

REPORT FOR: CABINET

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| Date of Meeting: | 18 October 2011 |
| Subject: | Sustainable Procurement Policy |
| Key Decision: | Yes <i>[Affects 2 or more Wards]</i> |
| Responsible Officer: | Julie Alderson, Interim Director of Finance |
| Portfolio Holder: | Councillor Bill Stephenson, Leader of the Council and Portfolio Holder for Finance and Business Transformation Councillor Keith Ferry, Portfolio Holder for Planning, Development and Enterprise |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Enclosures: | Harrow Council Sustainable Procurement Policy Equality Impact Assessment |

Section 1 – Summary and Recommendations

This report sets out the reasons why Cabinet agreement is sought for the Sustainable Procurement Policy and the benefits that subsequent implementation will bring to the communities of Harrow.

Recommendations:

Cabinet is requested to:

1. Agree to the adoption and implementation of this Sustainable Procurement Policy.

Reason:

1. To facilitate delivery of the objectives of key Council strategies and policies (e.g. Corporate Plan, Sustainable Community Strategy, “Enterprising Harrow”, Climate Change Strategy) through Council procurement.
2. To facilitate the use of social, economic and environmental considerations within Council procurement processes. For example the stimulation of supply chain opportunities for local businesses and third sector organisations, the creation of local employment and training opportunities.

Section 2 – Report

Introductory paragraph

2.1 Harrow Council has wide-ranging and long-standing objectives to achieve social, economic and environmental improvements for our community.

2.2 Current public sector good practice and case law indicates that this can be achieved, as a minimum, in a cost-neutral manner through the inclusion of relevant considerations in procurement and supply chain management, based on robust, relevant policy.

2.3 By agreeing and implementing a Sustainable Procurement Policy, we are able to leverage the power of our supply chains, to achieve local benefit, in Harrow.

Background

2.4 Harrow Council wants to achieve improvements in social, economic and environmental sustainability in the community.

2.5 The Council has made a number of very strong commitments to do this, for example within the Corporate Plan, Sustainable Community Strategy, “Enterprising Harrow” and Climate Change Strategy.

2.6 In practice, a large part of this translates into supporting and encouraging the development of local businesses and local 3rd sector, local jobs and local skills.

Current situation

2.7 The challenge now is to make sure that the Council's supply chain, in which annual spend is in the region of £230m, consciously and pro-actively plays a part in delivering Council objectives around social, economic and environmental sustainability. As such, annual procurement spend has to be viewed as an investment into the community.

2.8 Many public bodies (e.g. Greater London Authority, Olympic Delivery Authority, Manchester City Council) are using their procurement processes and procedures to influence supply chain behaviour in order to address exactly this challenge.

Why a change is needed

2.9 Current good practice and case law indicates that, to facilitate the robust inclusion of social, economic and environmental sustainability in procurement processes and procedures in this way, an appropriate Policy needs to be in place that connects high-level organisational strategy and procurement practice.

2.10 Harrow Council does not currently have such a Policy. The Sustainable Procurement Policy has been drafted in order to address this gap.

2.11 In preparing this Sustainable Procurement Policy, Harrow Council has been able to benefit from the learning from implementation of a similar policy by the Greater London Authority (The GLA Responsible Procurement Policy). Implementation of this policy has demonstrated that social, economic and environmental sustainability can be driven through supply chains in a manner that is cost neutral and that delivers significant benefit to communities.

2.12 Many large, current and potential future suppliers to Harrow Council supply services to the GLA, London 2012 and/or Crossrail. These organisations routinely include robust requirements around sustainability in their procurements, contracts and supply chain management. Suppliers are, therefore, used to working to these high standards in sustainability.

2.13 Harrow Council's commitment to sustainable procurement was confirmed in the Procurement Strategy, approved by Cabinet in 2009. The strategy includes all aspects of sustainability: Social, economic and environmental, and a guide to sustainable procurement is included as an appendix. The Sustainable Procurement Policy strengthens this commitment and gives clarity to its direction.

Options considered

2.14 The primary option consideration is whether to have a Sustainable Procurement Policy or not. The experience of the Greater London Authority (GLA) is that it is beneficial to have such a Policy. This is because such a Policy provides a basis for the inclusion of social, economic and environmental sustainability considerations in procurement and supply chain

management which help deliver strategic objectives around local community growth and development.

2.15 There are options around the specific sustainability considerations that can be included within a Sustainable Procurement Policy. The GLA's Responsible Procurement (RP) Policy has been tried and tested over several years and has been demonstrated to improve economic outcomes for local communities during construction of the East London Line, Olympic Park and award and delivery of many smaller contracts. A Harrow Council Sustainable Procurement Policy has been prepared that reflects the GLA RP's Policy and that is tailored to the specific needs of the community of Harrow.

Implications of the Recommendation

Considerations

Resources, costs

2.16 Agreement to and implementation of this Sustainable Procurement Policy will allow the Council to capture the following benefits;

- a. *Achieve cost savings on works, goods and services* through;
 - i. Demand-management; buying less and buying 'needs not wants'
 - ii. Improved efficiency through robust, commercial procurement
 - iii. Reduction in waste to landfill
 - iv. Reduction in energy and fuel consumption.

- b. *Protect the Council's reputation.* Implementation of sustainable procurement will ensure that the Council achieves Best value from its spend; this is a step beyond just achieving Value for Money, which will remain a very important Council objective.

- c. Utilise the £230m that the Council spends each year on services, works, utilities and commodities as investment into the community by:
 - i. *Stimulating new trading opportunities* for local firms and local third sector organisations (including voluntary & community sector)
 - ii. *Reducing the environmental impact* of Council supply chains
 - iii. *Promoting local employment and training* within supply chains.

Staffing/workforce

2.17 The Sustainable Procurement Policy will be delivered by Council staff already involved in procurement activity and so within current staffing levels.

Legal comments

2.18 Public procurement legislation, guidance and case law expressly supports the inclusion of social, economic and environmental considerations into the commissioning and procurement process provided it is done in a transparent, non discriminatory way and is relevant to the contract subject

matter. Implementation of this Sustainable Procurement Policy in this way is therefore lawful.

Community safety

2.19 The Sustainable Community Strategy seeks to improve socio-economic conditions in Harrow. This may serve to improve community safety.

Financial Implications

2.20 The Sustainable Procurement Policy has no revenue or capital funding requirements.

2.21 Implementation of the Sustainable Procurement Policy is anticipated to deliver savings through;

- Demand-management; buying less and buying 'needs not wants'
- Improved efficiency through robust, commercial procurement
- Reduction in waste to landfill
- Reduction in energy and fuel consumption

Performance Issues

2.22 Implementation of the Sustainable Procurement Policy will enable the Council to establish and manage the performance by suppliers in relation to social, economic and environmental sustainability.

2.23 The management of performance of suppliers in relation to social, economic and environmental objectives will be achieved through the use of Performance Indicators (PIs). The Council is able to draw on the PIs that are currently used by the Greater London Authority as part of the implementation of their Responsible Procurement Policy.

- Sustainability PIs will be established and reported for each contract. These will be incorporated into the Corporate Performance scorecard, if required.
- Suppliers will be required to demonstrate value for money and continuous improvement (Best value) in performance throughout the contract
- Suppliers will be required to provide equality monitoring data
- Suppliers will be monitored on how they manage their supply chain, including trade with Harrow businesses and third sector organisations
- Suppliers will be monitored on their performance in relation to agreed employment and training programmes, including local people accessing jobs, apprenticeships and other training programmes.

Environmental Impact

2.24 The Sustainable Procurement Policy has been expressly prepared to facilitate delivery of the Council's Climate Change Strategy through Council procurement processes and procedures and supply chain management.

2.25 Approval and implementation of the Sustainable Procurement Policy will result in a positive environmental impact.

2.26 The Policy enables decisions around the award of contracts to include consideration of the past and likely future environmental impact of the activities of applicants for the contract.

Risk Management Implications

2.27 Each procurement exercise involves the application of a project risk management discipline. Individual elements of the Sustainable Procurement Policy are addressed within this.

Equalities implications

2.28 Equality is a key consideration within the dimension of 'social sustainability'. The Sustainable Procurement Policy seeks to improve the performance of first tier suppliers and the Council's supply chain in relation to equality and anti-discrimination.

2.29 The Policy will facilitate implementation of elements of the Equality Act 2010

2.30 An Equality Impact Assessment has been undertaken and indicates that the Sustainable Procurement Policy will impact positively on all protected characteristics.

2.31 Support for Council officers is being organised by Corporate Procurement Unit, to ensure that the Policy is implemented and these positive impacts are maximised.

2.32 No adverse impacts on protected characteristics are anticipated. Annual monitoring of the impact of the Policy will be undertaken to ensure that positive impacts are accruing. If and when any adverse impacts are identified they will be rectified.

Corporate Priorities

2.33 The Sustainable Procurement Strategy will enable the award of Council contracts to include consideration of the willingness and ability of suppliers to support the Council in delivery of all of the following corporate priorities;

- *Keeping neighbourhoods clean, green and safe*; through the inclusion of environmental considerations in procurement processes and procedures and supply chain management
- *Supporting and protecting people who are most in need*; through the promotion of local employment and training opportunities within Council supply chains

- *Supporting our town centre, our local shopping centres and businesses;* through the promotion of trading opportunities within Council supply chains for local businesses and third sector organisations.

Section 3 - Statutory Officer Clearance

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| Name: Steve Tingle | <input checked="" type="checkbox"/> | on behalf of the Chief Financial Officer |
| Date: 7 September 2011 | | |
| Name: Matthew Adams | <input checked="" type="checkbox"/> | on behalf of the Monitoring Officer |
| Date: 20 September 2011 | | |

Section 4 – Performance Officer Clearance

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| Name: Alex Dewsnap | <input checked="" type="checkbox"/> | Divisional Director Partnership, Development and Performance |
| Date: 19 September 2011 | | |

Section 5 – Environmental Impact Officer Clearance

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| Name: Andrew Baker | <input checked="" type="checkbox"/> | on behalf of the Divisional Director (Environmental Services) |
| Date: 30 August 2011 | | |

Section 6 - Contact Details and Background Papers

Contact: Richard Hawtin, Head of Procurement
Direct tel: 0208 416 8442

Background Papers:

- Sustainable Procurement Policy
- Equality Implications Assessment

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]