



CORPORATE GOVERNANCE COMMITTEE - 24 OCTOBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

SUPPLIER CODE OF CONDUCT

Purpose of the Report

1. The purpose of this report is to advise the Corporate Governance Committee of work undertaken to develop a Supplier Code of Conduct and to seek its support to the implementation of this new Code with immediate effect.

Background

2. The Leicester, Leicestershire and Rutland (LLR) Strategic Partnership Board for Serious and Organised Crime (S&OC), of which the Council is a key member, has ownership and responsibility for overseeing the response of all partners across the area to the UK's Serious and Organised Crime Strategy.
3. In December 2016 the Home Office completed a pilot programme to explore the extent to which S&OC groups were looking to benefit from public sector contracts. This led to the Home Office producing tools to enable local authorities to assess their vulnerability to serious and organised crime. One of these tools was a self-assessment checklist which the Council and its partners have each used to identify areas of good practice and areas for improvement.
4. On completion of the assessment by the County Council, one area identified for improvement related to the operational controls in procurement and contract management. To address this, officers have developed an ethical code of conduct for the Council's supply chain, a copy of which is attached as an appendix to this report. This new Code, once adopted, will emphasise the requirement that companies that do business with the Council, and their supply chains, must operate in full compliance with the law and other rules and regulations. This commitment was also included in the Council's Annual Governance Statement for 2017/18.

Development of the Supplier Code of Conduct

5. The Commissioning Support Unit of the Corporate Resources Department has developed the "Supplier Code of Conduct" (the Code) with input from all departments and specific advice from the Council's legal services section. The Code will be adopted by ESPO to be used with their suppliers and the draft document has been endorsed by the ESPO Leadership Team.

Content of the Supplier Code of Conduct

6. The Code sets out principles to help suppliers to understand the standards and behaviours that are expected of them when working with the Council. This includes the principles of international conventions (e.g. United Nations Universal Declaration of Human Rights), UK specific legislation (e.g. Modern Slavery Act 2015) and County Council Policy (e.g. Receipt of Gifts and Hospitality).
7. There is nothing contained in the Code which places additional requirements on suppliers over and above those already expected through laws, rules and regulations of the countries in which they operate. These are expressed in terms of “ethical” expectations, standards and behaviours. For example, the section on “Child Labour” specifically mentions elements of the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work regarding child labour, which organisations must adhere to already in their normal course of business.
8. All Council policies and practice documents referred to in the Code have previously been ratified by the Corporate Governance Committee.

Compliance with the Supplier Code of Conduct

9. The Code will be introduced to suppliers in a variety of ways. Proposals include:
 - Inclusion in the Council’s Contract Procedure Rules (Part 4G of the Constitution) - Rule 9 (Prevention of Corruption/Conflict of Interest). This addition and other changes to the Contract Procedure Rules will be considered separately elsewhere on the agenda for this meeting.
 - Publication of the Code on the County Council’s website, on the “Doing Business with the Council” page.
 - The introduction in future procurements of a requirement for suppliers to indicate they can comply with the Code.
 - Contracts to contain reference to the Code of Conduct.
 - Purchase Orders to include a link to the Code on the Council’s website.
 - Departments to use their supplier newsletters/communications to draw attention to the Code.
 - Information on the intranet to ensure staff, especially those with contract management responsibilities, can promote and monitor the awareness of the Code.
 - Contract management forums i.e. Yammer group, will share and promote the Code.
10. Section 5 of the Code specifically requires suppliers to support the principles contained within it and to actively communicate and promote these principles in their own supply chains. Compliance with the Code will be checked within contract management mechanisms, supported by the Commissioning Support Unit, and failure to adhere to these principles will be dealt with through the contract if necessary, again supported by the Commissioning Support Unit.

Updating the Code

11. It is intended that the Code will be reviewed and updated on an annual basis to ensure this remains current and fit for purpose. Any significant changes will be reported to the Committee as appropriate.

Resource Implications

12. Development and the future implementation of the Code has and will continue to be undertaken within existing resources, as will the future monitoring of compliance by suppliers as part of existing contract management systems.

Equality and Human Rights Implications

13. None.

Recommendation

14. The Corporate Governance Committee is recommended to note the work undertaken to develop the Supplier Code of Conduct attached as an appendix to this report and to support its implementation with immediate effect.

Circulation under the Local Issues Alert Procedure

15. None.

Officers to Contact

Helen Tasker
Commercial Specialist (Supply Chain Management)
Tel: 01163050688 Email: helen.tasker@leics.gov.uk

Kay Springthorpe
Commercial Lead (Supply Chain Management)
Tel: 01163050375 Email: kay.springthorpe@leics.gov.uk

Appendix

Supplier Code of Conduct

This page is intentionally left blank