

Sustainable Procurement – How this has been implemented in Enfield Council

1. Foreword

Similar to many Local Authorities, Enfield Council faces numerous challenges in maximising and managing its financial resources in the current economic climate. Procurement is one of the core elements in managing these challenges.

The on-going awareness and implementation of Sustainable Procurement demonstrates our commitment to having a positive impact on the environment, local economy and socially through the money we spend.

This paper sets out the steps that Enfield Council has taken to embed Sustainability into the Procurement process, the benefits that this action has achieved to date and what projects are currently being taken forward in order to continue to deliver improved outcomes to the environment, our residents and the local economy.

A summary of benefits achieved to date, as set out in this report are:

- The establishment of the Sustainable Procurement Policy and the Strategic Procurement Board, which underpin and continue to challenge upcoming tenders to ensure that they deliver economic, social and/or environmental benefits where appropriate.
- The development of the Community Benefits Toolkit, and ongoing training of Enfield employees in how to use it.
- The mandation of attaining local quotes for spend on goods and services under £70,000 and works under £100, 000
- Spend with local providers is currently running at 19% of Council Spend, across 552 local suppliers.
- E- Tendering mandated for spend over £5,000. This simplifies the tendering process, is transparent and is environmentally friendly.
- Social benefits built into contracts, including the requirement for apprenticeships and training opportunities, where proportionate and relevant.
- Enfield is the first council in the UK to pass a motion to use only cruelty free cleaning products

2. Background

2.1 What is sustainable procurement and why does it matter?

As part of Enfield's role in planning and providing services to the community, Sustainable Procurement is a key mechanism through which Enfield Council can address social, economic and environmental objectives. The commitment to Sustainable Procurement directly impacts upon the challenges faced by Enfield (see section 2.3) and enables the Council to deliver tangible improvements to the borough and its residents via the contracts it awards.

Sustainable procurement is defined as:

“ 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.”¹¹

In short it means buying goods and services in a way that:

- Achieves whole life value for money
- Provides benefits to the local society
- Improves the local economy
- Minimises damage to the environment

Practical examples of how this is demonstrated includes the procurement of environmentally friendly products, requiring local employment generation through our contracts and retaining wealth within the borough through active supply chain management, including the creation of apprenticeships and training opportunities.

Sustainable Procurement supports Enfield Council's vision is to make Enfield a better place to live and work, delivering fairness for all, growth and sustainability and strong communities.

2.2 Legal context

The Council must comply with the legal framework for Local Authority procurement - the UK Public Contracts Regulations 2006, the Council's Contract Procedure Rules, the general duty to obtain Best Value (Local Government Act 1999) and also the European Treaty principles of transparency, proportionality, non-discrimination of providers in member states and equality of treatment. This therefore regulates how Sustainable Procurement initiatives are implemented in Enfield.

The UK Public Contracts Regulations allow for such environmental and socio-economic considerations to be taken into account; however these must be

¹ Enfield Sustainable Procurement Policy

relevant and proportionate to the contract in question. This is supported by the Public Services (Social Value) Act, which came into force in 2013 requiring contracting authorities to take local wellbeing into account before starting a procurement process.

However the Council must bear in mind that non-commercial considerations such as community benefits, must only be pursued on the basis that they will still achieve value for money (often assessed through tendering via a 'most economically advantageous' evaluation model). In addition, Procurement Law is clear that contracting authorities are not permitted to discriminate against non-local organisations when competing contracts.

2.3 Socio – economic context

Enfield Council spends £339m per annum buying in goods and services. Despite this, Enfield faces a number of challenges. Enfield has a lower than average employment rate – 67.7% compared to 69.5% for London and 70.9% for the rest of the UK (as of November 2013). As a result, unemployment is much higher than both the London and UK rates – 10.5% compared to 8.9% and 7.8% respectively².

The recession has had a significant impact in the Borough. Whilst the number of unemployed young people is at the lowest level since December 2008 and JSA claims have decreased in Enfield by 3.9%, unemployment still remains a challenge for the borough. Equally, as Enfield has the 3rd highest proportion of 5 – 19 year olds in London, finding suitable routes to training and employment is essential.

Therefore it is critical that the Council make every effort to utilise all available opportunities to retain within the Borough the direct benefits arising from initiatives such as Sustainable Procurement.

2.4 Purpose of this paper

The purpose of this report is to outline the achievements made to date by Enfield Council through implementing Sustainable Procurement initiatives, including:

- **Community Benefits Toolkit**
- **Sustainable Procurement Policy**
- **Strategic Procurement Board**

² Labour Market Bulletin, November 2013

- **Examples of activity that supports environmental, economic, social and ethical outcomes through the procurement process.**

This paper will also outline planned activity to build on these successes and to continue to deliver improved outcomes to the borough in 2014 and beyond.

3. Benefits Achieved to Date

3.1 Sustainable Procurement Policy

The Council adopted a Sustainable Procurement Policy in January 2012. This has now been fully implemented and underpins all of the positive achievements that are listed in sections 3.2 – 4 of this report.

The Sustainable Procurement Policy and its associated action plan is one of the projects in the Enfield 2020 Programme.

3.2 Community Benefits Toolkit

The Shared Procurement Service with Waltham Forest has developed the Community Benefit Toolkit. The toolkit is a step by step guide to provide officers in both Enfield and Waltham Forest with the necessary guidance with regards to the inclusion of social and community benefits required within a tender exercise. This includes practical advice on how to incorporate requirements on areas such as apprenticeships, training initiatives, work placements, use of local supply chain, recruiting via our named agencies, and developing the workforce.

The toolkit has been rolled out across Enfield and Waltham Forest and is available on both intranets. All Enfield employees are offered Community Benefits training in support of this initiative. The Shared Procurement Service is also reviewing a mandatory training offer, including an eLearning option, for all employees who are engaged in procurement to ensure that expectations are clear and the importance of Sustainable Procurement is emphasised.

3.3 Strategic Procurement Board

The Strategic Procurement Board (SPB) was established in 2011, and oversees all Enfield Council's high value (above OJEU) procurement activity to make sure it is carried out appropriately, delivers us value for money and tracks our procurement savings.

SPB is mandated to challenge where procurements are proposed which do not demonstrate sustainability to ensure that there is a robust check in place and that community benefit opportunities are not missed. Typical areas of challenge include whether apprentices are being sought, how the local supply chain could be used and whether the procurement is 'SME friendly'.

3.4 Economical

3.4.1 Local Quotes

Enfield Council is committed to increasing the volume of spend being reinvested in the borough with local suppliers and their supply chains. This has been supported through ensuring that the Contract Procedure Rules (CPRs) require officers to seek quotes from local suppliers where practicable. It is now expected that spend up to £75,000 for goods and services or £100,000 for works receive at least 1 local quote where practicable. This is tracked through the e-tendering system to ensure compliance.

For larger contracts we can require larger contractors to utilise local suppliers in their supply chain, and practical methods for officers to do this are detailed in the Community Benefits Toolkit. This is currently being progressed as part of an upcoming tender for the building of a new residential care home in the borough.

Spend with local providers is currently running at 19% of Council Spend, across 552 local suppliers.

3.4.2 Meeting with local businesses

The Shared Procurement Service has presented to various local business forums over the past year to explain how the Council contracts for services and how to access these opportunities (with an emphasis on e-Tendering – see section 3.4.3). These opportunities are used to promote sustainability, in particular the use of apprenticeships. Feedback at these events is captured to ensure that future presentations are meaningful and applicable to those local businesses in attendance. In addition we are also working with partners to assist local suppliers take advantage of emerging industries as part of the RetroFit project.

The Shared Procurement Service also take the opportunity to meet with local providers on a one to one basis to better understand the perceived barriers to doing business with the Council so that these can be addressed in future activity. Most recently a local Construction company and the Federation of Master Builders met with the Assistant Director of Procurement to review such barriers. Subsequent actions from this meeting include a Council review of the use of select lists (see section 4.5). This demonstrates an on-going Council commitment to actively seeking and listening to the feedback of local businesses and SMEs to ensure that they are not discriminated against in the procurement process.

3.4.3 e-Tendering and simplified procurement process

e – Tendering is the use of electronic means to conduct a tendering or bidding exercise where suppliers are able to bid, in secure, controlled conditions, for a

contract. All Enfield procurement activity over £5000 is now done electronically through the Council e – Tendering portal – Pro contract.

Pro-Contract, known as the London Tenders Portal, is used by 18 London boroughs. The London Tenders Portal is free for suppliers to register on. Once registered, suppliers will receive email updates on new contract opportunities issued by the public sector that match the suppliers registered capabilities.

This has the dual benefit of allowing providers in Enfield to have visibility of all opportunities to do business with Enfield Council, as well as opportunities in neighbouring boroughs – therefore encouraging growth of businesses within the borough.

By adopting an electronic tendering process this has enabled the Shared Procurement Service to adopt a more simplified procurement process. This follows extensive feedback from local suppliers and SMEs, who noted the high costs associated with the tender process. This includes the adoption of standard PQQ templates (Nationally for Works and pan London for goods and services) to enable providers to avoid time consuming duplication.

3.5 Social

3.5.1 Training and Employment opportunities

Given the economic downturn it has never been more important to ensure that the Council gets the most value for its money spent with external contractors. This includes ensuring that additional employment and training opportunities are delivered through Council contracts

The Community Benefits Toolkit provides practical ways for Council officers to establish clauses in contracts to cover both longer term unemployed and the offer of apprenticeships to create training opportunities for local people. As an example, an opportunity which is currently out to tender has used the Community Benefits Toolkit to develop documentation that requires successful contractors to:

- Consider local recruitment when offering employment. Formal evidence of 50% local recruitment will be required.
- Provide additional apprentices as funded by the Council
- Provide skills training and work experience opportunities and industry insight experiences for young people and for long-term unemployed.
- Source local sub-contractors and suppliers – at least 50% of annual spend.
- Encourage equal opportunities.

A further example of where stipulating these requirements has demonstrated tangible benefits is the ICT contract that Enfield has with Serco, which has delivered 3 local apprentices.

This commitment is also reflected internally within the Council. In 2009 Enfield Council was one of 33 councils who pledged to increase the number of apprentices employed by them and their contractors. The target then was to offer 2,000 apprenticeships by 2012. This target was met ahead of schedule and has been continually built on since.

3.5.2 Support of Voluntary Sector, SMEs, micro providers and diverse suppliers

Through ensuring transparency of opportunities, a simplified process (3.4.3), and training support (at meet the buyer forums – 3.4.2 – as well as direct) Enfield continues to encourage voluntary sector, SME and diverse suppliers to win business with the Council. This is particularly prevalent in Schools & Children's Services and Housing, Health and Adult Social Care contracts.

These providers are expected to deliver a positive contribution to the local communities in which they work on our behalf and, given the nature of their businesses, are well placed to do so.

The Public Contracts Regulations 2006 regulation 8 (12) provide that where the value of a contract (which forms part of a larger contract) for works is less than one million Euros (£869,670), or for supplies of services worth 80,000 Euros (£69,574), that contract may be excluded, even though the directive/regulations would otherwise apply because the total value of relevant contracts under the aggregation rules exceeds the threshold.

The exclusion of small Lots from the OJEU Notice and subsequent procurement procedure creates flexibility for local authorities to address local issues through procurement. This provides an opportunity to consider particular services/supplies/works for smaller businesses including local opportunities.

The Council may take advantage of this exemption for contracts worth up to 20% of the total value of the lots.

3.6 Ethical

3.6.1 Use of blacklists

A number of construction companies have been challenged about allegations of supporting the existence of and subscribing to unlawful Construction industry 'blacklists', which detail covertly gathered information on construction trade

unionism, militant tendencies, trouble making, etc. Blacklisting is an unacceptable practice and cannot be condoned.

Enfield Council will not contract with companies who use 'blacklists, in support of the commitment to Fairness for All, and the provision of job opportunities for everyone.

The Shared Procurement Service have therefore amended the PQQ documentation accordingly to request bidders to confirm that they do not subscribe to the use of unlawful construction industry 'blacklists' and will exclude tenderers who refuse to do so.

3.7 Environmental

3.7.1 Government Minimum Buying Standards

In adopting the Sustainable Procurement Policy the Council has committed to adopting the Government Minimum Buying Standards. These standards provide minimum environmental criteria to be applied when procuring a goods and services ranging from ICT to paper, through to building projects

A quick win, which was implemented by the Shared Procurement Service, is the switch to 100% recycled paper. This has obvious environmental benefits but is also estimated to save the Council approximately £30,000 per year.

The Community Benefits Toolkit also gives officers practical ways to incorporate environmental considerations into the product and service selection process.

3.7.2 E – tendering

As highlighted in 3.4.3 e- Tendering has been adopted by Enfield Council. The benefits to both organisation and suppliers in terms of efficiencies and transparency must be noted. However there is a further environmental benefit due to reduced paperwork.

3.7.3 Cruelty Free Cleaning Products

Enfield has developed an innovative approach to developing the supply chain which has resulted in the supply of 'cruelty free' (BUAV) cleaning products being developed by a local company and supplied through our existing supply chain.

The end result is that Office Depot is trialling BUAV approved products, produced by a local supplier, through their catalogue. BUAV products are now being used in Enfield Civic Centre and by the Council's cleaning contractor Enfield Norse. Office Depot is also now promoting the product to their other customers, one of which is a large high street brand. As Office

Depot is a framework provider to many public sector bodies this has opened up significant opportunities for them in supplying ethical products and also for the manufacturer.

Enfield is the first council in the UK to pass a motion to use only cruelty free cleaning products. This prompted enquiries from other councils to see what we had done to implement this motion. As the opportunity developed we kept them informed of progress. This has led to another council speaking to Office Depot and the local supplier about supply of these products.

4. Going Forward

Enfield Council remains committed to driving Sustainable Procurement, and so is keen to continue to build on the positive actions listed above. It is important that the foundations have been established in order for this to happen – and the Sustainable Procurement Policy and Community Benefits Toolkit will continue to be reviewed in order to ensure they are meaningful and ambitious to support future activity.

4.1 Apprentices

Due to the introduction of the Community Benefits Toolkit there are an increasing number of contracts that require the delivery of apprenticeships as part of their delivery. It is now important that processes are put in place to capture and track these benefits.

Therefore the Shared Procurement Service is working with Enfield's Democratic Services to develop the Report Writing Guidance so that Apprenticeships achieved through Procurement exercises are captured in DARS. This will enable further transparency and the ability to monitor arrangements.

It is also intended that future market engagement events for up-coming procurement opportunities will also include a section on sustainable procurement expectations, so that there is clarity at tender stage on what will be required from providers in terms of the delivery of community benefits (including Apprenticeships).

4.2 Section 106

Strategic Planning are represented at SPB, and the synergy between local labour initiatives through Sustainable Procurement and the requirements placed on developers through the section 106 agreements must be noted.

A section 106 (S106) agreement is an enforceable legal agreement negotiated between the Local Planning Authority and a developer in the context of some

planning applications. S106 can be used, for example, to secure non-monetary benefits such as business and employment initiatives. These can include:

- Local labour initiatives including local labour in construction
- Employment skills training
- Apprenticeships
- Job brokerage

Where applicable, the developer will be required to support local labour in construction projects and will be expected to submit a Local Employment Strategy for approval by the Council to set out how they will engage with local contractors/ subcontractors, how many trainees will be employed on site and how many weeks training will be provided per trainee.

Similarly, monies can be collected in lieu for employing trainees on site, which are then pooled to fund Enfield JOBSnet (or other similar services) which supports the work placement of trainees in the construction industry.

The S106 is now under review following the introduction of the Community Infrastructure Levy (CIL) to ensure Enfield is achieving maximum benefits for the borough. However it is likely that s106 requirements for business and employment initiatives will remain. Therefore this is an opportune time for Corporate Procurement and Strategic Planning to work together to agree a more robust method of capturing and monitoring community benefits, such as the number of apprenticeships achieved through contracts let and s106s.

4.3 New Directions

Enfield Council in partnership with the Centre for Research on Socio – Cultural Change (CRESC) have highlighted the need to work jointly on issues of economic renewal. The shared interest in new national and local policies has led to a collaboration that brings together CRESC's expertise on job creation in the national and local economy with Enfield's commitment to the role of 'Co-ordinating Council' which provides place based community leadership. This project has been called 'New Directions'.

The objectives of the New Directions work are to:

- Reinforce Enfield's role as a coordinating council in building a strong local economy.
- Develop a series of new economic strategies to build a sustainable economy in Enfield.

- Develop new proposed policy directions for local, regional and national Governments leading to reindustrialisation and therefore stimulate growth and economic stability delivering new jobs and creating the conditions for distributing prosperity more widely.

The scope of the project includes Corporate Social Responsibility initiatives, building sustainable Economy initiatives and regeneration of the industrial projects in the Borough.

There are a number of projects that will facilitate the development of Enfield's new thinking, these are:

- Big Business and Corporate Social Responsibility (CSR) – working with businesses in Enfield to support reinvestment for jobs and growth in the local community.
- Purchasing and Collaboration – working with small and medium businesses to investigate central and collaborative purchasing to reduce costs and helping business to grow.
- Financial Strategies –pension funds, including the release of (where lawfully able to) for reinvestment in social and economic regeneration. Working with Banks to deliver benefits for residents

4.4 Consolidation Centre

Enfield is working with Camden, Waltham Forest and Camden's project partner, the Institute of Sustainability (IFS) on the Consolidation Centre project. This is in order to help the Councils' meet one of its core objectives to reduce harmful emissions, road accidents, noise and congestion in relation to road freight in the capital.

In July 2013, LB Camden undertook a procurement exercise in partnership with the other authorities in order to appoint a consolidation centre provider for the concept trial period. The Consolidation Centre trial, provided by DHL, is located in Edmonton, which is centrally located between the partner Boroughs. This is an additional benefit to the borough.

The concept trial will comprise of undertaking the delivery of good received from four Council suppliers and delivering them to partner Council sites. The four suppliers in the concept trial are Office Depot, Bunzl Greenham, Janitorial Express, and Banner, two of which are shared by all three partner Boroughs.

A consolidation centre for Enfield, Camden and Waltham Forest's supplies of goods and associated services is expected to deliver the following benefits:

- Reduce the number of vehicles delivering supplies to Enfield, Camden and Waltham Forest's sites.
- Reduce the total distance travelled in bringing supplies from manufacturer to Enfield, Camden & Waltham Forest's sites.
- Reduce congestion levels created by Enfield, Camden and Waltham Forest's supply vehicles.
- Improve air quality by exploring the use of electric vehicles.
- Reduce Cost - generate purchase saving costs from reduced supply distances.
- Introduce added value services to Council departments and sites.
- Contribute to improving road safety in the geographical area.
- Contribute towards improving air quality.
- Contribute towards reducing the impact of transport noise.

A review will take place following the pilot to decide the long term strategy.

4.5 Review of select lists

The Council currently uses a national select list to get quotes from a list of pre - qualified providers for Works under the EU thresholds. This is positive as it allows providers to tender for works without duplicating activity in completing PQQs for each opportunity. It also benefits the authority as it is efficient, whilst still ensuring a robust and compliant process is followed.

However there are various select lists available for the Council to use and therefore a review of this is currently taking place to ensure the list used is the most appropriate in terms of supporting local SMEs to bid for opportunities. This is being done in consultation with local suppliers.

4.6 London Living Wage

Enfield is an accredited London Living Wage Council. The accreditation is from the Living Wage Foundation, an organisation which campaigns for basic wages in London. Enfield Council has paid its direct employees the London Living Wage since February 2012.

As a further commitment the Council will consider (to the extent permitted by law) whether London Living Wage should be included at contract renewal. In the social care field it is recognised that this may be problematic due to personalisation.

Well in advance of the re-tender of each contract, work will be undertaken to assess the potential financial impact of introducing this into the process.

London Living Wage has already been achieved in a number of Enfield contracts including the Cleaning Contract, Leisure Services Contract, Highways Maintenance Contract, Honeysuckle House Care Home and Parkview Care Home.

Therefore the Shared Procurement Service is now working with Enfield Legal and Finance to ensure that the Community Benefits Toolkit and tender documents are updated accordingly.

4.7 Retro Fit

Retrofit London will provide a support package of 12 hours to 175 SMEs (employing <250 staff) located in Enfield, Haringey, Waltham Forest and Lewisham. SMEs take part in the project will include those with PAS2030, those that would like to secure PAS2030 and micro SMEs that can join regeneration supply chains.

Councils taking part in the project will use their influence and relationship with: Green Deal Providers, Energy Companies, framework contractors and other regeneration clients to open-up supply chain opportunities for SMEs and in-turn safeguard 35 jobs and create 25 new jobs.

The Shared Procurement Service is supporting the retro fit project by ensuring officers are trained to include community benefits in their tenders, including the use of local supply chain. In addition we will be working with Sustainability colleagues and Regeneration colleagues to assist SMEs engage with the programme and secure support so that they become accredited to supply services to meet future demand.

4.8 Changes to EU Legislation

The European Parliament is set to approve new directives covering the way that public sector bodies carry out procurement activity. We already have to comply with procurement legislation as set out in the Public Contracts Regulations 2006 (as amended) but the new directives will radically change the way that we undertake this activity.

Once the directives have been approved in Brussels each Member State has up to 2 years to implement the changes in domestic law. The UK Government has already stated that it wishes to implement the changes sooner than that and the expectation is that this will be in late 2014.

In readiness for this a number of staff from the Shared Procurement Service will be receiving training from the Cabinet Office and then rolling out that training to other public sector bodies. This will ensure that Enfield procurement staff are at the forefront of the new rules and will be proficient in them. Training and awareness sessions will be arranged for the wider organisation later in the year.

The new Directives support Sustainable Procurement and the building of increased innovation into procurement, some examples being:

- **Division of contracts into lots**

Contracting authorities will have to explain in the tender documents or in a contract report on the award procedure, why it has decided not to split a contract into lots. Where contracts are divided into lots then it will be permitted to limit the number of lots to be awarded to one tenderer provided that the maximum number of lots per tenderer is stated in the contract notice or invitation to confirm interest. There is also an optional provision which will permit contracting authorities to consider tenders for combined lots. This means that contracts must be broken down to further enable SME bids.

- **Electronic procurement**

There are now mandatory requirements for the transmission of notices in electronic form and electronic availability of the procurement documents and submission of tenders. This supports Enfield's environmental commitments.

- **Selection stage and selection criteria**

A new European Single Procurement Document (ESPD) is to be introduced. This is a self-declaration form which contracting authorities must accept at the request to participate stage (or on submission of tenders in an open procedure) in lieu of certificates relating to the grounds for exclusion, trade or professional registers and other specified documentation. Contracting authorities can request the certificates or other documents at any later stage in the process.

This will be less expensive and time consuming for SME providers, and will simplify the tendering process.

4.9 Improving opportunities for local SMEs

It is possible to improve upon this figure through more effective market engagement, alerting local SMEs of forthcoming opportunities and understanding the ability of what/how suppliers can deliver to help shape contract specifications. In addition Corporate Procurement will seek to run workshops/events which assist local suppliers to be 'bid-ready' and also encourage the larger suppliers to use the local supply chain.

5. Conclusion

With all of the positive activity outlined above, it is important that this information is captured in a transparent, meaningful and track-able way. Therefore this must be an area of development moving forward. Corporate Procurement will work

with Commissioners, Democratic Services, Legal Services, Accountancy Service and Contract Managers to ensure that:

- Tenders include community benefits, with a more simplified and robust Community Toolkit
- Consideration is given to a mandatory % of the evaluation criteria being put against community benefits.
- Spend with local suppliers continues to increase, with an aspiration of 25%.
- Contracts are written in a robust way that reflects the community benefits included in tenders
- Contract Managers are skilled in monitoring and ensuring contract delivery, with consideration to further (potentially mandatory) training.
- The financial impact of any changes relating to the development of sustainable procurement can be taken account of when developing the Council's Medium Term Financial Plan.

Part of this activity will include agreement on where this information is held corporately, so that there is clarity on what Enfield contracts and s106 agreements are delivering and the outcomes that are being achieved. The responsibility to provide this information must sit with the Contract Manager(s) to ensure delivery but be reported corporately on a quarterly basis to Strategic Procurement Board. A mechanism will be developed to ensure that this information is captured and reported. There must also be an agreement to what data is captured, though to is likely to cover the community benefits listed in 3.5.1

That said, this report demonstrates the ongoing achievements of Enfield Council to enable and embed Sustainable Procurement initiatives in order to continue to deliver improved outcomes to the environment, our residents and the local economy.
