





Sustainable Procurement Strategy

(2010 -> 2015)

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1. Foreword

Sustainability is a major force for change within our global economy and the work undertaken by the education sectors, which are major users of natural resources. Natural resources, such as oil to produce electricity and provide fuel to transport goods and services, will be seriously depleted in the next 30 – 40 years.

Universities in the UK and other developed countries are widely seen as a force that can lead a considerable change in the way vital goods and services are purchased.

We have seen the University of Exeter go from strength to strength in the last few years as it has climbed the league tables to become one of the more successful universities in the UK. This has resulted in an increase in the number of UK and International Students and total staff numbers. These increases have increased our use of key goods and services ranging from, for example, energy, food and paper within our academic areas, catering outlets and halls of residences.

The University must control its consumption of natural resources for three main reasons.

- reduce the burden of natural resources and social impacts, which will demonstrate leadership and build reputation for 'doing the right thing'.
- reduce the total cost of operating our successful Exeter & Cornwall campuses at a time of tightening finances.
- maintain our strong position in league tables.

The application of sustainable procurement methods is great for reducing the total cost of ownership of day-to-day and capital purchases. For example, methods include reducing the usage of goods (demand management); specifying items made from recycled materials or reused; and buying on a whole life cost (WLC) basis.

If we change the way we purchase the goods & services that have a high impact on our environment and social well-being we will protect the world's scarce resources for future generations.

Sustainable procurement is not a new concept and is already being undertaken by successful organisations that report many benefits. This strategy will set the University's standard of good practice and provide a framework within which organisations can demonstrate their achievements in sustainable procurement.

This strategy will be supported by the Vice Chancellor's office and the University's Senior Management team. This strategy also supports the University's corporate objectives and enhances the University's reputation for Corporate Responsibility (CR) and Carbon Management.



Mark Overton

Deputy Vice Chancellor (External Affairs)

2. Introduction

What is Sustainable Procurement? This strategy uses the following definition:

“the 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.” (Sustainable Procurement Task Force 2006)

Why is it important ?

It is good procurement practice to purchase goods and services that ensures a product specification is not over-specified for its intended purpose .

Sustainable procurement adds value to more traditional purchasing practices by identifying whether a product can be sourced in another way. The use of sustainable procurement methods such as ‘whole life costing’ (WLC) provide a way of analysing the ‘total cost of ownership’ before a decision to buy is made. Most purchases are based on the purchase price only and the additional costs (maintenance, consumables, energy consumption and disposal) of ownership go unseen, until they occur. Also by using sustainable procurement methods a better decision can be made regarding how to purchase.

For example, leasing may be a better solution than outright purchase as a supplier maybe able to service a contract in a more cost effective way. One of the reasons for such a decision could be maintenance and the disposal costs. A supplier can often dispose of an item at a lower cost than the University can since they could have an opportunity to recycle or remanufacture items more easily.

Sustainable procurement support the introduction of environmental and social considerations, examples of these are seen in the table below.

<u>Environmental</u>	<u>Social</u>
Depletion of finite resources	Local Economy
Contribution to climate change	Fair wages
Generation of waste	Minimum standard of working conditions
Reduction in habitats and species	Child Labour
Pressure on natural resources	
Reduction in local air quality	

The UK Government’s goals and objectives are:

- UK 2005 Sustainable Development Strategy outlined goal to be leader in EU
- ‘Procuring the Future’ action plan
- Flexible Framework, which is one delivery mechanism (details contained in appendix A)

HEFCE’s vision:

- to be major contributor to sustainability: skills, knowledge
- strategies & operations

The University's key drivers are:

- Environmental Policy Commitment
- Carbon Management Plan
- Travel Plan
- Reputation & Risk Management
- Legal Compliance
- External Stakeholders
- People and Planet Green League
- Cost Savings
 - o Assessment of the need to purchase
 - o WLC
 - o Reduced waste and utility costs
 - o Utility contract negotiation and reduction programmes
- Internal Demands

3. Background

The University spends over £111m on non-pay items each year (1) of which about £71m could be influenced by sustainable procurement. There is therefore a significant opportunity to reduce our impact on the environment through the products we select and to influence our staff, students and suppliers to improve their sustainability. The University is committed to the principles of sustainable procurement which support its objectives of being a 'Top 10 University'. This strategy will support the delivery of the Environmental Sustainability and Corporate Responsibility policies.

Successes so far ...

- What has been achieved already
 - o It has been identified that 26% of the University's non-pay spend is with local suppliers (within Devon).
 - o A Sustainable Champion for procurement has been identified.
 - o The Sustainable Procurement Policy was reviewed and reissued in 2010 ([link](#)).
 - o Retail Services have engaged their suppliers to understand how they are minimising their environmental impacts and what areas can be improved:
 - Reducing vehicle emissions by government driving training schemes.
 - Attaining ISO14001 and other recognised accreditations
 - Schemes to install wind turbines, solar power, etc
 - o Fairtrade Accreditation (over 50% of Bananas are Fairtrade)

4. Scope

The timeframe for implementation of the objectives that are detailed in this strategy document will be between 2010 and 2015 (5 years).

This strategy applies to the staff of the University at Exeter and Cornwall campuses, and to the staff of the Student's Guild at Exeter campuses who procure goods, services, works and utilities.

1 Figures from FY2008/09.

The specific milestones can be described as being achieved over the short, medium and long term:

- Short term: Enabling
 - o End of Dec 2010 - Procurement Services to have achieved Level 3 of the FF.
 - o End of July 2011 – Key areas of Sustainable Impacts to have achieved Level 1 of the FF.

- Medium term: Embedding
 - o End of July 2012 – Key areas of Sustainable Impacts to have achieved Level 2 of the FF.

- Long Term: Practice
 - o End of July 2013 – Key areas of Sustainable Impacts to have achieved Level 3 of the FF.

Once level 3 has been reached in all areas we wish to explore how level 4 (enhance) & 5 (lead) can be achieved. Each commodity should be able to achieve at least 2 areas within these higher levels.

5. Risk / Opportunity

The high risk / opportunity categories have been identified as:

Commodity	£ Spend per annum
Construction	15.8 million
IT Equipment & Software	7.2 million
Food	3.2 million
Utilities	2.2 million
Travel	600k
Paper	75k

These categories were identified by analysing the university's total non-pay spend above £5k and segmenting suppliers according to their respective supply commodity. These commodities were then ranked by their sustainable impact / ease of implementation and total spend.

The total spend per annum within the identified areas is £29.2 million, which represents 41 % of the total 08/09 non-pay spend that can be influenced by sustainable procurement.

The commodity groups identified for the Sustainable Procurement Strategy will develop each area by adopting the 'Flexible Framework'.

The aim of the strategy is to achieve Level 3 ('Practice') for all six commodities groups and achieve at least 2 areas within Level 4 'Enhance' & Level 5 'Lead'

There may be a tension between buying cheapest and buying sustainably. The issue of price can be best managed through the application of whole-life costing (WLC). WLC will establish true best value. However, there may be social considerations that cannot be priced. These will have to be examined on their merits and reported during the application of this strategy.

6. Objectives / Goals

The following table shows the high level objectives for sustainable procurement in the University. A plan will be developed with each commodity area to achieve the stated objectives.

Each sustainable impact area will be reviewed quarterly and specific plans will be updated by the respective commodity champion/procurement services.

	Procurement	Food	Construction	Travel	Utilities	Paper	IT Equipment
People							
Level 1	Procurement / Key Commodity Champion to be agreed:						
	Richard Price (Contracts Officer)	Phil Ree-Jones (Assistant Director - Retail Services)	Hugh McCann (Director - EDS)	Karen Gallagher Sustainability Manager	Godfrey Whitehouse (Energy Manager)	Nigel Phillips (Print Services Manager)	Dave Barker (Enterprise Systems Developer)
	Karen Gallagher – (Sustainability Manager)						
	Basic Sustainable Procurement Training for Procurement / Key Commodity Champions						
	Sustainable Procurement included in key staff inductions.						
Level 2	All Procurement / Key commodity buying staff indentified and receive basic training.						
	Procurement / Commodity champion/s receive advanced sustainable procurement training.						
Level 3	Targeted Refresher Training on Sustainable Procurement for all Procurement / Key Commodity buying staff.						
	Performance objectives set for sustainable procurement champion/s and included in appraisals.						
	Incentive Programme in place eg. Award for Sustainable Procurement Champion of the month / year – linked to implementation of the flexible framework.						
Policy, Strategy & Communications							
Level 1	Set overarching objectives, simple sustainable policy in place Completed 2007 Communicate to staff, students, key suppliers and organisations the university works closely with.						

	Procurement	Food	Construction	Travel	Utilities	Paper	IT Equipment
Level 2.	Review and enhance the policy in particular consider supplier engagement Ensure included in wider environmental sustainability policy (insert link here to policy)						
	Identify and communicate policy to key staff, suppliers and stakeholders						
Level 3	Develop and agree implementation of sustainable procurement strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.						
Procurement / Buying Process							
Level 1	Conduct expenditure analysis and identify key sustainable impacts for each commodity area						
	Develop Sustainability element for tenders Contracts awarded on the basis of value-for-money, not lowest price. GPP / Gov Specification Sheets adopted (see further information at the end of this strategy).	Adopt Quick Wins					
		<ul style="list-style-type: none"> Develop sustainable food policy Conduct market research into MSC / local / FR / Organic Review options to reduce food packaging use glass bottled water or charity water/locally sourced. 	<ul style="list-style-type: none"> Utilise recycled materials in design Utilise energy efficient materials in designs All timber to be FSC approved 	<ul style="list-style-type: none"> CO2 in purchase criteria for vehicles Review travel and options for video conference Travel companies to outline CO2 emissions in bookings the decision making process when planning business travel eg flight v train, alternative fuels for taxis. 	<ul style="list-style-type: none"> Purchase A-rated appliances Develop CO2 offset policy Consider renewable energy where cost effective over traditional methods 	<ul style="list-style-type: none"> Introduce campus wide recycled paper policy Procure paper recycling facilities Increase electronic publications and distribution 	<ul style="list-style-type: none"> Ensure desktop PC and laptop specifications are not over-specified WLC adopted for all significant hardware purchase.
Level 2	Sustainability is considered at an early stage in the procurement process of most	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation.					

	Procurement	Food	Construction	Travel	Utilities	Paper	IT Equipment
	contracts. Develop Whole Life Costing	Adopt Whole Life Costing					
Level 3	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process.						
	Develop transparent scoring methodology for evaluating bid submissions	Adopt transparent scoring methodology for evaluating bid submissions					
	Targets to improve sustainability are agreed with key suppliers.						
Engagement							
Level 1	Key supplier spend analysis undertaken and high sustainability impact suppliers identified.						
	Key suppliers targeted for engagement and views on procurement policy sought.						
Level 2	Complete detailed supplier spend analysis.						
	General programme of supplier engagement started, with senior manager involvement.						
Level 3	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.						
Measurement							
Level 1	Key sustainability impacts of procurement activity have been identified.						
Level 2	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken.						
	Measures implemented to manage the identified high risk impact areas						
Level 3	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.						

Levels 4 & 5 are attached in appendix A and key commodities shall aim to achieve 2 sections by end of year 5.

7. Strategy Timetable

The timetable for this strategy is:

Oct 2010	Agreed by SMT / Dual assurance
Nov / Dec 2010	Provide training to commodity champions, all procurement staff and representative of the guild of students, TDV & TCS.
Nov -> Dec 2010	Procurement Services to work with Key Commodity leaders to draft and agree plans (The university's key drivers stated above (page 4) will be incorporated where appropriate within each plan)
Dec 2010 / Jan 2011	Start basic training within commodity areas.
Feb 2011	Present to colleges
From Jan / Feb 2011	Quarterly reviews carried out by Commodity Champions/Procurement Services

8. Further Information:

GPP Product Specification Sheets (for adoption for each key commodity)

Copying and graphic paper Product sheet (latest update June 09) Product sheet template	Cleaning products and services Product sheet (latest update March 09) Product sheet template	Office IT equipment Product sheet (latest update May 09) Product sheet template
Electricity Product sheet (latest update March 09) Product sheet template	Food and Catering services Product sheet (latest update June 09) Product sheet template	Textiles Product sheet (latest update March 09) Product sheet template
Gardening products and services Product sheet (latest update March 09) Product sheet template	Construction Product sheet (latest update June 09) Product sheet template	Transport Product sheet (latest update March 09) Product sheet template
Furniture Product sheet (latest update June 09) Product sheet template		

Related Websites:

Sustainable Procurement web page http://admin.exeter.ac.uk/corporate/procurement/downloads/whole-life-costing.shtml	Government Buying Standards http://www.defra.gov.uk/sustainable/government/advice/public/buying/documents/gbs-specifications-list.pdf
EAUC (Environmental Association of Universities & Colleges) http://www.eauc.org.uk/home	SPCE (Sustainable Procurement Centre of Excellence) http://spce.procureweb.ac.uk/
Procuring the future http://www.defra.gov.uk/sustainable/government/documents/full-document.pdf	Sustainable Development Website http://www.defra.gov.uk/sustainable/government/index.htm
CIPS (Chartered Institute of Purchasing & Supply) http://www.cips.org/	

Appendix A

Flexible Framework Levels 1 -> 5

	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	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer

			exists with incentives. Supply chains for key spend areas have been mapped.	CEO involved in the supplier engagement programme.	organisations. Suppliers recognize they must continually improve their sustainability profile to keep the clients business.
Measurement & 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.