Tools for Sustainable Procurement: the UK approach

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Department for Environment, Food and Rural Affairs,
27th March 2012
Outline

- High level leadership: Coalition policy on Greening Government
- Tools used for Sustainable Procurement
  - Communications: explaining benefits of SP and a suggested good practice outline
  - National Capability Programme
  - Government Buying Standards (GBS)
- Case Studies
For Central Government Departments and their agencies:

- Reducing carbon emissions by 25% by 2015
- Reducing waste arising by 25% by 2015
- Reduce water from a 2009-10 baseline to best practice standard
- Embed sustainable procurement: through increased use of Government Buying Standards and reporting on supply chains.

These commitments require regular reports and there is a commitment to an annual pan-govt report.
Key tools in sustainable public procurement

- Communications: Raising understanding of sustainable procurement
- Build capacity in sustainable procurement
- Product specifications
- Forward Commitment Procurement
Communications: why sustainable procurement?

• Important to communicate in **cost efficiency terms** – reducing longer term costs by adopting lifecycle cost approach - energy, water and waste reduction.

• Also about taking into account costs that relate to the **supply chain**

• We link it to the **waste hierarchy**: reduce, re-use, recycle, compost, energy recovery – good design essential.

• We explain connection with **innovation and green growth** - harness the power of Government Procurement to shape market

• Also address concerns about impact on **SMEs**.
Why embed sustainable procurement?

Sustainable procurement = good procurement.

There are a number of reasons why embedding sustainability into the procurement process will bring a range of benefits to the organisation.
Sustainable Procurement – Impact on Carbon reduction

Central Government carbon footprint by emissions type and broad product category, 1990-2008 (all greenhouse gases) (Source: CenSA)

77% of carbon emissions are in the supply chain
Sustainable procurement – whole life costs

Greener goods are defined on a life-cycle basis, SPP will affect the whole supply chain and support green standards in private procurement.
Training: National Sustainable Public Procurement Programme
UK National Sustainable Public Procurement Programme

Background:

• Development of a National Programme in 2009
• 3 Module Sustainable Procurement Module - Piloted in Local Authorities in 2009-10
• Shows the why and the “How to”
• New “Carbon Literacy for Procurers” module

Contact: L.Rogers@leeds.ac.uk
Our advice to public authorities

1. Review your procurement policy
2. Adopt a strategic approach to procurement (high level commitment, prioritisation)
3. Adopt a category management approach & aggregate volumes
4. Procurement/Commissioners/Suppliers – reduce demand
5. Where you have to buy - **buy sustainable goods and services, consider end of use**
6. Standardisation of requirements – use **Government Buying Standards**
7. Work with suppliers to reduce costs and carbon
8. Make sure that procurers are trained and qualified
### Flexible Framework

<table>
<thead>
<tr>
<th>Criteria Question</th>
<th>Definition Guidance</th>
<th>Suggested Evidence to Support a “Yes” Response</th>
<th>Question Criteria Met?</th>
<th>RAG Status</th>
<th>Proposed actions required to meet criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 (Foundation)</td>
<td></td>
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</tr>
<tr>
<td><strong>PE1 (a)</strong> is there a “Sustainable Procurement Champion” identified within your organisation?</td>
<td>Champion means somebody with the role and authority to lead sustainable procurement. Can be a part-time role and does not have to be a line responsibility.</td>
<td>The champion role as defined in a job description or role publicised on the intranet.</td>
<td>No</td>
<td>Red</td>
<td>Set out role and responsibilities within job description or job role then create news item to introduce sustainability champion via relevant media.</td>
</tr>
<tr>
<td><strong>PE1 (b)</strong> Have key procurement staff received basic training in sustainable procurement principles?</td>
<td>Key procurement staff could be heads, senior managers and/or members of a dedicated central procurement team key to delivering sustainability. Training should cover an awareness of sustainability.</td>
<td>A course agenda/content for a basic awareness course on sustainability with details of the trainer’s sustainability qualifications.</td>
<td>No</td>
<td>Red</td>
<td>Make reference to champion within organisation chart. Include objective/goal within champion’s list of personal objectives. Arrange for key staff to attend basic training in sustainable procurement – maintain records of key staff attendance on course and trainer details. Ensure feedback is received from delegates on course delivery and that actions arising from feedback are recorded and progressed.</td>
</tr>
<tr>
<td><strong>PE1 (c)</strong> Is sustainable procurement included as part of a key employee induction programme?</td>
<td>Induction checklist for key employees should be documented. Induction should include reference to the sustainable procurement champion and the organisation’s sustainability policy.</td>
<td>Key employee induction guidelines or checklist with clear reference to sustainability (could be part of general employee induction).</td>
<td>No</td>
<td>Red</td>
<td>Create key employee induction guidelines that make reference to sustainability as a topic for induction. Create a process flow showing how induction is undertaken.</td>
</tr>
</tbody>
</table>
Government Buying Standards

This is the old Defra Website. Current information about Defra’s role and responsibilities is at www2.defra.gov.uk, although the new site may temporarily link to older information here that continues to be relevant and accurate.

Public sector
- Government Buying Standards
  - About Government Buying Standards
  - Background
  - Using the Buying Standards
  - Find a product
  - What's new or forthcoming
  - Register for email alerts or contact us

Government Buying Standards: how to procure sustainably

Government Buying Standards (formerly known as Buy Sustainable Quick Wins) are designed to make it easier for government buyers to buy sustainably. They include:
- official specifications that all government buyers must follow when procuring a range of products
- information about sustainable procurement and how to apply it when buying

You may also be interested in...
- Selling sustainably – guidance for suppliers
- Check the SOGE targets
Government Buying Standards

• A Tool
• Part of the “How to”
• Market assessment
• Cost/Benefit analysis
• Many make real savings over whole life
3 elements to GBS

• Minimum mandatory standard
• Best practice
• Market leader

To date, the focus has been on the minimum mandatory.
## Prioritisation Methodology

<table>
<thead>
<tr>
<th>1</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Environmental risks</td>
</tr>
<tr>
<td>3</td>
<td>Socio-economic risks</td>
</tr>
</tbody>
</table>
| 4 | Risk (other)  
  - Level of existing activity,  
  - Scope to do more,  
  - Reputational risk |
| 5 | Scope to do more |
| 6 | Influence over the market |

### Outputs: graphs

The spend data by category is then correlated with an assessment of environmental and social risks and opportunities. In addition existing organisational activity to address the sustainability risks, the scope to do more and the potential impact on the organisation’s reputation are taken into account to assess the overall risk.

What are the GBS priority sectors?

1. Construction
2. Food and catering services
3. Transport and transport services
4. Electrical goods
5. Office machinery and computers
6. Clothing, uniforms and other textiles
7. Paper and printing services
8. Furniture
9. Cleaning products and services
10. Horticulture and park services
Supporting Procurement Stages
• Greater emphasis on pre-procurement dialogue

• Forward Commitment Procurement: stresses the importance of outcome based specifications, lead-in time to allow development of products.
Tender: Types of specification

- Technical specification
- Prescriptive approach – e.g. Maximum hazardous material content or energy use per product

- Performance/Functional specification
- Flexible approach – e.g. Maximum hazardous material or energy use over all products used to deliver a service
Technical Specifications

• **Advantages**
  - Stops “worst” products from accessing Government market
  - Easier quantification of responses for procurers (“Yes”/”No” pass)
  - Can assess how products on market perform against set criteria
  - Cost impacts investigated during specification development
  - Facilitates market change through “power of the public purse”

• **Disadvantages**
  - May not allow consideration of innovative solutions at selection stage
  - Verification may be difficult if non-established criteria used
  - Procurers need some specialist environmental knowledge
Performance Based Specifications

• **Advantages**
  • Allows for innovative solutions to be considered at selection stage
  • Can help to identify solution with lowest overall environmental impact

• **Disadvantages**
  • Lack of standard methodologies for comparing environmental impacts across multiple life cycle stages
  • Verification may be difficult
  • Open to legal challenge if environmental considerations not clear
  • Procurers need significant specialist environmental knowledge
  • Could fragment power of the public purse
Current Approach

- Current specifications are largely based on traditional “Technical Specifications”
- Include “Performance Specifications” for energy consumption
- Participating in major environmental schemes (e.g. EPEAT) to ensure the development of stretching and verifiable criteria for new specifications
- Ensuring that ErP includes requirements/agreements for manufacturers to publish more environmental data
- Aim to be compatible with EU GPP and Ecolabel criteria
- Investigating the potential for additional tools to support decision making in the award and contract performance stages of procurement processes
Requirements for GBS

• Reduce environmental impacts: energy, water, waste, pollution, health and safety.
  • Technical or Performance based specifications must result in reduced environmental impacts

• Verifiable
  • Criteria from established schemes (e.g. Ecma-370/EPEAT)
  • Standard methodologies needed behind criteria wherever possible
  • Focus on major environmental impact categories

• Be legally compliant with Procurement Regulations
• Encourage value for money across the life cycle of the product
Current Specifications: Development Process

- Database of environmental product data for each product type
- Environmental data sourced from range of databases
- Environmental Technical Specifications and Award Criteria developed in line with market performance
- Comparison against “other” sets of specifications
- Impact assessments – are the specified products cost effective?
## GBS Approaches and Environmental Performance in Marketplace

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Government Procurement</th>
</tr>
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<tbody>
<tr>
<td>Minimum Standards</td>
<td>Minimum Mandatory</td>
</tr>
<tr>
<td></td>
<td>Best Practice</td>
</tr>
<tr>
<td></td>
<td>Class Leader</td>
</tr>
<tr>
<td></td>
<td>Future Commitment (Innovation)</td>
</tr>
<tr>
<td></td>
<td>Performance/Outcome Specifications</td>
</tr>
</tbody>
</table>

### Graph:

- **Market Share (%):**
  - Minimum Standards: Red
  - Minimum Mandatory: Orange
  - Best Practice: Green
  - Class Leader: Green
  - Future Commitment (Innovation): Green
  - Performance/Outcome Specifications: Yellow

- **Improved Environmental Performance:**
  - Minimum Standards: Red
  - Minimum Mandatory: Orange
  - Best Practice: Green
  - Class Leader: Green
  - Future Commitment (Innovation): Green
  - Performance/Outcome Specifications: Yellow
GBS Aims: Shift not Split

- GBS Shifting Market
  - Market Share (%)
  - Improved Environmental Performance
  - Focus of GBS Spend
    - Year 1
    - Year 2

- GBS Splitting Market
  - Market Share (%)
  - Focus of GBS Spend
    - Year 1
    - Year 2
# Case Study: GBS for computing

<table>
<thead>
<tr>
<th>Product</th>
<th>Energy saving</th>
<th>Financial energy saving</th>
<th>Avoided GHGs</th>
<th>Value of Carbon Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>kWh</td>
<td>£m</td>
<td>tCO2</td>
<td>£m</td>
</tr>
<tr>
<td>Desktops</td>
<td>66,722,336</td>
<td>6.794</td>
<td>26,282</td>
<td>0.369</td>
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<td>Notebooks</td>
<td>8,363,783</td>
<td>0.852</td>
<td>3,294</td>
<td>0.046</td>
</tr>
<tr>
<td>Monitors</td>
<td>16,222,006</td>
<td>1.652</td>
<td>6,390</td>
<td>0.090</td>
</tr>
</tbody>
</table>

Proposed Government Buying Standard criteria for ICT (30% greater saving than Energy Star) compared with continuation of baseline situation (Energy Star)
CASE STUDY – ICT - University of Gloucestershire

• Since September 2007, replaced 25% of PCs p.a. with machines which have 30% more efficient mother boards.

• Use 30% less electricity for the same price as a standard PC. Based on 2007/08 electricity costs, 25% replacement equates to £11 per machine per year or £6050.
GBS Case Study – Furniture

• Aligned with EU GPP, including components and spare parts available for at least 5 years after sale
• Furniture to be eco-designed
• Government departments and their agencies are encouraged to re-use 5% of the office furniture and 10% of the domestic/residential items.
• Re-manufacturing
GBS Case Study – Furniture

Furniture - WLC Benefits >£60m

- Spare Parts Available for 5 years - £5m
- Eco-design and re-use targets - £35m
- Remanufacturing - £20m
Forward Commitment Procurement – case studies

• Prison Mattresses: Specifying “zero waste” led to new design and avoidance of disposal of 75,000 mattresses p.a.
  http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/c/cs02_hmps.pdf

• Integrated Medical Interiors:
  Off-site fabricated modular medical interiors: improved efficiency of lighting and energy use.
  http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/c/cs02_hmps.pdf

Construction of the Olympic Park in London for the 2012 Olympic Games required very large quantities of concrete.

Production of Concrete leads to very high levels of GHG emissions.

Trials of different mixes, an effective concrete specification was identified, using a variety of recycled materials as substitutes.

Reduced the embedded carbon by 40% from conventional concrete specifications.

This equates to a reduction of 80,000 tonnes CO$_2$e across the Olympic park and village.
Hurdles and Barriers

• Higher up-front costs – or perception of this.
  ➢ Procurers may get a strong steer to minimise those costs
  ➢ Little come back to procurers if don’t minimise costs in use

• Procurement of energy and procurement of products by different teams.

• Financial systems do not support long term approach.

• Supply chain – limited agreement on methodologies, issues about legality under EPP.
Opportunities

• To reduce costs over the lifecycle of products
• To help support green economy and stimulate innovation and market leading industries in EU.
• To contribute to wider social and environmental goals.
Further information

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GBS
http://sd.defra.gov.uk/advice/public/buying/

NSPPP
http://sd.defra.gov.uk/advice/public/nsppp/