



Report to Overview and Scrutiny Management & Policy Development Committee

Report of: Eugene Walker

Subject: How SCC would like to do business (including ethical procurement)

Author of Report: Marianne Betts, Director of Commercial Services

Summary:

This report is being presented to consult with and seek the views of the Overview and Scrutiny Management Committee, in order to refresh, and in cases develop, Sheffield City Council's (SCC) policy and supporting processes on engaging, procuring and managing relationships with its suppliers.

'How SCC would like to do business' (or similar title to be decided) covers 3 key themes, stating that the Council would like to do business in a manner that maximises the benefits for Sheffield and is:

- **Ethical** (including but not limited to topics such as living wage, tax compliance, grave misconduct)
- **Efficient** (including but not limited to Value for Money)
- **Effective** (including but not limited to how we can operate in a more agile manner)

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	X
Informing the development of new policy	X
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	

The Scrutiny Committee is being asked to:

Provide views, recommendations and any steer in shaping the policies.

Background Papers:

Category of Report: OPEN

Report of the Director of Commercial Services

How Sheffield City Council would like to do Business (including Ethical Procurement)

1. Introduction/Context

1.1 A culmination of activities has resulted in the opportunity for the Council to review its policies and processes holistically in regard to engaging, procuring from and managing its supply chain. These include but are not limited to:

1.1.1 Changes in legislation (e.g. EU Procurement Regulations 2015)

1.1.2 A variety of issues raised by Members, Officers and the Public covering topics such as:

1.1.2.1 Tax compliance

1.1.2.2 Ethical Procurement

1.1.2.3 Grave Misconduct

1.1.2.4 Living Wage

1.1.2.5 Blacklisting

1.1.3 New appointment of a Director of Commercial Services

1.2 Rather than tackle each issue separately the greater opportunity comes from a wholesale review and consultation process to enable cohesive changes to occur within the Council.

1.3 This paper does not present a formed policy but attempts to engage in consultation on a series of simple ideas, to facilitate discussion and gain valuable input from the Scrutiny Committee.

2. Considerations when shaping the policy

2.1 The intent is to:

2.1.1 keep the policy simple and clear;

2.1.2 recognise the legitimate constraints the Council is required to operate within;

2.1.3 create (or change the Council's existing policies and processes to be) flexible policies and processes that enable the Council to react better to changing landscapes (whether customer led, political, budgetary or within the supplier market);

2.1.4 better facilitate informed and commercially astute decisions to be made in a timely manner; and

2.1.5 state our requirements in ethical standards in regard to the Council's supply chain.

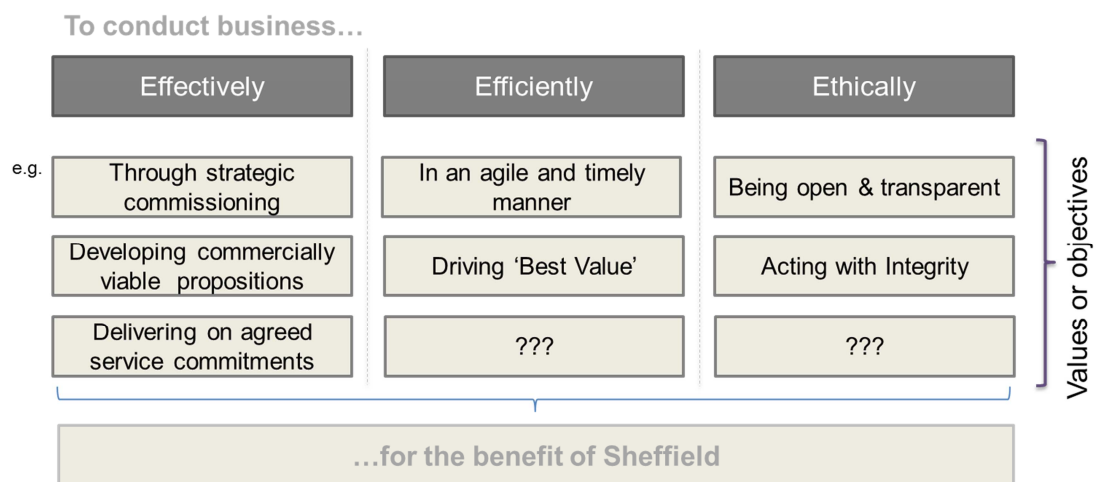
2.2 At this point in time the relevant financial, corporate or equality implications and any risk implications are not known. However the potential changes are highly likely to change the risk profile for the Council and the impacts shall be reviewed once the full policy has been developed further.

3 Policy development ideas

3.1 The Scrutiny Committee is asked to consider the following vision statement:

3.1.1. “We aim to conduct business, ethically, efficiently and effectively, for the benefit of Sheffield”

3.2 The intent is to develop a policy that clearly articulates the values and objectives of the Council under the 3 key headings:



3.2.1 The Scrutiny Committee is asked to consider the 3 principles and supporting values and objectives.

3.3 If we took 'Acting with Integrity' as an example and fleshed out some potential supporting policy statements it could look like the proposal below. The Council will already meet some of the statements at face value but the Scrutiny Committee is asked to consider if we can do more:

Acting with Integrity			
Key Statements, "SCC..."	Current Position (inc. Key Examples)	What more could we do?	
...do not support criminal activity"	Green	Right to discount suppliers with record and terminate contracts for criminal activity	Reference additional 'ethically' focussed activities in the contract clauses.
....shall minimise detrimental environmental impact	Green	Favourably evaluate Accreditations in specific sectors / Environmental considerations	Factor in local GVA impact – i.e. don't evaluate environment in isolation to Sheffield economy.
..shall tackle inequality	Green	EIA undertaken for all procurements. Equality terms tied into contracts and evaluated.	Mandatory for new Suppliers to sign up to a code of conduct
...support Living Wage	Yellow	Model Contract Terms and Tender documentation advocate Living Wage	
...support Tax Compliance	Green	Financial Checks at PQQ stage. Access to published accounts as part of contract	Incentivise Suppliers to hold a Tax Accreditation?
...do not support Grave Misconduct	Yellow	Supported under 'criminal activity' / fraud clauses in contract etc.	See above re code of conduct (incorporating broader 'ethical requirements' too)
????			

3.4 The Scrutiny Committee is invited to provide further steer or recommendations with regard to maximising benefits (social value, financial or otherwise) to further shape the proposals on 'How Sheffield Council would like to do business'.

4 What does this mean for the people of Sheffield?

4.1 Overarching to the intent outlined in section, the Council is committed to maximising the direct benefits for Sheffield, in engaging with potential suppliers and its supply chain. For example, the policy considers aspects such as:

- 4.1.1. Maximising the Sheffield pound (£) . For example, supporting a local supply chain where it is commercially viable to do so.
- 4.1.2. Gross Value Added (GVA) impact in the Sheffield economy.
- 4.1.3. Employment and Education, for example Apprenticeships.

5. Recommendation

5.1 The Committee is asked to provide a steer, comment and recommendations on the outline ideas for 'How Sheffield City Council would like to do business' to enable the relevant policies to be shaped.

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