

# Sustainable Public Procurement: scope, opportunities and challenges

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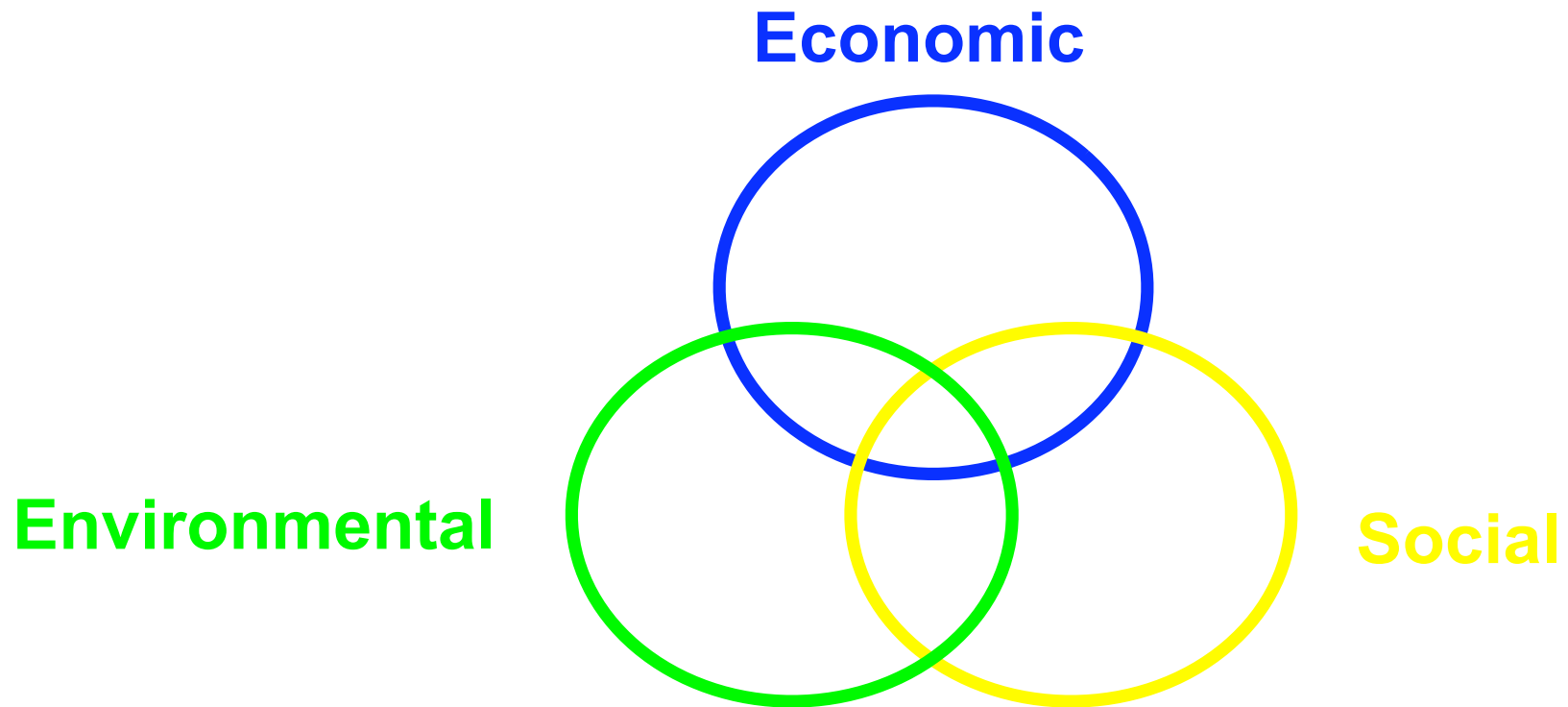
and

Sustainable Procurement Ltd

# Scope of Sustainable Public Procurement

- Relates to national, regional and local priorities
- SPP definition covers range of issues relating to sustainable development: economic, environmental and social
- Organisations need to prioritise actions
- UK and MTF Task Forces have developed risk-based approaches to focus effort

# What is Sustainable Procurement?



# Risk based approach

- Expenditure
- Environmental impact
- Socio-economic impact
- Existing activity
- Scope to do more
- Influence on the market
- Reputational risk

# Risk - Environmental impact

## Themes

- Emissions to air and water, waste to landfill
- Resource use
- Environmental quality

## Sub-Themes

- CO2 and methane emissions
- Other air emissions
- Emissions to water
- Waste to landfill
- Hazardous substances
- Materials
- Energy
- Other natural resources
- Water
- Biodiversity
- Local environment

# Risk – Socio-economic impact

## Themes

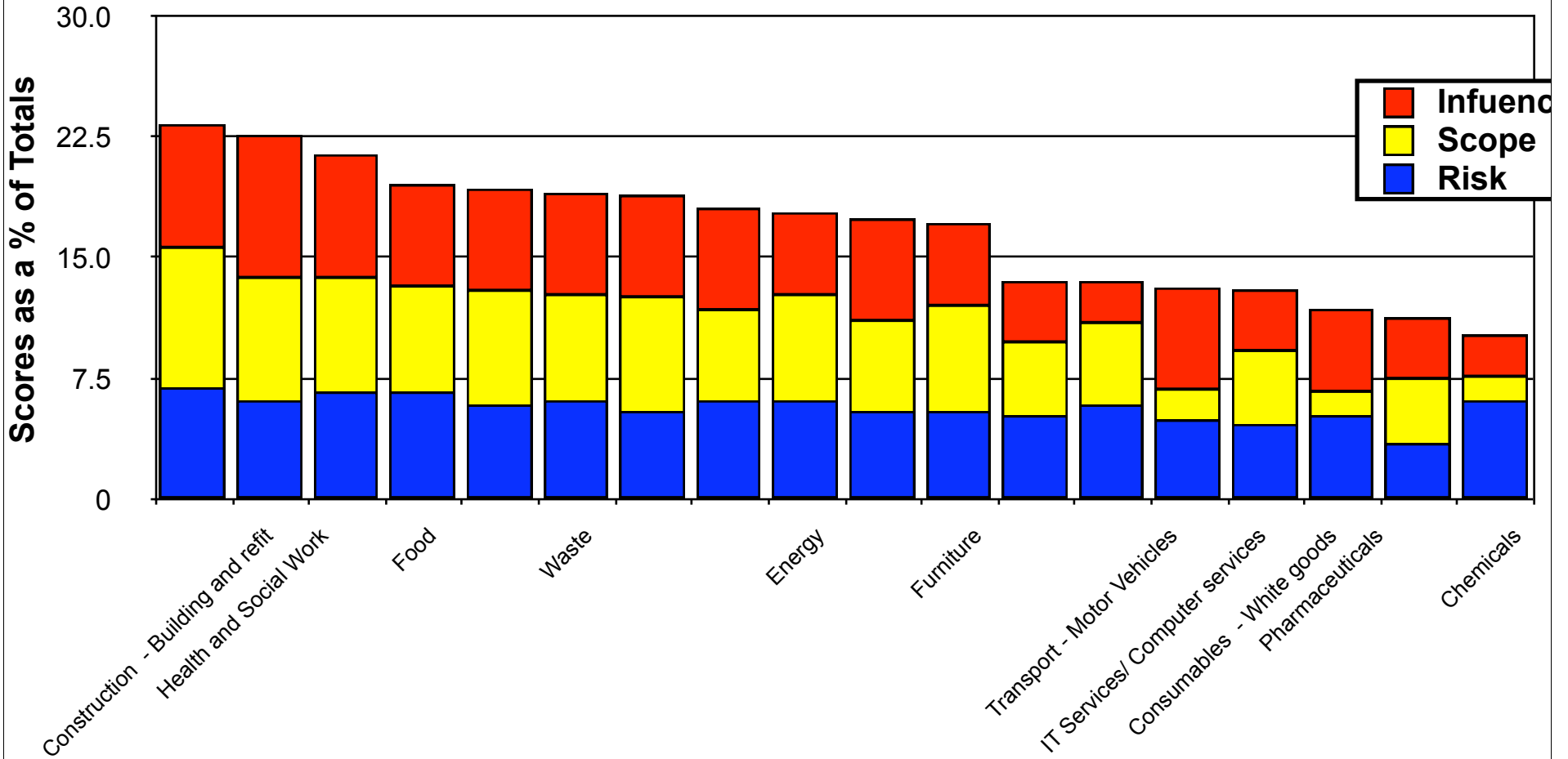
- Health
- Education and Employment
- Communities and other social

## Sub-Themes

- Health
- Education
- Employment
- Community
- Developing world supply chains
- Diversity
- Other Socio-economic impacts

# UK Public Sector Priorities

## National Priority Spend Areas



# Barriers to SPP

- UK Task Force analysed barriers
  - Some barriers are more perceived than real
- Common perception that sustainable procurement must always cost more – not the case!
- Efficiency and sustainable procurement go hand in hand
- Barriers related to recommendations



# Recommendation 1. Lead by example

- Barriers addressed:
- Lack of leadership and commitment
- Confusion about who 'owns' SP
- Poor incentive systems within public sector organisations
- Mixed messages sent to suppliers on value of sustainable offer

# Opportunities to lead

- Example of Norway
  - Ministry of Finance involved
  - Recognises link between economic development and sustainable development
- State governor leadership
- Local authorities / municipalities
  - Mayor of London's Green Procurement Code

# Opportunities to lead

**cpet**

Central Point of Expertise on Timber

**UK Government  
Timber Procurement  
Policy**

**Construction Sector Project:  
Policy implementation and reporting**

June 2008

Centres of Expertise

UK Central Point of Expertise  
on Timber

CPET set up by Defra

Operated by ProForest

## Recommendation 2. Set clear priorities

- Lack of clarity and proliferation of priorities
- Lack of cross-government buy-in to sustainable procurement agenda
- ‘One size fits all’ approach
- Guidance overload
- Disconnection between frameworks

# Opportunities

- Apply prioritisation methodology
- Focus resources on what is most important to each organisation
- Can also be applied to categories of procurement
- Make it part of commercial reality for procurers and for suppliers
- Be clear and consistent with message to the market

# Recommendation 3. Raise the bar

- ‘Meet minimum standards now and set demanding standards for the future’
- Barriers:
  - Lack of prioritisation
  - Lack of enforcement and scrutiny of mandatory minimum standards
  - Failure to signal future trends to the market
  - Failure to manage supply chain risk

# Opportunities

- Further development of Buy Sustainable Quick Wins products
  - Mandatory minimum environmental standards
- EC Green Public Procurement criteria
- Product catalogues
- Japan's Green Purchasing Law?
- ICT green product standards?

# Recommendation 4. Build capacity

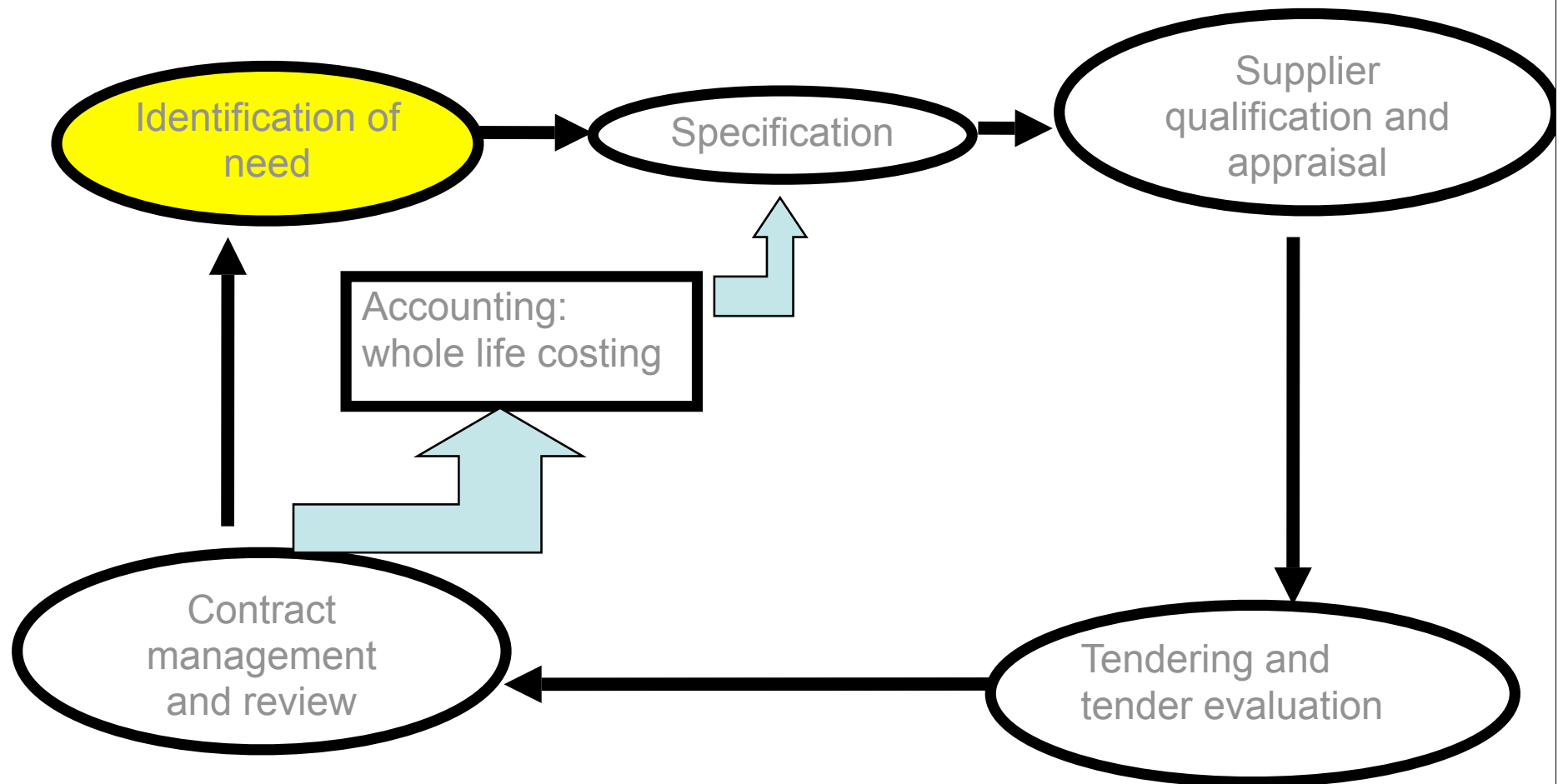
- Lack of helpful information, training and accountability
- ‘Sustainability’ has little impact
- Procurers not convinced of merits
- Mixed messages and confusing guidance
- Difficulty in calculating intangible benefits



# Opportunities

- MTF on SPP training package
  - Including training of trainers
  - 14 trained experts
- Defra-sponsored SP training for UK government departments
- SP Learning Networks
- Audience includes policy makers, chief executives and finance directors, procurers, budget-holders, heads of services

# The Procurement Process



## Recommendation 5. Remove barriers

- Failure to apply rules on whole life costing
- Focus on short-term efficiency savings at expense of long-term benefits
- Budgeting practices cause difficulties - division between capital and revenue spending
- Uncertainty over accounting for non-monetary benefits

# Opportunities

- Focus on whole life approach
- Need to be clear about long-term outcomes required through procurement
- HM Treasury to produce new guidance
- Still a need for scrutiny process to support decision-makers

# Costing the Future: Securing Value for Money through Sustainable Procurement



Inquiry into sustainability in  
public procurement

Focus on public buildings

Published June 2008

Conference to be held on  
14 October 2008

## Recommendation 6. Capture opportunities

- Supply chain management falls below standard of private sector
- Difficulty in penetrating public sector market with innovative solutions
- Risk averse procurement
- Delivery of poor value for money for public sector

# Opportunities

- Informed dialogue with key markets at an early stage
- Signal future requirements in outcomes terms
- Set performance targets for contract management
- Forward commitment to procure sustainable technologies
- Reward procurement of innovation

# Summary

- Need to identify barriers
- Which are real?
- Action plans to remove or overcome barriers
- Need to involve wide range of stakeholders
- Focus on outcomes to be achieved through 'business as usual' procurement



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