Executive Summary: Procuring to the proposed new Government Buying Standard (GBS) for ICT

Defra have been working closely with Cabinet Office to develop standard ICT specifications for sustainability as part of central Government’s centralised procurement approach.

Central Government is already mandated to purchase to the following Government Buying Standards: http://sd.defra.gov.uk/advice/public/buying/products/

In consultation with Cabinet Office Green Delivery Unit we have a proposed update of the current GBS criteria and have carried out an Impact Assessment to determine the costs and benefits. In response to the views of stakeholders we have decided to recommend the greater energy savings in option 2.

The Impact Assessment presents the final cost benefit analysis of the proposed criteria. Our view is that through the new centralised approach to ICT procurement where Government will be committing to high “sales volumes” it should be possible to push for the more stringent criteria. Our analysis to date indicates that there is no significant price premium for “green” criteria. The views of industry on market capacity and whether there will be any uplift in prices associated with the energy saving criteria and requirements to extend lifespan will be particularly welcome.

This is an executive summary of the full policy Impact Assessment (IA) which last year was circulated to government stakeholders. The IA outlines the key costs and benefits to central government of buying to these new updated standards, at the point of procurement and over the useful life of the product, and focuses on savings in relation to energy and Green House Gas emissions. It presents key aspects of the data for a procurement audience, and makes a case for including the new updated standards in the Government’s approach to centralised procurement.

This IA shows that buying to the GBS at the criteria proposed in option two would lead to cost savings to Government of £22.7m as a result of lower energy bills and associated costs of UK CO\textsubscript{2} savings, in comparison to buying to the current GBS. We believe it would therefore be cost-effective for centralised contracts to include the proposed new Government Buying Standards set out under option 2.

About Government Buying Standards

What are Government Buying Standards?

Government Buying Standards (GBS) set environmental standards for the procurement of products and services. They are mandatory for central government and executive agencies at the minimum level, and also include higher voluntary levels. They go beyond the minimum requirements of legislation and aim to reduce environmental impacts in some key life cycle stages, thus enabling purchasers to achieve value-for-money, and influence the supply chain (see background section in IA for full details).
Why are they important now?
Not only do GBS help the Government to achieve its aims and commitments for Greening operations and procurement across the Government estate, they can help the Government reduce energy bills, landfill costs and water bills. They also enable the Government to show leadership and set an example in combating climate change and the development of a green economy. Embedding GBS in centralised procurement contracts will ensure the realisation of these benefits.

How are the GBS developed?
They are developed through a robust, evidence-based process. This involves agreement on the evidence, criteria, legal position and an IA (covering costs and benefits) in a Whitehall review group. Once that process is complete and signed off by Defra ministers, any new proposed standards become mandatory. For further information about GBS see:


About ICT

What stage are we at with ICT?
For ICT equipment there are already current GBS, dating back to 2008. Departments should have been buying to these standards at least at the minimum mandatory level. Because ICT is a rapidly-developing technology, initial analysis from Defra indicates that they should now be updated. This summary and the attached IA compares the costs and benefits of the proposals for a new GBS with the current GBS as a baseline.

Why ICT?
Use of ICT equipment has a significant impact on the UK’s carbon emissions (accounting for an estimated 3% of UK electricity consumption), and Government purchases account for approximately 8 - 20% of the UK market for ICT. In addition only a limited percentage of waste from ICT equipment is recycled, while hazardous substances such as mercury and cadmium can also cause serious environmental and health problems. It is important that reliable, up-to-date standards are available to help Government realise the potential savings and environmental benefits that are available in a rapidly evolving market when making its procurement decisions. The move towards centralised procurement makes it especially relevant.

What kind of ICT equipment do the GBS cover?
The current specifications for computing products cover desktop PCs, workstations, notebook PCs and monitors. The proposed new specifications cover desktop PCs, notebook PCs, workstations, thin clients and monitors. Thin clients are a new product group. Please note that for the purposes of this GBS laptop PCs are the same as notebook PCs.

What impacts does the current GBS for ICT address and why?
As well as energy efficiency (and hence energy consumption), the current specifications also include:

- **Plastic parts must consist of one material or easily separable materials.** This can help individual parts to be recovered, reused or recycled, and is not addressed in legal requirements. It is good practice in Ecodesign and helps towards Government policy aims on zero waste to landfill.

- **Upgrading can be done.** This reduces the need for equipment to be replaced, improving lifetime and so cutting waste. It is not covered by any legislation. It also saves scarce resources such as indium, contributing to allaying concerns about precious metal depletion and security of supply.

- **Use of substances such as halogen and mercury are restricted.** These substances are covered by the Restriction on Hazardous Material (RoHS) Directive, but exemptions are allowed for ICT products in certain circumstances. Some items cannot be recycled as they contain hazardous waste (e.g. non LCD screens) so rewarding suppliers who go beyond the legal minimum will reduce pollution and increase recycling.

- **Spare parts and servicing are available for a number of years after production has ended.** This improves durability and is not covered by any legislation.

- **Noise emissions are restricted.** This conforms to good practice in health and safety or employees and is not covered in any legislation. These appear in the “award criteria” (not minimum mandatory technical specifications).

About our proposal

What do we propose to change in these GBS, and why?

Two possible options for updating the GBS for ICT computing products\(^1\) have been proposed. We are recommending option 2.

- **Option 1** – Proposes amending the criteria covering energy efficiency and other whole life environmental impacts, including:
  - Requiring equipment that uses less energy than current GBS (desktops 10% less; notebooks 10% less; monitors 5% less) because our market analysis suggests that the market now clearly has the capacity to deliver this.
  - Further limits on the use of potentially harmful chemicals and materials including lead, cadmium and hexavalent chromium, and controls on the use of short chain chloroparaffins. Again market analysis suggests the capacity is there to deliver this.
  - Introduce new criteria for thin clients which are not specifically covered in the current GBS.

\(^1\) The proposed GBS does not cover Imaging Products (such as printers).
Option 2 – Proposes the same specifications for whole life impacts as option 1 with more demanding criteria for energy efficiency in relation to the current GBS. These are:

- Desktop PCs 30%-40% less; notebook PCs 10-15% less; monitors 20% less.

The current GBS requires that computing products meet the requirements of Energy Star.

What are the headline costs and benefits of the proposed changes?

Both options show significant new benefits to the Government. However, it has not been possible in the IA to express all of the benefits of these proposed changes in monetary terms, and so the focus is primarily on energy savings and the extension of product lifetimes through criteria for reuse.

Under Option 1, the IA shows a Best Estimate net benefit of £9.2m to the Government in comparison to the current GBS (based on a cross-government ICT spend of £2.3b). The relatively low additional up-front procurement costs (£2.1m) are easily outweighed by savings in energy bills over a 5 year period and the scope for greater re-use of ICT equipment. In fact the energy savings are such that the additional investment of purchasing to the new GBS (in comparison to the current GBS) is paid back within 2-3 years.

Option 2 involves a higher additional upfront cost (£4.3m) linked to the cost of purchasing more energy efficient equipment, but this is more than offset by significantly greater energy savings (£26.7m), which results in a higher net benefit of £22.7m to the Government in comparison to the current GBS. Again this only takes the benefits of reduced energy bills into account. The additional costs and energy savings (in comparison to the current GBS) are set out in detail in the tables overleaf. Both options would also result in greater benefits to the Government that are not included in these figures – including waste to landfill. Please note that further energy savings were not identified for workstations and thin clients.

What information is this proposal based on?

A National Audit Office Report estimated that from 2010-11 approximately £2.03b will be spent on computing equipment. It is assumed that due to reductions in public expenditure this figure will be reduced by 25% in a straight line over the next four years, and will be stable (at £1.52b) from 2014 until 2020. The same report also estimated that in 2005-06, public bodies disposed of around 658,000 units of ICT equipment in 2005-06, compared to 1.7 million units purchased, though there are no clear figures for how much of that went to landfill or how it was disposed of.
Data and declarations from industry on the availability of products that can meet different level of energy consumption were used to develop the tables at p16 in the IA. These estimate the market availability of products that are more energy efficient than the ENERGY STAR standard. The same data indicates that there is not a strong correlation between more energy efficient products and higher cost. To account for any uncertainties in the data a high cost and a low cost scenario have been worked up, including a 0.5% cost premium for the high scenario, and these are reflected in the ranges of costs and savings above.

3) How to respond

1 Please ensure that your response reaches us by Thursday 26th May.
   Please email your response to john.conway@defra.gsi.gov.uk

2 Alternatively, comments can be posted to:
   John Conway,
   Defra
   Sustainable Products and Consumers team,
   Area 5D,
   Ergon House,
   Horseferry Road, London, SW1P 2AL

3 If you have any suggestions of others who should be involved in this process, please contact us or forward the review package.

The proposals and review questions

We would welcome comments and views on all aspects of the proposed revisions to the specifications, including our estimates of the costs and benefits and the likely impact of the new criteria on central Government. It would be particularly helpful to us if you could respond on the pro forma provided below. Wherever possible we would appreciate data and other evidence to support your comments, especially regarding the estimated costs and benefits.

What will happen next and timetable

All responses will be carefully considered and the specifications may be amended according to additional evidence received.

The finalised specifications will be submitted for ministerial approval and, if granted, affected practitioners within central government departments and executive agencies will be suitably advised and given notice of not less than three months prior to implementation.