

Adapting your procurement Summary



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Using the public procurement process to help ensure public investment in buildings, infrastructure and assets will be fit for purpose in tomorrow's climate



The impacts of climate change will increasingly affect our built environment, infrastructure and the public services which we rely on. We need to prepare and adapt to these risks, so that we can minimise the negative impacts of climate change and maximise the opportunities that may arise.

Adapting procurement is part of this response, ensuring that investment decisions delivered through the procurement process take account of adaptation. This includes adapting the procurement of new buildings and infrastructure, of refurbishing existing buildings and of services. It can include (but is not limited to) procurement projects such as libraries, hospitals, courts, roads, waste collection services and even new military equipment.

This guidance, supported and endorsed by the Office of Government Commerce (OGC), Defra and the cross-Government Adapting to Climate Change (ACC) Programme. It is embedded into Departmental Adaptation Plans and is designed to help Government departments, agencies and public organisations such as local authorities and NHS Trusts and their procurement professionals to adapt their procurement.

Introduction

Climate change is the greatest environmental challenge the world faces. We need to mitigate to avoid the most severe impacts of climate change and adapt to minimise the impacts of climate change.

The new UK Climate Projections¹ (UKCP09) show the range of possibilities for the UK's future climate over the rest of the century, depending on how successfully we can reduce our emissions of dangerous greenhouse gases. The Projections make clear that our climate will change and we need to adapt. The general changes in our climate we can expect are:

- Higher summer and winter temperatures across the UK.
- Summer precipitation will tend to decrease across the UK.
- Winter precipitation will tend to increase across the UK.
- Sea levels will continue to rise.
- More frequent and extreme weather such as heatwaves and floods.

These changes will affect our buildings, our infrastructure and our essential public services. Effective adaptation will help to minimise their impact.

¹ UK Climate Projections: <http://ukcp09.defra.gov.uk>

Buildings and infrastructure are vulnerable to the impacts of climate change

- High temperatures can make a building's internal temperature too hot for users. This is a risk for buildings such as schools, hospitals, prisons, courts and other public buildings as well as social housing.
- Hot temperatures can affect infrastructure such as road and rail by affecting the road surface or damaging rails.
- Water scarcity, in particular in the south of the country, will mean that water efficiency should be promoted in all new buildings and refurbishments as set out in the Code for Sustainable Homes². Maintenance/service procurement contracts, such as for parks will need to consider how to maintain a quality public service despite the risk of reduced water availability.
- The risk of surface water flooding will increase due to more intense rainfall which can overwhelm local drainage systems. Sustainable drainage systems will need to be integrated within new buildings and infrastructure; for example, through greater use of porous surfaces.

Adapting your procurement

An important part of responding to the climate challenge is ensuring our investment decisions through public procurement take account of adaptation. This is important; public procurement in the UK is estimated at £220 billion a year, including £47 billion for capital projects³.

As a result, Government is committed to ensuring that all new publicly funded assets are resilient to climate change over their lifetime, not just to today's weather.

Climate change mitigation and adaptation

Mitigation means taking action to tackle the causes of climate change, this is reducing concentrations of greenhouse gases in the atmosphere.

Adaptation means taking action to deal with the consequences of a changing climate, resulting from increased levels of greenhouse gases.

We will need to both mitigate and adapt to climate change in the years ahead.

A vital component of achieving this is to ensure the procurement of new buildings and infrastructure, of refurbishing existing buildings and of services considers how best to adapt to climate change.

It is particularly important to consider adaptation into the procurement of projects such as libraries, hospitals, courts, roads, services (such as waste collection or food contracts) and even procurement of equipment such as military equipment⁴.

This joint Office of Government Commerce (OGC) and Defra guidance, as part of the cross-Government ACC Programme, is designed to help all Government departments, agencies and public sector organisations (such as local authorities and NHS Trusts) and their procurement professionals to adapt their procurement.

Although aimed at the public sector, the guidance is also relevant for all private sector organisations, in particular those that are suppliers and contractors to the public sector.

² Code for Sustainable Homes – www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/codesustainable

³ www.ogc.gov.uk/About_OGC_news_9922.asp

⁴ You will also want to consider wider sustainability specifications by referring to sustainable specifications, or Government Buying Solutions, in a number of commonly purchased product group at www.defra.gov.uk/sustainable/government/what/priority/consumption-production/quickWins

This short summary document is designed to sit alongside the much more detailed guidance document and to give you a short introduction to the issue.

Headline messages from *Adapting your procurement*:

- **The impacts of climate change should be considered for the lifetime of the assets or other goods and services that are being delivered through procurement.**
- **This will help to ensure public services remain fit for purpose and public investment is cost effective in a changing climate.**
- **Increased public sector leadership and demand for well-adapted goods and services can help to incentivise the private sector and encourage the development of new skills and innovative approaches.**
- **It is possible to adapt your procurement within existing frameworks and procurement rules – there is no legal reason not to and it makes sense to reduce long-term risk from climate change to a project.**
- **It underlines that adaptation must be incorporated into wider corporate and sustainability objectives so that public procurement remains sustainable.**

How do you know if you need to incorporate adaptation into your procurement decision?

As public buildings and infrastructure generally have a long design life (sometimes more than 100 years), thinking about climate risks at the outset of procurement is important, as many procurement projects may need to cope with a considerable degree of climate change. The following questions give you a guide as to whether climate change should be considered in your procurement decision:

1. How will the project be affected by the weather (i.e. the climate now) and climate change (i.e. the future climate)?
2. Does the project have a long lifetime?
3. Does the project involve significant investment or is a high value at stake?
4. Does the project provide or support key national infrastructure?
5. Does the project involve decisions with significant irreversible impacts (e.g. a decision about the location of a hospital which is difficult and expensive to alter)?
6. Is the project significant to Government/public sector activities or the wider economy (e.g. a transport project or social housing provision)?
7. Does the project address contingency planning or business continuity needs?

If the answer is yes to any of these questions, then you will need to ensure that you consider adaptation in the procurement of your project. This will help your project to remain fit for purpose throughout its lifetime and contribute to long-term value for money in public expenditure terms.

In taking this approach and considering whether individual procurements need to take account of climate change, it is likely that capital projects – new build, refurbishment or infrastructure projects – will need to be prioritised.

This is why the guidance focuses on the procurement of capital projects.

However, every organisation also needs to consider the need for effective adaptation across the whole range of its procurement activity on a case-by-case basis. This might include contracts covering logistics and facilities management (e.g. contracts to distribute healthcare supplies for the NHS), waste collection services, the purchase of specialist equipment or highways maintenance.

Incorporating adaptation into procurement

Adaptation needs to be fully embedded within the organisation, in particular your procurement strategy which will influence individual procurement projects.

This will make it easier to embed adaptation at the start of each procurement project where appropriate. In most cases, the greatest potential for embedding adaptation effectively is right at the start of the procurement process.

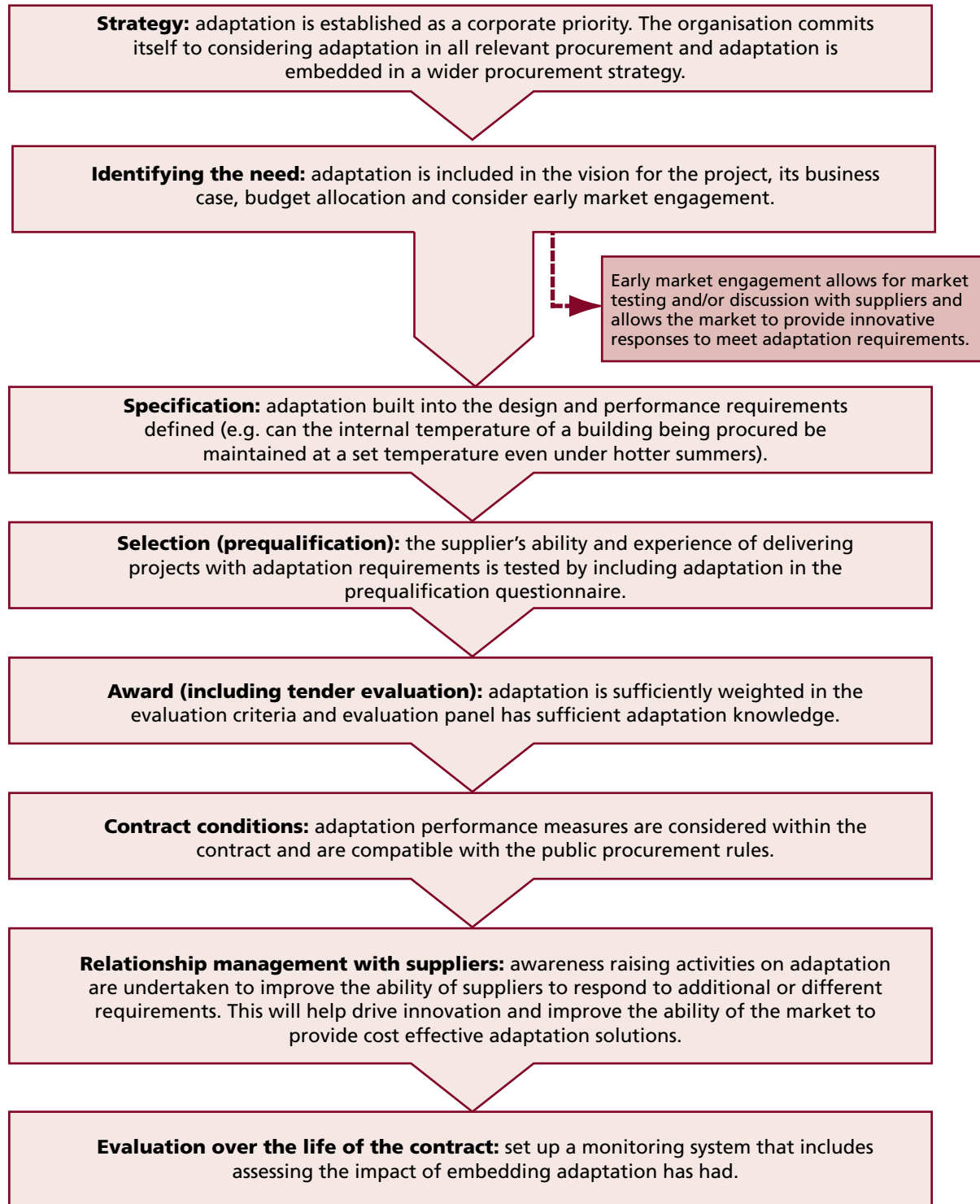
Not considering it at the start is likely to mean that opportunities and potential cost savings over the project's lifetime are lost.

Making a commitment to adapt your procurement

To maximise the opportunities and potential cost savings, it is important to include adaptation within your wider procurement strategy. An example of how you could do this, is to make a commitment that:

Adaptation is embedded into procurement decisions, standard procurement codes and guidance within the organisation. Adaptation is particularly considered when procuring capital build projects, including refurbishment of existing buildings and infrastructure and in supplier and stakeholder engagement.

The following simple steps and practical steps to take should enable you to adapt your procurement.



Practical ways to adapt your procurement:

1. Integrate climate change adaptation within your organisation in particular its wider procurement strategy and sustainability objectives. This will enable adaptation to be incorporated right from the initial concept of relevant procurement projects.
2. Adaptation can be embedded into all types of procurement contracts so use the opportunities presented by procurement processes such as the Competitive Dialogue process and Design, Build and Operate contracts to best effect in engaging bidders on adaptation. Focus on adaptation outcomes that encourage innovation.
3. Early market engagement and supplier briefing days at the pre-procurement stage will help you achieve a better result.
4. Consider the impacts of climate change over the estimated lifetime of the project to minimise risks and potential for expensive retrofitting measures. This should be done at the start of the project being procured.
5. To do this, you might refer to evidence already available on how the local area may be affected by climate change (e.g. from the local authority), UKCP09 and other sources of evidence such as the EA Flood Maps.
6. Ensure that adaptation is weighted sufficiently in the tender evaluation criteria that go out to potential bidders. This can help to send the right type of message to the market – that adaptation is an important component of the project.
7. Agree and define how much risk you are willing to tolerate and find an appropriate way of balancing the risk between contracting authorities and suppliers. Do not overestimate the risk from climate change as this may create unnecessary costs.
8. Look for win-wins; measures that help adaptation but also climate change mitigation and wider sustainability objectives (e.g. natural ventilation to prevent increased air conditioning use to adapt to warmer summers).
9. Consider how to ensure that flexibility is designed into the project to reduce a project's vulnerability to climate change (i.e. so that a project is able to adapt easily throughout its lifetime).
10. Get the right mix of contracting authority and external expert capacity and skills on adaptation for tender evaluation panels.
11. Continue to engage your suppliers, stakeholders and subject matter experts outside of the formal procurement process to highlight the importance of adaptation and encourage innovation.

Following the checklist and practical steps should help you to incorporate adaptation into your procurement practices. Importantly, it will help decisions on capital and other relevant projects to be procured in a way that ensures they are designed, built and operated to be resilient to climate change over their expected lifetime, e.g. 10 years for a road surface, 50 years for a school and up to, and over, 100 years for infrastructure such as bridges.

Wider benefits of adapting your procurement

- Reducing the risk to business continuity, to delivery of public services and economic and reputational risk.
- Increasing the long-term sustainability of a project (i.e. reducing risk of having to retrofit).
- Reducing, but not eliminating, exposure to extreme weather damage.
- Reducing costs of future maintenance to adapt to climate change.
- Increasing the long-term comfort of a building for customers (e.g. people using a local library) and/or occupiers (e.g. staff of a local authority).
- Possibly also reducing carbon emissions, energy bills and water use.

This guidance is a first step in helping public organisations to adapt their procurement. It is not necessarily an easy task, but it is one which is vital to ensuring the long-term sustainability of new procurement projects as well as providing long-term value for money of public spend.

If you wish to discuss the guidance or possibly work with OGC and Defra on using the guidance, please contact Defra's Adapting to Climate Change Programme Team at acc.mailbox@defra.gsi.gov.uk.

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