

SHAP CONFERENCE 2018

Smart & Sustainable Procurement

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Smart & Sustainable Procurement – A Business Tool

- Recognised by legislation – EU, Scotland, Wales
- Understood globally (UNEP)
- Recommended by Professionals (CIPS)
- Promoted by Governments – UK National(Defra) and Devolved
- Endorsed by ISO: 20400

The Model Definitions

Smart & Sustainable Procurement

*A purchasing system which enables organisations to meet their needs for goods, services, works and utilities in a way that is **faster and cheaper**; and achieves **value for money** on a **whole life basis** in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.*

Whole Life Costing

Whole life basis means: considering the environmental, social and economic consequences of design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and the suppliers' capabilities to address these consequences throughout the supply chain".

Value for Money (VFM) means:

the most advantageous combination of cost, quality and sustainability to meet customer requirements (*whether for infrastructure, product or service*)' where:

- cost means consideration of whole life cost
- quality means a specification which is fit for purpose and sufficient or better to meet customer requirements over the life of the product or service.

Faster and Cheaper (and Better) means:

- understanding the existing market and market offer before purchasing
- introducing efficiency savings in project design rather than in value engineering thus:
 - shortening the purchasing process or contracting period and reducing administrative time
 - reducing or streamlining supply chains
 - reducing business risk by eliminating late orders, over runs and reworks.

The Model Objectives

Smart and Sustainable Procurement Objectives

Deliver value for money purchasing, create value for the organisation

Promote purchase of clean technologies and resource efficient products and services

Encouraging and introducing innovation to improve public infrastructure and services

Maintaining air and water quality
Preserving and regenerating the natural environment and protected buildings and sites

Investing in the local economy
Opening up supply chains and removing barriers to entry for SMEs, social enterprises, community organisations

Increasing employment opportunity
Enhancing social value

Embedding fair employment practice
Investment in community assets and improved services

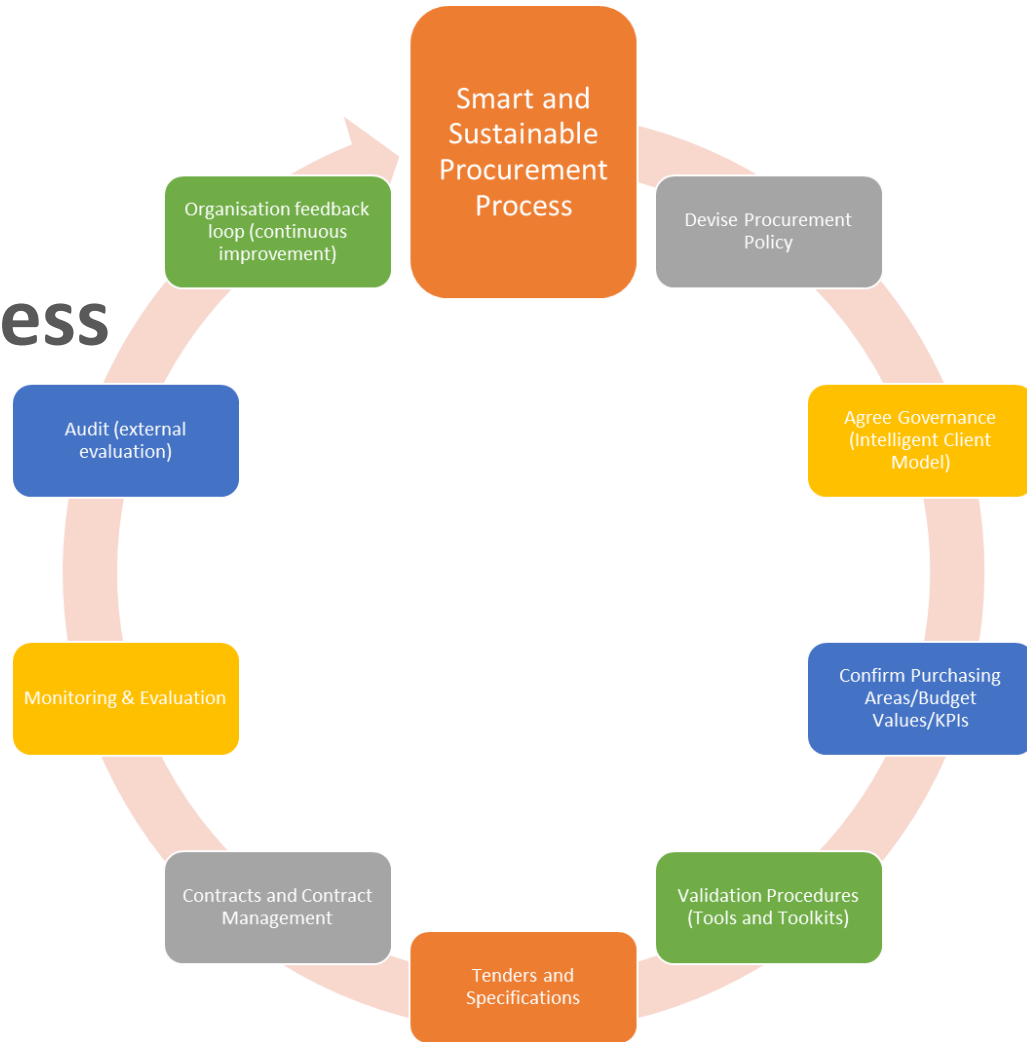
Developing effective value-added partnerships and collaborations with and between suppliers

Encouraging wider participation. Regular engagement/communication with stakeholders - brand reputation

Delivering Sustainable Development Goals

Meeting legislation and corporate strategies - climate change targets, community engagement, health and safety, air quality

The Model Circular Process



The Model Policy Content

Smart and Sustainable Procurement Policy Content

National Policy Context, e.g.

- National Procurement Strategy for Local Government 2014
- Public Services (Social Value) Act 2012
- UK Public Procurement Regulations 2014
- Modern Slavery Act
- EU Public Contracts Directive 2014
- UK Public Contracts Regulations 2015
- Public Procurement Reform (Scotland) Act 2014
- Welsh Government. Wekkbeing of Future Generations Act 2015
- Modern Slavery Act 2016
- Health & Safety at Work Act 1974
- Climate Change Act 2008

Local Policy Context. e.g.

- Business Strategies
- Local Development Plan
- Local Economic Strategies

Local Strategic Priorities and Objectives

Organisational Procurement Objectives/Core Principles, e.g.

- Commercial Efficiency
- Investment in local economy
- Approach to SMEs
- Innovation in services
- Partnerships & Collaborations
- Transparent systems

Governance and Management Structures

Intelligent Client

Establish Purchasing Criteria, e.g.

- MEAT (Most Economically Advantageous Tender) - Price v Quality Indicators
- Social Value Priorities

(Sustainable) Purchasing Areas

Output Indicators and KPIs

Relationship with Suppliers/Supply Chain Management

- Partnerships, Collaboration and Early Market Engagement
- Frameworks
- Competitive Dialogue
- Competitive Negotiation

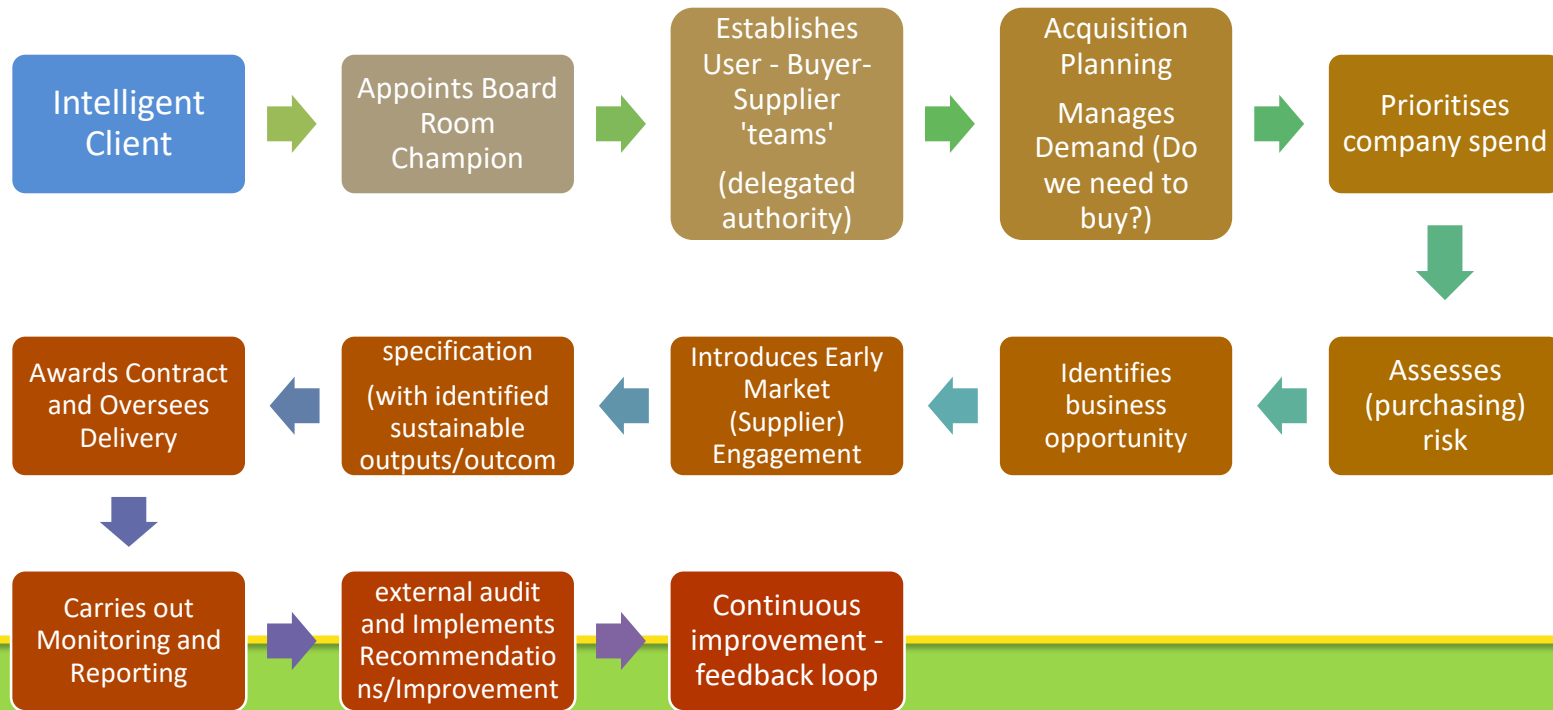
Measurement & Monitoring procedures

Reporting & Accountability (continuous improvement feedback loop)

The Model – starts with the ‘Intelligent Client’

Intelligent Client

(an individual or group within the buying organisation with delegated authority and sufficient technical knowledge of the product or services being provided by a third party to specify requirements for the product or service and manage its delivery . The IC must collect and manage all data connected with the procurement (technical, organisational, financial, asset), understand and validate the need (including strategic alignment and cross-department policy compliance) for the purchase and how it will benefit the business in the future)



What is It?

A Purchasing Process which enables goods and services to be acquired:

- According to need
- Faster
- With less Risk to business, finance and reputation
- At Better Value
- With reduced impact on the Environment and society

Why Do It?

- Good for 'Business' – creates additional Value for Money – can save on Lifetime costs
- Good for the Economy – supports innovation, sustainable business growth and jobs
- Good for Society – supports general health & wellbeing for all, reduces inequality, e.g. fuel poverty - meets requirements of Social Value Act
- Good for the Environment – complies with key legislation and helps protect and preserve air quality, water quality, landscape amenity, habitat and biodiversity

Why Do It in Housing?

- Promotes sustainable modern construction methods and technologies
- Improves overall energy performance gap – reduces performance gap
- Shortens supply chains – enhances construction performance and reduces construction time
- Limits value engineering during construction
- Reduces lifetime asset costs – supports RoI
- Creates healthy homes!

SHAP Ambition

- Gain recognition for sustainable procurement process
- Promote use of **standardised** sustainable procurement system
- Encourage adoption of **Intelligent Client** concept
- Promote **collaboration** and responsible supply chain management
- Create for general use an accessible **web-based Guidance toolkit** based on best practice and an evidence base (cost effectiveness)
- Make clear linkages with **BIM**
- Create **healthy homes**