

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES

21 SEPTEMBER 2011

GREEN ACCORD INITIATIVE PROGRESS REPORT 2011/12

1 PURPOSE OF THE REPORT

- 1.1 To provide an update on the progress made by the Green Accord accreditation initiative since the business plan was approved by Executive Committee in September 2009.

2 BACKGROUND

- 2.1 The Green Accord is a supplier accreditation mark awarded to organisations that achieve a designated level that evidences that they operate in a practical “green” way such that they do not adversely affect the environment or contribute to climate change. The intellectual property rights of the scheme rest with Exeter City Council and the Green Accord is trademarked.
- 2.2 The Green Accord was developed by officers within Contracts and Direct Services initially to achieve compliance with the national sustainable standard of supplier engagement prescribed by the Governments Sustainable Task Force’s “Flexible Framework” measure. The Green Accord ensured that the council met and then exceeded the requirements placed on public sector bodies by the “Flexible Framework”, a feat attained by few other public sector bodies.
- 2.3 The scheme was developed purely with the intention of applying to City Council suppliers with no fee paid by those suppliers. However after receiving national recognition from the Audit Commission, who cited it as best practice, the scheme attracted considerable interest from organisations throughout the country. It was considered that as organisations would derive commercial benefit by adopting the accreditation they should pay a contribution to the development of the scheme and allied auditing costs.
- 2.4 Organisations who properly introduce the practical operations and procedures required to achieve accreditation, such as recycling and encouraging staff involvement in sustainability, realise considerable savings. Case studies demonstrate that organisations implementing the Green Accord inevitably save on waste. Two organisations have reported that, since achieving the Green Accord, they have verified savings of between £20,000 and £40,000 per annum. <http://www.green-accord.co.uk/case-studies.html>
- 2.5 In the light of these obvious business benefits a fee scale was devised and implemented. Applicants pay a fee to the council of £100, £200, or £500 for the accreditation for a two year period. This fee is set at a level to cover the costs associated with the scheme, such as web-site development and maintenance and the cost of evaluating applications. The level of fee paid is related to the size of the organisation by reference to the number of employees. This approach is modelled on the Contractors Health and Safety (CHAS) accreditation scheme, developed and hosted by Merton council, which is now the nationally recognised accreditation scheme. In developing the initiative the team worked closely and developed formal partnerships with, Government financed environment experts Envirowise and Zero2050 (formerly Global action Plan).

3 BUSINESS AND MARKETING APPROACH

- 3.1 The initiative has generated wide interest because the Green Accord is an affordable "green" accreditation, based on organisations making relatively simple practical changes to their operations. Three levels of accreditation can be achieved making the scheme particularly attractive to all types of Small and Medium Enterprises (SME's), even the "one-man band". This sector has been the main focus of the marketing strategy with the Federation of Small Businesses being very supportive of the scheme. There is no comparable sustainability scheme. The European standard ISO14001 is the nearest equivalent scheme but can cost as much as £15,000 and is therefore beyond the reach of most organisations. It is also largely a paper based system dependent on procedures and systems, rather than positive operational action.
- 3.2 Applications are made on a self-assessment form and submitted with supporting evidence to back any claims made. The applications are audited against pre-determined standards. In accordance with the business plan the audit fee is fixed such that the net benefit to the council from the fees paid is £45, £90 or £410 respectively per application. As the scheme has targeted SME's this is reflected in the fee amounts received which are largely at the £45 and £90 per application level. However increasingly larger organisations are showing interest in implementing the accreditation throughout their supply chain.
- 3.3 The decision to set a fixed fee for audit work was determined after consultation with CHAS and agreed as part of the business plan. CHAS argued that an hourly rate-based fee would not make the auditor focus on assessing the application in an effective manner as their fee could be maximised by maximising the time to assess an application. However following concerns raised during one of the audits the Green Accord as to the probity of this approach the auditing role is being considered under the council's job evaluation scheme such that an appropriate hourly rate can be determined. Again, in accordance with the business plan, audits are presently carried out by three members of staff within Contracts and Direct Services, largely outside their normal working hours. These staff are the core team who developed the Green Accord and their attained qualifications and experience is particularly relevant to the role of auditor.
- 3.4 The Business Plan, and the accompanying report to Executive, was very explicit in identifying that for the Green Accord to be successful it would need a dedicated website <http://www.green-accord.co.uk/home.html>. The original scheme, although electronically operated through the council website, required audits to be carried out largely by hand, which was not particularly efficient. Operating through the council web-site also confused potential customers as they understandably thought they could only apply for the accreditation if they supplied or worked for Exeter City Council. Potential income and business opportunities were therefore lost. The establishment of a separate dedicated web-site including an electronic auditing suite has given the accreditation a more commercial profile, attracting wider interest and income and, its now somewhat separate identity, has overcome previous confusion.
- 3.5 Ensuring that the Green Accord website could safely interlink with the council's systems gave rise to concerns and it was necessary to demonstrate that it provided the required level of security and an appropriate level of control was in place. This is symptomatic of a number of issues faced in developing what is essentially an entrepreneurial and innovative business idea within the confines and controls imposed within the council. A number of audits and legal tests have been performed to establish that any risk and probity issues have been identified. All of the recommendations arising from these have now been implemented such that the Green Accord can operate in accordance with the Business Plan.

4 PROGRESS TO DATE

- 4.1 The Green Accord has received an impressive range of national and international awards in the field of sustainability and procurement since its inception. These include awards from Association of Public Service Excellence, the Society of Procurement Officers, the Environmental Data Interactive Exchange, Government Business Awards and Government Opportunities. It has also been awarded a coveted Green Apple award resulting in the council being recognised as a Green Hero for 2011.
- 4.2 The business plan, as approved in September 2009 remains largely unchanged. The main objective at that time being that the Green Accord achieves a financial break even position following three full years of operation, which because of the due diligence issues identified in 3.5 above, effectively began in April 2011. Attached is a financial analysis of the current and predicted performance. The first column summarises the actual financial position from the inception of the Green Accord until 26 August 2011. The second column projects the financial position forward to the year end assuming that income and revenue projections continue at the predicted levels. The third column is the Year 1 extract from the approved business plan to provide a comparison. The final column shows the projected variance from the business plan. As can be seen from the table whilst some of the costs have increased against those set out in the business plan so has the projected level of income. The overall effect of this is that if the projections hold true the Green Accord will have largely matched the business plan projections for Year 1 and will be on target to achieve break even before the end of the third year of full operation
- 4.3 The Green Accord's unique selling point is that it is generic and inclusive and as such can be applied to all types and sizes of organisations. Since its inception a diverse range of organisations have successfully achieved the accreditation ranging from building contractors to printers to IT and recruitment organisations. The Green Accord has also been introduced by larger organisations in order to drive the accreditation through their supply chains. These clients currently include the Met Office, Sir Robert McAlpine, Exeter University and TATA. The number of organisations currently registered with the Green Accord is 226.
- 4.4 At this time the number of auditors is sufficient to process applications because they tend not to arrive in large blocks. However, in accordance with the business plan, arrangements are in place to source and train additional auditors as the demand arises.

5 RECOMMENDED

- 1) That progress of the Green Accord against the Business Plan be noted and members be invited to comment on the progress to date.

HEAD OF CONTRACTS AND DIRECT SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

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

None