

Sustainable Purchasing for Universities

September 8th 2004

The Source, Sheffield



Andy Nolan
University of Sheffield

Convenor – EAUC



Sustainable Purchasing for Universities

Programme

- 10.30 Introductions and Welcome
- 10.40 What is sustainable procurement?
- 10.55 What does the future hold?
A national perspective
- 11.20 University of Edinburgh – Case Study
- 11.50 Where are the opportunities?
- 12.30 Lunch

Sustainable Purchasing for Universities

Programme

- 13.30 Getting Started – A practical Approach
- 14.30 NUS Services Ltd – Case Study
- 14.55 Putting it into Practice
- 15.15 Tools and Support
- 15.30 Closing Remarks
- 16.00 Close

What is Sustainable Purchasing?



What is Sustainable Purchasing?

“Sustainable purchasing is all about taking environmental and social factors into account in purchasing decisions. It’s about looking at what your products are made of, where they come from and who has made them”

HEPS Sustainable Purchasing Guidance – Section 1



A sustainable development support strategy for HEFCE and the higher education sector: progress report



Drivers

Sustainable development action plan for education and skills (DfES, 2003):

“Develop a sustainability strategy for the HE sector with Higher Education Funding Council for England (HEFCE).”

External advisory group members

Steve Egan (Chair)

Patricia Ambrose

Mike Barrett

Roger Bond

Mike Briggs

Prof Jacque Burgess

Prof Brian Chalkley

Dick Coldwell

Prof Michael Driscoll

Denise Everitt

Dan Green

Caroline Neville

Andy Nolan

Sara Parkin

Ross Renton

Prof Elaine Thomas

Mark Timms

HEFCE

Standing Conference of Principals

Learning and Skills Council

Association of University Directors of Estates

Proc-HE and Leeds Metropolitan University

University College London

University of Plymouth

HEFCE Board

Middlesex University

British Universities Finance Directors Group

Wessex Water

Learning & Skills Council

Convenor, EAUC

Forum for the Future

National Union of Students

Surrey Institute of Art and Design

Department for Education and Skills

What is sustainable development?

- “...development which meets the needs of the present without compromising the ability of future generations to meet their own needs.”
- Five Capitals Model of the Economy

A support strategy and an action plan

- Support strategy:
 - Definition of sustainable development
 - Role of higher education
 - A vision for higher education's contribution to sustainable development
 - Role of HEFCE and our principles of engagement
- Action plan:
 - First round of activity according to the support strategy

Draft vision part 1

“Our vision is that, within the next ten years, the higher education sector in this country will be recognised as a major contributor to society’s efforts to achieve sustainability – through the new skills and knowledge it develops and disseminates, and through its own values, strategy and operations.”

Draft vision part 2

Practically, this means institutions, supported by HEFCE, will:

- Embed the principles of sustainable development in their values, strategy, operations and organisational learning
- Develop curricula, pedagogy and extra-curricula activities, so that students are equipped with the skills, knowledge and competencies to live and work sustainably
- Champion the public debate on sustainable development, engaging with businesses, the community, civil society, government and others
- Maximise their contribution to the development of new knowledge needed to achieve sustainability, such as through research into renewable energy or changing patterns of consumption
- Continuously improve their impact on the environment, society and the economy

Forward timetable

- Submission to the HEFCE Board in November
- Full public consultation in early 2005 (February → April)
- Final versions published in mid 2005

The University of Edinburgh

**A CASE STUDY IN SUSTAINABLE
PROCUREMENT**

John Forster

Background

- One of 8 case studies
- Part of Canny Buyer initiative www.cannybuyer.com
- Initiative includes conference, handbook, mini-guide
- Undertaken by Aberdeen City Council with funding from Scottish Executive Sustainable Action Grant
- Consultant – John Forster
- Acknowledge in University of Edinburgh:
 - Nigel Paul, Director of Corporate Services
 - Karen Bowman, Director of Procurement;
 - David Somervell, Energy and Sustainability Manager
 - Janet Philp, in School of Biomedical and Clinical Laboratory Sciences

The University of Edinburgh

- Large (7,270 staff, 22,400 students, £131m procurement of goods and services)
- Therefore:
 - ✓ Specialist central procurement staff
 - ✓ Devolved procurement decisions
- Procurement takes place in context of:
 - ✓ Sustainability policy
 - ✓ Sustainable procurement policy and processes

Sustainability policy

- Environmental Policy 1993; Sustainability Policy 2000
- Sustainability & Environmental Advisory Group
 - ✓ Cross-institution group that oversees sustainability implementation
 - ✓ Membership includes University Director of Procurement
 - ✓ Includes goal of promoting sustainable procurement

Procurement management

- Procurement Office responsible for procurement strategy and the monitoring of performance
- Director of Procurement reports to Director of Corporate Services (includes Finance, Estates and the Energy and Sustainability Office)
- Developed a sustainable procurement strategy (agreed Nov 2003)

Sustainable procurement strategy

- Detail based on Forum for the Future report
- Sustainable procurement seen as part of good practice
- Responsibility devolved to academic units etc
- Key goal is to increase influence of Procurement Office on purchasing practices
- Focus on achievable projects where Office could add value to process; eg print procurement, Fair Trade
- Keep strategy simple – ideally one page
- Cost savings needed to get sustainability accepted

Extending Influence of Purchasing Office

- “*Influence*” means applying professionalism to local procurement. Telling people *how* to buy, not *what* to buy
- Goods bought under *influence* increased from 38% in 1998 to 67% in 2004
- Procurement Office is funded through top slicing rather than % on sales – increasing its credibility
- Internal e-procurement used to bring influence to bear

Sustainable procurement in action

- Fair Trade
- Print copy/policy
- Operating the devolved process
 - ✓ General
 - ✓ Work with holders of research funding (Principal Investigators)

Fair Trade

- Opportunistic activity (Student interest, Rector etc)
- 7 months from decision to implementation
- No significant cost increase
- Good stock control enabled change to be made in 14 days
- Students voted at AGM and quick conversion of their outlets at little extra cost
- Fair Trade Procurement Group set up with staff and students

The Print/Copy policy

- Aim to rationalise all printing and copying systems
- Policy introduction made easier because one staff member responsible for all printing/copying issues
- Piloted first in Corporate Services

Benefits:

- ✓ Reduction in capital tied up in laser printers
- ✓ Printing and multiple copying integrated on one machine
- ✓ Efficiencies of scale
- ✓ Paper saved by routine back-to-back printing
- ✓ Most efficient machines can be used

Operating the devolved procurement process

- Large expenditure devolved to academic units
- How to get devolved budget holders to implement sustainable purchasing?
 - ✓ Procurement Office examining commodity groups
 - ✓ E-procurement (eg list of preferred suppliers; identify materials in stock; flag up sustainable options)
 - ✓ Task groups in academic units identifying common purchasing interests (eg plastic ware)
- How to tackle principal investigators?

Principal Investigators

- PIs make many of the procurement decisions in academic units
- Many PIs not committed to implementing the policy
- Progress could be achieved by:
 - ✓ Staff development for PIs to show how sustainable procurement helps achieve their personal sustainability agenda
 - ✓ Ensure local administrative grade staff influence procurement processes
 - ✓ Get recognition for the procurement expertise of local technical staff
 - ✓ Recognise the achievements of PIs who have given weight to sustainability in their purchasing

Summary

- Set in context of a sustainability policy to which senior management is committed
- Procurement Office committed to sustainable procurement
- Office is in Corporate Services, ensuring integrated approach
- Recognition that sustainable procurement is part of good procurement practice
- Focussing on easy wins
- Processes kept simple
- Using “Influence” as the key tool
- Recognition that sustained action with budget holders is needed

Where are the opportunities?

In groups spend 20 minutes discussing the following – 10 minutes on each

- 1 What are the barriers to sustainable procurement in my institution?
- 2 Where are the opportunities to move things forward?

Barbara Morton

UMIST / DTI

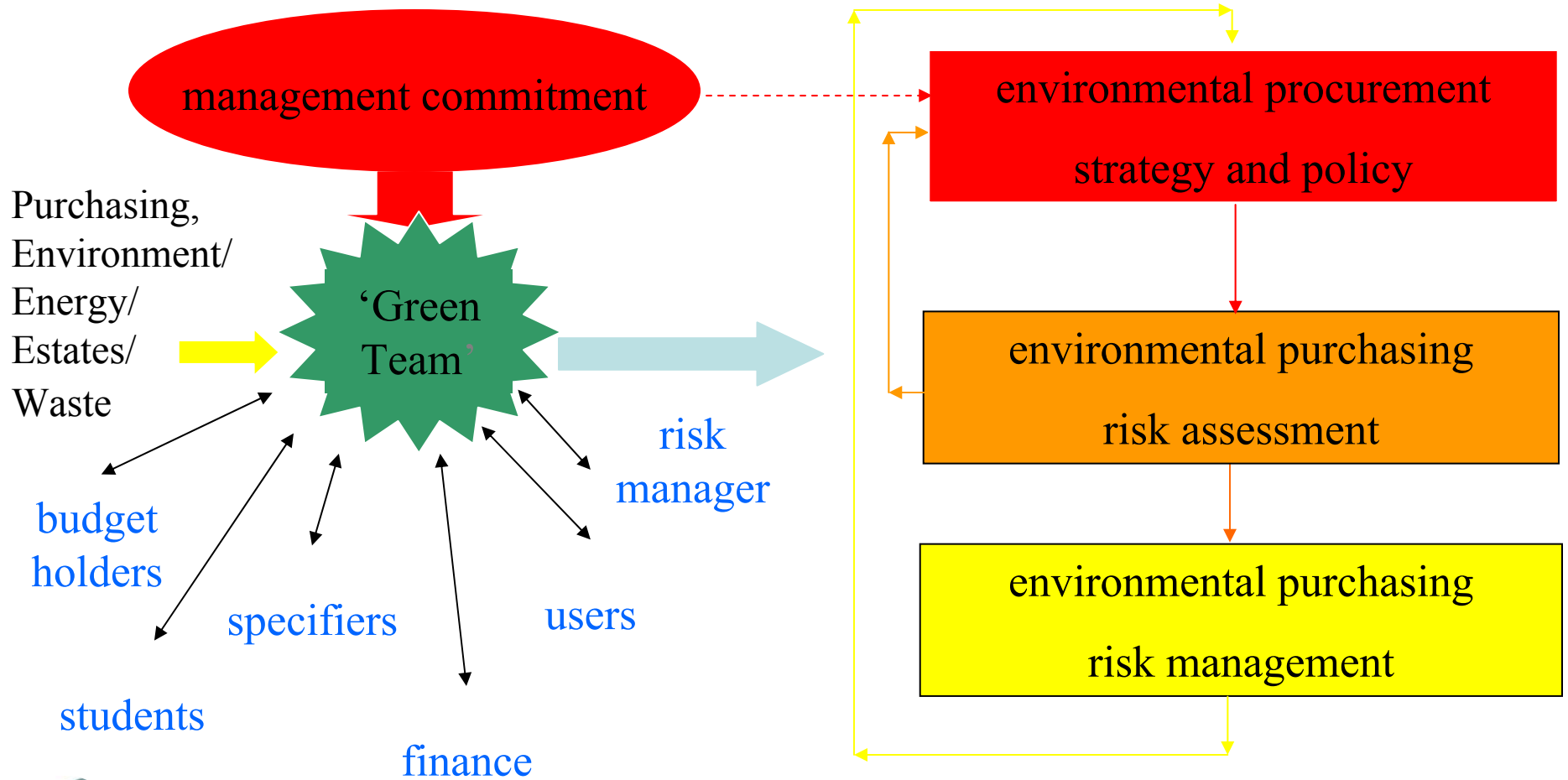
Founder of the Sustainable
Supply Chain Forum



Getting started

- Starting from zero:
 - review impacts (positive & negative)
 - prioritising activities
 - don't (have to) try to tackle everything at once!

Getting Started – A Practical Approach



Risk based approach

- Prioritise on the basis of “risk”
- Identify risk management techniques currently in-use in organisation
- Are environmental purchasing risks identified on the corporate risk register?
- Where available, utilise previous analysis of spend e.g. by value, strategic importance, influence, etc
- Do NOT focus solely on high value contracts

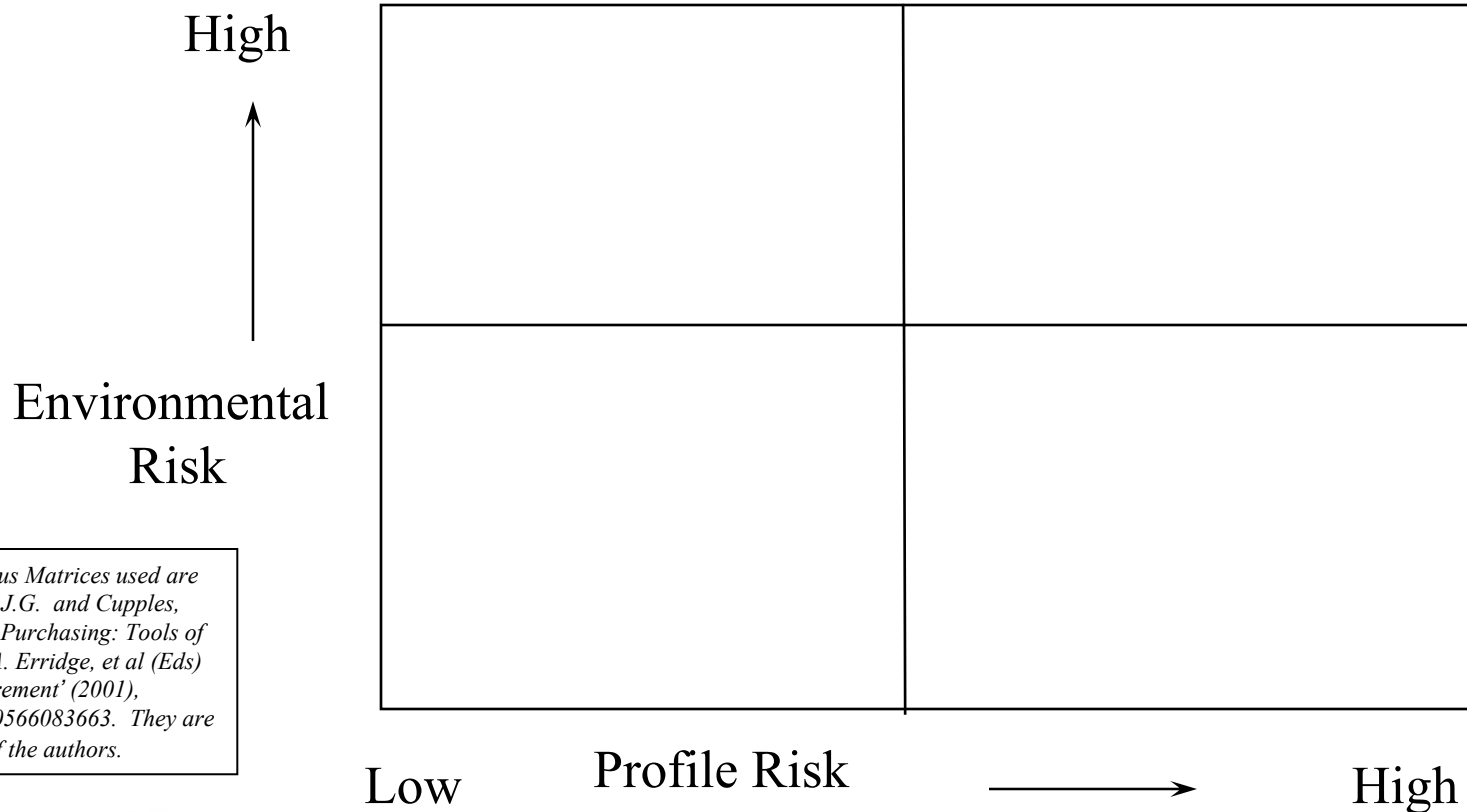
Risk based approach

- Identification
- Analysis
- Evaluation
- Control / Management

Environmental purchasing risks

- Risks can arise from three different areas of supplier performance:
 - supplier performance in their own sites/operations
 - supplier performance while on your site
 - supplier-provided components/products/services which flow through into your operations/products/services

A simplified approach - 'green risk'



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Risk criteria

- Examples
 - National Health Service Purchasing and Supply Agency
 - Environment Agency (5 questions)

Environmental risk - NHS

- Potential for the use or release of toxic or hazardous substances at any time during the life-cycle of the product or service contract
- Pollution (or risk of) on NHS premises
- Potential to affect quality of working environment (e.g. noise, odour, dust)
- Energy or water consumption on NHS premises
- Ongoing use of transport and travel (e.g. repeat deliveries)
- Other sources of greenhouse gas emissions during use
- The use of consumables that end up as waste or generation of packaging waste on NHS premises

Risk to corporate image - NHS

- Government policy
 - use of timber or related products; organic food
 - low carbon economy - energy efficient equipment, renewable energy, alternative fuels
 - recycled products/materials
- Human health
 - hazardous/toxic substance use
 - air quality (e.g. air pollution)
- NGO campaigns/consumer boycotts
- Local community issues, e.g. local suppliers

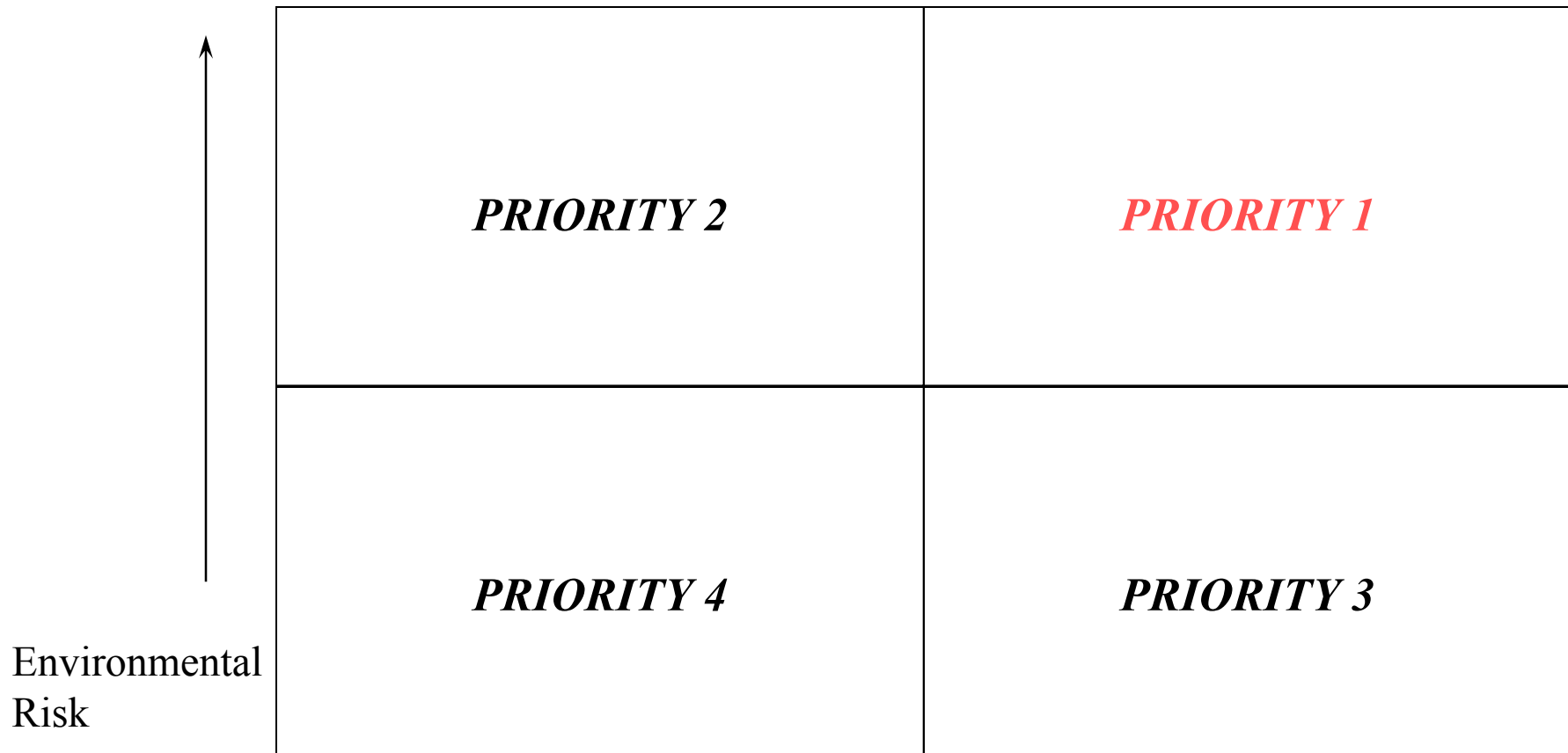
Environmental risk mapping

- Environment Agency
 - does the item have potential for high energy use?
 - is it made of unsustainable materials?
 - is there the potential of a pollution incident in performance of our work?
 - is excessive pollution caused during manufacture?
 - is there an environmental PR risk to the organisation?

Risk - an outline approach

- Assemble 'green' team
- Agree an environmental risk score for each area of contract/spend
- Agree profile risk score for each area of contract/spend
- Determine breakpoint criteria for "high" and "low" e.g. use average, or >1 , or >3 , etc
- Position each contract/area of spend in matrix
- Agree interventions and prioritise attention on 'high risk' contracts

Environmental purchasing strategies



Environmental purchasing strategies

- What are your 'riskiest' purchases?
- Above or below the line
 - environmental risk
 - profile risk

Possible answers - NHS

| | | |
|-----------------------|---|--|
| Environmental Risk | employment agency services pharmaceuticals cleaning materials | clinical waste medical consumables patient transport catering services energy |
| | stationery | uniforms office furniture signage |

Environmental purchasing strategies

- Strategic
 - avoid use/reduce consumption e.g. through seeking alternatives
 - do more research and verify information through supplier audits
 - engage stakeholders
 - check policy compliance
 - prepare press release?
- Operational
 - green specification and award criteria
 - use variants
 - green supplier appraisal
 - quality/price tender evaluation on basis of whole-life costs
 - gain commitment to future action and programme of supplier audits

Environmental purchasing strategies

- Priority 1
 - Avoid use/reduce consumption
 - More research/supplier audits
 - Engage stakeholders
 - Check policy compliance
 - Prepare press release?
 - Green specification and award criteria
 - Use variants
 - Green supplier appraisal
 - Quality/price tender evaluation on basis of WLC
 - Gain commitment for future action
 - On-going programme of supplier audits

Environmental purchasing strategies

- Priority 4
 - Check policy compliance
 - Raise awareness through use of standard clause



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The work of NUS Services' Ethical & Environmental Committee in greening the student supply chain

Presented by Jamie Agombar,
Ethical & Environmental Coordinator
September 2004



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NUS Services Ltd

- The commercial arm of the NUS
- A highly successful purchasing consortium
- Part owned by the NUS; part owned by 224 shareholder Students' Unions
- A not-for-profit company
- A democratic company
- Led by student volunteers...



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Are students ethical?





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Ethical & Environmental issues

Ethical & Environmental Committee

- One of three committees
- Established 1995
- 5 students, 3 staff: elected at NUS Services Convention

Ethical & Environmental Coordinator

- Established 1996

How much influence?

- 'at the Heart of the company'





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Remit

- 75% time assessing / greening suppliers
 - Especially tea and coffee; clothing; tobacco; food
- 25% time greening Unions
- Ensure NUS Services practices what it preaches
- Resolve issues with suppliers as and when



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Assessing suppliers

1 Pre-qualifying Questionnaire & Code of Conduct

a) Commitments to the conventions of the ILO

b) Environmental standards:

- Environmental policy, review, responsibility
- Waste management
- Resource efficiency
- Green procurement
- Ethical policy
- Ethical procurement
- Community relations
- Business principles



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2 **Screening process:**

Companies House

Hoovers Online

Ethical Investment Research Service

Ethical Consumer

Multinational Monitor

Corpwatch

Business & Human Rights Information Centre

Responsible shopper

Search engines



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3 Ethical & Environmental Accreditation

- New questionnaire (200 questions; size specific; category specific)
- Annual for *all* suppliers / major brand owners
- Obtain a grade (like B&Q's Quest concept)

Purpose:

- To check suppliers meet our minimum standards
- To obtain a comparative score (buyers, strategic targets, supplier development, Do It For The Planet, shareholders...)



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4 **Signing a contract**

New contract clauses:

- **Contract Termination:**
 - Breach of legal requirements
 - Breach of our Ethical Transparency Policy
 - Unethical practices, as deemed by... us!
- Provision of standards for workers in developing countries

Promoting the best - Do It For The Planet

- Positive choice – the opposite of boycott
- Point of Sale
- Free for Unions
- Hot-spots
- A new concept in grocery retailing – no longer just product niches
- Newsletter, Champions and SUB TV





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5 Validating and supporting

Supplier audits:

- 3 in 2003/04
- 6 in 2004/05
- 12 in 2005/06





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When suppliers get it wrong...

- Our membership raises issues
- Contractual obligations to our suppliers...
- ...constructive engagement.
- Case studies:

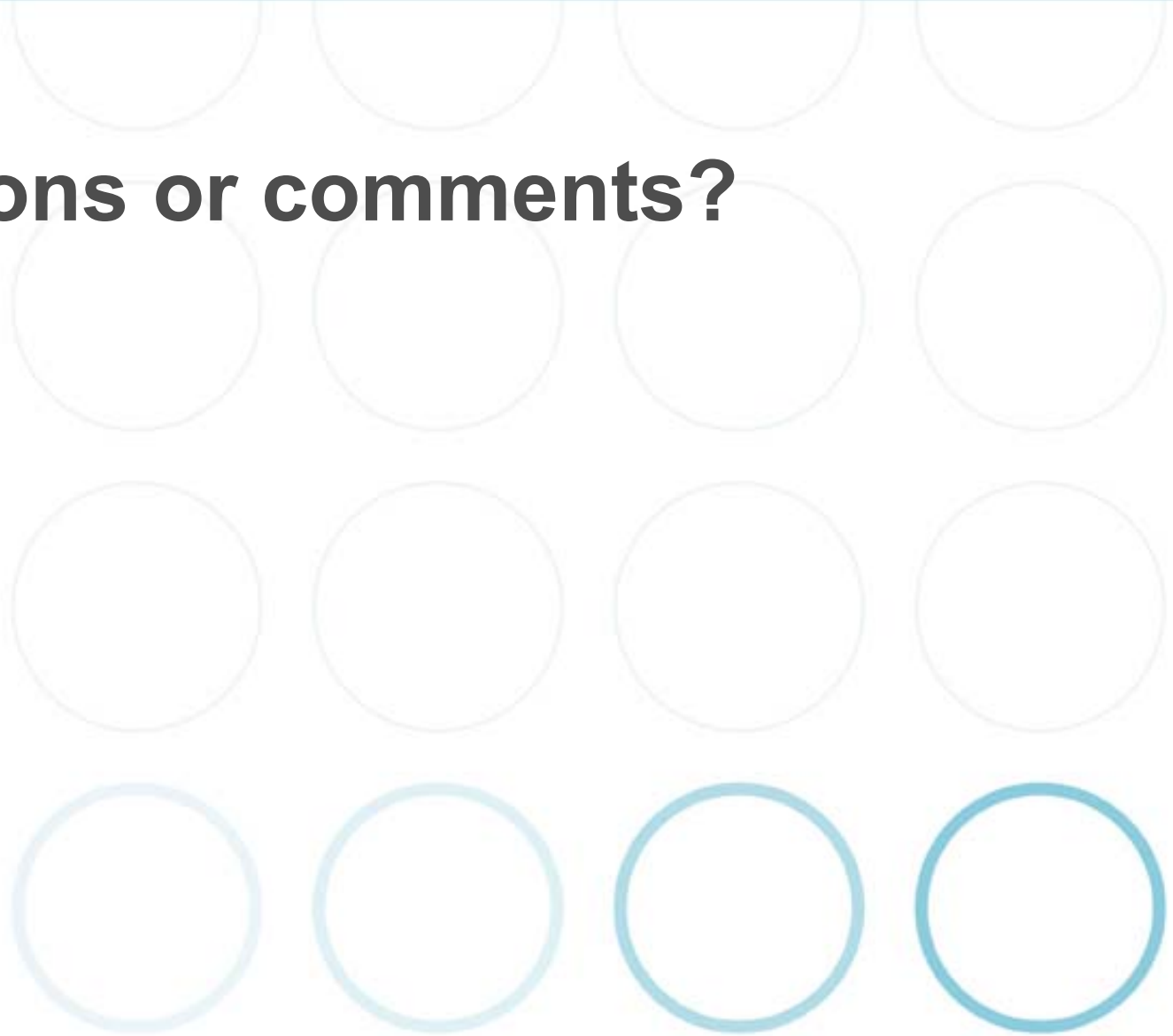


- we can
boycott



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Questions or comments?



Putting it into Practice

- Choose one of the high risk products or services identified in the earlier exercise
 - Over the next 10 minutes identify what you can do to
 1. Reduce the risk from this product / service
 2. Reduce the environmental impact

Barbara Morton

Tools and Support

Where can we get further support
on sustainable purchasing?



Tools and Support

- What support have you received on sustainable procurement?
- What would you recommend?
- What more do you need?

Tools and Support

- Further Support
 - Networks
 - Guidance documents
 - Websites (see handout)
 - Training - Learning to Last project

Will Naylor

Closing Remarks

