

Consultation Draft

Local Government Sustainable Procurement Action Plan

Incorporating the Local Government Response to the Report of the Sustainable Procurement Task Force and to the UK Government Sustainable Procurement Action Plan

DOCUMENT CONTROL

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	Comments from Chris Wilson 4ps esp on investment appraisal guidance	LD	02.05.2007
	Comments and Stockport case study from Martin Gleave	LD	02.05.2007

Consultation

This action plan is being circulated in draft form to all local authority chief executives and heads of procurement in England and to our partners and stakeholders in the sustainable procurement agenda. It is also being publicised widely including through the websites of the Regional Centres of Excellence, IDeA and LGTF.

Feedback on any aspect of the plan would be welcome. The Annex lists a number of specific consultation questions where your observations would be particularly helpful.

Please return your comments to lee.digings@idea.gov.uk by 30 June 2007 latest including "SP action plan" in the subject line.

It would be especially helpful if you could alert us to any major issues by 17 May 2007 so that they can be considered at the next meeting of the task group that is steering the preparation of this action plan.

Executive summary

“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, while minimising damage to the environment.” *Procuring the Future* (Sustainable Procurement Task Force, June 2006).

Councils in England spend over £40 billion each year undertaking capital projects and buying in goods and services. Across the public sector as a whole the figure is closer to £150 billion. There is a compelling business case for making this procurement spend more “sustainable”.

This local government action plan has been drawn up in response to the recommendations of the Sustainable Procurement Taskforce delivered in June 2006 and in the light of the Government response and national action plan published in March 2007.

The shared goal is for the UK to become a leader in the EU on sustainable procurement by 2009. In order to move forward towards this goal councils are encouraged to commit to the following actions:

- A. Councils, working with local partners, will pursue the achievement of social, economic and environmental benefits through the Sustainable Community Strategy, Local Strategic Partnership and Local Area Agreement. This will include leveraging the purchasing power of the partners.
- B. We will award contracts on the basis of whole life costs and benefits.
- C. By April 2008 we will review and, where necessary, reset our strategies, policies, priorities and targets for sustainable procurement and asset management against the *Flexible Framework* and we will measure progress through the council’s performance management system.
- D. We will encourage ownership of our commitment by the political and managerial leadership of the council and engage scrutiny in the search for more sustainable solutions.
- E. We will secure appropriate training and development for councillors, senior managers, procurement, asset management and other professionals, and service managers.
- F. We will mainstream sustainable procurement and asset management into all of our activities including those carried out at arm’s length and through strategic partnerships.

Acting collectively, councils will take the following action -

- G. We will prioritise action on construction and facilities management - the largest category of procurement expenditure in the sector – followed by waste management, energy, transport and food.
- H. We will collaborate locally, regionally and nationally, using our purchasing power to transform these key markets including the stimulation of innovation.
- I. We will work together to agree a clear set of standards for the sector linked to corresponding standards under development for the rest of the public sector.
- J. We will identify exemplars of good practice (against the *Flexible Framework*) and challenge ourselves to raise our own performance.
- K. We will expect our achievements to be measured and recognised through the new performance management framework including our use of resources.
- L. We will take account of the recommendations of LGA's Climate Change Commission in our local and regional strategies.
- M. We will expect Government to put enablers in place in a timely manner to help us achieve the shared goal.
- N. We will look to the joint National Improvement Strategy to mobilise sector resources in support of this agenda including through the regional Improvement Partnerships/ Regional Centres of Excellence.
- O. We will ask CIPFA, together with LGTF and 4ps, to review guidance for local government, including budgeting, investment appraisal and tender evaluation, with regard to the consideration of whole life costs and benefits.
- P. We will invite the LGTF to play a leading role on sustainability in the construction and facilities management priority area together with 4ps.
- Q. We will invite 4ps to examine how the focus on sustainability within the local government gateway review process can be enhanced.
- R. We will expect IDeA to develop the national programme on third sector commissioning through a dialogue with councils, the wider public sector and third sector and as an integral part of the sustainable procurement agenda.

Introduction

“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, while minimising damage to the environment.”

Procuring the Future (Sustainable Procurement Task Force, June 2006)

Councils in England spend over £40 billion each year undertaking capital projects and buying in goods and services. Across the public sector as a whole the figure is closer to £150 billion.

There is a compelling business case for making this procurement spend more “sustainable” -

- First, there are financial benefits for the council. Savings can be realised through the design and construction of buildings with lower through-life operating costs, better management of demand (including re-use, recycling and standardisation) and the acquisition of products that are more efficient in their use of energy, water and material resources.
- The environmental imperative is clear, particularly the need to reduce CO2 emissions and the amount of waste going to landfill.
- Socio-economic benefits range from the creation of employment and training opportunities for the long-term unemployed and people with disabilities to the elimination of child labour.
- Through better coordination of demand across local government and the wider public sector, and engagement of key suppliers at a strategic level, public purchasing power can be harnessed to stimulate product and process innovations that deliver improved environmental performance and further savings.
- Intelligent public procurement can also capture innovation from small businesses (SMEs) and third sector organisations (TSOs) while realising wider benefits for local communities. This includes the engagement of SMEs and smaller TSOs in the supply chains for major projects.

This action plan is intended to help councils respond to the challenge of sustainable procurement. Most of the actions can be implemented

immediately. Others will require further work, for example, to agree standards that apply across the local government sector.

City of Plymouth

Sourcing green energy

The City of Plymouth has committed to an environmental strategy and sees the purchasing of renewables-sourced electricity as being a key activity in support of this strategy. The City has purchased green electricity as part of the electricity tariff for all its properties qualifying for the competitive electricity contracts.

Procurement procedure

The tender document was kept simple in content and tenderers were advised that the City was committed to an environmental strategy and that in addition to 'standard' tender prices they should also submit details of their ability to provide electricity generated from renewable sources and the premiums applicable to such supplies.

Of the six suppliers that submitted tenders, only two were in a position to provide electricity supplied from renewable sources. SWEB submitted the best green tariff in which they proposed to supply 20% of all electricity consumed with electricity generated from renewable sources. This was not the cheapest tariff offered, two 'standard tariffs were cheaper. However the SWEB 20% tariff was the cheapest tariff containing green electricity and the overall package represented a cost saving on the previous tariff.

Auditing greenness

Because the City is responsible for spending public money it must ensure that there is a direct correlation between consumption and generation of renewables-generated electricity. SWEB was able to demonstrate that the supply of renewable electricity they were offering was externally audited and verified.

Lessons learned

- Current tendering documents and procedures should be adequate
- The addition of a request for renewable electricity in addition to standard tariffs will provide the options needed
- Be flexible about the amount of renewable electricity purchased as this may allow the supplier to put together a package that contains renewable electricity at little or no additional cost
- Use the term 'renewable' as opposed to 'green' because this has a stronger link in the public mind with the sources technology i.e. wind, hydro etc

Source: City of Plymouth/LEAP

How this action plan came about

The action plan has been drawn up in response to the recommendations of the Sustainable Procurement Taskforce (chaired by Sir Neville Simms)¹ delivered in June 2006 and in the light of the Government response and national action plan published in March 2007².

It was prepared by a task group chaired by Roger Latham, Chief Executive of Nottinghamshire County Council [and it has been the subject of wide consultation throughout local government and with key stakeholders].

The group, which met between February and May 2007, comprised senior colleagues from councils in each of the nine English regions together with representatives from professional bodies and other organisations active in the priority areas identified in the Simms Report.

The work of the group was supported by the Regional Centres of Excellence (North East lead) and by the Improvement and Development Agency (IDeA).

¹ *Procuring the Future. Sustainable Procurement National Action Plan: Recommendations from the Sustainable Procurement Task Force*, DEFRA, June 2006.

² *UK Government Sustainable Procurement Action Plan Incorporating the Government Response to the Report of the Sustainable Procurement Taskforce*, HM Government, March 2007.

Wakefield Council

Supplier engagement – small businesses and the third sector

Wakefield Council has developed a comprehensive supplier engagement programme focused on all sectors of the business community including small and medium sized enterprises (SMEs) and voluntary and community sector organisations (VCOs).

This has included:

- A series of events for businesses to identify barriers, improve our understanding of the different sectors and encourage participation in e-procurement.
- Work with a range of agencies to deliver the engagement programme. Business Link, Federation of Small Businesses, Voluntary Action Wakefield District (VAWD) and Social Enterprise Support Centre (SESC) contributed to the strategy all helped to deliver events including marketing and administrative support.

750 businesses attended the Council's third Meet the Buyer event in 2006. It gave them the opportunity to meet with council buyers to explore potential business opportunities. Organisations could register on the Supplier and Contract Management System (SCMS), an electronic tender and supplier management system used by all 22 councils in the Yorkshire and Humber region.

The Council is addressing Socially Responsible Procurement through a range of activities including a form sent with every request for quotes or tenders. It is not mandatory but asks, if the supplier wins the contract, what added value it will bring to the district in terms of social, economic and environmental benefits, in order that the council can improve its understanding of the wider benefits that many contracts bring to the district.

The Council secured a grant from the Regional Centre of Excellence to develop a self-sustaining directory to enable us to map voluntary sector provision across the district and allow organisations to share information about their activities and services.

To ensure we are engaging effectively, we undertake Geographical Information System mapping to identify gaps in our engagement activity. This enables us to market events more effectively and use appropriate venues.

Source: Wakefield City Council

The national agenda

The Sustainable Procurement Task Force

The independent, business-led Sustainable Procurement Task Force (SPTF), chaired by Sir Neville Simms, published its report, *Procuring the Future*, in June 2006.

The Task Force was commissioned by DEFRA and HM Treasury to devise a national action plan to deliver the UK Sustainable Development Strategy (*Securing the Future*, 2005) goal of making the UK a leader in the European Union on sustainable procurement by 2009.

The report set out recommendations designed to influence the £150 billion annual public sector procurement spend.

The Task Force's recommendations, which are addressed to Government and the wider public sector, including local government, are grouped under the following six headings:

- 1. Lead by example.** Make sustainable procurement a leadership priority and clarify ownership within government
- 2. Set clear priorities.** Streamline the framework and provide clarity on policy priorities.
- 3. Raise the bar.** Meet minimum standards now and set demanding goals for the future.
- 4. Build capacity.** Develop capabilities to deliver sustainable procurement.
- 5. Remove barriers.** Ensure budgetary mechanisms enable and support sustainable procurement.
- 6. Capture opportunities.** Smarter engagement with the market to stimulate innovation.

In **Table 1** below the Task Force's recommendations are set out in detail together with the proposed local government response

The reference to "standards" in recommendation 3 is important. It includes standards such as BREEAM, which is used for the environmental assessment of building projects, and the standards of environmental performance for commodities that underpin the list of Quick Wins published by OGC buying.solutions and DEFRA.

In central government compliance with these standards is intended to be mandatory. The Task Force found that practice on the ground varies and that

standards are not being used sufficiently to drive market transformation. Industry is not stimulated to innovate and this in turn impacts on the global competitiveness of UK business. The National Audit Office's report *Building for the Future: Sustainable Construction and Refurbishment on the Government Estate* contains similar messages.

To underpin the actions, the Sustainable Procurement Task Force proposed that three "building blocks" should be put in place:

1. The **Flexible Framework** (a maturity model with five levels). This tool is intended to guide public sector leaders in the actions required to make sustainable procurement happen.

The Flexible Framework enables each public sector organisation to assess the quality of its procurement activity and provides a route map to better performance.

2. **Prioritisation methodology**. The Task Force identified the need for a filter mechanism to determine policy priorities. For this purpose it developed a methodology which helps identify the areas of spend where attention should be focused. By applying this methodology at national level the Task Force identified 10 areas of spend for action nationally.

The Task Force recommended the use of this prioritisation tool by each public sector organisation to prioritise actions locally.

3. **Toolkits**. It was suggested that the Government identify an owner for a "sustainable procurement delivery team" which would develop specialist toolkits and provide expert advice and support.

The tools and support would be made available to all public sector organisations.

The **Flexible Framework** is reproduced in **Table 2 below**.

The **10 priority spend categories** at national level identified by the Task Force are:

1. Construction (building and refit, highways and local roads, operations and maintenance)
2. Health and social work (operating costs of hospitals, care homes, social care provision)
3. Food
4. Uniforms, clothing and other textiles
5. Waste
6. Pulp, paper and printing
7. Energy

8. Consumable – office machinery and computers
9. Furniture
10. Transport (business travel, motor vehicles).

Stockport Council

Pure Innovations Limited

Stockport Council set up Pure Innovations Limited, a Social Enterprise company, in recognition of both the need and market for high quality employment services to combat social exclusion. The Council now uses Pure Innovations to provide a number of services. With its foundations in the former Employment Services of the Council, Pure Innovations develops a varied range of services to combat social exclusion and encourage diverse communities.

In 1986, as a MENCAP Pathway Employment Service, it worked exclusively with people with learning disabilities, supporting them out of day centres into employment. By 1988 Stockport Council wanted to develop the service across disability groups and created Work Link, which was amongst the first supported employment services formed in the UK. A Sheltered Placement Scheme was also developed and managed on behalf of the sponsor, Stockport Council, which enabled the council to employ more people who have a disability. Employment Services later extended job opportunities beyond the Council to include companies such as Asda and United Biscuits.

The Nineties saw them form partnerships with organisations across Europe followed by extension into a range of innovative projects. Pure Innovations Limited was formed in 2005 and their commitment to working with people furthest from the labour market continues to be a trademark of the organisation.

Pure Innovations covers the areas of:

- Work Link - based on the belief that people with disabilities, or who are disadvantaged, can work and sustain employment with appropriate support.
- Day Services - about valuing people and looking beyond traditional building based services to see what inspires people and what people can achieve. It provides individuals with catering work experience in some of the Council's venues and experience Park Warden Services, Garden Force and the Radio Marketing Team.
- Embracing Diversity - to take supported employment to the next stage of its development. Acting as a conduit to the most excluded labour market groups the project assists employers to ensure they employ a diverse workforce.

- Media Services – providing audio visual services and Pure Radio, a Stockport community radio station. Pure Radio is staffed by 49 Volunteers, plus three teams of staff including ethnic minorities and individuals with significant learning disabilities.
- Training-Pure Innovations Ltd - delivers individualised learning opportunities to people who are excluded in society.

Some of the benefits of the establishment and ongoing work of Pure Innovations include:

- Provided the Council with a marketable and sustainable way of providing services to combat social exclusion and support local employment of disadvantaged groups and individuals;
- Enables people with significant disabilities to volunteer and develop their skills, empowering them to greater independence;
- Enables employers to develop a work force that reflects the overall diversity of the Stockport community;
- Helps build the capacity of large employers to employ people who are currently seen as unemployable, targeting the hardest to reach groups;
- Employing Pure Innovations to cater in the Council's public venues and in other public roles demonstrates the Council's commitment to supporting disadvantage and disabled members of the Stockport community in the local workforce;
- Matches people to jobs and offers continuous support in the workplace; and
- Pure Radio has been instrumental in promoting some of the Council's key objectives i.e. fostering, adoption, crime and disorder, drug abuse etc. and in promoting Heritage and Arts in the Borough.

Table 1

Procuring the Future – the SPTF Report

SPTF recommendation	LG response
<p>1. Lead by example. Make sustainable procurement a leadership priority and clarify ownership within government</p>	<p>Councils share the view that strong leadership is required for this agenda to succeed.</p>
<p>A1.1 Government must provide clear policy leadership from the top on sustainable procurement – from Prime Minister, reflected through Permanent Secretary/CEO performance contracts and incentives.</p>	<p>Within the local government system local leadership must come from within councils themselves. Success will depend on the political and managerial leadership of the council making a commitment to this agenda including its implementation through the council's performance management framework.</p>
<p>A1.2 Government must make sustainable procurement an integral part of public sector procurement, owned by OGC and resourced to help public sector buyers to deliver.</p>	<p>Increasingly, councils are playing a leadership role across local public services. This trend will continue as Local Strategic Partnerships (LSPs) develop and the role of Local Area Agreements (LAAs) changes. Sustainability will have a higher profile in the community strategy.</p>
<p>A1.3 Public sector organisations must make clear that they are auditing for long-term value for money and thus for sustainability. Managers must be held to account for failure to meet minimum standards.</p>	<p>However, the leadership challenge faced by councils should not be underestimated, The commitment to sustainability has to be balanced with the demands of the efficiency/VFM agenda and budget pressures, which are set to intensify under Comprehensive Spending Review 2007, while the transformation of services to the public places additional demands on resources.</p>
<p>A1.4 Government must include clear and measurable targets on sustainable procurement in the revised framework for sustainable development on the government estate.</p>	<p>Regional improvement partnerships/regional centres of excellence and the local government central bodies, including the IDA, can set standards for change</p>

SPTF recommendation	LG response
<p>A1.5 All public sector organisations must link incentives to organisational capacity and to delivery in priority areas and these must be cascaded through their performance management systems.</p>	<p>government central bodies, including 4ps and IDeA,, can act as catalysts for change and can provide support, as can the Local Government Taskforce (LGTF) in the construction priority area.</p> <p>The emphasis on long-term value for money is important. In our environment CIPFA establishes the accounting rules and issues professional guidance on issues such as audit and investment appraisal. The Audit Commission assesses council performance (currently CPA) including scoring councils’ “use of resources”. The key lines of enquiry supporting that judgement (and other assessments) play a critical role. The view taken by internal and external auditors is also determined to a large extent by the Audit Commission’s stance.</p> <p>The Local Government White Paper reflects agreement between central and local government on the need to reduce significantly the number of national performance indicators and targets and on the need for a new performance management framework which gives a greater role to challenge from within the local government sector itself</p> <p>Within this framework councils can be encouraged to set their own local targets for sustainable procurement and asset management and to agree joint priorities and targets with LSP partners.</p>
<p>2. Set clear priorities. Streamline the framework and provide clarity on policy priorities</p>	<p>Under the joint <i>National Procurement Strategy</i> (2003-2006) there was good progress among councils in the adoption of corporate procurement strategies and policies that address sustainable procurement and the achievement of community benefits including engagement of SMEs and third sector organisations and fulfilment of equality duties. Many have free-standing sustainable procurement strategies. However, practice varies significantly in terms of coverage and the use of targets.</p> <p>There is a good case for strategies and policies to be reviewed in the light of the Task Force’s recommendations, and the <i>Flexible Framework</i> and prioritisation methodology in particular, and other developments such as the new gender equality duty and the focus on smarter commissioning of third sector organisations and SMEs, and for local priorities and targets to be (re-) set. Ideally this would be done in partnership through the LSP.</p> <p>Reviews will need to take account of mandatory requirements (including value for money and EU rules) and, where applicable to local government best practice guidance issued by OGC and others.</p>
<p>A2.1 Government must produce and thoroughly communicate a clear restatement of its sustainable procurement policy which applies to all central government purchasing.</p>	
<p>A2.2 Major public sector organisations must supplement this with their own sustainable procurement policy statement.</p> <p>A2.3 Government rationalise existing policies through procurement into one practical unified sustainable procurement framework covering environmental, social, ethical and economic factors. A very short guide to the new framework must be made readily available.</p>	

SPTF recommendation	LG response
A2.4 Government must establish a filter process to ensure that only real government priorities are included in the integrated procurement framework which takes account of policy salience, cost effectiveness and suitability to be addressed through procurement.	Councils determine their own policy priorities through the electoral process and dialogue with the local community.
A2.5 Government must establish and use a new "Gateway - 1" process to ensure sustainability issues are incorporated at the first stage of major projects and track this through the life of the project.	Some councils have already targeted their efforts in the sustainable procurement field on the basis of spend and sustainability impact (an approach to assessing sustainability impact of spend was recommended in implementation guidance supporting the <i>National Procurement Strategy</i>). Councils will find the prioritisation tool recommended by the Task Force helpful.
A2.6 Government must ensure that the unified sustainable procurement framework is effectively applied with sanctions for non-compliance.	In local government gateway reviews are provided by 4ps and sustainability issues already come in for consideration during that process. There is scope for 4ps to enhance the focus on sustainability.
A2.7 All public sector organisations must define clear objectives and targets and put monitoring/reporting mechanisms in place.	It is good practice to put in place arrangements for monitoring and periodic review of strategies and policies and in the best councils this is normal practice. Councils should be encouraged to ensure that such a process is in place for sustainable procurement strategies and policies.
3. Raise the bar. Meet minimum standards now and set demanding goals for the future.	It is prohibitively expensive for councils and professional buying organisations (including consortia) to carry out lifecycle assessments of all the goods and services that they buy. A reliable bank of knowledge in the priority categories relevant to local government would therefore be a valuable resource.
A3.1 Government must create knowledge base on products and services (and their sustainability impacts) focusing first on the priority spend areas identified by the Task Force.	Mindful of the work being carried out nationally and internationally, councils will need to collaborate to agree a set of standards that are owned by the local government community itself. Professional buying organisations will have a key role to play here as they have already played an important role in putting standards in place.
A3.2 Government must engage internationally with key markets and other countries to establish new sustainability standards.	The use of public procurement to stimulate markets was an objective of the <i>National Procurement Strategy</i> and engagement of the business community in the standard setting process is a logical extension of that.
A3.3 Government must set mandatory minimum product/service standards for sustainable procurement in all priority areas (using Quick Wins as appropriate).	Councils are in the forefront of using procurement to secure socio-economic benefits as well as environmental ones and an exchange of learning with academia would be
A3.4 Public sector organisations must work with business to identify and set future minimum requirements and so encourage investment in R&D by suppliers.	
A3.5 Public sector organisations must ensure their national and regional contracts do not offer any products/services that fall below these minimum standards (e.g. NHS, PASA, OGCbs).	

SPTF recommendation	LG response
<p>A3.6 Government must work with the academic community and others on how to attribute value to social aspects of sustainable procurement and to stimulate debate around social issues.</p>	<p>as well as environmental ones and an exchange of learning with academia would be valuable. Local government practitioners should be represented in any forums of this kind.</p>
<p>4. Build capacity. Develop capabilities to deliver sustainable procurement.</p>	<p>Within the local government sector there are already regional Improvement Partnerships/Regional Centres of Excellence and a variety of sub-regional partnerships through which this agenda can be taken forward including the commissioning of training and support as required. Support is also available from the local government central bodies, particularly 4ps, professional buying organisations and professional bodies like SOPO, CIPS and CIPFA and those active in construction, asset management and facilities fields.</p>
<p>A4.1 Government must create a sustainable procurement delivery team to support policy development, research, practical advice and training to procurers both centrally and in regions.</p>	<p>A programme of capacity building, including professionalisation and skills training in procurement under the <i>National Procurement Strategy</i>, has been underway in local government for some time including training on the 4ps gateway review process. The regions will determine their investment priorities for the capacity-building programme.</p>
<p>A4.2 All public sector organisations must establish effective Management Information Systems to support delivery of sustainable procurement.</p>	<p>There is a need to further concentrate procurement capability within local government and this focusing of activity will benefit the sustainable procurement agenda.</p>
<p>A4.3 All public spenders must upgrade procurement capacity and train staff making spending decisions, including Gateway Review process as appropriate.</p>	<p>The <i>Flexible Framework</i>, perhaps with some adjustments for the local government context, is a useful tool. The April 2007 target has already passed but the carrying out of a review against the Framework with findings to be implemented from April 2008 is an achievable objective (see 2 above)..</p>
<p>A4.4 All public sector organisations must reach Level 1 (or above) of the Flexible Framework by end April 2007 and Level 3 (or above) of the Flexible Framework, with leadership (Level 5) in at least one area by December 2009.</p>	<p>Most councils have nominated political and managerial champions for procurement and the professionalisation agenda has led to the appointment of heads of procurement (procurement managers in smaller councils) in councils where there was previously no corporate focus on procurement. In local government it is a question of building a sustainability focus into these roles.</p>
<p>A4.5 All public sector organisations with procurement spend over £1bn per annum must appoint Commercial Director to the Board by April 2007.</p>	<p>The Green Book plays an important role in PFI projects but otherwise is not generally applicable in local government.</p>
<p>5. Remove barriers. Ensure budgetary mechanisms enable and support sustainable procurement</p>	<p>There is a need for further guidance on the treatment of long-term value for money</p>
<p>A5.1 Treasury must produce simplified Green Book guidance which is easy to use and must enforce requirement for whole life costing.</p>	<p></p>

SPTF recommendation	LG response
A5.2 Public sector organisations must ensure that budgeting arrangements support sustainable procurement, including co-ordinated management of capital expenditure and operational expenditure, and explore innovative ways to overcome upfront affordability problems.	(whole life costs and benefits) in the development of business cases (particularly for major investment decisions), the evaluation of bids and in financial management more generally.
A5.3 Government must evaluate pilot public sector energy efficiency fund and consider expansion in Comprehensive Spending Review, so that lack of upfront capital does not rule out the sustainable option.	<p>In our sector CIPFA issues statements of recommended practice, accounting codes of practice and related guidance and should be encouraged to review the professional guidance offered there. The procurement professional bodies CIPS and SOPO could usefully provide additional guidance for practitioners. In the construction priority area the LGTF should lead work in this area working with the construction professions.</p> <p>Government financial support to offset any upfront cost of sustainable solutions would be welcome as it would be for transformation/efficiency projects.</p> <p>Given the scale of the BSF programme and its impact on local communities the focus on sustainability is beyond question.</p>
A5.4 Treasury and DfES must work with Building Schools for the Future programme to ensure that it is meeting high sustainability standards and to learn lessons for other capital projects.	
A5.5 Government must develop a mechanism to address cross-departmental cost and benefit issue.	
<p>6. Capture opportunities. Smarter engagement with the market to stimulate innovation.</p>	
A6.1 Government must lead the public sector in setting forward commitments to purchase innovative solutions and establish clear routes to public sector market for suppliers of innovative solutions – including procurement portal	<p>Market signalling of the type identified in the “forward commitment” model is good practice in a variety of contexts and councils would acknowledge its role in stimulating innovation.</p> <p>Building on the work of professional buying organisations and the Regional Centres of Excellence, more needs to be done to coordinate demand locally, regionally and nationally and to engage in dialogue with the key suppliers to the sector about the longer term needs of localities.</p>
A6.2 Government must establish mechanisms to overcome capability issues amongst suppliers of innovative solutions especially SMEs and the Third Sector.	
A6.3 Delivery team must provide guidance on procurement of innovative solutions including outcome-based requirements; articulating unmet need, use of Flexible Framework to drive innovation; informed approach to risk management and building supplier relationships.	
A6.4 All public sector organisations must work with key markets on joint improvement programmes delivering sustainability and value for money, including appropriate allocation of risk in priority areas.	
A6.5 All public sector organisations must integrate sustainable development and procurement through use of risk-based approach.	

Table 2

Flexible Framework

THE FLEXIBLE FRAMEWORK	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
People	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
Policy, Strategy and Communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisation's EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.

THE FLEXIBLE FRAMEWORK	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
Engaging Suppliers	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involved.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisation's sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurement and Results	Key sustainability impacts of procurement activity have been identified.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

The UK Government Response to the SPTF

In March 2007 DEFRA and HM Treasury published the Government's response to the Task Force in the ***UK Government Sustainable Procurement Action Plan***. This is to be read alongside ***Transforming Government Procurement*** published by the Treasury the month before.

Chapter 10 of the *Action Plan* addresses the position in the wider public sector, while Annex E contains interim responses for health and social care and local government (prepared by CLG) and a progress report for the education sector. The plan indicates that a local government response to the Task Force's recommendations is expected in summer 2007.

The Government's *Action Plan* is strongly weighted towards environmental considerations and the creation of a low carbon, more resource efficient public sector. Success measures are defined in terms of Government's carbon footprint, waste and energy and water efficiency. Actions on procurement are intended to contribute to challenging targets for "sustainable operations on the government estate" already announced in June 2006.

<http://www.sustainable-development.gov.uk/government/estates/index.htm>

There is no corresponding national strategy for local government "operations" but it features in the asset management strategies and arrangement for facilities management of the best councils.

The national emphasis on environmental issues is reflected in the political leadership of the Secretary of State for Environment, Food and Rural Affairs although delivery will be overseen by the Head of the Civil Service supported by a Permanent Secretary Champion. Each permanent secretary is accountable for their own department's progress and the Chief Executive of the Office of Government (OGC) is responsible for embedding agreed policies through the profession.

The Sustainable Development Commission will monitor and report on progress overall. <http://www.sd-commission.org.uk/>

Under the plan, the key actions for central government departments are as follows:

- During 2007 DEFRA will consult on proposals for a "centre of sustainable procurement excellence" to provide support and guidance and a "sustainable products unit" to develop evidence on the lifecycle impacts of products.
- In the context of Comprehensive Spending Review 2007, DEFRA is examining whether "Salix" funding can be made available to support Government delivery of sustainable operations targets (Salix is an independent, publicly-funded company established by the Carbon Trust that provides interest-free, match funding to the public sector to invest

in energy efficiency measures and technologies that will reduce carbon emissions)

<http://www.salixfinance.co.uk/home.html>

- While the *Action Plan* supports government departments making full use of the *Flexible Framework* recommended by the Task Force, it will be superseded in due course by a new procurement framework (policies and guidance) developed by OGC that sets out the standards government procurement functions must meet. An initial policy framework is contained in Annex A to the *Government Action Plan*.

(N.B. This does not apply to local government; under *Transforming Government Procurement* OGC has refocused on central government procurement).

- The Chartered Institute of Purchasing and Supply (CIPS) will undertake a review of its syllabuses to ensure appropriate coverage of sustainable procurement in its qualification courses from 2008.
- OGC will audit compliance to standards in government departments through the programme of “procurement capability reviews” announced in *Transforming Government Procurement*. It will also review the effectiveness of current measures to embed sustainability in the Gateway Review process.
- The Quick Win product standards will be updated and extended and during 2007 there will be consultation on standards for a wider range of products and services. The standards will be promoted to the wider public sector.

http://www.ogcbuyingsolutions.gov.uk/sustainability/products/sustainability_quickwins_home.asp

Leicester City Council

Environmental purchasing policy

1. The City Council is committed to the following policy: We intend, wherever possible, to make continual, measurable progress in our environmental performance and to reduce our environmental impact, whilst maintaining the city’s economic viability

2. Ban the use (by the City Council or its contractors) of certain specified environmentally damaging products where an alternative product or method is available. These products are: ozone depleting chemicals, tropical hardwood which is not independently certified as coming from a well managed forest pesticides on the UK ‘Red List’ and EC ‘Black List’ peat for soil amelioration purposes

3. Reduce the purchasing of new products by cutting down on waste and repairing or re-using existing products.
4. Specify products which are made from recycled materials; can be recycled or re-used; can be operated in an energy efficient manner; and cause minimal damage to the environment in their production, distribution, use and disposal, so long as the requirements of value for money and quality are met.
5. We will work with our contractors and suppliers to help them improve their environmental performance and ensure that, when working for the City Council, they adopt equivalent environmental standards
6. We will aim to provide environmental training for all employees of the City Council. We will also provide environmental training to politicians.
7. We will ensure that all City Council operations and activities carried out on its behalf comply with, or exceed, all statutory environmental requirements.
8. We will establish and maintain detailed policies and guidelines for products with a significant environmental impact.

- Government contracts will require suppliers to provide products and services that comply with these standards and to assist in the achievement of sustainable operations targets.
- Greater leverage will be exerted through more pan-government collaborative procurement.
- Simplified guidance on the *Green Book* (investment appraisal) has been published and will be followed by updated guidance on environmental appraisal (DEFRA).
- The National Audit Office will look for departmental compliance with the *Green Book* and the Action Plan. Departments will be committed to reviewing their budgeting arrangements and performance management framework to ensure they are not presenting unnecessary barriers to choosing sustainable solutions.
- There will be further guidance on capturing innovation and DTI/DEFRA will replicate the “forward commitment” procurement model more widely in the public sector. This involves articulating current and future environmental needs to the market in a way that is credible and focuses on outcomes and performance standards.
- Government departments will work collectively to strengthen engagement with sectors that are key to achieving sustainable operations and efficiency targets and wider sustainable development goals. Plans will be in place or under development by the end of 2007.

A revised *Sustainable Construction Strategy* will be published at that time. DEFRA will lead work with key government suppliers to develop voluntary commitments to achieving low carbon activities and supply chains.

- Measures to enable innovation by third sector organisations to be captured include the programmes on commissioning and procurement being undertaken under *Partnership in Public Services* (the Action Plan for Third Sector Involvement) in which IDeA and the Regional Centres of Excellence are delivery partners and *Scaling New Heights* (the Social Enterprise Action Plan).

The actions set out in the *Government Action Plan* are given in full in **Table 3** together with the proposed local government response.

Oxford City Council

A district council committed to sustainable procurement

Caroline Bull, Oxford City Council’s Chief Executive, is determined that Local Authorities should positively drive forward the development of the local economy.

Initiatives such as the *Meet the Buyer* events – bringing public sector buyers and local small businesses face-to-face in an informal but structured environment – were successfully introduced last year. Following are some of the headline results.

Measure	Target	Actual
Total number of businesses participating in the programme	200	349
Percentage of companies to win business from the event after 6 months	20%	25%
Total amount of business transacted after 6 months	£50,000	£965,280
% Of buyers that said they would “definitely” or “probably” do business with suppliers met at the Event.	85%	97%

Building on last year’s success, the Authority has invested in the continuation of its Public Procurement Programme. The staggering number of 1600 representatives from Oxfordshire’s small businesses who attended our recent understanding public procurement sessions has overwhelmed us. Over half have of this total have expressed an interest in attending the final *Meet the Buyer Event* on October 24th 2006; with 50 signing up to the free training sessions, where suppliers learn how to put together a robust tender document. Everyone attending the training receives a toolkit, where they can

refer to useful guidance and store their key policies.

The Procurement Team also provides free training workshops throughout the year. Whenever a new contract is about to be advertised, the team will target local suppliers in that line of business, contacting them to tell them about the opportunity and inviting them to learn about the Council's procurement process.

Whether we give the local suppliers the confidence to tender for that business, or help them realise that they still have some work to do before being able to manage such a contract, the end result benefits a sustainable local economy. If a supplier feels that they are not ready, the Procurement Team will offer to mentor the supplier to help them reach the expected level. 60 small businesses have been through this process in the last year.

Oxford City Council has also enabled a wider and more diversified cultural input within the local economy.

At the beginning of July the Procurement Team were faced with the challenge of finding a suitable supplier for a café in Blackbird Leys Leisure Centre. The Leisure Centre is situated in an area that is undergoing regeneration and had been the recipient of a Sport England grant to add a healthy living initiative to the centre. Part of the grant application stated that community involvement within the project was essential. This led the Procurement Team to market the tender to local caterers based in and around Blackbird Leys.

The team spoke to Co-Operative Futures about informing Social Enterprises about the tender. At the beginning of September, 3 members of the BME community attended a tender training workshop and as a result are considering forming a partnership in order to tender for the café. The Council accepts that, should this tender submission be looked upon favourably, it will require ongoing support and perhaps subsidy from the Centre. Oxford City Council realises that contracts such as these cannot be used to contribute to the central government target of 2.5% efficiency savings as the benefits lie within the developing the local community economy and infrastructure.

Sustainable procurement is something that Oxford City Council continually seeks to improve and promote. The Procurement Team is keen to explore the supply chains of any short listed suppliers to ensure that the service or product that is being supplied is ethical. The Team plans to do more work on discovering the environmental footprint of suppliers during the next year.

In the last year the team have supported the Housing building repairs unit to put in place 2 contracts worth nearly 2 million to supply all plumbing, heating and electrical supplies to support the decent homes standard work.

Both contracts were let using the OJEU process and awarded to suppliers who are now working in partnership with us by supplying at fixed prices in what is a volatile market, providing JIT deliveries to reduce stores holding and providing local stores holding to ensure that we are able to meet customer

demand for repairs and improvements. Both suppliers have excellent sustainable policies, practices and processes and one of them is the only materials supplier to have FSC accreditation.

Source: Oxford City Council

Wakefield Council

Supplier engagement for community benefits

In 2004 Wakefield Council established a new corporate procurement team. It had a remit to develop a strategic approach to procurement and directly contribute to the Council's community strategy priority of developing a dynamic local economy.

Following a series of workshops on 'Winning Council Business' for regional companies during January to March 2004 (undertaken as part of the West Yorkshire Procurement Partnership), feedback from companies was that Wakefield Council was difficult to do business with.

An analysis of the creditors system identified that in 2003-04, only 40% of approximately £135million spend went to a regional postcode. Comparative information from other large authorities suggested that the norm would be 50% to 60% spent regionally.

In April 2004 the Council's cabinet approved a programme of activity to improve the Council's engagement with local and regional businesses, and set a target to increase spend in the regional economy by 10% over two years.

A strategic approach to supplier engagement was taken in order to improve communications between the council and businesses from all sectors, to identify and breakdown the barriers and to instil confidence in the way in which the Council procures goods and services.

Key issues in delivering the target were to ensure compliance with procurement legislation and to maintain value for money.

The target was exceeded; by March 2006 the proportion of regional spend had increased from 40% to 52%. In monetary terms, this is an increase of £63 million in the region, of which £34 million went into the Wakefield district with resulting positive impact on the local economy.

Source: Wakefield District Council

Table 3

UK Government Sustainable Procurement Action Plan

Government action plan	LG response
<p>1. As part of the Comprehensive Spending Review a new set of public service agreements, which reflect the principles of sustainable development, will be agreed to help deliver Government's priority objectives.</p>	<p>Councils support the weight being given to sustainable development as a matter of principle. It is important that it the social and economic dimensions are addressed as well as environmental impacts.</p> <p>Any sustainable targets proposed for local government will need to be considered in the context of the new performance management framework, the CSR07 value for money/efficiency programme and intensifying budget pressures.</p>
<p>2. Priorities and future plans. We have clarified our current sustainable procurement policy priorities, through issuing a sustainable procurement policy framework (Annex A) with which Government Departments are expected to demonstrate compliance in working towards their sustainable operations targets, and setting out how we intend to develop the policy framework during 2007.</p>	<p>Councils and their professional buying organisations should be encouraged to review corporate procurement strategies and policies against the <i>Flexible Framework</i> and where necessary to (re-) set local priorities and targets. Implementation of findings from April 2008 is an achievable objective. Asset management strategies and arrangements for facilities management should be reviewed at the same time.</p>
<p>3. Strengthening leadership for sustainable procurement by clarifying accountabilities and roles throughout Government and ensuring appropriate performance objectives and incentives are in place within each Government Department.</p>	<p>As part of the review referred to in 2 above, councils should consider where responsibility for leadership to sustainable procurement and asset management rests at political level and on the corporate management team. The leadership role of managers in the construction, facilities management and procurement fields should also be examined.</p> <p>In local government, support to the adoption of good practice is currently provided by the Regional Centres of Excellence, local government central bodies like 4ps, the Local Government Taskforce (LGTF) in the construction field and professional bodies like SOPO and CIPFA and the property, construction and facilities management professions all of which can act as</p>
<p>> Delivery will be overseen by the Ministerial Committee on Energy and Environment (EE), chaired by the Prime Minister</p>	
<p>> The Secretary of State for the Environment, Food and Rural Affairs will be the lead Minister, reporting to the Prime Minister</p>	
<p>> The Head of the Civil Service will oversee delivery of this plan and a report on progress in 2008, supported by a nominated Permanent Secretary Champion for Sustainable Procurement.</p>	

Government action plan	LG response
<p>> Permanent Secretaries are accountable for their department's overall progress and for ensuring, from 2007-08 onwards, key staff in the departments have performance objectives and incentives that drive the implementation of this plan, linked to performance objectives for delivering efficiency savings.</p>	<p>catalysts for change. The professional buying organisations (including consortia) show leadership through their actions.</p>
<p>> The Head of the Government Procurement Service (GPS)/Chief Executive of the Office of Government Commerce (OGC) is accountable for embedding agreed procurement policies through the profession so that they become part of normal procurement practice from 2007-08 onwards.</p>	
<p>4. Budgeting and accounting practice. We will improve Departmental practice through promoting greater compliance with existing government policy on value for money. This will be pursued by:</p>	<p>The Green Book plays an important role in PFI projects but otherwise is not generally applicable in local government.</p>
<p>> Providing simplified guidance on the HM Treasury (HMT) Green Book (alongside this report) and updated guidance on environmental appraisal (during 2007).</p>	<p>There is a need for further guidance on the treatment of long-term value for money (whole life costs and benefits) in the development of business cases (particularly for major investment decisions), the evaluation of bids and in financial management more generally.</p>
<p>> The National Audit Office's (NAO) ongoing scrutiny of Departmental compliance with the Green Book; committing Departments to review their budgeting arrangements and performance frameworks to ensure they are not creating unnecessary barriers to choosing sustainable solutions.</p>	
<p>> Departments raising their case with HMT when a real affordability constraint appears to prevent them from choosing a sustainable solution.</p>	<p>In our sector CIPFA issues statements of recommended practice, accounting codes of practice and related guidance and should be encouraged to review the professional guidance offered there. The procurement professional bodies CIPS and SOPO could usefully provide additional guidance for practitioners. The Local Government Taskforce should lead work with the construction professions in the construction priority area.</p>
<p>> Defra examining a possible role for Salix funding in supporting Government delivery of sustainable operations targets.</p>	
<p>> OGC reviewing effectiveness of current measures to embed sustainability in the Gateway Process.</p>	
<p>5. Building capacity across Departments by:</p>	<p>Government financial support (including Salix funding) to offset any upfront cost of sustainable solutions would be welcome as it would be for transformation/efficiency projects.</p> <p>4ps operate the gateway review process for local government. Sustainability is already considered as part of that process. We will ask 4ps to review the process to establish whether the focus on sustainability can be enhanced.</p> <p>It will be important that qualification courses reflect the local government</p>

Government action plan	LG response
<p>> Working with the National School for Government on improving public servants sustainable development skills and with the Chartered Institute of Purchasing and Supply (CIPS) on skills for purchasing professionals.</p>	<p>context and not simply central government requirements.</p>
<p>> Departments making full use of the Task Force flexible framework where it helps improve procurement practice and achieve sustainable operations targets, pending the development of a new procurement framework by the OGC.</p>	<p>As indicated above, councils should be encouraged to carry out a review against the <i>Flexible Framework</i> and to (re-) set local priorities and targets as appropriate.</p>
<p>> Defra providing initial support through workshops to practitioners seeking help on the flexible framework</p>	<p>Support from DEFRA would be welcome. Some councils have already piloted reviews and would be interested in acting as reference sites.</p>
<p>> OGC will audit those standards through procurement capability reviews of department's functions ensuring departments meet required standards, helping to build and increase professional procurement function capacity where necessary.</p>	<p>Through regional Improvement Partnerships councils will determine priorities for investment in capacity building programmes including the commissioning of support on this agenda.</p>
<p>> Defra consulting during 2007 on proposals for a centre of sustainable procurement excellence to provide coherent quality support, guidance and advice and establishing a sustainable products unit to develop evidence on the life cycle impacts of products.</p>	<p>The landscape of capacity building organisations is already complex and in our sector there is already an infrastructure of regional Improvement Partnerships/Regional Centres of Excellence, professional buying organisations and local government central bodies to take this agenda forward. We do not see a role for a national centre of excellence in our sector.</p> <p>However, a central unit focused on carrying out lifecycle assessment of products would add value by doing once something which would otherwise need to be done many times over at great cost.</p>
<p>6. Raising standards through improving departmental compliance to agreed mandatory standards:</p>	<p>Mindful of the work being carried out nationally and internationally, councils will need to collaborate to agree a set of standards that are owned by the local government community itself.</p>
<p>> including through greater use of pan-government collaborative procurement</p>	
<p>> Department for Transport (DfT) will review the standards and targets for the government car fleet, and will publish an updated Government new car average CO2 emissions target later in the Spring.</p>	<p>Professional buying organisations will have a key role to play here as in many</p>

Government action plan	LG response
<p>> From 1 April 2009 only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed Forest Law Enforcement, Governance and Trade (FLEGT) partner will be demanded for use on the Government estate – appropriate documentation will be required to prove it. From 1 April 2015, only legal and sustainable timber would be demanded.</p>	<p>instances they have already put standards in place.</p>
<p>> Extending and updating the existing “quick-wins” standards to an increase range of products (“Quick Wins 2007” of which there are 54 in total) (which means for example departments will increasingly only choose computers, office equipment and white goods that are low energy) and consulting during 2007 on standards for a wider range of products and services.</p>	
<p>> Including in government contracts appropriate requirements for suppliers and sub-contractors to provide products and services that comply with these standards and to assist in the achievement of Departmental sustainable operations targets; promoting these standards to the wider public sector.</p>	
<p>7. Market engagement and capturing innovation. The Department of Trade and Industry (DTI) is leading cross-Government work on how public procurement can more effectively stimulate innovation to deliver better value for money and to drive wealth creation as part of its forward policy programme.</p>	<p>Market signalling of the type identified in the “forward commitment” model is good practice in a variety of contexts and councils would acknowledge its role in stimulating innovation.</p> <p>Building on the work of professional buying organisations, the Regional Centres of Excellence, and the Local Government Taskforce’s work with DTI on construction, more needs to be done to coordinate demand locally, regionally and nationally and to engage in dialogue with the key suppliers to the sector about the longer term needs of localities</p>
<p>> DTI and Defra will replicate the Forward Commitment Procurement model more widely in the public sector</p>	
<p>> All departments will continue to promote to their buyers and suppliers the issues identified in the OGC/DTI “Capturing Innovation” guidance as good procurement practice.</p>	
<p>> OGC/DTI guidance on finding and procuring innovative solutions will be published in Spring 2007</p>	
<p>> DTI and Cabinet Office will provide ongoing advice and support to small and medium sized enterprises and third sector organisations wishing to supply the public sector</p>	

Government action plan	LG response
<p>> Government departments will work collectively to strengthen their strategic engagement with sectors that are key to achieving our sustainable operations and efficiency targets and wider sustainable development goals and Defra will lead on work with key government suppliers to develop voluntary commitments to achieving low carbon activities and supply chains.</p>	
<p>8. Scrutiny and reporting. Building on the strengthened “watchdog” role given to the Sustainable Development Commission (SDC) in 2005, the SDC will report on Departmental progress through progressively including the sustainable procurement commitments set out here in the annual Sustainable Development in Government (SDiG) reports and in their scrutiny of departmental Sustainable Development Action Plans (SDAP). Subject to any future investigations by the NAO or EAC (Environmental Audit Committee), we will invite the SDC to conduct a health-check review of our ambition, plans and progress in this area in 2008.</p>	<p>It is not clear whether the remit of the Sustainable Development Commission extends to scrutiny and reporting in relation to local government or other parts of the wider public sector.</p> <p>There would be no objection to this provided that scrutiny is against the agreed Local Government Action Plan and reporting requirements are not onerous.</p>

The local context

Local government is responsible for the well-being of localities in terms of their economic prosperity, social cohesion and environmental quality (sometimes called “place-shaping”) and for the provision of a wide range of public services often delivered in partnership with other public sector agencies, private and third sector partners.

Through our spending decisions we can bring influence to bear in many markets and our behaviour influences the actions of a network of partners.

Councils operate within a statutory and financial framework that is specific to our sector.

At the top level the Sustainable Community Strategy sets out how the council and its partners in the Local Strategic Partnership (LSP) will tackle shared priorities for the community. The Local Area Agreement (LAA) is evolving into a more detailed delivery plan for the strategy in which the Government is a key partner.

In line with proposals put forward by local government³ legislation is recasting these arrangements within a new performance management framework which relies far less on nationally determined targets and inspection regimes and gives a greater role to challenge from within the local government sector itself.

From 2009 the Audit Commission and other inspectorates will collaborate to provide a risk-based Comprehensive Area Assessment (CAA) which replaces Comprehensive Performance Assessment (CPA) for councils. CAA will look at the activities of all public services in the locality. The council’s “use of resources”, which includes procurement, will continue to be “scored” by the Commission.

Councils are currently on track to deliver in excess of £3 billion in efficiency gains in the three years to March 2008 and face an expectation that they will deliver a further £5 billion in cashable gains in the next three-year spending review period (Comprehensive Spending Review 2007).

This comes at a time when councils are already facing significant budget pressures particularly in adult social care, children’s services and waste management, and those pressures are likely to intensify.

³ See for example, *Closer to People and Places*, Local Government Association, 2006.

Bristol City Council

Increasing recycled content in construction projects

Bristol City Council was the first Building Schools for the Future project to reach financial close. The project to build four new schools was worth around £120 million and the Council was keen to push for higher levels of recycled content as a demonstration of sustainable construction. However, before including requirements within its Invitation to Negotiate (ITN), the Council wanted to confirm that it was practical and affordable.

To provide such evidence, WRAP (Waste & Resources Action Programme) commissioned market research into building products and discounted prices in the local area. The results showed that for more than half the materials used in a secondary school, alternative cost-competitive mainstream brands could be sourced with above average recycled content. Analysis of three secondary school designs showed that total recycled content in excess of 15% could be achieved at no extra cost. With such results, Bristol City Council included a minimum requirement in their ITN.

Skanska won the contract to build the four schools for Bristol City Council. Company Environmental Manager, Matthew Janssen, commented: "It's a lot easier than people expect to substantially increase the level of recycled content in a build project. There is a great selection of products on the market that offer an above average level of recycled content at a similar cost and quality to more traditional choices. We are now setting our own recycled content target throughout the Integrated Projects division of Skanska."

The Council's PFI Project Manager Chris Wiseman commented: "Market research identified a range of mainstream construction products offering above-average recycled content at competitive prices. As a result, we had the confidence to set a requirement in our tender specification for 10% recycled content for the project as a whole without prejudicing our budget. This is important in helping the Council and its schools 'walk the talk' on sustainable development."

Based on this and other evidence, Partnership for Schools has included a minimum 10% requirement for recycled content in the model procurement documentation for the Building Schools for the Future programme. Several local authorities have already adopted this good practice - which should lead to contractors using several thousand more tonnes of recovered material per school that might otherwise go to landfill.

Source: Bristol City Council/WRAP

Developing a strategic approach

Councils have been moving to a more strategic approach to sustainable procurement for some years.

Milestones in relation to the achievement of community benefits and market stimulation formed a major plank of the *National Procurement Strategy* (2003-06) agreed jointly between Government (now CLG) and the Local Government Association

Implementation guidance was published by the Improvement and Development Agency (IDeA)⁴ backed up by a programme of “fitness checks”. 4ps has integrated sustainability into the gateway review process for major projects and its procurement packs and guidance.

The Local Government Task Force (LGTF) played a central role in the delivery of the construction strand to the *National Procurement Strategy*, as well as the Rethinking Construction programme, and today it works closely with the Regional Centres of Excellence (see *below*). The LGTF has an extensive consultative network with professional groupings operating in the local government construction and property environment.

As the single largest area of local authority expenditure, and arguably the area of greatest environmental impact, the LGTF is wholly committed to delivering construction in the most environmentally friendly way. It is also committed to supporting the communities served by those very structures created in the process. It believes that the single most effective method to achieve these objectives is by ensuring that all works are commissioned on a whole life value basis.

Local Government Task Force

⁴ Including *Sustainability and Local Government Procurement* and guidance on performance measurement including voluntary indicators in the sustainability area available at: <http://www.local-pi-library.gov.uk>

The *National Procurement Strategy* was also the launch pad for the nine Regional Centres of Excellence (RCEs) that assumed the task of embedding good practice in procurement and coordinating demand on a regional basis (together with a pivotal role in the broader efficiency agenda).

Today the North East centre leads nationally for the RCEs on sustainable procurement coordinating the activity across the nine regions and the centres support a national programme focused on the realisation of savings through smarter commodities procurement.

Data collected by the Regional Centres of Excellence show how the £40 billion local government procurement spend is distributed (see **Table 4**). Once the SPTF prioritisation tool is applied it becomes clear that the priority categories in our sector, and therefore those to be tackled through this action plan, are:

- Construction and facilities management
- Waste management
- Energy
- Transport
- Food

It can be seen that construction and facilities management constitute by far the largest category of spend. These activities have major environmental impacts and present significant opportunities for the achievement of social and economic benefits. For this reason, it is recommended that this category is accorded top priority in the action plan.

The establishment of a Climate Change Commission (chaired by Professor John Chesshire) was announced by LGA in March 2007 and is due to report by the end of the year. Among other things, it will investigate the progress that has been made by councils in the procurement of green goods and services.

It is intended that the *National Procurement Strategy*, along with other sectoral strategies, will be superseded by a single, joint National Improvement Strategy (NIS) agreed between central and local government. This provides a fresh opportunity to review priorities and the associated support arrangements.

Wakefield Council

Supplier engagement for community benefits

In 2004 Wakefield Council established a new corporate procurement team. It had a remit to develop a strategic approach to procurement and directly contribute to the Council's community strategy priority of developing a dynamic local economy.

Following a series of workshops on 'Winning Council Business' for regional companies during January to March 2004 (undertaken as part of the West Yorkshire Procurement Partnership), feedback from companies was that Wakefield Council was difficult to do business with.

An analysis of the creditors system identified that in 2003-04, only 40% of approximately £135million spend went to a regional postcode. Comparative information from other large authorities suggested that the norm would be 50% to 60% spent regionally.

In April 2004 the Council's cabinet approved a programme of activity to improve the Council's engagement with local and regional businesses, and set a target to increase spend in the regional economy by 10% over two years.

A strategic approach to supplier engagement was taken in order to improve communications between the council and businesses from all sectors, to identify and breakdown the barriers and to instil confidence in the way in which the Council procures goods and services.

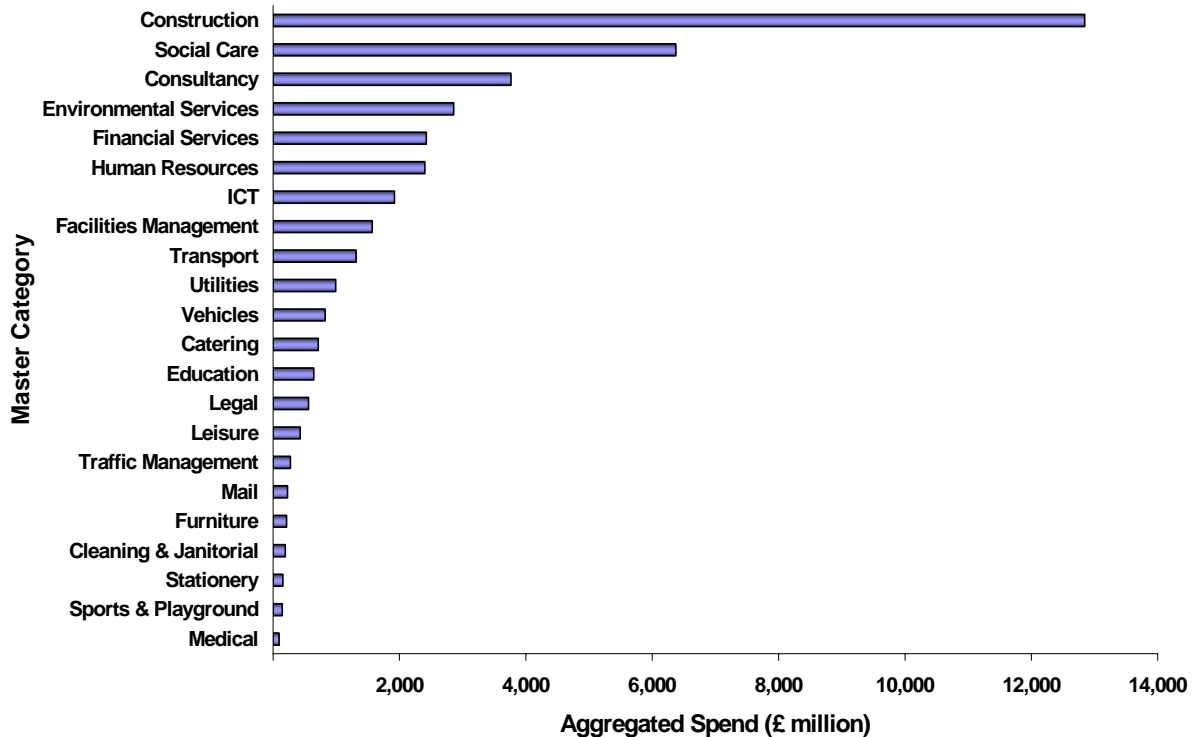
Key issues in delivering the target were to ensure compliance with procurement legislation and to maintain value for money.

The target was exceeded; by March 2006 the proportion of regional spend had increased from 40% to 52%. In monetary terms, this is an increase of £63 million in the region, of which £34 million went into the Wakefield district with resulting positive impact on the local economy.

Source: Wakefield District Council

Table 4

Where does the money go?



Source: Regional Centres of Excellence

A shared goal

Councils share the aspiration, set out in the UK Sustainable Development Strategy (*Securing the Future*), for the UK to be among the European Union leaders in sustainable procurement by 2009.

Among other things, this means moving towards -

- A sustainably built and managed local government estate
- Sustainably built and managed homes and roads
- Local public services and supply chains that are increasingly low carbon, low waste and water efficient, which respect biodiversity and which deliver economic and social benefits that contribute to the sustainable development of communities.

The achievement of a low carbon, more resource efficient local public sector will be advanced through the work of the LGA's Climate Change Commission, chaired by Professor John Chesshire, which will report by the end of the year.

The Commission's objectives are to –

- Review and evaluate critically local government's track record on climate change and identify the factors which have contributed to and hampered local government's effectiveness.
- Make recommendations for local government, central government and other organisations on how the local government response could be improved.
- Raise the local government profile in responding to climate change, to all local authorities, the government and the public.

The Commission will look at the ways in which councils can tackle carbon emissions in their own buildings and facilities, in the services they provide and the decisions they take in housing, transport and social services. It will investigate how authorities go about purchasing green goods and services as well as the most effective way to share best practice. It will explore the leadership role of councils in encouraging individuals, communities and businesses to reduce their emissions.

Bristol City Council

Sustainable food procurement

A meet the buyer event was organised by the Soil Association, Organic Networks and Bristol City Council. The event linked local growers and producers with the council and the council's current distributors/ suppliers in order to establish links and to help local suppliers to supply the council with food. There was a chance for an informal information exchange as well as formalised discussions about the requirements of the council and the needs of local producers.

The ability of the producers to meet the requirements of the council and the council's ability to enhance the regional and local economy through its procurement was also discussed. There were tasting sessions and presentations. The event gave sellers a valuable opportunity to meet people who could expand their distribution network while buyers could taste the food and experience the high quality.

Benefits

- Networking and information exchange.
- A clearer understanding from both the suppliers and purchases of what is achievable and what is required.

- Contract Services Catering now purchase large bottles of local, organic milk from Manor Farm. The milk is served to pupils in reusable plastic beakers which are better for the environment than individual packaging.

Lessons learned during implementation

It is important to ensure that everyone understands the main pressures of running a catering service and those of producing and growing food and providing food services. This will help a greater understanding between producer and provider and will ease communications and facilitate greater achievements.

Future developments

The possibility of using more local, organic suppliers for fruit and vegetables has been examined. However, there is currently a supply/price problem. It is hoped that this will be alleviated in the near future.

A selection process is currently underway in order to identify a group of pilot schools for the introduction of more local and organic food. Once the pilot scheme is established it is hoped that more schools will be able to be introduced to the scheme and the amount of local and organic food that is purchased and supplied will be increased even further.

Source: Bristol City Council/DEFRA

A local government action plan

In order to move forward towards our shared goal councils will take the following actions -

- A. Councils, working with local partners, will pursue the achievement of social, economic and environmental benefits through the Sustainable Community Strategy, Local Strategic Partnership and Local Area Agreement. This will include leveraging the purchasing power of the partners.
- B. We will award contracts on the basis of whole life costs and benefits.
- C. By April 2008 we will review and, where necessary, reset our policy, strategy, priorities and targets for sustainable procurement against the *Flexible Framework* and we will measure progress through the council's performance management system.
- D. We will encourage ownership of our commitment by the political and managerial leadership of the council and engage scrutiny in the search for more sustainable solutions.

- E. We will secure appropriate training and development for councillors, senior managers, procurement staff and other professionals and service managers.
- F. We will mainstream sustainable procurement into all of our activities including those carried out at arm's length and through strategic partnerships.

Acting collectively, councils will take the following action -

- G. We will prioritise action on construction and facilities management - the largest category of procurement expenditure in the sector – followed by waste management, energy, transport and food.
- H. We will collaborate locally, regionally and nationally, using our purchasing power to transform these key markets including the stimulation of innovation.
- I. We will work together to agree a clear set of standards for the sector linked to corresponding standards under development for the rest of the public sector.
- J. We will identify exemplars of good practice (against the *Flexible Framework*) and challenge ourselves to raise our own performance.
- K. We will expect our achievements to be measured and recognised through the new performance management framework including our use of resources.
- L. We will take account of the recommendations of LGA's Climate Change Commission in our local and regional strategies.
- M. We will expect Government to put enablers in place in a timely manner to help us achieve the shared goal.
- N. We will look to the joint National Improvement Strategy to mobilise sector resources in support of this agenda including through the regional Improvement Partnerships/ Regional Centres of Excellence.
- O. We will ask CIPFA, together with LGTF and 4ps, to review guidance for local government, including budgeting, investment appraisal and tender evaluation, with regard to the consideration of whole life costs and benefits.
- P. We will invite the LGTF to play a leading role on sustainability in the construction and facilities management priority area together with 4ps.
- Q. We will invite 4ps to examine how the focus on sustainability within the local government gateway review process can be enhanced.

- R. We will expect IDeA to develop the national programme on third sector commissioning through a dialogue with councils, the wider public sector and third sector and as an integral part of the sustainable procurement agenda.

Annex

Consultation questions

We would welcome your feedback on any aspect of this document. However, your thoughts on the following questions would be particularly helpful:

Q1. How does the council see sustainable procurement and asset management in relation to the community strategy and the LSP/LAA agenda?

Q2. How do you see the relationship between sustainability, the efficiency/VFM agenda and budget pressures (now and in the future)?

Q3. Do you think the proposed action plan is achievable? Does the action plan work for councils of all sizes? Urban and rural councils? If not, what adjustments should be made?

Q4. Are the proposed actions clear enough from a practitioner point of view? Is more practitioner guidance required?

Q5. Where collective action is called for, including the development of common standards for the sector, what is the best way to organise that?

Q6. Would it be helpful if the action plan were presented as a “declaration” that councils were invited to sign up to (like the Nottingham Declaration on Climate Change)?

<http://www.energysavingtrust.org.uk/housingbuildings/localauthorities/NottinghamDeclaration>

Q7. What help (if any) would you need to implement the action plan, and from whom?

Q8. Does the *Flexible Framework* need to be adjusted for the local government context? If yes, in which respect(s)?

Q9. How do you think the sustainable procurement/asset management agenda should be reflected in the new performance management framework for local government? Do you see a role for targets other than local targets?

Q10. Would you say your council could be described as an exemplar or reference site for good practice against the *Flexible Framework* or any aspect of it? If so, please enclose details with your response.

Consultation draft

Please return your comments to lee.digings@idea.gov.uk by 30 June 2007 including “SP action plan” in the subject line.

It would be especially helpful if you could alert us to any major issues by 17 May 2007 so that these can be considered at the next meeting of the task group developing the action plan.