

REPORT TO: Cabinet

MEETING DATE: 12 June 2012

BY: Executive Director (Support Services)

SUBJECT: Sustainable Procurement Policy (SPP)

1 PURPOSE

- 1.1 To inform members of and secure approval for a new Sustainable Procurement Policy.

2 RECOMMENDATIONS

- 2.1 The Cabinet is recommended to approve the attached Sustainable Procurement Policy and supporting Action Plan.

3 BACKGROUND

- 3.1 This policy forms part of the delivery of the current Corporate Procurement Strategy approved by the Council in February 2011 which sets out our priorities over the next 3 years. Priority 6 within that strategy is to “increase the focus on sustainable procurement including the use of Community Benefits Clauses (CBIP) and corporate social responsibility policies”.
- 3.2 The Council spends approximately £140m per annum on goods, services and construction. We want to spend this as sustainably as possible, with a view to potential social and economic benefits as well as reducing our impact on the environment. The Sustainable Procurement Policy gives us the framework to do that.
- 3.3 To deliver its sustainable procurement objectives, the Council is following the Scottish Government’s Sustainable Procurement Action Plan (SPAP). Implementing this new policy and undertaking the actions in the action plan will take us to level 1 of the Scottish Government’s Flexible Framework. There will be further work required, as a second and third phase, to reach levels 2 and 3 in due course. We are working on embedding sustainability into every stage of the procurement process

through use of the Scottish Government's online tool "the Procurement Journey".

- 3.4 Our Corporate Procurement Manager has received extensive training and has been appointed as the sustainable procurement champion. Other key procurement staff have received basic training.
- 3.5 Part of doing procurement in a more sustainable way is engaging with suppliers. The Council is a member of the Supplier Development Programme and is committed to delivering regular "Meet the Buyer" events locally and the provision of pre-tender briefings where appropriate. In addition, to support the social aspirations of this policy a Community Benefits Initiative was launched on 27th April and Community Benefits are now being incorporated into contracts.
- 3.6 How this policy is shared and adopted by key officers in the Council will be crucial to its success. As purchasing is devolved, it will be up to individual managers throughout the services, with the active support of senior management, to ensure that the policy is adhered to. Training will also be required, particularly on whole life costing. An action plan can be found in Appendix II to the policy.

4 POLICY IMPLICATIONS

This is a new policy and will require some changes to the current approach to procurement and purchasing.

5 EQUALITIES IMPACT ASSESSMENT

An Equalities Impact Assessment has been completed and no negative impacts found.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – There will be some areas where implementation of this policy will result in reduced expenditure for example through demand management. There may be other areas where there may be higher purchase prices but overall the whole life costs may be lower.
- 6.2 Personnel - officers involved in procurement, particularly authorised procurement officers, will be required to undertake training to ensure that they are fully aware of all opportunities to maximise the sustainable impact of the work that they do.
- 6.3 Other – none

7 BACKGROUND PAPERS

7.1 Corporate Procurement Strategy – 22 February 2011

7.2 Community Benefits Initiative – 27 March 2012

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This Policy applies to all employees

Section

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**SUSTAINABLE PROCUREMENT
POLICY**

June 2012

1. Policy Statement

- 1.1. As part of meeting its obligations to secure Best Value, East Lothian Council (the Council) is committed to maximising the social and economic benefit derived from its procurement and minimising the environmental impact of goods and services that it procures.
- 1.2. The Council spends approximately £140 million every year on goods, services and construction projects, which represents a substantial opportunity to deliver additional social, environmental and economic benefits to East Lothian. This approach is consistent with the position of the Scottish Government, which believes that *'procurement is a key means of achieving the social, economic and environmental benefits that sustainable economic growth demands'*.¹
- 1.3. The UK Sustainable Development Task Force defines Sustainable Procurement as *'the 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. It results in benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment'*.²

2. Statutory Obligations

- 2.1 The Climate Change (Scotland) Act 2009, places a statutory requirement on all public bodies to, in exercising their functions, act in the way best calculated to contribute to delivery of the Act's emissions reduction targets (42% by 2020 and 80% by 2050) and in a way that it considers most sustainable. The Council has already committed to achieving a 25% reduction in greenhouse gas (GHG) emissions through its award-winning [Carbon Management Plan](#) and implementing this policy will further assist the Council towards fulfilling this obligation.

3. Achieving Council Priorities

- 3.1 As well as underpinning the Council's wider commitment to improve the quality of life in East Lothian and fulfilling the statutory requirements of the Climate Change (Scotland) Act 2009, this policy also supports a wide variety of corporate policies and priorities, including:

- [The Draft Council Plan \(2012-17\)](#)
- [Corporate Procurement Strategy \(2011-14\)](#)
- [East Lothian Single Outcome Agreement \(2011\)](#)
- [East Lothian Environment Strategy \(2010-15\)](#)

The Council is also drafting a Community Planning Economic Development Strategy and this policy will have a direct role to play in delivery of that strategy.

¹ John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth

² Procuring the Future (2006)

For further details of the links to Corporate Policies and Priorities please see Appendix I.

4. Aims of the Policy

- 4.1 Through delivery of this policy we will seek to protect and enhance the environment and create better lives, well-being and opportunities for the people of East Lothian through our procurement process.
- 4.2 The sustainable procurement policy will enable us to secure Best Value, whilst purchasing environmentally and socially responsible products and services.
- 4.3 This policy will allow us to ensure that the Council's commitment to social, ethical, environmental and economic sustainable procurement is made clear to East Lothian Council employees, suppliers and councillors.

5. Policy Principles

The key sustainability principles of the Council in procuring goods, services and works are to:

5.1 Social & Ethical Principles

- **Community Benefits** - Maximise the social benefit derived from procurement by incorporating community benefit clauses into contracts wherever appropriate. This includes work experience and mentoring by suppliers as well as the delivery of apprenticeships on larger contracts;
- **Supported Businesses** - Encourage purchasing from supported businesses wherever possible and practical (Article 19)
- **Fair Trade** – We will sign up to be a “Fair Trade Council”.

5.2 Economic Principles

- **Economic Development** - Maximise the local economic benefit of procurement activities by
 - Hosting local regular scheduled “meet the buyer events”
 - Continued membership of the supplier development programme.
- **Third Sector and Social Enterprises** - make efforts to engage with the third sector and social enterprise network where appropriate (for example in our sustainable food project)

5.3 Environmental Principles

- Reduce, reuse and recycle wherever possible to avoid the depletion of natural resources and minimise cost. Reduced consumption has the biggest impact possible;
- Select products and services that have minimal effect on biodiversity.

- Re-think procurement contracts to ensure that services are delivered in the most resource efficient manner, for example, by splitting into geographical lots;
- Minimise the environmental impact of the products that are procured by, for example, selecting durable, low energy products and purchasing goods from accredited sustainable sources where appropriate;
- Improve the sustainability of the supply chain by encouraging suppliers and contractors, through specification, to offer sustainable products and services and improve their internal environmental performance;

6. Implementation

- 6.1 There will be a series of projects, the first one being developed is regarding sustainable food procurement - a cross functional project between education, facilities management, sustainability, economic development and procurement as well as with the Sustainable Scotland Networks and Social Enterprise Network East Lothian.
- 6.2 A supplier engagement plan has been developed which has 3 strands:
- Regular scheduled local meetings for local businesses
 - Regular scheduled local meetings with key suppliers
 - Local Pre-tender meetings for specific contracts
- 7.3 The sustainable procurement policy will be implemented via the Sustainable Procurement Action Plan and a Sustainable Procurement Best Practice Guide, which will provide further guidance to the sustainable procurement process.
- 7.4 There will also be a sustainable procurement forum to oversee implementation of the action plan and to record and monitor progress.
- 6.5 Procurement staff and authorise procurement officers will be given training on sustainable procurement principles to enable delivery of this policy;
- 7.5 The policy will be communicated with all staff, partners and suppliers, councillors and the Council Management team will actively promote it.

7. Monitoring and Review

- 7.1 The sustainable procurement forum will monitor and record progress against the Action Plan. The Sustainable Procurement Policy, Best Practice Guidance and Action Plan will be reviewed and updated, where appropriate, on an annual basis.

Mr Jim Lamond
Head of Council Resources
May 2012

Appendix 1 – Links to Corporate Policy and Priorities

The Sustainable Procurement Policy (SPP) supports a wide variety of Corporate Policies and Priorities, as well as the Council's wider commitment to improve the quality of life in East Lothian.

Draft Council Plan (2012 – 17)

The SPP contributes directly to 4 of the 5 of the overarching principles that inform the plan:

- Services built around people and communities
- Effective, efficient and excellent services – resource maximisation
- Working together to achieve outcomes – partnership working
- Sustainability – economic, social and environmental resilience

East Lothian Council Corporate Procurement Strategy (2011-14)

The SPP contributes directly to achieving key strands of the Corporate Procurement Strategy, approved by the Council on 22 February 2011 and in particular Priority 6: Increase focus on sustainable procurement including the use of Community Benefits Clauses (CBIP) and corporate social responsibility policies

East Lothian Single Outcome Agreement (2011)

The SPP will also directly contribute to the delivery of four key outcomes within the East Lothian SOA:

- Outcome 1: East Lothian has a sustainable and successful local economy through developing key local sectors and enhancing business performance;
- Outcome 11: East Lothian has high quality natural and built environments that enhance the wellbeing of the local community;
- Outcome 12: East Lothian is less dependent on finite resources by moving to a more localised, low carbon economy and reducing its ecological and carbon footprints by 80% by 2050; and
- Outcome 13: East Lothian has well connected communities with increased use of sustainable forms of transport.

East Lothian Environment Strategy (2010-15)

The SPP also contributes directly towards achieving the vision of the East Lothian Environment Strategy:

East Lothian will be a place of opportunity for all, with a thriving low carbon economy, high quality environment and healthy communities that are prepared for the challenges of climate change

As well as four of its key priorities:

- Priority 1: Moving to a low carbon and more localised economy;
- Priority 2: Reducing dependence on finite resources;

- Priority 3: Recognising the importance of a well-looked after natural environment to the health and well-being of East Lothian's communities; and
- Priority 5: Connecting communities and increasing use of sustainable forms of transport.

Economic Development Strategy (expected summer 2012)

EAST LoTHIAN COUNCIL – APPENDIX II – SUSTAINABLE PROCUREMENT ACTION PLAN

Delivery Area	Objective	Action	Timescale
Policy, Strategy and Communications	<i>Communicate SPP to elected members</i>	<i>Submit SPP to Cabinet for approval</i>	<i>June 2012</i>
	<i>Communicate SPP to staff</i>	<i>Publicise through an e-mail from the CX, CRAW network, eNews and ELNet</i>	<i>Aug 2012</i>
	<i>Communicate SPP to key suppliers</i>	<i>Email SPP to key suppliers</i>	<i>Aug 2012</i>
People	<i>Deliver basic sustainable procurement training to all procurement staff</i>	<i>Half-day training for key APOs delivered internally</i>	<i>Jun 2011</i>
		<i>Source/design eLearning package and roll out to all procurement staff and some key non-procurement officers and elected members</i>	<i>Dec 2012</i>
Procurement Process	<i>Conduct prioritisation exercise to identify further opportunities</i>	<i>Invite key stakeholders to training & prioritisation event (working with Sustainable Scotland Network)</i>	<i>Dec 2012</i>
		<i>Create a series of projects, beginning with the Sustainable Food Project</i>	<i>Ongoing</i>
	<i>Improve understanding of Whole-Life-Costing (WLC) and encourage wide spread use</i>	<i>Identify appropriate practical whole life costing Tool</i>	<i>Dec 2012</i>
		<i>Provide training session on whole life costing using case studies relevant to ELC</i>	<i>March 2013</i>
Engaging Suppliers	<i>Key suppliers targeted for engagement and views on SPP</i>	<i>Supplier Engagement Plan developed and actioned – 3 strands:</i> <ul style="list-style-type: none"> • <i>Local regular meet the buyer events for local businesses</i> • <i>Local regular meetings with key suppliers</i> • <i>Contract specific pre-tender meetings</i> 	<i>Dec 2012</i>
Measurement & Results	<i>Monitor progress against Action Plan</i>	<i>Conduct Annual Review</i>	<i>June 2013</i>