

DEFENCE FOOD SERVICES INTEGRATED PROJECT TEAM



SUSTAINABLE PROCUREMENT ACTION PLAN

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FOREWORD

Like most businesses, the MOD is facing the challenge of delivering more efficient and effective services with less; however, it is not enough to do more with less as central Government has also challenged all Public Sector procurers to 'lead by example' when spending taxpayers' money sustainably and all elements of the supply chain to the public sector are under increasing environmental scrutiny.


This focus on sustainable procurement is not new and there has been increasing interest in using public sector procurement to make the transition to a more sustainable economy. More recently, food has been identified as one of the most significant public sector procurement areas with high environmental, social and economic impacts and we in the IPT must consider and review the major sustainable development impacts of what we do and how we do it. In essence, we must place Sustainable Development and Procurement at the heart of decision-making.

This Action Plan demonstrates the importance that I attach to the environment and to our social and economic footprint; it also sets out how we will deliver the commitments and objectives within the overall MOD Sustainable Development Action Plan as well as delivering the ambitious targets set out in the Flexible Framework. This Plan also builds on what we have successfully achieved in the past, and reflects our commitment to work with our key suppliers and continually improve and challenge the sustainability of our supply chain. It replaces the plan published in February 2007.



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November 2007



DEFENCE FOOD SERVICES IPT

SUSTAINABLE PROCUREMENT ACTION PLAN

References:

- A. Procuring the Future - A National Action Plan for Sustainable Procurement.
- B. MOD Sustainable Development Action Plan Issued February 2006.
- C. JSP 418 – Sustainable Procurement.
- D. Logistics (Commodities) Cluster Sustainable Procurement Statement of Intent.

INTRODUCTION

1. The goal of Sustainable Procurement (SP) has been described as enabling all people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of future generations. Faced with consumption that is outstripping supply, damage to our environment and widespread inequalities in individual opportunity, we all need to make different choices if we are to achieve this goal. Recognising this the Government established the Sustainable Procurement Task Force (SPTF) to devise a National Action Plan, whereby organisations both public and private ‘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’.¹

2. In deciding the priorities, the SPTF identified 174 Government spend areas and 18 emerged as priorities, further prioritisation resulted in a Top 10 with Food the third most significant public sector procurement area with high environmental, social and economic impacts. The IPT recognises the need to lead by example in the challenge to remove barriers to sustainable development whilst simultaneously driving innovation, cost efficiency and responsible procurement practice and, in support of the overarching policy, found at References A – D, the IPT has published this Action Plan to chart how we will meet or exceed the measures identified in the Flexible Framework. This Action Plan will be routinely updated to reflect progress made.

FLEXIBLE FRAMEWORK

3. The first key building block identified by the SPTF was the need for an overarching approach to help organisations understand and take the steps needed at an organisational and process level to improve procurement practice and to make sustainable procurement happen. This Flexible Framework identifies 5 key themes of People; Policy, Strategy & Communications; Procurement Process; Engaging Suppliers and Measurement & Results as

¹ ‘Procuring the Future’ p.10

shown in Figure 1. The table at Annex A expands on these themes and charts the progression through Foundation, Embed, Practice, Enhance & Lead.

1	People Provide training and development activity that helps promote sustainable procurement activity
2	Policy & Communications Develop policies to promote sustainable procurement and communicate progress to achieve sustainable procurement objectives to stakeholders
3	Process Develop and embed tools that enable sustainability objectives to be addressed in the procurement process
4	Supplier Engagement Work with suppliers to improve sustainability performance through the supply chain and stimulate innovation
5	Measurement & Results Develop and utilise indicators of sustainable procurement performance

Figure 1 - Flexible Framework key themes

4. These are in effect the key behavioural and operational change programmes that need to be delivered in each public sector organization to deliver sustainable procurement. While the focus of this framework is sustainability, the areas identified represent the basics of any good procurement. The Framework also provides a clear roadmap to sustainable procurement, ensuring a consistent approach, and encouraging organisations to capture opportunities to stimulate innovation in their supply chains.

5. SO1 Log Commodities has tailored the Flexible Framework to suit the needs of the Cluster and this can be found at Annex B. DFS IPT, along with the remainder of the business units within the Cluster, is under remit to meet a number of milestones:

- a. Level 1 of the Flexible Framework by end April 07. **Complete**
- b. Level 2 by the end of Mar 08.
- c. Level 3 (or above) by Dec 09 with leadership (Level 5) in at least one area – most likely in Engaging Suppliers – although it is also recognised that progress should extend well beyond 2009.



ENGAGING SUPPLIERS

6. Engaging with all our suppliers on sustainability issues is crucial to the success of the SP policy. It is equally important not just to focus on the practices and procedures carried out by the main FSC but also their sub-contractors at each level of the supply chain. In recognition, we have written to all our key suppliers recommending they consider their own SP agenda and highlighting the following guidelines:

- a. **Establish Relationships.** Aim for a long term, stable, trusting and risk sharing relationship.
- b. **Clear & Timely Communications.** Suppliers should know the terms of trade which govern the relationships and receive clear communications about the buyer's expectations and are able to provide feedback on their own needs in a two way relationship.
- c. **Sustainable prices and pricing.** Prices paid should allow both the supplier and buyer to benefit from the relationship and should enable those further along the chain to also benefit from a price which adequately covers their living costs or costs of production.
- d. **Clear lead times and payments.** Suppliers should have clear consistent and transparent payment terms and a comprehensive order timetable including when final specification details for the order will be placed and when delivery is expected.
- e. **Respect for Human Rights in the Supply Chain.** Buyers and suppliers understand and work towards minimum human rights standards. Buyers give preference to suppliers who demonstrate improving social and environmental conditions.

7. The IPT is also running a SP Pilot that seeks to engage with our suppliers and help them to set up a framework of environmental management so that they can continue to supply to the public sector under increasing future sustainability criteria. The aim is to introduce Suppliers to the benefits of Environmental Management Systems (EMS) and highlight how relatively low cost changes could result in high value benefits to the organization. Those participating will receive four days of training, at no cost to themselves, as well as telephone support and guidance throughout the period of the Pilot; there may also be an opportunity to work towards the BS14001 formal accreditation.

GUIDING PRINCIPLES


8. In support of the Flexible Framework DFS IPT will:
 - a. Engage with key stakeholders on aspects of sustainable development.



- b. Consider, and include reference to, the achievement of environmental and sustainable development objectives in our business plan.
 - c. Make resources and competence available to support this Action Plan and its implementation.
 - d. Undertake all procurement activity in accordance with its overarching procurement policy and sustainable procurement policy.
 - e. Establish and disseminate specific sustainable development related guidance, materials and models to support the training and development of our staff.
 - f. Inspire our employees, contractors, suppliers and stakeholders to address aspects of sustainable development in a meaningful, proactive and positive manner.
 - g. Continue to align Armed Services Food Specifications (ASFS) with the relevant national standards.
 - h. Ensure non-discrimination against local and UK suppliers and, where suppliers are located in overseas countries, ensure that 'fair trade' terms are applied.
 - i. Promote food with health benefits including those organically produced. Promote menu planning which encourages the use of seasonal and, where possible, locally grown products.
 - j. Improve choice for minority, ethnic and religious groups.
 - k. Where practicable, reduce air and road mileage of products.
 - l. Promote equipments that demonstrate best utility efficiency and which can be recycled at the end of their normal life.
 - m. Improve waste management, in particular the removal of unnecessary packaging and use of biodegradable materials.
9. Whilst some of these measures may seem contradictory, it is not expected they can all be applied at all times; however, they are meant as a guideline in the procurement decision making process so that a balanced judgement with regards to sustainability can be made.

COMMERCIAL AWARENESS AND TRAINING

10. Whilst all IPT Staff are to be aware of SP policy and, where possible, promote the principles, Commercial Staff, in particular, must receive specific training through the Commercial Awareness Practitioners' Programme; there is also a one day course at RAF Halton which is recommended. The IPT's



Commercial Staff have already attended the SP Awareness Seminar at Abbey Wood and are also eligible to attend 3 days of EMS training as well as a further days training on resource efficiency provided by BMT Isis as part of the Sustainable Procurement Pilot.

11. Where possible, contracts are awarded on the basis of the economically most advantageous offer (i.e. best value for money) as it permits the consideration of whole life costs, rather than just the lowest price. Future contracts will also increasingly include environmental and social criteria.

PROCUREMENT PROCESS & FOOD SUPPLY MANAGEMENT

12. DFS IPT represents the MOD at the Food Procurement Implementation Group (FPIG) meetings, a part of the Government's Public Sector Food Procurement Initiative, run by DEFRA where sustainable procurement issues are discussed and this ensures we influence policy at the highest level.

13. Under the terms of the FSC, the contractor is mandated to give full consideration to the supply of British products where they meet the necessary contract specifications, provide best value for money and meet the particular requirements for overseas supply, notwithstanding the provisions of Article 30 of the EU Treaty of Rome.

14. We will use the contract management and review process to drive improvements in the supply chain. This will involve working with suppliers and contractors to set targets for environmental and social performance improvements over the course of the contract. Where possible we should also utilize our buying power creatively to stimulate innovation in the market, including innovations in service delivery and products, for example that make use of recycled materials or packaging, or fair trade products.

15. Wherever they exist, FSC Quality Standards are to be used to define the quality and determine the suitability of products to be supplied in the Core Range. These quality levels refer to criteria specified in national standards and guidelines recognised by the food industry. Where applicable, products will be assessed at the Food Selection Panel (FSP) for suitability against relevant technical, organoleptic criteria and value for money as well as sustainability and, where possible, the guidelines shown at Figure 2 overleaf should be used. The FSP will also take into account the impact on the health of consumers when selecting products to be listed in the core range, paying particular attention to the nutritional content and ingredients.

Integrating Sustainable Procurement into Goods, Works and Service Procurement

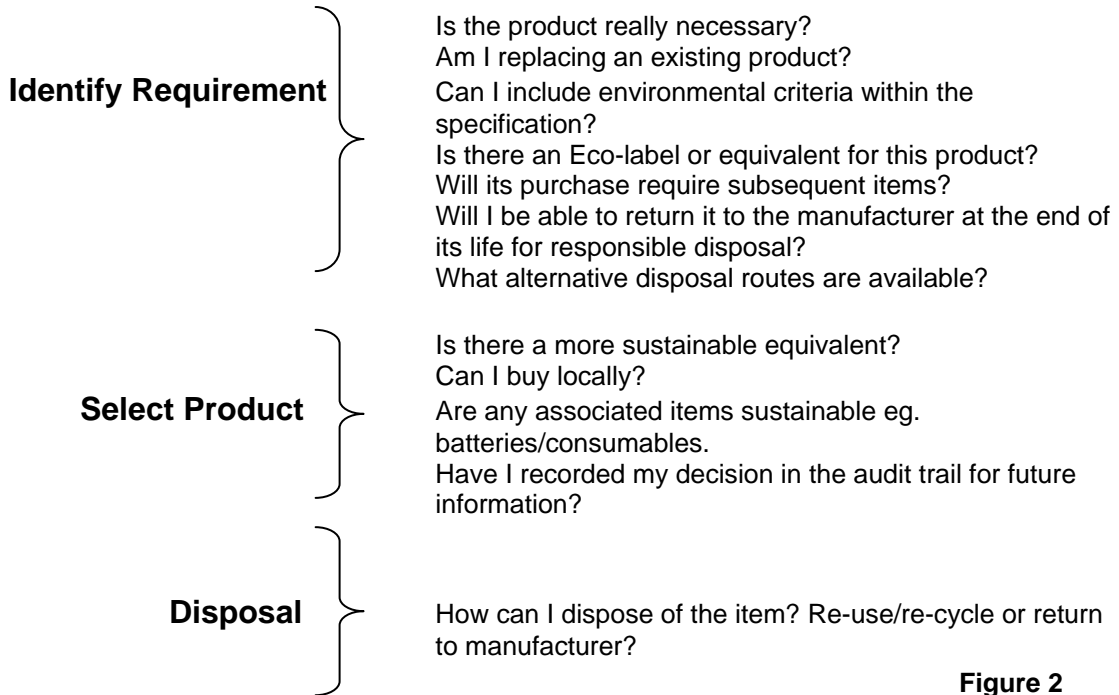


Figure 2


EQUIPMENT AND INFRASTRUCTURE

16. **Catering Equipment.** DFS IPT staff will also use the principles in figure 2 to ensure that Sustainability is assessed in the procurement criteria, in particular a piece of equipment's utility efficiency and its appropriate disposal. The documentation and scaling for which DFS IPT provides the input will also be amended to include modern, utility-saving equipment and systems. In addition, DFS IPT staff will be pro-active in engaging with industry to familiarise themselves with the latest sustainability technology and, in turn, amend publications. Specifically, as a minimum, the following publications will be reviewed, annually:

- JSP 315 Scales 52(CRL) & 39 – Provision of Catering Facilities.
- DE Defence Maintenance Guide (DMG) 18 – Design of Catering Facilities.
- DE Specification 42 – Catering Equipment.
- MOD Catering Equipment Portfolio 2006.

OPERATIONAL RATION PACKS (ORP)

17. **Menus.** 24-hour ORPs are nutritionally designed to give soldiers balanced foods containing the required amount of calories in situations where they are unable to access field catering facilities. The IPT is constantly reviewing the content of the standard 24-hour ORP and new items are selected following a tasting panel that comprises Service personnel invited from military units. In



addition to the wide variety of menus and choices available there are now ethnic variants that cater for Halal, Sikh-Hindu and Vegetarian diets.

18. **Packaging.** The quality standards for ORP components and packaging are defined in the ASFS maintained by the Quality Assurance team. ORP, and in particular the 24 hour variant, needs to be stored for significant periods and the packaging needs to be sufficiently robust to withstand this extended shelf life as well as the rigors of transportation in an extended supply chain, and storage in extreme climates on operations. However, the ORP section are to continually monitor industry best practice and identify breaking technologies to see if this can be applied to ORP. In the past 12 months, the team have made significant reductions in weight, volume and packaging of the 10 man ORP and they will continue to refine the packaging and components accordingly.

HARD TARGETS

19. In addition to the guiding principles and the measures listed in this Action Plan we are committed to:

- a. Holding a SP Launch Event for the major contractors, suppliers to the main FSC as well as those who supply ORP components on 30 Oct 07. **Complete**
- b. Run a SP Pilot with our key suppliers through to 31 Mar 08 with the aim of improving their awareness of SP as well as helping them to introduce an Environmental Management System (EMS).
- c. Key staff within the IPT to attend at least two of the four days of training provided by BMT Isis by 31 Mar 08.
- d. All Commercial Staff to have completed the SP Awareness Training.
- e. Meeting Level 2 of the Flexible Framework by Mar 08.
- f. Assessing and measuring the benefits of the SP Pilot by Apr 08.

SUMMARY

20. Sustainable Procurement involves a change in mindset rather than simply the implementation of a varied range of policies. The key to its success within food supply is not only reliant on the actions of DFS IPT staff but the early engagement of suppliers in SP issues. Such a change in mindset by both parties will have the longer term desired outcome of achieving 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. The IPT is committed to the principles of sustainable development and we look forward to working with our key stakeholders to improve the sustainability of our supply chain.

FIVE MEASURES OF THE FLEXIBLE FRAMEWORK

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 & 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. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key 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 programmes 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
Measurement of Results	Key sustainability impacts of procurement activity have been identified	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced	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

CC TARGETS FOR LEVEL 2 ACHIEVEMENT
AGAINST THE FLEXIBLE FRAMEWORK

Serial	Action	Description	Suggested Meaning to CC (Target)	Remarks
PEOPLE				
1.	P3	All procurement staff have received basic training in sustainable procurement principles	IPTL, all commercial staff, project managers and all section heads.	IPT Commercial Staff have already attended awareness training at Abbey Wood.
2.	P4	Key staff have received advanced training on sustainable procurement principles	IPTL, principal commercial officer and project managers.	Awaiting direction from CC on which course should be the standard although DFS IPT staff are also eligible to attend training as part of the SP Pilot
POLICY, STRATEGY & COMMUNICATIONS				
3.	PSC4	Ensure SP policy is part of the wider Sustainable Development strategy. And Review and enhance sustainable procurement policy, in particular consider supplier engagement.	Already implemented SP Statement of Intent. Need to identify a priority list of suppliers in each BU and formally engage them on the SP agenda in order to raise awareness.	Suppliers of catering equipment, ORP components, as well as those that supply food to the FSC have already been engaged and have been asked to consider and demonstrate their Corporate Social Responsibility policies.
4.	PSC5	Communicate to staff, suppliers and key stakeholders	Each BU/IPT to publish and issue their own action plan.	Initial Action Plan published Feb 07. Plan rewritten to reflect new initiatives and progress against key milestones Nov 07. Sustainable Procurement information and literature circulated to all staff.
PROCUREMENT PROCESSES				
5.	PP4	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation	Where possible each BU/IPT to capture expenditure analysis as well as the key risks.	Expenditure analysis will be captured for those Suppliers participating in the Sustainable Procurement Pilot.
6.	PP5	Sustainability is considered at an early stage in the procurement process of most contracts and whole life cost analysis is adopted	Professional awareness by all commercial staff & ensure that all are kept up to date with emerging policy. New contracts and renewals must include SP criteria.	Sustainability is one of the key factors used when assessing new items for inclusion on the FSC; however, we must also ensure that SP criteria are also embedded into CRL/PAYD contracts.

Serial	Action	Description	Suggested Meaning to CC (Target)	Remarks
ENGAGING SUPPLIERS				
7.	ES3	Engage with Key Suppliers.	Need to assess suppliers for SP compliance and focus on those small to medium sized enterprises with little or no environmental awareness.	DFS IPT held a Launch Event with its Suppliers on 30 Oct 07 to promote SP. Following that we will run a Pilot with our key Suppliers to improve their environmental awareness
8.	ES4	Detailed supplier spend analysis undertaken.	Engage with each of the suppliers on the priority list and carry out Supplier spend analysis.	Supplier spend analysis will be captured for those Suppliers participating in the Sustainable Procurement Pilot.
9.	ES5	General programme of supplier engagement initiated, with senior management involvement	IPTLs to take a personal interest in pushing the SP agenda with their priority list of suppliers and develop a programme of engagement which is included in the respective action plan.	IPTL has written to all Suppliers asking them to demonstrate their Sustainable Procurement credentials as well as their Corporate Social Responsibility policies.
MEASUREMENT OF RESULTS				
10.	MR3	Detailed appraisal of the sustainability impacts of procurement activity has been undertaken	Not applicable to CC.	BMT Isis will carry out a detailed appraisal of sustainability impacts for those Suppliers participating in the Sustainable Procurement Pilot.
11.	MR4	"	Need to establish hard functional targets that are specific to each business area.	Baseline audit for Suppliers will be carried out by Envirowise. Functional targets will be set and the results measured by BMT Isis.
12.	MR5	Measures implemented to manage high risk impact areas	All high impact areas must be examined and appropriate risks and risk mitigation strategies recorded.	Higher level risks that emerge from this work will be captured and, if appropriate, will be recorded on the DE&S risk tool.
13.	MR6	"	Risks identified above must be managed accordingly.	Where risks cannot be effectively managed within the IPT they will be elevated using the DE&S risk tool.
14.	MR7	"	Not applicable to the CC.	