Addressing sustainable development through public procurement: the case of local government

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Abstract
Purpose – While the contribution of supply chain management to sustainability is receiving increasing attention in the private sector, there is still a scarcity of parallel studies of public procurement. Hence the purpose of this paper is to explore the ways in which local government authorities in England use their procurement function to foster sustainable development.

Design/methodology/approach – The paper uses an exploratory approach. Based on a review of the existing literature, qualitative research into leading local government authorities is undertaken to draw out the multiple ways in which public procurement can support sustainable development.

Findings – At an aggregate level, local government procurers have adopted a wide range of initiatives to address all three aspects of sustainability. These are condensed into a typology of sustainable supply chain management for the public sector.

Research limitations/implications – The study highlights the importance of supporting factors, like transparency, organisational culture and strategy as well as leeway in public policy, for sustainable supply chain management in the public sector.

Practical implications – The experience of the best practice local authorities deserves wider recognition among practitioners, policy makers and academic researchers, not least given the objective of the UK government to be among the leaders in the European Union on sustainable procurement by 2009.

Originality/value – The proposed typology of sustainable supply chain management for the public sector can serve as a basis for future research in this area.

Keywords Sustainable development, Local government, Public sector organizations, England

Paper type Research paper

Introduction
The challenges of sustainable development are increasingly being addressed by supply chain management (SCM) practitioners and researchers (Sarkis, 2001; Svensson, 2007; Carter and Rogers, 2008; Seuring and Müller, in press). Within this body of research, this article focuses on the role of public procurement in bringing about sustainability, in particular on the procurement function of local government authorities in England. The potential contribution of public sector procurement to sustainability is evident in the size of its expenditure. In the UK all levels of government taken together consume 18 per cent of GDP; in the USA the figure stands at 14 per cent (OECD, 2000). The public sector is also responsible for providing a range of services many of which have direct implications for sustainability, such as economic development and waste disposal in the case of UK local government (Wilson and Game, 2006). Last but not least, public procurement could make use of its purchasing power to develop markets for more sustainable products that otherwise might not emerge (Erdmenger, 2003).

Recognising these impacts, the UK government set itself the target to become a leader in sustainable procurement in the European Union by 2009 (DEFRA and HM Treasury, 2007). Despite the importance of public sector procurement, the number of studies that investigate the role of public authorities in sustainable supply is still small (Warner and Ryall, 2001; Swanson et al., 2005; Preuss, 2007; Thomson and Jackson, 2007; Walker and Brammer, 2009). Hence this paper adopts an exploratory approach. It seeks to make a contribution to the emerging body of knowledge by examining the range of initiatives through which public procurers in leading local authorities address sustainable development. More specifically, it is the paper’s objective to establish a typology of current best practice in sustainable public

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procurement. Given the paucity of prior research into this question, such a typology will not only help define the questions and hypotheses for future studies of sustainable public procurement (Yin, 2003; Seuring, 2008); it will also aid comparative analyses of sustainable public procurement in different national contexts as well as comparisons of sustainability in public and private sector supply chains.

The paper is structured as follows. Due to the particular importance of legislation for public procurement (New et al., 2002; Trepte, 2004), the subsequent section gives an overview over the public policy framework for local government in the UK. Next the literature on sustainable procurement in the private and public sectors is reviewed. The following section then presents the methodology and data collection process utilised for this study. Thereafter the research findings are presented and discussed. The paper concludes with theoretical and managerial implications of the research.

Local government procurement in the UK

Government in the UK is exercised through multiple layers. The UK is divided into 468 local government authorities, of which England accounts for 388. Local authorities are elected by the residents of their area and hence enjoy democratic legitimacy. However, local authorities remain constitutionally subordinate to central government, since they can only carry out activities they are statutorily authorised to undertake (Wilson and Game, 2006). A noticeable aspect of public procurement is its sheer size and complexity. In the UK, central government procurement expenditure of £13 billion annually compares with the considerably higher figure of £40 billion spent by local authorities (DEFRA, 2006). Local government spending is, however, fragmented in two important ways. Geographically, there is the division into the 468 individual authorities and within a local authority major parts of the budget are allocated to officers in specific departments, such as education or social services.

Recognising the importance of public procurement for sustainability, the UK Government Sustainable Development Strategy (DEFRA, 2005, p. 53) requires “embedding sustainable development considerations into spending and investment decisions.” The strategy led to the creation of a business-led Sustainable Procurement Task Force, which published its National Action Plan in 2006 (DEFRA, 2006). The Task Force recommendations have since been incorporated into the UK Government Sustainable Procurement Action Plan (DEFRA and HM Treasury, 2007). Specifically concerning local government, the Department for Communities and Local Government (DCLG)[1] developed a National Procurement Strategy for Local Government (DCLG, 2003, 2008). This was followed by the Local Government Sustainable Procurement Strategy (LGA, IDeA and Centre of Excellence North East, 2007), which urges local government to make its spending decisions in ways that achieves value for money while taking account of wider economic, social and environmental benefits.

Over the last three decades, local government has also experienced substantial political pressure to improve the efficiency of its procurement. Central government pressure materialised in the requirement for compulsory competitive tendering (CCT) of selected services, introduced by the Conservative government of Margaret Thatcher in the late 1980s. The efficiency theme continued under the Labour governments of Tony Blair and Gordon Brown, although in a modified form. The Local Government Act 1999 introduced the notion of “Best Value” as a replacement for CCT, a performance management framework to improve service delivery. The Local Government Act 2000 has granted local government wide-reaching “Well-Being Powers” to implement measures that promote the economic, social and environmental development of their area (Bennett et al., 2004). While central government guidance no longer focuses exclusively on financial savings, greater efficiency is still one of its key themes today (Gershon, 2004; DCLG, 2006).

Local government procurement in the UK is furthermore subject to a growing European Union influence, in particular through a number of EU public procurement directives[2]. Various EU documents, not least the Treaties of Maastricht and Amsterdam, have acknowledged the importance of sustainable development, but the European Commission has struggled to integrate the concept into European procurement policy. Important milestones here were rulings by the European Court of Justice that environmental and social criteria can be used when assessing the most economically advantageous tender; but they may only be applied where they do not violate the principle of non-discrimination among EU member states (Trepte, 2004; Environmental Audit Committee, 2005).

Within this national and EU-level framework local government can set local priorities. Decision making in local councils varies between individual authorities but in general terms involves a number of major players, including executive, overview and scrutiny committee, the chief officers of the council, as well as procurement and sustainability staff. New policy initiatives, like sustainability, are likely to be introduced by the executive. Alternatively, such policy impetus may come out of the monitoring body, the overview and scrutiny committee. Policy decisions are implemented by the officers of the council, whose technical expertise and permanent position relative to elected councillors put them in a position of “dynamic dependency” on the council’s executive and monitoring body (Gains, 2004). Sustainable procurement initiatives will in particular call on the expertise of sustainability and procurement staff. Having outlined the policy framework for local government procurement, the next section will review the literature on sustainable SCM.

Sustainable supply chain management

In line with a growing expectation that supply chain managers address social and environmental externalities in globally dispersed supply chains, the SCM literature has over the last two decades increasingly addressed sustainability challenges in supply. In a first phase, social and environmental externalities were approached in stand-alone fashion (Carter and Rogers, 2008). Scholars begun – albeit in isolation – to address a range of issues, including purchasing impacts on the environment (Green et al., 1998; McIntyre et al., 1998), supplier employment conditions (Graafland, 2002; Mamic, 2005) or ethnic minority suppliers (Krause et al., 1999, Carter et al., 1999).

Given the diverging starting points of SCM, it is not surprising that sustainable SCM initially got conceptualised from different directions. From a purchasing perspective (see the review by Zsidisin and Siferd, 2001), Bowen et al. (2001)
drew a distinction between a product-based and a process-based approach to greener SCM, which can be complemented with support activities, such as sustainability marketing (Peattie, 2001). The aspects of sustainable SCM that purchasing should address were integrated by Carter and Jennings (2004) into the concept of Purchasing Social Responsibility, which consists of the five dimensions of environment, diversity, safety, human rights and philanthropy.

Operations management – with its emphasis on time reduction in JIT and waste minimisation in TQM – has increasingly focussed on environmental impacts of the resource flows along the value chain too (see the review by Kleindorfer et al., 2005). Among others, King and Lenox (2001) and Rothenberg et al. (2001) found synergies between lean manufacturing and green manufacturing. Other operations management scholars, such as Guide and Van Wassenhove (2001) expanded the focus of sustainable SCM to include resource reduction, product reuse and recycling to incorporate re-manufacturing and closed-loop supply chains. In logistics (see the review by Abukhadeh and Jonson, 2004) research has focussed on environmentally friendly logistics arrangements, including reverse logistics (Carter and Ellram, 1998; Tibben-Lembke, 2002). Some authors also provided integrative conceptualisations of the various social and environmental impacts of logistics (Carter and Jennings, 2002; Murphy and Poist, 2002). Here Carter and Jennings (2002) conceptualised Logistics Social Responsibility as encompassing environment, diversity, human rights, safety, philanthropy and community.

More recently, these various approaches to sustainable SCM have become integrated (Carter and Rogers, 2008; Seuring and Müller, in press). Building on the triple bottom-line of a balanced achievement of economic, environmental and social goals (Ellkington, 1998), Carter and Rogers (2008, p. 368) define sustainable SCM as:

"the strategic, transparent integration and achievement of an organization’s social, environmental, and economic goals in the systemic coordination of key interorganizational business processes for improving the long-term economic performance of the individual company and its supply chains."

Seuring and Müller (in press) stress that sustainable SCM has to take account of a wider range of issues than purely economic ones and hence is likely to involve a longer part of the supply chain. This concerns information collection and dissemination along the chain as well as attempts to influence the performance of supply chain members. As a result, sustainable SCM requires not only fuller information dissemination, training of purchasing staff and greater collaboration among supply chain members, it may also benefit from novel management approaches, such as partnerships for new product development. Having given an overview of the literature on sustainable SCM in the private sector, the next section will provide a more detailed review of the literature on sustainability in public procurement.

### Public sector procurement and sustainability

The academic literature on sustainable public procurement is not extensive (Preuss, 2007; Walker and Brammer, forthcoming), hence this part of the literature review will also consider the growing practitioner and professional literature on sustainable public SCM (for studies beyond the UK, see Erdmenger, 2003 or Swanson et al., 2005). In an early study into public procurement, Murray (2000) reported on initiatives at Belfast City Council to generate synergies through its procurement between environmental protection and local economic development. To this end, the council put in place a range of tools, from an environmental purchasing policy through supplier environmental questionnaires to a “Green Supplier of the Year” award.

After surveying green procurement in local authorities in England and Wales, Warner and Ryall (2001) found that many local authorities integrated environmental considerations into their procurement policies. However, these initiatives were only rated as moderately successful, with higher costs of green products emerging as the most commonly cited barrier. Thomson and Jackson (2007) reported that local government authorities use a range of approaches, like disseminating green procurement information or encouraging suppliers to adopt environmental management systems (EMS). The main barriers to sustainable supply were a perceived lack of priority at senior level in the council and again cost issues. Financial viability issues also emerged as a barrier to sustainable procurement from Walker and Brammer’s (forthcoming) organisations from across the UK public sector.

Notable practitioner contributions to sustainable procurement include the work by IDeA (n.d.). Its collection of case studies of good procurement practice includes a range of sustainability initiatives. Analysing where public expenditure has a high market share and where its environmental and/or socio-economic impact is greatest, the Sustainable Procurement Task Force (DEFRA, 2006) identified ten priority areas for sustainable supply, namely construction; health and social work; food; uniforms, clothing and other textiles; waste; paper, pulp and printing; energy; office consumables; furniture and transport (DEFRA, 2006). The Local Government Sustainable Procurement Strategy (LGA, IDeA and Centre of Excellence North East, 2007) prioritised construction and facilities management, being the largest procurement categories for local government, followed by social care, waste management, energy, transport and food.

As far as barriers to sustainable procurement are concerned, the Sustainable Procurement Task Force (DEFRA, 2006) noted a lack of clear direction from organisational leaders, incentive systems that fail to reward sustainability initiatives, a lack of unambiguous information and competing objectives from central government (see also Environmental Audit Committee, 2005). The National Audit Office (NAO, 2005) also saw barriers to sustainable procurement in a perceived trade-off between sustainability and cost, a lack of leadership and a failure to integrate sustainability into standard procurement processes. Before these themes in the literature on sustainable SCM are used to examine the range of activities through which local government procurers pursue sustainable development, the next section will present the methodology for this study.

### Methodology

Case research allows a relatively full understanding of the nature and complexity of phenomena and lends itself to exploratory investigations when phenomena are still insufficiently understood (Eisenhardt, 1989; Meredith, 1998; Voss et al., 2002; Yin, 2003; Seuring, 2008). As there is a relative scarcity of prior research into sustainable public...
SCM, the case method is well suited to the research question at hand. The focus of the paper is not on explanation or prediction but on understanding the details of how public procurement managers address sustainability (Meredith, 1998). Using such an exploratory approach, the paper aims to make a contribution to theory building, in particular to the question of what sustainable SCM means in the context of local government procurement.

The conceptual framework (Voss et al., 2002) that underlies this paper takes its starting points on the one hand from the distinction between the three dimensions of sustainable development, i.e. economic, environmental and social (Elkington, 1998), as applied in recent definitions of sustainable SCM (Carter and Rogers, 2008; Seuring and Müller, in press) and on the other hand from the distinction by Bowen et al. (2001) between product-based and process-based approaches to greener SCM as well as support activities.

Cases organisations were selected according to theoretical replication (Yin, 2003). Since sustainable public procurement is an under-studied phenomenon, the study selected organisations that were judged to be leaders in this area. Given the strong influence of public policy on public sector procurement (New et al., 2002; Trepte, 2004) the sample was restricted to local government authorities from England alone. Actual case organisations were selected on the advice of UK government bodies that have an overview over local government procurement in the country, namely the Department for Communities and Local Government (DCLG), the Improvement and Development Agency (IDeA) and two Regional Centres for Excellence in Procurement. These organisations also furnished lists of influential public policy and practitioner documents on public procurement and sustainability.

The data for the study were collected through semi-structured interviews as well as from complementary sources of evidence, like internal local authority publications and central government documents. Data gathering began with a pilot stage, during which interviews were held at four local authorities. The organisations approached to nominate leaders in sustainable procurement suggested a combined shortlist of 14 local government authorities. Two of these local authorities declined participation; hence the entire study consists of interviews in 16 organisations (see Table 1).

The research protocol utilised a funnel model (Voss et al., 2002). It started with broad and open-ended questions, like which social, economic and environmental issues the local authority aims to address, and proceed to more detailed ones, such as what targets and tools the council uses. Once local authorities had been selected, initial contact was made with the procurement manager as identified on the local authority webpage. Where these felt they were not the best person to respond, they were asked to put the researcher in contact with the person with the greatest overview over sustainability issues in procurement. Where the research questions could be reliably answered by one respondent only one person was interviewed. In three local authorities two members of the procurement team with responsibility for different aspects of sustainable development were interviewed together.

The data documentation and coding process entailed recording the interviews and transcribing their content shortly after the event. The transcripts were e-mailed to the respondents for comment and potential clarification of content (Voss et al., 2002; Yin, 2003). To reduce data into categories, the raw data as presented by the informants was coded manually according to the criteria of the conceptual framework. Once coding was completed for all interviews, data were re-ordered in accordance with construct categories and then re-arranged in summary display. The analysis was undertaken first within and then between cases (Eisenhardt, 1989). It should be re-stated that the aim of the study was not to contrast case organisations but to generate a combined typology of approaches that are used by best practice organisations.

### Economic development initiatives

The presentation of the study’s findings shall be guided by the conceptual framework which combined the definition of sustainable development as consisting of an integrated achievement of economic, social and environmental progress (Elkington, 1998) with a distinction between product-based, process-based and support initiatives (Bowen et al., 2001).

On the economic development side, an increase in contracting with local businesses emerged as an important aim of local authorities. Procurement managers were acutely aware of the economic benefits that contracting with local firms can bring to a local economy. Several local authorities reported initiatives to measure their expenditure with local firms and map the locations of these to enable the council to better monitor the distribution of its spending. One county council in the North of England measured the economic effect of contracting with local suppliers and found that local suppliers re-spend an average of 76 per cent of contract

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**Table 1** Details of local government authorities participating in the study

<table>
<thead>
<tr>
<th>Stage</th>
<th>Number of interviews</th>
<th>Type of authority</th>
<th>UK region</th>
<th>Political control (at time of interview)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot stage</td>
<td>4</td>
<td>London Borough</td>
<td>1</td>
<td>London</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unitary Authority</td>
<td>3</td>
<td>South East</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No overall control</td>
</tr>
<tr>
<td>Main study</td>
<td>12</td>
<td>London Borough</td>
<td>5</td>
<td>London</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metropolitan District</td>
<td>3</td>
<td>North West</td>
</tr>
<tr>
<td></td>
<td></td>
<td>District Council</td>
<td>2</td>
<td>South East</td>
</tr>
<tr>
<td></td>
<td></td>
<td>County Council</td>
<td>1</td>
<td>South West</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unitary Authority</td>
<td>1</td>
<td>Midlands</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>North Yorkshire</td>
</tr>
</tbody>
</table>

Source: Interviews with local government procurement managers
income within the region, while outside suppliers only spend 36 per cent.

Product-based approaches to fostering local economic development were chiefly found in the procurement of food for schools and residential care homes. Stipulating local food was seen as being supported by the ‘Well-Being Powers’ granted to local authorities under the Local Government Act 2000, as it combines supporting regional regeneration with health improvements from better quality meals. However, as a result of wide-spread contracting-out many local authorities now have only a diminished discretion over catering in schools and residential care homes (Wilson and Game, 2006). Process-based approaches to fostering local economic development included attempts by several local authorities to persuade key contractors to provide opportunities for local SMEs as second or third tier suppliers. Where undertaken as a purely voluntary encouragement of prime contractors, such attempts have not been very successful. However, using their “Well-Being Powers” some local authorities also sought more binding first-tier contractor commitments, for example in a construction contract by a North London borough.

Support initiatives to foster local economic development took a variety of forms. Many local authorities undertook initiatives to make their own demand more transparent. For example, a district council in the South East of England designed an internet business portal that shows current council contracts and enables companies to express an interest in bidding for these. Publishing web-based guides to council business has since become one of the measures local authorities are to undertake under the National Procurement Strategy for Local Government. The provision of information on public contracts was also improved through “Meet-the-Buyer” events, where potential suppliers were able to interact with procurement officers from a range of public sector organisations in their area.

One London borough reported an innovative project to enhance the capacity of local companies to secure public contracts. Assistance was given to local firms in the form of workshops, networking events and even one-to-one consultancy. The topics of these ranged from general guidance on public procurement to more technical support, such as help with completing tender documentation. The project was accompanied by an “SME Issues Log”, where local businesses could communicate to the council what problems they encountered when bidding for contracts. One of the main findings was that a move towards outsourcing of key council services was widely perceived as having limited contracting opportunities for smaller businesses.

Local government authorities reported a range of initiatives to address the economic side of sustainable development. Procuring locally grown food for schools on the product side was matched with a process-based encouragement of large contractors to utilise local businesses as subcontractors. These were supported by initiatives to improve the capacity of local firms to bid for such contracts in the first place. While the former two aspects are particular to public procurement and result from its specific public policy powers, the latter examples echo a long-standing concern in the SCM literature with supplier development (Krause and Ellram, 1997; Rogers et al., 2007).

Social aspects of sustainability

Local government procurement was able to make important contributions to the social aspects of sustainability too. On the product side, such commitment was expressed through the certification of local authorities as FairTrade towns. The rules for granting this status are laid down by the FairTrade Foundation (FairTrade Foundation, 2002) and compel local authorities to serve FairTrade produce during their meetings and to promote FairTrade produce in their area. The procurement of FairTrade produce does, however, involve a legal hurdle, as such social labels are not permitted under EU procurement rules (OGC, n.d.). Caterers may be encouraged to include FairTrade produce in their bid, but it is the whole package, not just the FairTrade component, that should be evaluated in terms of value for money. While internal consumption of FairTrade produce may be of limited impact in most local authorities, the symbolic value of promoting FairTrade to a wider range of stakeholders should not be underestimated.

A key process-based approach to fostering social aspects of sustainability are “Community Benefit Clauses”. Being socio-economic criteria that are inserted into supply contracts, they have a legal basis in the “Well-Being Powers” of local government (see also Macfarlane and Cook, 2002). One borough in central London reported encouraging results from using such clauses under which, for example, a construction supplier agreed to provide a number of apprenticeships. Other process-based approaches concerned contracting with the voluntary sector and with social enterprises (see also Thompson and Doherty, 2006). Such contracting arrangements were seen as advantageous by local government procurers due to the ability of these service providers to pinpoint local needs much better than council departments could. As an example, a metropolitan borough in Yorkshire contracted with a manufacturer that recycles contaminated plastic waste into street and garden furniture and employs people with learning disabilities. A London borough even awarded a waste and recycling contract of an annual value of £10 million to a social enterprise. The business had started out in the 1970s providing local transport and then expanded into a range of other services, including refuse collection and recycling.

Like economic development, the social side of sustainability has attracted a spectrum of initiatives by local government procurement. These include promoting FairTrade certified produce on the product side or contracting with voluntary enterprises on the process side. As was the case for local businesses, voluntary organisations and social enterprises differed in their ability to bid for public sector contracts. While some businesses had gained considerable contracting expertise many others struggled, and local government procurers acknowledged that these enterprises may need particular support to develop their professional skills. In the final analysis, however, they were adamant that these suppliers cannot rely on their special status to gain business. This situation is a public sector equivalent to special sourcing arrangements for minority-owned suppliers, where it is also understood that ultimately the survival of the supplier depends on its ability to offer a competitive product or service (Krause et al., 1999).
Environmental initiatives

Environmental initiatives in local government procurement aimed to reduce the ecological impact of procured goods by switching to less environmentally damaging alternatives. Some of these initiatives are well-rehearsed by now, like the stipulation of a recycled content for paper, office consumables, office furniture or aggregates for road construction. However, individual procurement managers also stated that recent price advantages of virgin paper prevented them from buying recycled paper. Contracts for office equipment typically included specifications relating to energy consumption (e.g., Energy Star or EU Energy Efficiency Labels). Product-based initiatives were also reported around vehicles and fuel, where a London borough introduced bio-diesel for its vehicle fleet.

Service contracts too saw a range of initiatives to address environmental issues. In construction contracts, procurement managers sought to include sustainable design features to minimise the future consumption of energy, water and cleaning services. A related environmental issue concerned timber and wood in construction, where a London borough required all its timber to conform to the standards of the Forest Stewardship Council (FSC). Another London borough was at the time of interview exploring alternatives to PVC windows, such as FSC-sourced wooden windows. In cleaning and parks management contracts, particular emphasis was placed on limiting the use of detergents and pesticides.

Process-based initiatives to address environmental challenges were somewhat rarer. One South London borough required construction contractors to generate 10% of their energy from on-site renewables. Local authorities also reported initiatives to procure environmentally friendlier forms of energy. A district council in the South East of England contracted with a private sector company to supply green energy, which was approved by its councillors despite being somewhat more expensive. On a smaller scale in terms of their environmental impact were stipulations for catering contractors to avoid the use of disposable dishes and cutlery.

Local government authorities addressed environmental issues in their procurement in a number of ways. Product-based initiatives, such as using recycled instead of virgin paper, were accompanied by ones that addressed the environmental impact of procured services, like sustainable design criteria in construction contracts. A number of process-based initiatives were reported, such as better planning of vehicle routing. It was, however, also noted that environmental initiatives often carry cost implications. Although counter-examples exist, many local authorities would not commit themselves to paying such green premiums, echoing similar concerns in private sector organisations (Seuring and Müller, n.d.).

Indirect activities

In addition to direct initiatives, local government authorities supported sustainable development in more indirect ways. Such initiatives included the compilation and dissemination of sustainability-related information. A first step in this direction can be to draw up a “Sustainable Procurement Policy” (see also Warner and Ryall, 2001). A borough in the South of London also compiled a “Green Procurement Guide”, which contains advice on what issues council staff should consider when buying various categories of products and services.

A reduction of local authority sustainability impacts was also achieved through sustainability training of procurement officers. One London borough undertakes a sustainability risk assessment to identify significant sustainability impacts of key contracts at the start of the procurement process. The borough’s risk assessment, which uses a model developed by IDEa and the Environment Agency, contains a checklist on the likely impacts of a contract, allows the identification of mitigation measures to be put in place and gives advice on the inclusion of these in the contract. Procurement staff can also receive guidance and training on how to effectively include such requirements in their contracts. A number of local government authorities furthermore demonstrated their commitment to sustainable development by seeking certification to ISO 14001 or, less often, the European Union scheme EMAS.

Some local authorities asked suppliers to complete a sustainability management questionnaire when bidding for council business, although two managers also commented that their local authority lacked the resources to evaluate these systematically. On the basis of such information, councils have given annual awards for particularly innovative suppliers, as practiced by Belfast City Council with its “Green Supplier of the Year” award (Murray, 2000). Such indirect approaches are particularly appropriate given the decentralised nature of local government procurement, where purchasing decisions are usually devolved to a multitude of buyers with different skill levels working in a range of departments. At the same time, the suite of these tools bears quite a resemblance to those used in the private sector (see the review by Seuring and Müller, n.d.).

Discussion

Local government implemented a wide spectrum of initiatives to address sustainable development through its procurement, which covered economic, social and environmental aspects. From a contracting perspective, the approaches ranged from product-based ones, like stipulating energy requirement criteria for IT equipment, through service-based ones, for example requiring minimum recycled content for building materials in construction contracts, to process-based ones, like encouraging key contractors to use local firms as their second tier suppliers. Some local authorities also reported a range of supporting initiatives, both to make their own demand more transparent and to improve the skills base of local firms, voluntary organisations and social enterprises. A number of councils have furthermore undertaken indirect activities, like disseminating sustainability know-how across the local authority or seeking certification to an environmental management standard (see Table II).

The typology presented in Table II indicates that the definition of sustainable SCM by Carter and Rogers (2008) – although originally developed in a private sector context – is applicable to the public sector. Public sector sustainable SCM can equally be conceptualised as the systematic achievement of an organisation’s social, environmental and economic goals. Additionally, the supporting facets of sustainable SCM that were drawn out by Carter and Rogers – transparency,
strategy, culture and risk management – are largely relevant for sustainable SCM in the public sector too.

Transparency along supply chains has for some time been recognised as a major challenge in SCM, in particular in relation with the dampening of amplification effects (Fisher et al., 1997; Towill, 1997; Lamming et al., 2001; Skjoett-Larsen et al., 2003). Increased supply chain transparency can lead to collaborative success, particularly in terms of schedule adherence, capacity planning, material ordering and inventory management (Bartlett and Baines, 2007). In sustainable public SCM transparency emerged as a key support aspect in the dissemination of sustainability information within and beyond the local authority and particularly in initiatives to encourage a broader supply base to tender for public sector business. According to the procurement manager of a district council in the South East of England:

If you really want to stimulate interest and get people to really see this as an opportunity and get involved, I think you’ve got to make the demand side much more transparent.

Strategy has equally become a familiar term to SCM researchers and practitioners (Harland et al., 1999). Strategic SCM demands an optimisation of value creation processes, not at firm level, but through the alignment of functional units inside the firm with key suppliers in its value stream (Cousins and Spekman, 2003). Such a strategic approach should also be applied to sustainable SCM, where companies need to find ways to incorporate environmental and social aspects into their SCM strategy and practices (Koplin et al., 2007). In public procurement, the need for strategic integration as a prerequisite for sustainable SCM was evident too. For example, the sustainable procurement manager of a North London borough commented on a lack of such collaboration with budget holders in devolved departments:

On larger capital projects they are supposed to, but don’t always, talk to me about how to think about sustainability from the very beginning, because obviously when you have a building and you are at the final drawing, it is very difficult to say: you want to do this, because then it is always too expensive.

Changes to organisational strategy are predicated on organisational culture. As any other organisational member, the behaviour of SCM professionals is influenced by the socially negotiated order that prevails within their company

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Table II A typology of sustainability initiatives in local government procurement

<table>
<thead>
<tr>
<th>Aspect of sustainability</th>
<th>Procurement approach</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>Product-based</td>
<td>Procuring locally grown food for schools, residential care establishments and civic catering</td>
</tr>
<tr>
<td></td>
<td>Process-based</td>
<td>Increased contracting with local and regional suppliers</td>
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<tr>
<td></td>
<td>Support</td>
<td>Encouraging first-tier contractors to make use of local companies as their sub-contractors</td>
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<tr>
<td></td>
<td></td>
<td>Making local government demand more transparent through internet procurement portals and “Meet the Buyer” events</td>
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<td></td>
<td></td>
<td>Improving local firm capability to bid for public sector contracts</td>
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<td></td>
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<td>Facilities for suppliers to report barriers to contracting with the public sector</td>
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<tr>
<td></td>
<td></td>
<td>Measuring expenditure with local firms and their re-spending within the local area</td>
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<td>Social issues</td>
<td>Product-based</td>
<td>Encouraging caterers to supply FairTrade-certified produce</td>
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<td></td>
<td>Process-based</td>
<td>Use of Community Benefit Clauses under which contractors agree to provide employment or apprenticeships</td>
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<td></td>
<td>Support</td>
<td>Contracting with social enterprises and the voluntary sector</td>
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<td>Capacity building for social enterprises and voluntary organisations</td>
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<td>Environmental protection</td>
<td>Product-based</td>
<td>Stipulating low energy consumption for IT equipment</td>
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<td></td>
<td></td>
<td>Buying of recycled paper; use of remanufactured printer cartridges</td>
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<td></td>
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<td>Avoid hardwood and hazardous treatments in office furniture</td>
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<td>Procuring of vehicles running on alternative fuels</td>
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<td></td>
<td>Service contracts</td>
<td>Sustainable building design to minimise future consumption of energy, water and cleaning services</td>
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<td>Recycled content for building materials or road surfacing in construction contracts; FSC certification for construction timber</td>
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<td>Reduced use of pesticides in parks management</td>
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<td></td>
<td>Process-based</td>
<td>Building contractors to produce energy from renewables</td>
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<td>Greener forms of energy provision</td>
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<td>Avoid use of disposable dishes and cutlery in catering contracts</td>
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<tr>
<td>Overarching</td>
<td>Indirect measures</td>
<td>Adoption of a Sustainable Procurement Policy</td>
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<td>Dissemination of procurement-related sustainability information</td>
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<td>Sustainability risk assessment for key contracts</td>
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<td>Procurement officer training in sustainable supply</td>
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<td>Certification to ISO 14001 or EMAS</td>
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<td>Sustainability management questionnaire for suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Awards for particularly sustainable suppliers*a</td>
</tr>
</tbody>
</table>

Note: *An example of such an initiative was reported in Murray (2000)

Source: Interviews with local government procurement managers
(Kamann and Bakker, 2004). Hence strategic change requires a new mindset that must be instilled across the organisation. Its absence may, for instance, lead SCM managers to forego proactive supplier engagement strategies for fear of being seen as “weak” buyers (Cousins and Spekman, 2003). In sustainable SCM such differences in organisational culture can determine where an organisation positions itself on the continuum from innovator to laggard (Harwood and Humby, 2008). Barriers of this kind were noted by a manager of a South London borough who examined options for replacing PVC:

We wanted to move to only specifying FSC timber window frames as part of our window replacement programme, but there’s still too much concern in the industry about using timber-framed windows. At the moment, the contract managers want to go on using UPVC, but as the technology improves then obviously we can give more evidence that will bring about change.

The final supporting facet drawn out by Carter and Rogers – risk management – was found only in one London borough, which sought to identify significant sustainability impacts of key contracts at the start of the procurement process. At the same time, many procurement managers were keen to utilise the opportunities provided by recent changes in central government legislation concerning the remit of local government, in particular the ‘Well-Being Powers’ granted under the Local Government Act 2000. It is the raison d’être of local government to respond to local demographics and tailor its service provision in accordance with these (Stewart, 2000; Wilson and Game, 2006) and the same logic is increasingly being applied to sourcing arrangements at many local authorities.

Overall, the definition of sustainable SCM by Carter and Rogers (2008) can be extended to the public sector. Taking account of minor shifts in emphasis for the supporting facets, sustainable public sector SCM can now be defined as:

the strategic and transparent integration and achievement of a public sector organisation’s social, environmental and economic goals in the systematic coordination of key interorganisational commercial processes for improving the long-term performance of the organisation and the territorial base for which it is democratically accountable for, in line with overarching public policy priorities.

### Theoretical and managerial implications

In terms of theoretical implications, the study provides public sector evidence of the observation made by Seuring and Müller (in press) that sustainable SCM has to take account of a wider range of issues and has to reach further along the supply chains than was previously the case when SCM “merely” considered economic issues. Such an extension was evident in the efforts of local government procurement managers to get prime contractors to work with local firms as their second and third tier suppliers. At a North London borough the sustainable procurement manager explained this challenge as follows:

One of the key aspects of our using big contracts and frameworks is actually trying to make sure that if there is a shift, i.e. where we have major outsourcing to something we might have managed before with a number of smaller contractors, that those smaller contractors can be placed into the supply chain of these major contractors. That is a critical part of our work to be in terms of the sustainability agenda.

While public procurement used to have a predominantly dyadic outlook, this perspective now gets lengthened as a result of sustainability challenges. Taking up the definition of SCM by Mentzer et al. (2001, p. 3) who explicitly see the concept as being concerned with “a set of three or more entities (organizations or individuals) . . .”, the argument is made here that the requirements of sustainability help to push public procurement along the road from purchasing to SCM.

As far as managerial implications are concerned, the paper provides a starting point for developing a common understanding among public procurers as to what sustainability means in the context of public procurement. Carter and Rogers (2008) make a similar claim for private sector practitioners, noting that most managers have heard about sustainability but that very different perceptions of the concept prevail. As exemplified by the procurement manager of a borough in the North West of London, such a wide range of interpretations exists in the public sector too:

In some areas it seems to be a very narrow focus, in other areas it seems to be quite a broad church of almost everything.

A better understanding of sustainable SCM would go hand in hand with the advice by the Sustainable Procurement Task Force (DEFRA, 2006) that the public sector should move beyond an initial focus on environmental issues to address a more holistic range of sustainability aspects through its procurement. The data presented here also indicate that sustainability issues do not always have to cost more. Thus the paper could serve as encouragement for procurement managers to explore opportunities for sustainable supply that go beyond ‘win-win’ cases.

### Conclusions

The focus of this paper has been on the ways in which local government authorities utilise their procurement functions to foster sustainable development. The research uncovered a wide range of initiatives that local councils have undertaken to address all three aspects of sustainability. These include encouraging first-tier suppliers to make use of small local businesses as their subcontractors on the economic side, contracting with voluntary organisation on the social side or replacing hazardous materials in products and services on the environmental side. Some local authorities also compile and disseminate sustainability information through environmental policies or apply a sustainability risk assessment for key contracts to demonstrate their commitment to sustainability. These initiatives of best practice local authorities were condensed into a typology of sustainable public sector SCM, which can serve as a basis for future studies of this research question.

The individual aspects of sustainable public sector SCM provided a basis for extending the definition of sustainable SCM by Carter and Rogers (2008) to the public sector. The study also underlined the importance of supporting factors – namely transparency, strategy, culture and risk management – for sustainable SCM. As far as local government is concerned, respondents furthermore expressed a desire to fully utilise newly introduced public policy to support the sustainability of their area through local authority procurement. In some cases, sustainability challenges require procurement managers to reach further along the supply chain than had previously been the case. In theoretical terms, the paper thus argues that sustainability pushes local government along the road from purchasing to SCM.
There are a number of ways in which this research could be taken further. As the study was limited to local government in England, future research could not only study outstanding local authorities in other parts of the United Kingdom but should also examine the experience of other OECD countries. Since the data for this article were generated in a qualitative study, a survey that quantifies the application of sustainability initiatives in local government would make a particularly useful contribution.

**Notes**

1 This department was formerly the Office of the Deputy Prime Minister (ODPM).

**References**


Further reading

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