

EAST SUSSEX FIRE AUTHORITY

Date 02 September 2021

Title of Report Responsible Procurement Policy

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer Claire George, Procurement Manager

Background Papers None

Appendices

1. CPS02_11_V1 Responsible Procurement Policy Manual Note
2. Responsible Procurement Policy – Guidance for Staff

Implications

| | | | |
|----------------------------|---|-------------------------------|---|
| CORPORATE RISK | ✓ | LEGAL | ✓ |
| ENVIRONMENTAL | ✓ | POLICY | ✓ |
| FINANCIAL | ✓ | POLITICAL | |
| HEALTH & SAFETY | | OTHER (please specify) | |
| HUMAN RESOURCES | | CORE BRIEF | |

PURPOSE OF REPORT To seek approval of the adoption and implementation of the Responsible Procurement Policy.

EXECUTIVE SUMMARY Responsible Procurement is the act of procuring goods, services, or works in a manner that is considerate of the impact, both positive and negative, that the Authority may have on the environment, the economy, our community and society in general.

The Public Services (Social Value) Act 2012 initiated the drive to embed understanding of these impacts with Public Sector commissioning and requires commissioners and procurers at the pre-procurement stage, to consider how the proposed procurement exercise may improve social, environmental and economic wellbeing of the relevant area and how they can secure wider social benefits

This policy aims to support our collective responsibility to limit any negative impact and promote the Authority's commitment to deliver responsible and sustainable outcomes in the management and delivery of all its services, through

affordable economic, social and environmental objectives, across three primary areas.

1. Social Value
2. Ethical Sourcing
3. Environmental Sustainability

This paper summarises the intended approach to embed responsible procurement activities within the Service and how we will ensure compliance with all associated legislation.

RECOMMENDATION

The Authority is recommended to:

1. Approve the Responsible Procurement Manual Note; and
2. Consider whether any further information is required

1. INTRODUCTION

- 1.1 The Public Services (Social Value) Act 2012 initiated the drive to embed understanding of these impacts with Public Sector commissioning and requires commissioners and procurers at the pre-procurement stage, to consider how the proposed procurement exercise may improve social, environmental and economic wellbeing of the relevant area and how they can secure wider social benefits.
- 1.2 Responsible Procurement is a process whereby organisations meet their needs for goods, services and works in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to their wider community and the environment. It seeks to build on and expand the scope of ethical and sustainable procurement, to include environmental and social issues, includes purchasing that minimises carbon emissions causing climate change and prevents and mitigates the risks of human rights abuses in the supply chain, including forced labour, child labour and human trafficking. It recognises that these considerations are interconnected and must be approached in their totality.
- 1.3 The Authority spends circa £11m pounds on the procurement of goods, services and works annually. The approach taken to this spending will have an impact on the wider community and the aim of this policy is to set out the Authority priorities for achieving responsible outcomes through its procurement activities to benefit and minimise negative impacts to that community.
- 1.4 The policy establishes the general principles and procedures that that the Authority will follow across all of its procurement and commissioning activities, to ensure that it is undertaken in a way that supports our commitment to responsible outcomes, meets our needs and complies with relevant legislation, across three primary areas:

1. Social Value
2. Ethical Sourcing
3. Environmental Sustainability

- 1.5 It describes the Authority's commitment to deliver responsible outcomes through our procurement activity and confirms that the various elements that are considered under the title Responsible Procurement and that should be applied where relevant and proportionate to the goods, services and works being procured.
- 1.6 Responsible Procurement spans a range of different topics, each important and complex in its own right. The Policy provides an overview of each of the main themes and the considerations which can be included within our procurement processes. An explanation of the main themes and the considerations which support the practice are described below. This list is not exhaustive and where appropriate, other elements may also be considered, where they fit within the broad definition of Responsible Procurement.
- 1.7 This Policy and the outcomes defined within it, will be refined as our priorities develop. The subject is broad and complex and in addition to meeting our statutory obligations, we will also need to consider how the responsible outcomes best serve our local community and contribute to our corporate priorities. To maximise its impact, we will need to focus efforts on where it adds most value and supports wider local and national objectives, which may include carbon neutrality, local & sustainable employment opportunities, equality, diversity and inclusion initiatives, business fire safety and reducing energy and fuel consumption.
- 1.8 Cognisant that the policy is both broad and extensive, we have also drafted a simplified, supplementary Guidance for Staff version (Appendix B). This guidance, whilst less detailed, covers the fundamentals and is intended to support the induction process and act as an accessible, quick user guide to applying the principles in practice.

The Procurement team will also offer targeted guidance, support and updates, to support its introduction and application, specific to the key buying areas.

2. SUMMARY OF POLICY THEMES

2.1 Social Value

The Act does not define what is meant by 'social value' but it can be defined as a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

Social Value considerations might include:

- Safeguarding health and safety;

- Combatting social exclusion;
- Work related opportunities, employability and apprenticeships;
- Offering time and skills to social enterprises and voluntary and community sector organisations;
- Equality, diversity and inclusion;
- Paying or working towards paying the Living Wage;
- Eroding barriers to procuring the services of voluntary and community sector organisations and small, medium enterprises;
- Supporting local supply chain opportunities;
- The number of residents (FTE) from a defined locality employed directly or through the supply chain as a result of any given contract;
- Total amount (£) spent in local supply chain throughout the life of the contract

2.2 The Equalities and Diversity Act 2010 legally protects people from discrimination in the workplace and in wider society. The Act clarifies and strengthens previous requirements to promote equality through all public sector functions and gives a greater focus on increasing transparency.

The Public Sector Equality Duty (PSED) came into force across the UK on 5 April 2011 and is contained within section 149 of the Equality Act 2010. It means that public bodies have to consider all individuals when carrying out their day to day work in shaping policy, in delivering services and in relation to their own employees.

When conducting our procurement activities, we must ensure that we meet our legal obligations under the Equality Act 2010 and its associated PSED in a way that is consistent with the Governments value for money policy and relevant public procurement law.

2.3 For Equality, Diversity and Inclusion (EDI) factors to be embedded within our supply chain, as part of a responsible approach, we will:

- Ensure equality factors are considered in procurement activities from the outset, as with all responsible procurement considerations
- Consider equality-related contract conditions where they relate to the performance of the contract
- Include proportionate equality-related award criteria in the tendering process
- Include equalities issues and reviews in performance monitoring during the life of the contract/framework

2.4 The way in which public money is spent, can be utilised to mobilise, influence and cascade awareness of equalities issues down into society as a whole.

Promoting EDI is an important aspect in delivering social value. Not only because as a public body we have a legal duty to consider equalities in all that we do but because it makes good business sense to work with a wide range of

diverse businesses. Evidence shows that diverse teams and supply chains are the most successful in identifying solutions, achieving goals and innovating.

2.5 To strengthen our approach here, the Procurement team is currently drafting Equality, Diversity and Inclusion guidance for contractors. This separate and complementary document is designed to assist both potential and successful contractors in understanding what and why we ask for certain information. The guidance will provide opportunities for contractors to consider how to promote equality in their organisations and will signal the importance of EDI to the Service.

2.6 Ethical Sourcing

Ethics in procurement can relate to a wide range of issues from supplier business procedures and practices to corruption. Common areas that relate to ethics and ethical behaviour in procurement include fair-trade, ethical trading, ethical sourcing, social accountability, social auditing, corporate social responsibility, and buyer and supplier codes of conduct.

Ethical considerations might include:

- Human and labour rights
- Legal and fair employment practices
- Fair Trade
- Supply chain employees are working legally and receive fair remuneration
- Guarding against bribery and corruption
- Promotion of social inclusion, equality and diversity

2.7 The Modern Slavery Act 2015 requires organisations with a turnover exceeding £36m, and which supply goods and services in the UK, to publish an annual statement explaining what they are doing to eliminate slavery from their businesses and supply chains.

The policy mandates that any applicable organisation that works with the Authority (i.e. partnerships and suppliers), are expected to understand and comply with the requirements set out in the legislation. In addition, suppliers will also be expected to carry out checks on their subcontractors to ensure there is no slavery or human trafficking in the supply chain.

We will adopt a risk based approach to identify contracts and areas of spend where there may be a high risk of poor working conditions, human rights abuses or ethical impacts (see Policy Appendix C).

2.8 Environmental Sustainability

The Government has committed to achieving net zero greenhouse gas emissions by 2050 and will aim to reduce emissions by 68% by 2030. It is clear that we all have a part to play if we are going to achieve this national target locally.

Fire and rescue services have a key role in responding to the climate change emergency. Fire and rescue services (FRS) collectively spend around £500 million a year – £200 million of which is spent on construction, facilities management and fleet which incorporates category spend on energy, fuel and waste management (*Source: LGA Climate emergency – fire and rescue services*). This gives the Fire and Rescue sector significant spending power and leverage in tackling climate change.

Collaboration will be key to ensuring that this collective spend is used to help shape the development of innovative and energy-efficient solutions. Implementation of the category strategy approach is designed to ensure we maximise opportunities for both local and national collaboration.

- 2.9 Environmental sustainability must be embedded into our procurement activities to support our wider objectives and aim to reduce consumption wherever possible. We will work with suppliers to minimise damage to the environment and reduce the environmental impact of the goods and services they deliver for us and reduce our supply chains exposure to environmental risks.

Environmental considerations include:

- minimising carbon emissions and the carbon foot print of goods services and suppliers delivery methodology
- the most efficient and effective use of energy and materials
- reducing overall waste production
- whole life costing including disposal, in the evaluation of price
- suppliers' environmental credentials
- opportunities for the reduction, reuse and recycling of materials
- the costs and benefits of environmentally preferable products and service alternatives
- the use of new technology where it has sustainable benefits
- the reduction of energy and water usage
- renewable energy
- materials, products and services with the greatest circular-economy benefits
- impact on biodiversity

3. IMPLEMENTING IN PRACTICE

- 3.1 The policy covers all areas of commissioning and procurement within the Authority and will influence the way we procure all goods, works and services. For procurements below £50,000, Procurement will have regard to the resources available to smaller providers who may bid for lower value contracts. Requirements set will apply to sub-contractors.
- 3.2 As discussed, Responsible Procurement covers a wide and complex number of areas and potential impacts. The Authority procures a wide range of goods and services and it is recognised that there can be no one size fits all model. This

policy will, therefore, need to be applied in a proportionate manner and be tailored to reflect the goods or services to be procured.

- 3.3 The Authority will specify responsible outcomes that are proportionate and relevant to the procurement and seek to evaluate tenders in accordance with those outcomes. It will be the joint responsibility of the Responsible Officer in the key buying areas and the relevant Category Specialist to consider and determine, on a contract by contract basis, the potential responsible outcomes that can be delivered through the procurement process and the most appropriate procurement strategy to achieve these.

The following approach will be adopted for all responsible considerations outlined under the policy:

1. Understand the relative impact of each element of RP to each contract;
2. Include relevant RP outcomes within the contract specification and terms and conditions;
3. Include relevant RP evaluation criteria with appropriate weighting within the supplier selection process;
4. Manage and measure RP objectives throughout the life the contract.

- 3.4 The indicative questions provided within Policy Appendix A of the policy are not an exhaustive list and additional/alternative questions will be considered where relevant and proportionate to the procurement. Ongoing monitoring and reporting arrangements agreed with suppliers will be used to capture key performance indicators.

As part of the refresh of the procurement strategy planned for 2021/22, we will review our suite of procurement KPIs and consider how best within that, to assess the impact of the Responsible Procurement policy

- 3.5 In time and as the Service wide approach matures, it is anticipated that the Responsible Procurement Policy will be reviewed to more effectively support related policies within the Authority, for example around areas such as Estates and Fleet. The Category Strategies will offer further opportunity to identify areas where we assess the greatest risk and most benefit, as we seek to embed the approach.

4. CORPORATE RISK

- 4.1 The Responsible Procurement policy will ensure that we give due consideration and visibility to whole life costs, improved outcomes, long-term value for money, safeguarding risks, supply disruption risks, energy usage and many other factors at the pre-planning stage, to create positive impacts where possible.
- 4.2 A clear commitment to and embedding of Responsible Procurement practices will protect the Authority from reputational damage and supply chain disruption risks. It will signal to existing and potential suppliers the values and standards that we expect them to adhere to.

4.2 It will ensure compliance with all relevant legislation, provide a standardised approach and a framework for continuous improvement.

4.3 The policy further supports our activities to manage supply chain risks and satisfies the risk mitigation agreed with Internal Audit, in relation to the absence of an Ethical Procurement Policy.

5. ENVIRONMENTAL IMPLICATIONS

5.1 The Government has committed to achieving net zero greenhouse gas emissions by 2050 and a 68% reduction in annual carbon emissions by 2030. As climate change continues, the impact on the fire and rescue service (FRS) will become more pronounced. The Local Government Association has already declared a climate emergency following in the footsteps of a significant number of councils. With 2019 seeing record high temperatures and announced as the second warmest year on record, it is clear that this is an issue that will only become more pressing as we move through the next decade. The Service has established a Sustainability Task & Finish Group which will work with a specialist external consultancy to develop costed and prioritised options for delivering carbon reduction for presentation to the Authority in December 2021. This will include identifying high priority areas for reducing indirect carbon emissions through procurement and our supply chain.

6. LEGAL IMPLICATIONS

6.1 There are a range of EU and UK legal requirements that must be complied with when conducting procurement activity and those which apply more specifically to Responsible Procurement include:

Social Value Act 2013

The Modern Slavery Act 2015

The Late Payment of Commercial Debt Regulations 2013

Equality Act 2010

The Bribery Act 2010

6.2 The Responsible Procurement policy will ensure that we and our supply base comply with all relevant legislation.

6.3 The policy will be amended as required, subject to any legislative changes.

7. POLICY IMPLICATIONS

7.1 Implementation of the Responsible Procurement policy will assist in readying the Authority ahead of the Government White Paper on transforming public procurement, as a result of the UK's exit from the European Union.

Whilst the basic structure of the new regulations will follow the existing regulatory framework, the Green paper consultation indicates that the National Procurement Policy Statement will set out key outcomes that the Government believes all contracting authorities should have regard to in their procurement

and commercial activity, where they are relevant to the subject matter of the contract and it is proportionate to do so, such as:

- Creating new businesses, new jobs and new skills in the UK;
- Improving supplier diversity, innovation and resilience;
- Tackling climate change and reducing waste

7.2 Key buying areas will have a responsibility, with Procurement, to determine Responsible Procurement considerations and relevant evaluation criteria for all appropriate competitive procurement exercises.

7.3 The associated procedure will be outlined and referenced within the new Procurement Standing Orders (PSO). The PSOs mandate Procurement involvement.

7.4 The policy and any associated Responsible Procurement questions and indicators, will be updated to reflect emerging organisational aims and targets, relating to the themes described.

7.5 The associated Equality Impact Assessment (EIA) is a live/in progress document and will be subject to further review and consultation with Representative Bodies and Staff Networks, which may result in further revisions. Following guidance from the Inclusion Lead, given the breadth of the policy and the varied nature of the areas we are assessing for impact, we may opt to conduct individual EIAs, specific to each of the 3 primary areas of Social Value, Ethical Sourcing and Environmental Sustainability.

8. FINANCIAL IMPLICATIONS

8.1 The financial impact on supplies is difficult to assess in a broad sense and whilst in some areas of supply and across specific commodities, there may be a financial impact in seeking to secure more sustainable outcomes, we must consider the overarching social value this approach will deliver. Markets are rapidly developing to address the climate emergency and provide solutions which offer long-term efficiencies and enable more efficient and effective use of resources.

8.2 Taking a responsible approach to procurement mitigates risks, protects our reputation and offers opportunities for collaboration and cost savings, through focusing on following a whole life costing methodology when sourcing goods and services, rather than selecting on purchase price alone. This would include reducing use, reusing, recycling and waste reduction. Demand management and specification optimisation will be key to effective sustainable procurement outcomes and value-for money benefits.

8.3 Training and awareness will be required to embed the approach. It is anticipated that the majority of training can be delivered in house via e-learning and business as usual interaction between Procurement and the key buying areas. There will be need for some additional training as part of the planned procurement

upskilling in the wider Service, anticipated at approximately £10,000, which has been submitted as a bid against the 2021/22 Corporate Training Budget.