

# Ethical Procurement in UK Local Authorities



Does your  
Council buy  
ethically?

**people & planet**

student action on world poverty and the environment

**UNISON**  
*the public service union*

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# Foreword

Since 2016, UNISON and People & Planet have been collaborating to change the face of working conditions in international supply chains. We are working to shift the way large purchasers of goods see their role in goods markets and therefore utilise their purchasing power for social good.

The billions of pounds large institutions spend every single year on goods from computers to clothing could be used to pressure, influence and reform those markets, reversing the decades of exploitation that has characterised such industries.

We are grateful to the team at People & Planet that conducted the research for this report, including lead researcher Annie Pickering, assistant researcher Chris Jarvis with additional support from Fabian Hage and Harpreet Paul.

People & Planet have already encouraged and supported universities in the UK to lead the way and now our collaboration means attention can be turned towards the role local government can play. It is our aim to be part of catalysing collective pressure that is large enough to win improvements in pay, conditions and access to freedom of association and collective bargaining for millions of workers across the globe. As well as supporting an ecologically sustainable future.

We hope you can join us!

Dave Prentis  
General Secretary  
UNISON

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# Introduction

## Background

In our globalised world, characterised by deregulation, privatisation and austerity, products bought and used in the UK and other countries have long and complex supply chains. Different stages of production take place in a multitude of locations. These stages are often undertaken by an extensive number of companies in webs of contracting and outsourcing.

In recent years, increasing attention has been placed on these supply chains. Journalists, non-governmental organisations (NGOs) and unions have revealed systemic human rights abuses and poor labour standards, leading to calls for industry-wide changes.

Some of these tragedies include: the 2013 Rana Plaza disaster which led to the deaths of more than 1,000 garment workers, the 2010 spate of suicides in Foxconn factories in China and the recent revelations regarding chemical exposure on ICT production lines. These are the tip of the iceberg.

They all contain long-standing and systemic issues. Crackdowns on the enabling woman rights such as freedom of association and trade union rights are common. Workers and local communities frequently feel the brunt of industrial expansion. Labour rights abuses often come with environmental degradation and as well as unsustainable business practices.

As major purchasers of many of these goods, the UK local government sector has a unique opportunity to influence and shape the industries they procure from, particularly if organisations within it work together. In 2016, UK local government spent almost £60 billion on goods services<sup>1</sup> – a huge proportion of market share and customer base of major companies and sectors.

This means collectively, local government has strong potential leverage over certain sectors and industries. They could play a key role in reforming supply chains and improving the lives of workers across the globe, through engaging with their suppliers and initiating processes of environmental and labour reform. It is therefore important to look at current practices in this area and where there are opportunities for improvement.

Furthermore, the role of local government in helping to achieve the United Nations universally applicable Sustainable Development Goals (SDGs) by 2030 is clear. As the Global Network of United Cities and Local Government's guide, The Sustainable Development Goals and What You Need to Know, states: "All of the SDGs have targets that are directly or indirectly related to the daily work of local and regional governments. Local governments should not be seen as mere implementers of the agenda. Local governments are policy makers, catalysts of change and the level of government best-placed to link the global goals with local communities." And also, "We can also include these practices as part of our procurement criteria when working with the private and third sectors."<sup>2</sup>

## Who is this report for?

This report is intended for people working in local government, both councillors and staff, particularly UNISON members. It provides useful information about current ethical procurement practices of local authorities in the UK and encourages those in local authorities to use the information to work with employers for improved working conditions in supply chains.

## What is in the report?

The report details the existing policies, practices and initiatives of the UK's local government sector. The research that forms the basis of the report was conducted between October and November 2017 and covers 190 local authorities in the UK, 45%

of the 418 UK principal authorities. These local authorities were chosen for this study in order to have a broad cross section of local government across England, Wales, Scotland and Northern Ireland, as well as different types of authority (e.g. county, unitary, London borough). As a result of different legislation (with stronger implications for ethical procurement) all local authorities in Scotland and almost all in Wales were chosen to be part of this study. We also wanted to ensure we captured institutions who have gained prominence for work in this area, or who have featured this work heavily in their marketing activities.

## Methodology

The research sought to obtain a picture of current practices and policies regarding ethical procurement of local authorities in the UK, including through accreditation and affiliation initiatives such as Electronics Watch, the Living Wage Foundation and the Fairtrade Foundation. To obtain the information, we undertook desk-based research using a combination of information publicly available on local authority web pages, conversations with sector professionals, and data collected by external bodies.

Three primary questions guided the research:

1. Does the local authority have an ethical or sustainable procurement policy?
2. What product areas and services are covered under the scope of the ethical procurement policy?
3. Is the local authority conducting ethical procurement initiatives?

# Findings

## Sustainable and ethical procurement policies

Our research has found some positive steps being taken by UK local authorities. The majority of local authorities currently have sustainable and/or ethical procurement policies or else reference sustainability or ethics specifically in existing procurement strategies. However much of this remains relatively surface level, and lacks the depth, rigour and action necessary to meaningfully impact supply chains. Despite this, we were able to find some local authorities who are sector leaders in this area. These authorities have adopted and are in the process of implementing detailed policies and strategies around sustainable and ethical procurement.

Of the 190 local authorities we looked at, 80% either make reference to sustainability in their broader procurement strategy, or have a stand-alone sustainable procurement policy. 52% of authorities have this within wider strategies, and 28% have a stand-alone sustainable procurement policy. Consequently, for one in every 5 local authorities we looked at, we were unable to find evidence of sustainability being part of procurement practices, policies or strategies.

With regards to ethical procurement itself, just eight local authorities have a stand-alone ethical procurement policy and 50% mention ethical procurement in wider policies or strategies. In comparison to progress on sustainability, ethical procurement is far behind, with only 2% of local authorities studied having a stand-alone ethical procurement policy.

For those that do make reference to ethics in wider procurement strategies or policies, the content and quality varies substantially. A small number of local authorities, including Southampton, Milton Keynes, Birmingham, Hounslow, Blackpool and Liverpool, make reference to wanting to uphold International Labour Organization (ILO) standards including freedom of association and child labour. Two local authorities, Manchester and Edinburgh make reference to the Ethical Trading Initiative (ETI) Base Code of labour practice, which is based on the core ILO labour standards and was developed with the global trade union movement. Some other local authorities also specifically reference ambitions to uphold human rights and fair labour conditions in procurement practices.

The quality of ethical procurement procedures also varies significantly. For example, some authorities include issues of sustainability and ethics in tendering and award criteria, some include it within contract conditions and some assess companies based on their 'ethical' performance. Local authorities engaging in these processes were in a minority in our findings.

## Scope of policies

In addition to looking at the number of local authorities adopting sustainable and ethical procurement policies, we also sought to understand which product areas local authorities have identified as being most relevant for their application. We then went on to look at whether local authorities were making specific provisions for those sectors most at risk of environmental degradation or human rights violations.

We found that the overwhelming majority of local authorities have not engaged in a process to identify their most at risk product areas, or at least have not made specific reference to them in their policies and strategies.

However, we found that food, timber, electrical equipment and paper based office supplies were identified by some local authorities as product areas at risk of environmental degradation. Only one local authority (Durham County Council) named a product area at risk of human rights violations - textiles. Durham County Council has a Textile Procurement Policy, which endeavors to respect ILO conventions<sup>3</sup> and

***8 Local authorities studied had a stand-alone Ethical Procurement Policy***

***1/5 Local authorities studied did not mention sustainability in procurement policies***

***2 Local authorities reference the Ethical Trading Initiative Base Code***



**24% of Local  
Authorities studied  
are accredited Living  
Wage employers**

**74% of local  
authorities studied  
have Fairtrade status**

ensure purchases are free from child labour, low animal welfare standards or harmful, environmentally damaging chemicals.

Policies referring to food procurement mostly focus on issues such as free range agriculture, sustainable fishing, organic produce or genetically modified crops. Timber policies highlight environmental sustainability of goods, with some councils including Durham, Hackney and Milton Keynes adopting targets set by the World Wildlife Fund's accreditation system, What Wood You Choose?<sup>4</sup>. Provisions for electrical products and paper refer only to the environmental performance of items, i.e. their energy efficiency and use of recyclable materials.

While it is positive that some local authorities are identifying specific at risk products, the overwhelming majority of instances where these are mentioned is primarily, or solely, regarding the environmental impacts of their production and not human or labour rights impacts. Yet many of these product areas have been identified by NGOs, unions, lawmakers and journalists as having supply chains at significant risk of labour rights violations. Therefore local authorities should include them in the scope of their policies.

## Ethical procurement initiatives

Over the past 20 years a multi-billion pound corporate responsibility industry has sprung up to help businesses manage their ethical risks and reputation in relation to procurement. The majority of the resources are spent on auditing. While there is a legitimate role for auditing, it rarely uncovers or resolves breaches in freedom of association and collective bargaining. Yet these are the enabling rights that resolve other labour rights problems, so unsurprisingly, auditing is proven to have an extremely limited effect in changing industry-wide bad practice. Therefore rather than over relying on auditing, resources should be put into ethical procurement initiatives which contribute towards systematic change. Some positive initiatives that go beyond social auditing are explored below.

The Living Wage Foundation<sup>5</sup> is a UK-based organisation which calculates the minimum hourly rate a worker would need to earn in order to meet the costs of living, not just the government minimum. It offers an accreditation scheme for employers who pay at least this rate to their staff. Accreditation also requires employers to take steps to ensure any sub-contracted workers are paid the Living Wage and so positively impacts supply chains. This is distinct from the government's lower 'National Living Wage' rate.

A number of local authorities mention the Living Wage in procurement policies, either encouraging or mandating suppliers with a UK workforce to pay the Living Wage as a minimum. Our research found that 24% of local authorities that we studied are accredited Living Wage employers. This means that while many authorities may pay the Living Wage to their directly employed staff, three out of every four local authorities that we studied are not making this same requirement of their suppliers.

Fairtrade is a well established measure for ethics in commodity production that guarantees a minimum price for producers and provides them with a premium payment to be spent on items determined by the workers. The Fairtrade Foundation<sup>6</sup> provides an accreditation scheme for local authorities who promote Fairtrade and commit to purchasing Fairtrade products. However whilst the Fairtrade scheme ensures a minimum price for farmer, research proves that like all certification schemes, Fairtrade does not guarantee workers' rights on site or in the supply chain and does far too little to promote trade unions. However, Fairtrade is better than nothing.

Most of the local authorities we looked at which had sustainable or ethical procurement policies refer specifically to Fairtrade, stating that they will endeavour to buy and promote Fairtrade products where available and when possible. 74% of local authorities studied have Fairtrade status, accredited by the Fairtrade Foundation, including 28 out of all 32 Scottish local authorities as well as all London boroughs.



Electronics Watch<sup>7</sup> is an independent labour monitoring organisation for the ICT industry that allows public purchasers to come together to fund monitoring activities in locations of ICT manufacturing. Electronics Watch works with labour rights organisations in producing countries to conduct factory investigations and identify abuses of workers' rights. It reports back to its members and public sector purchasers and supports them to negotiate for improvements in working conditions with brands, suppliers and factories. Since Electronics Watch began monitoring in 2016, over 100,000 workers have benefited from improved working conditions, from China to Thailand and from the Philippines to Czechia (the Czech Republic).

At present, just one UK local authority is a member of Electronics Watch – Tower Hamlets Borough Council. Practically this means that the Tower Hamlets procurement team is informed and empowered to take action on labour rights violations in their electronics supply chains, alongside other members. Tower Hamlets Borough Council receives regular updates and reports of working conditions in their factories and works together with other public sector buyers to improve conditions and address long-term, systemic issues in the industry.

## Legislative and regulatory context

On 9 March 2017, the Welsh Government launched the Code Of Practice on Ethical Employment in Supply Chains<sup>8</sup>. This covers issues of modern slavery and human rights abuses, blacklisting, false self-employment, zero hours contracts and paying the Living Wage. In signing up to the code, organisations agree to comply with 12 commitments designed to eliminate modern slavery and support ethical employment practices. These include ensuring workers can exercise their right to freedom of association, considering paying all staff the Living Wage and carrying out risk assessments to identify products where there is a high risk of modern slavery and investigating with suppliers to prevent this.

In a response from the Welsh Government to a Freedom of Information request from 7 December 2017, it stated that all 22 local authorities in Wales are engaged in discussions about signing up to the code, with a view to doing so by the end of the financial year<sup>9</sup>.

This relatively new legislative tool is a positive step for embedding ethics into public procurement and driving supply chain reform. However it is as yet unclear how the code has begun to impact on procurement practices across Wales at a local authority level. If the code is to be effective local authorities will need to put in considerable effort to proactively implement its principles. Throughout this report, there are suggestions of how local authorities can do this.

Legislative and governmental levers outside of Wales are more limited. In England, the primary legislation relating to sustainable public procurement is the Public Services (Social Value) Act 2012<sup>10</sup>, which also applies to Wales. This enables public purchasers such as local authorities to not only consider value for money when granting contracts but also how to secure wider social, economic and environmental benefits through procurement. In Scotland the Procurement Reform Act 2014<sup>11</sup> provides scope for sustainability to be part of procurement, which enables consideration of not just cost and quality of goods, but also the best balance of cost, quality and sustainability. This is an extension of the Scottish model of procurement<sup>12</sup>. There is no existing legislation regarding sustainability or ethics in procurement in Northern Ireland.

These policies have so far proved largely ineffective in systemically improving sustainability or ethics in procurement. Cardiff City Council signed up to the Code of Practice on Ethical Employment in Supply Chains in 2017<sup>13</sup>, at the time of our research, it was the only authority to do so.

***1 Local Authority  
is a member of  
Electronics Watch***

# Analysis

Our research has found that existing policies and practices regarding sustainable and ethical procurement within UK local government are mixed. It is refreshing to see that the majority of councils we studied have taken initial steps to put ethics and/or sustainability into their procurement policies and strategies. However, as most of these policies are inadequate in their depth, scope and effectiveness, UK local authorities are, in general, poorly equipped to address issues of ethics and sustainability in their supply chains.

Additionally, policies as statements of intent are a surface level approach to addressing these issues. Their effectiveness can only be achieved and measured by their meaningful implementation.

Despite the large number of local authorities adopting policies, we were able to find very few examples of more detailed work being done to reform supply chains.

## Four steps for good practice on ethical procurement

For public buyers to take seriously their responsibilities with regard to supply chains, it is necessary for them to do the following:

1. Adopt stand-alone policies and strategies on ethics and sustainability in supply chains.
2. Conduct an analysis of existing product areas procured by the institution and the relative risks of environmental degradation and human rights abuses within the supply chains of those products. The ETI has a useful Human Rights Due Diligence Framework to assist with this. It is impossible to focus on all products at once, so this should be used to strategically inform concrete actions that can be taken in a few, to reform these supply chains.
3. Create a code of conduct or set of basic standards that suppliers must adhere to for relevant product areas. This should, where relevant, be incorporated into tenders, award criteria and contract conditions. The ETI base code is a good place to start.
4. Resist over relying on audits. Work with labour rights organisations independent of the respective industry who meaningfully collaborate with independent, democratic trade unions in production countries and/or globally to monitor and report against that set of standards. They should also be actively working to ensure not only remedy for exploited workers but also to break down barriers to workers accessing their human rights to Freedom of Association and Collective Bargaining.

Few authorities had identified relevant product areas or adopted a code of conduct or set of basic standards for their suppliers. Notable exceptions include Durham and Manchester City Councils, both of whom have adopted the Ethical Trading Initiative Base Code<sup>14</sup>. As mentioned previously, only one local authority in the UK is currently a member of an external, independent labour monitoring organisation – Tower Hamlets, through their affiliation to Electronics Watch.

The current picture of ethical and sustainable procurement within UK local government is particularly lack lustre when viewed in comparison to other areas of the public sector. 50 UK universities have joined Electronics Watch<sup>15</sup> and a further 13 are members of the Worker Rights Consortium. These universities have completed all four steps of ethical procurement and supply chain reform best practice, as described earlier, for two product areas.

**50 UK universities  
are members of  
Electronics Watch**

Related to this, there is currently a much stronger legislative framework for higher education institutions than for local authorities. Higher education institutions are subject to the 2015 Modern Slavery Act<sup>16</sup>. The act contains specific requirements for commercial organisations with an annual turnover of more than £36 million to report annually on the work they are undertaking to eradicate modern slavery from their supply chains. While rightly criticised for not being enforceable, the act's guidance does specifically call for institutions to report to a certain level of transparency and to undertake and report on due diligence initiatives.

While the impact of this legislation is questionable, the legislation has undoubtedly increased awareness of human rights issues in supply chains amongst institutional decision makers. And for a few, more diligent, organisations, has been a key driver for beginning to improve policies and practices.

However, local authorities are at present exempt from part 6 of the Modern Slavery Act 2015, which requires businesses to take steps to tackle modern slavery in their supply chains. In response, parliamentary proposals which seek to amend the Modern Slavery Act to include public institutions (such as local authorities) under its scope, have resurfaced. Research carried out by the Business, Human Rights and the Environment Research group at the University of Greenwich found that between 2015 and 2017 45 local authorities had published a modern slavery statement – although many failed to publish these correctly.<sup>17</sup>

Unlike the Modern Slavery Act, the United Nations Guiding Principles on Human Rights apply equally to local authorities. The first founding principle says: “States must protect against human rights abuse within their territory and/or jurisdiction by third parties, including business enterprises. This requires taking appropriate steps to prevent, investigate, punish and redress such abuse through effective policies, legislation, regulations and adjudication”<sup>18</sup>. As such, the UN Guiding Principles indicate that local authorities, as bodies of the state, ought to have effective procurement policies that seek to promote human rights and mitigate against any violations within their supply chains.

Furthermore, the Local Government Association in December 2017 published guidance on tackling modern slavery in local authorities. This included a section on public procurement, highlighting that in April 2017, Parliament's Joint Committee on Human Rights recommended that ‘If the government expects business to take human rights issues in their supply chains seriously, it must demonstrate at least the same level of commitment in its own procurement supply chains’. The same can be said of councils<sup>19</sup>. This guide concludes by recommending councils collaborate on supply chain mapping and monitoring, because most councils are unlikely to have the resources and know-how to be able to do it alone.

At present, local authorities in general are taking insufficient action to tackle labour rights violations in their supply chains. At the end of this report, we have outlined a series of short-term steps local authorities can take to improve their performance on ethical and sustainable procurement, to improve workers' rights locally and globally.

### ***45 Local authorities have published a Modern Slavery statement***

# Good practice case studies

As part of our research, we identified a few local authorities that are leading the sector in sustainable and ethical procurement. They are included here for the purpose of highlighting good practice in the sector.

While these and many of the other local authorities we studied are unlikely yet to have made significant progress – as having a policy isn't the same as fully implementing it – the following local authorities are pioneering some good practice.

## Edinburgh City Council

Edinburgh City Council has a Sustainable Procurement Policy which aims to ensure: “its procurement of goods, services and works contributes to achieving our vision for a sustainable city as set out in Sustainable Edinburgh 2020.”<sup>20</sup>

The policy is also explicit about its aim to improve supply chains: “We will only work with suppliers who operate and actively sustain a clear ethical sourcing policy, spanning the full supply chain. We will not knowingly work with suppliers who support the trade in slavery, prostitution, arms, illegal drugs and tobacco. We will not knowingly work with suppliers who breach International Labour Organization conventions.”<sup>21</sup>

Finally, the fourth policy outcome is for sustainable procurement to be embedded within the council<sup>22</sup>. This shows dedication to make sustainable and ethical procurement an integral part of wider processes and not an add-on.

## Tower Hamlets Borough Council

As mentioned, Tower Hamlets Borough Council is the sole local authority member of Electronics Watch in the UK. To this end, the council is a leader of ethical procurement practices in the UK, pioneering an innovative and effective approach to using institutional purchasing power to reform supply chains. Since beginning monitoring factories in 2016, Electronics Watch has conducted monitoring work in five separate countries and has achieved major improvements in several factories in China, Thailand, the Philippines and Czechia, affecting the lives of more than 120,000 workers. This has only been possible with the institutional leverage exercised by public bodies such as Tower Hamlets Borough Council.

## Nottingham City Council

Nottingham City Council's fifth priority is “Leading as a Green City.”<sup>23</sup> Of particular interest are its seven core principles of procurement, one of which is “ethical standards”<sup>24</sup>. This includes ensuring freedom of association for workers, no zero hours contracts, for workers to be paid above the national minimum wage and an ambition to move towards the Living Wage.

This part of the procurement policy illustrates their intent regarding social exploitation in the supply chain: “Procurement has an additional role to play in minimising any risk of social exploitation within the supply chain by ensuring our ethical standards are met. Our ethical procurement objective is to ensure that people in the supply chain are treated with respect and have rights with regard to employment, including the rights to freely choose employment; freedom of association; and equal opportunities for all.”<sup>25</sup>

## Manchester City Council

Manchester City Council (MCC) has an extensive 14-page ethical procurement policy based upon the Ethical Trading Initiative Base Code. This covers human rights abuses, freedom of association, safe working conditions, fair payment throughout the supply chain, slavery, impact on climate change, deforestation and pollution. The policy makes explicit reference to ILO standards, the Modern Slavery Act 2015 and responsible supply chains, “MCC expects a commitment by the supplier, service provider and contractor to continuous improvement of the ethical performance of their supply chain.”<sup>26</sup>

“The council is committed to ensuring a high standard of ethical trade practices, across its commissioning and procurement activities. In accordance with this policy the council expects its suppliers, service providers and contractors to observe the policy’s provisions and to demonstrate a similar commitment to an ongoing programme of ensuring and, where necessary, improving ethical practices locally and globally.”<sup>27</sup>

The strength of this policy can not only be seen in the policy itself but also in the work MCC did to make this policy and related procedures. MCC held a task and finish group to create this ethical procurement policy in 2015 and from this task and finish group you can see papers on example scoring criteria in relation to this ethical procurement policy and the small amount of research they did into other local authority’s ethical procurement policies<sup>28</sup>.

### Durham County Council

Durham County Council has ethical and sustainable procurement policies relating to a number of goods and services including textiles, food, timber and electrical equipment.

Ethical supply chains are also mentioned in their sustainable procurement and commissioning strategy where they state they will: “encourage suppliers who source products, raw materials or labour from overseas, especially in the developing world, to be aware of the impact of these sourcing decisions.”<sup>29</sup>

Durham County Council is also one of the few local authorities we identified that utilises the ETI Base Code in its policies – in this instance regarding textiles in its Sustainable Buying Textiles Standards. It is a useful first step in identifying and addressing human rights violations in supply chains:

“The council is committed to maintaining a supply chain that is free from exploitation, corruption, abuse and discrimination. It is therefore a requirement that all suppliers of textile products maintain awareness of all production and manufacturing processes and sites throughout the supply chain and are able to provide confirmation of their compliance to the Ethical Trading Initiative Base Code as a minimum standard if they are not independently certified.”<sup>30</sup>

### Hounslow Borough Council

Hounslow Borough Council has a Sustainable Supply Chain Policy<sup>31</sup> with seven elements. Two are of interest, “Ethical sourcing practices” and “Promoting greater environmental sustainability”. Under ethical sourcing practices Hounslow aims to “encourage meeting of minimum relevant industry benchmarks or national legal standards in workforce wages, benefits and welfare including child labour; encourage fair pricing of all goods, works and services that enables the achievement of both value for money continuity of; (do) not support, encourage or facilitate the trade in drugs, arms, slavery or prostitution”<sup>32</sup> in order that “Hounslow Council does not directly or indirectly exploit people in other parts of the world”<sup>33</sup>.

There were, of course, more examples of local authorities working on ethical procurement. However, these case studies were chosen because these councils have been taking steps that go above and beyond the procurement norm across local government. Many other authorities could achieve similar initial results with limited additional expense or capacity, as discussed in our recommendations on the next pages.

# Recommendations

Our research has found that sustainable and ethical procurement practices in local authorities generally remain in the very early stages. Many authorities lack effective and clear policies and practices for addressing environmental degradation and human rights. In addition to longer term improvements, there are a number of quick, cost-effective and deliverable steps which local authorities can take to support workers' rights locally and throughout their supply chain.

## **1. Affiliate to Electronics Watch**

Eight local authorities in Europe have affiliated to Electronics Watch including Tower Hamlets (the only one in the UK), Barcelona, Stockholm and Utrecht City Council. LGA ICT procurement guidance strategy also recommends local authorities to consider joining Electronics Watch<sup>34</sup>. For an annual fee averaging between £4,000 and £10,000 a year, local authorities can ensure their supply chains are monitored for labour rights violations and pool resources and leverage with other public bodies to achieve remedial action for any identified violations.

## **2. Adopt an ethical procurement code of conduct**

Adopting a code of conduct (such as the Ethical Trading Initiative Base Code of labour practices) is a step towards local authorities identifying the issues within their supply chain and committing them to ensure that these standards are upheld for their employers and their suppliers. These should reference fundamental ILO labour standards and encourage their adoption if national legislation is at a lower standard.

## **3. Complete all four steps for good practice on ethical procurement**

In order to have an impactful ethical procurement policy, work must be done to identify product areas at risk of worker rights violations, create a code of conduct to tackle these issues and work with appropriate organisations independent of the industries that can monitor and take action against environmental degradation and human rights abuses.

## **4. Become a Living Wage Foundation accredited employer**

Just 24% of the local authorities we researched are accredited by the Living Wage Foundation. Achieving this accreditation can ensure significant improvements in pay for sub-contracted staff so that all workers directly and indirectly employed by the local authority earn enough to meet their basic living costs.

## **5. Support calls for the Modern Slavery Act to include local authorities and improve other regulatory frameworks**

Extending the scope of the Modern Slavery Act to include local authorities would require local authorities to publicly disclose the steps they are taking to abolish modern slavery in their supply chains, enabling greater democratic accountability and supporting institutions to improve their performance. Similarly, in light of the UK leaving the European Union, from which substantial elements of procurement law is derived, the UK regulatory framework is open for substantial reform. This is a unique opportunity to support legislation and regulation that produces a conducive environment for embedding sustainability and ethics in procurement.

## **6. Become a Fairtrade Town.**

Almost three quarters (74%) of local authorities studied here are accredited as Fairtrade Towns. Accreditation with the Fairtrade Foundation is a small but impactful commitment that local authorities should be taking to ensure fair pay for producers in commodity supply chains. But they should push Fairtrade to do more to proactively protect and promote fundamental workers' rights.

## **7. Become a member of ICLEI**

ICLEI, Local Governments for Sustainability<sup>35</sup> is a global network of more than 1,500 local governments in cities, towns and regions working together for a sustainable future. In the UK, there are four local authorities that are members: Aberdeen, Birmingham, Bristol and Glasgow City Council. As a member of ICLEI you have access to resources, support and networks around the world to improve sustainable local urban development in all areas including procurement.



# Conclusion

In our increasingly globalised economy within a context of deregulation, privatisation, austerity and rapidly moving and developing industries, it's easy for workers' rights and the environment to be abused. Public sector purchasers, including local government have a significant role to play in alleviating some of the worst aspects of this and in driving long term sector-wide reform.

Our research found that the UK local government sector is currently at a very early stage in progressing agendas of sustainable and ethical procurement and supply chain reform. Many councils have taken limited steps in this area and those that have taken greater action still have many areas for improvement.

While these findings are stark, it shows there is still huge potential there within the sector to begin to use leverage and purchasing power to improve the lives of people affected by global supply chains, both within the UK and across the world.

Many institutions are yet to incorporate sustainability and ethics into their existing procurement policies and practices. Many more are falling short of adopting codes of conduct with expected international minimum labour standards, especially the enabling rights, that they can incorporate into supplier contracts. And only one local authority has begun to work with an independent labour rights organisation to monitor and reform, through collective buying power, industry-wide practices that severely undermine workers human and trade union rights.

Despite this, there is great scope for procurement practitioners, elected councillors, trade unions and others to move this agenda forward in their own local authorities. This would contribute towards the achievement of the UN's Sustainable Development Goals, including Goal 8 <sup>36</sup>, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Long term, this could have a major impact on the lives of people worldwide producing goods and services procured by local government in the UK.



# Glossary

## **International Labour Organisation (ILO)**

The ILO is the only tripartite United Nations agency. Since 1919 it has brought together governments, employers' organisations and workers' organisations of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.

## **International labour standards**

Since 1919, the International Labour Organization has maintained and developed a system of international labour standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. In today's globalized economy, international labour standards are an essential component in the international framework for ensuring that the growth of the global economy provides benefits to all.

## **Fundamental principles and rights at work**

In 1998, the ILO produced the Declaration on Fundamental Principles and Rights at Work. In the Declaration, ILO member states agreed that they should all respect, promote, and realise core labour standards (whether they have been ratified or not). Officially seen as human rights they consist of five standards, laid out in eight conventions:

- Freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced and compulsory labour
- The effective abolition of child labour
- The elimination of discrimination in respect of employment and occupation

## **Decent Work**

A concept coined by the ILO. It is built on four pillars: employment creation, social protection, rights at work and social dialogue. Together, these four elements compose the ILO's Decent Work Agenda.

## **Sustainable Development Goals**

On September 25th 2015, countries adopted a set of goals to end poverty,

protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. For the goals to be reached, everyone is held responsible to do their bit, governments, the private sector, civil society and individuals. Goal number 8 aims to *Promote inclusive and sustainable economic growth, employment and decent work for all*.

## **Supply chains**

The concept of supply chains refers to the organization of the activities required to produce goods or services and bring them to consumers through inputs and various phases of development, production and delivery. The vast majority of supply chains are global, which means the activities cross borders.

## **Ethical procurement**

This refers to procurement policies and practices that uphold international labour standards, workers' and human rights and the rule of law and which often goes beyond national law.

## **Sustainable procurement**

This refers to procurement policies and practices that uphold international financial, social and environmental standards and the rule of law and which often goes beyond the national law.

## **Ethical Trading Initiative Code of Conduct**

The Ethical Trading Initiative<sup>38</sup> (ETI) is a membership based multi-stakeholder group made up of companies, trade unions and NGOs that seeks to guarantee and improve workers' rights around the globe. The ETI Base Code is based on the conventions of the International Labour Organization and was developed with the global trade union movement, as well as its other members.

## **Worker Rights Consortium**

The Worker Rights Consortium<sup>37</sup> is an independent labour rights monitoring organisation. It conducts investigations into the working conditions of garment factories around the world and supports public purchasers to make improvements to those conditions. Many US colleges and universities have joined, as well as 13 UK universities. At present, no local authority in the UK is a member of the Worker Rights Consortium.

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# Ethical Procurement in UK Local Authorities

A circular photograph showing a group of people, mostly young adults, holding a large banner that reads "SUPPLY CHAIN INJUSTICE". The banner is made of several pieces of fabric, with "SUPPLY" on a grey piece, "CHAIN" on a white piece, and "INJUSTICE" on a light blue piece. The people are standing around the banner, some holding it up. The background is a solid green color.

## UNISON

**UNISON** is one of Europe's largest trade unions. Nearly 80% of our members are women. **UNISON** represents and acts for members working in a range of public services and utilities, whether they are employed by private companies, public authorities or in the community and voluntary sector. We represent members, negotiate and bargain on their behalf, campaign for better working conditions and pay and for public services. And more besides, including our international work which contributes towards the struggle for human and trade union rights and social justice.

## People & Planet

**People & Planet** is the largest student activist network in the UK, working to end world poverty, defend human rights and protect the environment. Since 1990, **People & Planet** have been campaigning on workers' human rights in international supply chains. **People & Planet** is made up of more than 60 student groups across the UK.