

TITLE OF REPORT Sustainable Procurement Strategy 2018-22: Implementation Update	
SCRUTINY PANEL MEETING DATE 7th October 2019	CLASSIFICATION: If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All	
CABINET MEMBER Cllr Rebecca Rennison	
GROUP DIRECTOR Ian Williams	

1. PURPOSE OF THE REPORT

- 1.1 To update Scrutiny Panel on the implementation of the Council's Sustainable Procurement Strategy 2018-2022.
- 1.2 To detail the Council's approach to enable local businesses to access procurement opportunities with the Council.
- 1.3 To update on delivery of the Hackney Labour Manifesto 2018 commitment in relation to review of contracted services for insourcing versus outsourcing.

2. RECOMMENDATION(S)

To note the contents of the report and progress on implementation of the Sustainable Procurement Strategy and delivery of the manifesto commitment regarding Insourcing of contracted services.

3. BACKGROUND

- 3.1 The Council's Sustainable Procurement Strategy 2018-2022 was approved by Cabinet in November 2018, and is provided for information at Appendix 1.
- 3.2 The Action Plan tracking objectives and progress to date is provided for information at Appendix 2.
- 3.3 The Strategy sets out three key themes for our approach to procurement, aligned to the Community Strategy and Mayor of Hackney's key strategic objectives:
 - Procuring Green
 - Procuring for a Better Society
 - Procuring Fair Delivery (Responsibly)

Within each of these themes are a set of clear commitments and measurement metrics for monitoring success.

An overarching Delivery Action Plan has been produced which sets high level objectives and specific actions and timescales across People, Procurement and Contract Management Processes, Monitoring and Measurements and Suppliers.

Engagement with external partners is crucial to the success of the strategy and is a key priority.

- 3.3 While the Strategy in general sets out the Council's ambition to secure wider community benefits through its contracting activities, the Procuring for a Better Society theme specifically sets out the Council's commitment and approach to enable local businesses to access our procurement opportunities.

- 3.4 The Hackney Labour Manifesto 2018 included a commitment to review all outsourced services, including in adult social care, with a view to bringing them in-house as well as looking at new forms of employee ownership and co-ops where this is not possible.

4 SUSTAINABLE PROCUREMENT STRATEGY 2018-22 IMPLEMENTATION

4.1 Past Achievements

- 4.1.1 Members will be aware that the Strategy approved in November 2018 by Cabinet is the third edition of the Council's Sustainable Procurement Strategy having delivered the first one in 2008.
- 4.1.2 Over the years the Council has used its contracting activities to lead by example in the delivery of environmental sustainability objectives, particularly in terms of the types of vehicles we procure and deploy for the delivery of the Council's essential services and in construction. We have continued to develop a robust procurement approach that allows us to increase the take-up of emerging fuel technology that is clean, efficient and which improves air quality within the borough and in construction ensures waste recycling and minimises energy consumption on our construction sites. Our consideration to whole life costing is integral to our processes. This helps us in the selection of energy efficient products and to deliver the construction of less energy consuming buildings.
- 4.1.3 Payment of the London Living Wage is now standard across all our service contracts.
- 4.1.4 The Council has developed our Procurement Impact Assessment (or "PRIMAS") tool. This is a standard document completed at Business Case stage for all Hackney procurement exercises valued £100k and above. The assessment primarily focuses on identifying the sustainability impacts - environmental, economic and social - of the proposed procurement, in order to address these early in the process. The current version is provided for information at Appendix 3.
- 4.1.5 Consideration is now routinely given to dividing larger contracts into smaller lots and a recent example is the procurement of the [Streetscene Highways Maintenance Contract](#) - An OJEU procurement for works with an estimated value of around £40m. The Business Case approved by Cabinet Procurement Committee in February 2019 proposed that the contract be awarded across 4 lots, civil engineering works, road resurfacing, road marking and street lighting to ensure access and participation of Small and Medium Enterprises (SMEs).
- 4.1.6 We have achieved more ambitious targets from construction works suppliers on waste management. For example, the Springfield Park Restoration project (Awarded June 2019) offered a number of initiatives including a site waste management plan, preference to materials with recycled content and preparation of a live environmental

impact assessment document to monitor and drive activity to minimise impacts.

4.2 External engagement on the delivery of the new Strategy

- 4.2.1 Following the approval of the Sustainable Procurement Strategy in November last year, the Hackney Procurement Service have worked with Consultation & Communications, and Policy & Partnerships leads to agree a programme of engagement with the Council's external partners, suppliers and specifically the local Voluntary and Community Sector.
- 4.2.3 A survey was issued via the Hackney CVS website during April 2019 to gauge levels and areas of interest in the Council's Sustainable Procurement Strategy.
- 4.2.4 A workshop open to the Voluntary and Community Sector, local businesses and other interested parties was held on 30th May 2019. This event generated valuable feedback on ways in which we might improve our procurement process and practice to make opportunities more accessible to the sector and deliver added social value.
- 4.2.5 Actions and feedback from the engagement events have been incorporated into an updated action plan for the Strategy. These include:
- Regular support sessions on use of our e-Tendering system,
 - Additional guidance for commissioners working with the third sector
 - Promoting a "Think Local" approach for lower value procurement

4.3 Update on Delivery Action Plan

4.3.1 People

- Appropriate financial and staffing resources have been put in place for the delivery of the Strategy. The Hackney Procurement Service has been restructured to include new resources to lead on strategy delivery. Strategic Procurement Manager and Strategic Procurement Officer posts have now been recruited to and both officers are working with Council officers on the implementation of key activities linked to the delivery of the Sustainable Procurement Strategy.
- A Modern Slavery and Human Trafficking statement has been drafted and internal consultation with stakeholder departments of the Council is complete. We are working towards the publication of the document once it is formally approved by the Mayor.
- The Council adopted the Co-operative Charter Against Modern Slavery in September 2018. Since then, a number of actions have been taken to ensure that we uphold the commitments of the Charter, including:
 - Production of the Modern Slavery Statement
 - Mandatory training of corporate procurement staff on Ethical Procurement
 - Updating of our standard procurement documents to require commitment from our contracted suppliers to adopt a

whistleblowing policy on Modern Slavery concerns and to ensure that there is Trade Union recognition in line with the Council's principle in this regards.

- Sustainable Procurement training, aimed at staff involved in procurement across the organisation, has been developed in conjunction with our external training provider. This includes bespoke elements referencing the Sustainable Procurement Strategy commitments and use of the PRIMAS tool, as well as a practical approach to capturing and celebrating individual and collective achievements with regards to the delivery of specific aspects of the Strategy. Workshops are running bi-monthly during 2019-20.

4.3.2 Procurement and Contracting Activities

- Procurement Category Leads (who are senior managers within the Procurement Service leading on procurement compliance and achievement of Value for Money in the Council's contracting activities) ensure that the PRIMAS is completed and approved for all procurements over £100k enabling the consideration of Sustainability/Social Value at the outset of the project and ensuring that the development of the tender documents takes account of the relevant sustainable issues associated with both procurement and delivery of the contracted service, product or works project.
- To improve the effectiveness of the PRIMAS tool for the delivery of the SPS commitments, new brief guidance notes have been produced with links to the SPS commitments. This is pending full redevelopment of the PRIMAS into a targeted and interactive tool
- A set of suggested questions that will help capture sustainability benefits from suppliers submitting tenders and the relevant KPIs linked to these and aligned to the strategy commitments, has been developed and is available to procuring officers from September 2019.
- Contracts paying LLW have been reviewed and amended for 2019/2020 in line with new LLW rates advised by the Living Wage Foundation
- To enable a more systematic approach to the delivery of Sustainable Procurement Strategy commitments, we are working with the Housing Service, as part of the procurement of the new planned and reactive maintenance contracts, to pilot two Social Value portals. Following this process, the portal that best meet the needs of the Council will be rolled out across all other contracting areas of the organisation

4.3.3 Monitoring and Measurements

- To ensure that we capture and record sustainability impacts of our procurement activities, a working group has been established with the Employment and Skills team to explore how we can adapt their existing mechanism for capturing social value in the context of competitive procurement and the broader sustainability agenda
- In pursuit of measures that would be implemented to manage, capture and report achievements a Contract Management System working group has been established and corporate protocol for contract management agreed. Build of the new system is currently underway in discussion with our provider.

4.3.4 Suppliers

- An engagement programme has commenced with the VCS (and wider SME) markets as detailed in 4.2 above.
- The Sustainable Procurement Training has been designed to include a practical element for delegates to commit to an action and feedback shortly after the workshop - this will provide us with case studies for sharing and celebrating success with our suppliers.
- The Procurement team is providing technical support for small local firms and third sector organisations via market engagement and meet-the-buyer events developed with individual service areas as detailed in 5.4 below.

5. ENABLING LOCAL BUSINESSES TO ACCESS PROCUREMENT OPPORTUNITIES

- 5.1 The commitments which support local businesses to access opportunities to supply to the Council are largely set out with the “Procuring for a Better Society” theme of the Sustainable Procurement Strategy.
- 5.2 A key opportunity for Hackney is to strongly focus on securing enhanced contractual benefits for the local area, economy and for the health and wellbeing of our residents. Therefore within the boundaries of regulatory requirements we state that we will be innovative in considering what economic benefits can be delivered through our contracting activities.
- 5.3 The new Strategy commitments specifically relevant to local businesses include:
- We will consider the size of the contract and assess whether it can be split into smaller Lots to make it more accessible
 - We will actively communicate with local suppliers to support their access to information on business opportunities
 - We will ensure that the Council’s eTendering system has links to other relevant advertising portals that are used by local suppliers in accessing contract opportunities
 - We will encourage prime contractors to subcontract elements of larger contracts to local businesses and the third sector
 - We will organise and participate in workshops and other supplier engagement events to familiarise potential suppliers with Council requirements and procurement processes
- 5.4 The Council’s spend data shows a positive upward trend in expenditure with local suppliers increasing from £54M in 2014/15 to over £81M in 2018/2019, which represented just under a quarter (24.8%) of all organisations doing business with the Council, these figures will be used as our baseline for monitoring improvement in this area.
- 5.5 So far this year, the Procurement Team have lead on or attended four supplier engagement events to provide information to local suppliers on how to access the Council’s contracting opportunities and to educate

them on the Council's contracting processes for various thresholds set within the Council's Procurement Framework. We will continue to support local suppliers through similar events.

- 5.6 We are working on reviewing the procurement pages on the Council's website to improve relevance of and access to information for suppliers. This will enable local suppliers to contact the right people in the organisation for support on contracting opportunities and use of our procurement systems.

6. SPS - PLANNED ACTIVITY OVER THE NEXT 12 MONTHS

People

- Publish Modern Slavery Statement
- Raise awareness of the SPS at all levels across the Council. Presentation of key information to DMTs will commence in October 2019.
- Capture and share key achievements on Sustainable Procurement across the organisation

Procurement and Contract

- Redevelopment of PRIMAS tool
- Publish updated procurement documents including report templates capturing the SPS commitments as appropriate

Monitoring and Measurement

- Complete the development of a mechanism for establishing and monitoring of sustainability targets
- Use this mechanism to provide internal visibility on the Sustainable Procurement KPI targets in the projects identified as having 'high risk' sustainability impacts
- Publish the first annual report on the Council's achievements on the corporate website for suppliers and the wider public to share our progress and enforce our commitment to Sustainability standards

Suppliers

- Use annual spend reports to identify suppliers whose activities have high sustainability impacts/risks and opportunities
- Identify further mechanisms for sharing and celebrating success
- Plan targeted market development activity to support identified supplier groups (for example: local construction companies, social enterprises)

7. REVIEW OF ALL OUTSOURCED SERVICES WITH A VIEW TO BRINGING THEM IN-HOUSE

A VERBAL UPDATE WILL BE PROVIDED ON THIS SECTION DURING THE MEETING

APPENDICES

Appendix 1: Sustainable Procurement Strategy

[HDS9213 - Sustainable Procurement Strategy.pdf](#)

Appendix 2: SPS Delivery Action Plan

[Appendix 2: Updated SPS Action Plan 2018-22](#)

Appendix 3: PRIMAS (Procurement Impact Assessment) template

[PRIMAS Template 2019 v1.2](#)

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