

**NORTH LINCOLNSHIRE COUNCIL**

**CORPORATE SERVICES CABINET MEMBER**

**SUSTAINABLE PROCUREMENT POLICY**

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

- 1.1 To consider and approve a Sustainable Procurement Policy for the council
- 1.2 The key points in this report are:
  - A key government objective is for local authorities to adopt a Sustainable Procurement Policy as a key step towards achieving Level 1 of the national Sustainable Procurement Action Plan.
  - Consultation has been undertaken through the Internal Programme Board and Strategic Procurement Group in order to develop a Sustainable Procurement Policy (Appendix 1).
  - The policy will assist the council in obtaining wider environmental, social and economic benefits from its £100 million annual procurement spend.

**2. BACKGROUND INFORMATION**

- 2.1 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*).
- 2.2 In March 2007 the Government published its “Sustainable Procurement Action Plan”. The plan is intended to drive sustainable procurement forward across the public sector. It contains a “Flexible Framework” comprising five incremental levels of development. A key requirement for achieving Level 1 (Foundation) is to establish a Sustainable Procurement Policy.
- 2.3 The Local Government Association (LGA) published its report on Climate Change on 5 December 2007. It recommended that local authorities focus on Sustainable Procurement as a means of assisting them to cut carbon levels, both within the organisation and in their areas.
- 2.4 Councils in England spend approaching £40 billion each year undertaking capital projects and buying in goods and services. Across the public sector as a whole the figure is closer to £150 billion. North Lincolnshire Council currently spends approximately £100m annually on externally procured works, goods and services.

- 2.5 There is a compelling business case for making our procurement spend more “sustainable”, including financial benefits through the acquisition of more efficient products in their use of energy, water and material resources. Better demand management (i.e. challenging the need) through re-use, recycling and standardization, and lower whole-life costs through improved design and construction. Wider socio/economic benefits include the creation of employment, training opportunities for unemployed and people with disabilities to the elimination of child labour.
- 2.6 The council’s existing Environmental Policy states that it will “purchase products and services which do the least damage to the environment wherever possible”. However, this statement does not cover the full breadth of the sustainable procurement agenda. Procurers across the council have requested further clarification on how this policy should be implemented at operational level and its fit with value for money considerations.
- 2.7 Recognising these issues the Strategic Procurement Unit in consultation with the council’s Strategic Procurement Group and Internal Programme Board have developed a comprehensive Sustainable Procurement Policy (appendix 1).
- 2.8 The Strategic Procurement Group has considered a number of sustainable “quick wins” as identified by the Department of Food and Rural Affairs DEFRA for commonly bought goods. This consultation has included our ability to adopt the specifications, and consider cost implications together with the views of suppliers. These quick wins include:
- A4 and A3 Copier Paper (100% recycled)
  - Personal Computers (low energy consumption)
  - Monitors (low energy consumption)
  - Laptops (low energy consumption)
  - Multi-Functional Devices (low energy consumption)
- 2.9 These ‘quick wins’ have been included in the policy in Appendix 1. In addition it is proposed to promote through the policy the use of the BRE Green Guide 'A' rated environmental specifications for building materials where value for money can be demonstrated on whole life cost principles. The Green Guide is part of BREEAM (BRE Environmental Assessment Method) an accredited environmental rating scheme for buildings.

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

- 3.1 The council does not adopt the attached Sustainable Procurement Policy.
- 3.2 The council adopts the attached Sustainable Procurement Policy in full.
- 3.3 The council approves the attached Sustainable Procurement Policy in part.

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

#### **4.1 Option One: Do nothing**

The council’s commitment and responsibility to sustainability would not be met. The council would not meet its requirements under the government’s Sustainable Procurement Action Plan. The council would not meet its commitment to sustainable procurement as outlined in the Procurement Strategy 2008-2011.

4.2 **Option Two:** Approve the policy in full  
This would enable substantial sustainability benefits to be realised.

4.3 **Option Three:** Approve the policy in part  
This would enable some of the benefits outlined above to be realised.

## 5. RESOURCE IMPLICATIONS (Financial, Staffing, Property, IT)

### 5.1 Financial

The policy promotes the acquisition of environmentally friendly goods and services will be procured where value for money can be demonstrated, taking into account whole life cost principles.

In respect of the proposed “quick wins” as set out in the policy:

**Paper** – switching to 100% recycled A3 and A4 paper council-wide (ex. Schools) will have a cost impact of c. £10k a year. This will be contained within existing budgets.

**IT** – No cost impact

**MFDs** – No cost impact

### 5.2 Staffing

Awareness and training sessions will be offered to officers with procurement responsibility across the council once the policy is adopted.

## 6. OTHER IMPLICATIONS (Statutory, Environmental, Diversity, Sect 17 Crime & Disorder, Risk & Other)

### 6.1 Statutory

None

### 6.2 Environment

Improved environmental outcomes over-time. The adoption of a sustainable procurement policy will make a substantial contribution to the council's environmental performance.

### 6.3 Diversity

A Sustainable Procurement Policy will support diversity through its consideration of Socio/Economic issues.

### 6.4 Section 17 Crime & Disorder

None

### 6.5 Risks & Other

A key theme of the CAA Use of Resources assessment is the development of the council's sustainable procurement arrangements, failure to implement a sustainable procurement policy could result in a reduced CAA score.

## **7. OUTCOMES OF CONSULTATION**

- 7.1 Consultation has taken place across the authority with key stakeholders for the proposed quick wins:
- Consultation on A4 and A3 Copier Paper was undertaken with Resource Managers across the council.
  - Consultation on construction materials was undertaken via key procurers in Asset Management and Culture, Highways and Planning, Neighbourhood and Environment.
  - Consultation on IT hardware (PC's, Laptops and Monitors) was undertaken with IT Services. Positive feedback was given as the specifications would support the "Greening IT" agenda
  - Consultation on Multi-Functional Devices was undertaken with East Riding of Yorkshire Council who manage the current corporate contract. ERYC have confirmed current MFD specifications meet the DEFRA specification.
- 7.2 Consultation has also taken place with the Internal Programme Board who have approved the attached policy and the Strategic Procurement Group.

## **8. RECOMMENDATIONS**

- 8.1 That the Cabinet Member for Corporate Services considers and approves the attached Procurement Policy as set out in Appendix 1.

### **SERVICE DIRECTOR FINANCE**

Pittwood House  
Scunthorpe  
Date: 8 April 2009  
Author: N Swinney

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

Internal Programme Board Report

## Appendix 1 – Sustainable Procurement Policy



## SUSTAINABLE PROCUREMENT POLICY

*North and North East Lincolnshire Councils 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, reduce usage and adopt more environmentally friendly alternative products
- Communicate the sustainable procurement policy to our workforce, suppliers and stakeholders

### Policy, Strategy & Communications

- Consider the whole life costs and benefits of environmentally preferable goods/services as alternatives
- Investigate the impact of the council's expenditure on goods and services to identify potential environmental impacts
- Investigate opportunities for the recycling and re-use of materials where appropriate and available
- Assess the environmental and corporate risks to the organisation with a commitment to continually improving sustainable performance related to the supply chain in support of ISO140001 accreditation
- Utilise the Procurement Alliance North and North East Lincolnshire to improve sustainable procurement performance across both councils.
- Source ethically produced goods and services such as those bearing the Fair Trade mark in line with council policy

### Procurement Process

- Promote best practice for sustainable procurement.
- 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.
- Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives.
- Specify, wherever possible and practicable, the use of environmentally friendly products and services where value for money can be demonstrated on whole life cost grounds.

Specification options will include:

- low carbon or wholly renewable energy sources
- Carbon Trust's Enhanced Technology List
- BREAM Green Guide "A" rated products
- DEFRA "Quick Win" specifications

- As part of this commitment the council will initially adopt council-wide (ex. Schools) DEFRA specifications for: A4 and A3 Copier Paper, Personal Computers, Laptops, Monitors and Multi Functional Devices.
- Ensure key suppliers are required to provide CO2 information and assist the council in reducing its carbon impact

## **Engaging Suppliers**

- Educate our suppliers regarding the council's environmental and sustainability objectives
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services.
- 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.
- Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain.

## **Measurements and Results**

- Comply with all relevant environmental legislation
- Meet Flexible Framework Level 2 by 31<sup>st</sup> March 2010
- Meet Flexible Framework Level 3 by 31<sup>st</sup> March 2011

Chief Executive NLC

Chief Executive NELC

Leader of the Council NLC

Leader of the Council NELC