**DRAFT – FOR COMMENT**

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| Sustainable Procurement Strategy |
| Bath and North East Somerset Council  |
| October 2013 |

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| Executive Summary |

Sustainable procurement integrates the concept and values of sustainable development into procurement activities. As well as the standard economic considerations; social and environmental impacts are accounted for, allowing procurement and commissioning to address areas such as climate change, healthy living, job creation and stronger communities. Subsequently, authority costs are reduced over the long term, value for money will be achieved, the local economy will be strengthened, and objectives such as the national statutory carbon reduction (Climate Change Act 2008) are met and ‘Leadership’ in all aspects of the Government’s ‘Flexible Framework for Sustainable Procurement’ can be achieved.

The ‘Sustainable Procurement Strategy” aligns with the ‘Commissioning and Procurement Strategy’ to be employed by B&NES to incorporate sustainability considerations at appropriate points in the commissioning and procurement cycle.

The ‘Sustainable Procurement Strategy” will be actioned, initially, through training and capacity development, which will better enable staff to introduce sustainable thinking into procurement activities and generate support from other procurement and non-procurement professionals within the authority. The strategy should be reviewed periodically to evaluate how effectively sustainable procurement practice has percolated throughout the organisation, whether ‘flexible framework’ ambitions have been met and how to further implement the ‘Sustainable Procurement strategy’ into authority procurement practice.

* Integral to the values and purposes of Bath and North East Somerset Council (B&NES) are that the principles of sustainable development are applied in order to unify and inspire communities and neighbourhoods so that the local causes and effects of climate change can be tackled and residents can lead a healthy and enjoyable life. This document sets out our strategy for improving and using sustainable procurement to meet these central objectives.

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| The Purpose |

* There is the need for a more sustainable procurement process, which is environmentally sound, resource efficient and takes into account the social responsibility of the authority. Considering the sustainable criteria of suppliers, goods, works and services is currently an area of weakness but is of increasing importance as recognition of environmental and social impacts accelerates.
* The ambition of the authority is to meet the national, statutory carbon reduction target of 34% by 2020 and 80% by 2050. CO2 emitted throughout the supply chain can be considerably reduced by B&NES through sustainable procurement practice.
* It is through sustainable procurement that the values of sustainable development and sustainability can extend throughout the council, enabling the mitigation of climate change and the strengthening of communities.
* The authority has an obligation, under EU and UK law, to obtain value for money and Best Value in its procurement activity, this does not necessarily mean lowest price and should involve assessing value and cost over the life of goods, works and services contracts.
* A bold change is required in order to progress procurement processes forwards to a point where practice is transformed. For too long, the emphasis has been on short term economic gains rather than long term economic, social and environmental benefits.
* The focus of sustainable procurement is typically on the very large contracts such as energy and construction. The cumulative contribution that smaller contracts can make is highly significant and procurers should not overlook this.
* The authority is passionate about achieving sustainable procurement practice and are working towards ‘Leadership’ in all aspects of the Government’s ‘Flexible Framework for Sustainable Procurement’.

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| The Principles |

* This strategy integrates the principles of sustainable development into public sector procurement within B&NES.
* Fundamental reform of the B&NES procurement systems is required in order to meet sustainability. It is founded on the principles of…

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| * *A distinctive place that maintains and enhances its outstanding built and natural environment, achieves connectivity and retains world class arts and culture*
* *Vibrant sustainable communities that are lively and inclusive, where people feel safe, make a contribution and that are carbon neutral*
* *Communities where everyone fulfils their potential by having an equal opportunity to learn and develop skills, enjoy a healthy, low carbon lifestyle and influence the future of their area.*
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* **People.** With the understanding that the authority is investing public monies responsibly and sustainably, people within the regions will feel valued and engaged with the Local Authority. Resulting in happiness and fulfilment with the services provided and being proud of where they live, allowing a high quality of life.
* **Communities.** By ensuring that the principles of sustainable procurement are adhered to during the procurement process, the societal and environmental benefits will allow communities to thrive. The values of sustainable procurement will benefit and strengthen the local economy by allowing local communities and businesses to become fit for the future through becoming greener, low carbon, resource efficient and better equipped to provide services to the authority. Subsequently, people will enjoy being part of the lively, active communities.

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| In Practice |

**Public Services (Social Value) Act 2012**

1. This act requires local authorities to consider social, economic and environmental issues within their procurement activities. Adherence to this strategy will ensure that the requirements of this Act are met.

**Senior Support**

1. Leaders across the whole organisation should be involved in order to support sustainable procurement in both devolved and central activities.
2. A senior member of procurement staff should be nominated to champion sustainable procurement over the collaborative departments.

**Training**

1. Staff engaged in procurement activities shall receive training to better understand the value of sustainable procurement.
2. Local, Small and Medium sized Enterprises (SMEs) will receive training and will become better equipped to meet the requirements of local authority and external contracts through this training. This will build on the training delivered through the South West Sustainable Procurement Network during 2009-2011.

**Identify Savings & Challenge Demand**

1. The authority will continue to identify inefficient relationships between the outputs of the organisation and that of its inputs.
2. Through challenging the need of goods, works and services upon request for their purchase, money can be saved and unnecessary social and environmental impacts can be avoided.
3. All staff should identify ways to reduce costs through encouraging engagement between all the relevant parties of the procurement process.
4. The whole-life cost of goods, works and services should be considered when researching and reviewing the procurement of a product and assessing value for money.
5. The demand for goods and services can be reduced by cutting down on waste, and encouraging re-use and re-cycling.

**Market and Community Development**

1. B&NES will support and expand the local economy by equipping SMEs and local business with the skills necessary to compete for Local Authority contracts.
2. The [‘Small Business (SME) Friendly Concordat’](http://intranet/need_to_know/Procurement/Pages/SME%20Concordat.aspx) signed by B&NES will be adhered to, making it easier for small companies to tender for the wide range of contracts awarded.
3. Prompt payment to SMEs is essential in the current economic climate, adhering to the payment time outlined in the terms and conditions of the contract is key. This is in line with the ‘Prompt Payment Code’ signed by B&NES in 2010.
4. The authority should seek to divide up contracts into lots, where applicable; so that SMEs are able to compete with larger businesses and aid the authority to achieve better value for money.
5. The authority should encourage co-operation between local small and medium sized businesses in order to compete for larger contracts.
6. Encourage uptake of local apprentices and long-term unemployed in contracted organisations. This will increase a person’s contribution to the local economy, decrease dependence on Jobseekers Allowance and generate income for the public sector in the form of tax and National Insurance payments.
	* Improving local skills through schemes such as the Low Carbon Skills Academy will enable local people and businesses to obtain the skills necessary to compete for contracts in connection with The Green Deal.
7. Where appropriate, bidders should have the ability to submit optional, priced proposals for the delivery of community benefits, as long as they are relevant to the contract and the authority’s community plan.
8. The authority should host supplier networking events so that the authority and suppliers can better understand the needs and wants of contracts so that supply chains can be developed and diversified.

**The Localism Act and the Right to Challenge**

1. Through the Localism Act, the authority will enable voluntary organisations, community bodies and employees of the authority that wish to form a mutual organisation to deliver services, and parish councils to express an interest in running a local authority service. The authority, as a local authority is under a duty to consider expressions of interest, and, where accepted, run a procurement exercise for the service. It should be noted that there is a specific window in which challenges can be made (see http://www.bathnes.gov.uk/services/business/selling-council/right-challenge-0)

**Specify**

1. Sustainability criteria are integral to producing a specification; it may be too late to apply these requirements later in the procurement process.
2. The least environmentally damaging goods and services will be purchased
* The authority have pledged to use only Forest Stewardship Council (FSC) certified timber and 100% recycled paper
1. Where appropriate, economic analysis methods such as ‘Local Multiplier 3’ should be used to produce specifications that reflect the intent of the authority to enhance communities and social welfare

**Question & Engage with Suppliers**

1. Suppliers are at the heart of the system that the authority will develop; therefore they should be encouraged to invest in themselves in order make their operations more sustainable. Suppliers are also a link to an extensive web of external businesses and communities that the purchasing power of the authority can benefit, enhancing social, environmental and economic values nationwide and globally.
2. Encourage innovation and enterprise to drive forward sustainability in supplier and stakeholder organisations.
3. Promote the importance of social enterprise and community engagement in the commissioning of services contracts.
4. The pre-qualification stage may be used to eliminate suppliers who have committed an environmental offence, which is considered a professional misconduct or suppliers who do not have the correct level of environment technical competence, where it is relevant to the contract.
5. SMEs may be excluded by including the ISO14001 standard as a conditional requirement of a contract. Though it is one way of assessing a company’s environmental credentials, alternative questions should be asked.

**Manage Performance**

1. Ensure that measurable objectives for our procurement projects are used, through clear specifications and procurement strategies agreed with our customers.
2. Measure supplier performance beyond price, to recognise the contribution of the supply chain to the authority’s vision. Ensure appropriate KPIs and contract management criteria are included in the contract.
	* KPIs should be quantitative, comparable and reliable in order to best reflect the performance of an organisation.
3. Review the need for and performance of contracts prior to developing replacement procurement activities.
4. The authority will seek to increase the weighting of social and environmental criteria throughout the procurement process in order to award more contracts based on a company’s contribution to improving social welfare and the environment.
5. The authority will work with suppliers after a contract has been awarded to develop a local supply chain and employment opportunities in order to deliver a better service.

**Review Sustainable Procurement Strategy**

1. The strategy, Code and action plan should be reviewed periodically to evaluate how effectively sustainable procurement practice has percolated throughout the organisation, whether ‘flexible framework’ ambitions have been met and how to further implement the ‘Sustainable Procurement strategy’ into authority procurement practice.

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| People |  | Nominate a senior member of procurement staff to champion sustainable procurement over the collaborative departments | Introduce basic training to all procurement staff regarding sustainable procurement and advanced training to key staff | Review contracts awarded since training began to ascertain whether sustainable procurement factors have been included in contracts |  |
| **Policy, Strategy & Communications** | Agree & communicate overarching sustainability objectives | Review and enhance sustainable procurement policy. Introduce basic sustainability assessment tool. |  | Strategy endorsed by senior members. Review process in place to determine sustainability of awarded contracts - review and develop strategy depending on lessons learnt |  |
| **Procurement Process** |  | Identify and evaluate key sustainability impacts in forthcoming contracts to enable appropriate sustainability criteria and targets to be included in contract design. | Sustainability considered from early stage of most contracts. Whole-life costing adopted. Develop sustainable procurement criteria in standard contract templates |  | All contracts assessed for sustainability risks and supplier performance reviewed and managed regularly against KPIs set. |
| **Engaging Suppliers** |  | High sustainability impact suppliers identified. Key suppliers targeted for engagement and views on sustainable supply chain | Introduce training to SMEs regarding sustainable procurement in order to equip local small and medium sized businesses with the skills and knowledge to compete for Local Authority contracts in a sustainable manner. | Two-way communication exists between supplier and procurers - sustainability of suppliers monitored vi KPIs set in contracts |  |
| **Measurement & Results** |  | Introduce KPIs to large contracts to monitor the sustainable performance of contracted organisations. Ensure that these KPIs are quantitative, comparable and reliable. | Review KPIs used - Are KPIs used effective, easy to assess etc? Alter accordingly. Introduce to smaller contracts |  | Ensure KPIs are central to the contract management process. |

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| Action Plan |

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| **Flexible Framework Ambition** |
|  | Foundation |
|  | Embed |
|  | Practice |