

Cost vs. conscience:

How local government
procurement can avoid
a trade-off

amazon business



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Executive summary

Amazon Business research exposes a gap between intention and action in the local government sector: while organisation leaders emphasise ESG (environmental, social and governance) commitments, everyday challenges like supplier scarcity, poor spend controls and cost pressures prevent local authorities from turning these ambitions into reality.

Regional and local government organisations understand the financial and reputational risks tied to irresponsible purchasing – and they're keen to embrace more ethical practices as scrutiny around public spending and ESG grows. But our research conducted with 143 procurement professionals across the UK, France, Germany, Italy and Spain reveals a classic conflict of short- and long-term priorities where price outweighs purpose.



Our survey findings suggest that:

1.



Local government is falling short on ESG commitments:

most (80%) say their organisation overstates its commitment to responsible procurement and 92% admit their organisation could be doing more to prioritise responsible purchasing. The majority (91%) of local government buyers would find their roles more rewarding if they could play a bigger part in achieving ESG goals.

2.



Short-term cost pressures overshadow ESG:

most local government buyers (83%) say cost-cutting trumps responsible procurement, and 92% agree financial health determines how much the organisation prioritises responsible buying. 89% believe ethical and sustainable purchasing is becoming more expensive in the short term, and one third say additional costs is a top obstacle to adopting more responsible practices.

3.



Supplier scarcity is the top obstacle to adoption:

difficulty sourcing suppliers is the top obstacle (41%) to adopting more responsible procurement processes. Compared with peers in education and non-profit organisations, local government has the least difficulty sourcing ESG information from suppliers but the most difficulty sourcing suppliers that meet requirements.

4.



Legacy systems are compounding spend visibility issues:

only 41% of local government institutions use a unified purchasing platform, and more than a third (34%) say improving visibility and control over off-tender buying is a top procurement priority in the next 12 months.

5.



But buyers know the risks of choosing price over purpose:

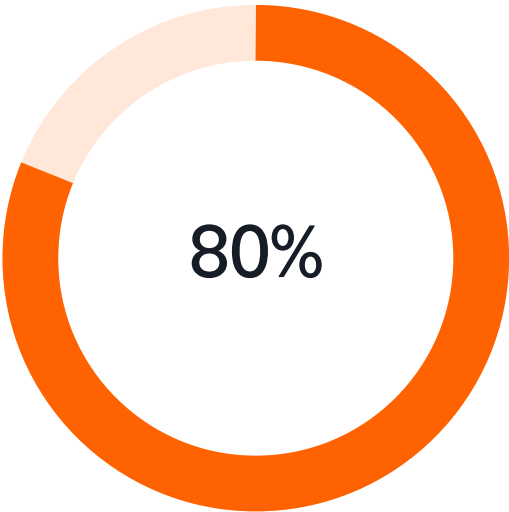
90% say chasing the lowest prices can lead to higher long-term costs, and 87% warn it can open the door to unethical practices, putting their organisations at risk.

Key research findings

With additional insights from Professor Jens Roehrich and Dr Christoph Schmidt, both from the University of Bath in the UK, this report explores the findings in full and outlines some of the steps non-profit organisations can take to mitigate risks, improve spend control, and embed more responsible practices.

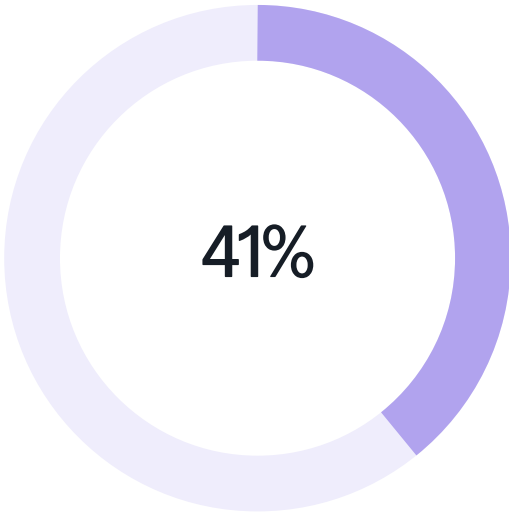
80%

admit their organisation overstates its responsible procurement commitments



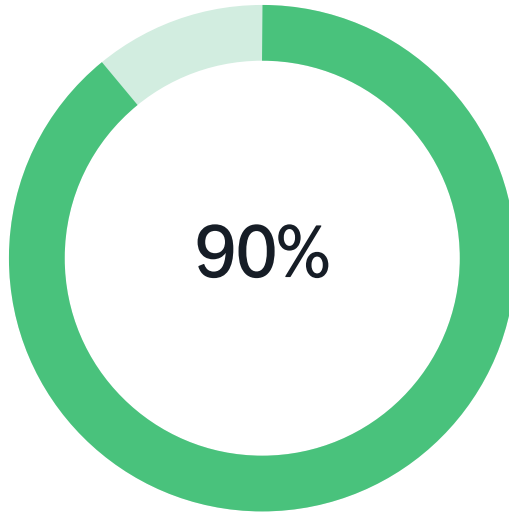
41%

say the limited number of certified suppliers is making it harder to adopt responsible practices



90%

agree chasing lowest price can increase long-term costs, creating a false economy



Introduction: local government's tough trade-off

Most local government buyers (83%) say cost-cutting takes precedence over responsible purchasing, but at what cost to long-term value?

Local government procurement teams across Europe are grappling with intense financial pressures. This stems from high inflation, budget shortfalls, rising demand for essential services and growing scrutiny over spend efficiency. In this climate, regional, provincial, and municipal/local authorities must make tough decisions to make ends meet.

At the same time, there's growing pressure – from a policy and perception perspective – to demonstrate how public spending is creating long-term economic, environmental and social value. These imperatives are often in conflict, prompting difficult trade-offs in procurement and mixed directives from business leaders. And, compared with peers in other public sector industries, local government is far more likely to feel pulled in two directions, according to our research findings.

So does cost cutting mean corner cutting? Are cost pressures pushing ethical and sustainable purchasing down the agenda? And what's at stake if local government prioritises cost optimisation at the expense of responsible practices?

This report unpacks these urgent questions, harnessing original and third-party research with procurement decision-makers across the UK and Europe to investigate:



Why local government organisations are struggling to prioritise responsible procurement amid ongoing cost pressures



The reasons behind the price vs. purpose conundrum



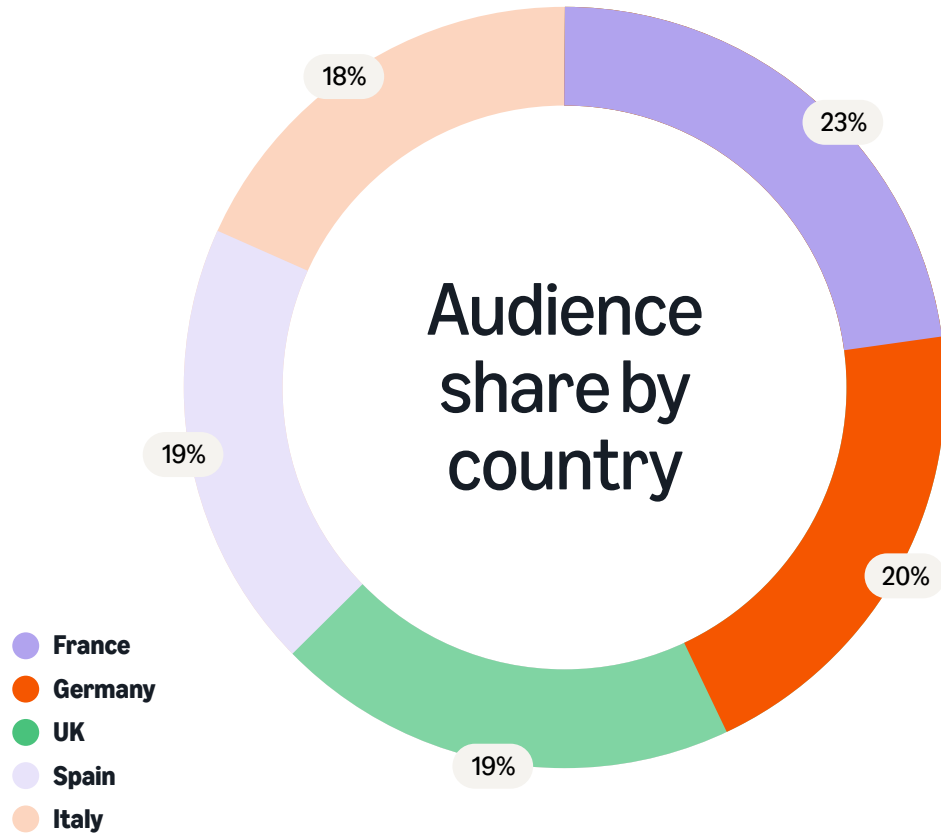
The strategies and tools leaders can use to balance cost efficiencies and responsible practices and turn off-tender purchasing into a force for positive change

When local government makes procurement decisions on price alone, the hidden costs – social, environmental, and economic – only grow larger over time.”

Professor Jens Roehrich, University of Bath

Our research methodology

This report draws on insights from a July 2025 online survey of 143 local and regional government procurement professionals across the UK, France, Germany, Italy and Spain, and broader research with 439 public sector professionals in education, local government and non-profit organisations throughout Europe.



With insights from:



Dr Christoph Schmidt,
University of Bath

Christoph Schmidt is an Associate Professor of Empirical Supply Chain Management at the University of Bath, UK. His research focuses on the use of digital technologies in operations and supply chain management, including the examination of sustainability aspects in public and private procurement settings.

Christoph's research has been published in academic journals, reports, and media outlets, and has won awards at international conferences. His research has informed university teaching, executive education, and industry engagement.



Professor Jens Roehrich,
University of Bath

Jens Roehrich is a Professor of Supply Chain Innovation at the University of Bath, School of Management, UK. He has carried out research, executive education, competence development, and consultancy activities with a wide range of public and private organisations.

His research focuses on long-term relationships across public and private organisations with a particular emphasis on responsible public procurement and contracting. His award-winning research has been published in academic journals, industry and policy reports, and in major media outlets.

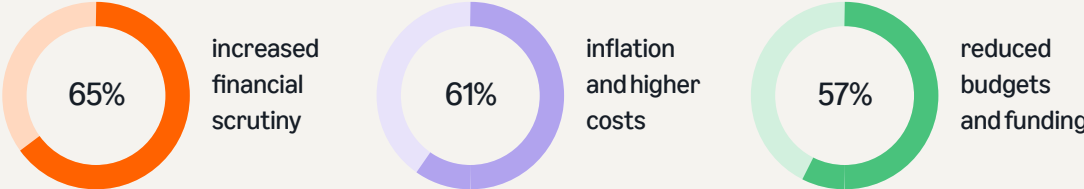
Cost and efficiency dominate procurement agendas

The drive to improve efficiencies and reduce purchasing costs is set to dominate local government agendas for the next 12 months.

Local government entities manage diverse and complex budgets, with spending typically allocated across several key areas, from administrative and operational costs to community programmes. Our findings confirm that optimising costs and improving efficiencies are local government’s top priorities in procurement. It’s no real surprise that these connected goals are top of mind for cash-strapped government institutes; saving time and improving efficiencies can save costs, helping governments offset rising cost pressures.

So what are the primary cost pressures – and how are they impacting local and regional government institutions? Many say that their approach to off-tender purchasing is affected by increased financial scrutiny, inflation and reduced budgets and funding.

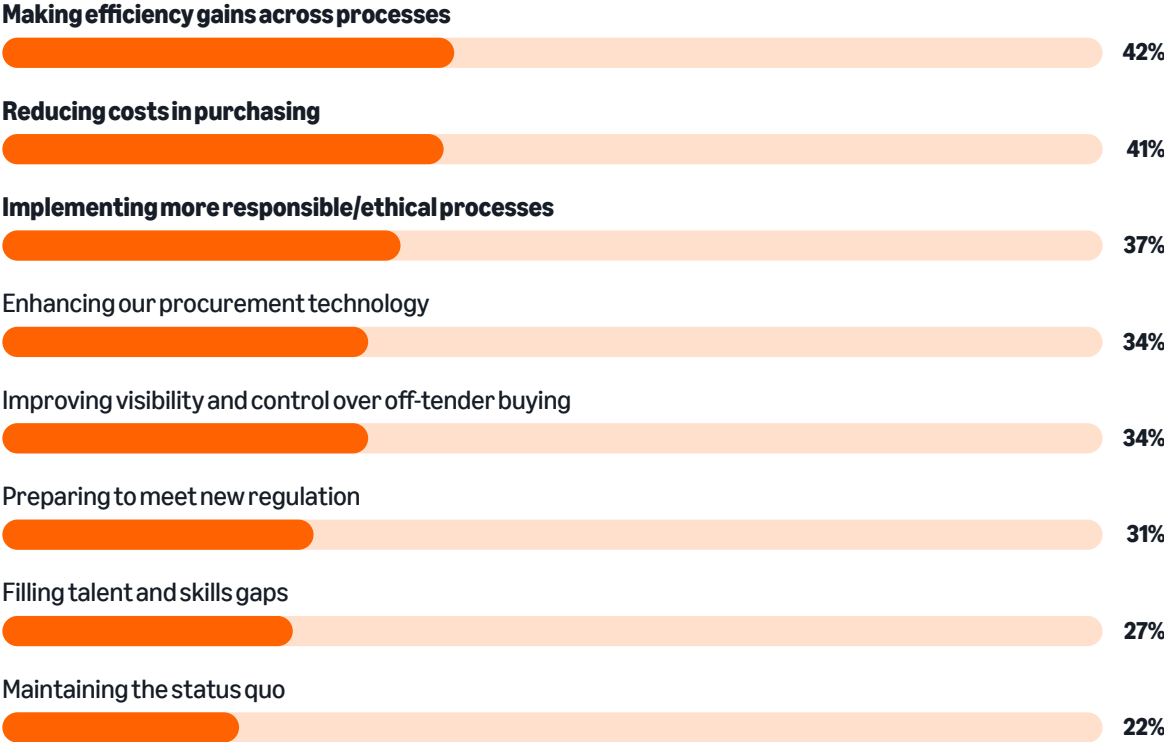
The cost pressures impacting participants’ off-tender purchasing:



Local governments’ spending needs often outpace their funding, and inflation has eroded purchasing power further, leaving procurement departments scrambling to cut or contain costs. Some teams are responding with aggressive cost-cutting, consolidated contracts, delayed projects and even cuts to discretionary services.¹

Local government’s top procurement priorities in the next 12 months

% of respondents who voted each option in their top 3 priorities for the year



¹ <https://www.grantthornton.co.uk/insights/the-pressures-facing-uk-councils/>

A snapshot of cost pressures in the UK and Europe

UK

In 2024/25, core spending power for councils in England is around 23% lower in real terms than it was in 2010/11.² In 2025, credit rating agency Fitch said improved funding to local authorities will be no match for ongoing cost and demand pressures.³

Germany

In 2023, local government in Germany experienced its first deficit since 2011 with spending outpacing revenues. German city associations called this “catastrophic” and warned municipalities “will not be able to invest adequately” in coming years.⁴

Italy

In recent years, local procurement teams faced pressure to execute an unprecedented volume of projects under volatile conditions. This has led to procedural shortcuts like direct-award procurement to avoid delays.⁶

France

While French local procurement budgets have not seen drastic cuts, inflation is eating into purchasing power, requiring tactical changes such as fewer, larger tenders and re-negotiations to stay within budget.

Spain

Despite climate commitments, many public bodies still default to “lowest cost” purchasing criteria to keep costs down for fiscal stability.⁵ Budgets remain tight under national spending limits.

Across Europe, local governments face some distinct fiscal pressures that shape their procurement environments in markedly different ways. For example, in the UK, rising demand for adult social care and children’s services is consuming an increasing share of local budgets, leaving limited room for strategic procurement or capital investment.

Germany’s municipalities, meanwhile, are grappling with inflation in construction and energy costs, which has significantly inflated the price of investment projects such as schools, housing and infrastructure. Their heavy reliance on business tax revenues means they’re even more exposed to economic volatility.

In Spain, local authorities operate under strict deficit and debt rules imposed by EU and national fiscal frameworks. This puts considerable strain on spending flexibility.⁷

Taken together, these dynamics contribute to broader patterns. In the UK and Germany, fiscal stress is structural, driven by deficits, insolvency risks and escalating social service demand. Meanwhile, in Spain and Italy, tight fiscal rules and limited administrative capacity often result in fragmented procurement and a tendency toward lowest-cost approaches. France stands out with relatively stable funding, yet inflation-driven wage and procurement cost pressures continue to squeeze margins, limiting the scope for innovation or sustainability in purchasing.

These country-level differences underscore the need for tailored procurement reforms and actions that reflect local fiscal realities while promoting strategic alignment and resilience.

2. www.local.gov.uk/parliament/briefings-and-responses/local-government-finances-and-impact-local-communities
3. www.fitchratings.com/research/international-public-finance/english-local-authorities-face-high-pressure-despite-local-government-finance-settlement-10-02-2025

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7. www.oecd.org/en/publications/2025/05/promoting-strategic-and-green-public-procurement-in-france_e82f6e2d/full-report/an-ambitious-regulatory-framework-for-achieving-environmental-objectives_c2eb8afa.html






How cost pressures and inefficiencies impact procurement

Procurement within European local governments is currently dominated by a cost-containment mindset. Local authorities such as councils have seen a long-term squeeze on finances, and inflation is compounding funding cuts and growing service demands. The priority is maintaining essential services in the face of budget gaps and inflation. Short-term financial survival often takes precedence over longer-term considerations, which can clash with more strategic ESG goals.

These cost pressures can impact procurement in several ways and lead to:

-  Cutbacks in purchases and services
-  Increased cost scrutiny
-  Reliance on reserves and stopgap funding
-  Service outsourcing or consolidation to cut costs

Local authorities are responding with a host of different approaches, for example:

-  Stronger focus on cost efficiency and value for money
-  Centralising and collaborating to achieve economies of scale
-  Streamlining (or shortcutting) procurement processes
-  Heightened governance and risk management
-  Re-negotiating existing contracts

At the same time, inefficiencies persist – particularly when procurement responsibilities are distributed across municipal, regional and local levels. The variation in procurement rules, institutional capacity and digital systems across jurisdictions creates a fragmented landscape. And this complicates compliance, oversight and coordination.

In Germany, for instance, approximately 78% of public procurement is conducted at the sub-national level, with only 12% managed centrally.⁸ This results in inconsistent practices and limited economies of scale, making it difficult to align procurement strategies or aggregate demand across regions. What's more, the sheer number of municipalities, each with different capacities and priorities, often leads to small-scale tenders and missed opportunities for strategic procurement alignment.⁹

These inefficiencies are exacerbated by the proliferation of procurement portals and regulatory direction – even within a single country. The inconsistent adoption of e-procurement systems and varying levels of digital maturity among municipalities mean that some authorities still rely on inefficient manual or ad hoc processes, which hinder the use of data for insights.

“For suppliers – especially SMEs and those offering green or sustainable solutions – this fragmented environment poses a substantial barrier. Navigating multiple approval lists and adapting to disparate systems is not only costly and time-consuming but often redundant, discouraging participation and limiting market access.”

Professor Jens Roehrich, University of Bath

To unlock strategic value from public procurement, governments should shift from price-centric approaches to lifecycle costing and value-based procurement. Evaluating the total cost of ownership (TCO) enables contracting authorities to align financial decisions with environmental, social, and governance (ESG) objectives.”

Professor Jens Roehrich, University of Bath

Addressing inefficiencies within local government procurement

Ultimately, such fragmentation undermines procurement’s potential to drive innovation, sustainability and value for money. To address these challenges, local governments are increasingly turning to strategic procurement partnerships and digital tools. Modern platforms offer spend analytics, automated workflows and consolidated billing to improve visibility and control. Yet adoption remains uneven, and many institutions are caught between legacy systems and new compliance demands.

Approaches that shift the focus from price to lifecycle costing improve cost-effectiveness over time. They also incentivise suppliers to offer more sustainable and innovative solutions. Embedded into procurement criteria, these approaches can drive market transformation.

Equally important are structural and capacity-building reforms. Regional cooperation through joint procurement bodies or shared service centres may reduce duplication, harmonise sustainability standards and enhance purchasing power – particularly beneficial for smaller municipalities with limited resources. However, digital tools alone are insufficient without investment in human capital. Procurement professionals need training to interpret complex sustainability metrics, manage innovation partnerships and navigate evolving regulatory landscapes.



Why responsible procurement is a key priority

37%

say implementing more responsible procurement processes is a top-three focus.

Improving efficiencies and optimising costs is not the only priority for local government teams over the next 12 months; more than a third (37%) say implementing more responsible procurement processes is a top-three focus.

So why is ethical and sustainable procurement top of mind for procurement professionals across the sector?

Cost management and risk mitigation

Compared with their counterparts in education and non-profit organisations, local government seems more aware of the long-term benefits around sustainable and ethical purchasing. The sector's primary motivator for adopting more responsible procurement practices is minimising risks and/or longer-term costs (48%).

The top three motives for adopting more responsible business buying

1

48%

- Minimising risks and/or longer-term costs

2

43%

- We've opted into an external scheme/pledge
- Strong buy-in for ESG from business leadership

3

42%

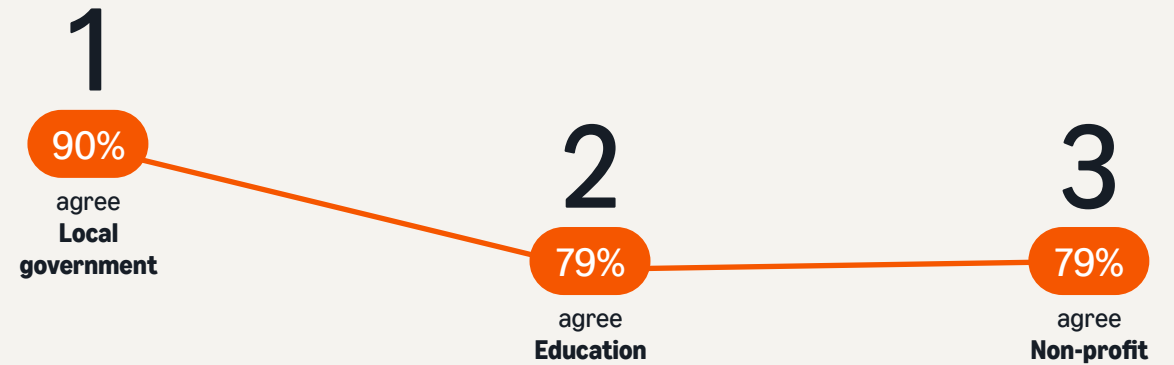
- Improving our environmental, ethical and social impact

The vast majority (90%) agree that chasing the lowest price can ultimately increase costs; cheaper typically means lower quality, and lower quality goods need replacing more often. There are other risks too: 87% agree focusing too heavily on lowest cost can lead to unethical practices – something that could ultimately become a reputational risk or incur non-compliance fines. ESG education and awareness appears to be higher in local government compared with other public sector verticals, with procurement professionals far more likely to agree with the risks posed by irresponsible buying.

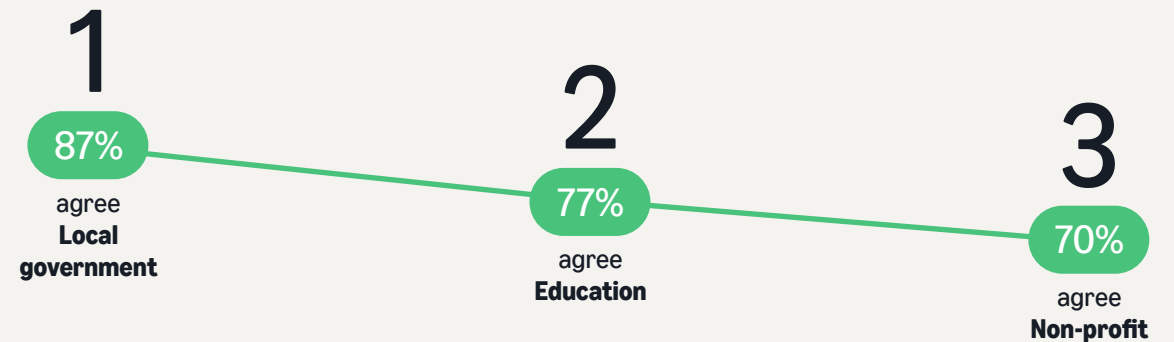


Local government buyers are more attuned to ESG benefits

“Purchasing lowest-price goods can increase costs in the long term”



“Focusing on lowest-price goods can lead to unethical practices”



Personal investment in ESG priorities

Similar to the non-profit sector, leadership buy-in is a top-three motivator (43%) for adopting more responsible practices in local government. But it's not just that procurement decision-makers are "following orders" here; they seem to be personally invested in ESG.

"Procurement professionals in local government champion responsible purchasing because every pound spent shapes communities, supports local economies, and builds public trust."

Dr Christoph Schmidt, University of Bath

Most (92%) report feeling personally engaged and passionate about responsible purchasing, while 91% say that being able to contribute more towards ESG and responsible procurement goals would make their work more rewarding. These figures are notably higher for local authorities than other public sector verticals, suggesting that, for government bodies, ESG can play an even greater role in attracting and retaining talent by instilling a sense of purpose.¹⁰

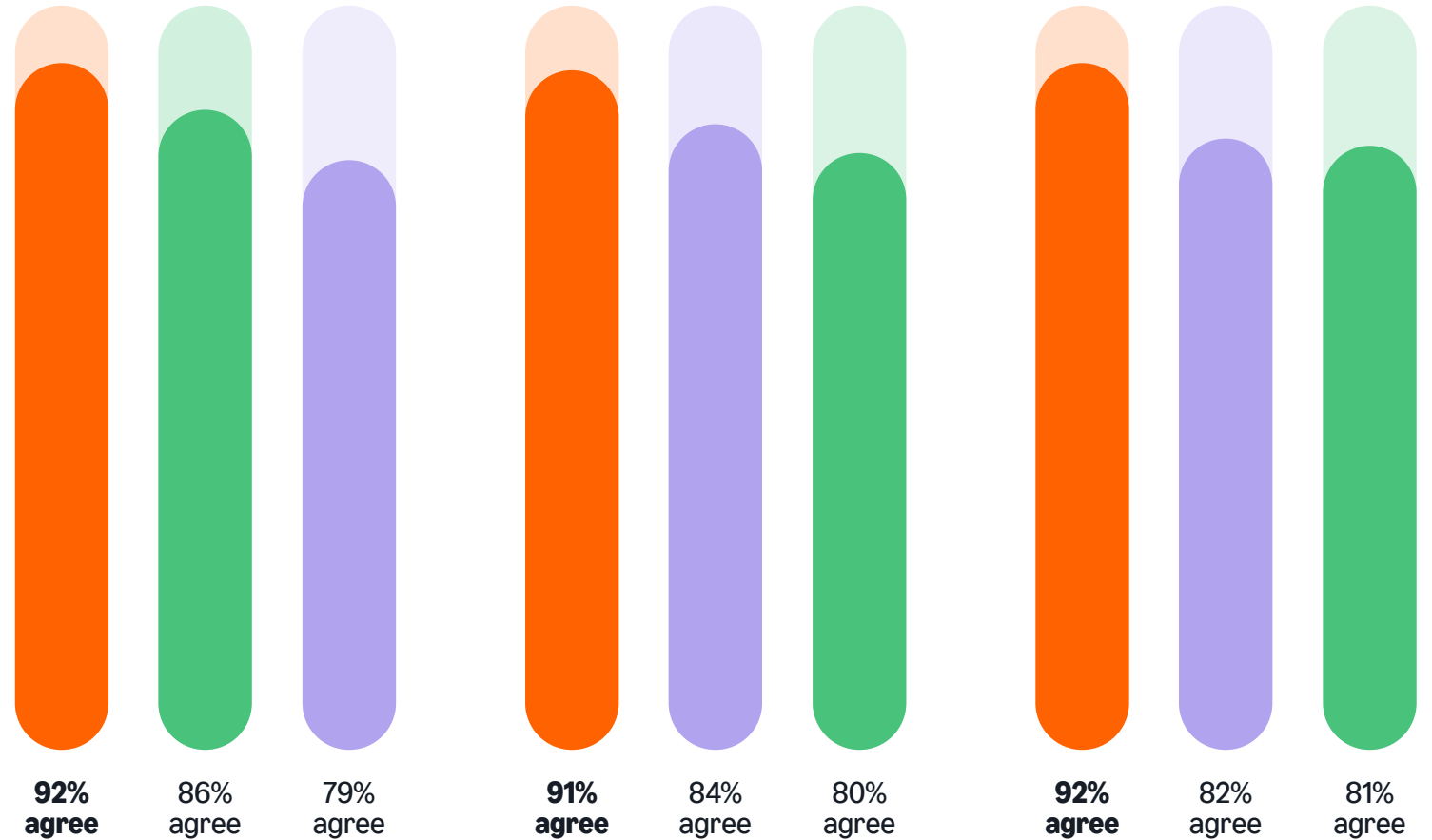
Local government buyers are more engaged with ESG

● Local government ● Non-profit ● Education

'I feel personally engaged and passionate about responsible purchasing'

'Contributing more to ESG would make my job more rewarding'

'My organisation should be doing more to prioritise responsible procurement'



Compliance: an ESG driver

Compared with other areas of the public sector, local government is more likely to report compliance as a driving force for adopting responsible practices, with 43% citing external schemes or pledges as a top motive for adopting more responsible procurement practices. This greater focus on compliance with frameworks and internal policies is to be expected from one of the more regulated areas of the public sector; almost a third (31%) of local government respondents report “preparing to meet new regulation” as a top procurement priority in the next 12 months.

Compliance drivers for implementing responsible procurement practices:

Are committed to external schemes or pledges



Say complying with internal policies is a top motivation



Say complying with regulation is a key motive



Local government Public sector average



The rising tide of responsible procurement regulation

From the UK Procurement Act 2023 and the National Procurement Policy Statement (NPPS) to EU due-diligence law and sector consortia frameworks, the regulatory and operational environment is pushing local and regional government to embed responsible practices into procurement. These practices – such as measuring Scope 3 emissions, tackling modern slavery and baking ESG into contract award criteria – are increasingly expected and auditable under public procurement legislation and guidelines.

Local government buyers can stay compliant by embedding processes which align to evolving policy frameworks. In the EU, this means ensuring procurement processes reflect the transparency, sustainability and competitiveness principles of the EU Procurement Act 2023.

Several countries have national action plans. For example, Spain, France and Italy have all introduced mandatory sustainability criteria into their public procurement frameworks, reflecting a broader shift toward environmentally responsible purchasing. Spain's LCSP (Ley de Contratos del Sector Público) law requires public entities to embed environmental and sustainability standards into procurement processes, making them essential for contract eligibility. Italy enforces detailed Minimum Environmental Criteria (CAM), which obligate public administrations to select goods, works and services with reduced lifecycle environmental impact. France is set to follow suit, mandating at least one environmental award criterion in all public tenders by August 2026. These measures collectively signal a growing commitment to green procurement across Southern Europe.

In the UK, local government must comply with the UK Procurement Act 2023 and also have regard for the strategic priorities set out in the National Procurement Policy Statement (NPPS), which emphasises value for money, sustainability and social value. The UK Procurement Act 2023 replaces the Most Economically Advantageous Tender (MEAT) standard from the 2015 regulations with the more flexible Most Advantageous Tender (MAT). This enables contracting authorities to consider broader criteria beyond price, such as innovation, social value and sustainability. This shift supports a more strategic and outcomes-focused approach to public procurement.

However, without robust monitoring and enforcement, procurement rules risk becoming procedural formalities rather than tools for achieving transparency, fairness and strategic outcomes. This gap undermines efforts to embed sustainability, innovation and social value into procurement processes, particularly when contracting authorities face little consequence for non-compliance or poor reporting.

Growing demands for ESG reporting add another layer of complexity. Municipalities must now track and disclose outcomes like carbon emissions, supplier diversity and community impact, placing a heavy administrative burden on already stretched teams. While these requirements enhance accountability and align procurement with broader policy goals, they also introduce significant administrative burdens, especially for smaller authorities with limited staff and expertise. Local governments must also navigate a complex web of overlapping EU, national and regional frameworks – each with its own standards, metrics and timelines.

This regulatory fragmentation demands specialised knowledge and coordination, which many municipalities lack, making it even harder for them to deliver positive outcomes.

For now, local government's push to implement more responsible procurement practices is driven mostly by strategic decision making; teams understand that responsible procurement choices help minimise risks and longer-term costs. But compliance is still a significant driver, with many acknowledging that adoption is necessary because they've made public commitment to pledges and schemes.

“Public procurement regulations are well-established across most European jurisdictions, but enforcement mechanisms often fall short. In many cases, compliance remains superficial due to limited auditing capacity and the absence of meaningful penalties.”

Professor Jens Roehrich, University of Bath

Cost vs. ethics: walking the tightrope

Local government procurement's top priorities – cost and efficiency optimisation and responsible procurement – are often in direct competition. And there's a clear winner.

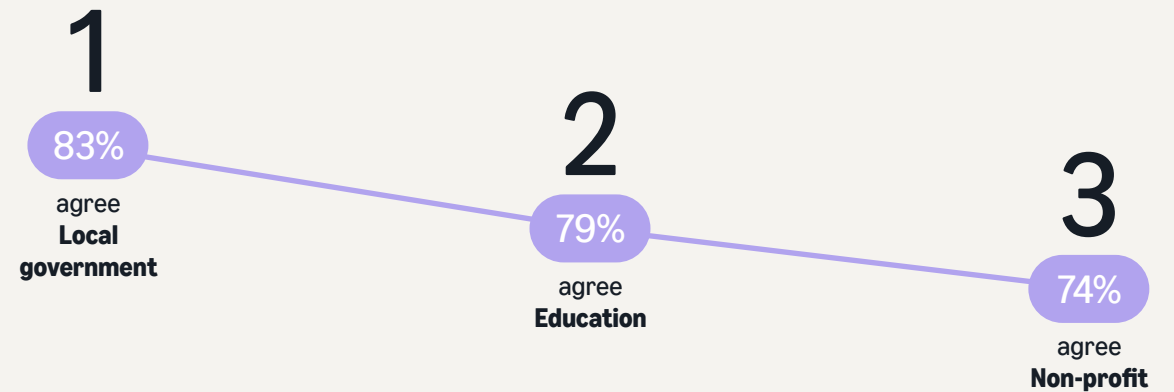
Despite progress against responsible procurement goals (81% say they're on track to exceed or meet their goals), decision-makers say their organisations are struggling to prioritise responsible purchasing in the face of ongoing cost pressures. Simply put, when push comes to shove, cost-cutting tops ESG priorities.

Surveys indicate growing adoption of sustainable procurement policies in cities,¹¹ but when these organisations go on to select suppliers, lowest price often wins, with many contracts still awarded to the cheapest bidder.¹²

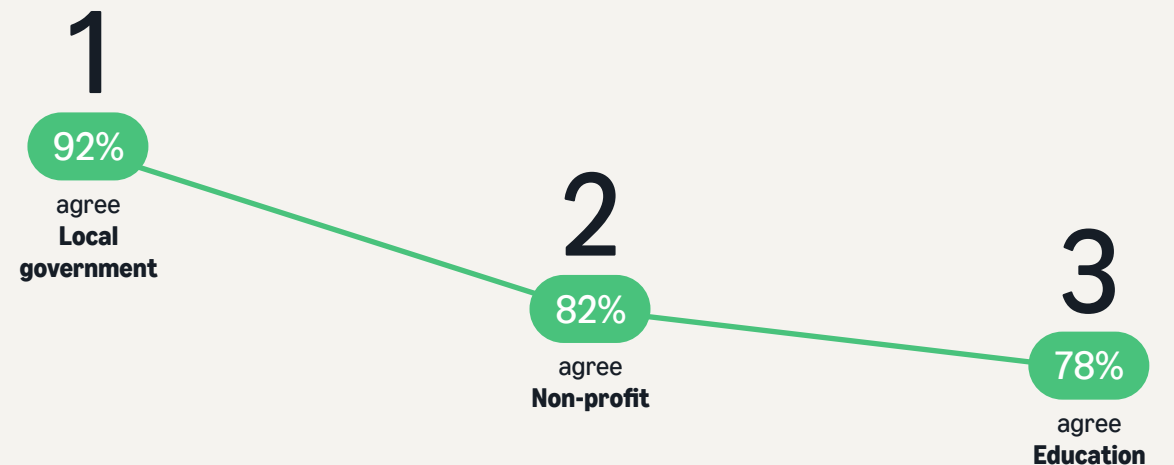
Short-term financial priorities are winning out

Compared with other public sector institutions, local government is much more likely to agree that short-term cost pressures outweigh ESG considerations. Given the harsh economic realities facing local government, it's perhaps unsurprising that 83% of procurement professionals say cost-cutting takes priority over responsible purchasing and 92% say the financial health of the organisation determines how much importance is placed on responsible procurement.

Cost-cutting takes priority over responsible purchasing:



The financial health of the organisation determines how much importance is placed on responsible procurement:



¹¹ [eurocities.eu/latest/navigating-the-future-of-public-procurement](https://www.eurocities.eu/latest/navigating-the-future-of-public-procurement)
¹² www.europarl.europa.eu/pressor/document/A-10-2025-0147_EN.html

For some, responsible purchasing does not feel financially feasible. In fact, “added costs (real or perceived)” is rated the second biggest barrier to adopting more responsible practices.

Short-term cost optimisation takes priority over ESG



92%

say fiscal health determines the importance placed on responsible procurement



89%

agree responsible procurement is becoming more expensive



83%

say cost-cutting takes priority over responsible purchasing

The result: a gulf between aspirations and reality

The tension between short-term cost priorities and longer-term ESG initiatives seems to create internal confusion about what’s important, with most procurement teams feeling leaders give mixed messages. They also point to a gulf between organisations’ external positioning or commitments and the reality on the ground. Both issues are felt more strongly in local government compared with other public verticals.

Local government leaders are sending mixed messages

Local government buyers are far more likely to cite a disconnect between ESG commitments and reality compared with other public sector verticals. 87% report mixed messages on procurement priorities, compared with 79% for both education and non-profit. And 80% say responsible practices are not as important to the organisation as its external positioning suggests, compared with 72% for non-profit and 68% for education.

87%

say business leaders give mixed messages on procurement priorities

80%

say responsible practices are not as important as external messaging suggests

Responsible procurement is a work in progress

Local municipalities play a pivotal role in shaping the impact of public procurement across the European Union, which in itself plays a significant role in the economy. In fact, the EU public procurement market accounts for approximately 14% of the EU's GDP.¹³

Municipalities are responsible for a substantial share of these expenditures, particularly in sectors like infrastructure, education, waste management, and social services. Their purchasing decisions directly influence market demand, making them powerful agents for promoting sustainability, innovation, and social inclusion.

“By embedding environmental and social criteria into tenders for goods, works, and services, municipalities can drive systemic change, encouraging suppliers to adopt greener practices, support local employment, and deliver long-term value.”

Dr Christoph Schmidt, University of Bath

Our respondents say they're tracking against their responsible procurement goals, but government is least confident compared with education and non-profit organisations. Just 31% of government respondents say they're outperforming their responsible procurement goals compared with 53% in education and 45% in non-profit organisations. Perhaps, as a more regulated part of the public sector, local government is setting more ambitious or stringent goals or has better methods for tracking performance.

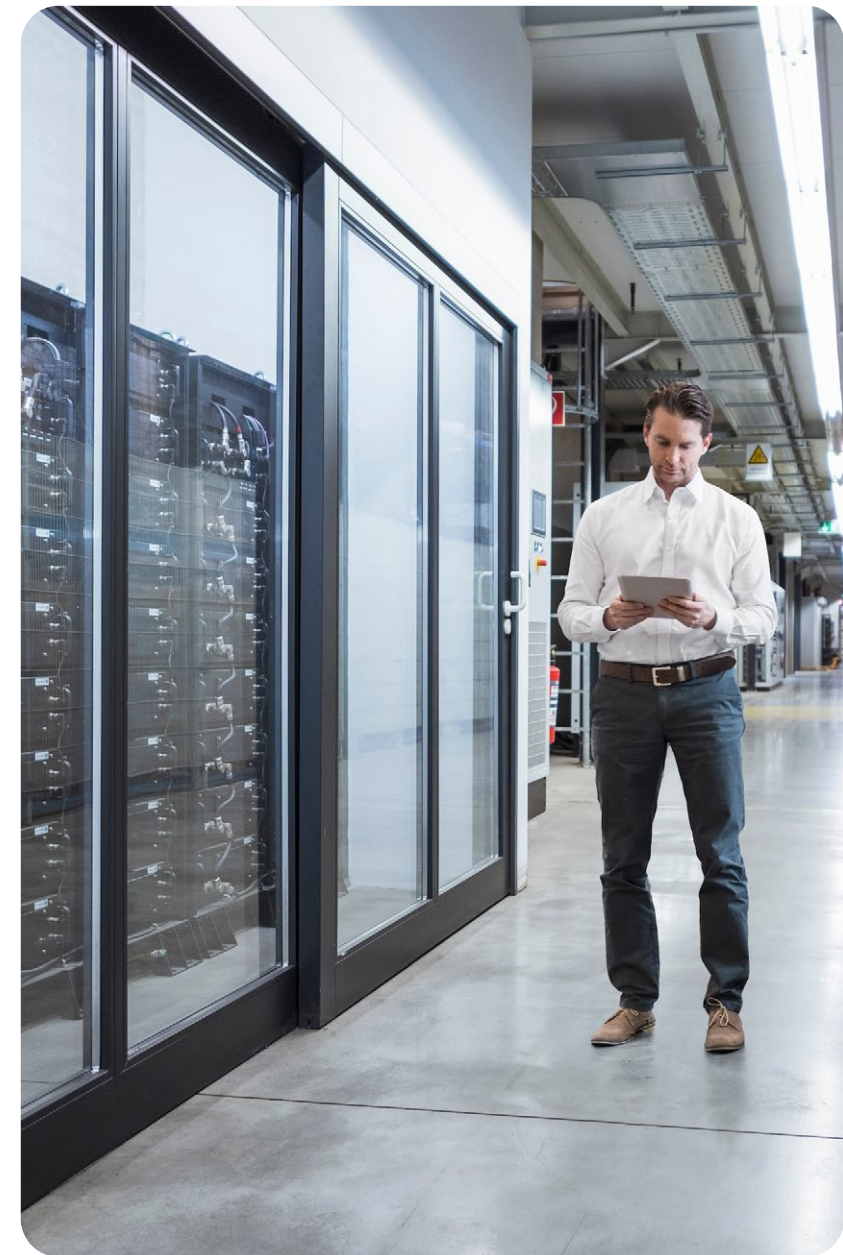
'We're outperforming our responsible procurement goals'

53% agree

45% agree

31% agree

- Education
- Non-profit
- Local government



Pilot projects often demonstrate innovative approaches and promising results, but scaling these initiatives across diverse municipalities is challenging due to differences in capacity, priorities, and regulatory environments. Broader uptake demands coordinated frameworks, shared resources, and sustained political commitment.”

Professor Jens Roehrich, University of Bath

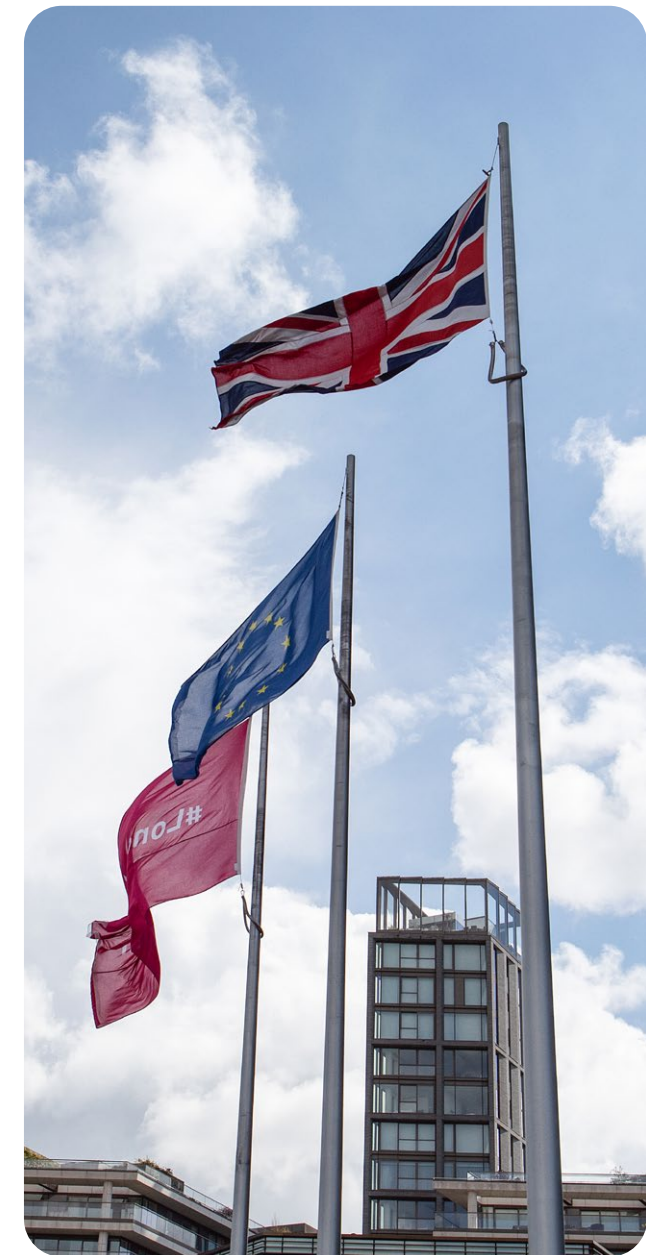
A 2023 survey found that European cities are increasingly prioritising sustainable, digital and socially responsible procurement practices.¹⁴ Madrid, for example, has integrated sustainability mandates into its procurement rules, and many municipalities now have dedicated sustainable procurement rules or working groups. In France, over half of local authorities were estimated to have a responsible procurement scheme or policy by 2023 (estimate from the Observatoire économique de la commande publique).

On paper, local government is moving toward responsible procurement. But implementation is varied and incremental. For example, The European Court of Auditors reported in late 2023 that most member states’ contracting authorities implement strategic procurement “to a very limited extent” and the share of contracts awarded on criteria other than lowest price had barely increased since the reforms.¹⁵ While policies exist, frontline procurement officers might be cautious to apply heavy ESG weightings, often due to fear of higher costs or lack of expertise.

The bottom line? Responsible procurement is a work in progress. The trend line is positive – more policies, more success stories – but actual translation into everyday procurement decisions remains moderate. For local government teams, it often boils down to individual leadership and incentives: if council leaders champion ESG and allocate budget for it, procurement will follow; if the message is “save money above all,” ESG considerations may be sidelined.

Achieving impact through sustainable public procurement requires greater consistency across local policy development, adoption and enforcement.

Ultimately, short-term financial pressures are preventing local government organisations from achieving longer-term environmental and social goals. However, it’s not the only obstacle; the research reveals other factors that deter local government from adopting more responsible practices...



Practical implementation hurdles

Few certified “green” suppliers

The limited availability of certified “green” suppliers in public procurement is largely a reflection of market immaturity and structural barriers.

In many sectors – such as construction materials, catering and facilities management – sustainable alternatives are still emerging and suppliers face high upfront costs to develop, certify and scale environmentally friendly offerings. Smaller and more innovative firms, which often drive sustainability, struggle to meet formal eligibility requirements imposed by local governments, including insurance thresholds, certifications and volume guarantees. These criteria, while designed to ensure reliability, can inadvertently exclude promising green suppliers from the market.¹⁶

“Public procurement processes themselves compound the challenge. Lengthy timelines, complex documentation, and uncertain outcomes discourage participation, especially among resource-constrained SMEs.”

Dr Christoph Schmidt, University of Bath

Moreover, fragmented and inconsistent green procurement criteria across regions mean that suppliers must navigate multiple standards and approval lists – often at great expense and with little guarantee of success. This patchwork not only deters suppliers from investing in certification but also sends misleading market signals: despite policy rhetoric around sustainability, actual demand from contracting authorities may appear weak or inaccessible. Risk-averse procurement practices that favour established suppliers limit opportunities for newer entrants, stifling innovation and slowing the transition to greener supply chains.

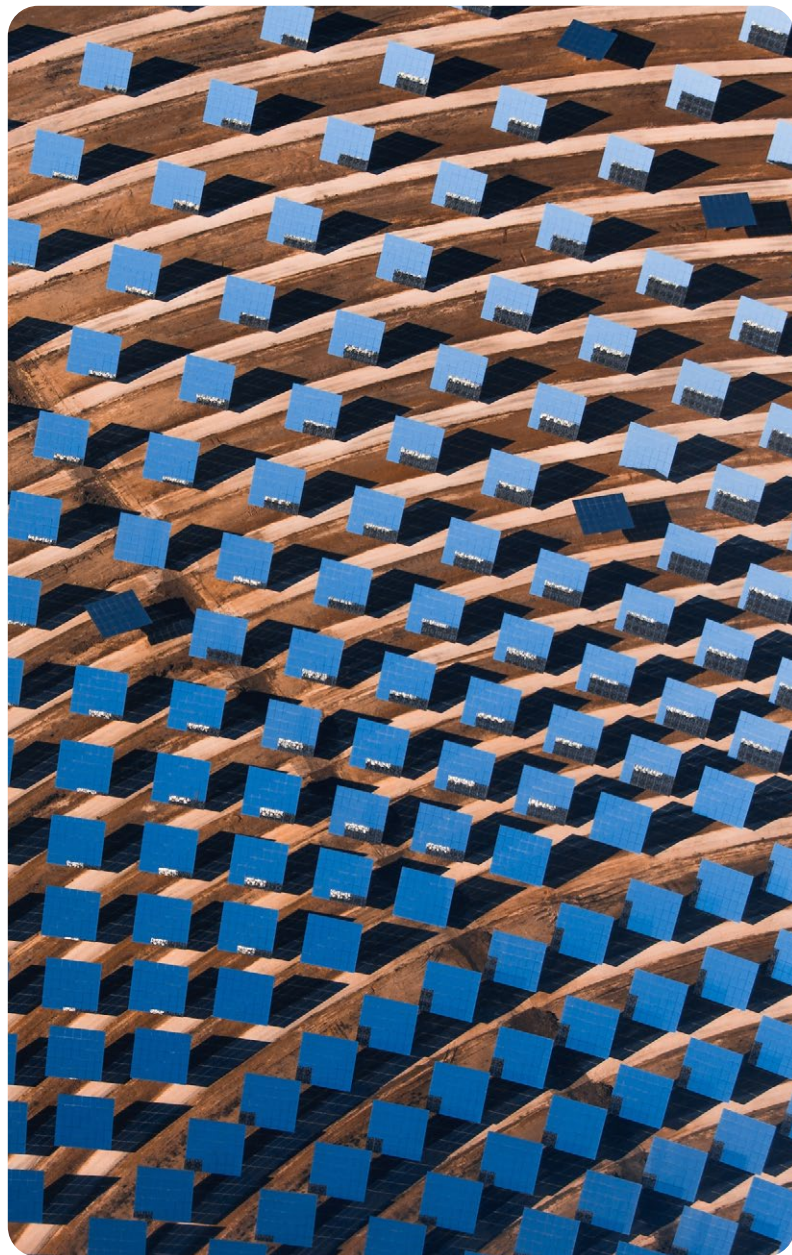
A shrinking supplier pool

Supplier limitations is a significant obstacle to adopting more responsible practices. Compared with the education and non-profit sectors, local government has the least difficulty sourcing ESG information from suppliers (just 1 in 5 report this as a challenge), but it has the most difficulty sourcing suppliers that meet ESG requirements. Getting information to qualify potential suppliers is not the issue, but the limited pool of suppliers that meet ESG requirements is voted the top barrier to adopting more responsible practices.

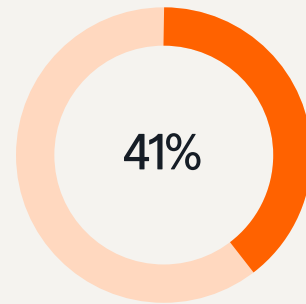
Where local government organisations do start implementing more responsible practices, they again cite supplier issues as an ongoing challenge. For example, 32% say it's harder to negotiate competitive pricing or terms, and 28% say it's harder to consolidate the number of suppliers they use.

These supplier limitations pose a clear dilemma: how are local government buyers supposed to make the most responsible choice if it results in limiting their sourcing options – something that often conflicts with finding the most competitive pricing? What's more, working with suppliers to negotiate more competitive terms adds time and complexity to processes.

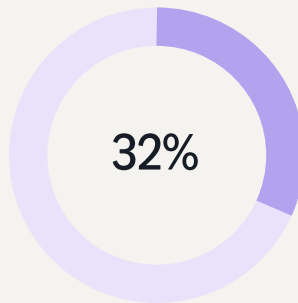




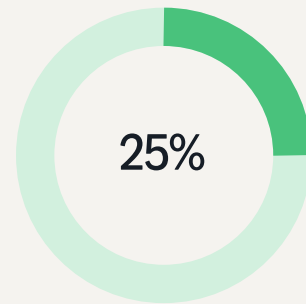
Supplier limitations hamper responsible procurement



say difficulty sourcing suppliers is making it harder to adopt responsible practices



say responsible practices make it harder to negotiate competitive pricing or terms



say suppliers are struggling to meet responsible procurement criteria

Tackling supplier limitations

To overcome the scarcity of certified green suppliers, firms and contracting authorities can take proactive steps to reshape market conditions. Aggregating demand across councils, regions and/or national frameworks helps create sufficient scale to attract and sustain sustainable suppliers. Supplier development initiatives – such as training and partnerships with SMEs – can build capacity and help local businesses meet ESG criteria, broadening the pool of eligible vendors.¹⁷

“Procurement strategies should also evolve to support gradual market entry. Phased sustainability criteria would allow suppliers to improve over time rather than requiring full compliance upfront, while lifecycle costing shifts focus from initial price to long-term value, making green options more competitive.”

Professor Jens Roehrich, University of Bath

Using innovation clauses and signalling long-term commitments – through net-zero roadmaps or consistent ESG weighting – can encourage suppliers to invest in sustainable solutions and help build a stronger, more resilient procurement ecosystem.

The challenges posed by ad hoc purchasing

“Off-tender” purchasing outside central contracts can constitute a significant percentage of overall spend for local and regional government bodies. This can include ad hoc, lower value, lower complexity spending, as well as direct award contracts below certain thresholds. It also includes maverick spending i.e. spending that falls outside an organisation’s procurement guidelines.

Without a centralised platform aligned to framework agreements, this type of procurement is often:



Inefficient: for example, colleagues must go to different places to purchase goods from different categories



Hard to track: it’s tricky to get a clear view of spending and purchases and streamline reporting and invoicing



ESG blind spots: purchases made outside frameworks are less likely to include sustainability or ethical criteria, undermining wider ESG goals



Cost inefficient: off-tender purchasing can miss out on bulk discount advantages or lead to higher unit costs and inconsistent standards



Operational disruption: inconsistent products or services (e.g. incompatible IT equipment, varying quality in maintenance services) create downstream inefficiencies



Compliance risk: off-tender spend can breach procurement regulations or audit requirements, exposing local governments to fines or reputational damage

Procurement platforms across Europe vary widely in their structure, usability and strategic impact, influencing how effectively public bodies can make informed purchasing decisions. The UK stands out with innovative frameworks, for example G-Cloud, which is managed by the Crown Commercial Service. France offers a centralised approach through UGAP, enabling direct purchases from vetted suppliers via a national catalogue. These systems enhance transparency, reduce administrative burden and support strategic procurement goals.

In contrast, Germany, Spain, and Italy face challenges due to fragmented or sometimes underdeveloped platforms. Germany’s decentralised procurement landscape is marked by multiple portals and limited unified catalogues, complicating supplier access and oversight. Spain’s national portals function more as notice boards, offering limited support for strategic sourcing. Italy relies heavily on direct awards and lacks more robust sustainability listings, making it harder to identify and engage green suppliers.

“**These disparities highlight the need for investment in digital infrastructure and harmonised procurement tools to support better decision-making and policy alignment across all levels of government.”**

Dr Christoph Schmidt, University of Bath

The challenge of spend control and visibility

The lack of visibility and control around off-tender purchasing is another issue that's blocking local government's progress on responsible procurement. 34% of procurement leaders say they lack control over employee behaviour around this type of purchasing, making it harder to adopt responsible practices. The same percentage say improving visibility and control over off-tender buying is a top priority for the next year.

Off-tender spend can be a blind spot for achieving procurement goals. For example, it's easier for a municipal authority to enforce a sustainable procurement policy in a formal tender where the organisation writes the criteria. But a department manager making an urgent ad hoc purchase (for example, to replace a piece of broken IT equipment) might not consider sustainability or social value – price and convenience rule.

34%

say they can't prevent employees from making off-tender purchases that don't meet guidelines or policies

34%

say improving visibility and control over off-tender buying is a top priority for the next 12 months



Gaining better visibility and control

Modern e-procurement tools and unified purchasing platforms that ensure departments must shop from pre-approved catalogues can be highly effective in addressing these issues. For instance, an online marketplace or portal makes it easy for procurement colleagues to see approved suppliers and products with both negotiated prices and robust sustainability credentials. Implemented well, this can reduce maverick spend by making compliant purchasing as easy as a few clicks.

However, uptake of such platforms is still slow. 41% of local government participants say their organisation has a unified purchasing platform for greater spend control and visibility. This percentage is higher than for education (37%) and non-profit (35%) but still represents the minority of local institutions.

Without technology and systems that allow effective oversight and control over employee spend, sustainability criteria can be extremely difficult to enforce and costs can spiral. In fact, our research confirms that some local government organisations are still relying on manual, document-based mandates to promote ethical and sustainable purchasing.

In lieu of automated platforms, some local governments have responded by introducing controls to bring greater transparency to off-tender purchasing, such as internal audits that review departmental purchases retrospectively. But adoption of these initial steps is still low.

Maturity index of responsible purchasing enforcement

Adoption of responsible procurement enforcement techniques is still low and many methods are still informal and manual



**Informal,
unenforceable methods**

28% have informal/non-enforced limitations on source location/shipping distance (e.g. shared via internal docs, word of mouth)

32% have preferred supplier lists but keep them in Excel or a similar application



**Intermediate
methods adopted**

34% have run staff training and awareness campaigns for responsible procurement

34% do self-auditing and regular reviews of off-tender purchases



**Best
practice**

41% say their organisation has a unified purchasing platform for greater spend control and visibility

The power of AI

AI and digital technologies are increasingly being used to give government more spend visibility and control in public procurement, particularly within decentralised systems. Tools powered by AI can continuously monitor supplier performance, financial health and ESG compliance, helping to mitigate risks and avoid engagement with unethical or unstable vendors. AI may also support policy consistency by ensuring procurement rules are applied uniformly, reducing fragmentation and improving compliance. Automated record-keeping and traceability features make it easier for local governments – especially those without dedicated procurement staff – to meet audit requirements and demonstrate accountability.

“Beyond compliance, technology enables smarter decision-making under budget constraints. Predictive analytics allow local governments to model procurement scenarios, weighing the financial and ESG implications of different choices, such as opting for sustainable versus lowest-cost suppliers.”

Professor Jens Roehrich, University of Bath

This capability supports more balanced and strategic procurement outcomes. Moreover, by flagging potential breaches, late payments or use of unapproved suppliers, AI can help avoid hidden costs and reputational risks. A recent OECD study found that AI-based features are starting to be integrated into public procurement systems, particularly in pre-tendering and planning stages – indicating a growing readiness among European public authorities to adopt these tools more broadly.¹⁸



The need to upskill procurement teams

Although they seem more aware than other public sector industries of the benefits of responsible purchasing, local government respondents say the top obstacle they face when implementing responsible procurement practices is the need to retrain staff (33%).

Some local authorities are training employees on how to incorporate ESG criteria. For example, the London Councils’ joint Responsible Procurement network shares best practices on the likes of social value scoring. Additionally, leading cities are sharing lessons on maintaining ESG under pressure. The District Councils’ Network has highlighted how councils can achieve sustainability within existing budgets by prioritising low or no-cost measures, such as building sustainability considerations into specifications and supplier engagement from the outset.

But training (and retraining) colleagues of course requires time and financial investment, which many authorities will struggle to resource. Clearly, as our findings suggest, there’s room for improvement when it comes to education and awareness. And the introduction of new policies and frameworks must go hand-in-hand with helping procurement teams understand ESG criteria and navigate cost pressures while ensuring compliance.



How to balance price and purpose

Procurement leaders in local government are clear that, for now, cost-cutting must take precedence over sustainable buying. At the same time, they're aware this decision poses significant risks.

So how can local and regional institutions – faced with cost constraints, legacy systems and evolving priorities – move towards cost efficient but responsible procurement?

The solution lies in a holistic approach that joins the dots across strategy, people, processes and platforms. Our findings suggest that many local government leaders are already bought into ESG but need to **define and communicate priorities clearly** across the organisation, so staff understand how purchasing decisions contribute to wider institutional goals. Here are some tips on how to embed responsible procurement:



Strategy: set clear, supportive criteria

- **Start with alignment:** use recognised standards like EU Green Public Procurement to shape your organisation's responsible purchasing criteria
- **Require business cases to include Total Cost of Ownership (TCO)** and mandatory social/ environmental scoring
- **Make it easy to follow:** embed these criteria into your procurement strategy alongside cost and quality considerations
- **Help colleagues act confidently:** pre-approved criteria can speed up decision-making and support responsible choices



People: empower through awareness

- **Offer practical training:** equip budget holders with the knowledge to balance value for money with ESG outcomes
- **Support your procurement team:** provide playbooks with ready-to-use award criteria, model questions, and contract KPIs
- **Build confidence:** training on ISO 20400 sustainable procurement helps teams make informed, compliant decisions



Processes: streamline for impact

- **Use trusted frameworks:** partner with preferred suppliers who meet both cost and ESG standards to reduce admin and ensure responsible sourcing
- **Invest in centralised frameworks, joint procurement hubs, pooled buying consortia:** use pre-qualified framework suppliers to reduce procurement burden and realise economies of scale
- **KPI monitoring and enforcement complexity:** further embed clear KPIs in contracts (working in collaboration with suppliers). Consider using digital contract management and e-procurement tools. Require supplier reporting and independent audits for higher-risk contracts
- **Think long-term:** apply lifecycle costing to purchases like ICT and furniture (consider energy use, durability, and disposal to avoid "cheap now, costly later" decisions)



Supply chain: strengthen partnerships

- **Use enforceable social and environmental contractual clauses:** include clear metrics, remedies, and step-in rights for major breaches
- **Require supplier reporting and third-party certifications:** use digital traceability tools for higher risk categories
- **Regular supplier KPI reviews:** incentivise compliance and graduated sanctions to preserve markets while driving improvements. Consider supplier awards for high-performing suppliers



Platform: guide with smart tools

- **Choose a supportive platform:** enforce your criteria through a digital procurement system to ease pressure on teams
- **Make responsible choices easy:** use automatic filters to show only suppliers that meet ESG and budget needs
- **Compare wisely:** use built-in AI-powered scoring tools to help assess vendors on price, sustainability, and compliance
- **Spot and steer spend:** highlight off-contract purchases and redirect spend to aligned suppliers through spend analytics, giving you visibility and control
- **Market engagement:** establish supplier development programmes
- **Phased procurement approaches:** consider using social value weighting to support SMEs and social enterprises while maintaining competition

**So what does smart transformation look like in practice?
Let's explore how Durham County Council transformed its procurement function by implementing many of these best-practice approaches...**



The local government organisations leading the charge

Durham County Council: creating social value through procurement

Durham County Council took bold steps to embed social value across its operations. The team launched its award-winning “County Durham Pound” initiative in 2022 to align procurement decisions with ESG goals, ensuring public spending directly benefits the local economy and addresses social needs.

One of the council’s biggest challenges was managing off-tender purchases for items like IT equipment, medical supplies or library books. Historically, these were driven by cost alone, often sourced internationally with little regard for sustainability. To bring spending in line with its ESG principles, the council partnered with Amazon Business, implementing filters that prioritised local suppliers. This simple yet powerful change ensured money stayed within the community, supported local job creation and reduced carbon emissions by minimising transport distances.

The council took a multi-layered strategy to embed ESG into procurement. Leadership drove top-down cultural change, while procurement teams were supported with new documentation that removed

administrative barriers to ESG compliance. At the operational level, project owners were incentivised through KPIs focused on social value outcomes such as local hires and supplier diversity.

Amazon Business played a dual role in this transformation. Beyond being a marketplace for ethical sourcing, its physical presence in Durham as a major employer added another layer of community impact. By aligning with the County Durham Pound initiative, the Amazon team contributed to local employment and reinforced the council’s vision of place-based social value.

The result is a procurement model that balances cost-efficiency with environmental and social responsibility – one that other councils across the UK are now looking to replicate.

Durham County Council’s journey shows how responsible procurement can foster economic resilience, environmental stewardship and community empowerment.



Closing remarks: the untapped potential of off-tender purchasing

Added costs, supplier scarcity and weak spend controls are preventing local government teams from adopting more responsible practices. The desire and intention to buy more responsibly is clear, but short-term financial priorities – and the belief that responsibility comes at a premium – make it hard to balance cost and conscience. It's a classic conflict of short-term vs. long-term value.

However, it's not a uniform story; some government organisations are adopting more responsible practices successfully. In many cases, successful initiatives involve reframing procurement assumptions, highlighting that ethical principles and cost-saving aren't actually in opposition. In fact, applying responsible principles to off-tender buying often supports long-term cost-saving and risk-mitigation priorities.

Meanwhile, advances in procurement technology mean that purchasing with values does not demand additional work from busy employees tasked with procurement. With automation built in, these solutions provide much better control over off-tender buying, while reducing the effort and time spent on back-end management. Investment can help local government teams finally resolve the cost versus conscience conundrum for good.

Despite ongoing cost pressures, local government can implement smarter processes and the right technology to transform responsible procurement from a box-ticking exercise to a strategic function that creates long-term economic, social and environmental value.



Amazon Business for local government

Amazon Business is uniquely positioned to help local and regional government organisations optimise costs while advancing responsible purchasing.

We're working to simplify complex procurement processes by helping organisations track off-tender spending, manage invoices more easily and find sellers who align with their business goals and values. Together with our customers, we're laying the groundwork for a more inclusive and equitable business ecosystem.

Here are a few of the ways the Amazon Business marketplace makes responsible purchasing easier by connecting buyers to diverse, sustainable and local sellers and making it easier to align procurement with institutional values and ESG goals:

- **Guided Buying** lets government organisations align purchases with their environmental goals, allowing procurement leaders to set company-wide responsible purchasing criteria and preferences for eco-friendly products, sustainable suppliers and certified green businesses. Smart controls, multiple filters and visual signposting make responsible decision-making a natural part of procurement processes, taking the guesswork out of compliance.
- **Climate Pledge Friendly** makes it easy for organisations to identify and purchase more sustainable products. This functionality highlights items that meet third-party sustainability certifications, helping businesses reduce their environmental impact without compromising on quality.

- **Buy Local** makes it easy to find and purchase from local sellers, helping to reduce shipping distances and associated carbon emissions while also strengthening community ties and supporting regional economic growth.

At the same time, the programme ensures visibility and control over off-tender spending, helping teams manage spend effectively while meeting clearly-defined ESG criteria:

- **Competitive pricing & spend control** brings transparency and control to spending, with business-specific pricing, approval workflows and enhanced reporting. This empowers teams to maximise budgets and ensure compliance, regardless of organisational size.
- **Data analytics and AI recommendations** enhance decision-making, provide actionable insights into purchasing behaviours and supplier performance and help teams anticipate evolving needs in a dynamic environment.
- **Detailed reporting and VAT-friendly invoicing** enhances auditability and accountability across the entire organisation. Compliance can also be ensured on off-contract spend through the Amazon Business YPO framework, giving local government institutions peace of mind in their purchasing practices.
- **Bulk ordering** allows government organisations to secure essential supplies at reduced cost-per-item, optimising spending through access to business pricing and quantity discounts on a wide range of products scheduled for maximum efficiency.



Make responsible buying second nature

With Amazon Business, you can save time searching, guide buyers and measure progress against internal ESG goals and regulatory measures.



Save time searching

Purchase products that meet your responsible purchasing requirements, comparing preferred products across criteria.



Guide your buyers

Make it easy for buyers to find and purchase preferred products, while balancing price and delivery speed.



Measure progress

Show progress toward your goals with simplified reporting that can be filtered by location and certifications.

To learn more, visit <https://business.amazon.co.uk/en/work-with-us/government>

Learn more

amazon business