

## Chapter 2 - Partnering and Collaboration

### The “make or buy” debate

**Key Objective:** To set out Oxford City Council’s views on partnership and service delivery.

At the heart of best value is the debate about whether local authorities should “make or buy”. The National Strategy specifically advocates partnership working as a means of achieving more effective procurement and identifies partnering and collaboration as two key forms of partnership working. The National Strategy requires local authorities to make clear where they stand on the “make or buy” issue and to set out their views on partnering and collaboration.

Oxford City Council takes a pragmatic approach to these issues. We will choose those procurement options that contribute most effectively to delivering the goals set out in our Vision and Community Strategy. The Council has traditionally provided services in-house and we will continue to do this where it can be demonstrated that we are delivering best value. Oxford City Council is committed to dialogue and consultation about procurement with our strategic partners. We will also work in partnership with them to deliver services where it can be demonstrated that this approach will deliver best value.

The Council has had an ambiguous relationship with best value. While recent reviews have been more robust, earlier reviews tended to be process rather than outcome-based, focusing on improving existing practice rather than exploring radical change. The early reviews were also under-resourced. As a result, we accept that it would currently be difficult to demonstrate that all of our services deliver best value.

This chapter sets out how we intend to rectify this. The options appraisal model set out later in this chapter will underpin the best value review programme referred to in Chapter 1.

### Partnering and collaboration

**Key Objective:** To define partnering and collaboration and the Council’s approach to them.

#### Partnering

Partnering involves two or more organisations working together to improve performance by: agreeing mutual objectives; devising a way for resolving any disputes and committing themselves to continuous improvement; measuring progress and sharing the gains. Partnerships may include suppliers in the public, private, social enterprise or voluntary sector. They can deliver services, carry out major projects, or acquire supplies and equipment.

The National Procurement Strategy outlines six key benefits of partnership working:

- better designed solutions
- integrated services for customers
- access to new and scarce skills
- economies of scale and scope
- investment
- community benefits (including jobs and local economic effects).

Where Oxford City Council has entered into formal partnering arrangements – as in the partnership with Buying Team to review procurement of goods, management of Carfax Tower, and the partnership with Kendrick Ash to improve housing repairs - significant improvements have resulted. We have found that the impetus provided by external partners can also play a key role in clearing internal blockages and achieving positive culture change.

### Learning from partnering in construction

*Rethinking Construction* (1998) sets out key partnering principles. We apply these principles to the management of some of our construction projects but they can also be applied to other areas of strategic partnership.

*Rethinking Construction* sees partnerships as long-term relationships between councils, designers, constructors and suppliers. Partners work together through a series of projects, continuously developing the product and the supply chain, eliminating waste from the delivery process, innovating and learning from experience.

### Supply chain

Managing the supply chain is critical in driving innovation and sustaining improved performance. It involves developing long-term alliances with all those involved in the process of delivering the product, from identification of client need to fulfillment of that need. Partner selection is made on the basis of attitude to team working, and the ability to innovate and offer efficient solutions. For large contracts, officers should be encouraged to meet with suppliers 'pre-contract' to discuss specifications. Suppliers will often have more knowledge than procurers about project delivery solutions.

### Reduced reliance on contracts

Effective partnering does not rely on contracts alone. Contracts can add significantly to the cost of a project and often add little value for the client. If the relationship between a constructor and employer is soundly based and the parties recognise their mutual interdependence, then formal contract documents should gradually become obsolete.

### Reduced reliance on tendering

The most immediately accessible savings from partnering come from a reduced requirement for tendering. While this may go against the grain, especially for the public sector, it is vital that a way is found to modify processes so that tendering is reduced. Clients may well ask how they can be satisfied that they are getting value for money. The answer lies in: comparison between suppliers and rigorous measurement of their performance; quantitative performance targets and open book accounting; and demanding arrangements for selecting partners.

### **Collaboration**

Collaboration refers to the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public-public partnership. Its major benefits are economies of scale and accelerated learning.

Oxford City Council is exploring the possibilities of collaborative working through the Strategic Procurement Partnership for Oxfordshire. We are leading on several actions in a joint work plan for SPPO, including setting up a number of joint purchasing contracts and other projects to improve the management of indirect spend. We also intend to make contacts with neighboring authorities (e.g. the Gloucestershire equivalent of SPPO) and to become actively involved with the Thames Valley Marketplace. We aim to:

- share expertise
- build capacity through shared projects
- obtain efficiencies of scale and shared risk through joint leverage
- make it easier for suppliers to do business with councils
- standardise documents and provide regular contract opportunities to suppliers
- explore e-marketplace solutions.

SPPO's brief also includes looking at options for joint provision of both back and front office services. While there is real interest in joint provision of back office services, there has not yet been any serious discussion of joint front-office service provision.

### **Other partnership options**

The ODPM circular 03/2003 sets out new trading powers, which are now open to local authorities, e.g. setting up arms-length trading companies. The ability to use these powers is only available to

local authorities who achieve a rating of “fair” or above in the Comprehensive Performance Assessment. Oxford City Council was assessed as “weak” in its 2004 assessment so will not be able to use these powers until after the next round of CPA inspections.

### **Evaluating partnership working**

Oxford City Council’s driving force is to improve the well-being of the people of Oxford. We will manage our partnership arrangements accordingly. This involves:

- ensuring that partnering objectives help us to achieve our own objectives
- getting the partnership structure right. For example, Oxford City Council was the prime mover in opening up SPPO to non-local authority stakeholders. This is because we felt that we could more easily meet the city’s strategic objectives if other partners from the city LSP were engaged
- ensuring that the various partnerships with which we are involved are not duplicating effort
- ensuring that the costs involved in setting up and managing partnership arrangements are justified by the resulting benefits.

We are only interested in partnership work that adds value. To this end we will develop a formal means of evaluating the partnerships in which we are involved in and the benefits that they bring. We will formally evaluate our partnership arrangements on an annual basis.

### **Recommendation 17**

That Oxford City Council further pursues the approach to partnering set out in *Rethinking Construction* - particularly the approach to contract and relationship management - and explores the possibility of applying these principles to other areas of Council procurement.

### **Recommendation 18**

That Oxford City Council continues to explore the possibilities for joint provision of front and back office services.

### **Recommendation 19**

That Oxford City Council identifies those areas where joint procurement/commissioning may be of benefit to the people of Oxford and identifies potential partners.

### **Recommendation 20**

That Oxford City Council develops a formal means of evaluating the partnerships in which we are involved and the benefits that they bring.

### **Recommendation 21**

That Oxford City Council continuously evaluates the potential benefits of using framework agreements and contracts put in place by public sector purchasing consortia.

### **Recommendation 22**

That Oxford City Council puts in place policies and procedures that, where relevant, ensure all framework agreements are open for use by public sector partners.

### **Recommendation 23**

That Oxford City Council puts in place policies that define under what circumstances gateway reviews should take place and procedures to carry out those reviews.

### **Recommendation 24**

That Oxford City Council explores the possibilities offered by collaborating with partners to use relevant marketplaces. (See Chapter 5 for more information on marketplaces).

### **Recommendation 25**

That officers involved in large procurement projects meet with suppliers ‘pre-contract’ to discuss terms and conditions.

### **Recommendation 26**

That Oxford City Council formally evaluates all partnership arrangements on an annual basis.

## Service Delivery Options

**Key Objective:** To analyse different options for service delivery and outline our approach to choosing delivery models.

There are seven approaches that local authorities can take when choosing an appropriate service delivery option. These are:

Withdraw from the activity. This is not likely to be possible for most major areas of the authority's activity. However, it may be possible for aspects of a service. It is clearly possible where the authority has *powers* rather than a duty to do things

Provide the service through an improved in-house approach. There will still need to be improvement targets and a plan for how they will be reached. There will still be public monitoring of service delivery

Joint commissioning involves joining with other local authorities or public bodies to jointly provide or purchase services. It can include delegation of powers to another authority, pooling of budgets, working with other government agencies, or arrangements with non-profit organisations

Market testing i.e. competition with an in-house bid

Externalisation i.e. competition without an in-house bid

Transfer includes circumstances where the authority's client role is passed to another organisation. This may be a not-for-profit organisation, such as a housing or community association, or a public/private partnership such as Joint Venture Company. In these cases the authority retains a residual interest (rights to nominate people to use the service, a seat on the board). This occurs in housing stock transfers, some transfer of leisure services, or minority shareholding, as in the case of joint-venture companies

Hybrid options. In reviewing a service or function the authority must consider whether to break up activities currently treated as a single service or delivered through a single contract, and, equally, to consider whether to amalgamate services currently delivered separately. Where a service includes a variety of different types of activity, the option most likely to deliver best value may well be different for different activities. In such cases, the best value choice will involve different choices for different parts of the service.

### Options Appraisal

Each option will be appropriate in particular circumstances, and some of the options can manifest themselves in different ways. The following tables set out when each option may be more, or less, appropriate. The bullet points are *alternative* reasons why the option may be more or less suitable; they are not checklists of conditions that must be met.

<b>Withdrawal</b>	
The authority decides that it should withdraw from providing a service or taking part in an activity.	
More suitable	<ul style="list-style-type: none"> <li>▪ Evidence of no need or demand for the service;</li> <li>▪ Other providers can continue without intervention or support from the local authority;</li> <li>▪ Costs of the service or activity considerably outweigh benefits;</li> <li>▪ Service or activity makes no contribution to corporate objectives.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Doubts about the evidence;</li> <li>▪ Uncertainty about whether the alternative providers do meet existing needs or demands;</li> <li>▪ Potential for future service development.</li> </ul>

<b>Improved Internal service management</b>	
Service is provided in-house. Management may be through traditional hierarchy, internal trading arrangements, or service level agreements. The authority may involve, or consult, users in decisions about overall objectives and in monitoring service quality.	
More suitable	<ul style="list-style-type: none"> <li>▪ The existing internal service is, or is close to, meeting local targets and national standards;</li> <li>▪ There is no supply market;</li> <li>▪ Costs of externalisation are likely to be high;</li> <li>▪ High impact if service fails.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Poor existing internal services;</li> <li>▪ Need for external investment;</li> <li>▪ Active, competitive, market with established suppliers;</li> <li>▪ Service is easy to specify and monitor.</li> </ul>

<b>Joint commissioning</b>	
Two or more public service organisations agree to commission or provide services together. There is no "client" or "contractor" and the organisations are jointly involved in management	
More suitable	<ul style="list-style-type: none"> <li>▪ Services are provided from a single point (e.g. a one-stop-shop, or a call centre);</li> <li>▪ Participating organisations are willing to agree mutual objectives in the interests of the joint service;</li> <li>▪ Financial and other risks can be shared on an equitable basis;</li> <li>▪ Participating organisations do not have the wide range of expertise or sufficient resources to deal with all requests for service - but the volume of requests does not justify investment by each authority;</li> <li>▪ Sharing resources, staff, etc. will produce significant economies and improve quality;</li> <li>▪ All participating organisations require the same, or very similar service;</li> <li>▪ Clear lines of responsibility and accountability can be established.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Organisational identities and imperatives are more important than a seamless service;</li> <li>▪ There are no obvious and willing partners;</li> <li>▪ Legal constraints cannot be overcome.</li> </ul>

<b>Market testing</b>	
The in-house organisation competes with external service providers to win the work. This is the same as "voluntary competitive tendering" (VCT).	
More suitable	<ul style="list-style-type: none"> <li>▪ The pressure of competition is necessary to ensure improvements or clarity of definition in in-house performance;</li> <li>▪ There is an active and competitive supply market;</li> <li>▪ The service is easy to specify and monitor;</li> <li>▪ A new service area is being developed where there is the possibility of both in-house provision and the use of external provision;</li> <li>▪ In-house performance can be benchmarked against competition.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Potential suppliers likely to suspect the authority is "going through the motions" and not bid;</li> <li>▪ Staff are unlikely to make the improvements necessary;</li> <li>▪ The costs of preparing for competition (both client and contractor) outweigh benefits;</li> <li>▪ The authority's service objectives go beyond a simple cost calculation;</li> <li>▪ The in-house team has no real chance of winning;</li> <li>▪ Market testing is suggested as a last ditch effort to avoid externalisation.</li> </ul>

<b>Externalisation (1)</b>	
Service is provided by external organisations that compete to do the work. Management is through the specification, which sets out the work to be done, and the contract conditions that form the basis of the relationship between client and service provider.	

More suitable	<ul style="list-style-type: none"> <li>▪ Poor existing internal services, or new services where internal supply is thought inappropriate;</li> <li>▪ There will be a clear client - contractor relationship;</li> <li>▪ There is an active, competitive market with established suppliers;</li> <li>▪ Benefits of using the market outweigh the costs;</li> <li>▪ Service is easy to specify and monitor.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Internal service management is demonstrably best value;</li> <li>▪ Opportunists or monopolists dominate the market;</li> <li>▪ The authority's service objectives go beyond a simple cost calculation;</li> <li>▪ Service is difficult to specify and monitor;</li> <li>▪ Other methods of provision offer better value.</li> </ul>

**Externalisation (2) - A contract supplemented by a formal 'partnership' arrangement**

The services are supplied through a contract that places greater emphasis on shared objectives and on the relationship with the supplier. These arrangements are also referred to as 'partnering arrangements'.

More suitable	<ul style="list-style-type: none"> <li>▪ The service is difficult to specify and monitor;</li> <li>▪ The authority wants to work with an organisation it can 'do business with' rather than one that just 'does the business';</li> <li>▪ It is possible to agree on a programme of future innovation;</li> <li>▪ There is a high level of mutual trust between authority and suppliers;</li> <li>▪ External suppliers can offer savings, innovation, or other benefits that cannot be found in-house.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ Opportunists dominate the market;</li> <li>▪ The service is easy to specify and monitor;</li> <li>▪ In-house supply is more likely to deliver best value;</li> <li>▪ The authority's main objective is to achieve savings.</li> </ul>

**Transfer**

The authority ceases to be the 'client'. That role is taken over by another organisation. This may be residents' association, community group, charity, co-operative or trust. The authority may still have a residual role, for example, a seat on the board, nominating people for services; grant aid; or by subsidising service delivery to the public.

More suitable	<ul style="list-style-type: none"> <li>▪ The activities of, or services provided by, the organisation fit with the council's overall objectives;</li> <li>▪ The local authority and other organisations agree on the level of accountability required;</li> <li>▪ Community groups already exist or are being formed;</li> <li>▪ Services are provided to the community or the community and individuals make a contribution to the service;</li> <li>▪ Community groups have, or can be trained in, necessary management skills;</li> <li>▪ The authority has a commitment to community development and the involvement of communities in service management;</li> <li>▪ Organisational independence is necessary to ensure users' trust or 'ownership' of the service or activity.</li> <li>▪ Where transfer offers advantages financially or in other ways by means of the legal standing of another organisation, for example, a trust.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ The council has clear service objectives that it wants to achieve;</li> <li>▪ The service is significant (in financial or operational terms) and needs close management, specification, and monitoring;</li> <li>▪ Personal or highly regulated services;</li> <li>▪ It would be more appropriate (in line with Best Value and the authority's policies) to make contracts, or partnering arrangements, with local or community businesses;</li> <li>▪ There is little, or no, community interest in service management and delivery;</li> <li>▪ There is an active supply market and no policy gain can be made by transfer</li> </ul>

<b>Hybrid options</b>	
The authority decides that no single option is appropriate. The service includes a variety of different types of activity, or the 'Best Value' tests applied to different parts of the service come up with different answers.	
More suitable	<ul style="list-style-type: none"> <li>▪ A 'service' is made of discrete aspects that have different Best Value tests applied to them;</li> <li>▪ Areas of excellence exist side-by-side with services that need considerable improvement;</li> <li>▪ Different elements make clearly different contributions to overall service delivery and best value;</li> <li>▪ There is a wide range of user needs which are best met in different ways;</li> <li>▪ External resources can most effectively be used to support in-house services rather than competing with them;</li> <li>▪ Evidence from the review is equivocal.</li> </ul>
Less suitable	<ul style="list-style-type: none"> <li>▪ The service is easy to specify and monitor;</li> <li>▪ The service is a clearly definable single service;</li> <li>▪ The service is made up of so many separate elements that a hybrid approach could lead to an unmanageable complexity of contracts, agreements, and inter-dependencies;</li> <li>▪ Economy and effectiveness are served best by a single service delivery organisation.</li> </ul>

### **Making the decision**

The following questions should be asked.

#### What is the gap between:

- what we want to achieve and what we are achieving?
- what we want to achieve and users' needs?
- our performance and national standards?
- our performance and both local and national targets?
- our performance and that of others?
- how we do things and how stakeholders want us to do them?
- how we do things and how others do them?
- our competitiveness and that of others?

#### What are the trends?

- Are we getting better or worse?
- Where will we be in five years time if we continue with current service management and delivery methods?
- Are failures in current performance due to trade-offs in longer-term plans?

#### What kind of gap is it?

- Is it significant or insignificant?
- What do stakeholders think about the gap?
- Are we doing the right thing (specification)?
- Are we doing things right (management and delivery)?
- Can we measure the gap in terms of efficiency, economy, or effectiveness?

### **What other organisations have to offer**

There are a number of issues that need to be taken into account when considering an alternative provider. These include:

- Economies of scale: where a organisation through a wider market base can spread overhead costs to produce as good (or better) levels of service at a lower unit cost.
- Economies of scope: where an organisation has specialist skills and expertise that the existing supplier cannot afford. This dedicated expertise can be used more effectively to deliver a high standard of service at an economical cost.
- Innovation: where an organisation has a way of doing things that is now a pre-requisite for a service and which the existing supplier cannot duplicate within an acceptable time-scale.
- Access to capital: where an organisation can provide the necessary investment in capital assets in order to ensure the delivery of best value services. Within the legal context of local government, restrictions on borrowing may suggest this option.

**Managing uncertainty**

A degree of uncertainty always exists between objectives and the service delivery mechanisms used to deliver them, between issuing an instruction and its execution. How can we ensure that the agent does what they are supposed to do? The more uncertainty there is - because of the nature of the requirement, or because of the nature of the environment in which the service is delivered - the more likely it is that in-house provision, or a modified contractual relationship, is the sustainable best value option.

The following grid is an example of how uncertainty in the service can lead to conclusions about the appropriate approach to service delivery.

	<b>Certainty</b>	<b>Mixed</b>	<b>Uncertainty</b>
<b>S E R V I C E</b>	Service is easy to specify  Service delivery is easy to monitor  <ul style="list-style-type: none"> <li>▪ Continuous or regular monitoring</li> <li>▪ Unambiguous tests of success or failure</li> </ul>	Some elements easy to specify  Some elements easy to monitor	Service is difficult to specify  Service is difficult to monitor  <ul style="list-style-type: none"> <li>▪ Ad-hoc or partial monitoring</li> <li>▪ Subjective tests of success or failure</li> </ul>
<b>R E L A T I O N S H I P</b>	Contract with outside supplier  Competition to find the cheapest supplier  Focus on the supplier's efficiency  Contractors involvement limited to the contracted service	Modified contract relationships: Partnerships or relational contracts:  Competition takes account of both cost and quality  Open-book approaches to information  Authority puts policy objectives alongside service objectives	Hierarchy, rules, and instructions  Competition is based on individual competence  Management through a mixture of control and co-ordination  Employer and employee are inter-dependent



## Chapter 3 – Stimulating Markets and Achieving Community Benefits

### Increasing participation

**Key Objective:** To increase the participation of the voluntary and community sector (VCS), small to medium sized enterprises (SMEs), social enterprises and black and ethnic minority businesses (BEMs) in the delivery of services to Oxford City Council.

Oxford has a rich and diverse culture - a community made up of people from different races, backgrounds, beliefs, and experiences. This diversity is reflected in the economic life of the city and it should also be reflected in our procurement processes. Oxford City Council aims to “encourage strength, diversity, and social inclusion across the city's economy in its broadest sense, covering both paid and unpaid work, in workplaces, out in the community, or in the home” (CS). Procuring products and services from a diverse range of suppliers will help to create a sustainable local economy and generate community benefit.

In order to better understand our potential supplier base, we have produced a questionnaire to determine the profile of Oxford City Council suppliers, their size and ethnic origin. We are also working to raise awareness of these sectors and improve communication with and between them.

We are currently working with Oxfordshire Council for Voluntary Action (OCVA) and East Oxford Action to raise the profile of the VCS. Both groups see the voluntary sector raising significant income from contracts in the future, in addition to the more traditional method of funding through grants. As a major employer and business partner in the city, the Council can play a key role in this process. On 3rd September 2004 the main funders in Oxfordshire and a range of community, faith and voluntary sector partners signed a compact with the local VCS. Work is underway on developing the funding code that accompanies it. The Small Business Service is currently writing a Concordat for Small to Medium Enterprises (SMEs).

Oxford City Council is trying to make sure that smaller suppliers understand the work available to them, how to bid for it, and how it is managed once the contract is in place. We have, for example, produced an online *Selling to the Council* guide and the first in a regular series of newsletters for local suppliers explaining how the Council does business. We are also planning an annual ‘meet the buyer’ event in the Town Hall.

We also want to know how we can improve our processes in order to make them more attractive to smaller suppliers. The VCS, SMEs, and BEMs work within a context of community understanding, consultation, and local knowledge. They have diverse ways of working which can highlight new issues and priorities for Oxford's communities and add significant value to services provided to Oxford City Council. They may often find new ways of doing things and may need the freedom to change plans and direction on projects. Overly prescriptive contracts can stifle innovation in these sectors.

We aim to work with these sectors to identify and embed necessary improvements in our own processes.

#### **Recommendation 28**

That Oxford City Council maintains and updates the online *Selling to the Council* guide.

#### **Recommendation 29**

That Oxford City Council organizes an annual ‘meet the buyer’ event in the Town Hall.

#### **Recommendation 30**

That Oxford City Council places all tenders online.

#### **Recommendation 31**

That Oxford City Council creates a contact list of potential VCS suppliers and emails them every time a new tender is available.

**Recommendation 32**

That Oxford City Council reviews its tender documents, ensuring they are concise and jargon free.

**Recommendation 33**

That Oxford City Council provides feedback to the VCS after the bidding process is complete and explains how to get it.

**Recommendation 34**

That Oxford City Council will work with the VCS to ensure that our Pre-Qualification Questionnaire (PQQs) are short and simple, and ask only for necessary information.

**Recommendation 35**

That Oxford City Council encourages smaller companies to contribute by encouraging sub-contracting, holding supplier workshops and developing a 'meet the buyer' event.

**Developing a local supply chain**

**Key Objective:** To encourage suppliers to work well with each other and not just with the Council. To encourage our prime suppliers to apply decent standards when dealing with their own suppliers.

Other authorities have found that businesses of certain ethnic backgrounds tend to supply other businesses of the same ethnicity, with little communication with suppliers from outside those networks. In partnership with SPPO we aim to develop a database of all businesses in Oxford to promote communication between them, and SPPO.

We will promote this database to our suppliers, encouraging them to network with Oxford-based SMEs. We will also use it to market SMEs within the Council.

**Recommendation 36**

That Oxford City Council expands the questionnaire in early 2005 to include all Oxford city businesses.

**Recommendation 37**

That Oxford City Council re-sends the questionnaire at regular intervals (every 2 years) to determine how Oxford's business profile is changing.

**Recommendation 38**

That Oxford City Council develops the business database to include increased search capability and incorporates VCOs and promotes it within the business community.

**Recommendation 39**

That Oxford City Council, in partnership with SPPO, implements and monitors an SME issue log.

**Recommendation 40**

That Oxford City Council works with SPPO to standardise tender documents.

**Valuing Diversity**

**Key Objective:** To ensure that, through our procurement practices, we promote equality and diversity in the workforces of our suppliers.

Oxford City Council has a duty to ensure it treats its suppliers equally. We select suppliers on quality and value alone, regardless of gender, ethnicity, religion or disability.

It is important that the companies who supply us share our attempt to achieve sustainability, diversity, and equality in the supply chain and we try to select suppliers who share our commitment to these values. For large contracts we ask that suppliers have both an equal opportunities policy and a disability statement in place.

## Promoting Health and Safety

**Key Objective:** To ensure that our suppliers operate in, and contribute to creating, a healthy and safe environment.

Our vision commits us to improving the environments where we live and work. This means ensuring the health, safety and welfare of all Council employees and of others affected by Council undertakings. The procurement process can help to promote good health and safety practice. We will only award contracts to supply goods or services to contractors who can satisfy Council requirements in terms of health and safety compliance.

Successful contractors/suppliers are expected to demonstrate compliance with current health and safety legislation including:

- a commitment to the health and safety of its employees, client and others
- up-to-date health and safety policies and procedures
- adequate risk assessment procedures
- adequate system of monitoring and reporting accidents, incidents and ill health.
- access to competent health and safety advice.
- monitoring arrangements to ensure compliance with contract standards and health and safety requirements.

## Chapter 4 – Green Procurement

### Protecting the environment

**Key Objective:** To continue to ensure that our procurement practices meet our needs without compromising the needs of future generations.

As the previous chapter sets out, the Council aims to work with others to build a sustainable and diverse local economy. Sustainability involves protecting the physical environment, and sustainable procurement also involves green procurement wherever possible.

This chapter sets out how we will:

- continue to improve our performance on green procurement
- use the Council's purchasing power to build a greater awareness across the city and region of the impact that procurement decisions have on the environment.

### Identifying needs and appraising options

**Key Objective:** To ensure that the Council considers sustainability in the early stages of procurement. To ensure that the Council only buys goods and services that are truly necessary.

In earlier chapters we have set out our commitment to implementing corporate project management and options appraisal methodologies. These methodologies are the most effective way of ensuring that environmental sustainability is taken into account at every stage of the procurement process.

We will:

- ensure that all new Council projects are supported by a clear business case, with consideration of green alternatives informing the development of the case
- systematically identify needs and appraise options. Clear identification of need will determine the appropriate form of procurement e.g. new purchase, renting, or sharing
- question the need for repeat purchases. We will apply the principles of waste hierarchy and aim to eliminate, reduce, reuse and recycle all products used within the Council
- ensure that staff are aware of the true, or whole-life cost of each product, e.g.:
  - direct running costs
  - indirect costs
  - administration costs (e.g. training for handling hazardous materials)
  - spending to save (e.g. paying more for insulation which will ultimately save money)
  - recyclability
  - cost of disposal.

#### Recommendation 41

That Oxford City Council uses project management and robust options appraisal to ensure that environmental sustainability is taken into account at every stage of the procurement process.

### Design and Specification

**Key Objective:** To ensure that the Council's approach to design and specification contributes to delivering environmental sustainability.

#### Our procurement principles – specification

##### Chemicals and substances

We will aim to avoid:

- chlorofluorocarbons (CFC), hydro fluorocarbons (HCFCs) or similarly harmful chemicals
- volatile organic chemicals, e.g. as included in goods such as paint and cleaning substances).

- using formaldehyde
- using harmful pesticides as far as possible, and will use artificial fertilisers as little as possible.

### Energy

We will be clear at the specification stage that we prefer:

- products and services that are energy-efficient compared with alternatives. For example, we prefer that appliances should be rated 'A' for both energy and water-efficiency
- options that reduce the need for products to be transported
- green electricity sources. This includes renewable energy sources (such as wind, wave, tidal and solar power) and the most efficient traditional combined heat and power.

### Transport

The Council is making serious efforts to ensure that our vehicles contribute to minimising air pollution. We currently have 99 (soon to be 134) vehicles that run on LPG gas and a number of electrically powered vehicles. Also, we only use Ultra Low Sulfur Diesel & Petrol. Our large diesel-powered vehicles are in the main fitted with Constantly Regenerating Traps (CRT) which reduce exhaust emissions including particulate matter. All replacement vehicles over 3,500 Kg GVW are fitted with these devices if appropriate. We will continue to explore alternative energy sources for our vehicles.

We are also working with the bus companies to ensure that they also contribute to minimising air pollution.

Arrangements for the delivery of goods and services, and the impact on the environment, should be assessed as part of whole life costs in any tender evaluation. In the future we hope to set targets for our suppliers for reducing carbon dioxide, CO<sub>2</sub> and other energy emissions. We will also seek to manage the arrangements with suppliers to reduce the frequency of deliveries where practicable.

### Food

We will:

- buy fair trade tea and coffee
- buy food that is produced organically and locally, where possible
- avoid genetically modified products when buying food or contracting catering services.

### Office Materials and Equipment

We will:

- buy recycled paper where possible and paper from sustainable sources when recycled paper is not available
- avoid using products that cannot be reused, recycled, or composted
- refurbish equipment whenever possible. If equipment is un-repairable we will try to recycle it
- send unwanted items that can be serviced to local charities and schools
- donate printer cartridges, toners and computers to charities who can reuse them.

We will ask suppliers to provide variations on their existing terms where this is appropriate. Appendix III sets out further information about the principles that underlie our specification process.

## **Our procurement principles – design**

### Buildings

We will build for:

- durability
- easy maintenance
- optimized material use
- energy efficiency and renewable energy
- water-efficient, low-maintenance landscaping
- easy waste recycling including grey water (e.g. rain water) to reduce the demand for fresh mains water
- future reuse and adaptability.

### Location and planning site

We will aim to:

- use in-fill and mixed-use development
- minimise car dependence
- value site resources
- promote biodiversity
- provide responsible on-site water management
- situate buildings to benefit from existing vegetation

### Site development

We will:

- protect trees and topsoil during site work
- avoid use of pesticides and other chemicals that may leach into the groundwater
- minimise site waste
- make education a daily practice
- use sustainable demolition practices.

### Materials

We will:

- avoid ozone-depleting chemicals and those with a high global warming potential
- use durable products and materials
- choose low-maintenance building materials
- choose building materials with low embodied energy
- use building products made from recycled materials
- use salvaged building materials when possible
- choose European soft wood over hard wood. Wood must come from schemes that have been certified as sustainable, e.g. by the Forestry Stewardship Council (FSC). We will not use tropical hard woods such as teak, iroko and mahogany unless it has been reclaimed for reuse
- avoid materials that will give off gas pollutants
- minimise packaging waste.

### Equipment

We will:

- install high-efficiency heating and avoid air conditioning
- install energy-efficient lights and appliances
- install water-efficient equipment.

## **Selecting Suppliers**

**Key Objective:** To ensure that the Council buys goods and services from suppliers who share our commitment to sustainability.

Oxford City Council is committed to working with local businesses to enable them to trade in a sustainable manner - with us and with each other. Knowing that local government is committed to sustainable procurement for the long term should give businesses the confidence to invest in sustainable practices.

Oxford City Council's standard supplier selection criteria include a wide range of environmental criteria. Only those who meet the minimum criteria can secure a contract.

## **Evaluating Tenders**

Currently, we ask large contractors if they have an Environmental Management System (EMS) in place as an indicator of how sustainable their practices are. Achieving EMS certification can be a daunting and expensive task, especially for smaller organisations. We feel that it is unreasonable to expect smaller organisations to achieve accreditation when the cost is so high. However, they should be able to prove that their businesses are run in a sustainable manner. Oxford City Council will work with smaller organisations to help them develop criteria against which sustainability practices can be assessed.

Under EC rules, Oxford City Council is able to award contracts on the basis of the Most Economically Advantageous Tender (MEAT). According to the ODPM circular 03/2003 environmental and social contract award criteria can be applied at this stage.

**Recommendation 42**

That Oxford City Council will work with SMEs and voluntary organisations to help them develop criteria against which sustainability practices can be assessed.

**Contract management and supplier development**

**Key Objective:** To continually monitor the sustainability practices of current suppliers and to develop awareness of sustainability amongst smaller suppliers.

The Council has made good progress in building environmental awareness into our specification and evaluation processes. However, we have some way to go in terms of effective contact monitoring. While suppliers must meet sustainability criteria in order to secure a contract, we carry out very little monitoring once the contract has been awarded. We need to positively engage with suppliers to ensure they are maintaining satisfactory sustainability performance.

Oxford City Council also has a part to play in developing general awareness of sustainability issues in the small business and voluntary sectors. In particular we aim to explore joint solutions to issues such as:

- reducing packaging (volume and weight)
- returning reusable packaging to the supplier
- examining order quantities and aiming to reduce order frequency.

**Recommendation 43**

That Oxford City Council should monitor contracts to ensure that suppliers maintain adherence to sustainability requirements.

**Recommendation 44**

That Oxford City Council should use its tendering procedures, 'meet the buyer' events, and other opportunities to raise awareness of sustainability issues and explore joint solutions to sustainability problems.