

<b>TITLE</b>	<b>Procurement report on CEAP actions</b>
<b>FOR CONSIDERATION BY</b>	Climate Emergency Overview and Scrutiny Committee on 25 September 2023
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

WBC declared a climate emergency in 2019 and committed to do as much as possible to reach **carbon neutrality by 2030**.

WBC has a Climate Emergency Action Plan (CEAP)

## **RECOMMENDATION**

The Committee is requested to review the report and note:

- 1) How the CEAP targets and climate emergency commitment are being incorporated in the Council's procurement processes.

## **SUMMARY OF REPORT**

This report sets out the actions taken by the Corporate Procurement Team to enable the CEAP Action Plan.

### **I. Background**

#### CEAP Targets

In July 2019, the Council declared a climate emergency, which commits us to do as much as possible to achieve carbon neutrality by 2030. Subsequently, the Council published its first Climate Emergency Action Plan (CEAP), that sets out the strategic direction of the Council's climate change programme of work.

Specifically, around Procurement, the Council has committed to the following targets.

- Action 8.1: By the end of 2024, achieve sustainable procurement practice throughout the council as part of Corporate Procurement Strategy.

The aim of this action is achieving the strategic and operational embedding of climate emergency principles across all procurement processes, including by:

- Action 8.1.1: Include a drafted approach to sustainable procurement within review of Procurement Strategy.
- Action 8.1.2: Develop a sustainable procurement culture and associated skills for green procurement.
- Action 8.1.3: Assess suppliers on sustainable procurement standards.
- Action 8.1.4 Implementation of sustainable procurement KPIs amongst suppliers.
- Action 8.2: By the end of 2024, the council will consider social value, including carbon neutrality, in all its procurement cycles.

The aim of this action is to achieve the generation of social value, including carbon neutrality principles, through procurement practices, including by:

- Action 8.2.1: Adopt a WBC Social Value Policy
- Action 8.2.2: Promote local skills and employment.

The carbon savings associated with the above set of actions are neutral within the CEAP, as they apply to future contracts. It is difficult to change the terms of existing contracts, so these changes do not deliver identifiable additional savings, but instead minimises any 'new' emissions being generated.

## **II. Actions completed to date and ongoing commitments.**

Over the last three years, the Procurement and Contracts Team have implemented various measures as agreed as part of the Climate Emergency Action Plan. Most of these through updating existing and introducing new policies, strategies and processes to ensure that climate emergency considerations are embedded in the procurement process. The main ones are outlined below, and future plans are explained in the last section of this document.

### Introduction of the Corporate Strategy for Procurement, Commissioning and Contract Management 2021

A new Corporate Strategy for Procurement, Commissioning and Contract Management was approved July 2021 with the below key elements introduced by the strategy:

New mandatory and relevant assessments of all procurements, including financial, contract management, risk assessment, exit strategy, social and economic value to the local community, equalities, diversity and inclusion, climate emergency and others. This is achieved through the development of a procurement strategy (also known as options appraisal paper), including all of the above assessments and being signed off by the Procurement team (Corporate Strategy for Procurement, Commissioning and Contract Management: pages 3, 4, 5 & 7).

This requirement prompts officers to consider climate emergency as part of every procurement they initiate. A specific template has been produced to include guidance for officers on what to consider as part of the procurement strategy, climate emergency being a main key point in this guidance. The Procurement Options Paper requires Service Areas to consider the following aspects

- Social Value

- Sustainability
- Climate Crisis
- Implications For Medium Term Financial Plan (MTFP)
- Reduction in waste
- Reduction in consumption
- Recycling, reuse
- Cost avoidance/net growth reduction/inflation

All Options Papers over £100K are subject to specific governance processes and explained below.

#### New governance process, involving oversight of all procurements by a Strategic Procurement Board

Members of the Strategic Procurement Board (SPB) are senior managers representing all Departments across the Council and have the responsibility to review and challenge procurement strategies, which do not reflect on the climate emergency priority in an adequate or sufficient way.

Members of the Contract Management Support & Learning Working Group work to embed best practice operationally around the management of the contracts within the Council. The group is attended by officers across the Council who have a remit to manage contracts. CEAP is a standing item on the rolling agenda.

This approach enables officers with contract management responsibilities to meet regularly and discuss best practice, including climate emergency measures. The CEAP team attends some of those meetings and offers advice to officers on how to best embed appropriate carbon reduction measures within the parameters of the contracts they manage.

#### Introduction of procurement business partnering model

Following discussions with internal stakeholders, and in consideration of the substantially different business models operated across each Service, as well as the variety of categories of services and works being procured by them, a procurement business partnering was introduced, which resulted in the allocation of a member of the Procurement and Contracts team to act as a business partner for a specific department or directorate. This approach offers the opportunity for officers to have more frequent contact with a dedicated procurement specialist and a first point of contact in the case of procurement support that is needed. It also provides for the opportunity of procurement officers to ensure that climate emergency is considered as part of every procurement strategy before it is presented for review by SPB. The business partners work closely with the CEAP team to ensure awareness and input into procurements as they progress.

#### Introduction of new governance and approval processes

Since the set up of the Strategic Procurement Board, a review of the procurement governance was undertaken, which resulted in the introduction of a number of additional sign-off and approval levels:

- All procurement strategies to be reviewed and signed off by a member of the Procurement and Contracts team, which allows for an early signposting to the CEAP team, where relevant, and challenge of any strategy, not focusing on climate emergency.
- All procurement strategies for contracts with value greater than £100k to be reviewed and approved by SPB, having the ability to present a final challenge and ensure that nothing has been overlooked and the Council’s priorities are considered.
- All contracts need to be reviewed in advance of their end date and a recommendation made on the future service provision in the format of a Contract Review Report. Where an extension is available and proposed to be utilised, the Procurement team will need to sign off the proposed approach, at which point there will be an opportunity to signpost to the CEAP team and embed any suitable measures or amend existing KPIs in consideration of climate emergency.

The below table illustrates the current levels of approval relevant to each procurement, depending on the value of the contract:

Type of Procurement	Level 1	Level 2	Level 3
	Assistant Director & Director Approval (NOTE: if greater than £100k, Strategic Procurement Board review required after Director’s approval)	Executive Approval (NOTE: subject to Procurement Strategic Board Review)	Full Council Approval (NOTE: subject to Procurement Strategic Board Review)
Goods and Services	£50k – £500k	> £500k	Annual Value >£5m or TAV >£25m (if capital >£15m)
Schedule 3 Services	£50k – £663,540 (VAT inclusive)	> £663,540 (VAT inclusive)	
Works	£50k – £5,336,937 (VAT inclusive)	> £5,336,937 (VAT inclusive)	

Other activities embedded in the procurement process.

CEAP team input in market engagement:

The business partnering approach allows the Procurement team to initiate an engagement with the CEAP team and request their involvement in market engagement activities relating to contracts where the subject matter of the contract is or could have an impact on the environment and climate emergency agenda as a whole. So far, this has been trialled with a number of major contracts (waste and recycling, highways maintenance, street cleaning) and has been a success with the input of the CEAP team proving beneficial which has contributed to increase understanding about the specific market conditions and environmental implications. The engagement with the CEAP team will be increased in future and their input will be sought on a more frequent basis and on a larger number of contracts, which have been identified as having potential to support the climate emergency actions.

#### Specification development:

Where the procurement team is engaged in relation to a contract with potentially high climate impact, engagement with the CEAP will be sought to support Services in shaping their requirements with considerations for reducing impact on climate.

#### KPI development with Service Areas:

As above, the Procurement team will refer Services to the CEAP team, where appropriate, to provide support in defining key performance indicators that allow contract managers to track and monitor the performance and assess the overall climate impact and the implementation of any agreed climate emergency measures with the supplier.

#### Supplier assessments as part of the procurement process:

As part of the procurement process, the Council has the ability to assess the overall policies and practices applied by suppliers in their day-to-day operations, and select the ones, whose values and organisational policies align with the Council's priorities. This is being embedded in the procurement process through a selection questionnaire (in particular Part 3 where if relevant to the requirement, suppliers can be asked to provide copies of any policies relating to their commitment to climate emergency) which all suppliers are asked to complete, and which includes a series of questions intending to gather information about the supplier view, practices and policies relating to social value as a whole and climate impact in particular. Based on this information, suppliers are assessed, and only suitable ones invited to tender.

#### Developing suitable climate emergency evaluation criteria and allocating appropriate weighting to those measures:

The evaluation of tender is based on the factors and criteria that represent the highest priority to the Council. When supporting Services to build an appropriate evaluation methodology, the members of the Procurement team prompt a consideration of climate emergency and signpost officers to the CEAP team to achieve the best approach that would guarantee that climate emergency is evaluated accordingly and a suitable balance between the cost and the proposed measures is achieved.

#### Tender Evaluation:

In recognition of the challenging economic situation and to support the Council's financial stability, the Corporate Strategy for Procurement, Commissioning and Contract Management details a default evaluation methodology to be applied to all new procurements, with a weighted focus on the cost of the service and lower weighting on quality (which is then managed through contract management arrangements), introducing a default weighting 70% out of 100% in favour of the price quoted. This leaves 30% of the overall weighting available to assess the quality of the proposed approach, including climate emergency as an element of the social value. This approach represents additional challenges in balancing our climate goals against our targets to reduce overall cost and expenditure. Suppliers are indeed becoming more and more enthusiastic and committed to support climate emergency and creating a sustainable approach to delivering the services and works we procure, however, that usually also attracts additional cost as it is linked to a financial investment from suppliers. It is worth noting at this point that any funds invested by suppliers in using more sustainable approach to perform will be past to the Council as the end Client.

### III. Planned and measures still in development.

Development of Social Value Policy:

The Procurement and Contracts team is working with the Equalities Board to establish a social value policy for the Council, which will contain climate emergency consideration.

Development of e-learning modules relating to climate emergency:

The Procurement and Contracts team will be supporting the CEAP team in the development of suitable e-learning modules, which could be mandated for all employees and included in the induction of new starters.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)			
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

<b>Other financial information relevant to the Recommendation/Decision</b>

<b>Cross-Council Implications</b> (how does this decision impact on other Council services, including properties and priorities?)

<b>Public Sector Equality Duty</b>
Please confirm that due regard to the Public Sector Equality Duty has been taken and if an equalities assessment has been completed or explain why an equalities assessment is not required.

<b>Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</b>
Please state clearly what the impact of the decision being made would be on the Council’s carbon neutral objective.

<b>Reasons for considering the report in Part 2</b>

<b>List of Background Papers</b>

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