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1 Introduction

This code of practice is designed to help staff incorporate sustainability issues into the procurement process. The University currently spends millions of pounds a year on procurement; making purchases more environmentally-friendly can have a major effect on sustainable development. Utilising the University’s spending power can help to influence current markets in improving their sustainability.

All purchases are based on obtaining the best value for money for the University. Sustainability fits into this by considering whole life costs and quality to meet the needs of the University. Consideration of sustainability, especially during the early stages of the process, can often deliver the best value option.
2 What is Sustainable Procurement?

Sustainability covers four key areas:

- Effective protection of the environment
- Prudent use of natural resources
- Social progress which recognises the needs of everyone
- Maintenance of high stable levels of economic growth and employment

The aim of sustainable procurement is to integrate environmental considerations into the procurement process with the goal of reducing the impact on human health and the environment.

Included in this code of practice is guidance on when and where staff can consider fair and ethical trading issues. Fair trade covers a range of activities aimed at helping producers and workers in developing countries, including helping disadvantaged producers to access international markets and receive a fair price.

3 Why is Sustainable Procurement Important?

What we buy has a significant impact on the environment. Including sustainable issues in procurement practices is becoming widespread in many local authorities and public bodies. Their experiences indicate that incorporating sustainable production and consumption considerations into public purchasing is not only a viable option, but develops sustainable markets. For example, switching public demand away from the conventional EU mix of electricity to green electricity (if available) would save some 60 million tonnes of greenhouse gases.

There are also many risks to the University if sustainability is not considered or adopted in the procurement process. These are:

- The University’s reputation.
- Non-compliance with UK government strategy & law
- The operation of suppliers – are they in breach of environmental legislation – what are their supply chains?
- Environmental risks of using some products.
- Social impacts – health problems, loss of local resources, nuisance from noise, dust and odour and loss of cultural heritage can occur where people are living or working near sites where there is the extraction, processing, manufacture, use and disposal of products.

4 University of Reading’s view on sustainability

The University of Reading is committed to sustainability and has corporately adopted:

- An environment policy
- A procurement policy that includes sustainable procurement
- A Carbon Management Plan
- A carbon reduction commitment
Procurement can play an important role in improving the University's environmental performance. European environmental legislation is becoming increasingly demanding, the development of this code of practice not only prepares the University for future legislation but also maintains The University of Readings reputation as a responsible organisation.

5 The Procurement Process

The next few sections cover the application of sustainability in the procurement process. Like all other procurements, when implementing sustainability the process must remain transparent and suppliers must be treated fairly. In order for the University to implement sustainable procurement there must be a good working relationship with its suppliers. Sustainable procurement will be easier to achieve if the market place is willing to engage.

6 Project Scoping

Identifying a need

The first stage of any procurement process is to identify a need. Often the decision to procure can come from the following scenarios:

- Existing contracts expiring or completing
- The setting of new aims and objectives
- The review of business aims and objectives

In order to achieve sustainability through the procurement process, there must be an element of challenge to the decision to procure. In order to do this it is helpful to ask the following questions:

- Is the purchase essential?
- Can the item be re-used after its original use?
- Are the quantities required accurate?
- Can the requirement be aggregated with other supplies, service or work requirements?
- Does the supply, service or work have to be purchased outright or can it be rented or shared?
- What is the energy consumption?

It is also good practice not to define the requirement in terms of a specific output of the service or product. Achieving sustainability in procurement often lies outside the action of outlining a solution to a need. For example the need for a waste management contract for the disposal of packaging could be achieved through the existing supplier, introducing returnable packaging. Although it is important to take advantage of any mechanism to achieve sustainability in the procurement process it is also important to consider the most efficient and effective use of
funding. Sustainable procurement does not always have to be the most expensive route. Using products which are sustainable often means that they have longer whole life costs.

**The Business Case**
Once a need has been identified then a business case should be prepared. When pursuing sustainable procurement it is important to include all stakeholders in the development of the business case.

**Market Analysis**
It is important to investigate what sustainable products, services or works are available. These alternatives are often not as obvious as the traditional items that are procured. A market analysis provides staff with more information about how the market could potentially fulfil the University’s needs, what alternatives are available and the price that the University will be expected to pay. It is essential that the analysis is fair and open ensuring that our suppliers are treated equally.

**Risk Assessment**
There are environmental or ethical risks associated with the procurement of some works, services and suppliers. It is important to think about these risks before any procurement takes place.

**Aggregation**
Staff must aggregate contracts wherever possible. Not only is this necessary under European procurement law, it is also good procurement practice. Aggregation provides the University with commercial leverage and in terms of achieving sustainability, it can provide the University with more opportunities as contracts of a higher value and longer periods give the University more buying power.

### 7 Contract Preparation

Contract Preparation is the key stage when achieving sustainability in procurement. The specification is the tool used to define what the University requires and where the most important impact can be made with regard to sustainable procurement. For example a member of staff can specify that they want to purchase a vehicle that has low emissions or that they want to purchase recycled paper.

It is very important that the specification incorporates sustainability, otherwise, after this stage it is too late and the tender can not be evaluated on its sustainable contribution.
Staff can use the specification stage to consider and include such aspects as quality, price, technical merit, functional and environmental characteristics, running costs, whole life costs and delivery times.

**The Specification**

The specification defines what the University requires and asks suppliers to define how they will meet the University's needs. There are three types of specification:

- **Input - Technical**
- **Output - Performance**
- **Outcome - Functional**

All of these specifications have their own benefits and weakness, but in order to achieve maximum sustainability it is recommended that the output or outcome specifications are used.

**Input Specifications** – allow the University to define the technical and physical characteristics to be used, therefore they enable staff to specify recyclable material.

**Output & Outcome Specifications** – help achieve sustainability by encouraging suppliers to be more innovative and minimise the impact of procurement on the environment. With output (performance) specifications they do not require staff to express too much detail, but care should be taken as they can provide more variable options, which may be harder to evaluate. Protection of the environment may be taken into account by using environmentally friendly products or services, defined by their environmental performance and the production method used.

There are a number of European and National standards which deal with environmental performance. Staff can request from suppliers a higher level of environmental protection than that available in legislation or in standards.

**Works contracts** – environmental factors can be taken into consideration in the design and the conceptual work stages of a project. The University is responsible for the overall execution of the work and all that happens in and around the construction site and is therefore entitled to define the requirements for the execution of works. For some specific types of works contracts, community law imposes an obligation for an environmental impact assessment to take place; these assessments can lead to more environmentally sound requirements in the execution of works.

**Purchasing Specific Materials**

Under the new European Directives the University can insist that any products procured are made from specified materials.

Staff can specify the range of materials or chemical substances that they would prefer to be used or specify that none are harmful to the environment and to public health.

**Supply contracts** – In a food contract, the University can list the additives, preservatives or antioxidants that it does not want included in the food.

**Service contracts** – the University can specify modes of performing a contract, specifying the products that should be used which are less harmful to the environment. For example, specifying low emission vehicles.
Production Methods
The University can specify the production process or method used in a contract, as long as it is relevant to the contract. Requirements which are not related to the manufacture and do not contribute to its characteristics cannot be used, for example, asking suppliers to use recycled paper in their offices for a food contract.

Supply contracts – the University can specify the production process used where it forms part of the performance characteristics of a contract, for example:
- Food grown organically or locally
- Green electricity
- Sustainable timber

Setting the Evaluation Criteria
It is during the contract preparation stage that staff must set the evaluation criteria. There are two ways in which tenders can be evaluated, either by lowest price or by MEAT (most economical advantageous tender). In order to achieve sustainability in procurement, tenders should be evaluated by MEAT. As the words describe, evaluating a tender by the lowest price means that you can only consider the price aspects of a tender, whereas using MEAT staff can consider such aspects as quality, price, technical merit, functional characteristics, environmental characteristics, running costs, whole life costs, technical assistance and delivery times to name but a few.

Method Statements and Case Studies
As part of the tender documents it can be useful to ask suppliers to complete a method statement or case study. These allow suppliers to demonstrate their understanding of sustainability issues and the way in which they would deal with them in a contract. For example, how they may identify environmental impacts and how they would go about minimising them.

Variants or Alternatives
These can be a useful way of achieving improved environmental performance of a contract as they encourage suppliers to be innovative. Suppliers are also the experts in their field and by using variants, ideas are often put forward that the University may not be aware of or have not thought about. The use of variants and alternatives are accepted in the procurement process but only if the contract documents state what the minimum requirements are. If they are used then the tender must be evaluated by using MEAT.

Local labour
Use of local labour can be encouraged within the procurement process, however, it would be seen as discriminatory and non-transparent if the University insisted that only the local workforce are used.

Buying Ethically
Buying ethically produced goods from fair trade companies can be considered in the contract preparation stage but only as a contract option. For example, when buying coffee, staff can specify that they wish to procure fair trade products as an option. This provides the users with a choice and does not discriminate against suppliers. “Fair trade” products cannot be specified as the only items to be procured, this is seen as discrimination against other suppliers.
Care should be taken when specifying fair trade products as an option to a contract. Specific trademarks or names must be avoided. However, the fair trade mark or equivalent is an acceptable form of specifying.

8 Letting the Contract

Advertisement
Contract adverts will be issued by electronic means; not only does it save on paper, it also reduces the timescales under the new European Procurement Directives. All University tenders will be advertised on our etendering system In-Tend.

Pre-Qualification
Once the pre-qualification questionnaires have been returned, the University can commence evaluation. There are a number of ways in which suppliers can be assessed on their sustainability, these are:

- Technical Capability in the form of EMAS
- Past Experience
- Environmental technical competence
- Educational and Professional Qualifications

Under European Law suppliers may be disqualified from participating in contracts for a number of reasons, but only one of these reasons relates to environmental issues:

- Convicted of an offence concerning their professional conduct.

Suppliers may be excluded from contracts when they have been found guilty of the above, but only if environmental legislation is an offence under professional misconduct. The pre-qualification questionnaire asks the following questions which are relevant to this disqualification:

- Are there any courts actions and/or industrial tribunal hearings (including environmental enforcements) outstanding against your organisation, including any findings of unlawful racial discrimination, equal pay, sex or disability?
- In the last three years has your organisation been the subject of any formal investigation, court action, industrial tribunals and/or environmental enforcements, including alleged unlawful discrimination in the employment field?

Eco-Management & Audit Scheme – at this stage suppliers are also assessed for the technical capacity. Consideration can be given to whether or not a supplier has an EMAS system, as long as it reflects the technical capacity of the supplier and it is relevant to the contract and the specification.
Is your organisation undertaking any environmental management system (e.g. ISO 14001 or Eco Management and Audit Scheme)?

_environmental technical competence_ – the European Commission has produced a document called *Buying Green*, within this document it provides examples of how Universities can assess a supplier’s environmental technical competence, these include:

- Does the supplier employ or have access to technicians with the required knowledge and experience to deal with environmental issues within the contract?
- Does the supplier own or have access to the necessary technical equipment for environmental protection?
- Does the supplier have the relevant research and technical facilities available to cover the environmental aspects of the contract?

Past Experience – staff can also consider a supplier’s experience in relation to the environmental aspects of contracts. For example, if a contract is being tendered for a new building where a high standard of environmental performance is required, staff can ask suppliers to provide evidence of any similar work they have undertaken. When doing this, staff must ensure that consideration is given to the type of information required, how it is relevant and what means of proof will be required. These means of proof can be through references as long as they are from the last three years.

Educational & Professional Qualifications – where the contract directly relates to the environment, qualifications can be a good way of assessing a supplier’s competence. For example, suppliers who remove asbestos from buildings are required to have appropriate qualifications or licences.

Staff must not ask suppliers to provide information on their general environmental policies where the policies are not relevant in the pre-qualification assessment.

Health and Safety can be considered as part of the pre-qualification as long as it is relevant to the supplier’s technical capability. Complying with the relevant health and safety regulations can improve a supplier’s efficiency and prevent accidents at work. It also helps achieve social progress.

Although not all contracts contain a need for a supplier to demonstrate environmental technical competence, the *Buying Green* guide produced by the European Commission provides some examples of contracts where environmental competence can be assessed at the pre-qualification stage, this list is not exhaustive:

- Waste management
- Construction
- Building maintenance
- Renovation contracts
- Transport Services

Tender Evaluation

When evaluating tenders, there are certain rules that should be observed. Firstly never duplicate the criteria assessed at the pre-qualification stage and secondly assess bids by:

- MEAT (most economical advantageous tender)
- lowest price.
Sustainability can be considered when evaluating tenders if:

- The evaluation criterion is MEAT
- It is linked to the subject matter of the contract
- The environmental award criteria are “adequately specific and objectively quantifiable”
- The criteria is not discriminative

### Whole Life Costs
Assessing a tender by whole life costs is a good way of securing sustainability. Whole life costs are the costs incurred by the University, from the beginning of a contract, usually from the production and run through to the disposal. Therefore they include:

- Running costs
- Efficiency
- Cost effectiveness
- Direct running costs
- Spending to save
- Product maintenance
- Disposal and recycling

It is good procurement practice to consider all of the costs associated with procuring and not just the initial cost of a purchase.

**Products that are more environmentally friendly usually have longer life spans and lower whole life costs.**

Producing less waste can help reduce whole life costs. There are laws and regulations, which deal with the disposal of waste. The UK government has recently brought in special regulations, which cover toxic and flammable waste issues.

### Buying Locally
When evaluating a tender, consideration must not be given to whether or not a supplier or the product is from the local area.

### Contract Award
After a contract has been awarded, suppliers should be provided with feedback on their tenders, this is not only a necessity under European law, but also good procurement practice. In respect of sustainability it can be a useful tool in developing supplier’s understanding of the University’s needs, although staff must be mindful that only sustainable issues can be considered when they form part of the evaluation criteria.
9 Managing the Contract

Achieving sustainability through procurement does not end when the contract has been awarded. Working with suppliers forms an important part of achieving sustainable objectives.

A development plan encourages suppliers to be innovative, providing solutions to environmental and social problems, which can then in turn be used in future procurements.

Suppliers are often keen to improve their sustainability, as the University can be a large customer providing security with renewable, high value and long duration contracts.

10 Contract Review

When a contract has completed it is good practice to share any successes and failures throughout the University sector, these can include sustainable issues.
11 Checklist

Project Scoping

☐ Challenge the decision to procure.
☐ Undertake a risk assessment of the sustainability of the purchase.

Contract Preparation

☐ Use Output (Performance) or Outcome (Functional) specifications to encourage innovation in tenderers.
☐ Include Contract conditions, which require the supplier to improve their environmental performance.
☐ Ask for fair trade products in the Contract options.

Letting the Contract

☐ Advertise locally and electronically to ensure that local suppliers are made aware of the University of Reading’s contracts.
☐ The pre-qualification stage may be used to eliminate suppliers who have committed an environmental offence, which is considered a professional misconduct or suppliers who do not have the correct level of environment technical competence, where it is relevant to the Contract.
☐ Evaluate tenders using Most Economical Advantageous Tender.
☐ Include whole life costs in your evaluation.

Contract Award

☐ Work with suppliers to develop their environmental performance.