

TOOL H: Promoting a green market

1. Objective of this Tool

The objectives of this tool are to assist public authorities across Europe to:

- Develop 'supply chain management approaches that will encourage suppliers to improve the environmental quality of their products and services over time;
- Form working relationships with other public authorities as well as with suppliers to generate better environmental performance over time;
- Develop markets for sustainable goods and services through market development.

2. Benefits of this Tool

Following the advice in this tool will help you position yourself in such a way that you can start influencing the market and work with the market for more and better green products.

3. What does this tool do?

The tool helps you engage with suppliers and the market and sets out a range of steps you could follow. The key advice given in the tool is as follows:

- Establish your own effective and simplified procurement procedures.
- Thoroughly train your own staff on the concepts of environmental procurement and allow staff to become commodity experts.
- Thoroughly understand the dynamics of the market before you try to influence it.
- Track market developments in terms of new products, services and technologies that may have lower environmental impacts.
- Understand how the supply base perceives you. i.e. do you have any influence? Are you a good customer?
- Provide easily accessible 'Selling To.....' guides and explanation of procurement procedures on the internet¹;
- Use the specification to increase minimum environmental standards using established quick wins, codes of practice and eco label criteria.
- Increase uses of outcome based specifications.
- Where appropriate split larger contracts into smaller more regional lots to make it easier for small local businesses to tender
- Use the contract conditions and contract management procedures to validate supplier green claims and to work with them to develop environmental improvement programmes.
- Regularly monitor supplier environmental performance and progress within the improvement programmes.
- Provide suppliers with incentives (financial and non financial) to improve their environmental performance of operations and products.

- Provide suppliers with access to relevant information that may support their improvement programmes (subsidised support, subsidies, grants, brokering organisations etc).
- Recognise and promote supplier achievements internally, externally and to the supplier themselves.
- Build longer term relationships with key suppliers and develop supplier development programmes that covers an array of issues not just environment.
- Work collaboratively with other public authorities such as other public or private sector organisations or by using purchasing consortia. This will aggregate demand and consequently have more influence over the markets.

4. Quick Actions

If you can only do a few things then:

- Get your own house in order;
- Increase environmental standards in specifications;
- Build longer term relationships with key suppliers and develop supplier development programmes that cover an array of issues, not just environment;

5. A composite approach:

Experience on developing long term relationships with suppliers and influencing the market for more environmentally sustainable products and services is growing. A number of the case studies in this toolkit shows how one authority, Goteborg has been building such relationships. Not only has it been possible to procure greener products this way but also to influence the design of products to make them more sustainable and to develop a market for these. (Refer to case studies 33 and 43)

CONTENTS

1.0	Getting your own house in order	4
1.1	Good Procurement	4
1.2	Understanding the real procurement need and associated environmental issues	4
1.3	Environmental Policies	4
1.4	Environmental Management Systems (EMS)	4
1.5	Internal Training	5
1.6	Marketing and awareness	5
2.0	Understanding the Market	6
2.1	Important Questions to ask	6
3.0	Specification	10
3.1	Eco-Labels	10
3.2	Industry Codes of Practices relating to operations (CoP)	10
3.3	Innovation	10
3.4	Quick Wins	10
4.0	Contract Management	11
4.1	Contract Conditions	11
4.2	Training and Support	12
4.3	Checking EMS Certification and other Green Claims	12
4.4	Developing Improvement Programmes	12
4.5	Auditing Suppliers	12
4.5	Approvals and recognition	13
4.6	Monitoring	13
4.7	Recording improvement progress on a Supplier Database	13
5.0	Opportunities for collaboration	14
5.1	Collaborative Working	14
5.2	Creating significant volumes by joint procurement with other organisations	14
5.3	Using brokering organisations	15
6.0	Incentives	15
6.1	Business support for improved environmental performance	15
6.2	Grant Programmes and taxes	16
6.3	Subsidies	16
7.0	Recognising Achievements	17
7.1	Promote Best Practice	17
7.2	Industry Awards	17

1.0 Getting your own house in order

1.1 Good Procurement

Your procurement systems should be functioning effectively and operating in an efficient manner that adds value to the organisation and encourages innovation and best practice.

1.2 Understanding the real procurement need and associated environmental issues

Good knowledge regarding the *use* of the product or service within the organisation is essential. Products may be more environmentally friendly, but if they are poorly chosen regarding fitness for purpose it can create negativity towards future attempts to improve the sustainability of procurement.

Case study 18 – KBC pens and recycled paper

This good knowledge also needs to extend to an accurate understanding of the basic principles of sustainability to ensure that procurement choices meet your organisations intentions to improve environmental performance. One such principle is to only buy as much as is actually required and effectively trying to reduce the amount of purchases made.

1.3 Environmental Policies

Before encouraging your suppliers to improve their environmental performance it is important have your own robust green procurement policies and procedures, i.e. you must get your own house in order before expecting others to do so.

It is essential to understand the importance of having your own procurement and environmental management policies and strategies. These will lay the foundation of support in your organisation for procuring environmentally sustainable goods and services. It will also provide confidence to the suppliers you are trying to create a dialogue with, that your organisation is serious about environmentally friendlier products and services.

Case study 34 – London Borough of Sutton Timber Policy.

*Refer to **Tool A – Green Procurement Policy** for the steps needed to set up a standard policy for Green Procurement.*

*Refer to **Tool C –Barriers** section 8.5 - enforcement*

1.4 Environmental Management Systems (EMS)

Environmental Management systems can be very successful at reducing an organisations impact on the environment and can be used to control and improve the impact of procurement procedures. Policies and strategies lay a foundation of support for green procurement and EMS procedures will provide a process for monitoring and addressing environmental issues at the various stages of procurement.

*Refer to **Tool B – Managing the Procurement Process** for environmental management system procedures on public sector procurement process.*

Benefits of an EMS within Procurement

- An environmental policy for dissemination internally and externally; tool A
- Assurance that all relevant environmental legislation is complied with; tool B
- Detailed management guide tailored to your organisation that sets out your procurement procedures; tool B
- Procedures for systematically improving specifications as new technology/products become available; tool B
- Procedures for controlling and managing environmental data within procurement;
- Performance targets for environmental improvement of the supply chain; tool A and B
- Auditing system to assess the success of implementation of the policy.

1.5 Internal Training

For Greener procurement to become really established in organisations in-house procurement training *must* include information on managing the environmental aspects of the entire procurement process. The following areas can be considered in training packages for procurement officers or those involved in letting contracts:

- General environmental awareness, particularly on impacts of procurement;
- Including environmental issues into the tendering process;
- Greening the supply chain policies;
- What to look for during site visits;
- Environmental legislation and European regulations;
- Effective communication skills, to encourage environmental improvements;

Case study 19 – London Borough of Sutton – Training of procurement officers

There should also be sessions for politicians, explaining the tendering processes and how procurement affects so many areas of the public authorities' business and other national or regional initiatives.

1.6 Marketing and awareness

It is also essential that in addition to training of procurement staff other internal marketing takes place to raise awareness of environmental procurement within the organisation.

Examples include:

- Informative presentations on the policies and activities presented at team meetings and to senior management (to gain assurance of their commitment to the process);
- Developing regular case studies to highlight success stories;
- Providing regular updates to staff and contractors to report progress. E.g. 45% of contractors have EMS/use sustainable timber/purchase green energy and report in your environmental statement and other media;
- Including information on Internet pages / website / newsletters/ other promotions;
- Providing certificates of achievement/thanks to best performing contractors which is also publicised to staff and other contractors;
- Running competitions, for example working with schools, sponsoring an environmental poster competition, etc.

1.7 Building credibility

As and when you develop in house expertise and improve your own environmental performance you will be in a position to start influencing your suppliers and the market. The

rest of this tool deals with various ways you can interact with and eventually influence the market.

2.0 Understanding the Market

If you are to encourage your suppliers to become greener then you must first fully understand the market they operate in. This includes identifying

- Is it an established market?
- Who are the main players? What is their size?
- How are you perceived by the market?
- How do you currently interact with market?
- Is it a fast moving market in terms of technology or legislation?
- How big is your spend in this market segment

Refer to LEAP Tool C- **Dealing with Barriers to Green Procurement** supply market.

2.1 Important Questions to ask

A series of questions are listed below to help you define the market and assess the opportunities and impacts available for enhancing it to become more environmentally sustainable. Some possible actions have also been listed.

(A) Are you purchasing from an established or saturated market (stationery) or a new market? (E.g. renewable energy installations)?

In existing markets competition can be high therefore a competitive edge can be gained for a company by introducing greener products, particularly where individual purchase price is low.

ACTIONS for existing markets:

- Develop a working relationship with the supplier to introduce new low risk 'greener' products on existing contracts;
- Put in place default mechanisms to support green procurement policies by preventing staff from purchasing goods from other sources (contract leakage) other than the contract you have set up containing environmental considerations. An example of this is to always default to the environmental product;
- Request 'greener' products in the specification (see *Section 3.0- Specification*);
- Where appropriate include Whole Life Costing in your Standing Orders, where a cost of the combined purchase price, lifetime maintenance cost and disposal cost is given in addition to the purchase priceⁱⁱ. (**Tool F – Section 3.4**)

ACTIONS for new markets:

- Attend industry exhibitions and conferences to meet suppliers and identify new technical developments (e.g. European Wind Energy Conference & Exhibition);
- Organise regional market days to find out who the local suppliers are and what they can offer;
- Provide easily accessible 'Selling To.....' guides and explanation of procurement procedures on the internetⁱⁱⁱ;
- Work with a brokering organisation to find out what products are available, and how suitable they are for your needs (see Section 5.3 -Brokering orgs);
- Advertise the tender opportunity in a wide variety of locations including trade press, local press, trade associations and National government tendering

websites making it easier for suppliers to find out details of forthcoming selling opportunities^{iv}.

Refer to LEAP Tool C - **Dealing with Barriers to Green Procurement** (5.3 Poor supply market) for more detail on general barriers to green procurement.

(B) Will the prospective suppliers tend to be large or small in size?

The size of the suppliers in the market will affect the way you purchase. Small businesses, although they may be able to offer more flexible and innovative solutions will be less inclined to cope with complicated tender procedures and PQQ requirements.

ACTIONS for small suppliers:

- Provide easily accessible 'Selling To.....' guides and explanation of procurement procedures on the internet^v;
- Raise awareness of general guidance on selling to government^{vi};
- Simplify procurement systems for smaller contracts such as the Pre Qualification Questionnaire^{vii}.
- Where appropriate split larger contracts into smaller more regional lots to attract small local businesses to tender

ACTIONS for large suppliers:

- Support/encourage sub-contracting of small suppliers with innovative technologies in combination with larger suppliers^{viii};
- Ensure contractors have an open and fair process for selecting subcontractors and widely advertise subcontracting opportunities^{ix};
- Be flexible and negotiate contract requirements prior to tendering;
- Create an open dialogue with senior managers of key suppliers.

(C) Does your procurement present a high or low risk to them?

If what you have requested requires product development will the investment required too much, or is the contract length too short. Perceived high risk can limit the number of suppliers tendering, and can be costly on resources and finances if contracts are not filled or contract variations are required.

ACTIONS to counteract risk

- Provide a longer-term contract (London Borough of Lewisham Electricity purchase ties to renewable energy installation- Case Study 30);
- Assist the supplier in gaining grants or investment (see *Section 6.0 - incentives*);
- Offer smaller start up contracts or run pilot schemes and increase volume of supply over time;
- Undertake joint procurement (see *Tool D*) to increase the volume (see *Section 5.0 - Collaboration*);
- Invite the supplier to join an eCatalogue the Authority uses (e.g. case study 28 - Lloyds TSB marketplace), exposing them to more buyers;
- Split the contract into smaller portions such as separating supply and delivery of goods;
- Understand and *share* the cost implications of green specifications.

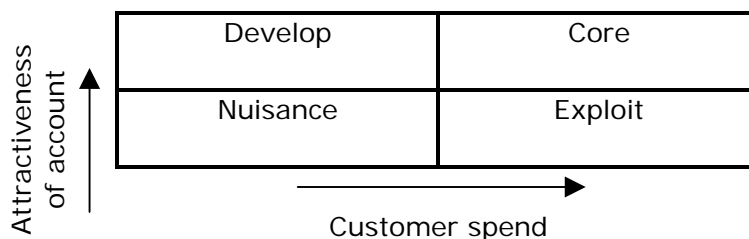
(D) What is your relationship and influence with the supplier like (i.e. are you core business or a nuisance)?

The matrix below illustrates how attractive your business can be perceived by the market (and thus your influence over the market). This will, of course, vary depending on the particular market and depending on your reputation, but it can usually be determined by asking yourselves the following questions:

- Does your purchase represent a significant market share?
- Does the purchase represent a significant percentage of the suppliers' turnover?
- Does maintaining good relationships with the public sector benefits the supplier(s)?
- Are there a limited number of suppliers?
- Do you have difficulty in describing and measuring what you want?
- Are you a key client to have in order for suppliers to win business with other organisations?
- Would the purchase typically represent more than 0.5% of the suppliers' turnover?
- Do we have low switching costs if we wanted to change supplier or product?

When you have answered these questions you can make a judgement as to where you should be on the box below.

The quality of previous tenders received can be a good representation of your position in the box.



In order to encourage market development your contracts need to be attractive to suppliers (i.e. you need to be in the 'develop' or 'core' box) - they need to be confident that, if they were to invest in developing environmental credentials, there will be a future market (with you and with others). Refer to Tool E for specifications which are adapted to larger market availability of products.

Potential actions depending on what box you are in:

ACTIONS – If you place yourself in the boxes titled 'Nuisance' or 'Exploit'

- Find out why, for example conducting research and meetings with suppliers;

Simplify procurement: (Both for yourselves and suppliers);

- Ensure explanation of procurement procedures are easily accessible (e.g.: via the internet)ⁱⁱ;
- Develop a more open dialogue with senior managers of key suppliers;
- Explain to existing suppliers the reasons for any 'green quick win' changes to specifications at contract renewal;
- Ensure you have clear and efficient administrative systems to enable the smooth running of the contract;

Provide suppliers with support for environmental improvements

- Provide your suppliers with environmental training and support (see *Section 6.1 – Business support*).

Increase influence:

- Undertake joint procurement (see *Tool D*) to increase volumes of supply and purchasing power (see *Section 5.0 – Collaborative working*);

Think long term:

- Favour and encourage longer term contracts for the product or service area to build deeper relationships and understanding with the suppliers and to encourage investment in innovation and development.

Quick wins:

- Target requirements into a few key areas using 'quick wins' (see *Section 3.3 Quick wins*)

Incentives:

- (see *Section 6.0 – Incentives*)

ACTIONS – If you place yourself in the boxes titled 'Develop' or 'Core'

- Consider working with the supplier to develop environmental improvement plans (See *section 4.3 – Develop improvement programmes*);
- Consider joint research to stimulate innovation and development on new 'greener' product/service development;
- Keep a regular open dialogue with senior managers;
- Offer outcome based specifications, allowing the supplier to use their technical know how to provide the most cost effective solution with environmental improvements;
- Favour and encourage longer term contracts for the product or service area to build deeper relationships and understanding with the suppliers and to encourage investment in innovation and development.

(E) How much or how fast is the market changing through technology or legislation?

It is important to understand this to ensure that you do not develop prescriptive or out of date specifications.

ACTIONS:

- Regularly update Standing Orders to reflect current legislation¹;
- Include Whole Life Costing in Standing Orders^x
- Provide the resources needed (staff, time and budget) to allow you to keep specifications up to date for example training of staff affected;
- Undertake future proofing of certain procurements by investigating the cost implications of future EU directive requirements and plan for them;
- Develop more outcome based specification this will provide the suppliers with opportunities to provide the latest technology;
- Encourage suppliers to offer variants that improve environmental impact whilst meeting or going beyond the specification. This encourages the supplier to improve;
- Use the award criteria to reward 'good' environmental behaviour and attributes.

Case study 33 – City of Goteborg, Sweden; also Tool C

(F) Have you got information about your total spending?

One of the key basics of any effective procurement management is to have reliable data on procurement activities. For example, data on what products/ services you are purchasing, volumes purchased, number of suppliers, staff / contractor compliance to the public authorities' policy is essential for effective management.

¹ Standing Orders refer to key financial and administrative procedures adopted by a municipality

Specific performance targets are also a good way of measuring improvement made in areas and provide a goal and clear direction for staff and contractors on the public authorities' goals.

3.0 Specification

You can use specifications in several ways to influence markets for green products:

3.1 Eco-Labels

Eco-labels are designed to allow product manufacturers to receive an accredited, independently verified and therefore credible label that certifies that their product meet certain environmental criteria and requirements.

Using all or part of the criteria for an eco-label in specifications, where based on scientific knowledge, can be an easy way to specify more environmentally sound products and will encourage the market to produce more products that meet eco-label criteria.

Refer to Tool F –for the conditions around the use of eco-label criteria that you must be aware of as outlined in new EU directives.

Refer to LEAP Tool G – Information on Specifications, Products and Consortia for more information on specific products.

3.2 Industry Codes of Practices relating to operations (CoP)

Codes of Practice (CoP) can be set up by non-governmental organisations or Industry organisations and they *require some kind of action and accountability* from the supplier.

Suppliers can be encouraged to sign up to CoP by requiring proof of meeting the equivalent standard of a Code in their specifications. However when promoting a CoP as a means of improving the environmental performance or enhancing a market for a particular product or service it is important to first understand the environmental issues the CoP covers. This is to ensure it really does push for advances on environmental issues rather than just meeting regulatory requirements.

Case studies 36 – codes of practice

Case study –Considerate Constructors scheme **Appendix 7; Tool E**

3.3 Innovation

In some cases by knowing the market and understanding new 'green' product developments it is possible to include something new into the specification. (Working groups should be developed to investigate new products and keep up to date with latest developments and integrate 'keeping up to date' with new products into employees training requirements). However this can only be done if the purchaser feels clear that it meets with internal policies and value for money and that the market is able to satisfy the need or move towards satisfying the need.

Case study 31 – London Borough of Lambeth – Cleaning Contract and the use of Micro-fibre cleaning cloths

3.4 Quick Wins

Quick wins are 'greener' specifications that the market can *already* easily meet and so can be easily incorporated into contracts or small scale purchases. Generally they do not have significant cost implications. Examples of quick wins will vary between countries and market.

Whilst quick wins may not directly enhance a markets' environmental credentials it will send out a strong message to the market on the importance of environmental issues within your purchasing. For example going from 10% to 100% green on a commodity which is already being bought.

In addition their successful use within your organisation may also provide the good will needed to gather political or internal management support to allow you to undertake further procurement activities with a stronger market enhancement aspect.

Refer to Tool G – Information on Specifications, Products and Consortia for more information on specific products

For OGC Quick wins see:

http://www.ogcbuyingsolutions.gov.uk/environmental/products/environmental_quickwins.asp

4.0 Contract Management

Once the specification and contract has been developed there are still many activities that you can undertake that will enhance the market.

4.1 Contract Conditions

Public authorities can impose performance conditions on the company that wins a call for tender that would be applicable during the performance of the contract. These may range from:

- environmental requirements and improvements;
- stating that a representative from your organisation will require access to site visits and environmental audits during the contract;
- application of laws;
- collective agreements in the areas of employment conditions;
- safety at work;
- observing workers' rights under the Posted workers Directive;
- recruiting long-term job seekers;
- implementing training measures for the young and unemployed;
- complying with ILO Conventions²;
- employment of a certain percentage of disabled people to do the job;
- on site vocational training;
- the employment of the long term unemployed;
- to recruit more disabled persons than are required under national legislation (in the countries where quota systems exist).

These conditions must be established in the call for tender.

Examples of specific additional conditions:

- delivery/packaging of goods in bulk rather than by single unit;
- recuperation or re-use of packaging material and the used products by the supplier;
- delivery of goods in re-usable containers;

² Note this would imply that compliance with the Conventions would be required regardless of whether they have been implemented in national law

- collection, take-back, recycling or re-use of waste produced during or after use or consumption of a product by the supplier;
- transport and delivery of chemicals in concentrate and dilution at the place of use

4.2 Training and Support

Many public authorities offer suppliers free or subsidised training.

Case study 20 – London Borough of Sutton - supplier training

Tips

For your larger contracts:

1. Target senior company personnel such as the Managing Director, CEO or HSE Manager;
2. A partnership approach leads to better results than the 'big stick' approach;
3. Convince suppliers that you regards their environmental performance as a key factor in their qualification as an approved supplier and inclusion on tender short lists;
4. Seek improvements, which benefit both the environment, the firm's business results and the efficiency of the contract.

4.3 Checking EMS Certification and other Green Claims

Suppliers who claimed to have ISO14001 or EMAS certification in their tenders should be asked to supply details of:

- The scope of the registration;
- The date it is valid until;
- The name of accredited certification body;
- The certificate number.

You should also check that the certification body was authorised by a national regulatory body to issue certificates and that the scope of the certificate covers the appropriate locations and services.

4.4 Developing Improvement Programmes

Many public authorities work proactively with some of their suppliers in what can be termed as 'supplier development programmes' or 'environmental improvement programmes'.

These programmes can enable public authorities to work with suppliers to improve their own environmental performance and that of their products/services.

Refer to LEAP Tool C – barriers for section 2.3 on market supply chain.

These can consist of site visits, audits, developing and monitoring action plans and putting in place mechanisms for regular and open dialogue and feedback between buyer and supplier.

Case study 35 – London Borough of Sutton Greening supply chains in partnership

Case study 33 - Driving Innovation and Market Development - Goteborg

4.5 Auditing Suppliers

Ideally suppliers should be assessed at the tender or contract-award stage, however there is likely to be suppliers that have not been assessed if you are implementing this into an existing supply chain. For example you could set a target to visit 25 firms a year to carry out an environmental audit.

As mentioned earlier the Contract conditions can state that a representative from your organisation will require access to site visits and environmental audits during the contract to carry out an environmental audit. The example Environmental Audit Checklist (**Appendix 1**) can be used as an aid. This will help you work with the supplier to identify potential environmental improvements based on risk and significance. The identified improvements can then be jointly agreed as an essential part of the Environmental Improvement Programme (EIP). This agreement must be signed by a senior manager within the supplier and should set out the time scale (for example improvements must be implemented within one year from the agreement date) and monitoring and reporting arrangements.

Tip

If the representative conducting the audit is not from purchasing (i.e. this activity is taking place outside the scope of any particular contract letting process) then it is important to let service contract managers know you are approaching their suppliers and to let them know the outcomes of the meetings. i.e. Environmental improvement plans agree/progress on these plans. Any environmental improvements identified as specific to the contract, can then be fed into the procurement process when the contract is re-let.

4.5 Approvals and recognition

If your suppliers/contractors are already operating to a standard, which leaves little reasonable scope for improvement then no improvement programme will be required.

However for those that make improvements as part of the contract conditions and EIP then it is important to write to a senior manager to inform them that the company has met your requirements. It is beneficial to provide suppliers with recognition of their good work, For example:

- 'Green certificate' could be issued to qualifying suppliers;
- Advertising the firm's achievement on your Internet site;
- Getting local newspaper coverage for suppliers, which have achieved green improvements.

4.6 Monitoring

During and at the end of the Environmental Improvement Programme it is important to monitor whether the agreed improvements have been achieved plus discover more about the suppliers' experiences, beneficial or otherwise. If resources permit a follow-up audit is the preferred option. A record denoting suppliers' progress and approval status should be maintained.

4.7 Recording improvement progress on a Supplier Database

Once compliant with the EIP, suppliers could then be awarded a 'green flag' (or similar) on a purchasing/payments database.

This 'green flag' status will then be one of the factors taken into account by purchasing officers when selecting tender short lists and tender adjudication. It is important to stress to staff letting contacts, that even if a supplier has a green flag status, the staff will still have to carry out an assessment of the environmental impacts of the contract they are letting.

[Appendix 2](#) is an example of assistance provided to staff to help with this.

The use of 'green flags' for goods or services should be acceptable provided a number of safeguards are built in:

- *Predictability*. If specific products or services are going to be marked out all the tenderers have to be provided with clear information about this in the tender documents.

- *Equality*. The products and or services that you aim to procure and later mark out have to be well defined with clear technical specifications or/and as "green variants". Eco labelling criteria can be used, but you must accept all types of evidence of compliance, not only eco-labelling licences. All tenderers have to get the same chance to compete on this issue.

- *Contract clauses*. Add a contract clause in the tender documents (and later in the contract) that includes an acceptance from the tenderer/supplier that "green flags" will be used to encourage purchasing officers to buy specific products or services.

5.0 Opportunities for collaboration

5.1 Collaborative Working (see Tool D)

Much is to be gained from working jointly with suppliers and across purchasing organisation boundaries, to share best practice, problem solving and information and resources.

Case study 30 – Lewisham renewable electricity

5.2 Creating significant volumes by joint procurement with other organisations

Public sector can have significant buying power, which may be increased further through joint procurement (either with other public bodies or through consortia) enabling them to:

- Encourage suppliers to invest in new technologies;
- Encourage suppliers to develop new products with higher environmental specifications;
- Stimulate markets for recycled products or those with a high recycled material content;
- Stimulate markets for services delivering the function of products at lower environmental cost.

There has been a growth in the number of operating consortia over the past few years. This is due to the fact that value for money and market enhancements can be obtained from the influence over the market. It is also an effective way for authorities to work collaboratively when setting specifications and evaluating tenders and also to compare the ways in which their services are provided.

Benefits of using consortia:

- Public sector contracting bodies can influence consortia to consider more environmentally friendly products and services by setting their specifications in such a way that the goods or services ordered conform to the criteria set.
- They will already have adopted the European contracting process for large value contracts and can save the contracting authority administration time and expense.
- With the volume of purchases processed by consortia for a number of public bodies, quite often, significant economies of scale can be achieved, reducing prices for more sustainable products or services through production efficiencies or the risk of losing a contract of greater size. Case study 21 – KBC alternative fuels – Case Study 38 – Joint Procurement of Recycled Paper in Greece

- Providing the longer term guaranteed volume a supplier needs to be innovative, through volume aggregation, where an individual authority could not. This could encourage a supplier to invest in new technologies. Case study 22 – KBC Furniture
- Investigating developments in products and services can be time consuming for both suppliers and buyers. By purchasing through a buyers consortium, partners can share the workload and make the most of individuals' expertise, with individual partners taking the lead on the particular tenders they are most knowledgeable about. Purchasing bodies can provide the same benefits by providing the resources to undertake research into new product or service options
- Joint procurement can serve as a market promotion tool, raising awareness of benefits and opportunities obtained through networking, and reducing the resource requirements for all. Suppliers can reach more buyers in one hit and buyers are more attractive for suppliers as a result. The efficiency benefits achieved by aggregation and structuring of small volume contracts through joint procurement can also result in environmental improvement, particularly in relation to transport.

Case study 29 – South East Regional Centre of Excellence

Case study 28 – Vantage Lloyds TSB marketplace

Case study 27 - Pinnacle

Refer to Tool F for the conditions around the use of eco-label criteria that you must be aware of as outlined in new EU directives.

Refer to Tool G – Information on Specifications, Products and Consortia for more information on specific products.

Also Tool D joint procurement

5.3 Using brokering organisations

Brokering organisations can provide purchasers with information and contacts that would take a substantial amount of time to source. For example London Remade and the Waste Resources and Action Programme (WRAP) in the UK work towards increasing markets for recycled products. Both of these organisations are publicly funded and assist public authorities with information on what recycled products are available, who the suppliers are, technical specifications to ensure products are appropriate for use and need - all at no cost.

Case study 24 - London Remade

Case study 14 – Ernst and Young

Case study 25 - WRAP

6.0 Incentives

There are a range of support mechanisms from public authorities and grants and taxes from central government that can help improve environmental performance and support new environmental technologies.

6.1 Business support for improved environmental performance

The attainment of EMS registration involves a lot of organisational work, manpower and expense. For these reasons the registration to an EMS may not be relevant for a Small to Medium Enterprises (SME's). As a purchaser you must recognise this and offer assistance such as referring suppliers to agencies/charities who can provide free or low cost support. This work 'greens' your own supply chain but eventually also that of the supplier and its subcontractors.

Public authorities in a similar geographic area or with similar supply chains shared resources and advice much more could be achieved with less outlay.

Case Study 32 - Sandwell Metropolitan Borough Council.

6.2 Grant Programmes and taxes

Grant programmes can act as a form of government subsidy to support particular technologies and encourage their uptake and affordability. Tax incentives can also work towards making a product more affordable and thus more attractive, by making other more harmful products less affordable. Public authorities can take advantage of both of these to help suppliers reduce product costs and support innovation.

The UK **Climate Change Levy** is imposed on brown electricity at the rate of 0.43 p/kWh, assisting in making green electricity more affordable. Sweden has an **Energy Tax and Carbon tax**, encouraging renewable sources of energy as they are exempt, however fuels used in electricity production are not covered by these taxes which has led to the most significant renewable energy increase being in biomass heating.

UK Landfill tax encourages waste collection services to reduce the amount they landfill and move towards increasing services such as recycling, composting and waste to energy that are exempt from landfill tax.

In the **UK** several taxes and fees are lower for **alternative fuel vehicles** than conventional fuel vehicles. They are exempt from the London Congestion Charge; receive up to 25% reduction on Vehicle Excise Duty; between 40-75% reduction in Fuel Duty dependent on fuel type; and Company Car Tax Benefit is up to 6% lower.

The **UK Aggregates levy** came into effect in the UK in 2002 to incorporate environmental costs into the price of virgin aggregates. It is set at a rate of £1.60 a tonne, with the purpose of increasing the use of alternative materials such as wastes from construction and demolition that would otherwise go to landfill.

6.3 Subsidies

Examples of subsidies were, for example, two major grant programmes in the UK which provided significant cost reductions on renewable energy installations through two Grant programmes, Clear skies with grants varying with technology, and DTI Major Photovoltaic Demonstration Programme with grants up to 50%. These have now been replaced by the low carbon buildings programme.

Schemes in other parts of Europe include feed in tariffs, reduced interest rates on loans and capital grants. Germany, Spain, Austria, Denmark, France and the Netherlands are some of the countries that operate feed in tariffs. They vary in amount and time payments continue, according to the technology and country. Capital grants are offered by many countries including the UK, Germany, Spain, Austria and the Netherlands.

Sweden operates an RPS scheme similar to the UK's Renewables Obligation certificates.

7.0 Recognising Achievements

7.1 Promote Best Practice

To make the most out of market enhancing activities and contracts it is important to publicise successful work to other public authorities. This will encourage replication supporting new markets further. Examples of ways to publicise such activities are:

- Learn and share knowledge by networking with other public authorities;
- providing case studies to national government departments and organisations;
- applying for industry and government awards;
- presenting at conferences and seminars;
- detailing activities on Local Authority websites;
- participating in Government best practice programmes;
- encouraging suppliers to promote their 'green' products;
- encourage suppliers to offer free samples/trials of new products to encourage innovation amongst suppliers.

Case study 7 – Belfast City Council

7.2 Industry Awards

Industry Awards can help to enhance markets for both public authorities and suppliers by offering publicity, support, Kudos and in some cases cash prizes.

Promoting or supporting Industry Awards that reflect sustainability issues can also push for innovation in a market and increase suppliers knowledge of opportunities and new markets.

Case study 37 – Industry awards

APPENDIX 1

ENVIRONMENTAL AUDIT QUESTIONNAIRE

ENVIRONMENTAL MANAGEMENT					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	SIGNIFICANCE
1	Policy and Management Responsibility.	<p>Management responsibility for the environment should be clearly defined. Company should clearly state its environmental policy and objectives.</p> <p>Does firm have a formally registered EMS e.g. ISO14001 or EMAS?</p>	<p>a. Knowledge and access to relevant environmental legislation.</p> <p>b. Product Design</p> <p>c. Participation in quality standards (EMAS, 14001 or other environmental initiatives e.g. Green Audit Kit).</p> <p>d. Who has responsibility for environmental management?</p> <p>e. Is there an environmental policy.</p> <p>f. Is it reviewed regularly?</p>		
2	Management and training	Auditors should consider the management structure in place and the training programme.	<p>a. Existence of a training programme, procedures exist for clearly defined responsibilities.</p> <p>b. Induction training on environmental issues involvement in training schemes, certificate competence, NVQs, IIP. Existence of training needs assessment, retraining and training records.</p>		
3	Procedures and instructions	Procedures and instructions should cover normal and emergency situations as well as the handling of complaints and incidents.	<p>a. Existence of written procedures and instructions and whether they are updated.</p> <p>b. Are procedures are being followed.</p>		
4	Environmental Records and Measurement	The auditor should make an evaluation based on whether monitoring is being carried	<p>a. Heating and lighting consumption bills. Water usage.</p> <p>b. Transport fuel consumption, business</p>		

	<p>out to a specified frequency with comparisons to prescribed legislation limits, standards or targets.</p> <p>The availability of records is also a consideration.</p>	<p>mileage.</p> <p>c. Solid waste production.</p> <p>d. Recycling</p> <p>e. Emissions to air, discharges to water courses, drains or sewers.</p> <p>f. Use of paper.</p> <p>g. Metering</p> <p>h. Waste Transfer Notes</p> <p>i. Packaging Inventory</p>		
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SITE & BUILDINGS					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	SIGNIFICANCE
1	Buildings, site, housekeeping and maintenance.	<p>Systems are in good working order.</p> <p>Site proximity to people, roads and environmentally areas.</p> <p>Heat and energy usage.</p> <p>Look at the nature of the site buildings and plan, and whether it has been designed to prevent environmental damage.</p>	<p>a. Heating and lighting controls</p> <p>b. Energy efficient appliances & lighting, insulation, double glazing</p> <p>c. Age and complexity of heating systems,</p> <p>d. Zoned heating</p> <p>e. Maintenance schedule for building appearance, landscaping, lighting and heating, waste control system.</p> <p>f. Testing of plant critical to environmental performance.</p> <p>g. Energy efficient appliances & lighting, insulation, double glazing</p> <p>h. Age of design and construction materials.</p> <p>i. Proximity to:</p> <p>j. Aquifers and streams</p> <p>k. Wildlife habitat</p> <p>l. Visual attractiveness</p> <p>m. Storage and cleanliness</p> <p>n. Emergency procedures.</p>		
2	Frequency of justified complaints and environmental incidents.	The auditor should consider justified complaints.	<p>o. Noise complaint.</p> <p>p. Out of hours working</p> <p>q. Unauthorised releases.</p> <p>r. Dust emission.</p>		

ENVIRONMENTAL AUDIT QUESTIONNAIRE

PROCESSES, PRODUCTS & PURCHASING					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	SIGNIFICANCE
1	Purchasing	Company purchases environmentally friendly options whenever viable. Sub-contractors are required to adopt environmental good practice	<ul style="list-style-type: none"> a. Sub-contractors are asked to provide a method statement and work in an environmentally friendly manner b. Organisation has a sustainable purchasing policy, e.g. locally produced goods, recycled. 		
2	Raw Materials and Resource Use	<p>Materials or substances used and stored on site with potential to cause damage to the environment.</p> <p>Appraisal should be irrespective of amount stored and location.</p>	<ul style="list-style-type: none"> a. Liquids on site b. Cleaning materials c. Weed killers d. Adhesives, sealants etc. e. Solvents and stripper f. Laboratory chemicals g. Paints and cleaners h. Office corrector or toner/paper. i. Solid raw materials j. Powders, metals etc. k. Wood, plastics l. Heating fuels 		
3	Office Equipment and Consumables	<p>Office furniture equipment and consumables.</p> <p>Energy consumption.</p>	<ul style="list-style-type: none"> a. Re-use old furniture. New furniture made from environmentally friendly materials and processes. b. Machines have low energy rating. c. Recycled paper and consumables purchased. d. Recycling schemes in operation. 		
4	Packaging	<p>Packaging usage complies with 1997 Packaging Waste Regulations?</p> <p>Materials are recovered from used packaging and reprocessed.</p>	<ul style="list-style-type: none"> e. Is packaging re-used? f. Are materials recovered? g. Is there evidence that company who collects recyclables actually reprocesses the material? h. Is all relevant legislation available 		

ENVIRONMENTAL AUDIT QUESTIONNAIRE

ENERGY & WATER					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	SIGNIFICANCE
1	Energy & Water	Use of power and water	a. Energy from renewable sources purchased. b. Energy consumption monitored c. Energy efficient plant specified. d. Water consumption monitored e. Water leakage		
WASTE					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	
1	Wastes	Potential environmental damage caused by emissions, wastes and by-products of production.	a. % of wastes recycled/ b. re-used c. Pre-treatment of wastes d. Use of alternative purchases to reduce waste products e. Processes and facilities to reduce waste and water runoff f. Water and energy use g. Solid waste h. Emissions		
TRANSPORT					
	CATEGORY	DEFINITION	EXAMPLE CRITERIA	EFFECTS IDENTIFIED	
1	Transport and Distribution	Extent to which transport and distribution of products and services will cause environmental damage.	a. Number of vehicle movements b. Size of vehicles c. Road haulage d. Maintenance e. Company vehicles f. Company transport plan g. Vehicle routing and movement near residential properties h. Use of I.T. i. Local sourcing j. Alternatively fuelled vehicles		

APPENDIX 2

Contract Environmental Assessment Checklist

This checklist helps you meet the requirements under EMAS and in Council Standing Orders to do a **'pre-tender environmental assessment'** for contracts worth over £100,000. It helps you decide a) what environmental impacts the contractor should address in the **environmental method statement**, and b) non-negotiable **environmental specifications** within the tender documents.



1. You should circle **YES** or **NO** to indicate whether the impact is likely to occur within the contract. For example; building work could cause water pollution; purchase of printers has energy use implications. Keep the completed checklist as EMAS evidence.

2. If an impact is relevant then you should:-

- require the contractor describe how they will minimise the impact, in their environmental method statement.
- require the contractor to comply with any relevant Council policy or standard. For example; use of recycled paper, FSC timber, providing products with a defined level of energy efficiency etc.

Impact	Is impact relevant to the contract?		Council policies applying	Suggested specifications/ info. to request from potential contractors. (you may have other ideas)
	YES	NO		
Air pollution	YES	NO	Council policy is to act against pollution	Ask for their methods to reduce air pollution within the contract
Water pollution	YES	NO	Council policy is to act against pollution	Ask for their methods to reduce water pollution within the contract
Waste production	YES	NO	Council policy is to discourage waste and encourage recycling	Ask for their methods to reduce waste produced and recycle waste, within the contract
Land contamination	YES	NO	Council policy is to act against pollution	Ask for their methods to reduce land contamination within the contract
Use of materials	YES	NO	Environmental Purchasing Policy. You should look at this Policy or use the Environmental Purchasing Checklist & Guide to find out what specific policies the Council has on materials.	Ask for compliance with the Council policy on the materials relevant to the contract
Use of energy/water	YES	NO	Energy/Water Efficiency: Council policy is to <i>promote</i> energy/water efficiency and to <i>purchase</i> products which are the most energy efficient available Green Energy: Council policy is to <i>endorse</i> the purchase of 'green energy' (i.e.: energy which comes from renewable sources).	- Ask for their methods on energy efficiency within the contract. - Specify energy efficient products (Energy Ratings A-G exist for many appliances - otherwise ask for other information) - Ask whether the contractor purchases 'green energy'.
Noise	YES	NO	Council policy is to act against antisocial levels of noise	Ask for their methods to reduce noise within the contract
Dust/ Odour/ Light emissions	YES	NO	Council policy is to act against pollution	Ask for their methods to reduce dust/odour/light emissions within the contract.
Effect on ecosystems	YES	NO	Council policy is to protect and enhance open spaces, waters, trees and hedges. There is also a disposal of felled timber policy (contact the Biodiversity Officer)	Ask for their methods to minimise impacts on local ecosystems and wildlife within the contract. Ask for compliance with disposal of felled timber policy

ⁱ London Borough of Lewisham: How to Tender for Council Work – A Guide for Contractors, Suppliers and Service Providers
[Hhttp://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf](http://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf)H

Selling to Oxford City Council – A Guide for Suppliers [Hhttp://www.oxford.gov.uk/files/seealsodocs/28605/Selling%20Guide-2.pdf](http://www.oxford.gov.uk/files/seealsodocs/28605/Selling%20Guide-2.pdf)H

ⁱⁱⁱ London Borough of Lewisham: How to Tender for Council Work – A Guide for Contractors, Suppliers and Service Providers
[Hhttp://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf](http://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf)H

Selling to Oxford City Council – A Guide for Suppliers [Hhttp://www.oxford.gov.uk/files/seealsodocs/28605/Selling%20Guide-2.pdf](http://www.oxford.gov.uk/files/seealsodocs/28605/Selling%20Guide-2.pdf)H

^{iv} OGC, National Opportunities Portal [Hhttp://www.ogc.gov.uk/index.asp?id=1002170](http://www.ogc.gov.uk/index.asp?id=1002170)H

^v London Borough of Lewisham: How to Tender for Council Work – A Guide for Contractors, Suppliers and Service Providers
[Hhttp://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf](http://www2.lewisham.gov.uk/lbl/documents/Business/TenderAndContract/Guidance%20-%20How%20to%20tender.pdf)H

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^{vi} OGC, tendering for Government Contracts – A Guide for Small Business
[Hhttp://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/tender/tender.pdf](http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/tender/tender.pdf)H

^{vii} OGC, PQQ template – Above EU Threshold
[Hhttp://www.ogc.gov.uk/sdtoolkit/deliveryteam/briefings/procurement/supplierassessment/Doc6PQQ20050630.doc](http://www.ogc.gov.uk/sdtoolkit/deliveryteam/briefings/procurement/supplierassessment/Doc6PQQ20050630.doc)H

OGC, PQQ template – Below EU Threshold
[Hhttp://www.ogc.gov.uk/sdtoolkit/deliveryteam/briefings/procurement/supplierassessment/pqq_beloweuthreshold.html](http://www.ogc.gov.uk/sdtoolkit/deliveryteam/briefings/procurement/supplierassessment/pqq_beloweuthreshold.html)H

^{viii} Standard terms and Conditions for Payment 'Where the Contractor enters into a subcontract for the provision of any part of the Services, the Contractor shall ensure that a terms is included in the subcontract which requires the Contractor to pay all sums due to the subcontractor within a specified period, not exceeding 30 days from the date of the receipt of a valid invoice as defined by the terms of that subcontract'.

^{ix} OGC, Breaking Down the Barriers to Entry – Supply Chain Management
[Hhttp://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/scm_aidememoir.pdf](http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/procurement/scm_aidememoir.pdf)H

^x OGC, Procurement Guide 07: Whole-Life Costing and cost management
[Hhttp://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/achievingexcellence/ae7.pdf](http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/achievingexcellence/ae7.pdf)H