



Public Accounts Select Committee

Update on the Local Supply Chain in Lewisham

Date: 17 March 2022

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Head of Strategic Finance, Planning and Commercial and the Head of Economy, Jobs and Partnerships

Outline and recommendations

The current Corporate Strategy 2018 – 2022 contains seven key priorities, one of which is to build an inclusive local economy, and a commitment to enable this by reviewing public sector procurement to maximise investment in local independent businesses and support local inclusive growth. The delivery of this has been via both the Corporate Procurement team's changes to policy and practice, and the work under the Lewisham Deal, but also through the work of the Council's Economy, Jobs and Partnerships team.

Public Accounts Select Committee are recommended to note the update on the work with the local supply chain within Lewisham.

Timeline of engagement and decision-making

February 2019 – Lewisham's Social Value Policy agreed by Mayor and Cabinet

July 2019 – the signing of the Lewisham Deal and first Annual Social Value Report published

September 2020 – second Annual Social Value Report published

June 2021 – the Sustainable Procurement Strategy agreed by Mayor and Cabinet

September 2021 – third Annual Social Value Report published

1. Summary

- 1.1. The current Corporate Strategy 2018 – 2022 has seven key priorities, one of which is to build an inclusive local economy, and a commitment to enable this by reviewing public sector procurement to maximise investment in local independent businesses and support local inclusive growth. The delivery of this has been via both the Corporate Procurement team's changes to policy and practice, and the work under the Lewisham Deal, but also through the work of the Council's Economy, Jobs and Partnerships team.
- 1.2. In the period 2018 – mid 2021 the Council's procurement service has developed and adopted a Social Value Policy that targets an increase in local businesses into the Council's supply chain at all levels of spend. The Council has signed and entered the Lewisham Deal, a common commitment by local public sector institutions to promoting inclusive growth in the borough, and has published the annual Social Value Reports for 2018/19 – 2020/21 demonstrating the increase in social value obtained from our contracted spend each year. Within the Lewisham Deal the Procurement Sub-group commits to holding an annual Meet the Buyer Day and has successfully held this three times (with the exception being 2020 due to Covid restrictions). In July 2021 the Sustainable Procurement Strategy 2021 – 2025 was approved and adopted which commits to tendering below threshold procurements to Lewisham-based organisations, as a first point of market engagement, where possible.
- 1.3. The impact of the Covid pandemic on the Borough, and especially its business base, was profound. The Council provided over £76m in over 14,000 grants to local businesses during the pandemic. Securing contracts within the supply chain of the Council and other local partners could help to secure their longer-term recovery. As such the Council has put in place a pilot "Ready to Supply" project to support local businesses.

2. Recommendations

- 2.1. Public Accounts Select Committee is recommended to note the report on the local supply chain in Lewisham.

3. Policy Context

- 3.1. The Council's 2018 to 2022 Corporate Strategy identifies seven corporate priorities and four core values which are the driving force behind what we do as an organisation. It sets out a vision for Lewisham and the priority outcomes that organisations, communities and individuals can work towards to make this vision a reality.
- 3.2. In developing and adopting a single Contract Management Framework we will seek to ensure the continued delivery of value for money and best value. In developing and adopting this framework we will be driven by the Council's four core values:
 - We put service to the public first.
 - We respect all people and all communities.
 - We invest in employees.
 - We are open, honest and fair in all we do.
- 3.3. These core values align with the Council's seven corporate priorities namely:
 - *Open Lewisham - Lewisham is a welcoming place of safety for all where we celebrate the diversity that strengthens us.*
 - *Tackling the housing crisis - Everyone has a decent home that is secure and*

affordable.

- *Giving children and young people the best start in life - Every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential.*
 - *Building an inclusive local economy - Everyone can access high quality job opportunities, with decent pay and security in our thriving and inclusive local economy.*
 - *Delivering & defending: Health, Social Care and Support - Ensuring everyone receives the health, mental health, social care and support services they need.*
 - *Making Lewisham greener - Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.*
 - *Building safer communities - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.*
- 3.4. As the Council seeks to support the borough and its businesses and residents through the pandemic and beyond, this recovery is based on the four key themes of Future Lewisham, these are:
- A Greener Lewisham;
 - A healthy and well future;
 - An economically sound future; and
 - A future we all have a part in.
- 3.5. The engagement and participation of the local supply chain in Lewisham delivers specifically against a commitment under building an inclusive local economy, which is that we will review public sector procurement to maximise investment in local independent businesses and support local inclusive growth. This further supports the aim of ensuring a future we all have a part in and an economically sound future.

4. Progress to 2021

- 4.1. The current Corporate Strategy 2018 – 2022 has seven key priorities, one of which is to build an inclusive local economy, and a commitment to enable this by reviewing public sector procurement to maximise investment in local independent businesses and support local inclusive growth. The delivery of this has been via both the Corporate Procurement team's changes to policy and practice, and the work under the Lewisham Deal, but also through the work of the Council's Economy, Jobs and Partnerships team.
- 4.2. The Lewisham Deal is a common commitment by local public sector institutions to promoting inclusive growth in the borough. Based on the principles of community wealth building, the Lewisham Deal seeks to ensure we build an economy that works for everyone in the borough. The anchor institutions involved in the Lewisham Deal are: the London Borough of Lewisham, Lewisham Homes, Goldsmiths University of London, Lewisham and Greenwich NHS Trust, Lewisham College and Phoenix Community Housing. There are six key commitments of the Deal: Apprenticeships; Information, Advice and Guidance; London Living Wage; the Climate Emergency; Black Asian and Minority Ethnic staff progression; and Procurement. Each of these commitments is overseen by a sub-group with relevant members from each organisation and specific objectives agreed by the group. The Procurement sub-group is chaired by the Council's Head of Strategic Finance, Planning and Commercial, with business and operational support provided by the Council's Social Value Officer. The Procurement sub-group's key objectives are:
- To make our contract opportunities more accessible to small and medium

enterprises (SMEs);

- To organise a minimum of one Lewisham Meet the Buyer event a year for our SMEs; and
- To publish an annual Social Value Report.

- 4.3. Procurement also generally supports and aids the other five commitments of the Lewisham Deal, specifically the London Living Wage, where the Council requires that for all contracts let which deliver services into the borough that the London Living Wage is paid, and Climate Emergency whereby the Sustainable Procurement Strategy contains a requirement for suppliers to submit a Carbon Reduction Plan as part of relevant tenders with an annual value of £5m or more. The service also supports the Apprenticeships pillar through the inclusion of apprenticeships as a key KPI in the Social Value delivered via contracts.
- 4.4. Whilst the Lewisham Deal was officially signed in the summer of 2019, the sub-groups began working towards their commitments in early 2018, with the first Meet the Buyer event in the autumn of 2018 held at Goldsmiths University of London, supported by all members and with over 80 local businesses attending. In July 2019 the Lewisham Deal was officially signed by all member organisations and the first annual Lewisham Deal Social Value Report published.
- 4.5. During 2018 the Procurement service was also developing its first Social Value Procurement Policy, which now provides for a weighting for social value within all tenders in excess of £50k, ranging from 5% - 10% but also clearly identifies a range of Key Performance Indicators (KPIs) which we would expect providers to meet as part of the service delivery. In recognising the importance of social value, the previous standard evaluation weighting of 60:40 for price:quality was amended to 50:50, with social value given a weighting of 5% - 10% of the quality weighting. This places both greater emphasis on social value but also consistently and collectively focuses wider societal benefit on those areas which the Council has identified as being of the greatest strategic need as defined in our core strategies and objectives. The Social Value Policy was formally agreed by Mayor and Cabinet on the 6 February 2019 and immediately implemented.
- 4.6. To support the implementation of the Social Value Policy, the Council's Social Value Officer developed a social value monitoring toolkit, which is included in every relevant above threshold tender pack and then forms part of the contract schedules once awarded and operational. This enables the Council to record and monitor the delivery of social value via its supply chain.
- 4.7. The second Meet the Buyer Event was held in the autumn of 2019 at Goldsmiths University of London with 60 local businesses attending.
- 4.8. In July 2020, despite the impact of Covid, the Lewisham Deal published its second annual Social Value Report but was not able to host another Meet the Buyer event due to pandemic restrictions.
- 4.9. In July 2021 the Sustainable Procurement Strategy 2021 – 2025 was approved and adopted which commits to tendering below threshold procurements to Lewisham-based organisations, as a first point of market engagement, where possible. The Lewisham Deal also published its third Annual Social Value Report.
- 4.10. In September 2021, the Economy, Jobs and Partnerships team conducted a survey of the local business community designed to solicit feedback from employers on the challenges they faced and support they required to enable them to secure contracts with the Council and Lewisham Deal partners, and to inform the agenda for the Meet the Buyer event. The survey was promoted through a number of channels including the fortnightly business newsletter and by stakeholders/partners including the Federation of Small Business (FSB) and South East London Chamber of Commerce. The survey was also shared internally with teams across the Council who were encouraged to

share with their employer contacts.

- 4.11. In total 46 businesses completed the survey. Whilst the number of respondents to the survey was relatively low, the feedback received provided some useful insights into the challenges and needs of businesses interested in securing contracts from the Council and its Lewisham Deal Partners. The findings included:
- *Over 50% of the respondents were from the Construction and Social Care sectors*
 - *The majority were well-established i.e. trading for more than 4 years*
 - *90% were small or medium sized businesses (SMEs)*
 - *60% had never bid for a Council contract*
 - *50% of the businesses said they 'wouldn't know where to start' in completing a tender which suggests that their needs are very elementary*
 - *An on-line toolkit, mentoring and workshops were, by some way, the most popular types of support identified as being helpful by businesses*
 - *59% were either interested in being part of a consortium or would like more information*
 - *89% were interested attending our Meet the Buyer event*
 - *48% were paying the London Living Wage but are not currently accredited.*
- 4.12. The Meet the Buyer event was held in November 2021, again at Goldsmiths University of London. Over 100 businesses attended. The event included a marketplace where businesses could directly talk to over 20 organisations who had contract opportunities to promote including all of the Lewisham Deal partners, large construction firms and major local developments. There were also a number of presentations on topics including Lewisham Deal partner procurement procedures, the Living Wage, business development support, sustainable construction and how to access Lewisham's Housing Improvement contracts.

5. Progress since 2021 and Next Steps

- 5.1. The success and energy generated by the Meet the Buyer Event in November 2021 highlighted the breadth of local suppliers within the borough, but also that for the majority of these they felt unclear or unable to successfully bid for and win contracts with the anchor institutions.
- 5.2. It is clear that the procurement service can seek to improve the generic support it offers businesses via increased and improved advice and guidance on the website, but essentially its role is to ensure that all procurement activity is compliant with either UK legislation or the Council's Contract Procedure Rules (as set out in the Constitution). One of the key principles of public procurement is equality and transparency, therefore the procurement service cannot support individual suppliers.
- 5.3. However, the role of the Economy, Jobs and Partnerships team is to support local businesses and enable them to grow. Therefore this team can engage directly with businesses to help promote upcoming contract opportunities and put in place the support necessary to make sure that Lewisham businesses are in a strong position to secure contracts with the Council and Lewisham Deal partners.
- 5.4. Based on the feedback from the business survey and Meet the Buyer event, a new "Ready to Supply" project is being piloted. This project is being delivered by ELBA Works, who have experience of delivering similar projects in east London boroughs and has been funded for delivery to September 2022 initially.
- 5.5. The project provides direct support to local SMEs who are interested in supplying goods or services to the Council and Lewisham Deal partners. The project provides capacity building, ready-to-supply workshops and 1-2-1 support to Lewisham SMEs

including, but not strictly limited to, the following:

- *Initial business needs analysis*
- *Clarification of current & future bidding potential*
- *Business planning/scaling up*
- *Procurement & tendering*
- *Consortia formation and bidding*
- *Compliance (key policies & accreditations)*
- *Environmental credentials*
- *Carbon reduction/net zero planning*
- *Diversity & inclusion*
- *Social value*
- *Scaling up/finance*
- *Pitching & presenting/meeting buyers*
- *Marketing & social media*

5.6. The targets for this pilot project are:

- *Number of SMEs registered – 50*
- *Number of SMEs receiving a minimum of 6 hours support – 35*
- *Number of SMEs evidencing improved “fit to supply” – 25*
- *SMEs implementing new carbon reduction/net zero roadmaps – 15*
- *SMEs evidencing London Living Wage employer status – 15*
- *SMEs evidencing new/improved diversity & inclusion policies – 15*
- *SMEs evidencing contract wins/new sales (to end-Mar 23) – 10*
- *Indicative value of contract wins/new sales - £1m*
- *Number of workshops for SMEs (average 12 SMEs per workshop) – 10*
- *Number of networking and/or round-table events (average 25 SMEs per event) – 3*

5.7. An evaluation of the pilot project will be undertaken so that a decision can be taken later on in the year about whether this or a similar service is continued in the longer-term, subject to funding being available.

5.8. The Lewisham Deal is regarded as an example of good practice amongst London boroughs. A new London Anchor Institutions Network has recently been launched by the London Recovery Board (chaired by the Mayor of London and Cllr Georgia Gould, Chair of London Councils Board). This network replicates some of the work done by the Lewisham Deal but at a regional level. Signatories to the London Anchor Institutions Charter include regional public services (e.g. TfL, Metropolitan Police, London Fire Brigade, NHS London), London Chamber of Commerce and Industry, Film London, Thames Water, the Church of England and the Trade Unions Congress (TUC). Procurement is again the focus of one of the six working groups of the London Anchor Institution Network.

5.9. Alongside seeking contract opportunities with the Council and Lewisham Deal partners, opportunities are also sought for local businesses to secure contracts in the supply chains for major local developments. During the Planning approval process, obligations to secure local contracts are included in Section 106 agreements where possible. In

2020/21 15 contracts totalling £1.9m were secured by local businesses through obligations secured in Section 106 agreements.

- 5.10. One of the other barriers to increasing the number of contracts secured by local businesses is for commissioners of contracts to be aware of what businesses are available in the borough. Whilst there is a business database on the Council website, it is recognised that it may be helpful to produce a directory which lists local businesses by categories relevant to those who may be responsible for procuring contracts. For example, providing developers and large construction companies with a directory of local building supply merchants; trades and crafts people; and catering and security firms. Similar directories could be produced for Council officers responsible for procuring lower value (i.e. below £50,000) contracts for goods and services. Responsibility for the production of this directory will be included in the 2022/23 work plan for the Economy, Jobs and Partnerships service.

6. Financial Implications

- 6.1. This report provides an update on the work with the local supply chain within Lewisham, including both the changes made by the Procurement service in terms of policy, practice and approach to increase social value from our contracts and the number of local businesses in the supply chain, as well as the work being undertaken by the Economy, Jobs and Partnerships service.
- 6.2. There are no financial implications arising from this report.

7. Legal Implications

- 7.1. Legal implications were provided at the point at which new policies or strategies were developed and approved, as well as any relevant implications for individual procurements undertaken as part of the Council's approved procurement activity.
- 7.2. There are no direct legal implications arising from this report.

8. Equalities Implications

- 8.1. The Council has a public sector equality duty (the equality duty or the duty - The Equality Act 2010, or the Act). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 8.2. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will

necessarily vary from case to case and due regard is such as is appropriate in all the circumstances.

8.3. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.

8.4. The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

8.5. There are no equalities implications directly arising from this report.

9. Climate change and Environmental Implications

9.1. There are no environmental implications directly arising from the report.

10. Crime and Disorder Implications

10.1. There are no crime and disorder implications directly arising from the report.

11. Health and Wellbeing Implications

11.1. There are no health and wellbeing implications directly arising from the report.

12. Appendices

12.1. The following appendices are attached:

- *Appendix 1: first Annual Social Value Report (2019)*
- *Appendix 2: second Annual Social Value Report (2020)*
- *Appendix 3: third Annual Social Value Report (2021)*

13. Background papers

13.1. None

14. Report author(s) and contact

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14.3. Comments for and on behalf of the Executive Director for Corporate Resources

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14.5. Comments for and on behalf of the Director of Law, Governance and HR

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