

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET MEMBER POLICY AND RESOURCES**

**SUSTAINABLE PROCUREMENT POLICY**

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

- 1.1 To consider and approve an updated sustainable procurement policy.

**2. BACKGROUND INFORMATION**

- 2.1 Sustainable procurement is the term used to describe the process of acquiring goods and services that take into account the social, economic, ethical and environmental impacts that such acquisition and use have on people and communities.
- 2.2 The council along with North East Lincolnshire Council adopted a joint sustainable procurement policy in April 2009 in response to the Government's "Sustainable Procurement Action Plan". There is an expectation that local authorities will embed sustainable procurement through their procurement activity and therefore contribute positively to social, economic and environmental outcomes.
- 2.3 The recent Public Services (Social Value) Act 2012 requires public authorities to have regard to economic, social and environmental well-being in connection with public services contracts. Councils must consider with effect from 31 January 2013:
- how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and
  - how, in conducting the process of procurement, it might act with a view to securing that improvement
- 2.4 The principal aim of the sustainable procurement policy is to provide a policy framework that supports the council in procuring environmentally, socially and ethically responsible goods and services where lawful and where value for money can be demonstrated.
- 2.5 The council spends approximately £100m every year on externally procured goods, services and works. The significance of this expenditure on the council's attainment of social, environmental, ethical

and economic outcomes is reflected in the 2012-15 Procurement Strategy.

2.6 Value for money is a central theme of sustainable procurement and the policy supports the council's cost reduction objectives by:

- maintaining a focus on the benefits of whole life cost analysis
- promoting carbon minimisation
- encouraging competition through promoting SME access to contracts
- minimising consumption of goods and services
- improving social outcomes relating to wider social return on investment benefits

2.7 Sustainable procurement forms an integral part of the Integrated Impact Assessment framework. The sustainable procurement policy is the principal reference point for guidance to officers in this context.

2.8 Notable outcomes since the introduction of the sustainable procurement policy include:

- the achievement of Level 4 of the National Sustainable Procurement Action Plan Flexible Framework.
- Instrumental role of sustainable procurement in supporting the council's attainment of the carbon masters standard
- Sustainable construction of The Pods, Baths Hall and other projects using the BREEAM process.
- The use of award criteria to consider sustainable outcomes in the award of contracts, including:
  - highways materials (recycled content)
  - home to school transport (carbon minimisation)
  - traffic management services (carbon minimisation)
  - plant hire (carbon minimisation)
  - advocacy services (social outcome)
  - warden services (social outcome)
  - elemental partnering (waste minimisation)
  - office supplies (recycled content)

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

3.1 In response to developments internally and externally the council has revised the Sustainable Procurement Policy to reflect current and future priorities within the wider sustainability agenda. These include the specific strengthening of the policy relating to carbon minimisation, in conjunction with the councils environmental agenda, and Social Value outcomes in response to the Public Services (Social Value) Act 2012 which comes into force on 31 January 2013.

3.2 The policy includes the following additions/updates:

- social value will be considered where lawful and appropriate in accordance with the Public Services (Social Value) Act 2012.
- procurement processes should be used to encourage suppliers to adopt practices that minimise their environmental impact and deliver community benefits in relation to their own operations and throughout the supply chains in which they operate.
- role of 'buy4northernlincolnshire' in addressing barriers to entry in order that Small and Medium Sized Enterprises (SMEs) and local suppliers are encouraged to bid for the council's business
- encourage benchmarking of progress against BS8903 "Principles and Framework for Procuring Sustainably"

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

##### 4.1 **Option One: Adoption of the revised and updated Sustainable Procurement Policy.**

The policy has been updated to reflect latest recommended practice

##### 4.2 **Option Two: Reject the updated Sustainable Procurement Policy.**

The sustainable procurement policy would not reflect latest recommended practice. As detailed above, sustainable procurement forms an integral part of the Integrated Impact Assessment framework. The sustainable procurement policy is the principal reference point for guidance to officers in this context.

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

##### 5.1 Financial

Environmentally, socially and ethically responsible goods and services will be procured where value for money can be demonstrated, taking into account whole life cost principles.

##### 5.2 Staffing

Refresher training sessions will be offered to key officers with procurement responsibility across the council once the revised policy is adopted.

#### 6. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 The Integrated Impact Assessment identified no adverse outcomes.

#### 7. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 Consultation on the revised policy has taken place across the council with key stakeholders including the environmental team manager, the strategic commissioning and procurement group and North East Lincolnshire

Council. Recommendations resulting from the consultation have been adopted in the policy.

## **8. RECOMMENDATIONS**

8.1 That the updated sustainable procurement policy as set out in appendix 1 is approved.

**DIRECTOR OF POLICY AND RESOURCES**

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

Sustainable Procurement Policy 2009  
Joint Procurement Strategy 2012 – 2015



## SUSTAINABLE PROCUREMENT POLICY (2012)

*North Lincolnshire Council and North East Lincolnshire Council recognise that they have a vital role in furthering sustainable development, through their procurement activities. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations. The councils will therefore strive to:*

### People, Education and Awareness

- educate, train and encourage our workforce to review their consumption of goods, services and works and wherever possible reduce their usage and consider environmentally friendly alternatives
- communicate the sustainable procurement policy to our workforce, suppliers and stakeholders
- utilise the Procurement Alliance North and North East Lincolnshire to improve and promote sustainable procurement performance across both councils

### Policy, Strategy & Communications

- embed sustainability within procurement activities to ensure that only value for money products and services are selected and that in all cases a balanced consideration of life-cycle costs, and of social, ethical, environmental and economic impacts is undertaken throughout the procurement process, where relevant to the subject matter of the contract
- investigate and analyse expenditure on goods, services and works to identify potential environmental, economic, ethical and social impacts
- consider social value opportunities where lawful and appropriate in accordance with the Public Services (Social Value) Act 2012
- investigate opportunities for the recycling and re-use of materials where appropriate and available

### Procurement Process

- promote best practice in sustainable procurement
- ensure that where appropriate, proportionate and relevant to the subject matter of the contract, suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental/sustainable criteria is used in the award of contracts
- specify, wherever possible and practicable, the use of environmentally responsible, sustainable and low-carbon products and services where value for money can be demonstrated on whole life cost grounds. Specification options will include:

## Appendix 1

- low carbon or wholly renewable energy sources
- Carbon Trust's Enhanced Technology List
- BRE Green Guide "A" rated products
- source ethically produced goods and services such as those bearing the Fair Trade mark in line with council policy
- require key suppliers to provide carbon usage information and assist the council in reducing its carbon impact.

### Engaging Suppliers

- use procurement processes to encourage key suppliers to adopt practices that minimise their environmental impact and deliver community benefits in relation to their own operations and throughout the supply chains in which they operate
- educate suppliers regarding the council's environmental and sustainability objectives
- address barriers to entry in order that Small and Medium Sized Enterprises (SMEs) and local suppliers are encouraged to bid for the council's business, in particular making use of initiatives such as 'buy4northernlincolnshire'

### Measurements and Results

- comply with all relevant environmental legislation
- assess the environmental and corporate risks to the organisation with a commitment to continually improving the supply chain's sustainability performance in support of ISO14001 accreditation
- benchmark progress against BS8903 "Principles and Framework for Procuring Sustainably"