

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET**

**PROCUREMENT OF SUSTAINABLE STEEL**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 This report details a proposal and action plan to deliver the pledges set out in the Charter for Sustainable British Steel.
- 1.2 The key points in this report are:
- The council has a statutory duty to support the social, economic and environmental well being of the area.
  - It is a signatory to the National Charter for Sustainable British Steel which has been developed to encourage public and private sector organisations to source quality steel and related products in a sustainable and responsible manner.
  - An initial high-level action plan has been developed to help deliver the pledges at local level in support of the well-being objectives of the area and the related motion approved by Council on 10 November 2015.

**2. BACKGROUND INFORMATION**

- 2.1 The council is a signatory to the Charter for Sustainable British Steel. The Charter is a UK Steel initiative which seeks to promote the use of quality British steel in construction projects.
- 2.2 The manufacture of British steel products makes a significant contribution to the national and local economy. It is reported that the sector's overall contribution to the UK economy as a whole is worth around £9.5bn a year.
- 2.3 Signatories to the charter pledge to purchase quality carbon steel reinforcement for concrete only from vendors that adhere to the Framework Standard for Responsible Sourcing (BES 6001), as recognised by BRE as an associated independent third-party certification scheme.
- 2.4 British steel is a quality product manufactured with high production values. BES 6001 certification means the steel has been manufactured in a sustainable and responsibly sourced manner and can be traced back to its raw materials. Using steel manufactured to BES 6001 standards supports public and private bodies in achieving value for money and their sustainability targets.
- 2.5 Strict EU regulations, designed to support the operation of a common European market, generally prohibit public bodies from specifying products by reference to a specific make or source, or a particular process which characterises the products or services provided by a specific economic operator, or to trade marks, patents, types or a specific origin or production with the effect of favouring or eliminating certain undertakings or certain products.

2.6 However certain limited flexibilities are provided including appropriate use of environmental and social labels in specifications attesting conformance to sustainability standards. Provision is also made in the Public Services (Social Value) Act 2012 for public contracting authorities to pursue environmental, social and economic objectives through their procurement activities where relevant to the subject matter of the contract.

2.7 The Crown Commercial Service has recently issued procurement policy advice (PPN 16/15 – Procuring Steel in Major Projects) designed to implement measures that help to address barriers to UK suppliers of steel competing effectively for public sector contracts. The focus for this advice includes assessment of social and environmental impacts, whole life cost considerations and value for money.

2.8 An initial action plan has been developed to help support the well-being objectives of the area, consistent with EU procurement law, through the delivery of the pledges in the Charter for Sustainable British Steel. Key actions are summarised below:

- Communicate the undertakings within the charter to all key procurers and commissioners across the council and its partners in the Buy4NorthernLincolnshire initiative
- Highlight the charter commitments through appropriate procurement resources such as the Buy4 website, Selling to the Council Guide, Market Position Statement and Procurement Strategy
- Develop and publish a pipeline of future procurement requirements where steel is a component element
- Engage with contractors and professional services providers and their supply chains via the council's corporate construction framework
- Engage with other key partners and constructors/supply chains delivering the area's major infrastructure and regeneration projects
- Engage with other local authorities that are signatories to the charter to share best practice and coordinate joint initiatives
- Incorporate charter commitments in all future and appropriate procurement specifications and processes ensuring that appropriate use is made of social value and wider sustainability standards and associated criteria
- Monitor outcomes arising from the initiatives

### **3. OPTIONS FOR CONSIDERATION**

3.1 Option1: Agree and implement the action plan as set out in paragraph 2.8.

3.2 Option 2: Do nothing

### **4. ANALYSIS OF OPTIONS**

4.1 Option 1: This will help to support the local economic, social and environmental well-being of the area, as detailed.

4.2 Option 2: Outcomes associated with current procurement processes will continue. Opportunities, as detailed, may not be realised.

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

### **5.1 Financial**

The council has a statutory duty to provide value for money and awards contracts on the basis of “most economically advantageous tender”, which recognises whole life cost, social value and quality as applicable to the contract, together with a supplier’s ability to meet specified essential requirements.

### **5.2 Staffing**

The primary staffing implication arising from Option 1 will be training, awareness and project coordination capacity.

### **5.3 Property & IT**

None

## **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 CRIME AND DISORDER, RISK AND OTHER)**

6.1 An Integrated Impact Assessment has been undertaken. Option 1 will help to enhance the social, economic and environmental well-being of the area.

6.2 The initiative supports the delivery of the national charter pledges and the motion agreed by Council on 10 November 2015.

## **7. OUTCOMES OF CONSULTATION**

7.1 The Strategic Commissioning and Procurement Group has been consulted and agreed the proposals set out in Option 1.

## **8. RECOMMENDATIONS**

8.1 That the initial high-level action plan set out in paragraph 2.8 (Option 1) is approved.

8.2 That a progress update report is submitted to Cabinet in January 2016.

### **DIRECTOR OF POLICY AND RESOURCES**

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12 November 2015

### **Background Papers used in the preparation of this report:**

Charter for Sustainable British Steel

Public Contracts Regulations 2015

Public Services (Social Value) Act 2012

PPN 16/15 Procuring Steel in Major Projects

Where appropriate the report has been seen and commented on: