

## **Harrow Council Sustainable Procurement Policy**

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### **1. Document Purpose**

The purpose of this document is to record the Sustainable Procurement Policy that is driving Harrow Council's procurement activities.

The document explains the detail of the Policy, its context, the benefits that implementation offers the Council and the communities that we serve. Also, the Sustainable Procurement Toolkit that will be used to ensure implementation.

A summary of the legislation referenced in this Policy is included as an appendix.

This has all been prepared with a view to establishing sustainable procurement as a core Council activity; a 'must do' rather than simply a 'nice to do' as it has been previously perceived.

Approval of this Policy will enable sustainability to become a significant determinant in tender evaluations. It will be one of the three main criteria scored during tender evaluation, alongside those of price and quality.

### **2. Policy Context**

Harrow Council wants to achieve improvements in social, economic and environmental sustainability in the community and has made a number of very strong commitments to do this, e.g. Sustainable Community Strategy, Enterprising Harrow, Climate Change Strategy. In practice, a large part of this translates into supporting and encouraging the development of local businesses, local jobs and local skills.

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 to these aims

of social, economic and environmental sustainability. As such, this spend has therefore to be viewed as an investment into the community.

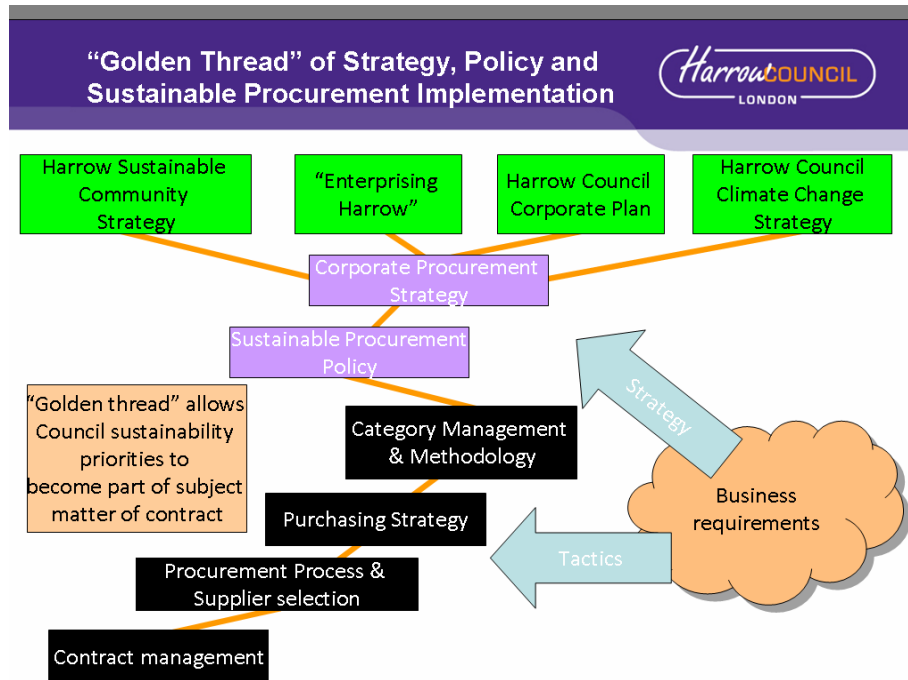
Implementation of this Sustainable Procurement Policy will allow the Council to capture the following benefits;

- a. **Achieve cost savings on works, goods and services** through;
  - a. Demand-management; buying less and buying 'needs not wants'
  - b. Improved efficiency through robust, commercial procurement
  - c. Reduction in waste to landfill
  - d. 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
- d. **Provide assurance against legal challenge.** This Policy is fully compliant with all current EU and UK legislation. It enables the Council to make maximum use of current legislation so that current procurement spend can be used as investment into the community.

The Policy commits the Council to a set of social, economic and environmental actions which are part of a 'golden thread' that;

- ii. Links Cabinet approved, key Council strategies and policies (e.g. Sustainable Communities Strategy, Climate Change Strategy, "Enterprising Harrow", Corporate Plan) to commercial process
- iii. Can be referenced in the Council's commercial processes

This can be diagrammatically shown as:



This Sustainable Procurement Policy is drawn from learning from implementation of the Greater London Authority's Responsible Procurement Policy. This GLA Policy has been used as a basis for the inclusion of sustainability considerations in tenders, contracts and supply chain management since around 2005. By utilizing a model similar to that of the GLA, Harrow Council can be confident of minimizing legal exposure, whilst ensuring that an appropriate balance can be achieved between price, quality and sustainability.

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.

### 3. Sustainable Procurement Policy; Elements and Principles

There are seven Policy elements that Harrow will apply to procurement and supply chain management;

- I. Encouraging a diverse base of suppliers
- II. Promoting fair employment practices
- III. Promoting workforce welfare
- IV. Meeting targeted recruitment and training needs
- V. Community benefits
- VI. Ethical sourcing practices
- VII. Promoting greater environmental sustainability

The following table details each Policy element, the set of principles that apply to each and why they are being adopted in Harrow.

	Policy element	Principle(s) in procurement and supply chain management	Why
I	Encouraging a diverse base of suppliers	<ul style="list-style-type: none"> <li>• Promote <b>supplier diversity</b>; including the participation of small medium enterprises, 3<sup>rd</sup> sector organizations (including voluntary and community sector organizations and social enterprises), including firms and 3<sup>rd</sup> sector organizations based in Harrow</li> <li>• Utilise <b>procurement processes, procedures and paperwork</b> that are open, transparent and appropriate to the risk of the contract</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the range of solutions available</li> <li>• Encourage innovation</li> <li>• Make the supply chain more resilient</li> <li>• Obtain better VfM from council spend</li> <li>• Stimulate the local economy</li> <li>• Support Government objectives around increasing participation of small and medium enterprises (SMEs) in supply chains</li> <li>• Support Government objectives around “Big Society” and local authority partnership with the 3<sup>rd</sup> sector, including service delivery by the 3<sup>rd</sup> sector</li> <li>• Minimise the bureaucratic burden on firms and 3<sup>rd</sup> sector organizations bidding for contracts</li> <li>• Ensure that smaller firms and 3<sup>rd</sup> sector organizations are not barred from procurement processes as a result of unnecessarily complex approaches to procurement</li> </ul>
II	Promoting fair employment practices	<ul style="list-style-type: none"> <li>• Ensure <b>workforce equality and diversity</b> within supply chains</li> <li>• Promote the benefits of <b>fair employment practices</b></li> <li>• Explore potential for payment of the <b>London Living Wage</b> within supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• Meet legal requirements around Equality and anti-discrimination</li> <li>• Ensure that UK workers contributing to the delivery of commodities, services, works and utilities to Harrow Council are treated fairly by their employers</li> </ul>
III	Promoting workforce welfare	<ul style="list-style-type: none"> <li>• Ensure the <b>health, safety and wider welfare</b> of people working to deliver services on behalf of the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that legal requirements around health &amp; Safety are met throughout Harrow Council supply chains</li> </ul>

	Policy element	Principle(s) in procurement and supply chain management	Why
			<ul style="list-style-type: none"> <li>• Ensure that people working within Harrow Council supply chains are protected from harm in their workplaces</li> </ul>
IV	Meeting targeted recruitment and training needs	<ul style="list-style-type: none"> <li>• Offer a range of <b>apprenticeship, training and skills development</b> opportunities</li> <li>• Offer <b>employment</b> opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Create local jobs</li> <li>• Develop local skills base</li> <li>• Develop and maintain a skilled workforce in Harrow that enables long-term economic success</li> </ul>
V	Community benefits	<ul style="list-style-type: none"> <li>• Maximise <b>opportunities for Harrow businesses and voluntary and community organisations</b> to compete to participate in our supply chains</li> <li>• Promote <b>employment</b> opportunities for Harrow residents</li> <li>• Promote <b>training, skills development and learning</b> opportunities for Harrow residents</li> <li>• Encourage a <b>positive contribution from our suppliers</b> to our local communities, including the provision of procurement, employment and training opportunities to local organizations and individuals</li> <li>• Encourage and, where possible, mandate use of the <b>Harrow Business Guide and Directory</b> by Council officers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• To include 'social considerations' and 'community benefit' considerations within Council procurement processes and procedures whilst ensuring value for money</li> <li>• To ensure that Harrow Council uses its spending power in a way that directly delivers local benefit</li> <li>• To ensure that first tier suppliers work with Council to implant Policy and Strategy around local economic development</li> <li>• To ensure that Harrow organizations have the free and fair opportunity to become 2<sup>nd</sup>, 3<sup>rd</sup> and even 4<sup>th</sup> tier suppliers to the Council</li> <li>• To ensure that organizations based in Harrow are considered for inclusion in all requests for quotations and tender lists</li> <li>• To ensure that Harrow residents can apply for employment and training opportunities with suppliers to the Council</li> </ul>
VI	Ethical sourcing	<ul style="list-style-type: none"> <li>• Ensure compliance with European Union (EU),</li> </ul>	<ul style="list-style-type: none"> <li>• Minimize reputational risk</li> </ul>

	Policy element	Principle(s) in procurement and supply chain management	Why
	practices	<p>national and international standards of <b>organizational governance</b></p> <ul style="list-style-type: none"> <li>• Eradicate <b>corruption</b></li> <li>• Encourage meeting of minimum relevant industry benchmarks or national legal standards in <b>workforce wages, benefits and welfare</b> including child labour</li> <li>• Encourage <b>fair pricing</b> of all goods, works and services that enables the achievement of both value for money continuity of business operations</li> <li>• Promote <b>Fair Trade</b> and similar standards</li> <li>• Do not support, encourage or facilitate the trade in drugs, arms, slavery or prostitution</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that Harrow Council does not directly or indirectly exploit people in other parts of the world</li> </ul>
VII	Promoting greater environmental sustainability	<p><b>Waste</b></p> <ul style="list-style-type: none"> <li>• Reduce the production of <b>waste and by-products</b></li> <li>• <b>Encourage reuse of products and materials</b></li> <li>• <b>Maximize recycling of waste</b></li> <li>• <b>Minimize the landfilling of waste</b></li> </ul> <p><b>Carbon/energy</b></p> <ul style="list-style-type: none"> <li>• Reduce the <b>carbon footprint</b> of council operations and services</li> <li>• Reduce <b>embodied (fossil fuel) carbon</b> within the new build and retrofit of Council buildings</li> <li>• Ensure <b>energy efficiency</b> of Council buildings and operations</li> <li>• Consider <b>green energy</b> options</li> </ul> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Reduce potable <b>water usage</b></li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the environmental impact of Harrow Council's activities</li> <li>• Meet the increasing expectation of our community that Harrow Council becomes more environmentally sustainable</li> <li>• Address evolving national and international standards around improving environmental performance</li> <li>• Require our supply chain to operate more sustainably</li> </ul>

	Policy element	Principle(s) in procurement and supply chain management	Why
		<ul style="list-style-type: none"> <li>• Encourage the use of <b>harvested water</b></li> </ul> <p><b>Pollution</b></p> <ul style="list-style-type: none"> <li>• Minimise <b>untreated releases to water</b></li> <li>• Minimise <b>releases to land</b></li> </ul> <p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>• Ensure that <b>goods purchased</b> (including timber) have no adverse effect on the environment and comply with European Union and international law.</li> <li>• Ensure all timber products are Forest Stewardship Council (FSC) certified</li> <li>• Improve <b>air quality</b> by reducing emissions of NOx (nitric oxide and nitrogen dioxide) and PM10s (particles measuring 10µm or less) to air from the vehicle fleet and other sources</li> <li>• Promote <b>biodiversity</b></li> <li>• Ensure that sustainability issues are fully considered <b>when disposing of assets</b></li> <li>• Examine the <b>environmental management practices of our large suppliers</b> so that negative impacts are minimized</li> </ul>	

## 4. Delivery of the Policy: Sustainable Procurement Toolkit

This Sustainable Procurement Policy is being delivered through the development and use of the Sustainable Procurement Toolkit. This Toolkit underpins the procedures and processes that will, in due course, be undertaken for all procurement within the Council.

The Toolkit is designed for use within the specific culture and context of Harrow Council. It integrates and adapts material from many sources of sustainability best practice, including;

- 'Gold level' standard of the Mayor of London's Green Procurement Code
- Defra's Flexible Framework
- Government Buying Standards (formerly known as "Buy Sustainable Quick Wins")
- British Standard BS 8903 in sustainable procurement
- European Commission's Green Public Procurement criteria
- ISO 14024 and ISO 14025 standards
- Current Harrow Council strengths and good practice

The Sustainable Procurement Toolkit includes;

- a. Examination of "**Values and Risks that Procurement from Harrow-based SMEs and 3<sup>rd</sup> Sector organisations offer Harrow Council**" and implementation of "**Actions to Maximise Potential Trade**"
- b. **Sustainability Checklist**; for use within Category Management Methodology or for individual procurements, where no Category Management is yet in place. The checklist will enable users to make a conscious, informed decision on which elements of the Sustainable Procurement Policy are to be progressed within which procurement processes.
- c. **Supply Value Chain Analysis**; to determine scope and specification and as framework for evaluated pricing schedule
- d. Sustainability considerations within **Business case documents** (e.g. for capital spend)
- e. Use of **Outcome based specification**
- f. **Whole-life Costing** methodology; including integration and consideration of value of social sustainability
- g. **Purchasing strategy** template; defining what is to be bought, how, why and when



- h. Template sustainability statements within OJEU notices
- i. Sustainability within procurement paperwork, so that is a part of the subject-matter of the contract and a **factor in determining award** alongside as price and quality
  - i. Sustainability included in procurement templates
  - ii. Closed questions within **PQQ** on sustainability including:
    - equality
    - support for key Council strategy & policy
    - Environmental Management System and/or Policy
  - iii. Open, evaluated questions in **ITT** on sustainability including:
    - [local] supply chain management
    - targeted [local] recruitment & training; including apprenticeships
    - environmental sustainability
    - equality
- j. Sustainability-related **contract terms & conditions**
- k. **Monitored KPIs** in relation to relevant sustainability outputs and outcomes and other contract management, as appropriate
- l. **Contract management** template

## Appendix 1: Legislative Framework

### Legislative framework for Value for Money & Best Value

- EU Public Procurement Directives
  - Includes consolidated directive, interpretive communications & case law
  - Requirement to award contract on basis of “most economically advantageous” tender (MEAT)
- UK Government Policy: “Government Accounting”
  - All public procurement of goods and services, including works, must be based on value for money, having due regard to propriety and regularity. **Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality.**
- Local Government Act 1972
  - Requires local authorities to make Standing Orders (as part of Constitution) which ensure competition
- Local Government Act 1999
  - Councils owe a duty of Best Value to local people
  - **A Best value local authority must make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness**

### Legislative framework for Sustainable Procurement

- EU Law considerations
  - Include principles of freedom of movement and competition
  - Article 11 of Treaty on the Functioning of the European Union; environmental protection should be integrated into wider Community policy, in particular with a view to promoting sustainable development
- EU Interpretive Communications (for EU Public Procurement Directives)
  - EC Interpretive Communication (July 2001) – environmental
  - EC Interpretive Communication (October 2001) – social
  - Where a contracting body is left with 2 equally economically advantageous tenders at award stage, it can apply additional social or environmental award criteria to differentiate between them

- EC Interpretive Communication (July 2008) – Public procurement for a better environment
- European Court Justice rulings
  - Non-economic criteria, including environmental criteria, can be used to determine MEAT, provided that criteria;
    - Are linked to subject-matter of contract
    - Do not confer unrestricted freedom of choice on the authority
    - Are expressly mentioned in contract documents and tender notice
    - Comply with the fundamental principles of Community law, in particular with principle of non-discrimination
- EU Consolidated Directive (for EU Public Procurement Directives)
  - Recitals 1, 32, 33, 46 & article 26 provide framework for inclusion of social and environmental considerations
- UK Implementing Regulations (for EU Public Procurement Directives)
  - Public Contracts Regulations 2006 Regulation 39; includes social and economic considerations
  - Regulation 30(2) (relating to Directive Article 53(1): when awarding a contract on the basis of MEAT, a contracting authority may take into account various criteria linked to subject matter of contract. Includes a non-exhaustive list of factors, specifically including the “environmental characteristics” of the tender
- EU Guidance; based in Interpretive Communications etc
  - Green Public Procurement (2008)
  - Buying Social: a guide to taking account of social considerations in public procurement (2010)
- EU Green Paper on modernisation of EU public procurement policy towards a more efficient European procurement market; consulting on a far more progressive social and environmental agenda than that of the UK government
- UK Localism Bill; consulting on definition of Best Value to be expressly expanded to include social and environmental considerations

## **Appendix 2: Glossary and Links**

### **Best Value**

Best Value authorities are under a general Duty of Best Value to “*make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.*”

Under the Duty of Best Value, therefore, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. As a concept, social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves.

<http://www.communities.gov.uk/documents/localgovernment/pdf/1976926.pdf>

### **British Standard 8903**

BS 8903 is a British Standard which gives recommendations and guidance on how to adopt and embed sustainable procurement principles and practices across an organization and its respective supply chains. It provides practical information to help implementation. It also includes guidance on measurement to help organizations assess the extent and effectiveness of their sustainable procurement activity.

<http://shop.bsigroup.com/ProductDetail/?pid=00000000030203003>

<http://www.actionsustainability.com/BS8903.aspx>

### **Defra Flexible Framework**

The Flexible Framework is self assessment mechanism which allows organisations to measure and monitor their progress on sustainable procurement over time. It has been widely used by the public and private sector in the UK.

<http://www.defra.gov.uk/publications/2011/03/28/pb13423-flexible-framework-guidance/>

### **European Commission’s Green Public Procurement criteria**

A voluntary ‘instrument’ (i.e. guidance) to help Europe's public authorities use their purchasing power to choose environmentally friendly goods, services and works, and so make an important contribution to sustainable consumption and production in the EU.

[http://ec.europa.eu/environment/gpp/index\\_en.htm](http://ec.europa.eu/environment/gpp/index_en.htm)

## **Fair Trade**

Fair trade is a market-based approach that aims to help producers in developing countries, by advocating the payment of a higher price to producers as well as higher social and environmental standards. It focuses in particular on exports from developing countries to developed countries, most notably handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate, flowers and gold.

Perhaps the best known UK fair trade scheme is the Fairtrade Foundation ([www.fairtrade.org.uk](http://www.fairtrade.org.uk)) which licenses use of the FAIRTRADE Mark on products in the UK in accordance with internationally agreed Fairtrade standards. This trade scheme is part of the global network Fairtrade International ([www.fairtrade.net](http://www.fairtrade.net))

## **Forest Stewardship Council (FSC) Accreditation**

FSC is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests. It was founded in 1993

The FSC runs a global forest certification system with two key components: Forest Management and Chain of Custody certification. This system allows consumers to identify, purchase and use timber and forest products produced from well-managed forests.

The Forest Stewardship Council's "tick tree" logo is used on product labels to indicate whether products are certified under the FSC system. When the FSC logo is seen on a label, the customer can buy timber and other wood products, such as paper, with the confidence that they are not contributing to the destruction of the world's forests.

<http://www.fsc-uk.org/>

## **Government Buying Standards**

Formerly known as "Buy Sustainable Quick Wins", this set of standards are designed to make it easier for public sector buyers in the UK to buy sustainably. They include:

- Official specifications that all central government buyers must follow when procuring a range of products;
- Information about sustainable procurement and how to apply it when buying;
- Direct links to websites with lists of products that meet the standards

<http://sd.defra.gov.uk/advice/public/buying/>

### **ISO 14024 and ISO 14025 standards**

ISO 14000 is a series of voluntary standards and guideline reference documents which include ISO 14024 and ISO 14025, which relate to environmental labelling

<http://www.iso-14001.org.uk/>

### **London Living Wage**

The London Living Wage (LLW) is an initiative of the Greater London Authority (GLA Group) and was introduced in 2005. There are now over 3,000 employees working for companies with contracts from the GLA Group benefiting from the LLW. The wages of employees on related programmes (e.g. London 2012, Crossrail) are benchmarked against LLW.

The 2011 revised wage is £8.30 per hour, a 5.7 per cent increase on 2010 and a 24 per cent increase since its introduction in 2005.

<http://www.london.gov.uk/publication/fairer-london-2011-living-wage-london>

### **Mayor's Green Procurement Code**

The Mayor of London's Green Procurement Code was launched in 2001 and its original purpose was to help create a market for recycled products. The Code was re-launched in Oct 2007 with a new focus and recognition that management and behaviour change are as important as technical product specifications and the sourcing of green products. The Code reflects the broad range of environmental considerations in procurement, from energy efficiency to the use of sustainable natural resources and from buying recycled content products to minimising vehicle emissions. Organisations signed up to the Green Procurement Code commit to achieving progressive environmental targets and can be awarded bronze, silver or gold status as a mark of their success.

<http://www.greenprocurementcode.co.uk/?q=node/75>

### **Supplier Diversity**

There is a legal definition of "supplier diversity" in the USA, but not in Europe. The definition that has gained general acceptance amongst the public and private sector in Europe is that supplier diversity is "proactive activity undertaken by large purchasing organizations to ensure that all relevant potential suppliers have the free and fair opportunity to compete for places in their supply chain."

Supplier diversity does not guarantee business to specific business groups. Rather it provides a platform of equal opportunity in the supply chain, on which potential suppliers compete and win on merit.

[http://www.supplierdiversityeurope.eu/MyPictures/Handbook\\_on\\_Supplier\\_Diversity\\_in\\_Europe.pdf](http://www.supplierdiversityeurope.eu/MyPictures/Handbook_on_Supplier_Diversity_in_Europe.pdf)

### **Sustainable Procurement**

“Sustainable Procurement is 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 to society and the economy, whilst minimising damage to the environment”.

“Procuring the Future”, June 2006

### **Value for Money**

VFM is about obtaining the maximum benefit over time with the resources available. It is about achieving the right local balance between economy, efficiency and effectiveness or, spending less, spending well and spending wisely to achieve local priorities for services. VFM is high when there is an optimum balance between all three elements – when costs are relatively low, productivity is high and successful outcomes have been achieved.

[http://www.audit-commission.gov.uk/useofresources/guidance/Section\\_3\\_The\\_assessment\\_framework.htm](http://www.audit-commission.gov.uk/useofresources/guidance/Section_3_The_assessment_framework.htm)