



Finance, Planning and Economic Development Policy and Scrutiny Committee

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Title:	Responsible Procurement and Commissioning Strategy Update
Portfolio:	Cllr David Boothroyd, Finance and Council Reform
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1. Introduction to strategy

- 1.1 On 18 April Westminster City Council officially launched its [Responsible Procurement and Commissioning Strategy \(RPC\)](#), after approval by Cabinet last December. The strategy realigned the previous version, launched a year earlier, to the new 'Fairer Westminster Strategy'.
- 1.2 Three key documents accompany this new strategy and can be found at the bottom of [our webpage](#) under 'our publications':
 - The Modern Slavery Statement describes the council's current due diligence procedures, designed to prevent the recruitment of trafficked people or those working under forced labour conditions, or their involvement in our supply chains. It also sets out our action plan to increase levels of due diligence in procurement and contract management.
 - The Supplier Charter, previous known as the Supplier Code of Conduct, is a set of requirements on the technical and professional ability of contractors to deliver and report on our responsible procurement objectives.
 - The Ethical Procurement Policy now forms a part of our standard terms and conditions and covers workers' rights, pay and conditions including issues such as zero hours contracts and union representation.
- 1.3 This report details the launch event, how the strategy is being implemented and some of its key principles.

2. Strategy Launch event

- 2.1 The official launch of the RPC Strategy, led by Procurement and Commercial Services (P&CS), took place at Grand Junction in Paddington, with over 200 suppliers and council officers in attendance. Contract managers across various functions came to support, as did theme leads responsible for key areas such as climate emergency, social value, employment & skills and modern slavery.

- 2.2 The launch was opened by Cllr Ellie Ormsby, who described how the initiative aligns with and will help deliver a Fairer Westminster for those who work in and visit the City, with a focus on how it will benefit our resident and business communities. Sarah Warman, Director of Commercial Partnerships, delivered an overview of the strategy and how it is being implemented across the council. Natalie Evans, the Council's Responsible Procurement Manager, detailed how the implementation of the Strategy will work in practice in our new procurement and commissioning processes, and what implications the RPC Strategy will have for suppliers going forward. She described how suppliers may go about making necessary changes to improve their responsible business performance supported by the council.
- 2.3 One of the most impactful sessions at the launch event was the presentation of eight supplier led spotlights, which illustrated how suppliers large and small can deliver social value and responsible business:
- Capita - sports sponsorship of one of our looked after young people who sought asylum in the UK
 - Look Ahead – a strong commitment to employing local people with a Westminster resident giving a testimonial about his career change and the fulfilling role he now plays in supporting vulnerable residents
 - FM Conway - innovative pilots on low and zero carbon technologies within their footways and carriageways contract
 - Fat Macy's - a social enterprise described their catering training initiative, which includes a grant to be used as a rental deposit for people at risk of homelessness
 - Matrix SCM - the employability work they do with our Adult Education Service
 - Bouygues ES & Construction - gave a joint presentation about their varied social value delivery for Westminster including at the Abbey Centre
 - Everyone Active - listed social value achievements including significant levels of employment of local residents
 - Unity Works - presented the aims of their social enterprise, to train and facilitate neurodiverse people and those with learning difficulties into the workplace, in both the horticultural and hospitality sectors.
- 2.4 Cllr Boothroyd closed the event highlighting how we can all work together to see further examples of social value and responsible procurement for our residents and workforce.
- 2.5 Feedback from the event was universally positive and ten of our key strategic suppliers covering construction, highways, waste and housing have agreed to voluntarily adhere to the Supplier Charter and Ethical Procurement Policy requirements. Between them, their existing full contract values are worth over £1 billion.

3. Measuring Impact

- 3.1 P&CS recognises the importance of measuring our own team's performance in terms of implementing RPC, as well as the performance of our suppliers and the impact they are making on our resident and business communities. Two internal KPIs P&CS are now reporting on as part of the Fairer Westminster Delivery Plan are as follows:
- % spend with SMEs and VCSEs (target 25%)
 - % contracts over £100k with RPC integrated (target 100%)
- 3.2 In addition to these internal measures, the team will also collate P&CS performance indicators on:
- % RPC weighting attributed in tenders (mandatory between 10-30%)
 - % relevant tenders with carbon reduction commitments (target 100%)
 - % relevant tenders with modern slavery due diligence requirements
 - % relevant tenders requiring social value outcomes (target 100%)
- 3.3 In terms of measuring supplier performance, and effectiveness of the council's contract managers in facilitating RPC delivery, we are now starting to measure delivery of/adherence to:
- Contract-specific KPIs
 - Commitments made by suppliers as part of tenders (i.e. Social Value)
 - Supplier Charter requirements
- 3.4 The P&CS team is working closely with Responsible Economy's Social Value team to establish a Social Value framework, which includes a new, more effective process of identifying real, live community need in different areas of Westminster and engage VCSE partners that can help suppliers deliver longer term projects. This work also involves developing a new approach to measuring the impact of social value delivery by suppliers, so that we can more effectively communicate this impact and prioritise areas of future focus.
- 3.5 Responsible Procurement interventions when commissioning new contracts can significantly improve outcomes for residents and the environment. An example of this is the recent bi-borough led Community Equipment tender, delivering aids to daily living covering over half of London boroughs. The new contract now includes requirements and commitments, which the successful bidder, NRS, expanded upon. This includes two noteworthy achievements:
- Specific milestones were set on the development of modern slavery risk assessment processes and specific action plans for high-risk equipment and components. This led to the contractor affiliating with SEDEX, a supply chain data platform, meaning that consortium members will have access factory-level audits for equipment sourced under this contract. This is the first known contract under which the council will benefit from this level of transparency on human and labour rights due diligence.
 - A requirement for the contractors to achieve at least a 10% year on year reduction in emissions of particulate matter, NOx (local air quality related to respiratory diseases) and carbon (greenhouse gas exacerbating climate

change), which led to a commitment by contractors to use a significant proportion of electric vehicles from the outset. Those larger vehicles with a longer lead in time to procure electric models will be replaced within six months, at which point the entire fleet will be zero emission.

- 3.6 This bi-borough led procurement has set a good example for boroughs across London of what can be achieved through tailoring specifications and asking the right method statement questions.

4. Delivering the strategy

Before the launch

- 4.1 After the RPC Strategy was endorsed by Cabinet in December, extensive amount of work was undertaken to prepare for its launch in April. This included integrating new RPC requirements into governance and tender documentation and contract terms and conditions. Further training has taken place with P&CS team on RPC implementation. Written guidance has been provided and in-depth workshops held on new carbon reduction and modern slavery due diligence requirements with key suppliers, developing metrics by which we could measure performance.
- 4.2 This strategy is now embedded in our procurement approach with documents and processes updated. Responsible Procurement now sits in Procurement and Commercial Service's Supplier Relationship function. This reflects the need to hold suppliers to account for delivery of impactful social, environmental and ethical outputs.

The next three months

- 4.3 There are key milestones over the next three months that will help the council deliver the RPC strategy with reporting planned in September and April 2024.

Refreshed Modern Slavery Statement 2023-24 published [4.4]	Jun 2023
Contract Management Framework updated [4.5]	Jul 2023
Additional capacity in place [4.6]	Sep 2023
Launch of sub £100k Buying Team [4.8]	Oct 2023
Half year update to Audit and Performance Committee [4.9]	6 Sep 2023
First annual report produced [4.9]	Apr 2024

- 4.4 The council's current Modern Slavery Statement covers activity undertaken October 2021 – September 2022, with a 6-month action plan for work between October 2022 – March 2023. The new Modern Slavery Statement is currently being drafted and will be published by end of June 2023. The principal focus of this year's action plan will be on the partnership work the team are undertaking with suppliers in high-risk sectors to map supply chains, identify risk hotspots and develop plans to mitigate those risks of modern slavery occurring.

- 4.5 The Contract Management Framework is being revised to fully integrate Responsible Procurement contract management and monitoring, with technical support provided to contract managers and suppliers. This will be shared in July with Contract Managers.
- 4.6 Procurement has allocated some additional capacity to oversee the key elements of the strategy including:
- Implementing the increased weighting for responsible procurement within tenders to up to 30%.
 - The roll out of Ethical Procurement Policy, Supplier Charter and enhanced modern slavery due diligence
 - Development of Fair Tax pledge liaising with providers
 - Strengthen commitments on tackling climate emergency – working with suppliers to reduce carbon associated for council projects with new specific commitment to baselining and reducing scope 3 (indirect, including supplier-related) emissions
- 4.7 The new focus on Community Wealth Building and broadening of target suppliers led to a successful bid from the UKSPF (UK Shared Prosperity Fund for ‘levelling up’), administered on behalf of the Government by the GLA. This will fund the development of a small, local business directory and new capacity to help engage with, upskill, train and facilitate new target organisation entrants into our own supply chain and those of our existing contractors. These target supplier organisations include smaller, local businesses, those that support the local social economy (including social enterprises and VCSEs), women-led, global majority-led, disabled-led and other minority-led businesses, cooperatives, municipally owned companies.
- 4.8 P&CS has started recruitment for a ‘Buying Team’ to further increase the number of local, SME and minority led business in our supply chain. The small team will lead procurement projects below £100k, maximising opportunities to buy local via small businesses and local voluntary sector through active and regular market engagement and potential ringfencing of opportunities. The new, outward facing team will be in place by October.
- 4.9 We have had regular discussions and input from our Cabinet Member (Cllr Boothroyd) and Deputy who serves as Procurement Lead (Cllr Ormsby). The committee may wish to consider how to steer the delivery of the strategy and input into the RPC approach for high value, strategic contracts. Each year in April an annual report will be produced on the progress of the strategy. A shorter update section will be included in the annual Procurement update report to Audit and Performance Committee in September.

5. Key principles of the strategy

- 5.1 A core function of the procurement team is to ensure that the council is acting in the best interests of residents, our business community and wider stakeholders in securing best value for money goods, services and works.

This is in parallel to driving social, environmental and ethical benefits. These principles drive the strategy and its implementation as described below.

Ensuring social value benefits are value for money

- 5.2 Good quality suppliers have existing Corporate Social Responsibility / Social Value programmes. Westminster's new approach to achieving social value involves providing specific examples of genuine community need that suppliers can help address as part of their social value offer, whilst at the same time providing flexibility in what bidders can select, so that existing programmes can be expanded or tailored for the benefit of our residents and businesses. This decreases the outlay that the creation of new initiatives would imply, and bidders are free to choose projects, recruitment or training schemes that best fit their business needs and priorities and add value for Westminster.
- 5.3 Growth Planning & Housing's Economy & Skills team have dedicated staff to facilitate the delivery of social value by suppliers in terms of:
 - Projects that benefit our community in terms of short and long term need (Responsible Economy)
 - Westminster resident candidates for apprenticeship schemes and job roles (Westminster Employment Service)
 - Trained and screened candidates with learning difficulties for ring fenced work placements, who are supported throughout their placements (Westminster Employment)
 - Residents in need of employability training and other skills (Westminster Adult Education Service)
- 5.4 These services, offered by the council, alongside others including Finance & Resource's digital inclusion programme, mean that suppliers can focus their social value efforts on core delivery, rather than spending time and resources on identifying projects or candidates.
- 5.5 Suppliers across all sectors are having to make concerted efforts to improve environmental performance in terms of emissions of greenhouse gases and local pollutants, waste management, and sustainable sourcing. Our strategic approach to driving environmental sustainability throughout the supply chain includes:
 - Alignment of environmental criteria, targets and reporting protocols with UK Government requirements
 - Alignment of our requirements with those of other London boroughs, as part of our collaboration with the London Responsible Procurement Network (LRPN) and as co-chair of the Pan London Supply Chain Carbon Working Group. As well as reducing administrative and cost burdens associated with reporting, it also provides opportunities for joint projects with other boroughs, so that any costs associated with pilots using innovative clean technology can be shared across boroughs.

- Alignment of our environmental requirements with industry expectations and best practice. This has been achieved through the Supplier Charter and through supplier engagement and soft market testing, to gauge what is standard practice in each sector (for contractual requirements) and what distinguishes higher performing companies from their competitors (for award criteria).
- 5.6 For some contracts, minor costs may be incurred by suppliers to undertake increased due diligence to ensure modern slavery does not form a part of their supply chains. This likely minimal cost is insignificant compared to the potential reputational risk and the benefits that a transparent supply chain can offer (human / labour rights and supply chain agility). Contracts that will include more rigorous requirements are limited to high-risk sectors only.

Reducing barriers to SMEs

- 5.7 Procurement along with colleagues in Westminster Business Unit and Responsible Economy are dedicating more time to upskilling SMEs on RPC and other aspects that will help them win business with the council and other large clients to help them grow.
- 5.8 The Supplier Charter was actively consulted with 100+ suppliers, including a significant number of SMEs, in February 2022 and adapted following feedback. Only contracts over PCR thresholds include Supplier Charter requirements. All requirements only require evidence to be submitted 3, 6 or 9 months after contract commencement to give smaller companies / those with fewer resources time to prepare.
- 5.9 The new Buying Team will also encourage the participation of smaller organisations both SMEs and voluntary sector. More opportunities will be opened up to competition linking with One Westminster and Westminster Business Council to help develop the market.

Responsible Procurement weighting in tenders

- 5.10 Before 2022, Westminster had a required weighting of 5% for Social Value. This was amended to 10% to 20% when the previous RPC Strategy was launched on February 2022. The new policy is for contracts over £100,000 the intention of working towards an increase of a minimum 20-30% by 2025/26. A weighting of 30% may be used for specific types of contract, where nature of the contract provides the opportunity to make a significant impact to community wealth building and where we as a client have significant leverage, including high market competition.
- 5.11 RPC weighting within tender award criteria is not restricted to a single question. P&CS work with service leads to incorporate RPC aspects into standard award criteria, so that social, ethical and environmental considerations are embedded throughout the evaluation questions and suppliers understand our level of commitment. The proportion of each

question covering RPC aspects counts towards the overall RPC percentage weighting.

- 5.12 Every award criterion or aspect of a question related to RPC is tailored to the contract in question. Through market testing and extensive engagement with contract managers, the P&CS team strive to understand the context and priorities of both the sector and the department wishing to undertake the procurement/ commissioning exercise. This approach means that RPC evaluation is relevant to the contract.

Delivering social value

- 5.13 Procurement are working closely with the Social Value team in Responsible Economy to achieve the following:
- A Supplier Engagement in early 2023 to consulted key suppliers on our intended approach to measuring social value performance
 - A social value baselining exercise is currently underway for an impact report aimed at quantifying and communicating successful social value delivery, alongside case studies
 - A compilation of ward-based profiles and local social value priorities to share with bidders at tender stage, so that interested suppliers can focus their offers to meet specific community need.
 - A Social Value consultation panel is now being established to ensure that we are delivering optimum impact on behalf of residents facing a range of challenges.