

**REPORT TO:** Cabinet Member – Corporate Services  
Cabinet Member - Environmental

**DATE:** 13 October 2010  
20 October 2010

**SUBJECT:** Adoption of a Sustainable Procurement Policy

**WARDS  
AFFECTED:** All

**REPORT OF:** John Farrell, Interim Head of Corporate Finance and  
Information Services.  
Peter Moore, Environmental protection Director

**CONTACT  
OFFICER/S:** Tommy Crawford, Head of Procurement  
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Stephanie Jukes, Sustainability Officer  
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**EXEMPT/  
CONFIDENTIAL:** NO

**PURPOSE/SUMMARY:**

To inform the Cabinet Members of the creation and adoption of a Sustainable Procurement Policy, that will support all contracting activity across the authority (The relevant policy is included as Appendix A to this report).

**REASON WHY DECISION REQUIRED:**

To inform the Cabinet Members of the background to the creation of the policy document and to highlight the importance of incorporating sustainability considerations into all procurement activity.

**RECOMMENDATION(S):**

The Cabinet Members are recommended to note the contents of this report.

**KEY DECISION:** No

**FORWARD PLAN:** Not appropriate

**IMPLEMENTATION DATE:** Immediately following the period of call-in for the minutes of these meetings.

**ALTERNATIVE OPTIONS:**

Incorporating sustainability considerations into procurement activity is recognised as best practice. Failure to do so can result in added cost and exposure to potential legal risk.

**IMPLICATIONS:**

**Budget/Policy Framework:** N/A

**Financial:** None arising directly out of this report

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2008/ 2009 £</b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Financial:** Adoption of sustainability considerations where appropriate will enable officers to carry out procurement in an efficient manner, when considering whole life-time costs of contracting.

**Legal:** The policy will ensure that Sefton embraces all legislative requirements relating to incorporating sustainability considerations into procurement activity.

**Risk Assessment:** Initial consultations have taken place at a senior level with relevant officers, to agree the content

**Asset Management:**

and practical adoption of processes thereof.  
The consideration of whole life cycle costs where appropriate will result in a more efficient approach to asset management.

**CONSULTATION UNDERTAKEN/VIEWS**

A working group, comprising personnel from the Corporate Procurement Unit, Environmental department, and various internal representatives from key user groups have contributed to the content of the relevant policy document.

**CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity	✓		
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People		✓	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

N/A

## **1 Background and Context:**

- 1.1. The Council is seeking to implement a Sustainable Procurement Policy to provide officers with support and guidance in terms of incorporating sustainability issues into all procurement activity. The policy is attached to this report as Appendix A.
- 1.2 'Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment' (Procuring the Future, Sustainability Procurement Task Force, June 2006).
- 1.3 In March 2007 the 'Sustainable Procurement Action Plan' was published by central government which was designed to drive sustainable procurement forward across the public sector.
- 1.4 The Local Government Association (LGA) published its report on Climate Change during December 2007. It recommended that local authorities focus on Sustainable Procurement to cut carbon levels within the internal organisation and across the borough.
- 1.5 Councils across England spend around £40b each year undertaking capital projects and purchasing goods and services. Sefton MBC spends circa £200m on externally procured works, goods and services.
- 1.6 Procurement can be used as a positive vehicle through which to drive the sustainable agenda. Undertaken in a robust manner this can result in financial benefits to the authority through the acquisition of more efficient products in respect of their use of energy, water and material resources. Better 'demand management', through re-use, recycling and standardisation of specifications can lower whole life costs through improved/rationalised designs.
- 1.7 Wider socio-economic benefits may be delivered through the creation of employment and training opportunities within contract with key construction suppliers for example, while any legal risk in contract can be mitigated through focusing on ensuring sustainable-related clauses reduce the possibility of inappropriate practices arising within the supply chain, such as child labour issues. These positive social and environmental outcomes derived from procurement activities can thus support the aims of the Sustainable Community Strategy and assist in the delivery of a range of National Indicator targets.

## **2. Current:**

- 2.1 The council's Corporate Procurement Unit and Environmental team worked closely with other members of the 'Sustainable Champions' group to agree the attached Sustainable Procurement Policy (Appendix A).
- 2.2 Further to the creation of the formal policy document, the previously named departments have worked closely and implemented a number of changes with sustainability issues in mind, in line with government guidance;
- All paper purchased across the authority via the internal electronic procurement system is now 100% recycled.
  - An 'Eco Management and Audit Scheme' (EMAS) has been designed and verification to the standard has been achieved by two internal departments. The adoption of EMAS is a corporate commitment.
  - Through monitoring the use of corporate contracts it has been possible to 'consolidate' orders across the authority. This saves on cost and also reduces the carbon footprint associated with vehicles delivering across council locations on a regular basis.
  - All consumables ordered via the internal electronic procurement system such as printer cartridges are from recycled stock.
  - Some capital contracts being advertised now include relevant social clauses in respect of sustainability, such as those aimed at encouraging employers to provide for local employment opportunities where applicable.
  - A series of sustainable procurement training days have been delivered to selected staff within the authority that have responsibility for procurement and contracting.

### **3. Next Steps:**

- 3.1 The working group, consisting of individuals from the Environmental and Corporate Procurement Units, will continue to work closely together with members of the Sustainable Champions group, to ensure the policy is adopted and practically embedded into all procurement activity.
- 3.2 Training sessions will continue to be rolled out to ensure best practice sustainable procurement activities are adopted in a coherent and common fashion across the authority.

### **4. Recommendation**

- 4.1 The Cabinet Members are recommended to note the contents of this report.

## **Sustainable Procurement Policy**

“Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.”

Extract from Procuring the Future (Sustainable Procurement Task Force, June 2006).

Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations. The Council recognises it has a vital role in furthering sustainable development, through its procurement of buildings, goods, works and services and has determined that a corporate and systematic approach can help achieve its aims.

The Council will therefore strive to:

### **1.0 People and Education**

- 1.1 Make sustainable procurement a priority.
- 1.2 Mainstream sustainable procurement processes throughout the authority.
- 1.3 Educate and encourage internal procurers and commissioners to review their consumption of goods/services with a view to reducing usage and encourage the adoption of more sustainable alternatives.
- 1.4 Deliver training and development for all involved within the activities of the procurement cycle.

### **2.0 Strategy & Communications**

- 2.1 Communicate the sustainable procurement policy to all staff, suppliers, members and other stakeholders.
- 2.2 Investigate the impact of expenditure on goods and services to identify potential environmental impacts.
- 2.3 Assess the environmental and corporate risks to the organisation in all procurement activity.
- 2.4 Work in partnership with other organisations, such as buying consortia, to improve sustainable procurement activity.

### **3.0 Procurement Process**

- 3.1 All capital contracts will be awarded on the basis of achieving the most practicable solution to demonstrate sustainable best practice.
- 3.2 All other contracts / purchases will be awarded on the basis of whole life cycle costs (cradle to grave).
- 3.3 Deliver benefits to our core business and stakeholders.
- 3.4 Ensure that where appropriate suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental criteria are used in the award of contracts.
- 3.5 Buy sustainable products and services where possible.

### **4.0 Engaging Suppliers**

- 4.1 Ensure that all contract opportunities are made available via the regional procurement portal.
- 4.2 Address all barriers to entry in order that Small and Medium Sized Enterprises (SMEs), local suppliers and the third sector are encouraged to bid for the Council's business.
- 4.3 Work with key suppliers to make changes to improve sustainability throughout the supply chain.
- 4.4 Investigate all opportunities for recycling and re-use of materials where appropriate.

### **5.0 Measurements and Results**

- 5.1 Comply with all relevant environmental, health & safety, diversity, disability and employment legislation.
- 5.2 Work towards meeting the targets as set out by bodies such as the Sustainable Procurement Task Force and National Action Plan.
- 5.3 Review aims, objectives and targets to ensure continual improvement of our sustainable procurement performance.