

# SUSTAINABILITY PROCUREMENT STRATEGY 2014/2016 – ST011

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## Sustainable Procurement Strategy

### Background

South of England Procurement Services is committed to achieving value for money and delivering economic, environmental and social benefits through its procurement activities. SoEPS's ambition is to ensure that sustainable procurement is being consistently undertaken in practice across the organisation.

Through encouraging staff, suppliers and contractors to follow more sustainable procurement practices, this can be achieved. As part of an improved procurement process which questions the need to spend, cuts out waste, seeks innovative solutions and is delivered by well trained professionals, sustainable procurement will reduce rather than add to public spending in both the short and long term.

Making the right procurement decision can have far reaching environmental, economic and social impacts. The volume of public sector procurement in the UK and wider EU is sufficiently large for it to be seen as an area that can help tackle a wide range of policy issues, such as climate change, developing the local and SME's supply chain and providing the right goods and services are procured and at the same time reducing costs.

### What is Sustainable Procurement?

Sustainable Procurement can be defined as, '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'.

Sustainable procurement is not limited to environmental considerations alone (e.g. Carbon, Waste and Water). It also covers social and economic impacts from procurement actions, such as encouraging increased participation from SMEs in procurements. There is a general consensus that small firms may be able to offer better value for money and innovation and therefore public procurement should look to remove barriers that they may face in competing for public sector contracts.

There is a general misconception that sustainability and value for money are in conflict. On the contrary, sustainability is about achieving value for money whilst realising environmental, social and economic objectives and the two are rarely in conflict when the whole life cycle is taken into account.

## Our Sustainable Procurement Objectives

Working with our stakeholders and suppliers, where relevant we will:

- Reduce carbon within contracts, reducing energy usage, fuel usage and waste
- Reduce other emissions that may be used in manufacturing/production
- Improve supply chain management including working with small medium enterprises, voluntary sector and local suppliers
- Ensure that recruitment, education and training are included in contracts

### Key Principles

The three principles of sustainable development within procurement are as follows:

#### **Environmental**

Seeking to minimise any negative environmental impacts of goods and services purchased, across their life cycle from raw material extraction to end of life and supporting the principles of SoEPS.

#### **Social**

Managing and monitoring supply chains to ensure that fair contract prices and terms are applied and that ethical, human rights and employment standards are met at all times.

#### **Economic**

The economic principle relates not only to obtaining value for money from our contracts, across the whole life of the product or service, but also ensuring as far as is possible under relevant procurement law, that local businesses, particularly Small and Medium sized Enterprises (SME's) can benefit from our procurement processes in being able to supply SoEPS where it is feasible for them to do so.

Through tackling all three principles of sustainable procurement in the procurement process, we aim to embed these so that they eventually become an integral part of all relevant contracts, at pre-tender, tender and post-contract award stages (including monitoring and evaluation), through to the end of the life of the contract and including any disposal of equipment.

## What is the Flexible Framework?

The Flexible Framework is a maturity matrix which allows organisations to measure and assess their progress and performance on sustainable procurement. The framework covers 5 themes:

- People, Education and Awareness
- Policy, Strategy and Communications
- Procurement Process
- Engaging Suppliers
- Measurements and Results

and across 5 maturity levels:

- Foundation
- Embed
- Practice
- Enhance
- Lead

SoEPS considers the Flexible Framework to be a key tool in measuring how well embedded and how enhanced sustainable procurement practices and principles are within our procurement process.

SoEPS will work towards achieving Level 3 of the Framework by 1<sup>st</sup> April 2015  
A copy of SoEPS's Flexible Framework can be found at Appendix 1 of this document.

**Although, we will use the Flexible Framework to monitor our progress, we will also include relevant aspects of 'Raising our Game', NHS PC4R and EHP programme and build these into our flexible framework approach.**

## Our approach

As SoEPS buys a wide range of goods/services, it has recognised the need to identify our priority areas to enable us to focus our resources on the key areas of sustainable procurement.

SoEPS decided to use a risk based approach to sustainable procurement and has undertaken the National Sustainable Public Procurement Programme Prioritisation Methodology to identify the high level risks and opportunities. It has been identified that the three areas

SoEPS need to concentrate on initially are Carbon Reduction, Small, Medium Enterprise engagement and local supply chain and Ethical Sustainable Procurement, these three areas are of keen interest to SoEPS stakeholders. This strategy and delivery plan identify the need to undertake further prioritisation through using both the Carbon Prioritisation SCO2PE tool and the Ethical Procurement Tool to identify key commodity areas and key suppliers.

SoEPS approach will align with the flexible framework and include the following key aspects:

- Collaboration
- Communication
- Contract Management
- KPI's
- Prioritisation Methodology and Impact assessments
- Processes and procedures
- Reporting
- Review and lessons learned
- Supply Chain
- Training
- Whole Life Cost/Analysis

### **Collaboration**

Acting consistently with other organisations will ensure that SoEPS does not reinvent the wheel, but continues to reduce the burden on the supply chain.

SoEPS will work with key partners to share knowledge and adopt, wherever possible, common processes and approaches to sustainable procurement. We will consider proven approaches to supplier engagement that have been adopted by other organisations. Where appropriate, we will support the sustainable work of other organisations and work with them to implement consistent sustainable solutions.

### **Communication**

Communication is an important element of sustainable procurement, not only ensuring that staff are kept up to date with changing legislation, regulation and company policy, but also ensuring that suppliers are kept abreast of organisational changes.

We will engage with all our stakeholders promoting best practice, sharing our expertise and ensuring our decisions are based on the best available knowledge at all times.

Attending annual meetings with our clients to share best practice, review progress, identify models and plans for the coming year.

Using the DoH forum and relevant portals/networks to keep abreast of best practice, innovation and changes to legislation and sharing/updating this information to our staff, clients and suppliers.

### **Contract Management**

When investigating sustainable options we will ensure that sustainable outcomes are integrated into the Contract Management and reported using appropriate/relevant sustainable KPI's.

### **KPI's**

All tenders will include appropriate and measurable KPI's; these will be integrated into the contract management and will be monitored and collated to identify the benefits derived from the application of relevant proportionate sustainable requirements.

### **Prioritisation Methodology**

It is important to identify relevant sustainable issues for all categories of spend both at a high level and for individual tenders. This will be undertaken through Impact Assessments and a sustainability impact assessment model including templates for key categories of spend that will be developed and published for use across the organisation. This will enable full appreciation of those issues that can be influenced and included in specifications. Once identified these impacts can be assessed and relevant evaluation criteria applied to each contract.

Using the National Sustainable Public Procurement Programme Prioritisation Methodology, SoEPS have undertaken a high level overview to identify those categories and contracts that have high sustainable issues. Using this process will ensure that we will be able to provide better sustainable solutions for our clients.

To further this prioritisation and in line with our clients sustainable expectations SoEPS will undertake a Carbon Prioritisation exercise using SCO2PE and an Ethical Procurement Prioritisation exercise to identify key impacts and suppliers.

## Processes and Procedures

Improved processes will make SoEPS more intelligent and in doing so become well placed to capture opportunities to address sustainability impacts within our procurements and supply chains.

We will continually analyse our clients' expenditure and from this spend data we will

identify and prioritise key sustainability impacts within procurements and key categories of spend. We will review and update the procurement cycle guidance ensuring that sustainability is considered during all stages of the procurement process. Awareness of the Government Buying Standards, EU Green Public Procurement, NHSSC advice and of category specific sustainability impacts will be delivered to equip staff with appropriate knowledge to ensure that the relevant standards and impact mitigation strategies are incorporated within procurements and contracts.

SoEPS will make all staff aware of and implement the Public Services (Social Value) Act, which became law January 2013. This act requires public bodies to **consider** how the services they commission and procure might improve the economic, social and environmental wellbeing of the area.

As part of our processes we use Government Procurement Service, who use the "Greentick" (✓) facility on their online catalogue to enable clients to identify products meeting the Government's sustainability standards and purchase sustainable "Quick wins" such as those available for IT and Catering equipment. Products meeting the minimum standard are marked with a "Greentick" and those meeting the higher best practice are marked with a "Greentick plus". Although these standards are not mandatory to the NHS they are increasingly being used and are a requirement of BREEAM for Healthcare.

## Review, Reporting and Lessons Learned

Senior Management will meet quarterly to monitor and review the progress made against the Sustainable Procurement Service Delivery Plan, recommending changes, as appropriate. It is important to review each contract and note any lessons learned, these will inform future tenders. Case studies will be produced to show the benefits of Sustainable Procurement, these will be cascaded through the organisation and issued to our suppliers

where appropriate.

### **Supply Chain**

It is only through the support of our supply chains that SoEPS will meet its sustainable procurement objectives in full. Ensuring that our suppliers are accountable for their actions will also deliver true sustainability.

We will identify key suppliers and encourage these to embed similar sustainable procurement principles and practices into their procurement functions. We will improve their awareness of government guidance, harness their best practice and look to our suppliers to contribute to the achievement of our targets. We will do this by engaging with our key suppliers and reviewing their approach to sustainability in line with best practice and the SoEPS priorities, benchmarking their progress and seeking opportunities for continuous performance improvements in support of our objectives. We will also look to encourage our suppliers to cascade our values and the achievement of performance improvements through their own supply chains.

### **Training**

#### **Staff**

Ensuring staff are aware of the organisations principles and sustainable processes and procedures is a key requirement, this will be achieved through a full training programme.

#### **Clients**

Working in partnership with our clients to implement best practice throughout the procurement process and establishing sustainable specifications through proactive advice. Recording sustainable benefits and publishing case studies to support our progress.

#### **Suppliers**

It is fundamental to SoEPS commitment to sustainability that it ensures that all suppliers and potential suppliers are educated in sustainable matters.

#### **Website**

Our website will be developed as an awareness tool for our clients and suppliers on sustainable procurement, providing our policy, strategy and delivery plan, along with up to date information on sustainable matters.

### **Whole Life Cost/Analysis**

Whole Life Cost/Analysis is the best way to ensure that value for money is reached and demonstrated. Templates will be produced to ensure that WLC is considered for each procurement. This will then be included in the documentation and used to identify relevant evaluation and award criteria and be included in its tender and pricing documents.

### **Conclusion**

SoEPS has identified Sustainable Procurement as a key work stream and the need to embed it throughout the organisation and its processes. The policy and strategy are fully supported by the Senior Management Team.

### **Next steps**

SoEPS will implement this Sustainable Procurement Strategy through the development of a Sustainable Procurement Delivery Plan (Appendix 2). Therefore, the SoEPS Sustainable Procurement Strategy must be read alongside the Sustainable Procurement Delivery Plan.

SoEPS will issue the Sustainable Policy, Strategy and Delivery Plan to its key clients for comment.

The Sustainable Procurement Policy, Strategy and Delivery Plan will be adopted by SoEPS during 2015/2016.

Progress will be monitored and reviewed against the Government Flexible Framework (Appendix 1) annually. Regular reports will be produced to the SoEPS Management Team.