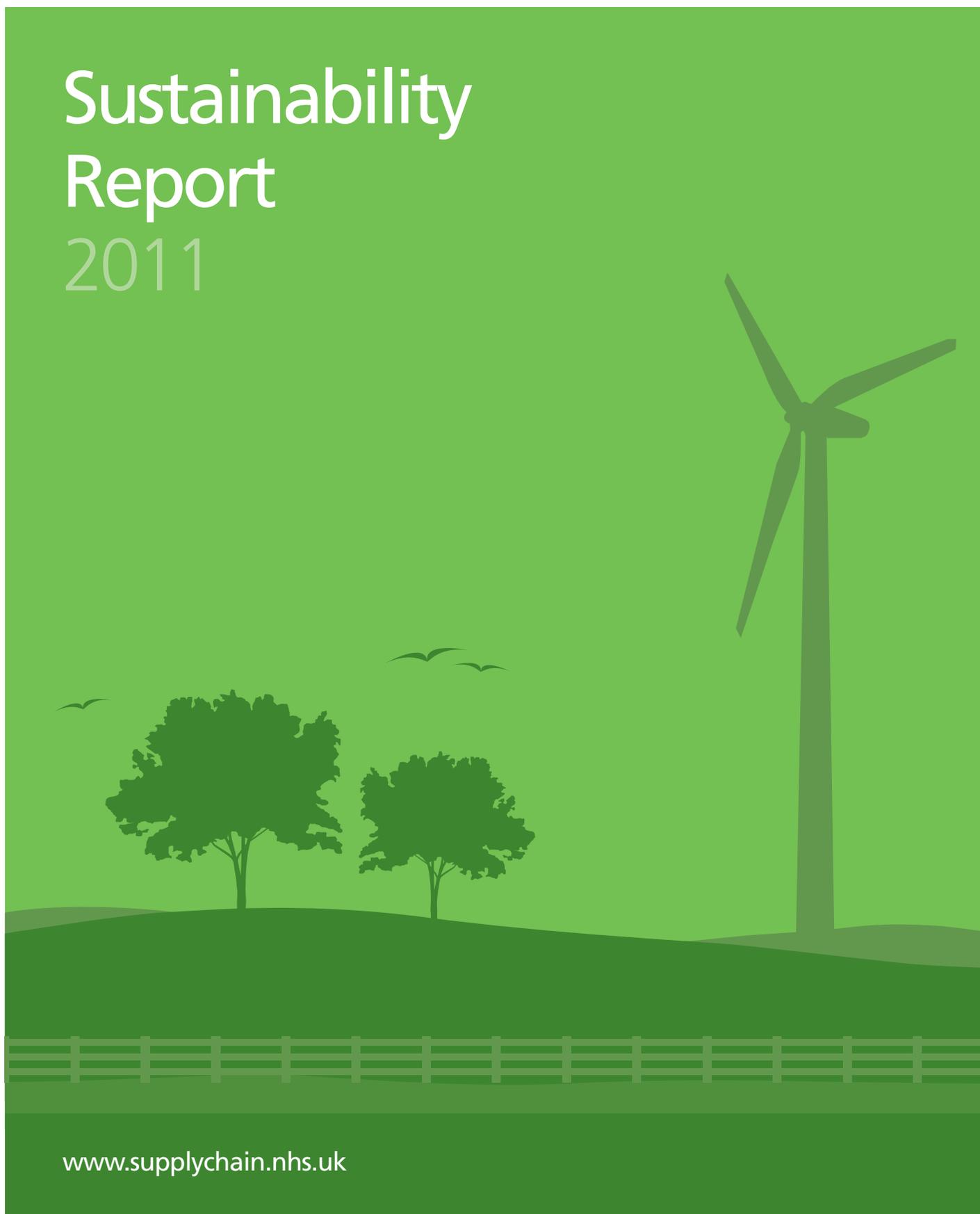




NHS Supply Chain

Sustainability Report 2011



www.supplychain.nhs.uk

An introduction from our Chief Executive Officer, Nick Gerrard

Welcome to our fourth annual sustainability report, demonstrating our continued commitment to delivering a sustainable solution for the NHS. The report is presented in a more concise format which we hope will make it easier to use.

Our work on sustainability spans across our business from supply chain operations to procurement activity, as well as the contributions we make to the communities in which we operate.

We are reporting on the calendar year of 2011, highlighting the progress we have made and our plans for 2012. We have structured the report to reflect the areas critical to sustainability performance such as reductions in energy and fuel consumption in our supply chain operations as well as ethics and responsibility in our procurement activity.

The cost pressures across the NHS require a response not only from NHS trusts but suppliers as well. In this report, we have highlighted where our sustainability agenda is helping us and our suppliers to become leaner and more efficient to meet these challenges.

In addition to our sustainable work, our community work and charity fund raising has increased in 2011 supporting the Princes Trust, donating medical stock to IN KIND DIRECT - a charity that redistributes surplus goods and over £52,000 raised for HELP for HEROES through the commitment of NHS Supply Chain staff across the business.

We hope you find this report useful and would welcome your comments on how we can improve it. You can send your comments to sustainability@supplychain.nhs.uk

Kindest regards



Nick Gerrard
Chief Executive Officer
NHS Supply Chain

Contents

| | | | |
|--|-------|---|----|
| An introduction from Nick Gerrard | 2 | Sustainable sourcing | |
| Contents page | 3 | Introduction | 16 |
| NHS Supply Chain: a sustainable solution | 4 - 5 | Embedding ethical procurement in our business | 17 |
| | | Carbon in procurement | 18 |
| | | Case Study: NHS trusts collaborate to bring savings and reduce their carbon footprint by sourcing locally | 19 |
| Sustainable supply chain | | Sustainability processes in procurement | 20 |
| Introduction | 6 | | |
| Energy | 7 | Education and awareness | |
| Case Study: Re-lighting 3 distribution centres to save enough energy for 300 homes | 8 | Introduction | 21 |
| Transport | 9 | Environmental improvement across all sites | 22 |
| Case Study: Making our delivery fleet more sustainable with the latest design and technology | 10-11 | Raising the profile of sustainability in the NHS | 23 |
| Waste | 12 | | |
| Natural resources | 13 | | |
| Staff travel | 14 | | |
| Case Study: Web conferencing saves carbon dioxide emissions | 15 | | |



NHS Supply Chain: a sustainable solution

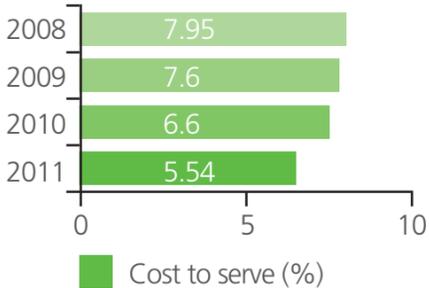
The NHS Carbon Reduction Strategy for England has set a voluntary target for trusts to reduce carbon emissions by 10% by 2015 and at NHS Supply Chain we are committed to supporting trusts to optimise sustainable ways of working.

With the procurement of goods and services contributing an estimated 60% of all carbon emissions generated by the NHS, we aim to reduce waste and carbon emissions from our business operations.

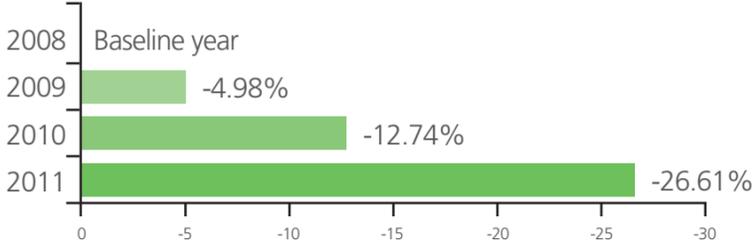
This is why our sustainability programme is intrinsically linked with continuous improvement in our supply chain operations and procurement activity. The results below demonstrate this link with a 30% reduction in cost to serve since 2008 coinciding with a 26% saving in tonnes of carbon emissions per £million revenue over the same period.



Cost to serve (%)



NHS Supply Chain carbon reduction (CO₂e tonnes per £million revenue)



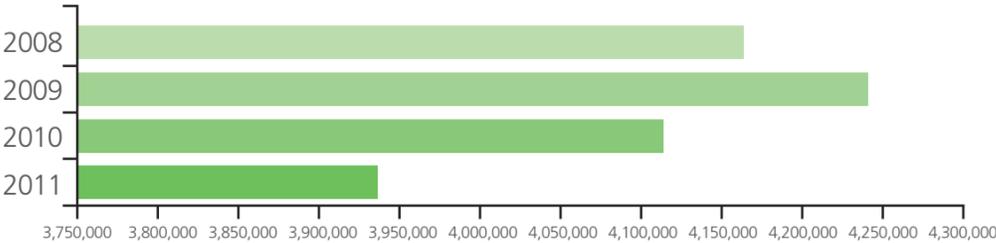
This performance is on the back of significant growth to our business whilst at the same time seeing considerable reduction to our carbon footprint. The results below illustrate this, showing growth in NHS delivery points which have more than doubled since 2008, while diesel consumption over the same period has reduced demonstrating how the efficiencies in our operations are contributing to our sustainability performance. These efficiency gains are as a direct result of better route planning and further use of out of hours deliveries meaning our vehicles are better utilised with increased capability to grow our business without increasing our fleet.

NHS delivery points

| Year | 2008 | 2009 | 2010 | 2011 |
|-----------------|-------|--------|--------|--------|
| Delivery points | 7,500 | 11,000 | 15,000 | 18,000 |

¹ Against baseline of 2008

Diesel use by NHS Supply Chain Transport



Diesel Use (litres) 2008-2011

Beyond supply chain operations, we have started to make progress in 2011 in sustainable procurement particularly in areas around CO₂e reduction and ethical procurement.

A key element of our sustainability programme is education and awareness, which ensures everyone plays their part by working responsibly to drive environmental improvements for the long term. We are using new technology to reduce fuel consumption, integrating sustainability into our procurement processes as well as sharing best practice with our partners DHL Healthcare.

NHS Supply Chain is certified to ISO 14001:2004, the International Environmental Management System Standard across our seven distribution centres helping us to manage our environmental impact as a business. It is a robust system for tracking the causes of environmental impacts and includes setting objectives and targets, monitoring operational procedures, training and raising awareness amongst staff. Together with an internal and external audit process, this system enables us to monitor and continually improve our environmental performance.

Sustainable supply chain

Introduction

We recognise the importance of sustainable development in creating a better quality of life now and for generations to come. As part of our sustainable development policy we place a strong emphasis on reducing our impact on the environment. We aim to be a leading supply chain organisation, recognised as striving for excellence in our environmental performance and demonstrating continuous improvement. We listen to our customers, suppliers and employees and work with them to develop environmental best practice, improved efficiencies and sustainable solutions to the National Health Service supply chain.

Our key objectives are to:

- Improve water, energy and fuel efficiency
- Reduce carbon dioxide emissions, waste and pollution from distribution centres and vehicle fleet
- Improve vehicle fleet utilisation and fleet efficiency
- Reduce packaging
- Increase recycling levels.



Energy

2,759 tonnes of CO₂e saved¹

We have continued to work hard over the last year to reduce our carbon footprint across the business with specific focus on our distribution centre network, an area with significant energy saving potential. Key to this success has been the replacement of mechanical handling equipment and investment in more efficient lighting, contributing to significant reductions of electricity consumption.

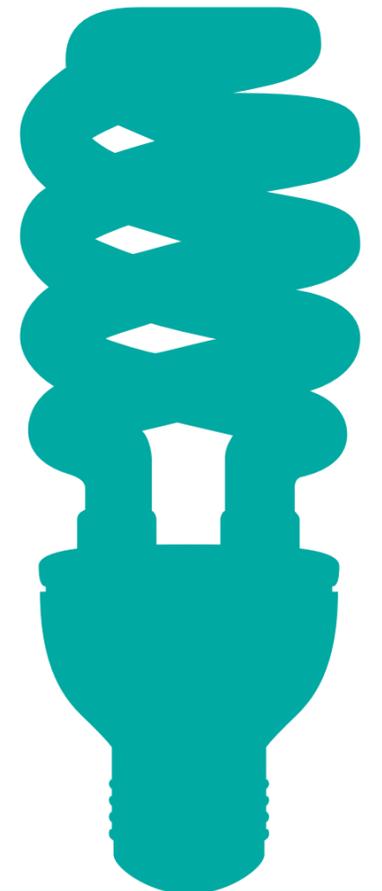
Achievements in 2011

- Achieved a reduction of electricity consumption in 2011 - actual 2011 energy consumption reduced by 18% compared to our 2008 usage, **that's a total reduction of 982 tonnes of CO₂e**
- Achieved a reduction of gas consumption by 35% against a target of 17% meaning **we produced 1,777 tonnes less carbon** than we did in 2008
- Three of our distribution centres; Alfreton, Bridgwater and Normanton were refitted with efficient lighting systems that resulted in **year on year savings of 750 tonnes of CO₂e** exceeding our predicted saving of 732 tonnes – we've saved the same amount of energy as over 300 average UK family homes consume in a year²
- Five of our distribution centres replaced mechanical handling equipment (MHE) with new energy efficient alternatives that incorporate more efficient battery charging. An energy reclamation feature on our forklift trucks added to the savings furthermore reducing manual handling costs, considered to be the 2nd highest energy cost in a distribution centre after lighting. These MHE improvements resulted in a **year on year CO₂e savings of 141 tonnes in 2011**
- LED lighting (light emitting diode) was introduced in our distribution centres and will continue throughout 2012 with plans to introduce LED flood lighting to our car parks pending the results of ongoing trials
- We will continue to purchase electricity from **100% green tariff sources** with continued focus in 2012 to reduce consumption of both gas and electricity.

¹ CO₂e tonnes saved through reductions in gas and electricity usage against the 2008 baseline
² Source DECC Statistics

2012 Plans

- Reduce electricity consumption by 18% across our distribution centres compared to 2008 usage
- Reduce gas consumption by 29% across our distribution centres compared to 2008 usage
- Continue to replace lighting using LED lighting where appropriate
- Monitor consumption of both electricity and gas to ensure opportunities for reduction are maximised
- Explore technical solutions to reduce energy use and increase energy efficiency.



Re-lighting three distribution centres to save enough energy for 300 homes

Challenge

Our distribution network consists of seven distribution centres in England, storing products in over 80,000m² of warehouse space to deliver to NHS organisations in acute and community locations.

Our distribution centres run 24 hours a day, five days a week, so warehouse lighting makes these premises the largest user of energy in our business. Due to their size and scale it's vital that any space within the warehouses is maximised to its full potential. Unlike the domestic environment where it's easy to turn lights off in a room, it's not as simple in a warehouse environment as premises have to be continually lit where staff are working.

Although it's an unavoidable cost, its one we have managed through more efficient technology.

Solution

The solution came from DHL Supply Chain's expertise in warehouse management. With the support of DHL's corporate real estate department, we introduced a new, energy-efficient lighting system.

A review of the lighting at three of our distribution centres in Alfreton, Bridgwater and Normanton allowed our supplier to recommend an energy efficient solution - a complete refit of the current lighting with new T5 energy efficient, movement, and LUX sensor controlled lighting.

The system allows a warehouse aisle area to be switched off automatically, saving energy when there is no activity in that part of the warehouse by using sensors to reactivate lighting once movement is detected. LUX sensors also mean that when an adequate level of lighting within the warehouse is detected through sky-lights and clear roof panels - the lights are automatically turned off.

This simple solution is already producing real benefits across our distribution centre network by reducing the energy consumption at the site, making a more efficient, environmentally friendly operation and at the same time reducing our costs.

Results

- Reduced energy usage:
 - o 1,138,000 kWh saved in 2011
 - o Annually saving 1,500,000 kWh across the three depots
 - o The average house in England uses 3,797 kWh electricity per year – this means that **in 2011 we saved the same amount of energy needed to power over 300 homes for a year¹**
- Increased lighting in the warehouse – brighter, safer work environment
- Lower maintenance cost for the new lighting system.

¹ Average household in England used 3,797 kWh electricity in 2009 Source: Department of Energy and Climate Change.

“ In 2011 we saved the same amount of energy needed to power over 300 homes for a year¹ ”

Colin Stuart,
Operational Sustainability Manager,
NHS Supply Chain

Transport

452 tonnes of CO₂e saved¹

Another key focus of our sustainability programme is cleaner, more fuel efficient transport.

In 2011 we implemented projects to improve the fuel consumption of our fleet - improving efficiency and reducing carbon emissions. Our transport teams have successfully reduced fuel consumption in NHS Supply Chain delivery vehicles year on year since 2009.

Achievements in 2011

- Achieved a 5% reduction in carbon dioxide emissions per £million revenue compared to 2010, doubling our 2011 target of 2.5% - **an actual reduction of 452 tonnes of CO₂e**
- Completed the replacement of our fleet with new vehicles that comply with Euro 5 standard², including a trial diesel-electric hybrid 14 tonne vehicle
- December 2011 saw the arrival of the newest editions to our fleet – the first teardrop trailers and wagons in Europe (arched roof for improved aerodynamics)
- Other new vehicles, except for those with trailers have been **fitted with the air deflector design as standard** for better fuel economy
- NHS Supply Chain are currently having the **trailer air deflector developed for both wagon and trailer** to create better aerodynamics between truck cab, body and trailer
- Other benefits include automatic engine shut off in the cab to save fuel, rear ultrasonic detectors to prime mover and trailer and optimised unit lengths for maximum capacity
- Our **transport training programme continued with all 301 drivers**, including defensive driver training (Smith System), to help reduce risk of road traffic collisions and decrease fuel consumption.

¹ Reduction in annual carbon dioxide emissions over 2011 compared to 2010

² Euro 5 standard / European emission standards define the acceptable limits for exhaust emissions of new vehicles sold in EU member states. The emission standards defined in a series of European Union directives staging the progressive introduction of increasingly stringent standards.

2012 Plans

- Trial a 14 tonne hybrid vehicle – electricity and diesel to measure performance and fuel efficiency
- Trial econospeed – a dynamic throttle controller that allows a vehicle's maximum road speed, engine speed and maximum rate of acceleration to be limited on a number of our vans and 14 tonne vehicles
- Introduce Microlise in our delivery vehicles - a satellite navigation system that allows driving to be monitored to optimise fuel efficiency and route-planning
- Take part in the test of a Euro 6 engine with 2 of our 18 tonne vehicles
- Review the delivery routes for customers across a number of areas, with an anticipated saving of 50,000 delivery miles per annum
- Provide 100% service level to our customers throughout the 2012 Olympic Games.



Making our delivery fleet more sustainable with the latest design and technology

Challenge

We are aware of the impact road transport has on the environment and aim to reduce the impact as much as possible with an ongoing review of environmental best practice. Last year we renewed most of our fleet of vehicles to be as efficient as possible incorporating sustainability in the design and use of our vehicles.

The NHS Supply Chain vehicle fleet must be reliable, versatile, flexible and efficient to meet the unique challenges of delivering to the NHS. Our new vehicle fleet was designed to meet all these needs – and with sustainability at its heart.

Our fleet travels millions of miles every year providing an essential service to the NHS and as a result, accounts for over half of our total carbon footprint, so fuel efficiency and vehicle utilisation is a key priority.



“ We’ve seen great improvements in fuel efficiency with the new tear-drop wagon & drag design over the older vehicles; this will create substantial fuel savings over the year. We’re very proud to have them in our fleet. ”

Robin Latham,
Transport General Manager,
NHS Supply Chain



Solution

NHS Supply Chain has a diverse vehicle fleet to service the needs of the NHS with vehicles delivering to congested, inner-city hospitals and to community sites in rural locations. Our transport planners work hard to make sure the vehicle routes are the most efficient and exceed the customer service levels we set.

Euro 5 diesel engines

When designing our new vehicle fleet, our transport team worked with the manufacturer to build the most efficient vehicles possible. All new vehicles are fitted with the most up to date Euro 5 diesel engines which meet the European emissions standards – meaning they release less exhaust emissions per mile travelled.

The new vehicles have automatic transmissions to reduce wasted engine revs between gear changes and an idle-cut off so once stationary for longer than five minutes the engine will automatically switch off.

All our larger vehicles are limited to 53mph – the optimum speed for fuel efficient driving

Aerodynamics

Aerodynamic drag is responsible for 40% of the fuel consumption of heavy duty trucks at motorway speeds. As a result, our 14 and 18 tonne vehicles have aerodynamic air-deflector kits fitted to reduce ‘drag’ and increase fuel efficiency.

We have also added vehicles with tear drop shaped wagon & drag design to further improve aerodynamic drag.

Brought into service in December 2011, they are already showing MPG increases of over 5% on the standard shaped vehicles. This is a huge improvement when considering the distance these vehicles cover in a year.

Speaking about the performance of the new vehicles Transport General Manager Robin Latham said: “We’ve seen great improvements in fuel efficiency with the new tear-drop wagon and drag design over the older vehicles; this will create substantial fuel savings over the year. We’re very proud to have them in our fleet”.

New technologies

In order to stay at the forefront of fuel-efficient transport technology our transport team pilot the newest technologies to find what works best for our unique fleet.

In 2012 we will be trialling the newest hybrid diesel engine technology, one of the first Euro 6 diesel engines, and power-limiting devices. If trials are successful our transport team plan to implement them in 2012.

Results

- Tear drop wagon and drag design is the first of its kind in Europe – showing an improved MPG of 5%
- New Euro 5 vehicles have increased MPG of 3% over the old Euro 3 diesel engines and emit less exhaust emissions per mile
- Automatic gearboxes reduce fuel wastage and exhaust emissions during gear changes
- Automatic engine shut-off reduces fuel wastage and exhaust emissions
- In-cab heaters mean drivers can stay warm without the vehicle engine running
- Aerodynamic kits reduce drag and improve fuel efficiency.

The combination of all these results is annual saving of **452 tonnes of CO₂e in 2011 compared to 2010**. This is the equivalent of taking almost 2 million car-miles off UK roads¹.

¹Based on SMMT average CO₂/km for UK cars of 138.1 g/KM on 30/04/12
link: <http://www.smmmt.co.uk/co2report#>



Waste

1,558 tonnes of waste recycled

Recycling remains a central part of our waste management policy with all departments in the business playing a role.

As part of DHL Deutsche Post we can call on the expertise of DHL Envirosolutions to help us meet our waste reduction targets. In 2011 we achieved a [recycling rate of 71%](#) - recycling 1,558 tonnes of the waste we produce.

Achievements in 2011

- We [saved 8 tonnes of CO₂e](#) through working with suppliers to reduce the amount of packaging of their products
- Having already worked with a number of suppliers on packaging redesign, [guidance on packaging will be issued to suppliers](#) in 2012 with the aim of further reducing unnecessary packaging waste
- A review of packaging on our stocked goods started last year and we are progressing this with a number of our suppliers with a plan to [review over £250million worth of products](#)
- Working with our waste management contractor we are currently trialling a mini-baler at our Rugby distribution centre to recycle all cans, vending cups, plastic bottles and paper
- Working with our onsite catering facilities, we reviewed the opportunity to introduce food waste recycling and composting with the aim of recycling all food waste. Trials are ongoing and we hope to minimise the waste produced in our catering facilities by [recycling more of our catering waste](#)
- Continued an ongoing review of food waste recycling options, the use of on-pack recycling labels (OPRL), and undertake trial of Waste and Resources Action Programme (WRAP) edit tool to assess the overall sustainability of our packaging options.

Plans for 2012

- Recycle 75% of all the waste generated from our business operations
- Achieve 'zero waste to landfill' where possible at our distribution centres; working with our waste contractors to make this a reality
- Introduce a fully automated baler at our Rugby distribution centre to allow efficient baling and support wider changes to our network meaning maximum recycling capacity and efficiency
- Our packaging optimisation team will be working with key suppliers to reduce the amount of packaging used and reduce the cube shipped to generate material, freight cost and carbon savings – making efficient, sustainable improvements up and down the supply chain.



Natural resources

30% saved on water consumption

Recent water shortages in England highlight the importance of water conservation. That's why we have been playing our part to reduce our water consumption and water wastage.

We have also encouraged employees to think about paper usage and have made great progress to reduce the amount of copier paper we use in our offices and distribution centres.

And we gave specific focus in 2011 to our Maidstone 'Site of Specific Scientific Interest' ensuring we play our part in protecting the natural habitat in the local communities that we operate.

Achievements in 2011

- [Achieved 30% reduction of water consumption per employee in 2011](#) compared to 2008 through the promotion of responsible and efficient water usage
- [£10,000 annual savings on colour copying](#) through introducing restrictions on usage and double sided printing where possible
- Continued to ensure our Site of Special Scientific Interest (SSSI) at our Maidstone distribution centre is maintained in line with Natural England Standards.

Plans for 2012

- Reduce water consumption per employee by a further 5% through more efficient water usage, water-recovery and recycling
- Explore opportunities and technical solutions to reduce the need for printing and paper-use within our business.



Staff travel

Reduced business journeys to save time and CO₂e

Our commitment is to encourage staff to choose the most appropriate mode of travel, share car journeys and use web conferencing instead of travelling to meetings, to reduce the impact our business travel has on the environment – and staff.

More of our employees have joined our Cycle2Work scheme in 2011 and more meetings take place using web conferencing reducing the need to travel for face-to-face meetings. Not only does web conferencing reduce fuel consumption and reduce CO₂e, employees can work in a more efficient and pleasant way by reducing stressful travel on the UK's congested roads.

Achievements in 2011

- 38 employees supported the Cycle2Work scheme opting to minimise their impact on the environment and keep fit. The Cycle2Work scheme offers employees tax breaks on new bicycles if they use them to commute to work
- 151 employees were trained to use WebEx web conferencing as a sustainable alternative to costly business travel for face-to-face meetings
- Promoted responsible business-travel to all employees to help reduce unnecessary journeys – making savings in excess of £100,000 in business expenses, reducing carbon dioxide emissions, staff travel-time and fuel consumption.

Plans for 2012

- Continue to support Cycle2Work scheme and get as many employees as possible cycling to work
- Continue WebEx web conferencing training and promoting its benefits
- Continue to reduce unnecessary staff travel
- Trialling a "Save Some CO₂e" Day where employees are encouraged to make a conscious effort to either use public transport to get to work, cycle, carshare or work from home. Saved mileage will be logged and converted to a tangible CO₂e saving.



Case Study

Web conferencing saves carbon dioxide emissions

Challenge

Each mile travelled for business is an increasingly expensive activity with valuable working hours wasted and rising fuel costs. It's our aim to cut business travel to help reduce the organisation's costs and impact on the environment as well as improve the wellbeing of our employees.

Solution

Over the past two years our sustainability team has been increasing the awareness and use of web-conferencing across the organisation as an alternative to face-to-face meetings.

Face-to-face meetings are vital in any business however with the latest technology and ever increasing internet speeds providing a practical solution, some meetings don't have to be face-to-face.

Reducing business travel is key to NHS Supply Chain's carbon reduction plans with each business mile travelled contributing to our carbon footprint.

Over 150 NHS Supply Chain employees have received training and started using web conferences to replace face-to-face meetings.

In 2011 NHS Supply Chain travel policy was updated to include the provision for every third internal meeting to be held via a web conference. This small change in business policy has already saved over £100,000 in business costs, hundreds of hours of travel, fuel consumption and carbon emissions.

While it is difficult to calculate the exact benefits in terms of CO₂e saved, an average meeting at NHS Supply Chain's HQ in Alfreton with one member of staff from each regional distribution centre, requires up to 36 hours travel time, 1570 miles and almost 380kg of CO₂e being emitted.

Results

- Saved time and increase productivity through reduced travel
- Avoided high travel costs by replacing face-to-face meetings with conferencing
- Reduced greenhouse gas emissions and fuel use from business travel
- Improved colleagues wellbeing
- Reduced business travel and congestion
- Reduced maintenance costs of company vehicles.

“ It's our aim to cut business travel to help reduce the organisation's costs and impact on the environment as well as improve the wellbeing of our employees. ”

Colin Stuart,
Operational Sustainability Manager,
NHS Supply Chain

Sustainable sourcing

Introduction

Our sourcing strategy aims to reduce any adverse environmental and social impacts occurring throughout the life-cycle of products and services procured, thereby ensuring a sustainable solution for the NHS. For this, we aim to promote and maintain high standards of social, ethical and environmental conduct across our procurement activities.

We are continually improving our procurement processes, working in conjunction with our suppliers and stakeholders. Supporting this, training programmes for our buying teams ensure we deliver sustainable and responsible public procurement that aims to be best in class.

Key objectives

- Deliver specialist training to our buying team
- Further embed sustainability elements into our procurement processes
- Work closely with suppliers during the course of agreements to reduce any environmental and social impact linked with our procurement activities
- Monitor and measure our performance against our key objectives.



Embedding ethical procurement in our business

Ensuring basic human and labour rights, and that employers provide safe and decent working conditions are principles outlined in our Supplier Code of Conduct.

Through our parent company, Deutsche Poste DHL, we are a signatory to the UN Global Compact – a widely adopted international standard for responsible business practice.

Our aim is to increase awareness and understanding of labour standards within supply chains of NHS products and services so concerns may be identified early and addressed proactively and collaboratively.

Ethical procurement means building in a consideration for labour standards and labour rights of workers in the supply chain when conducting a procurement exercise.

NHS Supply Chains' approach to ethical procurement is around labour assurance. By adopting this into our business, we can assist in managing risks associated with labour standards, encourage compliance with relevant legislation, foster transparency, provide an extra level of due diligence in supplier approaches to managing these issues and encourage continual improvement.

Achievements in 2011

- We have worked in conjunction with the Department of Health to develop a Labour Standards Assurance System (LSAS). This ethical criteria is being piloted as part of our Surgical Instruments tender in 2012. We have other product categories lined up to incorporate this approach.
- We have developed a structured plan to do a desk based risk assessment on labour standards across our entire product portfolio. We trialled this approach on several product categories in 2011.
- We have assessed our performance against the Ethical Performance for Health (EPFH) workbook and this is helping to build awareness of labour standards and ethical issues within our procurement processes
- We supported Fairtrade Fortnight with promotion of the range of FAIRTRADE products available through our National Catalogue. Fairtrade is a tool for development that ensures disadvantaged farmers and workers in developing countries get a better deal through the use of the international FAIRTRADE mark.
- We completed a customer and market insight into fair-trade product opportunities looking across food and non-food categories.

Plans for 2012

- Work with our suppliers to drive improvements in labour standards in the supply chain's of NHS products, where ethical procurement is built in as a consideration within our procurement process
- Pilot the Labour Standards Assurance System (LSAS) in the 2012 Surgical Instruments tender
- Cascade and implement the ethical procurement strategy taking a risk based approach to our contract portfolio in order to identify future applications for ethical procurement.
- Work with the procurement teams and outside agencies to identify and raise awareness of supply chains where there are high risks around labour standards
- Engage with the Public Sector Ethical Sourcing working group to share best practice and remain at the cutting edge of sustainable and ethical public procurement
- Continue to actively participate in stakeholder engagement on labour and ethical standards – including the Medical Fair and Ethical Trade Group (MFETG) and NHS Sustainable Procurement Forum (NHS SPF)
- Continue to raise awareness and train our buying teams on ethical procurement and labour standards in the supply chain of healthcare products.

Carbon in procurement

Reducing CO₂e at source

We are continuing to look at ways we can reduce adverse environmental and social impacts occurring through the lifetime of products and services to support the NHS sustainability agenda.

The challenge of carbon reduction must start from the beginning of a products' life cycle – through its manufacture, distribution, use and eventual disposal. Earlier in this report, the Sustainable Supply Chain section showed how we are reducing our direct carbon dioxide emissions from energy, fuel and waste. Going beyond this our sourcing strategy also looks at how we can reduce our indirect carbon dioxide emissions generated by our suppliers and supply chain partners.

Our buying teams promote and maintain high standards of social, ethical and environmental behaviour encouraging our suppliers to adopt a shared responsibility toward sustainability.

Achievements in 2011

- To aid our CO₂e reduction programme, we identified our 'top 15 categories' in terms of carbon dioxide emissions using the SCO₂PE¹ tool from the NHS Sustainable Development Unit
- We assessed our current performance against the P4CR² flexible framework and will continue to use this as a blueprint to build on our success so far in reducing CO₂e.

Plans for 2012

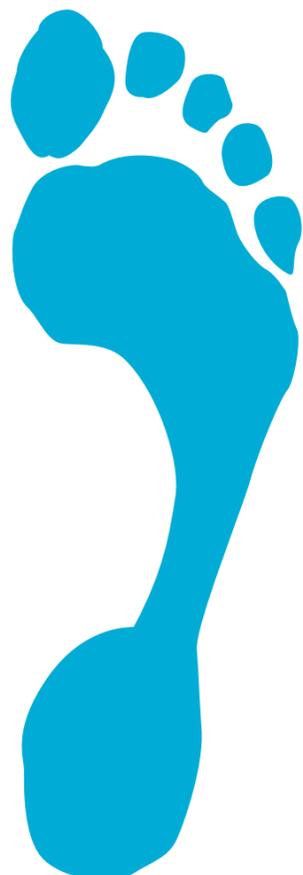
- Provide Defra training on CO₂ literacy for our buying teams in the form of e-training to raise awareness
- Use the results from the SCO₂PE tool to help identify product categories where the biggest reductions in carbon emissions can be made
- Work on a programme of activity with key suppliers of carbon intensive products to discuss carbon reduction activity and to mitigate carbon impacts through the lifetime of framework agreements
- Continue to work with suppliers to reduce unnecessary packaging of NHS products.

¹This forms part of the Defra-led National Sustainable Public Procurement Training Programme materials. For more information visit <http://sd.defra.gov.uk/advice/public/nsppp/carbon-learning/>

²SCO₂PE prioritisation tool is an Excel based tool that allows organisations to input their expenditure data, under different categories, to calculate an approximate carbon footprint. The tool then provides a further screening methodology that will help to prioritise which categories of spend offer the greatest potential for carbon emission reductions. For more information on SCO₂PE visit www.sdu.nhs.uk

³P4CR - A programme that aims to provide guidance, tools, and support materials, to enable procurement practitioners across the health and social care sector, to drive reductions in carbon emissions associated with goods and services procured, and to realise financial benefits consistent with low carbon solutions.

For more information on P4CR visit www.dh.gov.uk/health/2010/procuring-carbon-reduction



Case Study

NHS trusts collaborate to bring savings and reduce their carbon footprint by sourcing locally

Challenge

With food prices continuing to rise over the last few years, NHS catering departments have been looking to increase their use of local suppliers to improve quality, value for money and reduce their carbon footprint.

Buying locally not only makes sense in terms of reducing the environmental impact but can also help NHS trusts demonstrate they are increasing the number of small and medium enterprise (SMEs) on their books. This is particularly relevant in light of the government target of 25% of public sector spend coming through SMEs.

Speaking about the support NHS Supply Chain are providing in this area Head of trading, Facilities and Estates, Keith Hinchcliffe said: "Increasing local sourcing options helps trusts reduce their carbon footprint whilst increasing the number of SMEs on their books."

Solution

Responding to NHS catering managers requirements, we have significantly increased the number of suppliers on our national frameworks for fresh produce; the majority being SMEs local to NHS trusts.

Added to this, mini competitions supported by eAuctions can also be run under the frameworks, enabling individual or trusts groups to leverage their volume to secure better pricing in a legally compliant way.

Benefits

Contract awards through mini competitions and eAuctions over 2011 generated annual savings of £389,000 on fresh produce for NHS trusts. 85% of these awards were to local SMEs.

“Increasing local sourcing options helps trusts reduce their carbon footprint whilst increasing the number of SMEs on their books.”

Keith Hinchcliffe,
Head of Trading, Facilities and Estates,
NHS Supply Chain

Sustainability processes in procurement

100% of contracts assessed for sustainability risk

Recognising our responsibility to provide a robust procurement process is an integral part of our buying team's approach to thinking and acting sustainably. We continue to use the Sustainable Procurement Risk and Opportunity tool (SPROUT) originally developed by the NHS Purchasing and Supplies Agency (PASA) to ensure that sustainability is at the centre of our procurement decisions. It considers carbon emissions, resource efficiency, biodiversity, animal welfare, pollution, ethics and impacts on public health

In 2011 we updated our Supplier Code of Conduct to ensure our suppliers have the same collective approach to sustainability as we do and to send a clear message to suppliers of the emphasis we are placing on the ethical elements of our procurement activity.

2011 achievements

- 100% compliance with the SPROUT procurement risk tool
- 58 business cases passed through the SPROUT process over the year, helping to highlight where high, medium, and low risks were linked with procurement contracts provided by NHS Supply Chain
- 54 contract awards were also passed through the SPROUT process
- All suppliers were issued with and asked to sign up to our updated Supplier Code of Conduct.

Plans for 2012

- Launch the Green Flag logo in our October National Catalogue to make it easier for NHS customers to identify products that are compliant with Government Buying Standards
- Arrange product focussed workshops on Government Buying Standards (GBS) with external support from DEFRA
- Increase the number of products in our catalogue that meet and exceed the Government Buying Standards (GBS) across a number of different product portfolios
- Monitoring of sustainability outcomes relative to SPROUT through contract management to track performance
- Raising awareness of the sustainable development risks and impacts of our contract portfolio within our procurement teams to increase the integrity of our SPROUT data
- Benchmarking our Code of Conduct
- Raising awareness about our Code of Conduct with the suppliers.



Education and awareness

Introduction

We endeavour to give our employees the best training and support to enable them to deliver sustainable solutions for the NHS.

Whether it is engaging our warehouse operatives to segregate waste into the correct recycling streams – or giving our procurement teams specific training on ethical procurement we are committed to educating our colleagues around sustainability.

In 2011 our Sustainability Improvement Programme has helped our employees to make sustainable business choices. We've raised awareness of the advantages of web conferencing to promote responsible business travel, trained our buyers with help from the Ethical Trading Initiative, and held 'Lunch & Learn' sessions to keep employees up to date on the latest developments in sustainability.

We continue to be members of groups like the NHS Sustainable Procurement Forum and the Medical Fair and Ethical Trade Group, to keep in touch with current trends and issues affecting sustainability in the National Health Service.



Environmental improvement across all sites

Sustainability Improvement Programme

Our sustainability Improvement Programme was set up with our colleagues at DHL Healthcare UK and has now been in place for over a year. The programme is designed to promote the sharing of best practice across NHS Supply Chain and DHL Healthcare UK whilst driving improvements at a local level and ensuring effective communication of the progress we are making as a business.

Part of this programme was the establishment of GoGreen teams at all sites to engage employees with protecting the environment and reducing our business carbon footprint.

2011 achievements

- All sites set up GoGreen Team including general management to drive environmental improvement at their respective sites
- More than 151 employees were trained on how to use web conferencing software
- Our Normanton distribution centre based in Wakefield planted trees and created an outdoor seating area for staff
- Our Chester office reviewed its paper usage and supported the NHS Forest charity after calculating it used 18 trees worth of copier paper in a year – 18 new trees were donated by NHS Supply Chain for planting in the North West on NHS land
- Our Maidstone distribution centre designated an area in the staff car park close to the building for car sharers to encourage employees to share journeys to work with priority parking
- In June 2011 we celebrated World Environment Day by donating 80 trees to the NHS Forest Charity who planted them on NHS property. We also raised awareness and encouraged employees to reduce their impact on the environment by changing their behaviours.

Plans for 2012

- Continue web conferencing training for staff promoting it's use as a sustainable alternative to business travel
- Reduce unnecessary business travel
- Introduce a car sharing scheme across NHS Supply Chain
- Support World Environment Day on 5th June 2012.



Raising the profile of sustainability in the NHS

Stakeholder engagement

We have continued to work together with customers, suppliers and external specialist organisations to meet our sustainable procurement objectives throughout 2011.

2011 achievements

- We hosted a master class and exhibited at the NHS Sustainable Development Conference 'Delivering transformational change'
- We have continued to build our partnerships with key organisations who are pushing for a sustainable National Health Service – NHS Sustainable Procurement Forum and The Medical Fair and Ethical Trade Group
- Participated in the Sustainable Clothing Action Plan (SCAP) – a newly created group that aims to reduce the impact of clothing procurement in both the retail sector and public sector organisations.

Plans for 2012

- Continued engagement with customers, suppliers and other stakeholders to improve the level of sustainability in the NHS
- Forging stronger relationships with DEFRA and Central Point Expertise on Timber Procurement (CPET).

Training and raising awareness

Achievements in 2011

- We ran training workshops across the organisation to train buyers and raise awareness of sustainability in procurement and specifically the updates to our Supplier Code of Conduct
- Members of our buying team also benefited from a training workshop hosted by the Ethical Trading Initiative (ETi), covering the definitions of ethical trade, an understanding of the key issues, identifying risk based approaches and addressing how we can work with suppliers on improving labour standards.

Plans 2012

- Support the ongoing Procurement Academy training programme to ensure that sustainable procurement is fully embedded in our policies, processes and standard operating procedures.



NHS Supply Chain
West Way
Cotes Park Industrial Estate
Alfreton, Derbyshire
DE55 4QJ

Tel: 01773 724 000
Fax: 01773 724 225

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