Sustainable
Commissioning & Procurement Policy
1. INTRODUCTION

Introduction

This document sets out the Council's Sustainable Commissioning & Procurement Policy for 2010 - 2013. It is intended to give an overview of the Council's strategic commitment to generating positive social, economic and environmental benefits for the County, region and wider world through all of its commissioning and procurement activities. Complementary to the Council's Value for Money Strategy and Corporate Strategy for Commissioning & Procurement, this policy sets out how we intend to achieve whole life value for people, place and money in support of the Council's Vision and the Sustainable Community Strategy. Its existing scope is for a three year period which matches the Council's other strategic plans, including the Medium Term Financial Plan. As with the Corporate Strategy for Commissioning & Procurement, it is expected that this will be a live document, which is updated and refreshed along with the changing needs and priorities of local people and regional and national agendas.

Definitions

**Procurement** is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle, from identification of needs through to the end of a services contract or the end of the useful life of an asset.

**Commissioning** is a whole service approach to the design, management, delivery and monitoring of a specialist service. It is an ongoing, cyclical process to secure the strategic development of services provided from public, private or voluntary organisations and involves planning, designing, and implementing a range of services that are required. It is facilitated by procurement activity.

**Sustainable Commissioning and Procurement** is a principle and process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life value basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.

**Value for Money**, as defined by the Audit Commission, is about “getting the maximum benefit over time with the resources available, achieving the right balance among economy, efficiency and effectiveness, spending less and spending wisely to achieve priorities for local people”. Good value for money is achieved when there is an optimum balance between relatively low costs, high productivity and successful outcomes for our communities. The Commission categorises this in terms of the three Es - economy, efficiency and effectiveness. A web link to the Council’s Value for Money Strategy is included in Appendix 3 of this document.

Value for money within a procurement context is defined as the optimum combination of whole life costs and positive social, economic and environmental outcomes (whole life value).
Whole Life Costing – is the capital cost of a project and all relevant future costs.

Whole Life Value – extends the above definition to include the social, economic and environmental considerations in the value assessment of a product, service or project.

The Sustainable Commissioning Procurement Cycle:
2. CONTEXT AND BACKGROUND

Sustainable Procurement has been the focus of several major reports in recent years. In March 2005, the Government published its Sustainable Development Strategy - “Securing the Future”. The strategy recognises the need to use procurement and commissioning to support the wider social, economic and environmental objectives of the public sector and resulted in the establishment of the Sustainable Procurement Task Force. The Task Force has provided guidance for the Public Sector and developed a Flexible Framework (Appendix 1) to ensure that the UK is recognised as being amongst the leaders in sustainable procurement across EU member states.

The driving force behind the Sustainable Procurement Policy is the Sustainable Community Strategy, which aims to create a long-term, sustainable vision for the county, supported by the priorities of the Local Area Action Partnerships.

Durham County Council recognises its responsibility to carry out all commissioning and procurement activities collaboratively and in an economic, environmental and socially responsible manner on behalf of the Council and its key stakeholders.

This policy provides an outline of Durham County Council’s approach to implement sustainable commissioning and procurement in making sustainable purchasing decisions that promote the long-term interests of the communities we represent.

This policy forms an integral part of, and is designed to complement, the Council’s overall Corporate Strategy for Commissioning and Procurement.
3. POLICY OBJECTIVES

To ensure all of our Commissioning and Procurement activity is truly sustainable we must consider the following issues, and take action where appropriate:

- The objective of this policy is to ensure that all Durham County Council commissioning and procurement activity is undertaken in an economically, environmentally and socially responsible manner and that all factors are taken into account as appropriate throughout the commissioning and procurement process.

- This Policy is intended to fully align with the Sustainable Procurement Policy of NEPO and support and compliment individual Member Authorities in delivering their Sustainable Community Strategy.

- This Sustainable Commissioning and Procurement Policy shall underpin all council activity carried out collaboratively across the North East region.
Sustainable Commissioning and Procurement encompasses three key areas for consideration, namely economic, environmental and social factors and can impact on one or more of these. Some examples are shown in the table below:

<table>
<thead>
<tr>
<th>Economic Factors</th>
<th>Environmental Factors</th>
<th>Social Factors</th>
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<td>Value for Money</td>
<td>Waste reduction, reuse and recycling</td>
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<td>Affordability</td>
<td>Energy Efficiency</td>
<td>Supplier Diversity &amp; Third Sector</td>
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<td>Energy Efficiency</td>
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<td>Competitiveness</td>
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<td>Regeneration</td>
<td>Depletion of natural resources</td>
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<td>Waste</td>
<td>Renewable sources</td>
<td>Accessibility</td>
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<td>Supplier Diversity &amp; Third Sector</td>
<td>Materials</td>
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<td>Biodiversity</td>
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<td>Local Economy</td>
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<td>Reduced usage</td>
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<td>Stakeholders</td>
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**Specific Aims:**

- Comply with and maintain awareness of all National and European legislation, making reference to sustainable commissioning and procurement.

- Ensure that sustainable commissioning and procurement principles are considered in every commercial decision based on whole life costs and value including value for money, Fair-trade (sustainably sourced considerations) and scope to operate within a collaborative environment.

- Work collaboratively with suppliers to manage sustainable development within the supply chain.

- Consult with service users and stakeholders to clearly define their needs and to design and establish methods to meet these needs in a sustainable manner.
• When establishing specifications, consideration should be given to sustainably sourced goods, works and services and the use of sustainable processes.

• Encourage the use of products that have a reduced environmental impact.

• Commission and procure resource efficient products and services e.g.: recycled content products, fuel-efficient vehicles, energy efficient appliances, renewable energy.

• Encourage the provision of products produced in compliance with the parameters of the European Parliament Resolution of Fair-Trade and Development (A-0207/2006).

• Reduce consumption and the impact of goods, services and works through waste minimisation including packaging waste.

• Evaluate the risks associated with the sustainable elements of the contract process and manage appropriately throughout the procurement life-cycle.

• Raise awareness of the Council’s commitment to continuous sustainable development and improvement with suppliers.

• Incorporate appropriate sustainability factors into specifications and include suitable measures including whole life value impacts and implications in supplier selection and award criteria.

• Promote the evaluation of suppliers based upon their sustainability credentials in terms of their positive impact on the social, economic and environmental well-being of the region where appropriate to the contract.

• Incorporate provisions in contracts, where appropriate, to offer training and employment opportunities within local communities.

• Explore opportunities for developing appropriate contractual provisions to deliver specific community benefits.

• Promote the use of sustainable assessments of major suppliers to encourage additional opportunities for collaboration.

• Stimulate innovation in the supply chain to deliver viable sustainable options for goods, works and services.

• Encourage a diverse supply base by exploring opportunities for working with local suppliers, Small and Medium Enterprises (SMEs) and the voluntary and community sector including social enterprise.

• Consider the most appropriate means of contracting e.g. nationally, regionally, sub-regionally, individually.

• Encourage and develop strategic partnerships across the supply chain
To fulfil these aims the Council will:

- Develop a consistent framework and encourage standardization of documents and toolkits, including policies and practices for sustainable commissioning and procurement across the Council.

- Identify the mechanisms and tools to be used to incorporate economic, environmental and social factors into all commissioning and procurement activities.

- Identify and implement relevant changes to the procurement process, development of specifications and use of appropriate lot sizes to support and encourage local suppliers, Small and Medium Enterprises and the voluntary and community sector to compete for contracts.

- Promote and develop ‘social impact clauses’ into contracts.

- Promote and develop outcome based specifications across all sustainable commissioning and procurement activity.

- Seek to establish a sustainable products guide to support the Corporate Commissioning and Procurement Strategy.

- In conjunction with the North East Improvement and Efficient Partnership (NE IEP) and other regional bodies and initiatives, develop a measurable action plan that is subject to regular review and revision that will ensure the Council is supported in progressing towards Level 5 of the Flexible Framework.

- Collaborate on sustainable commissioning and procurement opportunities across the region and share best practice.

- Encourage the adoption of the Council’s sustainable commissioning and procurement policy across all regional authorities.

- Encourage regional adoption of this policy and establish specific targets on sustainable procurement linked to the Flexible Framework and measured against defined outcomes.

- Ensure all employees of the Council are aware of their roles in implementing this policy.

- Actively encourage inclusion of sustainable commissioning and procurement training in the induction process for new commissioning and procurement and contract management staff, and raise general awareness of sustainable commissioning and procurement across the Council.

- Promote shared learning and encourage innovative best practice on all sustainable commissioning and procurement practice.

- Develop a Corporate Sustainable Commissioning and Procurement Action Plan that is reviewed and updated annually.
## Appendix 1: Flexible Framework

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<th>Flexible Framework</th>
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<th>Practice</th>
<th>Enhance</th>
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<td>Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.</td>
<td>Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.</td>
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| Measurements & Results | Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas. | Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives. | Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced. | Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain. |
Appendix 2: Glossary of Terms

For the purposes of the strategy, terms referenced in this document shall have the following explanations:

**Asset Management** - is the service within the Corporate Resources Service Area Grouping responsible for management of estates, property and corporate procurement.

**Benchmarking** - standard or set of standards used as a point of reference for evaluating performance of level of quality. Benchmarks may be drawn from an organisation’s own experience, from the experience of other organisations in the sector or from groups of organisations who collaborate in such information.

**Building Schools for the Future** - is a national programme to raise educational attainment through a complete transformation of the country’s secondary schools. The 10 to 15 year programme will see new schools built or existing schools upgraded to meet the needs of communities for the 21st century.

**Category Management/Strategic Sourcing** - a holistic approach to commissioning and procurement that considers the what, why and how of procurement and not just from whom. A category management approach will ensure a cross-Council (and, where appropriate, regional) view of major spend areas in order to maximise value for money and realise benefits in practical terms.

**Commissioning** - is a whole service approach to the design, management, delivery and monitoring of a specialist service. It is an ongoing, cyclical process to secure the strategic development of services provided from public, private or voluntary organisations and involves planning, designing, and implementing a range of services that are required (and it is facilitated by Procurement activity).

**Contracts register** - is a central store of data compiled by services and managed by Corporate Procurement which identified all contractual arrangements held by the Council. The register is a ‘live' document which will be used to support strategic commissioning and procurement decision making.

**Electronic tendering** - is a system which allows the tendering process to be carried out on-line. This process is the default option for commissioning and procurement in the Council.

**Evaluation criteria** - the benchmark, standard or yardstick against which achievement, compliance, performance and sustainability of a tendered option is considered.

**Framework agreements** - an agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular, the price and, where appropriate, volume) under which the
economic operator will enter into one or more contracts with the authority in the period during which the framework agreement applies.

**Gateway Review** - a gateway review is an evaluation carried out at key decision points by a team of experienced people who are independent of the project team. The gateway review process provides assurance to the project owner that their project can progress successfully to the next stage. Gateways have been designed to support projects that procure services, construction and property projects, and IT business change projects. The gateway review project in local government is managed by Local Partnerships.

**Local Area Agreements** - is an agreement between local partners and the government that sets out the most pressing priorities for the country over a three year period. All partners will work together to achieve the agreed priorities.

**Local Partnerships** - is a joint venture between the Local Government Association and Partnerships UK, incorporating 4ps. It provides best practice advice, peer and delivery support on all aspects of large project and programme management and delivery.

**Make or Buy** - the act of making a strategic choice between producing a product or service in-house (via internal resource) or buying externally (from suppliers outside of the contracting organisation). The ‘buy’ options may also be referred to as outsourcing.

**Mixed economy** - the use of all sources of supply, including in-house, public public partnerships, public private partnerships, private sector supply and VCS supply.

**Procurement** - is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of needs through to the end of a services contract or the end of the useful life of an asset. Procurement requires local authorities to ensure sustainability and to secure continuous improvement in the economy, efficiency and effectiveness in the exercising of its functions in order to demonstrate value for money.

**Purchasing consortia** - are organisations established for and on behalf of local authorities to carry out procurement of goods and services where improved value for money can be achieved through aggregated spend.

**Regional Improvement and Efficiency Partnership** - centrally led partnerships of local authorities working together at a regional level on shared improvement and efficiency priorities. Formed in 2008, they use local knowledge and networks to help councils, fire and rescue services and their partners to improve services and become more efficient. There is a RIEP in each region of the country, the RIEP associated with Durham being the North East Improvement and Efficiency Partnership (NEIEP).

**SMEs (Small and Medium-sized Enterprises)** - organisations that employ no more than 250 permanent members of staff.
**Stakeholders** - the person(s), group(s) or organisation(s) that have a direct or indirect stake (interest) in an organisation, project or activity because they can affect or be affected by its policies, strategies, objectives and/or activities. Key stakeholders in a business organisation include creditors, customers, directors, employees, government (and its agencies), owners (partners or shareholders), suppliers, buyers, unions, and the community from which the business draws its resources.

**Supply chain** - the entire network of companies and/or other organisations that are directly or indirectly linked and interdependent in serving the same customer or client.

**Sustainable procurement** - the approach through which organisations meet their needs for goods, services, works and utilities in a way that achieves.

**Unitary Authority** - the single authority resulting from the bringing together of the former County and the seven district councils, effective from 1st April 2009.

**Value For Money** - within a procurement context is defined as the optimum combination of whole life costs and benefits to meet social, economic and environmental requirements.

**Voluntary and Community Sector (VCS)** - also known as non-for-profit or third sector organisations, VCS is the sphere of social activity undertaken by organisations that are non-profit and non-governmental.

**Whole life cost** - is the capital cost of a project and all relevant future costs.

**Whole life value** - extends the above definition to include the social, economic and environmental considerations in the value assessment of a product, service or project.
Appendix 3 - Web Links

Sustainable Communities Strategy
Value for Money Strategy
Commissioning Strategy - Adults and Community Service
Commissioning Strategy - Children’s and Young Peoples Service
Neighbourhoods Procurement Strategy
Voluntary Community Sector
Small and Medium Enterprises
How to do Business Guide
Code of Practice
Local Partnerships
Gateway methodology