



# Sustainable Procurement – first steps

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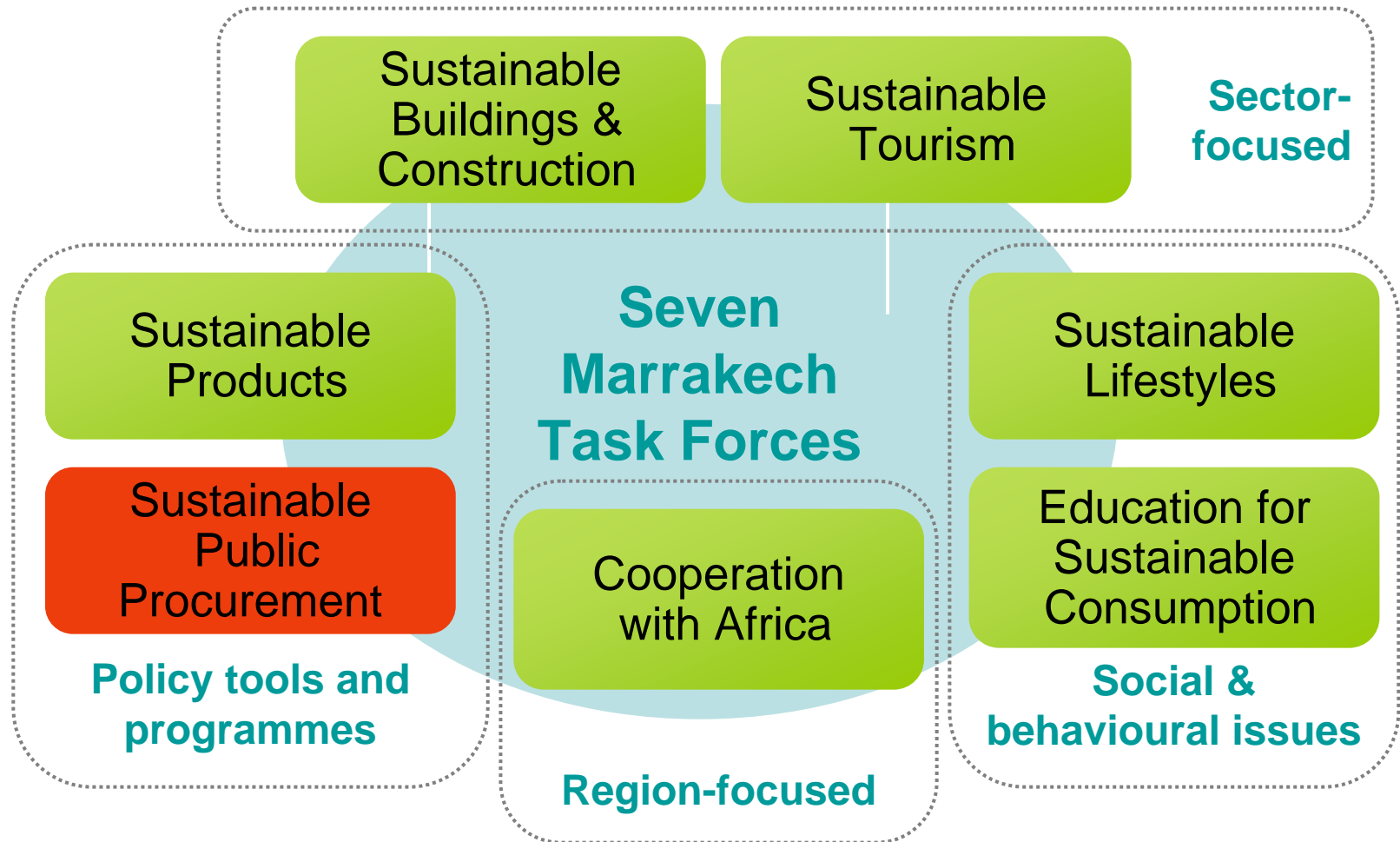
# Workshop Outline

1. Welcome & outline of workshop
2. Introductions from participants
3. Origins:
  - UK Sustainable Procurement Task Force
  - Marrakech Task Force on Sustainable Public Procurement
4. Prioritisation methodology
5. Exercise
6. Discussion of key criteria
7. Discussion of similar approaches
8. Summary and close

# Purpose of the session:

- To introduce the prioritisation methodology
- To provide information on its use in UK and elsewhere
- To test and discuss the methodology with participants
- To share experiences
- To provide feedback through Marrakech / CSD process

# Task Forces Implementing SCP





**Sustainable  
United Nations**



# Capacity building for Sustainable Public Procurement (SPP) in developing countries

Implementing the Sustainable public procurement approach  
developed by the Marrakech Task Force on Sustainable Public  
Procurement



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

**Federal Office for the Environment FOEN**



# MTF on SPP Pilots

EU-funded project - overall objective:

**Promote** and accompany the development of **effective sustainable public procurement** policies in emerging and developing countries.

Pilot countries:

Chile, Costa Rica, Mauritius, Mexico, Tunisia, Uruguay

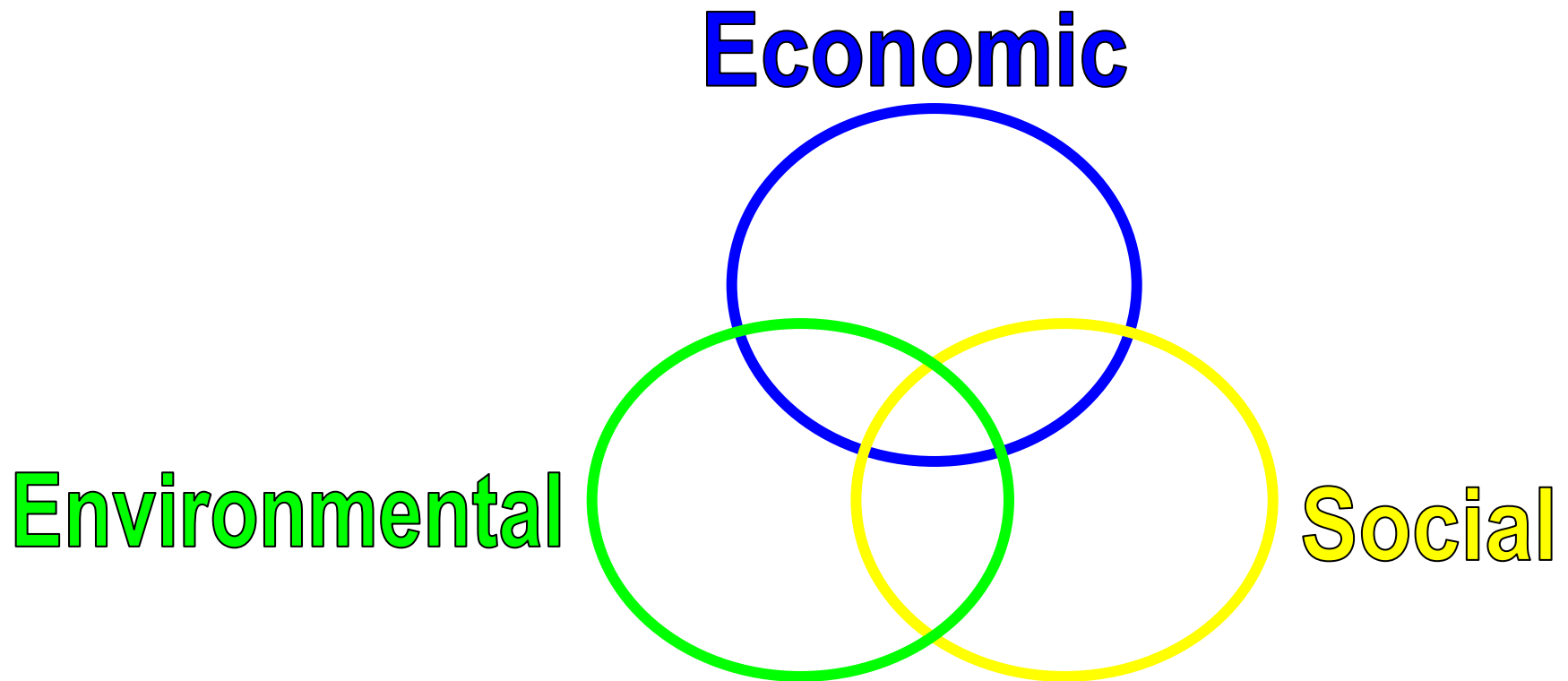
- New Zealand
- Potential new pilots: Ghana, Lebanon, UK wider public sector?

# Sustainable Procurement timeline



- UK to be recognised as amongst the leaders across EU Member States by 2009
- Business led Task Force set up May 2005
- Launch of Task Force report - 12<sup>th</sup> June 2006
- Government response included in UK SP Action Plan - 5<sup>th</sup> March 2007
- SDAP published November 2007
- Delivery Plan published August 2008 and updates

# What is Sustainable Procurement?





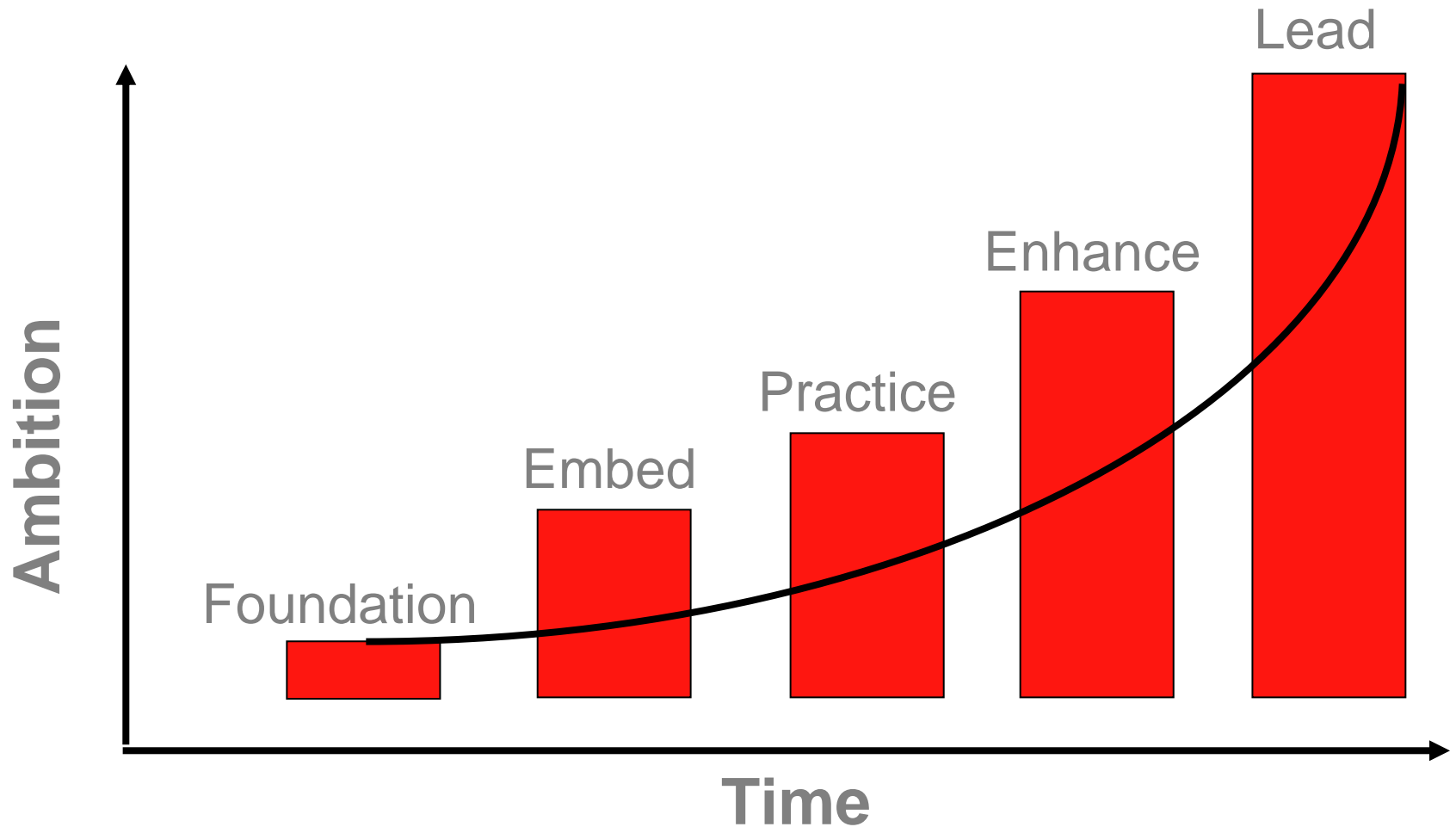
# Delivering sustainability through procurement

- 2 Building Blocks of SPTF
- Flexible Framework
- Prioritisation Methodology
  - Risk-based
  - Helps focus resources
- Integrating sustainability throughout the procurement and supply chain management process

# Who is using these approaches?

- UK Government departments
  - Many have modified to suit their own context
- Local government, municipalities
- Governments in developing countries
  - Through Marrakech Task Force on SPP
- Suppliers and contractors to public sector
  - Adapted for their own use
  - Sustainable Procurement Action Plans

# Flexible Framework



# Flexible Framework

- People
- Policy, strategy and communications
- Procurement process
- Engaging suppliers
- Measurement and results

# Prioritisation Methodology

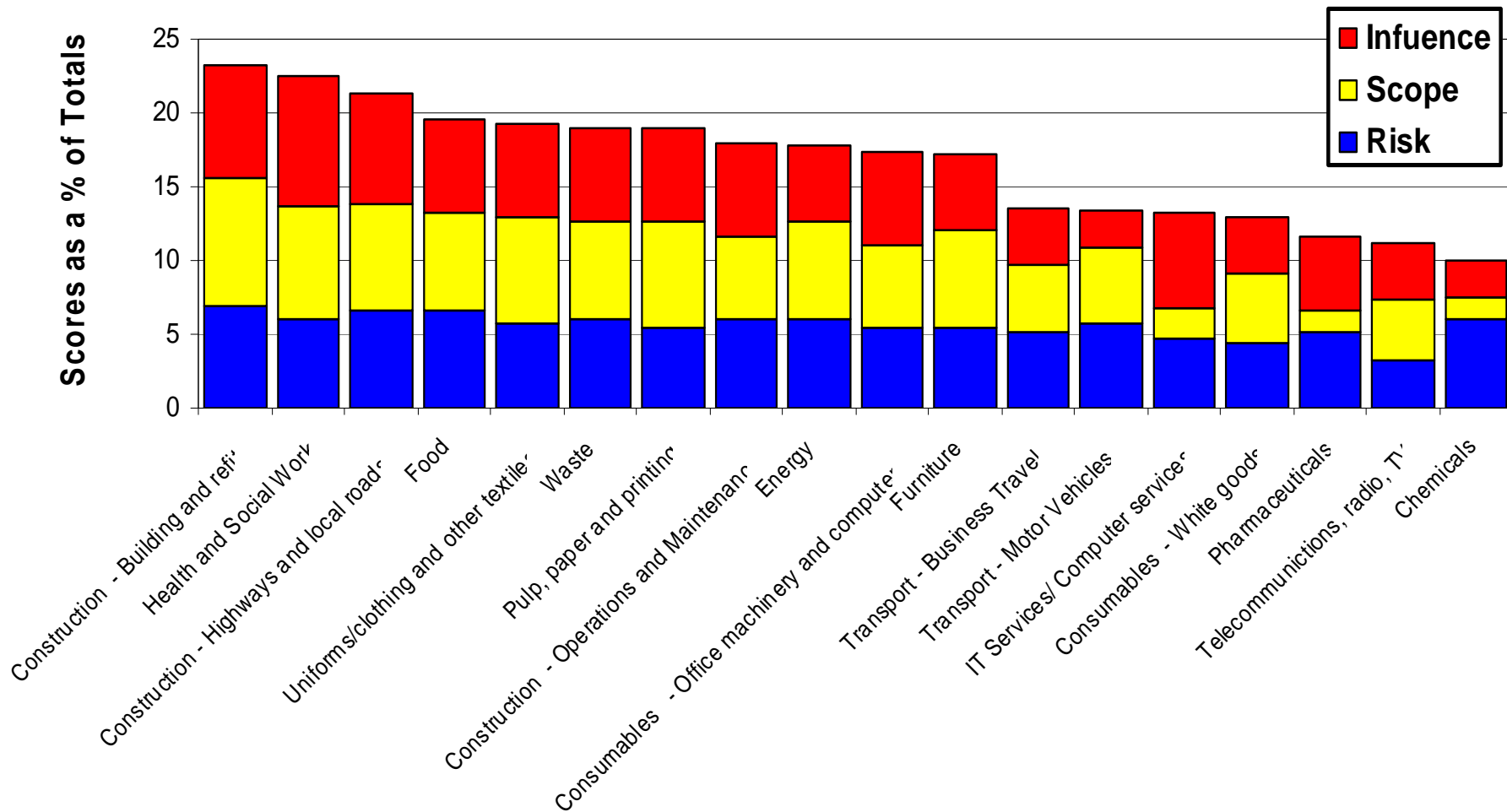
- Structured approach to assessment of spend
  - Risk
  - Scope
  - Influence
- Standard approach across the public sector
- Focuses resources in areas with the greatest potential to improve sustainability
- Designed to deliver improvements in priority areas

# **Risk Based Approach**

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

# UK Public Sector Priorities

## National Priority Spend Areas

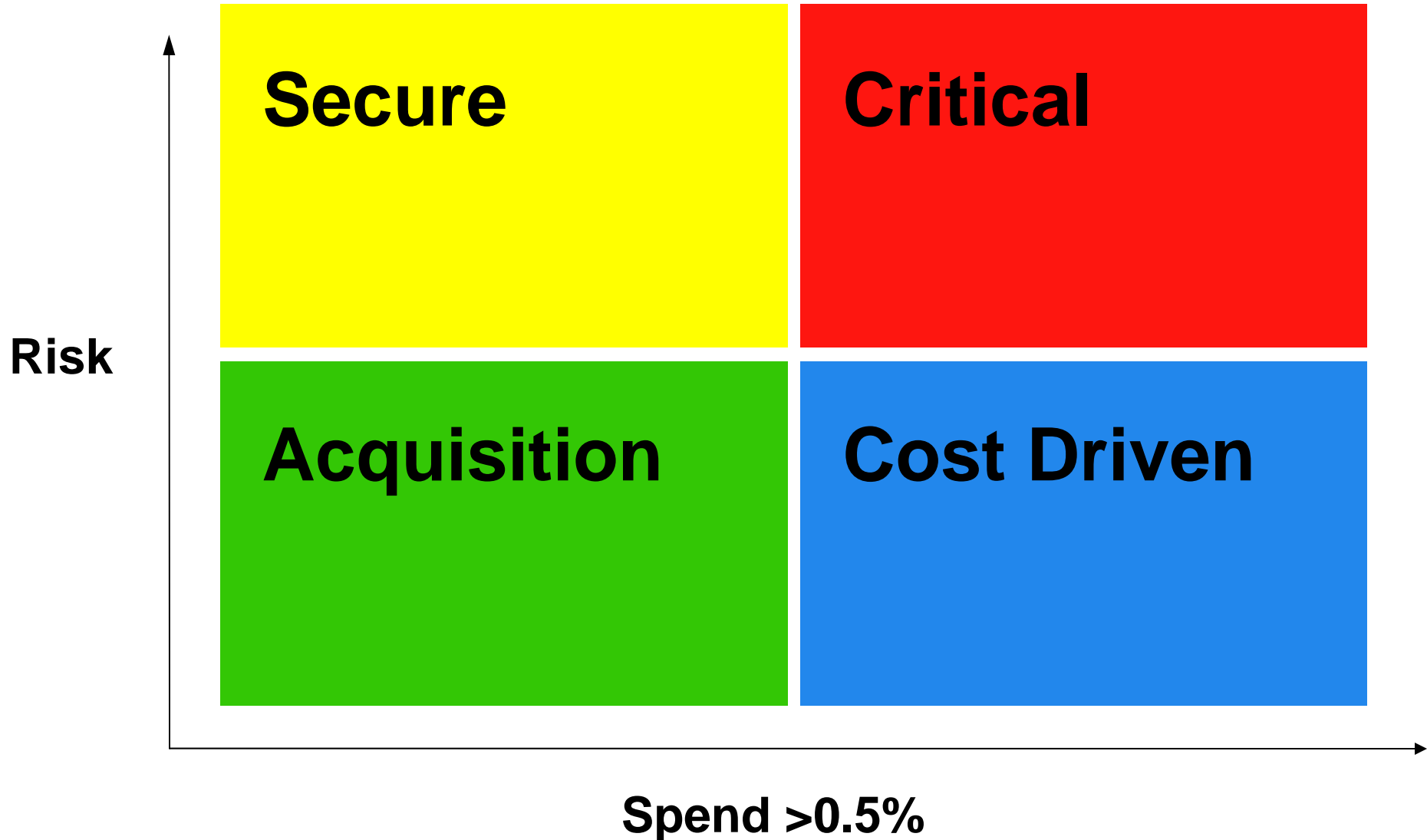


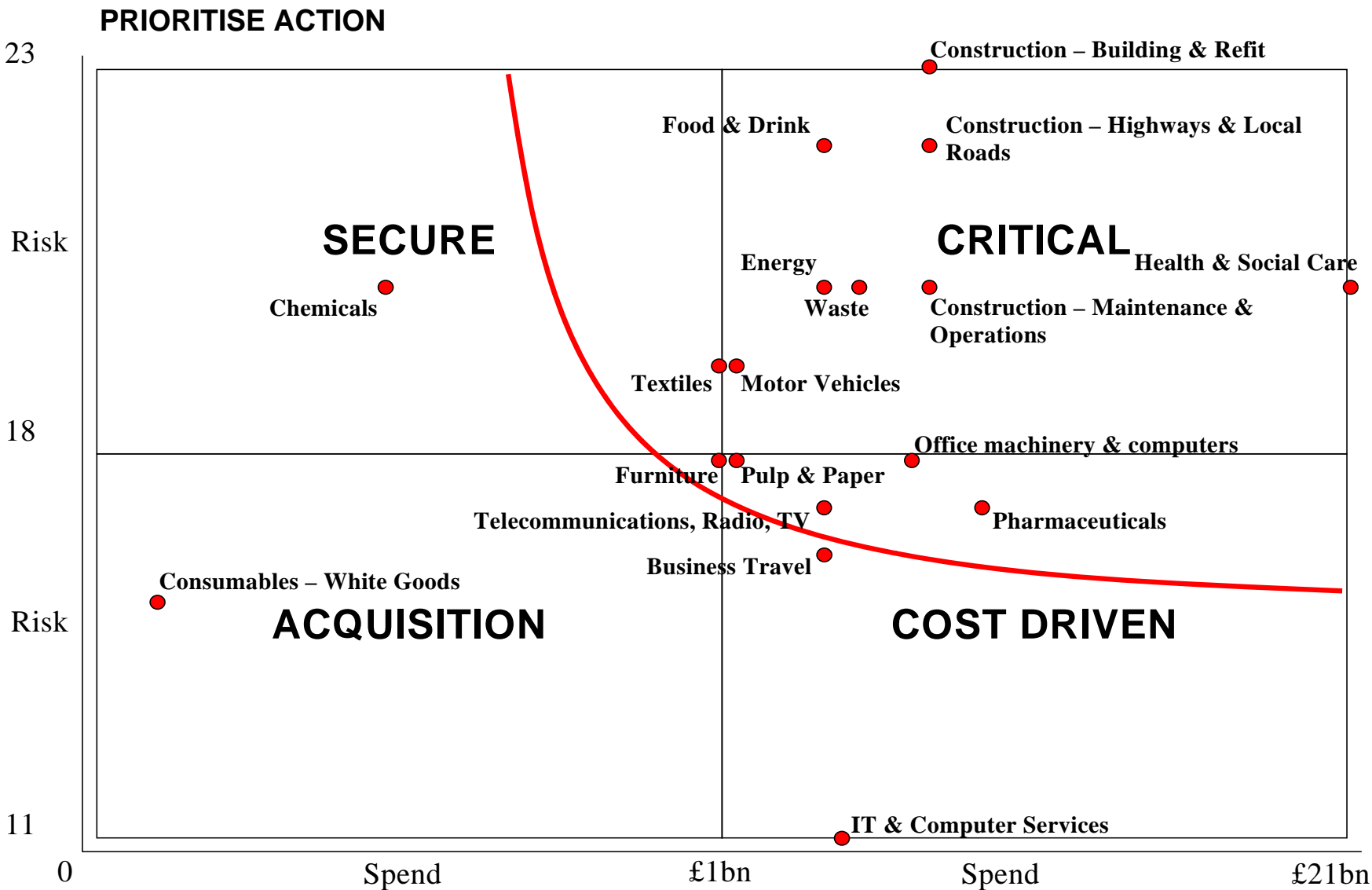
# Priority areas

- Construction
- Health and Social Care
- Food
- Uniforms, clothing and other textiles
- Waste
- Pulp, paper and printing
- Energy
- Consumables - office machinery and computers
- Furniture
- Transport

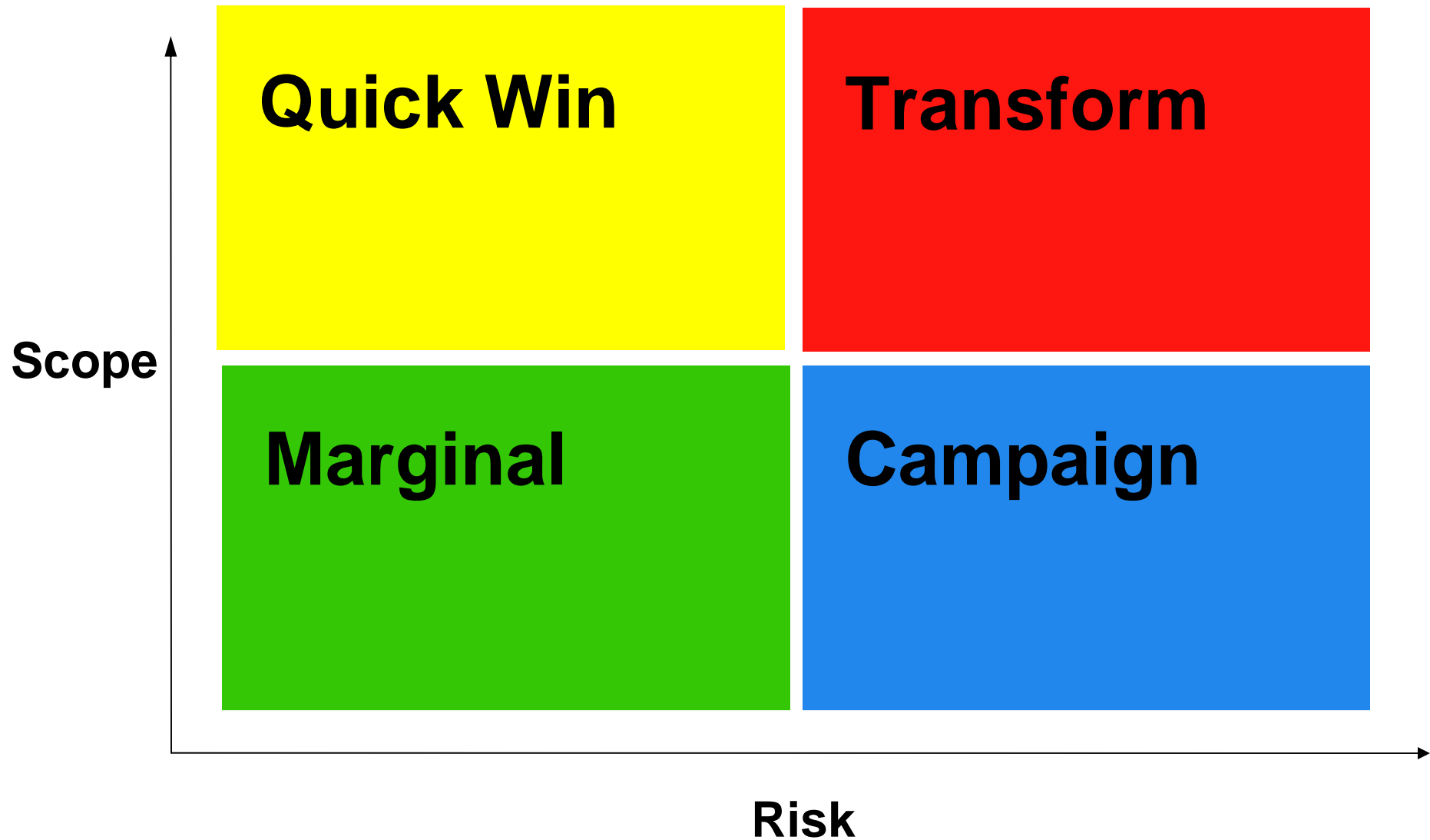


# Prioritise Action - Risk and Spend

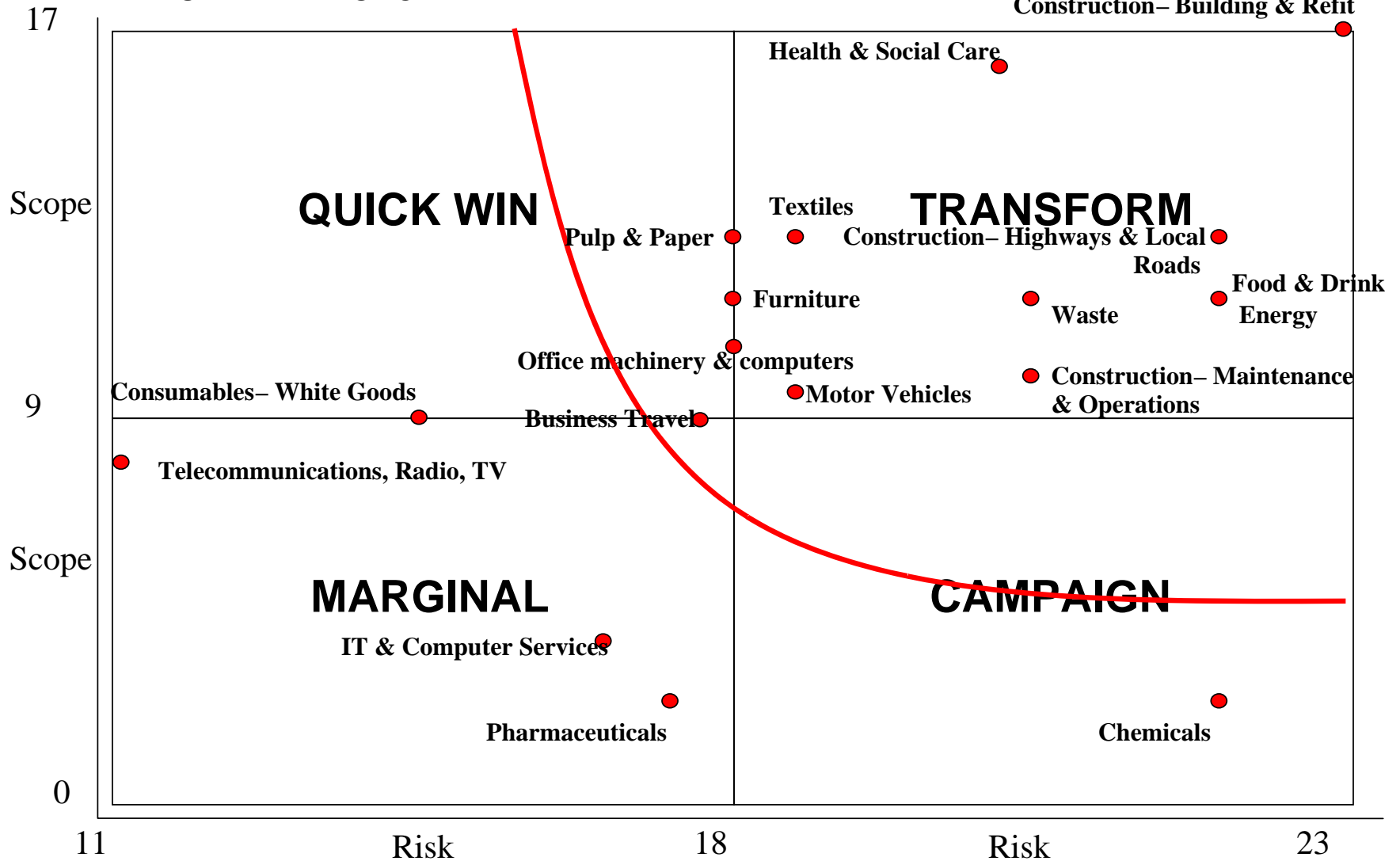




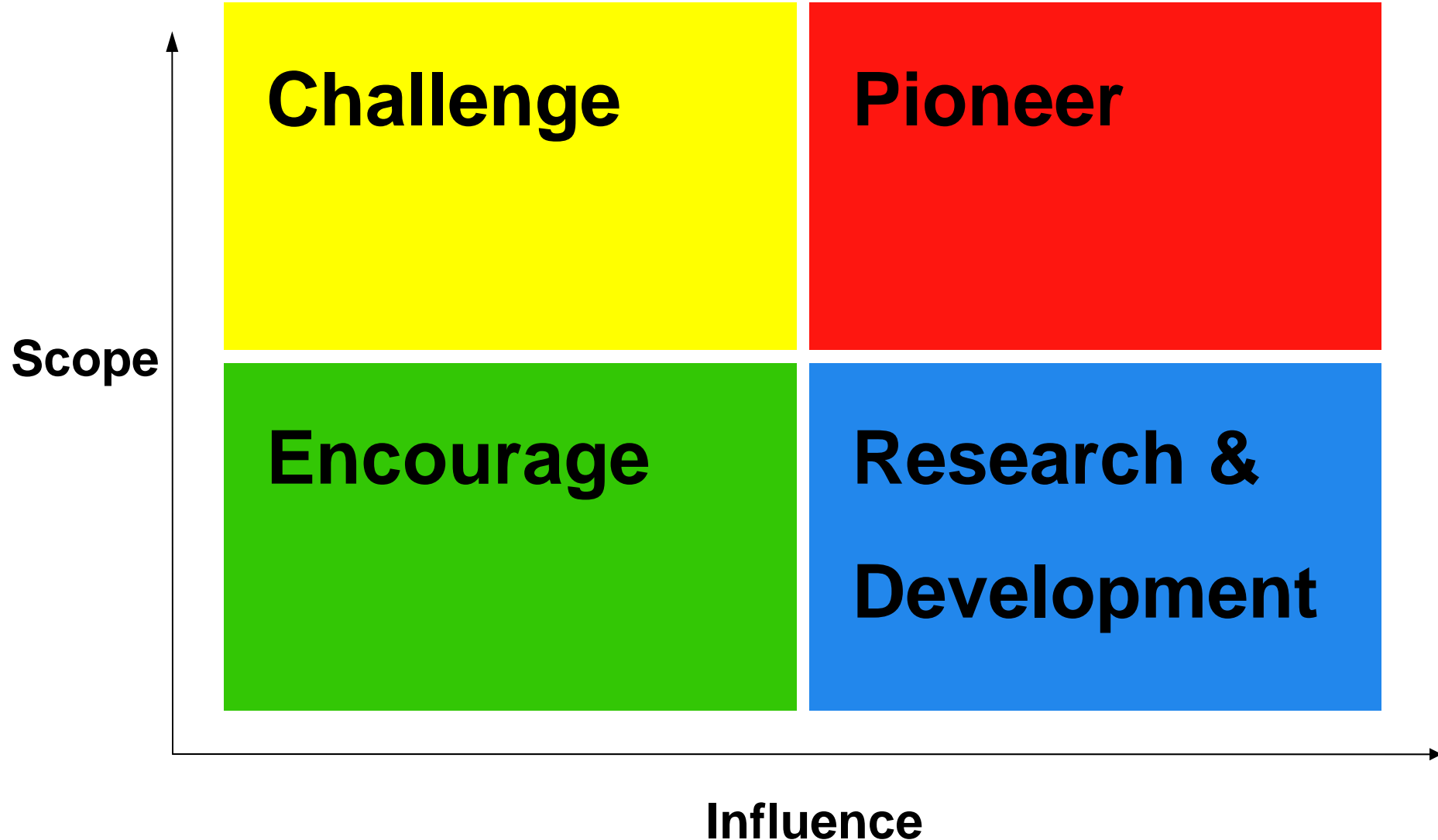
# Buyer Approach - Scope and Risk

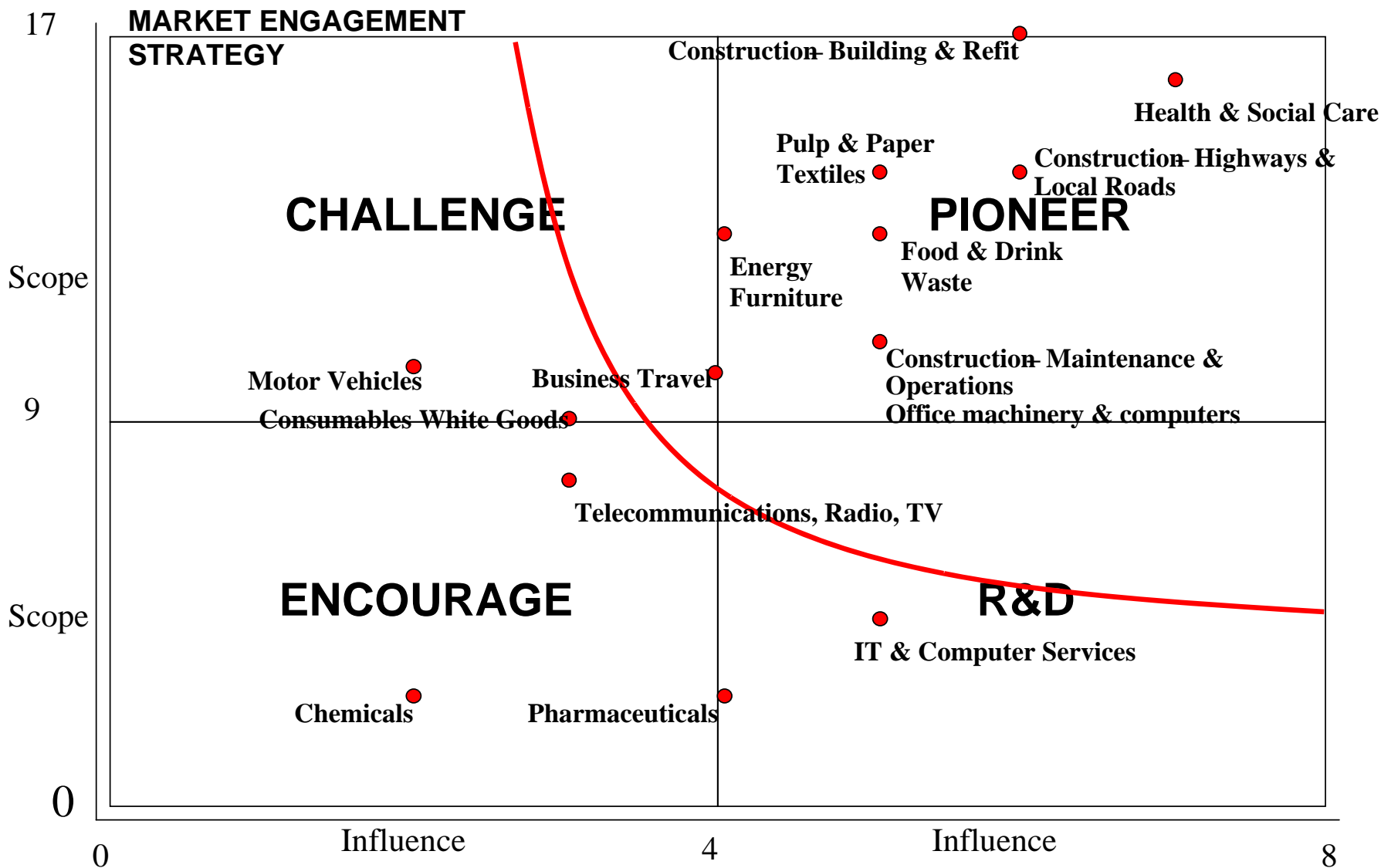


## BUYER APPROACH



# Market Engagement Strategy - Scope and influence





# Risk - Expenditure

- Identify source of expenditure
  - Does it have the right level of detail?
  - Does the data capture historic expenditure?
  - Does the data capture forward expenditure?
  - Is it for order value or invoice value?
  - What period does the data source cover?
  - **Decide on the single best source of commodity spend data to use for prioritisation.**

# Risk - Environmental

## 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 - Environmental**

- Scored out of 5 based on:
- Scoring each sub-heading as high, medium or low
- Not all sub-headings will be relevant to each spend category
- Subjective judgement based on number and severity of impacts
- Examine impacts overall

# Risk – Socio-economic

## Themes

- Health
- Education and Employment
- Communities and other social

## Sub-Themes

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

# **Risk - Socio-economic**

- Scored out of 5 based on:
- Scoring each sub-heading as high, medium or low
- Not all sub-headings will be relevant to each spend category
- Judgement based on number and severity of impacts
- Examine impacts overall

# **Risk - Level of existing activity**

- Scored out of 3
- No existing activity scores 3
- Identify initiatives, guidance and other relevant activity in existence for each spend area
- Judgement based on number and level of activity

# **Risk - Scope to do more**

- Subjective score from 1 to 3
- High scope scores 3
- Score each of the sub-themes
- Judgement based on number and level of activity

# Risk - Reputational Risk

- Scored out of 3
- For each spend area reflect on the reputational risk e.g.
  - Organisational policy statements
  - Legislative pressure
  - Areas of NGO Pressure
  - Issues of perceived high impact (e.g. sweat shops)
- Judgement based on number and degree of opportunity

# Scope to do more

- Reconsidered on its own due to great importance
- Scored out of 18
  - Sum of environmental and socio-economic criteria
- Assess scope for each sub-theme (Yes/No)
  - How much room for improvement is there in this area of spend?
  - Greater opportunity = higher score

# Influence with Suppliers

Scored out of 8

- Are the suppliers operating in a saturated market?
- Do we command a share of the sector's market, significant enough to invoke change?
- Do we typically represent more than 0.5% of supplier turnover in this market place?
- Does maintaining good relations with us reflect well in the eyes of clients?
- Does maintaining good relations with us reflect well in the eyes of society at large?
- By working with us do suppliers improve policy and practice?
- Do suppliers improve policy and practice through adherence to legislation?
- Do suppliers comply with our policies?



# Summary

Now you have a total for each spend area:

- Amount of spend £
  - Risk score out of 24
  - Scope to do more score out of 18
  - Influence score out of 8
- Use these values/scores to determine overall priorities and plot approach matrices

# Testing and Discussion

1. Environmental and socio-economic sub-themes - what else should be included?
2. Would the building blocks be useful for other countries?
3. What other methodologies are used for prioritisation?
4. Key messages and next steps



# Sustainable Procurement – first steps

## Thank you for your attention

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Keep in touch!

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