

**Report to Policy and Resources Committee –10 November 2005****Update on Sustainable Purchasing****1 Purpose of Report**

- 1.1 To seek approval of the Sustainable Purchasing Policy.

2. Background

- 2.1 A special seminar and workshops for Elected Members and Council officers on the topic of sustainable purchasing was held on 4th February 2005. The seminar had a number of speakers from within and outwith the Council, and covered the following areas:

- Introduction and policy background
- Impact of procurement on Environment and Society
- The Council tendering process and practice, and the legal position
- Sustainable Purchasing – Making it happen

- 2.2 Papers from the seminar are available in the Members' library and on Arcadia. Consideration is also underway regarding inclusion of this material on the Internet, as part of the wider task of achieving optimum coverage of sustainability issues on the Council's website.

- 2.3 During the course of the afternoon, a special meeting of the Sustainability Working Group convened. Attendees divided into three working groups, and in the light of the presentations heard in the morning, were asked to carry out the following:

- Read through the Council's existing Interim Sustainable Purchasing Policy Statement and discuss what changes might be made to make the statement more appropriate and effective.
- Consider the implementation of the policy by discussing the topics given by Dr Murray of the Improvement and Development Agency (IDeA) in his presentation, ie:

-Ensuring that the policy is the basis of normal procurement activity

-Disseminating awareness of the policy

-Helping everyone involved acquire the necessary skills and knowledge to put the policy into practice.

-Developing a strategy for identifying the priority categories of goods and services

-Setting up and managing dialogue with suppliers

-Monitoring the inclusion of sustainability in the procurement strategy

- Identify who should be responsible and a time scale

2.4 The aim of the plenary thereafter was to reach agreement on the way forward. The combined main points from each of the groups were:

- Requirement for the policy to address whether a purchase is actually required
- Significance of whole life costing
- The Council's role in providing leadership within the Community
- Need for robust evidence of decisions
- Development of supplier awareness, particularly SMEs
- Commitment from the Chief Executive's Management Team
- Approved suppliers list to be upgraded with regard to environmental issues
- Need for clear guidance to staff
- Need to promote internal recycling and swapping of goods
- Consider bonus points to suppliers who can show innovation
- Provision of directories of recycled products
- Need to address devolved purchasing in schools
- Acknowledgement of elements of value judgement
- Consider whether policy should address broad principles or the specifics
- Develop a robust system for reporting back on contracts
- Provision of training for suppliers
- Working with community partners
- Need for transparency and to communicate widely
- Need for best practice to be spread across the Council, and to apply standards 'across the board'
- Clarity on legal limits and potential challenges
- Need for contracts that will make a difference and can be measured

2.5 Wherever possible these issues have been addressed in the Policy Statement in Appendix 1. However a number of wider issues fall beyond the scope of the policy statement.

3. Proposals and Discussion

3.1 To ensure that the Sustainable Purchasing Policy is given the widest possible exposure, consideration needs to be given to how the Policy will be used in practice. What is clear is that sustainable purchasing involves consideration of a number of factors, some of which may appear contradictory, and some of which may, without guidance, involve value judgements that can have varied outcomes. For instance, organic or fairly traded goods might be heavily packaged, or may need to be delivered over such a distance that there may be significantly

increased carbon dioxide emissions. The Policy Statement includes consideration of whole life costs, a concept that allows for consideration of the costs generated by goods and services from cradle to grave. However, the time available to employees to make purchasing decisions is often limited, particularly in the case of smaller purchases, which cumulatively may have significant impacts on local markets or the environment. In addition, the workshops recognised the need for suppliers, and in particular SMEs, to be given the necessary information to help them meet the policy. Therefore information needs to be made available in an accessible form to support the policy if it is to have any effect.

- 3.2 Sustainability training for employees is currently being developed which will go some way to raising awareness of the Policy, and the Policy itself contains links to the Canny Buyer website and the Europa Green Guide for Buyers, both of which provide comprehensive guidance for buyers. However, beyond the drafting of tenders it will be less likely that purchasers will be able to allow the time to read these documents in any detail. In anticipation of such issues arising the Sustainability Charter Action Programme states, “we will produce guidelines to help staff source and select goods and services which have been sustainably produced or managed”. Steps have already been taken to make the sustainability credentials of the Council’s supplies catalogue (Whitemyres) more obvious through increased information provision in the catalogue. However, other methods of information provision will need to be explored, and disseminated through appropriate media.
- 3.3 Recognition should also be given to the variety of different ways goods are purchased within Aberdeenshire Council, and the issue of devolved purchasing by schools was a point made by delegates at the workshop. Already early steps have been made to encourage schools to purchase from the Whitemyres supplies catalogue, which contains a broad range of sustainable products, by arranging for Whitemyres representation at the Elphinstone Hall Environmental Showcase for Teachers. However, more needs to be done to ensure that this group of staff in particular recognises the importance of the sustainable purchasing policy.
- 3.4 A significant future development will be the introduction of a Corporate Procurement Strategy, which will cover where we procure goods from, when and how we procure on a collaborative basis, and which systems and processes we use to procure. It is important that the Sustainable Purchasing Policy is well integrated with this and other new developments in procurement, such as the implementation of a corporate electronic procurement system, pro-active supplier management, the potential for collaboration with other public sector organisations and the introduction of a formal supplier adoption process which will involve the implementation of formal contracts for all goods and services.

- 3.5 Increasingly purchases are made between Services and the role of the Service Level Agreement should be considered in relation to sustainable procurement. Here transparency is needed to ensure sustainability criteria are met, and supplier responsibilities contained within Service Level Agreements offer an opportunity for criteria consistent with the Sustainable Purchasing Policy to be fulfilled. What is clear is that information should be available to the customer and further work is needed to ensure that the Sustainable Purchasing Policy is applied to as broad a range of purchasing scenarios as possible.
- 3.6 One way of ensuring that appropriate sustainability issues are given consideration is the development of sustainability checklists for purchasers where a series of questions are asked of the person completing the form. Such checklists can also be designed to ensure that the decision not to purchase or to purchase alternatives has been considered. It is proposed that simple checklists for purchasers are designed to suit a range of circumstances.
- 3.7 Support from Senior Management is critical for the uptake of the Policy. One way of achieving this is through the Service Plans. Indeed, performance measures could be developed that could be included in individual Service Plans to monitor the extent to which the policy is being implemented across individual services.

4. Area Implications

- 4.1 The Sustainable Purchasing Policy will, if adopted, apply to all areas.

5. Policy Implications

- 5.1 The Sustainable Purchasing Policy will replace the Interim Sustainable Purchasing Policy approved by Policy and Resources Committee on 13 September 2001.

6. Staffing Implications

- 6.1 The key staffing implications to this report and accompanying policy lie in the raising of awareness of the Policy, the identification and development of guidelines for its application across a range of contexts and the design of performance indicators for monitoring and evaluation of the Policy. In particular, this will make demands on the time of the Purchasing Manager and the Sustainability Co-ordinator, who will have a critical role through ensuring a cross service dialogue, maintaining momentum and in keeping members informed. Those members of staff with the authority to purchase goods and services will need to familiarise themselves with the policy and the guidance issued on its use.

7. Financial Implications

- 7.1 Sustainable purchasing can lead to significant cost savings in the longer term. While some, though not all, products may cost more the emphasis on whole life costs in the proposed Sustainable Purchasing Policy will encourage the purchase of products that may reduce costs overall.
- 7.2 Lower operational costs can be gained by investing in energy efficiency products, while savings may also be gained at the end of a product's life cycle through the purchase of recyclable or re-usable products, thus avoiding landfill tax.
- 7.3 The Sustainable Purchasing Policy also makes reference to value for money and best value, advising that when purchases are made value is a prime consideration.

8. Sustainability Implications

- 8.1 The production of 'guidelines for buying goods and services' is one of the five core actions of the Council's Sustainability Charter. Progress on actions set out in the Charter will be monitored on an annual basis.
- 8.2 The UK Government's Sustainable Development Strategy 'Securing the Future' identifies sustainable consumption and production as one of the key challenges, and describes the vision of a 'one planet economy'. The strategy makes it clear that, given the annual purchase of £125 billion on goods and services by the public sector, government expects to see sustainable development considerations embedded into spending and investment decisions.
- 8.3 In giving a high priority to sustainable purchasing, Aberdeenshire Council can signal to the Executive, the community and suppliers that its own sustainability agenda is taking tangible effect.

9. Recommendations

- 9.1 **That Policy and Resources Committee approve the Sustainable Purchasing Policy Statement attached as Appendix 1 to this report.**

Director of Law and Administration
Director of Planning & Environmental Services

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Aberdeenshire Council

Sustainable Purchasing Policy Statement

1. Policy Statement

1.1 Aberdeenshire Council is committed to sustainable development and has stated that “we will work to ensure all our actions are sustainable and meet the needs of the current generation of Aberdeenshire’s people without compromising the ability of future generations to meet their own needs” in its Strategic Plan 2003/7.

1.2 In order to meet this commitment to sustainability, it is necessary that consideration be given to how goods and services procured by the Council can be considered sustainable. To this end a Sustainable Purchasing Policy is needed.

Aberdeenshire Council’s Sustainable Purchasing Policy

A) All purchasing will take the following considerations into account:

- The actual **need** for the product or service – is it essential? Does it need to be replaced?
- Can we **re-use** or **recycle** instead of making a purchase?
- Does the product represent **value for money** or ‘**best value**’?
- The **end of life solution** for material goods – can a product be re-used or recycled at the end of its life?
- Links to relevant **Council policies and strategies**
- Any relevant **legal requirements** relating to purchasing

B) So far as is reasonably practicable, consideration will be given to:

- The **socio-economic, environmental and ethical implications** of goods and services purchased throughout the life cycle of the product
- The way in which goods or services are transported (for instance, can fuel miles be reduced?)
- The **whole life costs** of goods and services

1.3 Procurement decisions should never be based on any one factor such as price, but should represent the most economically advantageous option, incorporating from initial specification stage factors such as quality, fitness for purpose, value for money and demonstrable socio-economic and environmental impact.

- 1.4 To appropriately and effectively balance these different factors is to evaluate individual goods and services in terms of their **whole-life costs**. In other words, buyers must be able to clearly demonstrate that they have chosen quality and economy, throughout the complete life cycle of each particular product or service contract. Product life cycles incorporate manufacture, purchase and associated costs, such as delivery and installation, use / maintenance, including the energy and water costs of use, as well as eventual decommissioning and removal.

2. Scope of Policy

- 2.1 **This Policy affects all Aberdeenshire Council employees who make purchases as part of their duties.** Those members of staff who are involved in the writing of tenders will need to take account of the Policy in the tendering process in such a way that the documents are congruent with legislative requirements (see 'Information for Purchasers' below).
- 2.2 The Policy presents an opportunity for Aberdeenshire Council to lead by example and to encourage the local supply chain to adapt to meet the requirements which are increasingly being made by forward looking businesses, organisations and authorities.
- 2.3 This Policy Statement is designed to set out policy for sustainable purchasing, addressing the full range of concerns relating to the socio-economic and environmental impacts of goods and services purchased by the Council. It will require continuous development in light of new research information, and will be **adopted by all Council Services**.

3. Aims and Objectives of the Policy

- 3.1 This policy aims to minimise resource use, minimise environmental impact and natural resource depletion and enhance quality of life both now and in the longer term.
- 3.2 We will do this by:
- Developing dialogue with our suppliers and community partners to communicate our policy, develop best practice, raise awareness and provide training where necessary.
 - Providing robust corporate systems for specification design and evaluation with processes for reporting back on contracts.
 - Encouraging manufacturers, suppliers and contractors, through specifications, to develop socially and environmentally robust goods and services at competitive prices
 - Providing clarity on legal limits and EU legislation
 - Substituting renewable for non-renewable goods, where practical, and reduce waste by purchasing refurbished and recycled products and materials where such alternatives are available, affordable and fit for purpose.

- Procuring goods from verifiable sustainable sources that show clear chains of custody, e.g. paper and timber
- Phasing out ozone-depleting substances and minimising releases of greenhouse gases, volatile organic compounds, vehicle emissions and other substances with the potential to do damage to health and the environment (e.g. through the purchase of energy efficient work equipment and low emissions vehicles)
- Minimising pollution resulting from the manufacture, use and eventual disposal of goods purchased.
- Developing corporate instruction on end of life solutions for items purchased
- Maximising the socio-economic and environmental benefits of goods and services purchased, particularly through the use, where practicable, of locally-sourced goods and services and Fairtrade items.
- Developing guidelines to simplify decision making in sustainable purchasing.
- Ensuring consistency with the Corporate Procurement Strategy
- Addressing the requirements of the Local Government Act 2003 that pertain to Best Value.

4. Responsibilities

- 4.1 **All employees involved in purchasing, above or below the tender threshold, should adhere to the Sustainable Purchasing Policy.**

5. Information for Purchasers

- 5.1 The European Union have produced a green guide for buyers called 'Buying Green! A handbook on environmental procurement' (European Commission, 2004) available from the Sustainability section of Arcadia or from <http://europa.eu.int/comm/environment/gpp/pdf/int.pdf> .
- 5.2 The Canny Buyer website contains a great deal of information on green purchasing and the **socio-economic, environmental and ethical implications** of buying green, including guidance on labelling schemes. It is available via a link from the sustainability section of Arcadia or from www.cannybuyer.com .

6. Legal Requirements Relating to Environmental Purchasing

- 6.1 Statutory guidance is issued by Scottish Ministers under S2(1)(a) of the Local Government Scotland Act 2003 and includes:

“An authority which secures Best Value will be able to demonstrate contribution to the achievement of sustainable development, [which is defined as] consideration of social, economic and environmental impacts of activities and decisions both in the shorter and longer term”.

- 6.2 To clarify how the achievement of this objective of the Act should be realised the Best Value Task Force issued a Sustainable Development Advisory Note, which states that:

“The authority which takes account of relevant environmental, social and economic impacts when specifying its requirements for goods, work and services, is likely to be making a contribution to sustainable development in the longer term”.

- 6.3 While Best Value states the case for environmental procurement, it also defines how Local Authorities are expected to secure continuous improvement, balancing quality and cost, and to ‘have regard to economy, efficiency, effectiveness and equal opportunities’. EU procurement law also sets legal parameters within which purchasing decisions must be made. In its interpretive communication of 4 July 2001 (COM(2002)274final) the European Commission set out the possibilities offered by Community law to integrate environmental considerations into public procurement procedures. The recent EU Procurement Directives (2004/18/EC and 2004/17/EC) consolidate and compliment existing legislation and require that contracts are awarded on either the basis of the ‘lowest price’ or the ‘economically most advantageous offer” and make reference to the possibilities for environmental considerations. While the Directives apply to contracts above certain thresholds, the EC Treaty principles of equal treatment, transparency, the free movement of goods, the freedom of establishment and the freedom to provide services also apply below these levels.

- 6.4 In their interpretation of both Best Value and European law the Best Value Task Force gives the following broad guidance:

- Sustainable development considerations should be built into the process right at the start, if possible in the contract specification.
- Where they relate to economic advantage to the authority, environmental criteria can be applied at the award stage provided that this is made clear to bidders and provided that the criteria are proportionate and consistent with Best Value.
- Where relevant to ability to perform the contract, potential bidders should be assessed (at the qualification stage of procurement procedures) on the basis of their ability to perform the contract.
- Procurement decisions should be based on whole-life costs.

7. Dissemination

- 7.1 This Policy Statement and the Policy contained within will be published in the ‘Sustainability’ section of Arcadia (Our Council/Environment/Sustainability/Buying Green) and in the ‘Green

Living' section of the Council's website (Site Directory/Environment/Green Living or www.aberdeenshire.gov.uk/greenliving/index.asp).

8. Evaluation

- 8.1 Progress towards fulfilling each of the objectives of this Policy Statement will be reported to the Sustainability Working Group and Policy and Resources Committee and published in the annual report of the Sustainability Charter.

Appendix 2

Linking Sustainable Purchasing to Relevant Council Policies and Strategies.

The following are examples of policies and strategies contain information that may also influence your assessment of the need for a particular good or service and should be consulted where relevant.

- **Energy Policy** (available on Arcadia: Our Council/Energy/Energy Policy)
- **Integrated Sustainable Waste Management Strategy**
- **Animal Welfare Charter** (www.aberdeenshire.gov.uk/animals/index.asp or follow links from homepage – Site Directory/Animal Health/Animal Welfare Charter)
- **Sustainability Charter** (Our Council/Environment/Sustainability/Aberdeenshire Council Sustainability Charter)
- **Health and Safety Policy** (available on Arcadia: Transportation and Infrastructure/cross service/health and safety policies)
- **Joint Strategy for People with Physical Disabilities in Aberdeenshire** (www.aberdeenshire.gov.uk/disabilities/physical.asp of follow links from homepage - Site Directory/Social Care and Health/Disabilities/Physical Disabilities/The Strategy)

Other Links

- **Community Plan** (available on www.aberdeenshire.gov.uk/communityplanning/plan/index.asp or follow links from homepage – Site Directory/Community Living/Community Planning/Plan)