



Department for Transport – Sustainable Procurement Strategy

Definition

Sustainable procurement is about making procurement decisions that have the least possible impact on the quality of life of future generations.

This means looking at economic, environmental and social aspects alongside each other to achieve the best outcome. For example we may be able to re-use or recycle more or perhaps encourage more innovative thinking from our suppliers to help us develop sustainable solutions.

Context

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

They 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

UK Government's policy is set out in the National Sustainable Procurement Action Plan. This contains a toolkit called the Flexible Framework which is designed to benchmark organisations' sustainable procurement capability. In summary, Departments are expected to attain Level 1 by April 2007 and Level 3 (with leadership in one area of Level 5) by December 2009.

DfT's objectives

The Department for Transport (DfT) aims to be among the lead Central Government Departments in embedding and implementing sustainable procurement practices by December 2009. They are using the Flexible Framework to measure their capability and aim to meet or beat their targets.

The Department has already made good progress on sustainable procurement in a number of areas and the second independent assessment of their progress against the Flexible Framework in December 2008 confirmed that they are on course to meet the Government's target of Level 3, with leadership in one area of Level 5, by December 2009.

Purpose and status of this document

The purpose of this strategy is to document DfT's approach to addressing the sustainable procurement agenda and meeting the Flexible

Framework targets. It identifies the areas of direct spend which represent the greatest sustainable development impact and/or risk to the Department and shows how we are attempting to mitigate these by allocating owners who are responsible for developing appropriate plans and measures.

This strategy has been agreed by each Agency Head of Procurement and replaces any previously published sustainable procurement objectives. It is currently on the DfT website and was last reviewed and updated by the Sustainable Procurement Policy Manager in June 2009.

This document fully meets the requirements of the Flexible Framework and will be instrumental in DfT attaining Level 3 of the Policy, Strategy and Communications workstream.

Identifying priorities and managing risk

As the Department buys in a wide range of goods and services, they recognised the need to identify their priority areas to allow them to focus their resources in the most effective way.

DfT decided to use a risk based approach to identify its priorities and during 2007 we carried out some detailed analysis of our procurement activity. Initially this involved looking at direct spend across the Department in a specific financial year (2005-06) which identified 29 individual categories of spend, many of which were of a common nature (for example, furniture, consultancy, IT), but others were specific to a particular part of the Department.

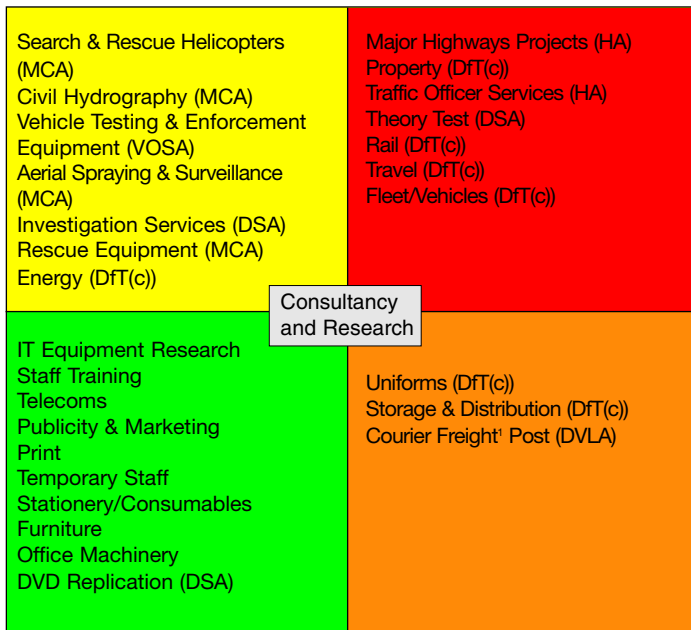
A team of specialist consultants then held workshops with DfT staff and suppliers for each of these categories of spend to consider the sustainable development risks and impacts of our procurement activity in each of the following areas:

- pollution and emissions (excluding greenhouse gases)
- climate change and energy
- protecting natural resources
- labour practices and human rights
- health and safety
- community impacts

Each category of spend was then 'scored' against the perceived risk or impact to DfT in each of these areas and, taking into account current practices, the likelihood of this risk or impact occurring in the Department. This procedure is in line with Defra guidelines and the process used by the Sustainable Procurement Task Force. The workshops also considered reputational risk, economic (and other) opportunities and the potential for DfT to do more in each area of spend.

The matrix below on page 2 shows how the DfT has used the outputs of the workshops to prioritise our spend and ultimately help us manage our sustainable development risks/impacts in a proportionate and realistic way. It maps the scores agreed in the workshops against the

amount the Department spends on each product or service and how strategically important each is to the Department.



↑ Value/strategic performance Impact/risk →

Reviewing risk and impact levels

The risk levels in the matrix are reconsidered as part of the annual review of this document. As measures to mitigate risks become embedded in the Department's day to day procurement activity, we would expect to see more categories of spend move towards the yellow and green areas of the table. The most recent review reconsidered the rating for five areas of spend where either changes to our previous contractual arrangements and/or significant progress had been made during 2008-09. These were energy, uniforms, storage, courier/post and furniture.

Ownership of risk

Each category in the yellow, amber and red boxes of the matrix has been allocated an owner (shown in brackets). The owner is either the sole (or biggest) purchaser of the product or service within DfT or already carries out an established co-ordination role. They are responsible for setting (or meeting existing) sustainable procurement objectives by drawing up an action plan to achieve this or by ensuring appropriate measures are embedded in existing procurement strategies or plans.

In addition to the owners, commonly purchased items may also have a number of other stakeholders in the Department and these have been identified and documented to ensure they are consulted as appropriate.

The responsible officer in each Agency is the Head of Procurement. DfT(c) has a Sustainable Procurement Policy Manager who is responsible for co-ordinating the categories owned by DfT(c).

Addressing risk and impact in our priority areas

A guidance note for each of DfT's 29 categories of spend was developed following prioritisation workshops. Each guidance note is specific to the product or service concerned and is published in the DfT Procurement Manual. DfT staff and other key stakeholders (such as OGC) have been consulted on the content of the guidance notes and they are regularly reviewed and updated.

The guidance notes have two main applications. In addition to providing advice and support to staff involved in purchasing and specifying goods or services, they also identify more challenging, longer term aims.

The latter may involve development of existing suppliers and markets or working with internal customers to gradually move towards a more sustainable outcome. Such aims will inform the action plans and other measures developed by the owners of DfT's priority areas.

An overview of these action plans and measures will be included in the owning Business Unit's Sustainable Development Action Plan (SDAP).

Supplier engagement

The prioritisation process also helps DfT identify which suppliers have the greatest sustainability impact on its procurement activity. The action plans and measures developed for DfT's priority areas will document any engagement or development activity planned with specific suppliers in order to achieve DfT's longer term aims for that category. If relevant and appropriate, this may involve working with supply chains or encouraging prime contractors to do so.

Additionally, DfT is taking part in the Carbon Disclosure Project and they have sent questionnaires to 65 suppliers involved in the following high impact categories:

- Highways Projects
- Traffic Officer Service
- Property
- DSA Theory Test
- Uniforms and Storage
- Post/Courier
- Consultancy/Research

Note that OGC has already approached suppliers relating to the provision of travel, fleet and energy. Rail train operator companies are already required to report carbon emission via ATOC; see www.rail-reg.gov.uk/server/show/nav.2026

Measurement and reporting

As a minimum, all action plans and measures should be embedded in the owner's Sustainable Development Action Plan.

Where a good or service has a number of stakeholders, the owner will draw up an action plan covering a corporate strategy for meeting objectives and any jointly agreed targets.

The level of internal scrutiny will vary depending upon the level of impact/risk identified and therefore where the category has been mapped on the prioritisation matrix.

This will take the following form:

<p>LOW RISK/IMPACT BUT HIGH VALUE/STRATEGIC IMPORTANCE Report progress as part of annual SDAP review. Keep DfT(c) Sustainable Procurement Policy Manager informed of any significant issues and changes to risk/impact level.</p>	<p>HIGH RISK/IMPACT AND HIGH VALUE/STRATEGIC IMPORTANCE DfT(c) Sustainable Procurement Policy Manager to arrange regular meetings with owner to help resolve any difficulties in achieving targets. DfT(c) to provide additional help and support as needed. Report via SDAP.</p>
<p>LOW RISK/IMPACT AND LOW VALUE/STRATEGIC IMPORTANCE Detailed guidance notes provided for staff but no formal action plans or review of measures proposed.</p>	<p>HIGH RISK/IMPACT BUT LOW VALUE/STRATEGIC IMPORTANCE Categories of spend within this box are all "corporate" and lend themselves to a category management approach, in liaison with OGC/OGDs and DfT stakeholders. Owner to report via SDAP or feedback progress via existing cross Government forums as appropriate.</p>

Additionally, an external review of progress against the Flexible Framework will be commissioned each year. DfT has now undergone two such reviews. Progress against Estates targets is reported in the annual SOGE Return.

DfT(c) resource and role

The Supplier Engagement and Sustainability Division (SEAS) resides within the Procurement Directorate. The Division is responsible for developing and implementing this strategy and putting in place corporate measures to meet the targets set out in the Flexible Framework (for example, training and guidance). In taking this strategy forward, SEAS will support Agency Heads of Procurement (and other DfT(c) owners) by providing assistance needed in developing action plans and overcoming barriers.

In addition to Rail Franchising, DfT(c) owns a number of corporate categories as illustrated in the matrix. However, it is expected that longer term ownership for all generic areas of spend will become clearer as DfT moves towards a category management approach under its Procurement Transformation Project.

SEAS is responsible for keeping DfT's sustainable procurement guidance up to date and oversees the categories in the 'green' box of the matrix to ensure

sustainability is adequately embedded in any new initiatives or corporate contracts.

In keeping with the aim of embedding sustainable development within DfT's day to day procurement activity, the degree of support required (and provided) by SEAS will be reviewed in April 2010.

Improving DfT's capability

SEAS will continually strive to improve DfT's sustainable procurement capability. In 2008 we set up a network of sustainable procurement representatives drawn from the central Department, each Agency and NDPB. The 'reps' receive a regular newsletter and attend a twice-yearly forum. They are also responsible for disseminating information and promoting best practice within their business units.

Sustainable Procurement awareness training was provided to all key and designated procurement staff in DfT (and its NDPBs) during 2007 and the guidance notes were published in February 2008. In December 2008, SEAS circulated a questionnaire to procurement staff to identify future training needs. Whole life costing emerged as a key theme and they are in the process of arranging appropriate training and support.



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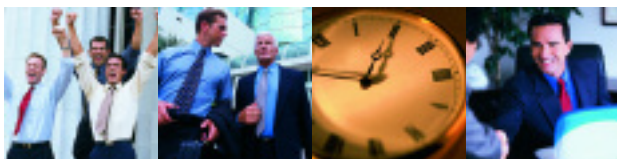
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- Improved performance indicators
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- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
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