

City of London Corporation Committee Report

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| Committee(s): Projects and Procurement Sub Committee – For Decision | Dated: 9 December 2024 |
| Subject: Responsible Procurement Midyear Impact Report | Public report For Decision |
| This proposal delivers Corporate Plan 2024-29 outcomes | All six outcomes of the Corporate Plan |
| Does this proposal require extra revenue and/or capital spending? | No |
| If so, how much? | N/A |
| What is the source of Funding? | N/A |
| Has this Funding Source been agreed with the Chamberlain’s Department? | N/A |
| Report of: | Caroline Al-Beyerty, Chamberlain |
| Report author: | Lisa Moore, Responsible Procurement Manager |

Summary

Policy & Resources Committee approved publishing the first Responsible Procurement Impact Report in June 2024. The impact report provides examples for officers and suppliers as to what “good looks like” to the City Corporation. It is available on our website alongside the Responsible Procurement Policy. This report asks for permission to publish a mid-year impact report helping to create a ‘living report’ as we strive to be leaders in responsible procurement using our influence and leverage to shape how the public sector addresses the topic.

This report also provides some context for the impact report and how we are managing to leverage responsible procurement against our contract spending. This report aligns with the findings from the Strategic Procurement Review update paper in the context of Responsible Procurement.

Recommendation(s)

- Members are asked to approve the publication of the Responsible Procurement Mid-Year Impact Report 24-25 on our external website.
- Members are asked to note information on Responsible Procurement treatment paragraphs 13-22 in this paper.

Main Report

Background

1. In July 2022, Policy & Resources Committee approved an updated Responsible Procurement Policy which outlines the importance of responsible procurement (RP) as part of the overall value delivered through procurement; the responsibilities of buying officers at each stage of the commercial life cycle and the six RP commitments the City Corporation actively work on with its supply chain.

2. The six RP commitments are: taking climate action; promoting supplier diversity (diverse owned enterprises and SMEs); embedding equity, diversity and inclusion; guarding against modern slavery; facilitating work-related opportunities and delivering meaningful social value outcomes.
3. The RP Policy has a 15% RP weighting for all tenders over £100,000. Officers must consider how to incorporate RP in direct awards and contract extensions.
4. Policy & Resources Committee approved publishing the first RP Impact Report in June 2024. This report is available on our external website alongside the RP Policy. The impact report provides examples for officers and suppliers as to what “good looks like” to the City Corporation. Policy & Resources committee approved the first annual report, but it was agreed that subsequent reports would come to PPSC for approval as the precedent had been established.
5. The RP Annual Impact Report 23-24 was shared widely. Internally the report was shared with officers listed as live contract managers, at team meetings, in newsletters and the RP Refresh Series (seven short lunchtime learning sessions to revisit the basics and showcase RP in action by a contract manager or supplier). Externally, our communications team helped us publish on social media, it was published through the Climate Action newsletter and the social media accounts of our suppliers.
6. The RP Impact Report was largely well received with comments like “easy to read and follow”, “brings [RP] to life” and from a UK business not currently in our supply chain commented “It’s the first I’ve come across that clearly demonstrates real grounded impact. Useful to understand [the City Corporation] ... but also some lessons we can learn”.
7. The Annual Report acknowledged some of the limitations of the data available and set out a roadmap to improving our reporting capabilities. Acting on feedback from Members, we will work with the new Impact and Reporting team to help us contextualise outcomes e.g. 7% emissions reductions means x number of cars off the road, etc.

Current Position

8. The RP Mid Year Impact Report has been written as a ‘check in’ on the annual report road map to achieve better data, better involvement and better connection. It also includes seven spotlights to showcase some of the work that has been done in the first half of this year. The mid-year report is not meant to be a ‘mini’ annual report. We do not want to confuse our audiences with overall stats or impact as we are only halfway through the year.
9. This committee report seeks Member approval to publish this midyear report alongside the annual report on our external website. The RP Mid-Year report can be found in appendix one.

Key Data

10. The City Corporation spends roughly £500m each year on goods, services and works through third party spend.
11. The RP Team has compiled a RP Commitments Log which pulls out actions that suppliers have committed to doing as part of a tender response. In numbers:
 - Nearly 300 contracts have been reviewed so far valued at £1.9bn over the entire contract lifetime.
 - Of those mapped, 104 contracts with a total contract spend of £1.3bn include at least one RP deliverable at the time of tender.
 - This process has identified 93 unique suppliers and 58 contract managers.
 - 39 number of suppliers are known to the RP team for having delivered or will deliver RP in FY 24-25.
12. The RP team shares the log with officers that may be able to use the commitments made by suppliers. The RP team will be reaching out to contract managers to understand if the RP commitment has been delivered or if they need assistance.
13. Due to the volume of contracts, the log has focused on the RP commitments made in tender responses and does not currently track RP requirements included in the specification. Jaggaer, the new contract management system, includes functionality to input RP deliverables when creating a contract and officers can receive alerts to return evidence of delivery.

Responsible Procurement Treatment

14. This committee report also seeks to provide wider context for Members on the current state of how well RP is embedded and being delivered i.e. is what we are publishing in our Impact Report 'good' against our level of spend and number of contracts.
15. In November 2023, Action Sustainability, a management consultancy focused on sustainable procurement, produced a gap analysis assessing the treatment of RP at the City Corporation against the ISO 20400 Sustainable Procurement standard. We scored 2.73 out of 5 which is rated as 'Established' and above average for a first-time assessment. The overarching feedback is that our policy and commitments are well embedded in the process, but the further away from the RP team officers work, the less stakeholders across the organisation understand their role in RP delivery.
16. A strategic review of the City Corporation's approach to procurement and contract management was commissioned earlier this year. Human Engine was commissioned to carry out the review which seeks to address concerns regarding organisational capacity and capabilities. The recommendations of the ISO 20400 report will be integrated into the review.
17. The Chamberlain has submitted the initial findings from the review in another paper at this committee, but two of the relevant "key findings" for RP are:

18. Key Finding 1: There are tools in place, but people don't know how to use them.

19. This aligns with the findings of the ISO20400 review. We have a toolkit for each RP commitment including guidance for each stage of the procurement lifecycle. Since the review, we've taken steps to retrain people with buying responsibilities through our RP Refresh Series which was delivered to over 100 officers.
20. *Key Finding 2: Contract Management exists at the extremes in the City Corporation. Some contracts managers are using a full suite of tools and approaches to manage their contracts in a systematic way. Others haven't even heard of the City Corporation's approach.*
21. It is still common for the Commercial Service to initiate conversations on RP with departmental stakeholders. Although there are a few areas of the business, for example, the City Surveyor's Operations team (Ops team), includes RP as BAU contract monitoring. The Ops team have been a key contributor to driving RP impact in our supply chain they have all undertaken IWFM (FM professional body) sustainability and social value training which outlines what good looks like in the sector, how to speak to suppliers and report on it. They work closely with the RP team but take responsibility for driving supplier delivery.
22. We collected some feedback from our commercial leads. Our ability to provide comprehensive oversight of our contract portfolio is currently limited. We do not have a corporate 'strategic supplier' list. Lack of central co-ordination is a recurring theme across procurement including supply chain management and supplier audits. The treatment of RP is still light touch overall, however it will form an implicit and consistent thread throughout the developing procurement and contract management improvement plan.
23. The expected outcomes from the strategic procurement and contract management review include a revised tiering system and a relaunch of the contract management framework; which will include RP. This will act as a helpful reminder of roles and responsibilities of those involved in the procurement and contract management process. The review will also provide recommendations regarding the capabilities required to drive the improvement across the organisation.

Options

24. Option 1: We do not publish the RP Mid-Year Report 24-25. This is not the recommended option. The City Corporation made a commitment to reporting on progress as part of the annual report. This mid-year update ensures transparency and accountability.
25. Option 2: Publish the RP Mid-Year Report 24-25. This is the recommended option as we strive to be leaders in RP using our influence and leverage to shape how the public sector addresses the topic. Publishing the mid-year report is one way that we are seeking to make our annual report into a 'living' report. Commercial Services has been using the RP Impact Report to engage with officers and suppliers on RP. A mid-year check-in helps to keep the conversation current as we work through the strategic procurement review.

Corporate & Strategic Implications –

Strategic implications – The RP Policy commitments support all six outcomes in the Corporate Plan. More information can be found in appendix two.

Financial implications – None

Resource implications - Compiling this report is resource intensive as it is mostly manual data collection.

Legal implications - The suppliers mentioned in the report have all confirmed their willingness to be part of this public report.

Risk implications - None

Equalities implications – The commitments in the RP Policy should positively impact or seek to reduce negative impacts on people with protected characteristics.

Climate implications - The commitments in the RP Policy should positively impact or seek to reduce negative impacts on climate and other aspects of environmental sustainability.

Security implications - None

Conclusion

26. Members are asked to approve the publication of the RP Midyear report 24-25 as we strive to be leaders in RP using our influence and leverage to shape how the public sector addresses the topic.

27. Members are asked to note RP impact reporting as a work in progress. The outcomes of the strategic procurement and contract management review will be important to facilitate RP impact reporting more efficiently and could have the power to fill potential gaps in our front-line services.

Appendices

- Non- Public Appendix 1 – Responsible Procurement Mid-Year Impact Report 24-25
- Appendix 2 – Responsible Procurement Commitments & the Corporate Plan 2024-29

Background Papers

- Policy & Resources Committee - 6 June 2024 Responsible Procurement Impact Report 23-24

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Appendix Three: Responsible Procurement Commitments & the Corporate Plan 2024 - 2029



Dynamic Economic Growth through Supplier Diversity and Work Related Opportunities

- Supplier diversity promotes competition and innovation.
- Our suppliers are providing work related opportunities to plug the skills gap post Brexit and skills we need for a sustainable future.

Vibrant Thriving Destination through Human Rights and Modern Slavery

- Working with our suppliers to ensure that our collective supply chains promote ethical sourcing e.g. modern slavery due diligence and safe working environments.

Flourish Public Spaces through taking Climate Action

- Working with suppliers to conserve and enhance biodiversity in our open spaces and wider built environment

Providing Excellent Services through Supplier Diversity and Equity, Diversity & Inclusion

- Working with SMEs and Diverse Owned Enterprises to access public procurement supply chains through supplier readiness support and engagement events.
- Working with suppliers who take active steps to support Equity, Diversity and Inclusion.

Leading Sustainable Environment through taking Climate Action

- Promoting material reuse through the circular economy
- Supplier specific carbon emissions reporting for more accurate Footprinting

Diverse Engaged Communities through Social Value

- Our suppliers support our community support initiatives like the Retrofit Academy and London Careers Festival.
- Suppliers are contributing goods and services for our community groups and those of our target boroughs.

