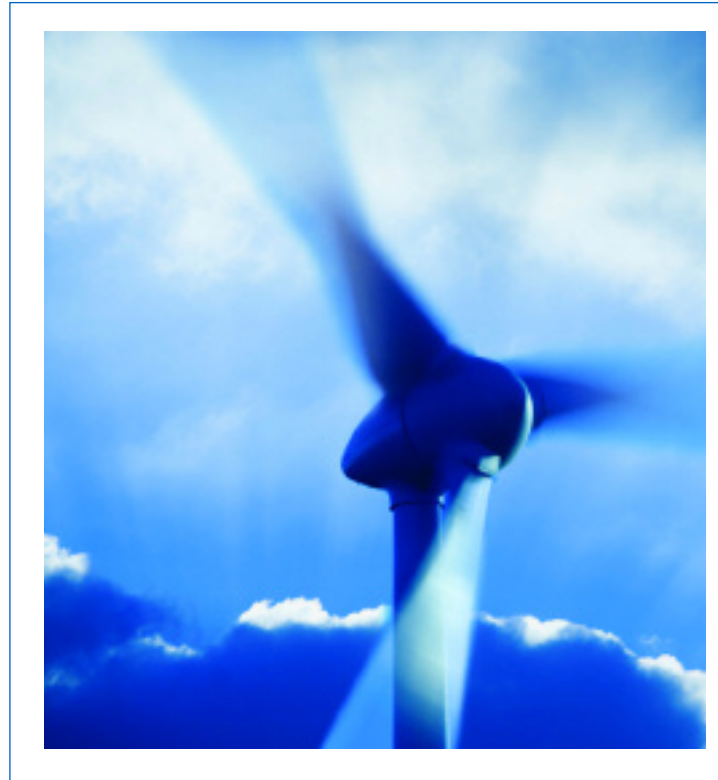


SUSTAINABLE PROCUREMENT — MAKING IT HAPPEN



The Society of Local Authority Chief Executives and Senior Managers (SOLACE), the Improvement and Development Agency for local government (IDeA) and the Waste and Resources Action Programme (WRAP) offer this guide to implementing sustainable procurement in local authorities. The document sets out basic steps for converting policy objectives into results and signposts more detailed advice.

HOW SIGNIFICANT IS THIS ISSUE?

Sustainable procurement is a national and international agenda item. This can be seen in the recommendation from the Johannesburg Earth Summit that “relevant authorities at all levels should promote procurement policies that encourage the development and diffusion of environmentally sound goods and services.”

Moreover, sustainability is being integrated within the mainstream of procurement policy and practice. It is clear that the public sector could achieve much more, even within the existing European rules and the requirement to secure best value for money.

HOW SHOULD BUYERS AND SUPPLIERS RESPOND?

Buyers and suppliers should:

- agree to act, and instruct procurement staff to take the practical steps outlined here
- use this guidance as a framework, drawing on more detailed support that is available elsewhere
- set targets and responsibilities and regularly monitor their implementation

WHAT IS SUSTAINABLE PROCUREMENT?

Sustainability can be incorporated into the whole procurement process: defining the need, evaluating options, design and specifications, supplier selection, tender evaluation, post-contract management and supplier development.

Within the public procurement rules, the key opportunity to consider environmental issues is at the earliest stage of the process, in defining the user requirements.

Criteria, such as ‘100 per cent recycled fibre content’ for tissue paper, should be built into the specification. Then, at the award stage, the best value-for-money option meeting the specification would be awarded the contract. (In this example, tissue paper below 100 per cent recycled would simply be rejected as non-compliant.)

Environmental criteria can be used at the award stage, provided they are relevant to the subject of the contract and provide a value-for-money benefit to the awarding authority. However, it is preferable to introduce these criteria up front, as part of the specification, to avoid any potential conflict later in the procurement process between buying green and securing value for money.

MINIMISING

The key is to motivate suppliers to offer more sustainable products. This means that buyers and users have to move to defining functional performance specifications (including sustainability), rather than the technical specifications of known products. Suppliers need advance warning of a definite shift in requirements.

As a result, policy will not place a major burden on buyers in terms of new product knowledge, and it will give suppliers the flexibility to seek out the most cost-effective solutions. This should reduce costs and improve quality.

IS THERE A BUSINESS CASE FOR SUSTAINABLE PROCUREMENT?

Whole-life costing is a key tool in obtaining best value. For example, energy-efficient products often have an increased capital cost that is more than offset by reduced operating costs, while recycled wood chips provide a longer lasting alternative to bark for planted areas.

However, to secure value, buyers must be willing to look to new suppliers with the motivation to offer price-competitive alternative products.

Quality can be assured by specifying standards. For example, there is now a BSI Publicly Available Specification for compost produced from recycled organic material.

Step 1 – Adopt a sustainable procurement policy

Both the Leader of the Council and the Chief Executive should champion the policy to provide a mandate for action.

The authority's policy should set out objectives and define practical steps.

These include:

- the role of procurement professionals and buyers
- the standards or targets to be adopted, showing what the authority will and will not buy
- the techniques to be used (such as whole-life costing and risk assessment)
- publishing the policy as a commitment to action

Step 2 – Develop a dialogue with suppliers

There may be scope to ask existing suppliers for more sustainable versions of current purchases – such as furniture with a higher recycled content. However, there is much greater potential to secure improvements when embarking on a new procurement exercise, so that sustainability can be included in the basic specification.

The following practical steps are proposed:

- Map future procurements.
- Identify the most important categories of procurement for targeted action, using a risk-based approach and strategy.
- Develop a clear plan for reducing environmental impacts, with targets that will enable monitoring.
- Within each business unit that should respond, make a designated individual responsible for looking at future contracts with regard to a selected category for 'greening' – such as construction projects.
- This person should set up an early dialogue with the supplier base on future requirements, including environmental performance. In parallel, policy on sustainable procurement should be publicised.
- Definition of performance requirements should be used to encourage suppliers to come forward with more sustainable product options.

An important enabling measure is to indicate that variants will be considered. This allows the supplier to offer improvements to the specification as an option – thereby compensating for a lack of buyer knowledge. In addition, constructive debriefing of suppliers, both winners and losers, will be influential in changing supplier perceptions of the new importance of sustainability criteria. If buyers seek to introduce at least one new bidder for each Invitation to Tender, they will facilitate competitive offers.

If the buyer finds it difficult to define a performance specification, or lacks the time for an effective dialogue with suppliers, they should ask WRAP, the Energy Saving Trust and others to suggest a greener technical specification.

Step 3 – Check for sustainability through the procurement cycle

Once buyers get into a procurement exercise, the authority should check that sustainability has been taken into account at each review stage or Gateway.

GATEWAY REVIEW™ PROCESS

Project owners are recommended to adopt the Gateway Review™ Process for reviewing procurement projects. This involves reviews at key decision points in the procurement cycle by a team that is independent of the project team. The outcome of using this approach is projects that are more likely to be completed on time and budget and which meet the client's requirements.

More information is available from the Public Private Partnerships Programme (4ps).

WHERE CAN TEAMS FIND FURTHER ADVICE?

IDeA offers guidance on implementing sustainable procurement at www.idea.gov.uk/procurement

WRAP offers information on recycled content products and materials at www.wrap.org.uk

The Energy Saving Trust provides information on energy saving for local authorities at www.practicalhelp.org.uk

The Carbon Trust also provides support on energy saving, accessible at www.actionenergy.org.uk

The Office of Government Commerce offers advice on public procurement rules, green Public Private Partnerships, sustainability in construction procurement and related topics at www.ogc.gov.uk

4ps advises local authorities on project procurement, at www.4ps.gov.uk

The Framework for Sustainable Development on the Government Estate provides guidance on managing impacts and achieving targets, including authoritative advice on environmental procurement, at www.sustainable-development.gov.uk

The Chartered Institute of Purchasing and Supply (CIPS), the Institute of Environmental Management and Assessment (IEMA) and the NHS Purchasing and Supply Agency (NHS PASA) have published *Environmental purchasing in practice: guidance for organisations*, available from IEMA at www.iema.net

OTHER REFERENCE WEB ADDRESSES

- Supply2.gov.uk: www.supply2.gov.uk
- Society of Local Authority Chief Executives and Senior Managers: www.solace.org.uk
- Local Government Association: www.lga.gov.uk
- Convention of Scottish Local Authorities: www.cosla.gov.uk
- Chartered Institute of Purchasing and Supply: www.cips.org
- Society of Procurement Officers in Local Government: www.sopo.org
- Chartered Institute of Public Finance and Accountancy: www.cipfa.org.uk
- Information portal for local authorities: www.info4local.gov.uk
- Local Government Information Unit: www.lgiu.gov.uk
- Department for Environment, Food and Rural Affairs: www.defra.gov.uk
- Audit Commission: www.audit-commission.gov.uk
- Sustainable Supply Chain Forum: www.sscf.info

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BIP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement. Our team offers a range of services to meet your specific needs. Whichever area you wish evaluated and improved, we have the experts to help.

The PASS consultancy's mission is to help you deliver the best in government procurement through:

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- Innovative approaches to knowledge transfer within government
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- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
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- EU-compliant processes
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Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering and much more.

PASS ONLINE GUIDANCE

The PASS service provides online guidances on all aspects of the public procurement process and legal requirements: www.bipsolutions.com/html/briefing.php

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Contractual and procurement-related disputes are time-consuming, expensive and unpleasant. They can destroy client/contractor relationships, can add substantially to the cost of the contract, and can nullify some or all of its benefits or advantages. They can also have an impact on value for money. It is therefore in everyone's interest to work at avoiding disputes in the first place. Inevitably, however, disputes do occur and when they do the importance of a fast, efficient and cost-effective Alternative Dispute Resolution (ADR) procedure cannot be overstated. If a dispute arises, it is important to manage it actively and positively and at the right level in order to encourage early and effective settlement. Unnecessary delays and inefficiency can lead to rapid deterioration in relations and entrenchment of opinions. ADR through PADRE mediation involves the use of a trusted expert third party and is an effective alternative to litigation. PADRE mediation is provided by experts in contracting and public procurement. If you would like more details on how PADRE can help your organisation and become your mediation service of choice, telephone the PASS team on **0845 270 7055** or email pass@bipsolutions.com.

PASS HEALTH CHECK

The PASS service can help your organisation examine its current procurement organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient tendering process that will help you achieve optimum performance and better value-for-money procurement.

PASS IN-HOUSE PRESENTATIONS

PASS consultancy can provide you with in-house presentations directed to buyer or supplier. Each presentation will be bespoke to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: pass@bipsolutions.com



The *PASS Mark Health Check* is a process-based evaluation technique that helps identify how your company can develop more effective processes when tendering for public sector contracts.

For further information on the **PASS** service, contact our **PASS Team** on **0845 270 7055**, email pass@bipsolutions.com or visit www.bipsolutions.com/pass/