

# Using procurement to improve sustainability

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# What is the problem?

- Pollution, global warming, habitat destruction, deforestation, depletion of resources.
- Poor labour practices (sweatshops, conflict minerals etc)
- Little perceived activity at international or national level.
- Procured goods, work and services contribute significantly to pollution including carbon
- Healthcare is a major contributor

# Annual Greenhouse Gas Emissions

kgCO2e	Acute		Ambulance		Mental Health		Primary Care and Community Services	
Category	GHG	£	GHG	£	GHG	£	GHG	£
Energy	2,564m	586m	44m	10m	322m	74m	439m	102m
Gas	1,166m	233m	15m	3m	150m	30m	174m	35m
Electricity	1,300m	334m	28m	7m	163m	42m	258m	66m
Oil	54.1m	10.6m	0.9m	0.2m	1.8m	0.4m	6.0m	1.3m
Coal	44.2m	8.6m	0.0m	0.0m	8.0m	1.6m	0.0m	0.0m
Procurement	7,323m	15,893m	205m	502m	867m	2,249m	6,607m	18,558m
Business services	883m	3,794m	30m	159m	169m	776m	596m	2,919m
Construction	706m	1,530m	22m	49m	28m	63m	297m	663m
Food and catering	434m	374m	12m	11m	33m	35m	197m	288m
Freight transport	71m	44m	4m	3m	16m	8m	88m	43m
Information and communication technologies	229m	484m	10m	22m	13m	29m	106m	231m
Manufactured fuels chemicals and gases	697m	418m	13m	9m	62m	39m	152m	121m
Medical Instruments /equipment	1,965m	4,283m	29m	64m	160m	349m	352m	767m
Other manufactured products	502m	693m	18m	25m	62m	79m	324m	438m
Other procurement	590m	1,814m	20m	67m	32m	107m	590m	2,253m
Paper products	392m	652m	10m	18m	35m	68m	302m	577m
Pharmaceuticals	555m	1,633m	23m	68m	232m	683m	3,455m	10,177m
Waste products and recycling	141m	75m	6m	3m	15m	8m	68m	38m
Water and sanitation	159m	98m	8m	4m	10m	5m	79m	44m
Travel	289m	243m	206m	168m	13m	12m	209m	325m
Total	10,176m	16,722m	455.4m	680.6m	1,203m	2,334m	7,254m	18,986m
Commissioning	186m	809m	2m	7m	263m	1,147m	15,476m	67,484m
Grand total	10,362m	17,531m	457.0m	687.9m	1,466m	3,482m	22,731m	86,470m

# The Good

- Sustainability can be incorporated in any procurement process
- Procurement departments want user engagement
- Sponsors need interested stakeholders (or they should)
- You have allies
- You can become hard to ignore

# The Bad

## (Barriers to sustainable procurement)

- **Time**
  - Not enough time allocated to the process
  - Inadequate (rushed) planning
- **Fixed views**
  - “we can only use this supplier”
  - “We have always done it this way”
  - “I strongly support sustainability but not this time”
  - “It must be new”
- **Finance** – capital v revenue (now v future)
- Procurement **inexperience**
- **Over-ambitious** goals
- Clinical-sustainable-financial **balance**
- Watch out for **salespeople** –they instinctively target the stakeholders
- **Hard work**
  - to influence people
  - to develop a balanced and workable selection system

# The People to work with!

- MEM (or equivalent technicians)
- Sustainability Officer
- Executive with responsibility for sustainability
- Procurement Department
- The chief stakeholder
- The budget holder.
- Finance department (for capital projects)

# Observations

- Carbon  $\equiv$  £
  - Measure the cost of carbon, water, pollution, waste and disposal = Whole Life costing
  - Including plain old efficiency
- Recycling ... or reducing waste?
- Offsetting ... or avoiding pollution?
- Greenwashing ... or real sustainability?
- The sustainable option may not be clear
- Practical achievable steps work best.
  - (Good v perfect)

# Practical suggestions

- Question the demand:
  - Do you need the item?
  - Must you buy it? Can you lease, borrow or share it?
  - Reduce waste
  - How else (and surrounding activity) could it be done?
  - Could you increase utilisation?
- Apply Whole Life Costing (WLC)
- ‘Shape the market’ (or at least the suppliers)
  - Discover what is possible in the market
  - Identify the key sustainable change worth making (80/20)
  - Discuss options before the tendering process
    - Are you prepared to change supplier?
    - Do you need to persuade your colleagues?
  - Make the suppliers work for the contract
  - Reward sustainable behaviour
    - Define what you want and score it in the process
  - Manage the contract / supplier



# Whole Life costing (WLC)



WLC measures the complete cost of goods and services:

- Initial price
- Projected energy and water use
- Installation and commissioning
- Pollution and carbon impact (and cost)
- Waste disposal cost
- Spares, maintenance & cleaning
- Consumables (including compressed air, etc)
- Training
- Extra licences and software upgrades
- Clinical efficacy and efficiency
- Staff time
- (Patient time & travel?)
- Disposal cost

# Examples

- Anaesthetic gases
- WLC for research equipment (water, energy-refrigeration)
- Reuse & repair – Furniture
- Avoidance
- Sharing – Universities' research equipment
- Efficiency
  - printer-copiers
  - Diagnostic centres
- Immature markets – electric vans

## In summary

- Become involved where you can
- Decide the next sustainable step
- Incorporate that sustainable requirement in the procurement process
- Use the procurement process to your advantage

Questions?

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