

**Procuring for health and
sustainability 2012:
sustainable procurement action
plan**

**The health and social care sector
response to the Sustainable
Procurement Task Force report**

November 2007

DH INFORMATION READER BOX

Policy	Estates
HR / Workforce	Commissioning
Management	IM & T
Planning /	Finance
Clinical	Social Care / Partnership Working

Document Purpose	Best Practice Guidance
ROCR Ref:	Gateway Ref: 8816
Title	Procuring for health and sustainability 2012 - Sustainable procurement action plan
Author	NHS PASA/DH
Publication Date	October 2007
Target Audience	PCT CEs, NHS Trust CEs, SHA CEs, Care Trust CEs, Foundation Trust CEs , Medical Directors, Directors of PH, Directors of Nursing, Local Authority CEs, PCT PEC Chairs, NHS Trust Board Chairs, Special HA CEs, Directors of HR, Directors of Finance
Circulation List	Directors of Adult SSs, Directors of Children's SSs
Description	In March 2006 the UK Government response to the Sustainable Procurement Task Force report and action plan was published. Within this, DH committed to publishing this full response on behalf of the health and social care sector. This document sets out how, in the next five years, the sector in England will use sustainable procurement to achieve improved health and well-being for the people, the environment and the economy.
Cross Ref	n/a
Superseded Docs	n/a
Action Required	n/a
Timing	n/a
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For Recipient's Use	

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Foreword

In March this year Government issued its Sustainable Procurement Action Plan, for Central Government, and within this the Department of Health, committed to producing a response for the health and social care sector, as did our colleagues within local government.



It is clear that both health and local government are central to sustainable communities and this document recognises the important role that the significant procurement activity of the health and social care sector can play in helping to tackle some of the most significant sustainable development challenges we all face at a local, national and global level.

In addressing this agenda we cannot lose sight of many of the other important challenges currently facing the sector, however, we do need to be proactive in paving the way for a sustainable future.

I feel confident that this action plan provides some clear initial direction for the sector to start putting in place practical measures that will help realise the opportunities presented through procurement activity to drive sustainable development.

Hugh Taylor

Permanent Secretary, Department of Health

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Executive summary

The overall aim of the Department of Health is to improve the health and wellbeing of the people of England. Sustainable development has an important role to play in this. It is when considering the balance of social, environmental and economic factors that we realise that what we buy, and how we buy it, has such an important role to play.



The Sustainable Procurement Task Force reported in June 2006, setting out a number of challenges for how to put sustainability at the heart of procurement, and make the UK leaders in the EU in sustainable procurement by 2009. In March 2007 the UK Government response to the Task Force report and Sustainable Procurement Action Plan was published. Within the UK Government SPAP we committed to publishing a full response on behalf of the health and social care sector in 2007, as did local government and education sectors. This action plan is the health and social care sector response to the Sustainable Procurement Task Force report, and will be followed up with route map planning and supporting activities to take us on the journey to the final destination – good procurement that recognises sustainable development as an essential outcome.

Sustainable procurement is defined as:

“a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.”
(*Procuring the Future*, 2006)

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Examining this in the context of the health budget, which including the NHS accounts for £30.1 billion of the total £150 billion government procurement spend, we can understand that there could be significant dividends for the health service and the country at large. There is a clear business case for sustainable procurement, and now is the time for action.

This action plan sets out how, in the next five years, the health and social care sector in England will use sustainable procurement, not only of equipment and supplies, but also buildings, facilities and services, to achieve improved health and well-being for the people, the environment and the economy. The action plan sets the direction for NHS trusts, collaborative procurement organisations, Department of Health and its arms length bodies, including NHS Supply Chain and the NHS Purchasing and Supply Agency (NHS PASA). It also indicates our intentions to suppliers with whom we work, staff we employ and the patients to whom we provide services and care.

Key actions proposed include:

- committing NHS organisations to purchasing goods and services, as well and construction and refit activity, which will reduce the NHS carbon footprint (ie contribute to our carbon reduction goals)
- developing a best practice procurement framework that places sustainability and innovation at the heart of decision making processes, and is available for use across the health and social care sector
- developing British Research Establishment Environmental Assessment Method (BREEAM) for Healthcare as the accredited system of choice to promote excellence in sustainable construction in the NHS
- strengthening commissioning practices for health and well-being, and increasing involvement by the third sector and social enterprises
- creating a health suppliers sustainability award
- supply chain mapping to increase understanding of ethical and environmental impacts within the healthcare supply chain

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- encouraging progress across the sector and by suppliers against the Sustainable Procurement Task Force's Flexible Framework for improved, more sustainable procurement practices.

The health sector will increasingly be asked what we are doing not only to improve health, but reduce its carbon footprint, work with local communities and ensure that goods are ethically and sustainably sourced. This action plan sets out how greater health can be delivered through professional attention to the outcomes and consequences of health and social care procurement. It demonstrates that procurement's contribution to a sustainable society is far beyond the financial.

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1. Introduction

The overall aim of the Department of Health (DH) is to improve the health and wellbeing of the people of England. Sustainable development has an important role to play in this. It is when considering the balance of social, environmental and economic factors that we realise that what we buy, and how we buy it contributes to achieving sustainable development.

The UK's Sustainable Development Strategy (UK SDS) *Securing the Future*¹, identified its five guiding principles, and four priority areas for action.

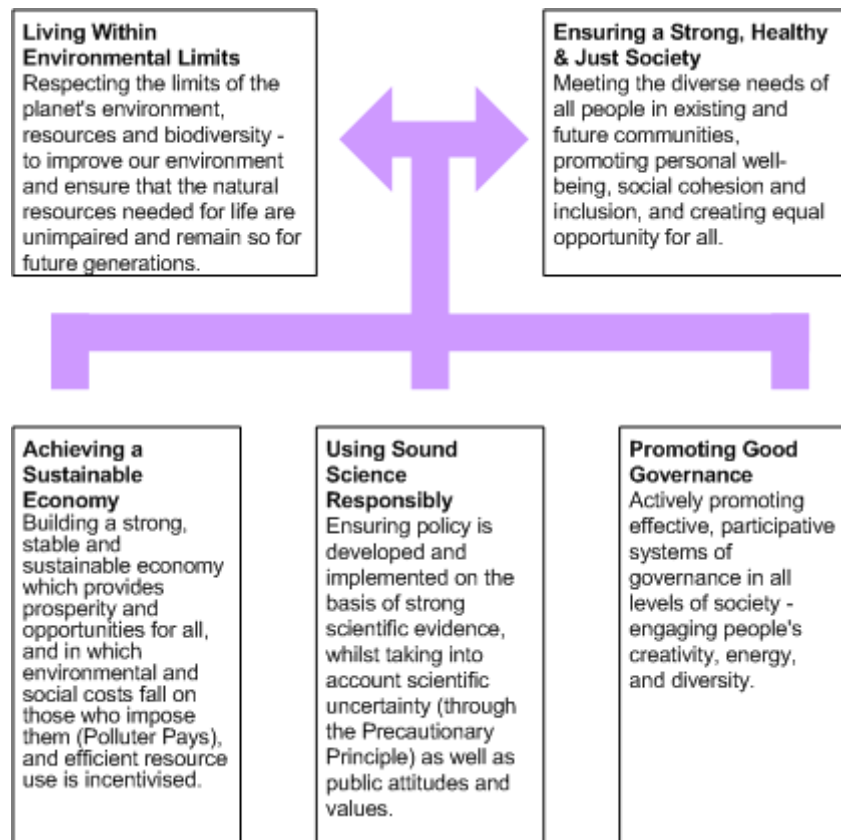


Figure 1: Shared UK guiding principles of sustainable development

The priority areas for immediate action were identified as:

- sustainable consumption and production
- climate change and energy
- natural resource protection and environmental enhancement
- sustainable communities.

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Already a number of existing Department of Health policies contribute to sustainable development:

- our health focus on communities (e.g. action on health inequalities)
- our health focus on the environment (e.g. encouraging choice of good food, and enjoyment of an active lifestyle)
- our health focus on the economy (e.g. recognising the link between poverty and ill health).

The state of the environment, society, economy and governance issues all directly affect people and their health. To act sustainably is integral to providing an effective health and social care service to society. The *DH Sustainable Development Action Plan 2007/8*² further highlights the links between health and sustainable development.

It is in this context that the DH welcomed the publication of the Sustainable Procurement Task Forces' report, *Procuring the Future*³. The challenge was clearly set – to use the government's immense buying power to make progress towards both sustainability and efficiency, and in doing so achieve the goal for the UK to be among the European Union leaders in sustainable procurement by 2009. The UK *Government Sustainable Procurement Action Plan*⁴ covers primarily how central government will work towards its goals. As a part of central government the DH will follow the targets set by central government, as well as working as an integral part of the health and social care sector.

Arguably the biggest challenge of sustainable procurement is convincing people that sustainable development is consistent with the achievement of value for money. Developing a deeper awareness of the impact of procurement on health itself may be the key to conviction. In reality, the significance of sustainable procurement will be different in each context. What is important is that people are encouraged and enabled to work out its significance for themselves. Sustainable procurement is aligned with good procurement. It

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seeks to ensure that procurement activities yield the greatest health benefits at the least cost to the earth's resources, especially those that are not renewable, and the least cost to human societies, communities and individuals.

This action plan sets out how, in the next five years, the health and social care sector in England will use sustainable procurement, not only of equipment and supplies, but also buildings, facilities and services, to achieve improved health and well-being for the people, the environment and the economy. This document is written to be read in conjunction with the SPTF report – the background and findings to the report are not reiterated in this document. For the full picture of the response across government, see the *UK Government Sustainable Procurement Action Plan* and the *Local Government Sustainable Procurement Action Plan*⁵.

This is a strategic response to the SPTF report across a sector and does not outline specifically how each organisation within the health and social care sector will achieve its goals on sustainable development or good procurement. Where a department or agency has the lead for a particular action, such as DH, NHS PASA or NHS Supply Chain, they are specifically referenced. However, the emphasis is on local delivery and coordination and meeting local goals within the national agenda.

There are many opportunities for the NHS to procure, commission, plan and work jointly with local authorities and other local organisations through Local Strategic Partnerships, Local Area Agreements and the joint strategic needs assessment process. NHS PASA is planning a national event with the Local Government Association, Communities and Local Government and other key partners to help NHS bodies and local authorities consider relevant issues.

2 Context

Including the NHS, the health sector accounts for an estimated £30.1 billion of the overall £150 billion identified in the SPTF report⁶ for HM Government spend on the procurement of goods and services.

Within its Sustainable Development Action Plan, DH acknowledges the importance of sustainable procurement and its role as an agent for change in the broader sustainable development agenda. The commercial landscape within health has been evolving rapidly over recent years, with the increasing importance of primary care trusts in delivering the patient choice agenda. The emergence of NHS collaborative procurement organisations and foundation trusts, plurality of provision, the expansion of major private finance initiative (PFI) projects and the outsourcing of logistics and procurement functions to NHS Supply Chain have also played their part.

Health and social care have been brought closer together through the standards for better health, impelling the NHS and local authorities to work together for improved health outcomes. The independent sector and voluntary and community sectors (VCS) have an important role to play, and are already heavily involved in the delivery of health and social care. In addition the [Commissioning Framework for Health and Well-being](#)⁷ strongly encourages local authorities (LAs), primary care trusts (PCTs) and other local commissioners to work together in order to improve the health, well-being and independence of their local population.

The business case for sustainable procurement has already been made⁸. The National Institute for Health and Clinical Excellence identified benefits of implementing sustainable procurement including:

- efficiency savings through lower lifetime costs of purchases
- improving service delivery through better relationships with suppliers
- more innovative solutions to meet healthcare needs

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- long term efficiency savings through whole life costing, saving money to reinvest in direct patient care or public health initiatives
- enhancing local social, economic and environmental conditions has a positive impact on people's health.

Given the existing policy imperatives for sustainable procurement, this document sets out our actions in three broad topic areas – leadership, capability and market engagement/innovation. Sustainable procurement is actually just good procurement done well, recognising that procurement is an effective tool for delivering sustainable development goals.

3 Leadership

The SPTF report recognised that a lack of consistent leadership and a failure to lead by example are key barriers to sustainable procurement. The healthcare sector, and in particular the DH and NHS PASA aim to become leaders by example. The DH Sustainable Development Action Plan sets out the leadership roles and responsibilities with respect to sustainable development and procurement. The Permanent Secretary for DH is accountable for overall progress on sustainable development, with the Director General, Commercial Directorate responsible for sustainable procurement both in the DH and NHS. Work going forward from 2007 to engage the NHS on sustainable development will include sustainable procurement as an integral part.

NHS PASA is responsible for sustainable procurement policy for both DH and the NHS as part of its overall remit for procurement policy, with DH Estates and Facilities Division (EFD) responsible for sustainable capital procurement. NHS PASA has been working on sustainable procurement initiatives for several years and is recognised within the SPTF report as one of the leading proponents in this field within government and the wider public sector. Through encouraging the improvement of procurement skills of health professionals, NHS PASA is working to ensure that sustainable procurement is an integral part

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of good procurement practice. NHS PASA has published its [Sustainable Procurement Policy, Strategy and Action Plan](#)⁹ on its website.

In April 2007 the DH Procurement Centre of Expertise (PCoE) was established in order to make NHS PASA's commercial expertise available throughout the Department. The DH's Sustainable Procurement Action Plan and Policy set out how the department will meet its targets as set out under the [Sustainable Operations on the Government Estate](#)¹⁰ and in the [UK Government SPAP](#)¹¹.

DH EFD are leaders on sustainable capital procurement, by taking the initiative and imposing mandatory energy/carbon efficiency targets on the NHS in England from 2000 to 2010. The targets included procurement of energy efficient buildings of 35-55 Gigajoules per 100 m³. DH EFD also launched the NHS Environmental Assessment Tool (NEAT) in 2002. Based on BREEAM (Building Research Establishment's Environmental Assessment Model) the business case approvals process for both public and private capital schemes have required a score of *excellent* for new builds with *very good* for refurbishments. This was in line with *Constructing the Best Government Client Sustainability Action Plan "Achieving sustainability in construction procurement"*. The NEAT tool is now being extensively redeveloped and will be reissued later in 2008 as an accredited process as *BREEAM for Healthcare* (B4H).

Leading by example, DH worked with the Sustainable Development Commission to develop the Good Corporate Citizenship Assessment Model for the NHS. Launched in 2006 to all NHS trusts it incorporates a specific section on procurement, providing direction for trusts on sustainable procurement by defining progressive criteria on policy, process, innovation, ethical trade, food and local sourcing.

NHS Good Corporate Citizenship Assessment Model

Good Corporate Citizenship describes how NHS organisations can embrace sustainable development and tackle health inequalities through their day-to-day activities.

This means using NHS organisations' corporate powers and resources in ways that benefit rather than damage the social, economic and environmental conditions in which we live. How the NHS behaves - as an employer, a purchaser of goods and services, a manager of transport, energy, waste and water, as a landholder and commissioner of building work and as an influential neighbour in many communities - can make a big difference to people's health and to the well being of society, the economy and the environment.

By operating as good corporate citizens NHS organisations can benefit from a healthier local population, improved staff morale and faster patient recovery rates. They may also make big financial savings. The online toolkit allows users to register and self assess current practice, as well as providing tools and guidance for improving practice. Procurement forms one of six strands of development.

See www.corporatecitizen.nhs.uk

3.1 Frameworks for procurement

We recognise the work put in to developing the Flexible Framework (see Annex 1) by the SPTF and the value that it adds to developing a consistent approach across this sector.

To adopt an approach consistent with the recommendations of the SPTF

- ❁ 1. NHS organisations are encouraged to commit to making progress against the Flexible Framework (as per figure 2) to inform, benchmark and monitor progress towards establishing robust sustainable procurement practice. There is clearly an extensive work programme required to achieve progressive levels of the Flexible Framework. This work should be outlined within each organisation's sustainable development action plan or procurement workplan.
- ❁ 2. NHS PASA will develop and implement a best practice procurement framework available for use across the sector. The framework is being developed to enhance existing capability within procurement organisations to enable and embed the working practices that will concentrate collaboration in achieving efficiency, reform, innovation and sustainability through procurement excellence. This will support a number of key strands of the Flexible Framework.
- ❁ 3. NHS organisations are encouraged to take responsibility to develop case studies and support online tools for sharing good sustainable procurement practice. One such online resource is [sustainable procurement cupboard](#)¹² where NHS and Local Government case studies will be populated, as well as relevant tools, presentations and opportunities to network. As further information becomes available, such as through the Defra Centre of Sustainable Procurement Expertise, NHS PASA will publicise this to the healthcare community through its website and publications.

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Figure 2

Organisation	Aims for progress against flexible framework
NHS PASA	<p>Achieve L2 by April 2007</p> <p>Achieve L5 in at least three areas by 2009, and L3 in the remaining areas</p> <p>Achieve L5 in all areas by 2012, and support the 'where next?' agenda</p>
Department of Health	<p>Achieve L1 by December 2007</p> <p>Achieve L5 in at least one area by December 2009, and at least L3 in the remaining areas</p> <p>Achieve L5 in at least three areas by 2012</p>
NHS Supply Chain	<p>Achieve L1 by December 2007</p> <p>Achieve L5 in at least two areas by December 2009, and at least L3 in the remaining areas</p> <p>Achieve L5 in at least three areas by 2012</p>
NHS collaborative procurement hubs and DH Arms Length Bodies	<p>Aim to achieve L4 in at least two areas by December 2009, and L3 in remaining areas.</p> <p>Aim to achieve L5 in at least two areas by 2012</p>
NHS trusts*	<p>Work against Good Corporate Citizenship model enhanced by strategic uptake of key aspects of the Flexible Framework.</p> <p>Achieve <i>Excellent</i> for new builds and <i>Very Good</i> for refurbishment business case approvals, in line with BREEAM for Healthcare</p>

* social care, where procured through local government rather than NHS trusts, will be consistent with local government sustainable procurement goals.

3.2 Research and collaboration

To achieve its aim of being the centre of expertise and knowledge for the NHS (in essence, a leader) and to lead the modernisation of supply in the NHS, NHS PASA needs not only to apply existing knowledge to best effect, but also to develop new knowledge and thinking. Through NHS PASA's research program, the NHS is able to be involved in facilitating leading edge research, linked to education, strategic planning and implementation with respect to procurement. Many other NHS organisations also support research and collaboration – for example the New Economics Foundation report on climate change and the NHS¹³, produced for the NHS Confederation.

Sustainable procurement is one of NHS PASA's research themes and with partners research is continuing, looking at examples of good practice, enablers and barriers, and activity within the public or private sector, the UK and the rest of the world. The Centre for Research in Strategic Purchasing and Supply (CRiSPS) is a key partner in this research. Support includes formal research agreements as well as sponsoring student research projects, networks, dissemination events, training and working collaboratively with key stakeholders such as the Office of Government Commerce (OGC), academia, the Chartered Institute for Purchasing and Supply and the Healthcare Supplies Association.

Additionally, sustainable capital procurement projects are considered through DH R&D Fund to support and develop innovation through research. That learning and knowledge is disseminated to improve and enhance sustainable procurement practices. An example of current research and collaboration is SHINE. SHINE, the sustainable construction learning network is being disseminated through training modules and events and a website www.shine-network.org.uk. Other work on sustainable ventilation is in progress with further research submitted for consideration which forges the links between causes and impacts of sustainable procurement, practices, infection control and public health issues.

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To further our achievements in research and collaboration

- ✿ 4. DH and NHS PASA will continue to support research into best practice procurement, including sustainable outcomes and health impacts, share findings throughout the NHS, social care sector and wider public sector and encourage networking to share best practice.
- ✿ 5. NHS PASA will research and develop practice and sustainability performance related indicators to inform progress and outputs from effective procurement activity.
- ✿ 6. NHS PASA, DH and procurement hubs will undertake regional events to engage health and social care procurement professionals in good procurement, share best practice and form supportive networks through the Sustainable Procurement Forum¹⁴.
- ✿ 7. DH will continue to produce information and tools to improve knowledge and understanding of implementing sustainable (capital) procurement.
- ✿ 8. Health and social care organisations will review their impact on their local/regional economy and collaborate with local partners to make a positive contribution. Organisations are encouraged to assess the impact of spending on the local economy by using tools such as the New Economics Foundation Local Multiplier tool (LM3)¹⁵.
- ✿ 9. Health and social care organisations will collaborate with local government, particularly PCTs working closely with adult and children's social departments, to deliver greater economic and social well-being. Examples of joint working are through the emerging Regional Improvement and Efficiency Partnerships and the third sector commissioning work being led through the [Office of the Third Sector](#)¹⁶.

4. Capability

To achieve our goals, we have to ensure that we have the capability to move forward. *Procuring the Future* identified that the lack of training, tools and unambiguous guidance was hampering progress on sustainable procurement. Complementing our aims to move through the stages of the flexible framework, we will build the capability of health and social care procurers to consider sustainable development.

In building capability we need to look at the following aspects:

- understanding and assessment of health impacts, enablers and constraints
- measuring health improvement through effective purchasing
- embracing whole life savings. These include savings in premature death, persistent health problems, hospital admissions and working days lost.
- commissioning services that deliver improved patient outcomes as well as a sustainable service.

Without these imperatives the training, tools and guidance for better procurement and commissioning will not deliver improved health and well-being.

4.1 Training and guidance

Training and guidance is clearly important when building capability. This has been identified in NHS PASA's sustainable procurement action plan. NHS PASA has delivered sustainable development, sustainable procurement and strategic procurement training courses throughout the health and social care procurement network. These include an innovative sustainable procurement course, run in partnership with the University of Bath, to develop capability, networks and thinking on sustainable procurement. Developing capability is particularly pertinent to NHS collaborative procurement organisations, which will be instrumental in delivering the benefits of sustainable procurement at trust

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level. NHS PASA has also published guidance and run workshops on many issues relating to sustainable procurement, most recently, guidance and workshops on the waste electrical and electronic equipment regulations.

Practical measures to improve capability

DH's Estates and Facilities division provides an extensive range of guidance and training to the NHS covering areas such as energy, waste management and wider sustainable development. In December 2006 *Health Technical Memorandum 07-01* was published providing guidance on safe management of healthcare waste. This guidance was produced in conjunction with other departments, regulatory bodies and the devolved administrations.

To address the longer term sustainable development training needs of the Department and the NHS, in 2007 NHS PASA established a national framework contract for accessing specialist sustainability training, which includes training on implementing aspects of the safe management of healthcare waste guidance.

DH EFD also provides advice and best practice guidance on sustainable development to improve awareness of sustainable procurement practices on buildings, services, facilities etc through Health Technical Memorandums.

To improve capability

- ✿ 10. NHS PASA will work with partners and the NHS Taskforce Trainers to develop bespoke training modules for use across the Department and other NHS organisations to support the achievement of flexible framework levels and embed effective sustainable procurement processes, including technical evaluation of goods and services.

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- ✿ 11. DH will continue with the work being undertaken for commissioning for health and well-being by commissioners from PCTs, local authorities and child care trusts, having specific interest in delivering a world class sustainable service.
- ✿ 12. NHS PASA will advance eLearning delivery routes for sustainable procurement training to provide access to healthcare procurement professionals across the NHS and wider public sector.
- ✿ 13 DH and NHS PASA will continue to develop guidance for the health and social care sector as required, and provide input to central and wider government planning and policy decisions.
- ✿ 14. DH and its executive agencies will support the central government Centre of Sustainable Procurement Excellence when established, and promote its use throughout the NHS.

4.2 Monitoring

Monitoring has its place in developing capability in that it provides an assessment of where we are and what needs to be done to reach the next stage of our journey. The performance of DH and executive agencies such as NHS PASA will be monitored by the Sustainable Development Commission through scrutiny of actions against their sustainable development action plans, of which procurement forms a part. Although not centrally monitored, the NHS can voluntarily conduct self assessments of performance against the procurement section of the Good Corporate Citizenship assessment model. The social care sector will be subject to performance criteria established by local government.

Governance and monitoring – examples from NHS PASA and DH

In response to the SPTF Report, in October 2006 NHS PASA published its sustainable procurement policy supported by a strategy and action plan. The action plan is being managed through existing sustainable development management systems, consistent with ISO14001. They include performance monitoring and reporting frameworks and basic performance measures. In addition NHS PASA has a well developed governance structure for sustainable development, of which procurement forms an integral part. Commitment to achieving sustainable development targets forms part of the NHS PASA strategy and business plan.

Within DH, procurement activities are covered within the Department's SDAP, and monitored through the SDC process. Internally, progress against procurement activities within the SDAP are managed and monitored through the Permanent Secretary's Sustainable Development and Procurement High Level Group and the DH Sustainable Procurement work group. The Director General, Commercial Directorate, who sits on the High Level Group, is accountable for delivery of the procurement commitments made in the SDAP.

Governance and monitoring – DH EFD monitoring process

DH EFD undertake a monitoring process to assess performance towards sustainable capital procurement and achievement towards mandatory energy/carbon efficiency targets in line with the government's stance on energy/carbon efficient building procurement. A mid term analysis of progress towards the targets demonstrates significant progress has been achieved. However, in maintaining progress and achievement, a £100 million Energy and Sustainability Capital procurement Fund has been made available from January 2007. DH EFD manages the bidding and approvals process for sustainable procurement on the basis of significant energy/carbon efficiency savings.

To ensure our stakeholders are aware of our progress towards more sustainable procurement

- ❁ 15. DH and NHS PASA, will manage, monitor and report on sustainable procurement in their SDAPs through management systems consistent with the principles of ISO 14001, and report to the Sustainable Development Commission on progress through the SDAP process.
- ❁ 16. NHS PASA will establish an online practice, performance and progress reporting facility to keep stakeholders informed of progress, and provide an example of good practice to the NHS. This will include the level of progress against the Flexible Framework.
- ❁ 17. NHS trusts and procurement hubs will be strongly encouraged to use the NHS Good Corporate Citizenship assessment model for self assessment of procurement practice (and other aspects of sustainable development) and sharing of best practice examples.

4.3 Minimum standards

The SPTF report identified “Health and Social Care (operating costs of hospitals, care homes, social care provision)” as one of its top ten public sector priority spend areas. However, within health and social care purchasing, the sector also purchases all of the nine other priority areas – construction, food, uniforms/clothing/textiles, waste, pulp/paper/printing, energy, consumables (office machinery and computers), furniture and transport. Given the significant range of products and services procured for the healthcare sector, minimum standards need to be determined by an evidence-based approach appropriate to the goods and services in question.

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Determining minimum standards in the NHS and social care sector is an ongoing process consistent with procuring the delivery of safe and effective healthcare – minimum standards exist not just for sustainable procurement but also for a range of health, safety and functionality criteria. Minimum standards are the baseline for good procurement practice – it must be recognised that truly sustainable procurement will require innovation well beyond minimum standards to achieve the best environmental, social and economic outcomes.

To achieve and maintain minimum standards in sustainable procurement

- ✿ 18. NHS Supply Chain, NHS PASA, DH and collaborative procurement hubs will ensure that all centrally let, new and renewed contracts will make available to healthcare users products that meet or exceed approved minimum standards such as the standards set for timber procurement by Defra.
- ✿ 19. NHS and social care trusts will be encouraged to adopt the minimum standards set for central government on sustainable procurement, as set and maintained by Defra and OGC.
- ✿ 20. Relevant organisations will support and participate in cross government initiatives, and promote the principles and outcomes across the NHS. This includes NHS Supply Chain participation in the Public Sector Food Procurement Initiative and maintaining the Sustainable Food Action Plan across the NHS, and NHS PASA participation in the Transforming Government Procurement agenda for transport, energy and estates.
- ✿ 21. DH will continue to promote evolving sustainable capital procurement standards to the NHS through contracting arrangements for buildings via Private Finance Initiatives; Procure21; and NHS Local Improvement Finance Trust schemes.

- ✿ 22. DH will develop and continue to encourage the use of the NHS Environmental Assessment Tool (NEAT) score ratings of *Excellent* for new build or *Very Good* for refurbishments as a requirement for the NHS. This is in support of NEAT becoming BREEAM for Healthcare later in 2008 and an accredited system. BREEAM for Healthcare will reflect OGC's Common Minimum Standards for Sustainable Construction.

5. Market engagement and innovation

5.1 Suppliers and markets

The SPTF report highlights that we need to do more to:

- engage with current and potential government suppliers on sustainable procurement
- encourage more social and environmental outcomes in the supply community
- capture innovation.

In addition, as a sector we recognise that we need to do better to promote health outcomes associated with procurement decisions. To deliver the goal of health and wellbeing for the nation, we recognise that we need to engage with suppliers to the health and social care sector and bring them along the journey with us. Engagement must go beyond setting minimum standards and contract conditions.

Work is already underway. NHS PASA publishes the quarterly *PS* magazine to keep suppliers up to date with sustainable development in the NHS, maintains the NHS supplier information database (NHS-SID) and guidance on how to sell to the NHS¹⁷. All NHS trusts and procurement hubs are encouraged to publish procurement plans to enable suppliers to understand the new opportunities that are emerging. A great deal of good work is being undertaken to engage suppliers in the regional economy with the NHS, for example the NHS Suppliers

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Bureau in the north west, and work between Social Enterprise East Midlands and local NHS trusts. We recognise that we need to give a clear, concise message to suppliers of our commitment to sustainable development and health and well-being.

To further our work with suppliers and markets

- ✿ 23. DH, its executive agencies and NHS Supply Chain will communicate their commitment to the flexible framework to their suppliers and private partners, and encourage them to improve their own procurement practices in line with the framework. NHS PASA will stage events and produce information, supporting DEFRA and OGC initiatives, to engage suppliers on this agenda and explain how greater efficiency, sustainability and innovation can benefit them.
- ✿ 24. DH and the healthcare sector will build on the work of the Third Sector Commissioning Task Force¹⁸ to promote a sound commercial relationship between commissioners of health and social care services and the third sector as providers, and help remove barriers to entry for all potential providers of health and social care.
- ✿ 25. The healthcare sector will use the www.supply2.gov.uk¹⁹ website, the supplier route to government portal, to publish lower value contract opportunities and engage regional suppliers with the regional NHS economies to recognise the benefits of procurement in regeneration and health/wealth creation.
- ✿ 26. The health and local government sectors are encouraged to work together to ensure commissioning practices take into account the longer term impacts of interventions on individuals and communities, using models such as the Commissioning Framework for Health and Well-being and the Sustainable Commissioning Mode²⁰ to look at the long term service level outcomes as well as the short term outputs.

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- ❁ 27. NHS PASA will establish an award under the Sustainable Communities Award scheme for innovative suppliers working with the healthcare sector. NHS PASA will promote the best entries to the award, disseminate best practice and raise awareness of opportunities.
- ❁ 28. NHS PASA and NHS Supply Chain will work together with relevant partners to map the supply chains for two commodity areas, including surgical instruments, to better understand the social impacts and ethical issues associated with the way the NHS procures, and take action where necessary, and keep the healthcare sector informed of progress.

Commissioning for health and well-being

Shifting the focus of healthcare from treating sick people towards prevention and supporting well-being is crucial if we are to improve the health of the nation and ensure we deliver NHS services effectively in future.

Commissioning will be focused on outcomes, leading to more innovative provision, tailored to the needs of individuals and supplied by a wider range of providers. All providers of NHS care will be incentivised to support and promote the health and well-being of their employees - for example GPs can spend NHS money on non-NHS services that have a preventative benefit for the NHS.

The *Commissioning Framework for Health and Well-being* is designed to enable local authority, PCT and practice based commissioners to work together more effectively to provide services that are tailored to the needs of individuals and local communities and to help people maintain their health, well-being and independence wherever possible. The document is available on the [DH website](#)²¹

5.2 Innovation

The SPTF report encourages public procurers to capture opportunities through encouraging innovation and early engagement with a wide range of suppliers. Through our work following on from the recommendations of cross government reports such as the Better Regulation Task Force and Healthcare Industries Task Force²² we have focused on market engagement, supplier development and how innovation fits into the procurement process. But we recognise that there is more to do, and innovation is a key policy initiative within our procurement framework.

Social Enterprise Fund

DH has allocated £78 million to be funded over four years from 2007/8 to the Social Enterprise Fund. This money will be available for investment in existing and emergent social enterprises who are delivering health and social care services. The funding will help tap into the vast potential of the social enterprise model, which promotes innovation, social and environmental benefit and leads to improvements directly benefiting staff, patients and social care users. The fund will complement DH work already underway, such as the [Resource Pack for Social Enterprise Providers and Commissioners](#)²³.

To signal to the market our commitment to sustainability and innovation

- ✿ 29. The Centre for Evidence Based Purchasing (CEP) will include environmental impacts, such as energy use, water use and waste generation, in future CEP outputs such as buyers guides and product evaluations.

- ❁ 30. Through the Whole System Long Term Conditions Demonstrator programme, DH and NHS PASA will engage industry, users and procurers to develop a sustainable and competitive marketplace to support public health and care systems, building on existing telecare and telehealth contracts. This work will incorporate innovation, sustainability, effective use of both the independent sector and the voluntary sector as well as partnership working across many agencies involved in providing services to people with long term health conditions.

- ❁ 31. Through the promotion of the Best Practice Procurement Framework (established following on from the HITF implementation report) for use by all healthcare procurement organisations, innovation, supplier engagement and sustainable development will be considered at the workplanning stage to look at a holistic approach to procurement and use of goods and services.

5.3 Climate change and innovation

Minimising the impacts of climate change is a key concern for the health care sector, due to its potential to significantly reduce the quality of life both in the UK and in communities throughout the world.

The NHS has an opportunity to influence the market to reduce our carbon emissions and improve efficiency in resource use across the sector. Already work has begun to set our direction of travel. All NHS trusts are targeted to reduce energy consumption by 15% by 2010 (from a base year of 2000) and the Good Corporate Citizenship assessment model challenges them to address the environmental and social aspects of their operations, covering topics such as estates maintenance and transport. The DH and its executive agencies have pledged to reduce CO2 emissions in line with government targets.

Climate change and the NHS Energy Fund

Recognising that climate change will have a significant impact on quality of life, the NHS is taking climate change seriously and addressing how it can become more energy efficient. All new development projects within the NHS should achieve *Excellent* ratings, and refurbishments *Very Good* ratings against the Department's NEAT building standards tool (the NHS bespoke BREEAM) which includes consideration of sustainable development performance. In addition, new builds and redevelopments must achieve a minimum standard of 35 to 55 gigajoules of energy per 100 meters cubed, while the existing operational estate must achieve 55 to 65 gigajoules per 100 meters cubed. Performance against these standards is monitored.

The Department of Health has recently announced the creation of a £100 million NHS Energy Fund available over the next three years. The funding will help NHS organisations put in place improvements in electrical efficiency, building insulation, heat and power and encourage the introduction of renewable energy sources, contributing to the government's climate change programme. Savings made will be available to be ploughed back into patient care. The funding will help overcome some of the barriers to investment in cleaner technology cited by the SPTF report, and drive innovation for environmental gain. It is projected to save a further 32,000 tonnes carbon per annum across the NHS in England.

In addition NHS PASA has an established national framework contract in place for the supply of energy to the NHS under which 10% of energy being supplied is from renewable sources and a further 16% is from good quality combined heat and power. Bio diesel is now also available through this framework contract, and options for biofuel are being investigated.

Procuring for health and sustainability 2012

To encourage further innovation on reducing carbon emissions

- ✿ 32. DH, NHS PASA and NHS Supply Chain will work with Defra to explore Forward Commitment Procurement (FCP) as a means to accelerate the market entry and up-take of ultra energy efficient lighting in the NHS to realise the environmental and economic benefits of innovation, as well as delivering best value for government.
- ✿ 33. NHS Supply Chain will work with partners to reduce the carbon emissions associated with logistics and delivery of goods to the NHS.
- ✿ 34. DH will work with The Carbon Trust to provide assistance to the NHS in reducing the carbon footprint associated with the buildings and infrastructure through design advice; site survey assessments; and the NHS Carbon Management Programme.
- ✿ 35. DH and the NHS will work with the Waste Resource Action Program (WRAP) in developing and improving standards to increase the percentage of recycled material used during construction and for improved site waste management.

6. Next steps

This action plan proposes a significant amount of work. Some of it is new work, and some changing the way we currently operate across the health and social care spectrum. As a high level response to the SPTF, this action plan sets our direction of travel.

Following the joint launch of the health and social care and local government responses, our next step will be a high event aimed at helping the health and local government sectors determine how best to integrate this activity within their own procurement workplans.

We hope that by the time we reach 2012, not only will all actions have been completed, but a whole new plan of work devised not on the basis of a separate sustainable procurement work stream but as part of embedded excellent procurement practice.

SPTF Flexible Framework	Foundation	Embed	Practice	Enhance	Lead
	Level 1	Level 2	Level 3	Level 4	Level 5
People	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
Policy, strategy and communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is reviewed regularly, externally scrutinised and directly linked to organisations' EMS. Sustainable procurement strategy, recognised by political leaders, communicated widely. Detailed review is undertaken to determine future priorities. New strategy produced beyond this framework.
Procurement process	Expenditure analysis undertaken, key sustainability impacts identified. Contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.
Engaging suppliers	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programs in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurements and results	Key sustainability impacts of procurement activity have been identified. Simple measures based on achieving all aspects of the Foundation level of the flexible framework are put in place and delivered.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas. Simple measures based on achieving all aspects of the Embedding level of the flexible framework are put in place and delivered.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives. Simple measures based on achieving all aspects of the Practicing level of the flexible framework are put in place and delivered.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison with peer orgs. Benefit statements have been produced. Simple measures based on achieving all aspects of the Enhancing level of the flexible framework are put in place and delivered.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain. Simple measures based on achieving all aspects of the Leading level of the flexible framework are put in place and delivered.

Footnotes

- ¹ Securing the Future, delivering UK Sustainable Development Strategy, Defra, March 2005;
- ² Sustainable Development Action Plan 2007/8, DH, September 2007
- ³ Procuring the Future. Sustainable Procurement National Action Plan: Recommendations from the Sustainable Procurement Task Force, Defra June 2006.
- ⁴ UK Government Sustainable Procurement Action Plan Incorporating the Government Response to the Report of the Sustainable Procurement Taskforce, HM Government, February 2007
- ⁵ Local Government Sustainable Procurement Action Plan Incorporating the Local Government Response to the Sustainable Procurement Task Force and the UK Government Sustainable Procurement Action Plan. Awaiting publication
- ⁶ Procuring the Future. Sustainable Procurement National Action Plan: Recommendations from the Sustainable Procurement Task Force, Defra June 2006, p 11
- ⁷ http://www.dh.gov.uk/en/Consultations/Liveconsultations/DH_072622
- ⁸ Making the Case for Sustainable Procurement: The NHS as a Good Corporate Citizen, NICE, June 2005 <http://www.nice.org.uk/page.aspx?o=514063>
- ⁹ <http://www.pasa.nhs.uk/PASAWeb/NHSprocurement/Sustainabledevelopment/PolicyStrategyandActionPlan20069.htm>
- ¹⁰ <http://www.sustainable-development.gov.uk/government/estates/index.htm>
- ¹¹ <http://www.sustainable-development.gov.uk/publications/pdf/SustainableProcurementActionPlan.pdf>
- ¹² <http://www.procurementcupboard.org/>
- ¹³ *Taking the temperature: towards an NHS response to global warming*, NHS Confederation, June 2007
- ¹⁴ Sustainable Procurement Forum is the network for sharing good sustainable procurement practice across the NHS. Meetings are held 3 times per year, and Forum secretariat is with NHS PASA. For information on the Forum contact sustainable.development@pasa.nhs.uk
- ¹⁵ Plugging the Leaks, making the most of every pound that enters your local economy <http://www.pluggingtheleaks.org>
- ¹⁶ http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx
- ¹⁷ <http://www.pasa.nhs.uk/PASAWeb/Supplierzone/>
- ¹⁸ No Excuses. Embrace Partnership Now. Step Towards Change! Report of the Third Sector Commissioning Task Force, July 2006. www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4137145

¹⁹ **Supply2.gov.uk** is a dynamic government-backed service designed specifically to give companies easy access to lower-value contract opportunities (typically worth under £100,000) offered by the public sector. This is a free and easy way to attract a greater range of suppliers who are representative of the community, including small businesses, black and minority owned enterprises, women owned enterprises, social enterprises and the voluntary sector.

²⁰ New Economics Foundation are working on a three year HMT funded project with the London Borough of Camden to develop a 'sustainable commissioning model' (SCM). This model aims to ensure the social, environmental and economic impacts of providers are better taken in to account in the commissioning and procurement process by asking providers to state explicitly what impacts they think they will have in the delivery of a service through the Outcomes framework table - and then weighting these impacts as part of the award criteria.

²¹ www.dh.gov.uk

²² Further information on HITF is available at <http://www.pasa.nhs.uk/pasaweb/guidance/hitfaccessstoinnovation.htm>

²³ http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_072928



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