

Office of Government Commerce
Department for Environment, Food & Rural Affairs

JOINT NOTE ON
ENVIRONMENTAL ISSUES
IN PURCHASING

October 2003

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NB Throughout the document asterisks are used to denote words that are explained in the Glossary.

1. Introduction

1.1

As the attached statement by the Secretary of State for Environment, Food and Rural Affairs makes clear, careful consideration should be given to environmental issues during the procurement process. This guide is intended to show how this is possible, and how it can be most effectively achieved. In particular, it aims to explain clearly the scope to take such issues into account within the framework of the Government's procurement policy and the EC procurement rules.

1.2 Scope

This guide will be useful to officials directly involved in procurement, as well as those who are customers of the procurement function, and those responsible for managing environmental impact. It is designed primarily for Government Departments, including their Executive Agencies and Non-Departmental Public Bodies (NDPBs), but will also be useful to other public sector purchasers such as Local Authorities, particularly on the EC procurement rules.

This guidance does not remove the need to seek appropriate legal advice where there is uncertainty about the application of the EC rules, nor to seek other professional advice where appropriate.

This guide seeks to avoid overlap with other publications as far as possible. Where other documents that provide helpful information are widely available, links are included rather than duplication.

1.3 Value for money policy

The Government's procurement policy is that all public procurement should be based on value for money, having due regard to propriety and regularity. This policy is set out in Government Accounting, Chapter 22. It is the responsibility of all government Departments and NDPBs to apply it.

It is important to understand that the Government's policy of achieving value for money in procurement – defined as the optimum combination of whole life cost and quality (fitness for purpose) to meet the user's requirement – applies to the **award** stage of the procurement process. It is for Departments to decide what to buy and to set the **specification**, in the context of their overall objectives, and subject to the normal public expenditure tests of need, affordability and cost-effectiveness. It is at this earlier stage that there is most scope to consider environmental issues. This distinction between the award stage and the specification stage has often been misunderstood.

For example a Department can choose to purchase low emission vehicles (even where they might be more expensive than standard vehicles). They must, however, achieve value for money in awarding the contract, i.e. the contract for low emission vehicles should be awarded to the bidder offering the best combination of whole-life cost and quality to meet that requirement. And the requirement itself, for low emission vehicles, must be tested for need, affordability and cost-effectiveness in the context of the Department's overall objectives. However, this is a matter of prudent financial management generally rather than specifically one of procurement policy.

1.4 EC rules

All public procurement procedures must comply with the EC Treaty*. The key principles of the Treaty, from a public procurement point of view, are the free movement of goods and services, and non-discrimination on the grounds of nationality.

In addition to this, the EC procurement Directives, which flesh out the Treaty principles with more detailed rules based on equal-treatment, transparency and competitive procurement, apply to the award of all contracts above certain thresholds*. The Directives have been implemented in UK law by Regulations*. The requirements of the Directives, insofar as they are relevant to the consideration of environmental issues in procurement, are discussed throughout this guide, and each stage of the procurement process is examined in turn.

1.5 Environmental procurement and sustainable procurement

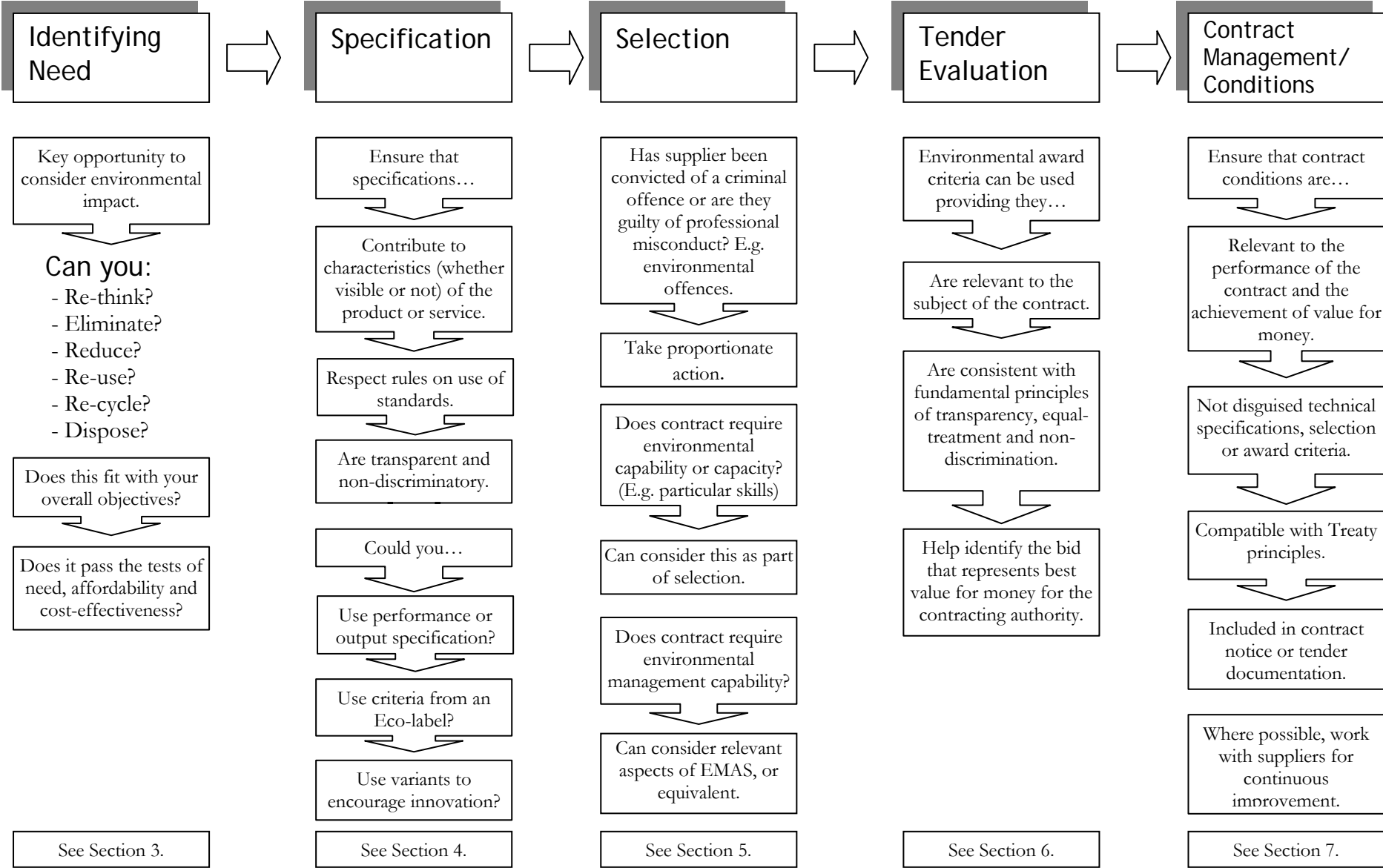
Sustainable development means achieving four objectives at the same time:

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

Environmental procurement, in support of these objectives, is therefore an important component of sustainable procurement and a contributor to the long-term goal of sustainable development. There is considerable scope to consider environmental issues in procurement, within the context of achieving value for money and this is the main focus of this note

The consideration of certain social issues is also encompassed by the term sustainable procurement. The scope to consider social issues is outlined in brief in this note. The Government's Interdepartmental Sustainable Procurement Group is conducting further work on social issues in procurement, and further guidance will be issued in due course.

This table is designed to illustrate how environmental issues can be considered at each stage. It should be used in conjunction with the relevant sections of this guide, which provide more detailed advice.



2. Some key points for successful consideration of the environment in procurement.

Do....

- Consider the environment from the outset. There is most scope available early on when defining needs and specifications, and early action is more likely to be successful.
- Carefully plan the whole procurement process.
- Use performance or functional specifications where appropriate.
- Assemble relevant expertise. Procurement specialists and end-users should be involved along with environmental managers, and others with relevant knowledge or experience.
- Initiate early dialogue with the supplier community. This can be useful in finding out what is available, in informing the market of future requirements, and in stimulating more innovative responses. Care should be taken not to distort competition – this process should not give any advantage to particular suppliers.
- Follow the detailed advice on each stage of the procurement process contained in this booklet.

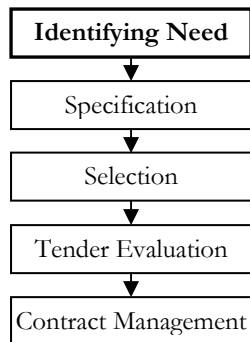
And, consider the strategic context:

- Develop an environmental purchasing strategy – be clear about how sustainable development fits with other objectives and, in particular, how it fits into the organisation's overall procurement strategy. This should also reflect wider Government priorities.
- Secure commitment to your environmental purchasing strategy at a senior level.
- Consider developing a risk-based approach to enable prioritisation of actions. Look at risks to the environment as well as related risks to reputation and security of supply.

Don't....

- Confuse obtaining value for money with awarding contracts on the basis of lowest price.
- Act in such a way as to distort competition or discriminate against candidates from other member states.
- Leave consideration of the environment until too late in the process.

3. Identifying a need and developing a business case



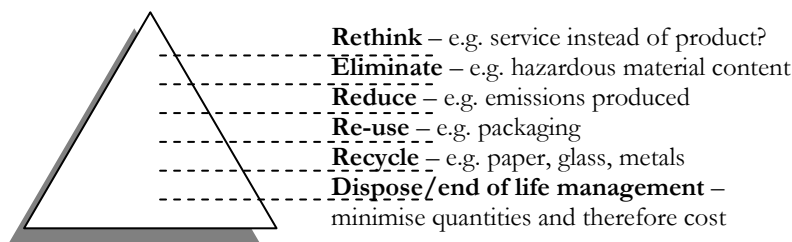
3.1 Introduction

The early stage of identifying a need (setting the ‘user’s requirement’) and developing the business case is a key point at which consideration of issues of sustainability should take place.

At this stage, prior to setting a specification, there is little in terms of procurement policy or the EC rules that affects the scope to take sustainable development into account. However, efficient and effective use of financial resources does, of course, need to be assured.

It will not usually be the procurement officer who sets the need, so it is essential that internal customers and procurement staff work closely together to ensure that full advantage is taken of the scope available to consider environmental issues at this stage, and in the subsequent development of specifications.

3.2 Environmental purchasing hierarchy



© Barbara Morton. A similar diagram appears in *Environmental Purchasing in Practice*, see Further Information for details.

Case Study

Rethinking the approach to road maintenance and recycling old road materials on site, rather than bringing in new material from elsewhere, enabled costs to be reduced, benefited the environment and saved time.

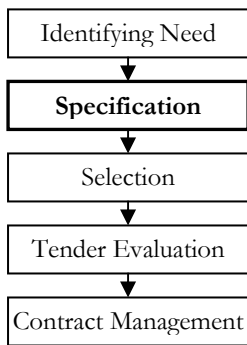
3.3 Some examples...

These are designed to demonstrate the impact thinking widely about possible solutions can have on finding an environmentally preferable, and often more cost-effective, solution.

- Rather than arranging a business travel contract, consider installing video-conferencing facilities at major sites to cut down on business travel by air and car.
- Rather than purchasing new fax machines, consider providing users with the IT facilities to fax from their computers.
- Rather than purchasing new printers for every desk, consider developing a contract for shared printing facilities including the most up-to-date energy and paper saving features.
- Rather than letting waste management contracts for packaging waste, consider working with suppliers to introduce returnable packaging for delivery of the products supplied.

© Barbara Morton. This is adapted from examples that appear in *Environmental Purchasing in Practice*, see Further Information for details.

4. Specification



4.1 Introduction

This is a key stage at which to consider environmental issues. Departments have a great deal of scope to decide how they draw up their specifications. They do not need to specify the cheapest product, and are able to purchase products such as recycled paper, ‘green’ electricity or energy efficient appliances in accordance with their own policies and objectives, and those of the Government, and the need to ensure efficient and effective use of financial resources.

Specifying in green terms sends a clear indication to suppliers that you take environmental issues seriously. In drawing up specifications whole-life costs should be considered – see Section 8 for further details. Specifications must not discriminate against products or providers from other member states, or restrict competition.

4.2 Performance/functional specifications

Contracting authorities are free to specify in terms of performance or functional requirements, which can include environmental aspects. By focussing on the outcome or functionality desired you can give suppliers the opportunity to be innovative, to suggest more environmentally preferable solutions, and to find the most cost-effective ways of meeting environmental objectives.

4.3 Specifying basic materials

Contracting authorities can specify the primary materials used. For example, requiring that:

- Recycled or recyclable materials are used
- Ozone depleting substances should not be used

4.4 Specifying production processes

Production processes can form a part of the specification where they help to specify the performance characteristics of a product. They need not be visible in the end product. Examples of the kinds of production process that may be specified are:

- organically grown food
- ‘green’ electricity
- sustainable timber

(See <http://www.sustainable-development.gov.uk/sdig/improving/contextf.htm> for more information on the Government’s timber procurement initiative.)

4.5 Eco-labels

There are various types of eco-labelling scheme. The EU Eco-label scheme allows consumers to identify products that meet formally approved criteria, based on life-cycle environmental impact. It is a voluntary scheme – it is up to providers to apply for the label. For more information on the EU eco-labels scheme see:

<http://www.defra.gov.uk/environment/consumerprod/ecolabel/index.htm>

There are also other voluntary eco-label schemes for products that meet certain criteria set by national or regional bodies. And there are voluntary eco-label schemes run by private organisations that tend to focus on a particular type of product or material.

Contracting authorities may use specifications drawn from eco-label criteria, where these are appropriate to define the characteristics of the subject of the contract. Contracting authorities may accept the holding of the relevant label as evidence of compliance with the specification. However, as with any other standard, contracting authorities must also be prepared to accept other means of proof that the product or service offered meets the underlying specification required.

4.6 Variants

It is possible to define one or more options with higher environmental performance in addition to a 'basic' option. At the award stage, when considering the bids, the contracting authority can then decide which option best meets their needs, according to criteria previously decided by the contracting authority and made clear in the contract documentation.

For example, a basic requirement for post-consumer waste content could be set, along with variant specifications setting higher post-consumer waste requirements. The contracting authority can then choose the variant option that best meets its needs, selecting the best value for money bid, within that option, according to the award criteria it has set out in the contract documentation.

4.7 Rules governing technical specifications and standards

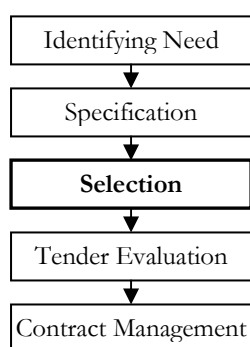
In formulating specifications care should be taken to ensure that they are consistent with the provisions of the directives, for example on the need to use European specifications and standards where available, if using technical specifications rather than performance or output specifications.

Case Study

Lewisham Council, in contracting for the supply of 80,000 boxes for collection of recycled material, specified that they should be made from recycled materials.

As well as saving natural resources, this also helped develop the market for recycled plastic.

5. Selection stage



5.1 Introduction

Under the EC procurement Directives the selection stage may usefully be divided into two parts. Firstly, if candidates* do not meet certain basic requirements they can be excluded from participating in the tendering process. The selection can then be narrowed down further according to other permitted criteria. In this section only those criteria likely to be relevant to environmental considerations are discussed.

5.2 Exclusion from participation

Candidates can be excluded from participating in the contract on certain grounds. These include circumstances where they have:

- Been convicted of a criminal offence concerning professional conduct; or
- Been guilty of grave professional misconduct proven by any means that the contracting authority can demonstrate.

These might relate to environmental matters.

Care should be taken to ensure that candidates are treated equally, and that the decision to reject a candidate is proportionate to the seriousness of their misconduct and the profile of the particular contract. The candidate should also be given the opportunity to describe any steps they have taken to prevent recurrence.

5.3 Selection according to technical capacity

The objective, at this stage, is to select the candidates most able to execute the contract. Therefore, requirements relating to capacity must be directly relevant to the subject of the contract.

The EC public procurement Directives provide an exhaustive list of the evidence contracting authorities can request as proof of technical capacity. Several of these can relate to environmental matters.

Where relevant to the subject of the contract contracting authorities can ask for evidence of the following:

- Specific knowledge or experience and, for services contracts, ability
- Description of technical facilities and measures for ensuring quality
- Statement of tools, plant and technical equipment
- Indication of environmental management measures (see below for further details)

5.4 Track record

In assessing Technical Capacity, contracting authorities can also consider how tenderers have performed on previous contracts. If, for example, a contractor failed to fulfil the environmental requirements of a previous contract, this can be taken into account at the selection stage. As ever, care needs to be exercised to ensure equal and proportionate treatment of candidates.

5.5 Environmental Management Systems

As mentioned above, contracting authorities can require evidence of those environmental management measures the provider will be able to apply that are relevant to the execution of the contract. This option is only available when contracting for works and services because an environmental management scheme will not be directly relevant to a supplies contract.

Where they require independent certification, contracting authorities should refer to:

- The EU Eco-Management and Audit Scheme; or
- Environmental management standards based on the relevant European or international standards;

And they must recognise:

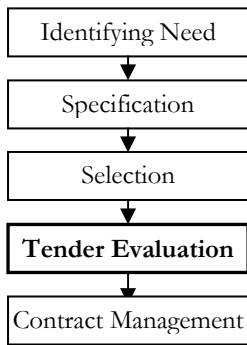
- Equivalent certificates from bodies established in other member states; and
- Other evidence of equivalent environmental management measures.

5.6 What cannot be done

Contracting authorities should not, for example:

- Ask for evidence that is not directly linked to the subject of the contract.
- Ask about candidates' general policies, where this goes beyond what is necessary to assess the candidates' capacity to perform the particular contract. Any information that is requested would be assumed, by the courts, to have been taken into account, even if only the relevant aspects of that information were considered.

6. Tender evaluation



6.1 Introduction

The Government's procurement policy, as set out in Government Accounting, is that all contracts should be awarded on the basis of value for money. Awarding contracts on this basis provides scope for consideration of relevant environmental issues. The extent to which this is possible within the framework of value for money policy and the EC rules is discussed below.

6.2 Value for money policy

Value for money is **not about securing the lowest initial price**; it is defined as the **optimum combination of whole-life costs and quality to meet the user's requirement**.

- **Whole-life cost**

This emphasis on whole-life cost encourages the consideration of environmental issues. Resource consumption (e.g. energy, water) and disposal costs are examples of possible award criteria. For further information see Section 8. (It is also useful to consider such whole-life cost issues at the earlier specification stage.)

- **Quality and fitness for purpose**

Taking quality into account also allows certain sustainability aspects of a bid to be considered. For example, considering the noise produced by an appliance.

- **To meet the user's requirement**

As discussed earlier, the objective of achieving value for money applies to the award of a contract to meet the user's requirement, not to determining the requirement itself. It will be possible to have most impact by taking account of environmental issues when setting this initial requirement, and developing a specification.

6.3 Award criteria and the EC procurement rules

The EC rules permit contracts to be awarded on the basis of either lowest price, or most economically advantageous tender. This latter option is equivalent to 'value for money' as defined above, and should be chosen by UK contracting authorities.

Acceptable criteria for determining the most economically advantageous tender must meet certain conditions.

THEY MUST...

- **Be relevant to the subject of the contract**

All award criteria used must be justified by the subject of the contract. The purpose of the award stage of the procurement process is to allow the contracting authority to assess which tender best meets its needs. The award criteria chosen should help the authority to do this. They should relate to the intrinsic qualities of each of the bids, and not to secondary issues, such as external costs or benefits. This is what is meant by criteria having a direct link to the subject of the contract.

- **Give a benefit to the contracting authority**

Award criteria should deliver a benefit to the contracting authority. This point is confirmed in the proposed new consolidated EC procurement Directive* and the Commission's Interpretative Communications. This idea of benefit includes quality aspects, in line with value for money policy.

- **Be consistent with basic Treaty principles**

As with all aspects of the procurement process, at the award stage the principles of non-discrimination, equal treatment and transparency should be respected.

6.4 Examples

A number of examples are provided in the Directives in order to illustrate permissible award criteria. These include: quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost-effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion.

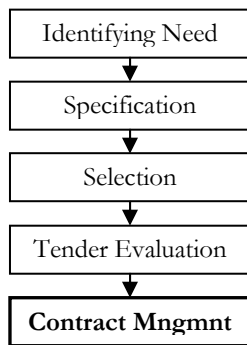
6.5 Notification of award criteria

The award criteria must be mentioned in the contract notice or contract documents. They should be listed in descending order of importance. It is good practice to also include the relative weighting given to each of the criteria. This will become a requirement when the proposed new consolidated public procurement Directive comes into force.

Case Study

The former Department for the Environment, Transport and the Regions (DETR) led a collaborative procurement for the supply of recycled paper for printed publications and campaign material. The contract was awarded in 2000 and is still running, led by the Department for Transport (DfT). It has already saved some 11,500 tonnes of paper that would have otherwise gone to a landfill site and consistently showed savings of at least 16% against the same papers in the market place.

7. Contract management



8.1 Introduction

Working with suppliers after the contract has been awarded provides an additional opportunity for procurement to contribute to the achievement of relevant environmental objectives. There will also be circumstances where environmental issues may be considered in the formulation of contract conditions. This is discussed in the second part of this section.

7.2 Working with suppliers for continuous improvement

There may be opportunities to work co-operatively with suppliers to reduce environmental impact, and that of their supply chain. For example reducing packaging, looking at delivery frequency and scheduling, or the hazardous material content in products. This can be mutually beneficial.

OGC guidance on Contract Management provides helpful advice.

See: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/generic_guidance/contract_mgtguidelines.pdf

7.3 Lessons learnt

It is important to review the procurement process in order to build on that experience, and ensure continued success. This applies to managing environmental impact as well as other aspects of the procurement exercise.

7.4 Contract conditions and procurement policy

Contract conditions should be relevant to the performance of the contract and the achievement of value for money. As a general rule, contract conditions should be used sparingly, as they will be unlikely to contribute to cost-effectiveness or affordability.

7.5 Contract conditions and the EC rules

- Contract conditions should not be disguised technical specifications, selection or award criteria.
- The need for transparency requires that conditions of contract should be advised in advance to candidates. Details should be included in the contract notice or tender documentation.
- Contract conditions must be compatible with the fundamental Treaty principles discussed earlier. In particular they should be non-discriminatory.

7.6 Encouraging competition

Just as working to increase competition for contracts can deliver value for money benefits, it can also help meet environmental objectives. For example, creating more opportunities for SMEs, ethnic minority businesses, social enterprises, and the voluntary sector to tender for public contracts can provide a wider supplier base and encourage more innovative solutions. See the OGC/Small Business Service's "Smaller Supplier... Better Value":

<http://www.supplyinggovernment.gov.uk/viewHotTopic.asp?ID=362 - Q1>

7.7 Electronic procurement

There are a variety of ways in which e-procurement can contribute to the reduction of environmental impact. For example, by transferring documents electronically and holding catalogues in electronic format e-procurement systems reduce the amount of paper used. Electronic systems can also help enforce corporate rules on what products can be bought.

8. Whole Life Costing

8.1 Introduction

The consideration of the whole-life costs of goods, works or services is a key part of a sustainable procurement strategy, as well as a key component in achieving value for money.

Whole-life costing is an analysis of the full cost to a contracting authority of meeting a requirement. It can be divided into three broad categories:

- Acquisition costs
- Operating costs
- Disposal costs

Whole-life costs can be considered at various stages of the procurement process – at the initial stage of identifying a need and developing a business case, when producing specifications, and when awarding a contract (in order to achieve value for money).

As discussed earlier, even when a more environmentally sound option is not the option that has the lowest whole-life cost it may still be specified by the Department if it is in line with its overall objectives, and meets the tests of need, affordability and cost-effectiveness.

8.2 Eco-labels

Many eco-label schemes provide standards for certain product groups based on analysis of their life-cycle impacts. This can remove the need for an authority to carry out its own assessment, and can help improve the specification of environmentally preferable products and services. See Section 4.5 for information on using eco-labels in specifications, which makes clear the need to accept equivalent evidence.

8.3 Some examples of whole life costs

Acquisition costs

For example:

- Initial purchase price
- Installation costs
- Transport costs

Operating costs

For example:

- Energy/water consumption
- Annual licence fees
- Maintenance costs
- Indirect costs, e.g. less energy efficient IT equipment will produce more heat, which will put greater pressure on the air conditioning system, increasing costs in this area.
- Staff costs
- Training costs
- Insurance premiums
- Environmental taxes

Disposal costs

For example:

- Site clean up costs
- Refuse collection costs
- Recycling – recyclable products may have lower disposal costs, they may be collected for free or a fee may be paid for each item.

8.4 Further information

- CUP 35 on Life Cycle Costing. See: http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/cup35.pdf
- OGC guidance is also available on whole life costs and construction procurement. See: <http://www.ogc.gov.uk/sdtoolkit/reference/achieving/guide7.html>

9. Social issues in procurement

9.1 Introduction

In general, the scope to take social issues into account during the procurement process is more limited than that for environmental issues because, by virtue of their nature, they are less likely to be clearly related to the subject of the contract. And, frequently, there will be other, more efficient and effective, means of achieving social outcomes than through their consideration in the procurement process. However, there will be cases where social issues can legitimately be taken into account. Services contracts, for example, are much more likely to have a social aspect than supply contracts. This section aims to outline briefly where these opportunities are most likely to arise.

9.2 The earlier sections...

The explanation of the EC rules and the Government's procurement policy that have been given in the previous sections are just as relevant to the consideration of social issues as they are to environmental issues. The same questions need to be asked at the various stages of the procurement process in order to decide whether such consideration is appropriate.

9.3 Opportunities for consideration of social issues

The following bullet-points describe the circumstances in which the consideration of social issues during the procurement process is most likely to be appropriate.

- Where the authority has obligations of a social nature, for example under the Race Relations Amendment Act, in relation to a particular function the performance of which it is contracting out, it can legitimately pass these on to the contractor. For example, an obligation on a public authority running a prison to monitor the ethnicity of the prisoner may need to be passed on to the contractor as a contract condition.
- As with environmental issues, it is often best to take social issues into account early on in the procurement process. For example, ensuring that an IT system is accessible to disabled users or that a caterer will provide meals suitable for special religious or other diets.
- If a candidate has breached social or employment legislation, or has been guilty of grave professional misconduct in the course of their business then they can be excluded from tendering for a contract. This could apply, for example, to a conviction for use of illegal labour. Please see Section 5.2 above for further details.
- Where a contractor is to work either on the authority's own premises or construction site, or where the contractor's staff will be interacting with the authority's staff, there may be codes of practice, for example, which it will be necessary to apply to all staff in order to ensure that the organisation or site operates safely and effectively. Where this is the case, adherence of staff employed on the contract to such a code of practice can be a legitimate condition of contract.
- Where the contract requires particular skills or expertise of a social nature, this can be reflected in the specifications, or in selection criteria. For example, it is quite legitimate to require specific language skills or other relevant expertise from staff in order to meet the needs of the community they serve.
- Working with suppliers post-award, on a voluntary basis, provides further opportunity to manage the social impact of the procurement.

As discussed in relation to environmental issues, contracting authorities should not ask about tenderers' general policies where this goes beyond what is relevant to the particular

contract to include, for example, the company's workforce as a whole (rather than just those workers that would be involved in the contract). Nor would it be permissible, for example, to include a requirement to employ a certain percentage of local people, or to include, in the award criteria, elements that do not provide a benefit to the contracting authority.

As with all public expenditure, any cost premium incurred through the inclusion of requirements of a social nature must be critically tested for need, affordability and cost-effectiveness to ensure that they can be justified in public expenditure terms.

The Treasury Green Book, Appraisal And Evaluation in Central Government is a useful resource, and describes how the economic, financial, social and environmental assessments of a policy, programme or project should be combined. See http://www.ogc.gov.uk/SDToolkit/reference/ogc_library/related/Green_Book_03.pdf

10. Glossary

Candidates

Used to refer to companies at the selection stage, who have expressed an interest in a contract, but have not yet been invited to tender.

EC

The European Community (formerly the European Economic Community). This is the part of the EU, under which public procurement legislation is enacted, hence *EC Directives*.

Directive

Type of European legislation that is binding on Member States as to the result to be achieved but leaves the method of implementation to national governments. They must accordingly be transposed into national law. The procurement Directives are implemented in the UK by Regulations (Statutory Instruments) under Section 2(2) of the European Communities Act 1972.

EC Rules

Used to refer to the Public Procurement Directives, the EC Treaty and relevant case law together.

EC Treaty

Refers to the consolidated version of the Treaty establishing the European Community, following the Treaty of Amsterdam. A key objective of the Treaty was the creation of a free internal market, requiring elimination of barriers to trade, and barriers to free movement of labour, capital, and business. Essential parts of the Treaty, from the point of view of public procurement, include articles on non-discrimination on the grounds of nationality, the freedom to provide services, and freedom of establishment.

EU

European Union – established in 1992 with the Treaty on European Union (Maastricht Treaty). It created a three ‘pillar’ structure:-
First Pillar: the European Communities (European Community [formerly the European Economic Community], European Coal and Steel Community, European Atomic Energy Community);
Second Pillar: intergovernmental arrangements for co-operation on foreign and security policy; and
Third Pillar: intergovernmental arrangements for police and judicial co-operation in criminal matters.

GPA

Government Procurement Agreement, agreed under the auspices of the World Trade Organisation (WTO). Following the EC Rules will ensure compliance with the GPA, where it applies, and GPA suppliers have the same rights as EC suppliers. A list of current signatories to the GPA can be found in the Public Procurement State of Play document, available on our website www.ogc.gov.uk (click on ‘Procurement Policy and EC Rules’).

OJEU

Official Journal of the European Union, formerly Official Journal of the European Communities (OJEC).

Proposed new consolidated EC public procurement Directive

Proposals that update, clarify and simplify the current EC public procurement Directives and consolidate the existing separate Directives for works, supplies and services contracts in the public sector into one single Directive are being negotiated. OGC aims to keep the procurement community up-to-date with developments.

Thresholds

The EC public procurement Directives apply to contracts above certain thresholds. For up to date information on the values of the thresholds, see the Public Procurement State of Play document, available at www.ogc.gov.uk (click on 'Procurement Policy and EC Rules').

UK Regulations

Implement the EC Directives and are a form of secondary legislation. The Public Procurement Regulations are made by way of Statutory Instruments, under Section 2(2) of the European Communities Act 1972.

Value for money

Optimum combination of whole-life cost and quality to meet the user's requirement.

Whole Life Cost

The full cost to an organisation of a solution to a requirement over the full period that the requirement will exist. Whole life costs will take into account running costs such as energy usage, maintenance requirements, staff training needs, and disposal costs such as recycling, as well as the initial purchase price. The life span of the product will also need to be considered.

11. Further information

Some useful online sources of information.

- On the EU EMAS see <http://www.europa.eu.int/comm/environment/emas>
- Government Accounting website <http://www.government-accounting.gov.uk>
- Green Claims Code <http://www.sustainable-development.gov.uk/sdig/improving/partf/gcc/pdf/gcc.pdf>
- Procurement Section of Sustainable Development in Government site <http://www.sustainable-development.gov.uk/sdig/improving/contextf.htm>
- Office of Government Commerce <http://www.ogc.gov.uk/>
- Guidance on Green PPPs <http://pfi.ogc.gov.uk/publicationsView.asp?id=711&isLocal=0>
- *Environmental Purchasing in Practice* – Guide produced by [IEMA](#), [CIPS](#), [NHS PASA](#).
- Interpretative Communication of the European Commission on public procurement and the environment http://www.europa.eu.int/comm/internal_market/en/publproc/general/com274en.pdf
- Interpretative Communication of the European Commission on public procurement and social considerations http://simap.eu.int/EN/pub/docs/comlaw/DGmarkt-PE-COM_2001_566-B3-392_EN_ACTE.doc
- HM Treasury Green Book, Appraisal and Evaluation in Central Government http://www.ogc.gov.uk/SDToolkit/reference/ogc_library/related/Green_Book_03.pdf
- European research into green procurement – ‘Relief’ study <http://www.iclei.org/ecoprocura/relief/>

Written statement on sustainable procurement in Government by the Secretary of State for Environment, Food and Rural Affairs for Thursday October 30th 2003

The UK Government is committed to the achievement of sustainable development. Continued action is needed by all sectors in society to ensure that our social, economic and environmental objectives are achieved simultaneously. The scale of central civil government procurement – estimated at £13 billion per year – means that the purchase of goods, works and services by government has the potential to contribute directly to sustainable development across a wide range of sectors, from construction to information technology.

Following the recent high-level cross-Government review by the Sustainable Procurement Group, we are clear that central Government procurement can and should support sustainable development within the framework of the Government's procurement policy and its overarching aim of achieving value for money, and the EC procurement rules.

The revised guidance published today by Defra and the Office of Government Commerce makes clear the relationship between sustainable development objectives and the legal and policy framework for procurement. It demonstrates practically how to integrate relevant sustainable development issues at the various stages of the procurement process. It replaces the *Joint Note on Environmental Issues in Purchasing* issued in 1999 by HMT and DETR. Followed properly, there should be no conflict between relevant sustainable development objectives and obtaining value for money. Indeed, there will be synergies between them, for instance in purchasing energy efficient goods that reduce whole life costs.

We are keen that consideration of environmental impacts should be built in right at the start of the procurement process (at the business case and specification stages), when options are being considered, as this approach is likely to have most potential to contribute to sustainable development objectives, as well as being more appropriate under the EC rules. The consideration of whole life costs is important at these early stages, as well as at the award stage.

This revised guidance signals our support for sustainable procurement across government and meets one of the headline recommendations of the Sustainable Procurement Group. Defra and OGC will continue to work closely together with other departments and the government's central buying agencies OGC buying.solutions and NHS PASA on minimum standards for commonly purchased products, departmental environmental procurement strategies, ongoing development of sustainable product information and environmental risk assessment for larger procurement projects. These will be progressed primarily under the procurement section of the *Framework for Sustainable Development on the Government Estate*.

Our first priority is for environmental procurement to become embedded across the board in government purchasing, in order to build upon the progress already made in this area. The understanding, by purchasers, of the scope to consider social issues in procurement is less developed, and further discussion of this by the cross-Government Sustainable Procurement Group is planned, leading towards more comprehensive guidance.

Sustainable procurement will not be achieved overnight, but this guidance is a vital first step to put in place the structures to support and encourage all those involved in government procurement in delivering this important commitment.

Copies of the *Joint Note on Environmental Issues in Purchasing* have been placed in the Library can be found online at www.ogc.gov.uk or www.sustainable-development.gov.uk/sdig/improving/contextf.htm.