

Agenda item:

Cabinet Procurement Committee Meeting

On 28th July 2011

Report Title.

London Borough of Haringey Sustainable Procurement Policies:

- **Sustainable Timber Policy**
- **Sustainable Food and Drink Policy**

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

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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 Policies of Haringey Council. Cabinet Procurement Committee is requested to:

- 1.1.1 Review the policies and provide comments and suggestions (if any) for improvement.
- 1.1.2 Recommend adoption of the policies to Cabinet.

2. Introduction by Cabinet Member for Finance and Sustainability

2.1 These policies will ensure on implementation that the Council achieves Value for Money and meets its obligations under Priority 4 of the Greenest Borough Strategy.

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 require the

provision of sustainable food for the Council's catering services and implementation of the Sustainable Procurement Strategy, including developing markets for environmentally preferable products.

3.1.2 The Sustainable Procurement Policies incorporate a series of contractual requirement that sets the infrastructure to procure timber, food and drink that are environmentally and socially responsible. The Timber Policy is derived from policy guidance issued by the UK Central Point of Expertise on Timber (CPET), whilst the Food Policy is compliant with the Soil Association's Food for Life Catering Bronze Mark.

3.1.3 Implementing the policies will not only help us meet our commitments under the Greenest Borough Strategy but enable us to reduce our embodied carbon emissions and increase borough employment levels through restricted contract opportunities as required in the Community Strategy and Council Plan.

3.1.4 The policies contribute to the achievement of Level 4 of the Sustainable Procurement Flexible Framework, which Haringey is committed to achieving by 2011/12. They are key elements of the Sustainable Procurement Action Plan – the road map that sets out how Haringey will achieve our target.

3.1.5 The direction Haringey has taken recently received praise from external auditors as being 'notable practice'.

3.2 Efficiency Agenda

3.2.1 It is recognised that both policies must fit with the Council's efficiency drive, which includes the avoidance of cost premiums and unnecessary expenditure. Evidence is available from CPET and the Soil Association that neither policy will cause cost premiums in Council contracts. In the case of the Food Policy, the Council is currently undertaking a review of catering options to decrease costs whilst increasing sustainability. This includes options such as substituting processed and packaged produce with by-products from relevant suppliers. For example, negotiating the supply of grated cheese off-cuts at a cost less than that of blocks of cheese which are subsequently grated in-house.

4. Recommendations

4.1.1 Review the policies and provide comments and suggestions (if any) for improvement.

4.1.2 Recommend adoption of the policies to Cabinet.

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 already used on fencing and panelling improving our use of natural resources, thus enhancing our reputation.

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 be amongst the EU leaders in sustainable procurement by 2009, an aspiration shared by the Local Government Association. There are expectations of Councils in leading the corporate social responsibility agenda locally.

6. Other options considered

6.1 The Central Procurement Energy and Sustainability Team have considered the achievement of both the Soil Association Catering Silver and Gold Marks. However, the requirements of each include the mandatory sourcing of organic and higher welfare meat, dairy, fish and eggs, such as Freedom Foods accredited produce. The price premium of organic produce is currently 30% and as such increases Council costs. The through-put of these costs to schools and adult care homes is likely to affect uptake of meals and jeopardise the viability of the contract.

7. Summary

7.1 In June 2005, the Sustainable Procurement Task Force published its report to

Government – “Procuring the Future”, which recommended changes to public sector procurement procedures in order to recognise benefits against the sustainability triple bottom line – environment, community and economy.

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 attached policies will plug some of the gaps indicated in Haringey’s Sustainable Procurement Action Plan, helping us to move from Haringey’s current Level 3 to Level 4 (using Flexible Framework actions). The Action Plan was developed 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.

7.5 On 18th March 2008, the Cabinet Procurement Committee endorsed the Haringey Sustainable Procurement Policy and Strategy. The Strategy was followed by the Action Plan which Cabinet Procurement Committee endorsed on the 1st September 2009.

7.7 The policies have been developed in consultation with relevant Council Officers and expert external bodies (CPET and Soil Association). The timber policy has been successfully trialled in the BSF and Highways and Street Lighting contracts, whilst a recent review of existing Council practice in our catering provision suggests we are not far from achieving the Bronze catering mark.

7.8 The Food Policy also contributes to the borough-wide Sustainable Food Strategy, which is led by the Environmental Resources team in Urban Environment.

7.9 Both policies were endorsed by the Leading by Example Board on the 27th September 2010.

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

8. Chief Financial Officer Comments

8.1 The Lead Financial Officer is the sponsor for the Greenest Borough Strategy Priority 4 – Leading by Example Programme – under which the policies sit.

8.2 The Council has built the sustainability agenda into its Medium Term Financial Strategy and has ensured that any cost or savings implications of this agenda are fully evaluated and understood. The Council's ability to meet this agenda is a key component of the Council Plan requirements both from a sustainability view point and the ability to demonstrate the achievement of Value for Money.

8.3 Sustainability certification already covers the majority of timber products available on the UK market. Suppliers of sustainable food are required to absorb any price premiums by balancing the basket price of all products. This means that there are no negative financial implications to the Council in the adoption of these policies.

8.4 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.

8.5 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

10.1 Development of these sustainable procurement policies is in line with policy from the Local Government Association. They 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 policies is in compliance with EC legislation. All relevant contracts will be auditable against actions provided in the policies, administered by Central 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 policies 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 policies, and in the Equalities Impact Assessments appended to each document which reiterates the Council's commitment in the Equality Public Duties Scheme adopted by the Council in December 2006, and the Council Guide to Equality in Procurement.

11.6 On the whole, when fully implemented, the sustainable procurement policies as proposed will contribute to promoting equality of opportunity in Haringey.

12. Consultation

12.1 The sustainable procurement policies 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 Leading by Example 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 policies sit, is a key element of meeting community expectations.

12.2 The policies have been externally reviewed by the Soil Association, CPET and Sustainable Haringey.

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

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 In February 2007, the Timber Trade Federation undertook an analysis of the UK timber market and concluded that around 70% of domestic softwood sold in the UK was legally and sustainably produced. The likelihood therefore is that the Council is already buying certified timber and as such, the implementation of the policy will not result in price premiums, it will merely consolidate existing practice and enable the Council to raise its environmental profile.

13.3 The Soil Association suggest the following changes to the Council's catering provision are required to achieve the catering bronze mark. The Council should switch to free range eggs. The Soil Association have undertaken a sourcing exercise demonstrating local free range supply is feasible with no cost premium. The Council should use fresh instead of powdered milk. An analysis of spend is currently being undertaken which will explore the opportunity to consolidate expenditure through a single supplier, reducing costs and increasing provision of fresh milk.

14. Use of appendices /Tables and photographs

14.1 Appendix 1 – Sustainable Timber Policy

14.2 Appendix 2 – Sustainable Food and Drink Policy

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/>

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