

# Responsible Procurement

## City of London Corporation

Progress on social value, environmental  
sustainability and ethical sourcing  
July 2016 – July 2019



Social Value		Environmental Sustainability		Ethical Sourcing	
<b>A: Protecting people &amp; the local environment</b>		<b>D: Low impact materials and methods</b>		<b>Ensuring human and labour rights</b>	
i) Safeguarding health & safety		i) Promoting sustainable food, farming and animal welfare		i) Complying with UN International Labour Organisation Conventions throughout supply chains	
ii) Mitigation air, land, water and noise pollution		ii) Buying green products and services			
iii) Improving road safety		iii) Sourcing sustainable timber		ii) Striving to source products containing conflict-free minerals	
iv) Enhancing nature and biodiversity		iv) Optimising environmental management practices			
<b>B: Social inclusion, equality community benefit</b>		<b>E: Maximising resource efficiency</b>		<b>H: Ensuring fair and legal employment</b>	
i) Combatting social exclusion through work-related opportunities		i) Rethinking need through demand management		i) Eliminating modern slavery and human trafficking	
ii) Offering time and skills to mission-led organisations		ii) Reducing waste throughout the procurement cycle		ii) Ensuring supply chain employees are working legally	
iii) Embedding equalities considerations		iii) Applying cost of ownership principles		ii) Striving for fair remuneration up the supply chain	
iv) Social Value Panel, community input		iv) Embracing the circular economy			
<b>C: Supporting local economic regeneration</b>		<b>F: Mitigating and adapting to climate change</b>		<b>I: Contracting with responsible businesses</b>	
i) Paying the Living Wage		i) Ensuring energy efficiency		i) Guarding against bribery, corruption and tax evasion	
ii) Eroding barriers to procuring services of VCSEs, SEs and SMEs		ii) Promoting renewable and low carbon energy			
Targeting spend towards mission led organisations		iii) Exploiting innovation to reduce energy use		ii) Promoting green, social and responsible investment	
		iv) Climate change resilience			

The City Corporation's Responsible Procurement (RP) Strategy 2016 – 2019 was comprised of


- 30 objectives,
- categorised under 9 policy areas
- and 3 main pillars.

This table provides a snapshot of impacts made by City Procurement's RP work during these three years.


The rest of the report provides detail on these impacts including areas of work and key achievements, partners, lessons learned and future focus areas.

***In the interest of responsible business, please avoid printing this report***


## Impact key:



**Impact** RP has had a significant and material impact on the City Corporation's approach to achieving this objective



**Impact** RP has facilitated positive improvements in the City Corporation's approach to achieving this objective



**Impact** RP has enabled some progress on the City Corporation's approach to be made, but impact has been limited to date

# Ai) Safeguarding Health and Safety (H&S)

## Areas of work and key achievements

- Current legislation puts a duty of care on the City Corporation to protect all employees, contractor’s employees, and visitors. City Procurement takes its role this responsibility seriously and has continuously improved its approach to ensuring appropriate health & safety measures are undertaken by our supply chain partners, striking an appropriate balance between effective due diligence and the extent of the procedures that underpin it.
- Following on from the introduction of the CoL Control of Contractors Policy by City Surveyor’s in 2018, a proposal was made that all bidders tendering for work with clearly identifiable health and safety risks would be required to hold a ‘Safety Schemes in Procurement’ (SSIP) accreditation, or they would be deselected as part of the SQ stage of the tender. The SSIP forum was created to streamline pre-qualification and reduce H&S assessment costs and bureaucracy in the supply chain, providing a proportionate and cost-effective member scheme for SMEs to prove that they adhere to H&S core assessment criteria recognised by the Health & Safety Executive (HSE).
- The SSIP requirement was subsequently made standard as part of supplier selection, and that those bidders without SSIP accreditation would be permitted to respond to a H&S questionnaire, which was designed to reduce barriers to SMEs further. This questionnaire was developed by City Procurement in collaboration with the Health and Safety leads, with an equivalent approach also developed with DCCS to address safeguarding issues within relevant contracts .

### Impact



RP has facilitated positive improvements in the City Corporation’s approach to achieving this objective

### Partners



- City Surveyors Department & Town Clerks
  - Health & Safety leads
- Dept. for Children & Community Services
  - Commissioning
- Comptrollers & City Solicitors

## Lessons learned



- Engagement with supply market to ensure that our approach is effective and proportionate is key
- Well documented outcomes of supplier engagement must be appropriately communicated to decision-makers.
- Collaboration between subject matter experts, in this case H&S leads, and counterparts in City Procurement and Legal is very important.

## Future focus



- Provision of transparent data to City Procurement on frequency and severity of H&S incidents occurring in tier one and two of our supply chain.
- This can be used to determine whether or not our current processes are fit for purpose.
- Training for contract managers responsible for ensuring H&S on site may be required, depending on the findings of the above, especially as these are the individuals in charge of assessing whether responses to the H&S questionnaires are adequate.

# Aii) Mitigating Air-, Land-, Water- and Noise Pollution

## Areas of work and key achievements

- Various requirements protect air, land and water courses were built into relevant contracts from the outset of the RP Strategy, along with rules on noise levels in the Square Mile.
- Bidders are de-selected at supplier selection stage for any breeches of environmental legislation in the previous three years, if they are unable to demonstrate sufficient 'self-cleansing' i.e. mechanisms put in place to remedy the original issue(s). City Procurement benefits from the expertise of MCP's Environmental Pollution team in these instances.
- Environmental management questions used in the evaluation of construction and FM contracts require bidders to set out the procedures they would use if an environmental incident such as a paint or oil spillage were to occur. Air and noise pollution are also addressed in this broad question.
- To minimise anti-social noise pollution, contractors providing construction works and ancillary activities such as deliveries, are contractually restricted to standard hours of operation and are required to use methods which minimise noise disturbance and to liaise with neighbours.
- The City Corporation's 'Code of Practice for Demolition and Construction' and 'Code of Practice for the minimisation of the environmental impacts of street works' must be adhered to by corporate contractors or any construction contractors working on projects of a value of £400k and above.
- Construction and civils contractors are required to join the City of London's Considerate Contractors Scheme if delivering projects valued at £2m or over.
- From 2018, a menu of options is integrated into the specifications of all contracts involving the movement of vehicles. This is described in more detail on the next slide focusing on air pollution.

### Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

### Partners



- Markets & Consumer Protection
  - Environmental Pollution team
  - Air Quality team
- Department for Built Environment
  - Business Performance & Transport

## Lessons learned



- Noise is very important issue to residents. Construction contractors working in the Square Mile tend to be trained on appropriate noise levels and sites are set up so that work falls within restricted hours, however staff working on contracts involving the delivery of goods and services tend to be less familiar.
- De-selecting bidders for breaching environmental law is complex even if self-cleansing activities seem to be less than adequate. It is more complex if there is a monopoly, or if it is deemed that the risk of legal challenge outweighs the risk of further environmental infractions.

## Future focus



- Case studies on the RP webpage of our contractors that perform well in the Considerate Contractor Scheme awards would aid communication of our environmental management aspirations and encourage potential bidders to be more ambitious in their approach to continuous improvement and innovation.



# Aii) Mitigating Air Pollution

## Areas of work and key achievements

- A great deal of focus has been placed on tackling air pollution through our procurement exercises. Levels of particulate matter (PM) and oxides of nitrogen (NOx) are collectively estimated to cause around 9,400 equivalent deaths every year in Greater London. They exceed European and World Health Organisation (WHO) Square Mile targets meaning air quality is identified as a corporate risk.
- A Stand-alone ‘Procurement Policy to support the Air Quality Strategy’ was published alongside the RP Strategy in 2016 to highlight the importance of the issue and facilitate senior buy-in of the more ambitious aspects of the Policy, which included a ban on buying or leasing diesel vehicles ‘unless absolutely operationally necessary’ and a requirement for taxi firms to provide hybrids by default.
- All bidders must commit to at least one action listed in an ‘Air Quality Menu’ as part of contracts in which vehicles are used. Actions include green driver training, trials of electric or hybrid vehicles, telematics and driver performance software etc., which must be undertaken within three months.
- Various suppliers have participated in ‘action idling’ events alongside the RP Manager. This raises awareness of the issue of engine idling and facilitates engagement with supply chain partners.
- The ‘Transition to a Zero Emission Fleet Policy’ is described overleaf. The Policy was co-developed by City Procurement and DBE’s Business Performance & Transport team and approved by Policy & Resources Committee in February 2019. City Procurement developed the mechanism for an internal loan scheme to support the Policy and managed the initial stages of the EV infrastructure project.

### Impact



RP has had a significant and material impact on the City Corporation’s approach to achieving this objective

### Partners



- Markets & Consumer Protection
  - Environmental Pollution team
  - Air Quality team
- Department for Built Environment
  - Business Performance & Transport

## Lessons learned



- Current market knowledge and trials of new vehicles entering the market is an essential success factor
- Related contracts must be future proofed e.g. vehicle maintenance contractors must have expertise and training schemes on electric vehicles
- Collaborative events involving other boroughs, construction & FM supply chain partners and experts facilitate mutual progress, good planning and strong signalling for manufacturers

## Future focus



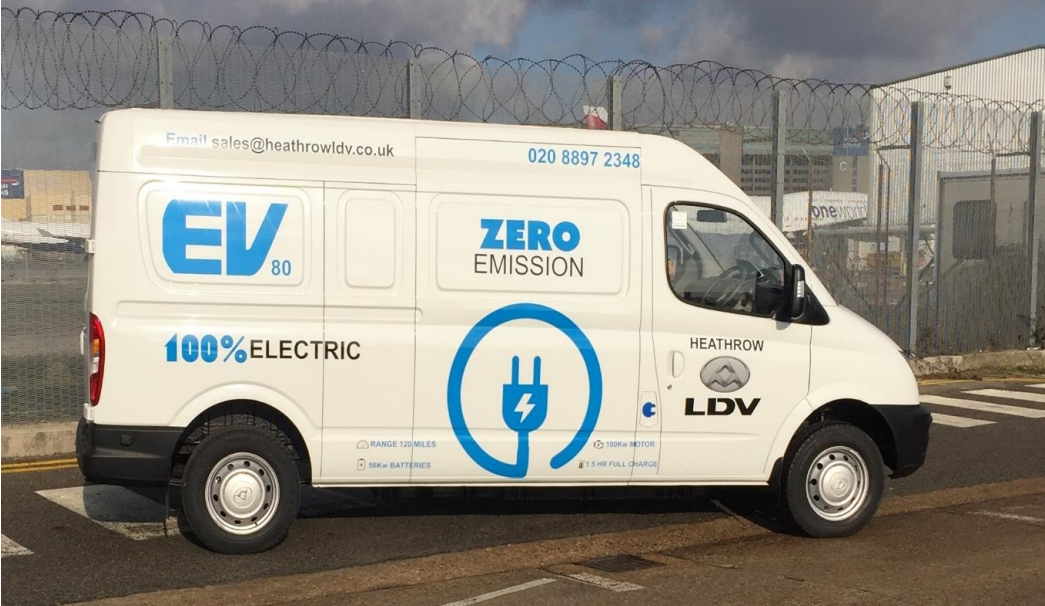
- City procurement will work with DBE to assist departments with procuring the cleanest vehicles possible as part of our zero-emission transition.
- We will continue to ensure that air pollution arising from construction is minimised by encouraging and incentivising trials of electric, hybrid and other low emission construction vehicles, machinery and plant
- Requirements within taxi, courier and other vehicle related contracts will be strengthened, supported by market testing and engagement.

# Aii) Mitigating Air Pollution

## Transition to a Zero-Emission Fleet Policy - 2019

- This Policy requires departments to apply the following decision making rules when an existing vehicle is non-compliant with air quality regulations or comes to its ‘end of life’:
  - 1) Do not replace the vehicle, cover operational requirements with other vehicles or means (*hiring for specific events, cargo bikes, pooling resources between departments*)
  - 2) Replace with the cleanest possible vehicle that meets operational need, applying the following hierarchy: **Full electric → Plug in hybrid → Hybrid → Petrol → Diesel**, using suitably reliable technology (*departments are required to carry out trials, with support from DBE*) and representing the best value for money within that vehicle class
- Thirty three vehicles have so far been bought/ leased this calendar year in response to ULEZ and in line with the City’s new ‘Transition to a Zero Emission Fleet’ Policy

No.	Replacement	Procurement	Comment
4	Full electric	bought	2 LDV EV80 vans, 1 LDV EV80 minibus & 1 Polaris 4x4
2	Full electric	leased	1 Tesla S replaced 2 vehicles in Lord Mayor’s fleet, 1 Nissan ENV200
4	PHEV	bought	Plug-in Hybrid (PHEV) Mitsubishi Outlanders for Open Spaces
2	PHEV	leased	2 LEVC TX London Black Cabs (Zero Emission Capable)
2	Euro 6 Petrol	leased	Trials of hybrid vehicles are already taking place with a view to replacing the 2 petrol chauffeured vehicles on short term lease
10	Euro 6/ VI Diesel	leased	10 diesel vans and mini-buses replaced by Euro 6 diesels on a short term lease to a) allow the clean vehicle market to develop further and/or b) as an interim before EV charge points are installed
5	Euro 6/ VI Diesel	bought	3 Euro VI diesel open beds and 2 double cab pick ups bought as no other fuel type available to meet operational need - OS & Highways



# Aiii) Improving Road Safety

## Areas of work and key achievements

- Supported by Transport for London (TfL) and lessons learned from Camden Council, City Procurement worked with Road Danger Reduction colleagues in early 2017 to introduce Work Related Road Risk (WRRR) requirements within relevant procurement exercises. This included contracts involving the use of vehicles of 3.5 tonnes and above.
- Extensive soft market testing was carried out before introducing these requirements into construction and FM contracts, and subsequently into coach contracts.
- Cross-departmental engagement was also carried out through the relevant Category Boards to ensure internal buy-in and support with contract monitoring.
- To progress through supplier selection, bidders for contracts of more than:
  - 6 months duration must:
    - already be accredited with the Fleet Operator Recognition Scheme (FORS) Bronze level, or equivalent
    - commit to attaining FORS Bronze/ equivalent the within three months of contract start
  - 3 years duration (including framework contracts) must:
    - already be accredited with the Fleet Operator Recognition Scheme (FORS) Silver level, or equivalent
    - commit to attaining FORS Silver/ equivalent the within 18 months of contract start
- These requirements must be cascaded to any relevant sub-contractors of the appointed contractor

## Impact



RP has facilitated positive improvements in the City Corporation’s approach to achieving this objective

## Partners



- Department of Built Environment
  - Strategic Transport team
  - Road Danger Reduction team
- Transport for London (TfL)
- Camden Council

## Lessons learned



- Further engagement with suppliers and more research is necessary on the implications of different schemes if this or similar requirements are to be rolled out to encompass vans as well as larger vehicles.
- Anecdotally, some schemes are more robust in terms of the training elements, others are overly onerous in terms of requirements placed on drivers.

## Future focus



- Expand the existing requirements to encompass light vans as well as vehicles of 3.5+ tonnes. Ensure effective market engagement prior.
- Work more closely with the Road Danger Reduction team to look at any available data which shows companies in our supply chain being involved in collisions in the Square Mile. Use this data to check whether the suppliers are up to date with their WRRR audits and the undertaking of associated mandatory requirements.



# Aiv) Enhancing Nature and Biodiversity

## Areas of work and key achievements

- The following process was developed to support the City of London Biodiversity Action Plan through procurement:
- As part of any relevant specification/ scope of works, Officers must make contractors aware that they must not degrade habitats hosting existing flora and fauna, especially those species listed in the City's Biodiversity Action Plan.
- Officers must make contractors aware of all known protected species during the procurement stage and there is a requirement that contractors stop works upon discovery of protected species where not previously known and inform City of London Officers.
- Habitats hosting the following target species must be protected; House Sparrows, Black Redstarts, Swifts, Peregrine Falcons, Bats, Bumblebees and Stag Beetles. Other important habitats are those that are unique to the City, for example those supporting wall-dwelling species such as mosses and lichens.
- Interventions to create habitats or resources for targets species, including green roofs, living walls, suitable plants and/or water sources must be considered as part of works projects over OJEU.



## Lessons learned



- Unfortunately as they are protected species, City Gardens are only able to disclose locations of e.g. Peregrine Falcon nests as and when works are planned at that site/ roof. It is therefore difficult to plan interventions very far in advance
- In the past, some departments responsible for works may not have been aware of the biodiversity value of less obvious species e.g. rare mosses and lichens on ancient walls. As such, some inadvertent degradation may have occurred. This issue has now been resolved.

## Future focus



- A more established mechanism to determine if living walls/ green roofs could be integrated at the very outset of works projects is required. This includes more comprehensive details on how feasibility studies should be undertaken
- Increased developer/internal monitoring on the creation/quality of green roofs/ living walls
- Contract managers, especially those leading construction and refurbishment works could benefit from training on habitat protection and creation in relation to biodiversity
- Explore whether it could be built into tenant requirements that FM leads must take on the maintenance of living walls and green roofs

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- Open Spaces Department
  - City Gardens



# Bi) Combatting Social Exclusion through Work-Related Opportunities

## Areas of work and key achievements

- The achievement of this objective is one of the most successful outcomes under the social value pillar. Supplier evaluation criteria, sometimes constituting as much as 25% of quality marks, are used to assess bidders' willingness to train and recruit socially excluded groups. City Procurement facilitates this through networking events to introduce suppliers and relevant agencies
- K&M McLoughlin are the City's contractors who undertake internal and external redecoration work of our residential properties and represent one of our best examples of combatting social exclusion through the provision of targeted training and recruitment:
  - They take active steps to recruit people at risk of social exclusion who are interested in learning to decorate, along with qualified decorators looking to get back in to work.
  - They attend job fairs organised by Prisons, Schools, Mencap, Crisis and Job Centre Plus.
  - They have trained several people on their 4-week 'job ready' programme who having successfully completed, went on to work on our contract. The majority of these learners are from target borough Islington, others were residents of Hackney and other boroughs:
    - A female apprentice who worked on the Barbican Estate has now just completed her 1<sup>st</sup> year at college and will progress on to her second year in September 2019.
    - a homeless man who had applied at a job fair at the Crisis offices in East London has now been employed to work on the Barbican contract
    - A young Autistic man was referred by Mencap, his positive performance has led to him being offered an apprenticeship, which he starts in September 2019

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- EDO now 'Innovation and Growth'
  - Employability team
  - Responsible Business team
- City Bridge Trust
- Dept Community & Children's Services

## Lessons learned



- Job ready schemes such as the one illustrated in the example are rare but an essential contributor to creating an apprenticeship-ready workforce with the soft skills, confidence and work discipline needed to enter formal training and/ or a workplace.
- Our suppliers want help to improve their social value offer and 'broking' events have proved successful
- Suppliers that deliver meaningful social value tend to deliver a high quality service across the board, so weightings dedicated to social value need not be seen as a dilution of quality score

## Future focus



- More time and resource dedicated networking events, one to one support of suppliers struggling to source appropriate candidates and closer monitoring would leverage significantly more social value delivery
- Engagement with our sponsored academies could be increased, as could collaborative work with other boroughs, Central London Forward and the Culture Mile

# Bi) Combatting Social Exclusion through Work-Related Opportunities

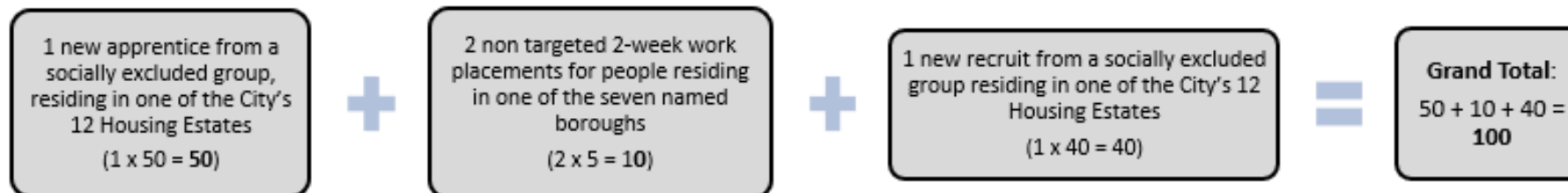
**A = Any person** (non-targeted)

**B = People who tend to be socially excluded** (long-term unemployed, young people (16-24) not in education, employment or training (NEETs), care leavers, ex-military service personnel, homeless people, formerly trafficked people, refugees or ex-offenders)

	Employment & skills	Detail	Candidate location			A	No.	B	No.	Total
			Any	Residing in one of the boroughs within which the City's Housing Estates are located ( <i>Square Mile, Southwark, Tower Hamlets, Hackney, Islington, Lambeth or Lewisham</i> )	Residing in one of the City's 12 Housing Estates					
1	Work placement	2 weeks		✓		5		10		
2					✓	10		20		
3	Traineeship/ Pre-apprenticeship course	(4 - 6 weeks)		✓		10		20		
4					✓	15		30		
5		(8 - 12 weeks)		✓		15		30		
6					✓	20		40		
7	No. people undertaking a recognised apprenticeship	New apprentices starting during the contract period	✓			15		30		
8				✓		20		40		
10					✓	25		50		
11		Existing apprentices working predominantly on the contract, incl. those moving from an apprenticeship to employment during the contract period	✓			10		20		
12	No. new recruits	New recruits employed for work on the City's contract		✓		10		20		
13					✓	20		40		
(Must add up to at least 100) <b>Grand total:</b>										

- This Employment, Skills and Training (EST) menu was developed by City procurement with input from the Social Value Panel as a means of allowing SMEs to compete with larger organisations on social value. The menu is now used in all relevant DCCS Housing contracts
- The total points offered must be the same for all bidders, but they can chose combinations most suited to their business.
- The menu recognises:
  - Different business models and sizes may wish to take different approaches to providing social value
  - The additional value of training and recruiting residents of our estates
  - The necessary additional resource needed to train and recruit those who have limited experience or have been out of work for prolonged periods

Example:



# Bii) Offering Time and Skills to Mission-Led Organisations

## Areas of work and key achievements

- With the exception of leveraging training and employment opportunities for socially excluded groups, skilled volunteering is the most common criterion used to assess social value offerings in City Corporation contracts. It is used when contracts are not suitable for any significant entry level recruitment or training, either due to the duration, level of spend or nature of the contract.
- Where the potential for and value of skilled volunteering is more obvious e.g. contracts involving legal services, media, IT and STEM (science, technology, engineering, Maths) skills, and other technical skills and trades, skilled volunteering is used as the basis of a stand-alone question.
- In this circumstance, flexibility is always provided on how bidders propose to share their skills e.g. presentations to large groups, smaller workshops, or one to one mentoring or pro-bono work.
- Where potential social value offerings may be less evident from the subject matter of the contract, skilled volunteering is included in a menu of options.
- In both cases, the City Corporation always offer to broker relationships between the suppliers and those organisations who would most benefit from their expertise e.g. through City Bridge Trust
- Commitments from bidders have been very diverse over the three years, from STEM talks at disadvantaged schools offered by forensic scientists, to cyber crime workshops for charities from IT specialists and careers talks offered by architects, quantity surveyors and engineers. Two community centres in York Way and Avondale have also been redecorated as part of a skilled volunteering offer.

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- City Bridge Trust
- Social Enterprise UK

## Lessons learned



- Although having social value as a KPI on the CCM scorecard has raised awareness of its importance, monitoring delivery is something that some contract managers still require City Procurement's support with. This is less of an issue with stakeholders who attend the Social Value Panel with procurement counterparts.

## Future focus



- More focus needs to be on the communication of volunteering offers by City Procurement to contract managers to facilitate monitoring.
- Establish closer relationships with a smaller pool of mission-led organisations to better understand their needs, improve monitoring of outcomes and gain feedback on contractors and the type of voluntary work that is most useful
- Use new construction frameworks and other strategic suppliers, to set up a dedicated monitoring database with case studies to inspire other suppliers and to drive performance amongst current contractors .



# Biii) Embedding Equalities Considerations

## Areas of work and key achievements

- Standard terms set out CoL's commitment to eliminate discrimination, to advance equality of opportunity and to work with contractors that share in these commitments.
- All tenders require the disclosure of any discrimination complaints against bidders that have been upheld in the previous three years. In this case, bidders are de-selected if sufficient self-cleansing is not evidenced.
- Contracts related to recruitment and people-based services are prioritised for equalities interventions:
- In the Recruitment Notice Advertising contract, bidders were given data on proportions of staff at different grades according to declared protected characteristics, which demonstrated some instances of under-representation. Bidders were evaluated on how they'd address this imbalance as part of contract delivery .
- The following requirements were part of the Security contract set alongside relevant evaluation criteria:
  - The service is delivered in such a way that all people are treated in an inclusive, respectful and non-discriminatory manner i.e. security staff demonstrate awareness and consideration of people from diverse cultures, faiths, gender identities, disabilities, mental health challenges etc.
  - Positive action will be taken to address any underrepresentation of BAME staff within all tiers of the workforce, including supervisor and management levels.
  - Targeted recruitment should be undertaken (after TUPE) to achieve appropriate gender representation and to promote social mobility and inclusion by taking positive action to recruit from socially excluded groups and those residing in boroughs with the highest levels of deprivation.

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- Dept. Community & Children's Services
  - Equalities
- Human Resources

## Lessons learned



- It was discovered over time that it was a better course of action to separate out equalities interventions in tenders from those efforts to ensure that work-related opportunities are targeted towards socially excluded groups, so as not to risk crossing the line into 'positive discrimination'.

## Future focus



- Closer monitoring needs to take place to determine to what extent, if any, under-representation of certain groups exists within our service contracts. If action is required, this will take place in harmony with the work being carried out as part of CoL's Social Mobility Strategy.
- The Social Value Panel will be broadened to include more equalities representatives

# Biv) Social Value Panel and Community Input

## Areas of work and key achievements

- Community input is sought by stakeholder departments as part of any new project e.g. changes to the public realm or construction projects, either as part of surveys or through community groups. City Procurement has a role in considering the impacts or potential of our spending power on our wider community and set up an independent 'Social Value Panel' in 2014 to facilitate this.
- All service contracts over the European Union threshold (£181,000), at the pre-procurement stage, are consulted on with the Panel. Initial ideas on how social value (including community, economic, environmental and ethical considerations) can be maximised through each procurement exercise are outlined to the Panel by the stakeholder department and the Category Manager.
- The Panel respond by giving feedback on how we may; leverage further social value opportunities; use innovative approaches to minimising environmental impacts; amend our approach if we are inadvertently excluding certain groups; better mitigate the risk of modern slavery on our contracts.



## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- Corporate Strategy and Performance
- City Bridge Trust
- Action Sustainability
- Supply Chain School
- St. Mungo's

## Lessons learned



- The Social Value Panel is a novel and progressive concept and it has helped the City Corporation be recognised as a leader in the field of social value. Delegates from Denmark and Finland observed and participated in the Panel, later setting up their own.
- Departmental stakeholders attending the Panel by has aided mutual learning – of the constraints and contexts of projects and on what's possible and needed by communities

## Future focus



- Improved communication on what the Panel does and what impact it makes could set clear expectations amongst bidders and inspire other authorities to set up their own Panel.
- We are seeking to broaden and diversify the panel to include experts in equalities and social enterprises

- Transport & Environmental Policy Research
- Prince's Trust
- Youth Climate Coalition
- Independents representing local business, SMEs, apprenticeships, training, skills and education

# Ci) Paying the Living Wage

## Areas of work and key achievements

- The City Corporation has been an accredited Living Wage employer since 2014, meaning all staff, including staff of contractors and sub-contractors delivering City Corporation contracts are paid at least the 'London Living Wage' if based in Greater London and the UK 'Living Wage' if outside.
- The City Corporation pays its own Interns, Work experience placements over two weeks and Apprentices the London Living Wage as a minimum. This was recognised as an outstanding contribution in an independent responsible business review undertaken by 'B Lab' in 2017.
- The City Bridge Trust is a Living Wage Friendly Funder meaning that any grant awarded by the Trust towards all or part of a post must be paid the Living Wage as minimum
- In 2018, City Procurement had a proposal approved to go beyond the requirements of Living Wage accreditation to require contractors pay staff the Living Wage for two or more hours of work.
- The backdating of payment uplifts are also required from a month after new rates are announced.
- Our Living Wage accreditation, Policy and commitments are communicated on our website and to bidders as part of the tender documents. Any bidders not willing to pay the relevant Living Wage to staff are de-selected and do not progress to tender.
- City Procurement has been ambassadors for the Living Wage, dedicating London Responsible Procurement Network (LRPN) meetings to the subject, as well as advising a number of boroughs on how it can be effectively implement through lessons learned.

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- EDO (now 'Innovation and Growth')
- (The then) Responsible Business team
- City Bridge Trust
- Living Wage Foundation

## Lessons learned



- For those starting to introduce the Living Wage, one key lesson learned was that transparent and effective communication is key when introducing new rates into contracts. Contracts come to an end at different times so counterparts working side by side for different companies may be temporarily paid at different rates.
- There are issues when public bodies with different commitments use the same e.g. residential care provider

## Future focus



- City Procurement will support other departments with making the case for placing a requirement on leaseholders to pay the Living Wage to their staff, as this currently falls outside the scope of our accreditation licence.
- By collating testimonials from people whose lives the increment has made a real difference to, the team may help make the case for business rates to be adjusted so that they are less for Living Wage SMEs than for those SMEs not paying the Living Wage.



# Cii) Eroding Barriers to Procuring from VCSEs, SEs and SMEs

## Areas of work and key achievements

- The City Corporation is committed to ensuring that barriers to participation in procurement exercises by Small and Medium Enterprises (SMEs), Social Enterprises (SEs), Voluntary and Community Sector Enterprises (VCSEs) are eroded and that local businesses, particularly those identified as being located within the top 10% most deprived areas, are supported.
- Current local procurement target boroughs include Barking and Dagenham, Hackney, Islington, Newham, Tower Hamlets, Waltham Forest, Haringey, Lambeth, Lewisham and Southwark.
- Wherever feasible in all goods and services contracts over £10k, Procurement Operations Officers are required to invite either a UK based SME or SE, or a local supplier from one of the local procurement target boroughs to be one of the three organisations providing a quote.
- Accounts Payable has a target of paying SMEs within 10 days in recognition of the need for cash flow in smaller companies and simpler terms and conditions were developed by Legal and Finance for lower value contracts to avoid unnecessarily onerous burdens on resources.
- Mechanisms used to eroded barriers to competing for higher value contracts include:
  - Practical presentations given as part of SME engagement events e.g. Supply Chain School
  - Soft market testing exercises carried out to determine if SMEs would be able to adopt more ambitious approaches to e.g. to road danger reduction, health & safety etc.
  - Supplier evaluation scores based on the robustness of responses rather than accreditations
  - The use of menus of options for social value delivery or action on reducing air pollution

### Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

### Partners



- EDO (now 'Innovation and Growth')
- City Bridge Trust
- Supply Chain School

## Lessons learned



- Self declarations made when suppliers registrations on our E-Procurement Platform 'Capital E-Sourcing' are not always reliable in terms of identifying business entity. This could be due to a lack of knowledge on what constitutes an SME or SE. This, and the fact it is a shared system, makes tracking our performance of doing business with smaller/ mission-led organisations somewhat difficult.

## Future focus



- We will work with the other boroughs who share Capital E Sourcing and Westminster City Council who administers it to improve the available data, allowing us to target future interventions towards those categories of spend with disproportionately low participation by SMEs, SEs and VCSEs
- Closer partnerships formed under the new construction frameworks will be used to communicate more candidly with suppliers about how our approach may be improved

# Ciii) Targeting Spend towards Mission-Led Organisations

## Areas of work and key achievements

- City Procurement supported Remembrancers in their concerted efforts to engage SE Café Sunlight and 'The Clink' as event caterers, approved for use by internal and external parties using Guildhall.
- A requirement to continuously increase SE engagement was included in our print services contract.
- However, due to the fact that our tier one suppliers have less restrictions on targeting spend towards SEs and VCSEs, its often more effective for City Procurement to encourage, incentivise and facilitate the use of SE and VCSE services within our supply chain rather than contracting directly.
- Flexible supplier evaluation questions are frequently used where one option from a social value menu is to use social enterprises from relevant mature markets e.g. digital marketing, design, event catering, horticulture etc. with the aim of facilitating durable partnerships
- The mission of many SEs, VCSEs and Charities is to provide training and work-related opportunities to the most socially excluded groups in society e.g. ex-offenders, homeless people and people with learning difficulties, mental health challenges and disabilities. One impactful way City Procurement helps support these mission-led organisations is by running events to introduce them to our supply chain partners with the aim of facilitating partnerships that will lead to the employment of these candidates within our contracts.
- The most recent 'speed broking' event brought together our key construction and FM contractors looking to recruit work experience placements, job ready scheme candidates, apprentices and new recruits as part of their social value offering to the City, with mission-led organisations working throughout London who offer support, training and work experience to socially excluded groups.

### Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

### Partners



- EDO now 'Innovation and Growth'
  - Responsible Business team
- First Step Trust
- Social Enterprise UK

## Lessons learned



- Mentoring by larger organisations can help smaller, mission-led organisations to establish themselves
- Gaining an up-to-date knowledge of the SE market is time consuming and necessitates appropriate resources and or partnerships with experts
- Organising events to introduce supply chain partners to mission led organisations is very effective and mutually beneficial to both parties but is also resource intensive

## Future focus



- A reassessment of the maturity of SE and VCSE markets is necessary in order to effectively target spend
- It is intended that speed broking event such as the one described will be replicated for contractors from other industries.
- Events to expose staff responsible for buying services below the £10k threshold to relevant SEs and VCSEs are also planned, with the aim of raising awareness of the mission of the organisations and the quality of service they can deliver.

# Di) Promoting Sustainable Food, Farming and Animal Welfare

## Areas of work and key achievements

- Sustainable food sourcing, low impact farming practices and high animal welfare are RP priorities.
- All corporate catering contracts, with the exception of those serving independent schools and one off events, are required to achieve the 'Food for Life (FFL) Served Here' Bronze accreditation or equivalent. This scheme was identified as the most appropriate as it covers a broad range of City Corporation priorities, but it is based on an options matrix which allows some degree of flexibility.
- FFL criteria include a ban on genetically modified ingredients, undesirable additives and trans fats, and require animal welfare standards to be met, the use of seasonal ingredients, meals to be freshly prepared, sector-specific nutrition standards to be met and training to be provided to staff.
- Independent school catering contractors are adhering to as many of the above as possible, while still respecting student and parent choice. Stand-alone sustainable food and catering commitments are, however, mandatory for schools and they require all corporate catering contractors to:
  - Serve sustainably sourced fish, as stipulated by the City Corporation's Sustainable Fish Cities Pledge. This means that all fish, including fish ingredients, must be demonstrably sustainable with all wild fish caught meeting the FAO Code of Conduct for Responsible Fisheries. Service providers should refer to up-to-date information on sustainable fish for caterers. No 'red list' or endangered fish shall be used under any circumstances.
  - Provide Fairtrade or equivalent ethically sourced goods and services where possible in accordance with the City's 'Fairtrade Resolution' in 2007, re-ratified in 2019.
  - Source free range shell, liquid and powdered eggs from free range hens only.

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- DCCS
  - Health and Wellbeing
- Corporate Catering Working Group
- Soil Association
  - Food for Life

## Lessons learned



- Most sustainable food criteria do not significantly impact on price, with the exception of high animal welfare meat and poultry. If the highest standards are to be met i.e. free range or organic meat, caterers need to be challenged to find appetising ways of (at least partially) substituting meat protein with other forms of protein.
- Our corporate catering contracts are price sensitive as most diners can choose to go elsewhere

## Future focus



- Support catering contractors with promoting the sustainable food offering provided by raising awareness amongst staff and colleagues of the importance of
- Support a subsequent campaign testing internal buy in to determine the impact on sales of introducing 'meat free' days into the menu, raising awareness of the importance of reducing meat in diets as a way that individuals can contribute towards mitigating climate change.



# Dii) Buying Green Products and Services

## Areas of work and key achievements

- One of the first rules introduced as part of the RP Strategy was that Officers must use the **Government Buying Standards** 'Mandatory' criteria, and wherever practicable the 'Best Practice' criteria, in the technical specifications of all relevant product, service and works categories.
- Developed by Defra and based on the European Commission's 'Green Public Procurement' (GPP) criteria, the Government Buying Standards (GBS) can be used as "cut-and-paste" specifications, award criteria and contract performance clauses. Their use aims to reduce the environmental impact of cleaning products & services, food & catering services, furniture, electrical goods, horticulture & park services, office ICT equipment, paper & paper products, textiles (e.g. uniforms), transport (vehicles), construction projects & buildings and water-using products.
- GBS cover aspects specifically listed in the Responsible Business Strategy, such as energy efficiency, plastics and packaging, and also more specific areas that may otherwise be overlooked e.g. levels of mercury and volatile organic compounds, production methods, hazardous chemicals, separability of materials at end of life, water use efficiency etc.
- As part of RP work within City Procurement, the GBS are being updated internally and made more rigorous in line with the RB Strategy and the principle of minimising environmental impacts
- Responsible Procurement has now been integrated into DCCS's Housing Design Guide, which will at least in part inform a new design guide for all investment and corporate properties.

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- Dept Community and Children's Services - Housing
- Department for Environment, Food and Rural Affairs (Defra)
- European Commission – DG Environment

## Lessons learned



- Defra unfortunately shifted its focus away from UK sustainable procurement initiatives and therefore many of the 'Government Buying Standards' are becoming redundant as technology progresses
- It has started to become very resource intensive to set robust requirements for green products and services within specifications through data collation from various best-practice industry publications.

## Future focus



- Continue work on updating the Government Buying Standards using industry best-practice publications.
- Understand whether other public authorities are undertaking similar work and pool resources if at all possible.
- The future focus for this objective overlaps with that related to energy efficiency, namely the development of a set of standard design specifications to be used by City Surveyors, which will come out of the Sustainable Buildings project.

# Diii) Sourcing Sustainable Timber

## Areas of work and key achievements

- The world lost more than one football pitch of forest every second in 2017, according to data from a global satellite survey, adding up to an area equivalent to the whole of Italy over the year.
- The scale of forest destruction, much of it illegal, poses a grave threat to tackling both climate change and the massive global decline in wildlife. The loss in 2017 recorded by Global Forest Watch was 29.4m hectares, the second highest recorded since the monitoring began in 2001.
- One of the first requirements brought in under the RP Strategy was that Officers must purchase all timber and timber products in accordance with the UK Government's Timber Procurement Policy. This is applied to all relevant contracts including e.g. works, new Guildhall chairs etc:
  - Only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed Forest Law Enforcement Governance and Trade (FLEGT) partner can be purchased.
  - All wood used in furniture must have evidence from the supplier that the products they are delivering comply with the policy.
- The new corporate contract for print paper has three options for staff to select from:
  - The most common paper for everyday use is made from 100% recycled fibres and bears both the 'EU EcoLabel' and 'Blauer Angel' labels (recognised environmental accreditations)
  - The other two higher specification paper options are both EU Ecolabel accredited and are certified either by the FSC (Forestry Stewardship Council) or the PEFC (Programme for the Endorsement of Forest Certification)

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- UK Government
- City Surveyor's
- Remembrancer's

## Lessons learned



- The destruction of rainforests and other forests for timber is an already well known and simple issue to communicate to stakeholders and decision makers, therefore robust requirements are supported.
- It is far harder to use RP to try and limit our contribution to indirect rainforest destruction e.g. by reducing red meat consumption or sourcing sustainable soy and palm oil (significant destruction is a result of 'slash and burn' for cattle ranching and subsequently agricultural cultivation)

## Future focus



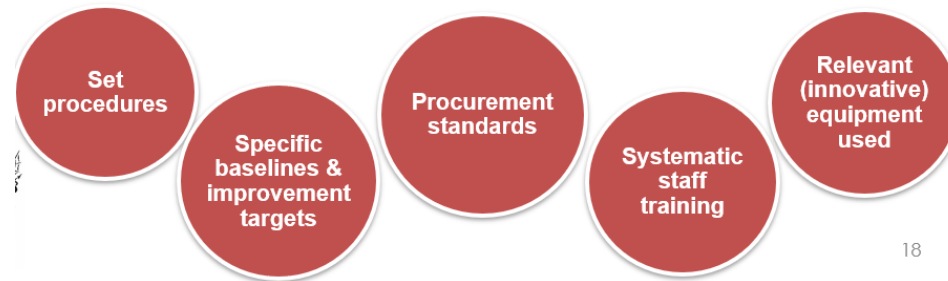
- Spot checks on chain of custody (CoC) certificates could be carried out to verify supplier compliance with the UK Timber Policy.
- Other commodities that drive rainforest destruction could be made areas of priority focus in terms of both supplier engagement and requirements built into contracts. These commodities include soy and palm oil especially.

# Div) Optimising Environmental Management Practices

## Areas of work and key achievements

- Alongside the 5% question on social value, the vast majority of tenders include a 5% supplier evaluation question on environmental management approaches. This requires bidders to set out how they would minimise environmental impacts associated with the delivery of the contract.
- Key focus areas are set out in the table opposite and the methods and mechanisms listed below the table are suggestions of evidence that may be offered
- The reason this approach has been developed is to ensure that:
  - The focus is on areas of key importance to the City
  - We have industry data setting out what targets should be reasonably expected, especially in construction
  - That SMEs are not excluded – as authenticity of responses are valued over costly accreditations

Aspects to cover	Examples
Safeguard air quality	Using or at least trialling alternative fuel vehicles, dust suppression
Procure sustainable materials	How the highest impact materials are sourced
Minimise waste (incl. water)	Waste hierarchy, training on procedures
Minimise energy use (CO <sub>2</sub> emissions)	Fuel efficient vehicles, new technologies, logistics, embedded carbon (energy intensity of materials)



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## Lessons learned



- Many bidders focus responses to questions about climate change on the separate issue of local air pollution (particulate matter (PM) and Nitrous Oxides (NO<sub>x</sub>), which impact on lungs and are therefore related to public health). This issue is solved if more information is contained within the question itself
- There is a lot of potential for SMEs access training and to learn from larger companies as part of networks such as 'Supply Chain School'

## Future focus



- The future focus of optimising environmental management practices will overlap with other objectives related to:
  - energy efficiency (energy intensity/ embedded carbon)
  - buying green products and services (new design specs)
  - air quality (new technology including hybrid plant)
  - waste (zero waste to landfill)
  - circular economy (showcasing and trialling new products)

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- Markets & Consumer Protection
  - Environmental Pollution team
  - Air Quality team
- Department for Built Environment
- City Surveyors

# Ei) Rethinking Need through Demand Management

## Areas of work and key achievements

- Although it has limited direct influence, City Procurement can influence contracts so that suppliers can help our organisation with demand management, in line with responsible business objectives:
- A consistent RP requirement that new buildings are designed to be adaptable to future use, in terms of both fabric and mechanical and electrical equipment, is now introduced into design briefs.
- In our MFD contract with Konica Minolta, a future proofing requirement was introduced that they assist IT with reducing the existing MFD fleet over time, without financial penalties. Other examples facilitated by this contractor include default duplex and grey scale printing and the use of electronic fobs to collect print. This saves a significant amount of wasted print jobs, associated paper and ink.
- City Procurement is implementing the 'Minimising Plastic and other Unnecessary Waste Policy' by removing single use and non-recycled plastics from e-catalogues, identifying sustainable alternatives.
- Those wishing to purchase, lease or hire vehicles are challenged to consider alternatives to vehicle replacement, as part of the new decision making hierarchy introduced in the 'Transition to a Zero Emission Fleet' Policy. Since its introduction, and that of the Mayor of London's ULEZ 2019 requirements, the decision has been made not to replace three Boy's School vehicles and one of the Lord Mayor's vehicles. Previously, the Police fleet was rationalised from 125 to 91 vehicles and the corporate fleet from 200 to 118 with examples including the Road Danger team replacing their motor vehicle with an electric cargo bike and Barbican Library sharing a van with Tower Bridge.

## Impact



RP has enabled some progress on the City Corporation's approach to be made, but impact has been limited to date

## Partners



- City Surveyors
- Chamberlain's
  - IT
- Department for Built Environment
  - Business Performance & Transport

## Lessons learned



- Staff respond much better to resource efficiency and demand management campaigns if they are effectively informed of the corresponding environmental benefits
- Future plans and future uses need to be considered at the outset of all procurement projects in order to avoid redundancies and waste

## Future focus



- A new and radical Print Policy is about to be introduced, with plans for a dramatic reduction in printing and an increased use of IT devices to access documents. City Procurement part of the working group helping to deliver this Policy, led by the IT team, and our MFD contractor is supporting us through the provision of data on the highest individual and team users and on the corresponding water, carbon and tree equivalents we are able to save through reductions in print.



# Eii) Reducing Waste throughout the Procurement Cycle

## Areas of work and key achievements

- Waste minimisation is not only important to maximise resource efficiency, reduce costs and reduce land or air pollution, it is also important in reducing our contribution to climate change.
- The most effective way of minimising waste is to consider the optimum route of disposal during procurement planning. Considering the content, separability, recyclability and/or resale value of component parts during procurement is strongly encouraged, as is the use of closed loop systems.
- Under regulation 15(1) of the Waste Regulations 2011, officers are required to apply the 'waste hierarchy' to all items purchased, which is reiterated in the Procurement Code.
- City Procurement was involved in developing the 'Minimising Plastic and other Unnecessary Waste Policy'. This was originally going to be a 'single use plastics' policy but the team worked with cleansing and other colleagues to broaden the scope so that unnecessary materials such as disposable cutlery, food containers and paper towels were also included. City Procurement's efforts to deliver this new policy will include monitoring and work with consumables suppliers and staff
- Aspects related to waste, especially demand management, energy efficiency, and the circular economy are covered in other objectives, but in terms of specific interventions to minimise the generation of waste through our supply chains:
- Waste is always included as one of four elements in environmental management questions used as part of supplier evaluation. In order to ensure objective marking, each element is scored individually.
- Bidders are marked on their level of ambition, set procedures, staff training and specific targets on waste minimisation, diversion from landfill and recycling rates.

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- Corporate Strategy & Performance
  - Responsible Business
- Department for Built Environment
  - Cleansing
  - Business Performance & Transport

## Lessons learned



- When suppliers refer to very high proportions of waste diverted from landfill, this can often mean that it is all sent for incineration (energy from waste), and not necessarily that they achieve very high recycling rates.
- Waste is one of those areas that suppliers with very proficient bid team can score well on, even if operationally they are not performing well compared to industry norms. Claims in tenders may therefore need to be verified spot checks

## Future focus



- Getting procedures in place to help deliver the Minimising Plastic and Other Unnecessary Waste Policy will be the main focus over the next six months, the delivery of the Print Policy through close collaboration with Konica Minolta, our MFD contractor.
- A series of case studies will be written to showcase good practice amongst our supply chain in the field of effective waste management.

# Eiii) Applying Total Cost of Ownership Principles

## Areas of work and key achievements

- The Public Contracts Regulations 2015 require that life cycle costing (LCC) (otherwise referred to as Total Cost of Ownership (TCO)) must cover costs over the life cycle of a product, service or works in public procurement exercises. This is reiterated in the City's Procurement Code, which sets out that LCC to factor in 'in use' phases of buildings, vehicles, plant and equipment should be used along with acquisition costs to determine longer term value duly consider energy/ fuel efficiency.
- Taking TCO into account will justify a certain level of initial cost premium for more efficient products, as energy/ fuel/ water costs over the life cycle will be lower. Even with reputedly costly goods such as electric vehicles (EVs), many smaller models represent better value for money than diesel equivalents on an LCC basis, especially with high mileage drive cycles. This is not yet the case for larger, newer technology EVs, which do impose a premium, but the decision has been made not to determine vehicle choice on a purely monetary level, due to the Square Mile's significant issue with local air pollution and the 'Transition to a Zero Emission Fleet' Policy.
- LCC comparisons help determine the approved design of some construction works undertaken by the City, but it is currently more often the case that the initial construction costs, for designs meeting user requirements, Building Regulations and planning rules, are the determining factor. The newly initiated 'Sustainable Buildings' project and emerging Climate Action Strategy should help mainstream future decision making which incorporates LCC, including energy efficiency and monetised environmental performance.

## Impact



RP has enabled some progress on the City Corporation's approach to be made, but impact has been limited to date

## Partners



- Transport Coordination Group
- City Surveyors
- Department for Built Environment
  - Public Realm
  - Planning

## Lessons learned



- It is difficult to instil the principle of total cost of ownership on an ad-hoc basis, its something that needs integrating into decision making processes at the right time and the right level of governance.
- In order the for optimum decisions to be made, in terms of value for money throughout the lifecycle of the building/ vehicle/ equipment/ project, robust comparative costs need to be presented

## Future focus



- Training and guidance materials for procurers and relevant departmental stakeholders will be investigated
- City Procurement intends to support the integration of LCC as standard into construction works decision making processes, along with life cycle assessments, which set out the overall environmental impacts of comparable solutions
- City procurement will also support any changes to the Gateway process that will help achieve the above and climate change mitigation targets

# Eiv) Embracing the Circular Economy

## Areas of work and key achievements

- Bidders are marked on approaches to applying the circular economy and waste hierarchy as part of supplier evaluation in all relevant contracts. Key examples of suppliers embracing this include:
- The Girl's School IT hardware provider, Dell, has used a variety of innovative materials for packaging
  - Mushrooms grown on agricultural waste, straw that would have otherwise been burned and ocean bound plastics have all been used to manufacture packaging
  - Dell has partnered with Indian company 'Chakr', who provide ink for logos on packaging which is made from local air pollutant 'carbon black' in Delhi. Emission control device are retrofitted on diesel generators, which capture around 90% of particulate matter emissions from the exhaust. Annually this operation helps to purify air breathed by 110,000 people.
- Our waste collection service provider, Veolia, uses advanced separation technology as well as manual separation to recover paper and card, drinks cans and steel cans, aluminium, glass, plastic and wood, supplying high-quality material so manufacturers can use it to make recycled products.
  - Broken glass gets reused in fibre glass insulation as part of their partner 'Knauf's' initiative
  - Some types of glass are used for sand substitution, which is used as part of road surfacing
  - Plastic milk bottles are separated and made into food grade pellets to make new milk bottles
  - Only 1% of materials collected in London are exported outside the UK, including aluminium cans sent to a plant in Germany for reprocessing into new cans
  - Unrecyclable waste is sent for incineration where heat energy is used to power local homes

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- Dept Built Environment
  - Cleansing team
- Chamberlain's
  - IT

## Lessons learned



- Officers involved in trying to mainstream circular economy principles have discovered that it is more complex than procuring products with recycled content – it requires 'cradle to cradle' principles to be considered and 'designed-in' from the outset of any project.
- Although some progress has been made, CoL still has significant progress it can still make in this area.

## Future focus



- Join more London-wide/ national working groups to find out more about what leaders in this field are doing, what good looks like and what good practice we can replicate
- Set up innovation showcases of products made from 'waste' materials that could be used by CoL
- Support the formal and informal staff awareness raising campaign on recycling behaviours. Recyclates must be appropriately separated if they are to be captured and converted into raw materials for new products

# Fi) Ensuring Energy Efficiency

## Areas of work and key achievements

- At the time of writing, the City Corporation’s target is to reduce energy use in existing buildings by 40% by 2025 compared to 2008 levels. RP contributes towards this Carbon Descent plan by requiring the following of Officers planning or undertaking procurement:
  - Use of Government Buying Standards for energy efficiency in all relevant specifications
  - Compliance with Local Plan requirements, if possible these are exceeded (e.g. BREEAM)
  - All major projects should adopt the Soft Landings methodology from 2019 onwards
  - The most energy efficient products available must be obtained, as set out in the EC Energy Efficiency Directive, and in general energy efficient/ low carbon solutions must be sought when undertaking a procurement that will result in the use of energy.
- The latter is supported by the introduction of energy efficiency into City Surveyor’s Cyclical Works Programme scoring matrix for projects from 18/19. City Procurement encouraged the introduction of this change through participation in Energy Board & Facilities Services Category Board
- City Procurement is contributing towards the ‘Sustainable Buildings’ project, which aims to take a portfolio look at prioritising improvements in energy efficiency and sustainability performance across IPG and corporate properties. It has also been involved from an RP perspective from the outset of new major projects including the new Police, Courts and Commercial development on Fleet Street, helping to ensure that all RB priorities are appropriately integrated into the design.

### Impact



RP has facilitated positive improvements in the City Corporation’s approach to achieving this objective

### Partners



- City Surveyors Department
  - Major Programmes
  - Operations Group
  - Energy team

## Lessons learned



- Energy efficiency is hard to achieve with the wide variety of fixtures and fittings still in existence
- Collaboration with industry is key since Government Buying Standards are no longer being updated and current building regulations are outdated

## Future focus



- When recommendations are provided as part of the ‘Sustainable Buildings’ project, City Procurement will help the Energy team to translate these into a compliant and efficient procurement framework.
- This will be based on a City Surveyors ‘Design Specification’ which will ensure energy efficiency is maximised as fixtures and fittings are standardised, replacement items are readily available - speeding up maintenance and repairs and that the City Corporation benefits from aggregated spend and consequent value for money.



# Fii) Promoting Renewable and Low Carbon Energy

## Areas of work and key achievements

- Along with energy efficiency, this objective is one of the most important for the City Corporation to achieve carbon reduction and as such mitigate the organisation's contribution to climate change.
- Open Spaces has led the way on showcasing the benefits of renewable energy, with the most recent solar panel roof installations now completed at Epping Forest, Harrow Road and Parliament Hill. OS accessed loan funds from City's Energy Efficiency Fund (EEF), supported by the Energy team. The panels produce renewable solar electricity for the buildings, reducing the need to import more carbon intensive electricity from the national grid and generating annual savings of ~£10k.
- One example of an RP requirement that has led to an important carbon reduction plan was part of a variation suggested by our Building Repairs and Maintenance (BRM) contractor, Skanska. They listed the global warming potential (GWP) of a wide range of refrigerant gases used on our sites, with a recommended priority order for replacement according to legislation and climate change potential.
- The procurement of a Power Purchase Agreement (PPA) (live at the time of writing), if successful, will be City Procurement's most significant contribution by far to this agenda. It is a 15 year commitment that constitutes the UK public sector's first physical PPA for renewable electricity.
- This was underpinned by the development of a 100% Renewable Electricity Policy and Sourcing Strategy by City Procurement and City Surveyor's Energy team. This was approved by Policy & Resources Committee in June 2018. Further details in this and the PPA are provided overleaf.

## Impact



RP has had a significant and material impact on the City Corporation's approach to achieving this objective

## Partners



- City Surveyors Department
  - Energy team
  - Operations Group
- Open Spaces

## Lessons learned



- Access to 'invest to save' schemes are important for local authorities who wish to make long term savings and reduce carbon footprints through renewable energy installations
- Suppliers are well placed to know how they can make the best possible environmental impacts on contracts, so building relationships is key
- Knowledge of complex markets such as the PPA market is essential in order to determine the best approach

## Future focus

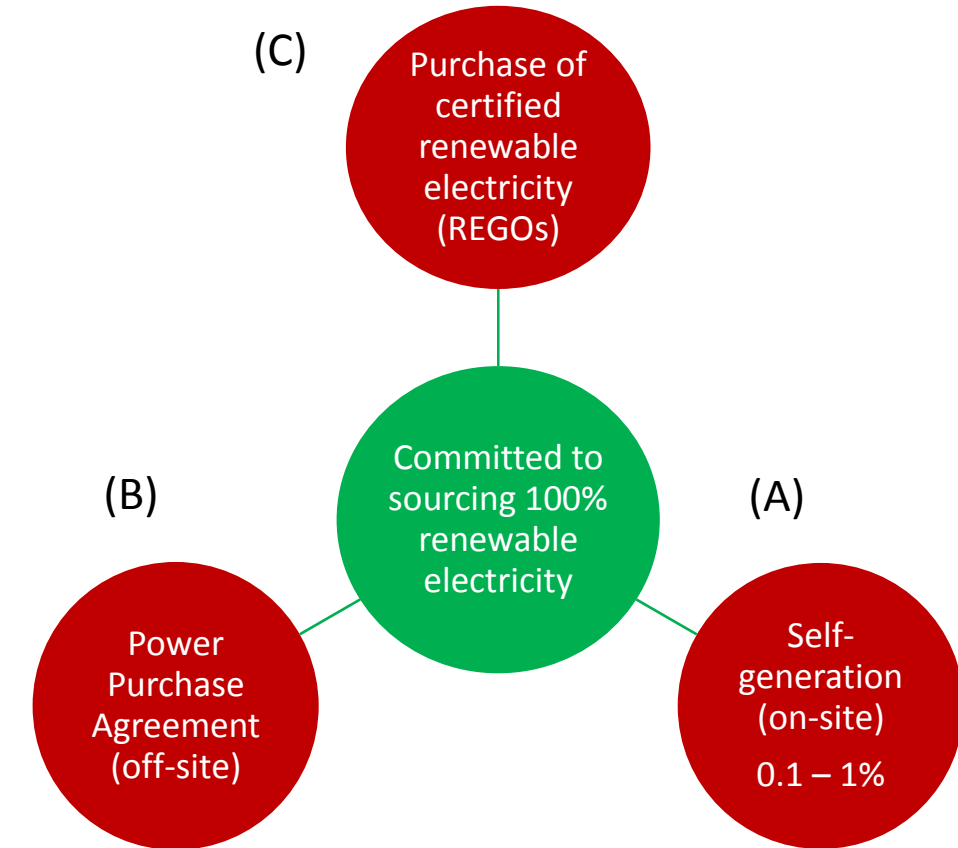


- With the planned release of the City's Climate Action Strategy in June 2020, there is a great deal of work to be done by City Procurement in terms of:
  - Collecting data on Scope 3 emissions (carbon associated with our supply chain is roughly four times the magnitude of Scope 1 & 2 emissions)
  - Developing an action plan to reduce Scope 3 emissions as far as possible
  - Supporting the Climate Action group with carbon reduction delivery and plans to meet net zero carbon targets through sequestration and offsetting

# Fii) Promoting Renewable Energy

## 100% Renewable Electricity Policy and Sourcing Strategy

- The City Corporation's Renewable Electricity Policy commits us to sourcing 100% renewable electricity from October 2018 onwards.
  - The Renewable Electricity Sourcing Strategy involves three parallel workstreams:
    - (A) on-site generation (*solar panels, biomass boilers etc.*)
    - (B) off-site generation (*through a PPA for new wind or solar energy installations*)
    - (C) certified renewable electricity (*existing renewables available through the grid*)
- (A) The workstream to promote self-generation on site is the most cost effective and green option as it improves energy resilience i.e. less reliance in the grid, private wires remove non-commodity costs associated with grid energy and commodity costs are eventually free once the installation has been paid for through savings. The significant limiting factor to self-generation by the City Corporation however is the nature of our sites. Development in the Square Mile is limited by listed building status, shade, roof access and Planning Regs and on our Open Spaces sites by limitations to development on AONBs and SSSIs.
- (B) The workstream to procure a Power Purchase Agreement has the most potential as:
- Environmental benefits are provided through carbon reduction and 'additionality', the principle that our long-term agreement is being used to leverage investment in a new (portfolio of) onshore wind or solar installation(s)
  - It protects against long-term energy commodity price volatility as prices for the renewable electricity through the PPA are linked to CPI, a much more stable index
  - It provides a commercial advantage through the long-term costs savings it is predicted to make when comparing future projections of energy commodity prices vs future CPI
- (C) The workstream to procure 100% renewable electricity has been achieved by buying guarantee of origin certificates (REGOs) since October 2018. This has a slight cost premium and doesn't provide the additionality element. It was therefore seen as a stepping stone to the PPA



# Fiii) Exploiting Innovation to Reduce Energy Use

## Areas of work and key achievements

- City Procurement has worked closely with the Energy team, our BRM contractors, Skanska, and Action Sustainability's 'Supply Chain School' to facilitate the use of innovative approaches to reducing energy use by supply chain partners through a series of co-led workshops, including a 'Dragon's' Den style Innovation Showcase event held at the Guildhall.
- Setting aside the issue of local air pollutants, electric vehicle (EV) motors are much more energy efficient than vehicles with combustion engines. Peak efficiencies are higher than 90% in EVs compared to 40% or lower in most combustion engines. City Procurement has undertaken significant work to help transition the City Corporation towards an electric fleet through the development of Policy and procurement mechanisms, described more fully under objective Aii.
- The DBE's Business Performance & Transport team have been UK forerunners in trialling new vehicle technologies of all sizes, including the UK's first trial of a 26 tonne full electric RCV at Smithfield market, which yielded very positive results. City Procurement has supported these efforts by leading a project representing six other departments to source funding and endorsement of the installation of EV charge points at four City Corporation sites.
- The team has also introduced requirements in specs to encouraging trials of new tech vehicles and innovative software to increase fuel efficiency within the specs of all tenders
- Other interventions RP contributing to this objective include the use of soft market testing on the potential to reduce embedded carbon associated with energy intensive products such as concrete within relevant construction and civils contracts and the PPA described in objective Fii

### Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

### Partners



- Chamberlains
- City Surveyors
- Department of Built Environment
- Transport Coordination Group
- Supply Chain School
- Skanska

## Lessons learned



- Development of clean technology is happening increasingly rapidly and as such it is important for the public sector to keep abreast of advances in technology that may help meet internal sustainability objectives.
- Many technologies being invested in will be redundant in a matter of five years e.g. EV chargers, which often means there is a reluctance to invest. However, to achieve desired results with suitable expediency, it is better to phase installations gradually and learn lessons which are then implemented, rather than waiting until the optimum product is developed.

## Future focus



- Exploiting innovation to reduce water use must be an area of future focus due to foreseen water shortages and current lack of data and monitoring.
- City Procurement will explore this area, especially with new major developments, alongside continued work to help facilitate the use of innovation to reduce energy use directly and embedded in products

# Fiv) Climate Change Resilience

## Areas of work and key achievements

- The effects of climate change are already being felt i.e. more frequent and extreme instances of high temperatures, drought periods, intense rainfall and flooding. Achieving this objective requires recognition of this fact by relevant stakeholders and that weather patterns are only going to become more extreme. Part of the City Corporation's role is to respond by putting measures in place so that human and other species within City Corporation jurisdictions, can cope with these extremes better.
- City Procurement plays a part in raising awareness amongst less familiar departments that they must make sure whatever they are procuring is climate resilient, this requirement is set out in the Procurement Code . It is particularly important that the built environment (new buildings, public realm and other infrastructure) can cope with future, more frequently extreme environments as well as other items intended to have a long life span e.g. trees.
- The RP function aims to ensure the integration of sustainability aspects at the outset of construction, major refurbishment and public realm works into design briefs, including climate change adaptation and resilience considerations. These can include requirements or targets to achieve a certain 'Urban Greening Factor', which is now set in the draft Local Plan at 0.3 for new developments, Sustainable Urban Drainage Systems (SUDS) and integrated water management. City Procurement's main role is to support stakeholder departments with developing supplier evaluation criteria that suitably test bidders knowledge and capability of meeting such targets.

### Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

### Partners



- Department for Built Environment
  - Sustainability planning

## Lessons learned



- Cross-departmental collaboration and pooling of knowledge and resources is necessary to achieve progress with climate resilience and adaptation.
- The subject matter itself is complex and challenging, as is the integration of effective mechanisms, which need to be considered at the very outset of projects.

## Future focus



- City Procurement's main focus will be to input into sustainability workshops associated with all new major developments including the Police, Courts & Commercial development, Smithfield, Museum of London and the new markets development
- City Procurement will contribute to Lunchtime Learning sessions on how the City Corporation can best future-proof projects by considering climate resilience and adaption, bringing together Planning and Open Spaces colleagues and other external experts and targeting colleagues with the most scope to influence outcomes



# Gi) Complying with UN ILO Conventions throughout Supply Chains

## Areas of work and key achievements

- The United Nations (UN) International Labour Organisation (ILO) fundamental conventions set out eight basic human and labour rights, which have been the main focus of the City Corporation’s work on ethical sourcing as part of the RP Strategy. Certain industries pose a higher risk than others of using supply chains that contravene these conventions, including those producing construction materials, textiles, electronic equipment and food.
- Bidders are not assessed at supplier evaluation for contracts involving high risk products as this is deemed neither effective, nor are the responses objectively measurable. It also recognises the fact that many suppliers are only at the start of their journey towards supply chain transparency.
- Interventions are instead used within contract specifications, mandating that specific yet flexible continuous improvement processes are undertaken throughout the duration of the contract.
- Requirements are developed in consultation with stakeholder departments, on a case-by-case basis according to the nature of the contract in question. A supply chain mapping exercise to identify risk hotspots is always the first action, which must be completed within the first six months.
- Subsequently, a set of actions to address these risks are mutually agreed by the contractor and the City. These can include awareness raising and use of additional, cascaded contractual provisions for their supply chain, affiliations with organisations who provide expert support or data, and auditing, either internal, traditional or community based.

### Impact



RP has facilitated positive improvements in the City Corporation’s approach to achieving this objective

### Partners



- Greenwich University
- Business, Environment and Human Rights
- London Uni’s Purchasing Consortium
- Ethical Trading Initiative
- Swedish Councils
- Danish Human Rights Commission

## Lessons learned



- Public sector entities buy a wide variety of goods, services and works, so spend is spread over a diverse and vast number of global supply chains. Unlike retail or manufacturing industries, our leverage, and as such control over top tier suppliers is relatively low.
- Leverage is higher if buying through national frameworks, so joining up with other boroughs has been key
- As has prioritising of sectors we do have higher spend and influence over, which pose the highest risks of human and labour rights abuses in supply chains; construction, textiles

## Future focus



- Upcoming areas of focus include:
- Working with the construction companies on our suite of new framework contracts to undertake awareness raising workshops, baseline current due diligence and set continuous improvement targets
- Ensuring that our upcoming uniforms contract includes appropriate due diligence requirements

# Gii) Striving to Source Products containing Conflict-Free Minerals

## Areas of work and key achievements

- The mineral trade has funded violence and armed conflict for decades. Despite international legislation, conflict minerals including gold, tin, tantalum, and tungsten, often mined by children, enter global markets and end up in products such as computer equipment.
- The most significant work carried out to increase the transparency of our supply chains to identify conflict mineral risk has been on our behalf by our IT Managed Service provider, Agilisys. They undertook a supply chain mapping exercise on ‘Lenovo ThinkPads’, our most commonly used laptop:
- Agilisys undertook this work as part of their responsible business offering to the City and as a sort of pilot exercise – the City Corporation had never undertaken its own supply chain mapping exercise, even though it asks high risk suppliers to map their own, therefore it was a way of learning about the realities of undertaking such a task and adapting our requirements accordingly.
- The supply chain map looked at five key components of the laptops; the RAM & Storage (Samsung), Sound (Realtek), Chipset and CPU (Intel). More detailed findings from the supply chain study are available upon request, but in summary, in 2017:
- 92% of the smelters & refiners in Intel’s supply chain and 98% in Samsung’s supply chain have either received a conflict-free designation from an independent 3<sup>rd</sup> party audit programme, have begun participating in such a programme or through their own due diligence are deemed conflict-free
- Realtek was less transparent about conflict mineral sourcing than its peers but it did provide reassurance that its suppliers provide a Conflict Mineral Policy Statement and a written certificate that no minerals from conflict-affected locations are used in the manufacture of Realtek products

## Impact



RP has enabled some progress on the City Corporation’s approach to be made, but impact has been limited to date

## Partners



- Agilisys
- Crown Commercial Services
- Electronics Watch

## Lessons learned



- Awareness of the issues surrounding the use of conflict minerals has become far more prevalent, especially in the electronics industry.
- Framework providers with a far higher spend on electronic equipment are those best placed to work on this area on our behalf
- Individuals working in this area need a strong signal to be sent by their clients to justify action, which is often complex and time consuming

## Future focus



- The main area of upcoming work will be engagement with framework providers most commonly used to source our electronic equipment e.g. Crown Commercial Services (CCS), to determine whether support and clarity from their local authority clients would help justify further action taken to ensure the sourcing of conflict-free minerals.
- If so, City Procurement will work with counterparts in the London RP Network and national colleagues to help provide a unified stance.

# Hi) Eliminating Modern Slavery and Human Trafficking

## Areas of work and key achievements

- In late 2017, City Procurement made the decision not to contract with suppliers who do not adhere to the requirements of the Modern Slavery Act 2015, including the annual publication of a Modern Slavery (MS) Statement detailing how the business is undertaking appropriate due diligence according to risks and remit.
- When this mechanism was introduced, the majority of UK public sector organisations tended to only deselect those companies who had been prosecuted under the Act. City Procurement and Comptrollers deemed it justifiable to take the more robust step of requiring the publication of an annual MS Statement by suppliers in scope of the Act as it was underpinned by legislation and the City Corporation was in the process of developing its own MS Statement on a voluntary basis. An cross-departmental working group fed into MS Statement, which was written by City Procurement.
- Published in 2018, it describes our approach to tackling modern slavery across business practices, including its supply chains. City Procurement works with departments with the greatest risk of procuring goods, services or works associated with modern slavery. Example interventions include:
- Electronic equipment: ethical sourcing requirements have been included within the specifications of contracts involving electronic equipment including CCTV cameras and MFDs. Contractors are required to produce a supply chain map highlighting key risks of modern slavery and child labour. Subsequently, a mutually agreed action plan is put in place to mitigate these risks.
- Construction materials: A similar process is employed amongst construction contractors, but this is involving more of a partnership approach due to the market being less mature in this area

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- City of London Police
- The Barbican
- Dept for Community & Children's Services
- Town Clerk's
  - Corporate Strategy & Performance
  - Community Safety

## Lessons learned



- Modern slavery and human trafficking is far more prevalent in the UK than would be assumed.
- A wide variety of local authority departments play a part in progressing anti-slavery interventions and it is imperative that efforts are harmonised to leverage the greatest impact (police forces, community safety, licensing, social services, procurement, charities etc.)

## Future focus



- The weighted scoring mechanism developed by Reed's Business Master's Intern will be used to assess strategic, high risk/ spend contractors to set a baseline for suggested improvements, which will be communicated through CCM
- More collaborative work will be undertaken with the City of London Police in order to support their awareness raising efforts on construction sites.
- Another area of key focus will be with our catering contractors to ensure correct treatment of people involved in food production and harvesting

# Hii) Ensuring Supply Chain Employees are Working Legally

## Areas of work and key achievements

- Ensuring that people (sub) contracted to work on City Corporation contracts have the right to work in the UK is imperative. Not only is it illegal to employ people without the relevant permissions to work, it is important to stamp out this practice in order to protect the workers themselves. The chance of being exploited is significantly increased when working illegally (low pay, excessive hours, poor working conditions), as is the likelihood that people are not appropriately trained for the work they are carrying out, which could risk their own safety and that of those around them.
- A pass/fail question is now used as part of supplier evaluation of high risk contracts asking bidders to describe the procedures they will use to ensure that all employees and any workers, including sub-contractors, agency workers or any other contractors working on City Corporation sites:
  - have a legal right to work in the UK
  - are not bonded workers (*e.g. in debt to agencies charging fees for employment or retaining passports*)
  - have legitimate CSCS cards
  - have legitimate qualifications from recognised training institutions
- A clause is included that the City corporation reserves the right to undertake spot checks to verify the procedures described in the response to this question
- Other areas of focus have been on contracts associated with the 'Gig Economy' including our courier contract. Although we have successfully raised awareness amongst supplier that we seek to make improvements to our approach to due diligence in this area, little concrete progress has yet been made.

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- City Surveyors
  - Operations Group
  - Major Projects

## Lessons learned



- The City Corporation has learned, through its contacts with industry experts, that there is an increased prevalence of CSCS card fraud, in terms of both illegitimate cards and colleges. This has necessitated additional due diligence procedures.
- There has been an increase in people working under the 'Gig Economy', which can be associated with the mis-treatment of workers, poor pay and incentivising poor H&S

## Future focus



- City Procurement will work with contract managers to develop a plan and schedule of spot checks on legal working that can be undertaken with our current construction and FM contractors, which will be effective without damaging relations.
- More of a focus needs to be placed on the Gig Economy, not because the workers/ employees/ contractors are working illegally in the UK, but because the companies they work for are frequently treating them illegally according to UK employment law.



# Hiii) Striving for Fair Remuneration up the Supply Chain

## Areas of work and key achievements

- The City's Responsible Procurement function is an integral part of the City's Fairtrade Steering Committee, which works to maintain the City's status as a Fairtrade Zone
- It participates in Fairtrade fortnight events including debates and awareness raising/ tasting events
- It collaborated with Remembrancer's and Corporate Strategy team to have the City's Fairtrade Resolution re-ratified following a Member request to investigate its fitness for purpose:

### **Fairtrade Resolution – The City of London Corporation will therefore continue to:**

- procure Fairtrade products where possible, including requirements for Fairtrade options in corporate catering contracts along with tea and coffee at Committee meetings, in its offices and restaurants
  - work with contractors at Guildhall, Mansion House and other significant venues to make sure they are represented on the Steering Group, encourage and assist them in complying with the Resolution and actively support the work of maintaining Fairtrade status for the City
  - promote the use of Fairtrade products by using labelled produce on menus and publicity material
  - promote awareness of Fairtrade issues to the City community and to staff by making information publicly available to all and by highlighting the opportunities that Fairtrade offers for delivering on sustainable development and CSR targets amongst City businesses.
- 
- Fairtrade is mostly limited to commodities such as tea, coffee, sugar, bananas, chocolate and wine, but also includes products such as cotton and gold. People involving the supply chain of all other products also need fair remuneration but the focus to date have been on ensuring Gi and Hi

## Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

## Partners



- Town Clerks
  - Corporate Strategy & Performance
  - Remembrancers
- Economic Development Office (now 'Innovation and Growth')

## Lessons learned



- Sourcing fairly traded commodity products without the use of certification schemes and labels can be very complex due to the lengths of the global supply chains involved.
- Additional confusion has arisen as more labels have been created, looking at different aspects of ethical trading and sustainability, and more companies have also started to create their own programmes, which are often less transparent than they are well-marketed.

## Future focus



- The Fairtrade Steering Committee is planning a debate for the upcoming Fairtrade fortnight on using Fairtrade versus independent labels and company-specific projects
- City Procurement will work with colleagues in Remembrancers and Mansion House to try and ensure that those events that the Corporation has more influence over better embrace the requirements of the re-ratified Fairtrade Resolution

# II) Guarding Against Bribery, Corruption and Tax Evasion

## Areas of work and key achievements

- Daily automated alerts on media news stories involving our high value/ business critical suppliers are received and monitored by the Commercial Contract Management (CCM) team These are monitored for both contractual and reputational purposes and would highlight any prosecutions for bribery, corruption, tax evasion or other disreputable practices.
- The fact that mandatory exclusion criteria checks were carried out only once, as part of supplier selection, was identified as a potential risk by the Commercial Contract Management (CCM) team, especially in the case of long term contracts with strategic suppliers. Annual checks of these criteria were therefore introduced, including prosecutions related to all breaches of law related to business.
- For high value contracts that are more likely to be affected by serious and organised crime, such as waste collection contracts, City Procurement now includes the following wording in tenders:
- “The Authority has identified that the scope of this procurement falls within a business sector which may be attractive to infiltration by organised crime groups. The Authority therefore reserves the right to include enhanced probity checks / requirements at both the selection and award stages of the procurement. This may include, but not be limited to, verification that a supplier, or any person with powers of representation, decision or control therein, has not infringed the mandatory grounds for exclusion set out in Regulation 57 (1) of the Public Contract Regulations 2015.”

### Impact



RP has enabled some progress on the City Corporation’s approach to be made, but impact has been limited to date

### Partners



- Comptroller & City Solicitors
- City of London Police

## Lessons learned



- At present, City Procurement relies almost entirely on supplier self-declaration and media alerts to assure ourselves that our supply chain partners are not involved in bribery, corruption or tax evasion. It was realised that we needed support from experts, namely the City of London Police, to help scrutinise those contracts deemed more attractive to organised crime groups

## Future focus



- One potential focus area could be to investigate whether or not we can/ need to take any further action on tax evasion or even tax avoidance amongst our supply chain, either in terms of supplier selection or at least in terms of supplier relationship management
- Further work could be done to raise awareness amongst our tier one contractors of the risks and prevalence of serious and organised crime amongst certain supply chains

# Iii) Promoting Green, Social and Responsible Investment

## Areas of work and key achievements

- Green, social and responsible investment was included as an objective within the 2016 RP Strategy as a way of raising awareness of these issues, particularly responsible investment, but with the understanding that the scope of this objective was outside the direct remit of procurement.
- Very positive progress in the area of green investment has been made by Innovation and Growth (previously EDO) in terms of the Green Finance Initiative and the launch of the Green Finance Institute as part of 2019's Climate Week.
- City Bridge Trust continues to be a pillar of social investment through its grant giving programme
- The one area in which City Procurement has had an indirect yet positive role in helping to achieve this objective has been its contribution to the organisational culture shift over the last three years towards stronger sustainable development commitments. This was brought about through the development of corporate policy and strategies, many of which were driven and often co-led as part of work to justify RP requirements being placed on supply chain partners.
- The Responsible Business Strategy, which is overseen by the RB implementation Group, co-Chaired by the Chamberlain and the Chief Grants Officer, provides a framework for improvements across a number of key areas, including Responsible Investment.
- In March 2018 the City Corporation published its Responsible Investment Strategy, committing to the UK Stewardship Code and the Principles of Responsible Investment. This work has been a collaboration between Chamberlain and his Treasury team, Innovation and Growth's Green Finance team and the Corporate Strategy and Performance team's Responsible Business lead.

### Impact



RP has facilitated positive improvements in the City Corporation's approach to achieving this objective

### Partners



- Innovation and Growth
  - Green Finance
- City Bridge Trust
- Chamberlain's
  - Treasury

## Lessons learned



- Applying responsible investment principles to shared vehicles/ investment funds is more complex than determining what a single organisation invests in, meaning that the City Corporation is relatively limited in the restrictions it can enforce, especially in terms of divestment

## Future focus



- The City Corporation is due to become part of London-wide initiative to pool local authority pension funds. The opportunity to work with counterparts across London boroughs could be explored to e.g. develop a joint Responsible Investment Policy applied to the unified pension scheme. Depending on contributors and their respective priorities, this work may lead to the opportunity for divestment from certain damaging practices, or to the establishment of a separate ethical pension fund