

Sustainable Procurement Strategy & Policy 2015-2018



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# Overview

The NHS is the largest employer in Europe and, as a provider of healthcare, is viewed as a socially responsible organisation. As a result the NHS comes increasingly under scrutiny not just regarding the effective delivery of quality healthcare and financial sustainability but also what it is doing to reduce its carbon footprint, work with local communities and ensure that goods and services are ethically and sustainably sourced.

The NHS has the highest rate of carbon emissions in the public sector in England. The challenge has been set for the NHS to lead on all aspects of sustainable development, particularly carbon reduction, and promote the good citizenship model. The “Sustainable Development Strategy for the Health and Care System 2014 – 2020” published by the NHS Sustainable Development Unit in January 2015 sets out the vision, responsibilities and key actions for all NHS organisations.

Sustainability is about meeting society’s needs today without compromising the ability of future generations to meet their needs, often referred to as good corporate citizenship or corporate social responsibility and achieving value for money whilst realising environmental, social and economic objectives. With climate change clearly the most serious global environmental threat, sustainability and carbon reduction are becoming key corporate responsibilities for all organisations.

The Trust aims to embed sustainability principles in the procurement process so that they eventually become an integral part of all relevant contracts, at pre-tender, tender and post-contract award stages (including monitoring and evaluation), through to the end of the life of the contract and including any disposal of equipment.

This strategy and policy establishes Gloucestershire Hospital NHS Foundation Trust’s (referred to “the Trust”) commitment to procurement sustainability and sets out the general aims and principles of what is an extensive agenda for continuous development.

The key areas for action are energy and carbon management, procurement and food, travel and transport, water, waste, building design, organisational and workforce development, partnerships and networks, governance and finance. The NHS Sustainable Development Unit provides leadership and support to NHS organisations to meet the challenges set.

The Trust has made a commitment to reducing carbon emissions from its activities and to embedding sustainable practices into its purchasing decisions and processes.

This strategy and policy applies to the procurement of works, goods and services. Guidance and training material will be developed to support this.

The aim of this strategy and policy is to communicate and promote sustainable procurement across the Trust and develop capability by providing induction level, basic and advanced sustainable procurement training to all people involved in procurement, where relevant.

This capability will make the Trust a more intelligent customer and in so doing will become well placed to capture opportunities to address sustainability impacts within our procurement and supply chains. We will identify key suppliers and encourage them to embed similar sustainable procurement principles and practices into their supply chain.

Key performance indicators will be identified to measure successful delivery of the sustainable procurement delivery plan and to demonstrate our progress. The Trust will raise the standard of sustainable procurement through improved processes such as the monitoring of compliance with the use of the Government Buying Standards, or equivalent, benchmarking our suppliers approach to environmental, social and economic responsibility and monitoring the extent to which sustainable procurement practices are adopted.

To embed sustainability throughout the procurement process, Senior Management will provide the structure and continued support to the procurement team. This will ensure a committed procurement team, with metrics to demonstrate improvements, including cost savings to continue to fund further sustainability innovations.

# Scope

This strategy and policy, in line with the Trust’s Procurement Strategy 2014-2017, will apply to all staff, contractors and stakeholders of the Trust involved in procurement activity.. The expansive and long-term nature of the sustainability agenda means that the implementation of the strategy and policy will be an incremental process to embed sustainable procurement into the procurement activities across the Trust.

Procurement Shared Services (PSS) is responsible for procurement activity for a wide-range of goods, supplies and services on behalf of the Trust. PSS is committed to pursuing the principles of sustainable procurement. This policy sets out the parameters for meeting this objective through all procurement activities under the team’s influence.

# Overall Aim

The Public Sector has a vital role to play in furthering sustainable development though the procurement of its goods; supplies and services. The ultimate aim is to ensure that sustainability is a key consideration in all procurements. The Trust recognises that in delivering healthcare services to its sites there may have adverse impacts on the environment and it is essential that these are minimised and maintained as such through continuous monitoring.

The Trust, in line with the Trust’s Procurement Strategy 2014-2017, is committed to ensuring that goods, supplies and services purchased for the NHS are:

* Manufactured, delivered, used and disposed of in an environmental, sustainable and socially responsible manner, and
* Deliver long-term value for money for the NHS and the Public Sector as a whole

The right procurement choices can reduce harmful environmental impacts, waste, minimise transportation and reduce pollution. Sustainable procurement can also impact positively on an organisation’s image, boost reputation and inspire staff, patients and visitors. Together these impacts promote the health of the local population and help to reduce health inequalities, in some cases saving resources.

Sustainable procurement is not just about minimising damage to the environment; it is about achieving this whilst being more efficient with our resources; it is about reducing whole life costs of goods and services; it is about addressing social impacts in our procurement. It demonstrates that procurement’s contribution to a sustainable society is far beyond, but also includes, the financial.

Sustainable procurement should therefore be business as usual and all those involved in procurement, in any way (for example those commissioning and specifying as well as buying and end users, among others), should familiarise themselves with this policy and our sustainable procurement guidance material.

# What is Sustainable Procurement?

## Sustainable Procurement can be defined as:

*‘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’.*

## Sustainable procurement is not therefore limited to environmental considerations alone (e.g. Carbon, Waste and Water). It also covers social and economic impacts from procurement actions, such as encouraging increased participation from SMEs in procurements. It may for example be that small firms can offer better value for money and innovation and therefore public procurement should look to remove barriers that they may face in competing for public sector contracts.

## There is a general misconception that sustainability and value for money are in conflict. On the contrary, sustainability is about achieving value for money whilst realising environmental, social and economic objectives and the two are rarely in conflict when the whole life cycle is taken into account. Energy saving light bulbs, for example, may have a higher purchase price. However, they are a proven way to reduce bills and – because they have a longer life span than traditional bulbs – they also reduce consumption of raw materials. There are many other examples of sustainability delivering financial benefits.

# Key Principles

## The principles of sustainable development within procurement are based on a balance of social, economic and environmental considerations, ensuring that purchasing decisions are based not only on receiving whole life value for money, but also that they ensure fairness, encourage diversity, act ethically and reduce the impact on the environment.

### *Environmental*

Seeking to minimise any negative environmental impacts of goods and services purchased, across their life cycle from raw material extraction to end of life and supporting the principles set out in the Trust’s Sustainable Development Management Plan.

Relevant environmental issues include:

* Energy
* Carbon and methane emissions
* Other emissions to air
* Emissions to water
* Water
* Resource and raw materials consumption
* Minimising of Waste
* Ethical Procurement
* Hazardous substances
* Local environment
* Biodiversity

### *Social*

Managing and monitoring supply chains to ensure that fair contract prices and terms are applied so that ethical, human rights and employment standards are met at all times, while delivering other social benefits where available.

Relevant social issues include:

* Heath
* Education
* Employment
* Community
* Fair and ethical trade
* Equality and diversity

The Trust is committed to the principles contained in the Ethical Procurement for Health: Workbook (<http://www.ethicaltrade.org/sites/default/files/resources/EPH_Workbook.pdf>), which helps procurers in the health and social care sector include consideration of labour standards throughout the procurement and market engagement processes.

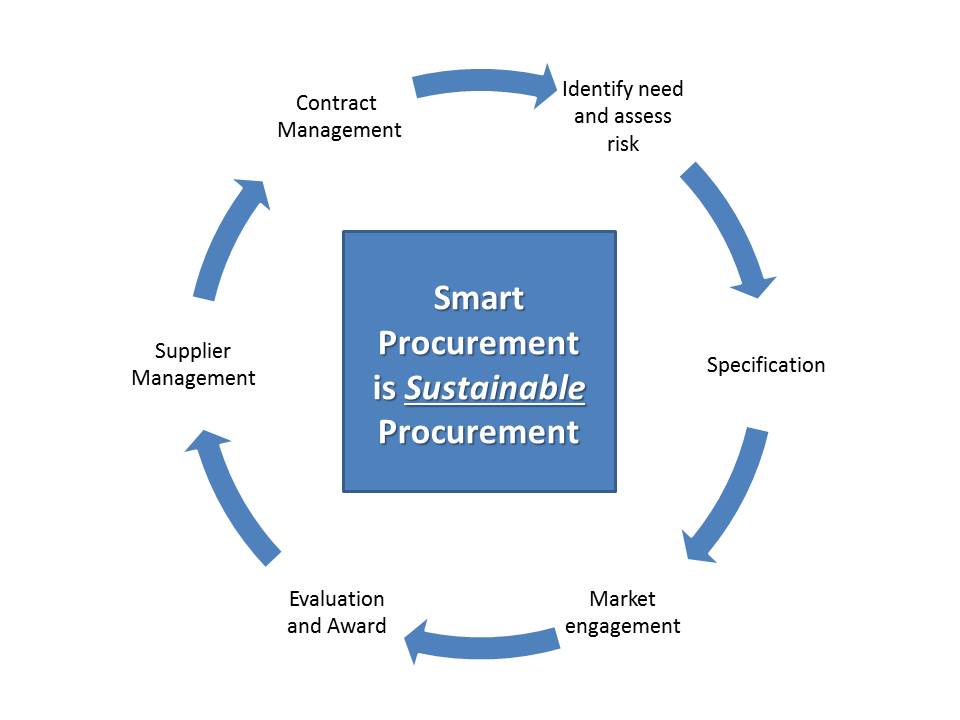
### *Economic*

The economic principle relates not only to obtaining value for money from our contracts, across the whole life of the product or service, but also ensuring as far as is possible under relevant procurement law, that local businesses, particularly Small and Medium sized Enterprises (SME’s), Social Enterprises and BME (Black and Minority Ethnic Businesses) where practicable, as this can invest considerably into the economy and community can benefit from our procurement processes where it is feasible for them to do so.

Through tackling all three principles of sustainable procurement in the procurement process, we aim to embed these so that they eventually become an integral part of all relevant contracts, at pre-tender, tender and post-contract award stages (including monitoring and evaluation), through to the end of the life of the contract and including any disposal of equipment. As the diagram below indicates, embedding sustainable procurement requires consideration at relevant stages of the procurement process.

## To ensure both sustainability risks and opportunities are managed in procurement we need to ensure sustainability is:

1. Addressed in the **contract specification**
2. Managed by the **choice of supplier**
3. Included in requirements for supplier proposals for evaluation **(bid evaluation)**
4. Managed by **targets to be delivered after contract award**



Embedding sustainability into the procurement process therefore will deliver a range of benefits as highlighted in the following headings:

### Corporate Values & Policies

### Innovation

### Marketing & Promotions

### Processes and Procedures

### Risk Management

### Savings

### Stakeholder goodwill & engagement

# Our approach

## The Trust purchases a large range of products and services in order to deliver high quality healthcare services via Gloucestershire NHS Procurement Shared Services (referred to as “PSS”). PSS provides a procurement and supply chain management service across the Trust and acts as procurement agent for the Gloucestershire Health Community. Incorporated within this department are Materials Management and Procurement.

## The Trust’s commitment to sustainability is demonstrated in the Trust’s Sustainability Strategy dated March 2011, the Trust’s Sustainable Development Management Plan and requirements presented through the Good Corporate Citizen Model. This includes a commitment to reducing carbon emissions from its activities and to embedding sustainable practices into its purchasing decisions and processes. It is also committed to the principles of Good Corporate Citizenship and has assessed itself against relevant targets with an action plan for improvement.

## This policy has a set of key sustainability objectives to minimise its environmental impact while also seeking to address social impacts and opportunities. As a result it is important that these objectives are reflected in the procurement decisions and process.

* Comply with all relevant legislation, and develop a structured and systematic approach to the management of the environment and sustainable issues
* Achieve the carbon reductions targets established by the NHS Carbon Reduction Strategy of 10% by 2015, 34% by 2020, 64% by 2030 and 80% by 2050 and where possible exceed these targets
* Establish baselines for all relevant activities and set measurable objectives and targets using national systems where available
* Establish a carbon / sustainability weighting to all investment and procurement options
* Include climate change in the organisations risk register including financial risk
* Help to preserve natural resources by developing and implementing and promoting policies and strategies to:
  + Reduce the unnecessary and wasteful use of energy and water.
  + Make more economical and effective use of products such as paper, glass, plastic, cans, batteries and other similar products
* Develop strategies and controls to protect the environment including discharges to drains, emissions to atmosphere, land management and bio-diversity action plans
* Promote employee enthusiasm to ensure the continuing support of environmental improvement programmes
* Adhere to the Government Buying Standards found at:

<https://www.gov.uk/government/collections/sustainable-procurement-the-government-buying-standards-gbs>

* Work with partners especially NHS organisations and local authorities in developing whole community procurement solutions to carbon emissions. Also work closely with regional and national agencies to develop leading procurement sustainability practice
* Provide appropriate training for employees especially in terms of sustainability, climate change and carbon literacy
* Pursue an active communications initiative to engage all staff, patients, visitors and others who visit or use our facilities

## These objectives will be achieved by:

## Procurement promoting change through leadership and working with suppliers to raise the profile of sustainable procurement practices

* + Using the apportion of Lots to break down larger contracts into smaller capacities where possible
  + Training and developing our staff in the principles of sustainability and sustainable procurement
  + Undertaking whole-life costing when purchasing equipment to include training, implementation, and disposal of goods
  + Prioritising procurement actions based on major spend areas and sustainability issues to maximise benefits
  + Incorporating sustainability considerations as early as possible in the procurement process
  + Using a procurement hierarchy in assessing and addressing risks and realising opportunities
  + Supporting innovation that provides sustainable solutions and reduces the consumption of resources, working with commissioners within the Trust and our supply chain
  + Considering the relevant environmental and social impacts throughout the life cycle of the good or service procured according to the type of procurement
  + Reducing transactional costs by supporting eProcurement, e-Tendering and e-Catalogues
  + Ensuring procurement activity is compliant with Government and Public Procurement legislation
  + Supporting the Trust’s carbon reduction initiative, working with stakeholders to deliver the NHS Carbon Reduction Strategy for England, driving change towards a low carbon society, progressing towards the Climate Change Act

## Holding, where appropriate, supplier briefings prior to issuing tenders to explore innovation and ensure that specifications are realistic and deliverable

## This policy will apply to our operations and services and our policy, guidance and training material will be developed to support this. Local and regional circumstances may mean that it is not always possible to implement sustainable procurement principles and practices in full. These should however, be adopted wherever possible. The Trust will produce good practice and case studies which supports sustainable development and sustainable procurement objectives. We will seek to harness these strengths by raising awareness and sharing good practice through publicising case studies via the intranet and documents and brochures produced.

# What is the Procuring for Carbon Reduction (P4CR) Flexible Framework? (Appendix 1)

## The Procuring for Carbon Reduction (P4CR) Flexible Framework is a maturity matrix which allows organisations to measure and assess their progress and performance on sustainable procurement. The framework covers 5 themes across 5 maturity levels (detailed in Appendix B).

The Trust will assess itself against P4CR Framework with support from **Public Health England’s** Sustainability Development Unit where appropriate, and will reassess itself regularly against this, as well as against with the Good Corporate Citizenship Tool (http://www.sduhealth.org.uk/delivery/evaluate.aspx). The Trust will work towards progression through the Framework

### *Policy and Communication*

Consultation, approval and communication of our sustainable procurement strategy and policy is needed in order to set out clear priorities for sustainable procurement and to set out how we will achieve our objectives in a consistent manner.

We will consult with key stakeholders in the Trust on the strategy and policy and seek approval from the Trust’s Sustainability Committee. Once approved the strategy and policy will be published on the Trust’s intranet and internet site. These will be reviewed regularly, annually as a minimum, to ensure they remain aligned to the Trust’s priorities and strategy. Through our category management function, we will seek to incorporate sustainable procurement principles and practices within the relevant category strategies.

We will work closely with staff to coordinate the communication of relevant initiatives to our staff, suppliers, customers and key stakeholders through our intranet, newsletters and working groups.

### *People*

To improve procurement practice and make sustainable procurement happen, it is important that all procurement staff receive appropriate training and development and that general sustainable procurement awareness is raised across the Trust.

PSS will provide sustainable procurement training to procurement staff using the National Sustainable Public Procurement Programme. This training and development will be identified and reviewed through the staff appraisal scheme.

To increase accountability, sustainable procurement will be integrated within job descriptions and objectives so that key procurement resource can clearly see how their contribution supports the Trust to meet its sustainable procurement objectives and performance targets.

### *Process*

Improved processes will make the Trust a more intelligent customer and in doing so become well placed to capture opportunities to address sustainability impacts within our procurements and supply chains.

PSS will use the P4CR SCO2PE E-class Prioritisation Tool to identify areas of procurement which contribute most to the Trust’s carbon footprint and help inform the prioritisation of areas of procurement for carbon reduction action. PSS will review and update the procurement cycle guidance ensuring that sustainability is considered during all stages of the procurement process. The P4CR Energy Efficiency of Medical Devices Tool will be used to evaluate any medical devices purchased.

Government Buying Standards will be applied to specifications where relevant and proportionate to do so.

### *Engaging Suppliers*

It is only through the support of our supply chains that the Trust will meet its sustainable procurement objectives in full. Ensuring that our suppliers are accountable for their actions will also deliver true sustainability.

We will identify key suppliers and encourage these to embed similar sustainable procurement principles and practices into their procurement functions. We will improve their awareness of relevant guidance, harness their best practice and look to our suppliers to contribute to the achievement of our targets. We will do this by engaging with our key suppliers and reviewing their approach to sustainability in line with best practice and the Trust priorities, benchmarking their progress and seeking opportunities for continuous performance improvements in support of our objectives. We will also look to encourage our suppliers to cascade our values and the achievement of performance improvements through their own supply chains.

### *Measurement and results*

Measuring progress will not only enable the Trust to report on progress against the Flexible Framework but will also enable us to assess the benefits realised from sustainable procurement, such as tonnes of CO2 saved through a procurement.

The Trust will develop a sustainable procurement delivery plan which sets out various actions that will ensure progression against the Flexible Framework. To measure successful delivery of the sustainable procurement delivery plan key performance indicators will be identified to demonstrate our progress. The Trust will raise the standard of sustainable procurement through improved monitoring processes such as the monitoring of compliance with the use of the Government Buying Standards, benchmarking our suppliers approach to environmental, social and economic responsibility and monitoring the extent to which sustainable procurement practices are adopted.

# Collaboration

## Acting consistently with other Trusts, procuring organisations, NHS Supply Chain, customers and others will ensure that the Trust does not reinvent the wheel, but continues to reduce the burden on the supply chain.

## The Trust will work with key partners to share knowledge and adopt, wherever possible, common processes and approaches to sustainable procurement. We will consider proven approaches to supplier engagement that have been adopted by other Trusts. We will also work closely and support the work of DEFRA and the National Sustainable Public Procurement Programme, the NHS Sustainable Development Unit Centre, engaging on initiatives such as the specification of Government Buying Standards and representing the Trust sustainable procurement programmes and working groups, such as the NHS Sustainable Procurement Forum, where appropriate.

# Targets

|  |  |  |
| --- | --- | --- |
| **OBJECTIVE** | **HOW** | **WHEN** |
| **Sustainability & CSR** | Adoption of the P4CR Flexible Framework to support Trust’s Carbon Target of -1.5%  Training for staff through the NSPPP  Sustainability and CSR Procurement Champion appointed  Apply Government Procurement Buying Standards to specifications for applicable product areas | Level 1 by September 2015  Level 2 by March 2016  Working towards Level 3 March 2017  On-going  Q2 2014  On-going |

# Review and Monitor

PSS will provide a quarterly report to the Trust’s Sustainability Committee detailing progress against the P4CR Flexible Framework and other procurement initiatives.

# Appendices to this Policy

Appendix A – Sustainable Procurement approach flowchart

Appendix B – P4CR Flexible Framework Requirements

Appendix C – P4CR Flexible Framework Action Plan

Appendix D – Extract from Procurement Strategy 2014-2017

**Appendix A – Sustainable Procurement Approach flowchart**

**Categories of procurement**

**Key environmental issues**

**Prioritised categories:**

According to spend, environmental, social, reputational risk, scope to do more, influence

**Key social issues**

**Product**

**Service**

**Specification**

**PQQ**

**ITT**

**Contract management**

**Initial prioritisation and identification of key issues**

**Embedding into the procurement process**

**Tender process guidance by category**

**If no tender: guidance on ‘Quick Wins’ to embed sustainability**

**Appendix B – P4CR Flexible Framework Requirements**

| **Procuring for Carbon Reduction (P4CR) Flexible Framework Requirements** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Stage** | **Level 1**  **Foundation** | **Level 2**  **Embed** | **Level 3**  **Practice** | **Level 4**  **Enhance** | **Level 5**  **Lead** |
| **Policy &**  **communication** | A Procurement Plan for addressing carbon reduction through procurement exists and is endorsed by senior management. | Policy on reducing carbon through procurement is documented, integrated within procurement processes and it has been communicated to all procurement staff and key stakeholders. | Strategy and action plans are documented and identify how policy will be delivered. | Organisation reports internally on activity and performance that supports policy and strategy on reducing carbon through procurement. | Organisation recognised as a leader by peers and other stakeholders in reducing carbon through procurement and reports externally on activity and performance. Case studies are developed to promote continual improvements. |
| The Procurement Plan has been communicated to key procurement staff. |  | Strategy is endorsed by senior management and communicated internally and to all key stakeholders. | Processes established for responding to enquiries and challenges from external interested parties. | Feedback is sought from external stakeholders on the organisation’s policy, practice and performance. |
| Key stakeholders, internal and external identified. |  |  |  |  |
| **People** | Named senior level champion for development and implementation of activity focussed on reducing carbon through procurement. | All procurement staff have received personal development activity on procuring for carbon reduction, policy and good practice for reducing carbon through procurement and this is specifically identified within employee induction programme for procurement staff. | Responsibilities around carbon reduction are defined and personal objectives set for procurement staff. | Procurement staff to engage with clinical and patient groups on procurement related carbon reduction issues at an organisational level. | The knowledge and capability to reduce carbon through procurement is a specific element of the role profile and competencies for all key procurement staff. |
| Initial awareness raising activity has been undertaken with key procurement staff. |  | Key procurement staff have undertaken detailed training on managing carbon reduction through procurement as part of a structured personal development process. | The principal objective of engagement is to raise broad awareness, build understanding of needs and expectations and identify opportunities. |  |
| **Procurement Process** | High carbon impact categories / suppliers are identified through application of carbon Intensity modelling. | Consideration of carbon is a feature of the procurement process. | Carbon reduction strategies are developed to address the identified priority categories / suppliers incorporating techniques such as ‘demand management’, ‘whole-life costing’, substitution, innovation and ‘supply chain engagement’. | Baseline carbon emissions measurements and assessments are undertaken for priority categories / suppliers to support future benefits tracking. | Carbon emissions measurement  and assessments are undertaken for priority categories / suppliers at  regular intervals to track benefits  and the effectiveness of different strategies and techniques. |
| Prioritisation of categories / suppliers is undertaken based on carbon intensity modelling, levels of influence, profile and stakeholder views. |  |  | Data collected on carbon reduction is robust and objective, and used to support best practice case study material. |
| **Engaging Suppliers** | Initial communication has been conducted with suppliers / trade associations around carbon reduction strategy and future aspirations. | Two way dialogues are established with some key suppliers / trade associations to increase awareness and inform category prioritisation process. | Structured supplier engagement process is in place to address priority categories / suppliers. | Specific programmes identified with suppliers to address carbon reduction in priority areas. | Organisation has in place approaches to recognise high performing suppliers or sectors which form the basis for best practice carbon reduction case studies. |
| Dialogue aims to establish carbon awareness levels, and the position / maturity of key market sectors in carbon management. |  |  |  |
| **Measuring**  **& Results** | Organisation regularly reviews implementation progress against the requirements of this framework. | Practice indicators are adopted to monitor aspects of the organisation’s approach to reducing carbon through procurement. | Practice indicators are reported on regularly to inform internal audiences and key stakeholders. | Data is available to support carbon emission baselines for priority categories / suppliers. | Ongoing carbon data collection and measurement is undertaken to monitor progress against baselines for priority categories / suppliers. |
|  |  | Plans are in place for the collection and verification of carbon emissions data related to initiatives with priority categories / suppliers. | Comparisons of results with peer organisations are undertaken, and information is used to generate and share best practice examples. | Benefits are reported and compared against predicted benefits identified in the business case. |

**Appendix C – P4CR Flexible Framework Action Plan**

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**Appendix D Extract from Procurement Strategy 2014-2017**

|  |  |  |
| --- | --- | --- |
| **PROCUREMENT GOALS** | **TRUST GOALS** | **DOH GOALS** |
| To be recognised by stakeholders and peers as leaders in Sustainability and Corporate Social Responsibility in Procurement. | Our Business:  To make progress towards our Carbon Utilisation Targets. | Procurement for Carbon Reduction (P4CR). |

|  |  |  |
| --- | --- | --- |
| **OBJECTIVE** | **HOW** | **WHEN** |
| **Sustainability & CSR** | Adoption of the P4CR Flexible Framework to support Trust’s Carbon Target of -1.5%  Training for staff through the NSPPP  Sustainability and CSR Procurement Champion appointed  Apply Government Procurement Buying Standards to specifications for applicable product areas | Level 1 by September 2015  Level 2 by March 2016  Working towards Level 3 March 2017  On-going  Q2 2014  On-going |