

## Cabinet 13 May 2019

**Report title:** Responsible Procurement Policy

**Wards:** All

**Portfolio:** Cabinet Member for Finance and Performance: Councillor Andrew Wilson

**Report Authorised by:** Christina Thompson: Interim Strategic Director for Finance and Investment

**Contact for enquiries:** Rachel Willsher, Head of Procurement, Finance and Investment, 020 7926 7360 [rwillsher@lambeth.gov.uk](mailto:rwillsher@lambeth.gov.uk)

### Report summary

Responsible procurement for Lambeth is about creating a better quality of life for all areas of the Borough – for both now and in the future. It is underpinned by the Borough Plan outcomes and the recommendations of the Lambeth Equality Commission. The new Responsible Procurement Policy has been drafted to combine the social, economic and environmental areas which procurement can realistically achieve or influence with the priorities from Future Lambeth.

### Finance summary

There are no capital or revenue implications arising from the recommendations of this report.

### Recommendations

1. To approve and adopt the Responsible Procurement Policy which covers all procurement and commercial activity including services, goods, works and concessions.
2. To delegate any minor revisions to reflect updates from the Borough Plan to the Cabinet Member for Finance.

## **1. CONTEXT**

- 1.1. The Council spent £588 million in 2017/18 through procurement activity, through 3,691 commercial suppliers. There are 253 contracts over £100,000 on the Contract Register.
- 1.2. The Lambeth Procurement Policy covers all procurement and commercial activity including services, goods, works and concessions. The Procurement Policy confirms that the Council will consider social value supporting the outcomes and measures set out in the Borough Plan, particularly where it benefits the local economy and employment and can be achieved at no extra cost in the contract.
- 1.3. The principles of Responsible Procurement require officers to consider the economic, environmental and social aspects of the purchases they make and the contracts they place. Other commonly used terms have included sustainable procurement, corporate social responsibility and the green supply chain. Under the Social Value Act 2012 there is also a duty at the pre-procurement stage to consider how proposed service procurements may improve the social, environmental and economic wellbeing of the relevant area.
- 1.4. Lambeth has a history of promoting sustainable procurement but spread across the breadth of aspirations within Future Lambeth and other corporate commitments or linked to national, London or specialist agenda rather than agreed Lambeth priorities. There has been a successful focus on London Living Wage over the last few years which has achieved compliance in 99% relevant contracts. A key factor in achieving this success has been the clarity of the requirement and strong advocacy within the council. To achieve a step change in other areas (for example supported employment) where the baseline position is much lower, a concerted effort will be required.

## **2. PROPOSAL AND REASONS**

- 2.1 Responsible Procurement for Lambeth is about creating a better quality of life for all areas of the Borough – for both now and in the future. It is underpinned by the Borough Plan outcomes and the recommendations of the Lambeth Equality Commission. The new Responsible Procurement Policy has been drafted to combine the social, economic and environmental areas which procurement can realistically achieve or influence with the priorities from Future Lambeth. A small number of priority areas have been identified and defined to provide focus and clarity for those procuring and the market around priorities and facilitate monitoring. The Policy is also cognisant of Responsible Procurement and Social Value developments elsewhere and has drawn on best practice around approach and definition of measures.
- 2.2 The Responsible Procurement Policy proposes the below priorities drawn from the Borough Plan. These are the proposed initial priorities. These may be reviewed and adjusted from time to time to reflect updates to the Borough Plan or other emerging priorities.
  - Good quality jobs with fair pay and decent working conditions.
  - Increase the number of quality apprenticeships accessed by Lambeth residents, particularly BAME, young, disabled or care leavers.
  - Increase the quality and range of targeted employment opportunities for disabled residents, residents with mental health issues, and residents who are long term unemployed
  - Increase Lambeth opportunities within of the supply chain
  - Reduce emissions: focus on cutting our carbon footprint and improving air quality
  - Reduce consumption of raw material, reuse materials and recycle – focus to reduce use of single use plastics.
  - Maximise positive health and wellbeing - focus on supporting a healthy workforce and on provision of healthier, affordable and more sustainable food and drinks offer.

- 2.3 Responsible Procurement may be delivered in various ways including:
- the London Living Wage (Living Wage outside London) will be expected in all contracts;
  - other priorities will be required for relevant contracts, for example silver Fleet Operator Recognition Scheme accreditation where there is a significant transport element;
  - others may be encouraged or required during the commissioning or planning phase. For example breaking the opportunity up to encourage smaller providers or specifying supported employment opportunities where there is a suitable local market; or
  - where some providers may be able to offer more or direct their corporate social responsibility towards Lambeth, through allocating part of the quality evaluation to differentiate bids.
- 2.4 The policy covers all areas of commissioning and procurement within the Council and will influence the way we procure goods, works and services. For procurement below £100,000, management will have regard to the resources available to smaller providers which may bid for lower value procurement. Requirements will also apply to major sub-contractors.
- 2.5 There will be both a generic approach embedded across all procurement and a targeted approach, for example identifying a few forthcoming procurements with high vehicle usage or significant potential for supported employment. Practical guidance, templates and training will be provided on how responsible procurement considerations can be incorporated throughout the Council's commissioning and procurement processes at Business Case; Procurement Strategy; specification; tender evaluation and award and contract management.
- 2.6 Officers will meet policy leads such as the Enterprise, Jobs and Skills division every quarter to identify forthcoming opportunities and facilitate early involvement in suitable projects. The Enterprise, Jobs and Skills division will also review the supported employment market within Lambeth and more widely to identify potential providers who could work with Lambeth on exemplar public service projects.
- 2.7 Progress against the priorities will be monitored and reviewed regularly to ensure progress. The Council will also continue to monitor developments around responsible procurement including alternative approaches to defining and measuring social value and will develop Lambeth's Responsible Procurement Policy and approach in line with the Council's Borough Plan and with best practice.

### **3. FINANCE**

- 3.1. The report and appendices setting out the Responsible Procurement Policy and checklist have been developed to support managers and procurement officers. There are no financial implications from the recommendations of this report.

### **4. LEGAL AND DEMOCRACY**

- 4.1. As stated elsewhere in this report, the Council has a duty under the Public Services (Social Value) Act 2012 to consider, before starting the process of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. This social value duty is balanced by obligations to ensure fair and open competition set out in the Public Contracts Regulations 2015 (PCR) which state, *inter alia*, that award criteria must be 'linked to the subject matter' of the contract in question and must be contract-specific and not aimed at assessing the business or corporate policies of the tenderer. Nevertheless, under Regulations 54 of

the PCR (*general principles in awarding contracts*) contracting authorities are entitled to decide not to award a contract to the tenderer submitting the most economically advantageous tender where they have established that the tender does not comply with applicable obligations in the fields of environmental, social and labour law, or collective agreements.

- 4.2 This proposed key decision was entered in the Forward Plan on 18 March 2019 and the necessary 28 clear days' notice has been given. The report will be published for five clear days before the decision is considered by Cabinet. Should it be approved, a further period of five clear days, the call-in period, must then elapse before the decision becomes effective. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

## **5. CONSULTATION AND CO-PRODUCTION**

- 5.1. There has been wide consultation on the Responsible Procurement Policy to ensure it accurately reflects the aspirations and priorities of Lambeth and is in line with commitments made in other policies and plans. Individual procurements include consultation and coproduction as appropriate.

## **6. RISK MANAGEMENT**

- 6.1. The key risks associated with procurement are that the Council does not get value for money from external spend or that it is challenged for non-compliance with its internal processes or with legislation. Consistent processes, effective procurement planning, and focus of governance and procurement professional time on high-value high-risk projects provides mitigation against these. This policy and the underpinning framework provide clarity around council priorities for responsible procurement, clearly linking requirements to Council outcomes, to ensure any benefits are channelled appropriately.
- 6.2. Internal Audit continue to provide assurance to senior management and Members on procurement controls and the assurances being obtained by management that the process is operating effectively the requirements are being complied with. Internal Audit continue to include procurement controls within the Continuous Auditing programme and reviews of procurement and contract management arrangements in the annual Internal Audit Plan.

## **7. EQUALITIES IMPACT ASSESSMENT**

- 7.1. In developing the proposals for responsible procurement the potential equality impacts and prompts have been considered to ensure the Council is able to fulfil its Public Sector Equalities Duty. This has included review of the Equality and Human Rights Commission guide for public authorities. A full EIA was completed for the new Responsible Procurement Policy.
- 7.2. The impacts of the Policy on those with protected characteristics are anticipated to be positive as particularly the skills and employment priorities are specifically targeted at priority groups identified by the Lambeth Equality Commission. In addition the priorities aimed at improving health may be of greatest benefit to those disadvantaged by disability or a long term health condition.
- 7.3. Equality & Diversity policies are embedded in the procurement processes and Equality Impact Assessments are required for all procurements over £100,000. Local Small and Medium Sized Enterprises and third sector organisations benefit from the higher tender threshold as they do not need to go through a pre-qualification questionnaire or tender process on low value procurements. In addition lower value opportunities are advertised on [ContractsFinder](#) the Government website with a link from the Council's website.

## 8. COMMUNITY SAFETY

8.1. No implications arising from this report.

## 9. ORGANISATIONAL IMPLICATIONS

### Environmental

9.1. Waste minimisation and reduction of carbon, nitrogen dioxide and particulate matter emissions are two of the responsible procurement priorities to be considered for each procurement and thus the environmental impact of this Policy and report is likely to be positive.

### Staffing and accommodation

9.2. Employment and skills opportunities targeted at priority groups and the wage rates and health of contractor workforces are key responsible procurement priorities to be considered for each procurement and thus the staffing impact of this Policy and report is likely to be positive.

9.3. There are no accommodation implications arising from this report.

### Procurement

9.4. This report will impact all future procurements. The new Policy will not apply in full to procurements which are already underway although efforts will be made to secure contribution towards the priorities where possible.

### Health

9.5. Health is one of the key areas for the Responsible Procurement Policy, specifically the health of contractor work forces and any food and drink elements of contracts. There may also be indirect health benefits, particularly for mental health through providing skills and employment opportunities targeted at those with disabilities or long term health conditions. In addition the priority to reduce carbon emissions would impact air quality and thus health. There is thus likely to be a positive health impact from this report.

## 10. TIMETABLE FOR IMPLEMENTATION

10.1. A range of activities including developing templates and guidance and delivering a programme of training and awareness is planned to support adoption of this Policy.

Activity	Responsibility	Approx date
Develop and test templates and guidance	Head of Procurement	By June 2019
Training & awareness raising <ul style="list-style-type: none"><li>• Councillors</li><li>• Directors Network</li><li>• Procurement and commissioning staff</li><li>• All staff</li><li>• Suppliers – should we have a launch?</li></ul>	Head of Procurement	June – August 2019
Consideration of the Policy required for all procurement over £100,000.	Head of Procurement	Sept 2019

<b>Audit Trail</b>				
<b>Consultation</b>				
<b>Name/Position</b>	<b>Lambeth directorate/department or partner</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in para:</b>
Councillor Andrew Wilson Cabinet Member for Finance	Cabinet	05.04.19	26.04.19	
Christina Thompson Interim Strategic Director of Finance and Investment	Finance and Investment	05.04.19	26.04.19	
Annie Hudson Strategic Director for Children Services	Children's Services	05.04.19		
Hamant Bharadia Acting Director of Finance and Property	Finance and Investment /Finance and Property	29.03.19	31.03.19	all
Andrew Pavlou, Legal Services	Legal and Governance	05.04.19	10.04.19	4
Wayne Chndai, Democratic Services	Legal and Governance	05.04.19	10.04.19	
Andrew Round, Sustainability and Road Safety Manager	Resident Services	05.04.19	08.04.19	9
Moira McGrath Director of Integrated Commissioning (Adults)	Adults and Health	29.03.19		
Matthew Blades Interim Director of Enterprise, Jobs and Skills	Sustainable Growth and Opportunity	26.04.19	29.04.19	
John Bennett Head of Economic Inclusion	Sustainable Growth and Opportunity	05.04.19	24.04.19	

<b>Report History</b>	
<b>Original discussion with Cabinet Member</b>	14.01.19
<b>Report deadline</b>	01.05.19
<b>Date final report sent</b>	26.04.19
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	No
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	18.03.19
<b>Key decision reasons</b>	Meets community impact test
<b>Background information</b>	<a href="#">Lambeth Council Opportunities including Contract Register and 3 year Procurement Plan</a> <a href="#">Lambeth Procurement Policy</a> Responsible Procurement Policy Equalities Impact Assessment
<b>Appendices</b>	Responsible Procurement Policy