

Sustainable Procurement Strategy 2021–2025





Foreword by Cllr De Ryk

I am proud to introduce Lewisham Council's Sustainable Procurement Strategy, 2021-2025. There is a very wide variety of goods, works and services we pay for annually and this document is designed to increase awareness of how we approach their procurement. It shows how Lewisham, as a council, seeks to get the best value out of every pound it spends on behalf of its residents.

One of our key priorities coming out of the pandemic is to help provide an economically sound future for our borough. It is something that is easy to say but challenging to deliver in these uncertain times. Building on the success of the Lewisham Deal, a partnership between key institutions in the borough, we are aiming to maximise the social value of spending in Lewisham. We will protect and grow the borough's small and medium enterprises and voluntary and charity sectors by spending our budget as locally as possible and, as a consequence, strengthen the value of the Lewisham Pound. This is what we mean by a Sustainable Procurement Strategy. Combined with our Social Value Policy and the work to fight modern day slavery and human trafficking, this approach will increase the local impact of every pound we spend.

It is an ambitious strategy. Delivering it is a team effort with members of our newly strengthened procurement team supporting officers and contract holders in all directorates. We are engendering a culture of sound financial management, rigour and control across the whole organisation that we hope will provide assurance that our contracts continue to deliver value for money. So whilst we are investing locally, we are ensuring residents get the best possible value from the money they give us, wherever and however we spend it.

Amanda de Ryk

Introduction

This strategy outlines the aims for Lewisham's Procurement Team from 2021-25 and our approach to sustainable procurement that can use commercial spend to deliver environmental, health and social benefits within our community.

Over 300,000 people live in the London Borough of Lewisham in around 130,000 households. We have a young population, with 70% of our residents being of working age and 25% being between the ages of 0-19 years old. 46% of our population is composed of people from ethnic minorities and there are more than 9,000 businesses registered in the Borough. Lewisham continues to grow, however, and is projected to have a population of 366,400 by the year 2041. Lewisham Council's most recent gross revenue expenditure budget was just over £1.2bn, with around £320m of this being spent on contracts for works, services and supplies. The Council is responsible for maintaining 397km of roads, 12km of footpaths, 18 nature reserves, 5 churchyards, 37 allotments and 47 parks (15 of which are Green Flag parks). In a single week, Lewisham waste services are responsible for the collection of 2,500 tonnes of waste from households, 25% of which is recycled. Lewisham was the second Council in London to declare a Climate Emergency in 2019 and our firm commitment to becoming a carbon neutral Borough by 2030 will mean targeted climate-related improvements in local air quality, our green economy, green spaces and our residents' health and wellbeing over the four year period of this strategy.

The Covid-19 global pandemic has required us to think differently and to seize the opportunity to adopt agile methods to ensure we continue to prioritise our communities and the borough during the recovery period. Building on data and insight, the Council will better focus our resources, align our partnerships and is developing a strategic context to address the challenges and opportunities in Lewisham. The Council has developed four themes for Future Lewisham, and the Sustainable Procurement Strategy's actions and deliverables actively support these to contribute to its achievement and success. These four themes are:

- A greener future
- A healthy and well future
- An economically sound future
- A future we all have a part in

Lewisham Council has a devolved Procurement Team, which means that members of our team work with colleagues from across the organisation. We train and support our colleagues to grow their procurement capabilities so that they can effectively deliver procurements projects. We always aim to create an ecosystem of positivity and success in all of our interactions and on all of our projects by being knowledgeable, available, responsive and accurate. We support our colleagues to deliver timely procurement projects that are fully compliant with national legislation, focus on providing quality suppliers and prioritise the delivery of value for money across the lifetime of a contract. Our residents' interest in and understanding of public procurement has increased a great deal over the past few years and we hope that the comprehensive and transparent strategy that we have produced will help to illustrate our team's future approach to sustainable and community-oriented procurement. An approach that can respond quickly to change, deliver upon the promise of recovery and create systems of success with high quality contract

management. We are working closely with the Finance service and expect this collaborative approach to continue to produce good outcomes for the Borough.

Members of our Procurement Team are encouraged to enhance their commercial skills and demonstrate commercial behaviours in their work and our colleagues increasingly see our staff members' knowledge, information and ability to innovate in this and other areas as a skill that they are able to utilise. These commercial insights have helped to shape the focus and direction of this strategy and the five key themes of focus contained within it. These cover how our team's vision and action can help to define Lewisham's organisational approach to Contract Management, Growing the Lewisham Pound, Confronting Modern Day Slavery, Tackling the Climate Emergency and the Future of Procurement. We have considered how we work and what changes we can make to ensure that Lewisham is at the forefront of local government best practice in procurement both over the next four years and throughout the 2020s.

Contract Management

Theory and models of contract management can often be verbose and confusing and disengage people from the concept. Put simply, contract management at Lewisham is the process of someone from our organisation talking to, monitoring data from, and meeting with current suppliers. This process is carried out with the purpose of ensuring that the contract(s) for their works, services or supplies are running as designed - and delivering the outputs and outcomes that they were intended to deliver for our residents.

Good contract management should also focus on delivering efficiency, effectiveness and economy. At the bottom of this page we have outlined two deliverables that will help Lewisham to bring about a successful Contract Management approach. These deliverables have been informed by four key actions and behaviours that are central to the efficacy of any contract management programme and explained in the table below.

Communication – Fully understanding how each supplier directly contributes to Lewisham's corporate strategy and engaging with a wide range of stakeholders to work in partnership with suppliers to bring about added value. Enabling regular and effective communication between Lewisham and providers.

Prioritisation – Making sure that we are appropriately prioritising resources to minimise risk and maximise positive outcomes and benefits. We will deliver a new Framework to ensure that we properly prioritise resources and focus on appropriately managing contracts with regard to their relative complexity and risk.

Measuring – Consistently measuring the outcomes of contract management work in a way that provides an insight into and understanding of supplier benefit realisation and the achievement of outcomes for residents. Making sure that Key Performance Indicators (KPIs) provide the relevant information needed to provide insights into supplier benefits.

Reporting – Making Contract Management a practical task that implements consistency and underpins transparent reporting and data that drives interactions that are timely, accurate and able to deliver actionable insights.

The Procurement Team knows that good contract management skills can help to increase the commercial acumen of Council staff, boost cross-directorate working

and enable increased engagement with suppliers that leads to more informed and robust decision-making. It is with these goals in mind that by the end of the first year of this strategy we will deliver a new Contract Management Framework for Lewisham and support its rollout and application across the organisation. This will help to capture, track and monitor spend related to the Council's efficiencies process. It will also build on contract management training that has been already delivered by the team and be supported by the future delivery of training sessions based around the application of the new Contract Management Framework.

In every year of this strategy, a key deliverable for the team will also be supporting the Finance service and stakeholders with the financial vetting of potential suppliers and financial monitoring of current suppliers. People in Lewisham expect the highest standards of probity and conduct in the administration of the Borough and the Procurement Team's activities will assist in the delivery of this important work.

Growing the Lewisham Pound

The London Borough of Lewisham and member organisations of The Lewisham Deal have been working together since March 2019 to support local Small Medium Enterprises (SMEs) and grow the Lewisham Pound. This work has already achieved some genuine outcomes for local residents in both partnership work and activity undertaken through The Lewisham Deal – not to mention the Council's successful internal approach to increasing Social Value in procurement projects. The Lewisham Deal is composed of Lewisham Homes, Phoenix Community Housing, University of London, Goldsmiths, Lewisham and Greenwich NHS Trust and Lewisham College - and we are working together to boost investment in Lewisham's SMEs, provide high-quality employment opportunities for local residents and offer targeted apprenticeship programmes. Over the next four years, we want to help residents, Voluntary and Community Services and SMEs in Lewisham to **RUN**. Our focus will therefore be on:

- **Retaining wealth** in our Borough for residents using our Social Value Policy
- **Using Procurement Policy Note 11/20** to create new opportunities for our SMEs
- **Navigating a route to recovery** from the Covid-19 Pandemic in our Borough

Retaining wealth in our Borough is a priority for the four year period of this strategy. We will seek to use the influence and purchasing power of The Lewisham Deal to retain wealth in Lewisham via progressive procurement, standing up for the principle of being a living wage employer and encouraging others to do the same. We will speak to our suppliers to understand how they plan to meet the ambition of our Social Value Policy throughout their supply chain to ensure that residents have access to the high-quality, high-skill and high-pay jobs and work opportunities that are necessary to help them, their families and future generations of Lewisham's workforce to thrive over the course of the next four years.

Using the process outlined in Procurement Policy Note 11/20 to procure with Lewisham-based providers for below threshold contracts on a case-by-case basis. It is our belief that progressive procurement - which also seeks to use the Lewisham Deal and Social Value Policy to increase collaboration and reduce duplication - can create new opportunities for Lewisham's small and medium enterprises and micro-businesses. We are therefore committed, by the end of the first year of this strategy,

to tendering below threshold procurements to Lewisham-based organisations, as a first point of market engagement.

Navigating through recovery from the Covid-19 Pandemic in our Borough, to a renewed and thriving local economy, will be crucial over the next four years. We are a Borough with businesses that are adaptable and prepared for change, with a local economy that thrives because it sees 'local' as the first and best choice. This is in the knowledge that medium, small and micro-businesses in Lewisham have an important part to play in boosting innovation, driving growth and ensuring that Lewisham's wealth is retained in the local economy. Supporting local businesses to continue to grow and becoming sustainable is a priority area for our team. We do all we can to support residents into jobs that pay fairly and provide families with the opportunities and security they deserve. We will therefore deliver, by the end of the third year of this strategy, increased engagement with services to produce first-class Equality Analysis Assessments (EAAs) that will help to tailor social value KPIs to specific, geographical socio-economic improvements. We will deliver our residents the best possible suppliers for contracts that will make the biggest difference to their lives.

Confronting Modern Day Slavery

Modern Day Slavery (MDS) is any form of exploitation severe enough that people are not able to leave their place of work. It is our belief that following procurement best practice can do a great deal to safeguard against modern day slavery in our supply chains. Lewisham Council has a zero tolerance approach to modern day slavery and human trafficking in all its forms and is committed to its eradication from our supply chains and our contracts for services, works and supplies.

In terms of Lewisham's procurement, our contractors and suppliers are predominantly UK-based and we are committed to effective systems and controls to safeguard against any form of modern day slavery taking place within our supply chain. With the UK having now left the European Union, Global Initiative has made it clear that there is a risk that hard won gains in tackling human trafficking and modern day slavery will be lost due to the terms for UK collaboration with Europol and Eurojust being diminished. The London Borough of Lewisham will therefore have to level up its efforts to protect people from modern day slavery, as well as providing support to people who have experienced modern day slavery.

In order to be able to do this effectively, we need to make sure that all of our suppliers are considering their modern day slavery obligations. This means paying even closer attention to our procurement process and supply chains in order to ensure that visibility of modern day slavery increases on both sides of the tendering process. With this in mind, we ask questions in all of our above threshold tenders as to whether organisations have produced (and can share) their MDS statement.

We also ask suppliers whether they have ever been found guilty of using child labour or any other form of human trafficking, with involvement in either of these being grounds for exclusion from the tender process. Finally, we challenge and investigate abnormally low tenders whenever they arise. Further to these actions, we believe in the use of contract management to manage any modern day slavery concerns. We therefore seek to ensure that modern day slavery and human trafficking is covered in pre-contract meetings to allow for bespoke MDS clauses - and the new Contract Management Framework will assist in capturing this data.

We have outlined, above, the seriousness with which we approach tackling modern day slavery - and it is with this in mind that we will deliver, by the end of the second year of this strategy, a risk map of our supply chain that is bolstered by spot checks, audits and our continued affiliation (we were one of the first Councils in the country to affiliate with them) with Electronics Watch (who ensure that all of the IT and Digital equipment that we purchase comes from modern day slavery-free supply chains).

We will also ensure that, in each year of this strategy, the Procurement Team delivers support for the development of Lewisham's annual modern day slavery statement and inputs into all relevant sections. We will act upon all of the key procurement outputs from the statement, whether these are changes to behaviours and processes or requirements to increase stakeholder engagement or undertake specialist training.

Tackling the Climate Emergency

The concept of sustainability involves operating in a way that fully accounts for an organisation's impact on the planet, its people and the future. With this in mind, in January 2019, the London Borough of Lewisham was one of the first local authorities in the country to declare a climate emergency. This declaration has already had a material impact on the way we tender contracts for our works, services and supplies - and environmental considerations, the climate emergency and Lewisham's commitment to becoming a carbon neutral Borough by 2030 are starting to become central considerations in how we procure. Lewisham's 2030 target is an ambitious goal and the Council knows it will have to go further than the minimum legislative and regulatory standards in order to meet this ambition. The Procurement Team understands the part that it has to play in this work and is looking forward to contributing. In terms of our current requirements, all tenderers competing in above threshold procurements are asked to provide information on the accredited method they use to report on their corporate carbon emissions, to disclose what those emissions are - and to identify actions or modifications that can reduce carbon intensity in relation to the works, services or supplies they are tendering for. Every above threshold tender also has quality-based scoring awarded against social value criteria, a percentage of which is linked to impactful and measurable commitments to deliver a greener, healthier and more prosperous Borough for all of our residents.

We are committed to extending the ways in which our procurement can drive reductions in carbon emissions over the next four years, which is why it is a key deliverable for our team that - before the end of this strategy - we will have embedded the requirement for suppliers to submit a Carbon Reduction Plan (CRP) as part of specific tenders. Suppliers' CRPs will be assessed as part of the selection criteria for technical and professional ability in all relevant tenders with an annual value of £5m or more. A relevant tender is any contract that:

- Has a direct environmental impact
- Involves the mass transportation of goods, workers or people
- Requires natural resources in order to be delivered
- Involves the use of buildings to deliver works, services or supplies.

The Climate Emergency will affect every sector of the economy and society as we approach 2030, meaning that a high carbon contract will become a high risk contract, so whilst these four criterion will be *requirements* in relevant high value

contracts, it is our intention that the consideration of them should be a guiding principle for *all* above threshold procurements too. Suppliers will be expected to use their CRPs to confirm their organisational commitment to achieving Net Zero by 2050 (at the latest) and outline the actions they will take in the specific contract that they're tendering for to help Lewisham achieve its commitment to becoming a carbon neutral Borough by 2030. Any suppliers that fail to make an organisational commitment to reduce their emissions over time to achieve Net Zero by 2050 will be excluded from such tenders.

We will also ensure that in every year of this strategy we deliver an annual review of our template tendering documents with the aim of continuous improvements in tackling the climate emergency in mind. We will pay particular attention to the continual review of minimum standards with regard to environmental outputs in our specifications - and the annual review of our social value policy will ensure that as a team we are doing everything possible to assist in the delivery of Lewisham's ambitious commitment to become a carbon neutral Borough by the end of 2030.

The Future of Procurement

This is Lewisham Council's first Sustainable Procurement Strategy since the United Kingdom left the European Union and since the outbreak of the Covid-19 Pandemic. Looking to the future of procurement following the predictable and unpredictable turbulence of these two recent events may appear curious - but even in times of such great uncertainty, there is still a great deal that we can be sure of in our field.

As of the time of writing, a statutory instrument is in place and the government intends for the majority of proposals in its December 2020 procurement Green Paper to become legislation - consolidating over 350 regulations which make up the UK's procurement rules into a single, uniform framework. This will enshrine the principles of value for money, transparency, public benefit, integrity, non-discrimination and fair treatment of suppliers into law. We will be able to more easily take account of a supplier's past performance and it will establish three "simple [and] modern" procurement procedures and a single platform that suppliers can register on once in order to then qualify for inclusion in any open, public sector procurement process. Speculative challenges to procurement decisions will also be deterred via reforms to cap the damages available to suppliers who pursue such a strategy post-award.

This means that within the lifetime of this strategy, we can be sure that a new legislative framework will be adopted and that we may therefore need to adapt our strategy and constitutional approach to procurement as a result of these changes. Meanwhile, as these sector-defining changes are taking place, we have a Borough that is focused on recovery and colleagues and stakeholders who will be relying on the backing of our team to support their work to help Lewisham to recover and thrive.

The government has notified the sector that it intends to publish a National Procurement Policy Statement - and conducting our work as we go forward, we will have to pay heed to the strategic national priorities for public procurement that it sets out. The priorities in this Policy Statement are likely to have an impact on the approach that procurement takes to public sector recovery from the pandemic over the next four years and the Statement in conjunction with new legislation should also clearly outline the approach that public sector procurement teams should take with regard to fast, yet diligent, buying approaches to the next crisis - whatever it may be.

It's with this in mind that, by the end of the third year of this strategy, we will prepare - in line with new legislation - Lewisham's crisis purchasing risk register and action plan to ensure that our Borough is best placed to respond to any future crises.

We will also be mindful of the fact that working together as one Council, in the Lewisham Way, is going to be more important than ever going forward. We know that our team is going to play an important role in supporting organisational digital transformation and ensuring that as a Council we are operating as effectively as possible and delivering in a sustainable way. This means adding value wherever possible, removing duplication, leveraging economies of scale (where appropriate) and always delivering value for money. In line with the recovery principles and future of procurement legislation outlined above, we will therefore deliver through our work, in every year of this strategy, support for Lewisham's digital transformation as an organisation and support for increasing digital engagement with residents.

Deliverables for 2021-25

1. We will deliver, by the end of the first year of this strategy, a new Contract Management Framework for Lewisham and our team will support its rollout and application across the organisation.
2. We will work with the Finance service and stakeholders to deliver, in every year of this strategy, the work needed to financially vet our potential suppliers and financially monitor our current suppliers.
3. We are committed, by the end of the first year of this strategy, to tendering below threshold procurements to Lewisham-based organisations, as a first point of market engagement, where possible.
4. We will deliver, by the end of the third year of this strategy, increased supported challenge to services to produce first-class Equality Analysis Assessments (EAAs) that tailor social value Key Performance Indicators (KPIs) to specific, geographical socio-economic improvements.
5. We will deliver, by the end of the second year of this strategy, a risk map of our supply chain that is bolstered by spot checks, audits and our continued affiliation with Electronics Watch.
6. We will ensure that, in every year of this strategy, the Procurement Team delivers support for the development of Lewisham's annual modern day slavery statement and inputs into all relevant sections.
7. We will, by the end of this strategy, have embedded the requirement for suppliers to submit a Carbon Reduction Plan as part of relevant tenders with an annual value of £5m or more.
8. We will, in every year of this strategy, deliver an annual review of our template tendering documents, the Procurement Handbook and the procurement regulations and all supporting guidance.
9. We will, by the end of the third year of this strategy, prepare - in line with new legislation - Lewisham's crisis purchasing risk register and action plan in order to ensure that our Borough is best placed to respond to any future crises.
10. We will deliver, in every year of this strategy, support for Lewisham's digital transformation as an organisation and support for increasing digital engagement with residents.



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