



Evaluation Report on BS ISO 20400:2017 for LUPC



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Contents

| | |
|---|-----|
| Executive Summary | ii |
| Our Recommendations | iii |
| Glossary | vi |
| 1.Introduction | 1 |
| 2.Evaluation Approach | 2 |
| 3.Findings & Recommendations | 3 |
| 3.1. Fundamentals and Policy & Strategy | 3 |
| 3.2. Enablers | 8 |
| 3.3. Procurement Process | 14 |
| Annex 1 – Documents Reviewed | 19 |

Final

Executive Summary

This report summarises the methodology, results and recommendations that Action Sustainability have come to in undertaking an evaluation of LUPC’s approach to sustainable procurement against the new international standard for sustainable procurement: BS ISO 20400:2017.

To the best of our knowledge, LUPC are the first organisation globally in the education sector to be assessed against the new standard.

As the standard states in its Introduction:

“Every organization has environmental, social and economic impacts. Procurement is a powerful instrument for organizations wishing to behave in a responsible way and contribute to sustainable development and to the achievement of the United Nations Sustainable Development Goals. By integrating sustainability in procurement policies and practices, including supply chains, organizations can manage risks (including opportunities) for sustainable environmental, social and economic development.”

LUPC has clearly and unambiguously adopted ‘responsible procurement’ as its methodology for procuring the goods and services its Members may require. LUPC’s culture and approach, not least in relation to social issues and matters around modern slavery and the like, are forward thinking and fully embrace best practice and set a good example for many organisations to emulate and/or adopt.

Policies and strategies clearly set out responsible (sustainable) procurement principles with related objectives and there is a ‘**golden thread**’ identified by LUPC flowing from and through its policies and procedures to its individual category/framework strategies, tender documents and agreements.

There is strong leadership, good governance and excellent engagement with stakeholders, including noteworthy collaboration with external organisations who support sustainable procurement. All the foregoing are factored into actual framework agreements and there is good evidence to this effect.

The table below shows the overall assessment scores from the evaluation across the main sections of the standard. The scores are marked out of 5, meaning that the assessment score of 3.71 equates to Level 3 with good progress to Level 4 out of 5.

| ISO20400 Evaluation sections | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
|--|-------------|-----------------|------------------------|
| A total Policy and strategy | 20% | 4.15 | 4.13 |
| B total Organising the procurement function | 20% | 3.12 | 3.25 |
| C total Procurement process | 60% | 4.33 | 3.72 |
| TOTAL | 100% | 4.05 | 3.71 |

The following section describes our key recommendations for developing the understanding, behaviours and processes to improve implementation and embedding of sustainable procurement across LUPC.

Our Recommendations

Fundamentals, Policy and Strategy

1. **Formally adopt ISO 20400:2017** as LUPC's methodology for implementing sustainable procurement and communicate this, and the reasons why, with stakeholders. There is already good alignment between LUPC's procurement strategy and the standard.
2. Begin the process of developing a **successor strategy** to 'Reaching New Heights' which will come to an end in 2018. Incorporate ISO 20400:2017 as being LUPC's adopted methodology for implementing responsible (sustainable) procurement, as described above, and use it as the framework for developing the next strategy.
3. As a precursor to developing a successor corporate strategy, undertake a '**drivers**' exercise to reaffirm the principal motivating factors of LUPC and its Members and ensure the results are factored into both a new corporate strategy and the responsible (sustainable) procurement policy and strategy.
4. Consistent with Item 3., above, at the appropriate time, update the current 'Responsible Procurement Policy' and its appendices, e.g., 'Responsible Procurement Strategy 2017-20' and, if necessary, the 'Special Projects' as described in Section 3 thereto. Include a section on '**Due Diligence**'.
5. In support of a new corporate strategy, undertake a '**high-level**' risk assessment of sustainability risk and opportunities in the supply chain using the methodologies referred to in ISO 20400:2017 and factor the results into the Responsible Procurement Policy and Strategy. [**NB:** See also Item 15 below]
6. In terms of 'managing implementation', work towards developing '**SMARTer**' targets in support of achieving sustainability aims and objectives, thus going beyond the broader measures currently used in some cases. [**NB:** See also Item 17 below]
7. Ensure stakeholder 'buy-in' to the recommendations above and ensure continued endorsement by senior management and approval by the Responsible Procurement Advisory Group (RPAG).
8. Overhaul and update the **LUPC Communications Strategy 2015** in line with the proposed steps described above and disseminate to Members and all other related stakeholders.

Enablers

9. Governance is good and so too is leadership. As a small organisation, roles are clear and well defined and there is limited room (or need) to modify the current structures. Whilst this is true of the agreements for which LUPC is directly responsible (currently eighteen), it should look at ways of either potentially increasing that number or, alternatively, of **extending 'best practice'** with other commissioners or procuring authorities. This involves understanding and mapping key stakeholders, their role and influence and how LUPC can engage with them more on sustainable procurement. This would increase LUPC's influence over 'indirectly' procured goods and/or services.
10. Re-visit and thoroughly overhaul the '**Guide to Sourcing and Managing Contracts**'. This is a comprehensive and useful guide; however, it needs a further revision to bring it into line with the new 'Responsible Procurement Policy' and its contents. References to timescales and procedures of the latest **(2015) Public Contracts Regulations** also need reviewing. [**NB:** Explore the potential to use the 2015 '**Innovation Partnerships**' procedure to increase opportunities to develop new sustainable products and services.]

11. Produce an LUPC **index** or list of policies and procedures, briefly setting out the purpose of each and their interrelationships and dependencies, so that this information is available in one place and can be used as a guide to the systematic application of sustainable procurement.
[NB: This should be part of Item 10 above and ties in with the ‘**component steps**’. Ideally, follow the order set out in ISO 20400. Integrate with the introduction of ‘**Gatekeeper**’ in due course.]
12. Look for opportunities to **extend collaboration further** (this could be tied in to Item 9 above) both within the HE sector and outside with other external organisations. Look at opportunities to engage more with/learn from mainstream European practice in the sector available via sources such as ‘**Green Public Procurement**’¹ where such information is free.
13. In terms of building competence, whilst it is generally very good, extend the number of objectives which specifically relate to sustainable procurement in Job Descriptions and annual appraisals from one to two.
14. Consistent with Item 3 above, in line with undertaking a ‘**drivers exercise**’, ensure that the right stakeholders are being engaged and continue the drive to work with both internal and external stakeholders to implement best practice and ‘**show case**’ exemplar case studies.
15. Much greater prioritisation of sustainability risks and opportunities has been recognised as an important ‘need’ that LUPC must address. Action Sustainability agrees with this analysis and recommends a thorough ‘high level’ prioritisation of such risks and opportunities mapped against categories and/or spend. This should be helped with the introduction of ‘**Gatekeeper**’ albeit it is not a prerequisite to carrying out and completing a high-level analysis. **SPRAT** provides for good category/agreement analysis, but a complimentary approach is needed at organisational level.
[NB: See also Item 5 above. Given the much broader political and economic context in which LUPC is operating in the public sector, consider carrying out a ‘**SWOT**’ analysis to cover the pre and post ‘Brexit’ period. Consider the current and future **resilience** of the LUPC supply chain.]
16. Strengthen supplier relationship management (SRM), not least with ‘key’ suppliers. This can be relatively demanding and thus resource intensive. The current organisational structure may require bolstering albeit the prioritisation exercise above should help to identify ‘key’ relationships which could deliver improved sustainability benefits with improved management.
[NB: It is noted that actual procurement takes place via Members and thus LUPC may be ‘one step removed’ from direct engagement with suppliers which needs factoring in to the process.]
17. Make sustainability targets **SMARTer** and more specific. Ensure performance review meetings follow a consistent agenda and approach to sustainability with sufficient time to allow thorough and meaningful engagement. [NB: See Item 6 above]
18. Develop more ‘**peer**’ **benchmarking** opportunities – a minimum of three by Easter 2018.
19. Set up an appropriate grievance mechanism, via **Gatekeeper** or alternative approach, and incorporate into the updating of the LUPC ‘**Guide to Sourcing and Managing Contracts**’.

Procurement Process

20. As mentioned above, **overhaul the LUPC ‘Guide to Sourcing and Managing Contracts’**. This is a useful document but needs overhauling to incorporate the new Responsible Procurement Policy and current procurement regulations, e.g. the 2015 Public Contracts Regulations.

¹ Go to: http://ec.europa.eu/environment/gpp/index_en.htm

21. Maximise use of resources and case studies via web portals and the like such as the **EU GPP Procurement** and their exemplar 'green' public procurements case studies.² Similarly, utilise their '**Buying Green**' and '**Buying Social**' brochures and guides.
22. Develop guidelines for determining sustainability '**weightings**' for Prequalification Questionnaires and Invitations To Tender to increase consistency and profile.
23. Make greater use of **environmental and/or social marks and labels** whenever possible. These provide an objective and external method of verification and confidence.
24. Regularise and strengthen sustainability reporting at review meetings, both with framework suppliers, and within LUPC and its Members, and raise the level of its importance. Give it the same or a similar priority as the reporting of 'savings'.
25. Ensure '**Sustainability Risk Registers**' are maintained and updated during the currency of the framework agreements, so that potential sustainability risks are continually reviewed and updated.
26. Marry up 'prioritisation' of high-level sustainability risks and opportunities (and corresponding agreements) with reporting. Ensure that 'priority' agreements are given a higher level of focus.
27. Consider whether existing management/organisational structures could be improved to deliver improved contract management/supplier relationship management.
28. Review whether terms and conditions need strengthening to bolster the delivery of sustainability targets and **managing supplier failure**.
29. Raise the profile of sustainability in '**Buyer's Guides**' under the '**Key Objectives**' section.
30. Look for opportunities to share '**lessons learnt**' and disseminate best practice with Members, peer organisations and suppliers.

² Go to: http://ec.europa.eu/environment/gpp/case_group_en.htm

Glossary

| | |
|-------|---|
| BMS | Business Management System |
| GHG | Greenhouse Gas (emissions) |
| HSEQS | Health, Safety, Environment, Quality & Sustainability |
| JD | Job Description |
| JV | Joint Venture |
| KPI | Key Performance Indicators |
| LCC | Life Cycle Costing |
| PDR | Personal Development |
| PMP | Project Management Plan |
| RP | Responsible Procurement |
| SBU | Strategic Business Unit |
| SC | Supply Chain |
| SP | Sustainable Procurement |
| SRM | Supplier Relationship Management |

Final

1. Introduction

BS ISO 20400:2017 is the new international standard for sustainable procurement, published in April 2017. It sets out a framework and sound approach to the procurement of goods and services that contribute to sustainable development considering relevant impacts to the environment, society, ethics and economics.

The standard builds on the existing British Standard, BS 8903:2010, and takes a consistent approach to describing the necessary policies, functions, competencies and processes that an organisation needs to have in place to implement sustainable procurement successfully. Figure 1 depicts the framework and its four main sections:

- **Fundamentals:** the scope and principles of sustainable procurement and why organisations should undertake sustainable procurement;
- **Policy & Strategy:** how sustainability should be integrated at a strategic level within procurement to ensure intention, direction and priorities are documented and understood by all relevant stakeholders;
- **Organising the Procurement Function (Enablers):** the organisational conditions and management techniques needed to successfully implement sustainable procurement;
- **Procurement Process:** how sustainability considerations should be integrated into existing procurement practices.

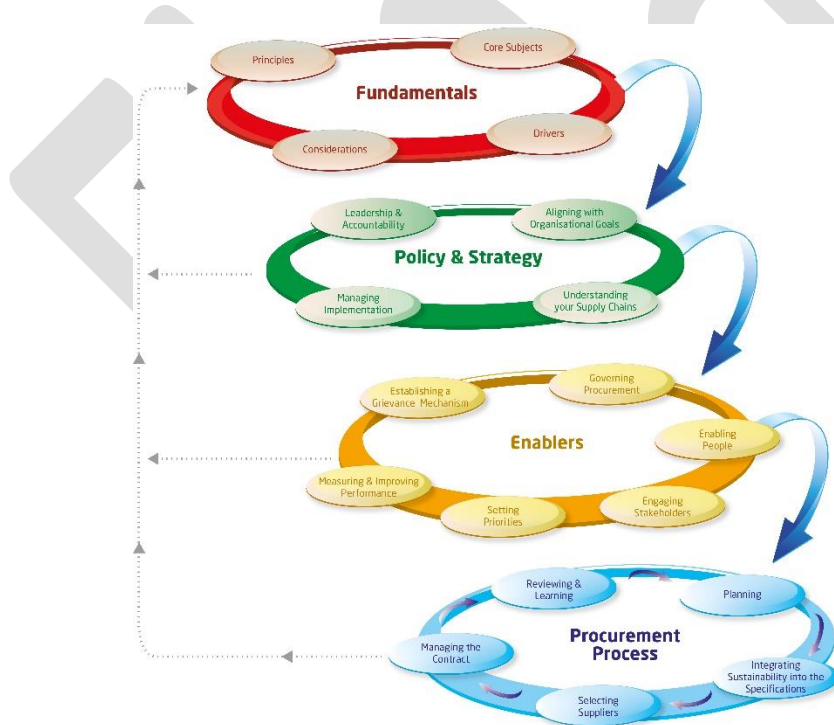


Figure 1. The Framework of BS IO 20400: 2017. © Action Sustainability, 2017

This report describes the findings and recommendations of an evaluation undertaken by Action Sustainability on LUPC's procurement against the principles of sustainable procurement contained within the Standard. The evaluation provides a scored assessment of current performance and, more importantly, recommendations of what should be implemented to build on the current situation.

2. Evaluation Approach

Action Sustainability undertook a two-stage process of investigating LUPC's procurement during July 2017.

The first stage was to assess existing LUPC documentation, such as policies, strategies, job descriptions and tender assessment documents. A list of these is provided in Annex 1.

We then undertook an interview stage wherein we spoke with LUPC staff from across the organisation and in different roles. During these interviews, we probed further into how embedded policies and processes for procuring sustainably actually are – the *policy vs practice* question. Doing so gave us a wider scope for our assessment and recommendations to be useful and implementable upon receipt of this report.

Arising out of the interviews, held on the 18th and 24th July, additional documentation was identified for consideration, copies of which were subsequently forwarded to Action Sustainability.

The staff interviewed were:

- Andy Davies MBA, FCIPS – Director
- Don Bowman MCIPS – Assistant Director (Procurement)
- Darran Whatley MCIPS – Senior Contracts Manager
- Mike Kilner MCIPS – Senior Contracts Manager
- Suzanne Picken MCIPS – Senior Contracts Manager

This assessment was carried out using our own analysis tool, developed in-house by colleagues who were directly involved in the development of the Standard itself. This was used to both evaluate the documents we received and to provide a set of questions (with corresponding practice benchmarks) to inform our assessment based on the interviewees' responses.

This tool is based on the framework of the Standard and is broken out into its main sections, as depicted above, allowing us to assess performance against discrete sections of the Standard.

As we evaluated the documentation and undertook interviews, we compiled our findings in the tool and gave each section a score out of 5 for performance, or maturity, for that given part. These scores are provided in the findings and recommendations section below.

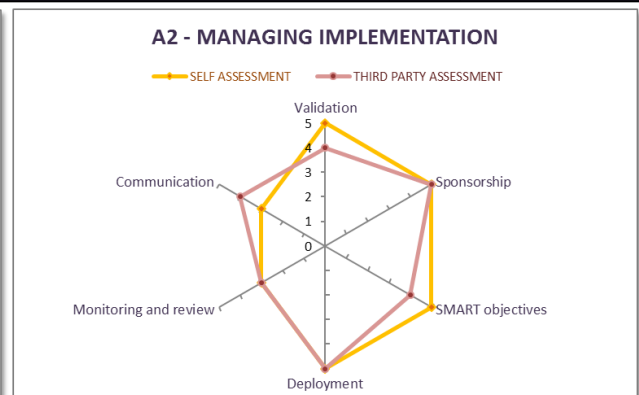
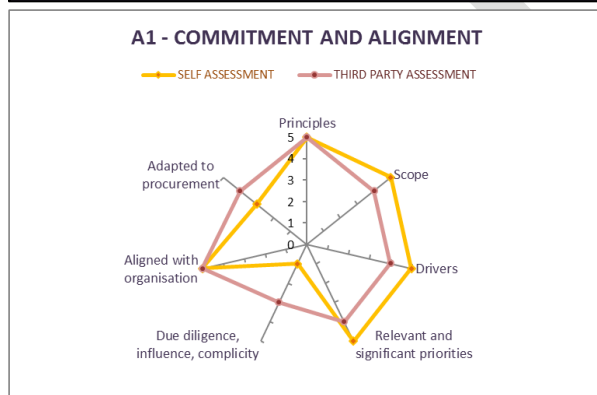
The LUPC self-assessment has been incorporated into our assessment output for completeness and comparison purposes.

3. Findings & Recommendations

3.1. Fundamentals and Policy & Strategy

This section considers the Fundamental principles for sustainable procurement as well as how they are implemented through the organisation’s Policies and Strategies. The survey results are shown below:

| A Integrating sustainability into the organisation’s procurement policy and strategy | | | | |
|---|--|------------|-----------------|------------------------|
| A1 Commitment and alignment | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| A1.1 Principles | Are the 9 principles of sustainable procurement reflected into the organisation's procurement policy and strategy? (clause 4.1.2) | 10% | 5 | 5 |
| A1.2 Scope | When developing the organisation’s procurement policy and strategy, has the organisation analysed the full scope of sustainable procurement, i.e. triple bottom line and core subjects of social responsibility? (4.1.3) | 10% | 5 | 4 |
| A1.3 Drivers | Does the organisation’s procurement policy and strategy refer to relevant drivers of sustainable procurement? (4.2) | 10% | 5 | 4 |
| A1.4 Relevant and significant priorities | Are relevant and significant sustainability risks and opportunities integrated into the organisation’s procurement policy and strategy? (4.3) | 20% | 5 | 4 |
| A1.5 Due diligence, influence, complicity | Does the organisation’s procurement policy and strategy enable the exercise of due diligence, influence and the avoidance of complicity? (4.3) | 20% | 1 | 3 |
| A1.6 Aligned with organisation | Does the organisation’s procurement policy and strategy show a clear alignment with organisational goals, including sustainability goals? (5.2) | 15% | 5 | 5 |
| A1.7 Adapted to procurement | Are procurement goals and supply chain specificities reflected into the organisation’s procurement policy and strategy? (5.3) | 15% | 3 | 4 |
| A1 Total | | 50% | 3.90 | 4.05 |
| A2 Managing implementation | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| A2.1 Validation | Have you validated your strategic objectives through appropriate decision making processes? (clause 5.4) | 15% | 5 | 4 |
| A2.2 Sponsorship | Are your policy and strategy formally supported by the senior management of your organisation? (5.4) | 20% | 5 | 5 |
| A2.3 SMART objectives | Have you establish Specific, Measurable, Achievable, Realistic, Time bound (SMART) goals for each objective? (5.4) | 15% | 5 | 4 |
| A2.4 Deployment | Have you planned and deployed the policy and strategy throughout the organization and procurement process, ensuring that the resources needed to reach the objectives are available? (5.4) | 20% | 5 | 5 |
| A2.5 Monitoring and review | Do you monitor and review the implementation of your policy and strategy? (5.4) | 20% | 3 | 3 |
| A2.6 Communication | Do you effectively communicate your objectives, goals, progress and results to all relevant stakeholders? (5.4) | 10% | 3 | 4 |
| A2 Total | | 50% | 4.40 | 4.20 |
| A Total | | 20% | 4.15 | 4.13 |



Key Findings

London Universities Purchasing Consortium (LUPC) is a *'non-profit, collaborative procurement organisation owned by its Members, for its Members'*.³ Its principle objective is to, *'add value for our Members through our activities'* as described in its corporate strategy, **'Reaching New Heights, Our Strategy to 2018'**.⁴ This strategy is based around six key aims, namely:

- Help Members obtain better value from their procurement by channelling more expenditure through our supply agreements;
- Find new ways to incentivise broader take-up of our agreements;
- Collaborate more closely with our sister UK HE purchasing consortia;
- Provide more support for our Members with their procurement activity;
- Enhance our Members' appeal to their students, service-users and visitors through procurement; and
- **Become a leader in making ethical trading and sustainability available to our Members**

LUPC clearly states in the strategy that they, *'want to be a leader in providing support for ethical trading and sustainability, reflecting the values of our Members. We want to reach Level 5 of the Sustainable Procurement Flexible Framework during the period of this strategy. We will actively support those Members who seek to promote 'responsible outsourcing' so that all their workers enjoy decent conditions and are paid a living wage at minimum. We will sustain our involvement as a founding member of Electronics Watch and we will partner with the Ethical Trading Initiative to find more ways to underline our commitment to ethical trading'*.⁵

The strategy clearly sets out LUPC's commitment to *'responsible'* procurement, as they describe it, which is at the heart of the organisation, its culture and approach to undertaking procurement.

Arising out of the organisational strategy is a clear **'Responsible Procurement Policy'** which, in turn incorporates a well-structured and aligned **'Responsible Procurement Strategy 2017-20'**⁶

There is good coverage of the **core issues of sustainability**⁷ across the three foregoing documents when it comes to governance, human rights (in particular), labour practices (in particular), the environment, fair operating practices and community involvement and development. There is limited coverage of 'consumer issues' as such in the context of individuals, given that LUPC is not involved in retailing.

There is good evidence of **stakeholder engagement** in formulating the organisational strategy (**'Reaching New Heights'**) and the responsible procurement policy and strategy. Engagement also includes the involvement and engagement of students as well as LUPC's Members and their professional and technical staff. There is good engagement with the wider higher educational sector and related professional organisations and bodies where collaboration is the essence of such engagement.

³ LUPC Responsible Procurement Policy, Version 1.0, dated June 2017.

⁴ 'Reaching New Heights', Paragraphs 1.1, page 1 and 3.1, page 2.

⁵ 'Reaching New Heights', Paragraph 3.10.1, page 5.

⁶ LUPC Responsible Procurement Policy, Version 1.0, dated June 2017, Appendix 'B'.

⁷ Organisational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development.

Furthermore, there is good evidence of collaboration and engagement with independent, third party, organisations who monitor and maintain best practice in sustainability issues such as working conditions, labour rights and the like, e.g., **electronics watch**⁸.

The reasons behind 'being sustainable' in procurement, i.e. the **drivers for doing sustainable procurement** are clear and underpin the responsible procurement policy and strategy. Consistent with the above, LUPC's drivers include securing the '*very best possible value*' for its Members', meeting the requirements of the **UNGP**⁹ on business and human rights, embedding RP practice in its procurement processes, engaging in a planned programme of responsible procurement activities, inspiring others in the sector, ensuring that stakeholders can all benefit from the policy and that a '**golden thread**' can be followed from its corporate strategy to its procurement activities and individual staff objectives. All of the foregoing are supported by LUPC's Members who, in themselves and their own expectations, provide a strong driving force for LUPC to deliver procurement sustainably.

The LUPC 'Responsible Procurement Strategy 2017 – 20' states that the organisation will, '*Take a risk-based approach to Responsible Procurement in order to make the maximum impact on the supply chain with available resources.*'¹⁰ **Key risks and opportunities** are therefore identified although more can potentially be done through 'Heat Mapping' and the process of risk management is well documented in LUPC's policies and procedures. Good evidence was found of risk management being applied in actual procurements and the case studies examined.

Although not expressly mentioned by name, in terms of '**due diligence**', LUPC's stated commitment to embed, '*Responsible Procurement practice into every step of its procurement process*' and secure supplier's compliance with the '**Sustain Supply Chain Code of Conduct**'¹¹ covering social, ethical and environmental compliance goes a long way in avoiding complicity. Adherence to both the latest 'Public Contracts Regulations 2015' and The Public Services (Social Value) Act 2012 also support the avoidance of any form of complicity. Complicity would be entirely counter to LUPC's culture and values. Section 2.1 of the LUPC 'Guide to Sourcing and Managing Contracts' also implicitly considers 'due diligence'.

LUPC has identified and documented clear alignment between its **procurement policy and strategy and its organisational goals**. In its Responsible Procurement Policy, it recognizes the '**golden thread**' that exists and draws the foregoing together¹². It is clear how procurement contributes to organisational objectives and there is strong sponsorship and endorsement by senior/top management. The objectives have been agreed and validated with all relevant LUPC stakeholders with a range of 'Special Projects'¹³ designed to further enhance and raise the bar with regard to delivering responsible procurement.

In terms of 'SMART' goals (see ISO 20400:2017, 'Managing Implementation', Section 5.5) the 'Special Projects' referred to above have a set of 'Critical Success Factors' and completion dates. Similarly, the six 'key aims' of 'Reaching New Heights' also have progress measures attached to them. At framework level, targets are incorporated into agreements and mechanisms exist for monitoring and reporting. There is, however, opportunity to develop and strengthen targets to make them '**SMARTer**'.

⁸ Go to: <http://electronicswatch.org/en/>

⁹ United Nations Guiding Principles (on Business and Human Rights)

¹⁰ See LUPC Responsible Procurement Strategy 2017 -20, June 2017, Paragraph 2. C.

¹¹ Go to: <http://www.apuc-scot.ac.uk/docs/SC%20Code%20of%20Conduct%20v1.2%20ITT.pdf>

¹² See LUPC Responsible Procurement Policy, Paragraph 4.f.

¹³ See LUPC Responsible Procurement Strategy 2017-20, June 2017, Paragraph 3, 'Special Projects'.

LUPC's policies and related documents are well communicated and there is good communication with stakeholders through means such as the LUPC website (News and Events)¹⁴, annual review, 'Linked' magazine, e-mail 'shots' etc. The LUPC Communications Strategy goes back to 2015 and is thus potentially ready for overhaul and updating. There is also good communication through other routes such as events and conferences. There is a strong ethos of engagement and communication with Members and all other stakeholders.

Recommendations

1. **Formally adopt ISO 20400:2017** as LUPC's methodology for implementing sustainable procurement and communicate this, and the reasons why, with stakeholders. There is already good alignment between LUPC's procurement strategy and the standard.

| RP Strategy Section | Responsible Procurement Strategy Principle | ISO 20400 Reference(s) |
|---------------------|---|---------------------------|
| 2.a | Practise Responsible Procurement with suppliers at all points on the procurement cycle, not just during the tender process; | 4.2, 5.3, 5.4 |
| 2.b | Base responsible capital procurement around whole-life costing principles and encourage Members to adopt whole-life costing principles in purchase decisions; | 4.2, 7.2.3, |
| 2.c | Take a risk-based approach to Responsible Procurement in order to make the maximum impact on the supply chain with available resources | 4.2, 4.5.1, 4.5.3, 6.4.1, |
| 2.d | Maintain its involvement as a founding member of Electronics Watch, encourage Members to affiliate and partner with NGOs who focus on supply chain monitoring and advocacy; | 4.2, 4.3, |
| 2.e | Encourage collaboration with external organisations to support risk identification in the supply chain and monitoring of working conditions; | 4.2, 4.5.1, 4.5.3, 6.3, |
| 2.f | Encourage new monitoring and advocacy organisations in other high-risk spend categories; | 4.2, 4.5.1, 4.5.3, |
| 2.g | Include options to encourage Members to pay workers the London Living Wage in framework agreements; | 4.2, 4.3, |
| 2.h | Stage events regarding the importance of Responsible Procurement, partnering with NGOs and civil society and involving student groups, produce a special issue of Linked (LUPC's regular magazine) and make extensive use of social media all with the aim of further raising the profile and need for Responsible Procurement; | 4.2, 4.3, 6.2.3, 6.3, |
| 2.i | Work to support Members in the development of their Modern Slavery and Human Trafficking policies and practices; | 4.2, 4.3, 6.2.3, 6.3, |
| 2.j | Target senior decision-makers and influencers in higher education and the wider public sector about Responsible Procurement and play a role in shaping national policy; and | 4.2, 4.3, 6.3, |
| 2.k | Review this Strategy and report on outcomes regularly to Members, capturing successes and the lessons learned. | 4.2, 6.2.3, 7.6, |

2. Begin the process of developing a **successor strategy** to 'Reaching New Heights' which will come to an end in 2018. Incorporate ISO 20400:2017 as being LUPC's adopted methodology for

¹⁴ Go to: <http://www.lupc.ac.uk/news/index.html>

implementing responsible (sustainable) procurement, as described above, and use it as the framework for developing the next strategy.

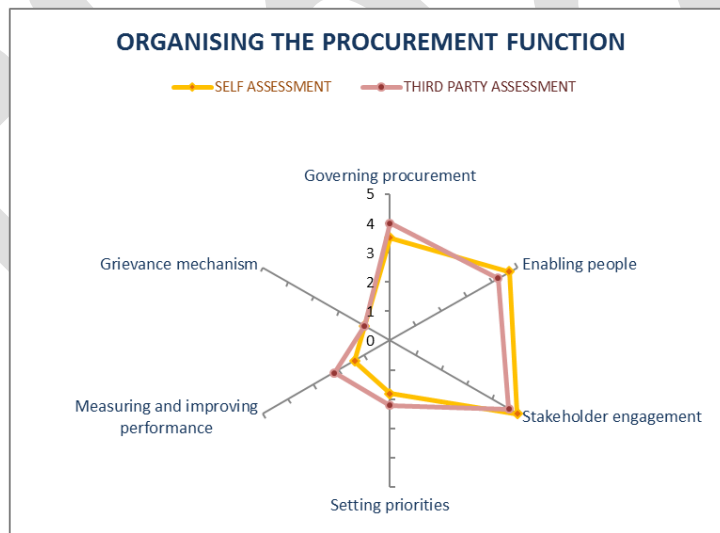
3. As a precursor to developing a successor corporate strategy, undertake a '**drivers**' exercise to reaffirm the principal motivating factors of LUPC and its Members and ensure the results are factored into both a new corporate strategy and the responsible (sustainable) procurement policy and strategy.
4. Consistent with Item 3., above, at the appropriate time, update the current 'Responsible Procurement Policy' and its appendices, e.g., 'Responsible Procurement Strategy 2017-20' and, if necessary, the 'Special Projects' as described in Section 3 thereto. Include a section on '**Due Diligence**'.
5. In support of a new corporate strategy, undertake a '**high-level**' risk assessment of sustainability risk and opportunities in the supply chain using the methodologies referred to in ISO 20400:2017 and factor the results into the Responsible Procurement Policy and Strategy. [NB: See also Item 15 below]
6. In terms of 'managing implementation', work towards developing '**SMARTer**' targets in support of achieving sustainability aims and objectives, thus going beyond the broader measures currently used in some cases. [NB: See also Item 17 below]
7. Ensure stakeholder 'buy-in' to the recommendations above and ensure continued endorsement by senior management and approval by the Responsible Procurement Advisory Group (RPAG).
8. Overhaul and update the **LUPC Communications Strategy 2015** in line with the proposed steps described above and disseminate to Members and all other related stakeholders.

3.2. Enablers

This section of the Standard describes the organizational conditions and management techniques needed to successfully implement and continually improve sustainable procurement. The survey results are summarized below:

| B Organising the procurement function towards sustainability | | | | |
|---|---|------------|-----------------|------------------------|
| B1 Governing Procurement | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| B1.1 Governance groups | Do governance groups (e.g. Procurement Steering Committee, Procurement Board) monitor sustainable procurement aspects? (clause 6.2.2) | 25% | 3 | 4 |
| B1.2 Accountabilities | Do clear accountabilities for sustainable procurement exist? (6.2.3) | 25% | 5 | 4 |
| B1.3 Procedures and systems | Do procedures and systems enable sustainable procurement? (6.2.4) | 50% | 3 | 4 |
| B1 Total | | 15% | 3.50 | 4.00 |
| B2 Enabling people | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| B2.1 Organisational culture | Does your organisational culture embrace change and do you develop an environment where collaboration, innovation and appropriate risk taking are encouraged? (clause 6.3.2) | 10% | 5 | 5 |
| B2.2 Performance management | Do sustainable procurement objectives appear in documents related to performance management? (6.3.3) | 20% | 5 | 4 |
| B2.3 Staff awareness | Can all relevant staff articulate the organisational reasons for implementing sustainable procurement and how they play their part in implementation? (6.3.4) | 10% | 5 | 5 |
| B2.4 Staff competence | Can you demonstrate that staff is building competence in sustainable procurement? (6.3.4) | 20% | 5 | 4 |
| B2.5 Personal objectives, reward and recognition | Are sustainability objectives included in personal objectives, related reward and recognition packages? (6.3.4) | 20% | 5 | 4 |
| B2.6 Learning from others | Do you use other organisations' sustainable procurement experiences to improve your own practices? (6.3.5) | 5% | 5 | 5 |
| B2.7 Tools and guidelines | Does staff have access to tools and guidelines that support their delivery of sustainability objectives? (6.3.6) | 15% | 3 | 4 |
| B2 Total | | 20% | 4.70 | 4.25 |
| B3 Stakeholder engagement | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| B3.1 Stakeholder prioritisation | Has the organisation identified and prioritised key stakeholders to be engaged as part of the sustainable procurement approach, and have their expectations been considered? (clause 6.4.2) | 34% | 5 | 5 |
| B3.2 Engaging with the supply chain | Does the organisation engage with one or a group of suppliers, partners or subcontractors beyond contractual requirements on sustainability issues, e.g. industry or commodity-based initiatives, capacity building programs, supplier relationship management, supplier development, supplier diversity? (6.4.4) | 33% | 5 | 4 |
| B3.3 Engaging with external stakeholders | Does the organisation engage one or a group of external stakeholders on sustainability issues e.g. through trade/sector organisations, government supported groups, non-for profit organisations? (6.4.5) | 33% | 5 | 5 |
| B3 Total | | 20% | 5.00 | 4.67 |

| B4 Setting priorities | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
|--|---|------------|-----------------|------------------------|
| B4.1 Risk management | Are sustainability risks managed in procurement activities? (clause 6.5.1) | 20% | 1 | 2 |
| B4.2 Spend mapping | Have you mapped your spend portfolio to determine which spend categories represent the highest level of sustainability risks and opportunities? (6.5.2) | 20% | 1 | 1 |
| B4.3 Category management strategies | Have you integrated sustainability in the strategy of your categories, e.g. category plans? (6.5.2) | 20% | 3 | 3 |
| B4.4 Supply base mapping | Have you mapped your supply base to determine which suppliers represent the highest level of sustainability risks and opportunities? (6.5.3) | 20% | 3 | 3 |
| B4.5 Supplier management strategies | Have you integrated sustainability in the strategy of management of your suppliers, e.g. supplier relationship management plans? (6.5.3) | 20% | 1 | 2 |
| B4 Total | | 15% | 1.80 | 2.20 |
| B5 Measuring and Improving Performance | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| B5.1 Key Performance Indicators | Does your organisation use key performance indicators in order to report on the achievement of its sustainable procurement objectives? | 40% | 1 | 2 |
| B5.2 Monitoring systems | Are there systems in place to collect and analyse the data and use them to monitor the implementation of sustainable procurement? | 40% | 1 | 2 |
| B5.3 Benchmarking | Does the organisation benchmark itself against peer organisations? | 20% | 3 | 3 |
| B5 Total | | 20% | 1.40 | 2.20 |
| B6 Grievance mechanism | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| B6.1 Grievance mechanism | Have you established a mechanism for stakeholders in the supply chain to bring sustainability issues to the attention of the organisation and seek redress? | 100% | 1 | 1 |
| B6 Total | | 10% | 1.00 | 1.00 |
| B Total | | 20% | 3.12 | 3.25 |



Key Findings:

Governance is well structured in LUPC with specific oversight by the Executive Committee (formed of Member’s representatives) and by the organisation’s board. There is a specific ‘**Responsible Procurement Advisory Group**’ (RPAG) with clearly defined Terms of Reference setting out their responsibilities, which include the requirement to, ‘*Oversee LUPC’s progress with its Responsible Procurement programme, ensuring that it has vigour and broadly reflects the values of LUPC’s membership*’.

As a small organisation, the organisation's structure is clear and responsibilities of individual Senior Contracts Managers are clearly laid out and their activities overseen by LUPC's directors. Governance arrangements are (also) in the public domain, being set out on the LUPC website.¹⁵

Supporting procedures e.g., '**Guide to Sourcing and Managing Contracts**', embraces responsible procurement and, although this document is dated October 2014, it was revised and reissued as Version 5, in March 2017. It contains approaches that broadly mirror ISO 20400 and has three '**Tollgates**' namely, '**Pre-Tendering Tollgate**', '**Tendering Tollgate**' and '**Implementation Tollgate**'. The '**Tollgates**' set out procedures to be adopted at each of the foregoing three stages with the responsibilities of individuals and/or stakeholders defined for each stage and provision for sign-off upon completion. 'Sustainability' is explicitly included with clear links to **The Public Services (Social Value Act) 2012** and **Public Contracts Regulations** (with a related **OJEU Process Chart** (With sustainability touchpoints)).

Notwithstanding the foregoing, although (re)issued in March 2017, this document could be very usefully re-reviewed and updated. For example, Appendix 7, 'Procurement England Limited, Sustainable Procurement Policy', should be replaced with LUPC's 'Responsible Procurement Policy', issued in June. **[Note: OJEU timescales and procedures should also be reverified as they appear to relate to the 2006 regulations, now replaced by the 2015 regulations, referred to in other LUPC assessment documents.]**

Procurement and management leadership around sustainability is clear and fully embraced. As referred to elsewhere, LUPC is a small organisation therefore it is relatively straightforward to set out clearly defined roles and responsibilities with short lines of reporting. The leadership structure within LUPC is clear, with a Director, two Assistant Directors and four Senior Contracts Managers with supporting staff. Leadership is also distinctive within the higher education sector with LUPC taking a leading role in promoting responsible (sustainable) procurement, leading the way with initiatives and innovations.

Collaboration, at different levels, is strong, in terms of working with others, e.g., working with and through the UK Universities Purchasing Consortia (UKUPC) and being a supporter of/signatory to their '**Collaborative Procurement Protocol**'. The same is true in the context of setting up new framework agreements, working with different Members and engaging them in on-going contract management. Collaboration is also clearly evident in working with NGOs and the like, e.g., '**electronics watch**' who as an independent monitoring organisation, '*assist public sector buyers to meet their responsibility to protect the labour rights of workers in their global electronics supply chains more effectively and less expensively than any single public-sector buyer could accomplish on its own.*'¹⁶

Competency development. Good training takes place and refresher courses are run to maintain knowledge and keep staff updated as to relevant changes, developments and regulatory requirements relating to procurement, e.g., '**Sustainable Procurement Refresher Training January 2016**'. The latter training included, inter alia, information relating to the Modern Slavery Act 2015. Personal development plans and appraisals require individuals to enhance their knowledge and expertise in sustainable procurement, promote it further in their individual roles and embed it in their day-to-day activities. At least one objective (out of six) must specifically relate to sustainable procurement. LUPC also deliver training and professional development in their own right, e.g., 'TED Talk' on Public Procurement and Human Rights. All new staff receive appropriate training as part of LUPC's induction process.

¹⁵ Go to: <http://www.lupc.ac.uk/governance.html>

¹⁶ Go to: <http://electronic> http://www.lupc.ac.uk/governance.html.org/en/our-story_2459916

Systems and processes. As stated above, good processes exist, e.g., via the LUPC ‘**Guide to Sourcing and Managing Contracts**’. This sets out the LUPC processes and procedures to be followed to set up, implement and subsequently manage framework agreements/contracts and incorporates sustainable procurement. This is supplemented by processes such as ‘**SPRAT**’, the LUPC ‘Sustainable Procurement Risk Assessment Tool’ and individual category/procurement strategies, e.g., **STEMed** or **ICT** strategies.

Given the introduction of the new (June 2017) LUPC ‘Responsible Procurement Policy’, the Guide should (as stated elsewhere) be re-visited and updated accordingly to reflect the policy and its contents. LUPC is introducing a new contract management solution, i.e., ‘**Gatekeeper**’.¹⁷ The ‘Gatekeeper’ solution should enhance and improve LUPC’s current supplier and contract management system and facilitate improved supplier management, document storage, data collection, management reporting, compliance and risk analysis. LUPC also has access to other procurement tools, e.g., spend analysis via ‘**Spend 360**’.¹⁸

The assessment of actual procurements demonstrated that sustainability requirements were flowing through into specifications, tender documents, contract award criteria, agreements/contracts and subsequent post contract management and reporting. This is good to see and shows commitment and that the steps set out in the LUPC processes and procedures are being followed.

Stakeholder engagement. By its very nature, LUPC is an organisation that operates on the basis of stakeholder engagement. Its ‘Responsible Procurement Policy’ states that, ‘*Its sole aim is to secure for its Members the very best possible value from the acquisition of goods and services, without causing harm to others. Being Member-owned and –led, LUPC wants to promote values that reflect those of its Membership*’. LUPC can only reflect the values of its Members, key stakeholders etc by dialogue and regular engagement.

In addition, the LUPC ‘Responsible Procurement Strategy 2017-20’ states, ‘*Delivery of LUPC’s Responsible Procurement programme will be driven and overseen by a Responsible Procurement Advisory Group (RPAG), comprised of procurement professionals, sustainability managers and student stakeholders from across LUPC’s membership, whose Terms of Reference are set out at Appendix C.*’

There is evidence of engagement with suppliers¹⁹ to help them develop their sustainability knowledge and external ‘stakeholders’, e.g., ‘electronics watch’, CIPS, APUC (Advanced Procurement for Universities and Colleges) and the University of Greenwich ‘Business, Human Rights and Environment Research Group’ or ‘BHRE’.²⁰ These are all visible means of engaging and working with LUPC’s stakeholders.

Setting Priorities. LUPC have declared that this is an area that they would like to develop further. Risk management is recognized as an integral part of LUPC’s remit and is clearly referred to in both the ‘Responsible Procurement Policy’ and ‘Responsible Procurement Strategy’ as set out respectively in paragraphs 2.d and 2.c of these documents.

¹⁷ Go to: <https://gatekeeperhq.com/>

¹⁸ Go to: <http://www.lupc.ac.uk/spend-analysis-shared-service.html>

¹⁹ See LUPC ‘Responsible Procurement Strategy 2017-20, Section 3, ‘Supplier Engagement Project’.

²⁰ Go to: <https://www.gre.ac.uk/ach/research/centres/bhre/home>

However, there is no high-level prioritisation of spend mapped against category risks or the like although there is good work done in relation to risk assessment and management in respect of individual procurements. Use of the **'SPRAT'** tool exemplifies this.

The fact that LUPC puts great emphasis on addressing issues such as modern slavery and human trafficking (in the supply chain) means an inherent appreciation of these as being potentially serious issues that could arise in the LUPC supply base. Consistent with the above, LUPC have a special project in hand to carry out supply chain mapping, to be completed in December 2017, related to modern slavery issues in new agreements and a specific individual appointed to undertake this and related pieces of work. The proposed introduction of **'Gatekeeper'** should also bolster compliance and risk analysis (being purported benefits of the supplier and contract management solution).

In terms of post contract administration and on-going supplier relationship management, whilst supplier reviews address sustainability, the extent to which it is considered and applied on a consistent basis is debatable. In the case of 'NDNA' review meetings, they are scheduled to last two hours with a twelve-point agenda, including, 'Sustainable ICT Procurement and Corporate Responsibility' at item 7. In the case of 'General Laboratory Equipment', such meetings last 40 minutes with a five-point agenda.

LUPC suppliers should be signing-up to the **'Sustain Supply Chain Code of Conduct'**. Adherence to this document could and should be a central part of on-going supplier management and a register maintained of signatories and their delivery of the requirements set out in the Code of Conduct.

Measuring Performance. In terms of measurement, 'Management Information' requirements in individual framework agreements may set out measures and reporting commitments relating to sustainability and sustainable procurement. However, this is an area which could be considerably strengthened. LUPC should also look for more **'peer' benchmarking** opportunities.

[**Note:** Given that the framework agreements do not commit to any particular level of expenditure with suppliers, implementing more intensive reporting requirements may prove problematic in some cases']

Grievance: This is a new requirement in ISO 20400 compared to BS 8903 and grievance mechanisms can play an important role in mitigating negative impacts in supply chains and providing access to remedies for affected stakeholders. LUPC has its own 'Whistleblowing' policy for internal use. However, there is no systematic or established LUPC grievance mechanism for suppliers and neither is it known if grievance reporting by the staff of suppliers, to which the 'Sustain Supply Chain Code of Conduct' refers, is ever measured or recorded. The involvement of **'electronics watch'** may serve as a good deterrent to abusive behaviour in the global electronics industry; however, ISO 20400 sets out clear guidance as to what a good grievance mechanism should look like.

Recommendations

9. Governance is good and so too is leadership. As a small organisation, roles are clear and well defined and there is limited room (or need) to modify the current structures. Whilst this is true of the agreements for which LUPC is directly responsible (currently eighteen), it should look at ways of either potentially increasing that number or, alternatively, of **extending 'best practice'** with other commissioners or procuring authorities. This involves understanding and mapping key stakeholders, their role and influence and how LUPC can engage with them more on sustainable procurement. This would increase LUPC's influence over 'indirectly' procured goods and/or services.

10. Re-visit and thoroughly overhaul the '**Guide to Sourcing and Managing Contracts**'. This is a comprehensive and useful guide; however, it needs a further revision to bring it into line with the new 'Responsible Procurement Policy' and its contents. References to timescales and procedures of the latest **(2015) Public Contracts Regulations** also need reviewing.
[NB: Explore the potential to use the 2015 '**Innovation Partnerships**' procedure to increase opportunities to develop new sustainable products and services.]
11. Produce an LUPC **index** or list of policies and procedures, briefly setting out the purpose of each and their interrelationships and dependencies, so that this information is available in one place and can be used as a guide to the systematic application of sustainable procurement.
[NB: This should be part of Item 10 above and ties in with the '**component steps**'. Ideally, follow the order set out in ISO 20400. Integrate with the introduction of '**Gatekeeper**' in due course.]
12. Look for opportunities to **extend collaboration further** (this could be tied in to Item 9 above) both within the HE sector and outside with other external organisations. Look at opportunities to engage more with/learn from mainstream European practice in the sector available via sources such as '**Green Public Procurement**'²¹ where such information is free.
13. In terms of building competence, whilst it is generally very good, extend the number of objectives which specifically relate to sustainable procurement in Job Descriptions and annual appraisals from one to two.
14. Consistent with Item 3 above, in line with undertaking a '**drivers exercise**', ensure that the right stakeholders are being engaged and continue the drive to work with both internal and external stakeholders to implement best practice and '**show case**' exemplar case studies.
15. Much greater prioritisation of sustainability risks and opportunities has been recognised as an important 'need' that LUPC must address. Action Sustainability agrees with this analysis and recommends a thorough 'high level' prioritisation of such risks and opportunities mapped against categories and/or spend. This should be helped with the introduction of '**Gatekeeper**' albeit it is not a prerequisite to carrying out and completing a high-level analysis. **SPRAT** provides for good category/agreement analysis, but a complimentary approach is needed at organisational level.
[NB: See also Item 5 above. Given the much broader political and economic context in which LUPC is operating in the public sector, consider carrying out a '**SWOT**' analysis to cover the pre and post 'Brexit' period. Consider the current and future **resilience** of the LUPC supply chain.]
16. Strengthen supplier relationship management (SRM), not least with 'key' suppliers. This can be relatively demanding and thus resource intensive. The current organisational structure may require bolstering albeit the prioritisation exercise above should help to identify 'key' relationships which could deliver improved sustainability benefits with improved management.
[NB: It is noted that actual procurement takes place via Members and thus LUPC may be 'one step removed' from direct engagement with suppliers which needs factoring in to the process.]
17. Make sustainability targets **SMARTer** and more specific. Ensure performance review meetings follow a consistent agenda and approach to sustainability with sufficient time to allow thorough and meaningful engagement. [NB: See Item 6 above]
18. Develop more '**peer**' **benchmarking** opportunities – a minimum of three by Easter 2018.
19. Set up an appropriate grievance mechanism, via **Gatekeeper** or alternative approach, and incorporate into the updating of the LUPC '**Guide to Sourcing and Managing Contracts**'.

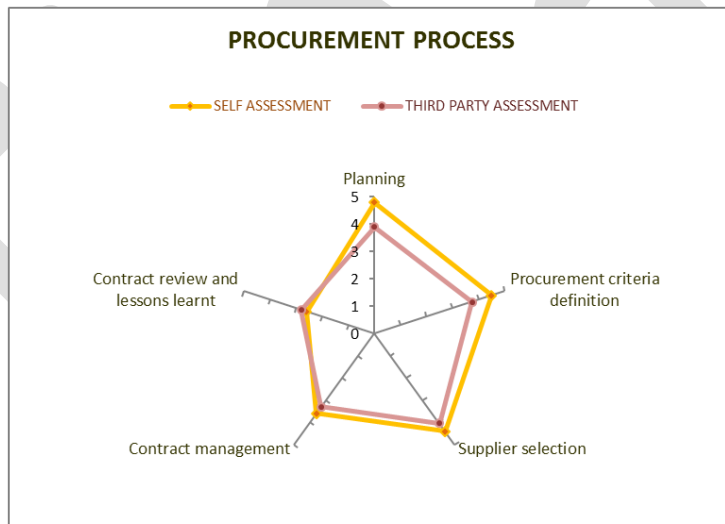
²¹ Go to: http://ec.europa.eu/environment/gpp/index_en.htm

3.3. Procurement Process

This section of the standard describes how sustainability considerations should be integrated into existing procurement processes and documentation. The survey results are summarized below:

| C Integrating sustainability into the procurement process | | | | |
|---|---|---------------|------------------------|-------------------------------|
| C1 Planning | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| C1.1 Sustainability risks and opportunities | Do you assess and manage sustainability risks and opportunities? | 20% | 5 | 4 |
| C1.2 Life cycle and global cost | Do you use the approaches of life cycle and global cost when assessing sustainability risks and opportunities? | 10% | 5 | 4 |
| C1.3 Challenging business needs | Do you challenge business needs in order to reduce sustainability impacts? | 10% | 5 | 4 |
| C1.4 Disposal requirements | Are disposal requirements factored in throughout the design, procurement process and during operational phases of the product life cycle? | 5% | 3 | 3 |
| C1.5 Stakeholder consultation | Do you consult internal stakeholders to assess the feasibility of potential 'sustainable' solutions, adapt recommendations and engage them to support changes required? | 20% | 5 | 4 |
| C1.6 Supplier diversity | Does the market research include local suppliers, small and medium sized organisations and disadvantaged populations and communities, if these sustainability issues are identified as significant in the prioritization? | 5% | 3 | 3 |
| C1.7 Early market engagement | Are suppliers engaged early in the procurement process in order to promote new and innovative solutions to sustainability issues? | 10% | 5 | 4 |
| C1.8 Sourcing strategy | Is sustainability properly integrated in the sourcing strategy and supported and agreed by all key stakeholders?? | 20% | 5 | 4 |
| C1 Total | | 40% | 4.80 | 3.90 |
| C2 Procurement criteria definition | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| C2.1 Procurement criteria, tender documents and draft contract | Is sustainability integrated in the procurement criteria, tender documents and draft contract? | 25% | 5 | 4 |
| C2.2 Appropriate sustainability requirements | Are appropriate types of sustainability requirements used in the procurement criteria? | 25% | 5 | 4 |
| C2.3 Encouraging suppliers | Do you encourage suppliers to provide their best sustainability offer, whilst ensuring that it does not have negative impacts on value for money or the organisation's balance of power? | 25% | 5 | 4 |
| C2.4 Sustainability marks, seals and labels | Do you use reliable sustainability marks, seals and labels to verify sustainability claims? | 25% | 3 | 3 |
| C2 Total | | 20% | 4.50 | 3.75 |
| C3 Supplier selection | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| C3.1 Open and fair competition | Are legal requirements respected and is open and fair competition promoted between suppliers? | 20% | 5 | 5 |
| C3.2 Prequalification process | Do you assess the capability of suppliers to deliver sustainability outcomes during the prequalification process? | 10% | 3 | 3 |
| C3.3 Tendering process | Do you assess the capability and commitment of suppliers to deliver detailed and specific sustainability requirements during the tendering process? | 20% | 3 | 3 |
| C3.4 Evaluations and negotiation | Do you conduct supplier evaluations and negotiations in a way that encourage them to provide their best offer in terms of sustainability, whilst ensuring that it does not have negative impacts on value for money or the organisation's balance of power? | 25% | 5 | 4 |
| C3.5 Final contract | Are sustainability requirements included in the final contract and supported and agreed by all key stakeholders? | 20% | 5 | 5 |
| C3.6 Supplier debriefing | Do you debrief suppliers on their response to sustainability requirements? | 5% | 5 | 3 |
| C3 Total | | 15% | 4.40 | 4.05 |

| C4 Contract management | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
|--|---|------------|-----------------|------------------------|
| C4.1 Quality of the supplier relationship | Do you take measures to ensure the quality of the relationship with the supplier? | 20% | 3 | 3 |
| C4.2 Contract implementation phase | Do you encourage internal stakeholders and the supplier to consider sustainability as a key element of the contract as soon as it is being implemented? | 20% | 5 | 4 |
| C4.3 Contract Management Plan | Is sustainability integrated into the contract management plan? | 20% | 5 | 4 |
| C4.4 Supplier performance and relationship | Is sustainability integrated into the on-going monitoring of the supplier performance and relationship? | 15% | 3 | 3 |
| C4.5 Joint initiatives | Do you implement joint initiatives with suppliers in order to achieve increased sustainability benefits? | 10% | 3 | 3 |
| C4.6 Supplier exit | Do you exit the supplier relationship if there's a repeated supplier failure to deliver sustainability objectives? | 10% | 1 | 2 |
| C4.7 Disposal | Are disposal options assessed and reviewed in order to achieve maximum sustainability benefits? | 5% | 3 | 3 |
| C4 Total | | 20% | 3.60 | 3.30 |
| C5 Contract review and lessons learnt | | WEIGHT | SELF ASSESSMENT | THIRD PARTY ASSESSMENT |
| C5.1 Sharing lessons learnt | Do you share within the organisation lessons learnt on management of sustainability issues throughout the procurement process? | 20% | 1 | 2 |
| C5.2 Contract debriefing | Is sustainability integrated into contract debriefing? | 30% | 3 | 3 |
| C5.3 Next sourcing strategy | Do you use lessons learnt on the management of sustainability issues to develop the next sourcing strategy? | 50% | 3 | 3 |
| C5 Total | | 5% | 2.60 | 2.80 |
| C Total | | 60% | 4.33 | 3.72 |



Key Findings

Planning: The principal LUPC document that relates to 'Process' is the organisation's 'Guide to Sourcing and Managing Contracts'. The current version is Version 5.0, dated March 2017. It contains three principal sections, namely 'Pre-Tendering', 'Tendering' and 'Implementation', which are closely aligned to the standard, in the context of 'Plan', 'Source' and 'Manage'. Each of these three stages has a 'Tollgate' for approval signifying completion and approval to proceed to the next stage.

Each of these three stages also has a series of sub-stages, setting out specific activities pertinent to that part of the process. For example, the 'Pre-Tendering' stage has two sub-stages relating to 'need', i.e., '**Define Need**' and '**Challenge Need**'. The foregoing are both consistent with ISO 20400 (see Section 7.2.4, page 27) and require 'need' to be properly scrutinised.

Sustainability is expressly factored in to the process and referred to in the Guide in the '**Pre-Tendering**' stage (1.13 to 1.19 inclusive). Sections 1.16 to 1.19 inclusive refer to the assessment of risk and the setting up and management of a '**Sustainability Risk Register**'. Section 1.17 requires the use of '**SPRAT**', the LUPC '**Sustainable Procurement Risk Assessment Tool**'. Completion of this activity is the means by which the risk register is generated. The 'top five' risks of any procurement as identified through the use of 'SPRAT' are required to be added to the risk register. [NB: The LUPC Responsible Procurement Strategy 2017-20 requires (Item 2.c) the organisation to, '*Take a risk-based approach to Responsible Procurement to make the maximum impact on the supply chain with available resources.*']

Life Cycle Analysis and/or **Whole Life Costs** are factored into the procurement for capital purchases as too are **end-of-life/disposal issues**. Tender documents reviewed showed that whole life costs, which may incorporate end-of-life/disposal issues in themselves, are factored into the procurement process. In the case of the 'NDNA' category, both were well addressed and included operating costs, efficiencies and end-of-life.

Collaboration and **engagement** with stakeholders is good. In fact, for LUPC to function properly, collaboration with Members is essential and LUPC's procedures require the active input and support of Members, among others. Engagement and collaboration also appears good, insofar as it is permitted, with the supply chain, taking account of the fact that LUPC is operating in the public sector and therefore subject to the rules, regulations and protocols of (UK and European) public procurement. LUPC procedures also require compliance with **The Public Services (Social Value) Act 2012**.

As a generalisation and as far as can be reasonably seen, sustainability is properly integrated into potential procurements and sourcing strategies and agreed with all 'key' stakeholders. There is an emphasis on 'social' issues with services and 'social' and/or 'environmental' issues with products.

Procurement criteria definition, tender evaluation and contract award

The second stage in the LUPC Guide relates to the **tender, evaluation process, supplier selection** and subsequent **framework/contract award**. These processes are, broadly speaking, in line with the model processes set out in the standard. Sustainability criteria are well defined, higher levels of performance, e.g., energy efficiency is recognised and there is a strong drive to secure, '*the very best value from the acquisition of goods and services, without causing harm to others*'.²² Sustainability labels or standards may be used in appropriate cases and/or recognised, e.g., 'ENERGY STAR'²³ for products and the 'ETI Base Code'²⁴ for services. Competition appears fair, transparent and proportionate and the procedures used are as described in the Public Contracts Regulations (the '**Open**' procedure being favoured in the case of goods/products, whilst the '**Negotiated**' procedure is used with the procurement of services).

²² See LUPC 'Responsible Procurement Policy', Version 1.0, June 2017, Section 1, Introduction.

²³ Go to: <https://www.energystar.gov/>

²⁴ Go to: <http://www.ethicaltrade.org/eti-base-code>

Consistent with the above, where the **'Open' procedure** is selected, there is no prequalification process as such before the issue of tender documents. However, that is not to say that capabilities are not explored and/or assessed during the procurement process and through the Invitation To Tender.

Prequalification does take place when **'Negotiated' procedures** are to be used. Scoring of tender questions in relation to sustainability was well structured and sustainability weightings of different percentages were evidenced in different cases. Reference to the engagement of independent third parties to ensure compliance with best practice and human rights in suppliers' organisations, e.g., **'electronics watch'** is also incorporated into tender documents. Negotiations with suppliers are limited dependent upon the procurement procedure used, consistent with the legal constraints applying.

Social and/or environmental labels or the like may be used albeit not necessarily consistently.

The LUPC Guide refers to presentations, site audits, meetings and/or reference site visits as being permissible means of supplier selection. **'Bidders Conferences'** are used during the tender process for services' agreements and **'lotting'** may be utilised to encourage SME participation. Final selection requires approval and no agreements are confirmed until such time as the regulatory **'standstill'** period for potential challenge has expired. Approval is facilitated via **'Tender Reports'** which require Director approval. Feedback is offered to unsuccessful tenderers and which may include sustainability. Sustainability requirements are included in the final agreement documents. Public procurement rules continue to apply and LUPC will post the relevant notices and the like to OJEU as necessary.

Contract implementation and performance management. This element of sustainable procurement is covered by the third stage or **'Tollgate'** which comprises the LUPC **'Guide to Sourcing and Managing Contracts'**, namely the **Implementation 'Tollgate'**. In turn, this incorporates three sub-stages, i.e., **'Implementation Planning'**, **'Supplier Relationship Planning'** and **'Managing Improvement'**. There appears to be good stakeholder engagement and collaboration with LUPC's Members, albeit LUPC have identified this third Tollgate as potentially its weakest area which could be strengthened.

There are periodic review meetings with suppliers and procedures to try and capture on-going spend with (framework) suppliers. Review meetings incorporate sustainability, albeit the length of such meetings appears to vary from 40 minutes to two hours. LUPC believe that the introduction of **'Gatekeeper'** will support performance management. LUPC produce a **'Buyers Guide'** to assist in the utilisation of individual agreements (e.g., General Laboratory Equipment, LAB 5028 LU). Certain agreements may have corresponding SLAs (**Service Level Agreements**) incorporated therein. However, sustainability and performance reporting, despite good efforts at incorporating it into tenders and agreements, isn't necessarily given the same focus at contract stage, where 'savings' may be a priority.

No formal supplier exit procedures exist relating to repeated sustainability underperformance.

Recommendations

20. As mentioned above, **overhaul the LUPC 'Guide to Sourcing and Managing Contracts'**. This is a useful document but needs overhauling to incorporate the new Responsible Procurement Policy and current procurement regulations, e.g. the 2015 Public Contracts Regulations.
21. Maximise use of resources and case studies via web portals and the like such as the **EU GPP Procurement** and their exemplar 'green' public procurements case studies.²⁵ Similarly, utilise their '**Buying Green**' and '**Buying Social**' brochures and guides.
22. Develop guidelines for determining sustainability '**weightings**' for Prequalification Questionnaires and Invitations To Tender to increase consistency and profile.
23. Make greater use of **environmental and/or social marks and labels** whenever possible. These provide an objective and external method of verification and confidence.
24. Regularise and strengthen sustainability reporting at review meetings, both with framework suppliers, and within LUPC and its Members, and raise the level of its importance. Give it the same or a similar priority as the reporting of 'savings'.
25. Ensure '**Sustainability Risk Registers**' are maintained and updated during the currency of the framework agreements, so that potential sustainability risks are continually reviewed and updated.
26. Marry up 'prioritisation' of high-level sustainability risks and opportunities (and corresponding agreements) with reporting. Ensure that 'priority' agreements are given a higher level of focus.
27. Consider whether existing management/organisational structures could be improved to deliver improved contract management/supplier relationship management.
28. Review whether terms and conditions need strengthening to bolster the delivery of sustainability targets and **managing supplier failure**.
29. Raise the profile of sustainability in '**Buyer's Guides**' under the '**Key Objectives**' section.
30. Look for opportunities to share '**lessons learnt**' and disseminate best practice with Members, peer organisations and suppliers.

²⁵ Go to: http://ec.europa.eu/environment/gpp/case_group_en.htm

Annex 1 – Documents Reviewed

Key strategic document **highlighted in bold**

| | |
|-------------|---|
| SPA 1 and 2 | LUPC Responsible Procurement Policy and Strategy v1.0 |
| SPA 2 | Communications Strategy 2015 Revised 2015 |
| SPA 3 and 9 | LUPC Guide to Sourcing and Managing Contracts |
| SPA 3 | Board LUPC Responsible Procurement Policy and Strategy |
| SPA 3 | Contracts Overview |
| SPA 3 | Exec Submission – Catering Services |
| SPA 3 | Goods SPRAT |
| SPA 3 | LUPC (Presentation) |
| SPA 3 | Responsible Procurement Advisory Grp ToR FINAL |
| SPA 3 | Minutes of LUPC Responsible Procurement Advisory Group Mtg 220217 |
| SPA 3 | OJEU Flowchart with Sustainability Touch Points (Presentation) |
| SPA 3 | Services SPRAT |
| SPA 3 | Sourcing Checklist |
| SPA 4 | LUPC Board Meeting Agenda 09 Jun 17 |
| SPA 4 | LUPC Board Meeting Minutes 09 Jun 17 |
| SPA 4 | LUPC Exec 14 April Minutes |
| SPA 4 | LUPC Exec Ctte Meeting Agenda 14 July 2017 |
| SPA 4 | Organisational Charts LUPC (Presentation) |
| SPA 4 | UKUPC CPP June 2015 V1.5 (PDF) |

SPA 5 DW HEPA SCM Summary

SPA 5 LUPC Appraisal Form 2015

SPA 5 LUPC Senior Contracts Manager JD

SPA 5 SP Refresher Training January 2016 (Presentation)

SPA 6 201506 STEM Strategy v1

SPA 6 201509 ICT Strategy final

SPA 9 UKUPC Contract Strategy Slides (Presentation)

SPA 10, 11 & 12 Lab Equip ITT Package (Zipped)

SPA 10, 11 & 12 NDNA Final Documentation (Zipped)

SPA 13 LAB5028 LU Buyers Guide

SPA 13 LAB5028 LU Buyers Guide Additional Files (Zipped)

SPA 13 LAB5028 LU Review NOV 16 to JAN 17 (Zipped)

SPA 13 LAB5028 Review MAR 17 (Zipped)

Additional/Supplementary Documents

| 18th July 2017 | 24th July 2017 |
|---|--|
| LUPC 'Reaching New Heights, Our Strategy to 2018'. | Cleaning Services Prequalification Questionnaire |
| LUPC Annual Review 2015 – 2016 | SPRAT – Cleaning Services |
| 'Linked' – LUPC Members' Magazine, Spring 2017 | SPRAT – Security Services |
| 'CIPS Knowledge' publication 'Protecting human rights in the supply chain'. | Tender Report – Cleaning Services |
| LUPC Website Screenshots (dated 18 July 2017) | Tender Report – Security Services |
| LAB 5028 LU Management Version 1 | Action Plan – Security Services (Human Rights) |
| 'Gatekeeper' screenshots (dated 18 July 2017) | Sustainability Risk Register – Estates Maintenance |
| NDNA Sustainable Risk Register 140217 | |
| NDNA Agenda Lancaster Mar 15 | |
| Fujitsu response to (sustainability) Question C.15 | |
| Fujitsu panel session response to (sustainability) Question C.15 | |