

Supporting the local low carbon
environmental goods and
services sector

Procurement Guidance

ESTA



Environmental Sustainability
Technical Assistance

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BEST PRACTICE GUIDANCE

Purpose

This guidance outlines practical steps to support procurement design and delivery to maximise the potential for successful engagement with local Low Carbon Environmental Goods and Services (LCEGS) suppliers.

It details how procurement best practice can be embedded within overall procurement strategy to encourage stimulation of local LCEGS sector businesses. Examples provided relate to both the LCEGS sector and other industry sectors, providing a cross section of comparable and replicable good practice.

The guidance is targeted to support all those with a role in influencing procurement, including:

- policy makers, heads of procurement, directors of finance within publicly funded organisations and project managers developing low-carbon projects; and
- procurement staff, budget holders and those involved in preparing specifications for goods, works and services.

It outlines practical steps that such individuals can take to support their organisation to be strategically positioned to stimulate the market for local low carbon environmental goods and services (LCEGS) suppliers.

Please note that this guidance is not designed with the objective of favouring local suppliers; it is designed to help create a procurement environment within which local LCEGS suppliers can compete more effectively for existing and future public sector led business opportunities. It also attempts to guide public procurers so that they can facilitate this, thus securing multiple sustainable outcomes whilst adhering fully to EU procurement legislation.

The research has been jointly commissioned by the Cheshire and Warrington, Cumbria, Greater Manchester and Liverpool City Region LEP areas and is funded through the Environmental Sustainability Technical Assistance (ESTA) project.

Context

Local Enterprise Partnerships (LEPs) were formed in 2011 as a voluntary partnership between businesses and local authorities. They are private sector led Boards who are responsible for developing the strategy for local economic growth in their area.

As a tool for economic development, procurement fits with the strategic priorities of the LEPs. In addition the LCEGS is a growing sector in the UK and therefore currently gives each LEP an opportunity to develop their local economy.

In each of the LEP areas commissioning this work (Cheshire & Warrington, Cumbria, Greater Manchester, Liverpool City Region) the LCEGS has a significant presence and in particular, all four LEP areas have notable strengths in parts of the sector that aligns well with public sector procurement opportunities. For example, building technologies is the largest low carbon sub-sector in all LEP areas which closely aligns to the housing and public sector building retrofit agendas being supported by the LEPs. The renewable energy sector also performs well in each LEP area and can easily respond to opportunities created by the public sector to develop low carbon energy infrastructure.

The Opportunity

The public sector spends an estimated £240 billion each year on procuring goods and services¹. Local authorities account for a significant proportion of this, spending some £68 billion on revenue activities together with a further £20 billion procuring capital projects².

Ensuring that SMEs are fully engaged in procurement opportunities will be key to developing local participation in the procurement process. Across the UK, small firms make up 99.3 per cent of all businesses, contribute 51 per cent of Gross Domestic Product (GDP) and employ 58 per cent of the private sector workforce³.

UK LCEGS sales in 2010/11 were £122.2bn, showing a 4.7% annual growth based on 2009/10 figures. This follows a consistent trend in growth since 2007/08 and the sector is forecast to grow by 5.5% by 2014/15. The export value of UK LCEGS in 2010/11 was £11.8 bn⁴. The table below shows sector statistics for local LEP areas.

LCEGS Sector Statistics 2010/11

LEP area	Sales	Employment (FTE)	Companies
Cheshire and Warrington	£1,888m	17,952 FTE	849
Cumbria	£1,138m	8,191 FTE	397
Greater Manchester	£5,446m	37,053 FTE	1,941
Liverpool City Region	£2,651m	22,307 FTE	1,228

Future low carbon investments are likely in areas such as: deployment of low carbon technologies, energy efficiency, domestic and non-domestic building retrofit, heat networks, sustainable urban mobility, decentralised energy systems, climate change adaptation and wider sustainable infrastructure.

The EU Growth Programme in England (2014-2020) will be made up from ERDF, ESF and parts of EAFRD funding. A total EU budget of €960 billion has been agreed. In more developed areas 20% of the ERDF budget has been earmarked for the priority “supporting the shift towards a low-carbon economy in all sectors” with, 15% in transition areas.

The development of low carbon projects and infrastructure across the LEP areas will inevitably lead to procurement opportunities. This guidance has been designed to demonstrate that achievement of local economic development priorities, as well as carbon reduction targets can be supported through procurement processes. The economic benefits of a progressive procurement policy have been clearly demonstrated through research undertaken by the Centre for Local Economic Strategies (CLES) for Manchester City Council. The following case study shows that spending with local suppliers allows retention of a greater proportion of spend within the local economy than spending with suppliers from outside the area.

¹ *Public Procurement as a Tool to Stimulate Innovation* (May 2011) House of Lords Science and Technology Committee report, p. 26

² Public expenditure statistical analyses (2011) HM Treasury, p. 98

³ Local Procurement. Making the Most of Small Businesses (2012) Federation of Small Businesses, p. 11

⁴ Low carbon environmental goods and services (LCEGS) Report for 2010/11 (May 2012) BIS, p 20, 46
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Economic Benefits of Procurement Policy

In August 2009, Manchester City Council commissioned research⁵ to develop an innovative method for understanding the benefits of procurement spending and engaging suppliers. It was also developed to offer recommendations as to how Manchester could move towards more progressive procurement practices across the local authority. Key findings demonstrated the quantitative and qualitative benefits of the Manchester City Council policy:

- Procurement spend makes a significant contribution to the Manchester economy £184m or 51% of spend upon the top 300 suppliers was with organisations with a Manchester City Council boundary postcode or with a branch within the local authority boundary. £13m or 33% of spend upon suppliers ranked 301 to 1000 was spent within Manchester
- Manchester based suppliers re-spent 23p in every £1 upon Manchester based employees and suppliers of their own
- Greater Manchester based suppliers re-spent 45p in every £1 upon Manchester based employees and suppliers of their own
- In catalytic terms amounting to £687m, which is effectively double the amount spent by Manchester City Council upon procuring the top 300 suppliers
- Using the total spend of Manchester City Council upon all suppliers; the average spend upon employees by suppliers responding to the survey; and the number of local employees of each supplier it was estimated that 5,225 jobs are supported for Manchester residents through Manchester City Council's spend upon the top 300 suppliers.

The Barriers to Business

There are still significant barriers, particularly for SMEs, in gaining access to procurement opportunities. Research carried out in 2008⁶ demonstrated the substantial barriers to SMEs winning public sector contracts, indicating that:

- 70% of SMEs rarely or never bid for government procurement opportunities
- 76% of SMEs felt that there were barriers that prevent SMEs from being fully aware of public procurement opportunities
- 55% of SMEs felt that the process of bidding for government contracts required more time and effort/cost than their business could allow
- The lack of awareness of opportunities was the single most important reason for an SME not to bid for a public contract.

More recently, research carried out by the Federation of Small Businesses (FSB) reported that 60% of their members indicated that barriers remain to small firms in bidding for public sector contracts:

- The tendering process is too long/costly (35%)
- Not always aware of the public sector contracts available (28%)
- Not able to compete with larger suppliers (28%)

⁵ The power of procurement. Towards progressive procurement: the policy and practice of Manchester City Council (2010) Centre for Local Economic Strategies

⁶ *Evaluating SME Experiences of Government Procurement* (2008) Fresh Minds research for the Scorecard Working Party. The Working Party consisted of the British Venture Capital Association (BVCA), the FSB and the Confederation of British Industry (CBI)

- The relevant eligibility criteria (e.g. level of turnover/relevant standards) tend to exclude them (27%).

Given that SMEs are a significant part of all LEP areas and the LCEGS sector ensuring SMEs have access to procurement opportunities is key to maximise the economic development opportunities of public sector spend.

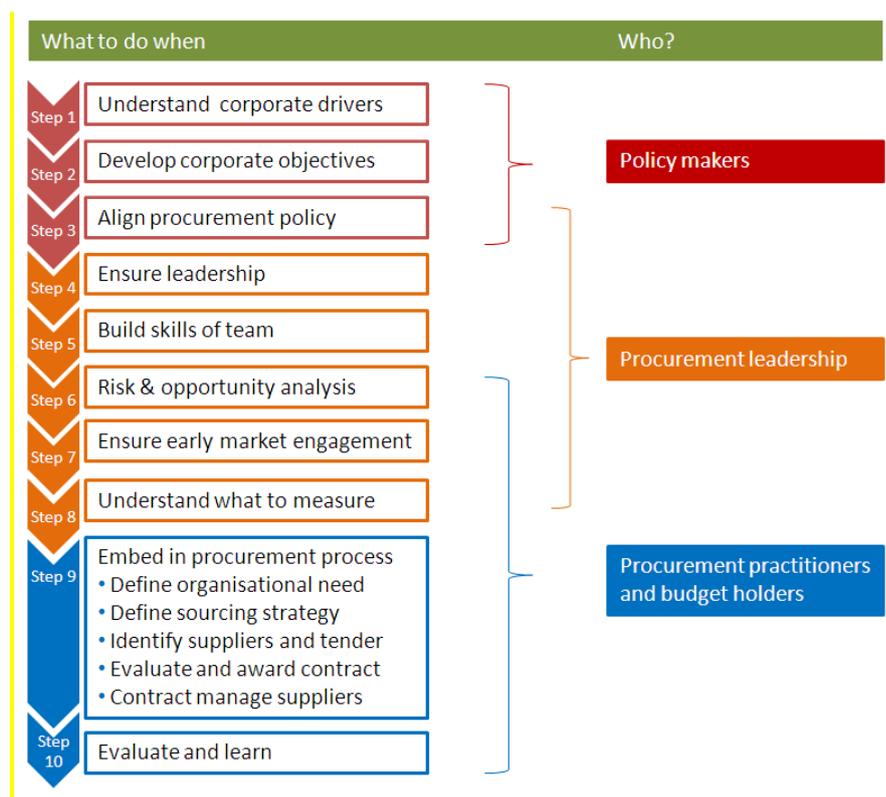
Using this Guidance

The size of the economic opportunity to local areas combined with the continuing barriers to businesses underline the importance of planning more effective procurement to achieve effective stimulation of the local LCEGS sector through procurement.

Implementing this guidance will support:

- Retention of more public sector spend within a local area
- Growth of the local LCEGS sector
- Better value and more long term sustainable outcomes in publicly procured projects
- LCEGS sector businesses in becoming more nationally and internationally competitive.

The diagram below outlines a recommended process for an organisation to follow if starting from scratch. Each stage is outlined in the guide:



This model is aligned with the British Standard for Sustainable Procurement BS 8093⁷, which provides guidance on adopting and embedding sustainable procurement principles and practices and builds on the themes of the Flexible Framework⁸.

It helps establish a “golden thread” of continuity between corporate “Fundamentals” (organisational policies and priorities), organisational “Enablers” (elements that must work effectively whatever is being procured), and the procurement “Process”. This principle is very relevant for the purposes of procuring local LCEGS, demonstrating a clear link and flow

⁷ <http://www.actionsustainability.com/bs8903/>

⁸ <http://sd.defra.gov.uk/documents/flexible-framework-guidance.pdf>

between corporate policy, procurement policy, and the outcomes sought via procurement, required to show compliance with EU procurement legislation.

This guidance is set out in three sections addressing the principal 'actors' as set out in the 'Who?' column above with specific guidance on the various steps for Policy Makers, Procurement Leadership and Procurement Practitioners & Budget holders.

PLEASE NOTE: The process outlined above provides a framework that has been developed from first principles. It is acknowledged that all organisations engaged in significant public procurement will have already developed and adopted corporate values, procurement policies and strategies that will have been built upon these lines. What this guidance attempts to do is create a tool that can also be used to refresh existing procurement processes and develop a focused approach on supporting the LCEGS sector through procurement activities.

POLICY MAKERS



Understand corporate drivers

Outcome

- A set of clearly defined corporate drivers supporting the case for stimulating the local LCEGS markets that will feed into the corporate policy (Step 2).

Process

It is useful to set out an explanation of key sustainability drivers behind an organisation's corporate policy. This serves the purpose of providing background evidence to support a corporate policy, to explain where targets come from and set different levels of targets (e.g. achievable and aspirational).

It is good practice to set out these key sustainability drivers in a positioning paper, to identify guiding principles for the organisation and priority areas of focus.

This can be used to engage both internal and external stakeholders to ensure their views are fully embedded:

1. Internal stakeholders:
This could include: LEP Board members or LA Councillors and Senior Managers within the Local Authority including Head of Finance and/or Chief Executive. Other key stakeholders include procurement head and/or budget holders, legal, economic development, those members of staff responsible for business engagement and carbon reporting.
2. External stakeholders;
This could include: Business groups, SMEs, environmental groups

This information can then be used to develop/review the organisational corporate drivers. The corporate drivers are then agreed by a small group of senior managers within the organisation.

Considerations

The corporate drivers should demonstrate that the opportunities and obligations with respect to engaging with the local LCEGS sector are well understood:

- Identify key facts and figures for a local area of the economic benefit of the local LCEGS sector and its potential for growth
- Link to local strategies supporting the development of the LCEGS sector and those supporting local business development, for example Local Enterprise Partnership (LEP) business plans and council development strategies
- Link to relevant organisational objectives such as driving efficiencies, innovation, quality and making cost savings
- Link to relevant EU and UK legislation, for example:

EU Public Procurement Directives

http://ec.europa.eu/internal_market/publicprocurement/other_aspects/index_en.htm#europe2020

Under the EU public procurement rules, contracting authorities may take multiple aspects into account – such as the need to protect the environment, include social

considerations or foster innovation - provided such aspects are relevant to the product, service or work being procured.

Public Services (Social Value) Act 2012

(<http://www.legislation.gov.uk/ukpga/2012/3/enacted>)

An Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes.

Localism Act 2011

(<http://www.legislation.gov.uk/ukpga/2011/20/introduction/enacted>)

An Act to make provision about the functions and procedures of local and certain other authorities; to make provision about the functions of the Commission for Local Administration in England; to enable the recovery of financial sanctions imposed by the Court of Justice of the European Union on the United Kingdom from local and public authorities; to make provision about local government finance; to make provision about town and country planning, the Community Infrastructure Levy and the authorisation of nationally significant infrastructure projects; to make provision about social and other housing; to make provision about regeneration in London; and for connected purposes.

Example

Cumbria LEP

In developing the Cumbria LEP business plan, a number of internal and external workshops were carried out in the county to determine the key priorities for the LEP. This was used to inform a comprehensive evidence base⁹ used in the development of the plan.

⁹ <http://www.cumbrialep.co.uk/wp-content/uploads/2013/05/Cumbria-LEP-Business-Plan-Evidence-Document-14.12.121.pdf>
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Develop corporate objectives

Outcome

- A visible commitment to incorporating the corporate drivers (Step 1) into relevant corporate policies, which includes a demonstrated commitment to stimulate local LCEGS.
- This commitment underpins the use of local LCEGS requirements in tenders, supplier selection and supply chain management.

If a procuring organisation is unable to demonstrate how tender questions or contract conditions such as social clauses, commitment to diversity, including SMEs, or low carbon supply fit to their corporate objectives, they could find themselves open to challenge.

Process

Develop and/or review relevant corporate policies (or equivalent) to incorporate a commitment to supporting the LCEGS sector and ensure these are publicly available. For example:

Local Authority: corporate strategy, various sector strategies (e.g. economic development, transport, skills, housing). Each category manager is likely to have their own policy (as listed) which will need to include corporate and procurement policy drivers.

Project accountable body: as above

Local Enterprise Partnership: if a procurement exercise is not being delivered by one accountable body, it is recommended that the LEP provides the overarching corporate policy or strategic objectives (i.e. set out in their existing business plans) to include local LCEGS drivers:

LEP area	Local LCEGS drivers in business plans/strategies
<p>Cheshire & Warrington</p>	<p>The growth of the Low Carbon Environmental Goods and Services (LCEGS) sector is core to promoting the low carbon economy – the sector facilitates the transition to a green economy and provides innovative low carbon solutions to new problems. The sub-region is well placed to maximise the opportunity. The LCEGS sector in Cheshire and Warrington is well established, with over 800 companies, producing an estimated £1,888 million in sales and supporting 18,000 employees. The sector has performed strongly in Cheshire and Warrington even during the recession, maintaining growth rates of 4.6%. Cheshire and Warrington has comparative strengths in energy efficiency: building technologies and energy management; renewable energy: geothermal, photovoltaic and biomass; waste and recycling: recycling and recovery and waste management sub-sectors.</p> <p>There are a high number of professional technical services companies spread out across the technical sub-sectors. Nuclear power and water supply and waste water treatment are also significant sectors. Geothermal energy sources are due to be explored in the Cheshire Basin to assess the viability of a deep geothermal drilling site and associated district heating network due to the area’s identified potential as only one of six places in the UK to supply heat and electricity from geothermal sources. Wider opportunities are expected to flow from these investigations, potentially across a larger part of the LEP area.</p>

<p>Cumbria</p>	<p>Procurement and supply chain opportunities highlighted as an issue for several business sectors including low carbon and renewable.</p> <p>‘Cumbria’s businesses, existing and future, offer huge potential to grow the county’s economy and jobs. To maximise this we will ensure that businesses, and in particular our SMEs, are inspired and supported to achieve their potential.’</p> <p>‘Where appropriate, working with businesses to support them to exploit the opportunities to grow their sector through supply chain development and/or collaboration and joint marketing for mutual benefit’</p> <p>‘Working with partners to develop supply chain opportunities for business in the low carbon and renewables sector’.</p>
<p>Greater Manchester</p>	<p>Support growth in GM’s SMEs in the low carbon/environment sector, building on its existing breadth/depth, including via market development, diversification and eco-innovation.</p> <p>Activities will include:</p> <ul style="list-style-type: none"> • a targeted Low Carbon Environment Goods and Services (LCEGS) sector development programme to support the growth of LCEGS sector businesses through provision of market intelligence, demonstration centres, meet the buyer activity, business to business support and linking them to finance and export advice and support available from other programmes • strategic activities to ensure GM investments maximise their economic impact, such as developing procurement practices to increase SME engagement and to bring forward innovation, improved access to finance to companies developing innovations, increase relationships between SMEs and the University sector and attract inward investment • an ‘eco-innovation’ business support programme to enable companies to decarbonise their goods and services and thereby diversify into the LCEGS sector and compete in the global market.
<p>Liverpool City Region</p>	<p>Develop and grow supply chains in the Low Carbon and Environmental Goods and Services (LCEGS), Logistics, Marine and Maritime sectors, including new business opportunities, stimulating market demand, support to diversify technologies and supply chain development.</p>

Considerations

- Corporate policies and strategies evidence the “golden thread” that leads to adopting a particular procurement strategy or rationale, including supporting local LCEGS companies.
- Care should be taken that commitments to supporting local LCEGS businesses are not outdated, or unclear with regard to procurement policy as a vehicle for development. The clearer the intention within such documents to securing local economic benefit and supporting key sectors such as LCEGS, the better.

Examples

Investment Strategy Northern Ireland

Investment Strategy Northern Ireland¹⁰ produced an informative guide¹¹ for the Public Sector on procuring social benefits, by ensuring that they are woven consistently through each stage of procurement linking to corporate objectives. The same principle applies for stimulating the local LCEGS sector through improved procurement

Network Rail

Network Rail has an overarching sustainable development strategy¹² (corporate strategy) and procurement strategy. For large, multi-million pound individual projects of a certain size, they develop an individual sustainable development strategy and procurement strategy to achieve specific outputs for the individual projects. To develop the individual projects' sustainable development strategies and procurement policies are written using exactly the same process. This ensures that different drivers can be taken into consideration for each project.

¹⁰ <http://www.sibni.org/investment-strategy.htm>

¹¹ <http://www.isni.gov.uk/Documents/Social%20Clauses%20Toolkit%20-%20Latest%20Draft%20Toolkit%20-%2025%20February%202010.PDF>

¹² <http://www.networkrail.co.uk/browse%20documents/strategicbusinessplan/cp5/supporting%20documents/transforming%20network%20rail/sustainable%20development%20strategy.pdf>



Align procurement policy

Outcome

- A procurement policy that is publicly available on website, fully aligned with the corporate drivers (Step 1) and corporate policy (Step 2).
- The procurement policy should define the aims and objectives for stimulating local LCEGS and provide an action plan as to how this will be achieved.
- *It is not acceptable within EU procurement rules to simply favour local suppliers. However supplier diversity (which includes SMEs) is acceptable.*

Process

- The development and/or review of a procurement policy should ensure that the requirements of stakeholders are taken into account to develop the procurement policy beyond the legislative requirement.
- Sustainable procurement should be part of an overarching procurement policy, not a separate document (the evolution of organisations of dealing with these issues is that often organisations develop a sustainable procurement policy first).

Considerations

A well drafted procurement policy supporting the principles of stimulating local LCEGS companies will:

- Outline the baseline standards expected of suppliers
- Describe the impacts the organisation expects its suppliers to address
- Outline how suppliers can support delivery of the organisation's aspirations
- The procurement policy should be detailed and explicit with regard to the local LCEGS engagement objectives of the organisation
- It should contain a statement on supplier diversity and securing local economic benefits through procurement, including a commitment to encourage SMEs to enter the organisation's supply chain
- It should contain commitment to using procurement to help support the organisation's low carbon agenda. This can include a commitment to support the development of LCEGS companies
- It should be signed by a senior officer or member with responsibility for overseeing the organisation's sustainable procurement strategy
- An internal implementation plan should be developed that is regularly updated and serves as a "blueprint"
- Set SMART performance indicators (PIs) within procurement policy.

Examples

Wakefield Council

A key priority for Wakefield Council is to create a stronger local economy with improved job opportunities and a skilled workforce. They have committed to ensuring that the £180million spent with third party suppliers on an annual basis supports local employment and skills outcomes wherever possible whilst, at the same time, maximising value for money.

A useful summary of ways in which local and SME supply can be encouraged is contained in Wakefield Council's Corporate Procurement Strategy¹³:

¹³ <http://www.wakefield.gov.uk/NR/rdonlyres/9B228DBE-E4CE-460B-872A-AC1ABE54F4E9/0/CorporateProcurementStrategy2012.pdf>

In 2011-12, 33% of the Council's spend went into the Yorkshire and Humber economy. Over £60m of this went to suppliers based in the Wakefield District. This is a significant increase from a baseline of 16% in 2004.

Procurement legislation limits the Council's ability to favour local businesses, but there are numerous ways in which it can legitimately support local businesses, including:

- Working pro-actively with partners to support local businesses through media and workshops to explain how to do business with the Council, and obtain their feedback in order to improve documentation and processes
- Providing information about future procurement activity, and advertising tenders on the regional procurement portal: <https://www.yortender.co.uk>
- Running supplier engagement events
- Packaging contracts in a manner, where possible, that does not preclude the following from tendering:
 - Local and regional companies
 - Small and medium sized companies
 - Newly formed businesses
 - The voluntary and community sector

United Utilities

United Utilities operates a highly structured approach to sustainable procurement¹⁴, supported by a detailed implementation plan. In 2008-9 United Utilities developed definitions of 12 headline sustainability objectives (nine environmental, three social) and developed a six year target framework against each of the 12 impacts. These impacts were prioritised against all categories in their supply chain. In order to develop category plans effectively, it was necessary to define the “scope” required for each impact over time. Their approach actively encourages the use of whole life costing, encouraging to LCEGS suppliers.

¹⁴ <http://corporate.unitedutilities.com/sustainable-supply-chain.aspx>

PROCUREMENT LEADERSHIP

Step 4

Ensure leadership

Outcome

- Performance Indicators (PIs) as set in the procurement policy (step 3) are monitored at each stage of the procurement process, contract award and management process to ensure that the relevant considerations have been appropriately addressed.
- In doing this, consideration should be given to the appropriate procurement route, advertising and standardisation of questions to alleviate any barriers for SMEs.

Process

- The importance of engaging with the local LCEGS sector, in terms of the local economic benefits and potential for local jobs and growth needs to be communicated to all those involved in procurement and supply chain management processes and that they are addressed as part of the “business as usual” approach.
- PIs should be monitored at each stage of the procurement process.
- Those responsible for the policy should regularly review to ensure that the policy remains fit for purpose.

Considerations

- To enable effective implementation of the policy, a group of appropriate stakeholders should be appointed to provide governance and should include senior figures (Officers and possibly a Member with oversight responsibility for the procurement function).
- The OJEU process can act as a barrier for businesses and therefore should only be used for projects of the correct value
- All projects should be advertised in the same place (ideally) over a certain value (e.g. £10K) and should be transparent and accessible (e.g. CHEST or Compete For)
- Standardised Pre-Qualification Questionnaires (PQQs) can help SMEs in accessing procurement opportunities. See evidence base for:
 - Publicly Available Specification 91 (PAS 91) is a publically available PQQ set of questions for construction procurement. The idea is that you choose the most appropriate questions for the procurement from a basket of standard questions

Examples

Lambeth Council

Annual review 2010/11 of Procurement Framework of Key Performance Indicators¹⁵

Wakefield Council

Project management and the Gateway Review¹⁶

¹⁵ <http://www.lambeth.gov.uk/NR/rdonlyres/1D0838E2-14BA-432D-A463-E4CEE43372E2/0/LambethProcurementKPIs201011.pdf>

¹⁶ http://www.wakefield.gov.uk/NR/rdonlyres/A4D3938D-5AF9-4589-866B-C574DA6B982F/0/16_ProjectManagementAndGatewayReviews.pdf



Build skills of team

Outcome

- Knowledgeable procurement and supply chain management practitioners, that can implement good procurement practice and a skilled, motivated workforce delivering the organisation's procurement and supply chain management activity.

Process

Various exercises can be undertaken to build the skills of those within the organisation that may be involved in procurement activity and to support the integration of the policy as "business as usual". These include:

- Appropriate briefing from leadership to ensure understanding and "buy in" to the main principles. This is particularly important to ensure momentum, communication and recognition
- The briefing would use the corporate objectives (Step 2) and procurement policy (Step 3) to outline why it is taking place
- Training and mentoring – in groups or on a one to one basis
- Integrating the policy requirements into specific supply management processes
- Sharing material across the organisation to support the integration of good practice into buying decisions
- Flexible frameworks set out the different skills required for each stage

Examples

Wakefield Council

Wakefield Council manages strategic procurement through its strategic procurement team. The service is not designed to act as a central buying unit. Instead it provides a corporate resource which oversees procurement activity across the council. The approach taken ensures collaboration in procurement decisions, and also that those involved in making or influencing procurement decisions have the necessary skills and support. This will be beneficial to the growth of the local LCEGS sector.

The strategy for Wakefield is as follows:

- The team leads on the implementation of category management across the Council. This provides the council with full visibility of third party spend, ensuring that spend is under contract and managed appropriately
- The approach to category management varies across the Council. Some categories are wholly managed within service areas whereas others are managed by the strategic procurement team
- The strategic procurement team provides support to service based staff undertaking a category management or contract management role
- Training and development needs of all officers buying for the Council are assessed via the use of a competency framework, and the strategic procurement team maintains a list of all officers that buy for the Council to ensure that they are informed of new corporate contracts and developments in procurement.

Wakefield Council has developed a series of good practice guides for staff which are also in the public domain.¹⁷ The guide for 'Procurement as an economic regeneration tool'¹⁸

¹⁷ Wakefield Council: Procurement toolkit – good practice guides

<http://www.wakefield.gov.uk/Business/WinningCouncilBusiness/WMDCProcurementStrategy/ProcurementCodeOfPracticeAndGuidance/ProcurementToolkit.htm>

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considers what can, and can't be done to engage with local suppliers, to use procurement activity to support the local economy.

¹⁸ http://www.wakefield.gov.uk/NR/rdonlyres/7D619495-EBCC-4B0F-9AA4-1B448B5FC510/0/13_ProcurementAsAnEconomicRegenerationTool.pdf
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Risk & opportunity analysis

Outcome

- Risks and opportunities are identified at all stages of the procurement cycle.
- Though this approach should be maintained at all stages, the earlier in the cycle the activity is commenced the more likely it will be to identify opportunities to secure long term benefits and stimulate the local LCEGS sector.

Process

- Policy makers should encourage and support procurement teams to develop “heat maps” identifying which spend categories provide the best opportunities to stimulate local LCEGS.
- The heat maps should ideally build upon previous heat mapping undertaken to identify the wider sustainability opportunities, risks and priorities of the organisation. If these do not exist at present, this is an ideal opportunity to create them and build in the stimulation of the local LCEGS sector as a potential priority.
- Heat maps use the simple principle of assessing each supply category against the pre-determined sustainability objectives of an organisation, and rating the impact that could be made as red, amber or green in terms of risk or opportunity. In each case the priority should be the impact the category or supply could have on the procuring organisation throughout delivery of its service. For instance in a broader sustainable procurement context, if the procuring organisation had a sustainability priority of reducing energy use, it would target services such as design, mechanical and electrical services etc.
- Identify risk i.e. through the use of a risk management matrix that charts scale of impact against likelihood.

Considerations

- For stimulation of local LCEGS sector, opportunities should be available across the spectrum of public procurement. Categories and project activity such as new build and retrofit will provide obvious opportunities, but the broad and growing range of activity within the LCEGS sector means that many more opportunities will be revealed by the heat mapping.

Examples

Sustainability West Midlands

Sustainability West Midlands¹⁹ worked with public sector authorities to examine how low carbon procurement clauses can be embedded into contracts. They used a heat mapping approach to determine the best opportunities which is consistent with the approach recommended for stimulating local LCEGS companies. By focusing on a range of desired criteria and considering the potential impact in this way, they were able to develop the basis of a detailed business case for where and how to engage with appropriate categories and suppliers. This provided the conditions for embedding carbon reduction, green job creation and long-term costs savings within future contracts.

Sustainable Procurement Prioritisation Tool

¹⁹http://www.sustainabilitywestmidlands.org.uk/wp-content/uploads/Developing_low_carbon_procurement_guidance_on_category_spend_areas_-_May_2012.pdf

The Sustainable Procurement Task Force developed a prioritisation methodology published in Procuring the Future (pdf) in 2006 and Defra developed an Excel Tool which has been widely adopted across the UK public sector to help organisations adopt a more strategic approach to help manage sustainability risks within procurement and influence the organisations supply chain. <http://sd.defra.gov.uk/advice/public/nsppp/prioritisation-tool/>

Step 7

Ensure early market engagement

In a recent FSB survey, 76 per cent of SMEs felt that there were barriers that prevent SMEs from being fully aware of public procurement opportunities, with 28 per cent perceiving this lack of awareness or visibility of the public sector contracts available as a major barrier. Amongst respondents, awareness of the Contracts Finder portal (www.gov.uk/contracts-finder) in England is still relatively low (17 per cent)²⁰.

Outcome

- Increased number of local LCEGS businesses engaging with the procurement process and applying for contracts.

Process

- Policy makers should encourage and support procurers and supply chain managers to engage (in a manner that is legally compliant and promotes free and fair competition) with the marketplace and supply chain throughout the procurement cycle, and particularly at pre-market stage of any specific procurement exercise.
- Procurement teams should conduct pre-market engagement events. These should be held for all procurement processes that are being competitively tendered. Support from policy makers should encompass providing the resources for such events to take place, support with advertising, feeding-in key learning and also attending the events to demonstrate leadership commitment.

Considerations

Innovation can be supported by early engagement. The more time a supplier has to suggest improvements and influence design, the more likelihood of a better outcome. Outcome based specification offers a new way of looking at supply and procurement and is an ideal method by which to stimulate the LCEGS sector. Given the opportunity, the supplier can deliver the solution that may meet unforeseen need and may also provide efficiency savings in the long term.

Early engagement is also important in terms of working with potential tier one contractors. The earlier they are engaged and made aware of the procuring organisation's priorities regarding SMEs and local LCEGS development, the more time they have for effective engagement with tier two suppliers (e.g. through training) and the more effective their response is likely to be.

Examples

Institute for Sustainability

Best practice guidance for successful SME engagement (Institute for Sustainability) provides a useful diagram outlining the SME engagement process²¹. Some recommendations are as follows:

- Establish appropriate contracts for SMEs
- Run SME engagement and training workshops
- Promote opportunities through appropriate trade associations
- Write SME-friendly prior information notice (PIN), PQQ and tender specifications

²⁰ Local Procurement. Making the Most of Small Businesses (2012) Federation of Small Businesses, p. 16, 26

²¹ Best practice guidance for successful SME engagement (2012) Institute for Sustainability, p. 10

<http://www.instituteforsustainability.co.uk/uploads/File/Best%20practice%20guidance%20for%20successful%20SME%20engagement.pdf>

Forward Commitment Procurement (FCP)

Forward Commitment Procurement (FCP)²² was developed in partnership with the Office of Government Commerce and the industry led Environmental Innovations Advisory Group. The FCP was developed as a means to enable the public sector to secure the environmental technologies and products it needs to achieve its sustainability targets, to deliver them in the required timeframe, and at an affordable price. The Commission on Environmental Markets and Economic Performance recommended the wider use of FCP to unlock private sector investment in innovative environmental solutions.

FCP supports early engagement with innovative suppliers. It achieves this by the client first consulting with the supplier to think about what an ideal solution would look like, then going to the market with advance notice of key requirements that would ideally be included but cannot perhaps yet be accurately specified. It also enables the prospective supply chain to collaborate much more effectively in bringing forward novel solutions.

Detailed case studies are available²³, which include:

Modular lighting for Rotherham NHS Foundation Trust

The Trust required a new lighting solution that would be adaptable to future technology developments. The solution developed was specifically designed to be adaptable to new LCD technologies as these became available.

Concrete on Olympic Park

The Olympic Delivery Authority engaged the market with an offer of sole supply of concrete to the Olympics for the company which could best reduce environmental impacts and price. Early engagement and a commitment for a 5 year contract resulted in a cost reduction, use of 170,000 tonnes (almost 22 per cent) of recycled and secondary aggregate, a saving of approximately 30,000 tonnes (24 per cent) of embodied carbon and elimination of over 70,000 road vehicle movements.

²² <http://www.actionsustainability.com/news/61/Forward-Commitment-Procurement-Stimulate-sustainable-innovation-in-your-supply-chain/>

²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32438/11-996-case-study-fcp-in-practice.pdf



Understand what to measure

Outcome

- A defined set of practical measures (e.g. key performance indicators) and operational indicators (e.g. outcomes achieved in terms of use of LCEGS products) to collect and report, that will help deliver the objectives of the procurement policy.

Process

- Policy makers should support procurement teams in developing performance indicators (PIs) on engagement and range of contracting achieved with local LCEGS sector reported regularly to senior management.
- Typical measures could include type, size and location of LCEGS companies engaged and awarded work, as well as the value of the contracts obtained either directly or indirectly (via first tier contractors) and any employment of skills development related benefits arising. The measures should become part of the procurement, contracting, and contractual review process, enabling continuous improvement and delivery upon agreed objectives.

Considerations

Good measurement would enable the procuring organisation to have visibility of the full range of LCEGS locally available, its significance to the local economy, and the range of training and broader socio-economic and environmental benefits its stimulation would bring.

As well as capturing data on directly engaged and procured local LCEGS supply, it is essential to have an accurate view of opportunities that are subcontracted via first tier contractors. Contractors are becoming much more adept at providing broader based sustainability data for clients on a proactive basis. This data has become an essential component of contractors' own sustainability reporting agendas.

Examples

Glasgow Council

Glasgow Housing Association (GHA) is the UK's largest social housing stock-transfer Association, receiving 80559 housing units from Glasgow City Council in March 2003, after a tenants ballot in 2002. The key objectives of the transfer were to secure investment for stock modernisation, promote community empowerment and ownership, provide more effective housing management, provide increased opportunity of home ownership and contribute to area and community regeneration and social inclusion. It is anticipated that over a 30-year period GHA and its successor bodies will invest £2.9 billion in the housing stock, but this example covers the arrangements for an initial investment of £750 million over the period 2006 to 2010.

Nine packages of work were let during that period to 11 firms operating to detailed contract requirements. Conditions included:

- Every vacancy to be notified to named agencies
- 10% of person-weeks to be delivered by new entrant trainees from *named agencies*
- Provision of monitoring information in specified form
- Method Statement for delivery of conditions required with the tender.

The procurement was highly competitive, and at Prequalification Questionnaire (PQQ) and award stages the best bidders overall also scored higher on training objectives.

After 12 months monitoring showed:

- 18% of total person-weeks provided by new entrant trainees

- 221 new trainees
- 81% apprentices
- 33% of these from priority areas.

This example demonstrates that by identifying early what they wanted to measure, Glasgow secured a very useful evidence base as well as the benefits of the outputs and outcomes they achieved (in this case training and employment related).

Procure Plus

Procure Plus²⁴, a Manchester based social housing procurement consortium, has developed a new build brokerage model designed to deliver significant costs savings whilst providing opportunities for SMEs as well as larger organisations. The model uses volume procurement and collaborative purchasing strategies to realise an average 25% reduction in unit price. Aggregating demand helps to manage continuity and stability for contractors at all levels and sizes.

- Procure Plus has identified and measured the effectiveness of their framework contract in securing SME business in the areas where they work. They were able to identify the following:

<i>Procure Plus NW SME Contractor Analysis</i>	Total Framework Contractors	SME Framework Contractors	SME NW Framework Contractors
Number of contractors	44	23	23
Projected FY 12/13 Spend	£88,068,000	£36,710,000	£36,710,000

Lend Lease

Lend Lease was the prime contractor in the MediaCity development at Salford Quays.²⁵ Though no specific client targets were initially set by their client, they still achieved and measured the following:

- 54% of contract value worth £254m was awarded to Greater Manchester based sub-contractors
- 50% of the workforce resided in Greater Manchester

²⁴ Procure Plus website: <http://procure-plus.com/About-Procure-Plus>

²⁵ Bovis Lendlease: MediaCity presentation
Procurement Guidance

PROCUREMENT PRACTITIONERS AND BUDGET HOLDERS



Embed in procurement process

This step follows a typical procurement cycle easily recognisable to any procurement professional. Guidance is provided for how to use this cycle (which is based on the principles of BS8903 the standard for sustainable procurement) as a model within which the stimulation of LCEGS companies can be interwoven.

The principles of how to achieve increased uptake of local and SME LCEGS sector companies are however entirely consistent with the principles of sustainable procurement, which will act as a vehicle for achievement of this objective.

Key Steps Include:

Define organisational need

Key output

Business needs (“requirements”) described as outputs and outcomes and supported by thorough understanding of the marketplace and other stakeholder perspectives.

Guidance

Consult with service and end-users on their views and priorities for the service/works/goods to inform documented, proposed outputs and outcomes of service and end-users.

Consult with internal stakeholders on preferred outputs and outcomes, likely future trends (budget, legislation, number of users etc) and any other issues that need to be defined in a tender to enable the market to identify risk and then set price accordingly to produce documented, perceived business need of internal stakeholders (e.g. to reduce cost and carbon in supply chain).

Map the potential marketplace to create a list of potential providers, including SME and any local suppliers and those in the LCEGS sector. The following sources may be of use:

- Business directories
- Local Chambers of Commerce, Federation of Small Business, enterprise agencies, traders associations
- Specialist trade bodies
- Commercial databases
- Press and trade journals
- Peers and colleagues

Organise pre-market events, supplier forum (on-line or face to face) and small group meetings for the LCEGS marketplace to collect ideas about how the need can be met efficiently to a high standard and to identify information on innovation and market trends. This information can be used to document the marketplace’s perspective on opportunities, challenges, innovations and trends in service delivery e.g. specific innovations from LCEGS sector.

The event should be as accessible as possible to local LCEGS companies. For example, free to attend, at a convenient time and promoted with clear marketing messages. The event can also be an opportunity to identify new suppliers so it is important to promote it as widely as possible.

To increase the likelihood of getting higher quality bids from a wider range and greater number of local LCEGS sector businesses, organise workshops to help potential suppliers understand how to take part in procurement processes. These can be part of pre-market events, as standalone workshops and/or through on-line training.

Chart the potential environmental, social and economic benefits of the service, works or goods to produce a list of sustainability benefits that can be achieved and clarify how stimulation of local LCEGS businesses will contribute (e.g. to reduce carbon use, to involve local LCEGS SMEs in the delivery of contracts at the first, second or third tier).

Define sourcing strategy

Key output

Development of an informed sourcing strategy.

Guidance

Define the details of work that will be tendered and the procurement process that will be followed (open, restricted etc) taking into consideration the different potential structures of the “value chain” delivering the service, works or goods and the size, capacity and capability of the marketplace. It is important to measure current effectiveness in this objective, in order to understand the task ahead and implement improvement measures appropriate that align with organisational objectives.

Analyse risk and opportunity to determine whether some risk can be managed or mitigated so that smaller and/or more LCEGS suppliers may be able to bid, and will potentially result in more competitive pricing. This analysis should feed into the design of pre-qualification and minimum requirements (e.g. setting more appropriate levels of insurance expected for smaller LCEGS suppliers to encourage increased participation).

Identify suppliers and tender

Key output

Returned and compliant tenders.

Guidance

Include a statement around sustainability and organisational desire to develop the LCEGS sector in OJEU notice as appropriate to the core requirements of contract and the relevant organisational policy. There is an option to include robust sustainability/LCEGS inclusion criteria within ITT, supplier selection and subsequent contract management.

To maximise engagement with a competitive field of high quality suppliers advertise and communicate the opportunity as widely as necessary, including publishing an OJEU notice if above the OJEU threshold and to all suppliers who took part in pre-market engagement. It will be important to be clear about where opportunities will be advertised and to consider always using the same sites and placing notices on the procurer’s own website in an easy to find place.

Consider all potential barriers to appropriate small and medium and local suppliers in the LCEGS sector competing for this contract. Remove or reduce barriers from the procurement process as far as contract risk allows. For example, use plain English, explain jargon and reduce bureaucratic burden on bidders as much as possible to increase the likelihood of a higher number and quality of returned bids from SMEs in LCEGS sector.

A key challenge in developing a procurement process is the potential for creation of “unintended outcomes” whereby an action possibly taken in the interests of local economic

development actually results in business being lost from a locality. An example of this is that by advertising opportunities on e portals, the opportunity becomes more visible to potential suppliers from outside the local area.

For larger contracts, giving early notice can give smaller local suppliers time to form consortia. Also, providing pre-procurement notice of the intention to separate materials and labour in future procurements can enable local suppliers without the buying power of their larger competitors to compete more effectively.

Ask bidders who are invited to tender to provide action plans describing how they would deliver appropriate, specific output and outcome-based sustainability requirements (e.g. to reduce carbon use through life of contract, to ensure that SME and local suppliers have the free and fair opportunity to compete for supply and sub-contracting opportunities).

Include a mandate for contract requirements to be pushed through all tiers of supply chain(s) to increase the likelihood of embedding sustainable activity through all tiers of the supply chain. This should include an agreement for first tier contractors to engage with SMEs. As SMEs typically operate more locally than larger companies, local opportunities for subcontracted supply will be created.

Include within the tender, details of sustainability performance indicators that will be used during contract delivery as this will increase the likelihood of higher quality responses to sustainability requirements if bidders know they will be monitored. Such performance indicators will offer local and LCEGS companies the opportunity to demonstrate their value in helping the procuring organization to achieve its strategic sustainability objectives.

Evaluate and award contracts

Key output

A contractor in place.

Guidance

Score the bidder responses to the sustainability requirements, including the potential for innovation in the development of low carbon approaches. Include scores in an evaluation matrix to be considered as part of supplier selection proposal /action plan from the bidders on how they will deliver each sustainability requirement – and which is then contractually binding on the successful bidder. Ensure stimulation of opportunities for LCEGS SMEs at 2nd tier and further down supply chains by including robust requirements for first tier suppliers.

Example Tender Evaluation and Weighting matrix for potential first tier supplier

Evaluation Criteria	Poor 1	Satisfactory 2	Good 3	Excellent 4
SME/Local Procurement	<p>Tender shows little understanding or commitment to SME/local procurement</p> <p>No Target level offered</p> <p>No evidence of SME/Local procurement Code or process in place</p>	<p>SME/Local procurement included in contract manager's objectives but no specific target or approach</p> <p>Few Supply chain opportunities identified</p> <p>SME/Local Procurement Code in place but no procedures to engage with SMEs</p>	<p>Target of X% SME/local procurement company wide</p> <p>Adherence in full to the SME/Local procurement Code/Initiative and demonstrable evidence of how to achieve it</p>	<p>Target of over X% SME/Local Procurement</p> <p>Exceeds the Code/Initiative requirements e.g. offers briefing session on project for local companies, mentoring of SMEs, workshops on tendering</p> <p>Offers to collect SME/Local Procurement outcomes from sub-contractors</p>

Provide constructive feedback to unsuccessful bidders, particularly those who are SMEs in LCEGS sector.

Meet with successful bidder prior to contract commencement, to discuss how they are to implement their sustainability action plans to ensure that sustainability activity is underway from commencement of contract delivery. Discussions on how they will help support SMEs to get engaged and fair payment terms could also be discussed at this stage. This should include a commitment to supplier diversity (including SMEs), and a review of their process for engagement with local LCEGS companies.

Contract manage suppliers

Key output

Successful ongoing delivery of contract.

Guidance

Collect sustainability performance indicators including statistics for use of SMEs and uptake of business by local LCEGS companies. Monitor them against targets and report them through the corporate governance structure (e.g. to Director and Portfolio Holder). Visibility of sustainability performance is critical to success.

Hold regular (e.g. monthly or quarterly) contract review meetings and include sustainability as a standing item on the agenda. Within this assess the uptake contracted or subcontracted work for local LCEGS companies. Address any challenges honestly and openly to encourage continuous improvement in sustainability performance.

**Step
10** Evaluate and learn

Share learning across the organisation. This will create an increased profile and performance for sustainability and uptake of the local LCEGS sector across the organisation.

Where appropriate facilitate knowledge transfer by sharing successes with other contractors and supply chains, and other organisations.

Support the transition towards becoming a higher performing organisation, for example by being prepared for change (e.g. decreasing budgets) and being able to adapt to it as it happens, using the innovation of LCEGS contractor(s) and subcontractors to help.

Appendix 1

Example Tender and Contract Wording

When devising wording to stimulate local LCEGS, for use in a procurement process, it is essential to ensure that local LCEGS issues are core to the contract requirement. This is achieved by ensuring that there is a clear, demonstrable thread linking explicit organisational policy, the business case for the procurement and the requirements of the procurement, as defined through an outcome-based specification, and that local LCEGS issues are included all along that ‘thread’.

The table below provides example approaches and specific wording that may be considered for use during a procurement process. The exact nature of the approach and wording used should **not** be cut and pasted, but instead be tailored to the risk, value and opportunity of the specific procurement

	Explanation	Example Wording
Prior Information Notice (PIN)	If you are using a PIN, it can be used to send an early signal to the market on intention to use the procurement to stimulate the LCEGS sector, including from local and SME suppliers. A PIN can also be used to inform suppliers of a pre-market engagement event and to invite them to attend. When a PIN is placed in OJEU the information provided should also be communicated through other routes (e.g. posted onto a local authority website) so that suppliers who may not use a tender alert service from OJEU have access to the same information as those suppliers who do.	Example PIN issued by Croydon Council: ‘We would like to encourage the market to respond, including SMEs. We would welcome submissions relating to new and innovative products that may not yet be in commercial production. We would be open to assisting the market entry of such products through early adoption, pilots and a forward commitment to include such items on the schedule of works should performance criteria be met.’
Contract Notice; in Official Journal Of the European Union (OJEU) or other type of advertisement	The use of an appropriate reference in a Contract Notice helps embed the stimulation of the LCEGS sector, including from local suppliers, as a core requirement of the contract and facilitates the robust evaluation of bidders for compliance with those requirements, through the stages of the tender process.	<ol style="list-style-type: none"> 1. ‘Please note that the [Council/Client] runs an SME involvement Initiative] [has an SME/Local Procurement Code] which it may invite you to participate in.’ N.B. this assumes that this is the case. If not, wording should be changed or a suitable SME involvement programme initiated. 2. “Under this contract the contractor and its supply chain will be required to actively participate in the achievement of social and/or environmental policy objectives relating to recruitment, training and supply chain initiatives, and sustainable working. Accordingly the contract performance conditions may relate in particular to social and/or environmental considerations”
Pre-qualification questionnaire (PQQ)	A PQQ is designed to test the eligibility and competence of companies expressing an interest, based on previous	‘We require clear evidence of your experience of using low carbon / energy goods and services to deliver improved environmental outcomes in your

	<p>experience and track record.</p> <p>A general statement and question could be used, to test experience of delivering low carbon and energy- related objectives.</p>	<p>operations and/or during the delivery of contracts to your clients.</p> <p>Please provide details of such experience, including details of outcomes and outputs achieved and how you achieved them.'</p>
	<p>WRAP suggests asking questions that probe the general capability of a contractor to review, optimise and implement the proposed design solution for carbon efficiency.</p>	<p>'As part of our commitment to reducing resource use in all of our developments and cutting the associated costs, we require all new build and refurbishment projects to pursue carbon efficiency. This involves reducing as-designed and as-built operational carbon impacts [and the embodied carbon associated with the selected construction materials].</p> <ol style="list-style-type: none"> 1. Detail your understanding, experience and achievements in delivering cost-effective solutions that reduce the consumption of heat and power in buildings and associated operational carbon emissions. 2. Detail your understanding and experience in developing a Carbon Efficiency Plan (or equivalent) to provide a robust forecast of carbon emissions together with defined and costed proposals for achieving improved standards of carbon efficiency without compromising value for money. 3. [<i>Optionally</i>] Detail your understanding, experience and achievements in the use of cost-effective construction solutions with reduced embodied carbon. <p>[<i>Optionally</i>] Detail your approach to reducing carbon emissions associated with the construction phase.'</p> <p>An ideal PQQ response would provide the following details:</p> <ul style="list-style-type: none"> ➤ evidence of how the bidder has previously constructed more energy-efficient building solutions or installed more energy-efficient plant and equipment and low carbon and renewable technologies; ➤ an outline of their approach to planning for carbon efficiency, and ability to address the areas listed in the Project Brief; ➤ consideration of the links between carbon efficiency and other specific project requirements, such as a BREEAM / LEED / Code for Sustainable Homes requirement, or planning conditions for carbon or renewable energy; ➤ (<i>optionally</i>) evidence of how the bidder has previously used

		<p>construction solutions which reduce embodied carbon, including those that involve less materials, materials with lower embodied carbon, less waste generation or increased reuse of waste materials; and</p> <p>➤ (optionally) evidence of the bidder's approach to reducing carbon emissions associated with the construction process.</p>
Invitation to Tender (ITT)	<p>Include a statement in the ITT which confirms that all proposals / method statements submitted by a bidder during this stage of the tender process would be contractually binding should the contract be awarded to them.</p>	<p>"In the event that your organisation is selected as a result of this process, your response to this invitation/request will become binding, and will be utilised as an addendum to the contractual agreement."</p>
Invitation to Tender (ITT): Instructions to tenderers	<p>Request method statements that explain how the bidder would deliver each individual requirement of the specification, including any related to reducing use of energy and carbon and/or stimulating local supply chains.</p> <p>Bidders, who are well versed in these kinds of requirements and eager to gain a competitive advantage, will put forward proposals, which may be particularly innovative.</p>	<p>'Please explain in no more than 2,000 words how you would achieve requirement [insert number] of specification section [insert section number and heading] which relates to [insert short description e.g. reducing use of carbon and energy during contract delivery, providing free and fair opportunity for local suppliers to compete for supply and sub-contracting opportunities], through contract delivery.</p> <p>Please provide details of the methods you will use to provide an accurate measurement of the benefits detailed in method statement above. The methods of measurement detailed will form part of the key performance indicators of the contract.'</p>
Invitation to Tender (ITT): Request to respond to stated objective(s)	<p>WRAP (http://www.wrap.org.uk/content/about-wrap) suggests using clauses that ask contractors to explain the steps they will take on the specific project to review, optimise and implement the proposed design solution for carbon efficiency.</p>	<p>'As part of our commitment to reducing resource use in all of our developments and cutting the associated costs, we require all new build and refurbishment projects to pursue carbon efficiency. This involves reducing as-designed and as-built operational carbon impacts [and the embodied carbon associated with the selected construction materials].</p> <p>You will be expected to take ownership of the Carbon Efficiency Plan (CEP) developed by the design team, finalise an agreed approach and manage its implementation.</p> <p>Please describe your approach to refining and implementing the CEP for this project, including:</p> <ol style="list-style-type: none"> 1. any foreseen difficulties in achieving the required targets and complying with the specified actions; 2. any value for money opportunities to further enhance performance; and

		<p>3. your proposals for ensuring and demonstrating that the completed building complies with the targets and actions agreed in the finalised pre-construction CEP.'</p> <p>An ideal ITT response would provide the following details:</p> <ul style="list-style-type: none"> ➤ a commitment to delivering the CEP and achieving the targets contained within; ➤ constructive commentary on the design-stage CEP together with proposals for improving performance and/or value for money; ➤ a clear plan for owning, managing and delivering the CEP, which should include review of the plan, finalising the specifics as a pre-construction CEP and incorporating the requirements into the appointment of appropriate subcontractors; and ➤ information on how and when quality assured information will be provided to the client and their representatives to demonstrate the CEP has been implemented
	<p>Many organisations have asked bidders to respond to stated objectives that relate to the local LCEGS sector as part of their ITT submissions. Some examples are provided here;</p>	<p>'Outline your policy for ensuring that full and fair opportunity is offered to all suppliers, particularly SMEs or those locally based in and around the [relevant geographical area]. Please also detail how this is externally communicated and/or marketed.'</p> <p>'Describe your company's involvement in local partnerships, community groups and business organisations, as appropriate.'</p> <p>Camden Homes for Older People, London Borough of Camden 2009 example:</p> <p>'Describe how you will contribute to the delivery of the Council's social and economic development objectives as set out in the council's Community Strategy and in particular in relation to targeted employment and training and skills development in construction.'</p> <p>Please note to use such a clause you must have a clear link with corporate strategy. In this case Camden's Community Strategy contains the following objective:</p> <ul style="list-style-type: none"> • An economically successful place - for the benefit of local people • Support for local businesses, as direct suppliers, in the supply chain,

		<p>and through assistance to be “fit to compete”</p> <p>Work with main contractors to maximise the use of SMES and local businesses in the supply chain)</p>
<p>Tender evaluation process: assigning weightings, evaluation and scoring</p>	<p>Each question to which bidders are required to respond should be assigned a weighting depending on its level of importance or criticality, so that greater emphasis is put on the more “business critical” elements of a contract during the evaluation process. The lead procurement professional should agree the weighting for each question with key stakeholders. A weighting range expressed as percentage of out of 100% is recommended, but this range is not fixed and can be increased or decreased as appropriate, with more significant sections being given greater emphasis.</p>	<p>The total weighting given to all questions relating to sustainability (therefore including issues related to the stimulation of the local and wider LCEGS sector) range from 5% to 33% of the total score (i.e. of 100%)</p> <p>Each company or body needs to make their own judgement as to what weighting for sustainability criteria will be proportional and relevant to the purpose of their contract.</p>
<p>Contract Documentation</p>	<p>When you write your contract, it is possible to underline specific activity or compliance that is required of suppliers during the delivery of the contract. If activity is explicitly required in a contract, then the supplier is obliged to fulfil their obligations.</p> <p>Here are some examples of contract wording that has been used in relation to stimulating the local LCEGS sector.</p> <p>Compliance is most likely to be achieved if the activity was also included in the specification, contractors were required to provide method statements to deliver on it during ITT stage, and those method statements were evaluated and scored during the decision-making around contract award.</p>	<p>“The Client will maximise its options through the Contractor for purchasing from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups, small firms and social enterprises. The Client has adopted an SME/Local Procurement Code which the Client will seek to agree with the Contractor during the procurement phase of the programme.”</p> <p>‘The Contractor shall use all reasonable endeavours to recruit and engage SMEs as sub-contractors and suppliers (where required) in the performance of the Works or Service.’</p> <p>‘The Client shall use all reasonable endeavours to assist the Contractor in identifying potential SMEs as subcontractors and suppliers to the Contractor. The Client, in assisting the Contractor does not warrant the suitability of any SME that the Council may suggest as a potential sub-contractor or supplier to the Contractor in the provision of the Works or Service.’</p>



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