



# **Southampton City Council**

## **SOCIAL VALUE AND GREEN CITY PROCUREMENT POLICY**

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## **1. Purpose**

This Social Value and Green City Procurement Policy (the “Policy”):-

1. Sets out how Southampton City Council (the “Council”) ensures that it achieves Best Value and meets legislative requirements through its commissioning, procurement and contracting activities (hereinafter referred to as “procurement”) in the context of social value and sustainability;
2. Explains the Council’s values and approach to ethical and green procurement and what it expects and requires of its supply chain;
3. Sets out how the Council uses the social, economic and environmental impacts of what it procures to support the Council outcomes and other Council initiatives;
4. Establishes how the Council outcomes will be reflected within procurement;
5. Introduces and explains how the Southampton Social Value Procurement Framework (the “SSVP Framework”) will be governed; and
6. Explains how the Council will measure and monitor the social value and local economic impact of its procurement activities.

The aim of the Policy is to ensure that Council’s suppliers, bidders and other stakeholders are aware of the Council’s commitment to long-term social, ethical, environmental and economic sustainability and how they are expected and required to contribute.

The Policy directly supports, and acts as an enabler for, the Southampton Wealth Building initiative which aims to enhance the local economic, social and environmental benefits through the Council’s procurement arrangements and thirdparty expenditure.

## **2. Background**

The Council spends hundreds of millions of pounds buying goods, services and works each year. When doing so, the Council must always consider how each procurement is consistent with the Council’s Best Value duty to secure continuous improvement having regard to economy, efficiency and effectiveness, as well as maximising local economic, social and environmental benefit.

In compliance with UK and EU legislation, the Council bases its procurement processes upon the principles of the Ethical Trading Initiative Base Code, which were founded on the conventions of the International Labour Organisation and is an internationally recognised code of labour practice.

The Council’s Procurement and Contract Management Strategy (which was approved by Cabinet in January 2018) sets the overarching strategic framework

for this Policy and recognises that procurement and contract management play a key part in achieving the Council outcomes.

As well as delivering value for money, wherever possible, the Council requires its spend with third party suppliers to provide a measurable and material social value benefit to the city, when considering social, economic and environmental impacts (the “three pillars of sustainable procurement”).

There are a range of benefits in embedding social value into procurement activities such as improved service delivery, greater economic growth, reduced demand on services, and improved wellbeing and community resilience, all of which contribute towards the Council outcomes.

This Policy enhances and replaces the Council’s previous Ethical and Sustainable Procurement Policies.

### **3. Scope**

The first stage in the Council’s procurement process is to assess whether the requirement can be delivered using in-house resources by applying the SCC First policy. If, after this assessment, it is decided that it is appropriate to undertake a procurement process then the Social Value and Green City Procurement Policy will apply.

In order to generate the greatest possible benefits, the Policy is applicable to all procurement activities which are likely to result in contract value expenditure above £5,000, where and in so far as it is proportionate and practicable to do so in each instance.

The Policy also applies to grants which the Council may receive or make where the grant results in payment to a third party for goods, services or works where the Council clearly specifies the output or outcomes to be delivered.

### **4. Legislative Context**

In addition to the relevant labour and procurement legislation, to which the Council is bound and on which this Policy is based, when procuring public service contracts above Official Journal of the European Union (OJEU) thresholds, the Public Services (Social Value) Act 2012 (the “Act”) places a duty on the Council to consider:

- a) How what it is proposing to procure might improve the economic, social and environmental well-being of the relevant area; and
- b) How, in conducting the process of the procurement, it might act with a view to securing that improvement.

The Local Government Act 2000 also states that “the promotion or improvement of the economic, social and environmental well-being of their area” is a key objective for local authorities.

## 5. Policy Statement

As well as adhering to all relevant legislation, the Council’s vision is that contracts awarded by it should support and bolster the local economy and bring social and environmental benefits.

In order to achieve this, sustainability and social value form key elements of the Council’s approach to procurement and contract management by ensuring that Best Value is achieved from the Council’s activities when giving due consideration to appropriate social, ethical, environmental and economic impacts of what the Council is sourcing.

The application of this Policy will support the Council to:

- Meet all relevant legislation including (but not limited to) the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Equality Act 2010, Modern Slavery Act 2015 and National Minimum Wage Act 1998;
- Increase social value and green city-related commitments within relevant contracts, ensure that these are consistent with the Council outcomes and take active steps to make sure that these are consistently delivered and the benefits measured through effective contract management;
- Apply the principles set out in Appendix A – Ethical Procurement Principles and Appendix B - Green City Procurement Principles to Council procurement in accordance with relevant legislation;
- Consider value-for-money on a whole-life basis - in terms of generating benefits not only to the Council, but also to society and the economy, whilst minimising damage to the environment;
- Source more goods, services and works locally\* where Best Value can be demonstrated and in so far as legal requirements permit;
- Ensure that goods, works and services that the Council procures are sourced ethically and sustainably; both in the way the Council procures and in terms of the standards that the Council expects its suppliers, service providers and contractors to meet;
- Support the local economy wherever possible, including encouraging spending locally and creating employment opportunities for local people in so far as legal requirements permit;

- Source goods, services, works and works in a way that achieves value for money and ensures benefits to the economy and society whilst minimising damage to the environment;
- Treat suppliers fairly and equally at all times and act impartially and objectively throughout procurement processes;
- Reflect and contribute to the Council's commitments associated with the Construction Charter and Green City Charter within the Council's approach to procurement;
- Incorporate the impacts of suppliers' overall supply chains, particularly where the most significant risks occur, and encourage engagement between suppliers, sub-contractors and relevant stakeholders to identify opportunities for wider supply chain improvements;
- Use contractual mechanisms to encourage and require suppliers to continue to improve their approach to sustainability through their services or goods and their own organisational operations;
- Undertake procurement and contract management activities in accordance with Southampton City Council's Charter Against Modern Slavery;
- Provide tendering opportunities that are suitable for and accessible to Small and Medium Enterprises (SMEs) and Voluntary Sector and Ethnic Minority Businesses (VSEMBs);
- Where appropriate, ensure that those in the suppliers supply chain pay the Real Living Wage to its employees;
- Encourage suppliers to offer solutions for delivering social value requirements innovatively and cost-effectively;
- Ensure the Council pays its suppliers and those suppliers pay their supply chain on time and in accordance with the principles of the Prompt Payment Code; and
- Where appropriate, involve residents and other stakeholders in identifying social value outcomes to reflect what communities actually want and need.

*\*“Locally” means within the city of Southampton, or Hampshire if the requirement cannot be sourced within Southampton*

The above objectives are supported by the implementation of the SSVP Framework which requires that, wherever practical for the requirement and contract in question, appropriate social value and green-related commitments are considered at the pre-procurement stage, included within resulting contracts and measured on a formal basis as part of the Council's contract

management activities.

The SSVP Framework complements the legal conditions and ethical standards set out in Appendix A of the Policy that potential suppliers must demonstrate before they are able to participate in Council procurement processes.

The Act requires social value commitments to be “relevant” and “proportionate” to the subject matter of a contract therefore social value and sustainability are considered and reflected on a case-by-case basis by applying the following steps:

1. Every procurement will have considered social value and sustainability and have at least one relevant outcome included, unless there is a legitimate reason not to;
2. Proportionate outcomes relevant to the subject matter of the requirement being procured will be identified from the SSVP Framework where they are currently included (or others can be developed where appropriate);
3. Appropriate and measurable commitments to support the chosen outcome(s) will be identified from the SSVP Framework where they exist (or others can be developed where appropriate);
4. Procurement documentation will show how these commitments will fit the award criteria and the evaluation including weighting (to be determined on a case-by-case basis) and make clear to potential suppliers that their responses will be scored and any commitments made measured as part of any resulting contract;
5. Bidders or potential suppliers will be evaluated and scored on their responses to the question about how they will deliver against these commitments\*\*;
6. Bidders or potential suppliers will also be evaluated and scored on their responses to any accompanying question about how delivery against these commitments will be measured and verified\*\*.
7. The responses and commitments made by the winning supplier (including the obligation to provide any management information) will be incorporated into the contract and the ensuing contract management and monitoring process\*\*\*.

*\*\* Where the commitment can be linked to the subject matter of the contract.*

*\*\*\* Where it is not possible to link a commitment to the subject matter of the contract (and therefore has not been evaluated and scored), it will nevertheless be included as (a) term(s) of the contract.*

## **Measurement**

Alongside the contract-specific monitoring and measurement of social value-related commitments, where appropriate for the requirement, the Council will utilise a set of national themes, outcomes and measures (TOMs) that have been agreed and approved by the Local Government Association’s National Advisory Group for Procurement. This will allow the attribution of a recognised monetary value against specific areas of social value, and sustainability and link these back to the Council outcomes. Where a social value initiative is outside of the national framework, the impact will still be measured (as set out above).

Where appropriate for the requirement in question, pre-procurement consultation with prospective suppliers to discuss potential social value outcomes may be offered.

## **6. Governance**

The Head of Supplier Management (or any replacement equivalent role) is the lead officer accountable for ensuring adherence to this Policy and will consult the Cabinet Member for Resources on a periodical basis and/or on a case-by-case basis as deemed necessary.

## **7. Review Process**

The Policy will be reviewed every two years and amended to ensure the principles and objectives are being delivered effectively and remain current.

# **Appendix A – Ethical Procurement Principles**

The following principles set out the minimum requirements and standards expected from suppliers and their supply chains (collectively referred to as “suppliers”) to the Council.

For the avoidance of doubt, these principles do not replace legal requirements to which suppliers would automatically be bound and to which lack of adherence would automatically exclude them from procurement processes.

All principles should be demonstrably applied across the relevant organisation and there must be accountability at the appropriate level.

## **1. Adopt Principles of Modern Slavery Charter**

- In 2018 the Council signed up to the “Southampton City Council’s Charter Against Modern Slavery” (the “Charter”).
- The Charter commits the Council to take all reasonable steps through procurement and contract management, to prevent its contractors and suppliers from undertaking practices which directly or indirectly support modern slavery.
- The Charter requires the Council, through firm and unequivocal commitment, to adhere to the ten elements of the Charter.
- As a minimum, suppliers are therefore expected to take all reasonable steps to ensure that no modern slavery exists in the supply chain in accordance with the Charter including:-
  - complying fully with the Modern Slavery Act 2015;
  - workers being free to join a trade union and not being treated unfairly for belonging to one; and
  - adopting a whistle-blowing policy which enables their staff to blow the whistle on any suspected examples of modern slavery.

## **2. Freedom of association and the right to collective bargaining are respected**

- Workers, without distinction, should have the right to join or form trade unions of their own choosing and to bargain collectively; suppliers should adopt an open attitude towards the activities of trade unions and their organisational activities;
- Workers’ representatives should not be discriminated against and should be able to carry out their representative functions in the workplace; and
- Where the right to freedom of association and collective bargaining is restricted under law, suppliers should not hinder the development of parallel means for independent and free association and bargaining.

### **3. Non- discrimination**

- Suppliers must practise non-discrimination in hiring, compensation, training, promotion, termination or retirement directly and indirectly.
- Suppliers must not refer to or use any form of “blacklist”.

### **4. Working conditions are safe**

- Suppliers must operate appropriate health and safety policies and procedures and ensure they are overseen by a senior manager responsible for compliance, monitoring and for ensuring that employees have the necessary training and health and safety equipment;
- Suppliers must take adequate steps to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment;
- Suppliers must provide comfortable and hygienic working conditions with clean toilets and water suitable for drinking and washing;
- Where worker housing is provided it should meet the same standards for health and safety as the workplace;
- Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers and;
- The Council’s Construction Charter should be adhered to within appropriate contracts.

### **5. Good health is promoted**

- Suppliers should invest in measures for tackling ill health as healthy employees experience a better quality of life and tend to be more productive.

### **6. Working hours are not excessive**

- Suppliers must comply with national laws and industry standards on employee working hours, whichever affords greater protection; Suppliers must provide clear and easily understood disciplinary, grievance and appeal procedures that are lawful and appropriate; and
- Any disciplinary measures should be recorded and suppliers should not seek to deprive employees of their legal or contractual rights.

### **7. Pay and remuneration**

- Where appropriate, suppliers should pay the Real Living Wage to their workers and ensure their supply chain does the same.

- Suppliers must provide wages and benefits at rates that meet at least national legal standards with no deductions made unless permitted under national law or agreed by the employee, without duress;
- Suppliers must provide workers with an easy-to-read contract of employment clearly explaining wage levels. Where employees are unable to read, the contract should be explained to them by a union representative or another appropriate third party; and

## **8. Regular employment is provided**

- To every extent possible, work performed must be on the basis of a recognised employment relationship established through national law and practice and must avoid the use of “zero hours contracts” wherever possible; and
- Obligations to workers under labour or social security laws and regulations arising from the regular employment relationship should not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor should any such obligations be avoided through the excessive use of fixed-term contracts of employment.

## **9. Training is provided**

- Suppliers should raise employees' skills through training and access to professional development as befits their role to improve quality and secure greater value for money.

## **10. Disputes procedure**

- Suppliers should provide clear and accessible processes for resolving disputes with employees.

## **11. Child labour is eliminated**

- Suppliers must support the elimination of child labour;
- Suppliers must provide for any children found to be performing child labour to attend and remain in quality education until no longer a child. 'Child' refers to any persons less than 15 years of age, unless local legislation on the minimum age stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply; and
- Suppliers must ensure no children and young persons (over the age of a child, as defined above, but under the age of 18) are employed at night or in hazardous conditions, as defined by the International Labour Organisation.

## **12. No inhumane treatment is allowed**

- Suppliers should prohibit physical abuse or coercion, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation.

## **13. Acting with integrity and transparency**

- Suppliers should ensure they conduct procurement processes in an open and honest way;
- Suppliers should ensure there is transparency in the spending of public money; and
- Suppliers should have systems in place to ensure high standards of propriety which evidences that public money is used for the purpose it is intended.

## **14. Bribery and corruption and whistleblowing**

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- Suppliers should have in place clear policies which identify and prevent bribery, blacklisting or other forms of corruption; and
- Suppliers should have in place clear policies to allow individuals to raise concerns in a safe and anonymous manner.

Suppliers should inform the Council about any concerns they have in adhering to or applying the above principles.

Suppliers are encouraged to keep written records to demonstrate that their actions are fair and above reproach and, where relevant, they should report on progress and future planned activities if requested to do so by the Council.

## **Appendix B – Sustainable Procurement Principles**

In 2019 the Council adopted a Green City Charter that established some key commitments and aspirations to “*create a cleaner, greener, healthier and more sustainable city*”. The Charter states that “*we will use services and products that support our vision*”.

The following general principles set out how the Council will deliver and support a sustainable approach in its procurement of goods and services and works to:

- Support the Charter’s commitments;
- Ensure efficient use of resources and effective protection of the environment;
- Encourage good and best practice amongst suppliers and supply chains; and
- Deliver value-for-money.

### **1. Manage Demand**

The most sustainable approach is not to buy at all and/or to keep demand to a minimum. Demand is minimised by ensuring that:

- Existing assets are used effectively and efficiently; and
- Where goods and/or services are necessary the alternatives to procurement have been considered, that the volumes requested are accurate and surplus and waste is avoided or minimised.

### **2. Embed sustainable outcomes as key consideration into the procurement process through the SSVP Framework**

The Council provides policies, procedures, training and support to procurers to ensure these Green City Procurement Principles are considered as part of every relevant procurement.

### **3. Contract with sustainable suppliers**

- The Council will contract with suppliers who demonstrate environmentally and socially sustainable behaviours. By applying this principle the Council can influence and maintain sustainable behaviours through its supply chain.
- The Council will value relevant, recognised environmental management systems and accreditation schemes held and/or delivered by suppliers including International Organization for Standardisation (ISO) standards and the Building Research Establishment Environmental Assessment Method (BREEAM).

### **4. Use procurement to deliver sustainable outcomes**

- The Council’s procurement process delivers outcomes consistent with the vision and commitments of the Green City Charter.
- Where appropriate to the requirement, the Council seeks goods and services that:

- Identify and manage the wider life cycle and supply chain impacts which are designed to enable sustainable end-of-life management i.e. reused or recycled rather than disposed;
- Reduce and reuse resources to lower the consumption of virgin materials;
- Demonstrate responsible management of materials, evidencing recycling and recovery options for goods;
- Demonstrate a high standard of energy efficiency;
- Use renewable/cleaner energy;
- Minimise use of single use plastics;
- Minimise unnecessary water use;
- Reduce the number and improve the efficiency of vehicle movements to reduce congestion and emissions;
- Reduce emissions using technological solutions;
- Use environmentally and socially sustainable materials;
- Protect and enhance ecosystems and the natural environment; and
- Minimise emissions of greenhouse gases and other pollutants.

## **5. Prioritise impacts**

The Council assesses goods and services to identify the risks and impacts with the greatest potential to achieve a sustainable outcome through its procurement processes.

## **6. Encourage innovation**

The Council encourages suppliers to offer innovative solutions to sustainability issues.