

## Engaging the Process Chain – Procurement

- Influence Hampshire’s community to ensure the **procurement** of products and services that maximise material resource efficiency and reduce waste – e.g. products made from recycled or sustainably sourced materials.

Procurement is the “obtaining of supplies” and may relate to products or services, in both the public and private sectors. Procurement affects all stages of the process chain and impacts on their sustainability:

- **Design** - during the design stage, procurement specialists can assist with finding the best options in terms of alternative sustainably sourced materials and security of supply.
- **Business Practice** – by requiring their supply chain to provide information on the social and environmental impact of the goods being purchased, organisations can influence the development of sustainable practices.
- **Retail** - procurement has two important roles for retailers, they must be able to source products with required standards and be aware of trends in consumer buying, which relates to behaviours.
- **Consumption** – through procurement, business can specify the purchasing of products that are recyclable and reusable once the products life has expired.

Procurement is a mechanism by which businesses and organisations can use their buying power to influence not only their supply chain (and consequently the marketplace in terms of demand) but also the people and the community they are supplying. Hampshire organisations can lead the way in using procurement to develop business practices to maximise material resource efficiency and reduce waste.

Opportunities for change in Hampshire have been identified as follows:

### Raising awareness

Often the main issue in relation to procurement is the cost of the goods or service being bought. Often the drive for ‘value for money’ may appear to equate to the lowest price; however, if greater consideration is given to the overall costs throughout the entire lifecycle of a product then it is possible that the “cheapest option” is not necessarily the cheapest.

By looking at the whole life cycle of a product, all the hidden costs; such as the amount of raw materials used in the production, the transport or transfer of the item, the expected lifetime of the goods and the potential costs of disposal, are taken into account.

Life Cycle Assessment (LCA) can be a useful tool in determining the total impact of the item and may provide data to influence the decision to purchase, that may justify not choosing the ‘cheapest’ option. Currently this concept is not in common use and has yet to be consistently and comprehensively adopted in the public or private sectors.

- › Conduct research into application of LCA and good practice use of this concept.
- › Identify target areas for application of, and implement LCA within public sector purchasing.
- › Identify and overcome in-year budgetary considerations that may force purchasers to choose the cheapest priced option, which may not be the most sustainable in the long term.

## Influencing

Many organisations have implemented 'green' purchasing or 'sustainable' office supply systems, as this is a highly visible part of an organisation and can help to promote the 'green' credentials of the organisation to staff and customers alike. However, there are other areas of procurement which may be more problematic to change, but in the longer term, yield greater impact in achieving resource efficiency and reducing waste. Businesses and organisations should be encouraged to change their procurement practice in all areas, not just those that may be considered easy, such as office supplies. This concept should apply to all sectors of the business, with the outcomes focused on specific areas of procurement.

- Assist and support businesses and the public sector to identify specific commodities/services in terms of greatest budget, volume and environmental hazards.
- Collate/request good practice guidance on how to improve the sustainability of these items.
- Implement change in procurement practice through raising consumer and corporate awareness of the benefits achieved and difficulties faced.

Many organisations have green or sustainable procurement policies in place, but this is not always followed or promoted.

- Promote the need for public and private sector senior management agreement on sustainable procurement policies to ensure their implementation and success.
- Inter authority co-operation (NHS/MoD/Police/Fire etc) should be initiated and tasked with identifying common areas of good practice and/or legislative barriers to take to Central Government for resolution.

## Market Development

The public sector is the biggest spender in Hampshire. This immense buying power could be used to influence the market place in order to stimulate demand for sustainable goods and services. Market development in Hampshire could be enhanced if all Local Authorities/elements of the public sector in Hampshire join together to purchase specific products and services, this may also facilitate regional specialisation in procurement and avoid duplication of effort.

The National Procurement Strategy<sup>1</sup> is an important part of market development. Centres of Excellence appointed by the ODPM have great influence within their specialist areas. The MRS partners could utilise this additional influence to promote and encourage changes in business practice and regional spending.

- Use existing networks to promote and agree on common purchasing systems and items, share good practice in achieving best value and stimulate sustainably designed items and the recycle market.
- Stimulate local innovation for recycled products and innovative recycling schemes, overcoming legislative barriers to ensure that, if possible, locally sourced items can be purchased.
- Implement sustainable procurement and promote achievements to peers and community to influence other organisations procurement strategies.
- MRS partners to exert regional influence, perhaps by becoming a "centre of excellence" within the South East region.

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<sup>1</sup> Office of the Deputy Prime Minister, 2003. National Procurement Strategy for Local Government