

Sustainable Procurement Training

Objectives

- A shared understanding of sustainability and sustainable procurement
- To understand where the opportunities are to integrate sustainability into supplier engagement and contract management
- Develop an understanding of the role of procurement in delivering positive sustainability outcomes for a university

Agenda

- What is sustainability?
- What is sustainable procurement?
- Why are the drivers for sustainable procurement?
- What is Social Value?
- NET positive Procurement – maximising socio-economic impact
- Beyond the label – what do quality assurance marks really mean?
- What makes a university really take notice! (Spheres of influence and concern)
- Action planning and evaluation

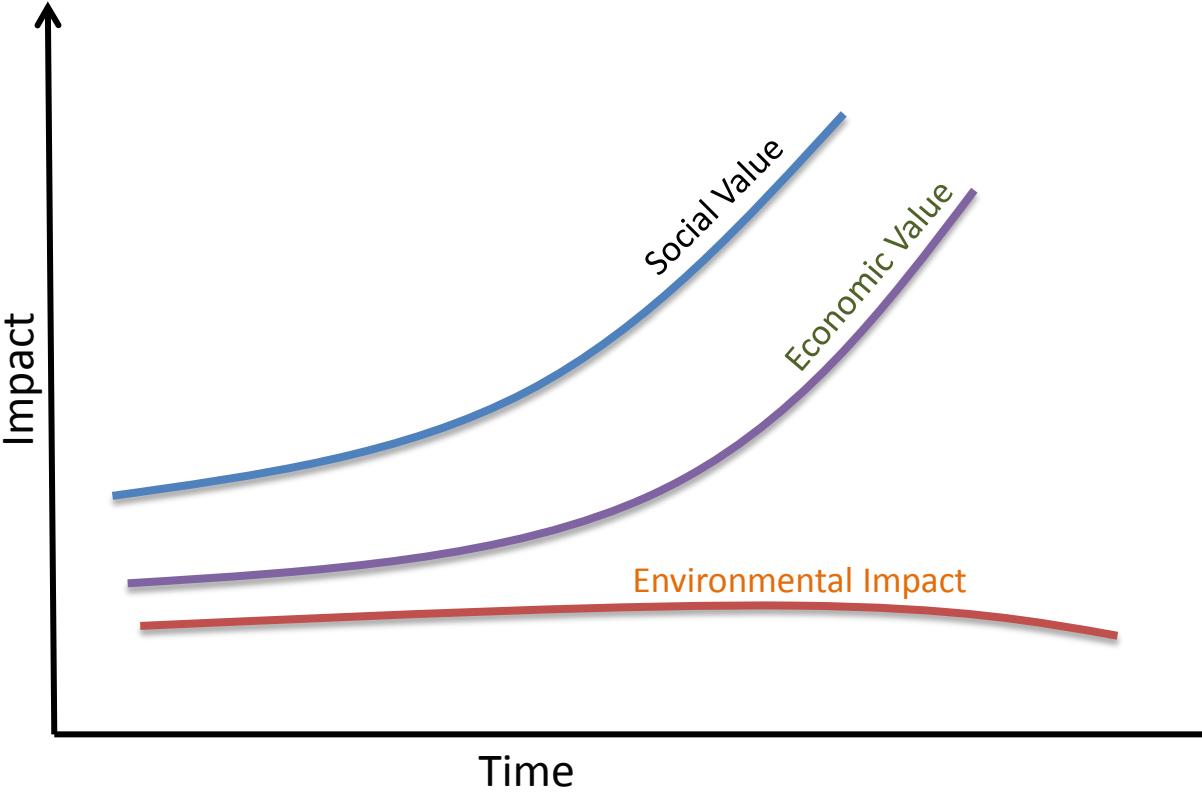
What is sustainability?



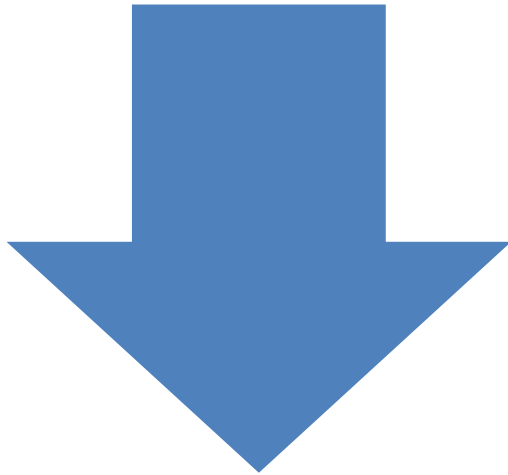
What is sustainability?

“Sustainability is about how universities do what they do, it is a focus on **core business** and about taking responsibility for the **total impact** of their activity. A socially responsible and sustainable university is one that is not only financially viable but takes account of all the **positive and negative environmental, social and economic** effects it has on society, both now and into the future”

NETpositive Sustainability



NETpositive Sustainability



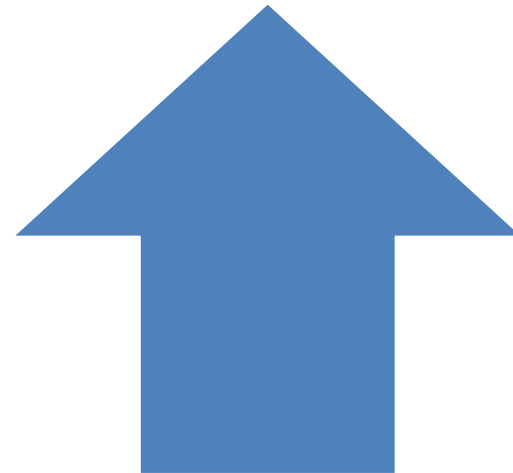
Increase the positive contribution of your organisation

- Social Contribution
- Customer Satisfaction
- Financial value
- Brand value
- Staff Wellbeing
- Community benefit



Reduce the negative impact of your organisation

- Carbon Impact
- Transport
- Waste



Sustainability Excellence

Is a way of making decisions!

- We consider the environmental, social and economic implications
- We take a long term perspective
- We seek to enhance the positive impact of what we do
- We seek to reduce the negative impact of what we do

What is sustainable procurement?

What is sustainable procurement?

The UN Marrakech Task Force define Sustainable Procurement as

"Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment".

(<http://www.unep.fr/scp/marrakech/about.htm#Flyers>)

Sustainability Procurement Excellence!

Is a way of making decisions!

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Drivers for Sustainable Procurement

Procurement Maturity Assessment

- Flexible Framework is recognised by BUFDG
- The Flexible Framework is probably the simplest tool available
- The Flexible Framework makes sense and finds the balance between guidance and prescription
- It can have a host benefits if achieved

What does the PMA ask?

4.4 How does the organisation take account of sustainability in its procurement activity?

4.5 How does the organisation monitor its progress towards demonstrating sustainable procurement practices and processes?

4.12 Does the organisation incorporate social action and associated social benefit into its procurement activities?

4.13 Do contracts/ engagements demonstrate strong management of sustainability responsibility in the supply chain. Has the risk been analysed on exposure?

6.2 What is the organisation's performance in terms of payments to suppliers?

The Flexible Framework

Procuring the Future

- Launched on the 12th June 2006
- Looking to embed sustainable development considerations into procurement and investment decisions in the UK public sector to:

Procuring the Future

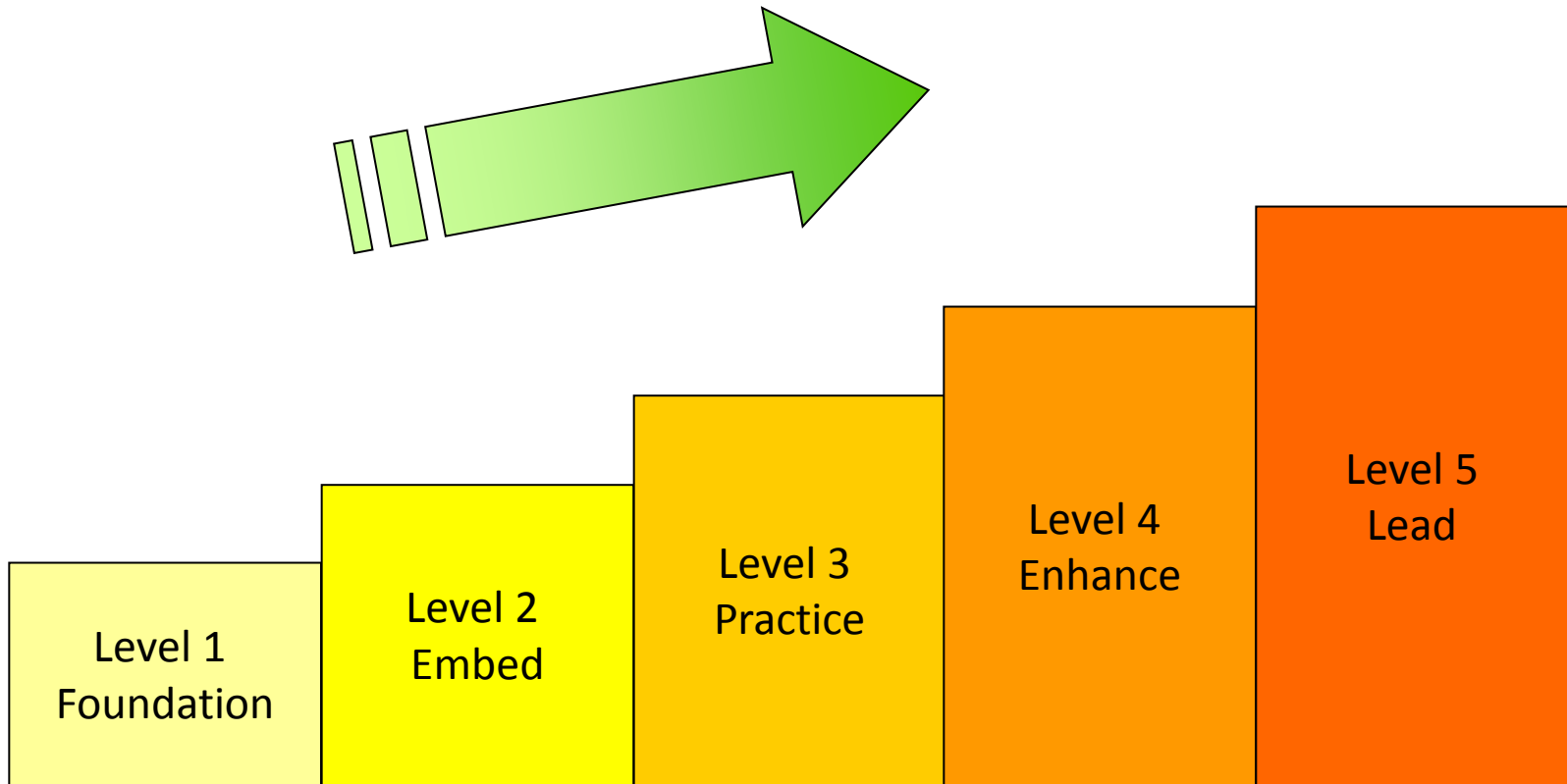
- Avoid adverse environmental impacts
- Make more efficient use of public resources
- Stimulate markets to innovate and to produce more cost effective and sustainable options
- Set an example for business and the public sector – we are serious!

Procuring the Future

- Six key recommendations
 - Lead by example
 - Set clear priorities
 - Raise the bar
 - Build capacity
 - Remove barriers
 - Capture opportunities

Procuring the Future

- Specific actions identified in the flexible framework
 - People
 - Policy, Strategy and Communications
 - Procurement process
 - Engaging suppliers
 - Measurements and results



	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 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.
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.

Social Value



Social Value Act

An Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes.

[8th March 2012]

Service only!

Social Value

- Can be delivered in a number of ways depending on the subject matter of the contract
- Can be measured quantitatively and qualitatively
- The measures you use should add to overall organisational strategy
- Do not try to do everything at once!

Maximising the positive impact of procurement

Risk only takes us so far!!

- Risk based approach is a good starting point
- Also a relatively generic assessment works but might miss opportunities
- However, a detailed assessment of impacts positive and negative can shift the emphasis within the procurement process
- This approach provides an opportunity for procurement to lead the way on demonstrating social value and the economic contribution of a university

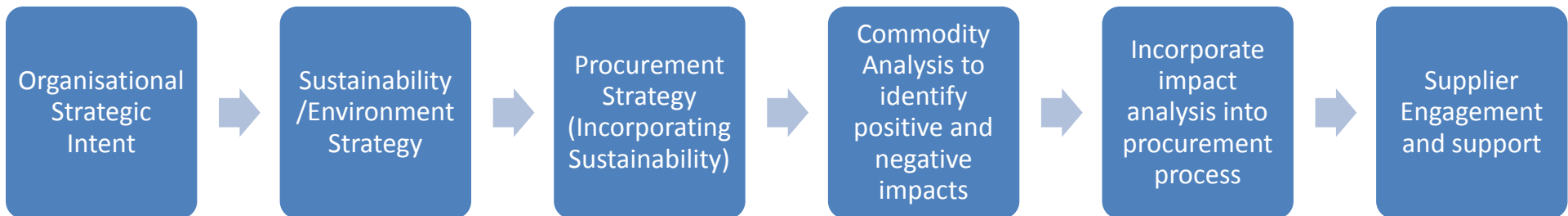
Risk only takes us so far!!

- We still need to identify the issues we want to take forward and address both positive and negative
- Needs to be in line with Organisational Strategic intent (Environmental Sustainability and Social Responsibility including Carbon / Energy)
- This help us prioritise actions and demonstrate how we deliver against the university priorities
- It also helps us set targets and with supplier engagement

Our approach

- Focus on building capacity as part of the journey
- Focus on the procurement process
- Link excellent procurement with sustainable procurement – one and the same!
- Build sustainability into existing systems and processes – no parallel strands!
- Ensure there is a strong narrative ready for communication and engagement

Linking Strategy to Action



However this has to be supplemented
with the right level of sustainability
impact analysis!

- Birmingham
- Bradford
- Bristol
- Cambridge
- Cardiff
- Durham
- Edinburgh
- Exeter
- Glasgow
- Imperial College
- King's College
- Kingston
- Leeds Met
- Leeds
- Liverpool
- Loughborough
- LSE
- Manchester Met
- Manchester
- Newcastle
- Northampton
- NTU
- Oxford Brookes
- Oxford
- Queen Mary London
- Sheffield
- Southampton
- UCL
- Warwick
- York

What we have done

- Undertook a detailed NETpositive Sustainability Impact analysis of all tier 1 and 2 commodity codes
- This focussed on environmental social and economic impacts (positive and negative)
- This analysis is then used to inform the ITT, the specification, contract award and management
- We have supplemented this approach with an analysis of the sustainability, environmental and CSR commitments from 50 Universities

Commodity Code: Water and Sewerage Services – JE

Spend 12/13:

Completed By:

Date Completed:

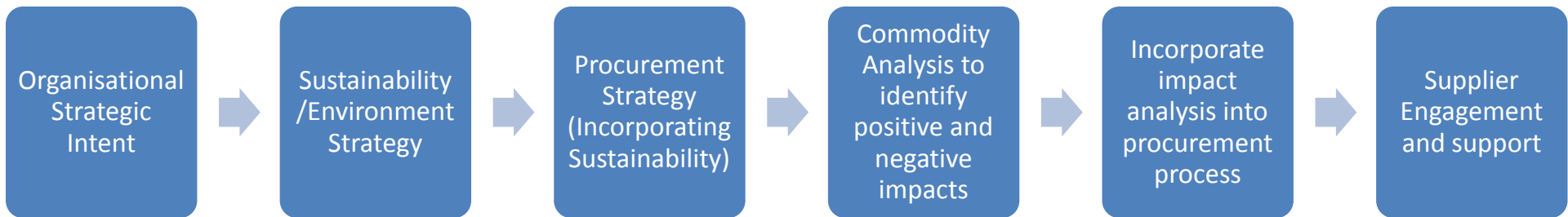
	Positive	Negative
Environmental	<ul style="list-style-type: none"> • Renewable source • Recycling and reuse – rain water harvesting etc. • Reducing usage requirements • Hydro electric power. • Good lab practices – less pollution 	<ul style="list-style-type: none"> • Transport/travel emissions • Energy use of equipment on site Water waste • Company office - resources • Emissions • Storage impacts • Contamination • Water treatment
Social	<ul style="list-style-type: none"> • Workforce training • Workforce practices • Job creation • 	<ul style="list-style-type: none"> • Health and safety risks to workers. • International supply chain • Unpleasant working conditions (sewers, sewerage treatment plants)
Economic	<ul style="list-style-type: none"> • Job creation • Multi Billion £ industry 	<ul style="list-style-type: none"> • Rising prices. • Capital cost of technologies.



How does this help us?

- We can see the positive contributions we can make at a commodity code level
- It can help us priorities and set targets
- The socio-economic benefits of sustainable procurement can be communicated to the sector
- Prepares us for meaningful supplier engagement
- We can see the switch from simply reducing negatives to enhancing the positives!

Linking Strategy to Action



Undertaking an Sustainability Impact Analysis at a Commodity Level

The Approach

Step 1 – What goods or services are provided within the commodity code?

Step 2 – What are the impacts?

- Positive and negative, environmental social and economic

Step 3 – Where are the opportunities in the procurement process to address the issues?

The Approach

Positive	Negative
Environmental	Environmental
Social	Social
Economic	Economic

Summary

- Do not expect perfection!
- This will set you up for the issues to include in PQQ, ITT and specification – and then inform contract management
- Keep a record of what you do! Share it amongst the team
- Work with the environmental professionals within the institution

We now need to identify what you will work on!!!

Beyond the Label

Beyond the Label

- Literally hundreds of quality assurance marks
- All focus on a slightly different area and have a slightly different emphasis
- Some are more thorough than others
- All involve a level of rigour - if externally verified
- Important to know if it applies to all the business and if what level they are accredited at
- Some are better than others!!

Personal View

- I am more interested in how they approach their business overall
- Can they tell me how they have taken sustainability into consideration in how they provide products and services
- Is it something the organisation does and not just the person responsible for getting accreditations
- Is there a clear narrative, a sensible approach to integrating sustainability into what they do

What does this mean for procurement?

- Procurement professionals deliver excellent procurement within the context of the university strategy (including Sustainability and Social Responsibility)
- The procurement process provides opportunities to reduce negative environmental impacts whilst maximising the positive contribution socially and economically – depending on where you focus in the procurement process

What does this mean for procurement?

- Institutions still focussed on environmental issues at a policy level (when talking about sustainability)
- However, increasing numbers of institutions are committing to social responsibility, corporate social responsibility and social value
- Increasing understanding that the positive impact of a university is socio-economic – people focussed
- A greater emphasis on the demonstration of impact and social contribution – need to measure it

What does this mean for procurement?

- Procurement impact crosses regional, national and international boundaries - this can be a positive as well as a risk
- If we can get better at measuring impact, collecting stories and demonstrating value, procurement can play a major role in delivering sustainability excellence

What does this mean for procurement?

- A real opportunity to demonstrate social impact and social value
- An opportunity to utilise procurement to deliver the social commitments of the institution
- An opportunity for procurement to take the **lead** on delivering sustainability excellence for your institution

Having an influence!

- Where are we on the Flexible Framework?
- How is sustainability embedded into our university procurement process?
- If I asked the procurement team what sustainability is about would they know?
- How often to the procurement team meet the sustainability / environmental team.



I hope that was useful

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