

CHESHIRE EAST COUNCIL

CABINET

Date of meeting: 19 May 2009
Report of: Procurement manager
Title: Support of Fair Trade Principles

1.0 Purpose of Report

- 1.1 To respond to the notice of motion raised at Council on 1st April 2009 that "This Council supports Fair Trade principles and requests that an appropriate report be brought forward in due course."

2.0 Decision Required

- 2.1 To adopt the Notice of motion as amended to read as follows.
"This Council supports Fair Trade principles where consistent with value for money"

3.0 Financial Implications for Transition Costs

- 3.1 None

4.0 Financial Implications 2009/10 and beyond

- 4.1 The support of Fair Trade principles may well have financial implications as Fair Trade products are generally by nature more expensive. The extent of the implications are unknown at this stage, however as with all procurement decisions the support of FairTrade principles will be taken on the basis of obtaining value for money.

5.0 Legal Implications

- 5.1 Procurement legislation does not allow the specification of one 'social' label to the exclusion of others. This is because it would be discriminatory to favour one or more of these of these above the others.

6.0 Risk Assessment

- 6.1 The lack of support for Fair Trade principles could impact upon the visitor economy of Cheshire East.
- 6.2 The support of Fair Trade principles could conflict with the need to deliver value for money and support Local procurement principles.

7.0 Background and Options

- 7.1 There are a number of competing drivers in the support of Fair Trade principles:
- The need to deliver value for money through procurement.
 - The need to purchase locally to deliver economic growth and minimise environmental impact.
 - The need to meet procurement regulations relating to anti-competitive procurement practices
 - The desire to take up Fair trade products for the benefit of the producers in the Southern hemisphere - the moral dimension
- 7.2 There needs to be a distinction between Fairtrade and fairly traded products. Fairly traded products seek the same aims as the Fairtrade Foundation but do not always carry the Fairtrade badge.
- 7.3 Today, there are now numerous organisations including the Fairtrade Foundation, that run the international standard setting and monitoring body Fairtrade Labelling Organisations International (FLO). Producers registered with FLO receive a minimum price that covers the cost of production and an extra premium that is invested in the local community.
- 7.4 Fairly traded products seek the same aims as the Fairtrade Foundation but do not always carry the Fairtrade badge.
- 7.5 For the complete picture, closely aligned to fair trade is ethical trading. Ethical trading means companies are involved in a process of trying to ensure that the basic labour rights of the employees of their third world suppliers are respected. The Fairtrade mark, which applies to products rather than companies, aims to give disadvantaged small producers more control over their own lives. It addresses the injustice of low prices by guaranteeing that producers receive fair terms of trade and fair prices – however unfair the conventional market is.
- 7.6 There are now over 400 Fairtrade Towns as well as more than 200 areas campaigning towards status.
- 7.7 There has been a previous commitment by the three Districts that preceded Cheshire East to achieve Fairtrade town status for a number of population Centres within their areas. These include Alsager, Congleton, Knutsford, Macclesfield, Nantwich and Sandbach. This is a renewable commitment that will need to be considered by Cheshire East Council at some stage in deciding whether to renew a town's status once achieved.
- 7.8 CBS Catering has for some years been working towards wider use of Fair Trade products. It is also working towards the greater use of local products – a form of fairly traded products, but at home. Fair Trade can be built in to Council contracts with key suppliers and guidance will be available to procurers. Fundamentally suppliers are advised to inform the Council of any Fair Trade products they may have that meet the Council's specifications. Where all other factors are equal the Council can elect to take the fair trade product over

another. Where the Fair Trade product is not the most economic choice the Council can elect to offer it as an alternative at a price reflecting the different purchase cost.

8.0 Overview of Day One, Year One and Term One Issues

- 8.1 The previous four predecessor Councils all supported Fair trade principles to a greater or lesser degree so it is not anticipated that there will be any issues.

9.0 Reasons for Recommendation

- 9.1 To respond to the notice of motion and allow the support of Fair Trade principles.

For further information:

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Background Documents:

Documents are available for inspection by contacting the officer named above.