

## **Report for: Cabinet**

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<b>Date of Meeting:</b>	10 March 2022
<b>Subject:</b>	West London Low Carbon Procurement Charter, Policy and Toolkit
<b>Key Decision:</b>	Yes
<b>Responsible Officers:</b>	Dipti Patel - Corporate Director of Community  Dawn Calvert - Director of Finance and Assurance
<b>Portfolio Holders:</b>	Councillor Varsha Parmar - Environment & Climate Change Portfolio Holder  Councillor Natasha Proctor – Finance & Resources Portfolio Holder
<b>Exempt:</b>	No, save for Appendix 3 which is exempt as it comprises information relating to the financial or business affairs of the authority
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All wards
<b>Enclosures:</b>	Appendix 1: Low Carbon Procurement Charter  Appendix 2: Low Carbon Procurement Policy  Appendix 3: (Exempt) Low Carbon Procurement Toolkit, Parts 1 and 2

## **Section 1 – Summary and Recommendations**

This report sets out for approval a low carbon policy, charter and toolkit to be utilised in the council's commissioning, procurement and contract management activity. This approach has been developed by Harrow working in collaboration with other West London authorities.

### **Recommendations:**

Cabinet is requested to:

1. Approve the West London Low Carbon Procurement Policy, Charter and Toolkit for implementation in Harrow.
2. Agree that the Head of Procurement change the Contract Procedure Rules to mandate all Council run tendering must evaluate suppliers on their ability to deliver greenhouse gas emission reductions, with a minimum 5% weighting of the total evaluation criteria. Consideration should be given to increasing this percentage in relation to works, goods and services with a high carbon impact. Opportunities for carbon reduction should also be considered in lower value procurement that is not subject to formal tendering.
3. Delegate all decisions relating to the implementation and amendment of the Charter and Toolkit to the Head of Procurement.
4. Delegate to the Corporate Director of Community, following consultation with the Director of Finance, the Portfolio Holder for Environment and Climate Change and the Portfolio Holder for Finance and Resources, all decisions pertaining to the review and any necessary future amendments to the Policy.

### **Reason: (for recommendations)**

The adoption of a structured approach to low carbon procurement aims to significantly reduce greenhouse gas emissions from local authority supply chains within the sub-region. This contributes towards addressing the declared climate emergency and building the green economy.

## **Section 2 – Report**

### **1. Introduction**

- 1.1 Harrow and the other local authorities in West London have declared climate emergencies, recognising the urgent need to limit emissions of greenhouse gases - principally carbon dioxide - and thereby help to mitigate the worst effects of climate change.
- 1.2 A significant component of local authorities' overall carbon footprints are those emissions arising from their supply chains, embodied in the goods and services that they procure.

- 1.3 Although accurate data for local authorities' supply chain emissions is not yet readily available, the Carbon Disclosure Project's [Global Supply Chain Report 2019](#) collated reporting data from 5,600 business respondents globally and found that, on average, businesses supply chain emissions (Scope 3 emissions) exceeded their own direct energy use and transport emissions (Scope 1 and 2 emissions) by a factor of 5.5:1. Like many larger businesses, local authorities are major purchasers of goods and services, including high carbon intensity categories such as construction and road maintenance. Consequently, council supply chain emissions are almost certainly the most significant part of their overall carbon impact as organisations. They need to be an area of focus, along with direct emissions from our buildings and fleet, if local authorities are to significantly decrease the overall greenhouse gas emissions attributable to their activities and respond effectively to the climate emergency.
- 1.4. Harrow and many other local authorities have well developed social value requirements in their procurement processes, but hitherto most authorities in West London have not taken a systematic approach to driving low carbon outcomes through their procurement and contract management processes, partly due to a lack of tools and knowledge to do so. It is this knowledge, skills and tools gap that the policy, charter and toolkit presented with this report seek to fill.

## **2. Options considered**

- 2.1 The options considered are:
  - (a) Do nothing: This is not recommended as the council will fail to actively address its supply chain emissions.
  - (b) Single authority approach: To take a single council approach to carbon reduction in our supply chain through our procurement programme.
  - (c) Joint approach: To take a joint approach to tackling climate change and carbon reduction in our supply chain across several West London boroughs.
- 2.2 Option (c), the joint approach, is recommended. This will create a greater momentum around this priority with our combined supply chains and deliver positive outcomes more quickly and extensively than a single borough approach.

### 3. Background

- 3.1 In September 2020, following approval by the West London Economic Prosperity Board, the West London Alliance published their Build & Recover Plan. The Plan places a strong emphasis on a green recovery and includes a commitment to “Use our status as ‘anchor institutions’ to lead by example by making our procurement policies more favourable to low carbon suppliers”.
- 3.2 In December 2020 a Low Carbon Procurement Working Group, led by Harrow Council, was formed. It is comprised of representatives from eight West London boroughs – Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow, Richmond and Wandsworth, along with the West London Waste Authority. In January 2021 the Working Group agreed the principle of joint commissioning of a low carbon toolkit, with a view to helping procurement and commissioning officers to engage more productively with their supply chains on this issue.
- 3.3 A specialist supply chain consultancy, Action Sustainability, were commissioned to support the project and the development of the necessary tools and materials. Action Sustainability have wide experience working closely with industry and business and amongst other initiatives they deliver the Supply Chain Sustainability School, which provides training and engagement for businesses of all sizes on sustainability issues.
- 3.4 The suite of documents that has been developed in collaboration with the participating boroughs accompanies this report at Appendices 1-3. They comprise:
- Charter:** The charter is a supplier facing document that establishes the principle of joint working towards low carbon outcomes. The charter will be sent to boroughs’ existing suppliers with an invitation to participate in the initiative. Furthermore, it is envisaged that it will be a requirement of all new suppliers formally appointed via a Council procurement process to sign up to the charter.
- Policy:** The policy sets out the boroughs’ overall approach to using their procurement and supply chain management processes to reduce carbon emissions.
- Toolkit:** The toolkit contains practical tools and guidance, including questions, model answers and KPIs, to enable officers to deliver low carbon outcomes.
- 3.5 The purpose of the documentation is to support officers develop the skills and knowledge to apply good practice on carbon reduction through the whole commissioning and procurement cycle: from design and specification, through the supplier selection process and then via ongoing contract management. It is clear that many businesses are already engaging very positively with the carbon reduction agenda, and the emphasis throughout is on working collaboratively with suppliers to

look for opportunities for carbon savings during the lifetime of the particular contract.

- 3.6 As a new initiative, the experience of boroughs using the charter, policy and toolkit will be reported regularly to the Working Group in order to share lessons learnt and best practice and allow for continuous improvement. The scope of work commissioned from Action Sustainability includes a review of the documentation after one year of operation, to incorporate feedback and learning. It is recommended that ongoing review and any necessary amendment of the documentation is delegated to officers.
- 3.7 In order to ensure carbon reduction is actively considered in Harrow Council run procurement it is recommended that this element comprises a minimum of 5% of the overall tender evaluation weighting. It may also be appropriate on a case-by-case basis, on the advice of the Head of Procurement and the Head of Natural Resources and Climate, to increase this weighting for works, goods and services with a high carbon impact such as construction works.
- 3.8 To help embed low carbon outcomes across the range of Council procurement activity, the Charter, Policy and Toolkit will be referenced in the Council’s Contract Procedure Rules (CPRs) as per recommendation 2 of this report. .

#### 4. Implications of the Recommendation

##### Risk Management Implications

- 4.1 Risks included on corporate or directorate risk register? **Yes** (climate change is included in the corporate risk register)

Separate risk register in place? **No**

- 4.2 The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Officers do not have sufficient skills and knowledge to implement the initiative	<ul style="list-style-type: none"> <li>▪ The toolkit is clearly structured around the widely understood ‘plan, source, manage’ approach to procurement</li> <li>▪ Online training sessions will be provided to procurement teams and commissioning officers in March as part of roll out. These will be recorded and made available to those who cannot make</li> </ul>	Green

Risk Description	Mitigations	RAG Status
	<p>the sessions, and to new starters.</p> <ul style="list-style-type: none"> <li>▪ The policy, charter and toolkit will be referenced in the CPRs.</li> <li>▪ Climate change implications will be a standard part of procurement gateway reports</li> </ul> <p>Feedback from officers will be obtained on an ongoing basis and fed into a formal one year review of the initiative by the participating boroughs</p>	
<p>The supply chain is unable to engage with the council's requirements and Small and Medium Enterprises (SMEs) in particular will be disadvantaged</p>	<ul style="list-style-type: none"> <li>▪ SMEs and larger businesses are differentiated in the toolkit, allowing proportionate questions to be asked depending upon contract value / complexity</li> <li>▪ SME training sessions will be offered in March / April to introduce the initiative to local suppliers and provide practical advice on how to engage with it</li> <li>▪ The toolkit has been prepared taking into account with expert advice from a specialist supply chain consultancy and learning from Harrow and other boroughs in engaging with existing suppliers to ensure the requirements are achievable by market operators.</li> </ul>	<p><b>Green</b></p>

<p>The application of the charter, policy and toolkit results in an increase in supplier prices for tendered works</p>	<ul style="list-style-type: none"> <li>▪ The toolkit is not prescriptive and provides flexibility for suppliers to respond with their low carbon solutions. This permits the market to internalize the net zero agenda, which in many sectors is already taking place.</li> <li>▪ The proposed minimum % weighting remains modest as part of the overall assessment, and contract pricing is separately assessed.</li> </ul>	<p>Green</p>
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### Procurement Implications

- 4.3 Since late 2020 Harrow has been trialling a general carbon reduction question of suppliers as part of selected procurement exercises. Initial climate change and carbon reduction orientation training was provided to commissioners and procurement officers to support this. The responses received from suppliers have generally been positive, with many keen to engage with the agenda and demonstrate new ways of doing business that reduce emissions. The charter, policy and toolkit aim to provide a more structured and comprehensive approach in order to take this work further with our supply chains.
- 4.4 This West London low carbon procurement initiative also directly supports recent government guidance (PPN05/21), which provides that all contracting authorities should consider the following national priority outcomes alongside any additional local priorities in their procurement activities:
- creating new businesses, new jobs and new skills;
  - tackling climate change and reducing waste, and
  - improving supplier diversity, innovation and resilience.

### Legal Implications

- 4.5 Both the Public Services (Social Value) Act 2012 (2012 Act) and the Public Contract Regulations 2015 (PCR 2015) provide a legal basis to help drive low carbon outcomes through public procurement.
- 4.6 The 2012 Act (s1(3)) imposes an obligation on all above threshold services contract procurements for local authorities to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the area and how to secure those improvements through the procurement process.

- 4.7 Section 17 of the Local Government Act 1988 (exclusion of non-commercial considerations in the case of local and other public authority contracts), is disapplied to the extent that the authority considers it necessary or expedient to do so to enable or facilitate compliance with a duty imposed on it by the 2012 Act.
- 4.8 The PCR 2015 allow (Regs 67 and 68) environmental factors to be considered as part of best price-quality criteria for all public contracts, and for CO2 emissions relating to manufacture, use and disposal of a product to be considered as part of the life cycle costings.
- 4.9 Local authorities therefore have discretion under the legislation how to apply environmental criteria to the selection of suppliers, so long as they are relevant to what is being procured, proportionate and transparent.

### **Financial Implications**

- 4.9 The external costs of the development of the toolkit have been split equally amongst the participating organisations. Harrow's share has been met from existing budgets.

### **Equalities implications / Public Sector Equality Duty**

- 4.10 The national Climate Change Committee has stated that global temperature increases of between 1.5°C and 2°C would affect vulnerable people (including older people and the economically disadvantaged) most of all. It also concluded that vulnerable groups are likely to benefit disproportionately from co-benefits associated with a transition to net zero carbon emissions, such as reduced air pollution (Climate Change Committee, 2020, *Net Zero: The UK's contribution to stopping global warming* p31, p218).
- 4.11 The implementation of the low carbon procurement policy, charter and toolkit will directly enable the Council's contracts to be delivered on a more sustainable, low carbon basis. The approach will encourage the growth of the green economy and more sustainable ways of doing business for the long term. It is not expected to adversely impact those with protected characteristics and is intended ultimately to play a part in mitigating the worst impacts of climate change, which might otherwise have a disproportionate impact on certain vulnerable groups including some with protected characteristics.

## **5. Council Priorities**

The recommendations in this report directly contribute to the following council priorities:

1. Improving the environment and addressing climate change: through supporting a reduction in greenhouse gas emissions from our supply chain. This is expected to also have a range of ancillary benefits, for example reduced waste and air pollution from businesses supplying goods and services in the borough.
2. Thriving economy: through encouraging the development of the circular economy and new way of doing business that operate to reduce emissions and are sustainable for the long term.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Dawn Calvert**

Signed by the Chief Financial Officer

**Date: 11/02/2022**

**Statutory Officer: Stephen Dorrian**

Signed on behalf of the Monitoring Officer

**Date: 14/02/2022**

**Chief Officer: Dipti Patel**

Signed by the Corporate Director

**Date: 28/02/2022**

**Head of Procurement: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 17/02/2022**

**Head of Internal Audit: Susan Dixon**

Signed by the Head of Internal Audit

**Date: 23/02/2022**

## **Mandatory Checks**

**Ward Councillors notified:** NO, as it impacts on all Wards

**EqIA carried out:** YES, it is currently with the EDI Team

**EqIA cleared by**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Nimesh Mehta, Head of Procurement –  
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**Background Papers:** None

**Call-in waived by the Chair of Overview and Scrutiny Committee**

NO