



**London Borough
of Hounslow**

Sustainable Supply Chain Policy

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2. Introduction and purpose

London Borough of Hounslow's 'Sustainable Supply Chain Policy' will inform the council's approach to procurement and supplier performance management.

The document explains the constituent principles of the policy, its context and the benefits that implementation offers the council and the wider communities that we serve. It also describes the 'Sustainable Supply Chain Action Plan' methodology that will be used to measure success against the 'UK National Flexible Framework' to sustainable supply chain management.

The council pledges to ensure that sustainable procurement and contract performance management principles rest at the heart of all supply chain activity within the council.

We acknowledge that suppliers may not be able to demonstrate parity with the standards laid out in this policy immediately; however we will encourage and support suppliers and contractors towards this outcome as part of the contract performance review process.

3. Definitions

A sustainable approach to supply chain encompasses procurement and supplier performance elements. Sustainable procurement is a process whereby organisations meet their needs for goods services and works in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment.

Sustainable procurement considers the social, economic and environmental consequences of what is procured through all stages of its life-cycle. This includes considering design, resource extraction and sourcing, manufacturing and production, transportation, service delivery, operation and maintenance, reuse, recycling and disposal.

Sustainable procurement also considers the capacity of suppliers to address these consequences throughout the supply chain.

Optimised sustainable supplier performance management recognises suppliers as essential to delivery of organisations' sustainable supply chain strategy. Where the council executive actively engages with suppliers, best practice is shared with other/peer organisations and suppliers recognise they must continually improve their sustainability profile to keep the clients business.

4. Benefits of a sustainable approach to the supply chain

In addition to contributing to the social, economic and environmental well-being of people and places, sustainable supply chain management can deliver additional benefits for the council. It will enable the council to:

- Achieve value for money by considering and then lowering the whole life-cycle costs of goods, services and works and through improved resource efficiency;
- Report on progress towards meeting its legal duties and other obligations in relation to climate change and sustainable development;
- Stimulate the market and encourage innovation for sustainable products and services;
- Strong support for the local supply community by engaging with Small and Medium Enterprises and Third Sector organisations so they can compete for council contracts;
- Help build a sustainable supply chain for the future and improve supplier relationships;
- Enhance its reputation locally, nationally and internationally by being an exemplar
- Strengthen synergies with other key council strategies e.g. the policy supports the GLA Economic Strategy by aiming to help unemployed people into work and ensuring local Small and Medium Enterprises can compete for council contracts.

5. Operational context

As outlined in the council's 'Procurement Strategy 2011-2014', Hounslow Council actively seeks to achieve improvements in social, economic and environmental sustainability in the community. Further commitment through pledges made at the Borough Council Meeting on 12 February 2012 and further referenced in the council Corporate Plan, councillors' and council executive are determined and committed to supporting the local community through sustainable supply chain practices.

In addition the Social Value Act places a requirement on commissioners to consider the economic, environmental and social benefits of their approaches to procurement before the process starts and also to consider whether they should have wider consultation on

these issues.

The Act applies to the pre - procurement stage of contracts for services because that is where social value can be considered to greatest effect. Commissioners should consider social value before the procurement starts because that can inform the whole shape of the procurement approach and the design of the services required.

With an annual spend in the region of £200m the challenge is to ensure the social responsibility of delivering transparent and measurable sustainable investment into the community through the 'supply chain'.

6. Elements and principles

There are seven policy elements that Hounslow will apply to supply chain management;

1. Encouraging a diverse base of suppliers
2. Promoting fair employment practices
3. Promoting workforce welfare
4. Meeting targeted recruitment and training needs
5. Community benefits
6. Ethical sourcing practices
7. Promoting greater environmental sustainability

Continued overleaf for contextual application:

The following table details each Policy element, the set of principles that apply to each and why they are being adopted in Hounslow.

No.	Policy element	Principle(s) in Supply Chain Management	Reasoning
1	Encouraging a diverse base of suppliers	<ul style="list-style-type: none"> • Promote supplier diversity; including the participation of small medium enterprises, 3rd sector organisations (including voluntary and community sector organisations and social enterprises), including firms and 3rd sector organisations based in Hounslow • Utilise procurement processes, procedures and paperwork that are open, transparent and appropriate to the risk of the contract • Provide appropriate support to Local SMEs to help them to become ‘fit to compete’ for Council opportunities. • Batching of larger complex procurement exercises into bundles consistent with the capability of SMEs or consortium entities. • Developing and maintaining collaborative partnerships with Government, Commercial, Voluntary and community groups 	<ul style="list-style-type: none"> • Increase the range of solutions available • Encourage innovation • Make the supply chain more resilient • Obtain better Value for Money from council spend • Stimulate the local economy • Support Government objectives around increasing participation of small and medium enterprises (SMEs) in supply chains • Support Government objectives around “Big Society” and local authority partnership with the 3rd sector, including service delivery by the 3rd sector • Minimise the bureaucratic burden on firms and 3rd sector organisations bidding for contracts • Ensure that smaller firms and 3rd sector organisations are not barred from procurement processes as a result of unnecessarily complex approaches to procurement • Prompt payment for suppliers
2	Promoting fair employment practices	<ul style="list-style-type: none"> • Ensure workforce equality and diversity within supply chains • Promote the benefits of fair employment practices • Embed the payment of the ‘Living Wage’ 	<ul style="list-style-type: none"> • Meet legal requirements around Equality and anti-discrimination • Ensure that UK workers contributing to the delivery of commodities, services, works and utilities to Hounslow Council are treated fairly by

		within supply chains	<p>their employers</p> <ul style="list-style-type: none"> • The implementation of a Living Wage leads to improvements in services the council provides and to improvements in the living standards of individuals receiving it.
3	Promoting workforce welfare	<ul style="list-style-type: none"> • Ensure the health, safety and wider welfare of people working to deliver services on behalf of the council. • Ensure the health safety and wider welfare of the general public and constituents of the London Borough of Hounslow. 	<ul style="list-style-type: none"> • Ensure that legal requirements around health & Safety are met throughout Hounslow Council supply chains • Ensure that people working within Hounslow Council supply chains are protected from harm in their workplaces • Overall striving to increase supplier working standards for employees
4	Meeting targeted recruitment and training needs	<ul style="list-style-type: none"> • Offer a range of apprenticeship, training and skills development opportunities • Promote employment opportunities for Hounslow residents 	<ul style="list-style-type: none"> • Create local jobs • Develop local skills base • Develop and maintain a skilled workforce in Hounslow that enables long-term economic success • Supporting young people and those seeking a change in career • Opportunities for ex-offenders • <i>Core Council them:</i> Economic Well – Being and Housing - Priority 11: Reducing the numbers of young people not in employment, education or training
5	Community benefits	<ul style="list-style-type: none"> • Maximise opportunities for Hounslow businesses and voluntary and community organisations to compete to participate in our 	<ul style="list-style-type: none"> • To include ‘social considerations’ and ‘community benefit’ considerations within Council procurement processes and procedures whilst

		<p>supply chains</p> <ul style="list-style-type: none"> • Promote training, skills development and learning opportunities for Hounslow residents • Encourage a positive contribution from our suppliers to our local communities, including the provision of procurement, employment and training opportunities to local organisations and individuals 	<p>ensuring value for money</p> <ul style="list-style-type: none"> • To ensure that Hounslow Council uses its spending power in a way that directly delivers local benefit • To ensure that first tier suppliers work with council to implant policy and strategy around local economic development • To ensure that Hounslow organisations have the free and fair opportunity to become 2nd, 3rd and even 4th tier suppliers to the council • To ensure that organisations based in Hounslow are considered for inclusion in all requests for quotations and tender lists • To ensure that Hounslow residents can apply for employment and training opportunities with suppliers to the council • Endeavour to ensure that an apportionment of council procurement expenditure is made available to local business interests.
6	Ethical sourcing practices	<ul style="list-style-type: none"> • Ensure compliance with European Union (EU), Principle(s) in procurement and supply management national and international standards of organisational governance • Eradicate corruption • Encourage meeting of minimum relevant industry benchmarks or national legal standards in workforce wages, benefits and welfare including child labour • Encourage fair pricing of all goods, works and services that enables the achievement of both value for money continuity of 	<ul style="list-style-type: none"> • Minimise reputational risk • Ensure that Hounslow Council does not directly or indirectly exploit people in other parts of the world • London Borough of Hounslow Customer Charter • London Borough of Hounslow is a Fairtrade borough with a commitment to ensure Fairtrade goods are sourced wherever possible.

		<p>business operations</p> <ul style="list-style-type: none"> • Promote Fairtrade and similar standards • Do not support, encourage or facilitate the trade in drugs, arms, slavery or prostitution 	
7	Promoting greater environmental sustainability	<p>Waste</p> <ul style="list-style-type: none"> • Reduce the production of waste and by-products • Encourage reuse of products and materials • Maximise recycling of waste • Minimise the land-fill <p>Carbon / energy</p> <ul style="list-style-type: none"> • Reduce the carbon footprint of council operations and services • Reduce embodied (fossil fuel) carbon within the new build and retrofit of council buildings • Ensure energy efficiency of council buildings and operations • Consider green energy options <p>Water</p> <ul style="list-style-type: none"> • Reduce potable water usage <p>Principle(s) in procurement and supply management</p> <ul style="list-style-type: none"> • Encourage the use of harvested water <p>Pollution</p>	<ul style="list-style-type: none"> • Reduce the environmental impact of Hounslow council's activities • Meet the increasing expectation of our community that Hounslow Council becomes more environmentally sustainable • Address evolving national and international standards around improving environmental performance • Require our supply chain to operate more sustainably <p><i>Ref: LBH BPI 56, 57.</i></p>

	<ul style="list-style-type: none">• Minimise untreated releases to water• Minimise releases to land <p>Sustainability</p> <ul style="list-style-type: none">• Ensure that goods purchased (including timber) have no adverse effect on the environment and comply with European Union and international law.• Ensure all timber products are Forest Stewardship Council (FSC) certified• Improve air quality by reducing emissions of NOx (nitric oxide and nitrogen dioxide) and PM10s (particles measuring 10µm or less) to air from the vehicle fleet and other sources• Promote biodiversity• Ensure that sustainability issues are fully considered when disposing of assets• Examine the environmental management practices of our large suppliers so that negative impacts are minimised	
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7. The leading borough

In addition to the general principals of sustainability, as further demonstrable commitment, Hounslow aims to lead the way in the introduction and development of new policy innovations. Examples to date are listed below with the clear intention to build on these early successes.

Living Wage Employer:

From November 2012 the London Borough of Hounslow is accredited as a 'Living Wage' employer. Hounslow councillors have agreed to ensure all future contracts awarded by the council pay their staff the London Living Wage or the local living wage appropriate to those staff based outside London. New procurements are now to include the requirement to pay the Living Wage and tender assessment schemes adjusted to give an appropriate weighting.

Supply Chain Apprenticeships:

Hounslow has committed to deliver policy and transparent process that seeks to create apprenticeships within the supply chain and across the council as a whole through a supply chain Pledge to Employment & Skills. Apprenticeship opportunities are to be identified through a mixture of voluntary agreements and contractual obligations with suppliers.

8. Policy Delivery: Sustainable Supply Chain Action Plan

This Sustainable Supply Chain Policy will be delivered through the adoption and implementation of a 'Sustainable Supply Chain Action Plan'. The action plan sets out the core criteria for the entrenchment of sustainable supply chain methodology and practice across the council as defined against the UK national guidelines.

The action plan is designed to map the journey for the integration of best practice embedded sustainable supply chain principals, practices and processes that will form the core to all supply chain activity for the council for the future. It describes the behaviours and progressive actions which will embed sustainability in the procurement and supply chain process and outlines a self assessment methodology.