

Podcast Transcript

Voiceover

You're listening to a podcast on sustainable procurement from Defra – the Department for Environment, Food and Rural Affairs. This week, Government, business and the voluntary sector gathered at the Royal Horticultural Halls in central London to hear the findings of an independent business-led taskforce.

It was chaired by Sir Neville Simms, ex-chair of construction company Carillion who convened to help position the UK as an EU leader on sustainable procurement by 2009. Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that also achieves wider benefits over the longer term - not only to the organisation - but also to society, the economy and the environment.

For government, this means spending money which supports the country's goals. For example, on climate change, sustainable communities or innovation. The sustainable procurement taskforce was set up by the government in May 2005, and their national action plan, Procuring the Future, was presented to ministers and an enthusiastic audience by Sir Neville Simms on Monday the 12th of June.

Sir Neville Simms

"So, it can be done, it should be done, and if the government takes our advice, it will be done."

Voiceover

That advice focuses on the £150 billion of tax payers' money the government spends each year.

Sir Neville Simms

"The scale of the public sector and its impact on spending is enormous. It consumes more electricity than Birmingham and Liverpool combined, more water than four times Greater London, with a supply chain that reaches every corner of the UK and around the globe."

Voiceover

The action plan calls for government to make a systematic commitment to sustainable procurement by adopting six key recommendations, summed up here by Sir Neville, and starting with the need to set clear priorities.

Sir Neville Simms

"Government should do more to lead by example. They should then find a way of building capacity, they should find ways of raising the bar, they should find ways of removing barriers - particularly accountancy-type barriers - and then they should try and capture the opportunities of innovation."

Voiceover

The need to lead by example has not been lost on the government. Hosting the reception was Secretary of State for the Environment, Food and Rural Affairs, David Miliband. He says the UK has already made significant steps in several areas, but he agrees there's always room for improvement.

David Miliband

"I think there are two messages in the report. First that you need drive from the top. Second that leadership can't be left to people at the top, it's got to be done all the way through local government, national health service... so I think this is a matter where we do need to send signals from the top, we do need to have the accountability right, but we've all got to live up to our responsibilities in this area and I don't think we can rely on other people to do it for us. We've got to make sure wherever you are in the public sector, you're making decisions in a sustainable framework."

Voiceover

Commitment from the top already seems assured. The action plan has been presented personally to Prime Minister Tony Blair. And Chief Secretary to the Treasury, Stephen Timms, has spoken of his intent to help remove budgetary barriers by including sustainable procurements solutions in the Treasury's comprehensive spending review next year.

Stephen Timms

"We don't want short-term efficiency savings at the expense of long-term benefits. We want the public sector to be clear that value for money means taking into account costs over the whole lifetime of a project, and taking into account environmental impact as well."

Voiceover

Away from the podium, Sir Neville was in a reflective mood.

Sir Neville Simms

"The business community wonders why government doesn't do more. It is such a large spender of ours, the taxpayer's money, that it has the great and golden opportunity of being very much in the lead so that business could then follow some of the things. Whereas individual businesses are, in some cases, well ahead of government in understanding what this agenda is all about and how it benefits the business. We basically think that government can and should be able to do a lot more and that's what the report is all about."

Voiceover

Formal speeches over. Interested parties mulled over the impact of the action plan. Sean McCarthy is chairman of the Strategic Supply Chain group, an organisation that gives procurement advice to public and private sectors.

Sean McCarthy

"If you take an issue like social housing, there is no doubt that putting levels of energy conservation, insulation into social housing is a higher capital cost, and if a regional development agency has a budget to deliver a certain number of homes, they need to deliver those homes and might find it difficult to deliver those sustainably. The benefits are actually seen by the tenants of the social housing in terms of lower fuel bills and in terms of better health because they're not cold in the winter and they're in better health. Ultimately then, the benefits are seen by the lower social security payments and they're also seen by lower cost to the national health service. So the benefits aren't necessarily seen in the department that spends the money in the first place and one of the key recommendations of the taskforce is that organisations start to look at value in the round, regardless of which department that value is delivered in."

Voiceover

Jenny Price is from WRAP, the government-funded Waste and Resources Action Programme. She says that there are lessons that the public sector could learn from the private sector about setting clear priorities.

Jenny Price

"If you're building terminal five at Heathrow, that's going to be there for a long time, and BAA would be very concerned that everything that goes into that building and every buying decision they take reflects really the way they want their company to be perceived way into the future and that makes them think on a 20-30-year time-horizon. I think the difficulty for government is they have tremendous short-term cost pressures and also just a lot of competing agendas. And that the sort of cut-through that you get in private sector in terms of 'that's my priority' is really hard to achieve in a public sector environment."

Voiceover

The answer, according to independent consultant and taskforce member, Jiggy Lloyd, is for government to have a consistent buying policy.

Jiggy Lloyd

"The thing about the action plan we've put to government today is that it contains a number of recommendations for ways in which they – the government – can make sure that the buyers have the big picture in mind when they make those buying decisions. So it's not because people have been short-sighted but their job roles perhaps have forced them to be short-sighted, so we want to change the instructions that they're given, allow them to buy with a bigger picture in mind."

Voiceover

Fellow taskforce member David Fison, who is also CEO of the building company, Skanska UK, says permanent secretaries should be set demanding goals and, if necessary, given financial incentives to ensure a sustainable procurement policy works at every level of public spending.

David Fison

"The reality is every organisation 'incentivises' its top people to manage the priority actions, so the permanent secretaries are the top people of each department and we would like to see them 'incentivised' to make sure that sustainability works through all their department in all their procurement."

Voiceover

For some, the most important thing about the launch of the action plan is that it creates momentum on an increasingly important issue. Jill Rutter, director of strategy and sustainable development at Defra, says the launch is a milestone.

Jill Rutter

"Two things are really significant about today. First of all is we got the taskforce report. People could see that it brought together the views of a very wide cross-section - leaders from business, NGOs, government departments... The second thing that was really good about today was having so many ministers. We had the Prime Minister in the morning receiving the report from Sir Neville and Jonathan Porritt and our secretary of state. And then at the launch

today, we had not only who you would really expect to be have to be there – the environment ministers – but also, I thought, really positive response from Stephen Timms and the Treasury.”

Voiceover

So what happens next? The government will formally respond to the action plan in the autumn. Cabinet Secretary Gus O’Donnell has been asked to oversee the response. Minister for Climate Change, Ian Pearson.

Ian Pearson

“Today’s report from Sir Neville Simms and the taskforce gives us a challenge and it gives us the opportunity to review our sustainable procurement policies across government to make sure that we’re actually following them in all cases and to ensure that we have commitment right from the very top – from the Prime Minister, from the Cabinet Secretary and officials – so that we can drive down improvements in procurement practice, and I hope that we’ll be able in 2009 to look back and see the improvements that we made and we can be in a position where we can say we are leading the way.”

Voiceover

The national action plan gives government a clear direction on how to make real progress towards better, more sustainable procurement. This, in turn, will allow it to move forward on sustainable development, setting an example to businesses and consumers in the UK and abroad. Secretary of State, David Miliband, again.

David Miliband

“Climate change is a massive challenge to the globe. It’s going to have local implications wherever you live and have implications for your energy bills. It’s going to have implications for your flood insurance. It’s going to have implications for the sort of world that your children and grandchildren live in. So I think out of moral purpose as well as out of self-interest we’ve go to rise to the agenda.”

Voiceover

Back at the post-launch reception, many felt the action plan was a positive step forward.

Vox-pops

“I certainly think that the actions proposed are positive and I think they’re the right kinds of actions and I was encouraged by the remarks that the ministers present made, you know they were making the right kind of noises. Particularly encouraged to hear that, you know, this is all going to be taken very seriously and that comprehensive spending reviews.”

“I think the endorsement by three ministers today, the fact that the Prime Minister gave it an endorsement this morning, is a very strong message which is going to be heeded by a number of people and actually create some space for us to be able to give people a better understanding about how they can actually undertake sustainable procurement.”

“I found the announcement today very encouraging. Certainly the idea of actually trying to build capacity amongst buyers to actually be able to look at social and environmental aspects of procurement is only going to lead to better value for money in the public sector. I guess I’m just looking forward in anticipation to the autumn to actually see how much of it the government takes on board.”

Voiceover

The government has a sustainable development website with advice on the many changes businesses, individuals and organisations could choose to make at www.sustainable-development.gov.uk

Sir Neville Simms

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