

Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet

24th November 2003

Eco-Procurement: -EU LIFE-Environment Funding (LEAP)

Report of the Director of Environment Regeneration and Development

1. Purpose of Report

This report is informing Cabinet that the City Council has been invited to lead an eco-procurement project worth £2.15million, supported by the EU-LIFE-Environment fund. It seeks member approval for Leicester City Council, as beneficiary, to be legally and financially responsible for the delivery of the project.

2. Summary

2.1 Leicester City Council has been invited to lead a prestigious European project which will enable the authority to lead the way in greener procurement. The project is worth £2.15million and will involve working with 14 partners across Europe. Leicester City Council was chosen to lead this project because of our track record in environmental management systems and our green procurement policies. The project is called: 'Local Authority EMAS and Procurement' (LEAP) project.

2.2 LEAP is a 3-year project looking at the opportunities to develop practical tools that will ensure green procurement is integrated into environmental management systems. The objectives of the LEAP project are:

- To develop and test a range of tools for more effective green procurement.
- To put these tools to practical use; by developing a large European network of municipalities and using the combined purchasing power of the Network to influence the market and reduce the price of greener products.
- To test tools and networks on the purchase of 2 selected products.

2.3 It is anticipated that cost savings will be achieved by the combined purchasing power of the project network and because life-time costs of goods and services will be considered.

The project will enable Leicester City Council to improve its environmental performance by ensuring that the goods and services it is buying minimise their environmental impact.

The project is timely as it will establish Leicester City Council as a lead authority within the following international and national policy context:

2.3.1 The UK Government's National Procurement Strategy for Local Government

This national Strategy, which is to be published at the end of November., indicates how local government should explore innovative ways to procure, to enable goods and

services to achieve community plan objectives, provide savings and better value for money and help stimulate the market.

To support this Strategy, SOLACE has produced 'Sustainable procurement –making it happen' which contains details of how local government should adopt a sustainable procurement policy, develop a dialogue with suppliers and check for sustainability throughout the procurement cycle.

2.3.2 The World Summit for Sustainable Development

A key recommendation from the Johannesburg Summit on Sustainable Development in 2002 was that relevant authorities at all levels should use their influential position to promote procurement policies that encourage the development and diffusion of environmentally sound goods and services.

3. Recommendations

Cabinet is asked to:

3.1 Formally approve Leicester City Council as the accountable body and beneficiary of the project, this means that the authority will be legally and financially responsible for the implementation of the project. Failure to deliver the project outputs or follow the correct reporting procedures would result in the loss of funding from the European Commission and the requirement to repay any sums already received.

The risks associated with this lead role are presented in detail, in the risk matrix on page 7.

4. Headline Financial and Legal Implications

NB Legal implications need to be completed by Legal Services

4.1 In total the funding amounts to €2.98 million, (£2.15million) 50.1% of which are contributions of staff time from the 14 partners and 49.9% is match funding from the LIFE-fund.

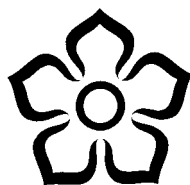
4.2 Leicester's contribution amounts to €238,627 (£172,918) of existing staff time over the 3-year period which will attract €235,972 (£170,994) match funding from the European Commission.

4.3 As beneficiary Leicester City Council will be legally and financially responsible to the European Commission for the implementation of the project.

A full risk matrix is attached to this report.

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



Leicester
City Council

WARDS AFFECTED
Type in Ward

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SUPPORTING INFORMATION

1. Report

1.1 Johannesburg Summit 2002 – Sustainable Consumption and Production

At the World Summit on Sustainable Development in Johannesburg in 2002 world leaders agreed on the fundamental need to change consumption and production patterns. They committed themselves to’encourage and promote the development of a 10 year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production...’. The UK government has produced ‘Changing Patterns; UK Government Framework for Sustainable Consumption and Production’ setting out how the UK will take forward its commitment to sustainable consumption and production.

Leicester has been recognised as a leader in sustainable development and environmental issues, the LEAP project will ensure this work continues by putting into action examples of best practice sustainable consumption and production.

1.2 National Procurement Strategy –for Local Government

In July 2003 the government published a Draft National Procurement Strategy for Local Government. The strategy aims to indicate to Local Government how they should be exploiting innovative ways to procure, work in partnership with others in a cost effective way and enable services that will:

- Achieve better Community Plan objectives
- Provide savings and better value for money
- Enable local government to manage and assess risks of the marketplace and stimulate new ones

The draft National Strategy defines procurement as the process for acquiring goods, works or services from third parties, a process that spans the whole life-cycle from identification of need through to the end of a services contract or the end of the useful life of an asset. It includes an options appraisal and the critical make or buy decision.

The IDeA will be holding a series of regional seminars once the Final National Procurement Strategy is published.

LEAP/DB report Sep 03

1.3 SOLACE

SOLACE has recently published in collaboration with WRAP and the IDeA 'Sustainable Procurement –making it happen. It recommends authorities develop 3 steps to improve the sustainability of their purchasing

- Adopt a sustainable procurement policy
- Develop a dialogue with suppliers
- Check for sustainability through the procurement cycle

The LEAP project will develop practical tools to ensure that environmental and sustainable development criteria are included in procurement decisions. It will provide a mechanism for liaising with the marketplace to influence the environmental performance of goods and services and allow the authority to check for sustainability throughout the procurement process.

1.4 Eco-Procurement and the Public Sector

Eco-Procurement is economically and environmentally sound purchasing practices.

It involves the integration of environmental considerations into all stages of the purchasing process: from the identification of environmentally preferable products and services to the avoidance of unnecessary purchases.

Public procurement represents 14% of the Gross Domestic Product in the EU –over 1000 billion Euro. Local authorities have huge purchasing budgets and making the correct purchasing decisions can contribute significantly to more sustainable production and consumption patterns. Examples are:

- Over 2.8 million desktop computers are purchased each year by public authorities. The purchasing of more energy efficient models would reduce European emissions of CO₂ by over 830,000 tons. There would also be substantial savings in electricity bills, an Energy Star computer uses 70% less electricity.
- If public authorities in Europe all requested their electricity to be from a renewable source and the power generation industry met this demand, this alone would meet 18% of Europe's Kyoto commitment.

If demand for environmentally preferable products and services is great enough, markets will change to meet the demand.

1.5 EMAS and Procurement

Leicester City Council is registered for EMAS an environmental management system, the system aims to help the authority identify and manage its environmental effects and set targets to reduce those impacts. The EMAS system contains procedures to control and manage the authority's purchasing decisions and the authority has a number of Purchasing Policies that encourage purchasers to consider the environmental credentials of the goods and services they are buying.

1.6 The LEAP Project

The authority has been successful in securing funding from the EU-LIFE-Environment fund to carryout an innovative project: Local Authority EMAS and Procurement (LEAP). The objectives of the project are:

- To develop tools for local authorities to systematically, effectively and efficiently deal with eco-procurement as part of Environmental Management System.

- To apply the tools to test joint procurement approaches to overcome market barriers in Europe for eco-procurement.

It is a 3 year project, Leicester City Council is the lead partner and will be working with 13 other local authority and NGO's across Europe:

ICLEI (International Council for Local Environmental Initiatives)	
IDeA	Goteborg City Council
Global to Local	City of Barcelona
London Borough of Southwark	Holargos (Athens)
London Borough of Sutton	Amouroussion (Athens)
London Borough of Lewisham	Kalithea-Rhodes
Guildford Borough Council	Almada (Lisbon)
EKU Stockholm	

1.7 Anticipated Outputs

The project will allow the authority the opportunity to further develop the existing EMAS procedures. The Environment Team will take the lead in carrying out the project and will work closely with procurement staff corporately, departmentally and from ESPO our purchasing consortium

The expected results of the project will be practical hands-on measures, processes and procedures for improved eco-procurement. This will lead to Leicester City Council reducing the environmental impact of the goods and services it is buying with the potential for associated cost savings.

Leicester City Council is already considered to be an example of environmental good practice and participation in the LEAP project will build on this work.

1.8 Funding Package

The funding package totals €2.98 million,(£2.16 million) 50.1% of which are contributions of staff time from the 14 partners and 49.9% is match funding from the LIFE-fund.

Leicester's contribution amounts to €238,627 (£172,918) of existing staff time over the 3-year period which will attract €235,972 (£170,994) match funding from the European Commission

1.9 Staff Involvement

The Corporate Procurement Group, ER&D Procurement Group and ESPO have given their support to the project in principle, the detail of staff time requirements need to be finalised.

There is the opportunity for all procurement staff, corporate and departmental to be involved in the project, we will also be working with colleagues from ESPO.

Exact details about the level of involvement of procurement staff will become clearer once the first project meeting has been held in late November when decisions will be made about which partner will be leading on the development of the individual tools and which products might be bought during the procurement exercises.

It is proposed that a further report will be brought to Corporate Directors Board in December, after the initial project meeting, when the roles and responsibilities of partners will have been determined

2 FINANCIAL, LEGAL AND OTHER IMPLICATIONS

2.1 Financial Implications

The EU-LIFE-Environment fund provides approximately 50% match funding for LCC staff time spent of the project.

The funding also covers expenditure on consumables, travel and subsistence and overheads.

All money received from the European Commission is administered by Leicester City Council who is responsible for ensuring it is distributed to the other partners. (Kate McGee, Head of Finance, ER&D, x6664).

2.2 Legal Implications

It is proposed that Leicester City Council will be the 'beneficiary' of the project. The 'beneficiary' of the funding is legally and financially responsible to the European Commission for the implementation of the project.

Once approved by members, Legal Services will sign the contract provided by the commission and also produce 'partnership agreements' for Leicester City Council and partners to sign.

The partnership agreements will outline each partner's role in the project and the correct administration of paperwork and expenditure claims. (Joanna Bunting, Assistant Head of Legal Services, x6450).

2.3 Risk assessment

A full risk matrix is attached to this report.

4. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	Yes	The project will help the authority develop an eco-procurement policy.	
Sustainable and Environmental	Yes	The project will enhance the existing EMAS purchasing procedures and help the authority ensure environmental considerations are included in purchasing decisions.	
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

4. Background papers

None

5. Consultations

Legal Services

ERD Procurement Group

Corporate Procurement Group

ESPO

ER&D finance

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