



Haringey Council

Agenda item:

Cabinet Procurement Committee Meeting

On 27th October 2009

Report Title.

London Borough of Haringey Sustainable Procurement Action Plan

Report authorised by **Julie Parker, Director of Corporate Resources**

J. Parker 19/10/09

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Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

1.1 The report outlines the proposed Sustainable Procurement Action Plan of Haringey Council. Cabinet Procurement Committee is requested to approve adoption of the Sustainable Procurement Action Plan by the Council.

2. Introduction by Cabinet Member (if necessary)

2.1 This Action Plan will ensure on implementation that the Council achieves Value for Money and meets some of the CAA requirements.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- Priority 1 - Making Haringey one of London's greenest boroughs.
- Priority 3 - Encouraging lifetime well-being, at home, work, play and learning.

3.1 Council Strategies

3.1.1 It is stated in the Greenest Borough Strategy that Haringey Council will achieve Level 4 of the Flexible Framework (a UK Government endorsed activity checklist) by 2011/12.

3.1.2 The Sustainable Procurement Action Plan incorporates a series of tasks that sets the infrastructure to procure goods and services that are environmentally and socially responsible. The infrastructure of the action plan is derived from the Flexible Framework.

3.1.3 Achieving Level 4 of the Flexible Framework will not only help us meet our commitments under the Greenest Borough Strategy but enable us to reduce carbon emissions and increase borough employment levels as required in the Community Strategy and Council Plan.

3.2 Comprehensive Area Assessment

3.2.1 Sustainable Procurement is an integral aspect of CAA KLOE 3.1 – Use of Natural Resources. By embedding sustainability into procurement activity, the Council will be able to manage the environmental and socio-economic impacts of the goods and services it procures.

3.2.2 The Action Plan sits as a living document behind the Sustainable Procurement Policy and Strategy.

3.2.3 The direction Haringey is taking has already received praise from the CAA auditors as being 'notable practice'.

4. Recommendations

4.1 That Cabinet Procurement Committee approve the adoption of the Sustainable Procurement Action Plan as set out at Appendix 1.

5. Reason for recommendation(s)

5.1 Procurement is a considerable element of an organisation's economic power. As a local authority with responsibility for spending public money, Haringey has a duty to ensure it is spent in the community's interests now and for generations to come.

5.2 To deliver outcomes that support sustainable development, the procurement process must take account of social, economic and environmental objectives. For example, across all buildings commissioned as part of the Building Schools for the Future, Primary Capital Programme and Council refurbishment projects are required to provide information detailing how they will reduce emissions on site by 20%, thus also reducing utilities costs and contributing to statutory compliance (Climate Change Act). Our recent Highways and Street Lighting contract will ensure emissions reporting is provided each quarter, in line with National Indicator 185, and sustainable timber is used on fencing and panelling improving our use of natural resources, enhancing our reputation and CAA UoR score.

5.3 There is an increasing UK government emphasis around sustainable procurement. This includes the UK Sustainable Procurement Task Force, which identified benefits

arising from adopting sustainable procurement as: better stewardship of taxpayers' money; environmental and social benefits; public sector support for innovation; encouragement for more environment-friendly technologies; better management of risk; mitigation of concerns about upfront costs through less waste; better information about purchasing patterns; and improved supplier relationships and management. All these elements of sustainable procurement are, at the same time, examples of good procurement practice.

5.4 In addition to offering real value for money over the long term and contributing to meeting the targets in Greenest Borough Strategy (e.g. reducing CO₂ emissions), adoption of the strategy and policy will demonstrate leadership of the borough. This will show Haringey living its values.

5.5 There are also increasing regulatory and policy requirements in the UK and Europe, primarily around financial reporting, waste management, energy use and sustainable production and consumption. The UK government has set the target for the UK to among the EU leaders in sustainable procurement by 2009, an aspiration shared by the Local Government Association. There are higher expectations of Councils in leading the corporate social responsibility agenda locally.

6. Other options considered

6.1 As this is a LGA requirement, no other options have been considered in the creation of this report.

7. Summary

7.1 In June 2005, the Sustainable Procurement Task Force published its report to Government – "Procuring the Future", which recommended changes to procurement procedures in order to recognise benefits against the sustainability triple bottom line – environment, community and economy. The public sector spends £120bn per annum on goods, services, works and utilities and has significant influence over markets. With climate change and community regeneration high on the public agenda, procurement has been recognised as a process that can substantially contribute to these agendas.

7.2 The Local Government Association (LGA) response to the Task Force report was overwhelmingly in favour of the agenda, and Local Authorities are required to make significant investment in the area. This has inherent benefits, such as leveraging value for money from contracts, reducing negative environmental impacts and improving quality of life for residents and workers in the Borough.

7.3 The crux of the LGA requirements is to use the Flexible Framework to benchmark and improve sustainable procurement activity. It is a checklist of actions that will embed sustainability in procurement operations. Haringey is committed to Level 4 (of 5) of the Framework by 2011/12, in line with the government aspiration "*to be amongst the Leaders in the EU in sustainable procurement*".

7.4 The evidence of current practice has been compiled by the Sustainable Procurement Manager, in conjunction with London Remade – a not-for-profit organisation working with public and private sector businesses in London to deliver environmental benefits through changes to procurement processes. London Remade is the body that administers the Mayor of London's Green Procurement Code. A gap analysis indicating the requirements to move from Haringey's current level to Level 4 (using Flexible Framework actions) forms the basis of the Action Plan.

7.5 The main points that the Action Plan addresses are how to develop suitable procurement infrastructure to deliver sustainability through contracts and how to achieve Level 4 on the Flexible Framework. The Action Plan is structured to reflect the themes, levels and actions of the Flexible Framework. Key Performance Indicators at the end of the document will chart the progress we are making.

7.6 On 18th March 2008, the Cabinet Procurement Committee endorsed the Haringey Sustainable Procurement Policy and Strategy. The strategy required the development of the Sustainable Procurement Action Plan in line with the Flexible Framework and committed Haringey to reach Level 4 by 2012.

7.7 The Action Plan was developed in consultation with the Corporate Procurement Management Team, the Chief Financial Officer and London Remade (external consultants). It reflects Flexible Framework criteria.

7.8 The Action Plan was endorsed by the Leading by Example Board on the 12th May and by the Better Haringey Stream Board on the 13th May 2009.

7.9 Progress in development and implementation is reported through the Leading by Example Programme Board bimonthly.

8. Chief Financial Officer Comments

8.1 The CFO is the sponsor for the Greenest Borough Strategy Priority 4 – Leading by Example Programme – under which the Action Plan sits.

8.2 The council will need to ensure that it builds the sustainability agenda into its Medium Term Financial Strategy and ensure that any cost or savings implications of this agenda are fully evaluated and understood. The council's ability to meet this agenda will be a key component of the new CAA requirements both from a sustainability view point and the ability to demonstrate the achievement of Value for Money.

8.3 As sustainable procurement is essentially the application of best practice procurement (delivering value for money), the cost of implementation should be largely absorbed by existing resource directed towards procurement. It is expected that there will be some programme management resource requirements, however these can also be applied through existing arrangements.

8.4 There may be additional costs surrounding procurement training and supplier engagement. Also, in specifying higher minimum standards for our goods works and services, higher upfront costs may apply, but these will be considered on a whole life basis.

9. Head of Legal Services Comments

9.1 Local authorities have the power under S. 2 (1) of the Local Government Act 2000, to adopt and implement any procurement strategy/ policy likely to promote or develop the economic, social or environmental well-being of their area. Furthermore, the EU Directive on Public Procurement (Directive 2004/18/EC) as implemented in the UK by the Public Contracts Regulations 2006 (“the EU Regulations”) empowers local authorities to take environmental and social factors into consideration in the procurement process.

9.2 In exercising the above powers however, regard must be had to the fundamental procurement principles of transparency, non-discrimination and procedural fairness embodied in the Council’s Contract Standing Orders and the EU Regulations. In addition, care must be taken in incorporating sustainability considerations into procurement exercises to ensure that these considerations are only applied to the extent that they are relevant to and proportionate to the subject matter of the contracts procured. The Action Plan should in practice facilitate this process.

9.3 Legal Services should be consulted on the legal aspects of the procurement pursuant to the policy as per usual practice.

9.4 The Head of Legal Services confirms that there are no legal reasons preventing Officers from endorsing the option for consideration under Paragraph 4 of this report.

10. Head of Procurement Comments –[Required for Procurement Committee]

10.1 Development of a Sustainable Procurement Action Plan is in line with policy from the Local Government Agency. It provides a process framework that will facilitate Value for Money options appraisal in contract design and evaluation. This is in compliance with the Procurement Code of Practice.

10.2. The development of the Action Plan is in compliance with EC legislation. All contracts will be auditable against actions provided in the Action Plan, administered by Corporate Procurement.

11. Equalities and Community Cohesion Comments

11.1 The Council is committed to using its procurement function and process to advance its equal opportunities policy aims.

11.2 In this regard, the Council in its Equality Public Duties Scheme (2006) its Guide to Equality in Procurement (2007) and its Equal Opportunities Policy (2007), commits to

including equalities considerations at every stage of the procurement process in to ensure that the process is fair, transparent and accessible to all, so that local businesses especially small – medium sized enterprises, Black and ethnic minority business, women and the community and voluntary sector run social enterprises have the opportunity to tender for council contracts.

11.3 The Council is also committed to using its economic power to ensure whether in partnership or through contractual arrangements for the provision of goods, services or works on its behalf, that people it does business with have due regards to the Council's equal opportunities obligations and are able deliver on them.

11.4 The Sustainable Procurement Action Plan proposed in this report captures the essence of the Council's equalities commitments in regard to procurement.

11.5 This is reflected in the actions of the plan, and in the statement of aims and objectives, of the Sustainable Procurement Policy and Strategy which this Action Plan appends, and which reiterates the Council's commitment in the Equality Public Duties Scheme adopted by the Council in December 2006, and in the key action statement which includes the use of the Council Guide to Equality in Procurement as a key document to guide implementation of the strategy.

11.6 On the whole, when fully implemented, the Sustainable Procurement Action plan 2009-2013 as proposed will contribute to promoting equality of opportunity in Haringey.

12. Consultation

12.1 The Sustainable Procurement Action Plan have been developed in line with UK government and Local Government Association recommendations, in support of the Greenest Borough Strategy, and in consultation with members and officers of the Better Haringey Programme Board. Consultation on the Sustainable Community Strategy in 2006 showed that Haringey's communities wanted Haringey to be the "greenest borough in London", an "economically sound and prosperous borough", and a borough with "good community cohesion with people respecting each other and their environment". Feedback from the Going Green Conference in 2009 told us that the Leading by Example Priority of the Greenest Borough Strategy, in which the Action Plan sits, is a key element of meeting community expectations.

12.2 The Action Plan has been externally reviewed by London Remade.

12.3 The Action Plan is the three year implementation programme to deliver the Sustainable Procurement Policy and Strategy agreed last year. This detailed programme is supported by implementation programmes through category management, ensuring sustainability is addressed at a contract specific level as well as through process change.

13. Service Financial Comments

13.1 In June 2009, the Environment Directorate for the European Union published a

report on Green Public Procurement across 7 member states, including the UK, which monitored contracts containing environmental credentials and the relative average cost premiums/savings associated with specifying environmental criteria. The UK reported an average 5.7% saving in specifying sustainable solutions.

13.2 The main reason behind the 5.7% saving was because of the whole life cost implications of construction projects. With the Council spending between £80-100m per annum, this figure is realistically achievable across the entire Council expenditure portfolio.

13.3 In spite of a net reduction in costs (assuming a whole life cost approach) there will be instances of price premiums. For example, the report highlights a 19% premium for the use of recycled paper. The Council needs to be aware of these premium and offset them using competitive tendering and market analysis.

14. Use of appendices /Tables and photographs

14.1 Appendix 1 – Sustainable Procurement Action Plan

15. Local Government (Access to Information) Act 1985

Background Papers:

http://www.haringey.gov.uk/sustainable_procurement_policy_and_strategy_final_v1.1.doc

<http://www.defra.gov.uk/sustainable/government/publications/procurement-action-plan/>

<http://www.londonremade.com/green-procurement>

http://ec.europa.eu/environment/gpp/pdf/statistical_information.pdf

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