



**BUCKINGHAMSHIRE COUNTY COUNCIL**

**SUSTAINABLE PROCUREMENT STRATEGY**

**Adopted by the Cabinet on 25<sup>th</sup> September 2006**

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# 1. Executive Summary

This strategy is designed to offer a framework, which will help those involved in procurement & commissioning within Buckinghamshire County Council to consider sustainability issues throughout the procurement & commissioning cycle.

The strategy is designed to be a bridge between global, national and local strategies, plans and legislature, and the operational procurement & commissioning activities that take place every day within the Council. It will help Council employees across all portfolios build a credible business case for sustainable procurement and embed sustainability into their procurement & commissioning cycle.

The contents should be considered in conjunction with the Corporate Procurement & Commissioning Strategy, Contracts Standing Orders, the Corporate Procurement & Commissioning Guidelines and the Contracts Manual.

It is key that any sustainable procurement & commissioning activity complies with EU public procurement directives and Best Value. Any consideration of sustainability should be considered at the earliest stages of the procurement & commissioning cycle – identifying & challenging needs and building them into the design or specification.

Sustainability should be considered as having three distinct but dependent pillars - Economic, Social and Environmental. As such sustainable procurement is wider than just 'greening' the supply chain. It should instead be thought as a vital ingredient in the Council's obligation to preserve the 'well-being' of the people of Buckinghamshire.

## 1.1 *Who should use this document*

This document is designed to be used by all Buckinghamshire County Council employees involved in procuring goods and services on behalf of Council.

## 2. Definitions

**Sustainability** – 'avoiding depletion of natural resources' –  
*Oxford Dictionary.*

**Sustainable development** - 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'

[www.sustainable-development.gov.uk](http://www.sustainable-development.gov.uk)

**Sustainable Procurement** – ‘.... Procurement that is in line with sustainability principles; that is procurement that takes environmental, social [and economic] factors into account in purchasing decisions. It is about looking at what products are made of, where they have come from, and who has made them. Its even about looking at whether the purchase needs to be made at all’ –  
<http://www.cannybuyer.com/>

**Best value for Money** – ‘the optimum combination of whole life costs and benefits to meet the customer’s requirement.’  
*Modern Procurement Practice in Local Government.*

**Community Benefit Clauses:** ‘A clause in a tender or contract that aims to achieve a community benefit or social consideration as part of the procurement of the specific goods, works, services or utilities that are required to deliver a public service.....this could involve utilising procurement processes and the letting and management of contracts specific to certain goods, services, works or utilities, to help deliver its community strategy.’  
*Haringey SME Procurement Pilot.*

### **3. Why consider sustainable procurement?**

#### **3.1 Global Context**

Sustainable procurement needs to be viewed in the wider context of the sustainable development agenda. The Rio ‘Earth Summit’ of 1992 offered a lead for local government across the globe. Many authorities developed green procurement policies as part of the Local Agenda 21 initiative.

At the 2002 World Summit on Sustainable Development it was stated that relevant authorities at all levels should –

**‘promote public procurement policies that encourage development and diffusion of environmentally sound goods and services’.**

#### **3.2 National Context**

The Local Government Act 2000 placed a duty on English and Welsh local authorities to prepare a community strategy for promoting the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the UK and gave authorities the power to do anything they consider is likely to achieve the promotion of the area’s well-being – this is known as the ‘well-being power’.

The ODPM Circular 03/2003 stated that sustainable development and equity are fundamental to the Best Value principle.

The ODPM/LGA National Procurement Strategy states that by 2006 authorities will be -

- Realising economic, social and environmental benefits for their communities through their procurement activities.
- Stimulating markets and using their buying power creatively to drive innovation in the design, construction and delivery of services.

A number of other of milestones from the National Procurement Strategy relevant to sustainability has been detailed in [Appendix A](#).

In March 2005, the Government published its Sustainable Development Strategy –[Securing the Future](#). The strategy identifies a range of actions for public sector procurement including:

- Developing the evidence base on sustainable procurement;
- Identifying priority areas with specific targets and key performance indicators;
- Extend the range of mandated products reaching minimum environmental standards;
- Work with key public sector suppliers to raise sustainability awareness and performance;
- Ensure that public sector employees receive appropriate training;
- Remove barriers and increase opportunities for increased sustainable procurement activity.

The Strategy initiated the establishment of a cross-Government Sustainable Procurement Task Force, which is due to publish a national action plan in April 2006 on how these aims can be taken forward.

EU procurement directives stipulate that sustainability issues and community benefits can be taken into account in the procurement & commissioning cycle so long as they are:

- Relevant to the subject matter of the contract;
- Non-discriminatory and transparent;
- Consistent with what the directives say about the criteria allowed at each stage of the process (this means that sustainable procurement objectives should be taken into account as early as possible in the procurement & commissioning process i.e. in the business case); and
- Tested critically for cost effectiveness, efficiency and affordability in using public expenditure.

See [Appendix B](#) – FAQs for more information on incorporating sustainability issues into:

In January 2006 the EU consolidated procurement directives came into effect. They provide greater clarity on the extent to which social and environmental issues can be given consideration during the procurement & commissioning process, e.g. by using “green” specifications, production process standards and variants and by taking account of relevant quality and whole life cost issues at the award stage.

### **3.3 Buckinghamshire Context**

The driving forces behind the Sustainable Procurement Strategy are the community strategy and the corporate plan. These documents map out the way forward for Buckinghamshire County Council.

**The Community Strategy** sets out the vision for Buckinghamshire in years to come. Amongst the themes of the community strategy is that of **Superb Environment**, which states that we will work together to achieve the following outcomes for Buckinghamshire:

- Sustainable new developments, which conserve natural resources and enhance the character of both the towns and the countryside;
- Better and easier access to the countryside for all;
- Good quality urban design;
- Protection of the built and historic environment;
- Increased energy conservation and reduction in air pollution;
- Protection for biodiversity;
- Waste minimisation;
- Increased personal responsibility for the environment amongst Buckinghamshire residents.

**The Buckinghamshire County Council Corporate Plan (2005-2009)** is the agenda for delivering excellent public services and takes account of:

- 1) The Sustainable Communities Strategy for Buckinghamshire
- 2) The shared priorities between local and national government
- 3) Local public consultation

The aim of **The Corporate Procurement & Commissioning Strategy** is to set a clear framework for procurement & commissioning throughout the organisation. The Strategy aims to reflect the Council's Corporate Plan and organisational values while working within the framework of Best Value and Contract Standing orders in order to meet the targets laid out in the National Procurement Strategy and the Government's Efficiency Review.

#### **4. Building a business case for sustainable procurement**

The business case for sustainable procurement in local government is built out of the following foundations:

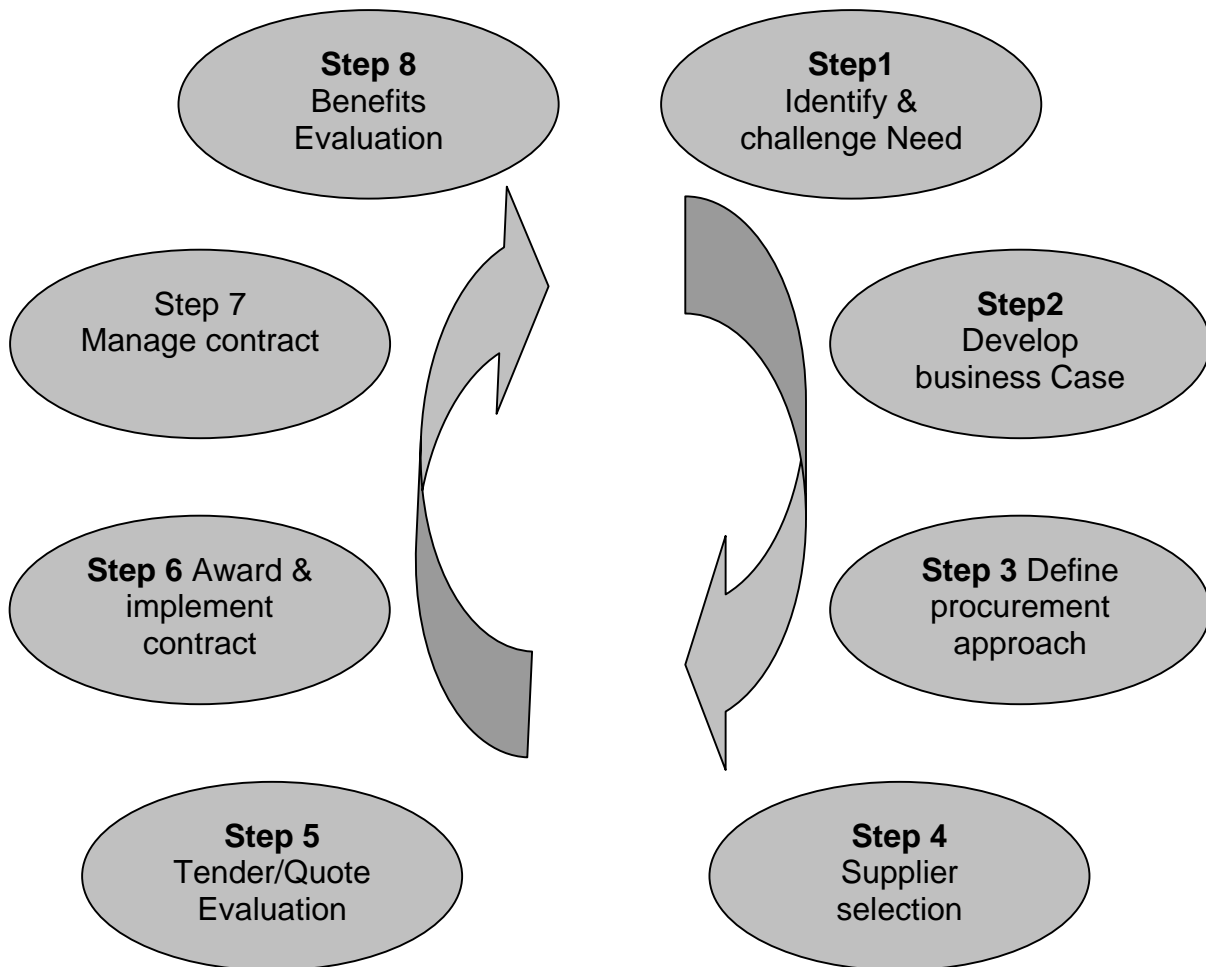
- **Achieving strategic objectives**  
Incorporating sustainability into the procurement & commissioning cycle will play a key role in achieving strategic objectives set out in the Community Strategy and corporate plan.
- **Complying with the law**  
The local authority must comply with key pieces of legislature around sustainability such as the Environmental Protection Act 1990 and the Race Relations (Amendment) Act 2000. Incorporating sustainability in the procurement & commissioning cycle will ensure we comply with this legislation.
- **Controlling costs**  
Successful sustainable procurement demands the use of "Whole-life" costing techniques. This ensures that we are achieving Best Value.
- **Managing risks and reputation**  
In order to embed sustainability into the procurement & commissioning cycle it is vital to carry out a robust risk and impact assessment early in the cycle (see below). Carrying out this task will help manage risks associated with a procurement and will also avoid any supply failure that can adversely affect the reputation of Buckinghamshire County Council.
- **Creating markets**  
The spending power of local authorities means that they can have a significant effect in the creation of markets for goods and services. This can have a positive impact on the use of

innovative technologies, which can make products more sustainable.

## **5. Embedding sustainability in the procurement & commissioning cycle**

Sustainability issues should be embedded into every procurement & commissioning cycle. The most effective way to do this is to assess risk and impacts right at the beginning of the cycle.

## 5.1 The procurement & commissioning cycle

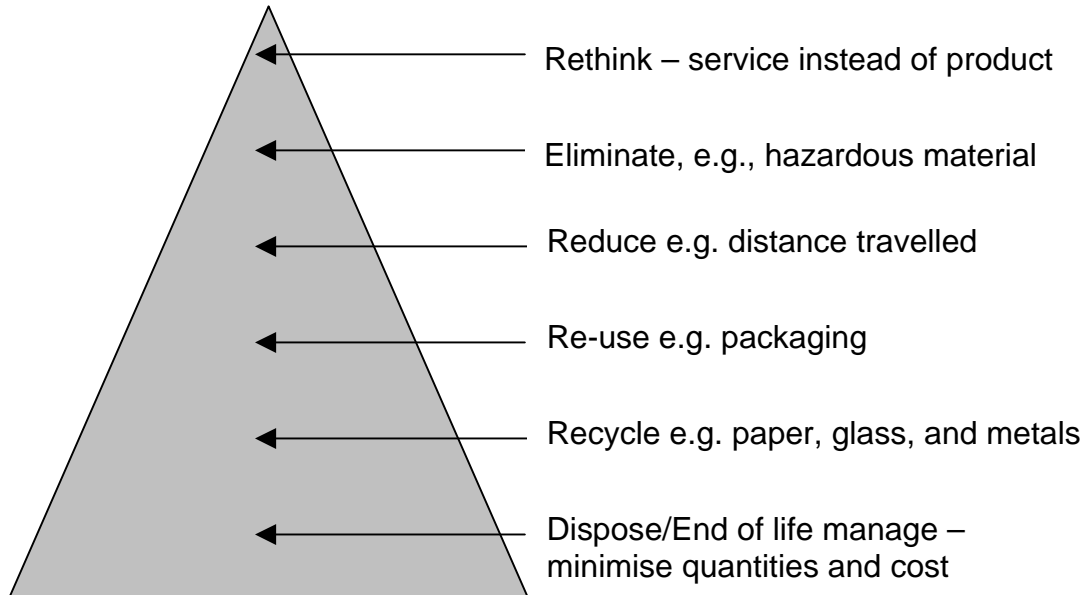


Officers should be clear that if sustainability issues are to be incorporated into the procurement & commissioning cycle successfully, they must consider them at each stage in the cycle above. However it is key to consider them at the earliest stage possible – that is when the need is identified.

The **Environmental Procurement Hierarchy** should be used to focus attention on the options available to minimise the sustainability impact of the procurement. There must be a strong willingness and ability to challenge the repeat purchase and the hierarchy can help provide alternative options.

## **Waste (procurement) hierarchy**

### CHALLENGE THE REPEAT PURCHASE



A relevant example is packaging used for goods that the Council may buy. The first step is to **rethink**. Do we need the product in the first place? Can we borrow or overcome the need another way? If we do need to buy the goods then can we work with the supplier to **eliminate** or **reduce** any packaging that the product is delivered in but still ensure that the goods are delivered in perfect condition? Can packaging be returned to the supplier and **re-used** or can it be re-used by us? Can the packaging be **recycled**? And finally if there is no other way of dealing with the packaging then we must think of disposing it. The goal is to minimise the amount of packaging that has to be disposed of by considering the higher options in the hierarchy first.

## **5.2 Risk and impact assessment**

Clearly sustainability issues have a greater risk and impact on certain procurement & commissioning activities than others. A comprehensive risk and impact assessment will highlight those areas that should take priority. This information can then help to construct the strategy for the particular procurement & commissioning activity.

Further guidance on incorporating sustainability issues and community benefits into the procurement & commissioning cycle can be found in

[Appendix C.](#)

### 5.3 The 3 pillars of sustainability

Economic	Environmental	Social
VFM	Pollution	Health & safety
Whole-life cost (value)	Biodiversity	SMEs
Affordability	Climate change	Localism
Supplier profitability	CO <sub>2</sub> emissions	Stakeholders
Fair payment	Recyclates	Culture/heritage
Energy efficiency	Water use	Respect for people
Regeneration	Waste	Planning
SMEs	Timber	Waste
Planning	Energy efficiency	Transport
Waste	Land use (green/brown field)	Regeneration
Growth	materials	Education
Competitiveness		
Trade		

It can be useful to consider sustainability as having three pillars. These are economic, environmental and social. The table above indicates the type of risks and impacts that need to be considered for each pillar.

Sustainability issues must not be forgotten once the contract is let. Once they are part of the contract it is the job of the contract manager to ensure they are being adhered to during the life of the contract to ensure what was required is being delivered.

## 6. Contacts:

- For further procurement & commissioning, advice on corporate contracts or tendering processes:

[procurement@buckscc.gov.uk](mailto:procurement@buckscc.gov.uk) or telephone 01296 382094

## **A.1 Appendix A – National Procurement Strategy Milestones relevant to Sustainability Agenda**

### **Key Theme: Stimulating markets and achieving community benefits**

- The strategic objectives are that councils should –
- Engage actively with suppliers;
- Use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan;
- Where relevant, all councils shall consult staff during procurement projects and build employment considerations into procurement processes and contracts, including compliance with the Local Government Act 2003, Circular 03/2003 and the associated code of practice;
- Every council should publish a “Selling to the Council” guide on its corporate website together with details of bidding opportunities and contact details for each contract;
- All corporate procurement strategies should address:
  - The relationship of procurement to the community plan, workforce issues, diversity and equality and sustainability;
  - How the council will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.
- Every council should build sustainability into its procurement strategy, processes and contracts.
- Every council should conclude a compact with the local voluntary and community sector.
- Procurement processes for partnerships should include:
  - Issuing an information memorandum to prospective bidders setting out the background to the project, the council’s objectives and an outline of the procurement process and timetable, with roles and responsibilities made clear.
  - Inviting bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including the use of small firms; this should continue to be examined as part of contract management.
- Every council should include in invitations to tender/negotiate for partnerships a requirement on
  - bidders to submit, optional, priced proposals for the delivery of specified community benefits, which are relevant to the contract and add value to the community plan.
- Every council should have signed up to the national concordat for SMEs.

## **B.1 Appendix B: EC Interpretative Communication on integrating social and environmental considerations into procurement – frequently asked questions (Source: EC Commission)**

**Q: According to the interpretative communication, is it possible to adequately take into account environmental considerations under the public procurement Directives?**

A: The Communication makes it clear that there are numerous possibilities for the 'greening' of public procurement under the directives. This is particularly so if three guiding principles are followed – non-discrimination, transparency, and thought about where in the tender process environmental elements should be taken into account. Generally speaking, the earlier in the tender process (definition of the subject of the contract, technical specifications) you place environmental considerations, the more is possible.

**Q: Is it possible to ask for process and production methods under the Directives?**

A: In the technical specifications of the tender, process and production methods can be requested where these help to specify the performance characteristics of the product or service. This includes both process and production methods that physically affect the end product (for example, absence of chemicals) and those that do not but nevertheless affect the nature of the end product – for example organic food, or furniture produced from sustainable timber. It is not possible to require that the factory producing the goods use recycled paper in its office, as this does not relate to the production of the goods.

**Q: Can I ask for specific materials – for example, that windows be made of wood – in the technical specifications?**

A: It is possible both to ask for specific materials to be used in an object supplied or in a works contract, and also to ask for a type of material to not be used. So you could ask for your windows to be made of wood, or not to be made of a specific product, for example.

**Q: How can I use Eco-labels in my procurement?**

A: You can use Eco-label criteria to help determine your environmental technical specifications. You can also accept an Eco-label certificate as proof of compliance with those criteria, although you must accept other means of proof – you cannot say that you only accept products with an Eco-label certificate.

**Q: How can I use company environmental management systems in my procurement?**

A: The references a contracting authority may require as proof of a company's technical capacity are listed exhaustively in the public procurement Directives. Environmental management systems can play a role in so far as these fall within one of the categories or references listed in the Directives. Thus, environmental management systems can be accepted as proof of technical

competence where the specific scheme applied has an impact on the capacity of the company to execute a contract with environmental requirements. Other means of proof of technical capacity must also be accepted. It is also possible to require the putting into place of specific environmental management systems for works contracts where there are significant environmental issues to deal with, for example.

**Q: What happens where I want to ask for better performance than a European standard in the environmental field?**

A: The purchaser is obliged to refer to the European standard, but may request better environmental performance than the standard in the technical specifications.

**Q: What kind of environmental criteria can I use at the award stage?**

A: Only those criteria that have a link to the subject matter of the contract and give the contracting authority a direct economic benefit. This could include giving a bonus to products that are more energy efficient, that will last longer, or that will cost less to dispose of. In case the environmental aspects do not bring an economic benefit to the contracting authority, these aspects can only be taken into account at the beginning of the tender procedure, where the contracting authority defines the technical requirements of the contract.

**Q: How can contracting authorities balance their budgetary constraints and the intention to "buy green"?**

A: Although green products will often save the public purchaser money in the longer term, they may have a higher up front cost. If contracting authorities want to make a balance between environmental choices and budgetary restraints, they may define one or more variant options in addition to their "basic" option. In the variants they can define a higher environmental performance. At the end of the tender procedure, contracting authorities can decide which variant best meets their needs.

**Q: Can I request that products or services be supplied using specific methods of transport?**

A: Yes – in the contract clauses for the execution of the contract, the means of delivery of the goods can be specified, as long as this does not lead to discrimination. Other possible ways of reducing the environmental impact of transport activities linked to the provision of goods or services, could include requesting that deliveries of goods be made in bulk, or that cleaning products are transported in concentrated form, and diluted at the place of use.

**Q: The interpretative Communication mentions a handbook. What will this consist of?**

A: This will give practical advice to public purchasers on how to take into account the environment in their purchasing policies. It will be user-friendly – focusing on the simplest way to do things, and giving examples of best practice in green public procurement from the whole of the EU. Because the availability of scientific and technical information is essential for making well-balanced decisions we will create a website with further information on best

practice in greening public procurement, and links to other websites where such information is available.

**Q: Is it possible to adequately take into account social considerations under the public procurement Directives?**

A: Yes. The Communication makes clear that there are numerous possibilities for taking account of social considerations in public procurement under the Directives, provided that the principles of non-discrimination and transparency are respected. Guidance is given about where in the tender process social considerations should be taken into account.

**Q: When is it most appropriate to take social considerations into account in the procurement procedure?**

A: It is especially during the execution of the contract, that is, once the contract has been awarded, that public procurement can be used by contracting authorities as a means of encouraging the pursuit of social objectives. Contracting authorities can require the successful tenderer to comply with contractual clauses relating to the manner in which the contract is to be performed, which may include clauses in favour of certain categories of persons and positive actions in the field of employment.

**Q: Can a contracting authority take account of the needs of the disabled in its purchasing policy?**

A: Yes. In deciding what you want to purchase, contracting authorities can specify their requirements regarding access for the disabled to certain buildings or public transport (for example, accessibility standards on the width of corridors and doors, adapted toilets, access ramps), or access to certain products or services (for example, in the field of information technology for the visually impaired). In addition, contracting authorities can impose an obligation on a successful tenderer to recruit, for the execution of the contract, a number of disabled persons over and above the minimum number laid down by national legislation.

**Q: Can a contracting authority use its procurement policy as a tool to combat unemployment?**

A: Yes. Contracting authorities can require successful tenderers to recruit unemployed persons, and in particular long-term unemployed persons, or to set up training programmes for the unemployed or for young people during the performance of the contract.

**Q: Can a contracting authority promote equal opportunities through its purchasing policy?**

A: Yes. Contracting authorities can require successful tenderers to implement, during the execution of the contract, measures that are designed to promote equality between men and women or ethnic or racial diversity.

**Q: How can a tenderer be sure that its competitors will not benefit from submitting tenders that do not comply with applicable employment and safety rules?**

A: Tenderers who have not complied with social legislation can be excluded from public procurement procedures, where this is deemed to constitute grave professional misconduct or an offence having a bearing on their professional conduct. In addition, elements relating to non-compliance with rules on safety or employment can, under the current public procurement Directives, be taken into consideration to reject an abnormally low tender.

**Q: Can a contracting authority take social considerations into account when awarding a contract?**

A: Yes. Criteria involving social considerations may be used to determine the most economically advantageous tender where they provide an economic advantage for the contracting authority which is linked to the product or service which is the subject-matter of the contract. For example, a criterion that makes it possible to evaluate the quality of a service intended for a given category of disadvantaged persons may be used. In addition, it may also be possible to use a condition related to the combating of unemployment as an additional criterion in respect of two or more economically equivalent tenders, provided it complies with the fundamental principles of Community law.

**Q: What rules on employment and protection of working conditions are applicable to workers posted to work on a public procurement contract in another Member State?**

A: The Communication explains the relevance to public procurement of Directive 96/71/EC on the posting of workers in connection with the cross-border provision of services. This Directive lays down a common list of rules for minimum protection of workers, which employers must observe in respect of workers they post to other Member states. It also guarantees a level playing field for all tenderers in the field of public procurement, and legal clarity as to the elements to be taken into account when preparing tenders.

**Q: Can a contracting authority require that a successful tenderer take on the employees of the previous contractor?**

A: Yes. The fact that the transfer of an undertaking, within the meaning of Directive 2001/23/EC on the safeguarding of employees' rights in the event of a transfer of undertaking, takes place following a public procurement procedure does not pose any specific problems as regards application of this Directive. However, contracting authorities have an obligation to inform tenderers in advance of all conditions relating to the performance of a contract, including whether and on what conditions such a transfer of undertaking might take place if the tenderer is awarded the contract, so that tenderers can take them into account when preparing their tenders.

## **C.1 Appendix C- Incorporating sustainability and community benefits into the procurement & commissioning cycle**

### **C.2 The legal context:**

#### ***C.2.2 EU consolidated procurement directives 2006***

##### **Specifying Sustainability Requirements (Articles 23 and 26)**

Relevant environmental and social requirements may be specified but must be defined sufficiently precise to allow bidders to understand the requirement and to allow award of the contract. Production process standards and eco label criteria can be referenced but alternatives, which demonstrate equivalence, must be considered. Article 26 enables environmental and social conditions relating to the performance of the contract to be specified provided they are compatible with Community law.

##### **Sheltered Workshops (Article 19)**

When identified in the contract notice, relevant contracts may be limited to sheltered Workshops, employing mostly disabled people unable to gain normal employment. Work is underway to define the term '*Sheltered workshops*' more precisely. It will be necessary to ensure that any amended description covers relevant organisations in other Member States to avoid discrimination against them.

##### **Selection of Tenderers (Articles 48 and 50)**

Where relevant for works and services contracts, assessment of bidders' technical/professional capability may encompass environmental management measures applicable to the performance of the contract. Environmental and social issues may also be relevant to track record, grave misconduct findings and technical capacity and ability.

##### **Use of Variant Bids (Article 24)**

Purchasers can encourage suppliers to submit a range of offers through use of the provision for variant bids. Variant bids may be used to compare different levels of environmental (and other) performance where related to the subject matter of the contract. Minimum requirements including environmental and other criteria must be specified. Higher standards of performance or particular production processes are then specified in the form of variants against which a range of offers can be generated. Most economically advantageous award criteria must be used.

##### **Use of Contract Award Criteria (Article 53)**

'Most economically advantageous' contract award criteria may include

environmental and other characteristics provided these are linked to the subject matter of the contract and are economically advantageous from the point of view of the contracting authority.

### **C.2.3 Local Government Act 2000**

This gives local authorities extensive powers and obligations to improve social, economic and environmental conditions within their communities. This act is key to the delivery of benefits through procurement

## **C.3 The Procurement & Commissioning Cycle and Sustainability**

The contracting authority can address sustainability and community benefit issues at each stage of the procurement & commissioning cycle. However it is considered of paramount importance that these aspects are considered as early as possible in order to marry the strategic objectives of the individual procurement & commissioning with the wider objectives of the local authority.

[Click here to view the Procurement & Commissioning Cycle](#)

### **C.3.1 Identifying the Need & developing the business case**

The need to consider sustainability and community benefit considerations in these early stages of the procurement & commissioning cycle cannot be overstated. Taking account of these issues here allows the contracting authority to set the tone for the whole procurement & commissioning cycle and will help influence the business case, specification and award criteria that will be set later in the cycle.

Not only should existing practices and Procurement & commissioning methods be challenged, but we should aim to mould the objectives of the procurement & commissioning activity with the wider objectives of the Council set out in both the Community Strategy and the Corporate Plan.

4 activities are carried out at this stage in which sustainability issues can be addressed

- Identify and challenge the need
- Risk assessment and sustainability impact
- Define the subject matter of the contract
- Develop the business case

#### **Identify and challenge the need**

There are certain key questions that need to be asked in order to identify and challenge the need for a procurement.

- Do we need this product or service?

- Can the need be met another way?
- Are there alternatives to buying the product or service e.g. renting or sharing resources?
- Does the product or service need to meet the specification currently used?
- Have we identified the major risks and issues relating to sustainability? (related to risk assessment and sustainability impact tools)

The environmental purchasing hierarchy can be used to challenge the repeat purchase. Going with the status quo is simply not consistent with accounting for sustainability and achieving community benefits.

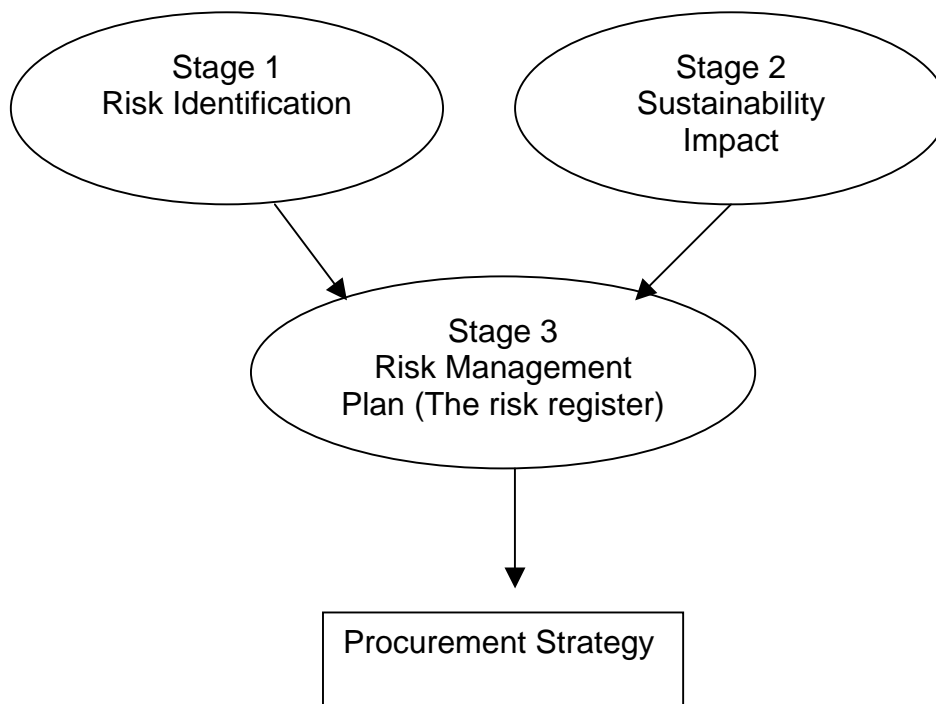
[Click here to view the Procurement Hierarchy diagram](#)

### **Define the subject matter of the contract**

The following examples show that the definition of the contract subject matter is key to sustainable procurement:

- Instead of purchasing new fax machines, consider giving users the ability to fax from their computers
- Rather than arranging a business travel contract, consider installing a video conferencing facility to reduce business travel
- Rather than building a school, the authority should consider building a school that not only minimises the environmental impact but also brings additional benefits to the community it serves.

## The risk assessment and sustainability impact process.



*Figure C1 – Risk and Impact Assessment*

**Stage 1 – Risk Identification** – Carrying out a risk identification exercise will help identify possible risks associated with the procurement & commissioning activity. Once risks are identified they can be fed into the risk management plan.

**Stage 2 – Sustainability Impact**– Assessing the sustainability impact of the proposed procurement will highlight the major impacts that the procurement & commissioning activity has on sustainability. This will help justify our actions at later stages of the procurement & commissioning cycle. It can also highlight risks in this area that can be managed through the risk management plan.

**Stage 3 - Risk Management Plan** – Once we have identified the risks associated with the procurement & commissioning activity using the Risk Identification and Sustainability Impact approach, we can move on to prioritising the risks, identifying the risk owners and developing a plan for dealing with each of the risks.

The priority we attribute a risk is dependent on a combination of the likelihood of the risk occurring coupled with its likely impact.

The risk assessment and sustainability impact assessment can help identify priority areas, which can form part of the business case.

## **Develop the business case**

Procurement & commissioning should be working in a business case culture where only those activities supported by a robust business can proceed to the procurement & commissioning cycle

More advice on developing the business case can be found at:

[OGC Business case briefing](#)

It is vital to note that procurement & commissioning professionals will need to work closely with the internal customer in order to develop the business case. They cannot work in isolation of each other.

### ***C.3.2 Define Procurement & commissioning approach***

After the need has been identified and the business case is written, it is time to move to defining the procurement & commissioning approach.

The main facet in this area where sustainability issues can be addressed is in the drafting of the specification. It is worth also dealing with social and environmental considerations in the OJEU notice where the contracting authority should consider using the same phraseology that is used in the EU consolidated directive.

The specification is a key area where sustainability issues can be incorporated in the procurement & commissioning cycle. Using sustainable specifications sends the message to bidders that the authority is serious about sustainable procurement. It is important that EC procurement directives are adhered to when building the specification.

There are 3 types of specifications that can be used:

**Functional specification:** defines the function to be performed by the product or service

**Performance specification:** defines the performance required by a product or service – sometimes called an output specification

**Technical Specification:** defines the technical and physical characteristics of a product

The use of either functional or performance specifications encourages suppliers to use their know-how and to encourage innovation in delivering the product or service.

### **Means of including sustainability issues in the specification**

**Primary materials in a product:** It is possible to specify the types of material used to manufacture a product. Conversely the types of material that should be avoided can be specified too. E.g.

- Recycled wood can be used in the specification for office furniture.
- Foodstuffs should not have been grown at any stage using peat or any peat based growing medium.

**Production processes:** So long as there is a direct relationship with the nature of the product, areas of the production process can be specified. E.g.

- Electricity should be produced from 100% renewable sources
- Food to be grown certified organic using the EC regulation or equivalent

**Running costs and waste associated with the product:** The specification of certain criteria around the running and waste costs can reduce the whole life costs of a product in addition to addressing sustainability issues. E.g.

- Specifying that the supplier should provide recycling bins for packaging the contents of which they should recycle
- The products energy efficiency should comply with the energy label A or equivalent. It should also be stated that the actual energy usage of the product will be one of the award criteria

**Delivery methods:** It should be possible to specify the transport method so long as it does not discriminate. E.g.

- Deliveries of the product should be made within an hour of the urgent need being identified.

**Disposal Method:** The specification can include requirements regarding the disposal method for end of life products. E.g.

- For computer equipment, the supplier is required to collect and where possible recycle the computer equipment. Alternatively, the equipment must be passed to a not-for-profit organization for refurbishment and future use

**Eco- labeling and environmental standards:** It may be useful to use recognized labeling systems or standards for products or services to be purchased. EC rules require the use of recognised European or international standards. It is also necessary for specifiers to accept equivalent standards from suppliers who do not have the recognised labels or standards.

There are two reference sites that are useful when determining the use of eco-labels or environmental standards

[Definition of Eco labels](#)

[DEFRA Green Claims code](#)

**Use of variants:** It is possible to make use of specification variants in order to compare bids with increased sustainable specifications with the standard bid. As an example, a minimum post consumer waste content for a product can be specified as the standard and then invitations can be sought for higher levels of post consumer waste, which may have a higher cost. This way the authority can assess the bid that offers the best value taking account of cost and environmental impact.

The contracting authority should also consider including a **copy of the Community Strategy** as part of the invitation to tender and invite bidders to come back with costed proposals for the delivery of specific elements of the strategy alongside the specified works or services in the tender.

**Whole life costing:** Procurement & commissioning professionals should make use of whole life costing (also known as Life Cycle Costing) for two major reasons.

First, there is a legal requirement to use this method to determine Best Value.

The definition of 'best value for money' derived from the National Procurement Strategy and the ODPM Circular 03/2003 is:

***“The optimum combination of whole life costs and benefits to meet the customers needs”***

Second the method is key in incorporating sustainability issues in the procurement & commissioning cycle.

Essentially, whole life costing takes into account all the costs that are accrued during the life cycle of a product or service. These costs can be divided into 3 broad sections

- **Acquisition Costs**
- **Operating Costs**
- **Disposal Costs**

Whole-life costs can be considered at various stages of the procurement & commissioning cycle including during the identify need, developing the business case, defining the procurement & commissioning approach and awarding and implementing the contract. Whole life costing can help identify the social, economic and environmental impacts of a product or service and can help better determine the true cost of a procurement & commissioning process.

Acquisition Costs include:

- Initial purchase price
- Installation costs
- Transport costs

Operating costs include:

- Annual licence fees
- Maintenance costs
- Energy/Water costs
- Staff costs
- Training costs
- Insurance costs
- Environmental taxes

Disposal costs include:

- Site clean up costs
- Refuse collection costs
- Recycling

Eco labels and whole life costing – Eco labels can be very useful in the assessment of whole life costs for a product as the accreditation of a label is based on the analysis of their life-cycle impacts. Therefore if a product has an eco-label it means the authority may not need to carry out its own analysis of the life cycle costs of that product.

For more information on whole life costing go to:

[OGC Whole life costing guidance](#)

### ***C.3.3 Supplier Selection***

The supplier selection stage is designed to ensure we choose those suppliers with the required capacity and capability. The selection stage is always separate from the tender evaluation.

EC procurement regulations contain an exhaustive list of **evidence** that can be sought at the selection stage. Some of this evidence can be linked to sustainability issues.

- A statement of the tools, plant and technical equipment available;
- A description of the supplier's technical facilities and its measures for ensuring quality;
- Information on environmental management measures.

Contracting authorities can consider the candidates' **track record** during this stage. Candidates can be excluded if the assessment of past experience is not satisfactory.

**Environmental management systems** can be used as evidence of a supplier's capacity although it is important to ensure that it is relevant to the

subject matter of the contract. If an authority must state in the OJEU notice that that they will take account of the environmental management system.

Relevance to the contract is important here and a sustainability risk analysis can help measure the relevance depending on the type of procurement & commissioning

Contracting authorities should not ask for evidence that is not directly linked to the subject matter of the contract. Nor should they ask about the candidate's general policies where this goes beyond what is necessary to assess the candidate's capacity to perform that contract.

### ***C.3.4 Tender evaluation***

Authorities should normally award contracts based on the most economically advantageous offer. It is therefore possible to take into account whole life costs and community benefits. This means that environmental and social criteria can be applied used in the tender evaluation model.

Examples of environmental award criteria are:

Percentage of waste recycled

- Use of recycled material
- Energy consumption
- Water usage
- Quantity of waste produced by weight

Tender award criteria need to:

- Be relevant to the subject matter of the contract
- Give a benefit to the contracting authority
- Be consistent with basic treaty principles

### ***C.3.5 Award and implement contract***

Use of contract clauses and community benefits:

Community benefit clauses can be added to the standard contract clauses that the contracting authority uses. The need to include this type of clause comes about when what is to be achieved does not provide a measurable benefit to the contracting authority. The community benefits can be included as contract conditions but cannot be used in selection and award procedures except in a tie break position.

Examples of community benefits clauses:

A contracting authority can impose an obligation on a successful bidder to recruit a number of disabled, unemployed or young persons

Authorities can require successful bidders to implement measures that are designed to promote diversity

**The conditions must:**

- Not be disguised technical specifications, selection or award criteria
- Be advised in advance to candidates. They should be included in either the contract notice or tender documentation
- Be compatible with the fundamental treaty principles

### ***C.3.6 Manage the contract***

Contract management is key in ensuring that sustainability issues are kept on the agenda for the life of the contract. Without the contracting authority actively maintaining sustainability on the contract management agenda, the work carried out at previous stages of the procurement & commissioning cycle would be wasted.

With sustainability issues high on the agenda at contract and performance reviews, the supplier will be more confident at committing resources to offering the client innovative improvement solutions in this area. Another benefit is from the increased profile of the sustainability agenda along the supply chain.

The contracting authority can make use of relevant targets or key performance indicators in order to monitor the progress of a supplier.

Some examples of targets that would be useful to monitor are:

- Reducing packaging weights and volumes
- Introducing reusable and returnable packaging
- Reducing the hazardous material content of products
- Improving delivery scheduling to reduce impacts from transportation

### ***C.3.7 Benefits Evaluation/Lessons learnt***

This final stage in the cycle is about how we can use the lessons learnt from our experiences with existing procurement & commissionings to improve the way we do things in the future.

It is therefore recommended to keep a lessons learnt log for any sustainability issues that occur during the procurement & commissioning lifecycle. This can then be fed into assessing the risks and issues that would need to be addressed in any future procurement & commissioning activity.