



Procuring the Future

Sustainable Procurement National Action Plan Detailed Overview

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Procuring the future

- Context
 - Establishment of the Task Force
 - Why Sustainable Procurement Matters?
 - What matters?
- National Action Plan
 - Where do we want to get to?
 - Where are we now?
 - Vision of a leader
 - Recommendations for Action
- Getting Started
 - Flexible Framework
 - Setting and dealing with priorities
 - Toolkits
 - Measuring progress



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Launched 12th June 2006

“Securing the Future” to “Procuring the Future”



- Securing Future set UK Sustainable Development Strategy
- Set target for UK to be amongst leaders in EU on SPP
- Procuring the Future gives recommendations to make this happen
- Launched by PM, David Milliband & Stephen Timms



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Man on the far left: Dark suit, light blue shirt, red tie.

Man second from left: Dark suit, light blue shirt, light blue tie.

Man in center: Dark suit, light blue shirt, blue patterned tie. Holding a document titled "Protecting the Future".

Man on the far right: Dark suit, dark shirt, dark patterned tie.



Context

Establishment of the Task Force

- Reviews by NAO, EAC
- Existing efforts falling short
- Business expects Government to lead by example
- Defra & HM Treasury commissioned
- Business led, by Sir Neville Simms



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5 Working groups

1. International benchmarking
2. Data / priorities
3. Engaging with suppliers
4. Accountability
5. Capacity-building



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Why sustainable procurement matters

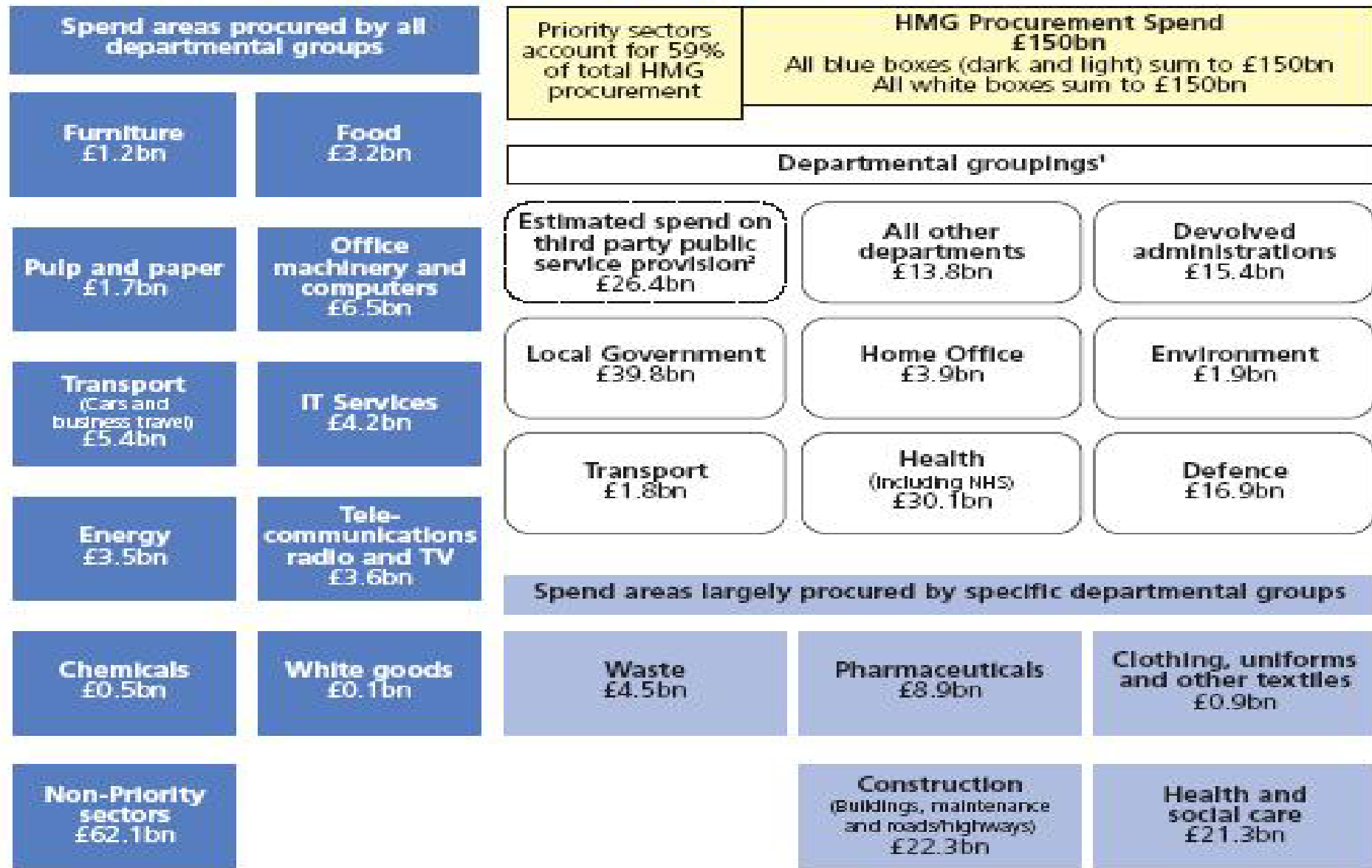
- Scale of public sector spend £150bn
- Deliver real VFM
- It need not cost more
- Makes more efficient use of resources
- Helps improve national competitiveness and innovation
- Public procurement can drive private sector
- Build genuine sustainable communities
- Others countries pushing forward
- Because the private sector do it
- Expected to lead by example



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Scale of public sector spend across a range of sectors

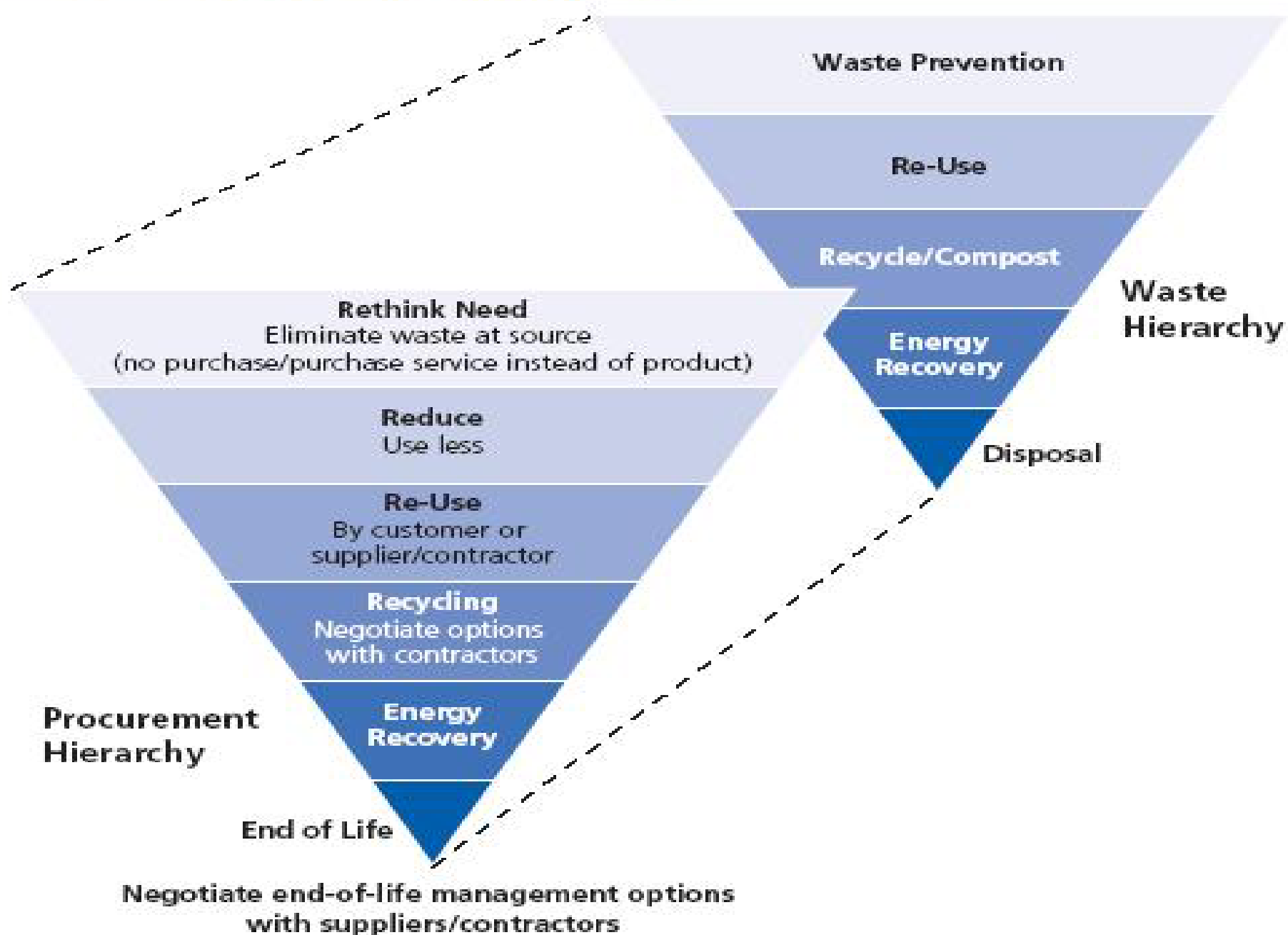


All figures are for procurement in 2003/04

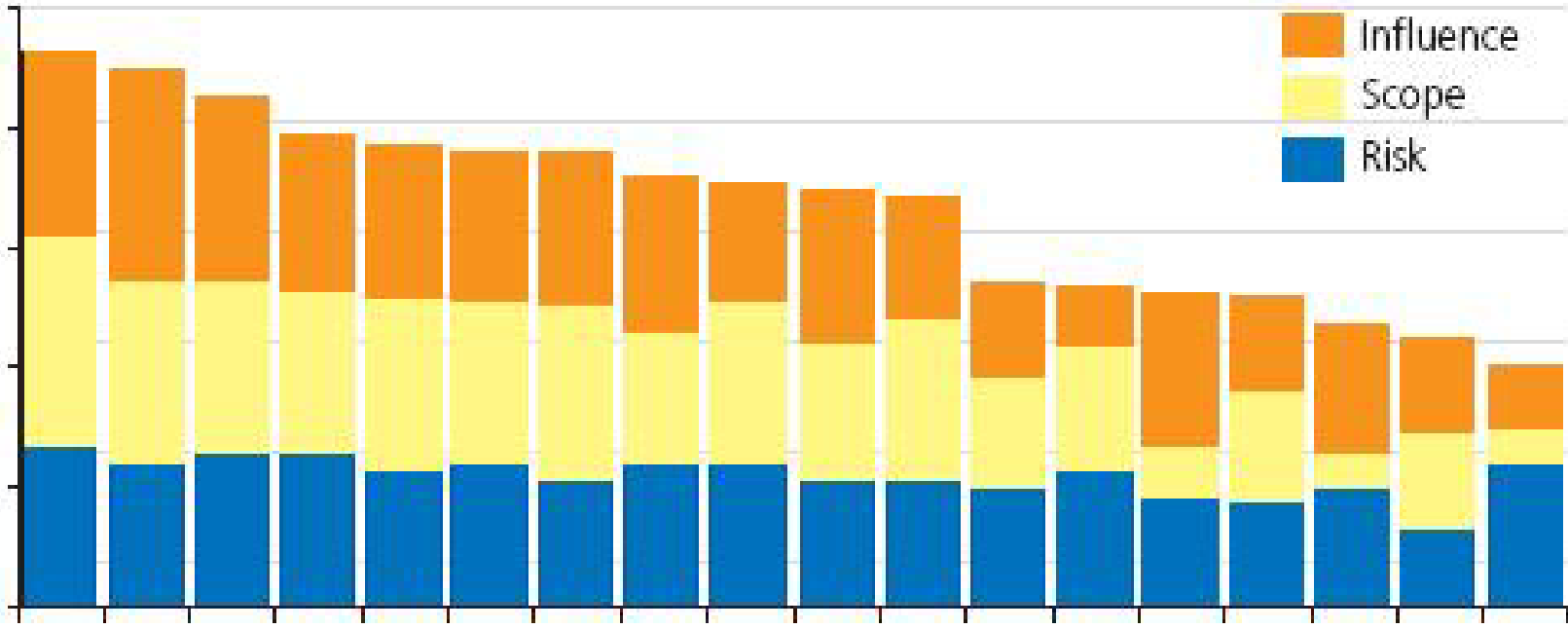
¹ HM Treasury departmental groupings, Includes agencies

² Not included in Departmental spend but is included in sector spend

Waste Hierarchy = Procurement Hierarchy



Public Sector Priority Spend Areas



Construction - Building and refit
Health and Social Work
Construction - Highways and local roads
Food
Uniforms/clothing and other textiles
Waste
Pulp, paper and printing
Construction - Operators and Maintenance
Energy
Consumables - Office machinery and computers
Furniture
Transport - Business Travel
Transport - Motor Vehicles
IT Services / Computer services
Consumables - White goods
Pharmaceuticals
Telecommunications, radio, TV
Chemicals



National Action Plan for the UK

Where do we want to get to?

Where are we now?

- Make the UK a leader in SPP in the EU by 2009
- UK currently in the top group, but not a top performer
- No one country has a developed approach on social issues
- Leaders Switzerland, France, Belgium, Canada



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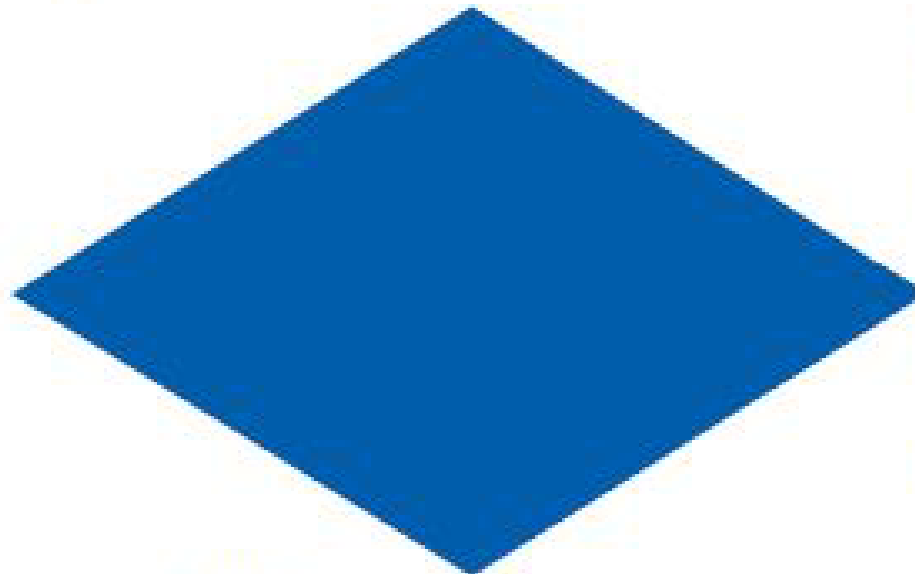


Enable

- Leadership commitment to sustainable procurement
- Clarify ownership within government
- Set clear policy priorities within a streamlined framework
- Develop capabilities to deliver sustainable procurement
- Ensure budgetary mechanisms enable and support sustainable procurement and simplify green book guidance
- Put in place delivery team to support change

Encourage

- Incentive systems to reflect sustainable procurement
- Internal rewards linked to performance
- Showcase and recognise 'Best practice'



Engage

- Engage organisations through Flexible Framework
- Support 'Forward Commitment' approach to stimulate innovation
- Integrate sustainability into Gateway Process
- Build long-term supplier relations through dialogue with key markets and early contractor involvement

Enforce

- Scrutiny through PAC, EAC, Audit Commission Health Care Commission
- Sanctions for not meeting mandatory standards and targets

Lead By Example Actions:

- Provide clear policy leadership from the top (PM, PS, CEO, Performance contracts & incentives)
- Make SPP an integral part of Public Sector Procurement, owned by OGC and resourced
- Audit organisations must make clear they audit for Long Term VFM and thus sustainability.
- Clear measurable targets on SPP
- All organisations must link incentives to organisational capacity and deliver priorities



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Set Clear Priorities Actions:

- Clear restatement of SPP policy
- All organisations to supplement with their own SPP policy statement
- Rationalise existing policies to embrace SPP
- Establish a filter process to ensure only real priorities are included
- Establish “Gateway - 1”
- Sanctions for non-compliance
- Define clear objectives and targets



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Policy through Procurement

List of abbreviations

BMEs: Black and Minority Owned Enterprises

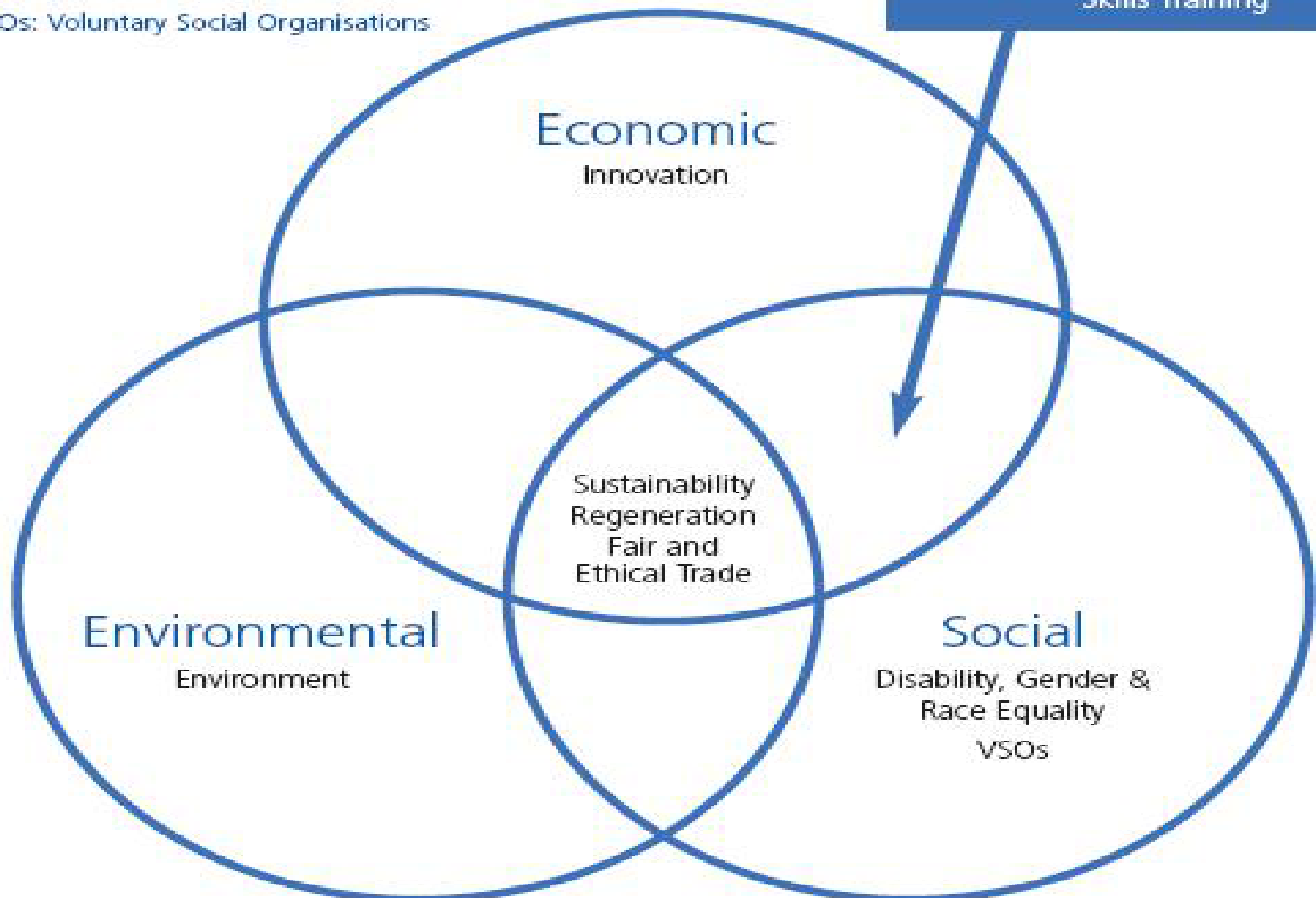
SMEs: Small and Medium Sized Enterprises

SEs: Social Enterprises

WOBs: Women Owned Businesses

VSOs: Voluntary Social Organisations

Apprenticeships
Manufacturing
EU Procurement Markets
Human Rights/Core Labour Standards
Local Labour/UK Jobs
BMEs SMEs SEs WOBs
Skills Training



Raise the Bar Actions:

- Create knowledge base on products & services focusing on priority areas first
- Engage internationally with key markets and other countries to set new SPP standards
- Set mandatory minimum standards in priority areas
- Work with business to identify minimum standards
- Remove all items that don't meet the above
- Work to attribute value to social aspects of SPP



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Build Capacity Actions:

- Create SPP delivery team to support policy, research, practical advice and training to all
- Establish effective MIS to support SPP delivery
- Upgrade capacity and train all staff who buy
- All to reach level 1 on FFW by April '07
- All to reach level 3 with leadership (level 5) in at least one area by December '09
- All with a spend over £1Bn to appoint a Commercial Director to the Board by April '07



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Remove Barriers Actions:

- Produce simplified “Green Book”, enforce WLC
- Ensure budgeting supports SPP
- Evaluate funds and consider expanding CSR
- Work with “Building Schools for the Future Programme” to ensure it meets high SPP standards
- Develop mechanism to address cross-departmental cost and benefit issue



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Capture Opportunities Actions:

- Set forward commitment to purchase innovative solutions, establish clear supply routes
- Establish mechanisms to overcome capability issues amongst suppliers of innovative solutions
- SPDT must provide guidance on SPP
- Work with key markets on joint improvement programmes
- Integrate SD and SPP through use of risk based approach



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Getting started

Stages of progression through use of the Flexible Framework

Ambition



Lead

Enhance

Practice

Embed

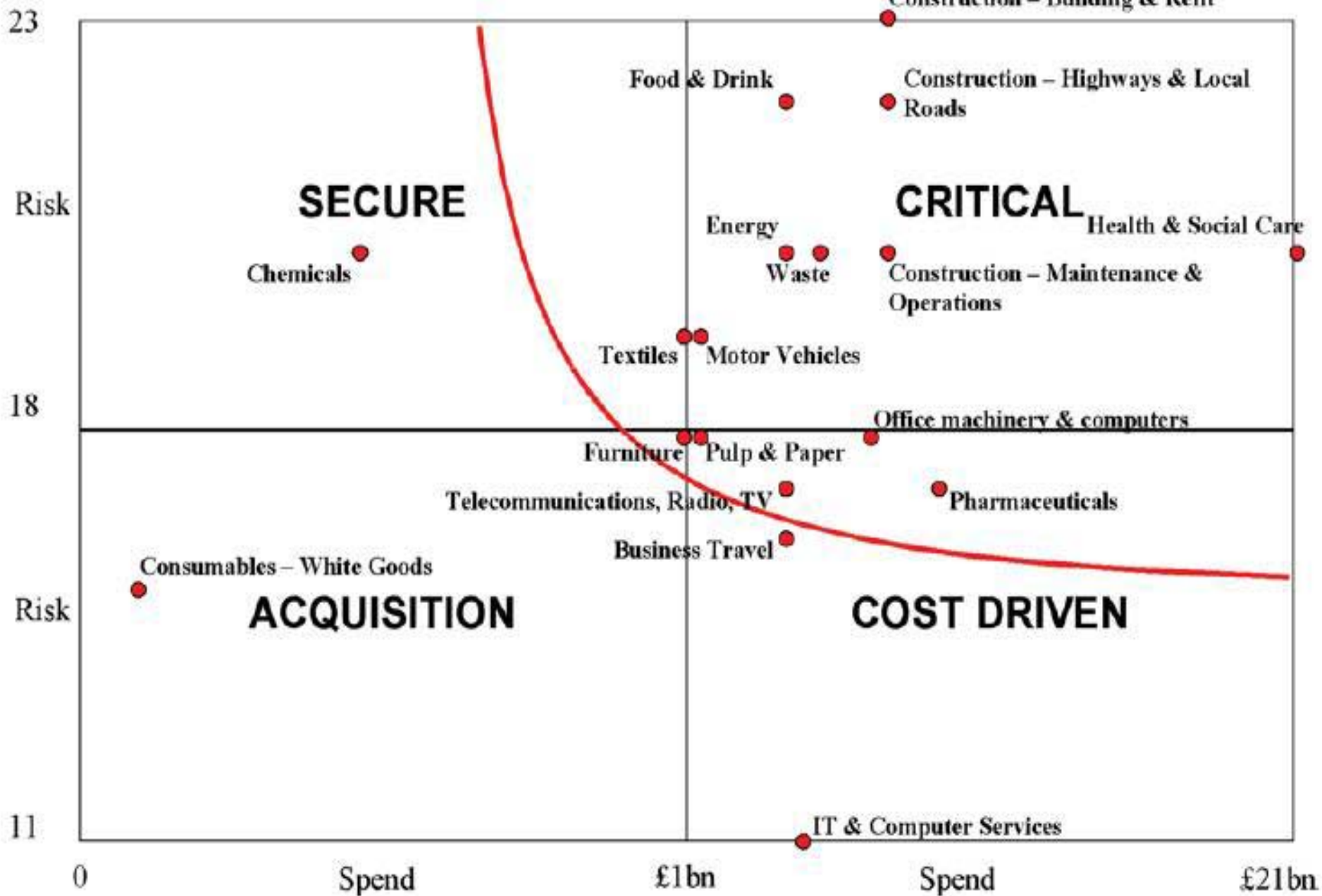
Foundation

Time

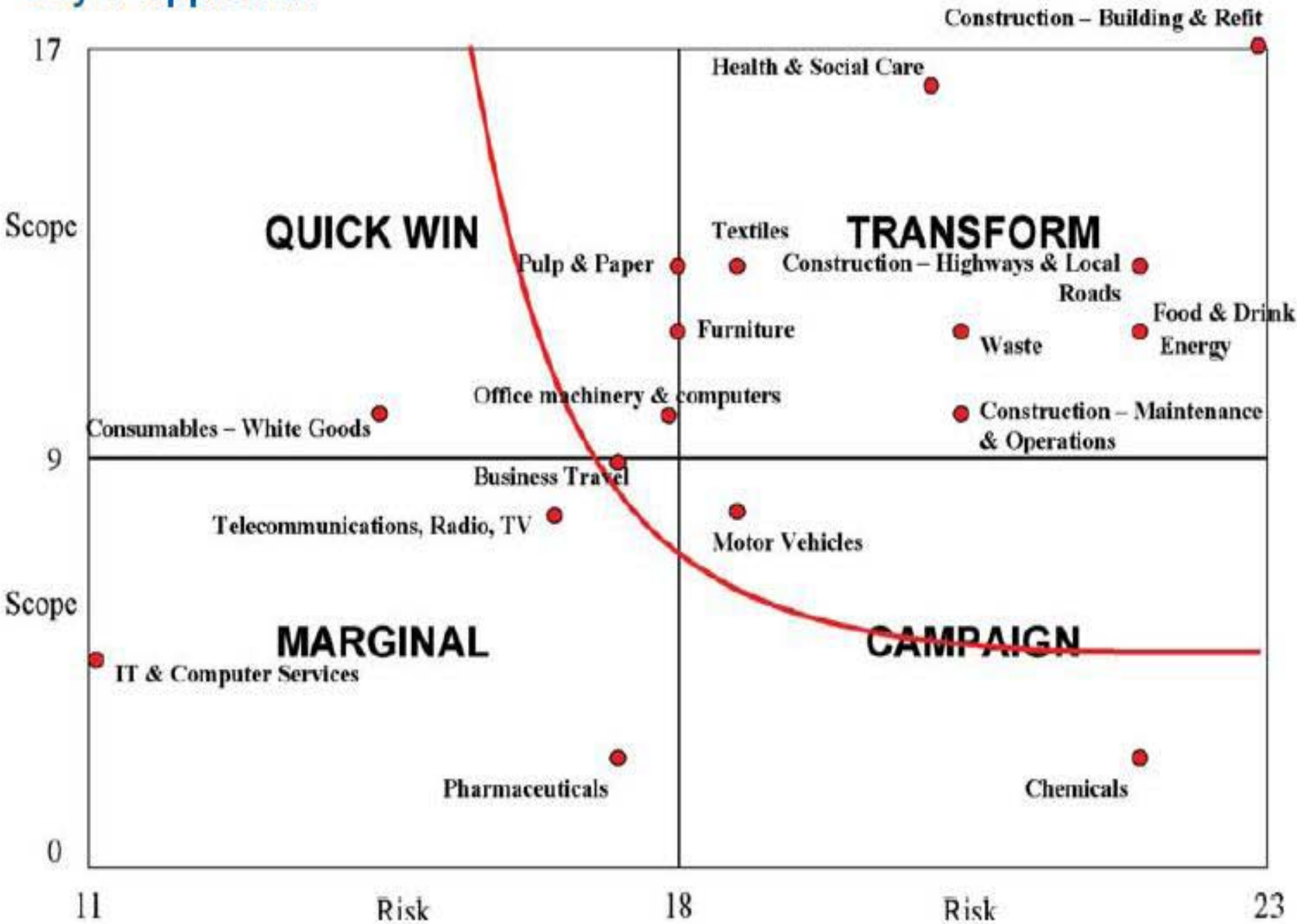
the Flexible Framework

	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 & 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 organisations' 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 Quid: 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.
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 involvement.	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 organisations' 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.
Measurements & 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.

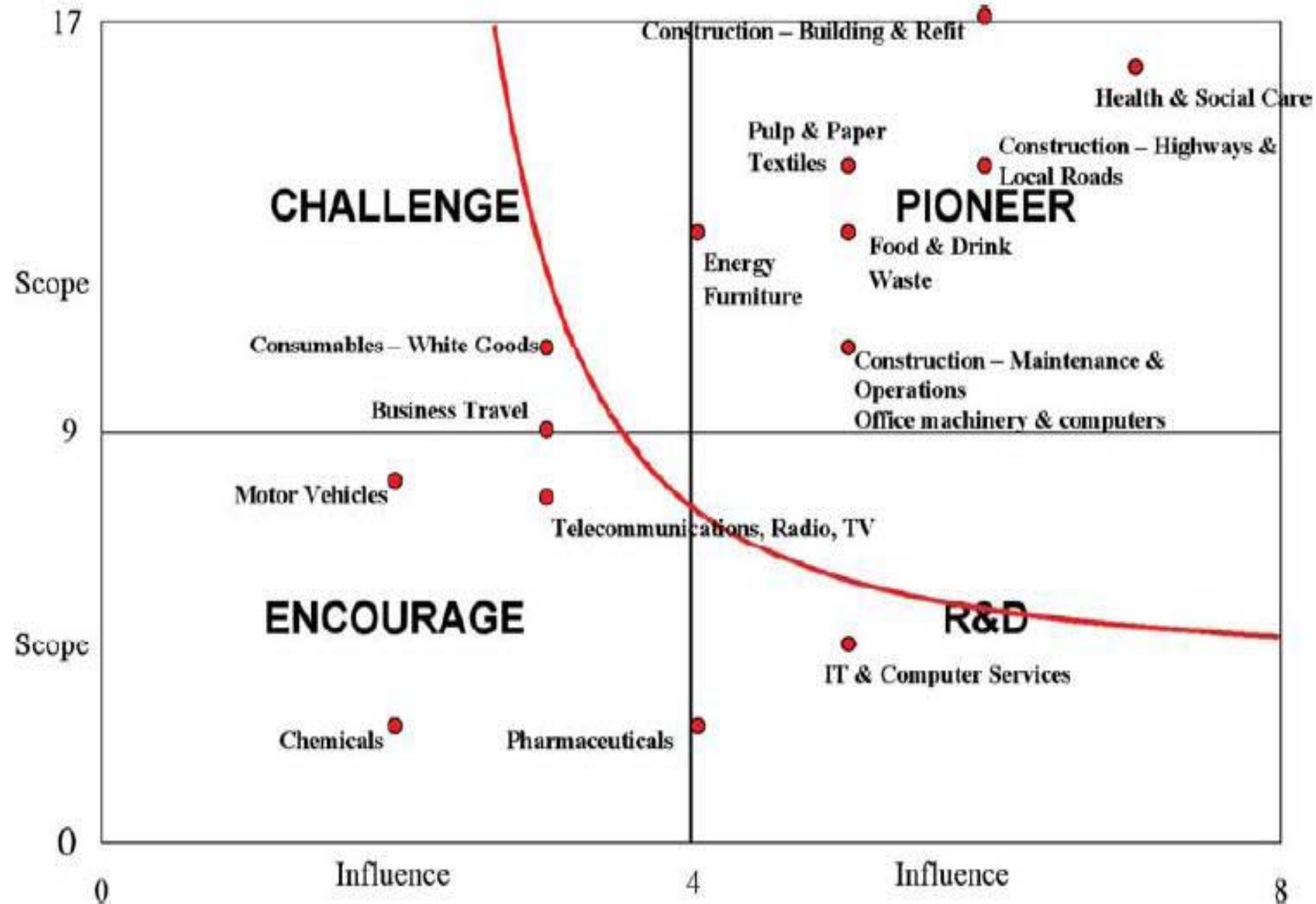
Prioritise Action



Buyer Approach



Market Engagement Strategy



Toolkits for Procurers

- Getting started, using FFW
- Policy, strategy, targets and support systems
- Prioritisation of expenditure
- Promoting sustainability in specifications
- Evaluating and valuing more sustainable tenders from suppliers
- Supplier engagement, promoting SPP
- Contract management and measures



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Scrutiny

- SDC, NAO, Audit Commission (through CPA) and Healthcare commission
- All to measure and report progress on FFW and minimum specifications annually
- SDC, NAO, Audit Commission and Healthcare Commission to scrutinise



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Next steps

Key actions for 2007

- Identify a champion
- Train key staff
- Agree overarching SD objectives
- Analyse expenditure and identify key impacts
- Key contracts include SD issues
- Award contracts on VFM basis
- Quick wins applied
- High sustainability impact suppliers identified
- Engage in dialogue with suppliers



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Government position

- A full response will be made in Autumn '06
- Sir Gus O'Donnell, the first Permanent Secretary will oversee an implementation group
- Treasury will review the Green Book by April '07
- Government announced a series of targets for its Estate – carbon neutrality by 2012



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National Action Plan and supporting material available at:

www.sustainable-development.gov.uk/government/task-forces/procurement/index.htm

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