

BROMSGROVE DISTRICT COUNCIL

CABINET

07 APRIL 2010

FAIRTRADE TOWN

Responsible Portfolio Holder	Roger Hollingworth, Leader of the Council
Responsible Head of Service	Hugh Bennett, Assistant Chief Executive
Non-Key Decision	

1. SUMMARY

- 1.1 Cabinet are asked to consider the arguments for and against Bromsgrove town seeking Fairtrade status.
- 1.2 The Joint Overview and Scrutiny Board (19 January 2010) received a public petition entitled "Fairtrade Bromsgrove", submitted by Mr. Art Lavelle, Chairman of the Fairtrade Bromsgrove Steering Group. The petition contained approximately 150 signatures. The petition read as follows:

"This petition asks for support for the Fairtrade Bromsgrove Steering Group. In signing this you will be-

- *Encouraging Bromsgrove District Full Council to pass a resolution in favour of gaining Fairtrade status*
- *Considering seriously purchasing Fairtrade products where they are available in Bromsgrove outlets".*

- 1.3 It was resolved that Cabinet should receive a report from the Director of Policy, Performance and Partnerships on the full cost implications of supporting Fairtrade status for Bromsgrove town. Three neighbouring town councils with Fairtrade status has been contacted on this issue. In summary, the officer time and financial resources are considered minimal. The decision on whether to support Fairtrade town status rests on whether Fairtrade is viewed as successful in reducing third world poverty. UK Fairtrade argues it is, the Adam Smith argues it is not. The Council does not have the research capacity of either of these organisations. The report provides information from both perspectives which Cabinet are asked to consider and determine whether to recommend to Full Council a resolution in support or otherwise of Fairtrade.

2. RECOMMENDATION

2.1 It is recommended that Cabinet:

- i. Considers the arguments for and against Fairtrade;
- ii. Determines whether to support Fairtrade or not;
- iii. Makes a recommendation to Full Council for a resolution supporting Fairtrade, if it is convinced of the merits of Fairtrade;
- iv. Does not make a recommendation to Full Council, if it not convinced of the merits of Fairtrade;
- v. By recommending a resolution to Full Council that supports Fairtrade: works with the Fairtrade Bromsgrove Steering Group on working with local businesses on stocking and serving Fairtrade products; works with the Fairtrade Bromsgrove Steering Group on working with local employers on using Fairtrade products; works with the Fairtrade Bromsgrove Steering Group on a PR and marketing campaign to promote awareness and understanding of Fairtrade; and generally supports the Fairtrade Bromsgrove Steering Group.

3. BACKGROUND

Support for Fairtrade

- 3.1 Fairtrade aims to ensure that farmers and workers in developing countries obtain a fair price for their goods and labour. Producers registered with Fairtrade Labelling Organisations receive a minimum price that covers the cost of production and an extra premium that is invested in the local community.
- 3.2 According to Oxfam two-thirds of the world's coffee growers live in absolute poverty. When prices collapse they can fall below the cost of production for many farmers. Fair trade buyers pay the "floor price" when world market prices are low, but pay the market rate when it rises above the "floor". A social premium is also paid, which is the extra money, on top of the guaranteed price, that goes to the producer community. The premium is small, perhaps 4% of the current fair trade price for coffee. Under fair trade rules the premium is saved or invested by the growers' co-operative and a collective decision is made how to use it. For the producers this small amount of money can go a long way. In Sri Lanka a tea co-operative uses the premium for a vaccination programme, to build playgrounds and award scholarships so that more children can attend school. Pensioners, orphans and people with disabilities receive financial support. Windward Island banana growers invest in small loans for on-farm improvements and supporting health clinics. Tea pickers in Tanzania use theirs to build a maize mill, thus saving a 15km walk by local women (the Fairtrade

Foundation website ¹ has comprehensive information, including short videos of communities benefitting.)

- 3.3 In an ideal world governments would provide for all their people in the areas of healthcare, education etc. and there would be little need for the social premium, but we know that this is impossible in the poorest areas of the world. African economies have, overall, been shrinking in the last 20 years whilst the developed world has become richer.
- 3.4 Fairtrade is usually associated with plantations such as tea, coffee, cocoa and bananas grown in developing countries, but it now encompasses a much expanded and very varied set of products, 3,000 in all, including cotton, fruits, juices and wines.
- 3.5 In the UK Fairtrade is a well recognised brand, with sales in 2008 up 43% compared with the previous year. Fairtrade is now mainstream and available in most supermarkets.
- 3.6 The Fairtrade mark is managed in the UK by the Fairtrade Foundation, a charity that is supported by Christian Aid, Oxfam, the Women's Institute and many others. To continue to raise the profile of Fairtrade and ensure Fairtrade produce is widely available, the Fairtrade Foundation has introduced the nationally recognised Fairtrade Town initiative.
- 3.7 To qualify as a Fairtrade Town the following five goals must be realised –
 1. Local council passes a resolution supporting Fairtrade, and agrees to serve Fairtrade products
 2. A range of Fairtrade products are available locally
 3. Schools, workplaces, places of worship and community organisations support Fairtrade and use Fairtrade products whenever possible
 4. Media coverage and events raise awareness and understanding of Fairtrade across the community.
 5. A Fairtrade steering group representing different sectors is formed to co-ordinate action around the goals and develop them over the years.
- 3.8 By passing a resolution supporting Fairtrade, the Council would agree to serve Fairtrade products at its meetings and in its offices. The Fairtrade Foundation also recommends the following optional activities:

¹ Fairtrade website: <http://www.fairtrade.org.uk/>

- Promoting Fairtrade through Council publications
- Allocating Fairtrade responsibilities to a member of staff or committees
- Erecting town signs declaring Fairtrade status, once awarded.

3.9 Gaining Fairtrade status is a process, enabling local and Council actions to develop over time.

3.10 A steering group has already been formed in Bromsgrove. Members have experience of gaining Fairtrade status, one involving Higher Education, others in local churches, a number of which have already gained the status. One member is experienced in working with councils and business, including Fairtrade in Oxford.

3.11 The steering group has established that Fairtrade products are available in local outlets, for example Morrisons, ASDA, Oxfam, the Co-ops shops in the District and some cafes. Schools are beginning to take note of Fairtrade too; Bromsgrove School has a Fairtrade café and North Bromsgrove High School has taken part in Fairtrade fortnight (first two weeks of March each year.)

3.12 It is becoming easier for more outlets to be recognised as Fairtrade supporters (a minimum of 2 products/outlet is required) with the recent announcement that Cadbury's Dairy Milk will be Fairtrade, and Tate and Lyle's entire range of sugars will be Fairtrade by the end of 2009.

3.13 Fair Trade sits alongside free trade, and working side by side they have the potential to alleviate poverty where it is most needed. The very recent Conservative Party green paper ² specifically supported Fairtrade. The Government also supports Fairtrade, Douglas Alexander noting in the run-up to Fairtrade fortnight "Helping people in the developing world to help themselves is the right thing to do." (February 2009). The Government's white paper (July 2009) also supports Fairtrade ³.

3.14 By supporting Fairtrade status the Council will be affirming and encouraging the role of local groups, so enhancing Bromsgrove's 'social capital'. Bromsgrove is a more varied town that might first appear. Fairtrade involves a range of people and so brings the community together, so contributing to One Community. Fairtrade status can be instrumental in improving Bromsgrove's own economy. It can be linked to supporting local producers

² One World Conservatism, A conservative Policy for International Development (page 57)
<http://www.conservatives.com/~media/Files/Green%20Papers/OneWorldConservatism.ashx?dl>

³ DfID: Eliminating World Poverty. <http://www.dfid.gov.uk>

at the Farmer's Market and street market and be the focus of events and other initiatives that may attract shoppers into the town. As a number of local groups are already on board, these benefits can be gained with comparatively little work by the Council and with limited cost as the process recognises that any changes will be incremental.

- 3.15 It is anticipated that it will take a minimum of two years to gain Fairtrade status, proving during this time that Bromsgrove deserves the Fairtrade trademark. The steering group's current membership of five is enough to carry the initiative through the beginning of the campaign and, with the knowledge of Council support, the group will extend its membership to include representatives from the wide geographical area of the District to include Council, school, and retail and churches membership ("Churches Together in Bromsgrove" have recently written to the Council asking that their support for this report be registered).

Unfair Trade?

- 3.16 The Adam Smith Institute has produced a paper that argues against fair-trade. The full paper is attached at Appendix 2. Marc Sidwell the report's author describes Fairtrade as a "marketing exercise" in an "increasingly competitive marketplace for ethically-branded products". Sidwell argues that the most effective route to poverty reduction is free trade, not fair trade, which he views as a form of restrictive practice. Sidwell argues that Fairtrade discriminates against farmers who are unable to gain Fairtrade certification and that the country with the biggest number of Fairtrade Farmers is Mexico, a relatively developed country and that.
- 3.17 There is clearly an ideological divide between those who support Fairtrade and those that do not. The range of facts and figures is very wide (and probably subject to careful use to either support or argue against Fairtrade). The District Council does not have the research capacity to undertake a detailed piece of research on this issue.

Resourcing Fairtrade Status

- 3.18 The Joint meeting of Overview and Scrutiny on 19 January asked the Director of Policy, Performance and Partnerships to provide further information to Cabinet on the officer support required to deliver Fairtrade town status. Droitwich, Stratford Upon Avon and Alcester town councils have all been contacted to discuss the resourcing issue. The key conclusion is that the resourcing impact on officers would be minimal and consequently the decision on whether to support Fairtrade town status really rests on the arguments for and against the impact of Fairtrade in reducing poverty.
- 3.19 In all three cases, a community group was established, with no officer representation, but some councillor representation. Support from the councils (if any) involved: using the equivalent of "Together Bromsgrove" to

support Fairtrade, the use of rooms at the Council House and in one instance a one off grant from the Stratford District Council to support the launch of Fairtrade. The grant was for £1,200. A request for a grant was received through the Equality and Diversity Forum from Mr Art Lavelle, Chairman of the Fairtrade Bromsgrove Steering Group, for £750 to fund producing literature in support of Fairtrade, supporting Fairtrade Fortnight and a Fairtrade stall. This bid was rejected as part of the 2010/11 budget deliberations.

4. FINANCIAL IMPLICATIONS

- 4.1 Fairtrade tea, coffee, juices and sugar prices are comparable to those of other quality brands that may be served at Council meetings. It should not have material implications for Council budgets. The Council may have to consider its current sourcing of refreshments; however, given the current ban on sandwiches this is likely to be minimal.
- 4.2 The Council would be expected to support the steering group with press releases, advertising and promotion through current Council literature including on its website. The steering group is seeking minimal funding e.g. to be able to buy a stall for promoting Fairtrade during Fairtrade fortnight and at appropriate venues and event throughout the District. The Steering Group did apply for a small one off grant through our community grant scheme, which is supported by the Equalities and Diversity Forum. The grant application was for £750.
- 4.3 There may also be some costs associated with celebrating achieving Fairtrade town status. Stratford Upon Avon District Council gave a grant to Stratford Town Council of £1,200 to support this.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications.

6. COUNCIL OBJECTIVES

- 6.1 Fairtrade is consistent with One Community and with our equalities value. The Equalities and Diversity Forum would like to support Fairtrade as part of their work on the Gambia link and Black History Month.

7. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 7.1 The main risks associated with the details included in this report are:

- Non Delivery through lack of support.
- Poor public perception if not approved.

- 7.2 These risks are being managed as follows:

- *Non Delivery of Fairtrade Status and Poor Public Perception:*

Risk Register: Corporate Communications, Policy and Performance.

Key Objective Ref No: 17.1

Key Objective: Delivery of Fairtrade Status

8. CUSTOMER IMPLICATIONS

8.1 This report does relate directly to customer service.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 The Equalities and Diversity Forum supports this bid.

10. VALUE FOR MONEY IMPLICATIONS

10.1 Not applicable.

11. CLIMATE CHANGE AND CARBON IMPLICATIONS

11.1 Fairtrade products will invariably come from the developing countries and this therefore means transport from overseas which will have an adverse impact on CO2 emissions.

12. OTHER IMPLICATIONS

Please include the following table and spell out any particular implications in the relevant box. If there are no implications under a particular heading, please state 'None':-

Procurement Issues: Some minor impact on the Council's procurement.
Personnel: None.
Governance/Performance Management: None.
Community Safety including Section 17 of Crime and Disorder Act 1998: None.
Policy: Possible development of a Fairtrade policy.
Biodiversity: None.

13. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes.
Chief Executive	Yes.
Executive Director and Deputy Chief Executive	Yes.
Executive Director (S151 Officer)	Yes.
Director of Policy, Performance and Partnerships	N/a
Heads of Service	At CMT.
Head of Resources	At CMT.
Head of Legal, Equalities & Democratic Services	At CMT.
Corporate Procurement Team	N/a

14. **WARDS AFFECTED**

Initially all wards that are within the Bromsgrove town boundary and eventually all wards across the District.

15. **APPENDICES**

Appendix 1 – The Fairtrade Town: Action Guide.
Appendix 2 – Unfair Trade, Adam Smith Institute.

16. **BACKGROUND PAPERS**

Not applicable.

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