

## Embedding responsible practices through our supply chain

The public sector has a vital role in furthering sustainable development, through its procurement of buildings, goods, works and services. The **UK Government Sustainable Development Strategy** (Securing the Future) has committed the public sector to lead by example in delivering those objectives, since it was published in March 2005.

Sustainable development and in particular procurement refers to all Corporate Responsibility issues, where public procurement is seen as a lever to achieve wider environmental, social and economic policy objectives. The Home Office and HMRC share a commitment to incorporate these objectives into the procurement process, in ways that are consistent with the EU procurement rules and the Government's procurement policy, based on value for money; whilst ensuring we do this in a way that reduces the administrative burden on our suppliers.

The Home Office and HMRC are committed to building strong supplier relationships to deliver the objectives we share and to support each other to excel at what we do. Through our handling of each phase of the procurement cycle, from initial business planning through to contract award and contract management, we will play our part and expect our suppliers to do likewise.

This document breaks down each relevant area to procurement into what they mean, what the Home Office and HMRC will do to support them and finally what we would like our suppliers to do working in partnership with the Home Office and HMRC on a voluntary basis. It is important to note that any actions must be consistent with the Government's procurement policy based on value for money.

Please note that this document is currently a draft version and we are keen to receive feedback from suppliers and stakeholders on what is proposed within this document.

Feedback should be emailed to our [supplier programmes](#) mail box.

## Efficient and transparent operations

What this means	What we will do	What you can do
<p>As part of the Governments <a href="#">structural reform plans</a> there are a number of areas within this plan that procurement can support:</p> <ul style="list-style-type: none"> <li>• Driving efficiency in Government operations.</li> <li>• Transparency</li> <li>• Support the building of the Big Society</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure our procurement processes are conducted in an open and honest way.</li> <li>• Support transparent reporting through publishing data of all tenders over £10,000 and disclose all of our spending in a standardised format.</li> <li>• Reporting monthly on all single payments that exceed £25,000</li> <li>• Examine opportunities for further private and voluntary sector involvement through our procurement practices.</li> <li>• Ensure public money is being used effectively and efficiently to ensure we are getting best value for money when purchasing goods and services.</li> <li>• Provide procurement support if appropriate to the mutualisation of public services.</li> <li>• Support the creation and ongoing implementation of an efficiency scorecard, to ensure best value for money for the taxpayer.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure who have systems in place to ensure high standards of propriety, which make sure public money is used for the purpose it is intended.</li> <li>• Adopt a performance management system that clearly measures performance (both good and bad), a segregation of duties between those achieving performance and those reporting it and also an audit regime that checks the reported performance.</li> <li>• Examine opportunities for voluntary sector involvement in service delivery through your supply chain.</li> <li>• Explore how to make regular volunteering an element of your staff appraisals.</li> <li>• Work in partnership with us to reduce our service delivery costs and simplify our services.</li> </ul>

## Supplier Diversity including Small and Medium Sized Enterprises (SMEs) and the First Sector

What this means	What we will do	What you can do
<p>This is about making our processes directly accessible to diverse suppliers through non-discrimination, equal treatment, transparency, fairness and proportionality, whilst also helping to diversify the supply chain so that the spirit of diversity flows throughout the respective supply chains.</p> <p>Diverse Suppliers are defined as comprising of the following four sub-sets:</p> <ul style="list-style-type: none"> <li>▪ Small and Medium Enterprises (SMEs)</li> <li>▪ Black, Asian and Minority Ethnic (BAME) owned businesses</li> <li>▪ Suppliers from other under-represented or protected groups</li> <li>▪ Suppliers demonstrating a diverse workforce composition</li> </ul> <p>SMEs are defined as:</p> <p>We are defining an SME to be an organisation in which the parent meets <b>all</b></p>	<ul style="list-style-type: none"> <li>• Implement all of the 12 key recommendations from the <a href="#">Glover</a> report. In particular we will action the following: <ul style="list-style-type: none"> <li>• Ensure that contracting opportunities are accessible to all types of businesses through advertising suitable opportunities on Supply2Gov and any successor portals.</li> <li>• We will enable our prime contractors to make their subcontracting opportunities accessible through the single, online portal (Supply2Gov).</li> <li>• Tendering opportunities thought especially suitable for SMEs or consortia of SMEs will be flagged during the advertising process.</li> </ul> </li> <li>• Continue to reduce the administration costs of trading with us through the ongoing implementation of our e-procurement tools, utilising standardised procurement documentation.</li> <li>• We will also commit to holding seminars to help highlight the opportunities and explain the tendering process.</li> </ul>	<ul style="list-style-type: none"> <li>• Utilise the single, online portal to make your subcontracting opportunities accessible.</li> <li>• Work with business support organisations (including RDAs, Chambers of Commerce, Business Links) to increase the awareness among SMEs and other types of potential supplier (such as minority owned and supported businesses) of the opportunities.</li> <li>• Hold seminars to help highlight the opportunities and explain your tendering process.</li> <li>• Advertise opportunities on local websites, e.g. local authority website, trade press, etc.</li> <li>• Look to engage with the First Sector, not just for the delivery of services, but in the planning of advertised opportunities and the service outcomes.</li> </ul>

<p>of the following criteria:</p> <ul style="list-style-type: none"> <li>• number of employees – up to 249</li> <li>• turnover – less than £50 million</li> <li>• size of balance sheet total assets less than £5.6 million.</li> </ul> <p>The Home Office and HMRC also want to encourage and support the First Sector to compete for public sector contracts where the opportunity exists. The First Sector includes voluntary and community organisations as well as social enterprises. These organisations sit between the private and public sector. We are defining First Sector organisations to be those that have specific social, environmental or cultural objectives, are independent and non profit making.</p>	<ul style="list-style-type: none"> <li>• Consider the First Sector as a partner, not just in the procurement and delivery of services, but in the planning of required service outcomes and the development of effective procurement strategies</li> <li>• We will look at our approach to specification, evaluation and outcomes in our tendering process, to encourage First Sector organisations to compete for opportunities.</li> <li>• We will fully assess any First Sector capabilities and consider them as serious contenders for any advertised opportunities. We will do this through giving sufficient recognition to their strengths and skills and the opportunities they could bring to an effective service delivery.</li> </ul>	
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## Prompt payment

What this means	What we will do	What you can do
<p>It is government policy for contracts let by government departments and their executive agencies, offices, trading funds and NDPBs to pay their SME suppliers within 5 working days of the receipt of a valid invoice. Prompt payment of suppliers is good practice as it helps businesses with their cash flows.</p>	<ul style="list-style-type: none"> <li>We will pay all contractors within 5 days in receipt of a compliant invoice.</li> </ul>	<ul style="list-style-type: none"> <li>Pay all contractors within 30 days receipt of a compliant invoice.</li> <li>Adopt the <a href="#">Prompt Payment Code</a> and encourage adoption of the code by sub-contractors.</li> </ul>

## Economic Regeneration

What this means	What we will do	What you can do
<p>Economic regeneration aims to strengthen the economy and create wealth by tackling worklessness – a term used to include people who are unemployed, economically inactive or actively out of work - and promoting job creation. It aims also to change behaviour, encouraging and supporting local people to become more entrepreneurial.</p>	<ul style="list-style-type: none"> <li>Work with our suppliers and third sector organisations to encourage social enterprise.</li> <li>Develop an online base lining tool to help assess performance in this area.</li> </ul>	<ul style="list-style-type: none"> <li>Advertise opportunities locally and be willing to interview and take on unemployed people.</li> <li>Form partnerships with local employers.</li> <li>Participate in community projects.</li> <li>Complete self assessments using the online tool.</li> <li>Support the <a href="#">Job Centre plus</a> programmes and services.</li> </ul>

## Environmental Issues

What this means	What we will do	What you can do
<p>Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment.</p> <p>The key environmental areas are:</p> <ul style="list-style-type: none"> <li>• <b>Carbon</b> – The Governments target is to reduce the UK’s emissions by 80% by 2050 and 34% by 2020.</li> </ul> <p>In addition to these targets we are committed to a ten percent reduction in carbon emissions across central government in the first twelve months of the new Government.</p> <ul style="list-style-type: none"> <li>• <b>Waste</b> – The UK target is to reduce by 2020 the amount of biodegradable municipal waste going to landfill to 35% of that produced in 1995 (5 million tonnes in England).</li> </ul>	<ul style="list-style-type: none"> <li>• Integrate environmental considerations into our purchasing procedures, in accordance with Government and EU guidelines.</li> <li>• Continually improve our suppliers purchasing and supply performance through the setting and annual review of relevant objectives and targets</li> <li>• When possible to specify and exercise a preference for environmentally preferable products that offer demonstrable value for money.</li> <li>• Utilise whenever possible the ‘<a href="#">Government buying Standards</a>’.</li> <li>• Only procure timber and wood derived products originating from either legal and sustainable or FLEGT-licensed (or equivalent) sources.</li> <li>• Take account of whole-life costs (acquisition, operating and disposal costs) in the evaluation of tenders, wherever practical.</li> <li>• Maintain an environmental supply-chain</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure environmental considerations are integrated into your organisation’s activities at all stages.</li> <li>• Document and report on your sustainability performance and make this information available.</li> <li>• Undertake an exercise to assess your greenhouse gas emissions level and commit to reduce those emissions year on year.</li> <li>• Work in partnership with us to understand and act on areas that we can both reduce our environmental impact.</li> <li>• Where necessary, set performance targets for your organisation and your supply chain and work to meet them.</li> <li>• Provide environmentally sustainable products and services, for example, products that comply with the ‘<a href="#">Government buying Standards</a>’ and the Governments policy on timber procurement.</li> </ul>

<ul style="list-style-type: none"> <li>• <b>Water</b> – The UK target is to reduce our water consumption by 25% on the estate by 2020, relative to 2004/2005 levels.</li> </ul> <p>In addition to these areas central Government departments must only procure timber and wood derived products originating from either legal and sustainable or FLEGT-licensed (or equivalent) sources.</p>	<p>programme that engages suppliers in a programme to improve their environmental awareness and the environmental performance of their activities and products.</p> <ul style="list-style-type: none"> <li>• Assess our own performance against the key areas, whilst also supporting our suppliers to do so within their organisations.</li> <li>• Reduce the environmental impact of purchasing and supply activities by utilising technology to reduce paper flow, avoiding replication and minimising the administrative burden on suppliers.</li> <li>• Formal engagement governance structure in place</li> </ul>	<ul style="list-style-type: none"> <li>• Gain accreditation on your performance from independent bodies, auditors and assessors.</li> <li>• Engage with the Home Office and HMRC in the spirit of continuous improvement.</li> <li>• Communicate this agenda and your requirements throughout your supply chain.</li> <li>• Continually look for opportunities to protect the environment and where possible adopt <a href="#">best practice</a>.</li> <li>• Ensure you have a named Corporate Social Responsibility board member</li> <li>• Formal engagement governance structure in place</li> </ul>
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## Fair and Ethical Trade

What this means	What we will do	What you can do
<p>This covers a range of activities aimed at helping producers and workers in developing countries. One important objective is to help excluded and disadvantaged producers to access international markets and receive a fair price for their products. Other objectives are to encourage: traders to buy as directly as possible from producer groups and to develop long term relationships; the transparency of supply chains; and the empowerment of producer groups and workers. Another vital goal is to ensure decent working conditions and fair wages for workers.</p>	<ul style="list-style-type: none"> <li>When appropriate make it clear within our tender documents that fair and ethical trade options are welcomed as part of the products supplied to meet the department's requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Engage with the various fair and ethical trade organisations such as <a href="#">FairTrade</a> and <a href="#">Rainforest Alliance</a>.</li> </ul>



## Innovation

What this means	What we will do	What you can do
<p>Innovation can take the form of inventions, new technology, new process and good ideas. Ideas can come from stakeholders, employees, or the interaction of employees and suppliers, as well as suppliers themselves. For the Home Office and HMRC, innovation is all about effectiveness and value for money contributing to better public services.</p> <p>For a more detailed overview of innovation in the Home Office please refer to the Home Office Innovation Plan  <a href="http://tna.europarchive.org/20100413151427/http://commercial.homeoffice.gov.uk/">http://tna.europarchive.org/20100413151427/http://commercial.homeoffice.gov.uk/</a></p> <p>For a more detailed overview of innovation in HMRC please refer to  <a href="http://www.hmrc.gov.uk/about/procurement.htm">http://www.hmrc.gov.uk/about/procurement.htm</a></p>	<ul style="list-style-type: none"> <li>• Identify whenever possible our long term plans and communicate this to the appropriate market.</li> <li>• Ensure we make use of cross-functional teams to ensure policy, project and procurement teams work together in fostering innovation.</li> <li>• Review our procurement processes to ensure innovative approaches are included in procurement strategy formation and opportunities identified throughout the full procurement lifecycle.</li> <li>• Deploy skilled innovative personnel within each of our category areas, to help capture innovation.</li> <li>• Early and ongoing dialogue with potential capable suppliers, on their product /service developments and plans</li> <li>• Engage with the market at an early stage. Signaling demand plans and profiles for known and anticipated requirements. There should be 'no surprises' to the industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge us. If you know there is a solution already available let us know.</li> <li>• Commit to working with the Home Office and HMRC to achieve continuous improvement, to foster innovation and meet future government targets as they arise outside the terms of formal contracts.</li> <li>• Detail how your innovation might improve the efficiency or effectiveness of service.</li> <li>• Demonstrate to us that your solution works.</li> <li>• State how far you have progressed with your innovation (just started, mostly developed or completely developed).</li> <li>• Be honest and tell us about any barriers or problems there might be to implementing the solution.</li> <li>• Consider joining schemes to bring together buyers and sellers of innovative ideas and products. Outlined within the OGC 'Finding and procuring innovative solutions' document.</li> </ul>

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|  | <ul style="list-style-type: none"><li>• Use outcome specifications to avoid constraining the solution, by detailed specification. Allow the market to respond with its solutions.</li><li>• Consider developing a formal structure / process to call for and collect new ideas and innovations.</li><li>• Recognise that often innovation and risk go hand in hand. With effective risk management processes in place.</li><li>• Be open to solutions</li><li>• Utilise the competitive dialogue procedure when possible to explore the solution with potential suppliers.</li></ul> | <ul style="list-style-type: none"><li>• Link innovation explicitly to value</li></ul> |
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## Equality

What this means	What we will do	What you can do
<p>The Home Office and HMRC are committed to equality of opportunity for all procurement activities and in the provision of services. We strive to ensure opportunities to do business with us are equally accessible to everyone and appropriate to the differing needs of all sections of the community. Equality both in our procurement practices and the services our suppliers deliver for us need to meet the diverse needs of different groups. We do this by: ensuring opportunities to do business with us are accessible, adequate and appropriate to the needs of all users. We aim to achieve a consistent approach to equality in the delivery of all services. We also expect people working on our behalf to practice equal opportunities. All organisations wishing to trade with us must be able to demonstrate that all reasonable and practicable steps are taken to allow equal access and equal treatment in employment and service delivery for all.</p>	<ul style="list-style-type: none"> <li>• Meet our obligations under relevant social legislation, for example compliance with public sector equality duties.</li> <li>• Think about issues from the outset. Ensuring they are considered in the business case or when defining needs and specifications.</li> <li>• Where appropriate, consult with stakeholders including customers and interest groups to help understand what is needed and to identify any particular related issues that are relevant to the procurement.</li> <li>• Where particular issues are assessed as being relevant to a procurement exercise, take appropriate and proportionate action at each stage within the process.</li> <li>• Continue with an online self assessment methodology and provide access to feedback and guidance.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure your organisation have effective Equality and Diversity policies in place.</li> <li>• Ensure all staff have awareness training in Equality and Diversity.</li> <li>• Ensure your organisation has a clear governance structure for E&amp;D.</li> <li>• Complete self assessments and commit to completion of an improvement plan according to the self assessment results.</li> <li>• Communicate this agenda and your requirements throughout your supply chain</li> <li>• Ensure that you extend the principles and policies of the Home Office and HMRC on equality when undertaking activity on their behalf.</li> </ul>

## Skills and Workforce

What this means	What we will do	What you can do
<p>Workforce skills are a platform of skills and qualifications to support sustained productive employability that are needed by the workforce to deliver services both now and in the future. It is through the co-ordination of educational facilities, company, and government policies and programmes, that as a collective they enable individuals the opportunity to realise a sustainable livelihood and organisations to achieve exemplary goals.</p>	<ul style="list-style-type: none"> <li>• When appropriate ensure that any contract conditions for apprenticeships are indicated in the contract notice and included within the invitation to tender documents.</li> <li>• Work with existing contractors on a voluntary basis to improve the take up of apprenticeships and other training/skills development activities (for example graduate placements, vocational training and basic skills training).</li> </ul>	<ul style="list-style-type: none"> <li>• When appropriate improve the number of apprenticeships within your organisation. Suggestions for actions could include:             <ul style="list-style-type: none"> <li>• Issue leaflets on apprenticeships to eligible existing staff.</li> <li>• Advertise apprenticeship vacancies with local Jobcentre Plus, schools, colleges and <a href="#">Connexions</a>.</li> <li>• Consider offering apprenticeships in administrative and admin roles.</li> <li>• Encourage sub-contractors to offer apprenticeship places.</li> <li>• Seek advice form the National Apprenticeship Service.</li> </ul> </li> <li>• Ensure that all employees working on Government contracts are given access to training for basic skills and, should they wish it, access to trade unions and sources of advice.</li> <li>• Commit to taking into your workforce young unemployed people.</li> </ul>

## Information Assurance

What this means	What we will do	What you can do
<p>Information Assurance is the confidence that information systems and managerial processes will protect the information they hold and will function as they need to, when they need to, under the control of legitimate users.</p>	<ul style="list-style-type: none"> <li>• Create an online self assessment methodology and provide access to feedback and guidance.</li> <li>• Carry out a set number of supplier security assurance assessments</li> <li>• Ensure when appropriate that when we advertise opportunities we include details of our security requirements.</li> <li>• Ensure contract conditions adequately cover our security requirements.</li> <li>• Protect suppliers' commercially confidential information and respect their intellectual property, subject to the requirements of the Freedom of Information Act (2000).</li> </ul>	<ul style="list-style-type: none"> <li>• Complete self assessments and commit to completion of an improvement plan according to the self assessment results and any subsequent audit.</li> <li>• Gain accreditation through recognised schemes such as ISO27001.</li> </ul>