

Executive

20 May 2008

Report of the Assistant Director (Audit & Risk Management)

Sustainable Procurement Policy

Summary

- 1 The purpose of this paper is to present to Executive for discussion, comment and approval the Council's corporate sustainable procurement policy. The policy (Annex A) sets out the Council's commitment to sustainable procurement, supports the vision of York being an exemplary sustainable city and will help the Council in delivering the governments challenging targets set out in the Sustainable Procurement National Action Plan. It has been prepared further to the Corporate Procurement Strategy and accompanying medium term action plan adopted by the Council in 2007.

Background

- 2 The Council's approach to sustainability in the procurement process has evolved over a number of years and hence to date there has been no overall approach setting out how sustainability should be considered in delivering value for money procurement in the absence of an agreed policy on this matter.
- 3 The adoption of a corporately agreed sustainable procurement policy will help to ensure that key principles of best practice are embedded universally across the Council. The policy will apply to all business areas of the Council, including direct service provision to stakeholders, procurement of goods and services, works, joint ventures with third parties, partnering and collaboration, sales and disposals

The Policy

- 4 The purpose of the policy is to commit the Council to sustainable procurement within a practical and effective framework comprising of an overarching procurement strategy and the sustainable procurement policy. Future supporting guidance such as the European wide practitioner manual Procura+ (Annex B) should be developed by the Corporate Procurement Team (CPT).

- 5 The Procura+ manual provides detail guidance to help organisations embed and support sustainable procurement. The development of supporting guidance including consideration of the Procura+ manual will be worked up through training and workshop sessions during 2008 with the intention of presenting solutions by April 2009.
- 6 The policy reinforces the principles of 'Whole life costing' adopted as the standard approach to be taken at the Council further to the provisions of the Corporate Procurement Strategy. This approach allows officers and Members to make more informed and transparent decision when awarding contracts than decisions based solely on assumption of 'least cost'. The progress of embedding the policy effectively through the organisation will be measured through the revised sustainability continuum that forms part of the overall procurement strategy and is set out at Annex C of this report.
- 7 The implementation of Sustainable Procurement may increase the cost of procurement solutions at the outset although this may be eroded across the term of any contract through the benefits of lower Whole Life Costs. The benefits to the Council in introducing sustainable procurement may include:
 - a) **Financial Savings** – energy, water and resource efficient products, services and buildings can significantly reduce utility bills and operating costs. The procurement of environmentally preferable products can lower waste management fees and reduce spending on pollution prevention;
 - b) **Achieve local environmental and health goals** – sustainable procurement can be a very cost-effective approach to tackling local environmental problems and to achieving environmental objectives of the Council. Examples of this are the supply of fresh organic food in school meals to improve the health of school children, low emission buses and motor fleet to improve air quality and contracting green electricity to achieve carbon tax targets;
 - c) **Achieving local social goals** – key social issues such as employment, working conditions and the marginalisation of certain groups can be addressed through responsible sustainable procurement practices. Inclusion of conditions within contracts for companies carrying out services on the Council's behalf around the themes of the LAA can help make a difference;
 - d) **Driving local innovation** – working with local suppliers to encourage environmentally innovative approaches, and providing potential markets for such products, can help give these suppliers a competitive advantage nationally and internationally;

- e) **Improve public image and increase legitimacy**- implementing a policy of sustainable procurement is a very effective way to demonstrate the Council's commitment to sustainability as a whole;
- f) **Contributions to global sustainability** – the impacts of sustainable procurement can be felt globally, from helping to reduce greenhouse gas emissions and deforestation, to improving the livelihoods of small developing producers through supporting Fair Trade.

Options & analysis

- 8 Not relevant for the purpose of this report.

Consultation

- 9 Consultation has been undertaken with key officers and Members in drafting this policy .

Corporate priorities

- 10 The introduction of a sustainable procurement policy supports the following priorities and direction statements:
- We will seek to place environmental sustainability at the heart of everything we do
 - Reduce the environmental impact of Council activities and encourage, empower and promote others to do the same
 - Decrease the tonnage of biodegradable waste and recyclable products going into landfill
 - Increase the use of public and other environmentally friendly modes of transport
 - Improve the economic prosperity of the people of York with a focus on minimising income differentials
 - Increase people's skills and knowledge to improve future employment prospects

Implications

- 11 The approval and implementation of the sustainable procurement policy will not amend in any way the Council's Financial Regulations or Value for Money principles. However it will allow Members to consider

and approve sustainable alternatives which may be more expensive than the lowest cost tender providing they are within budget.

- 12 There are no specific legal, HR, property, crime & prevention, IT&T or other implications arising from this report.

Risk Management

- 13 In compliance with the Councils risk management strategy. There are no risks associated with the recommendations of this report

Recommendations

- 14 Executive are asked to:

- a) approve the implementation of the sustainable procurement policy attached at Annex A of this report from 1 April 2009;

Reason

To provide the Council with a sustainable procurement policy framework to deliver its sustainability aspirations and meet the Governments sustainable procurement targets.

- b) approve that the CPT look at industry schemes for embedding sustainable procurement for adoption from April 2009 including the Procura+ manual(Annex B);

Reason

To provide a clear guidance and support to officers involved in procurement.

- c) approve the revised sustainability continuum attached as Annex C of this report.

Reason

To make Executive aware and allow the organisation to measure its progress against the challenging targets set by the government in delivering sustainable procurement

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Report
Approved



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Specialist Implications Officer(s)

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Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Corporate Procurement Strategy

Procuring the Future – Sustainable Procurement National Action Plan

Annexes

Annex A - Sustainable procurement policy

Annex B - Procura+ manual

Annex C - Revised Sustainability continuum