



City of London Corporation

Responsible Procurement Strategy

Foreword – Driving Responsible Procurement in the City

The City of London Corporation (“the City Corporation”) is committed to responsible procurement - it is the golden thread running through our City Procurement Strategy 2015-2018.

Responsible procurement delivers best value in a sustainable way for the City Corporation and our suppliers. It promotes innovation, optimises resource use and improves the lives of those involved in supply chains. Employees working for organisations that take these issues seriously tend to be more motivated and productive individuals.

We recognise the significance of the procurement decisions we make and the huge potential to act as a catalyst for positive change; to help combat global issues such as climate change using ambition and efficiency, drive national markets for innovative products, including low emission vehicles and to address local priorities such as the social exclusion of people from deprived areas.

We aim to use our buying power and collaborative business relationships to drive fundamental changes in how contractors deliver goods, services and works. The City Corporation plans to maximise the benefits that can be gained for our local community, the environment and everyone associated with our supply chains.

Collaboration with our peer boroughs is strengthened through our work with the London Responsible Procurement Network (LRPN) and with supply chain partners, including small and medium enterprises, local businesses, social enterprises, and voluntary and community sector organisations; through clear and effective procurement procedures, dialogue and tailored events.

In line with the City Corporation’s core values and in the spirit of the ‘four Rs’, this Strategy aims to ensure every item, service and works project procured leads to **reliable** outputs and **responsible** outcomes. It has been made **relevant** to international, national, regional and organisational policies and regulations, and is **radical** in terms of the extent of positive change it intends to drive.



Dr Peter Kane
Chamberlain
City of London Corporation

Contents

Introduction	4-5
The Three Pillars of Responsible Procurement	6
Approach to implementation.....	7-8
Pillar 1: Social Value.....	9
Policy A: Protecting People and the Local Environment	9
Health & safety and road safety	9
Air and noise pollution.....	10
Land & water pollution and nature & biodiversity.....	11
Policy B: Promoting Social Inclusion, Equality & Community Benefit	12
Social inclusion, SEs & VCSOs and equalities.....	12
The Social Value Panel and further community input.....	13
Policy C: Supporting local economic regeneration.....	13
The Living wage	13
SMEs and organisations with an environmental or social mission.....	14
Implementation timeline for Pillar 1: Social Value.....	15
Pillar 2: Environmental Sustainability.....	15
Policy D: Sourcing lower impact materials and methods	15
Sustainable food, farming & animal welfare	15
Green products & services, sustainable timber and environmental management.....	16
Policy E: Maximising resource efficiency	17
Demand management, reducing waste, total cost of ownership and the circular economy	17
Policy F: Minimising Greenhouse Gas (GHG) Emissions	18
Energy efficiency, renewable energy and innovation to reduce energy use	18
Implementation timeline for Pillar 2: Environmental Sustainability.....	19
Pillar 3: Ethical Sourcing	20
Policy G: Ensuring human- and labour rights.....	20
ILO Conventions and conflict minerals	20

Conflict minerals.....	20
Policy H: Ensuring legal and fair employment practice	20
Modern slavery and human trafficking	20
Illegal workers and fair remuneration.....	21
Policy I: Contracting with responsible businesses	22
Bribery, corruption & tax evasion and Responsible, green & social investment .	22
Implementation timeline for Pillar 3: Ethical Sourcing	22

Responsible Procurement Strategy 2016-2019

Introduction

Despite being the most prosperous City in Europe by GDP, ten of London’s boroughs are considered amongst the 10% most deprived areas in the UK. This is based on indices relating to income, employment, education, health, crime, barriers to housing and services and the living environment.

The City Corporation has a strong commitment to economic and social regeneration in London, with a particular focus on the City and our neighbouring boroughs. Working in partnership with businesses, local authorities and social sector organisations, the City Corporation champions and enables responsible business practice, both through its own internal policies and externally leveraging its networks. In addition, the City Bridge Trust makes grants of c. £20 million each year to improve opportunities for Londoners and the City Corporation also manages a Social Investment Fund of £20 million.

For hundreds of years, the City Corporation has been committed to the protection and conservation of open spaces for the benefit of people and the natural environment, providing London with 11,000 acres of green space. As part of the City Corporation’s town planning strategy, City developers including the City Corporation’s own City Surveyors are encouraged to incorporate green walls and roofs, sustainable drainage systems and sustainable infrastructure into their design, amongst other reasons to enhance urban biodiversity.

Due to intense levels of human activity in central London, City workers, residents and the visiting public are exposed to high levels of air pollution. The City Corporation works with the City’s businesses and workers through its City Air programme to help improve air quality in the Square Mile. It has enacted other

policies aimed at reducing air pollution and public exposure to it, like targeted action on idling engines, introducing a 20mph zone, creating a 'CityAir' app and various procurement mechanisms to reduce air pollution related to vehicles and construction works.

In terms of the City Corporation's efforts to improve efficiency and mitigate climate change, a reduction of 16% in overall energy use was achieved in 2013-14 from 2008-09 levels. Challenging energy reduction targets were adopted in 2014 as part of the City Corporation's overall strategy to reduce energy usage by 40% by 2025 from 2008 levels. It is therefore vital that the City Corporation is even more proactive in managing its energy in future years, whilst encouraging our supply chain partners to share in this commitment.

Responsible Procurement

Responsible procurement is not a new concept for the City Corporation. Many actions have already been taken such as establishing a Social Value Panel to consult on service contract, investing in renewable energy installations, requesting at least one out of three quotes are from a local businesses, small or medium sized business (SME) or social enterprise and using simpler terms for low value tenders to level the playing field for SMEs. SMEs are defined as having less than 250 staff and a turnover equal to or less than €50m.

Much of what has been achieved to date has been as a result of collaboration and effective communication with supply chain partners. Continuing to undertake such partnership working will be key to achieving the objectives set out in this Responsible Procurement Strategy.

The **Responsible Procurement (RP) Strategy** sets out how the City Corporation's wide-ranging yet concrete aspirations will be achieved by March 2019 as part of a harmonised and comprehensive approach. It aims to support the following City Corporation policies and strategies:

- City of London Corporate Plan (2015 – 2019)
- Chamberlain's Business Plan (2015 – 2016)
- City Procurement Strategy (2015 – 2018)
- City Bridge Trust Strategy (2013 – 2017)
- City of London Transport Policy (2016 – 2017)
- Road Danger Reduction Plan and Programme (2016 – 2017)
- City of London Sustainability Policy
- City of London Waste Strategy (2013 – 2020)
- City of London Contaminated Land Strategy (2015 – 2020)
- City of London Noise Strategy (2016 – 2026)

- City of London Air Quality Strategy (2015 – 2020)
- City of London Considerate Contractor Scheme
- Construction and Street Works Codes of Practice
- City of London Climate Change Mitigation Strategy to 2020
- City of London (AECOM Strategic Energy Review) (2015 – 2018)
- City of London Climate Change Adaptation Strategy (2010)
- City of London Biodiversity Action Plan (2016 – 2020)
- City of London Local Plan (2015)
- Section 106 Policy and Guidance
- City of London Education Strategy (2016 – 2019)
- City of London Visitor Strategy (2013 – 2017)
- City of London Cultural Strategy (2012 – 2017)
- Responsible Business Strategy 2016 (In development)
- Employability Framework 2016 (In development)
- Enterprise framework 2016 (In development)

Responsible Procurement is the ‘golden thread’ running through the City Procurement Strategy. It recognises City Procurement’s responsibility to help the organisation procure value for money goods, services and works, whilst maximising social value, minimising environmental impacts and ensuring the ethical treatment of people throughout its supply chains.

The RP Strategy details how City Procurement intends to help the City Corporation strengthen its pursuit of these goals, grouped into three key pillars of Responsible Procurement, with the golden thread of value for money applying throughout.

1. **Social Value** – Leveraging service and works contracts to protect and enhance the health and wellbeing of local people and the local environment, providing skills and employment opportunities and promoting the local economy.
2. **Environmental sustainability** – Minimising environmental impacts, promoting animal welfare and improving efficiency throughout the supply chains of all goods, services and works procured by the City Corporation.
3. **Ethical Sourcing** – Ensuring that human rights and employment rights are protected throughout the City’s supply chains and encouraging responsible business practices.

As set out overleaf, the responsible procurement pillars are broken down into three policy areas, each with a number of specific objectives. Every objective has been expanded upon within the RP Strategy in terms of a brief background to the issue, followed by relevant international, national or Corporate regulations and policy, finalised with a concrete commitment as to the actions to be taken in order to effectively implement the RP Strategy between now and March 2019.

Pillar 1: Social Value

A: Protecting people and the local environment

- i) Safeguarding health and safety
- ii) Mitigating air, land, water and noise pollution
- iii) Improving road safety
- iv) Enhancing nature and biodiversity

B: Promoting social inclusion, equality and community benefit

- i) Combatting social exclusion: Work-related opportunities, employability and apprenticeships
- ii) Offering time and skills to social enterprises (SEs) and voluntary and community sector organisations (VCSOs)
- iii) Embedding equalities considerations
- iv) The Social Value Panel and further community input

C: Supporting local economic regeneration

- i) Paying the Living Wage
- ii) Eroding barriers to procuring the services of VCSOs, SEs and SMEs
- iii) Targeting certain categories of spend towards organisations with a social/ environmental mission

Pillar 2: Environmental Sustainability

D: Sourcing lower impact materials and methods

- i) Promoting sustainable food, farming and animal welfare
- ii) Buying green products and services
- iii) Sourcing sustainable timber
- iv) Optimising environmental management practices

E: Maximising resource efficiency

- i) Rethinking need through demand management
- ii) Reducing waste throughout the procurement cycle
- iii) Applying total cost of ownership principles
- iv) Embracing the circular economy

F: Mitigating and Adapting to Climate Change

- i) Ensuring energy efficiency
- ii) Promoting renewable and low carbon energy
- iii) Exploiting innovation to reduce energy use
- iv) Climate change resilience

Pillar 3: Ethical Sourcing

G: Ensuring human and labour rights

- i) complying with UN International Labour Organisation (ILO) conventions throughout supply chains
- ii) Striving to source products containing conflict-free minerals

H: Ensuring legal and fair employment practices

- i) Eliminating modern slavery and human trafficking
- ii) Ensuring supply chain employees are working legally
- iii) striving for fair remuneration up the supply chain

I: Contracting with responsible businesses

- i) Guarding against bribery, corruption and tax evasion
- ii) Promoting green, social and responsible investment

Approach to implementation

This Responsible Procurement (RP) Strategy is wide reaching in terms of the issues it aims to tackle, the opportunities it aims to fulfil, the corporate policies it draws together and supports and the supply markets and contractors it will impact upon.

In order to ensure that this RP Strategy is viable as well as meaningful, supporting both value for money and operational effectiveness; implementation is being undertaken according to spend threshold, category risk and/or opportunity and the market maturity of the contract in question.

According to entity

This Responsible Procurement Strategy describes the City Corporation's approach to implementing the 'golden thread' of the City Procurement Strategy 2015 - 2018, of which the Procurement Code 2015 is a fundamental component. As with the Procurement Code, which ensures the City Corporation's risks are minimised and our procurement activities comply with the Public Contracts Regulations (PCR) 2015, this RP Strategy should be applied to all procurement activities carried out in the City Corporation's capacity as a local or police authority and to all externally funded or collaborative projects where it is the contracting authority conducting the procurement and signing the contract. When acting in a capacity other than as a local or police authority, the RP Strategy will be considered as applicable, unless the application of the RP Strategy acts against the best interests of the entity in question.

According to spend

There are certain requirements that will automatically apply, depending on spend threshold, as they are interventions that support Corporate Policy, strategies, or wider London Regulations.

The extent of each intervention is more significant, the higher the contract value. This is not only due to the fact that higher value contracts warrant a taking a more strategic approach and imply higher business and reputational risks and opportunities, but the higher the spend, the better placed the City Corporation is to drive any particular market towards more responsible outcomes.

According to category

Different risks and opportunities present themselves depending on the category of goods, services or works being procured. For example, categories that rely on materials sourced from countries with less rigorously enforced labour rights pose a higher risk in terms of ensuring ethical sourcing. These include construction materials, electronic equipment, textiles, commodities etc. Some sectors are well developed in terms of offering added social value in the form of work-related opportunities such as apprenticeships as standard, including the construction and IT industries.

Sitting under the Responsible Procurement Strategy are a series of implementation plans developed by a working group of departmental stakeholders and procurement staff. They consist of:

- Policy areas relevant to the risks/ potential of the spend category in question
- Specific actions related to each objective under these policy commitments
- The type of contract that the proposed action is most relevant to
- Which year of the 3-year strategy this aspect of the plan will be focussed on
- Measures of success

According to contract

Potential responsible procurement interventions within tactical or strategic projects are assessed on a case-by-case basis. Relevant stakeholders generate ideas according to the category of spend, but will take into account the following in order to mitigate against supply risk and cost implications:

- Current market maturity or sensitivity, the availability of sustainable and/or ethical products or methods and the prevalence of social value offerings.
- Previous tender exercises and other past experience, in order to determine what is reasonable to either specify or incentivise, taking into account relative levels of competition in the market.

- Similar projects undertaken by peer organisations, using their experiences to gather information on potential risks.
- When considering two different actions to support RP, which may counteract one another, the following will be taken into account in turn: level of risk → market availability → potential opportunities.

Responsible Procurement Strategy: The detail

The City Corporation's three pillars of responsible procurement are social value, environmental sustainability and ethical sourcing. Value for money is the golden thread running through all three aspects. There are three policy areas within each pillar. Every one of these nine policy areas has between two and four objectives, the achievement of which represents successful implementation of the RP Strategy.

The remainder of this document goes into more detail on these objectives in terms of the issue at hand i.e. why these aspects are being targeted, followed by any related City Corporation policies or wider UK regulations and a specific commitment to ensure that all relevant procurement practices support the objective in question.

Pillar 1: Social Value

Policy A: Protecting People and the Environment

Safeguarding Health and Safety

Issue: Whilst many employees in the City will not face significant hazards as part of their day to day work, there remain a number of high risk activities such as window cleaning or engineering work that go on around us all the time.

Regulations /City Corporation Policy: The basis of health and safety law is the Health and Safety at Work Act 1974. The Management of Health and Safety at Work Regulations 1999 make these duties more explicit. City Corporation also has its own Health & Safety Statement and Policy.

Commitment: The City Corporation will make health and safety an inherent part of the procurement process; using principles for effective management of health and safety risk to ensure that contractors have appropriate governance in place. Internal expertise will be consulted and IOSH's Public Service Procurement: Health and Safety Checklist will be referred to where relevant.

Improving Road Safety

Issue: The number of people killed or seriously injured (KSI) on London's roads in 2014 was 2,167, down from 2,324 in 2013. This is the lowest annual number since records began, but the Mayor of London and Transport for London (TfL) have set a target of a 50% per cent reduction in KSIs by 2020.

Regulations /City Corporation Policy: The City Corporation is currently developing a Road Danger Reduction Policy, which will form part of the overarching Road Danger Reduction Programme and Plan 2016/17.

Relevant road safety initiatives include the Fleet Operator Recognition Scheme (FORS), the Construction Logistics and Cyclist Safety (CLOCS), TfL's Work Related Road Risk (WRRR) requirements, along with the Mayor of London's Safer Lorry Scheme.

Commitment: The City Corporation will use procurement and contractual mechanisms to ensure that all relevant contractors take active steps to address the safety of construction vehicles use in the execution of contracts. This would include hiring/ leasing/ buying/ retrofitting vehicles with relevant safety features or working towards compliance with initiatives such as the Fleet Operator Recognition Scheme (FORS), the Construction Logistics and Cyclist Safety (CLOCS) Standard and/or TfL's Work Related Road Risk (WRRR) requirements.

Mitigating Air Pollution

Issue: Levels of nitrogen dioxide (NO₂) and fine particles (PM₁₀) in the City persistently exceed EU health based targets. Nearly 9,500 people die early each year in London due to exposure to such air pollutants. London and several other British cities have been in breach of EU safety limits on NO₂ for five years, prompting legal action by NGO ClientEarth through the Supreme Court, which ordered the UK Government to clean up the air 'as soon as possible'. The EC has also instigated infraction proceedings against the UK for its failure to cut excessive levels of NO₂.

Regulations /City Corporation Policy: The City of London Air Quality Strategy 2015 – 2020 is a statutory document. The City Corporation has officially classified air quality as a corporate risk. Also of relevance is the City Corporation's Transport Policy and accompanying guidance, the Mayor of London's Air Quality Strategy and associated documents, including supplementary guidance on implementing the Low Emission Zone (LEZ) and upcoming Ultra-Low Emission Zone (ULEZ).

Commitment: A number of commitments are detailed in the Appended “Procurement Policies to support the City of London Air Quality Strategy”. This document lists actions to comply with the Air Quality Strategy, the City Corporation’s Transport Policy, or both including disallowing the purchase of diesel vehicles, requiring investigation into alternative fuel vehicles, setting emissions requirements for non-road mobile machinery (NRMM) and committing to the use of petrol-hybrid taxis as a minimum within corporate contracts and agreements.

Further intended actions to support the above include exploring the use of consolidation centres for our own deliveries and those of works contractors, incentivising relevant suppliers to use zero emission capable vehicles, and a longer term commitment to geo-fence the Square Mile; requiring taxis used corporately to automatically switch to electric mode by GPS.

Mitigating Noise Pollution

Issue: Noise pollution can have detrimental effects on human health, amenity, productivity and the natural environment. Eliminating or reducing excessive noise is a legal responsibility and helps to limit the disturbance of residents and businesses, caused by the City’s activities and operations.

City Corporation Policy and Commitments: Relevant contractors will be made aware of and will be required to adhere to the City Corporation’s Noise strategy and policy during the procurement and contract management process. This includes ensuring that the requirement to comply with the City Corporation’s Codes of Practice for Deconstruction and Construction Sites and for the Minimisation of the Environmental Impact of Street works.

Guidance on noise minimisation relating to construction/ demolition, street works, deliveries, machinery, equipment and vehicles has been provided by the Pollution Control Team.

Mitigating Land and Water Pollution

Issue: Works contracts and services involving deliveries are the two key areas of procurement that can lead to the contamination of land and water courses. Construction works can cause soil contamination and a loss of biodiversity through habitat degradation. Street works, and road transport deliveries of construction materials and other goods can lead to damaging rainwater run-off arising from road surface treatments, tyre abrasion, fuels and lubricants.

Regulations /City Corporation Policy: The City Corporation has a Code of Practice for Deconstruction and Construction Sites, which includes aspects such as waste and materials handling and storage, contaminated land, water, light pollution and sustainability and preservation. The City Corporation also has its own Contaminated Land Strategy 2015 - 2020. The City of London Considerate Contractor (Street works) Scheme, and associated Code of Good Practice is also of relevance.

Commitment: The City Corporation will use procurement and contractual mechanisms to ensure that building and civil engineering contractors adhere to the relevant Codes of Practice. Contractors will also be required to sign up to the City of London Considerate Contractor Scheme (CCS) where relevant. Supplier evaluation criteria may be used to incentivise construction contractors to achieve the highest possible level of attainment of the City of London Considerate Contractor's Scheme.

Enhancing nature and biodiversity

Issue: Land use conversion to accommodate growing human populations, along with associated pollution, climate change and introductions of invasive species have an adverse impact on native wildlife and biological diversity. The RSPB's 2013 State of Nature Report found that 60% of UK species including invertebrates, plants and vertebrates, have decreased in abundance and distribution, with 31% having strongly decreased, over the last 50 years.

Regulations /City Corporation Policy: The '[UK Post-2010 Biodiversity Framework](#)' (2012) was developed in response to the Convention on Biological Diversity's (CBD's) [Strategic Plan for Biodiversity 2011-2020](#) and the [EU Biodiversity Strategy \(EUBS\)](#) (2011). The City of London Biodiversity Action Plan (BAP) is a document produced every five years by City Gardens, the most recent Plan being 2016-2020, in response to the Natural Environment & Rural Communities (NERC) Act (2006) and as a requirement of the National Planning Policy Framework (NPPF).

Commitment: The current City of London BAP identifies current target species as being House Sparrows, Black Redstarts, Swifts, Peregrine Falcons, Bats, Bumblebees and Stag Beetles. Departments responsible for works contracts and maintaining green spaces will ensure that contractors delivering new developments, refurbishments or service contracts do not impact the existing habitats of these species without including adequate mitigation. The same applies to satellite sites, especially Open Spaces recognised as internal, national or regionally important habitats. Attempts will be made to enhance biodiversity as part of relevant procurement projects by creating habitats for target species both within the Square Mile and within other City Corporation assets.

Guidance such as the GRO Green Roof Code of Best Practice (2014) and the City's Green Roofs Research Advice Note will be referred to.

Policy B: Promoting Social Inclusion, Equality & Community Benefit

Combatting social exclusion: Work-related opportunities, employability & apprenticeships

Issue: Ten of London's boroughs are amongst the 10% most deprived areas in the UK. Work is the most important route out of poverty and is largely a sustainable outcome when individuals are supported to access work that offers progression and training opportunities.

Regulations /City Corporation Policy: The City Corporation's Employability Framework (in development), the Public Services (Social Value) Act 2012 and the City Corporation's Section 106 Policy and Guidance.

Commitment: The City Corporation's Employability Framework will be implemented through relevant procurement activities. Work-related opportunities including job starts, placements, apprenticeships and training opportunities will be required and/or incentivised within contracts relevant to entry-level roles. Opportunities will be targeted at London's most deprived communities (or those surrounding satellite sites where relevant) and socially excluded groups (e.g. people in long-term unemployment) within contracts. Sponsored academies will be targeted where appropriate. The City Corporation's approach to Section 106, economic development and procurement will be harmonised.

Offering time and skills to Social Enterprises (SEs) and VCSOs

Issue: There are c. 70,000 SEs in the UK and their growth by turnover (38%) is outstripping that of SMEs (29%). 29% of all UK SEs are three years or younger. The public sector often commissions Voluntary and Community Sector Organisations (VCSOs) to undertake services on their behalf as they are better placed to understand the needs of services users and communities. Such sectors need support to thrive in order to build a sustainable pipeline of businesses able to deliver procurement needs and social/environmental impact.

Regulations /City Corporation Policy: The City Corporation, through the work of the Economic Development Office's Corporate Responsibility team, aims to up-skill VCSOs and SEs so that they are able to grow their impact sustainably. The City

Bridge Trust grants c. £20 million annually to charitable projects working to provide benefits and opportunities to the inhabitants of Greater London and manages a social investment fund, which provides loan finance to SEs and VCSOs.

Commitment: The City Corporation's Responsible Business Strategy will be implemented through relevant procurement activities. Contractors will be incentivised to share time and skills with SEs and VCSOs as part of their offer of added social value. Suggestions will include training, mentoring and other voluntary forms of assistance.

Embedding equalities considerations

Issue: Discrimination is still an issue in the UK. The 2012 Labour Force Survey found that disabled people remain significantly less likely to be in employment than non-disabled people. According to the Office for National Statistics, the overall trend shows that employment rates between 2001 and 2014 are lower for broad ethnic minority groups than the 'White' ethnic group and in 2015 the gender pay gap remained static at 19.2%. The protected characteristics under the Public Sector Equality Duty are age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, and pregnancy and maternity.

Regulations /City Corporation Policy: The Equality Act 2010 streamlined all existing UK Equalities legislation. The Public Sector Equality Duty requires public authorities to have due regard to and demonstrate compliance with the three Equality Aims in the procurement process; to eliminate discrimination, harassment and victimisation; advance equality of opportunity and foster good relations. Public authorities cannot delegate their obligations under the general duty to any contractors. The City Corporation also has its own Equal Opportunities Policy & Statement.

Commitment: The City Corporation will ensure the due regard to the Public Sector Equality Duty and will work with specialist support organisations to strive to go beyond the Duty to ensure that contractors take a comprehensive approach to equality, diversity and inclusion. Guidance set out by the Equality & Human Rights Commission in 2013 will be referred to at each stage of the procurement process.

The Social Value Panel and further community input

Issue: The City Corporation established a Social Value Panel in 2014, made up of representatives from local business, community and environmental sectors to undertake consultations on the economic, social and environmental impacts of

relevant contracts. However, there is still far more than can be done to require and monitor added social value in procurement activities, and to continuously improve transparency and levels of engagement with the local community, including the visiting public.

Regulations /City Corporation Policy: The Public Service (Social Value) Act 2012 requires public authorities to consult with relevant stakeholders on how social value may be leveraged within service contracts. All such contracts over OJEU are brought to the Social Value Panel to seek input and feedback.

Commitment: The City Corporation will continue to use the Social Value Panel to maximise social value from our contracts, ensuring that: all relevant stakeholders are represented; governance, including internal communication procedures, are optimised; as many recommendations as possible are integrated and monitoring and reporting on the social value aspects of service contracts becomes more transparent and robust.

The City Corporation intends to increase the breadth and scope of the Social Value Panel by including high value works contracts and gradually reducing service contract thresholds, especially sensitive contracts with a significant impact on communities. Another commitment is to engage to a greater extent with the general public and with local communities so they can effectively input into the delivery of services and construction projects.

Policy C: Supporting local economic regeneration

Paying the Living Wage

Issue: The UK is the world's sixth largest economy, yet 1 in 5 of the UK population live below our official poverty line, meaning that they experience life as a daily struggle. Ten of London's boroughs are amongst the 10% most socially deprived areas in the UK.

Regulations /City Corporation Policy: The City Corporation became a Living Wage Accredited Employer in 2014. Under the Living Wage Policy, the Corporation is committed to paying all staff and contractors the London and UK Living Wage rates, including annual uplifts.

Commitment: The City Corporation will continue to fulfil its commitment as a Living Wage Employer and will work with peer boroughs to strive to successfully

implement the payment of the Living Wage across the most complex, cross border services.

Eroding barriers to procuring the services of VCSOs, SEs and SMEs

Issue: Small and Medium Enterprises (SMEs), scale-ups, VCSOs and SEs are often based in the most disadvantaged communities, are more likely to recruit locally and diversely, and to spend resources locally. Purchasing from these organisations thus has a multiplier effect of bringing economic regeneration to communities. As smaller organisations, they are often able to provide a better customer experience e.g. by being flexible, developing relationships and reducing carbon emissions.

Regulations /City Corporation Policy: Central government has committed 1/3 of its spend to SMEs, setting the tone for others to follow. The Public Services Act requires public bodies to consider how a procurement project might improve the economic, social and environmental well-being of the relevant area, as part of the pre-procurement process. The City Corporation is committed to economic regeneration in London and supporting neighbouring boroughs, which is a Core part of the Corporate Plan and the Economic Development business plan in particular.

Commitment: The City Corporation will continue to work to ensure that supply chain opportunities are accessible to SMEs, SEs and VCSOs. It will continuously improve its approach by ensuring that procurement processes, contract types and sizes, and standard terms and conditions support this outcome. The Enterprise Strategy (to be published in 2016) will provide a framework to facilitate this work. City Procurement will work with e-procurement providers to improve monitoring, ensure continuous improvement and facilitate reporting in this area.

Supplier engagement events targeting these and other organisations will also be used to a greater extent in future to learn from the market and create further opportunities

Targeting relevant categories towards organisations with an environmental/social mission

Issue: Procuring from organisations that have a positive social or environmental impact, and that mitigate against negative social or environmental impacts, enables the City Corporation to generate additional positive outcomes within its purchasing decisions. This is particularly important at a time when all sectors are under budgetary pressures. For example, this enables the City Corporation to increase its

impact without additional cost. It also enables the organisations the City Corporation buys from to secure business and grow their impact.

Regulations /City Corporation Policy: Social enterprises and VCSOs are well placed to deliver positive social and environmental impact, as this is core to their mission. The Economic Development Office has played a key role in building the demand for the products and services of social sector organisations.

Commitment: The Corporation will initially target three categories of spend; Waste streams (e.g. disposal of IT equipment), event catering and print & design. Various procurement mechanisms will be used to facilitate the inclusion of social enterprises in the print and design framework contract. When catering for events, two or more quotes will be sought from organisations with an environmental or social mission. The Buy Social Directory provides a list of social enterprises within these sectors.

When disposing of equipment such as end-of-life IT equipment or white goods, efforts will be made to leverage maximum social value by disposing of it through the most appropriate SE/ VCSO. The City Corporation will also incentivise contractors to use organisations with a social or environmental mission in their own supply chains.

Implementation plan over the three years, Pillar 1: Social Value

Year One specific objectives:

- A: Protecting people and the local environment
 - Mitigating air and noise pollution
 - Improving road safety
- B. Promoting social inclusion, equality and community benefit
 - Combatting social exclusion through targeted employment
 - Offering time, skills and support to social enterprises and VCSOs
- C. Supporting local economic regeneration
 - Paying the living wage to staff and contractors

Year Two specific objectives:

- A: Protecting people and the local environment
 - Combatting social exclusion through targeted employment
 - Offering time, skills and support to social enterprises and VCSOs
- C. Supporting local economic regeneration
 - Eroding barriers to working with VCSOs, SEs & SMEs

Year Three specific objectives:

- B. Promoting social inclusion, equality and community benefit
 - Encouraging community input
- C. Supporting local economic regeneration
 - Targeting relevant categories of spend towards organisations with an environmental/social mission

Pillar 2: Environmental Sustainability

Policy D: Sourcing lower impact materials and methods

Promoting sustainable food, farming and animal welfare

Issue: There are a diverse range of environmental and ethical impacts associated with exploiting land and animals for human consumption including; soil degradation, contamination of water courses, overfishing and the unnecessary suffering of farm animals. Animal testing for cosmetic and commercial (as opposed to medical) purposes can also be constituted as avoidable animal suffering.

Regulations /City Corporation Policy: The City Corporation is a signatory to the Sustainable Fish Cities Pledge and has a stand-alone policy on the welfare of egg laying hens. The Alliance for Better Food and Farming work with leading organisations that drive sustainable food sourcing including the Marine Stewardship Council (MSC) and Compassion in World Farming to encourage and benchmark London Boroughs on sustainable food sourcing. The UK's Government Buying Standards (GBS), which the City Corporation is committed to using as part of the Procurement Code 2015, also have a set of criteria for Food and Catering.

Commitment: The City Corporation is committed to using the UK Government Buying Standards for Food & Catering in relevant specifications, award criteria and contract clauses.

Using the indices set out in the Good Food for London Report as a framework, the City Corporation will go beyond these foundations by specifying and incentivising sustainable food and catering services, fresh food of a high nutritional value produced through low environmental impact farming methods and high standards of animal welfare.

Buying green products and services

Issue: Products purchased, or those provided as part of works or service contracts, can have a wide range of environmental impacts including the generation of waste, the use of hazardous materials, local air pollution, use of finite resources and greenhouse gas (GHG) emissions.

Regulations /City Corporation Policy: The City Corporation is committed to using the UK Government Buying Standards (GBS) criteria, as part of the Procurement Code 2015. The Greening Government Commitments (2011) detail the targets set out by the government to reduce the nation's environmental impact.

Commitment: Officers will be trained on the use of Government Buying Standards (GBS) 'Mandatory' criteria for all relevant product categories and the inclusion of other appropriate environmental criteria when procuring goods, services or works.

Sourcing sustainable timber

Issue: An estimated 13 million hectares of forests were lost each year between 2000 and 2010 due to deforestation. In tropical rainforests particularly, deforestation is an urgent environmental issue that jeopardizes communities and livelihoods, threatens species, and intensifies climate change.

Regulations /City Corporation Policy: The EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan (2003) was designed to prevent the trade in illegal wood, to improve the supply of legal timber and to encourage demand for wood from sustainably managed forests. FLEGT gave rise to the European Union Timber Regulation (EUTR) 2013 and the Timber and Timber Products Regulation (2013) was its transposition into British statute. The UK also established a Government Timber Procurement Policy.

Commitment: There are Government buying Standards for both paper and sustainable wood products. The City Corporation will use procurement and contractual mechanisms to ensure that all timber-based products procured directly, or as part of works and service contracts, are sustainably sourced. This will be aligned with the UK Timber Procurement Policy.

Optimising environmental management practices

Issue: Commercial activity of almost any sort has an impact on the environment, the severity of which varies between industries and individual organisations. Areas include local noise pollution, local and global air pollution, land and water

contamination throughout the supply chain, land use change and the loss of biodiversity, waste generation and the depletion of natural resources.

Regulations /City Corporation Policy: The City of London Sustainability Policy sets out key areas of focus, including specific environmental commitments designed to respect the limits of the environment, resources and biodiversity. When buying goods, services and works, the City Corporation expects its contractors to share these commitments in the undertaking of their work.

Commitment: The City Corporation will ensure that contractors have robust environmental management systems in place, proportionate to the size and nature of the contract, by using pre-qualification criteria. Optimal environmental management undertaken as part of specific contracts will be incentivised through the use of supplier evaluation criteria.

Policy E: Maximising resource efficiency

Issue: In the UK food sector alone, 12 million tonnes of waste was generated in 2013; 75% of which could have been avoided. This had a value of over £19 billion a year, and was associated with at least 20 million tonnes of greenhouse gas (GHG) emissions. The unsustainable generation of waste applies to all areas below, as does the depletion of finite resources such as metal ores and fossil fuels.

Rethinking need through demand management

Additional benefit: Reducing unnecessary consumption by re-thinking the way in which need may be satisfied often present more efficient solutions, which usually represent better value for money.

Commitment: All departments will aim to minimise the use of raw materials such as food, paper, water and fuel as part of their everyday work. Officers will a) spend extra time considering alternative solutions during the pre-procurement process and b) use output-based specifications.

Reducing waste throughout the procurement cycle

Regulations /City Corporation Policy: The City of London Waste Strategy 2013 – 2020 sets out the way in which the City Corporation will abide by and go beyond all UK waste regulations and targets.

Additional benefit: As well as operating more efficiently and reducing waste generation, there are significant financial savings to be made by avoiding landfill tax and other penalties.

Commitment: The City of London Waste Strategy will be implemented within procurement activities. Dedicated organisations such as WRAP and the London Waste and Recycling Board will be consulted on the design of procurement procedures in order to ensure waste minimisation, throughout the life cycle of the product, service or works, is considered effectively as early as possible.

Applying total cost of ownership principles

Additional benefit: As part of the City Procurement Strategy, total cost of ownership will be used to ensure that the City Corporation is achieving best value for money throughout the whole lifetime of products or buildings.

Commitment: Lifecycle costing exercises will be undertaken before purchasing all vehicles, items of energy-using equipment and during the design phase of all major construction or refurbishment projects.

Embracing the circular economy

A circular economy is one that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.

Regulations /City Corporation Policy: Towards a circular economy: A zero waste programme for Europe was published in 2015. It has set waste reduction requirements for EU Member States.

Additional benefit: The City Corporation has the possibility to operate more efficiently, reduce costs and help to create jobs by applying circular economy principles.

Commitment: The City Corporation will use practical guidance such as that on Employment and the Circular Economy and work with organisations such as WRAP, the London Waste and Recycling Board and Green Deal forerunners in Europe to set circular economy targets.

Policy F: Mitigating and Adapting to Climate Change

Issue: Climate change, driven by the release of greenhouse gas emissions (GHGs) is causing a range of adverse impacts across the globe including the loss of polar ice sheets and accelerated sea level rise. In some regions extreme weather events, rainfall and flooding are becoming more common while others are experiencing more extreme heat waves and droughts. These complex impacts are described in full in the Intergovernmental Panel on Climate Change (IPCC)'s Fifth Assessment Report.

Regulations /City Corporation Policy: There are a range of incentives and legislation designed to drive down the release of GHGs, on international, UK, London and organisational level. These have informed the objectives and commitments below. The most recent UN Framework Convention on Climate Change conference in Paris, COP21 has set the tone for active, positive change to drastically reduce the emission of GHGs worldwide. It was agreed that action would be taken to ensure that the global average temperature increase remains below 2C relative to pre-industrial levels.

The UK Climate Change Act (2008) has set legally binding reduction targets. The City Corporation is implementing a Climate Change Mitigation Strategy (to 2020) and Climate Change Adaptation Strategy 2010. A Strategic Energy Review was undertaken in 2013 with a view to achieve the 40% reduction by 2025 from 2008 levels. The latest Carbon Descent Plan is available upon request.

Ensuring energy efficiency

Avoiding unnecessary energy use is always the first necessary step. This means not heating, cooling, lighting or powering buildings at times when it can be avoided and minimising usage at other times.

Additional benefits: The more efficiently energy is used, the greater the financial saving and the less dependent the City Corporation is on all forms of energy.

Commitment: In line with EU Energy Efficiency Directive principles, Government Buying Standards for electrical goods and ICT equipment, the City Corporation will seek to procure the most energy efficient products, including vehicles (balanced with air pollution considerations). Using natural light and ventilation where possible and using lifecycle costing calculations during the design process, the City Corporation will opt for the most energy efficient solutions as part of capital, additional and cyclical works, in line with practicality and best value principles. Another important corporate commitment is that the energy itself is generated in the most efficient way.

Promoting renewable and low carbon energy

Additional benefits: Other benefits of supporting the UK renewable energy industry are improved energy security and a move away from investment in fossil fuels; associated with risks including the physical impacts of climate change, increasingly stringent regulation and policy and increased competition from alternatives and technological innovation.

Commitment: The City Corporation will opt for low carbon solutions and will explore optimum methods to procure renewable energy installations. It will also seek to encourage the procurement of biomethane and renewable electricity through Corporate contracts, working in collaboration with energy providers and peer boroughs using the same frameworks in order to drive demand.

Exploiting innovation to reduce energy use

Additional benefit: In recognition of the City Corporation's prosperity and potential to inspire other public and private sector organisations, trialling and using innovative, low energy technologies could lead to a multiplier effect. The potential would be increased through collaboration.

Commitment: Officers will use output based specifications and other procurement techniques to facilitate innovative solutions and will explore collaborating in wider national or international initiatives

Ensuring climate change resilience

Additional benefit: Ensuring climate change resilience means opting for sustainable, durable solutions in the face of changing temperatures and other weather patterns. It recognises the fact that we must evolve our approach in order to deal with problems created by these changes such as avoiding overheating, reducing flood risk and undertaking resilient landscaping and planting.

Commitment: The City Corporation will consider effective, resilient solutions from the pre-procurement and design phase onwards.

Implementation plan over three years, Pillar 2: Environmental Sustainability

Year One specific objectives:

D: Sourcing lower impact materials

- Buying green products and services
- Sourcing sustainable timber
- Optimising environmental management

Year Two specific objectives:

E: Maximising resource efficiency

- Using demand management
- Applying the waste hierarchy to
- Using total cost of ownership

F: Minimising GHG emissions

- Ensuring energy efficiency

Year Three specific objectives:

D: Sourcing lower impact materials

- Promoting sustainable food and farming

E: Maximising resource efficiency

- Embracing the circular economy

F: Minimising GHG emissions

- Promoting renewable energy
- Exploiting innovation
- Climate Change Resilience

Pillar 3: Ethical sourcing

Overarching commitment: Due to the contractual, financial, and operational complexity of ethical sourcing throughout extended and global supply chains, an Ethical Sourcing Steering Group will be set up following the procedure set by CPDU. The outcome will be an established Ethical Sourcing Policy, accompanied by an action plan for each high risk procurement category, detailing which procurement or contractual mechanism will be used to set requirements and how good practice will be verified. This Ethical Sourcing Policy will cover the majority of objectives that form part of Pillar 3.

Policy G: Ensuring human and labour rights

Complying with UN International Labour Organisation (ILO) conventions throughout supply chains

Issue: Due to the globalised and extended nature of supply chains involved in producing and distributing goods such as electronic equipment, textiles, agricultural commodities and construction materials, there is a high risk of the use of child labour and the contravention of other internationally recognised human and labour rights. Although child labour globally has declined by a third since 2000, there are still 168 million children working, more than half of which in hazardous conditions.

Regulations /City Corporation Policy: The ILO's Governing Body has identified eight 'fundamental' conventions covering principles and rights at work including: Forced Labour, Child Labour, Freedom of Association, Right to Organise & Collective Bargaining, Equal Remuneration and Discrimination. Procurement Policy Notes such as Procuring steel in major projects, provide government guidance.

Commitment: The City Corporation will ensure that, throughout its supply chains, workers have their human and labour rights respected. Primarily, the focus will be on high risk, strategic and/or high spend contracts, and progress towards this aim will initially be achieved through collaboration with our supply chain partners. Other methods such as using contract clauses and piloting verification methods will be looked into, including exploring the use of independent audits for high risk categories, and affiliations with dedicated organisations.

Striving to source products containing conflict-free minerals

Issue: The mineral trade has funded violence and armed conflict for decades. Despite international legislation, conflict minerals including gold, tin, tantalum, and tungsten, often mined by children, enter global markets and end up in products such as computer equipment and vehicles.

Commitment: The City Corporation will establish a procedure to identify products purchased or provided as part of service or works that contain minerals at high risk of being sourced from conflict zones. A conflict-free resolution will then be developed, committing the City Corporation to ensuring that all high risk products are procured ethically using appropriate procurement procedures and contract terms.

Policy H: Ensuring legal and fair employment practices

Eliminating modern slavery and human trafficking

Issue: Modern slavery is a global crime, with victims often being trafficked between source, transit and destination countries. The Global Slavery Index estimates there are 35.8 million victims of slavery, while in 2012 the ILO estimated that there were 21 million victims of forced labour alone.

Regulations /City Corporation Policy: The Public Procurement (Amendments, Repeals and Revocations) Regulations 2016 require offences under section 2 or 4 of the Modern Slavery Act 2015 to be a mandatory exclusion criterion during pre-qualification.

Commitment: The City Corporation will ensure appropriate contractual requirements are put in place and will verify compliance. UK guidance on Transparency in Supply Chains and collaboration with other public sector bodies will be used to foment a robust approach to tackling this issue.

Ensuring supply chain employees are working legally

Issue: The last estimate of the number of people living in the UK illegally was made in 2009, which gave a range of between 420,000 and 860,000. This has a negative impact on the remuneration, employment terms and job opportunities of those people that do have a legal right to work in the UK. Undocumented workers are at risk of exploitation, working in dangerous conditions and immigration-related threats.

Regulations /City Corporation Policy: it is illegal to work in the UK without the right to do so under EU law or the relevant official permission from the UK government.

Commitment: The City Corporation will ensure that contractual provisions are in place to stop contractors and sub-contractors hiring illegal workers. Spot checks will be used and government guidance will be referred to where necessary.

Striving for fair remuneration up the supply chain

Issue: Within increasingly globalised supply chains, measures must be put in place by buyers to ensure that workers up the supply chain are paid a fair wage for their labours.

Regulations /City Corporation Policy: The City of London has been recognised as a Fair Trade Zone since 2007. The City Corporation passed an official Fair Trade Resolution to directly purchase Fairtrade products wherever possible and ensure catering and other relevant contractors share this commitment.

Commitment: Requirements for the provision of Fair Trade products be written into catering contracts wherever practicable. Externally, the City of London's Fair Trade Steering Group will ensure that City businesses are aware of the benefits of fair remuneration and are encouraged to source Fair Trade or equivalent products.

Policy I: Contracting with responsible businesses

Guarding against bribery, corruption and tax evasion

Issue: Bribery, corruption and tax evasion undermines the rule of law, distorts markets and confers unwarranted advantages. In 2014, 44% of companies reported an incidence of fraud. The cost of fraud to the UK in 2014 was £52 billion according to the National Fraud Authority.

Regulations /City Corporation Policy: The Competition Act 1998, the Enterprise Act 2002 and the Bribery Act 2010 set out the regulatory framework in the UK. The City Corporation has a series of policies and strategies designed to tackle these issues. Tax evasion is also a criminal offence but new UK sanctions have been developed to fortify the UK's approach to combatting the issue.

Commitment: Procedures will be reviewed and continuously improved to ensure that City Corporation's own commitment to guarding against these issues is reflected in procurement activities.

Promoting responsible, green and social investment

Issue: Certain industries have inherently negative impacts, such as the fossil fuel industry on the natural environment and the tobacco industry on public health. Consequently, the Environment Agency Pension Fund, other large public sector pension funds and hundreds of others have joined forces and committed to taking action such as divesting from coal assets and oil & gas stocks.

There are an increasing number of start-ups and profitable businesses that operate for environmental and/ or social benefit. Supporting such businesses through finance helps to raise the corporate responsibility aspirations of entire sectors.

Regulations /City Policy: The City of London Pension Fund’s Statement of Investment Principles is also applied to the other Funds managed by the City Corporation. Section 8, covering Environmental, Social and Governance aspects, describes the expectations of companies in terms of social responsibility and minimising environmental impacts.

Commitment: Supply chain partners will be encouraged to mirror the City Corporation’s commitment to responsible, green and social investment.

Implementation plan over three years, Pillar 3: Ethical Sourcing

Year One specific objectives:

H: Ensuring legal and fair working practices

- Eliminating modern slavery and human trafficking
- Ensuring supply chain employees are working legally

Year Two specific objectives:

G: Ensuring human- and labour rights

- Requiring contractors to demonstrate compliance with the UN’s ILO conventions throughout the supply

H: Ensuring legal and fair working practices

- Striving for fair remuneration up the supply chain

Year Three specific objectives:

G: Ensuring human- and labour rights

- Working towards ridding the City Corporation’s supply chains of conflict minerals

I: Contracting with responsible businesses

- Guarding against bribery, corruption and tax evasion
- Promoting responsible, green and social investment