

Guide to Sustainable Procurement

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Introduction

In June 2019 the council declared a climate emergency and set targets for Winchester City Council itself to become carbon neutral by 2024, and the wider district by 2030.

In support of the climate change emergency, this guide is designed to assist officers in making more sustainable procurement decisions. It aims to provide practical information on how, via our contracts, we can reduce impact on the environment; ensure high ethical standards are followed; and bring benefits to the local economy and community.

What is sustainable procurement?

Sustainable procurement means improving the efficiency of our commercial spend to deliver social and environmental benefits both within our local community and nationally. To the extent that we can use our purchasing power, either unilaterally or by combining with other public sector organisations to influence the supply market. Sustainability can and should be brought into the whole procurement cycle from writing the specification to tender evaluation to post-contract management. It is a key part of the procurement process and should be considered from the very beginning when you are defining your need right through to exiting the contract when it expires.

The council's [Procurement and Contract Management Strategy](#) adopted in 2020 sets out the key principles to supporting the council's declared Climate Emergency. Additionally, the Public Contracts Regulations 2015 (PCR2015) allow contracting authorities to make use of public procurement in support of common societal goals, insofar as these are relevant and proportionate to the subject matter of the contract. For example, we can request certification/labels or other equivalent evidence of 'additional' benefits through the procurement process, provided that these are linked to the subject matter of the contract and that this is done in a transparent, non-discriminatory and proportionate way.

How can I procure sustainably?

When making a procurement decision there are several aspects that you will need to take into consideration.

- Value for Money

A key consideration is the requirement to deliver value for money. This does not always necessarily mean the cheapest. Value for money is the 'optimum combination of whole life cost and quality (fitness for purpose) to meet requirements'.

- Evaluation Criteria

The procurement strategy mandates that for procurements where the evaluation is based on most economically advantageous tender, a minimum of 10% must be allocated to Environmental and Social Value in the evaluation criteria.^{1 2}

- Supporting the Local Economy

Procurement is big business - the council spends a considerable sum on procuring a diverse range of goods, services and works. The central Winchester economy is also very dependent on other public sector organisations with Hampshire County Council, the University of Winchester and the Royal Hampshire County Hospital all located here. Therefore, where possible, we should be providing opportunities to local businesses and third sector organisations to help foster economic growth and maximise sustainability benefits.³

Consider whether non-advertised opportunities are of interest to local suppliers and/or third sector organisations and if so, Contract Procedure Rules (CPR's) stipulate that you should ensure that at least one of the suppliers invited to quote is local and/or a third sector organisation. The contract value thresholds for non-advertised opportunities are up to £100,000 for goods and services and up to £250,000 for works.

Review the procurement documentation to ensure it does not impose barriers that would make it less attractive to SMEs. For example, ensuring insurance levels are applicable to the requirement and risk level. For further information on setting insurance levels please click [here](#), please see the document titled 'Guidance Insurance Type Cover' listed on the right hand side. Also if documentation is complex or unnecessary requirements are imposed then SME's may be put off, as the process seems time consuming and complicated. Think of the council's requirements but also the audience you are trying to attract.⁴

The Local Economy can also be supported by seeking to incorporate provisions into our contracts, where appropriate, to offer training and employment opportunities for members of the local community. For example,

¹**Most Economically advantageous tender** is where the evaluation criteria is based on cost and quality

²By **Social Value** we mean; delivering skills training, apprenticeship opportunities and graduate programmes, broader community support, improved environmental outcomes and generating benefits to the local economy

³**Third sector organisations** are not about making profit but rather making a difference to society for example charities and community groups.

⁴The UK government definition of **SMEs** encompasses micro (less than 10 employees and an annual turnover under €2 million), small (less than 50 employees and an annual turnover under €10 million) and medium-sized (less than 250 employees and an annual turnover under €50 million) businesses

an aspect of the evaluation criteria could be to ask suppliers to explain how they would promote training and local employment opportunities if successful.

Consider breaking large contracts down into a series of smaller contracts to make it more manageable for small businesses. However, it is important to remember that it still must deliver value-for-money; splitting a contract may result in additional work and higher management costs. You need to consider how you will control this process.

Whilst you must uphold the principles of fairness and transparency when procuring, you can enable local or small businesses to compete for work by providing clear communication, advice and guidance.

You can involve local organisations such as the Federation of Small Businesses or Hampshire Chamber of Commerce who may be able to circulate a specification to their local members on your behalf. Please also consider contacting the councils Economy Team for advice and guidance.

- Living Wage

The real Living Wage is the only UK wage rate that is voluntarily paid by organisations to ensure their staff are paid a wage, which meets every day needs - like the weekly shop, or an unexpected trip to the dentist.

The council is an accredited Living Wage employer, certified by the Living Wage Foundation and this applies to both our own employees and our suppliers. The Living Wage forms part of our social value criteria and where relevant;

- (i) Existing contractors should be encouraged to apply the Living Wage Foundation rates of pay.
- (ii) New suppliers should be encouraged to pay the Living Wage Foundation rates of pay and should be required to submit a plan on how they will implement the Living Wage Foundation rates of pay should they be awarded the contracts, when bidding for contracts.

For further information on the Living Wage Foundation, please click [here](#).

- Fairtrade

Winchester has been a Fairtrade City for over 10 years. Fairtrade is an alternative approach to conventional international trade. Its aim is sustainable development for excluded and disadvantaged producers and it seeks to do this by providing better trading conditions, awareness raising, and campaigning. No child labour or slave labour is permitted, and the Fairtrade Foundation is campaigning for a Living Wage to all workers.

The council supports this campaign and encourages companies doing business with the council to purchase Fairtrade products where possible. Companies will ideally have developed appropriate policies to support Equal Opportunities and Fairtrade goods. Alternatively, they should try to demonstrate how they are working towards such policies or that their working practices support these principles.

Fairtrade believes that procurement should be local, seasonal and sustainable where possible, but that where products are imported they should also bear the Fairtrade Mark where possible as it is a reliable statement of sustainable production and good practice.⁵

Note that you cannot specify a product that has been awarded an environmental certification or 'Eco-label' in your contract or tender documentation, as you must treat all products that have not been awarded these labels equally if they can meet the equivalent environmental requirements. For further information about specifying sustainably sourced items please click [here](#).

- Procurement of Food

In March 2023 Winchester City Council signed the Good Food Charter. The Good Food Charter launched by The Winchester Food Partnership is asking local individuals, businesses and organisations to sign the charter and make a pledge to help realise the vision “to create a healthy and sustainable food culture for people living and working in the Winchester District, regardless of income.” The values are grouped under three themes: Good for People; Good for Business and Good for the Planet.

The councils pledge is: “when it offers catering at events and meetings it organises it will be on a vegetarian by default basis”. Special dietary or alternative options to be available on request.⁶

The council will undertake its best effort to deliver the pledge through its contracting and procurement procedures. Guildhall events where customers hire the rooms and pay for catering and catering facilities at Chesil Lodge are excluded.

⁵ The **FAIRTRADE Mark** is a registered certification label for products sourced from producers in developing countries. The Mark is used only on products certified in accordance with Fairtrade Standards and on promotional materials to encourage people to buy Fairtrade products

⁶ **The Winchester Food Partnership** (WFP) was formed in 2017 when a range of stakeholders came together over the shared interest in the development of sustainable food practices across Winchester District. In 2019 the Partnership became a member of the Sustainable Food Places movement and is a supporter of its Veg Cities campaign

When procuring food, ensure that, wherever possible, food is sourced ethically and locally. If there is a requirement for non-vegetarian option(s) for the Guildhall or Chesil Lodge ensure animal products meet minimum animal welfare standards including free range eggs and Red Tractor (or an equivalent farm standard) for meat, poultry and dairy⁷

Where possible give preference to seasonal produce as well as food from higher environmental production schemes and which is produced with minimal negative environmental impact. Considerations should also be given to the avoidance/reduction of food waste and use of disposable packaging.

- Single Use Plastic

Single-use plastics can be described as any disposable plastic item that is designed to be used only once; they are often used in packaging, consumer products and healthcare. Examples include: plastic bags, disposable utensils, beverage containers and wet wipes. It is estimated that around 50% of plastic waste we produce globally, is packaging that is used just once.

Plastic pollution is both a global and local issue that affects the natural and urban environment. The district of Winchester has some of the most beautiful countryside in Britain; enjoyment of which, is linked to people's health and well-being. Plus it contributes to the local economy and supports a diverse range of habitats and species which are at risk due to plastic pollution. Plastic is also a major contributor to climate change, as chemicals derived from fossil fuel production are used to make almost all plastics.

Consequently, the council are committed to removing and reducing the use of single use plastic from our operations and services and all council facilities run by external providers are to have, or be working towards, a 'no single use' plastics policy.

Integrating sustainability into the procurement process

- Life Cycle of a Contract

Climate emergency implications are to be considered at all stages of the procurement and contract process, from stakeholder consultation pre-launch, specifications, drafting contracts and contract management; not just the design of the tender selection and evaluation criteria.

- Pre-Procurement

⁷ **The Red Tractor** logo allows people to recognise food that has been produced to high standards across the whole length of the food chain: from farm to packet i.e. the supply chain is fully traceable

At this stage you should question whether the purchase is essential or could you use an existing product or service, or a more environmentally friendly product or service? Can the requirement be met by renting, sharing or hiring rather than procuring?

- Soft Market Testing⁸

Engaging with suppliers prior to procuring allows the council to consider how it and its suppliers / contractors can improve the environmental qualities of services or products. Both of which are likely to have a positive effect on whole life costs and hence value for money.

Consider consulting with local suppliers who may have more knowledge or insights about the best way to deliver benefits for the specific community you are working with. However, you must be cautious to not over involve or enable suppliers to influence when determining the council's needs. Activities must not be anti-competitive or a breach of transparency and non-discrimination principles.

- Specification

Ensure that any environmental considerations are built into the tender specification at the earliest possible stage.

To comply with the Public Contract Regulations 2015 and the council's CPRs the specification must:

- be applied equally to all tenderers;
- be appropriate and relevant to the product or service required;
- be a legitimate client interest;
- include sustainability requirements in the tender documents (and reference the council's climate emergency plan for context);
- not be anti-competitive or specify branded products; and
- not be non-commercial.

Consideration will need to be given to how you specify sustainability requirements, for example, to specify that timber should not come from tropical rain forests may be considered restrictive but to specify that timber 'should be supplied from sustainably managed forests' is considered to be reasonable.

⁸**Soft market testing** is a pre-procurement engagement activity with the market, prior to commencing a procurement process

When writing a specification, consideration should be given to the products or service over its lifecycle. The following list can be used to assist with identifying the potential sustainability impacts of the products or service you are purchasing:

1. Specify the use of sustainably sourced materials, for example those that have a Fairtrade Mark or can demonstrate similar principles.
2. Impact of the disposal of the products at the end of their useful life.
3. Minimise energy or water consumption.
4. Decrease pollution: air, land and water pollution.
5. Decrease transport impacts.
6. Consider the use of renewable energy.
7. Decrease the use of hazardous materials, toxic chemicals, solvents and ozone depleting substances.
8. Increase use of recycled materials and materials which can easily be re-used or recycled at the end of their life.
9. Identify the appropriate 'environmental' symbols.
10. Consider including a paragraph such as *'all contractors and sub-contractors must operate in an ethical and environmentally sound way. As a minimum requirement the contractor must adhere rigorously to all relevant human rights, equality, labour, social values and environmental laws. The contractor should actively promote equality and diversity and seek to support the voluntary living wage.'*
11. Other factors to consider when creating the specification are issues like location and community buy-in which may have a positive impact on the community and help regenerate a local area. Consider the needs of both the current generation but also the long-term and future needs of the community.
12. Use of technology to enhance customer interactions
13. Request if suppliers have achieved a relevant certification such as an International Organisation for Standardisation (ISO) for environmental management or have similar processes in place which demonstrate good levels of management.

This is not an exhaustive list - it is intended to assist and guide you in identifying potential sustainability issues with your procurement. Not all will apply and there are many others that you will no doubt identify.

Evaluation and Award Criteria

The award criteria must be relevant to the subject of the contract.

Where possible avoid paper within the tender and contracting processes, for example use email or the council's e-Tender software (EU Supply) when advertising the tender opportunity to avoid printing documents.

- Checking the Professional Standing of Suppliers

All Suppliers must be treated fairly and assessed using the same criteria. Suppliers may be rejected if they have been found guilty of a criminal offence, concerning professional conduct, or if they have been guilty of grave professional misconduct which can be proven, including environmental matters. Note, that suppliers must be given the opportunity to demonstrate remedial action or changes made as a result of conviction or notices served which are to the satisfaction of the council.

Procurements which are valued above UK thresholds (currently £213,477 inc VAT for goods and services and £5,336,937 inc VAT for works) should include Part One and Part Two of a standard selection questionnaire. The questions in these parts are designed to check the business conduct of businesses as described above. Please use the following link to access a standard selection questionnaire template:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/558531/PPN_8_16_StandardSQ_Template_v3.pdf⁹.

It is good practice to include the questions from Part One and Part Two in all procurements valued above £100K.

- Modern Slavery Act 2015

Since 1 October 2015, a commercial organisation that carries on a business or part of a business in the UK, supply goods or services, and has an annual turnover of £36 million or more ("relevant commercial organisations") have been required under Section 54 of the Act to prepare a slavery and human trafficking statement as defined by section 54 of the Act. Section 7 of the standard selection questionnaire details a question about the Modern Slavery Act 2015 and requirements to comply. Please use the link in the section above to view the standard selection questionnaire.

You could also ask potential bidders to confirm they comply with the following statement (as set out in the 'Specification' paragraph above).

All contractors and sub-contractors must operate in an ethical and environmentally sound way. As a minimum requirement the contractor must adhere rigorously to all relevant human rights, equality, labour, social values

⁹A **standard selection questionnaire** is issued by the Crown Commercial Service (Government department who oversee public sector procurement) for completion by prospective bidders interested in securing public works, supply or services contracts.

and environmental laws. The contractor should actively promote equality and diversity and seek to support the voluntary living wage.

- Evaluation of Quality

Procurements where the evaluation is based on most economically advantageous tender, a minimum of 10% must be allocated to Environmental and Social Value in the 'quality' evaluation. Consideration should also be given to Fairtrade products or those that can demonstrate similar principles where possible.

Listed below are generic questions that could be considered for the evaluation of Environmental and Social Value factors:

- (i) Describe how the application of your own organisation's environmental policy is supportive of council climate change objectives.
- (ii) Explain how environmental impacts will be reduced in the provision of service on this contract. Your answer should include details of how you can meet the sustainability requirements included in this specification.
- (iii) Describe how your proposal supports the council's Climate Change Emergency Plan and the overall need for effective planning to ensure sustainable developments; safeguarding of people and places; and protecting and enhancing the natural environment to create a greener district. Include applicable project examples
- (iv) Please describe how you will embed sustainability into your proposal. The proposed approach to sustainability should directly link and support the council's net carbon zero targets of 2024 and 2030. Detail existing measures you have in place to reduce environmental impacts in the provision of your services. For example, minimising energy usage, reduce waste, and a commitment to recycling.
- (v) Provide details of how your proposed service delivery arrangements will contribute to reducing carbon emissions from operation of the contract over and above meeting the requirements of the Specification with regard to any innovation or aspects you consider unique about your proposals.
- (vi) Provide details of how you will work with the wider community, towns and parishes to support the [Social Value Act 2012](#). Detailing performance targets to be used and indicative targets to be set, and how they will be reported, reviewed and updated. Provide details of how you will be supporting apprenticeships and skills development through this contract.
- (vii) Please provide details on your company's policy for proactive management for green incentives that you plan to introduce to offset your carbon footprint, including reducing carbon emissions.

- (viii) Describe how you would manage the contract to ensure it's delivering services in a sustainable and environmentally friendly manner.
- (ix) Please provide details of your future plans to demonstrate how you would help contribute to promoting the council's priorities during the life of the contract.
- (x) Explain how your company actively engages with its employees to encourage innovative suggestions to recycle, reduce or re-use green waste.
- (xi) (If procuring goods) Describe what lifecycle analysis has your company undertaken on the specific goods. If third party suppliers are used, have the lifecycle analysis of third party suppliers been considered?
- (xii) (If upgrading an item) Does your company provide a recycling and re-use service, thus minimising waste?
- (xiii) List examples of initiatives in place, to promote social and economic well-being, e.g. living wage and apprentice schemes, incentives for low emission vehicles either as lease cars or through mileage rates or other staff incentivisation.

- Evaluation of Cost

There is now a much wider choice of environmentally friendly or 'green goods', so the green option is not necessarily more expensive and, when the 'whole life cost' of a product is considered, products that are lower in value at the point of purchase may not be competitive when running and disposal costs are factored in.

A whole life costing exercise involves considering the total cost of an item including all the financial costs associated with its acquisition, operation and disposal. It includes the following:

Life Cycle Stage Examples:

Life cycle Stage	Example
Initial cost	Traditional purchase price
Direct running costs	Factor in energy, water and other resources & consumables used over the lifetime of the product or service. Buying more efficient products may initially appear more expensive but this could change considerably when factoring in running costs, particularly utility costs, over the lifetime of the product.
Maintenance costs	Factor in maintenance costs over the lifetime of the product or servicing. Good maintenance may extend the life of a product.

Life cycle Stage	Example
Indirect costs	Factor in any indirect costs. For example, less energy efficient equipment will produce more heat causing air-conditioned buildings to work harder, thus increasing electricity bills.
Administration costs	Factor in admin costs and overheads from purchases requiring special handling. For example, some products or services may require specialist advice or extra time required by stakeholders to get up to speed with specialist practices.
Spending to save	Factor expected years of useful life. Buying more durable or utility efficient products may initially cost more but result in long-term savings. Buying products which are component based. If component based, any issues may be resolved by repairing rather than replacing the whole item.
Training costs	Factor in time, money and effort spent training staff to operate specialist products if they are not user friendly.
Cost of disposal	Factor in disposal costs. NB: Check whether there is a legal obligation for the retailer or manufacturer to take back and reuse or recycle packaging and/or products.

- Contract Management

Having awarded the contract to the successful supplier(s) it is important that the contract is managed to ensure that the supplier(s) meets the commitments and or targets they gave in their bid proposal. Effective contract management is particularly important for longer-term contracts where you will be working together for many years and/or for medium – high risk contracts. Foster a collaborative relationship with your suppliers where ideas are shared with the aim of continuous improvement.

For each contract it is necessary to determine the sustainability risks, identify how the risks are best managed and, for those that need on-going management, develop specific performance management criteria including key performance indicators to monitor and improve performance. Supplier performance against these specific criteria is then reviewed as part of the contract management process.

For guidance refer to the contract management framework which sets out the minimum key activities according to the risk of your contract.

If a current contract does not include any specifics about sustainability, there is the potential that measures and targets can be included, however a contract variation may be required so please contact Legal for further advice.

The aim is that both parties can work together for continuous improvement and mutual benefit.

Further Guidance

Helpful websites include:

CIPS:	<u>Sustainable Procurement</u>
LGA :	<u>Sustainable Procurement toolkit</u>
UK Government:	<u>Sustainable procurement tools</u>