Our Approach to Developing and Supporting Government Buying Standards

A. Purpose of Document

This document aims to give public sector procurers an understanding of the history and scope of Government Buying Standards (GBS) as well as our revised approach to developing and supporting GBS.

B. Background

1. History

The Government Buying Standards (GBS) began their life as Buy Sustainable – Quick Wins. They were what the name says, existing standards, such as BREEAM, that could be identified and used without detailed analysis. They existed before the Commission began its work to develop EU Green Public Procurement (GPP) criteria.

The EU GPP criteria [http://ec.europa.eu/environment/gpp/first_set_en.htm](http://ec.europa.eu/environment/gpp/first_set_en.htm) are the European Commission’s environmental criteria and have been developed for 19 product categories. The EU GPP criteria were a step forward in that they identified key environmental risks e.g. pollution, waste, water, energy and resource efficiency, and research was carried out by consultants to develop criteria relevant to different product groups to address these risks.

Defra Sustainable Products and Consumers (SPC) Team make use of the EU GPP criteria in developing domestic buying standards. The domestic standards are not the same as the EU GPP criteria for a number of reasons:

- There is a limited market assessment and cost/benefit analysis
- There were significant upfront cost in some cases – for example (unless the procurer was based in Sweden) using the EU GPP criteria for cleaning products will cost a member state between 36-158% extra. The ambition in terms of products identified is not always in line with central government policy of purchasing on the basis of Most
Economically Advantageous Tender (MEAT), where upfront costs and quality (which includes environmental considerations) considerations are balanced.

- Do not consider other pillars of sustainability e.g. economic and social

For these reasons, Defra has continued to draw on the EU GPP product criteria but has also invested considerable resource in ensuring the Government Buying Standards represent whole life value for money.

2. Current Governmental Position

This is set out in the Greening Government Commitments which say:

“Ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impacts of its supply chain:

a. Embed the Government Buying Standards in departmental and centralised procurement contracts, within the context of Government’s overarching priorities of value for money and streamlining procurement processes.

b. Improve and publish data on our supply chain impacts, initially focussing on carbon, but also water and waste - setting detailed baselines for reducing these impacts.”

3. Scope of GBS

Our focus is on developing standards that provide value for money over the lifetime of products through minimising environmental impacts.

These standards are mandatory for central government and encouraged for the wider public sector.

In some instances, such as timber and textiles, these standards also take on board social and ethical considerations such as labour standards. Government is also increasingly seeking to take broader impacts into account, such as the potential to stimulate eco-innovation and growth.

Procuring sustainably is vital to good procurement practice and means considering the impacts of the product or service over its life time, as provided for by the Green Book\(^1\). It includes looking at ways of reducing demand through encouraging better asset management

\(^1\) http://www.hm-treasury.gov.uk/greenbook
and the purchase of durable and repairable products, cutting energy in-use costs, and reducing end of life costs by encouraging the use of products with less toxic material. Our standards also increasingly seek to support suppliers who put in place reuse/recycling options, and to reducing embodied carbon and other supply chain impacts. The focus is on “lifecycle costs” and challenging the tendency on the part of procurers to focus only on the easier to measure upfront costs.

4. **How do the GBS relate to the procurement process?**

The three most productive times to consider sustainability within a procurement exercise are in the pre-contract “Identify the need” stage, the “contract stage”, and the post-contract award “contract management stages”.

The GBS have historically been developed as a “tool” to be cut and pasted (where appropriate) into the technical specifications, contract award or contract performance terms stages of the tender. They are intended to enable procurers to take into account lifecycle costs with little effort on their part.

5. **How do we address risks and barriers?**

Procurers are often concerned about higher upfront costs and financial, reputational and legal risk. Sustainability is often viewed as a “would like to have” add-on.

Defra seeks to address these risks and barriers by the following:

a) we widely consult producers, suppliers and procurers from across Government;
b) we carry out a full market capacity exercise;
c) we carry out a cost/benefit exercise to develop our standards to a level at which they provide whole life value for money;
d) the mandatory standards are pragmatic and restricted to core issues (not a full list including would like to haves);
e) the criteria are clear enough for them to be able to talk through them with suppliers. Procurer’s Notes (see below) should help in this respect;
f) there are ways to measure and verify compliance;
g) working with government lawyers to finalise the standards
h) provide some guidance on other measures they can take post contract award.

The above should convince procurers that they should seek to embed the GBS within contracts they are letting and managing.
C. Our Approach to Setting GBS – a Toolkit

In developing Government Buying Standards, key issues we take into account are:

- The latest EU GPP criteria & standards developed by other organisations eg US EPEAT, Ecodesign and Energy Star standards, to avoid unnecessary variations in standards. These standards and criteria provide an important starting point.
- cost/benefit analysis (a full Impact Assessment where appropriate) to ensure that the criteria offer a reasonable payback time if upfront costs are higher.
- The key sustainability impacts, with the aim of narrowing the focus to the top 5 or so sustainability risks.
- The maturity of the market, and the scope and influence we have over the market to deliver sustainable products not previously available.
- The scope to use all stages of the procurement process.

We take into account the following in respect of prioritising product groups:

- the Government Procurement Service’s forward plan
- Likely public sector spend in the next 10 years or so
- The severity of environmental impacts
- The access and relationship the sustainable procurement team has to trade bodies, industry, suppliers and key public procurers of that product group.
- Whether there is an opportunity to try to re-think our approach, challenging procurers and / or industry, but also listening and compromising.
- Whether there is the possibility of identifying, and addressing in guidance, key sustainable behaviours

Approach to different stages of the procurement process

To ensure a consistent approach, we have developed some guidance for each stage of the procurement process that Defra intend to follow in developing and supporting implementation of the GBS:

1. Pre-Procurement

Guidance to help procurers to rethink how to meet organisational need and where possible to identify demand reduction measures. It must be emphasised that this is product specific and requires flexible thinking. This stage is developing greater emphasis as the Cabinet Office encourages public procurers to engage in pre-procurement dialogue with suppliers.

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2 http://gps.cabinetoffice.gov.uk/i-am-buyer/procurement-pipeline
Some of the following steps will be considered by the GBS developer and, if thinking broadly enough, that can lead them to identify “contract” clauses or “contract management” performance clauses. Consideration in this phase should include things such as:

a) **Re-use** of existing stock in organisation, or related organisations. Those developing the GBS need to think flexibly, for example you can re-use furniture but re-using other products may be more difficult but embedding the principle encourages re-use where it is possible such as re-use of food packaging and containers.

b) **Remanufacture** of existing stock. This may be possible, it may not, but it needs to be thought through. If there are barriers to remanufacture can Defra work with procurers/industry to overcome them? Making a PC software upgradeable is a form of remanufacturing, as is sharing diagrams to help remanufacture of desk tops.

c) **Re-thinking** how the demand can be met in a way that requires fewer or better value goods to be bought. It is also an ideal time to identify and evaluate new innovations in the market place. This may mean e.g. encouraging constructors to re-think interior/exterior design options, car sharing or longer in-use life, rather than car procurement, whether there is a true need for a smartphone rather than a simple mobile etc.

(d) **Considering the best way of procuring** for example through service contracts rather than the procurement of products. Within the EU, managed services are seen as the next big step in sustainability e.g. when refreshing printers procurers could tender for a service eg 5,000 sheets a year. The contractor would own and provide the number of multi-functional devices (MFDs) required. The benefit of this approach is that the contractor will treat products as value commodity (i.e. each item holds financial value to them and is treated as such) and will therefore carefully assess the number and type of product delivered, which in turn saves resources and energy. The incentives on the service provider will be aligned with sustainability considerations. An example of this is the DWP managed furniture service, where the contractor is required to provide everyone with a desk of certain specification. The contractor has established exactly what furniture stock DWP has and has set up a full repair/remanufacture capability. The length of the contract was important in this respect in ensuring an incentive to set up this capability.

e) **Rationalisation** Category managers can also help procurement by using their technical expertise to help rationalise the number of types of the same products government buys. Government may be able to use its spending power to obtain economies of scale from a much reduced list and therefore achieve better value for
money. A second benefit of buying a smaller range of products is that it is much easier and simpler to have the parts and expertise to repair and remanufacture the products e.g. the number of furniture items on the Government Procurement Service framework has been reduced from over 400 to around 35.

f) **Social Criteria** Defra has commissioned a report on social and ethical criteria which will give procurers some information as to what can be taken into account at different stages of the procurement process. In addition, Cabinet Office has put in place a plan to increase the opportunities for SMEs to bid for government contracts, and published guidance on the Public Service (Social Value) Act 2012. Departments will wish to consider obtaining these wider benefits alongside using the GBS (which in some cases such as food and textiles already include social and ethical criteria).

2. **Technical Specifications**

The GBS have historically sat in technical specifications as it was considered that this is where there is most potential to have an impact on procurement. The technical specification stage is the most legally restricted stage of the procurement cycle but does allow for the inclusion of environmental considerations in certain circumstances. It is difficult to say exactly what is permissible under EU law but it is clear that specifications that relate to the physical characteristics of a product or its functionality is possible, as long as this is not in some way an arbitrary restriction on trade. It is less clear however how far technical specifications can be used to describe aspects of the production process eg a low carbon production process. Defra has been seeking to ensure greater clarity in EU law in this respect.

The process of involving producers and suppliers at the earliest stage in developing the standards should help to identify any issues.

When developing the GBS technical specifications, Defra considers the following in particular:

- **Energy in use**
- **Water in use**
- **End of life costs:** which include repairability, upgradeability and recyclability, as well as hazardousness of materials used. (Although there is a need to move away from the blanket banning of Risk (R) phrases [http://www.hse.gov.uk/chip/phrases.htm](http://www.hse.gov.uk/chip/phrases.htm) on a product by product basis if at all possible as it does not give consideration to impact, measurability or alternatives).

**Resource efficiency:** quantities of scarce materials used and recycled content e.g. 10% recycled content.
For the future, Defra is looking to see whether it can:

- use its Best Practice criteria to give suppliers advance notice of the sorts of products the public sector is likely to look for in the near future.
- **Embodied carbon:** this is being considered and it may be that this is best taken into account at evaluation stage. At present there are no agreed methodologies for either carbon footprinting or water footprinting. Defra will be looking for opportunities within product groups to develop carbon/water impact criteria for comparable processes,

3. **Evaluation of tenders**

   It is generally expected that procurers will use the MEAT approach, and the GBS include some award criteria.

   Defra is currently looking to see how award criteria can be developed to ensure that suppliers who could provide products and services to a higher standard than the minimum mandatory of the technical specifications can be rewarded within the evaluation. We are looking at how best to do this and whether it can be done through using one or two simple metrics like energy in use and end of life costs.

4. **Contract Management**

   Authorities can also work with suppliers to address sustainability issues. Key issues relevant to this stage include transportation, packaging, energy in use and social issues.

   Tools are available such as supply chain monitoring tools, e.g. CAESER, Amee’s carbon monitoring tool which allow procurer s to obtain information relating to their suppliers which helps them work with those suppliers to reduce their impacts

   Some of our GBS seek to embed sustainability through contract performance conditions, particularly with regards to social criteria. Our Food GBS for example includes contract performance conditions relating to fair trade tea and coffee.

Contract performance can include the authority and contractor agreeing targets, known as a Key Performance Indicators (KPIs) e.g. to reduce energy in use by 10% within 2 years. The authority may then work with the contractor to help them achieve the target.

The report Defra has commissioned on social and ethical considerations will primarily be of relevance to the “contract performance management” stage.

Time is always a factor for procurers, particularly post-award, but evidence suggests that good contract management can have really positive impacts such as the creation of shared cost savings, case study and promotional development and the embedding of sustainability down supply chains.

D. Supporting GBS: Guidance and Training

1. Procurer’s Notes

We are looking to develop Procurer’s Notes for each GBS as they are developed or reviewed in the future and agreed with the Government Procurement Service. The guidance will:

a) Explain how to use the GBS including the use of technical specifications and how to score the award criteria.

b) Explain the criteria with enough clarity that procurers should feel comfortable with talking potential suppliers/contractors through them.

c) Explain to procurers how to measure and verify compliance, and where a supplier would get the information from e.g. for IT the evidence comes from ECMA (an industry standard) declarations that all IT companies have to complete.

d) Highlight good behaviours that will increase the sustainability of the product in-use e.g. not leaving a mobile on charge over night, pull printing etc.

e) Provide guidance on other measures they can take post contract award as part of contract management.

2. The National Sustainable Public Procurement Training Programme

This is designed to give procurers understanding on how they can implement a sustainable procurement approach, including the use of buying standards. It directs to accredited trainers who can offer face-to-face training on sustainable procurement, usually arranged as three one-day modules, with extra one-day modules available on carbon literacy and on sustainable food procurement, but also includes free e-modules on sustainable procurement and on carbon literacy.
WRAP have also produced e-modules, covering an Introduction to Sustainable Procurement, but then focusing on five specific high-priority areas: Construction and Major Refurbishment Projects, Furniture, Information, Communication and Technology (ICT), Re-use and Remanufacturing, and Textiles.

These free-to-use online modules offer procurement practitioners the tools and knowledge to assess their own procurement processes, with a view to adopting more sustainable practices, unlocking potential cost savings through using resources more efficiently, and sending less waste to landfill.

All these training opportunities are designed to demonstrate that sustainable procurement is simply good procurement practice which can generate significant benefits, including increased efficiency and reduction in carbon but also savings on whole-life costs.