

EXETER CITY COUNCIL

**EXECUTIVE
15 SEPTEMBER 2009**

SUPPORTING THE GREEN ACCORD INITIATIVE

1. PURPOSE OF THE REPORT

- 1.1 To seek support from Executive to market the Green Accord to local authorities and private businesses thereby obtaining financial benefits for the Council from the initiative.

2. BACKGROUND

- 2.1 The Green Accord is an accreditation that drives sustainable procurement when applied to supply chains. It has been developed by officers within Contracts and Direct Services. A detailed business plan has been produced, which is available on the intranet and in the Members' Room, which indicates the Green Accord could generate income for the Council. The financial summary, Appendix B from the Business Plan, is appended to this report.
- 2.2 The Green Accord was developed in response to the government aim to become the European leader in sustainable procurement by 2009. The Sustainable Task Force in 2005 targeted the public sector to bring about the changes necessary to secure sustainable procurement benefits in that sector. The Task Force developed the Flexible Framework, with five fields to address and five levels of achievement. The government requires that all public bodies achieve at least level three by 2009. The Green Accord evolved to achieve this aim for the Council and, based on the judgement made by external advisors, Envirowise and Global Action Plan (two sponsored Government bodies) by hosting the Green Accord the Council has already done so. As such the Council is one of the few in the public sector to have done so.
- 2.3 The Green Accord was initially developed as a green assessment for the Council's contractors/suppliers/consultants in order to evidence and promote sustainable practices within our supplier base. This is a key action identified in the Council's Procurement Action plans, Corporate Plan and the Sustainable Procurement and Commissioning Strategy. The accreditation has since been developed to suit differing sizes of contracting company and also as a generic tool applicable to all types of supply chains. It was recognised that the Green Accord was potentially a marketable product from which financial income could be derived.
- 2.4 A full explanation of how the Green Accord is applied and the benefits to be derived are explained in the Business Plan. However, in short, the Green Accord is based on the principle of organisations carrying out simple practical actions to save them money whilst contributing to saving the planet. The Green Accord is free for clients; it merely requires client bodies to insist that suppliers who work for them must achieve the accreditation. This is a very attractive option for clients. Suppliers pay a fee every two years to Green Accord (to cover the cost of evaluation) to maintain their accredited status. It is set at a level that, after deducting costs, the Council receives at least half of any fee paid. Present indications from some of our Green Accord suppliers show that, by implementing these practical actions, the fee is being recovered by them many times over in the first year.

- 2.5 The financial risk to the Council is low because evaluation work is only undertaken by the Green Accord team after fees are received, although it is recognised that there will be a need for funding to pump prime the initial work. A sum of up to £15,000 has been identified in the business plan from within existing budgets. If the Green Accord does not attract the assumed level of interest this funding would be at risk but even in the current financial climate this is considered to be such a low risk that it is justifiable. It is proposed that until there is sufficient interest to justify employing external assessors, internal staff operating as casual workers will perform the assessments outside of their normal duties and hours. Once there was a sufficient and sustained interest external assessors would be trained, for a fee, to meet demand. There are a number of risks which have been identified in Business Plan. The main risk is that the opportunity to build on the current market presence, and the financial rewards that this will bring, is lost to somewhat similar but inferior competition with more extensive marketing strategies. The Met Office before signing a Memorandum of Agreement to use the Green Accord has carried out a full and detailed review of the alternatives and has recognised the undoubted value of the Green Accord. The financial model in the business case have been developed following extensive work with officers in Treasury Services and the Head of Treasury Services and Section 151 officer confirms that; *'The calculations in the business plan are based on conservative estimates and as such the Green Accord is an initiative that should be supported given the potential financial benefits that would accrue'*.
- 2.6 As part of the development of the Green Accord consideration has also been given to whether the scheme complies with the complex raft of statutory legislation that regulates such work. A thorough internal review by Legal Services of the pertinent statutory provisions has concluded that the scheme complies with the well-being provisions of the Local Government Act 2000. However, when the Green Accord turns to profit an arms length company under the control of the Council will have to be set up in order to comply with Section 95 of the Local Government Act 2003. Preparatory work is already in progress to determine the most beneficial constitution for such a company.
- 2.7 In terms of current opportunities the Met Office has already signed a Memorandum of Agreement to use the Green Accord. Bristol University has expressed similar interest and will provide the lead for Exeter University and other linked Universities and colleges to follow. West Berkshire Council, a unitary authority, has also made representations to sign the Green Accord Memorandum of Agreement to install the accreditation for their framework construction contractors.
- 2.8 In terms of contributing to reducing climate change the Green Accord is presently the lead accreditation mark because firstly, it is based on practical actions to combat climate change not just words, secondly, it seeks to treat the drivers of climate change not just measure climate change as do many of the competitors in the market. This is why Global Action Plan recognising the benefits of the Green Accord, champions, promotes and provides environmental consultancy support to the initiative as a premier accreditation mark.

3 RECOMMENDED that

- (1) Executive recognise that wider support for the Green Accord would reinforce the council's position as a lead authority in terms of supplier engagement, sustainable practices and driving environmental improvement for the benefit of the community whilst contributing to the City Council's target to reduce carbon by 20% by 2013 and meeting the requirements of the Sustainable Task Force Flexible Framework.

- (2) Executive support the team driving the Green Accord initiative by approving the necessary funding, as outlined in the business plan, thereby support the external marketing of the Green Accord to other local authorities and private businesses to achieve financial benefits for the council from the initiative, and if and when the scheme turns to profit a further report be brought so that Executive can give consideration to the setting up of a local authority controlled company.
- (3) Executive support the setting up of a separate dedicated website, linked to council web-site, for the better promotion and operation of the accreditation.

HEAD OF CONTRACTS AND DIRECT SERVICES

S:PA/LP/ Committee/909EXEC2
Date: 4.9.09

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report: