

CABINET

31 March 2004

FAIRTRADE PETITION AND NOTICE OF MOTION

REPORT OF CHIEF EXECUTIVE

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RECENT REFERENCES:

Minutes of Council Meeting 25 February 2004

EXECUTIVE SUMMARY:

At its meeting on 25 February 2004, the Council received a petition and a notice of motion on the issue of Fairtrade.

The use of fairtrade goods is promoted to ensure that growers and workers are not exploited, improving living and working conditions and environmental sustainability.

The Fairtrade Town/City initiative has been developed as a means of raising awareness of the issue and encouraging use of fairtrade goods. The Winchester Fairtrade Group are working towards making Winchester a Fairtrade City, and need the Council's support.

The elements included in both the petition and the notice of motion should be simple for the Council to achieve, are within legal constraints and have only minor resource implications.

RECOMMENDATIONS:

- 1 That the Notice of Motion regarding Fairtrade, as moved by Councillor Beveridge at the meeting of Council held on 25 February 2004, be recommended to the next meeting of Council for adoption.
- 2 That Cabinet considers the practical and legislative issues laid out in this paper and also makes any nominations for officer/member appointments to the Winchester Fairtrade Steering Group.

CABINET31 March 2004FAIRTRADE PETITION AND NOTICE OF MOTIONREPORT OF CHIEF EXECUTIVEDETAIL:1 Introduction

1.1 At the Council meeting on 25 February 2004, a petition was received from Mr Des LeGrys on behalf on the Winchester Fairtrade Group requesting that:

- “Fair Trade goods are served at Council meetings and Council functions;
- Fair Trade goods are used by catering contractors employed by the Council;
- Fair Trade issues are taken into account and are central in the purchasing policy of the Council;
- The Council will promote Fair Trade concepts and the use of Fair Trade goods by employees, Members, partners of the Council and local businesses”.

1.2 At the same meeting, the Council considered a Notice of Motion from Councillor Beveridge which stated:

“This Council wishes to see the Fairtrade Group succeed in their aim and welcome the initiatives by the Group to encourage the use of Fairtrade Goods. Winchester City Council will promote the use of Fairtrade goods for Council meetings and functions and include Fairtrade as an issue within the Council’s purchasing policies. Winchester City Council is willing to explain its approach through Insight to Council employees, Members and our partners and to local business.”

1.3 Both of these were referred to a future meeting of Cabinet for consideration. This report sets out the background and legislation relevant to the Council’s support of Fairtrade.

2 What is Fairtrade?

2.1 In world markets, the prices of commodities such as cocoa, tea and coffee fluctuates dramatically, frequently dropping below the cost of producing them.

2.2 For coffee growers, there is no guarantee when they plant their crop that they will get a decent price for it at harvest time. They often have to borrow money at high interest rates, in order to invest in production, so if the market price drops they are forced into debt, and can lose their land. Low prices for tea affect the tea pickers on the plantations, who work long hours for low wages in poor conditions. Permanent labour is also rare, so workers have little or no job security. Many people therefore

feel that the standard system of trade is exploiting thousands of workers throughout the world.

- 2.3 Buying certified fairtrade goods ensures that growers get a 'fair price' – guaranteed to cover the cost of production, with a social premium to be used to improve their living and working conditions. Advance payments avoid small producers getting into debt, and contracts allow long term planning.
- 2.4 For plantation workers fairtrade also guarantees better working conditions, with decent wages, housing and health and safety standards. No child or forced labour is allowed and programmes are put in place for environmental sustainability.
- 2.5 The Fairtrade Mark appears on over 100 different products, including coffees, teas, bananas, cocoa and chocolate, snacks, biscuits, honey and sugar. They are available in most major supermarkets, wholefood and fairtrade shops, and by mail order. In addition, more than twenty national suppliers offer a wide variety of fairtrade products and services to the catering trade.

3 The Fairtrade Mark

- 3.1 The Fairtrade Mark is an independent consumer label which appears on UK products as a guarantee that they have been produced in accordance with specified criteria, aimed at addressing the issues set out in Section 2 above. The Mark is awarded by the Fairtrade Foundation, a registered charity set up by CAFOD, Christian Aid, Oxfam, Traidcraft Exchange and the World Development Movement.
- 3.2 Fairtrade is based on a clear set of internationally agreed criteria, which are independently assessed and monitored, and the whole system is open and transparent.

4 Fairtrade Towns and Cities

- 4.1 The idea of a UK Fairtrade Town initiative began in 1999, when an Oxfam group in the Lancashire market town of Garstang was considering the next step in its campaign to promote fairtrade. The campaign to make Garstang 'the world's first Fairtrade Town' caught the imagination of local activists, got the support of local shopkeepers, businesses and council, and engaged the attention of the local and regional media. It significantly raised awareness of fairtrade and the Fairtrade Mark in Garstang.
- 4.2 This success inspired the Fairtrade Foundation to set up the Fairtrade Towns Initiative to help other areas who wish to take this route. They have developed a five-step programme for groups to work through, as detailed in Appendix 1.

5 Winchester Fairtrade Group

- 5.1 A meeting was held on Thursday 13 February 2003 to launch the campaign to make Winchester a Fairtrade City. The Winchester Fairtrade Group is working to the guidelines described in Appendix 1, the first goal being that the local council passes a resolution supporting Fairtrade. They petitioned the City Council on 25th February 2004 to request this support.

6 Fairtrade in Winchester City Council

- 6.1 The request to use Fairtrade goods for Council meetings and functions should be simple to fulfil. Milburn's have recently switched over to Fairtrade tea, coffee, sugar and orange juice. Any functions in the Guildhall will therefore be using fairtrade goods. Functions within Abbey House use a separate supply of refreshments, which would be simple to switch over to fairtrade. There may be minor cost implications, depending on the current supply. Functions using other venues may have the potential to use fairtrade, but this would need to be dealt with case-by-case. The current wording of the motion would allow for this.
- 6.2 It should be noted that the drink vending machines at the Council Offices also offer Fairtrade coffee.
- 6.3 The purchasing policies of the Council are being considered following the IDeA procurement healthcheck carried out in October 2003. Decisions about when fairtrade can be considered during the procurement process and what can be legally specified will be made during this work.
- 6.4 The inclusion of information on the Council's use of fairtrade and the reasoning behind this can be included in an edition of Insight, as well as in City Voice and the Members' Briefing Note.
- 6.5 The issue of fairtrade fits in naturally with work on Sustainability; therefore some resources are available to support further developments, subject to their priority being assessed against other on-going work. The consideration of fairtrade will be included in work on integrating sustainability into the Council processes.
- 6.6 The work towards Fairtrade City status also involves convening a Fairtrade Steering Group (Goal 5 in Appendix 1). This is likely to be formed from members of the current Winchester Fairtrade Group, with additional representation. The Council has been invited to have both officer and member representation on this group. Consideration therefore needs to be given to whether the Council wishes to have representatives on this group and who they would be.

7 Legal Considerations

- 7.1 There are certain legal limitations on criteria which may be used to decide the nature and supplier of goods and services to local authorities. Where significant contract sums are involved (over £154,000), legislation which implements EU Directives sets out the process and criteria which can be used to determine these issues. It is unlikely that the level of expenditure involved in possible fairtrade goods will reach this threshold.
- 7.2 The other main restriction is set out in Section 17 of the Local Government Act 1988, and regulations made thereunder. Under these provisions, local authorities must not take into account certain "non-commercial" considerations when deciding who is to be selected to be awarded a contract to for the supply of goods and services. Unlike the EU provisions, there is no threshold or lower limit applicable to this prohibition.
- 7.3 The non-commercial considerations include the terms and conditions of workers of contractors (and their suppliers). However, SI 2001 No. 909 (The Local Government Best Value (Exclusion of Non-commercial Considerations) Order 2001) excludes workforce considerations under 17(1)(a) (employment terms and conditions) to the

extent that a best value authority considers it necessary or expedient, in order to permit or facilitate compliance with the requirements of Part I of the 1999 Act (Best Value).

- 7.4 Certain other issues such as the country of origin of supplies, and the involvement of a contractor in irrelevant matters of government policy, are also specified as “non-commercial” considerations which cannot be taken into account when procuring goods and services. However, it is considered that the criteria of the fairtrade scheme are such that these restrictions would still be complied with if a fairtrade policy were to be adopted.
- 7.5 Best value allows the Council to deal with issues facing communities, such as sustainability, and therefore sustainability can be considered to be an integral part of best value. On that basis, it is reasonable to argue that the restrictions on considering workforce terms and conditions as part of the purchasing process do not apply, and therefore a fairtrade policy can be adopted as suggested in the Notice of Motion.

OTHER CONSIDERATIONS:

8 CORPORATE STRATEGY (RELEVANCE TO):

- 8.1 As the benefits of fairtrade are global, the links with the corporate strategy are broad-based. But the Council’s involvement with this issue is about a statement of intent, rather than service delivery. There are therefore broad links with the overall vision and the ethos of the social inclusion priority.
- 8.2 The approach also links with the corporate core values to ‘treat everyone fairly’ and ‘work with you to respond to your needs’, as we are responding to a petition and working with a community group.

9 RESOURCE IMPLICATIONS:

- 9.1 Officer time for work on the Fairtrade issue is available as part of the Sustainability remit, subject to its priority being assessed against other on-going work.
- 9.2 Switching from standard goods to Fairtrade may incur minimal extra cost.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Five Goals for a Fairtrade Town, City or Zone, reproduced from ‘Fairtrade Town: Goals and Action Guide’, produced by the Fairtrade Foundation.

APPENDIX 1

Five Goals for a Fairtrade Town, City or Zone



The **purpose** of a Fairtrade Town is to contribute to the Fairtrade Foundation's aim of tackling poverty by enabling disadvantaged producers from poor countries to receive a better deal, through encouraging support for the Fairtrade Mark.

In order to fulfil this aim by becoming a Fairtrade Town, the following five **goals** must be realised. When they are, a signed and dated certificate will be presented by the Fairtrade Foundation. The **goals** are in **bold**. *Optional extras*, recommended but not required, are in *italics*

- ❖ **Local council passes a resolution** supporting Fairtrade, and agrees to serve Fairtrade coffee and tea at its meetings and in its offices and canteens.
 - *Local council commits itself to promoting awareness of Fairtrade* to its constituency on a regular basis, through its free publication (if it has one) and other outlets.
 - *Local council allocates Fairtrade Town responsibilities to a member of staff or committee* (possibly its Environmental or Agenda 21 officer, working in partnership with a local Fairtrade steering group – see below) to ensure continued commitment to its Fairtrade Town status.
 - *Street signs are erected declaring it as a Fairtrade Town.*
- ❖ **A range of (at least two) Fairtrade products are readily available in the area's shops. Fairtrade products are served in local cafés/catering establishments.** It should be easy for local people to find Fairtrade products as they do their everyday shopping. Targets are suggested below*. Retail stockists could include a selection of health and whole food shops, supermarkets, or fair trade shops.
 - *These should display literature or placards* advertising the fact that they serve or sell FAIRTRADE Mark products.
 - *A local Fairtrade directory could be produced* advising people where they can buy or find Fairtrade products – both on paper, and on-line.
- ❖ **Fairtrade products are used by a number of local work places (estate agents, hairdressers etc) and community organisations (churches, schools etc)**
 - *Aim to include a flagship employer*
 - *Venues should display stickers, posters or a certificate* advising users that they use Fairtrade products and/or support the local Fairtrade Town campaign.
 - *Educational campaigns are organised in these places* to deepen people's understanding of the issues and deepen their commitment to Fairtrade.
- ❖ **Attract media coverage and popular support for the campaign.** For the press, the story can be revived as each goal is achieved, organising a big splash for the Fairtrade endorsement ceremony, and developing a strategy to keep it in the news long after. This will also enable local businesses and organisations to benefit from their involvement.
- ❖ **A local Fairtrade steering group is convened to ensure continued commitment to its Fairtrade Town status.** This should ideally include a council representative, campaigners, and people representing the area's schools, churches and businesses. The group is responsible for an annual assessment to monitor whether the area is continuing to meet the five goals. The group organises special events for Fairtrade Fortnight in March each year.
 - *An educational event or competition is organised* to raise awareness of trade issues and Fairtrade amongst young people.

* **Target for number of retail outlets:** Population of < 10000 - 1 retail outlet per 2500: Population < 200000 -1 retail outlet per 5000: Population of < 500000 - 1 retail outlet per 10000

Target for number of catering outlets: Population of < 10000 - 1 catering outlet per 5000: Population < 200000 - 1 catering outlet per 10000: Population of < 500000 - 1 catering outlet per 20000