

## Report to Cabinet

22<sup>nd</sup> July 2021

Cabinet Member for Environment, Waste, Recycling  
and Cleansing



### DECISION REQUIRED

Not Exempt

## Sustainable Procurement Charter

### Executive Summary

The report seeks Cabinet approval to adopt a Sustainable Procurement Charter. The Charter would fulfil several objectives.

The Charter will start the progress towards becoming a carbon neutral organisation for its indirect emissions by 2050 (this includes the emissions from the supply chain). One of the commitments in the Charter asks suppliers to demonstrate that they are working to reduce their carbon emission. The Charter commits suppliers delivering higher value contracts to provide data on their carbon emissions. This will improve the accuracy of the annual reporting of the Council's carbon emissions.

The Council must comply with the requirements of the Public Services (Social Value) Act 2012, alongside the recently published National Procurement Policy Statement in connection with procurement activity. This requires Councils to have regard to wider economic, social, and environmental well-being benefits for their area and communities in its procurement activities. The Council has, therefore, sought to secure these benefits through the procurement process for several years. The Charter would provide greater transparency to officers and suppliers on the Councils priorities relating to delivering social value.

The Charter includes four priorities underpinned by several commitments. These would not be mandatory for all contracts. There are three tiers for delivering the commitments; each is related to the value of the contract. Suppliers for the lowest value (tier 1) contract can voluntarily deliver the commitments. Tier 2 are mid-range value contracts where generally a best efforts approach would be encouraged. The commitments are generally only mandatory for the highest value contracts (tier 3).

### Recommendations

Cabinet is recommended to:

- i) Approve the Sustainable Procurement Charter for implementation (as set out in the appendix to the report), with a formal review after 12 months to take account of feedback from businesses.

- ii) Delegate authority to the Director of Corporate Resources to finalise the Charter and make arrangements for the future monitoring and reporting mechanisms and to make minor amendments to the Sustainable Procurement Charter when required due to changes in policy or legislation. The latter will be in consultation with the Cabinet Member for Finance and Assets.
- iii) Note the process for obtaining carbon data from suppliers delivering high value contracts flows from one of the commitments in the Charter.

### **Reasons for Recommendations**

A Sustainable Procurement Charter ensures all of the Council's priorities relating to its environmental and socio-economic ambitions, along with compliance with procurement best practice and legislation are stated in one document, with a proportionate and transparent approach to the commitments required of suppliers

### **Background Papers**

Cabinet report: Organisational Carbon Reduction – Target and Action Plan (24<sup>th</sup> September 2020)

National Procurement Policy Statement – HM Government June 2021  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/990289/National\\_Procurement\\_Policy\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/990289/National_Procurement_Policy_Statement.pdf)

**Wards affected:** All

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## **Background Information**

### **1 Introduction and Background**

- 1.1 The Council has a target to become carbon neutral by 2050 for the emissions that are not within its direct control. This includes emissions generated from our supply chain. Although this is a longer term target to Council needs to work with its supply chain now in order to achieve it. There are two aspects to this; obtaining more accurate data from suppliers on their carbon emissions and encouraging them to take action to reduce their emissions. Both of these were included in a short term carbon reduction action plan that was approved by Cabinet in September 2020.
- 1.2 The Council must comply with the requirements of the Public Services (Social Value) Act 2012. This requires public authorities to have regard to economic, social, and environmental well-being when procuring contracts
- 1.3 In June 2021, HM Government issued a National Procurement Policy Statement (NPPS). The NPPS sets out the strategic priorities for public procurement and how contracting authorities can support their delivery (a link to the Statement is included in the list of background documents relating to this report). It states that contracting authorities should have regard to the following national priorities alongside any additional local priorities in their procurement activity:
  - Creating new businesses, new jobs, and new skills
  - Tackling climate change and reducing waste; and
  - Improving supplier diversity, innovation, and resilience
- 1.3 The Government will be introducing new measures to strengthen the application of the Modern Slavery Act 2015 which will include asking contracting authorities to manage the risks of exposure in their own Supply Chains, this is also reflected in the NPPS. The Council will be required to produce an annual Modern Slavery Transparency Statement setting out the steps the organisation has taken to ensure that slavery and human trafficking is not taking place in our supply chains
- 1.4 This report recommends that Cabinet adopts a Sustainable Procurement Charter (see the appendix to this report). This makes the Councils priorities in delivering social value more transparent. It will also assist in delivering on the Councils longer term carbon reduction target; namely to reduce the carbon emissions from its supply chain.

### **2 Relevant Council policy**

- 2.1 The Corporate Plan 2019-2023 includes the theme a Cared for Environment which prioritises the “protection of our environment as we move to a low carbon future”. This includes a commitment to produce an action plan to move towards becoming a carbon neutral organisation. Approving a Sustainable Procurement Charter is one of the projects in a short term action plan that was approved by Cabinet in September 2020. The priorities in the Charter directly relate to the priorities in the Corporate Plan.

### **3 Details**

- 3.1 The proposed Sustainable Procurement Charter was produced by a project team consisting of representatives from Community Development and Economic Development and led by officers with expertise in procurement and the environment. The content of the Charter also drew on research and examples from other Council's and best practice guidance, this helped ensure that the Charter was sufficiently balanced so as not to be onerous to the supply chain but not too simplistic that it would not deliver the outcomes required
- 3.2 The Charter has four priorities -
- A thriving economy where residents have access to employment and skills development opportunities
  - A strong, safe, and healthy community by being a responsible employer
  - Support local community organisations and businesses and sustainable economic growth
  - A cared for environment by applying good environmental business practices.
- 3.3 Each priority is supported by several commitments. The requirements placed on suppliers in delivering the commitments relates to the value of the contract and these are placed in three tiers. Tier 1 is lower value contracts (less than £50,000k for goods and services, and £100,000 for works). In this case suppliers can volunteer to undertake the commitments. For tier 2 contracts some commitments are mandatory, but most are best efforts. A mandatory requirement to deliver the commitments is only placed on suppliers delivering tier 3 contracts over £189,000 for goods and services and £2 million for works).
- 3.4 The commitments in the Charter are aligned to the priorities in the Corporate Plan. Furthermore, they are commitments that the Council has been incorporating into contracts for many years, in order to comply with the requirements of the Public Services (Social Value) Act 2012, and best practice guidance. The Charter makes these requirements more transparent to suppliers.
- 3.5 The Government has recently produced a National Procurement Policy Statement (June 2021). All contracting authorities (including Councils) must have regard to the Statement which will help to deliver national strategic priorities. Several of the commitments in the Charter reflect the above national priorities. By adopting and implementing the Charter the Council will be able to demonstrate that it is helping to deliver the national strategic priorities.

### **4 Next Steps**

- 4.1 Once approved, the Charter will be designed and will be published on the Council's website for prospective suppliers to view. It will also be included in the procurement documentation for new contracts that fall within Tier 2 or 3 (above £50,000). The Charter will also be promoted to suppliers with existing high value contracts and they will be encouraged to report on the relevant aspects of their contracts to the Council. Though this will not be a requirement for current contracts.

- 4.2 The requirement to provide the Council with an annual report on supplier's carbon emissions and the actions that they are taking to reduce them will start the process of securing more accurate carbon data for calculating and monitoring the Council's carbon footprint. The focus will initially be on obtaining data from suppliers delivering high value contracts.
- 4.3 Contract managers will receive advice and training on the Charter, as they will be responsible for monitoring the outcomes of the commitments and obtaining the carbon data from suppliers. This will allow the Council to capture measures of success from implementing the contract and the commitments in the Charter.

## **5 Views of the Policy Development Advisory Group and Outcome of Consultations**

- 5.1 There was a full debate on the proposed Charter at the meeting of the Environment, Waste, Recycling and Cleansing Policy and Development Advisory Group (PDAG) at its meeting on 12th July. No changes were requested to either the Charter or the Cabinet report. PDAG were supportive of the Charter's priorities and format and were pleased to note that there will be a review of the Charter after 12 months, to incorporate any feedback from businesses.
- 5.2 The Monitoring Officer and the Director of Corporate Resources were consulted on the report and no amendments were required.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 The do-nothing option of not producing a Charter was considered. The Council has set a target of net zero emissions, it also has a requirement to have due regard of economic, social, and environmental well-being in its procurement activity as included in the Public Services (Social Value) Act 2012 and National Procurement Policy Statement (June 2021). In addition, the Council must comply with the Modern Slavery Act 2015 and following parliamentary approval will be required to produce a Modern Slavery Transparency Statement. Given that Council has been delivering social value in its procurement processes for many years, the priorities and commitments in the Charter will be familiar to most suppliers and have been already been included in Horsham's specifications and contracts, where relevant. The advantage of the Charter is that it makes the Council's priorities relating to socio-economic and environmental issues transparent. These are linked to the priorities in the Corporate Plan, it also sets a higher ambition in terms of reporting what has been delivered, particularly in relation to carbon data.
- 6.2 Another course of action was to introduce a Charter or Policy which just focused on securing environmental improvements via procurement. However, having a Charter which encapsulated all of the Council's priorities, including the social and economic priorities, is considered to be best practice. It is also important in clearly demonstrating how the Council is fulfilling its social value obligations.

## **7 Resource Consequences**

- 7.1 There are no direct financial consequences from introducing the Charter. Any financial implications will arise on a case by case basis depending on contract specific requirements placed on suppliers, for example a move to electric fleet, however these will be proportionate to the value of the contract and fully considered prior to the issue of tender documentation. Hence, the tiered approach in the Charter where the commitments are generally mandatory on higher value contracts.
- 7.2 The main resource implication is that contract managers will need to annually monitor what has been achieved by its contractors and where appropriate acquire the carbon data annually; the intention is that this will initially be focused on the very high value contracts where suppliers are often collating this type of information to report to Government.
- 7.3 Comments from the Director of Corporate Resources awaited.

## **8 Legal Considerations and Implications**

- 8.1 The Public Services (Social Value) Act 2012 requires public authorities to have regard to economic, social, and environmental well-being in connection with public services contracts, and for connected purposes. This places a duty on Councils at the “pre-procurement” phase to consider how the procured service could improve the economic, social, and environmental well-being of the relevant area. The proposed Charter makes the Council’s priorities in terms of social value transparent to suppliers.
- 8.2 Procurement Policy Note PPN 05/21 – National Procurement Policy Statement was issued by the Cabinet Office in June 2021, It takes immediate effect. The NPPS sets out the strategic priorities for public procurement, it states that contracting authorities should have regard to the national social value priorities as identify in para 1.3 alongside any additional local priorities in their procurement activity. It also states that contracting authorities should consider whether they have the right policies and processes in place to ensure the delivery of the NPPS.
- 8.3 The NPPS states that all contracting authorities should take measures to identify and mitigate modern slavery risks in their contracts. Therefore, authorities need to with in partnership with suppliers to improve labour standards in their operations and supply chains and be transparent about the steps taken.

## **9 Risk Assessment**

- 9.1 There is a risk that potential suppliers will be deterred from bidding by the policy commitments that they may be required to commit to. However, from market research there is no evidence that this is likely, particularly as the Council has taken a proportionate approach. The Council has successful engaged with suppliers in its procurement activity for many years which have included the obligations required in the Public Services (Social Value) Act 2012 The Charter does not, therefore, introduce substantially new requirements on suppliers, the greatest change is in the monitoring and reporting arrangements.

## **10 Procurement implications**

- 10.1 The Charter relates to procurement and states the priorities and commitments that suppliers should be adhering to, according to the value of the contract and which should be proportionate and relevant to the specific contract. The Procurement Manager co-authored the Charter.

## **11. Equalities and Human Rights implications / Public Sector Equality Duty**

- 11.1 Introducing a Sustainable Procurement Charter is likely to have a positive equalities implications. Many of the commitments encourage positive social benefits for the residents of the District, such as encouraging training opportunities and local recruitment, particularly for those who are unemployed and disadvantaged.

## **12 Environmental Implications**

- 12.1 The proposed Sustainable Procurement Charter includes five commitments relating to encouraging good environmental business practices. It will, therefore, contribute to improvements to the local environment and reduce wider negative environmental impacts.

## **13 Other Considerations**

- 13.1 There are no GDPR or crime and disorder implications from the proposal in this report.