

Executive Summary

- ❖ As a framework for the improvement of services provided by local authorities Best Value represents a breath of fresh air after the stifling years of Conservative control on local government.
- ❖ Best Value encourages change and explicitly supports innovation, including innovation in support of sustainability.
- ❖ Best Value puts the community at the heart of the process of change within local areas, giving significant scope for community-led sustainability initiatives.
- ❖ European regulations can provide scope for Green purchasing, especially when environmental criteria are built into the design of the initial contract.
- ❖ The 4 Cs (Challenge, Consult, Compare, Compete) framework can be used to move local government in the direction of sustainability by encouraging comparison and competition for excellence between pro-environment authorities
- ❖ Best Value explicitly supports the use of a life-cycle assessment approach to purchasing, taking into account long-term cost savings rather than using a short term lowest-cost approach.

This report provides inspiring examples of Green purchasing by local authorities including:

- Oxford City Council's switch to renewable electricity suppliers
- Suffolk County Council's commitment to local sustainable timber suppliers
- An environmentally sensitive refurbishment plan for local authority housing in Lambeth
- A successful recycling partnership between Bath and North-East Somerset Council and Avon Friends of the Earth
- A solar-powered social housing scheme in Maidenhead

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I. Legislation Relating to Best Value

I.1. Conservative legislation on compulsory competitive tendering

During the years of Conservative administration, the attitude towards local authorities was essentially mistrustful and hostile. The guiding idea of Conservative local government policy was that services provided by local authorities' own employees were over-unionised and did not represent good value for money for local residents. To deal with this they introduced Compulsory Competitive Tendering (CCT), which means 'legal provisions in the Local Government Planning Act 1980 and the Local Government Act 1988 that required authorities to subject certain defined services to market testing if they wished to carry them out in-house' (Audit Commission, 2000: 53). In other words local authorities were required to put all service contracts out to tender to ensure that they were provided for the lowest price. The tendering process was tightly controlled by central government, with the Secretary of State having extensive powers to take action against local authorities that failed to follow the process or meet specified financial objectives.

A range of issues were defined as 'non-commercial matters' under sect. 17 of the 1988 Act. Such issues were not to be taken into consideration when awarding contracts. They included terms and conditions of employment; the country or territory of origin of suppliers; and 'any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees'. These 'non-commercial matters' have been limited but not entirely removed under the Best Value legislation; see the further discussion in Section II.4.

The Labour government has taken a more flexible attitude towards the provision of local services, repealing CCT for England and Wales in the Local Government Act 1999 (LGA99). Local authorities are now under a statutory duty of Best Value, which 'gives local government an opportunity to develop distinctive approaches that are appropriate to local circumstances without the prescription that characterised many aspects of the compulsory competitive tendering regime' (Audit Commission, 2000: 8). The new framework still requires value for money and is monitored by the Audit Commission, but Best Value represents a modest movement away from the slavish adherence to competition that characterised Conservative legislation in this area.

I.2. The Local Government Act 1999 and related guidance

The term Best Value has been chosen by the Labour administration to describe its proposals for improving the quality of local government and the services it provides to local people. The legislation to effect these proposals is found in the Local Government Act 1999, supported by the interpretative circular from the former Department of the Environment, Transport and the Regions number 10 for 1999 (DETR Circ. 10/99). The duty to provide Best Value to local citizens came into force in April 2000 and so has been in place for nearly two years.

The Act puts considerable pressure on local authorities not only to meet a certain quality of service, but also to ensure continuous improvements in the level of service offered:

A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. (LGA99, sect. 3, para 1).

From a Green perspective, such prescriptive legislation may seem to operate against the commitment to local autonomy that Greens would favour. The requirement for ‘continuous improvement’ would also conflict with an optimising philosophy that recognises the possibility of an ideal steady state. However, the legislation does offer opportunities for elected members of local authorities to introduce ecological imperatives into decision-making, where these can be shown to be in the interests of local people.

The words economy, efficiency and effectiveness can also be interpreted to support innovation in Green procurement. For example, economy does not simply mean ‘cheapness’ and, if interpreted from a wider perspective, can allow the calculation of genuine life-cycle costs as detailed in para. II.3, below. Similarly efficiency can be extended to include the consequences of decisions that may not appear within a narrow definition, for example the extra health costs resulting from the maintenance of sub-standard housing (see Lawson 1997: 84, where the health cost of poor housing is estimated at £2bn. nationally). Effectiveness is a measure of success in meeting defined objectives; so long as environmental protection is included as an objective of a Best Value authority then a commitment to ensuring environmental standards is to some extent built in to later procurement decisions.

Overall, the legislation prioritises the wishes of local citizens, placing great emphasis on the importance of developing a community strategy based on genuine consultation with local people:

Such strategies need to reflect the contribution which the authority and its partners expect to make to improve the social, economic and environmental well-being of their areas, both immediate and longer-term. The development of a community strategy will require consultation processes which identify and balance the needs of the community as a whole. (DETR Circ 10/99, paras. 7 and 8).

As the quotation indicates, environmental criteria are made the focus of particular attention, as is the concept of ‘well-being’, which can be widely interpreted in justifying environmentally friendly purchasing.

Compliance with the legislation is to be ensured by Best Value reviews: ‘A best value authority must conduct best value reviews of its functions in accordance with the provision of any order made under this section’ (LGA99: para 5(1)). These reviews should assess whether and at what level the authority should be exercising the function under review; should define the authority’s objectives in connection with that function; and should assess its performance with reference to specific indicators and performance standards and in comparison with other organisations. These issues to be considered during best value reviews have been summarised as the 4 Cs and are discussed more fully in Section II.1, below.

The Audit Commission is empowered to carry out inspections to ensure that Best Value authorities are complying with the legislation, except in areas where specialist inspectorates already exist, such as OFSTED. If authorities are found to be failing to deliver Best Value, Section 15 of the Act provides the Secretary of State with powers to take action, including the power to remove the responsibility for a function from the authority altogether.

The essential distinction between the Best Value legislation and the Conservative approach to local government services is that the new provisions impose on local authorities the obligation to offer the best services as these are defined by local people. This is to be assessed by comparison with other organisations within the public sector and in the private and voluntary sectors:

Reviews are also required to assess the competitiveness of different functions by reference to the performance of other bodies, including best value authorities and private and voluntary sector providers. The 1999 Act does not require authorities to subject their functions to competition in the way in which legislation on compulsory competitive tendering did. Even so, fair and open competition will, in the Government's view, most often be the best way of demonstrating that a function is being carried out competitively. (DETR Circ 10/99, para. 36).

Competition is now to be used for the purposes of comparison and to achieve higher standards rather than as an opposition process to achieve minimum price. Even the marketplace version of competition is expressly limited by use of the phrase 'wherever practicable'.

I.3. The European Dimension

Whatever decisions local authorities make in an effort to achieve best value for local people, these will still be subject to the public procurement rules of the EU and the Treaty rules and principles on the freedom of goods and services.

Until recently the European Commission had been silent on the issue of public procurement rules and the environment. However, it recently issued an 'interpretative communication' (CIC 2001) which does not include new legislation but merely pulls together aspects of existing EU law and interprets its implications for integrating environmental considerations into public procurement decision-making.

The main focus of EU legislation relating to public procurement is the protection of the free operation of the single market:

Public procurement policy aims at contributing to the realisation of the Single Market by the creation of competition necessary for the non-discriminatory award of public contracts and the rational allocation of public money through the choice of the best offer presented. (CIC 2001: introduction).

However, the Communicative Interpretation seeks to find space for environmental criteria to play a role in such decision-making when it adds that, in relation to the EU's commitment to sustainable development:

In relation to public procurement, this means that the legislative framework should facilitate the taking into account of environmental concerns alongside its primary economic purpose. (CIC 2001: introduction).

The Interpretation makes clear in the first point of the Executive Summary that economic concerns are inextricably linked with environmental and social ones: *Achieving sustainable development in practice requires that economic growth supports social progress and respects the environment, that social policy underpins economic performance, and that environment policy is cost-effective.*

The Commission's proposal for the Sixth Environmental Action Programme (EU Commission, 2001) has identified public procurement as an area which has considerable potential for Greening the market if environmental performance is used as one of the criteria employed to identify the preferred supplier.

The CIC suggests several ways in which Green procurement can be made compatible with the single market competition requirements. First it suggests that purchasers make use of their ability to define what they are seeking to purchase so that Green criteria are built in:

Contracting authorities are free to define the subject matter of the contract . . . in the way that they consider to be the most environmentally sound, provided this choice does not result in a restricted access to the contract in question to the detriment of the tenderers from other Member States. (CIC 2001, sect I).

So a Best Value authority would remain free to choose solar roofing tiles, so long as it was not specifying the type of roof tiles extremely precisely so as to ensure that only one particular manufacturer in its own country could meet the contract requirements. Excepting this sort of restriction on competition,

Contracting authorities could give clear instructions to the architects and/or engineers to design, for example, a low-energy-consuming administrative building, not only taking account of insulation and the use of specific construction materials, but also the installation of solar cells for the generation of warmth. (CIC 2001, sect. I).

Purchasers may also specify the use of a specific production process such as organic food production or 'Green' electricity (CIC 2001, para. 1.1). The report's Executive Summary reinforces the point that the best time to introduce Green procurement is at the first stage of the process:

The main possibilities for 'green purchasing' are to be found at the start of a public purchase process, namely when making the decision on the subject matter of a contract. These decisions are not covered by the rules of the public procurement directives, but are covered by the Treaty rules and principles on the freedom of goods and services, notably the principles of non-discrimination and proportionality. (CIC 2001: ExecSum).

The CIC also notes that purchasing authorities may take into consideration costs incurred during the whole life-cycle of a product (see more detail in the discussion of the life-cycle approach in para. II.3).

Costs incurred during the life cycle of a product and that will be borne by the contracting authority may be taken into account for the assessment of the most economically advantageous tender. (CIC 2001: para. 3.2)

Finally, an important point must be made relating to the reach of EU legislation on public procurement. Such legislation has always been limited to larger contracts so that smaller contracts are exempt. From January 2002 the Sterling threshold for supplies and most services is £154,477; for construction and engineering works it is £3,861,932. Below these levels local authorities are bound only by the general commitment to fair competition contained in the Treaty of Rome and not the more prescriptive individual directives from the EU's competition directorate.

II. What the Best Value Legislation Means for Local Authority Procurement

II.1. The 4Cs

For the purposes of most local authorities the Best Value legislation boils down to what has become known as the four Cs (Challenge, Consult, Compare, Compete). This is rather unfortunate, since it is only an interpretation of a complex piece of legislation and is not entirely helpful. For example, one of the Cs—challenge—has little intrinsic meaning and is merely a substitute for the word ‘purpose’, which unfortunately did not begin with a C. Two of the other Cs—compare and compete—can easily be conflated, since they both refer to the need for local authorities not to operate in isolation but to be aware of how other authorities and organisations are undertaking their responsibilities, so that best practice can be shared.

Unsurprisingly, there is still emphasis on competition as the best means of achieving efficiency: the Circular explains that local authorities should:

*Use fair and open **competition** wherever practicable as a means of securing efficient and effective services.* (DETR Circ. 10/99, para. 16).

However, in the legislation as a whole, competition is now defined quite differently from the role it played in driving down standards and costs during the years of Conservative administration. According to the interpretative circular:

A best value authority will need to . . . assess the competitiveness of its performance in exercising the function by reference to the exercise of the same function, or similar functions, by other best value authorities and by commercial and other businesses including organisations in the voluntary sector. (DETR Circ. 10/99, para. 15).

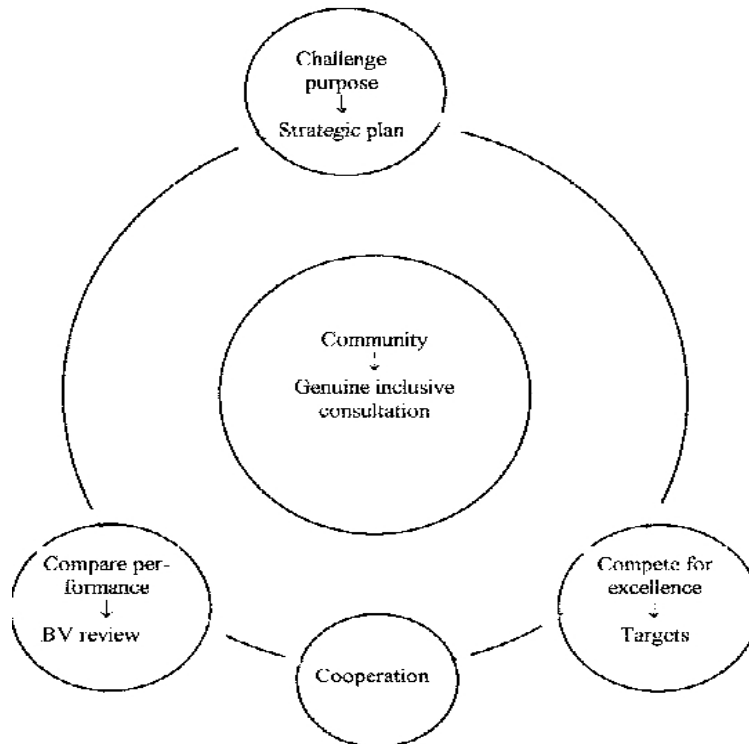
In this quotation competition is linked to comparison, the second C-word. This is a positive development, suggesting a move in the direction of an economy where trust and human relationships underpin activity in the way that a truly sustainable society requires. Environmental economists have demonstrated the value of social capital in building successful local economies. Social capital is defined as ‘the extent to which citizens are willing to cooperate with each other on the basis of interpersonal trust’ (PERC, 1995). Such social capital, which can be driven out by excessive competition, has been found to be an important precondition for the growth of successful social and economic institutions (Putnam, 1993).

The reduced emphasis on price-based competition also allows greater scope for the introduction of other criteria. In terms of the focus of this report that can mean including sustainability as one of the central objectives underlying procurement decisions, even if the cost to the authority in financial terms may be higher in the short term (see more in para. II.3).

The third C stands for ‘challenge purpose’, a requirement that local authorities should question whether they should be exercising the function at all and, if so, at what level, in what way, and with what objectives. This interpretation offers considerable scope. In the case of the level of exercise it may be possible for authorities to devolve powers for specific services to lower-tier authorities using this provision. The setting of objectives also offers the opportunity to build sustainability

in at the heart of the service, for example making improvements in childhood nutrition one of the objectives of the provision of school meals, thus building in a requirement for healthy, non-junk food.

The final C word is ‘consultation’, which should lie at the heart of any local authority’s approach to Best Value since, as laid out in the white paper *Modernising Government*, the first duty of Best Value authorities is ‘ensuring that public services are responsive to the needs of citizens’. That is why in the diagram presented as figure 1, which attempts to illustrate the process of Best Value development, the community is at the centre. A Green interpretation of the legislation suggests a circular process with the community at its heart, as illustrated in figure 1.



It is unfortunate that the circular fails to include another C-word which is a favourite of those in the Green movement: cooperation. Although it is not specifically mentioned, it is clear that Best Value authorities are expected to share best practice with each other while comparing their performances. They may also cooperate with each other in the procurement of goods and services, which can often lead to cost savings due to economies of scale and can also increase the influence they, as purchasers, can exert over the suppliers to provide environmentally friendly and ethically produced goods (several examples are given in the case-studies). Partnerships, such as the one between the local authority and the local environmental campaign group that organises Bath’s excellent recycling scheme (detailed in case-study III.10) are also a favourite with Best Value planners. As a recognition of the importance cooperation will play in a sustainable future it has been given a place within the community-centred Best Value diagram (above).

II.2. Best Value for citizens not best value for money

It has been a frequent criticism made by environmental and Green economists that the conventional economic system operates with a very restricted definition of the term ‘value’. It is often reduced to a concern with simple monetary value, so that entities

that lack financial value are not given sufficient status or esteem. What, for example, ask the Green economists, is the monetary value of a sunset or a songbird? (Funtowicz and Ravetz, 1994; Pearce, 1993). This may seem a rather academic question to elected members and officers who struggle to organise an efficient waste-disposal service, but each local authority is responsible for some aspects of life which cannot be assigned a monetary value, such as the aesthetic benefit of clean streets or the feeling of safety that results from low crime rates. Items of great importance to people that cannot easily be measured are often neglected when management jargon such as ‘if you can’t measure it you can’t control it’ are applied in an insensitive way. Over twenty years of Conservative administrations in the UK, limited thinking where only the bottom line was considered came to dominate all areas of public policy-making. It was a rationale summed up by the phrase ‘never mind the quality: feel the width’.

The suggestion of the Best Value legislation is that as a society we should move beyond this limited, money-focused thinking. When making their purchasing decision local authorities may think more creatively about what really offers the best outcome for the citizens they represent. This change, which may be described as a movement from best value for money towards best value for the citizen, is liberating for elected members and may be used as a platform to implement policies that genuinely enhance quality of life, including policies directed towards the protection of the environment.

II.3. Best Value and sustainability

In its summary of current performance the circular explicitly states that Best Value Performance Plans ‘should also include performance against local sustainable development indicators and especially those developed locally to reflect community preferences’ (para. 54). Such preferences in favour of sustainability, derived perhaps from the Local Agenda 21 process, can be used to direct local authority procurement. In addition, according to the interpretation of the Greater London Authority, Best Value Reviews are required to ‘give effect to the principles of sustainable development’ (GLA 2001: 81). An example of what can be achieved is provided by the Greater London Authority’s intranet guidance to its staff on preparing Best Value. The overview advises staff that ‘Equality, sustainability, health and e-Government agendas are also essential components of best value’ (p. 6). In addition, because sustainability is one of the GLA’s cross-cutting duties (alongside equality and health) it must be integrated into every Best Value review. The GLA considers that ‘sustainable development is all-embracing and is defined by Government as requiring economic development, social equity, efficient use of resources and protection of the environment’ (p. 19). Appendix 7 to the report provides officers with a sustainable development checklist to help them with their Best Value plans and reviews. The headings from the checklist are reproduced in Box 1. The checklist offers considerable scope for introducing Green criteria to the Best Value process and could be used as a model for other councils.

Overall, the government’s aims in modernising local government include achieving Best Value and environmental standards. According to A former Procurement Manager for Belfast City Council:

It is significant that the current UK Government’s views on modernising local government highlight the importance of delivering environmental stewardship and

best value. Best value places on each council service an obligation to reflect the corporate view and in so doing to assist in achieving the greater objectives of the organisation. The responsibility being placed on local councils to consider not only the economic, but also social and environmental impacts, sets a new agenda. Both these changes suggest a new role for local government purchasing, one which embraces 'greening' (Murray, 2000: 38).

Box 1. GLA's Sustainable Development Checklist

- Environmentally friendly travel
- Efficient use of natural resources and promotion of Green technologies
- Meet needs locally
- Encourage energy efficiency
- Reduce health inequalities and improve the health of Londoners
- Support and encourage communication between different communities
- Reduce emissions of Greenhouse gases and improve air quality
- Minimise the production of waste: increase recycling, re-use and recovery
- Protect biodiversity
- Use sustainability appraisals of options
- Put people at the centre—actively engage Londoners to improve services
- Ensure that decisions are based upon accurate and up to date information
- Ensure that decision making embraces the precautionary principle
- Take a long term perspective—don't restrict decision making to short term budgetary or political timescales
- Take account of costs and benefits—whole life costs, quality and other benefits, not just initial cost
- Raise awareness of sustainability issues

Source: Greater London Authority

Two central government policies specifically designed to move the economy towards sustainability can support local Green procurement by offering financial incentives. In the area of ecological waste disposal the landfill levy (described in detail under case-study III.10) puts considerable pressure on local authorities to avoid the dumping of waste and reduces the relative cost of other options such as reduction, reuse and recycling. The Climate Change Levy (CCL), brought into effect by the government from April 2001 as part of its policy to achieve the UK's 20% CO₂ reduction target, can also offer great financial support to energy-saving schemes by local authorities. The Climate Change Levy is a tax on forms of energy that are based on carbon and that therefore produce CO₂ and is explicitly described as part of the government's attempt to move taxation away from goods (such as employment) towards bads (such as pollution). It applies to all businesses that are not specifically exempted, as well as to local councils. The rates of CCL on different forms of energy are given in Table 1.

CCL therefore operates as an incentive to businesses, and Best Value authorities, to increase their energy efficiency. Energy-efficient building materials are likely to cost councils more. As discussed in the following section, these costs may be recouped over the long term, but from the first year of their functioning councils can

start claiming exemption from the CCL which will immediately reduce the extra cost. Green councillors in Oxford used the calculation of these CCL savings to successfully argue for the council to switch to renewable-based electricity for one of its major electricity contracts (see more in case study III.1).

Table 1. Rates of CCL by energy type in 2001/2

Electricity	0.43p per kWh
Natural gas	0.15 per kWh
Liquid petroleum gas	0.96 per kg.
Solid fuels (coal, coke, etc.)	1.17 per kg.

Elected members of Best Value authorities can derive further support for imaginative procurement based on sustainability criteria from guidance given to government auditors in *Modernising Government* by the DETR, which suggests that they should both ‘adopt an open-minded and supportive approach to innovation’ and ‘support well thought through risk-taking and experimentation’ (DETR Circ. 10/99, para. 65). Combined with the government’s commitment to sustainable development and its CO₂ and recycling targets, this stated support for innovation and creative thinking provides a sound basis for ambitious environmental procurement.

II.4. Efficiency, joined-up government and the Life-Cycle Approach

Green initiatives are often difficult to introduce because the costs tend to be immediate and obvious whereas the benefits accrue over time and may be indirect. An obvious example is the use of energy-efficient light-bulbs. Table 2 compares the cost over their lifetimes of an ordinary 75-Watt bulb and a compact fluorescent lamp (CFL). The purchase price of the CFL is 15 times that of the ordinary light-bulb, but over a four-year period it will generate financial savings of £26.30 in addition to the environmental benefit.

Table 2. Cost savings from an energy-efficient light-bulb

	Ordinary 75W bulb	15W CFL bulb
Purchase price	40p	£6.00
Lifetime	1,000 hours	7,000 hours
Cost of bulbs for 7,000 hrs of use	£2.80	£6.00
Cost of electricity for 7,000 hours*	£36.75	£7.35
Total cost for 7,000 hours	£39.55	£13.35
Total saving by CFL		£26.20

*at 7p per kWhr

Source: *Bright Ideas*, Centre for Alternative Technology, Machynlleth.

This adoption of a longer-term perspective is supported by recent government legislation. A relevant theme is identified in the government white paper *Modernising Government*:

Ensuring that policy making is more joined-up and strategic, forward looking and not reactive to short-term pressures

The light-bulb examples makes the point about longer-term thinking, and indicates how making decisions not about the cost of a single item but about the consequent costs of this decision over a longer period is necessary if environmentally sensitive purchasing is going to spread. Such strategic thinking in the area of Green procurement should be extended to consider the environmental impact of the whole life-cycle of each item or service purchased, including its manufacture and disposal. This can be undertaken within a framework known as the Life Cycle Approach (LCA). Such an approach is supported by the government's suggestion that local authorities should 'manage new forms of relationship designed to achieve whole life value for money' (DETR Circ 10/99, para. 42). It is also underpinned by the EU Directives on procurement:

The Directives explicitly mention as possible award criteria [criteria on the basis of which the contract is awarded] running costs and cost effectiveness. Such costs might include direct running costs (energy, water and other resources used during the lifetime of the product); spending to save (for example, investing in higher levels of insulation to save energy and thus money in the future); as well as the costs of maintenance or recycling of the product. In evaluating tenders, a purchasing organisation can also take account of costs of treatment of waste or re-cycling.
(CIC 2001: para. 3.2)

This approach to achieving Best Value has been developed by the sustainability consultancy Best Foot Forward and is described in detail in the book *Sharing Nature's Interest*. It tackles the problem that often confronts Green initiatives when judged from a purely financial perspective, i.e. that savings made in one place merely shift costs elsewhere. An approach based on energy and materials flows fundamentally improves the eco-efficiency of the whole process of service delivery, in most cases reducing cost, and certainly reducing environmental impact.

The basis of this method of assessing sustainability is to focus on resource use; the importance of such a focus is clear from the statistic that if for everyone on the planet to share the lifestyle of the average European we would need at least two additional planets to support global consumption (Best Foot Forward). The priority is to bring our consumption back within the planet's carrying capacity. This is to be achieved by reducing our resource consumption, which can be measured by the indicator known as the ecological footprint (EU Commission, 2001).

Box 2. Opportunities for reducing resource use in Oxfordshire's street lighting

- Provide illumination using renewable energy
- Combine energy and maintenance contracts to encourage investment in long-life components and low-energy technologies
- Use longer-life or recyclable material for lighting columns
- Ensure that car travel to inspect lighting is minimised by using route-planning software
- Recycle spent mercury light-bulbs rather than treating them as costly hazardous waste
- Re-use bulbs that are close to the end of their working life in low-risk applications, such as illuminating school sports facilities

Using such a framework an analysis of Oxfordshire County Council's street lighting provision was conducted in 2000 to assess the opportunities for reducing resource use. The service provides illumination for roads, pavements and parks in a county with a population of 600,000 people. Opportunities for reducing resource use are presented in Box 2. This kind of analysis has provided opportunities for various forms of Green procurement within Oxford and Oxfordshire, the most successful being the purchase of Green energy described in case-study III.1.

II.5. Local sourcing by Best Value authorities

Councils who have policies on Green procurement usually identify that a key aspect of environmentally sensitive purchasing is prioritising local suppliers. For example Suffolk's statement includes the following clause:

Where possible choose products from local suppliers. This not only helps to support the local community but also helps the environment by reducing the time needed to transport the product.

Similarly the Greater London Authority's sustainable development checklist includes a section entitled 'Meet needs locally' which suggests that sustainable planning requires councils to 'reduce food miles by sourcing food and drink, including organic products, from local sources' and to 'use local suppliers wherever possible'.

In terms of primary legislation, support for local purchasing may be found in the emphasis placed in the Best Value legislation on the community strategy. This is required to set out:

The broad objectives and vision for the community in the area. Such strategies need to reflect the contribution which the authority and its partners expect to make to improve the social, economic and environmental well-being of their areas, both immediate and long-term. . . . It should provide the starting point for the first step under best value—the setting of strategic objectives and corporate priorities (DETR Circ 10/99: para. 7).

In other words the basis of action by Best Value authorities must be what local people and businesses want, which will surely include a commitment to underpinning local employment by purchasing primarily from local suppliers.

The next paragraph of the circular includes a reference to the development of a community strategy which is said to require 'consultation processes which identify and balance the needs of the community as a whole' (DETR Circ 10/99: para. 8). This suggests that in an area of high unemployment preference might be given to purchasing which would stimulate the local economy, even if these products were slightly more expensive to purchase, in other words balancing the needs of those outside the labour market with those who are the beneficiaries of local authority services. Belfast's approach is interesting here (see case-study III.14) in the way the authority combined the Greening of its purchasing with the encouragement of competitiveness amongst local suppliers. By improving the environmental standards of its suppliers it was able to purchase from local SMEs (small and medium-sized enterprises) in niche markets, so achieving economic development objectives alongside sustainability objectives, all within the framework of Best Value (see Murray, 2000).

However, the local authority's right to purchase locally on behalf of local citizens is not clear-cut. It must be established within the framework of EU single-market legislation, which requires that a country may not choose domestic suppliers in preference to foreign ones since this is considered anti-competitive. However, there are two limitations on this prescription.

First, EU legislation only applies to contracts over a certain size. It may be that by genuinely localising the provision of services, say by school, local authorities may be able to offer a large number of small contracts, none of which would then exceed the lower limit of the legislation and would therefore not be subject to it (the current limits are approximately £155,000 for purchasing and £3.8 million for public works projects).

Secondly, as noted in para. I.3, purchasing authorities have the right to define the contract to include environmental considerations. As the Commission's Interpretative Communication states:

If different possibilities exist for fulfilling their needs, contracting authorities are free to define the subject matter of the contract in the way that they consider to be the most environmentally sound. (CIC 2001, sect. I).

It is clear to those who have studied the issue of food, in particular, that there are sound environmental justifications for local purchasing (see e.g. Lucas, 2000). It remains to be tested in law whether widely defined and indirect environmental considerations, such as those listed in Box 3, may be included in the drawing up of tenders for, say, school meals contracts. For example, if a local authority considers it environmentally sound to ensure that supplies of food used by the firm producing school meals has not travelled further than 50 miles, and if this is the wish of the citizens it represents, the above interpretation suggests that this requirement could be included in the contract. The authority must be prepared to make the case that this is not indirect discrimination, in other words that its decision to include this clause is because of genuine environmental concern rather than a simple bias in favour of domestic suppliers.

Box 3. Environmental Justifications for Local Purchasing

- Reduction in CO₂ emissions from lorries and aircraft
- Reduction in particulate pollution: PM10s from lorry exhaust
- Reduction in urban SO₂ pollution and consequent asthma risks
- Protection of habitats lost due to increased road-building
- Resource and energy use resulting from increased road-building reduced
- Avoidance of noise pollution from lorries and aircraft
- Reduction of urban congestion
- Avoidance of energy and resource use in the production of extra vehicles
- Avoidance of the disposal cost of extra vehicles
- Greater control over environmental standards of production
- Reduction in chemical use to maintain freshness of food during transport

For further details of the environmental costs of transportation in the case of food see Lucas (2001).

Thirdly, authorities are expressly permitted under EU law, according to the CIC, to include consideration of indirect economic advantage when they draw up the tender, i.e. an advantage to the community for whom the authority is responsible, instead of ‘directly bringing an economic advantage for the contracting authority in the contract at stake’.

Contracting authorities retain the possibility to define the subject matter of a contract and to integrate at this stage of the tender procedure their environmental preferences linked to eventual indirect economic advantages. (CIC 2001: para. 3.1).

In other words, if they can show that food imported from further afield will increase their indirect costs, say by producing more pollution and increasing the costs of health care, or by causing damage to the road network they are also responsible for maintaining, then local councils may be able to include the costs for these deleterious consequences in the final costs of the tender.

Suffolk County Council seem to be following a justification along these lines in recommending the purchase of British, and primarily Suffolk-sourced, timber in preference to that from the EU. They justify this preferential recommendation on the basis that local sawmills’ ‘practices can be verified and for a variety of good reasons the council wants to continue to source materials from these local sawmills’. The policy presents a box clearly stating that, ‘with similarly rigorous control policies, we can generally be confident of the production of [European Community] timber’, adding that ‘Consideration should be given . . . to the increased distance of transport.’ This would appear to cover them against a complaint of prejudice in favour of domestic suppliers.

II.6. Labour standards rather than environmental standards

It is clear that the Best Value legislation, inasmuch as it is a response to legislation passed by the preceding Conservative administration, prioritises the concerns of the trade unions about the security of employment of those employed within Best Value authorities. The explanatory circular explains that LGA99, Sect. 19 ‘provides for the Secretary of State to specify by order, in relation to Best Value authorities, matters which will cease to be "non-commercial" matters for the purposes of Part II of the Local Government Act 1988’ (DETR 2000: para. 5). Paragraphs 84 to 93 of the same circular deal with ‘fair employment’, covering issues such as the protection of employment and pension rights of employees transferred to private-sector employers when contracting out takes place. Thus far the Secretary of State’s use of these powers has been limited to issues of workforce and management practices.

As a result of an electoral system that excludes Green Party candidates from election to the House of Commons, sustainability did not receive the same degree of attention while the legislation was passing through the House and so the legislation does give Green objectives the same explicit attention that favoured labour issues receive, particularly employment standards. On the other hand, since it removes many of the restrictions placed on local authority decision-making by the Conservatives it may be considered to be permissive in the area of Green procurement, allowing decisions to be made positively to achieve sustainability, particularly if this is favoured by local people. Elected members might also consider lobbying the Secretary of State to explicitly exclude Green procurement from issues that can be considered ‘non-commercial matters’.

II.7. Best Value as enabling legislation

The years of Conservative administration were a time during which powers were constantly being removed from local government and replaced with strict direction from the centre. It is unsurprising, therefore, that local councils have been left feeling disempowered and asking ‘Will we be allowed to do that?’ The Best Value legislation suggests that Labour has a very different idea about central government’s relationship with local authorities. It operates as guidelines within which best-value authorities have a fairly wide range of room for manoeuvre. The main constraints are about finance and quality of services. Local authorities will still be limited by their budgets (see the following section) and will have to be able to convince the Audit Commission that they are not wasting public money during periodic reviews. Circular 10/99 indicates that over the five-year period of the BV performance plans local authorities should achieve 2 per cent ‘efficiency improvements’, which appears a tough requirement. However, it does not specify that the improvements are savings, so that achieving more output, perhaps in terms of sustainability criteria, for unchanged expenditure counts as an efficiency improvement. It is also proving extremely difficult for the Audit Commission to measure such efficiency savings, and new performance indicators to measure cost-effectiveness are expected. However, apart from these constraints councils are fairly free to choose how they provide services under Best Value.

In the case studies that follow little reference is made to how the innovative programmes were justified under Best Value. Under restrictive Conservative legislation it would have been necessary for a council to indicate how it had met the restrictions, especially those regarding compulsory competitive tendering. Under the more permissive Best Value legislation so long as councils can show that their programmes are in the best interests of their citizens they seem relatively free to introduce them. Given that this is a time when the need to consider sustainability in conjunction with all other policy decisions is being increasingly recognised by central government—for example in the Kyoto targets and the Climate Change Levy that backs them up, or in the recycling targets with the Landfill Levy backup—the real limitations on introducing Green purchasing initiatives are the imagination of the local councillors and officers and the overcoming of decision-making inertia. The case-studies presented in Part III should help with both of these.

II.8. The real limitation on procurement: addressing the cash shortage

While it is important to acknowledge and to make explicit the opportunities for Greening procurement offered by the Best Value legislation, the recognition must also be made that the most destructive constraint preventing local authorities from maximising the well-being of the citizens they represent is financial. However permissive or supportive legislation may be, changes cannot be made without the cash to pay for them. Against a background of reduced services and a competition for scarce resources innovation is unlikely to be welcomed. It is clear from the case-studies presented below that, in the main, the councils that have been most innovative in these areas are those that can afford to, i.e. those in the more affluent areas of the country. The government should conclude from this that the tight financial constraints imposed on local authorities during the years of Conservative administration will need

to be relaxed, perhaps with specific additional allocations of cash being available from central government for particularly innovative Green-procurement schemes. Such targeted grants could be used strategically to support other government targets in areas such as CO₂ reduction and landfill avoidance.

Imaginative authorities could also use expertise in Green procurement as a means of gaining access to a potential revenue stream. Although it is not possible for councils to offer services to the private sector, it is possible for the public sector to offer services to other public-sector organisations—not just other councils but also the health service, probation services etc. (This was determined by a review of Oxfordshire's legal services led by a Green councillor.) Thus local authorities that had developed expertise in, say, the use of energy-efficient building materials and designs, could offer consultancy services to such outside organisations, thus increasing revenue and spreading best practice in their local areas.

With the rise in ethical investment there may be more money available indirectly to organisations working with local authorities—such as non-profit-sector partners like housing associations—to see them through the initial hump of investment in Green technologies before they begin yielding savings. Triodos Bank, for example, has two savings accounts designed to accrue money for investment in Green developments. Their Earth Saver account lends money to Green energy projects and their Just Housing account lends money to social housing projects. Triodos was founded in the Netherlands in 1980 and merged with another social bank in the UK in July 1995. As a leading ethical bank their aims are to 'finance a new generation of enterprises creating social added value and caring for the environment, and to give people new ways to save and invest ethically.' While Triodos would not lend money directly to a local authority, it might well be worth approaching them in connection with a project run by a partner, such as a social housing scheme with a strong energy-efficient element, or a leisure centre incorporating resource-efficient measures that was run by a non-profit organisation.

There are also more radical Green responses to the problem of insufficient cash in local areas: the creation of Local Exchange Trading Schemes (LETS) or of actual local currencies. Lets is a system where local people who have a limited amount of cash but a large amount of time exchange skills with each other outside the official economy and using locally specific token currencies. In several areas of the country local authorities have been supportive of such schemes, for example in Calderdale the local council provides office facilities, in Oxford a small amount of support in kind has been given, and in Leicester the local Naari Lets scheme in the Asian community has been supported. However, no local authority has yet used a Lets scheme as a way of generating extra energy for local services and this is an area where local Green councillors could make some creative innovations.

Lets schemes are based on token payment to facilitate exchange primarily between individuals (for details see Lang, 1994). However, other communities have extended the same principles to produce local currencies. For example, the Damanhur community in northern Italy wanted to have full use of its members' *lira* for spending in the outside economy and therefore issued them with vouchers for use within the community. After a short time the voucher system had become an internal currency, backed by the communities' property assets. Such a local currency would gain credibility if it were to be backed by the local authority, which could then have access to a further source of funds. Despite the severe financial constraints faced by local authorities in the UK in recent years and the destructive cutbacks in services this has forced on local communities, none has yet taken the plunge and created a local

currency. However during Argentina's last financial crisis, at that time with hyper-inflation, two provinces created their own money. In the north of the country the province of Salta created local bonds that people could change for money at the bank or use in shops. Five other Argentine provinces later followed suit, allowing them to continue to function in spite of the collapse of the national currency the *austral* (information from the *Charlotte Observer*, 25 November 1985). Particularly in areas with depressed local economies, where money deposited by local people is rapidly sucked out to make higher returns elsewhere, leaving the economy more cash-poor than ever (see Douthwaite, 1996), the creation of a local currency can offer considerable advantages in terms of economic regeneration to any local authority bold enough to be a pioneer.

II.9. Inspection, legal challenge and sanctions

The duty of local authorities to meet the Best Value criteria in the provision of local services should be under periodic review by the authorities themselves. In addition, the Audit Commission has been given the task of inspecting the performance of the authorities, except in areas where specialist inspectorates exist. If the Commission judges that local services are not achieving the requirements of Best Value, the Secretary of State has the power to intervene and determine how they should be run in future, by ordering a local authority to out-source a service or transfer it to another public body.

Local authorities are more likely to face challenge under European procurement rules, as incorporated into UK law by Treasuring regulations. These regulations have provided the basis for legal action by aggrieved bidders. The European Commission is also empowered to take action against any member state at the European Court of Justice. If the Court upholds a complaint the result would be the award of damages against the council and in favour of the disappointed supplier. According to IDeA the damages can be substantial: in a recent case an award in the region of £7.5 million was made. Because the law in this area is complex authorities are best advised to consult their own legal departments before undertaking any procurement that might seem questionable in terms of EU legislation.

III. Case-Studies in Green Procurement

The Best Value framework for local authorities is still relatively new, coming into force only in April 2000, and so local authorities have not had that much time to use it to justify Green purchasing. The following case-studies present examples of good practice in Green procurement from around the country. Where possible the justification used to make these purchasing decisions within the Best Value framework has been described.

III.1. Energy purchasing in Oxford

Oxford has had a Green group on the City Council since 1996 and the Green Party also has two county councillors. This has enabled the council to have access to some creative thinking in the area of Green procurement. Green Councillor Paul Ingram, deputy leader of the Council, describes the decision taken by the City Council to switch the electricity contract for some of the largest buildings it is responsible for supplying to Green electricity in 2000 (a lead since followed by the County Council as a result of further Green intervention). This represents about 40 per cent of the Council's total consumption of electricity and made the council one of the largest consumers of Green electricity in Europe. Ecotricity, the company that supplies the 'Green electricity', puts back into the National Grid an amount of energy from renewable sources equivalent to what Oxford uses; this energy is derived mainly from wind-farms, but also from hydro and biogas. The tender that Ecotricity made was only a few percentage points above the lowest tender from standard electricity suppliers once savings on the Climate Change Levy that Councils must pay for their CO₂ emissions were taken into account. This represents only a few thousand pounds on a contract worth almost £200,000. It also saves 3,600 tonnes of CO₂ every year. Oxford are now working with the Laser buying consortium (see case-study III.7) and have adopted a new policy of buying Green electricity when, after taking the CCL into account, the Green tender is no more than 15 per cent higher than the lowest standard electricity tender. The decision to switch to Green electricity was not formally justified under Best Value. However, Paul says that he was able to cite the intentions behind Best Value to support the decision, using especially the Council's policy vision document. This cites objectives such as minimising the Council's use of resources as a central objective of the Council.

Source: Oxford.gov.uk; ecotricity.co.uk

III.2. Leicester City Council

Leicester City Council is well known as one of the UK's leaders in environmental best practice. The City became Britain's first Environment City in 1990 and was one of only 12 cities worldwide to be invited to attend the Rio Earth Summit in 1992. The city has been an innovator in many fields, introducing a 100% recycled paper policy some twelve years ago and making a policy decision to run all public-service vehicles on low-sulphur diesel five years ago. At the time both these decisions represented a cost for local people, although they are now both the cheaper options, in the case of paper because the market has become established and in the case of LSD because of a government tax incentive. Leicester managed to achieve both these policies because of a political decision to take a leading role in environmental issues, and within the

framework of the very restrictive and penny-pinching Tory legislation. More unusually the Council's parks and gardens are tended without the use of peat because its production destroys scarce wetland habitats. Instead locally produced compost replaces the peat that was previously consumed, and home-composting schemes are supported by the council. The City Council has also adopted the EMAS environmental management system and all purchasing is now controlled by that system, building a commitment to the environment into all procurement decisions. Although Leicester made many of its pro-environment purchasing decision under the old CCT framework, its Environment Team considers that the Best Value legislation offers far greater support for such initiatives. According to Alison Lea, a member of Leicester's Environment Team, 'With Best Value you can take environmental criteria into account in your purchasing—you don't just have to go for the cheapest.' Leicester deserves its reputation as a beacon council because it was able to make an important contribution to the Greening of local government in Britain by having the political courage to do what the councillors thought was right in spite of it being against the prevailing culture. No legal comeback was ever encountered.
Source: Environment Team, Leicester City Council

III.3. Sustainable Timber in Horsham, Bristol and Lambeth

The World-wide Fund for Nature has been running a scheme to encourage local authorities to buy timber from responsibly managed sources. They conducted a survey which revealed that 57 per cent of authorities have no policy specifying the source of the timber they purchase. Today only 27 per cent of authorities have a policy specifying that timber purchased must come from an independently certified source—only 1 per cent higher than was found during a similar survey in 1997—although some authorities are setting a good example in this field. Horsham District Council specified timber certified by the Forestry Stewardship Council (FSC) or equivalent throughout its Southwater visitor centre. It is currently working on a £11 million leisure centre where FSC timber has again been specified throughout. Approximately £1 million worth of timber is being used. Bristol City Council has specified FSC timber for all window replacements made during recent refurbishment projects and are proposing to extend this scheme. The London Borough of Lambeth has also specified FSC-certified timber for one of its housing refurbishment schemes. This would place the project amongst the first to use wholly FSC timber and to be able to trace all the timber back to sustainably managed forests, gaining for it Chain of Custody status, an indication that the origin of all the timber used can be certified as a sustainably managed forest. These activities have been encouraged by World-wide Fund for Nature, which believes that they can be justified within the Best Value framework and will be preparing research to back this up later in the year.
Source: wwf-uk.org

III.4. Suffolk's Green Purchasing Policy

Suffolk County Council is taking Green considerations seriously in its purchasing decisions. According to the Foreword to its *Green Purchasing Guidelines*, 'Suffolk County Council recognises the impact that purchasing and product manufacture has on all areas of the environment and realises that it needs to take positive action in

order to minimise these impacts.’ The result of this concern is a Green Purchasing Policy Statement reproduced in Box 4.

Suffolk has also taken product life-cycle considerations into account including: raw material extraction, resource use during production, product lifespan and energy usage, and the environmental impact of its disposal. Suffolk have adopted a Hardwood Policy which prioritises home-grown timber (ideally from Suffolk itself, because the supplier’s environmental credentials can be checked more easily), followed by certifiable EU timber, and finally timber from the rest of the world.

Box 4. Suffolk County Council’s Green Purchasing Policy Statement

Suffolk County Council is a large organisation which requires a wide range of goods and services to support its daily activities. The Council recognises that it has a responsibility as part of its commitment to sustainability to ensure that all purchasing is undertaken by the council in a way that has least negative environmental impact. To achieve this the Council will:

- Ensure staff employed by the County Council are aware of the importance of considering environmental issues in all purchasing decisions.
- Seek to ensure that environmental issues including ultimate disposal are considered for the whole supply chain where it is necessary to purchase goods and services and when drawing up specifications.
- Ensure that its own processes when ordering, receiving, delivering and paying for goods and services are organised in a way that has least environmental impact.
- Minimise purchasing of new items where reuse or recycling can be efficiently applied.
- Where available will offer a range of products through its catalogue that include environmental information to assist purchasing decisions.
- Continue to develop its environmental purchasing strategy in line with market, technological and product development and incorporate appropriate objectives into performance and business plans.
- Build into purchasing practices appropriate objectives that arise out of the corporate adoption of ISO14001.

III.5. Green Refurbishment for Lambeth’s Estates

In line with the government’s targeting of improvements in run-down local-authority estates Lambeth Council has engaged in some imaginative housing regeneration estate action projects. Holles House is a typical 1960s low-rise block providing social housing that has become dilapidated and insecure so that tenants no longer wish to live there. The Council gave the contract for the refurbishment to Ann Thorne Architects with a brief to provide a model for sustainable development policy. The architects took the social aspects of sustainability seriously from the start and began by carrying out intensive consultation with residents. From this they discovered that the main problems were related to security because the original design of the buildings involved aerial walkways and bridges. The blocks also had serious environmental problems caused by bad design, particularly poor insulation and cold spots that caused internal damp and mould. The plans for the refurbishment began by removing the aerial connections between the blocks, combined with other internal

measures and improved landscaping to achieve security. The architects then improved the blocks' insulation and used special insulated render to deal with the cold spots. Exact costs for the refurbishment are not available, but since the alternative was demolition and reconstruction it was obviously a favoured option in spite of the fact that the materials used were not the cheapest available. Because some blocks in the development have not yet been refurbished it has been possible to conduct a monitoring survey to compare energy use in similar blocks that have and have not been sustainably refurbished, funded by Lambeth. The early monitoring results indicate energy savings of 50 per cent, which means similar CO₂ savings—amounting to about 2,000 kg. per refurbished flat per year (Bohn & Viljoen Architects, 2001)—and hence a large reduction in the Council's Climate Change Levy.
Source: London Borough of Lambeth

III.6. Green procurement by Enfield Borough Council

Enfield Council's procurement unit has worked with Middlesex University drawing up guidance notes on Green procurement which are now also being used by other London boroughs. Amongst the reasons given for integrating the environment into the purchasing strategy are: achieving best value for money by taking whole-life costs into account, meeting international obligations under the EU Treaty and Rio Declaration, stimulating the market for Green technologies as a source of technical solutions to environmental problems; improving and maintaining a genuinely higher standard of living. To help officers make purchasing decision that minimise impact on the environment products are divided between those entailing a high risk of environmental impact and those entailing only a low risk: of those in the first category decision-makers are advised to question 'is the purchase necessary, can we buy less or can we somehow reuse what we already have?'

The unit is now looking for opportunities to put this policy into practice and to be able to move away from the 'cheapness is everything' attitude that has predominated in local government for too long. They already purchase recycled paper and are negotiating to buy reused toner cartridges, which are guaranteed not to affect the photocopiers adversely and cost half as much as new cartridges. They have also recently saved money by recycling some road-gritting vehicles that were no longer required by another authority. The borough had 12 adapted refuse vehicles filling this role; although only six we needed, the other six had to be kept running because they were all so unreliable. The purpose-built gritters they have been bought second-hand can be reconditioned and will meet the borough's needs much more cheaply than buying new. Enfield's procurement unit manages all these activities within the Best Value framework.

III.7. Bath and North-East Somerset's recycling

The Landfill Levy for active waste (the sort we all produce in our homes) stands at £12 per tonne for 2001/2, rising by £1 per year until 2004, when it is expected that it will be increased again by a considerable margin. This means that increasing the proportion of domestic waste being recycled can not only offer obvious environmental benefits but also save money. The average recycling rates achieved by different types of authority are reproduced in Table 3: if your authority is not even meeting these levels there is a good opportunity for you to argue for rethinking your

council's waste management policies and shifting the purchasing of these services towards a Greener provider. However, the averages are not particularly informative, since performance by different authorities varies hugely.

Table 3. Rates of recycling in different types of authority

Type of authority	Average rate of recycling (%)
All types	7.4
London boroughs (WDA)	10.7
London boroughs (not WDA)	8.3
Metropolitan districts (WDA)	5.2
Metropolitan districts (not WDA)	4.1
Unitaries	8.7
Counties	6.8
Districts	8.3

Note: WDA stands for Waste Disposal Authority.

Source: DETR, 1999.

One of the country's best waste-management performers is Bath and North-East Somerset Council, which was identified as a Beacon Council in 1999 (see DETR, 1999). It is a relatively small local authority, covering Bath and the surrounding district, an area of 350km², and a population of approximately 160,000. The key to the council's success appears to be its use of a kerbside recycling scheme, operated by Avon Friends of the Earth on a not-for-profit basis. The scheme has been gradually expanded as resources have become available and now includes a weekly kerbside collection for all households. B&NES's current recycling target is 30 per cent, rising to 35 per cent by 2002/3. The scheme uses caged vehicles which separate the waste at the kerbside, avoiding costlier sorting at a recycling facility. A home-composting scheme organised by the council is used by 20 per cent of local residents. BNES has also adopted a zero-waste vision, which is based on a life-cycle approach to the management of resources.

While recycling represents a cost to local rate-payers of £89 per tonne of domestic waste (in 2000/1: Esther Williams), this is not far distant from the cost of collection and disposal which currently stands at £74 per tonne, including the Landfill Levy. Once they cease to be domestic waste, recycled materials become an industrial resource and hence subject to supply-and-demand constraints. As the proportion of local residents recycling their waste increases, so councils can enjoy greater economies of scale and the gap between disposal and recycling closes. The market for recycled waste is also highly unstable as it is still a new market: these fluctuations should even out over the long term. Market realities also suggest that as more councils increase their rate of recycling the value of the materials may fall because of greater supply. However, councils may support the market by balancing their extra supply with greater demand for recycled materials via their other procurement decisions. It is also clear that the gap between the costs of recycling and disposal are entirely dependent on the size of the Landfill Levy. If the rate of the Levy were to double from the proposed rate of £15 for 2004, as is possible given the strict EU targets to be introduced then, the differential would be entirely eliminated. In addition the market for recycled materials is likely to improve as virgin material costs increase and other disposal-related costs also go up.

Source: Esther Williams, www.bathnes.gov.uk

III.8. Suffolk's Sustainable Fire Service

As part of its overall commitment to Green purchasing (see case-study III.4, above), Suffolk County Council has introduced policies to initiate a process of Greening the vehicles that provide essential services in the county, beginning with the Fire Service. The main fire-fighting fleet now uses only ultra-low-sulphur diesel and the support fleet is moving over to LPG where possible. Fully synthetic lubricants have been introduced into the main fire appliance fleet; these reduce emissions and the need for frequent oil changes. The Fire Service has bought ten 1.6 litre dual-fuel Vauxhall Astra cars for operational fire support, with seven more planned. For fire safety operations four 3-cylinder Vauxhall Corsa cars have been purchased because of their low CO₂ production. The Fire Service has plans to convert a further 70 vehicles to LPG, as well as moving towards reducing the total number of vehicles used and purchasing smaller, more efficient models.

As well as these specific achievements by the Fire Service, Suffolk is exploring the possibility of using electric-powered vehicles for other services. The County Council has developed the use of video conferencing as an alternative to travelling to meetings. It also uses low-sulphur diesel and biodegradable mineral oil; uses remoulded tyres where possible; and recycles old tyres, waste oil, and vehicle batteries.

Source: Cathy Reeve, Energy and Environment Officer, Suffolk County Council

III.9. Maidenhead's PV-roofed social housing

Solar energy has suffered from inadequate investment and its development into practical and affordable applications has lagged behind other renewables. However, there are some experimental schemes now underway as part of the Department of Trade and Industry's 100 roofs domestic PV field trial. One of these is the Greenfields social housing development funded by the Maidenhead and District Housing Association under the auspices of Maidenhead local authority.

Table 4. Costs and benefits of solar PV installation at Maidenhead

Annual electricity produced	16 MWh (16,000 KWh)
Mean price per year*	16p per KWh
Mean CCL per year*	2.15p per KWh
Saving over 19 years	£55,176 (18.15 x 16K x 19)
Cost of installation	£55,000

- Given the growing scarcity of fossil fuels and pressure to reduce CO₂ emissions it seems a reasonable assumption that energy prices and fossil-fuel levies will increase: these calculations assume a doubling of electricity prices and a fivefold increase in the CCL.

• The project includes 15 homes whose construction has involved the integration of solar photovoltaic modules forming part of the roof design. Each home has power of between 1 and 1.8 kWp totalling 20 kWp (kiloWatt peak); this is predicted to generate 16 MWh of electricity per annum. The electricity is then transformed with an inverter so that its voltage is at the national standard of 240V alternating current and fed back into the National Grid. The cost for all 15 homes was £110,000 and it is estimated that 11,200kg of CO₂ will be saved each year. Any

authority following Maidenhead's example would thus be eligible for a reduced level of Climate Change Levy in exchange for these CO₂ savings (see calculations in Table 4), so that it would recoup the investment over the relatively short period of 19 years. This includes a government grant to cover 50 per cent of the installation costs.



The Maidenhead and District Housing Association solar-power scheme
Source: www.solarcentury.co.uk

Integrating solar cells into social housing has many benefits. Since occupants of social housing are generally living on low incomes, they will benefit from reduced bills in exchange for the electricity they generate. The arrangement for the Maidenhead development is what is called 'net metering'. This means that they can sell their excess electricity to the national grid and buy it back at the same cost when they need it, thus using the national grid as a sort of huge battery. This is clearly not as efficient as using the electricity directly within the home when it is needed, say for electrical appliances, but it does mean a large cut in bills. The current estimates for the Maidenhead houses suggest 30 to 60 per cent of the house's electricity consumption. As an added incentive over the next few months the DETR is due to produce its *Energy Technology Product List* of items that will attract 100% first-year capital allowances: renewable technologies such as wind power and solar PV are expected to be included. More information is available at www.eca.gov.uk.
Source: Rebecca Ash, Solar Century.

III.10 Solar-powered social housing in Stroud

Another experiment in the incorporation of solar panels into social housing can be found in Stroud. In conjunction with Stroud District Council, and supported by funding from the Department of the Environment, Cheltenham and District Housing Association have built eight new homes for rent in Whitminster that incorporate solar technology. Five of the homes have solar water-heating systems on the roof and grey-water recycling systems. Two of the homes also have roof-mounted grid-connected photovoltaic power systems. Because other houses in the same estate are identical except for the solar-energy technology, there is potential for useful comparisons

between the houses, although no data are available yet. However, it is known that approximately 550kg of CO₂ is saved annually.

Source: www.solarcentury.co.uk

III.11 Belfast's supply chain challenge

Belfast City Council has used its role as a major purchaser to put pressure on local suppliers to improve their own environmental records which has also increased their competitiveness. Over a period of three years significant environmental benefits have been achieved. The council began by setting itself three core goals: providing civic leadership, delivering best value, and supporting sustainable development. It proceeded to use a strategic approach to Greening purchasing to achieve all three goals. The council began a process of establishing a dialogue with actual and potential suppliers by holding a 'meet the buyer' event in June 1996 and publishing a guide called *Selling to Belfast*, which gave local SMEs the information they needed to compete to supply to their local authority. They also offered a 'constructive debriefing' service to unsuccessful bidders, helping them improve their competitiveness for future bidding.

Building on these early experiences in May 1997 Belfast launched a 'supply chain challenge' which provides suppliers with an incentive to improve their environmental record and thus create a unique niche market for themselves, increasing their chances of finding customers. The council also began to include environmental management and impact criteria when awarding contracts. Following the launch of the scheme Belfast City Council provided training in pro-environment business to 50 local suppliers. In terms of its own purchasing policy Belfast made two significant advances in April 1998: the decision to buy only recycled paper for printing and the adoption of an environmental purchasing policy. In June 1998 the council launched a Green Supplier of the Year Award, and the results of applications for the award were published as best practice information for other local businesses. So much for the carrot: the Council has provided support and incentives for local businesses to improve their environmental procedures and become more competitive. But Belfast also has a stick. This was shown in the case of a management consultancy that had gained a large amount of business with the council but had not responded to the challenge to meet environmental standards. After a meeting with council representatives, at which it was made clear that this failure would influence decisions about who would be invited to tender in future, the consultancy rapidly introduced an environmental policy for all its UK activities and committed itself to achieving ISO 14001 by March 2000.

Source: Murray, 2000; Belfast City Council.

III.12. The Buying Team and purchasing consortia

The Buying Team is a purchasing consultancy that advises business and local authorities on value-for-money procurement based on their criteria. The advantage of such an organisation, also offered by purchasing consortia of which the largest is ESPO (the Eastern Shires Purchasing Organisation), is that they can make economies of scale available to councils who individually would be only very small players in the market. This is particularly valuable in the area of Green purchasing, where many of the markets are undeveloped and costs are therefore higher. ESPO has adopted an environmental policy and is in the process of producing Green purchasing criteria.

Since 1993 its catalogues have highlighted environmentally friendly options. Its turnover of £200 million gives it significant clout in encouraging Green purchasing. The Buying Team can conduct evaluations of local councils' purchasing, including environmental criteria based on life-cycle assessment. They have already worked with Oxford City Council on the purchasing of Green electricity and with Enfield on buying recycled materials. For a council that is new to Green procurement and uncertain about how to proceed working with a purchasing consultancy could provide the expertise and back-up necessary to make progress. They offer to both undertake Best Value reviews (with Green criteria if the local council builds these in) and to 'partner with you to help reduce the costs of government and leave you with more money to provide for front-line services' (although at a cost, of course!). Consortia are likely to be welcomed by Best Value auditors, since their central purpose is to achieve competitive purchasing, and they also allow comparison between the local authorities who cooperate in purchasing.

Source: www.buyingteam.com, www.espo.org.uk.

III.13. Laser energy buying consortium in Kent

Case-study III.1 details Oxford City Council's switch to Green electricity for some of their largest buildings. Other councils seeking to move towards Green sourcing of electricity, and to save themselves money on the Climate Change Levy, might consider making contact with Laser, the Local Authority Energy Buying Group. It is based at Kent County Council and operates for 74 local authorities throughout London and SE England. For the past three years the consortium has increasingly sought renewable supply contracts on behalf of its members. Laser plays a facilitating role: it seeks competitive prices and provides an analysis of the generation sources, such as whether electricity from incinerators is included, and also computes the CO₂ reductions. This provides local authorities with information they need to make their decisions about procurement. The size of the purchasing is also much larger than that of any individual council, which means that economies of scale come into play, driving down the price of supply. Currently the group purchases around 620GWh (620 million kWh) of electricity per year; 27 per cent of this volume is from renewable generation all of which is, of course, CCL exempt.

Source: laser@kent.gov.uk

III.14. The Green office

Local authorities' central role is administrative and hence they tend to operate substantial suites of offices. If councils were to introduce Green purchasing for office supplies and services this would make a significant contribution to sustainability, set an example for other local businesses, and also introduce economies of scale into markets which are currently too small to achieve competitive pricing.

Friends of the Earth Scotland have produced a *Green Office Action Plan* which includes valuable suggestions for Greening offices. It is divided into five sections: paper, energy, office supplies, general office and recycling. Much of the guidance about sustainable purchasing could be included in a detailed set of purchasing guidelines; some of the issues, such as recycled paper and sustainable timber, have been covered elsewhere.

In many cases, at least in the short term, Greening the office might represent an additional cost in an already over-stretched budget. However, the *Green Office Action Plan* also includes general advice on making the office a healthy working space. Although the results of such action would be difficult to measure it is likely to represent a significant bonus for the local authority in terms of a reduction of days lost in sick leave and happier, more productive staff.

Table 5. Sources of Office Pollution		
Chemical	Side-effects	Sources
Formaldehyde	Causes skin and eye irritation and dryness, headaches and sore throats. Linked with throat cancer	Foam fillings (furniture, carpet backing), plywood and chipboard (desks, shelves, tables), veneers and wood lacquers, household cleaners, synthetic fibres, adhesives, PVC and other plastic flooring
Benzene	An irritant affecting the eyes, nose and throat; causes headaches, drowsiness and dizziness	Plastics, inks, tobacco smoke, detergents and petrol fumes
Trichloroethylene	Toxic if inhaled, producing narcotic and anaesthetic effects; a carcinogen that is linked to throat problems	Inks, paints, varnishes, solvents, correction fluid, lacquers and adhesives.
Ozone	Symptoms similar to hay fever: watering and sore eyes, runny nose and sore throat, headaches.	Photocopiers, printers and other electronic equipment

Source: FoE Scotland.

Table 5, reproduced from the *Plan*, indicates some of the causes of what has become known as ‘sick building syndrome’ (SBS). This syndrome was identified when, with a proliferation of machinery within offices, staff who worked there began to complain of a similar range of symptoms including sore eyes, headaches, irritability, dry skin and drowsiness. Although it is hard to link these symptoms to specific chemicals or causes it is now accepted that the combination of artificial lighting, poor ventilation, and chemicals from carpets, furniture, wall coverings and electronic equipment are the explanation for SBS. This suggests that buying more natural products which contain fewer artificial chemicals may make a significant contribution to the health of office staff. Losing fewer days through staff sickness is likely to make a significant contribution to the economy, efficiency and effectiveness of any local council, and thus fulfils the central criteria of the Best Value legislation.

III.15. The Carbon Trust

The Climate Change Levy is described in detail in para. II.3. It is essentially a tax on carbon-based fuels that local authorities and business are liable to pay. £50 million from the tax was given to the Carbon Trust, an agency established in April 2001. The role of the Trust is to promote energy efficiency and the innovation of low-carbon

technologies in the UK. In the area of energy savings it has made grants to several businesses to improve their energy efficiency. For example ICI Paints at Slough have achieved energy savings of over £100,000 per year (10 per cent of their energy bill) by implementing an energy management policy identifying a range of no-cost and low-cost measures. British Sugar implemented a process-control system at its sites in Wisington and Newark. The system cost £134,000 with savings in the first year of £94,000, indicating a payback period of only 1.4 years. The Carbon Trust can offer expertise in the area of energy savings that may be of help to local authorities. The Energy Efficiency Best Practice Programme has recently been taken over by DEFRA and is being reviewed. It may be that in the future grants will be available to local authorities from this programme and from the associated Low Carbon Innovation Programme that is still run by the Carbon Trust.

<http://www.thecarbontrust.co.uk>

IV. Conclusion

In conclusion, it is cheering to find how far some authorities have already come in terms of Greening their procurement decisions. Very often a great deal has been achieved because of the enthusiasm and effort of a small number of individuals who have been prepared to challenge decision-making inertia. It is also clear that there is a huge disparity in performance on this issue between councils and therefore considerable scope for spreading best practice. Councils also seem to be expert in particular areas of Green purchasing or service provision, whereas in other areas they are weaker. This suggests that councils can share their knowledge in the areas where they are performing well, and cooperate so that all authorities can reach the highest standards of Green procurement in all areas.

Box 5. Action Points for Greening a Best Value Authority

- Study the scope for action contained in the Best Value legislation
- Make sure the council has a general sustainability policy statement
- Input to Best Value performance plans in cooperation with local NGOs
- Discuss collaboration with neighbouring authorities over partnerships, best practice exchange, and joint Green purchasing
- Lobby for a policy of ensuring that tenderers meet the requirements of BS7750 and ISO14001 (environmental standards)
- Lobby for the corporate adoption by the council of EMAS (environmental management system)

Boxes 5 and 6 offer local councillors who would like to encourage the Greening of their authority's purchasing practices practical steps to do so. Box 5 describes simple steps that can be taken, and have been taken by some local councils, to ensure that sustainability criteria from part of their Best Value process. Box 6 outlines the process that an authority might follow as it Greens its procurement in one policy area. The process described in Box 6 meets all the requirements of the 4Cs approach. It begins with Consultation and then Challenges the role of the council. The further stages involve Comparison with other local authorities and housing associations, before the final contract is put out to Competitive tender. So long as the Green criteria are included in the brief, the tender is bound to meet them.

Box 6. Proposed Process for a Green Purchasing Scheme

Generic	Specific
Highlight area of local concern established via consultation	Tenants on a 1960s estate dissatisfied with state of housing
Determine who is best suited to find a solution	Is housing best provided by the council itself, by a housing association, or by another provider?
Assess best practice in other local authorities	Learn from models of sustainable housing schemes elsewhere
Engage Green partners	Work with environmentally sensitive architects and eco-building specialists in partnership with a housing association
Produce a life-cycle assessment of Green solution	Compare short-term costs and long run savings on bills and CCL from energy-efficient buildings
Develop a tender that builds in Green criteria	Produce a tender specifying energy-efficient building materials and design
Advertise the tender	Advertise the tender

Acknowledgements

It goes without saying that, in compiling a report based largely on case-studies, the process of acquiring these has been somewhat random. No doubt other shining examples of Green procurement can be found that have not been identified and acknowledged in this report. Green Audit has agreed to act as a repository of this sort of information, so if you know of such examples please excuse their exclusion and send them in so we can spread the word in future updates to this report. You are an important source of information and the most important player in the spreading of best practice, so please let us know what is going on. Thanks to the many people who helped with information for this report, who include:

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Appendix: Relevant Legislation and Related Documents
(All originated by DETR; now available from DTLR)

- Local Government Act 1999 (August 1999), *the primary legislation that includes the Best Value framework*
- Circular 10/99 (November 1999), *provides full interpretation and guidance on the primary legislation*
- Best Value and Procurement: A Consultation Document (April 2000)
- New Roles, New Opportunities: The Role of Elected Members in Best Value (November 1999)
- Local Government Best Value (Exclusion of Non-Commercial Matters) Order 2001, DETR Circular 02/2001
- 'Environmental Issues in Purchasing', by former DETR and HM Treasury.
- Modernising Local Government: Improving Local Services through Best Value (September 1999), *a consultation document*
- Summary of Responses to Modernising Local Government: Improving Services through Best Value (November 1999), *responses to the consultation*
- Guide to Quality Schemes and Best Value (March 2000), *relates the Best Value framework to national quality schemes including Charter Mark, Excellence Model, Investors in People, ISO 9000, and Local Government Improvement Programme*
- Guidance on Best Value for Town and Parish Councils (July 2000)

Further Sources and Contacts

Improvement and Development Agency for Local Government (IdeA),
www.idea.gov.uk

For guidance on Best Value including on-line versions of the relevant legislation and people to contact for advice go to the DETR website at detr.gov.uk then select Local Government from the first menu and Best Value from the next menu.

<http://www.hmce.gov.uk/business/othertaxes/ccl.htm> for more information on the Climate Change Levy

<http://www.local-regions.dtlr.gov.uk/lga1999/section19/01.htm> for information on non-commercial matters

Ecoprocure website and magazine from the International Council for Local Environmental Initiatives (ICLEI): www.iclei.org/europe/ecoprocure.

http://www.hm-treasury.gov.uk/about/about_envpurchase.cfm for general government guidance on Green purchasing

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