Scoping Study on Sustainable Procurement Tools and Databases

Final Report for Defra

September 2009

ERM

Department for Environment, Food and Rural Affairs

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CONTENTS

1 INTRODUCTION

1.1 BACKGROUND

Until relatively recently sustainable procurement did not have a definition to describe what it entails. The Sustainable Procurement Task Force (SPTF) therefore devised one to encompass what this concept means and be relevant to the various commitments to sustainability across Government. It is defined as follows [1];

Sustainable Procurement is 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.

Footnote:
Sustainable Procurement should consider the environmental, social and economic consequences of: Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.

Directly related to this and stemming from EU procurement Law, the UK Government procurement is mandated to achieve value for money in its purchases. This has been defined as follows:

"Value for money (VfM) usually means buying the product or service with the lowest whole-life costs that is 'fit for purpose' and meets specification" Office Government Commerce (OGC) [2]

VfM can also be called "most economically advantageous offer". This makes the difference clear between whole-life costing and simple purchase price, as explained here:

"A contract should be awarded to the tenderer offering the best value for money – that is, the optimum combination of whole-life costs and quality to meet the authority's requirements. Value for money in this context equates to 'most economically advantageous' for the contracting authority (not wider), in the parlance of the UK Regulations implementing the EU Procurement Directives." OGC [3]

It is within this context the Government procurement process operates, during which information is required on various issues and at differing stages of the process, in order to establish what the impact of a particular purchase might be and how it compares to other options. These impacts can include financial aspects, environmental or social impacts as well as understanding the quality and performance of the shortlist of products.

(1) http://www.defra.gov.uk/sustainable/government/documents/full-document.pdf
(2) http://www.ogc.gov.uk/documents/VFM(1).pdf
(3) http://www.ogc.gov.uk/documents/OGC_Guidance_on_eAuctions.pdf

To achieve this end, and thereby gather suitable information and then analyse it, procurement officials often need and use 'tools' of one kind or another to assist them in their purchasing decisions. These tools can help them in understanding what the benefits of one option might be over another; financially, environmentally, and so on, and therefore help to build a business case for one set of options.

What actually constitutes a 'tool' is open to interpretation, let alone the function it may perform within the context of the procurement process. The tools or applications available to procurement professionals can come in many forms; from decision trees and guidance documents to calculation sheets for comparative analysis and more complicated cost benefit analysis. There is a wide range of tools available that covers procurement in a broad sense; applicable to a range of materials, products and services and providing assessment of their impacts. Whilst on the other hand there are tools that are more bespoke, covering specific types of equipment or services which can include guidance, calculation capability and product criteria specifications.

The array of tools, and the issues that these raise, has led to the need for research into: what tools are available; what function do they perform; and what gaps or additional needs exist?

1.2   *ISSUES AND THE NEED – PROJECT OBJECTIVES*

Currently, a large number of guidance documents, tools/calculators, databases and catalogues exist to choose from, with a wide range of different functionalities and scopes. While some offer a broad toolkit, giving suggestions as how to compose a sustainable procurement strategy or policy and then compile tender documents, others are more focussed on calculating the benefits accrued from tenders when compared with each other.

It was agreed during strategic meetings with Defra and OGC CESP [1] that procurement officials would benefit from a single resource being produced that would pull together, succinctly summarise and document a wide range of the available tools developed to date. This would include UK Government tools as well as others developed by non-Governmental organisations and business and from overseas.

Defra and OGC CESP agreed on the need for research which would consult with procurement experts to understand what it is they use and find helpful, but more importantly what else would be useful to them and what is currently missing that would fill a gap in capability. Based on this, the research would draw conclusions as to the next stages of work, development and dialogue.

This study on *Sustainable Procurement Tools and Databases* therefore provides a three-stage approach to the landscape of procurement tools.

(1) Office of Government Commerce Centre of Expertise in Sustainable Procurement

- Firstly, a literature-style review to gain a fuller understanding of what is currently available for public-sector procurers to use, in the form of a library, that catalogues and describes the function and coverage of the tools.
- Secondly, through consultation with procurement experts, a review of which tools procurement professionals actually use and, more importantly, what aspects and functionality they find useful.
- Finally, from this understanding of the current landscape the research then moves on to what else might be required or found useful. Through identifying the knowledge and capability gaps, this research is able to chart a set of recommendations for future work and development.

The methodology for addressing these main stages and the issues therein is discussed and expanded upon further in *Section 2* of this report.

## 1.3 *STRUCTURE OF THIS REPORT*

Following this section the remainder of the Report is structured as follows;

- *Section 2* – Methodology
- *Section 3* – Outputs and Results
- *Section 4* – Conclusions and Recommendations
- *Annex A* – Tools Library – separate document
- *Annex B* – Workshop agenda and notes
- *Annex C* – Workshop slides and attendee list – separate documents

2   METHODOLOGY

This section of the report sets out the approach and methodology used to address the main research areas of this work. ERM took a three-stage approach to address the issues, identified as Tasks A, B and C. The sections that follow elaborate the tasks and the sub-tasks therein, whilst the illustration in *Figure 2.1* provides an overall summary view of the adopted methodology.

Figure 2.1   *Research Methodology*
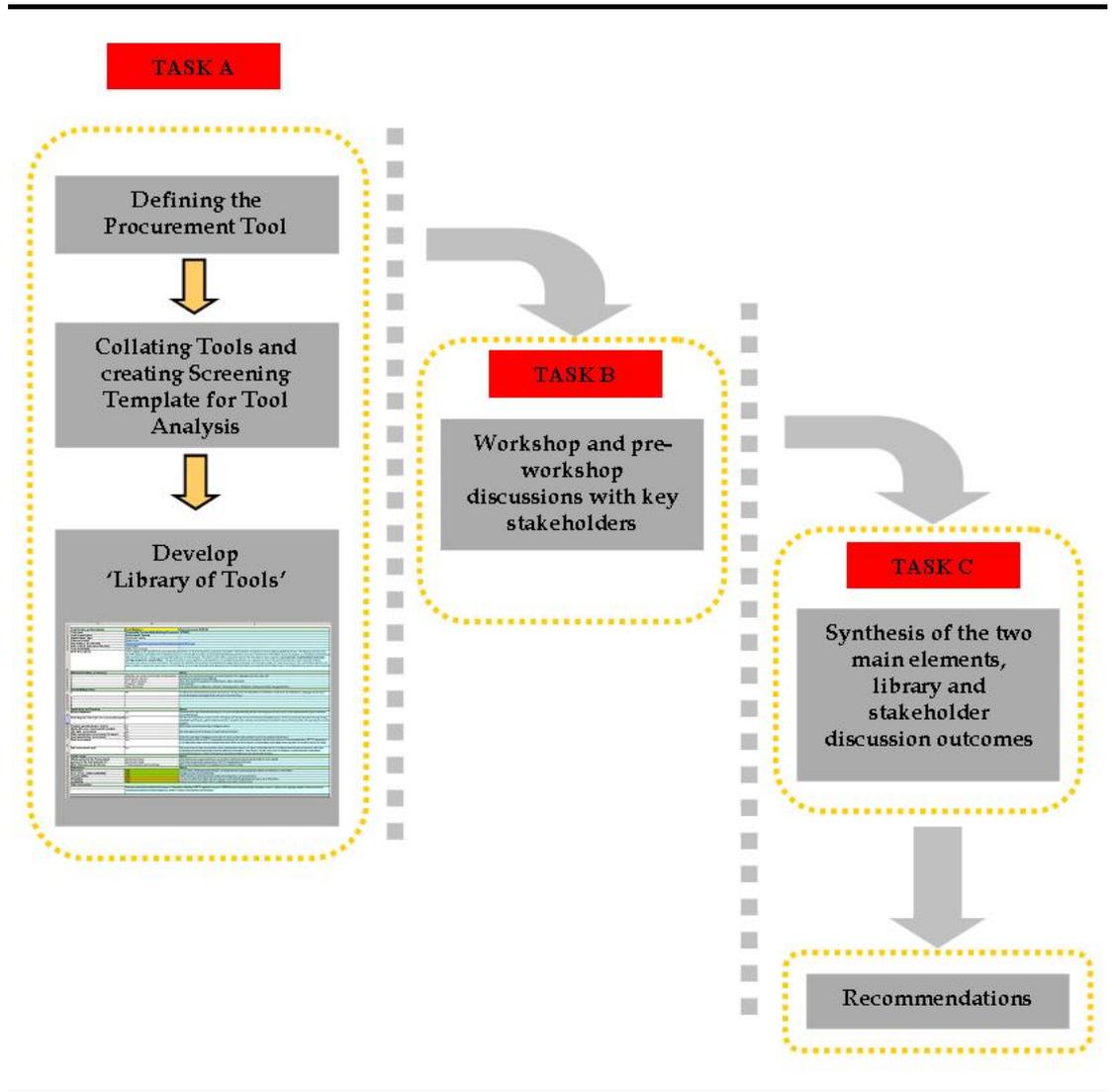
2.1   *TASK A – TOOLS LIBRARY*

2.1.1   *Sub-task: Tool Definition*

Task A focussed on collating the 'tools library' and undertaking a literature-style review of those tools made available to us by OGC CESP, as well as others researched and gathered by ERM. However, before any tools were

collated for cataloguing, a definition of a procurement tool was drafted, circulated and agreed. This was subsequently used as guidance for what a procurement tool comprised and thereby acted as screening criteria to the selection process of tools for the literature review and cataloguing stage of the process.

For the purpose of this research and screening the 'procurement tool' is defined as follows, with supplementary explanation and examples:

A document, set of documents or an electronically available resource that provides support to the procurement decision making process. They are used to assist making the decision, rather than making the decision outright. They do not include procurement legislation, nor do they include procurement strategies or policies, as these set out the framework within which the procurement process takes place and the decisions resulting from this.

For example, a tool could be a flow diagram that helps the user arrive at a decision or outcome with a given set of known information, such as a risk assessment. Or it could be a calculation tool that allows the user to understand the whole-life costs and benefits of various options. Alternatively, it could be a checklist such that all appropriate steps within the procurement cycle have been undertaken. Within this last example a tool can range from something relatively simple and quick to use, up to very complex and detailed guidance document(s), which may be regarded more as reference material than as a tool per se.

Figure 2.2 below depicts where tools sit in relation to the procurement cycle and the wider context of legislation, national targets and Departmental policies, which themselves undergo periodical, albeit slower, cycles of review and update (it should be noted that no timescale is implied). As well as the procurement cycle and the tools used within it, there is also the category management process that comes into contact with the procurement cycle – this has been included in the diagram for relative comparison and context.

It can be seen that the Implementation Stage of the category management cycle – undertaking the actions for that category stemming from its strategy to meet agreed targets – is most likely to meet up with the Needs Identification Stage of the procurement cycle – starting to undertake the process of meeting a defined need. There will also be interaction however in the review stages of both loops as each can learn from the other.

2.1.2   *Sub-task: Gathering Tools*

Once the definition was established tools were gathered from various sources which included:
- existing tools used by central Government Departments and Agencies – see table below;
- OGC and CESP Workshops; and
- research and investigations within the public domain into tools developed by other non-Governmental bodies.

Of the UK Government Departments and Agencies, the following provided tools to OGC and this project;

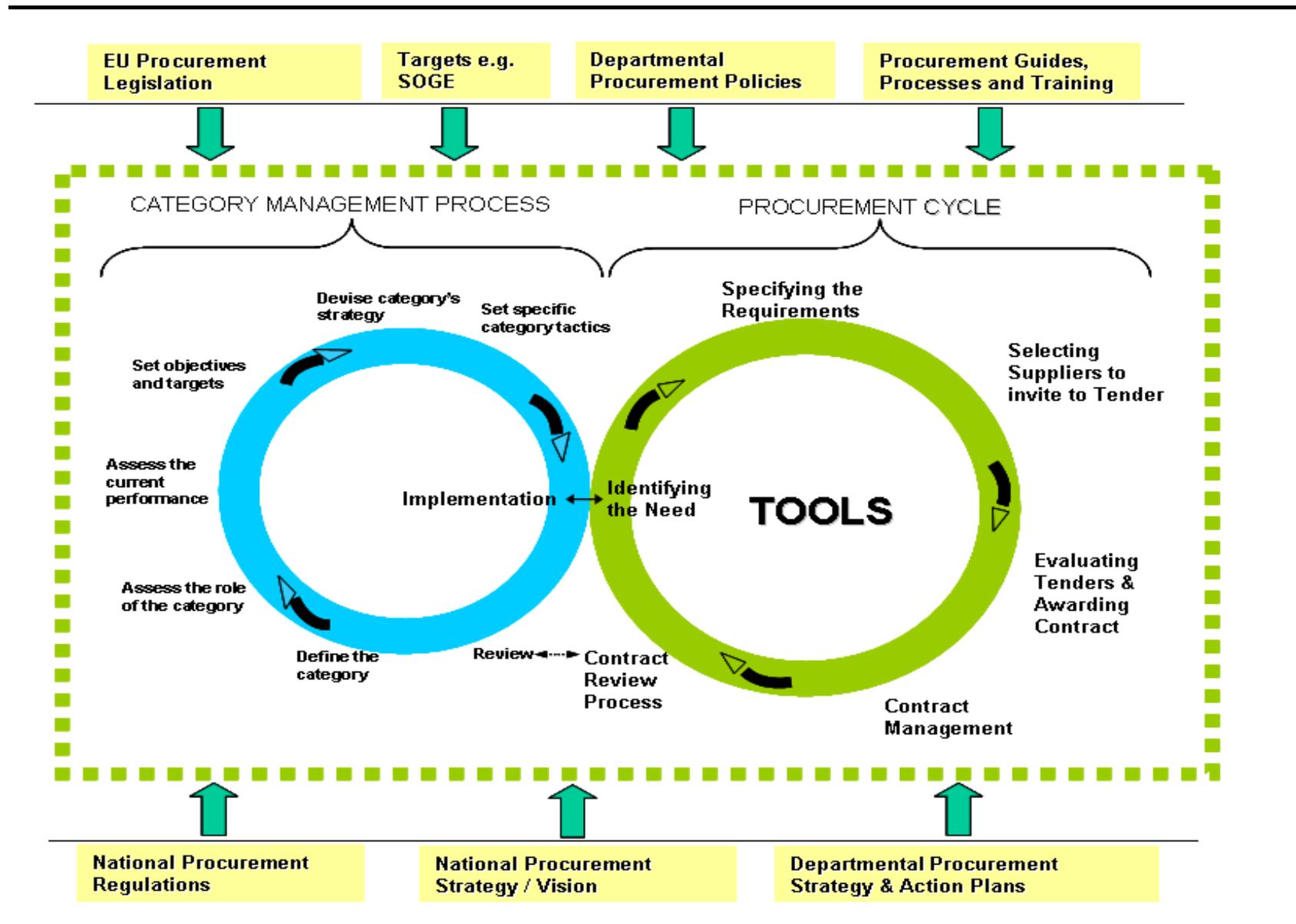| Organisation: Department / Agency |
| --- |
| Department for Children, Schools and Families (DCSF) |
| Department for Environment Food and Rural Affairs (Defra) |
| Department for Transport (DfT) |
| Department for Work and Pension (DWP) |
| Department of Communities and Local Government (DCLG) |
| Environment Agency |
| HM Revenue & Customs (HMRC) |
| Home Office |
| Ministry of Defence (MoD) |
| National Health Service (NHS) |

Figure 2.2   *Where Procurement Tools Fit into the Procurement Process*

Having gathered an array of different tools, the next sub-task was to analyse them. This involved capturing the information (or metadata) about the tools' properties, subsequently summarising this information in a consistent, formatted template using specific fields and categories. These categories have been illustrated in the following illustration, *Figure 2.3*.

Primary information fields were used for: tool name; owning organisation; contact details; organisation's sector; etc. Further fields were then used to describe which products and/or services that tool was relevant to, likewise to explain to which sustainability impacts the tool was pertinent to (both including the option for 'all').

From here the tool's functionality and application was described. Is it a checklist, flow diagram or a risk assessment? Does it provide product specifications or Green Public Procurement (GPP) criteria? Does it allow some quantitative analysis, such as whole-life costing, or a comparative efficiency assessment? And so on.

The penultimate section of the template gives some information on where the tool is most applicable in the procurement cycle's five main stages, as shown in *Figure 2.2* above, recognising that, in practice, a tool might still be of use in other stages. Again, an 'all stages' option was selectable from the drop-down list.

The final section for this task considered and presents guidance on the relevance, usability and robustness of the tool using a high / medium / low rating system, under the five headings of:

- *Relevance* - Is the tool relevant to the procurement decision process, or is it part of the procurement policy framework?

- *Ease of Use* - Is the tool clear to follow, is it intuitive, does it take a long time, would you need training?

- *Transferability* - Could this tool be used for other procurement decisions to the one originally intended, or is it very bespoke?

- *Reliability* - How often is the tool reviewed and updated? Will it give reliable outputs in years to come?

- *Credibility* - Who has been involved in the tool's development, has input / review been received from elsewhere? Can we trust the outputs of the tool, are they consistent?

> As it states in the library, these ratings have been made objectively at a high level and are meant to be used as a guide only. An approach of proportionality was taken in making the assessment. The five headings were not applied too literally or restrictively as opinion will vary depending on the exact needs of the tool-user. Users are advised therefore that they should make their own judgement based on the information provided, combined with using the tool themselves; some professionals will find tools, or aspects of them, useful and helpful, whereas others may not.

Figure 2.3   *Toolkit Categories*

Having assessed the tools against the categories described above, they were then mapped into a summary matrix. This matrix provides a more direct reference for users to locate tools against their own specific needs or criteria.

For example, a user might want to find and then read about tools available for a specific product group, regardless of sustainability issue or which part of the tender process it relates to. On the other hand they may want to find tools that perform a particular function when assessing tenders, such as whole-life costing and then cross reference to particular product groups. Alternatively, the user may want to know what tools are available to them for a given stage of the procurement cycle and then to understand which products and services they are appropriate for.

As such, three summary pages have been created to help a user to search for and then navigate to the tools one may find useful. These have been split by:

sustainability issue; tool application / function; and the procurement cycle stage, to allow the user to search depending on need. *Figure 2.4* gives one example of this for the procurement cycle stage summary sheet (the numbers refer to the tool identification number).

Figure 2.4   *Summary Sheet – Procurement Cycle Stage*

Summary	Procurement Cycle Stage					
	All Stages	Identification Stage	Specification Stage	Selection Stage	Tender Evaluation and Award Stage	Contract Management Stage
All products	6, 7, 20, 22, 23, 33, 36, 38, 39, 40, 43, 48, 63,	1, 4, 5, 18, 25, 26, 29, 30, 31, 44, 45, 59, 62, 66, 72, 78,	1, 2, 4, 5, 7, 17, 18, 19, 21, 24, 25, 26, 29, 32, 34, 35, 36, 39, 50, 51, 73, 78,	3, 4, 5, 8, 16, 24, 34, 36, 58, 60, 75, 76,	1, 2, 3, 11, 16, 17, 18, 19, 25, 26, 29, 34, 35, 37, 50, 51, 72, 74, 75, 76,	8, 11, 72, 74, 77,
ICT - office machinery		67	42, 47, 52, 67, 70		47, 52, 67, 70	
Other energy-using products		67	52, 67		52, 67	
Construction - General		10, 68,	10, 46, 68		10, 46, 56,	9,
Construction - building materials		67	53, 54, 55, 57, 67	54, 57,	53, 55, 67	
Construction - lighting		67	52, 61, 67, 70	61,	52, 61, 67, 70	
Construction - heating/cooling		67	52, 67, 70		52, 67, 70	
Food and drink - products			71,		71,	
Food and drink - catering services	64, 65,					
Transport - vehicles		67	67		67	
Transport - travel						
Furniture, Timber	12, 13, 14, 15,		41,			
Textiles & clothing		69,	69,			
Health - medical devices		27,	27, 28,		27, 28,	
Health - health and social work services						
Energy production		67	67, 70		67, 70	
Office supplies (non-EuP) incl paper			42			
Cleaning - detergents						
Cleaning - services						
Utilities - water and waste			49,			
Materials						
Other						

The library is included in this report as an annex, albeit as a separate stand-alone MS Excel file. Moreover, the library is considered to be a living document that could and should be updated on an agreed basis as new tools are developed and existing tools are improved or replaced.   In addition, improvements to the library's searchability could be made in subsequent projects. This aspect will be discussed further in later sections of this report that focus on progressing this agenda and actions for the way forward.

2.2   *TASK B - CONSULTATION*

Task B involved telephone discussions with key stakeholders followed by a workshop in London, held on 2nd July 2009. The stakeholder workshop sought to build on the research work completed to that date and to discuss procurement tools in order to ascertain:

- Which tools the practitioners use and why?

- What their functionalities and desired outputs are;

- The pros and cons of these tools;

- What else the practitioners would like to have in tools; and

- Identifying gaps and potential areas for development.

The information gathered and the opinions expressed, both in the pre-workshop discussions and at the workshop itself, were compiled into a set of notes and circulated to all attendees. These notes were then used to contribute to the Output and Results Section, below, along with other findings gained from Task A.

The workshop agenda, slides, notes and attendee list are appended to this report as annexes.

2.3   *TASK C - SYNTHESIS*

Task C involved pulling together the outputs and findings of the previous two tasks ie synthesis of library outcomes and stakeholder discussions and then deriving suitable conclusions and recommendations.

This provided two key outputs:

- a useful resource for procurement officials and others involved in procurement to find what tools are available and understand something about their nature and usefulness; and

- a 'roadmap' for the way forward, based on the 'gaps' in the library and the stakeholder discussions.

The results from the compilation of the tools library, Task A and the consultation Task B, are presented in *Section 3: Output and Results*. *Section 4: Conclusions and Recommendations* then focuses on the key areas and issues for future effort, as identified from the previous tasks.

3 OUTPUT & RESULTS

3.1 TASK A – TOOLS LIBRARY

In the process of collating and assessing a variety of tools, an understanding of the different functions and their coverage was gained. This is summarised in the Tools Library and is also described here.

3.1.1 Tool Format and Appropriateness to Products and Services

It was apparent that the majority of tools reviewed were generic in their design in terms of types of product and/or service covered. Whilst this is not a constraint, it can mean, that in certain circumstances, not enough detail is available for particular product groups.

For many of the more generic tools this is not always an issue. Taking risk assessments as an example, these are usually intended to be appropriate for many areas of procurement, and as such making them bespoke to a particular product category may well not be beneficial. Indeed, it could be too restrictive on the user to list every potential risk for that category and thereby possibly inhibit their consideration of the issues pertinent to their own project.

There is some availability of tools tailored towards specific products or services, but these were few in number compared to other tools. Examples to note were for Information & Communication Technologies (ICT), health and medical devices, construction, timber, textiles and water use. It is interesting to note that some of these tools have the potential to be transferred, in part or whole to other similar product areas. For example, those that address energy-using appliances (such as ICT and medical devices) could be adapted for other products and services with similar sustainability impacts. However, some tools will be far harder to change in the same way; construction is a very complex area with many detailed aspects. As such, the tools to meet the need for assessment of buildings and construction projects have been designed in a tailored fashion.

From the review, it was apparent there are no specific tools available for transport, cleaning services, and non-office based energy using products. However this does not mean tools do not exist for such products/services. Furthermore, these product groups are covered by other, more widely encompassing tools, for example those that describe product and material impacts and those that include procurement criteria.

The immediate questions that arise from this understanding are: is enough information available already or do specific tools need to be developed to fill a gap? The evidence from the workshop would suggest that there are no specific areas in terms of products that require new tools to be developed; the

issues for procurement tools are generally more strategic than that. However, some did comment that service areas could do with more guidance, for example catering services and travel services.

3.1.2 *Environmental, Social and Economic Tools*

Out of the 78 tools reviewed, assessed and catalogued, the majority, 65, were based on environmental considerations, with social/ethical and economic-orientated tools accounting for the balance.

This outcome is clear to understand; progress on environmental issues has a longer history both in legislative terms and subsequent action. Furthermore, there is often a lack of understanding or confidence in taking social/ethical issues into account without contravening EU Procurement Law.

The following example will illustrate the point. Two separate guidance tools that were reviewed for this project gave different opinions on how and where to include ethical or social issues in the procurement process, based on what is said in the EC Public Procurement Directive and what has been achieved to date. The guidance document from ICLEI [1] on ethical sourcing of textiles [2] recommends putting social criteria in technical specifications and/or award criteria as a more direct way of raising the social aspects and addressing them. Alternatively, OGC's Social Issues in Purchasing [3] recommends using contract performance clauses as a safer way of including them without falling foul of EU Procurement Law and the need for specifications to relate solely to the subject matter.

The results of the research are summarised in the diagram below, *Figure 3.1*. It should be noted that the columns below will not total to the 78 tools assessed as some tools will address more than one sustainability issue (this is the same for subsequent graphs for tool application/ function and the procurement cycle stage).

The most apparent result is that the vast majority of tools that were assessed apply to all sustainability issues. In reality this usually means a focus on environmental issues, with social and economic issues appearing in some if not all tools. This would make sense coming from the point of view of making the tool as widely applicable as possible and not restricting its application too greatly. Other tools are specific to one issue, such as social impacts or water use, whereas there are a few that cover a selection of discrete environmental impacts, eg energy use and waste implications.

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(1) 'International Council for Local Environmental Initiatives'. Now known as 'ICLEI-Local Governments for Sustainability'
(2) http://www.respiro-project.eu/
(3) http://www.ogc.gov.uk/documents/Social_Issues_in_Purchasing.pdf

Figure 3.1   *Numbers of Tools for Given Sustainability Impacts*
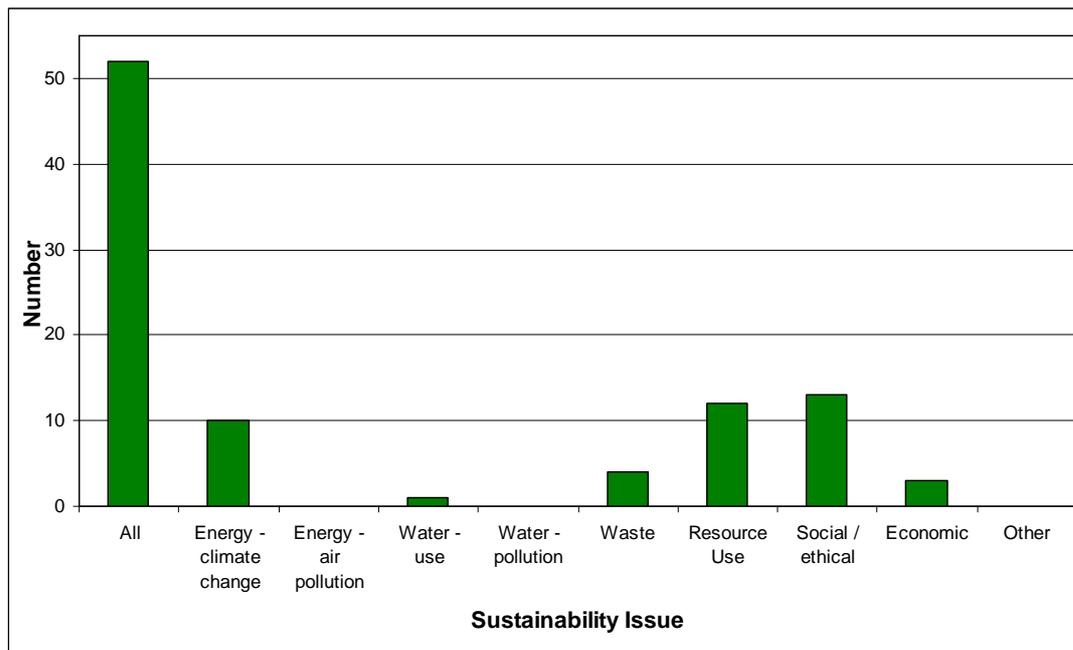
Another issue raised by this research and from speaking with consultees is the ability to quantify social and economic impacts. There are some very useful and robust tools available already to do this, eg the Local Multiplier 3 tool and Forum for the Future's whole-life costing tool. However, many of the stakeholders felt they needed greater awareness of these tools as well as more help, guidance and understanding of the relevant core issues, to be able to use these tools in a productive manner.

However, as noted above and later in this report, one of the identified barriers in sustainable procurement was the inclusion of social/ethical issues into the process. As indicated above our research has shown that of the 78 tools assessed only 13 (or 17%) considered social/ethical issues.

3.1.3   *Application and Function*

Many of the tools reviewed consisted of general guidance, flow diagrams/procedural guidance and risk assessments. To a lesser extent there were several tools that were researched that provided product specifications, as shown in *Figure 3.2*. The main gaps appear to be on whole-life costing and life cycle assessment, or other similar quantitative analysis. Whilst such tools do exist, many of them only provide the background or reasons behind doing whole-life costing, rather than actually assisting the procurer to calculate the costs. Of the latter, there are a few available, eg nef's LM3 (Local Multiplier 3) tool [1], GRIP's Evaluation Tool [2] and Forum for the Future's Sustainable

(1) http://www.lm3online.org/
(2) 'Green in Practice' is a foundation promoting sustainable consumption and production (SCP), established by the Norwegian Ministry of the Environment in 1995
http://www.grip.no/Innkjop/English/Down%20load%20documents/2007-05-24_GRIP_evaluation_tool.xls

Procurement tool [1]. This outcome is reflected in the recommendations section of this report.

Figure 3.2   *Numbers of Tools for Different Applications and Functions*
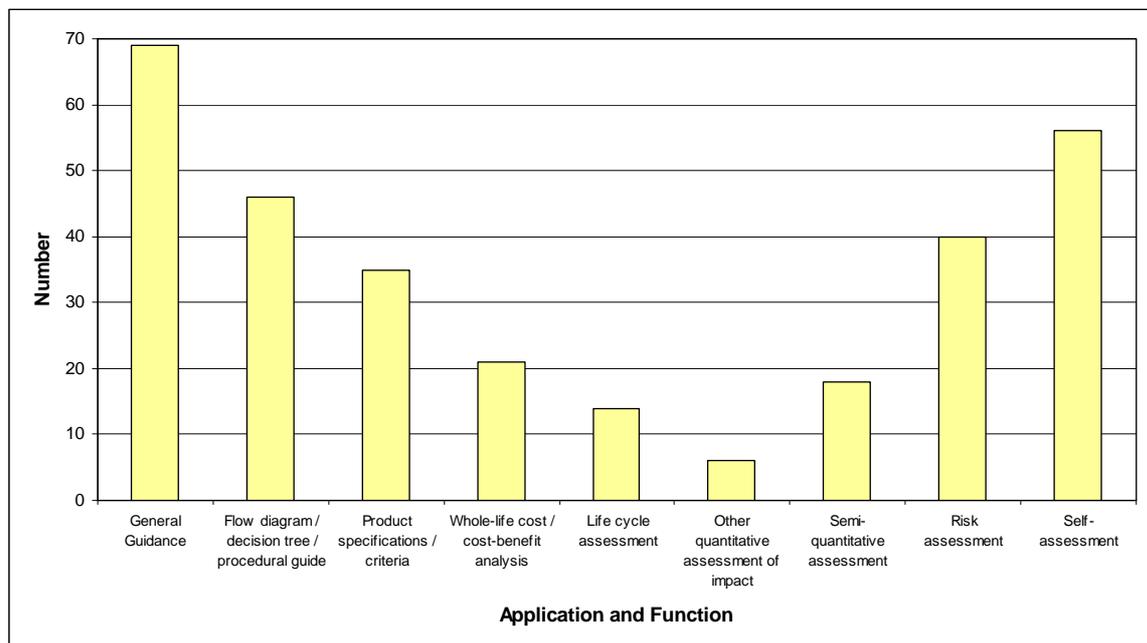
3.1.4   Procurement Cycle

In a similar vein to the findings above, it was also apparent that the majority of tools reviewed are relevant to most procurement stages; tools tailored towards a specific stage (for example 'identification' or 'contract management') were less frequent in comparison.

The most common areas for tools were in the middle of the procurement cycle; setting specifications, and then assessing and awarding contracts, as shown in *Figure 3.3*. On reflection it is clear to see why this is the case. This is the place where comparisons are undertaken, scoring of competing tenders is made and quantitative analysis can be done and is probably the most crucial stage in getting it 'right' to meet the need.

(1) http://www.forumforthefuture.org/buying-a-better-world

Figure 3.3   *Numbers of Tools by Stage of the Tender Process*
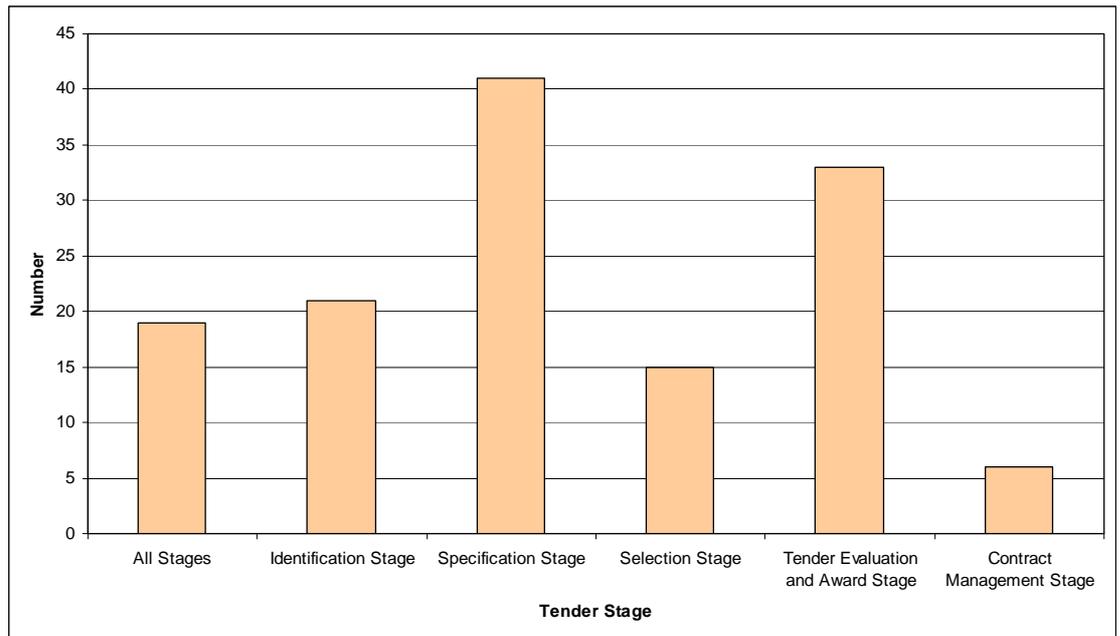
For example, in the tender specification stage there are many tools providing criteria that can be used directly to stipulate required performance standards or information to help in the preparation of such criteria. Likewise, for the evaluation and award stage several tools are available that can help the user understand the environmental and financial impacts of the options presented before them. Information from these tools can be added to the wider picture of product quality, reliability and longevity, customer support and delivery schedules and maintenance contracts, and so on.

3.1.5   *Supporting Materials and Usability*

Most tools were stand-alone documents, some with only limited supporting documentation in terms of understanding what sustainability impacts are and involve. Some tools were accompanied by instructions or protocols, or contained step-by-step assistance, but others would be improved if a similar approach was adopted in helping the individual make best use of them.

Several tools on the other hand were quite lengthy and therefore appeared, at first glance, to be difficult to use and understand, or simply take a long time to complete. This might well be a barrier to using them for time-constrained procurement professionals who have a myriad of other issues to deal with in the procurement cycle. This group is predominantly represented by the more detailed guidance documents. Although these do constitute tools in the wider sense, as they provide the context for the procurement process, with case studies and references, it is the opinion of this study that they don't usually assist directly in the decision making process.

At the other end of the spectrum, the research identified numerous 'check list' tools. These are classed as a tool in that they assist in ensuring that certain key steps in the process have been undertaken (or at least considered) but quite

probably do not help the user come any closer to a decision, eg which types and/or performance requirements of products to put a tender out for, or about which tender scores best. The general consensus from stakeholders was that whilst these tools have a role, for example to help ensure that procurement professionals with responsibility to specify needs also take account of sustainability, rather than relying on the Sustainable Team to do so (an issue of communication); they do not have a wide application.

As a final point, some of the tools reviewed were poorly referenced and some were quite old; therefore, confidence in their decision-making abilities is likely to be questioned by the user.

The following section summarises the key issues highlighted during the workshop meeting (Task B).

3.2   *TASK B - CONSULTATION*

3.2.1   *Pre-workshop discussions*

Prior to the workshop, telephone conversations were held with the intended participants. These conversations enabled an upfront understanding of the kinds of situations in which they and their colleagues find the need for a tool in the process of undertaking public procurement.

The main discussion topics covered:

- what kinds of tools are used;

- why are they used and whether they meet the need;

- what is important in terms of functionality and usability in those tools; and

- what the barriers are to using them more widely or introducing new tools.

The Kinds and Purpose of Tools

Some of the key themes coming out of the telephone discussions included the need for tools to assist in meeting and *demonstrating* meeting Departmental targets. Of the suggestions and comments made, the Flexible Framework was mentioned on more than one occasion, both as a tool in itself to be used to assess performance, but also as the target to be met through other procurement activities and the tools used to achieve these.

Many other tools types were discussed as being used on a regular basis, from risk assessment tools, to those that provide criteria to use in tender documents and others that allow the user to calculate relative costs.
As such, it can be viewed that procurement tools break down into two main categories.

- Tools that allow for a system check:
    - eg risk assessments, check lists and flow diagrams, for instance the Flexible Framework, DWP's SPRAM tool [1] and NHS PASA's SPROUT tool[2]
- Tools that allow for the gathering of evidence or detail:
    - eg cost benefit tools such as Forum for the Future's Procurement Tool, likewise from GRIP Purchasing; and
    - eg product criteria tools, for instance Buy Sustainable – Quick Wins, Environment Agency's Commodity Briefing Document.

Procurement Tools were definitely regarded as a means to an end, ie in gathering information to help build a business case, and as such form a small and discrete, but important, part of the whole process.

Balance between the Three Elements of Sustainability: Social, Environmental and Economic

Most of the tools reviewed in the library were environmentally-orientated, as *Figure 3.1* demonstrates social/ethical issues were included in 17% of the tools that were assessed. This fact highlights the remark made that there is a barrier to including socio-economic issues into procurement, which probably stems from the need to conform with Procurement Law.

In a similar vein, there is a perceived need to have greater understanding and inclusion of whole-life costing in the procurement process, and suitable tools to allow for this, such that a more robust understanding of the spread of costs from purchase to disposal, can be properly evaluated.

Finally, the research identifies that there remains room for improvement in understanding environmental impacts through incorporating life cycle analysis more firmly into tools. This may not necessarily mean an in-depth analysis with a time-consuming data gathering exercise, but more likely it means giving prompts and questions to the user such that they consider other potential impacts, above and beyond their primary concern. For example, energy use and climate change is often the focus of assessment for those products that consume power. What tools should also ideally provide, qualitatively at least if not quantitatively, is some direction and information on other impacts, such as resource consumption and the consequent effect on end-of-life implications. In this manner tools will be more robust in avoiding, or mitigating, burden shifting that might be caused inadvertently by the outcomes of a tool focussed on a particular environmental impact category.

Albeit adding in a further level of complication, it would be ideal to combine, or at least cross reference, environmental and socio-economic impacts to further reduce the risk of moving impacts from one area to another.

(1) Sustainable Procurement Risk Assessment Methodology
(2) Sustainable Procurement Risk and Opportunity User Tool

Functionality and Usability - Assistance and Guidance

Some correspondents stated the need for greater help: from other Government Departments in guidance; from the transfer of knowledge, experience and understanding; and in the more direct sharing of tools for different applications. Communication on best practice in procurement, such as the sharing of case studies, could be increased to assist those who are relatively new to this topic.

Similarly, it was stated by many that they would gladly review and use tools from other organisations, adapting where necessary. This was a fairly common theme that was revisited at the workshop and will be discussed in depth later in this report.

In particular, people and organisations that undertake more bespoke areas of purchase, outside the more conventional office environment, increasingly understand the need to consider environmental and sustainability impacts in their choices of materials and finished products in order to reduce running and disposal costs, mitigate any potential health effects and reduce environmental burdens. Although this is accepted, there are areas where organisations could do with greater guidance and any associated tools.

Barriers to Using Tools

Correspondents discussed some of the current barriers they experienced when using tools to undertake sustainable procurement. Affiliated to the previous comment is the issue of confidence in taking the more sustainable option. This was evident across three main areas.

- Is there enough trust in the information and data in front of you (whole-life cost results, product GPP criteria, etc) to make the full business case for your preferred option?

- Do you have the support of your colleagues, senior members of staff and organisation heads to go through with it?

- Does the Departmental procurement policy clearly allow and encourage taking the 'better' option in environmental or sustainable terms (on the assumption that suitable value-for-money evidence is provided)?

In some discussions it was clear that in many areas confidence, and possibly full understanding or knowledge of what is available, is not always present.

In addition to the principal comment identified of confidence, others of a more practical nature came to light.

Many tools need quite an investment of time, both understanding how to use them properly, as well as their application to a procurement activity. This can be off-putting when deadlines are tight and there are other demands to be met.

More widely there may simply not be a tool available to meet a certain need – a clear barrier! This could simply be an issue of lack of awareness of what is available. The question though is how to address it. Do you start the lengthy process of developing your own tool, which can take anywhere up to a year or more, depending on its complexity? Or do you research what other tools may be available that could be used and adapted? This can also take time, especially if significant customisation is needed.

Starting from scratch requires a detailed management decision and approvals process that can demonstrate the benefit of undertaking such an endeavour. Whereas the outputs of this project go some way to addressing the latter point, although time to trial other tools will still be needed.

A different perspective was provided by other professions involved in the procurement process, but operating outside of the procurement community, such as legal and financial departments and sections. These professions have different drivers, concerns and, potentially, targets to be met, which may conflict with an agenda/policy of sustainable procurement and thus be another barrier to achieving it. This further illustrates the need to gather robust information with which to build the business case that answers the questions of conforming to legislation and meeting financial value-for-money demands etc. Using relevant procurement tools appropriately can help in achieving this outcome.

The Concept of Procurement vs Sustainable Procurement

A key observation from stakeholders at the workshop was that the research should not be viewing procurement in two versions (conventional and sustainable); rather, that all procurement should inherently be sustainable. This may just be a matter of semantics, or even of stating the obvious, but is an observation that should not be discarded in moving the agenda forward. It is clear from the conversations to date that not all procurement activity to date fully incorporates sustainability.

Moreover, positively promoting inherently sustainable procurement should engender confidence that sustainability is an integral part of the process, in the way that health and safety considerations are now routinely included, and not just a 'bolt-on' where feasible.

3.2.2 *Workshop Discussions*

During the workshop discussions, numerous issues were raised ranging from what actually defines a tool to wider issues relating to the sustainability agenda. The key points of note are discussed below.

Pre-procurement Considerations

Primarily it was agreed there is a need to fundamentally question the procurement requirement, and in line with this consider reputational risk at the identification stage, given that the product or service *may not be needed*. This would reduce negative impacts immediately, as well as deliver the added benefit of cost saving to the purchaser.

A more challenging aspect is the need for cultural change; at present sustainability is not fully embedded into the minds of all procurement professionals. The stakeholders recognised that whilst it is likely to be a long process to put in place, individual departments need to implement this way of thinking one way or another. Work is underway with the Chartered Institute of Purchasing and Supply (CIPS) and CESP on integrating sustainability better in to the CIPS process.

In terms of potential suppliers, the discussions made apparent that the creation of a stand alone 'supplier selection tool' in line with the proposed library of tools (although some do exist, eg GRIP Purchasing, as well as OGC / Defra guidance documents) may increase confidence in assessing and verifying a supplier's claim to compliance.

The use and development of wider social and environmental impacts/category management tools used prior to procurement should be considered. These tools are recognised to have a role in identifying which are the main categories of products and services in an organisation, in terms of financial and sustainability risks. There are a few available, notably from the SPTF and Action Sustainability, which allow the user to understand where priorities could lie for their organisation.

Finally, a 'prioritisation' mechanism for when the purchaser is presented with conflicting priorities, eg environmental priorities compared to social benefits, was identified as potentially being required.

All of the above findings are likely to have a positive impact and give the purchaser a more informed view as to why they are considering sustainability issues in their procurement process.

Tool Access and General Requirements

The workshop made clear that a well-defined, central and stand-alone tool library or gateway, which can be updated when necessary, is required to enable the procurement process to be consistently efficient and sustainable. This may also encourage the sharing of tools, and can include international tools, when applicable. The library could potentially be tailored to measure tool use frequency, as well as providing a 'star rating' per tool (which would be additional to ERM's robustness rating), and ultimately be seen as a joined-up public sector approach to procurement and its priorities.

The need for clearly defined economic, social/ethical and environmental background information was identified as to why sustainable procurement is

important and necessary (for example, an overview of key sustainability issues such as climate change, water use, waste, biodiversity and social impacts) alongside actual tools. The inclusion of more information relating to whole-life costing to further show the benefit of including social and ethical issues into the procurement process should also be a consideration in the development of such supporting documentation.

It was highlighted that the consistency (or stability) of some tools requires attention. Examples include when web links change, or the tool itself changes markedly and the user is not informed. In addition, tools are generally required to be less 'fussy', simple to understand and relatively quick to complete if they are to be used more widely with confidence that they will provide useful and robust outputs.

It became apparent that there are many tools available in terms of quantity, however, the quality varies extremely and not all tools are effective. In addition, the number of tools available in itself can be a deterrent to the end-user. There is therefore a need for a tool selection process to filter out those less-useful tools and to avoid duplication. This may decrease tool purchase costs and the time taken to research and then use them. The development of additional tools may be a waste of time and resources given it is likely a tool is already out there; this research goes some way to addressing the need for a search function.

Integration and Dialogue

During the workshop discussions, the need for a clear link between the policy/strategy 'tool need' and the actual outcome of the tool use/procurement decision process was identified. At present the efficiency and usefulness of a tool is rarely measured; and a feedback mechanism is virtually none existent.

In terms of tools linking in with Government frameworks already in place, it was generally agreed that tools need to link in more effectively, or even directly, with the Flexible Framework and possibly SOGE targets (Sustainable Operations on the Government Estate [1]).

With regard to information sharing, more dialogue between Industry and Government is required given current engagement is minimal, in particular at Local Authority level. In addition, the need for the sharing and availability of procurement data between different public sector bodies should be considered. For example, the London Mayor's Green Procurement Code engages with London Boroughs; however, they are unable to engage with central Government in a similar fashion.

Work is underway and more needs to be done to capture the data necessary to analyse progress in sustainable procurement. Some examples were presented

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(1) http://www.ogc.gov.uk/sustainability_soge_targets.asp

of cross-Departmental tool use, for instance DfT has used NHS PASA's SPROUT tool for risk assessment and both DCSF and Buy4Wales have used the Environment Agency's risk assessment tools for goods and services.

Additional points to consider

At a strategic level, it was identified and agreed that separate tools are needed for developing business cases and managing programmes prior to procurement activities occurring. A need for further tool development was identified for contract monitoring and supplier development; especially in terms of innovation, eg tools such as the Forward Commitment Procurement (FCP) [1] and funding mechanisms such as Salix.

It is understood that suppliers would like to understand where product performance standards would be in the future, so that plans can be put in place as early as possible, eg for criteria tools such as the Buy Sustainable - Quick Wins and EU GPP. Therefore it would be useful for all purchasing organisations to predict how they might meet future targets, in accordance with how Industry operates within their own supply chains (by forecasting their future needs to their suppliers ahead of time). It would be an iterative dialogue of Government stating what it wants to achieve, eg for energy efficiency of buildings, and Industry responding as to how this could be achieved.

A potential need for tender specification template text has been identified, which can be used by purchasers to give confidence in their tender documents. It is already available in tools such as LM3 (Local Multiplier 3) and Quick Wins. As well as confidence to the end user, it provides consistency of approach for suppliers.

Collaborative contracts can promote and develop lower costs, innovative solutions and a more homogeneous approach. However, they can have downsides too, in that SMEs and local community-based businesses and suppliers may lose out, or not be able to compete. There are ways to address this latter issue, through differentiated tiers of suppliers. Where a Tier 1 supplier may be a national company, they use local, smaller Tier 2 suppliers, and so on. This could be addressed in contract management clauses, for example.

Finally, as part of this wider picture it is understood that the British Standards Institute (BSI) is developing a Procurement Standard, BS8903. It will be relevant to public, private and third sector organisations and include case studies and best practice examples. The work should take into account other similar activities being led by Defra and OGC CESP in order to minimise duplication and potential confusion.

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[1]
http://www.dius.gov.uk/innovation/demanding_innovation/procurement_policy/forward_commitment_procurement

4　　　　*CONCLUSIONS & RECOMMENDATIONS*

This section of the report identifies some discrete recommendations for future work, based on the findings gathered through compiling the tools library and conducting a consultative process with key procurement experts. Some of the more detailed issues can be found in *Annex B.*

4.1　　　　*HIGHER-LEVEL ISSUES*

One of the key outcomes of the research is that more **cross-Government communication on best practice** in sustainable procurement is needed, to increase awareness and understanding. This may be achieved through case studies and knowledge networks to transfer tools as well as experience. It would result in the benefits of greater, shared knowledge and a common approach, reducing the need to 'reinvent the wheel', and allowing for better supplier engagement as an indirect result from a common approach. An important element of this communication will be to include all levels of UK Government; local, regional, devolved administrations and central Government.

Recommendation: it is understood that OGC is already developing some work along these lines through cross-Government workshops and other initiatives, such as gathering case studies. To increase the reach of this work, it is recommended that a navigable, central repository website is created, probably within OGC's website, that is the focus of all these pieces of information, advice, guidance, case studies, as well as the Tools Library and so on.

As part of this the library developed for this project could be converted to an MS Access-style or web-enabled database, to increase its searchability and accessibility to users.

There is also the potential for showcasing workshops on specific tools that users have found helpful and would recommend to others. For example, a selection of tools developed by particular Government Departments could be explained and then demonstrated in some depth to keen and interested audiences, attending for directed training needs. In an age of transport considerations and more efficient use of time these could be conducted as webinars.

Timelines: some of the initiatives are already underway, such as workshops, but others recommended here, like the central website repository, could be undertaken and completed in an estimated timeframe of 9 - 12 months, and then updated on regular basis. Timescales in the region of 3 - 6 months are envisaged for converting the existing MS Excel library into an MS Access version, with testing. The other option to web-enable the database would require an amount of time from 6 – 12 months.

Propagating more expansive **cross-Government engagement leading to behaviour change** in and around (sustainable) procurement is a further issue that has been raised through the course of this research. Although most Departments are undertaking efforts in sustainable procurement; addressing the need for tools and guidance, and monitoring performance; there was evidence that some of this work was taking a separate approach, or new systems were being devised when others were already to hand. This naturally ties in with the first recommendation above.

Recommendation: Defra and OGC CESP should work closely in publicising and raising the awareness of tools that can assist in undertaking sustainable procurement, via the web portal discussed above, through briefing documents, team training sessions and workshops. This activity will make the point that procurement tools are a means to an end in meeting Departmental targets (SOGE, etc) and demonstrating a wider commitment to the drive for more sustainable operations through sustainable procurement actions. Moreover, the message needs to be reinforced that whilst tools, and in particular checklists, have their purpose, they should not be viewed and used merely as a box-ticking exercise – the user needs to understand the wider picture.

This will further address the continual need for behaviour change that all procurement should be sustainable; that value for money across the whole life cycle is required, not merely lowest purchase price.

Timelines: rather than a specific time-bound 'project' this is seen more as an on-going process, to be revisited on a regular basis.

Data capture and management needs improvement to enable more accurate assessments of procurement decision activities using tools. For example, understanding what has been purchased in previous years in a particular product category, and to what performance levels, will allow for a more refined understanding of the benefits of choosing a more sustainable option next time round. Currently most systems only capture financial data. Those purchases made through Buying Solutions for example use the UNSPSC coding system [1] that gathers data at the class level, eg *printing and writing paper*, but not yet at the next level of detail, or commodity level, eg *printer / copier paper*. There is scope to use this approach for all Government purchases and gather the data from it, but expand it to cover not only financial data, but product volumes and performance characteristics too.

Recommendation: explore how internal Government Departmental systems can be tailored to allow for easier access to purchases already made and extend the data therein to include not only financial information, but data on number and types of product or service procured, in a suitable format, including environmental and sustainability aspects.

Timelines: this is potentially a lengthy and costly exercise as it may well require the re-configuration and harmonisation of existing systems, or even the purchase of new database systems. If new systems were required a transition period of two years or more could be envisaged. As part of this process a common set of indicators or fields should be produced that allow for the consistent capture of data on purchases, be it cost, volume/amount and key sustainability impact information. Of the latter, a range could be provided that accommodates the plethora of products and services purchased under overarching headings of climate change impact, resource consumption, social-economic impact, etc.

To one side from the procurement cycle, there was a desire for tools to be developed for the **category management cycle** that can be used to understand and prioritise an organisation's impacts before the procurement process takes place. For example, it may be that a particular product category with high levels of purchase actually has a relatively low level of sustainability impact in

(1) United Nations Standard Products and Services Code http://www.unspsc.org/

comparison with other areas and therefore would come lower down the priority list for action to reduce the impact. To be able to make this decision requires an assessment methodology and the data to populate it. This clearly has links to the data management issue discussed above, but would also require the development of tools or processes to manipulate this information.

Recommendation: conduct further research into what category management tools already exist, above those developed by the SPTF and the prioritisation methodology, and the necessity and feasibility of developing others that can be tailored to an organisation's needs.

Timelines: depending on identified needs, tool development could take between 6 – 12 months, with suitable stakeholder input.

The discussions identified that it would be helpful to be able to **rate tools for their usefulness**. This project has undertaken an assessment process in an objective and proportional manner (without being too literal or restrictive) to give the user of the library some guidance on the transferability, reliability and ease of use of a particular tool.

Recommendation: a facility is devised, perhaps within a web-enabled library tool that allows people to rate and comment on tools that they have used, providing advice and guidance for future users. Naturally some guidance would have to be provided on giving balanced ratings and comments.

Timelines: this would form part of the first recommendation of a central website and as such would have concomitant timescales.

A related issue is providing a **mechanism** that allows the user to understand whether the tool provided the 'right' answer in terms of meeting Departmental policies. The mechanism would need to enable the outputs of procurement tool decision making to be fed back into the category management process, and further up into Departmental targets.

Recommendation: to review processes of both cycles, procurement and category management, should be developed to allow for this transfer of information and thereby continually improve the tools used.

4.2 TOOL-SPECIFIC ISSUES

Developing more **focussed guidance and appropriate tools related to services** was identified as one area for effort, as traditionally it has been difficult to apply product-based tools. The research identified only catering services to have any guidance; one from central Government and one from a local authority.

Recommendation: other areas for potential development of tools include travel services, utilities (energy, water and waste) as well as cleaning services. These areas will have well developed strategies in terms of health and safety risk assessments as well as price analysis, but there appears to be no tools to guide procurement, other than general guidance for these areas.

> Timelines: relatively quickly one could identify which services had a real need. An appropriate tool(s) could be developed over the course of 6 – 12 months, at costs in the order of £20,000 - £50,000 depending on their complexity and level of stakeholder involvement.

Aside from environmental impacts, **whole-life, or life cycle costing** was raised by many consultees as an area that required more effort. This could come in many forms, from awareness raising and education, to more tools being developed.

> **Recommendation**: explore how knowledge sharing could add to understanding of whole-life costing. As there are already tools available, gain further understanding of how useful or applicable these are and then take a decision if other, more bespoke, tools need to be developed.
>
> Timelines: sharing of knowledge can be achieved quite promptly; the library output from this project contributes to some extent. Additional and appropriately focussed workshops would strengthen communication, at relatively low cost, perhaps with the demonstration of existing tools in this area (this approach is of course relevant to other areas). Developing more WLC tools can likewise be undertaken; it is envisaged that this process requires resources across 6 – 12 months at costs in the region of £20,000 - £50,000.

A growing issue is **biodiversity** and how to address it through procurement. Our research identified no tools that deal with it and the workshop consultees stated it was an area that they felt required more guidance.

> **Recommendation**: investigate the importance of biodiversity in the context of other goals within the Government estate and beyond. This understanding will enable suggestions to be made as to the viability of incorporating biodiversity issues into the procurement process and more specifically into procurement tools.
>
> Timelines: expected to relatively short, in the region of 3 months.

Another unrelated issue that has come to light in recent months is compliance with existing Directives in Government contracts. For example, the EU Commission and others have identified that there is far from 100% compliance with the WEEE [1], [2] and RoHS Directives at the end-of-life disposal stage. As such, both the tender specification and contract management and review stages of the procurement cycle could benefit from amendments to tools to take this issue into account by demanding and then reviewing contractor evidence of discharging their obligations correctly under the Directives.

> **Recommendation**: investigate existing tools for this capacity and undertake focussed cross Whitehall engagement with procurement experts as to the need and feasibility of addressing this issue
>
> Timelines: due to the focussed nature of this area it is imagined it could be achieved within 3 months

(1) Waste Electrical and Electronic Equipment http://ec.europa.eu/environment/waste/weee/index_en.htm
(2) http://www.interpol.int/Public/News/2009/ewaste20090721.asp

The **Flexible Framework** is a well-known and widely used tool for assessing the progress to date of an organisation's sustainable procurement operations and for helping to chart action plans for forthcoming work. However, several stakeholders commented that it doesn't directly help in the procurement decision process; a fact that seems to have been misunderstood in some areas. Moreover, when it is used to assess performance it becomes harder to judge progress and to provide suitable evidence at the higher levels, 3, 4 and 5.

Recommendation: it is understood that a review is underway for the Flexible Framework. It is suggested that within this process clearer guidance is given on the use and applicability of the tool and how to gather the right type of evidence to demonstrate compliance with the levels within it. The revised Flexible Framework could also make reference to other tools and processes that are relevant, especially for the 'Measurement and Results' part of the Flexible Framework and make the link to SOGE targets.

Timelines: as quite a defined task and one based on existing work it is estimated that this could be achieved in a relatively short space of time; 3 – 6 months. It would involve relevant cross-Government stakeholders in a consultative process; expected to be largely undertaken electronically.

The ability to take **different approaches** in tool use is an area that possibly needs more explanation. In principle there are two main approaches to take when defining or specifying a need:

- a top-down or functional approach, which isn't prescriptive but has an overall target in mind and therefore allows more room for innovation – examples include sustainable approaches to building design; and

- a bottom-up approach that is more descriptive, often using Ecolabel-like criteria to describe the technical demands of the product being tendered - examples include the kinds of ingredients used in detergents.

Both these approaches have their merits and drawbacks and different situations where each may be more appropriate.

Recommendation: improve or expand on the available material that explains the pros and cons of the two approaches.

Timelines: this could be achieved relatively quickly, ~2 months, depending on the level of detail required.

4.3 SUPPLIER ENGAGEMENT

Supplier engagement is key to the procurement process; keeping them informed of changes and developments is important. Primarily this involves giving suppliers enough advance warning of any changes to product standards or criteria, as well as in terms and conditions. However, they would also benefit from seeing, or at least understanding, the tools used to assess their tenders, so that they can provide the relevant information in the

right format. The Environment Agency is one organisation that makes its tools freely available to others to see and use.

Linked to this is a common, harmonised approach to standards or procurement criteria. This would enable suppliers to more efficiently provide the information requested in tender documents rather than having to tailor it each time they submit a bid to a different organisation.

Recommendation: continue existing dialogue with suppliers, but introduce the issue of assessment and verification of tenders to them and any tools used to achieve this to improve their understanding of the award process.

Likewise have a more collaborative approach to standards, or procurement criteria, to expedite a more efficient response from suppliers. This would involve engagement between Local Authorities and central Government to harmonise their approaches to setting technical specifications in tender documents using resources such as Quick Wins.

4.4 SUMMARY

There are several different recommendations here, which likewise have different merits. One of the first stages to addressing the issues is to undertake some prioritisation of these suggestions, along with any others, to understand what is most important to tackle first within the wider framework of the Government's approach to sustainable development.

5 ANNEXES

ANNEX A - TOOLS LIBRARY – SEPARATE DOCUMENT

ANNEX B - WORKSHOP AGENDA AND NOTES

ANNEX C – WORKSHOP SLIDES AND ATTENDEE LIST – SEPARATE DOCUMENTS

Procurement Tools Scoping Study Workshop
Agenda and Notes of the Meeting

2nd July 2009, 10am – 3pm

ERM, 2nd floor, Exchequer Court, 33 St. Mary Axe, London EC3A 8AA [1]

Agenda

Nr	Item	Who	Time
1	*Arrive and tea/coffee*		*10.00 - 10.30*
2	Purpose of the Day	JC	
3	Round table introductions	Everyone	10.30 - 10.45
4	Definition of a procurement tool and discussion	JC & Everyone	10.45 – 11.00
5	Review of a small selection of tools; understand their coverage, functionality and discuss the pros and cons	JC, NT, JA & Everyone	11.00 – 12.30
6	*Lunch*		*12.30 – 1.15*
7	*"Desert Island Discs"* of Procurement Tools; what types of tools do you want and what functionalities would they have? Are there any barriers?	JC, NT, JA & Everyone	1.15 – 2.30
8	Conclusions and Project Outcomes	JC & Everyone	2.30 – 3.00
9	*Close and coffee*		*3.00 -*

We would like the discussions to be free-flowing and flexible; as such the times allocated to the various issues we would like to cover are not fixed, but it is understood that people will have to travel back afterwards and so we would like to keep to the 3pm finish.

(1) http://www.multimap.com/maps/?qs=EC3A+8AA&countryCode=GB . The nearest tube and railway station is Liverpool Street. Come out of Liverpool St station onto Bishopsgate, turn right and continue to the crossroads. Cross over the crossroads, then cross to the left side of the road. After about 100 yards you will see a large guarded gateway and a cobblestone entrance. Continue to the end of the entrance and enter the double door ahead of you. Please sign in at reception. ERM is on Floor 2.

Workshop Meeting Notes

Attendees

Sheila Devine	Department for Transport
David Ford	NHS
Sally Davies	Environment Agency
Richard Till	MOD
Fay Blair	Global to Local
Ed Walsh	East Shires Purchasing Organisation
Jane Waring	Norfolk County Council
Alan Hamilton	Department of Finance and Personnel - Northern Ireland
Graham Randles	London Remade
Russell Foster	Action Sustainability
Cathy Crofts	OGC CESP
Stuart Matheson	Defra
Maggie Manton	OGC CESP
James Cadman	ERM
Naushad Tahsildar	ERM
Jennie Allen	ERM

Apologies

Eleni Pasdeki-Clewer	Defra
Hayley Addison	Department Work and Pensions
John Cole	Home Office
Tristam Hardman	Buying Solutions

Morning Session

Definition of a Procurement Tool

- After round table introduction we discussed the **definition of a procurement tool**, as proposed by ERM
- It was generally agreed that this is a satisfactory definition, although we should consider where Guidance documents feature.
- In relation to the procurement tools diagram used to portray the procurement process it was suggested that EU Procurement Legislation overarches the whole process. This should probably then be extended similarly for national procurement regulations, strategies and targets. Furthermore, there should be two action and review loops; one as in the current diagram from identifying the need through to contract review and back again, and a second on product category management, both of which meet in the review stage Also a question was raised whether risk should be included as another category between identifying the need and specifying the requirements
- There was discussion on **changing behaviours**; e.g.
  - Pre-procurement engagement with suppliers to encourage innovation,

- o Phrasing 'procurement' such that it inherently means 'sustainable procurement', i.e. there is no difference and all procurement is implicitly sustainable
  - o Changing peoples' attitude such that they consider cost, quality, time, and sustainability in their purchasing actions and can therefore make informed decisions.
  - o Understanding the needs and outcomes of a particular organisation or area and framing the procurement on that
  - o There was also a discussion about how to educate practitioners for behavioural changes.

Discussion on Existing Tools

- With regard to **current tools** there was discussion on the need for wider impact analysis / category management tools that are used before actual procurements; that can be used to inform you which are the main categories of products and services in your organisation / area for prioritisation and can provide guidance for category managers.
- To date ERM are only aware of the work of the SPTF and Action Sustainability in providing a general prioritisation methodology by product category against risk, scope and influence. This provides some general guidance to the user as to which categories are most important in terms of their expenditure and risks but would have to be tailored for a particular organisation's needs. Some of the other tools assessed do allow for category prioritisation through comparing various potential options, by product or material for example.
- From a **social perspective** there are several tools available (e.g. LM3 (Local Multiplier 3)), and others in development (e.g. Social, Economic & Environmental Reporting) that take spend data to calculate socio-economic impacts. The tools in development will be better at helping to understand spend at a local level (the new tools will be able to adjust and accommodate more information).
- Moreover it was felt that **whole-life costing** and other monetisation evidence to date shows the benefit of including social and ethical issues into the procurement process as far as possible.
- For **local authorities** (LA) environmental issues aren't the main focus, **socio-economic aspects are generally more important.** It can often however be hard to monetise social issues, although NEF have done some good work. This does provide the robust evidence (reliability and confidence) needed to influence politicians and decision makers.
- There was a consensus that Q&A checklists are tools, however they are often not very helpful and we need to move and see a wider picture and not just tick boxes.
- The **Flexible Framework** is still believed to be a good tool and for some should be the focus of other procurement tools. It is currently undergoing a revision and consultation exercise.
- It was generally agreed however, that as well as the Flexible Framework you need other tools, that possibly sit under the Flexible

Framework, to actually undertake an analysis of a procurement and drill down in to the detail of how to / deliverability and thereby achieve the **Measurement and Results** part of the Flexible Framework. Moreover, procurement tools are needed to gather the information needed and address the outcomes required under the SOGE targets.

- There was also further comment that **existing and new tools** need to link more effectively / directly with the Flexible Framework, and possibly SOGE targets, because currently the Flexible Framework doesn't always help and sometimes leaves the user 'stranded' with the decision making process.

Characteristics of tools

- The main **characteristics that tools** need are that they are simple to understand and relatively quick to use; time taken to learn how to use a new tool or receive training, as well as **cultural changes** can often be a barrier. At present sustainability isn't embedded into the minds of people at many levels and this is likely to be a long process but individual departments must start to implement this way of thinking one way or another. The key is to show the **benefits of using tools** and thereby increase confidence in their use.
- There also needs to be clearly defined **background information** – maybe a stand alone document that addresses key sustainability issues e.g. climate change / water use / waste etc and then where a particular purchase / category of purchase would fall under these headings.
- Another concern was that tools are either **generic** and therefore not very helpful, or too **specific** and therefore not transferable – the attendees noted a need for a ' user defined tool'
- One identified **barrier** is the **number of tools available**, the cost to buy / use them and the time taken to research and then use them (staff cost in time and training). And the added issue that more tools are constantly being developed when a specific tool can not be found although it might be available. However, there is no efficient way of finding them currently. There was an agreed need for one voice in government and a single portal for tools, CESP?
- A second **barrier** highlighted was that of **lack of awareness of tools** and information about them that allows and promotes sustainable procurement. Likewise the lack of training and engagement linked with capability issues. Work is underway with CIPS and CESP on integrating sustainability better in to the CIPS process.
- A third **barrier** is that there is sometimes a missing **link between the policy/strategy and the outcomes of tools** and procurement decision process, i.e. did the tool provide the 'right' answer, how do we know? What is needed is an informed client who understands the full scope of the impacts of a particular procurement.
- One aspect of some existing tools that is useful and should be available elsewhere is that of **template tender specification text** which can be used by a procurement official with confidence in their tender documents. It is already available in tools such as LM3 (Local

Multiplier 3) and Quick Wins. As well as confidence to the end user it provides consistency of approach for suppliers.

Using other tools

- There was some evidence on the day of **organisations using tools from outside their own establishment,** e.g. DfT have used NHS PASA's SPROUT tool as well as Buy4Wales tools to assess their own in-house guidance notes. Furthermore, from **research outside the workshop**, it is known that DCSF and Buy4Wales have used Environment Agency Risk Assessment tools for Goods and Services.
- There was an issue though of the **'stability' of tools**, for example where weblinks change, or the tool itself changes markedly. This doesn't engender confidence in the tool. Similarly there was comment on understanding the **weighting** issues used within tools in terms of conflicting priorities, e.g. environmental priorities compared to social benefits. How do you balance them off and rely on the outputs?
- There was also a question as to whether **tools were used regularly.** It was mentioned that the Environment Agency don't monitor the number of requests they get for certain tools they have produced. If they and others did it would be a good indicator of demand and would help in the knowledge sharing process.
- **International tools** can be of use too, such as Smart.SPP co-ordinated by ICLEI with pan-European involvement, e.g. ESPO and EcoInstitut Barcelona. Organisations should look beyond our shores to see what is available and useful elsewhere.

Industry and Suppliers

- It was commented that **Industry and Government are poles apart, or have different views,** in understanding the issues involved in sustainable procurement. Local Authority (LA) engagement with industry is minimal, there is a need to increase contact with organisations like WRAP, Envirowise, National Industrial Symbiosis Programme (NISP), etc to understand best practice. At a central Government level, there is industrial engagement (trade association and member companies) with initiatives such as Quick Wins and ecolabelling, although probably not to the extent that it should be. It is key to keep supplier engagement going as they will have (or should have) useful information on their product / services and it fulfils part of the Flexible Framework.
- There was also talk of developing **supplier selection tools**, although some do exist, e.g. GRIP Purchasing, as well as OGC / Defra guidance documents.
- **Suppliers** would certainly like to understand where **standards will be in the future**, e.g. Quick Wins and EU GPP. It is useful for all purchasing organisations to predict how they might meet future targets. This is how industry operate within their own supply chains, forecasting their future needs to their suppliers ahead of time.

- **Verification issues were discussed.** The confidence in assessing and verifying a supplier's claim to compliance can be a concern for procurement staff. Some advice is given through the EU GPP product and service specifications and there are soon to be procurement case studies going up on the OGC website that can provide similar guidance.
- Another point made was **procurement data.** The London Mayor's Green Procurement Code engages with London Boroughs and suppliers, part of which is to gather data, and is audited by Institute of Environmental Management and Assessment (IEMA). However, they are unable to engage with Central Government in a similar fashion. Work is underway and more needs to be done to capture the data necessary to analyse progress in sustainable procurement.
- This the led onto a key point about a **joined-up public sector approach** to procurement and its priorities; what to include or prohibit (in terms of product types or characteristics, for example), forecasting future needs and targets to provide confidence between Government and suppliers and assuring the reliability of information. This is especially relevant for existing initiatives such as 'Greening ICT'
- As part of this wider picture the **BSI are developing a Procurement Standard, BS8903**. It will include public, private and third sector organisations as well as case studies and examples. There is a need for good examples and public sector should be acting as a market leader setting higher standards for the future.

Afternoon Session

Discussion on Obtaining or Developing New Tools

- Some organisations make their **tools freely available** to others to use, especially suppliers, e.g. the Environment Agency. Rather than develop new tools, many organisations will use those from others. Sustainable Procurement Action Plans outline the need for tools to deliver outcomes, provide training etc. One approach is to develop tools as part of a wider initiative which allows for consistency with other actions, cost efficiencies and improved chance of uptake.
- There was though a feeling for **greater sharing of tools, training packages.** In particular the Prioritisation workshops, as well as cross-Government communication in terms of institutional capacity and knowledge. OGC CESP will be addressing this as part of their remit.
- It was agreed that **whole-life costing** is one area that needs addressing, as well as whole-life valuation. There are some tools available, such as those developed by Forum for the Future and GRIP, but the awareness of them, their use and understanding is not widespread.
- Another issue raised was that of **biodiversity.** How should this be measured and assessed? More guidance is needed here.
- At a more strategic level it was identified that tools are needed for **developing business cases and managing programmes.**

- Other areas where it is felt that new tools could be developed is in **contract monitoring** and **supplier development**, especially in terms of **innovation**, e.g. tools such as the **Forward Commitment Procurement** (FCP) [1] and funding mechanisms such as Salix. Whole-life costing is key to innovation, to demonstrate the paybacks and benefit, also to where the gap is in the market.
- What was likewise generally agreed is that it would be useful to (star) **rate tools,** by users in the main; akin to the way websites such as Amazon and other websites do, such that newcomers could instantly see the general opinion of a tool, as well as possibly having a 'complexity' index. This is being undertaken in one way through the ERM project, by describing the tools and then giving some assessment of their usefulness and applicability.

Approaches

- Discussion then moved on to **top-down and bottom-up approaches**, for example in construction projects. It was commented that top-down is better for addressing direct environmental impacts whereas bottom-up is better for indirect impacts. There was a discussion here to include good examples or case studies – eg streetlighting /London Borough CO_2 emissions study.
- Other factors should be included in a more **holistic approach**, such as transport and social issues in order to get a more fulsome whole-life cost assessment. Moreover Government should better communicate to suppliers what they mean and want from whole-life costing.
- More fundamentally, project and procurement staff should **question the need** and consider reputational risk at the identification stage; do we really need it, can we reduce the demand, etc? Greater use of services such as the Disposals Agency for reusing products.
- **Collaborative contracts** can promote and develop lower costs, innovative solutions and a more homogeneous approach, however they can have downsides too in that SMEs and local community-based businesses and suppliers may lose out, or not be able to compete. There are ways to address this latter issue though with differentiated tiers of suppliers, so whilst a Tier 1 supplier may be a national company, they themselves use more local, smaller Tier 2 suppliers, and so on. This could be addressed in contract management clauses, for example.
- Specific to **training**.
  - Social procurement and environmental procurement training required for greater awareness
  - MOD is also developing it own practitioner training (it was discussed here that rather than everyone doing their own training someone at higher level should be coordinating this)

[1]
http://www.dius.gov.uk/innovation/demanding_innovation/procurement_policy/forward_commitment_procurement

Conclusions

The main outcomes and conclusions of the day were;

- More communication is needed between local, regional and central Government.
- Greater sharing of procurement knowledge, tools, applications, training packages and innovative approaches and product / suppliers across Government was the main outcome of the day
- The main need for tools are in the areas of establishing project business cases and in project governance and management.

Way Forward

- These notes of the meeting to be circulated with the PowerPoint slides and the attendee list
- Attendees to be kept informed of the outcomes of the project.