energy savings target of 9% required by the Energy End-Use and Energy Services Directive.** It will also set out how the Government intends to meet the requirement of ensuring the public sector plays an exemplary role in improving energy efficiency. In fulfilling its exemplary role the Government will publish guidelines on energy efficiency and energy savings as part of public sector procurement.
- 8.4 In response to Task Force recommendations in this area, **Government departments and the OGC have agreed to take action in respect of central Government contracts to meet updated and extended mandatory standards** for an increased range of products published alongside this response (*Annex D* maps these on to the Task Force identified priority spend areas):
- ▶ 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.

This means, for example, the Government will increasingly only choose: computers, office equipment and white goods that are low-energy; stationery and tissue paper with recycled content; low Volatile Organic Compound (VOC) wall paints; low-flush toilet cisterns; biodegradable detergents.

- 8.5 In developing standards for products and services we will make use of expertise across government, its delivery bodies and elsewhere. We will also aim to drive up standards both domestically and internationally. The EU, with its large market influence, is particularly important. However, international agreements take time and we should not let their prospect divert us from domestic action, if it can be shown to be cost-effective and not detrimental to the UK's competitiveness. In developing domestic standards we will continue to work closely with the market at home and abroad, as well as with our international partners as many suppliers of traded products operate globally. **Where analysis shows them to be relevant and appropriate we will adopt other countries' standards.**
- 8.6 **Defra will review with stakeholders the range and level of the standards every two years. It will also publicly consult on mandatory standards for a wider range of products and services during 2007** with a view to driving standards upwards where necessary to achieve our policy priorities. **Stretching, forward looking standards will also be identified to provide longer term signals to business and to encourage innovation (e.g. we might define a stretching standard in 2007 as the mandatory minimum standard for 2009).** Departments will be encouraged to set out their future requirements on the basis of these progressive increases and forward looking standards. Further measures for ensuring Departments capture innovation are set out in the next section.
- 8.7 **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.**
- 8.8 In July 2000 the Government set itself a policy to seek to purchase its timber and timber products from legal and sustainable sources. Implementation of this policy has allowed for scarcity of certified timber by giving Government buyers the option of purchasing timber that cannot be verified as sustainable provided it is from a legal source. Since 2000 the UK timber supply side has significantly increased the volume of certified timber for sale but that is not being matched by demand from the public sector.
- 8.9 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.
- 8.10 DfT will also review the standards and targets for the Government car fleet to ensure that Government leads the way in reducing CO<sub>2</sub> emissions from new cars. **DfT will publish an updated Government new car average CO<sub>2</sub> emissions target later in the Spring that will ensure that the rate at which new car CO<sub>2</sub> emissions improve in the Government fleet exceeds the rate at which emissions improve for the UK and EU new car fleet.** This will contribute to Departments' efforts to reduce carbon emissions from their travel activities. The Government will also publish proposals on the use of public procurement to stimulate innovation in the road transport sector in the Low Carbon Transport Innovation Strategy, to be published alongside the Energy White Paper.

- 8.11 Where relevant, 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. Some initial work suggests contracts in the areas of energy, fuels, IT hardware and services, telecoms, couriers, facilities management and office solutions are likely to have the biggest impact on the achievement of sustainable operations targets (outside of construction new build or refurbishment).
- 8.12 We will build on this initial assessment and take forward opportunities for driving improvements in each of the priority economic sectors identified by the Task Force in both product and service delivery.
- 8.13 Through the above measures, central Government will be setting an example the rest of the public sector can easily follow. We will seek to build wider public sector support for these standards as they are developed, including through identifying where appropriate standards in national, regional and framework contracts could deliver significant sustainability outcomes.

## 9. Market engagement and capturing innovation

- 9.1 The Task Force report identified the need for Government to form closer relationships with suppliers over longer time frames, work together to develop outcome-focussed solutions, and encourage Small to Medium Sized Enterprises (SMEs) and local companies to apply for contracts.
- 9.2 It is within the UK's public procurement policy framework that we must work together to improve how government procures the goods and services essential for the improved delivery of public services. The issues highlighted by the Task Force were amongst those highlighted as good procurement practice in the OGC/DTI 'Capturing Innovation' guidance<sup>20</sup>. OGC/DTI will continue to promote all of these measures in that guidance as good procurement practice as part of the government's work to improve public procurement. Furthermore, the DTI is leading cross-Government work on how to further stimulate innovation in public procurement to deliver better value for money and drive wealth creation as part of its forward policy programme.
- 9.3 At the heart of driving environmental innovation is the DTI/Defra joint work with procurement professionals to demonstrate the Forward Commitment Procurement (FCP) model, pioneered by the business led Environmental Innovations Advisory Group. This involves articulating current and future environmental needs to the market in a way that is credible and focuses on outcomes and performance standards. This approach is already being piloted by HM Prison Service to help deliver a zero waste prison mattress. **DTI and Defra will work to replicate the FCP model more widely in the public sector, focussing on those areas where better, cost effective solutions are needed to achieve the sustainable operations targets and wider sustainable development goals.**
- 9.4 The **OGC/DTI guidance on finding and procuring innovative solutions, due to be published by the end of Spring 2007**, will use the FCP work as a case study of one of a number of procurement approaches. This will help procurers to decide how FCP might be applied more widely in other sectors. Other case studies such as the NHS National Innovation Centre will also be featured.
- 9.5 The new **Commission on Environmental Markets and Economic Performance will report in the Spring 2007, making recommendations on interventions to promote innovation in environmental technologies and services**. Jointly-chaired by the Secretaries of State for Environment, Food and

<sup>20</sup> Office of Government Commerce. 2007. Further information on the OGCs Efficiency Programme [last accessed online March 2007] <http://www.ogc.gov.uk/efficiency.asp>

Rural Affairs and Trade and Industry, and including a diverse range of private and public sector experts, the Commission is likely to include public procurement among the interventions it examines.

- 9.6 The Government's business-led Technology Strategy Board (TSB) believes strongly that business investment in innovation can be stimulated by harnessing the power of Government procurement budgets. Making future public procurement opportunities visible to business as early as possible is important so that Government and business can invest with confidence in the Research and Development (R&D) necessary to take those future opportunities.
- 9.7 To support this approach, the Technology Strategy Board has introduced the concept of Innovation Platforms, which aim to bring business and Government closer together to generate more innovative solutions to major societal challenges, linking research to the market through procurement opportunities and facilitating closer collaboration in policy across Government departments. The Board is currently considering Innovation Platforms in a number of areas, including sustainable consumption and production.
- 9.8 Government continues to encourage improved access for SMEs and the Third Sector to supply to the public sector and/or deliver public sector services.
- 9.9 The supply2.gov web portal<sup>21</sup>, which reduces the time and resources taken up by SMEs in securing contracts, now has over 36,000 registered suppliers. An e-training package is now being developed to supplement face to face training delivered by some Regional Development Agencies. Other initiatives include a simplified pre-qualification questionnaire for SMEs; and a guide for SMEs on tendering for Government contracts.
- 9.10 We will also continue to provide support for SMEs and the Third Sector wishing to supply to the public sector and/or deliver public sector services through a range of mechanisms.
- 9.11 For the Third Sector the Cabinet Office recently published *'Partnership in Public Services – An Action Plan for Third Sector Involvement'*<sup>22</sup>. This aims to strengthen the relationship between Third Sector and Central and Local Government to transform delivery of public services.
- 9.12 Part of this is about encouraging commissioning and procurement practice which recognises the innovation and responsive services Third Sector providers can offer in the delivery of public services. This includes, for example, promoting use of social clauses where suppliers such as social enterprises and other parts of the Third Sector can, as service providers, use their innovation and enterprise alongside a focus on delivering social benefits. This allows commissioners to achieve broader outcomes than just the main deliverable of a contract.

<sup>21</sup> [www.supply2.gov.uk](http://www.supply2.gov.uk)

<sup>22</sup> Cabinet Office/Office of the Third Sector. 2006. *'Partnership in Public Services: An action plan for Third Sector Involvement'*. [online] [http://www.cabinetoffice.gov.uk/third\\_sector/public\\_service\\_delivery](http://www.cabinetoffice.gov.uk/third_sector/public_service_delivery)

- 9.13 The Third Sector Action Plan will also contain measures to support innovative approaches and learning from the Third Sector in service delivery. To do this, we will seek to ensure that the public sector is open to individuals and organisations looking for freedom to work in new ways and that those within the Third Sector are helped to develop and grow innovative services.
- 9.14 The contribution social enterprise can make in shaping and delivering public services is also recognised in the Government's *Social Enterprise Action Plan, Scaling New Heights* (2006)<sup>23</sup>. This articulates the role they can play to improve service design, pioneer new approaches to delivery and help policy makers and commissioners achieve wider social and environmental objectives through procurement.
- 9.15 At the broader sectoral level, Government departments and the OGC 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.
- 9.16 Starting with the priority sectors identified by the Task Force, we will encourage key suppliers to have plans in place to reduce the carbon footprint of their activities and their supply-chains. Our initial focus will be on construction. The Government departments that lead on policy on the built environment will consider how to drive broad-based engagement with stakeholders and develop a more coherent and ambitious set of sustainability goals and standards. They will engage with major public sector procurers of construction through the Public Sector Construction Client Forum. Progress in this area will also be reviewed through the development of a revised Sustainable Construction Strategy which is expected later in 2007.
- 9.17 By the end of 2007, **plans will be in place or under development for strategic engagement in the priority sectors identified by the Task Force and/or in the sectors key to the delivery of the Government's sustainable procurement policy priorities.**

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<sup>23</sup> Cabinet Office/Office of the Third Sector. 2006. '*Social Enterprise Action Plan: Scaling new heights*'. [online] [http://www.cabinetoffice.gov.uk/third\\_sector/documents/social\\_enterprise/se\\_action\\_plan\\_%202006.pdf](http://www.cabinetoffice.gov.uk/third_sector/documents/social_enterprise/se_action_plan_%202006.pdf)

## 10. Wider public sector

- 10.1 Government in leading by example will promote sustainable procurement across the public sector. The health sector accounts for an estimated £18 billion (excluding local authority spend) of the overall £150 billion identified in the Task Force report and is distributed between NHS, Third Sector and Independent Sector providers. Local Government procurement accounts for around £40 billion p.a. Local Government and Health and Social care sectors will publish by Summer 2007, their own responses to the Task Force report and the Government's ambition set out here. Interim summaries are attached at *Annex E*.
- 10.2 The total cost of public sector expenditure on education in England and Wales is currently c. £50 billion p.a. In an overall budget of this size, it is clear that the potential impact of the wider sector's capital, procurement and operational expenditure choices on sustainable outcomes could be significant. The funding of the wider Education sector in the UK is a highly complex matrix. Almost all funding – for both capital and revenue activities, in schools, further and higher education, and in children's services for which Department for Education and Skills (DfES) is responsible – is allocated by DfES (both directly and via third party agencies, and through a range of operational and policy programmes) to local authorities.
- 10.3 Due to the devolved nature of this funding, DfES must work closely with schools, and with partner bodies in further and higher education, to significantly improve understanding, engagement and delivery of sustainable options, through initiatives such as Building Schools for the Future and the Sustainable Schools Year of Action, and by ensuring that sustainability considerations are embedded within the School Procurement Programme, which includes a number of projects e.g. Online Procurement for Educational Needs (OPEN). Further information on the wider education sector is included at *Annex E*.
- 10.4 The Government recently launched the details of the Code for Sustainable Homes<sup>24</sup>, which is a code with a series of voluntary levels measuring the sustainability of new housing. The Code is a major tool in transforming the market for sustainable housing. It signals the future direction of Buildings Regulations in relation to carbon emissions, sets a code by which developers can seek to differentiate themselves from competitors and will help homebuyers understand the sustainability of their home.

<sup>24</sup> Department of Communities and Local Government. 2006. *Code For Sustainable Homes*. [online] [http://www.planningportal.gov.uk/uploads/code\\_for\\_sust\\_homes.pdf](http://www.planningportal.gov.uk/uploads/code_for_sust_homes.pdf)

- 10.5 Two major Non-departmental public bodies (NDPBs) with an interest in housing development, the Housing Corporation (HC) and English Partnerships (EP), currently require that all new affordable housing which they support (in the case of HC) and all homes built on EP land, should meet the EcoHomes 'very good' 2006 standard<sup>25</sup>. When the Code for Sustainable Homes is introduced, subject to suitable transition arrangements for projects already in the development pipeline, HC and EP projects will be required to meet Level 3 of the Code.

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<sup>25</sup> BREEAM. 2006. *Eco-homes*. [online] [http://www.breeam.org/pdf/EcoHomes2006Guidance\\_v1\\_2\\_April2006.pdf](http://www.breeam.org/pdf/EcoHomes2006Guidance_v1_2_April2006.pdf)

# 11. Scrutiny and Reporting

- 11.1 The need for better scrutiny and tougher sanctions for non-compliance featured strongly in the Task Force report. The Government agrees a robust scrutiny process is needed to drive forward this Action Plan and ensure we are on course to achieve our ambition, that Departments make the necessary progress to deliver the 'step change' sought and to ensure early identification of slippage, the causes and remedial action required.
- 11.2 The Sustainable Development Commission (SDC) was given a strengthened role as 'watchdog' on Government performance in the 2005 Strategy 'Securing the Future'. It already reports on Departmental Sustainable Development Action Plans (SDAPs), and on progress towards the sustainable operations targets. To take forward sustainable procurement within central Government **we have agreed that the SDC will now also scrutinise Government performance in the following key areas:**
- ▶ compliance (including justification for non compliance) with the mandatory procurement policies and supporting guidance set out in this action plan, including Government product standards;
  - ▶ how the use of appropriate performance objectives has helped to deliver progress (see section 5);
  - ▶ how the sustainable operations targets have been cascaded to suppliers and embedded into departmental contractual activities – (see section 9);
  - ▶ departmental Sustainable Development Action Plans (SDAPs);
  - ▶ periodic analysis of activities in priority categories of procurement spend in terms of delivering sustainable outcomes.
- 11.3 The SDC will report on progress in these areas through their progressive inclusion in the annual SDIG reporting mechanism, and in their scrutiny of Departmental SDAPs.
- 11.4 The NAO's review 'Sustainable Procurement in Central Government',<sup>26</sup> made several recommendations adopted by the Task Force. In addition, it is due to publish in the near future a report on sustainable construction and refurbishment on the government estate. The NAO intends to return to the topic of sustainable

<sup>26</sup> National Audit Office. 2005. 'Sustainable procurement in Central Government', [online] [http://www.nao.org.uk/publications/nao\\_reports/05-06/sustainable\\_procurement.pdf](http://www.nao.org.uk/publications/nao_reports/05-06/sustainable_procurement.pdf)

procurement (building on any work undertaken by SDC), in its future work programme, including reviewing ongoing compliance with the green book and progress against any agreed Government Action Plan.

- 11.5 **Subject to any investigations by the NAO or EAC, we will invite the SDC to conduct a health check review of our ambition, plans and progress in this area during 2008 to ensure we remain on track to meet our vision to be among the EU leaders in sustainable procurement by 2009.**

## 12. Next Steps

- 12.1 The proposals in this document represent a significant amount of work across Government. We are conscious that the Task Force had outlined its own timeline. However, our response takes a different route to solutions in some areas, for example in the emphasis on collaborative procurement. The review of OGC and the Stern report have influenced the way forward.

### On Publishing the Response

- 12.2 Delivery will be overseen by the Ministerial Committee on Energy and Environment (EE), chaired by the Prime Minister.
- 12.3 The Secretary of State for the Environment, Food and Rural Affairs will be the Minister accountable for overseeing implementation of this plan reporting to the Prime Minister.
- 12.4 The Head of the Civil Service will oversee delivery of this plan supported by a nominated Permanent Secretary Champion for Sustainable Procurement.
- 12.5 The Head of the GPS/Chief Executive of OGC is accountable for embedding agreed procurement policy priorities into routine procurement practice, raising capacity to deliver and strengthening strategic engagement on sustainability issues with key suppliers.
- 12.6 Permanent Secretaries are accountable for their department's overall progress and for ensuring, from 2007-08 onwards, key staff have performance objectives and incentives that drive the implementation of this plan, linked to performance objectives for delivering efficiency savings.
- 12.7 Departments will implement the sustainable procurement policy framework.
- 12.8 Departments will comply with the existing mandatory policies and pursue best practice according to their own priorities and circumstances in making progress towards the sustainable operations targets.
- 12.9 Defra will promote adoption of the Task Force flexible framework.
- 12.10 Government will encourage adoption of the flexible framework where it helps improve procurement practice and achieve sustainability targets in the interim until OGC publish a detailed procurement framework which sets out the standards that Government procurement functions must meet.

- 12.11 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.

## Spring 2007

- 12.12 Government will announce a package of measures to help change public behaviour on climate change, including actions Government will take as an employer, consumer and provider of services.
- 12.13 DfT will publish an updated Government new car average CO<sub>2</sub> emissions target later in the Spring.
- 12.14 Publication of the Waste Strategy.
- 12.15 Publication of the Energy White Paper.
- 12.16 Publication of OGC/DTI guidance on finding and procuring innovative solutions.
- 12.17 Report of the Commission on Environmental Markets and Economic Performance.
- 12.18 Government will publish the Energy Efficiency Action Plan which will describe how it will meet the national indicative energy savings target of 9% required by the Energy End-Use and Energy Services Directive.
- 12.19 Government departments and the OGC take action to meet updated and extended mandatory standards in respect of existing central Government contracts; all new contracts will be required to meet these standards.

## During 2007

- 12.20 Local government and Health sectors respond to the task force report.
- 12.21 Government will consult on a 'centre of sustainable procurement excellence' to provide the coherent and quality support, guidance and advice.
- 12.22 Defra will produce updated guidance on environmental appraisal.
- 12.23 OGC will review the impact of RTL measures to ensure sustainable development is effectively addressed through the Gateway Process.
- 12.24 Defra will lead on work with key government suppliers to develop voluntary commitments to achieving low carbon activities and supply-chains.
- 12.25 Defra is examining a potential role for Salix funding in supporting Government delivery of sustainable operations targets.

## End 2007

- 12.26 Government will develop the policy framework and have in place the procurement policies and supporting guidance required to maximise the achievement of our key sustainable development goals.
- 12.27 Plans in place (or under development) for strategic engagement in the priority sectors identified by the Task Force and/or in the sectors key to the delivery of the Government's sustainable procurement policy priorities.
- 12.28 Revised Government Sustainable Construction Strategy published.

## 2008

- 12.29 the SDC will report on Departmental progress in the annual Sustainable Development in Government reports and in their scrutiny of departmental sustainable development action plan.
- 12.30 The Chartered Institute of Purchasing and Supply (CIPS) will ensure there is appropriate coverage of sustainable procurement in the next syllabi due in 2008.

## 2009

- 12.31 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.

# Annexes

## Annex A: Initial Sustainable Procurement Policy Framework

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The Task Force agreed a generalised definition of Sustainable Procurement:

“Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”<sup>27</sup>.

### Policy Priorities

Within the wider context of sustainable development, climate change mitigation and natural resource protection are the highest priorities. Public sector procurers will define their requirements and choose solutions and providers that assist them to achieve progress towards the published sustainable operations targets and which:

- a. help to achieve reductions of carbon emissions, energy and water consumption, and waste generation and recycling in line with targets for the Central Government Estate;
- b. help to protect biodiversity;
- c. do not use unsustainable or illegal timber/timber products.

Through adherence to:

- ▶ OGC/Defra joint note on Environmental Issues in Purchasing;
- ▶ OGC’s Achieving Excellence in Construction suite of guidance which has been mandated through the common minimum standards process.
- ▶ Government Approved Product Environmental Standards (Quick-wins).
- ▶ Central Point of Expertise on Timber guidance on *proforest.net*<sup>28</sup>

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<sup>27</sup> Department for Environment, Food and Rural Affairs. June 2006. *Procuring the Future – The Sustainable Procurement Task Force National Action Plan*, [online] at <http://www.sustainable-development.gov.uk/publications/procurement-action-plan/index.htm>

<sup>28</sup> Proforest. 2007. Central Point of Expertise on Timber guidance. last accessed online March 2007] [www.proforest.net](http://www.proforest.net)

And focusing future efforts on the following broad categories of expenditure (identified by the Task Force): construction (building and refit, highways and local roads, operations and maintenance); Health and Social Care (operating costs of hospitals, care homes, social care provision); Food; Uniforms, clothing and other textiles; Waste; Pulp, paper and printing; Energy; Consumables – office machinery and computers; Furniture; Transport (business travel, motor vehicles).

Organisations with the capacity, capability and confidence to go beyond these priorities and wishing to pursue best practice can find best practice guidance notes on the OGC website and are encouraged to develop supplementary departmental priorities, as appropriate.

## ANNEX B

### Summary of action plan procurement commitments to be embedded into the sustainable operations targets

#### Sustainable Operations Targets

The Sustainable Operations Targets launched on 12th June 2006 by the Prime Minister included a mandate that accepted elements from the Sustainable Procurement Task Force National Action Plan would be included within the new targets, which have been summarised below. The mandate for Environmental Management Systems (EMSs) has also been clarified.

PRIORITY AREA	TARGETS
<b>CLIMATE CHANGE &amp; ENERGY</b>	<b>CARBON EMISSIONS FROM OFFICES</b> <ul style="list-style-type: none"> <li>▶ Reverse the current upward trend in carbon emissions by April 2007.</li> <li>▶ Reduce carbon emissions by 12.5% by 2010-11, relative to 1999/2000 levels.</li> <li>▶ Reduce carbon emissions by 30% by 2020, relative to 1999/2000 levels.</li> </ul>
	<b>CARBON EMISSIONS FROM ROAD VEHICLES</b> <ul style="list-style-type: none"> <li>▶ Reduce carbon emissions from road vehicles used for Government administrative operations by 15% by 2010/11, relative to 2005/2006 levels.</li> </ul>
	<b>CARBON NEUTRAL</b> <ul style="list-style-type: none"> <li>▶ Central Government's office estate to be carbon neutral by 2012.</li> </ul>
	<b>ENERGY EFFICIENCY</b> <ul style="list-style-type: none"> <li>▶ Departments to increase their energy efficiency per m<sup>2</sup> by 15% by 2010, relative to 1999/2000 levels.</li> <li>▶ Departments to increase their energy efficiency per m<sup>2</sup> by 30% by 2020, relative to 1999/2000 levels.</li> </ul>
<b>SUSTAINABLE CONSUMPTION &amp; PRODUCTION</b>	<b>WASTE ARISING</b> <ul style="list-style-type: none"> <li>▶ Departments to reduce their waste arisings by 5% by 2010, relative to 2004/2005 levels.</li> <li>▶ Departments to reduce their waste arisings by 25% by 2020, relative to 2004/2005 levels.</li> </ul>
	<b>RECYCLING</b> <ul style="list-style-type: none"> <li>▶ Departments to increase their recycling figures to 40% of their waste arisings by 2010.</li> <li>▶ Departments to increase their recycling figures to 75% of their waste arisings by 2020.</li> </ul>

PRIORITY AREA	TARGETS
<b>NATURAL RESOURCE PROTECTION</b>	<b>BIODIVERSITY</b> ▶ Departments to meet or exceed the aim of having 95% of Sites of Special Scientific Interest (SSSI's) in sole ownership or control in target condition by 2010.
	<b>WATER CONSUMPTION</b> ▶ Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004/2005 levels. ▶ Reduce water consumption to an average of 3m <sup>3</sup> per person/year for all new office builds or major office refurbishments.
<b>GOVERNMENT TO MANDATE</b>	
<ul style="list-style-type: none"> <li>▶ Departments to adopt The Carbon Trust's Carbon Management Programme</li> <li>▶ The application of BRE's Environmental Assessment Method (BREEAM) excellent standards or equivalent, to all new builds/major refurbishments.</li> <li>▶ Accepted elements from the Sustainable Procurement Task Force National Action Plan, (as set out below).</li> <li>▶ OGC's Property Benchmarking Scheme – aimed at improving the efficiency and effectiveness of corporate estate management.</li> <li>▶ Departments to work towards an accredited certified environmental management system (EMS) i.e. ISO 14001 or EMAS<sup>29</sup>.</li> <li>▶ Data collection and reporting – identification of core data to be reported against the new targets.</li> <li>▶ All Departments to encourage staff to take an active role in volunteering in the community.</li> <li>▶ All Departments to conduct sustainability appraisals of office relocations.</li> </ul>	

<sup>29</sup> This does not mean departments must replace their existing EMS. Departments can decide whether to implement an accredited certified EMS for their whole estate, or in selected buildings only.

## UK GOVERNMENT SUSTAINABLE PROCUREMENT 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 are developing an new detailed procurement framework.

### Raising Standards

- ▶ Departments/OGC to take action in respect of central Government contracts to meet updated and extended mandatory standards<sup>30</sup>.
  - 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.

<sup>30</sup> formerly known as 'Quick-wins 03 and 06'

**UK GOVERNMENT SUSTAINABLE PROCUREMENT ACTION PLAN**

- ▶ 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.*

## Annex C

### Sustainable Procurement Task Force Flexible Framework

TASK FORCE REPORT Flexible Framework	Foundation	Embed	Practice	Enhance	Lead
	Level 1	Level 2	Level 3	Level 4	Level 5
<b>People</b>	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
<b>Policy, Strategy &amp; Communications</b>	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations' EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
<b>Procurement Process</b>	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.
<b>Engaging Suppliers</b>	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
<b>Measurements &amp; Results</b>	Key sustainability impacts of procurement activity have been identified. Simple measures based on achieving all aspects of the Foundation level of the flexible framework are put in place and delivered.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas. Simple measures based on achieving all aspects of the Embedding level of the flexible framework are put in place and delivered.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives. Simple measures based on achieving all aspects of the Practicing level of the flexible framework are put in place and delivered.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced. Simple measures based on achieving all aspects of the Enhancing level of the flexible framework are put in place and delivered.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain. Simple measures based on achieving all aspects of the Leading level of the flexible framework are put in place and delivered.

## Annex D

### Quick Wins Mapping

Shading indicated a new product added to the Quick Wins 2004 list

### Priority Areas of Spend Identified in the Task Force Report

Construction	Health & Social Work	Energy	Waste	Paper	Furniture	IT Services	Office Machinery	Textiles	Food	Pharmaceuticals	Chemicals	Telecomms, TV and Radio	White Goods
Lighting Systems		Chainsaw Lubricants		Copying Paper	Wood Products		Personal Computers	Textiles		Detergents (laundry)	Hydraulic Fluids	Televisions CRT	Fridges & Freezers
Energy Control Gear				Paper for printed publications*			CRT Computer Monitors			Detergents (all purpose cleaners)		Televisions LCD	Washing Machines
Thermal Screens				Tissue Paper – Kitchen and Toilet			Portable Computers			Detergents (sanitary)		Mobile Phones	Dishwashers 10 Place Settings
Motors and Drives				Envelopes			LCD Computer Monitors			Detergents (dishwashing hands)		Televisions Plasma	Refrigeration Cabinets
Paints and Varnishes							Laser Printers			Detergents (dishwashers)		Televisions with integrated digital receiver	Tumble Dryers
CHP and large boiler systems							Scanners					VCRs	Washer Dryers
Gas Boilers							Photocopiers					DVDs	Electric Ovens
Air Conditioning Units							Portable Power Supplies					Terrestrial Digital Adapters	Condensing Units
Cellar Cooling Equipment												Faxes	
Water Using Appliances – Low Flush Toilets													
Glazing													
Central Heating Systems													
£22,252m	£21,290m	£3,544m	£4,529m	£1,664m	£1,163m	£3,569m	£6,503m	£943m	£3,514m	£8,927m	£490m	£4,214m	£125m

Spend figures taken from the [Defra] analysis of the ONS National Accounts

\*To be updated in 2007

## Annex E

### Wider Public Sector response to the Task Force Report

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## 1. Health and Social Care Sector

### 1.1 Context

The Health sector accounts for an estimated £18 billion (excluding local authority spend) of the overall £150 billion identified in the Task Force report and is distributed between NHS, Third Sector and Independent Sector providers. As such, the Department of Health acknowledges the importance of sustainable procurement and its role as an agent for change in the broader sustainable development agenda. The commercial landscape within Health has been evolving rapidly over recent years, with the increasing importance of Primary Care Trusts in delivering the patient choice agenda, the emergence of NHS Collaborative Procurement Hubs, plurality of provision, the expansion of major PFI projects and the recent outsourcing of logistics and procurement functions to the newly-formed 'NHS Supply Chain'.

### 1.2 Leadership

This process of change will continue and, in response, the Department is hereby considering options to ensure that sustainable procurement is addressed effectively across the various organisations involved in healthcare procurement and commercial activity. The Department has had a Commercial Director as part of its Management Board prior to the Task Force identifying this as a recommendation for central Government departments.

The NHS Purchasing and Supply Agency (NHS PASA) is responsible for sustainable procurement policy for both the Department of Health and the NHS, as part of its overall remit for procurement policy. The Agency has been working on sustainable procurement initiatives for several years and is recognised within the Task Force report as one of the leading proponents in this field within Government and the wider public sector. It has established research collaboration with the University of Bath on sustainable procurement matters and has delivered bespoke sustainable procurement training to NHS procurement staff as part of this arrangement. In conjunction with the North West Development Agency and the Groundwork Trust, the Agency has supported Small to Medium Enterprises in the North West to identify opportunities within the NHS and helped develop their capacity to compete for them. NHS PASA has also participated in the DH-funded NHS Mosaic project to promote racial equality in procurement.<sup>31</sup>

The Agency has begun to incorporate SP factors into the procurement processes and procedures used by all staff involved in NHS procurement. This includes a requirement for Sustainable Development issues to be considered at the earliest stages of developing business cases for procurement, which challenges the need for procurement itself in each case. The approach assesses risks and opportunities in identifying those areas of procurement activity which merit the greatest focus on sustainable development factors.

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<sup>31</sup> National Health Service. 2007. The NHS Mosaic Project [last accessed online march 2007]: <http://www.mosaic.nhs.uk/index.php?id=32>

The Good Corporate Citizenship Model launched this year to all NHS Trusts incorporates a specific section on procurement, providing direction for trusts on sustainable procurement through the progressive criteria on Policy, Process, Innovation, Ethical Trade, Food and Local Sourcing.<sup>32</sup> The Department of Health has also lead the way by setting energy and carbon targets for the NHS and by being the first Department to introduce BREEAM requirements in 2002.

The Department of Health has recently announced the creation of a £100 million 'Energy Fund' available over the next 3 years. The funding will help NHS organisations put in place improvements in electrical efficiency, building insulation, heat and power and encourage the introduction of renewable energy sources, contributing to the Government's Climate Change Programme. Savings made will be ploughed back into patient care. The funding will help overcome some of the barriers to investment in cleaner technology cited by the Task Force report.

In addition NHS PASA has an established national framework contract in place for the supply of energy to the NHS under which 10% of energy being supplied is from renewable sources and a further 16% is from good quality combined heat and power. Bio diesel is now also available through this framework contract.

### 1.3 Sustainable Procurement Policy

Following consultation and the recommendations of the Task Force Report, in October 2006 NHS PASA published its Sustainable Procurement Policy supported by a Sustainable Procurement Strategy and a Sustainable Procurement Action Plan<sup>33</sup>. Key elements of the Action Plan over the coming 12 months include:

- ▶ Revising the procurement process to embed aspects of SP considerations in a meaningful and effective manner.
- ▶ Providing further SP training to all its procurement personnel.
- ▶ Developing initial indicators to monitor practice and performance.
- ▶ Working with NHS Collaborative Procurement Hubs to ensure that SP considerations are realised through their governance structures and procedures.
- ▶ Disseminating information and guidance to support wider NHS procurement activity.
- ▶ Working with suppliers to improve sustainability performance through the supply chain and stimulate innovation.

### 1.4 Management Systems, Monitoring and Reporting

The Action Plan will be managed through existing Environmental/Sustainable Development management systems consistent with the principles of ISO14001. They include frameworks for monitoring and reporting performance, and basic measures of sustainable procurement performance have already been developed. It is recognised, however, that further development will be required over the coming years as processes become embedded.

<sup>32</sup> Department of Health. 2007. The DH's Good Corporate Citizenship Model [last accessed online March 2007]. [http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/HealthInequalities/HealthInequalitiesGeneralInformation/HealthInequalitiesGeneralArticle/fs/en?CONTENT\\_ID=4128178&chk=1DFGN6](http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/HealthInequalities/HealthInequalitiesGeneralInformation/HealthInequalitiesGeneralArticle/fs/en?CONTENT_ID=4128178&chk=1DFGN6)

<sup>33</sup> National Health Service. 2007. NHS PASA's Sustainable Procurement Policy, Sustainable Procurement Strategy and Sustainable Procurement Action Plan last accessed online march 2007]: <http://www.pasa.nhs.uk/PASAWeb/NHSprocurement/Sustainabledevelopment/PolicyStrategyandActionPlan20069.htm>

### 1.5 The Flexible Framework

The Department and NHS PASA endorse fully the use of the Task Force Flexible Framework to inform, benchmark and monitor progress towards establishing robust sustainable procurement practice. The Department envisages that it will be more effective and realistic for those NHS procurement organisations which control and influence the major proportion of spend to address the recommendations and targets in the Task Force report. The table below thus sets out an initial view, although the Department will be consulting further with colleagues in the NHS to inform the full response for Health and Social Care in Summer 2007:

NHS Procurement Body	Extent of uptake of Task Force Recommendations
NHS PASA	Full uptake with stretching targets as stated in the Sustainable Procurement Strategy (see below)
Department of Health	Full uptake in line with recommendations
NHS Supply Chain	Full uptake in line with recommendations (subject to final agreement of detail)
NHS Collaborative Procurement Hubs (CPHs)	Full uptake in line with recommendations (subject to Hub Executive Board approval and timescales for establishment)
NHS Trusts	Work against procurement related elements of the Good Corporate Citizenship model enhanced by strategic uptake of key aspects of the Flexible Framework (e.g. People level 1, Policy level 1), supported by CPHs.

As part of its Sustainable Procurement Strategy and Action Plan, NHS PASA makes a commitment to achieve Level 2 of the Task Force Flexible Framework by April 2007 and to achieve Level 3 in all areas by 2009, demonstrating 'leadership' (Level 5) in at least three areas. This commitment exceeds the recommendations within the Sustainable Procurement Task Force Report for all public sector procurement organisations. The Department and NHS PASA currently monitor their own progress against the Flexible Framework on a monthly basis, as part of internal management performance processes.

### 1.6 Quick Wins and Minimum Standards

The Task Force identified as one of its public sector priority spend areas 'Health and Social Care (operating costs of hospitals, care homes, social care provision)'. This has been interpreted to mean the procurement of goods and services to deliver healthcare within the NHS and Social Care sectors. NHS PASA and the Department agree that this is a priority along with the others but, given the significant range of products and services procured for the Healthcare sector, Minimum Standards need to be determined by an 'evidence-based' approach appropriate to the goods and services in question. The Department will be working to prioritise areas of spend where the setting of minimum sustainability standards will deliver maximum performance improvement. In addition, procurement procedures will be enhanced to ensure that Sustainable Development factors are considered for each procurement process and that current Minimum Standards are maintained.

With the complexity of the NHS procurement landscape mentioned, priorities should be identified by April 2007 and existing Minimum Standards embraced. However, determining Minimum Standards in the NHS needs to be viewed as an ongoing process consistent with procuring the delivery of safe and effective healthcare. The Department acknowledges the value of Quick Wins in supporting the NHS to improve sustainable development performance and is committed to ensuring that all new and renewed contracts will make available to Healthcare users products that meet approved 'Quick Win' standards.

### **1.7 Supplier Engagement and Innovation**

The Department understands the importance of innovation in addressing the challenges of sustainable Development. As a result of planned activity to identify and prioritise areas of high risk and opportunity to address through SP, a number of supplier engagement programmes are proposed to help reduce environmental or social impacts and encourage innovative solutions to key challenges. This goes beyond setting minimum standards and supplier management processes, to realise the health, social and environmental benefits of working with suppliers. To support this approach, a Health Suppliers Sustainable Development recognition programme or scheme is also being developed, to highlight best practice within the supplier community.

### **1.8 Training**

The importance of training and capacity-building is clearly identified in NHS PASA's SP Action Plan, and the Agency will be delivering sustainable procurement training to all procurement and commercial staff early in 2007. It also aims to develop a bespoke introductory training module for use across the Department and other NHS procurement organisations to support the achievement of Flexible Framework targets and embed effective sustainable procurement processes. This is particularly pertinent to NHS Collaborative Procurement Hubs, who are instrumental in delivering the benefits of SP at NHS Trust level.

The Department's Estates and Facilities Division provides an extensive range of guidance and training to the NHS covering areas such as energy, waste management and wider sustainable development. This will be enhanced with the release of the Safe Management of Healthcare Waste guidance which has been produced in conjunction with other departments, Regulatory Bodies and the Devolved Administrations.

To address the longer term sustainable development training needs of the Department and the NHS, The Agency is currently establishing a national framework contract for accessing specialist sustainability training (to be in place by the end of February 2007).

### **1.9 Estates Sustainability Targets**

All new development projects within the NHS must achieve "Excellent" ratings, and refurbishments "Very Good" ratings against the Department's NHS Environmental Assessment Tool (NEAT) building standards tool (the NHS bespoke BRE Environmental Assessment Method (BREEAM )) which includes consideration of sustainable Development performance. In addition, new builds and redevelopments must achieve a minimum standard of 35 to 55 gigajoules of energy per 100 meters cubed, while the existing operational estate must achieve 55 to 65 gigajoules per 100 meters cubed. Performance against these standards is monitored through on an ongoing basis.

Key stakeholders and contractors are engaged from the outset and throughout development programmes to agree standards and ensure that they are delivered. All NHS Trusts are targeted to reduce energy consumption by 15% by 2010 (from a base year of 2000) and the Good Corporate Citizenship Model challenges them to address the wider environmental and social aspects of their operations.

## **2. LOCAL GOVERNMENT SECTOR**

### **2.1 Context**

In England, local government procurement accounts for around £40 billion per year. The National Procurement Strategy and the wider government Efficiency Agenda have given greater impetus to delivering effective and innovative procurement practices. In so doing, the achievement of the core vision of the Strategy – the delivery of world class procurement practices – has moved closer.

### **2.2 Sustainable Procurement progress**

The Regional Centres of Excellence, which were established and are funded by The Department for Communities and Local Government (DCLG), are already working to increase the public sector awareness of sustainable procurement (the North-East RCE has the National Lead role in this area). Their developing programme of work includes encouraging local authorities to understand and optimise the whole life environmental, social and economic impacts of their procurement practices. We would also expect other best practice bodies who share a procurement role in the local government sector, such as the Improvement and Development Agency (IDeA) and Local Government's projects delivery specialist (4ps) to also contribute to this agenda.

Latest research by the Department on the local government procurement agenda illustrates good progress by councils in taking forward sustainable procurement. For example, nearly half of all councils surveyed (42%) have in place a procurement strategy that addresses sustainability when assessing needs. Some authorities have started to address the recommendations of the Task Force since the publication of the Report.

### **2.3 Best practice**

The Government's approach to the local authority sector is to encourage best practice in achieving efficiency, sustainability and support the development of greater procurement expertise by authorities. This approach is consistent with and recognises the autonomy of the sector.

We recently published the Local Government White Paper (26 October 2006) which changes the relationship between central and local government reducing the number of top down initiatives and creating space for more local solutions. It heralds a more integrated approach to service delivery and a rebalancing of accountability. It reinforces local government as strategic leader of place and strengthens the framework of partnership working – through the local strategic partnership, the Sustainable Community Strategy and Local Area Agreements.

We recognise that smarter procurement has a powerful role in securing value for money and driving forward further improvement and change in the delivery of local services. There is massive potential for procurement to realise social and economic – as well as environmental – benefits for communities. Sustainable procurement, which is integral to delivering sustainable development, offers a practical way forward in helping to create cohesive communities, improving long term outcomes for socially excluded groups and supporting a sustainable physical environment. Procurement is also an important enabler for councils to engage pro-actively with small businesses, social enterprises and voluntary organisations. Some examples of how authorities are optimising procurement to deliver real benefits for their communities are summarised below:

#### **2.4 Fusion 21 Housing Corporation Gold Award Winning Partnership**

Fusion21 partners' shared aim was to harness their combined procurement power to develop a radical approach to construction procurement. This Partnership's achievements include:

- ▶ Creation of sustainable improvements to the local community – 331 unemployed people into permanent employment in the construction sector.
- ▶ Improved the capacity and quality of SMEs within the region.
- ▶ Set new standards of efficiency in construction procurement – cashable efficiency gains of £2.9m (04/05) and £5.4m (05/06).
- ▶ Adopted as a model of good practice elsewhere in the UK.

#### **2.5 Youth Development and education supplied by Hill Holt Wood**

Lincolnshire County Council needed to find a way of inspiring 240 youngsters, some involved in anti-social behaviour, to commit themselves to giving learning another try. Fortunately, Hill Holt Wood (HHW) was able to offer an innovative solution to the Council's requirement. Its owners bought the woodland in 1995 and turned it into a community controlled social enterprise that employs 14 people. Identified outcomes from this programme comprise:

- ▶ Conservation management of other woodlands through contracts with other organisations e.g. Forestry Commission.
- ▶ Police departments across the county openly offering strong support for the programme because it seems to be contributing to a reduction in crime and anti-social behaviour.
- ▶ As Hill Holt Wood is a lived in and worked in woodland it attracts people to the site who may otherwise be concerned with accessing woodlands alone, such as women.
- ▶ By providing a number of opportunities and locations within Lincolnshire, the LEA can save money and achieve better results.

#### **2.6 Northumberland County Council's use of LM3<sup>34</sup>**

Northumberland County Council has used the LM3 model both to provide an objective measure of the impact of procurement spending on the community they serve but also as a catalyst for change within the organisation.

<sup>34</sup> New Economics Foundation. 2007. Local Multiplier 3 (LM3) was developed by The New Economics Foundation. [last accessed online March 2007]. [http://www.neweconomics.org/gen/tools\\_lm3.aspx](http://www.neweconomics.org/gen/tools_lm3.aspx)

Some identified outcomes of the Council's work are:

- ▶ Food contract expressions of interest increased fourfold from local suppliers and final contracts awarded went from one to four out of seven contracts.
- ▶ Local authority trading standards became qualified to act for Defra as auditors to help local businesses such as Northumberland Cheese gain European accreditation.
- ▶ Work with a local private company helped it to win £100m investment from its parent group by showing objectively that it generated £185m annually in a rural community.

The good practice above illustrates what can be done and local authorities should be congratulated for their achievements to date. But, we know much more is achievable and encourage all councils to reach their true potential through actively implementing efficient, sustainable and innovative procurement practices.

## 2.7 Next steps

We are working with the Local Government Association, IDeA and the NE Regional Centre of Excellence on the establishment of a local authority group to consider a local government response to the Task Force's recommendations and how the sector should approach implementation.

# 3. EDUCATION SECTOR

## 3.1 Context

Funding for the whole education sector in England and Wales costs around £50bn p.a., and is fundamental to the wider Government aim of driving forward behavioural change in UK citizens. To achieve this, we are working to ensure that children and young people understand why sustainability matters, the inter-dependencies it entails, and how it will affect – and can enhance – life and career choices for them in future.

Government's impact on procurement in the education sector is threefold:

- ▶ directly – where we have some degree of explicit control over education expenditure.
- ▶ indirectly – where we do not control budgets, but where we have a role to inform, guide and support education expenditure.
- ▶ Departmentally – where we are responsible for the capital and revenue costs of the Departmental estate and operations.

DfES does maintain an element of direct control for some of the schools capital programmes, such as Building Schools for the Future, and we have introduced sustainable compliance requirements for all successful bids within this fund. And where education sector funding is made through grant allocations to NDPBs – such as the Learning & Skills Council – we are using the process of grant renewal to require our NDPBs to incorporate sustainable development and delivery in their activities.

But local authorities, and the schools and other establishments in turn funded by them, are essentially free to spend the funding which passes to them in whichever ways they deem appropriate to provide the education services they are responsible for, and the Department has no statutory or other powers to direct that expenditure.

### 3.2 Changing behaviours

Because of this, we are concentrating on work that will significantly improve the understanding, engagement and delivery of sustainable activities by those who are directly responsible for wider education services – the schools and other education institutions. This work has two core strands: *advice and support* to those who are responsible for purchasing in schools and HE/FE, primarily through the Schools Procurement Programme (SPP), and *holistic guidance and information on sustainability*, primarily through the Sustainable Schools initiative. These are described below.

#### 3.2.1 Schools Procurement Programme

Sustainable procurement activity within the SPP will increase awareness of sustainable procurement within the public sector, at the same time as improving accessibility to sustainable products and services which offer value for money, and ensuring SPP projects do not conflict with Government's sustainable procurement commitments.

One project within the programme is **OPEN** – the e-marketplace for Schools. (OPEN = Online Procurement for Educational Needs).

- ▶ OPEN is a restricted marketplace where only those suppliers who are public sector sponsored (OGCbs, Government Departments, Local Authorities or even Schools) will be adopted onto the system.
- ▶ OPEN can either offer an entire P2P system, or the e-procurement facility with interaction to local authority FMS systems.
- ▶ OPEN will give schools access to significantly better information than is currently available, about contracts let on a National, Regional or Local level which are open for them to use. This offers clear benefits in ease of use and management, and should also offer potential cost-savings benefits.
- ▶ OPEN is to be introduced on a pathfinder basis into a range of current schools and LA consortia across England.
- ▶ It is believed that, following a full roll-out of OPEN, potential savings could reach approx £250m for schools.

#### 3.2.2 Sustainable Schools

Schools have a special role to play in securing the future for young people. As places of learning, they can help pupils understand our impact on the planet. And as models of good practice, they can be places where practicable sustainable living and working choices are demonstrated to young people and the wider community.

Responses to the DfES Sustainable Schools consultation document, published in May 2006, emphasised the widespread awareness and understanding of young people of the impact of sustainability on their own futures. The education sector – schools, and further and higher education establishments – has a fundamental part to play in ensuring that children and young people can develop the skills and knowledge they need to engage with sustainability in every aspect of their current and future lives. (The DfES response to the Sustainable Schools consultation was published in December 2006, to be followed by an action plan to address a number of cross-cutting themes raised by respondents.)

The Department already has a range of initiatives in hand, aimed at supporting schools in all aspects of sustainability. These include:

- ▶ Office for Standards in Education (OfSTED) to include sustainable development in its inspection framework/SEF from September 2007.
- ▶ OfSTED to train all inspectors in identifying and appropriately rewarding sustainable schools performance by April 2007.
- ▶ With the DTI, the launch of a £50m grant scheme to fund renewable energy technologies in schools (January 2007).
- ▶ Publication of several new design guidance documents, including: Designing School Grounds (incorporates sustainable design considerations), Design of Sustainable Schools – Case Studies, and Design of Sustainable Schools – Design Primer.

### **3.3 Building Schools for the Future**

The Task Force highlighted the Building Schools for the Future (BSF) programme, as an example of how sustainability could be reflected in large capital projects. It is recognised throughout DfES that BSF presents a major opportunity to build highly sustainable school buildings, and options to further improve sustainability are being explored.

It should be noted that Government requirements for school building standards also apply to those parts of the Education capital programme that are outside BSF, and that these represent a larger investment. In any one year less than 1% of schools are rebuilt or refurbished within BSF. Within the wider Capital programme, other significant sums are devolved to all schools and local authorities every year which have the potential to have a more significant impact than BSF over the short term.

All major new-build and refurbishment projects for schools are subject to a BREEAM assessment, and are set a target of achieving a minimum BREEAM rating of 'very good'. DfES has commissioned an initial investigation into the cost implications of the current target, which has concluded that it is broadly achievable within current funding levels. The financial and technical implications of raising the standard to 'excellent' are currently being investigated in more depth.

The first PFI schools to be delivered within BSF have recently reached financial close and will incorporate the following:

- ▶ a commitment to achieving a minimum BREEAM rating of 'very good';
- ▶ timber from certified sustainable sources;
- ▶ use of recycled materials;
- ▶ use of CFC free and HCFC free products;
- ▶ sustainable urban drainage (SUDS);
- ▶ rainwater collection to meet 40% of water demand;

- ▶ the use of biomass boilers and other renewable energy technologies to meet 21% of energy demand;
- ▶ high targets for construction waste;
- ▶ use of local labour and resources;
- ▶ the adoption of an environmental and sustainability policy;
- ▶ low impact ICT provision.

The Government is currently reviewing the level of funding that is available for constructing and refurbishing school buildings. This review includes the potential for additional funding to improve standards for sustainability. DfES is also funding three sustainability demonstration projects within BSF which will enable three secondary schools to achieve an excellent BREEAM rating, to include renewable energy systems on a significant scale, and provide opportunities for pupils to learn about sustainable development. DfES officials will work closely with the design teams for these schemes to better understand the financial and technical implications of raising standards for sustainability.

### **3.4 Further and Higher Education**

DfES' sustainable engagement with universities and higher education establishments reflects the high degree of autonomy within the sector, and – to some extent – the fact that a number of providers are leading the way in introducing sustainable procurement and operational processes within their own buildings and functions. It is essential that the Department continues to work with the sector directly, and with our key partner organisations (the Learning & Skills Council, and the Higher Education Funding Council for England), to help them to promote sustainable procurement within their own organisations, and to lead by example within the sector.

Examples of this work include:

- ▶ In October 2006, the joint publication (with the Environmental Association for Universities and Colleges, and the LSC) of a Guide to Sustainable Procurement for Colleges.
- ▶ Departmental backing and advice to the North Eastern Universities Purchasing Group's consortium bid to HEFCE, to become a Centre of Excellence for Sustainable Procurement.

The Learning and Skills Council (LSC) is overcoming barriers to sustainable procurement by increasing the capital cost criteria available for sustainable elements of building design and construction. Colleges applying for capital grant support can now apply for an additional cost allowance of up to 10% of the net cost for elements in the building that address sustainability. Colleges that can demonstrate how their design exceeds the new requirements of Part L of the Building Regulations and addresses further sustainable issues are eligible for the allowance. Any increase in costs resulting from Part L will be covered by a regular twice-yearly increase of the LSC's capital costs criteria; this is in addition to the 10% allowance to reflect increases in sustainability.

### **3.5 Environmental Association for Universities and Colleges (EAUC)**

The Defra run Environmental Action Fund (EAF) is supporting the EAUC to run a 3 year sustainable procurement project that seeks to identify and improve the sustainable consumption patterns of universities and colleges. So far, it has delivered training and workshops on topics including developing a sustainable procurement policy and strategy, risk-based approaches to sustainable procurement and integrating social issues into procurement. The EAUC has also mapped its project work against the Task Force flexible framework, which has added a new dimension to university and college project action plans by allowing new standardised goal to be set. The projects mid-term review identified powerful procurement behaviour changes as a direct result of the project. The EAUC have recently started delivering sustainable procurement training to Learning and Skills Council (LSC) regional groups as part of a new LSC programme supporting college procurement staff.

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**Produced by Defra, as lead Department, on behalf of UK Government.**

**Published by the Department for Environment, Food and Rural Affairs.  
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for uncoated paper and 75% recycled fibre for coated paper.**

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