



Sustainable Procurement in Local Government

A Review of Local Authority Procurement Practices in Scotland

April 2006



Executive Summary

This study sought to review the existing guidance available for Local Authorities on sustainable procurement practices and to subsequently assess the extent of its implementation by Scottish Local Authorities.

The study is based on data from 13 of Scotland's 32 councils, where it was found that although the majority of Local Authorities had an Environmental Policy Statement, an Environmental Purchasing Policy and Standard Environmental Clauses to be included in tender documents, there appeared to be very few systems in place for gathering and weighting environmental risk factors when assessing tenders and awarding contracts.

Due to the mixed and devolved systems of procurement in place in the vast majority of Local Authorities there is very little central monitoring and control of spending within Council departments. This makes it difficult for Authorities to collect data on the implementation and progress of sustainable procurement and only 31% had a commitment to collect data, to monitor, evaluate performance and report to Council on this activity. Even if data was being collected, only 15% had an Internal Audit System which could evaluate and report on environmental factors when reviewing the allocation of contracts.

Although there is a significant level of general guidance available from the Scottish Executive, DEFRA and the EU, the study found that there appears to be a real need and desire for training, especially in the devolved-procurement councils, as few Authorities have instigated training programmes in general procurement (31%) and even fewer in sustainable procurement (15%).

Local Authorities reported a requirement for training in basic procurement as part of the Best Value/Whole-life Cost assessment. They also perceived a need for training on procurement system training, legislation training, contract standing orders and corporate purchasing policies. As far as sustainable procurement training is concerned, there was also a requirement for specific awareness in available sustainable products, where to source them and price comparisons and also to introduce a framework for assessing and weighting environmental risk factors.

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1 Background – The Case for Sustainable Public Procurement

“Sustainable public procurement” has been defined as the “embedding of sustainable development¹ considerations into spending and investment decisions across the public sector”.²

The fundamental aims of sustainable development are to safeguard the future. It has become apparent that actions in the past are now having negative impacts on the quality of our lives today. Developing in a sustainable manner means ensuring that our actions today do not limit our quality of life in the future.

Sustainable development can be defined as:

having regard for others who do not have access to the same level of resources, and the ability to generate wealth as we do

minimising the impact of our actions on future generations by radically reducing our use of resources and by minimising environmental impacts

living within the capacity of the planet to sustain our activities and to replenish resources which we use.³

Although these aims have been recognised as worthy in principle, they have been more problematic to put into practice and have stimulated much debate over the years as far as their implementation is concerned. However, four broad areas of action have emerged:

- **Sustainable Consumption and Production** – This requires the examination of how goods and services are produced and delivered, in addition to the impacts of products and materials throughout their whole lifecycle. This is a learning process for the entire population, taking into account general awareness of social and environmental concerns. By reducing the inefficient use of resources, there should be less drain on the economy, as well as an increase in business competitiveness, thereby reducing the direct correlation which has been present until now between economic growth and environmental degradation.
- **Climate Change and Energy** – Temperatures and sea levels have been shown to be rising over the last few years. Scientific evidence has indicated that the primary cause of these effects is due to the release of greenhouse gases (such as carbon dioxide and methane) into the atmosphere by human activity. Profound changes in the methods of generation and use of energy are required to halt or even reverse this trend.
- **Natural Resource Protection and Environmental Enhancement** – Natural resources are vital to both the health of human populations and to ensure the continuation of biodiversity on our planet. As our scientific knowledge of ecological processes and balances improves, then our understanding of environmental limits, environmental enhancement and recovery also improves, thereby ensuring a decent environment for our future.
- **Sustainable Communities** – The concept of sustainable communities has increased in popularity over the past few years, but the definition has remained fairly loose. Generally, it is assumed that sustainable communities

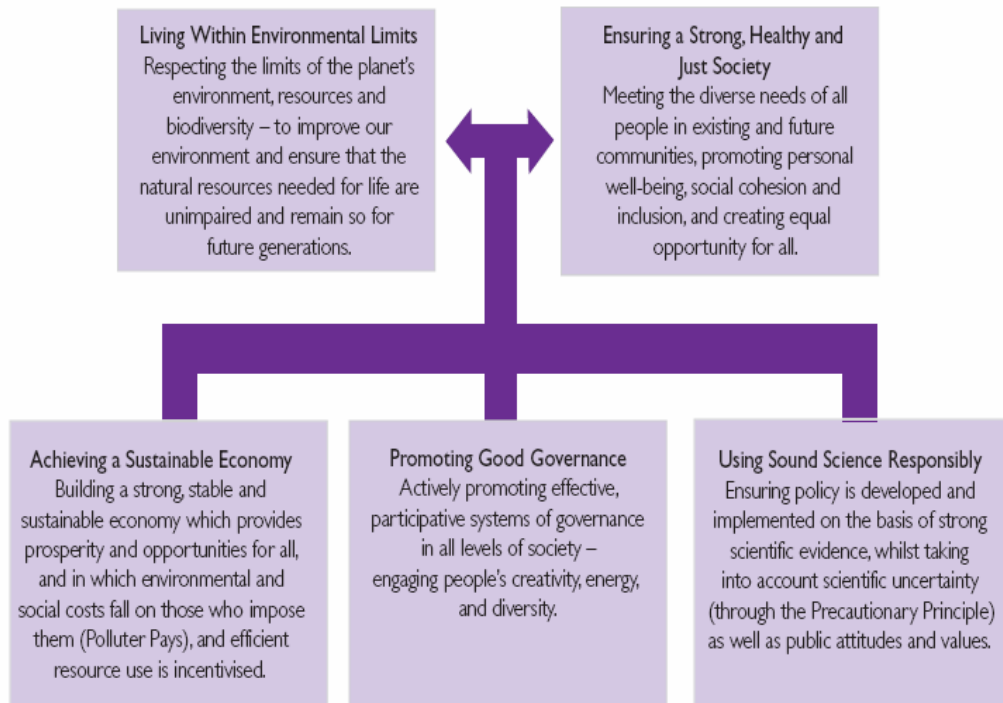
¹ Sustainable development is usually taken to mean the interplay of economic, social and environmental factors in policy and economic activity.

² *Securing the Future - UK Government sustainable development strategy, Chapter 3: One Planet Economy: Sustainable Consumption and Production*. H.M. Government. 2005.

³ *Scottish Executive – Sustainable Development website*.

www.scotland.gov.uk/Topics/Environment/SustainableDevelopment/7365 (Accessed 7/2/2006)

meet all three areas of sustainability (i) social – safe, stable communities with a high level of local employment; (ii) economic – involves the generation of materials and products locally with a good balance between supply and demand; (iii) environmental – use of local resources with replacement, where possible, and enhancement of the environment.



Shared UK principles for sustainable development ⁴

2002 – United Nations (Johannesburg Earth Summit) launched a 10-year action programme in which public procurement has an important role in increasing demand for ecologically preferable products.

2002 – OECD recommended an improvement in environmental performance of public procurement

2003 – EU recognised Greener Public Procurement (GPP) as one of the most important tools in Integrated Product Policy (IPP)

⁴ *One future – different paths. The UK's shared framework for sustainable development.* Department for Environment, Food and Rural Affairs. 2005.

A subsequent study by ICLEI (the research arm of the EU) to survey the extent of green public procurement in the EU⁵ found from 611 responses to 6,342 questionnaires sent to local authorities in EU: 22% of local authorities in Europe applied green criteria to over 50% of their purchases Often applied to paper, computers and vehicles Usually applied Blue Angel, Nordic Swan and EU's Ecolabel as criteria

	Percentage of tenders with specific sustainability / environmental criteria
Sweden	54.9%
Denmark	43.5%
Austria	34.6%
Germany	33.3%
United Kingdom	29.2%
Belgium	23.3%
France	19.0%
Spain	16.7%
Netherlands	8.7%
Finland	4.8%

The ICLEI study appeared to show that sustainability and environmental criteria were well addressed in European Public Procurement Contracts. However, the response rate to the questionnaire was less than 10%, and it may be assumed that those local authorities who responded were the few who already had environmental clauses in their tender documents.

Assessing the implementation of sustainable procurement has proven to be more difficult. In 2005, the Nordic Council of Ministers examined their research findings⁶ from data supplied by local authorities in Norway, Sweden, Denmark and Finland:

258 contract notices from local authorities collected during two weeks in Spring 2003.

60% of tender documents for Sweden and Denmark included some kind of environmental criteria (Finland 30%; Norway 40%) – however, only half of these were well specified.

In many cases, the decisions were not based on the criteria presented in tender documents; almost half of the criteria were not mentioned in the decisions.

They concluded that purchasers should be given training in the preparation of tender documents and in justifying decisions from an environmental perspective.

⁵ Study contract to survey the state of play of green public procurement in the European Union – Final Report. ICLEI European Secretariat, Eco-Procurement Programme. (Ochoa & Erdmenger), Freiburg, 2003.

⁶ Measuring the Environmental Soundness of Public Procurement in Nordic Countries. Nordic Council of Ministers. (Kippo-Edmund, Hauta-Heikkila, Mettinen & Nissinen), 2005.

1.1 UK Sustainable Development Strategy & Actions

The UK's "Best Value" programme for Local Authority spending, which was developing at the time, had at its core that efficiency is an essential feature of public sector spending: public money must be well spent and not wasted. Productive and responsible purchasing and the delivery of better value services are essential features of achieving efficiency gains in economic, environmental and social terms.

DEFRA's Sustainable Development Strategy⁷ identifies four areas where Local Authorities can improve efficiency by altering their procurement practices:

- Avoid adverse environmental impacts arising on the government estate and in the supply-chain by, for example, reducing waste and emissions
- Make more efficient use of public resources, for example, through reduced energy consumption and reduced packaging
- Stimulate the market to innovate and to produce more cost effective and sustainable options for all purchasers, and
- Set an example for business and the public and demonstrate that government and the wider public sector are serious about sustainable development.

The Procurement Directorate of the Scottish Executive published its "Procurement Policy Manual" in 1997⁸, outlining guidelines for assessing whole-life costs as part of the "Best Value Analysis" along with its toolkit⁹. DEFRA also published its "Joint Note on Environmental Issues in Purchasing" in 2003¹⁰. Together these should form a framework for public bodies to include environmental factors in the specifications and assessment of tendering.

Improving the professionalism of purchasing activity across the public sector and the more widespread use of whole-life costing included as part of the "Best Value" analysis will go some way to achieving this. But, Local Authorities also need to examine ways to stimulate and enable whole-life accounting – where expenditure looks to achieve the best outcome for the public overall, irrespective of when or where costs and benefits fall.

In 2001 in England, the DETR and Local Government Association (under the chair of Sir Ian Byatt) produced "Delivering Better Services for Citizens"¹¹ – a review of local government procurement in England, with a focus on commissioning outcomes from a community perspective, making 39 recommendations to achievement. The Byatt Report and the subsequent response from government¹² led to the setting up of the Sustainable Procurement Task Force, under the chair of Sir Neville Sims.

The UK government, in their goal to become a leader in sustainable procurement within the European Union by 2009, has established the Sustainable Procurement

⁷ *One future – different paths. The UK's shared framework for sustainable development.* Department for Environment, Food and Rural Affairs. 2005.

⁸ *The Scottish Executive Procurement Policy Manual.* Scottish Procurement Directorate. 1997

⁹ www.eprocurementscotland.com/toolkit

¹⁰ *Joint Note on Environmental Issues in Purchasing.* Office of Government Commerce. Department for Environment, Food and Rural Affairs. October 2005.

¹¹ *Delivering Better Services for Citizens.* <http://www.local-regions.opdm.gov.uk/consult/betterservices/index.htm>

¹² *Towards a National Strategy for Local Government Procurement.* Office of the Deputy Prime Minister / Local Government Association. 2002.

Task Force –comprising senior members of the public and private sectors – to draw up a national action plan by April 2006.

Although England, Wales and Northern Ireland have taken a joint approach to sustainable procurement as far as legislation is concerned, the Scottish Parliament has introduced **Public Procurement – The Public Contracts (Scotland) Regulations 2006** and **Public Procurement – The Utilities Contracts (Scotland) Regulations 2006** which were incorporated into Scots Law on 31st January 2006. These regulations now require Local Authorities to consider environmental risk factors when allocating their contracts. These regulations appear more stringent than those south of the border, with a greater emphasis on personal responsibility for decisions made within Local Authorities.

The Scottish Executive, internally, has adopted a Greening Government Policy¹³ which ensures continuous environmental improvement by reducing the impact of operations on the environment. Their actions will be consistent with the R-E-T priorities of Scottish Ministers and Sustainable Scotland (Resource Use, Energy and Travel).

To achieve this they are attempting, as far as is reasonably practicable, to meet the following objectives:

- R - minimise waste by reduction, reuse, repair and recycling methods;
- R - conserve water and other resources;
- R - reduce our use of hazardous and polluting substances and ensure safe disposal;
- R - purchase products and services with regard to their environmental impact;
- E - use energy efficiently to minimise greenhouse gas emissions;
- T - increase the use of sustainable travel both in commuting and on business;
- T - reduce the need to travel;
 - require staff and contractors to comply with all relevant environmental legislation;
 - make environmental information openly available to employees and the public.

To make progress on these objectives the Executive has adopted an Environmental Management System for the estate and a number of individual policies and targets which individually and collectively promote the environmental performance of the Executive. The Management System sets out roles and responsibilities for environmental issues and procedures for audit and review of progress and staff training and development.

1.2 Scottish Executive Targets 2003-06

The Executive wishes to make progress affecting the full range of environmental impacts. They have adopted a number of specific targets to be achieved on an annual basis. For the years 2003-06 the key targets are as follows:

- To have an EMS in place in all of their larger buildings by December 2003
- To reduce the amount of office waste going to landfill by recycling 70% of total waste produced by March 2005
- To increase the use of recycled paper for general use to 95% by March 2005

¹³ <http://www.scotland.gov.uk/environment/greeninggovernment/contents.asp>

- To reduce the amount of paper purchased annually for general in-house daily use by 10% by March 2004
- To reduce the average water consumption in their key buildings to 7.7m3 per person per year by March 2006
- To further reduce their energy consumption by 1% by March 2004
- To reduce the total business car vehicle mileage by 5% by March 2006.

There has been an attempt to increase “Green Public Procurement” in Scotland in the Executive consultation document which outlines a 10% target for recycled content by value for construction applications; a 50% recycled content for printing and writing paper applications and 100% recycled content for tissue paper applications in Local Authority procurement¹⁴. This should significantly increase the recycled content in construction projects by public bodies in Scotland. This initiative has been taken up by WRAP in their business plan and they are currently promoting the increase of recycled content in construction and paper to Scottish councils¹⁵.

1.3 Legal Framework to Sustainable Public Procurement

Until 31st January 2006, Public Procurement fell under European legislation Dir 92/50/EEC 36 (1)(a).

This was intended to be:

- Objective
- Apply to all the tenderers
- Strictly linked to the subject-matter of the contract in question.

However, the contract awarded had to confer a direct economic advantage to the contracting authority. This posed some problems as far as including environmental criteria in the tender document, as the best environmental option often costs considerably more than the best economic option.

Two cases which were heard in the European Court also added to the confusion over which environmental criteria could, and could not, be specified:

Helsinki Bus Case Judgement (C – 513/99), where it was ruled that the city of Helsinki was within its rights to award a contract to replace its bus fleet to a manufacturer who produced buses with less NOx emissions than the cheapest option, as this would confer greater health benefits to the population at large, thereby reducing overall costs in the long term.

Wienstrom Case Judgement (C – 448/01), where it was ruled that the burgh of Wienstrom, in Austria, was within its rights to specify that 40% of the electricity produced to supply its civic needs should come from renewable sources – but only if the electricity was produced locally as the reduction in greenhouse gas emissions should confer a direct benefit to the local population.

This led the Council of European Municipalities and Regions to make a statement in 2003 to suggest that “Where the contracting authority decides to award a contract to the tenderer who submits the economically most advantageous tender, it may take criteria relating to the preservation of the environment into consideration, provided they are linked to the subject-matter of the contract, do not confer an unrestricted

¹⁴ *Proposals to Set Targets for Recycled Content in Public Sector Procurement – Consultation Paper*. Scottish Executive. July 2005 Paper 2005/15

¹⁵ www.wrap.org.uk/procurement, www.aggregain.org.uk

freedom of choice on the authority, are expressly mentioned in the contract documents or the tender notice, and comply with all the fundamental principles of Community law, in particular, the principle of non-discrimination.”¹⁶

It was also found that within Europe, there was no commonality in “Common Procurement Vocabulary” reference nomenclature applicable to public contracts as adopted by Regulation (EC) 2195/2002 of 5th November 2002 of the European Parliament and the Council on the Common Procurement Vocabulary¹⁷.

The regulations were revised by the European Parliament on 31st March 2004¹⁸, becoming European Directives Dir 2004/17/EC and Dir 2004/18/EC which had to be implemented in member states within 21 months of publication.

These built on the previous Dir 92/50/EEC 36 (1)(a), with the addition of:
Definition of technical specifications, including environmental performance standards and production methods (eco-labels may be used)
Possible exclusion of candidates who have had a definitive judgement for non-compliance with environmental legislation
Explicit preference for EMAS (and equivalent methods of proof) when asking for environmental management measures
Environmental characteristics listed as possible award criteria

To help build a uniform standard of tendering within Europe, Commission Regulation (EC) 1564/2005 was introduced, establishing standard forms for the publication of notices in the framework of public procurement procedures¹⁹.

These directives and regulations were incorporated into Scots Law on 31st January 2006 within the Acts - **Public Procurement – The Public Contracts (Scotland) Regulations 2006** and **Public Procurement – The Utilities Contracts (Scotland) Regulations 2006**.

If Sustainable Public Procurement in Scotland is to progress, then Local Authorities must be involved in the:

- Improved development of cleaner products and cleaner technologies “from cradle to grave”
- Utilisation of renewable resources
- Development of Best Available Technology (BAT) Reference Documents (BREFs)
- Role in development of Integrated Product Policy (IPP) in EU
- Common methods for Life Cycle Analysis (LCA) and LCA databases including hazard and risk assessments
- Improved knowledge of Product-Orientated Environmental Strategies (POMS)
- Increased demand for cleaner products and services.

¹⁶ Council of European Municipalities and Regions 28.11.2003

¹⁷ O.J. No. L340, 16.12.02, p.1. This Regulation was amended by Commission Regulation (EC) No. 2151/2003, 16th December 2003 O.J. No. L329, 17.12.03, p.1.

¹⁸ O.J. No. L134, 30.04.2004

¹⁹ O.J. No. L57, 1.10.05, p.1.

2 Survey of Scottish Local Authority Sustainable Procurement Practices

2.1 Introduction

Sustainable Public Procurement has become an issue for Local Authorities since the Public Procurement – The Public Contracts (Scotland) Regulations 2006 and Public Procurement – The Utilities Contracts (Scotland) Regulations 2006 were incorporated into Scots Law on 31st January 2006. These acts now require Local Authorities to consider environmental risk factors when allocating their contracts. In order to assess the extent of sustainable public procurement in Scotland, it was necessary to audit policy and implementation within a cross-section of councils.

This study followed the format of Laura Helm's National Audit Office 2005 study of sustainable procurement in central government²⁰ with several questions on Environmental Management Systems added. In her study Laura Helm found that previous attempts to assess the extent of sustainable procurement such as the SDIG Report²¹ had tended to overestimate the implementation of policy. She also found that although there were systems in place to enable sustainable procurement in Westminster, there were few mechanisms to put this into practice. The study also found that decentralisation of procurement activity made sustainable procurement more difficult to implement.

The questionnaire was sent to the Chief Executives of all 32 Local Authorities in Scotland and is included in the Appendix. In addition to the questionnaire, we visited 4 Local Authorities for information on their procurement practices and views on training needs.

The 13 responses (41% of Scottish Authorities) form the basis of this study. Follow up calls were made and emails were sent to the remaining 19 Councils but despite these efforts they declined or could not be encouraged to be involved.

Participating Councils

With thanks to Aberdeen City, City of Edinburgh, Dundee City, East Dunbartonshire, East Renfrewshire, Falkirk, Fife, Highland, North Ayrshire, Scottish Borders, Shetland, South Lanarkshire and West Dunbartonshire Councils for their help in collecting the data for this report.

Also, thanks to Laura Helm and the National Audit Office for their advice on conducting this survey.

²⁰ *Sustainable procurement in central government*. The National Audit Office. September 2005.

²¹ House of Commons *Environment Audit Committee, Sixth Report of Session 2004-05*. Sustainable Public Procurement HC266, April 2005

2.2 Survey Questions and Results

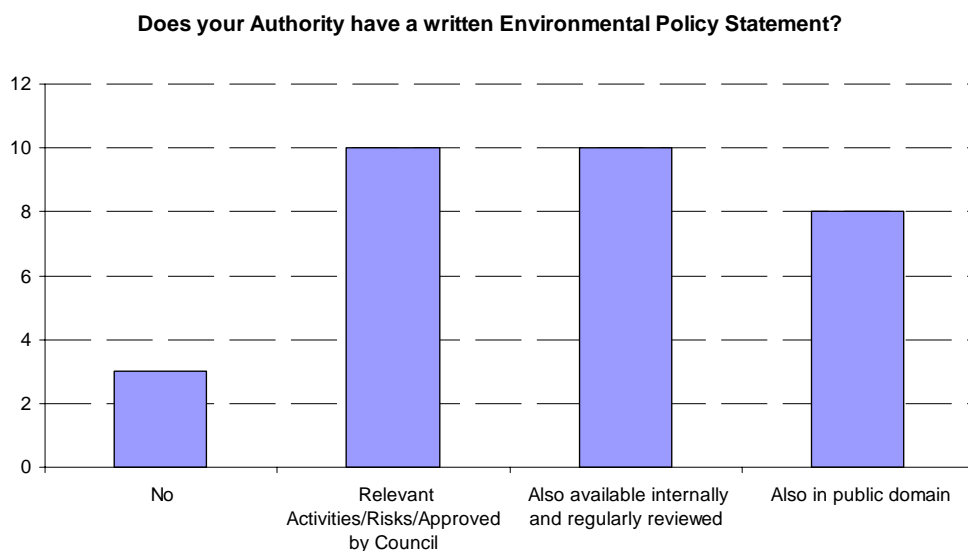
In this section the questions set to the Authorities are presented along with an analysis of the responses

Has your Authority appointed a Director or Head of Service with a sustainable development responsibility?

Just over half of the respondent Local Authorities (7) had appointed someone at senior management level with a responsibility for sustainable development and whose responsibility had been formally confirmed in their job description. However, only 3 of the 7 authorities who had a senior manager in place for sustainable development reported this person's role publicly. Out of the 13 respondent authorities, only 2 did not report sustainability issues to the council at least annually, most of them relying heavily on reports from Sustainable Development Officers for this information.

Does your Authority have a written environmental policy statement?

10 of the 13 authorities had environmental policy statements approved by their councils. In addition to addressing relevant activities and risks, the majority were regularly reviewed and also in the public domain. Therefore, the strategies and policies are in place in the majority of respondent authorities for sustainable procurement to be implemented.

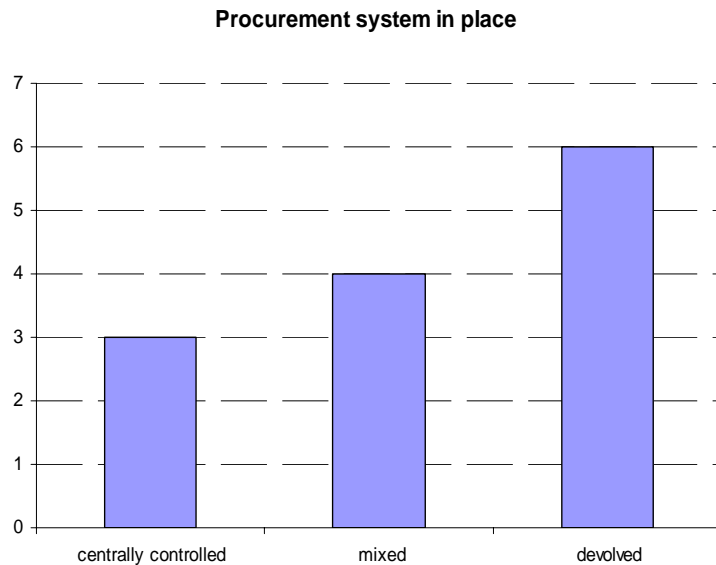


Do you have an environmental purchasing policy?

Interestingly, over half of respondent authorities (7) had an environmental purchasing policy in place with explicit guidelines as far as tendering and contract awarding are concerned. It would, therefore, seem that local authorities with an environmental policy statement and an environmental purchasing policy are in an excellent position as far as the implementation of sustainable procurement is concerned. However, the purchasing structure within these authorities has a direct effect on the ability to put sustainability into the procurement process.

3 of the authorities had a centrally-controlled procurement system; 4 were mixed and 6 were completely devolved. Central procurement appeared to have very little control over departmental spending and although several councils were trying to introduce e-

procurement systems, there appeared to be resistance within departments to have their spending monitored and controlled.



Do you have standard environmental clauses to be inserted in all contracts unless they are demonstrably inappropriate?

7 of the 13 Councils reported having standard environmental clauses which should be inserted in all tender documents. However, there seemed to be little guidance on importance and weighting of these factors when allocation of the contracts was made. On discussing this with Local Authorities, it became apparent that although there were Council-approved guidelines in place, there were few methods of giving sustainability any weighting whatsoever when the contract was decided, and most Councils adopted a financial weighting only. There were also concerns that some form of guidance should have been given by the Executive on the implementation of sustainability factors in procurement.

What are your Authority's views on Scottish Executive's guidance/toolkit for sustainable procurement and any other sustainable procurement toolkit(s) your Authority has used?

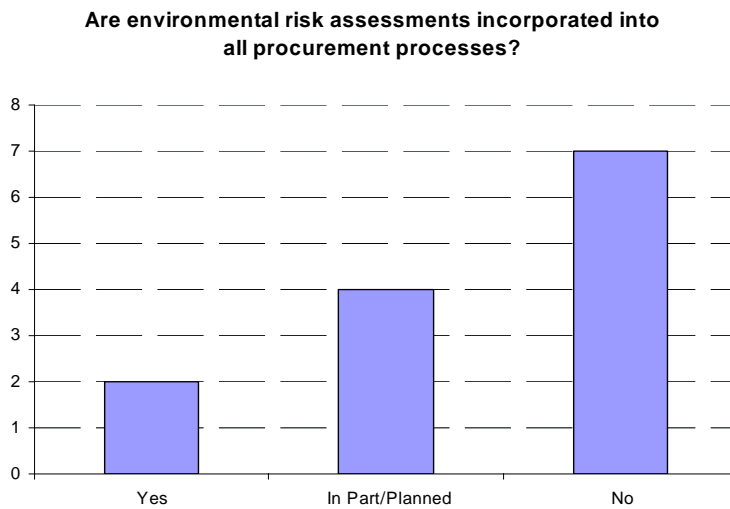
Several Authorities had tried to use the Executive's Toolkit for sustainable procurement, but found it too general in its approach. As manpower seemed to be a major issue, especially in the smaller Authorities, it

Models used by Local Authorities on developing toolkits:

- SOLACE
- Office for Government Commerce Guidance
- IDEA
- Belfast City Model
- Canny Buyer
- Leicestershire
- Northamptonshire

was difficult to research all products for environmental factors when allocating contracts. Most Councils reported that they found all toolkits too general in their approach and required a technical database addressing sustainability issues in order to put sustainable procurement in place.

Are environmental risk assessments incorporated into all procurement processes?



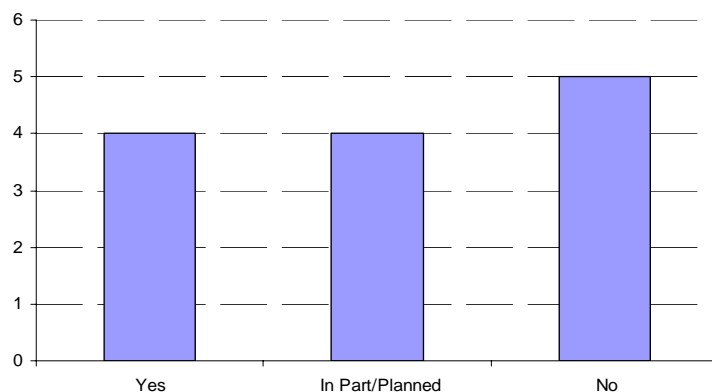
The difficulty in implementation of including sustainability factors in the allocation of contracts was reflected in the data from this question. Only 2 of the 13 Authorities included environmental risk factors in their procurement processes. Four others were keen to do so, but there was a general uneasiness about how they would

do this. Although the majority of Scottish Local Authorities had an Environmental Policy Statement, an Environmental Purchasing Policy and Standard Environmental Clauses to be included in tender documents, there appeared to be no system for gathering and weighting environmental risk factors.

Does your Authority have a commitment to collect data, to monitor, evaluate performance and report on sustainable procurement activity?

Only 4 of the 13 Local Authorities had a commitment to collect data on the implementation and performance of their sustainable procurement policies. As the majority of Councils were not collecting data, there is no way of Central Procurement Departments knowing if policy is being put into place. One of the barriers to collecting this data was thought to

Does your Authority have a commitment to collect data, to monitor, evaluate performance and report on sustainable procurement policy?



be the devolved systems of procurement with departmental spending being controlled outwith Central Procurement.

Do you include environmental impacts as part of your Best Value assessment?

Interestingly, although only 2 Local Authorities said they include environmental risk assessments in their procurement practices, 5 of them said they include environmental impacts in their Best Value assessments. On further questioning, this appeared to relate to recycled content, rather than any formal assessment of environmental impact such as emissions to air and/or water. As far as “green procurement” is concerned, it is generally assumed that recycled material has less of an environmental impact than virgin materials.

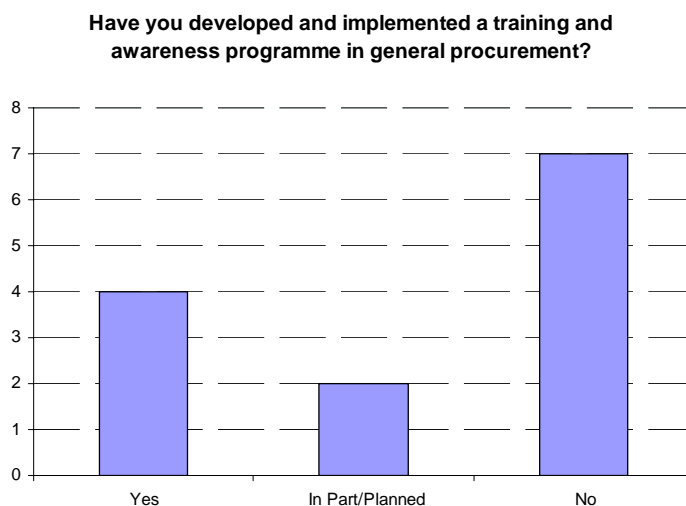
Does your Internal Audit System evaluate and report on environmental factors when reviewing the allocation of contracts?

Although 4 of the 13 Local Authorities had a commitment to collect data on the implementation and performance of their sustainable procurement policies, only 2 of those included reporting environmental factors on the review of the allocation of contracts within their Internal Audit Systems. This, obviously, will make it very difficult for Local Authorities to know the extent of sustainable procurement within their departments and, therefore, to monitor any change in procurement practices within the Council.

Is your Authority involved in tied procurement for any product stream?

The majority of respondent Local Authorities (10) were involved in at least one major tied procurement contract. Although Councils expressed dissatisfaction with this state of affairs, there was a general intention to review this practice when the contracts came up for renewal.

Have you developed and implemented a training and awareness programme for staff and/or elected members connected in any way with general procurement activities?

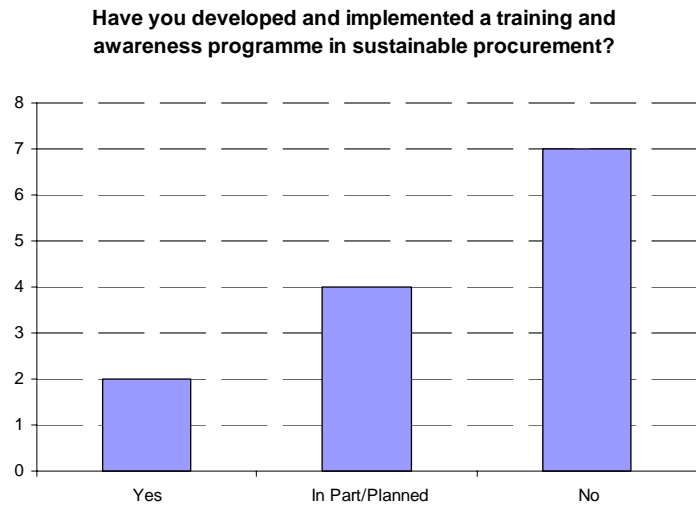


Only four of the respondent Local Authorities had implemented a training programme for staff in general procurement awareness, although the majority of Authorities had a devolved or mixed system of procurement with spending and budgets being controlled within the departments. Most Local Authorities reported a requirement for training in basic

procurement as part of the Best Value/Whole-life Cost assessment. There has also been some concern by Local Authorities that resources have to be made available to deliver training to departments.

Have you developed and implemented a training and awareness programme for staff and/or elected members connected in any way with sustainable procurement activities?

Only 2 of the 13 Authorities had implemented a training programme for staff in sustainable procurement awareness. However, the requirement for this was acknowledged by every Authority. There was a perceived need for training on procurement system training, legislation training, contract standing orders and corporate purchasing policy. There was also a requirement for specific awareness in available sustainable products, where to source them and price comparisons and also to introduce a framework for assessing and weighting environmental risk factors.



3 Discussion

Although only 41% of Scottish Local Authorities responded to our questionnaire and/or interview, the response rate was higher than previous attempts to assess procurement practices in Scottish Local Authorities^{22 23 24}. Within this study, it is impossible to assess the procurement practices in non-respondent authorities, but it was felt that a reasonable cohort was achieved to, at least, give some meaningful data.

The outcomes of the study show:

3.1 Most Local Authorities have high level processes to enable sustainable procurement

Our validation of Local Authority responses to the questionnaire and/or interview showed that most Authorities have implemented the four key elements to enable sustainable procurement as defined by Laura Helm²⁵:

Although there appears to be a high level commitment to sustainable procurement within local authorities in Scotland, the breakdown of this data (as shown in the table below) reveals that only 3 councils had adopted all four key elements, whilst several councils had only adopted a minimum (or none at all).

Council	Director with Sustainable Development Responsibility	Environmental Policy Statement	Environmental Purchasing Policy	Environmental Clauses	No. of Key Elements Included
1	X	X			2
2		X	X	X	3
3					0
4	X	X	X		3
5	X	X	X	X	4
6	X	X	X	X	4
7		X			1
8	X			X	2
9		X	X		2
10	X		X	X	3
11		X			1
12	X	X	X	X	4
13		X		X	2
Total	7 (54%)	10 (77%)	7 (54%)	7 (54%)	

²² *Current procurement practices in Scottish Local Authorities.* Cheuk Lee. The Loop (LARAC) December 2004

²³ Verbal communication with Dave Cook, Procurement Directorate, Scottish Executive

²⁴ Verbal communication with George Tarvit, Scottish Sustainability Network

²⁵ *Sustainable procurement in central government.* The National Audit Office. September 2005.

3.2 Few Local Authorities have established mechanisms to put sustainable procurement into practice

- 2 Local Authorities (15%) had incorporated environmental risk assessments into all procurement processes;
- Local Authorities (31%) had a commitment to collect data, to monitor, evaluate performance and report on sustainable procurement activity;
- Local Authorities (31%) had developed and implemented a training and awareness programme for staff and/or elected members connected with general procurement activities;
- 2 Local Authorities (15%) had developed and implemented a training and awareness programme for staff and/or elected members connected with sustainable procurement activities;
- 2 Local Authorities (15%) had an Internal Audit System which could evaluate and report on environmental factors when reviewing the allocation of contracts.

3.2 Identification of barriers needs to occur to allow the implementation of sustainable procurement

Barriers identified by included inertia within the local authority structure; lack of information/knowledge; lack of communication between council departments; and difficulty in implementation of policy together with difficulties in internal audit. It seems important to establish a method of audit of departmental spending so that implementation of sustainable procurement legislation and council strategy can be assessed. The findings of the study showed that there were various procurement systems in place within local authorities in Scotland causing significant difficulties in data collection and auditing:

- Local Authorities (23%) had centrally-controlled procurement systems where contracts and spending could be monitored closely;
- Local Authorities (31%) had mixed procurement systems, with little central monitoring or control of spending over departmental budgets;
- 6 Local Authorities (46%) had completely devolved procurement systems with little or no central control over departmental spending and contracts;
- 10 Local Authorities (77%) were in tied procurement contracts.

3.4 Several Local Authorities expressed the opinion that there is a conflict between reducing procurement costs and the drive towards sustainability

This is compounded by the “Best Value” assessment, used by all councils, which is difficult to achieve without full environmental information on all products and therefore tends to rely heavily on purchase and disposal costs.

In summary, within Local Authorities there appeared to be:

- A perceived conflict between sustainable procurement and reducing costs;
- A perceived lack of guidance from the Scottish Executive on sustainable procurement;

- Difficulty in integrating sustainability factors into standard procurement processes as far as weighting of decisions is concerned;
- A lack of central control of departmental spending making it difficult to collect data, monitor, evaluate performance and report on sustainable procurement activity;
- A general lack of knowledge within purchasing teams about what sustainable procurement is and how this can be achieved.

3.5 Targets for sustainable procurement

Most Local Authorities were aware of the legal framework for sustainable procurement but daunted by the task of achieving this for all products. It was generally felt that targeting a few product groups initially, would be a viable option and as experience in sustainable procurement grows, this could be rolled out to other products. Such a model already exist in the Netherlands²⁶ where they have decided to concentrate on three product groups (paper, IT equipment and vehicles) and aim at 40% of Dutch government apparatus to consider environmental and/or social criteria in their decision-making processes in 2006; rising to 75% by 2008.

²⁶ *Sustainable Procurement Survey in the Netherlands – Recommendations and Objectives for 2010.*
Margo Jonk. Ministrie van VROM, Den Haag, 2004.

4 Conclusions

Most Local Authorities have an urgent need for training in basic general procurement, in addition to sustainable procurement. This should ideally address:

- General Procurement Systems
- Legal Framework
- Best Value/Whole-life Cost Assessment
- Corporate Purchasing Policies
- Awareness in available sustainable products
- Framework for assessment/weighting of sustainability factors

Barriers to sustainable procurement should be addressed:

- Mixed procurement systems
- Devolved procurement systems
- Tied procurement contracts

As discussed previously, the main barriers to sustainable procurement are lack of central control of spending, tied procurement and the lack of central contracts for goods and services (where a lower price and better environmental standards can usually be negotiated due to larger volume in bulk buying). These are compounded by inertia regarding the implementation of council policy, lack of knowledge/training in sustainable procurement, and difficulty in auditing procurement practices within councils.

Data collection and monitoring should be improved:

- Collection of data on the implementation and performance of their sustainable procurement policies must become a priority for Local Authorities
- Internal Audit Systems must address sustainability criteria when reviewing allocation of contracts
- Some form of database with sustainability criteria would help Local Authorities incorporate environmental and/or social factors in their decision-making process

Performance Indicators should be developed:

- Led by Scottish Executive/Audit Scotland
- Must be based on implementation rather than policy-orientated

5 Recommendations

Central Government Level

A blurring of definitions has occurred, at both a central and a local government level, between:

- Sustainable procurement
- Greening of procurement
- Increasing recycled content in procurement.

A clear, unequivocal message from the Scottish Executive should go to Local Authorities regarding the aims and objectives of procurement practices for public bodies. This should incorporate recycled targets in purchasing (if applicable), but also demonstrate that these are not the only measurables in assessing environmental criteria within the procurement process. Examples of good public procurement case studies (including specifications and assessment processes) could show how the new legislation – Public Procurement – The Public Contracts (Scotland) Regulations 2006 and Public Procurement – The Utilities Contracts (Scotland) Regulations 2006, could be put into practice.

In order to assess the present state of play of sustainable procurement within Scottish Local Authorities, it is important to establish performance indicators which can easily be audited by both councils and Audit Scotland.

Local Authority Level

Frameworks, for incorporating sustainability criteria into tender specifications and methods of weighting these when considering the award of contracts, should now be a priority in the agendas of Local Authority Procurement Departments. Internal audit methods of ensuring that policies and strategies relating to sustainable procurement are delivered by purchasing managers at all levels should also be ensured to comply with the legislation relevant to Public Procurement.

Scottish Sustainability Network

The SSN is presently working on guidance for Local Authorities on meeting their statutory duties under Section 1 of the Local Government in Scotland Act 2003 to make arrangements which secure Best Value. “The local authority shall discharge its duties under this section in a way which contributes to the achievement of sustainable development” s.1(5). The incorporation of the sustainability agenda within the Best Value framework will force local authorities to address environmental criteria when assessing their whole life costs.

WRAP

WRAP will continue to work closely with local authorities in promoting the specification and purchase of materials high in recycled content as a raw material in the specification of construction materials through their Aggregain and Paper Advocacy Teams.

Remade Scotland

Remade has identified a gap between the strategies and policies present in councils for sustainable procurement and the implementation of these policies at a purchasing level. It is apparent that the level of knowledge, of council strategy and legislative constraints on tendering, dissipates the further the purchaser is from the policymakers within council. This is particularly relevant in mixed/devolved procurement systems.

We intend to carry out a more detailed audit within a selected group of local authorities; identifying specific gaps in knowledge and piloting a training scheme for these councils, addressing their particular needs.

Remade have established the Scottish Sustainable Procurement Task Force – a group of academics, civil servants and NGOs interested in the promotion and implementation of sustainable procurement. We will continue to work with them to transfer knowledge to local authorities regarding the setting up of systems and frameworks.

Remade will continue to review sustainable procurement toolkits – in preparation for development of its focused Local Authority Sustainable Procurement Training Programme.

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6 Appendix – Questionnaire

Environmental Management		
	Yes	No
<p>Has your Authority appointed a Director or Head of Service with specific sustainable development responsibility?</p>	<p>Please state: Director/Head of Service Name Job Title Has this person's sustainable development responsibility been formally confirmed in the job description? Is this person's role reported publicly? Are sustainable development issues reported to the Council at least annually? Date of last report Where can this report be found? </p>	<p>No Director/Head of Service with specific sustainable development responsibility </p>
<p>Does your Authority have a written environmental policy statement? An environmental policy is a statement of the aims and principles of an (Authority) in relation to its overall environmental performance, including compliance with all regulatory requirements, and giving rise to the (Authority)'s objectives and targets [Source: BS EN ISO 14001/EMAS]</p>	<p>Qualifying Statements Addresses relevant activities and significant environmental risks are identified Is approved by Council Is available internally throughout the Authority Is regularly reviewed and updated (at least annually) Is in the public domain A and B only A,B,C and D All of the statements above Where can this policy be found? </p>	<p>No written environmental policy statement </p>

Does your Authority communicate with the following groups specifically about environmental issues? (Please tick appropriate box for each group)	Little or no communication	One-way communication	Two-way communication	
			Tailored	Dialogue – interactive process with the Authority actively seeking and receiving opinion and involvement of stakeholder groups before decisions are made
Insurers				
Government				
Regulators				
NGO's				
Media				
Key Suppliers/Contractors				
Public				
Does your authority have a central or devolved system of procurement?			
If devolved, what percentage of purchasing is undertaken by departments?			
If devolved, what is Central Procurement responsible for?			
What is the extent of control of Central Procurement over departmental spending?			

Procurement			
	Yes	No	
Do you have an environmental purchasing policy?	<p>Specific mandate/guidance document on how environmental issues are to be considered in the purchasing process</p> <p>(e.g. procurement strategies or manuals; environmental policies; sustainable development strategies or policies; or environmental management systems)</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>No guidance documents on how environmental issues are to be considered in the purchasing process</p> <p>.....</p>	
Do you have standard environmental clauses to be inserted in all contracts unless they are demonstrably inappropriate?	<p>Environmental clauses (standard or bespoke) written into contracts, or into specifications</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Environmental clauses not written into either contracts or specifications</p> <p>.....</p>	
	Yes	In Part/Planned	No
Are environmental risk assessments incorporated into all procurement processes?	<p>Documented process or methodology for undertaking environmental risk assessments in procurement</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Requirement to undertake environmental risk assessments documented in a policy/strategy/manual/communication to procurement staff, but no guidance given on how to do so or procurement staff apply professional judgement in assessing environmental risk in procurement, and can prove that this has been applied in practice</p> <p>.....</p> <p>.....</p>	<p>No environmental risk assessments for procurement processes</p> <p>.....</p> <p>.....</p>

	Yes	In Part/Planned	No
Does your Authority have a commitment to collect data, to monitor, evaluate performance and report on sustainable procurement activity?	Action taken in one or more of the four aspects (data collection; monitoring; evaluation; or reporting) Please specify which	Commitment relates to implementation at some point in the future (documented) Give details	No commitment or commitment relates to implementation at some point in the future (undocumented)
Yes No			
Do you include environmental impacts as part of your Best Value assessment?	How?.....	
Does your Internal Audit system evaluate and report on environmental factors when reviewing the allocation of contracts?	How?.....	
What are your Authority's views on Scottish Executive's guidance/toolkit for sustainable procurement?		
Please give details of any other sustainable procurement toolkit(s) your Authority has used and any positive (or negative) feedback about it (them)		
Yes No			
Is your Authority involved in tied procurement for any product stream?	If so, which product streams and for how long?	
	If so, will environmental criteria be taken into account on renewal?		

<p>How does your Authority expect to meet the proposed targets for recycled content proposed by the Scottish Executive?</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		
<p>How does your Authority view the potential to develop the greening of procurement within its purchasing system?</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		
<p>Training</p>			
	<p>Yes</p>	<p>In Part/Planned</p>	<p>No</p>
<p>Have you developed and implemented a training and awareness programme for staff and/or elected members connected in any way with general procurement activities?</p>	<p>Some form of training programme is in operation</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Some form of training programme is planned (documented)</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>No form of training is delivered or planned</p> <p>.....</p>
<p>Have you developed and implemented a training and awareness programme for staff and/or elected members connected in any way with sustainable procurement activities?</p>	<p>Some form of training programme is in operation</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Some form of training programme is planned (documented)</p> <p>Give details</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>No form of training is delivered or planned</p> <p>.....</p>
<p>What forms of training in procurement do you feel are required in your Authority?</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>		