

**Herefordshire Public Services (HPS)  
Sustainable Procurement Guidance**

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## Executive Summary

This guidance has been developed to support the delivery of the Herefordshire Public Services (HPS) commitment to integrate relevant environmental specifications into its procurement and commissioning process and its corporate objective of achieving a “*Low Carbon County*” status. This guidance becomes relevant as HPS move from being a service providing organisation to becoming a commissioning public sector organisation. Furthermore, this guidance will support HPS’s commitment to of protecting frontline services and providing better outcomes for the people in Herefordshire in the face of reduced government funding, rising energy and fuel prices and the eminent impact of adverse climate change.

This guidance is meant to be used in conjunction with HPS’s Commercial Strategy 2010, HPS’s Sustainable Procurement: Commissioners’ Guide (2011), [Sustainability PQQ<sup>1</sup> and ITT<sup>2</sup> Framework](#), and HPS’s current corporate programme tagged “*Rising to the Challenge*”. “*Rising to the Challenge*” is the HPS’s ongoing process of streamlining its business to promote: greater integration; increase efficiency and productivity; managing with less funds; for the purpose of delivering better outcomes for the people in Herefordshire.

The main driver for developing this guidance is to optimise the delivery of good procurement, while reducing our environmental impacts and carbon footprint. To ensure that this guidance is fit for purpose, we developed a [Sustainability PQQ and ITT Framework](#) to support the embedding of appropriate environmental specifications into all relevant procurement and commissioning processes. This guidance will be regularly reviewed to ensure that it continues to be relevant to supporting HPS’s environmental policy objectives and corporate plans.

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<sup>1</sup> Pre-qualification question

<sup>2</sup> Invitation to tender

# Outline

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# 1.0 Introduction

## 1. 1 Background of the Guidance

Herefordshire Public Services (HPS) is a public sector organisation that is committed to continue to deliver goods and services to the people in Herefordshire through a resource efficient and cost effective framework. Such a framework will ensure that we protect front line services in the face of significant reduction of government funding and achieve our corporate objective of becoming a “*Low Carbon County*”. Therefore, this guidance has been developed to support our commitment to good procurement.

We are committed to continue to provide better services for our customers in such a way that enhances value for money, without significant negative impact on the environment. Currently, on the average the HPS and Hereford Hospital Trust (HTT) spend approximately £440 Million<sup>3</sup> annually to deliver services to the people in Herefordshire. A significant proportion of the services HPS and HTT delivers are through contractors and suppliers. The above proportion will increase as HPS moves from being a service providing organisation to becoming a commissioning public sector organisation. The above shows that it is necessary for us to continue to use non-discriminatory and transparency, equal treatment and proportionality approaches in the way we procure goods and services for the people in Herefordshire.

This guide was developed in response to the dynamic challenges associated with providing quality services to our customers in a fair, consistent, and cost-effectively way without significant negative impact on the environment and our rich biodiversity with less funding. HPS's customers range from its: employees; contractors; suppliers; the people in Herefordshire; businesses; third sector organisations, and partner organisations. This guidance aims to serve as a framework through which HPS's “*Low Carbon County*” and environmental objectives are integrated into its procurement practice.

## 1. 2 Why Sustainable Procurement?

Sustainable procurement provides the basis on which today's taxpayers and our customers get value for their money without significant negative impact on the capacity of future generations to meet their own needs. Incorporating the tenets of sustainability into HPS's

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<sup>3</sup> From HPS Commercial Strategy 2010.

procurement and commissioning process entails supporting wider social, economic and environmental priorities as well as optimising procurement spend as we transform into becoming a commissioning organisation.

The relevance of sustainable procurement is becoming continually obvious as: public sector funding shrinks; energy prices continue to rise; and the challenges of adverse climate change becomes more apparent. Generally, sustainable procurement implies adopting a systematic and holistic approach to acquiring and providing goods and services that:

- Meets the needs and demands of the people in Herefordshire and our stakeholders;
- Is fair, transparent, and responsive;
- Delivers “*Whole Life Value*”;
- Optimises social and economic benefits;
- Minimises environmental and health impacts;
- Reduces our carbon footprint;
- Appropriately adapt to the impact of adverse climate change, and
- Protect frontline services.

### **1. 3 Aim of the Guidance**

One of the key priorities of the HPS is to lead by example and procure goods and services in a responsible manner in such a way that relevant **Environmental**, **Social** and **Economic** factors are incorporated into all stages of its commissioning process. The HPS current corporate “*Rising to the Challenge*” programme is focused on: greater service integration; increasing efficiency and productivity; managing with less funds; and better outcome for Herefordshire residents. Therefore, the premise of this guidance is to support the embedding of the tenets of sustainable development, energy efficiency and carbon reduction into HPS’s procurement, commissioning and investment decisions by:

- Improving the HPS’s resilience to volatile energy prices and the risks of adverse climate change;
- Making efficient use of public resources;
- Stimulating the market to be innovative and to produce more cost effective and sustainable options for all customers;
- Reducing HPS’s carbon emissions, energy and fuel spend; and
- Actively influence and encourage suppliers and contractors to embed the tenets of sustainability.

This guidance is not meant to be prescriptive, because sustainability and associated issues are diverse and dynamic. Hence, this guidance is intended to support all HPS's: commissioning; procurement specification; letting delivery; and contract management. Generally, the underlying aim of this procurement guide is to make sustainable procurement a reality and practicable as we deliver our corporate priorities. Consequently, implementing this guidance can give rise to financial benefits to us as an organisation, and financial savings can be realised through:

- The design and construction of buildings with lower through-life operating costs;
- Better management of demand (including reducing use, re-use, recycling and standardisation);
- Explore government incentives on renewable energy generation;
- Ways of doing business underpinned by resource efficiency; and
- The acquisition of products that efficiently use energy, water and other natural resources.

#### **1.4 Guidance Overview**

This guide sets the fundamental issues that underpin the benefits of integrating the “*Whole Life Value*” at the all stages of the procurement cycle. Table 1. 1 shows HPS's major business areas that have significant environmental aspects. Defra's Environmental Key Performance Indicators<sup>4</sup> can also be used as a reference for KPIs to be used in monitoring contractors' environmental performance. Generally, the severity of the respective environmental aspects depends on the size, duration and proximity of the service delivery or project to sensitive environmental receptors. The essence of this guidance is to support good commissioning while balancing social demands, environmental protection and economic efficiency. To achieve our sustainability objectives, we are committed to continue to:

- Consider the “*Whole Life Value*” of products and services we procure;
- Where practicable, avoid products that are harmful to the environment;
- Specify goods, products and materials that cause minimum damage to the environment during the product life-cycle;
- Embed sustainability in our commissioning process;
- Promote opportunities for local traders to ‘do business’ with the HPS; and
- Comply with all relevant procurement directives or legislations.

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<sup>4</sup> <http://www.defra.gov.uk/publications/files/pb11321-envkpi-guidelines-060121.pdf> (Pages 66 to 74)

**Table 1. 1 HPS's Major Business Areas and Significant Environmental Aspects**

| Business Area   | Types of Services  | Environmental Aspects   |
|---|--|---|
| Residential, Nursing and Retirement Homes (Adult and Social Care) | <ul style="list-style-type: none"> <li>○ Property and building fabric</li> <li>○ Transportation and Communication</li> <li>○ Catering and Food</li> </ul>              | <ul style="list-style-type: none"> <li>○ Environmental compliance</li> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ Resource depletion from water use</li> <li>○ Resource efficiency and waste management</li> <li>○ Service accessibility</li> <li>○ Local economy and community engagement</li> <li>○ Ethical business standard</li> <li>○ Adaptation to adverse climate change</li> </ul> |
| Waste Collection and Disposal Services                            | <ul style="list-style-type: none"> <li>○ Transportation</li> <li>○ Property and Building fabric</li> <li>○ Environmental cleanliness</li> <li>○ Fly-tipping</li> </ul> | <ul style="list-style-type: none"> <li>○ Environmental compliance</li> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Ethical business standard</li> <li>○ Service accessibility</li> <li>○ Environmental compliance</li> <li>○ Local economy</li> <li>○ Biodiversity and distinctive environment</li> </ul>   |
| Home Care Services  | <ul style="list-style-type: none"> <li>○ Transportation and Communication</li> </ul>   | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from fuel Use</li> <li>○ Service accessibility</li> <li>○ Local economy</li> </ul>   |
| Highways and Street Lighting                                      | <ul style="list-style-type: none"> <li>○ Street lighting</li> <li>○ Highway maintenance</li> </ul>   | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Resource depletion from water use</li> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ Resource efficiency and waste management</li> <li>○ Ethical business standard</li> <li>○ Biodiversity</li> <li>○ Environmental compliance</li> <li>○ Local economy</li> </ul>   |
| Service Delivery from fixed assets                                | <ul style="list-style-type: none"> <li>○ Leisure Services</li> <li>○ Recreation services</li> <li>○ Catering services</li> </ul>                                       | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ Resource depletion from water use</li> <li>○ Resource efficiency and waste management</li> <li>○ Services accessibility</li> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> <li>○ Local economy</li> </ul>   |
| Disability and Special Needs – Services                           | <ul style="list-style-type: none"> <li>○ Transportation and Communication</li> <li>○ Property and building fabric</li> </ul>   | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ CO<sub>2</sub> emission form Energy</li> <li>○ Resource depletion from water use</li> <li>○ Resource efficiency and waste management</li> <li>○ Service accessibility</li> </ul>  |

| Business Area                           | Types of Services  | Environmental Aspects   |
|---|--|---|
|   |  | <ul style="list-style-type: none"> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> <li>○ Local economy</li> </ul>  |
| Children's Homes                        | <ul style="list-style-type: none"> <li>○ Transportation and Communication</li> <li>○ Property and building fabric</li> </ul> | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Resource depletion from water use</li> <li>○ Resource efficiency and waste management</li> <li>○ Service accessibility</li> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> <li>○ Local economy</li> </ul>  |
| Nurseries and Crèches                   | <ul style="list-style-type: none"> <li>○ Transportation and Communication</li> <li>○ Property and Building fabric</li> </ul> | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Resource depletion from water use</li> <li>○ Resource efficiency and waste management</li> <li>○ Service accessibility</li> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> <li>○ Local economy</li> </ul>  |
| Transportation                          | <ul style="list-style-type: none"> <li>○ Transportation and Communication</li> </ul>   | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from with fuel use</li> </ul>  |
| Building, retrofitting and construction | <ul style="list-style-type: none"> <li>○ Resources used</li> <li>○ Transportation and</li> </ul>                             | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from fuel use</li> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Resource depletion from water use</li> <li>○ Resilience to adverse climate change</li> <li>○ General resource depletion</li> <li>○ Biodiversity and distinctive environment</li> <li>○ Impact on Flooding and floodplain</li> <li>○ Service accessibility</li> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> <li>○ Local economy</li> </ul> |
| Purchasing Services                     | <ul style="list-style-type: none"> <li>○ Purchasing and Materials</li> </ul>   | <ul style="list-style-type: none"> <li>○ Resource depletion from procurement</li> <li>○ Social responsibility</li> <li>○ Local economy</li> <li>○ Environmental compliance</li> <li>○ Ethical business standard</li> </ul>  |
| ICT Services                            | <ul style="list-style-type: none"> <li>○ ICT</li> </ul>  | <ul style="list-style-type: none"> <li>○ CO<sub>2</sub> emission from energy use</li> <li>○ Environmental risk from oil storage</li> <li>○ Resource depletion (ICT procurement)</li> </ul>  |

| Business Area | Types of Services | Environmental Aspects  |
|---------------|-------------------|--|
|               |                   | <ul style="list-style-type: none"> <li>○ Resource efficiency and waste management</li> <li>○ Environmental compliance (WEE<sup>5</sup> Directives)</li> <li>○ Ethical business standard</li> </ul> |

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<sup>5</sup> Waste electrical and electronics



To ensure that HPS's procurement and commissioning are consistent with its corporate plan and in line with relevant legislations; the HPS's Legal Team is responsible for providing legal advice to all those involved in the commissioning and procurement process, while the Waste and Sustainability (W&S) Unit advises on environmental and carbon management issues. Generally the Corporate Commissioning Team is responsible for delivering HPS's commercial strategy.

## **2. 2 Procurement Process**

Competitive tendering and bidding are integral part of the HPS's procurement and commissioning process. The three common types of competitive bidding schemes used by HPS are:

- **Open tenders:** used in situations where all suppliers may submit a tender;
- **Restrictive tendering:** entails reducing numbers of suppliers that submit bids by an initial short-listing stage within the tender process; and
- **Selective tendering:** open to a pre-determined group of suppliers, such as via the use of an existing framework agreement.

Appendix 1 contains the main environmental policy commitments of the HPS and these priorities should be effectively integrated into all procurement processes. Long-term, high value and high risk projects should be considered as high priority procurement spends, because such project are often associated with higher environmental impacts, hence requires higher levels of monitoring. Contract monitoring and management is vital to evaluating the performance of contractors against criteria defined at the procurement specification stage.

HPS procures goods, services and works from a wide range of external sources. Each of the procurement stages present opportunities to address: environmental and carbon management; energy efficiency; biodiversity, amenity and adaptation to adverse climate change. The four procurement stages explained below have been identified as the most relevant stages in which HPS's environmental objectives should be integrated into all commissioning processes. However, it remains the responsibility of each Project Manager to ensure that HPS's corporate objective and environmental commitments are effectively embedded into the procurement stages listed below:

- Identify requirement and set specification;

- Market intelligence;
- Seek Tenders and Bids;
- Tender and Bids evaluation;
- Contract Award; and
- Contract management and closure / review

### 2.2. 1 Contract Requirements and Specification

Incorporating the tenets of sustainability into the project / service conception, specification and tender stage could support the delivery of our environmental policy commitments and “*Low Carbon County*” objectives. Where necessary, advice from various services, and external agencies, could be sought and documented to ensure that all relevant environmental aspects are considered. Section 3 presents an overview of the main strands of sustainable procurement.

Contract specifications should be used to establish minimum environmental standards, with the aim of procuring goods and services that supports the delivery of the HPS’s environmental policy commitments and “*Low Carbon County*” objective. It is important that specifications are relevant, appropriate, cost-effective, and are in line with our corporate objective of providing better services to our customers. In general, sustainability specifications can be in any or all of the ways listed below:

- **Process:** used to specify the way in which products are grown or manufactured or the way the service will be delivered;
- **Attribute:** used to specify a physical characteristic or attribute of the product or service; and
- **Performance / functional:** used to specify the minimum level of performance required from products or services.

### 2.2. 2 Market Research and Intelligence

Market testing and research ensures that the specifications are achievable and allows for competition. The minimum sustainability standard set by the Department for Environment, Food and Rural Affairs (Defra)<sup>8</sup> could be used as a useful reference resource throughout the procurement or commissioning process. Specifically, pre-tender briefings and requests for information from prospective contractors can be used to effectively assess the relevance of

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<sup>8</sup> Sustainable Development in Government Section of the Defra website contains updates on sustainable procurement.

sustainability specifications to the delivery of the service(s) or product(s). However, whenever there are uncertainties about setting suitable specifications, a precautionary approach should be adopted that:

- Request variations from contractors;
- Relaxes the minimum standard demanded within the specifications and use evaluation to reward performance above the specification(s); and or
- Phases requirements over the contract life-time.

### 2.2. 3 Bids and Tender Evaluation

To support the delivery of our environmental policy commitment all bids and tenders should be evaluated in such a way that supports carbon emission reduction, minimise environmental harm, reduces social exclusion and enhances economic / amenity benefits. The above could be achieved through:

- Evaluation that reward suppliers who demonstrate experience and approaches that could help reduce carbon emission and ensure environmental protection;
- Evaluation on the basis of “*Whole Life Value*” – not based on price alone, but include commissioning, maintenance and disposal costs; and
- Set incentives that encourage contractors to improve their environmental performance.

### 2.2. 4 Contract Monitoring and Management

Contract monitoring and management can be used to access if contractors are delivering services or products in line with set specifications. Integrating HPS’s environmental objectives and aspect<sup>9</sup> into contract management could be used to determine progress towards achieving our corporate environmental objectives. Generally, carbon emission reporting can be used as a proxy indicator for environmental performance, because “*Whole Life Value*” has parallels with carbon reduction.

## **2. 3 Policy Commitments and Environmental Objectives**

We are committed to adhering to relevant European Union (EU) Directives and UK legislations. Hence, it is imperative that all contractors and suppliers are compliant with all EU procurement directives, UK laws, as well as support the tenets of sustainability as they deliver services to our customers.

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<sup>9</sup> See Table 1. 1 for the significant environmental aspects across HPS’s business area.

The EU 2001 Sustainable Development Strategy emphasises that EU countries give due consideration to environmental issues in all its policies. Specifically, the EU, 2004/18/EC and 2004/17/EC Directives set the underlying principles for public sector procurement. These Directives contain provisions that underpin sustainable procurement. These procurement directives apply only to purchases over specified spend thresholds. Nevertheless, the essence and benefits of sustainable procurement are relevant to all organisations irrespective of project size or value. See Appendix 2 for a summary of the EU procurement Directive.

The UK's Sustainable Procurement Task force in its Flexible Framework<sup>10</sup> recommends that environmental, economic and social priorities are included in all public sector procurement and decision-making processes. In addition, the Climate Change Act 2008 sets out the UK's plan to at an 80% greenhouse gas (GHG) emission reduction target by 2050 against its 1990 baseline. The Climate Change Act 2008 underpins the UK's transition to a low-carbon economy and this it is the basis on which the UK's Carbon Plan 2011 was developed.

In addition, local authorities in England adopted the Sustainable Procurement Strategy for Local Government in 2007<sup>11</sup> in response to the challenges of sustainable development. The Sustainable Procurement Strategy for local government emphasis the commitment of local authorities to deliver good procurement in line with the Flexible Framework. In conjunction with the above, the HPS developed this guidance for the purpose of embedding its "*Low Carbon County*" objective and environmental commitments into its procurement and commissioning processes. The HPS's environmental audit expectations are shown in Appendix 5, and should be used in monitoring the environmental performance of contractors against contract specifications and legislative compliance.

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<sup>10</sup> See Appendix 3 for a summary of the Flexible Framework.

<sup>11</sup> See Appendix 4 for more information

## 3.0 Strands of Sustainable Procurement

The basis of HPS's procurement / commissioning is customer focus and the delivery of better services to the people in Herefordshire by integrating the tenets of sustainability into the way we do business and all our partnership commitments. Therefore, as a community leader, we are committed to positively influence our partners and the local economy, while reducing our carbon footprint and protect Herefordshire distinctive, natural and historic environment.

Relevant economic, social and environmental risks and benefits, as well as other HPS's strategic objectives should be defined at the earliest stages of all commissioning process (see Table 1. 1 and Appendix 1 for summary of HPS's business areas and environmental policy commitments respectively). Therefore, potential contractors and suppliers should be informed of the criteria against which their bids will be evaluated.

Successful bids should have appropriately demonstrated strong capacity to mitigate the risks and enhance the benefits associated with individual contracts. The HPS's [Sustainability PQQ and ITT Framework](#) should be used as a guide to ensuring that all procurement supports the HPS environmental policy commitments. In general, sustainability entails the efficient use of natural resources in such a way that reduces our current environmental impacts as well as ensuring that future generations are not short-changed. Therefore, our commitment to embedding sustainability into our commissioning process is based on the premise of balancing economic viability; social equity and environmental protection as we deliver better services to our customers.

### 3.1 Economic Strand

One of the key tenets of procurement is the delivery of goods and services that meets customers' demands. Economic valuation of bids and tenders should be based on the best combination of "Whole Life Value", meets HPS's strategic objectives, and protects front-line services. Generally, "Whole Life Value" approach integrates all relevant purchase, operational, maintenance and disposal costs. This costing approach allows for the optimisation of incidental savings, social benefits and environmental protection in the bid evaluation and contract management process.

Whole life valuation entails assessing the fitness for purpose and value for money of each submitted bids. Below are some questions relevant to addressing the economic strand of sustainable procurement:

- Does the bid significantly demonstrate meeting the fundamental purpose of the procurement?
- Does the bid consider how the local economy can benefit from the procurement? (Such as job creation and support local businesses)
- Does the bid demonstrate cost-effective way(s) of minimising and disposing waste(s) or by-product(s)?
- Does the bid promote the most cost-effective decommissioning option?
- Does the bid demonstrate the most cost-effective way of delivering subsidiary costs (for example training and support costs)?
- Does the bid demonstrate that funding, grants and government incentives on renewable energy generation have been explored?
- Does the bid demonstrate resilience to volatile energy prices through energy efficiencies and active carbon management? and
- Does the bid show flexibility that can optimise economic benefits?

### **3. 2 Social Strand**

Optimising social opportunities and benefits by integrating equity and social inclusion into contracts and commissioning is in line with HPS's community leadership commitments. The benefits of embedding social priorities into our procurement / commissioning process is that all projects, goods and services meets the expectations of our customers, members of the public, our partners and other stakeholders. Hence, we expect all bids to demonstrate how well they address the following social priorities:

- Minimise social nuisance, such as noise, traffic disruption, dust, and light intensity;
- Ensure site security;
- The health and safety of employees and local community;
- Manage stakeholders' expectations;
- Protection of frontline services;
- Conservation or cultural heritage and listed buildings;

- Ensure that facilities, goods and services can be used and are accessible by all irrespective of age, disability, health conditions and gender;
- Evaluate and mitigate flood risk;
- Contingency plan in the event of service disruption;
- Training and development opportunities for its workforce;
- Impact on amenity value;
- Commitment to equal opportunities and workers' rights; and
- Support and use Fair Trade goods and products.

### **3.3 Environmental Strand**

The fundamental aspect of HPS's environmental policy commitments is reflected in the environmental strand of sustainability and the main environmental aspects across its service areas are shown in Table 1. 1. Furthermore, one of HPS's corporate plan objectives is to achieve a "Low Carbon County" status and this priority should be reflected in all procurement. Sample environmental PQQ and ITT questions can be found on the [Sustainability PQQ and ITT Framework](#) and current HPS's key environmental objectives are:

- Conservation of sensitive and ecological resources, such as: Sites of Special Scientific Interest (SSSI); Special Area of Conservation (SAC); and Special Protection Area (SPA);
- Demonstrate good environmental practices and environmental compliance;
- Carbon emission reduction and energy efficiency;
- Adaptation to adverse climate change;
- Minimise air, land and water pollution;
- Minimum use of virgin and non-renewable resources;
- Follow the waste management hierarchy (reduce, reuse, recycle, recovery and dispose) thereby reducing the volume of waste sent to landfill;
- Increase the environmental awareness and competence of their employees;
- Prevent and control land contamination; and
- Maintain records and data to demonstrate their environmental performance and commitment to continuing environmental improvement.

### **3. 4 Implementation Strategy**

As a rule the significant environmental aspects shown in Table 1. 1 and HPS's environmental policy commitments (see Appendix 1) should be the basis on which sustainability contract specifications are determined. This guidance, HPS Sustainable Procurement: Commissions' Guide and the [Sustainability PQQ and ITT Framework](#) have been developed to serve as the basis on which we deliver our environmental objectives and better services to the people in Herefordshire.

HPS award a wide range of contracts and commissioned diverse services which makes it impracticable to set standard minimum sustainability criteria for all its procurement spends. Therefore, responsibility for ensuring that relevant sustainability procurement criteria are included in all contracts lies with the HPS Corporate Commission Team and Project Managers. The choice of sustainability metrics and minimum environmental threshold should be defined on the basis of:

- Consultation for advice in the business area being considered;
- Example of good practices relevant to the service area;
- HPS's environmental policy, commercial strategy and corporate commitments;
- All relevant directives and legislations on environmental and sustainable procurement; and
- Appropriate contract monitoring schemes to ensure that contractors are environmentally compliant.

Contract performance monitoring is a vital aspect of our procurement and commissioning management process (see Appendix 5 for HPS's environmental audit expectations). The frequency of contract monitoring should be risk based and should be aimed at assessing contractors' environmental performance and compliance with contract specifications. Contract management should be explored as opportunity for partnership working with our suppliers and contractors to ensure that our environmental policy commitments are achieved and our customers receives better services. Our current partnership working with contractors and suppliers encompasses:

- Encouraging suppliers and contractors to consider the significant environmental impacts of their products and services, and work towards offering more sustainable alternatives;

- Specifying minimum environmental standards required;
- Specifying that sustainable goods and services should be provided (where practicable);
- Expect contractors to provide services in accordance with HPS's environmental objectives, where these objectives are relevant to the service(s) being provided;
- Not specifying sustainable products by brand name. Instead specify what a product does, as this will allow all contractors equal opportunity to supply products that meet the specification;
- Encourage innovation from contractors, by asking suppliers to advise on alternatives products or methods that may be more sustainable; and
- Requiring bidders as part of their plans, to explain how they will support HPS's environmental and carbon management commitments.

The W&S Unit will review this guidance and HPS's [Sustainability PQQ and ITT Framework](#) regularly to ensure that this guidance remains relevant and up to date. The regular review is to ensure that this guidance remains relevant in addressing all emerging EU Directives, government policies and HPS's environmental objectives.

## 4.0 Conclusion

This guidance sets out the fundamentals that underpin the integration of the tenets of sustainability into our procurement and commissioning processes. This guidance does not cover all outcomes or issues associated with sustainability in all real life contract scenarios. However, this guide provides pointers to processes and factors to help drive good procurement spend by the HPS.

In summary, this sustainable procurement guide should be used iteratively, and should incorporate the need to deliver projects, goods and services to the people in Herefordshire in a way that protects and enhances our outstanding natural environment. The overarching aim of this guidance is to optimise the delivery of good procurement, while reducing our environmental impacts and carbon footprint. In general, we intend to incorporate the tenets of sustainability into our commissioning process by adopting a systematic process that includes:

- Identifying the “*Whole Life Value*” of the proposed procurement;
- Establishing the levels of environmental control / management systems / competence that are required from potential contractors;
- Inclusion of clauses in contract specifications to reflect the HPS’s environmental policy commitments;
- Communicating the minimum environmental threshold during the procurement process;
- Clearly specifying any data and documentation that contractors will be required to provide during the life of the project / service delivery;
- Setting environmental targets at the PQQ and ITT stages;
- Set environmental monitoring arrangements and performance reporting framework;
- Encourage contractors to contribute to positive sustainability outcomes, while minimising their environmental impacts and carbon footprint.

## Useful Resources

Buying a Better World: Sustainable Public Procurement. By the Forum for the Future.  
<http://www.forumforthefuture.org/files/Buying%20a%20Better%20World.pdf> accessed  
28<sup>th</sup> April 2010

Herefordshire Council Procurement Strategy 2009  
[http://www.herefordshire.gov.uk/docs/Business/Procurement\\_Strategy\\_2009.pdf](http://www.herefordshire.gov.uk/docs/Business/Procurement_Strategy_2009.pdf)  
accessed 10<sup>th</sup> August 2010-08-10

Local Government Sustainable Procurement Strategy. By the Local Government  
Association. <http://www.idea.gov.uk/idk/aio/7643299> accessed 28<sup>th</sup> April 2010

Procurement Principles. By the Office of Government Commerce.  
[http://www.ogc.gov.uk/introduction\\_to\\_procurement\\_procurement\\_principals.asp](http://www.ogc.gov.uk/introduction_to_procurement_procurement_principals.asp)  
accessed 28<sup>th</sup> April 2010

Procuring for the future. Sustainable Procurement National Action Plan:  
Recommendations from the Sustainable Procurement Task Force. Department for  
Environment, Food and Rural Affairs (Defra).  
<http://www.defra.gov.uk/sustainable/government/documents/full-document.pdf>  
accessed 28<sup>th</sup> April 2010

Sustainability and Local Government Procurement. Improvement and Development  
Agency. <http://www.idea.gov.uk/idk/core/page.do?pagelId=1707115> accessed 30<sup>th</sup>  
April 2010

UK Government Sustainable Procurement Action Plan. By HM Government.  
[http://www.eauc.org.uk/file\\_uploads/sustainableprocurementactionplan.pdf](http://www.eauc.org.uk/file_uploads/sustainableprocurementactionplan.pdf) accessed  
30<sup>th</sup> April 2010

## Glossary of Terms

**Agreement:** The legally binding contract terms and conditions between the parties, another word for a contract.

**Audit:** A system or paper generated evidence showing how and why and who is responsible for certain processes and functions.

**Client / Contract Officer:** An Officer of the HPS that have been nominated to manage a contract or contracts.

**Award Criteria:** The criteria by which the successful quotation or tender is to be selected

**Award Procedure:** The procedure for awarding a contract as set out in the instructions

**Best Value:** Best value entails a combination of “*Whole Life Value*” and benefits to meet requirements. Best value allows sustainability and quality to be part of the procurement decision and promotes continuous improvement route. This improvement involves consideration of costs as well as making the most of money spent, making sure that services meet the needs of the communities commensurate with best value for HPS.

**Climate Change Act:** The Climate Change Act 2008 sets the framework on which a low carbon economy can be achieved in the UK by 2050. This Act set a legally binding framework to deliver at least 80% reduction in CO<sub>2</sub> emission by 2050 against the UK's 1990 baseline.

**Collaborative Purchasing:** This is where HPS works with other organisations or public bodies to jointly purchase good and services.

**Corporate Contract:** A formal agreement with a supplier that is used by all departments and services within the HPS for the purchase of particular good or services.

**Equal Opportunities:** Establishes the principle that all staff involved in the life cycle of products or services are given equal opportunity regardless of their colour, race, gender, nationality, ethnic origin, age or disability. Procurement needs to give due cognisance to organisations involved in the life cycle of a product or service and understand their track record on equal opportunities.

**EU Procurement Directives:** The EU Procurement Directives are designed to achieve free movement of goods, works and services between member states and prevents discrimination against firms on the grounds of nationality. This Directive covers all public sector contracts within the European Union, detailing the rules that public sector organisations must follow when tendering and awarding contracts, irrespective of the contract value. All procurements above a certain thresholds (these are changed annually) for goods and certain services must follow prescribed procedures.

**Evaluation:** Detailed assessment and comparison of suppliers or tenderers offers.

**Exemption:** In certain exceptional cases the HPS have the powers to waive the tender requirements set out in standing orders.

**Fair Trade:** Reflects a growing international movement which ensures that producers in poor countries get a fair price for their goods (one which covers production costs and provides a decent living income), decent working conditions and longer term contracts that provide employment and financial security.

**Financial Regulations:** Financial regulations provide the framework for managing HPS's financial affairs. They apply to every member and officer of the HPS and anyone acting on its behalf.

**Forthcoming Tender Opportunities:** The HPS maintains and publish a list of all future tender opportunities in order to improve supplier interest.

**Framework Agreement:** Tender process that allows orders to be placed with more than one supplier for a range of goods or services.

**Greenhouse Gas Emissions:** Greenhouse gases such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and Hydrofluorocarbons (HFCs) are generated from the burning of fossil fuel for energy. These gases contribute to climate change.

**Short-listing:** Where prospective contractors are selected to quote or tender and to proceed to final evaluation.

**Specification:** The documents used to establish the requirements for the goods or services to be purchased.

**Sustainable Procurement:** Defined by the Sustainability Task Force 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, while minimising damage to the environment”

**Sustainable Sourced Materials:** Are available from sources where, if they are managed correctly, they will regenerate themselves indefinitely (e.g.) softwood timber from sustainably managed forests, and renewable energy sources (e.g.) solar, wind, wave etc. Look for the certification endorsement before you purchase a particular commodity, as it will provide you with assurance to its sustainable credentials.

**Tender:** A written offer made by a provider, following an invitation form the HPS, which can be accepted by HPS to form a binding contract.

**“Whole Life Value”:** evaluation looks beyond the tender price and quality issues to identify not only the cost of purchase, but also cost associated operational use, maintenance and disposal. “*Whole Life Value*” also identifies and measure any economic, environmental and or economic risks and benefits that will arise from a bid that are specifically relevant to the contract and meet identifiable policies requirements of the Herefordshire HPS. This approach gives a holistic view of the overall cost and benefits of individual procurement.

## **Appendices**

### ***Appendix 1 HPS's Environmental Policy Commitments***

- Make efficient use of natural resources and promote the use of renewable energy generation;
- Effective waste management;
- Promote energy efficiency and carbon emission reduction;
- Climate change mitigation and adaptation;
- Promote sustainable transportation that meets the need of the County;
- Biodiversity protection and conservation of the County's natural and historic environment;
- Establish a planning system that ensure that development are sustainable;
- Take action to prevent pollution and minimise environmental risks;
- Use of influence to promote environmental awareness and actively encourage responsible environmental practice among staff, suppliers, contractors, partners and Herefordshire residents;
- Integrate environmental specifications and standards into all procurement and commissioning;
- Promote the benefits of a healthy and attractive environment for the purpose of community well being and health; and
- Ensure that as an organisation we continuously improve our environmental performance.

## ***Appendix 2 European Union Procurement Directive***

The overarching principles of the EC Treaty and Procurement Directives are:

- Free movement of goods and services across the EU
- Equal treatment and transparency with non-discrimination of suppliers on the grounds of nationality.

To ensure the tender process is open and transparent buyers must:

- Advertise all contract opportunities over the EU Threshold through an OJEU Notice.
- State the nature of the requirement, the approximate contract term and value, the tender procedure and the award criteria.
- Post a Contract Award Notice.

Buyers must ensure that all potential bidders have equal access to information and fairly treated throughout the procurement process. Hence, buyers cannot:

- Favour a local firm over an overseas competitor; or
- Introduce pre-qualification, specification or evaluation criteria that are not relevant to the contract.

## ***Appendix 3 Sustainable Procurement National Action Plan<sup>12</sup>***

The Simms Task Force's recommendations, addressed to Government and the wider public sector including local government, are grouped under the following six headings:

- Lead by example: Make sustainable procurement a leadership priority and clarify ownership within government;
- Set clear priorities: Streamline the framework and provide clarity on policy priorities;
- Raise the bar: Meet minimum standards now and set demanding goals for the future;
- Remove barriers: Ensure budgetary mechanisms enable and support sustainable procurement;
- Capture opportunities: Through smarter engagement with the market to stimulate innovation;
- Build Capacity: Build capabilities to deliver sustainable procurement objectives.

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<sup>12</sup> <http://archive.defra.gov.uk/sustainable/government/documents/full-document.pdf>

## **Appendix 4 Local Government Sustainable Procurement Strategy<sup>13</sup>**

Each council and local strategic partnership will:

- Work with local partners to pursue the achievement of social, economic and environmental benefits through the Sustainable Community Strategy and other partnerships. This will include collaboration to make best use of the purchasing power of the partners;
- Award contracts on the basis of “*Whole Life Value*” and benefits wherever possible;
- Mainstream sustainable procurement and asset management into all of our activities including those carried out at arm’s length and through strategic partnerships;
- Work closely with colleagues in the health sector on this agenda, particularly in the shared priority area of public health, social care, and with schools;
- Work together to agree a clear set of standards for the sector linked to corresponding standards under development for the rest of the public sector;
- Identify exemplars of good practice (against the Flexible Framework) and challenge ourselves to raise our own performance.

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<sup>13</sup> <http://www.idea.gov.uk/idk/aio/7643299>

## **Appendix 5 HPS's Environmental Audit Expectations**

HPS is committed to improving its environmental performance and ensuring it continues to maintain its commitment to good environmental management. Therefore, the Client Management Team should ensure that:

- Minimum environmental requirements or thresholds relating to each environmental risks are identified;
- Environmental issues are taken into consideration during contractors' performance monitoring;
- Internal audits of awarded contracts are regularly carried out and outcomes of these audits are documented;
- Non-compliance with contracts terms and conditions are viewed as contract breach;
- All documentary evidence submitted by contractors are properly checked;
- Contractors have the relevant environmental permits, licences and registrations relevant to the due execution of the contract;
- Contractors are aware of the risk of their operations to sensitive habitat and biodiversity;
- Contractors report all environmental incidents relating to contracts execution to the HPS (and that the Waste and Sustainability Unit is informed via [gem@herefordshire.gov.uk](mailto:gem@herefordshire.gov.uk)); and
- Contractors are aware that it is their responsibility to ensure that all sub-contractors working for them adhere to all applicable environmental requirements.

For further information about this guidance please contact

Philip Tamuno, Sustainability Officer

Telephone: 01432 260132

email: [ptamuno@herefordshire.gov.uk](mailto:ptamuno@herefordshire.gov.uk)