

Sustainable Procurement Strategy



**NHS Purchasing and Supply Agency
Sustainable Procurement Strategy
October 2006**

NHS Purchasing and Supply Agency Sustainable procurement strategy

This document outlines the Agency's sustainable procurement strategy covering:

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This document should be read in conjunction with the sustainable procurement policy and action plan available on www.pasa.nhs.uk/sustainabledevelopment/.

Foreword

The Agency recognises the importance of sustainable procurement in supporting the wider sustainable development agenda and similarly in delivering best value for the NHS. In support of this the Agency has been working to improve sustainable procurement practice over a number of years and our new sustainable procurement policy, strategy and action plan will provide a clear focus for our activity in this area for the future.

In 2005 The UK Government set out the goal to make the UK a leader in the EU in sustainable procurement by 2009 and the Agency will work to provide leadership in this area for healthcare and wider.

The strategy and action plan are designed to embed sustainable procurement within the Agency's procurement activity, addressing aspects of sustainable development in regard to responsibility, opportunity, innovation and efficiency through engagement with key stakeholders throughout the supply chain.

Finally, and just as importantly, the policy, strategy and action plan provide guidance to other NHS organisations with procurement responsibility who are also seeking to develop their own approaches to sustainable procurement.

A handwritten signature in black ink, appearing to read 'Rob Knott', is centered on a light gray grid background. The signature is fluid and cursive, with a long horizontal stroke extending to the right below the main text.

Rob Knott
Chief Operating Officer
NHS Purchasing and Supply Agency

Overall aim

To ensure that goods, services, works and utilities¹ procured by the Agency for the NHS and for its own use are designed, manufactured, delivered, used and managed at end-of-life in an environmentally and socially responsible manner.

This strategy describes how the NHS Purchasing and Supply Agency (the Agency) will conduct its procurement activity to support the commitments made in the Agency's Sustainable Development Policy and Sustainable Procurement Policy and the achievement of objectives developed under these policies. The strategy has been developed with full consideration of the Sustainable Procurement Task Force (SPTF) report *Procuring the Future* and proposed National Action Plan. The strategy is also compatible with the Agency's overarching procurement policy.

This will assist in:

- identifying opportunity for greater efficiency in the supply chain
- identifying opportunity for greater efficiency in the NHS
- stimulating innovation in the supply chain to deliver viable sustainable options for both goods and services
- meeting stakeholder expectations and maintaining trust
- reducing sustainability risks posed to the NHS through the practices of supply chain partners, the sourcing of materials and design of goods
- providing a consistent framework of policies and practices for sustainable procurement across the various procurement organisations within the NHS

The strategy

The Agency's procurement activity will contribute to the achievement of government sustainable development objectives, by seeking to optimise the wider social and environmental benefits to society that can derive from effective purchasing decisions and efficient procurement procedures.

This strategy has been developed in order to meet the procurement targets set under the Framework for Sustainable Development on the Government Estate, as required by the Agency's *Strategic Priorities and Objectives for 2006 – 2009*. This is based around targets proposed in the SPTF *Procuring the Future* report.

The development of this strategy has been informed by a wide ranging stakeholder consultation exercise which has received views from procurers, users, and suppliers of goods and services as well as representatives of central government (see Consultation section later in this document).

This strategy forms part of the Agency's overarching Sustainable Development Action Plan (SDAP) which is aligned with the Department of Health's SDAP.

¹ Throughout this report the term, goods and services, is used. In all cases the scope of this term should be taken to include goods, services, works and utilities.

Scope

This strategy applies to the Agency when conducting procurement activities on behalf of the NHS and its own internal procurement. This strategy may be used as guidance by other NHS organisations when developing their own sustainable procurement strategies, or when assessing their progress against the procurement section of the NHS *Good Corporate Citizenship Self Assessment Model*.

Context

The Government has a crucial role to play in furthering sustainable development through its procurement of goods, services and buildings. With a budget of over £150 billion, it can transform markets, stimulate innovation and social change to support the wider objectives of sustainable development. The Government has set a target that the UK should be among the leaders in sustainable procurement within the EU by 2009. This strategy sets out how the Agency will help create a step-change in sustainable public procurement, in support of *Securing the Future - the UK Government Sustainable Development Strategy (2005)* and *Procuring the Future – the Sustainable Procurement National Action Plan (2006)*.

The need to incorporate sustainable development considerations into procurement is especially pertinent to the NHS. Every year the NHS in England spends in excess of £17 billion on goods and services essential to the running of the health service. Of this, around £4 billion is influenced on a national basis by the Agency. Embracing sustainable procurement will facilitate the Agency's aim of '*maximising the contribution of purchasing and supply to improve the health and well-being of the population of England*' and deliver wider government policies where procurement has a role.

Everything purchased and used by the Agency and the NHS has an impact on the environment, on people and communities, but these impacts are not always apparent. Impacts can arise at any stage of the product lifecycle as a result of raw material extraction, processing, manufacture, distribution, use and end-of-life management. In many cases, however, the environmental and social impacts associated with goods and services are not taken into account during the procurement process. The EU Consolidated Procurement Directive advocates the consideration of environmental and social factors in the procurement process, as does the UK Office of Government Commerce and the Treasury when aiming to achieve value for money through procurement. This is reinforced through the SPTF *Procuring the Future* report and the sustainable procurement National Action Plan proposed therein.

Sustainable procurement objectives

This strategy will be implemented to achieve the following strategic objectives and to ensure that the Agency maintains its position as a leader in sustainable procurement.

1. People

Deliver training and development activity that helps embed sustainable procurement objectives within the Agency and wider NHS procurement activity.

2. Policy and communications

Develop policies to facilitate and promote sustainable procurement and communicate progress to achieve sustainable procurement objectives to stakeholders.

3. Process

Develop and embed tools that enable sustainability objectives to be addressed in the procurement process.

4. Engaging suppliers

Work with suppliers to improve sustainability performance through the supply chain and stimulate innovation.

5. Measurement and results

Develop and utilise indicators of sustainable procurement performance.

The Agency proposes working towards the following targets, against the requirements of the flexible framework for sustainable procurement, set out in the *Procuring the Future* report:

- 2007 – reach Level 2 (or above) of the flexible framework by end April in all areas.
- 2008 – demonstrate progress towards Level 3 in all areas and have achieved Level 5 in at least one area.
- 2009 - reach Level 3 of the flexible framework with leadership (Level 5) in three areas by December.

This represents significant progress beyond the targets set out in the report for all public sector organisations.

Implementation

The strategy will be implemented through the delivery of the Sustainable Procurement Action Plan.

Sustainable procurement objectives and targets

Initial targets have been developed under each of the five sustainable procurement objectives which are detailed below. Further detail on the actions planned to deliver against these targets are shown in the Sustainable Procurement Action Plan.

1. People

Deliver training and development activity that helps embed sustainable procurement objectives within the Agency and wider NHS procurement activity.

- 1.1. Develop sustainable procurement training programmes to support Agency procurement teams, Collaborative Procurement Hubs (CPHs), Trusts and NHS Supply Chain.
- 1.2. Engage with CPHs to ensure sustainable procurement is built into governance structures.
- 1.3. Publish guidance and information to help develop sustainable procurement practices within the NHS at CPH and Trust level.
- 1.4. Maintain sustainable procurement forum across the NHS and other key stakeholders to identify and share best and current practice for example the Sustainable Procurement Network and NHS Sustainable Development and Environmental Purchasing Supply Forum.
- 1.5. Explore the integration of sustainable procurement into personal objectives, appraisal processes and competency profiles.
- 1.6. Support the ongoing research into sustainable development and procurement with the University of Bath Centre for Research in Strategic Purchasing and Supply (CRiSPS).

2. Policy and communications

Develop policies to facilitate and promote sustainable procurement and communicate progress to achieve sustainable procurement objectives to stakeholders.

- 2.1. Develop and implement policies, strategies and actions that support the achievement of sustainable development and ensure that training provides clarity around policy areas.
- 2.2. Develop and adopt a clear structure for sustainable procurement policies that is clear and accessible for procurement professionals and wider stakeholder groups.
- 2.3. Contribute to pan government sustainable procurement initiatives such as the Public Sector Food Procurement Initiative, OGC pan government contracting, pan government sustainable procurement forum and working groups.
- 2.4. Report progress in the Agency's annual sustainability report.
- 2.5. Provide updates to the NHS and suppliers through articles in PS and Procurement Bulletin.

2.6. Report on research into sustainable procurement and practical experience through publications and workshops with research partners and other bodies.

3. Process

Develop and embed tools that enable sustainability objectives to be addressed in the procurement process.

- 3.1. Introduce relevant sustainability clauses into the Agency's Operations and Policy Procedure Manual (OPPM), and terms and conditions of contract as appropriate.
- 3.2. Develop a sustainability risk assessment tool(s), furthering the outcomes of the current environmental risk assessment procedure and implement for all contracts (to inform category strategy and business case development).
- 3.3. Provide support to Agency procurement teams in the prioritisation of sustainable procurement issues specification development and evaluation.
- 3.4. Develop a policy and process for identifying the weighting to be given to sustainability within contract evaluations in percentage terms, (in line with risk assessment) and how this is allocated between different specification requirements.
- 3.5. Ensure that contract specifications utilise 'Quick Wins' (as defined by OGC) and meet minimum government standards, for example sustainable timber, recycled paper and green energy.
- 3.6. Work with the Agency's Sustainable Procurement Forum to ensure sustainability tools are effective and embedded within practice.

4. Engaging suppliers

Work with suppliers to improve sustainability performance through the supply chain and stimulate innovation.

- 4.1. Ensure that sustainability performance is measured as part of the management process for key suppliers and categories (as identified through the sustainable procurement risk assessment process and/or contractual requirements).
- 4.2. Develop and initiate a supplier recognition programme structured to directly identify achievement and contribution from suppliers to sustainable development in the NHS.
- 4.3. Facilitate the establishment of four supplier sustainability programmes in different supply areas which are focussed on driving efficiency, innovation, risk management and increased opportunity.
- 4.4. Explore the development of an ethical code of practice for adoption throughout supply chains.

5. Measurement and results

Develop and utilise indicators of sustainable procurement performance.

- 5.1. Develop indicators of sustainable procurement performance and test these.
- 5.2. Adopt indicators of sustainable procurement performance for ongoing measurement of performance, at Agency and contract level.
- 5.3. Monitor the adoption of 'Quick Wins' (as defined by OGC) and minimum government standards across Agency contracts.
- 5.4. Benchmark the Agency's practice and performance with peer organisations and recognised best practice.

Evaluation and review

The strategy and progress against the Sustainable Procurement Action Plan will be evaluated and reviewed on an ongoing basis to ensure that it continues to meet its objectives and remains pertinent.

The success of the strategy will be evaluated by a number of measures including:

- achievement of the defined levels of the Flexible Framework for sustainable procurement within the SPTF *Procuring the Future* report
- benchmarking with peer organisations and against best practice
- delivery of specific actions recommended in the SPTF *Procuring the Future* report
- progress against the Sustainable Procurement Action Plan
- measures of sustainable procurement performance as developed under objective 5 (measurement and results)
- performance measurement of related the Agency's Corporate and Business Plan objectives.

Policy contact

Any issues or queries arising from this policy statement should be addressed to David Wathey, Sustainable Development Manager.

E-mail david.wathey@pasa.nhs.uk

Further information

All the documents are available electronically at www.pasa.nhs.uk/sustainabledevelopment/.

Consultation

The strategy has been developed in consultation with a wide range of key stakeholders including, but not limited to:

NHS PASA Management Executive Team and Sustainable Procurement Group
NHS Sustainable Development and Environmental Purchasing and Supply Forum
Sustainable Development Commission
Department of Health Commercial Directorate and Sustainable Development Procurement Working Group
Association of British Healthcare Industries (ABHI)
Suppliers - requests for comments through PS.

Glossary

List of abbreviations and acronyms used in this document and supporting action plan.

CPH	Collaborative Procurement Hub
CRiSPS	Centre for Research in Strategic Purchasing and Supply (University of Bath)
The Agency	NHS Purchasing and Supply Agency
MET	The Agency's Management Executive Team
OPPM	Operational Procurement Procedures Manual
SPTF	Sustainable Procurement Task Force

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