

## MUNICIPAL YEAR 2014/2015 REPORT NO. **216**

**MEETING TITLE AND DATE:**  
Cabinet – 29 April 2015

**REPORT OF:**  
Director of Finance,  
Resources and Customer  
Services, James Rolfe

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**Agenda – Part: 1**

**Item: 7**

**Subject: Sustainable Procurement Policy**

**Wards: All**

**Key Decision No: 3999**

**Cabinet Members consulted: Cllr Sitkin  
and Cllr Stafford**

### **1. EXECUTIVE SUMMARY**

- 1.1 The Sustainable Procurement Policy 2015-19 (SPP) is a refresh of the 2011-15 policy.
- 1.2 It commits the Council to considering economic, social and environmental responsibility when procuring the goods, works and services we need, whilst still achieving value for money.
- 1.3 The SPP reviews our achievements in this area so far, renews our commitments going forward, and highlights some of the key ways we will address each element of sustainable procurement.

### **2. RECOMMENDATIONS**

- 2.1. Cabinet approve the refreshed Sustainable Procurement Policy
- 2.2 In doing so Cabinet is asked to note some of the key objectives from the policy are:
  - Recommending a minimum 10% weighting for sustainability criteria in tenders;
  - Negotiating additional jobs and training opportunities in our contracts;
  - Exploring the establishment of a centrally managed pool of apprentices , enabling us to allocate apprentices to contracts;
  - Supporting small and local businesses to bid for our contracts as far as lawful and appropriate;
  - Ensuring carbon and pollution reduction is built into the design of building projects.

### 3. BACKGROUND

- 3.1. Achievements since the last SPP include establishing a Strategic Procurement Board (SPB) which scrutinises sustainability impacts of proposed procurements, and developing the Community Benefits Toolkit, which explains to staff how to deliver socio-economic benefits through procurement.
- 3.2. The policy was developed in collaboration with teams across Waltham Forest and Enfield, led by Corporate Procurement, and with input from Councillors and senior officials.
- 3.3. The policy highlights some of the ways we will continue to build maturity in sustainable procurement.
- 3.4. The key aims of the policy are:
- 3.5. To minimise any negative **environmental impacts** of goods and services purchased, right across their life cycle from raw material extraction to end of life. This section includes commitments to sustainable food, less polluting construction methods, and use of environmentally friendly materials.
- 3.6. To encourage suppliers to add **economic value** to the Enfield community in terms of employment, training and supply chain. We want to ensure that local businesses, particularly SMEs, can benefit from our procurement processes.
- 3.7. To address the **social impacts** of our purchases, by managing and monitoring supply chains to ensure ethical standards, creating additional training opportunities, and supporting social enterprises and the voluntary sector.
- 3.8. **Value for money** is at the heart of the sustainable procurement agenda. It recognises that value does not just mean low cost, but also social, economic and environmental value.
- 3.9. Some achievements under the current policy include:
  - 3.9.1. recognition for the ethical sourcing of food products
  - 3.9.2. commitment to the Government Buying Standards, which provide minimum environmental criteria for a wide range of commodities, for example FSC certified timber, lower emissions vehicles and efficient water-using products
  - 3.9.3. Mandating quotes from local suppliers which has resulted in 30% of our spend being local.
  - 3.9.4. Under this new policy we will seek to further improve the economic, social and environmental impacts from our contracts through the use of apprentices, providing opportunities for long term unemployed people, reducing carbon emissions, and helping small to medium enterprises access more of our contracts.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

4.1. Not producing a sustainable procurement policy. This would be unusual for a public organisation and might be viewed as bad practice.

#### **5. REASONS FOR RECOMMENDATIONS**

5.1 The existing policy is due for renewal.

5.2 The refreshed policy will renew the Council's commitment to economic, social and environmental responsibility.

5.3 There is a preference among stakeholders for separate sustainable procurement policy documents.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

There is a risk that the higher level of employment requirements from this policy document will lead to suppliers factoring additional costs into tender price submissions. The new policy, nevertheless, will produce economic and social benefits in the local and wider economy, which will yield indirect benefits to Enfield.

##### **6.2 Legal Implications**

6.2.1 The principles of Community Law derived from the Treaty on the Functioning of the European Union (TFEU) govern all public procurement and a procurement which infringes these principles will be unlawful. The most important principle of Community Law in relation to sustainable procurement is that of non-discrimination, that is, member states' contracting authorities must not discriminate between economic operators on the basis of their member of establishment. The requirement of fairness, transparency, objectivity and proportionality are also designed to secure equal treatment of economic operators. Public procurement is also governed by wider EU law considerations, particularly those which mandate freedom of movement and which protects competition. Article 11 of the TFEU specifically states that "environmental protection requirements should be integrated into wider Community policy, in particular with a view to promoting sustainable development.

6.2.2 In order to remain compliant with public procurement law, sustainability issues need to be objectively justifiable as part of the solution being sought and not have an effect on bidders and their proposed solutions.

6.2.3 The Public Services (Social Value) Act 2012 requires public authorities to consider the economic, social and environmental well-being of their area when undertaking public procurements. The Act sets out a number of requirements that public authorities must comply with before starting the procurement process including considering:

- how what is being procured might improve economic, social and environmental wellbeing of its area;
- how the improvement might be secured and
- whether to have a consultation on the potential improvement themselves or how they be secured.

6.2.4 The Council has the power under Section 1 (1) of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. Creating stronger and more sustainable communities are key priorities for Enfield and Waltham Forest Councils. Approval and publication of the Sustainable Procurement Policy 2015-19 is accordance with this power

## **5. KEY RISKS**

- There is a risk of reputational damage if the sustainability actions set out in the policy are not implemented.
- However, the policy lowers the Council's risk of unethical or environmentally damaging practices in our supply chains and projects.

## **6. IMPACT ON COUNCIL PRIORITIES**

### **6.1 Fairness for All**

Sustainable procurement has a positive impact on fairness for all, as it advocates a fair wage and fair social and economic treatment for workers throughout our supply chains

### **6.2 Growth and Sustainability**

The economic and social elements of sustainable procurement are about driving growth in the local area through creating training opportunities and supporting small and local businesses and social enterprises.

### **6.3 Strong Communities**

See 6.2 above.

## **7. EQUALITIES IMPACT IMPLICATIONS**

There will be no negative impacts on equalities. It is believed that this policy will have a positive impact where it relates to social and economic sustainability. For example, it advocates asking suppliers to train and hire apprentices and economically disadvantaged groups.

## **8. PUBLIC HEALTH IMPLICATIONS**

This policy sets out how procurement practice can help reduce air pollution, increase work and training opportunities for local people, and increase spend with local companies. The latter two are economic outputs which can positively impact public health.

### **Appendix**

Sustainable Procurement Policy

#### **Background Papers**

None.