

# RESPONSIBLE PROCUREMENT

## End of year summary

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# INTRODUCTION

**Our vision is to become the national leader in the provision of sustainable water and wastewater services.**

Our values are the set of guiding principles which collectively define who we are, what we do and how we do it. They make us different from the rest and allow us to make decisions and take actions which drive us towards our vision. Our values can be seen throughout the business, but they are at their most powerful when they are demonstrated through everything we do at every level.

Responsible procurement (considering the impact we have on the environment, the economy, and society in general when we purchase goods works and services) plays a vital role in making sure we can achieve our vision. This document sets out our commitment to responsible procurement, which is reflected in how we select, and work with our supply chain.

## FOREWORD

Our purpose is at the forefront of how we procure goods, works and services, from one-off purchases to high value partnerships.

As a business, we are committed to making sure our activities safeguard the future, while working with a supply chain that upholds our social, economic, and environmental standards and shares our vision of continuous improvement. That's why last year we introduced our Responsible Procurement strategy.

The strategy enables the business to be well equipped to face ongoing challenges, both local and globally, while allowing us to evolve and champion more sustainable ways of working.

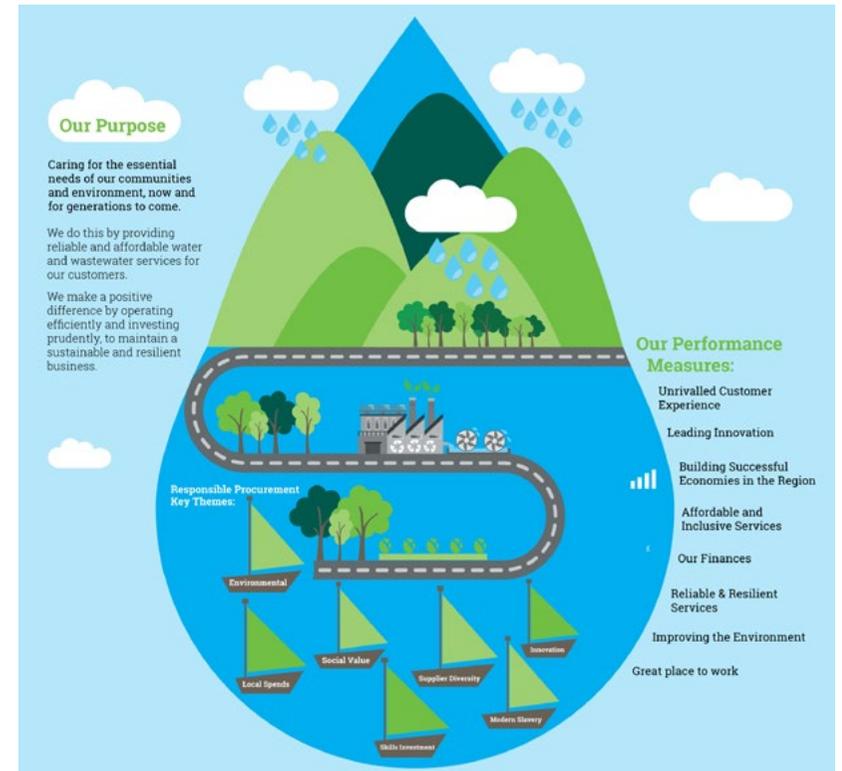
This approach has allowed us to have a real impact and make sure that as a business, we are striving to eliminate unethical behaviour that does not align with our values.

Our Impact Initiative 7 has set a consistent approach and supports our purpose and goals. It is based on seven key themes: environmental, local spends, social value, supplier diversity, skills investment, innovation, and modern slavery.

In this report we're delighted to share with you some case studies from our suppliers and the impact they have had.



Steve Betts  
Head of Procurement



# WHY IS RESPONSIBLE PROCUREMENT IMPORTANT?



We strongly believe that responsible procurement is a powerful driver for delivering improved economic, environmental and social outcomes, and believes that responsible procurement underpins the achievement of cost effective, leading practice procurement.



We believe in applying a whole life costing approach to procurement, rather than selecting on purchase price alone.



We believe that responsible procurement is a means of generating value for money and gaining efficiencies within and between organisations, for example, from managing supply risk, and increasing resource productivity.



We contribute to encourage procurement and supply management professionals to ensure that all supply chain dealings meet the highest standards of governance and transparency which should be aligned with the NWG Code of Conduct and the responsible procurement charter.



We believe that optimum business benefits from responsible procurement are realised through integrating sustainability throughout the procurement decision making process.



We believe that maximum effectiveness is gained by a truly holistic perspective, with consideration of environmental, economic and social aspects of sustainability.

# WHY IS RESPONSIBLE PROCUREMENT IMPORTANT?



We believe that procurement and supply management professionals should be trained effectively in responsible procurement. Procurement professionals should upgrade and maintain their education. We will support this through activities aimed at developing and communicating responsible procurement.



We believe that procurement and supply management professionals can only deliver responsible procurement through ongoing engagement and collaboration with internal stakeholders, budget holders and key suppliers to reach the most effective solutions.



We believe that procurement is central to delivery of the organisation's corporate commitments on sustainability at an operational level due to reliance on high levels of purchased goods and services.



We acknowledge that responsible procurement is a priority when setting policy, which should be reflected in appraisal frameworks and procurement procurement objectives are brought to the fore. and supply management practices so that responsible Organisations should promote the principles of responsible procurement throughout their supply chains.



We believe that responsible procurement represents a significant opportunity for the profession to raise its profile and to demonstrate leadership in a key strategic area of the organisation.

# ENVIRONMENTAL

## **Outcome**

‘Minimise and where possible eliminate the negative impact our supply chain activities have on the environment’.

## **Four key activities**

Work with our supply chain to reduce the use of plastic packaging, help them in the use of recycled packaging and where possible eliminate the use of packaging.

Make sure we consider and use recycled materials where possible in all relevant contracts.

Build and maintain internal and external relationships with support groups to learn and share best practice through our Carbon Reduction working group and external organisations.

Understand our current supply chain environmental policies and activities to minimise the effect on the environment through use of the Sustainability Matrix, Achilles UVDB and tender documentation.

# CASE STUDY: ENVIRONMENT



## World Fuel Services – Renewable Diesel

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### WHERE?

Howdon and Bran Sands

### WHEN?

Quarter four 2022 and ongoing

# CASE STUDY: ENVIRONMENT

## World Fuel Services – Renewable Diesel

### THE CHALLENGE

We have challenging targets to reduce carbon emissions, we are committed to reducing the impact that our business has on our atmosphere and our customers want us to do net zero as efficiently as possible. We have a focus upon green energy as much of what we do is energy intensive.

This leads us to look at a range of activities on optimisation and efficiencies (examples include anaerobic digestion sites to running pumps at the most efficient time). We produce hydroelectricity, have several large-scale solar sites, use anaerobic digestors and have direct agreements with generators of offshore wind power.

To carry on with this work it was identified that our HGV sludge fleet could look to use renewable diesel rather than white diesel resulting in a 90% reduction in greenhouse gas emissions.

### THE MEASURES

There was a business assessment carried out on the viability which included a small trial at a site. Once agreed two 30,000 litre tanks were sourced and positioned at the two sites identified (Howdon and Bran Sands). A plinth was created for the site at Howdon to ensure the stability of the tank. A project manager supported the scheme from inception to make sure all stakeholders were kept up to date with the plan.

A tendering exercise was carried out to have a selection of fuel providers who could provide a fixed price for renewable diesel price over a fixed period of time. The certification scheme verifying the renewable diesel was accepted by the business. The first delivery by World Fuel Services of renewable diesel was made in November 2022 and the first renewable diesel was used in our vehicles later that month.

### THE RESULTS

The plan is to work with renewable diesel for the foreseeable future and look to see if we can widen its uses.

As of July 2023, we have used in our vehicles 431,580 litres of renewable diesel. Had we of used white diesel this would have emitted 1,084,128 kg of net CO<sub>2</sub>. Using renewable diesel, we emitted 108,326 kg of net CO<sub>2</sub> which is over a 90% reduction in our net CO<sub>2</sub> output.

# CASE STUDY: ENVIRONMENT



## P.F Cusack

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WHERE?

Washington and Hanningfield

WHEN?

October 2022

# CASE STUDY: ENVIRONMENT

## P.F Cusack

### THE CHALLENGE

When extending our road furniture contract, it was discovered that logistics sites at Washington and Hanningfield hold a vast number of broken barriers, road cones and Q-signs. These plastic items are then held in a waste skip, collected, and disposed of by our waste company. All three products have been going directly to landfill which has a significant impact on the environment; this is also a cost to us. The challenge was to find an alternative way of recycling or scrapping broken barriers, Q-signs and road cones and become more environmentally friendly.

### THE MEASURES

During the extension process, an onsite demonstration of Cusack's products was carried out at both Washington and Hanningfield logistics locations. While discussing our alternative options, Cusack was approached to see if it provided a service for recycling broken or used goods. Cusack discussed in length the process of its recycling options, how and where the products are recycled, and the products they are then manufactured into. It shared further information with us which was shared with the user group during the extension period.

### THE RESULTS

Negotiations were held with supply account manager, and it was agreed Cusack would collect our broken furniture free of charge. It was agreed that both Washington and Hanningfield logistics will collect all products and palletise them ready for collection. Cusack would only collect when they deliver goods to site, resulting in less pollution on the environment and transportation/fuel costs.

There are many benefits in using this service such as:

- Less waste to landfill.
- Reduction on environmental factors, such as pollution due to transportation to landfill.
- Zero cost to ourselves.
- Cusack obtains free products to recycle.
- Reduction in waste disposal costs for us.



IMPACT  
INITIATIVE

# LOCAL SPENDS

## Outcome

‘Protect relationships with local suppliers and continue to create awareness and opportunities’.

## Four key activities

Maintain 60p in £ of supply chain spend with local businesses to our operating regions in the North East, Essex and Suffolk.

Build and maintain external relationships with local organisations to offer business mentoring and provide ‘Meet the Buyer’ events.

Provide a pipeline of tendering opportunities on our website and use social media platforms such as LinkedIn to alert businesses of upcoming opportunities.

Membership of the County Durham Pound - a collaborative group of local partners who seek to work together to increase collective local spending, create business opportunities for local SMEs, VCSEs and other local businesses.

# CASE STUDY



## Meet the Buyer

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**WHERE?**  
Radisson Blu, Durham

**WHEN?**  
September 2022

# CASE STUDY

## Meet the Buyer

### THE CHALLENGE

The County Durham Pound project involves several organisations committed to working together to maximise social, economic and environmental value throughout the county. This could be through procurement decisions and the way our suppliers are selected; how we operate as responsible and ethical employers; or, how our grant funding is allocated. As partner organisations we are keen to involve small and midsize enterprises (SMEs) and local businesses within our supply chains. For ourselves specifically, we aim to spend 60p in every £1 spent with a local supplier.

### THE MEASURES

Growing the local economy is a key driver of the County Durham Pound project and one of our key goals, so the partner organisations held a joint 'Meet the Buyers' event at the Radisson Blu in Durham to link local suppliers with a wide range of procuring organisations.

Representatives from the 12 County Durham Pound partner organisations met with Durham-based organisations to explore future opportunities. Workshops would be led by Social Value Portal and B2B North to support attendees with tips and advice on bidding for work.

By acting together, we were able to allow suppliers to meet multiple organisations, just by attending one event. Each supplier was able to make appointments with the companies they wanted to engage to make sure they got the best out of the event.

### THE RESULTS

The event allowed for 68 suppliers and 55 buyers to come together, with 144 one-to-one appointments taken place to give Durham based organisations the tools and opportunities to win more business. We were able to signpost small suppliers on how to do business with ourselves and provided them with contacts directly in the Procurement teams who could give them more detailed information on opportunities specific to the goods and services they supplied. By attending this event, this activity not only supports our corporate goal of spending 60p in every £ with suppliers local to our operating regions, but also supports Impact Initiative 2 – Local spends, which states we will build and maintain external relationships with local organisations to offer business mentoring and provide 'Meet the Buyer' events. As we had only recently released our new Responsible Procurement strategy, it gave the Procurement team the ideal opportunity to share this with a wide range and diverse group of suppliers.



# SUPPLIER DIVERSITY

## **Outcome**

‘Make sure procurement activities are inclusive of all suppliers, allowing fair and equal opportunities’.

## **Four key activities**

Build and maintain internal and external relationships with support groups to learn and share best practice through our Diversity and Inclusion approach and external organisations such as MSDUK.

Capture supplier diversity information, through the use of our tender documents and supplier surveys, to better inform our approach to market and current levels of diversity.

Make sure public money is not spent on practices which lead to unfair discrimination.

Look towards a long-term goal of creating a diverse and integrated supply chain.

# CASE STUDY



## Our Procurement team and its supply chain

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WHERE?

Our tendering opportunities.

WHEN?

Ongoing

# CASE STUDY

## Within NWL Tendering

### THE CHALLENGE

Diverse suppliers aid in the improvement of their communities. They do this by offering job creation, increased wages, and tax revenue for communities that may not otherwise see such advantages. Diverse suppliers are often smaller businesses and are more likely to face challenges meeting the standards and volume requirements that we need. The challenge is making sure our procurement practices allow for the purposeful inclusion of diverse suppliers in bid opportunities to increase their representation in sourced spend.

### THE MEASURES

As part of the impact initiative strategy, supplier diversity is the focus of Impact Initiative 7 with an outcome statement of ‘Making sure procurement activities are inclusive of all suppliers, allowing fair and equal opportunities.’ We have several key activities to ensure we meet this outcome which include the following:

- Build and maintain internal and external relationships with support groups to learn and share best practice through our diversity and inclusion approach and external organisations such as MSDUK.
- Capture supplier diversity information, using our tender documents and supplier surveys, to better inform our approach to market and current levels of diversity.

To make sure that our opportunities are open for inclusion to a diverse range of suppliers we needed to put a measure in place to capture this data. The procurement team has worked closely with our diversity leads to produce a set of questions to include in tender documents to collect diversity data from suppliers. The collection of data will provide a clear direction of the category areas that are more/less diverse and the balance of suppliers from minority groups that have access to our tenders.

### THE RESULTS

In March 2023 we held a webinar to introduce diversity within organisations and our supply chain. At this session, our Procurement team, provided details on our journey, how we are incorporating supplier diversity into our procurement practices and providing support to the supply chain.

We were joined by MSDUK, the UK’s leading supplier diversity advocacy organisation, to give an insight into the opportunities for companies to excel in their supplier diversity programmes and demonstrating how a more diverse supply chain impacts the bottom line through innovation, competitiveness, and sustainability. In addition, our diversity and inclusion specialist shared details on our company diversity strategy – TIDE.

Preliminary results from analysis of tender document responses show that ~42% of suppliers submitting bids on our tenders trade with social enterprises. This shows a common interest and commitment to social responsibility. In HR, Customer, and Information Services contracts, over half of those interested were businesses that trade with social enterprises.

While certain procurement categories have seen limited engagement from minority-led businesses, ~17% of bids within Marketing and Communications were from majority BAME owned or led businesses, while over 20% of bids in HR, Marketing and Communications, as well as Transport, were attributed to majority women owned/led businesses.

Very few diverse suppliers were attracted to capital procurements in 2023, however this likely stems from the challenge faced by many diverse suppliers, who are primarily SMEs, in meeting the scale requirements needed for capital contracts.

With the help of MSDUK resources, we are looking to further engage with more diverse suppliers and social enterprises through attending Expos and organising more ‘Meet the Buyer’ events and webinars to understand how we can support minority owned businesses. These events will be advertised by the Procurement team on LinkedIn to reach a wider network.

In 2024, we will continue to track the engagement of diverse suppliers while also assessing the diversity within our current supply chain. This will follow the results of an ongoing survey conducted with our top suppliers expected in January 2024.



# SKILLS INVESTMENT

## Outcome

‘Strengthen our supply chain contribution to the investment in our workforce’.

## Four key activities

Long-term commitment to the Energy and Utilities Skills (EUS) Partnership and the Procurement Skills Accord to address the skills shortage in our sector.

Sign up at least one supplier annually to the Procurement Skills Accord in as part of the EUS.

Continue to review procurement processes to make sure we promote the Procurement Skills Accord to our supply chain.

Promote the use of the Supply Chain Sustainability School within our supply base and make sure we are constantly working to improve our own assessment scores against the school’s models.

# CASE STUDY



## Zenith People team and colleagues

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**WHERE?**  
Zenith Group

**WHEN?**  
2023 Financial Year (1 April 2022 – 31 March 2023)

# CASE STUDY

## Zenith People team and colleagues

### THE CHALLENGE

Despite the plethora of available roles, many young individuals remain unaware of leasing as a rewarding career choice. Recognising this, Zenith prioritised engaging with the next generation and nurturing internal talent.

### THE MEASURES

Zenith has worked with local schools and have reached out to more than 1,200 students in the last 12 months. Notably, in 2022/23, Zenith welcomed its largest ever cohort of apprentices to date, introducing new apprenticeship routes like vehicle technician and legal roles.

The apprenticeship program actively encourages young people to expand and develop their skillset and capabilities through various activities. These include presentation training and giving apprentices experience in diary and deadline management. Additionally, apprentices have participated in school outreach activities such as Careers Fairs, gaining valuable experience and confidence in public speaking. They also delivered a dedicated 'Apprentices' Day' during National Apprenticeship Week.

### THE RESULTS

Zenith achieved an 86% apprentice retention rate for the most recent cohort and was awarded a Princess Royal Training Award for its apprenticeship programme and was highly commended at the West Yorkshire Apprentice Awards.



IMPACT  
INITIATIVE

# INNOVATION

## Outcome

‘Collaborate with suppliers to challenge existing practices and foster a progressive and dynamic environment’.

## Four key activities

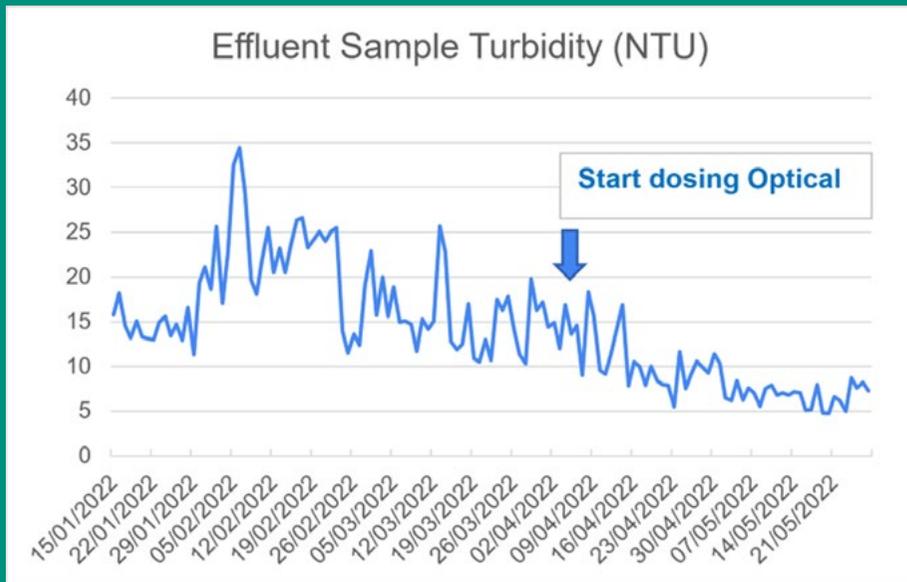
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Sign up at least one supplier annually to the Procurement Skills Accord in as part of the EUS.

Continue to review procurement processes to ensure we promote the Procurement Skills Accord to our supply chain.

Promote the use of the Supply Chain Sustainability School within our supply base and make sure we are constantly working to improve our own assessment scores against the school’s models

# CASE STUDY



## Omya Optical A Natural Product to enhance the Activated Sludge Process

WHERE?  
Bran Sands

WHEN?  
Ongoing

# CASE STUDY

## Omya Optical A Natural Product to enhance the Activated Sludge Process

### THE CHALLENGE

SNF worked with another Water company who were operating a coastal wastewater treatment works suffering with increased turbidity and elevated total suspended solids (TSS) in the final effluent (FE) samples resulting in the potential for operator self-monitoring (OSM) failures.

During high tide / saline ingress events, the monovalent sodium ions associated with saline ingress contribute to small, poorly dispersed mixed liquor suspended solids (MLSS) flocs with poor settlement properties. The site has used inorganic and organic coagulants as settlement aids in the final settlement tanks (FSTs) to help avoid solids carry over into the FE but has failed to achieve the required level of resilience during high tide events.

Due to the close relationship that exists between ourselves and SNF and an awareness of our willingness to look to new and alternative ways of working as well as in-depth knowledge of our wastewater treatment sites, SNF approached us with the proposal to trial this product at our Bran Sands site.

### THE PRODUCT

Omya Optical is a calcium carbonate product based on natural chalk and is typically provided as a dry powder. In this form it is available in bulk, big bags and paper bags. If stored in a silo the transport to the point of use is often done by spiral conveying which is a very robust and reliable form of dry product dosing.

#### Improving Floc Formation and Sludge Handling

Maintaining the activated sludge and managing the excess sludge are the most critical aspects of the activated sludge process. Omya Optical makes sludge control easier and more predictable for operators.

The dissolution behaviour of Omya Optical ensures that the optimum amount dissolves. Divalent cations released from Omya Optical will bridge negatively charged functional groups in sludge flocs. This results in formation of large, dense flocs. Ultrafine flocs are incorporated in this sludge matrix, which results in a clearer effluent and a lower concentration of suspended solids. In addition, Omya Optical particles add weight to the flocs. Altogether, a much faster sedimentation and a significantly lower

sludge volume index is achieved. Improved sedimentation increases hydraulic capacity.

This makes the system better prepared for exceptional or unpredictable events. Sludge run-off and storm water bypass can be considerably reduced. This helps plants meet regulatory discharge allowances, protects the receiving water bodies, and negates the need for additional capital investment in larger facilities.

In addition, denser flocs containing Omya Optical facilitate sludge dewatering in decanter centrifuges and filter presses, resulting in a lower amount of dewatered sludge. This reduces sludge handling and disposal costs and may help to reduce dewatering polymer consumption.

# CASE STUDY

## Omya Optical A Natural Product to enhance the Activated Sludge Process

### THE MEASURES

It is applied in the activated sludge process and neutralises acidity/stabilises pH, improves flocculation of MLSS, and accelerates settlement in FSTs.

The sodium to calcium ratio defines floc size in the activated sludge process. The divalent calcium ions provided by the Optical dosing ensured large, dense, and more spherical MLSS flocs. In combination with ballast from undissolved calcium carbonate particles, settlement in the FSTs was strongly accelerated resulting in no solids carry over even in events of saline ingress and high hydraulic loads. Following Optical dosing the FE turbidity and TSS results were lower and stable.

### THE RESULTS

- Improved final effluent turbidity.
- Stable activated sludge process even under unpredictable conditions.
- Accelerated settlement in final settlement tanks (FSTs).
- Resilience to saline ingress and high hydraulic load events.

We are now in the latter stages of planning a trial of Optical at Bran Sands.

- A site visit is planned for SNF visit to the site in conjunction with Omya to review current treatment process and determine best dosing position for Optical
- SNF has provided further testimonial and photographs from a second water company for another ongoing trial with Optical.
- SNF has provided indicative costs for the trial based around a minimum three-month duration. This will run over the winter period with lime to remain on site as a back up as well as a third option in caustic should the trial prove to be unsuccessful.

# CASE STUDY



## Procurement team and ATMOS International

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**WHERE?**  
Innovation Festival

**WHEN?**  
July 2022 - present

# CASE STUDY

## Procurement team and ATMOS International

### THE CHALLENGE

We have a corporate target to reduce water leakage from our operating networks. This is a key focus for our business. To support delivery of our wider corporate goals our Procurement teams invited both existing and new suppliers to bid for funding in a Dragon's Den style event called the 'Innovation Connect Challenge'. Suppliers were invited to pitch genuine innovation opportunities that had a return on investment of two years or less.

The opportunity for Atmos emerged at our 2022 Innovation Festival, where the Procurement teams' Dragon's Den style event was being held. Atmos' Business Development Director for water, Martin Duff, and Sales and Senior Research Engineer, Harry Smith, led Atmos' pitch for funding a project on smart water pipeline leak detection.

As one of only three shortlisted companies, Atmos secured investment to carry out trunk mains leak detection pilot project and has successfully completed the first phase.

### THE MEASURES

From kick off and site surveys to hardware installations and site visits, phase one of our trunk mains leak detection pilot project focused on two large diameter pipelines that supply clean water to the city of Newcastle upon Tyne.

Phase one consisted of site visits to perform routine health checks on Atmos' high performance hardware instrumentation, conducting calibration leak tests and making sure valuable data continues to be collected for analysis. The monitored pipeline section in phase one was six kilometres long.

### THE RESULTS

Speaking on the success of phase one, Business Development Director for Water at Atmos, Martin Duff said: "I am delighted with the results of our hardware and software solution on Northumbrian Water's transmission network so far.

"This success of the phase one pilot project has been a culmination of effort from Atmos' Sales, Operations and R&D teams together with Northumbrian Water's Operations, Technical and Procurement teams, so I am thrilled to see the hard work pay off and I am excited to see that success continue into phase two.

"Northumbrian Water was the first UK water utility to invest in our concept, so it is great to be able to demonstrate the value we can add to their business and end users."

Commenting on Atmos' performance in the pilot project so far, Andrew Charleton, Strategic Networks Area Supervisor at Northumbrian Water said: "The trunk mains leak location

accuracy we have seen so far has been magnificent. It is a really positive step forward to revolutionizing leak detection and we are pleased to be working in partnership with Atmos."

#### Phase two: what is next?

With Atmos now being able to evidence that the technology can reliably detect and locate leaks on two large diameter pipelines that supply clean water to the city of Newcastle upon Tyne. Atmos will initiate phase two of the trunk mains leak detection pilot project in 2024, which will involve integrating the leak detection solution into an online environment to assess various communication options and monitor more complex pipeline sections within our network.



Figure 1: The pipelines involved in phase one of the trunk mains leak detection pilot project.

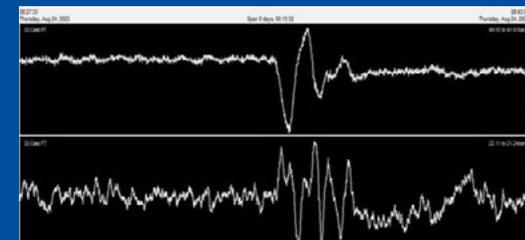


Figure 2: Example trunk mains leakage data extracted by hardware instrumentation on site.



**IMPACT  
INITIATIVE**

# **SOCIAL VALUE**

## **Outcome**

**‘Assess the impact our suppliers’ activities have on our local communities and the collective benefit we can achieve’.**

## **Four key activities**

Integrate social value into Opex sourcing through tendering process and updated tendering and contract documents.

Membership of the County Durham Pound - a collaborative group of local partners who seek to work together to deliver social value outcomes within County Durham by the strategic use of procurement spending power and other resources.

Build awareness with our people of social value through training opportunities through the social value portal.

Encourage our supply chain to support and/or contribute to our company Just An Hour scheme.

# CASE STUDY



## Shout Digital

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WHERE?

Foundation of Light

WHEN?

June 2022 - Present

# CASE STUDY

## Shout Digital

### THE CHALLENGE

Although phones, tablets and laptops are found in many homes, the North East continues to lag behind other regions in surveys of internet use and digital skills. The pandemic has accelerated a move to online access for services such as healthcare, housing, and banking, and – coupled with the move to remote learning – this has made the digital divide more acute.

While there has been a big push to provide hardware such as laptops to those most in need, digital exclusion is still an issue for many young families, where a lack of skills can make access to services and learning more difficult, and even leave people vulnerable to disinformation and fraud.

We have partnered with Sunderland AFC's official charity, Foundation of Light, to support its Digital Skills programme with the aim of helping families in the region develop into responsible, and happy, digital citizens.

### THE MEASURES

As part of our social value, we pledge to support people / causes / organisations in the local region in the most need.

We committed to supporting the Foundation of Light with:

- Consultancy around programme structure.
- Piloting the programme in three schools.
- Rolling out the programme to a further ten schools.
- Targeting support for 300 North East families.

### THE RESULTS

The programme has been running since June 2022 and so far we have:

- Engaged with Foundation of Light stakeholders, providing consultancy around how to structure the programme for schools and families, advising them on course content.
- Helped them to successfully pilot the programme in three schools.
- Attended delivery of the programme at a school in Hebburn.
- Rolled out the full programme.
- Been working towards the support of 300 North East families.

# CASE STUDY



## County Durham Pound

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WHERE?  
County Durham

WHEN?  
2022 - Present

# CASE STUDY

## County Durham Pound

### THE CHALLENGE

The County Durham Partnership has established a 'County Durham Family' procurement network to improve place-based procurement and local spending, collaborative sourcing and social value impact. This could be through procurement decisions and the way our suppliers are selected; how we operate as responsible and ethical employers; or, how our grant funding is allocated. The nine County Durham Pound member organisations are Durham County Council, its business support service Believe Housing, Business Durham, County Durham Fire and Rescue Services, Durham Police and Crime Commissioner's Office, Durham University, Livin, New College Durham and us. As partner organisations we are keen to commit to maximising the local impact of our spending within our supply chains. For ourselves specifically, we have adapted our contracts to include social value commitments through both CAPEX and OPEX contracts.

### THE MEASURES

Several steps were carried out by each partner, firstly a spend analysis was completed with each partner subsequently providing the required spend information across their top 300 suppliers for aggregated analysis by CLES (Centre for Local Economic Strategy). The analysis of a spend of almost £926m provides the opportunity to identify local leakage and enhancement of local and regional supplier engagement. We identified 29% (£272m) that was currently not being spent within our local operating areas.

In addition, a local needs analysis was carried out to identify the priorities of all the partners, coordinated by the Social Value Portal. This data was mapped to show the areas of severe, high, mild, and low deprivation across County Durham. The local needs analysis was fundamental in identifying key areas of social value criteria for inclusion in the procurement process using the County Durham Family 'Themes Outcomes and Measures' (TOMS) toolkit.

The second phase was aimed at embedding the social value processes developed including launching the new County Durham TOMs model and developing a longer-term programme of activities.

The National TOMs Framework provides a common language for measuring social value that enables consistency, comparability, and transparency. Endorsed by the Local Government Association, the Framework has been widely adopted across both public and private sectors, including ourselves, within its procurement processes on contract over £500,000 per annum.

We have adopted 37 for the CDP TOMs model that measures as a collective organisation the social and local economic value including:

- Direct number of local employees.
- Spend within the local supply chain.
- No of weeks of apprenticeships.
- Spend with local MSME and SME.
- No of disabled employees.
- Donations or in-kind contributions to local community projects.
- No of weeks of training opportunities.
- Measures to promote local skills and employment.
- Amount of volunteering time.
- Number of local school and college visits.
- Amount of waste diverted from landfill/incineration.
- Saving CO2e emissions.
- Low or no emission employee vehicles.
- Reducing crime, no car miles saved.
- Support to older and vulnerable community networks.

# CASE STUDY

## County Durham Pound

### THE RESULTS

Since its launch in September 2022, the CDP has recorded £305m of social and local economic value being put back into the county by its member organisations.

Most of the sum recorded £289m, stemming from the economic benefits of member organisations employing almost 11,000 County Durham residents.

A further £2m comes from the collective employment of 300 local apprentices in a range of fields including community sport, business administration and civil engineering.

Alongside that, employees at the partner organisations have carried out more than £21,500 worth of school visits, giving safety talks, supporting careers events, and creating a community garden. Furthermore, almost £50,000 worth of community volunteering activities have been recorded such as, lending a hand in local foodbanks, youth groups and hospices.

In the 2022/23 financial year, we achieved £10.8m worth of social value. This was gathered for three different TOMs measures where the majority of this has come from spending money locally within the county. We only reported on three different measures due to lack of resources internally.

Currently in the 2023/24 financial year, we have reported £29.9m worth of social value. This is higher due to more measures being included in reporting. In the future, this number will be improved due to extended resources internally. We have also completed some more analysis into different measures and how we could report on these if they are embedded currently.

In June 2023, the County Durham Pound scheme was awarded Best Public Sector Project award at the 2023 Social Value Conference.

By attending this event, this activity not only supports our company measure of Building Successful Economies in our Regions but also supports Impact Initiative 6 – Social value, which has an outcome statement of assessing the impact our suppliers' activities have on the local communities and the collective benefit we can achieve.

# CASE STUDY



## Embedding responsible procurement, Good Business Charter Accreditation and Social Value

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### WHERE?

Across our operating areas

### WHEN?

Accredited in December 2021

# CASE STUDY

## Embedding responsible procurement, Good Business Charter Accreditation and Social Value

### THE CHALLENGE

The Good Business Charter (GBC) is an accreditation scheme which provides a holistic solution to measuring responsible business behaviour and in particular being able to showcase your social impact as an organisation in a credible and meaningful way.

It covers ten components, and an organisation must meet ALL ten of these components to receive accreditation. This ensures clarity in what organisations have committed to, which is particularly important to give the general public confidence that a GBC accredited organisation is indeed a responsible organisation that cares for its employees, suppliers, customers, and the planet while paying its fair share of tax.

Some 97% of consumers believe it is important that businesses act responsibly. Members of the British public polled by the Institute of Business Ethics consistently state organisations not paying their tax dues as their top concern in relation to UK businesses. More and more people want to work for, invest in and shop with responsible businesses and they need a clear way to understand which businesses are the responsible ones, committed to care for people and planet. Even the charity sector has some way to go in make sure they are behaving responsibly

towards all their stakeholders. It is no longer enough to do good while treating your employees poorly. Regulation dictates certain disclosures in annual reports and financial statements but to the general public, this information is inaccessible and largely incomprehensible.

The Good Business Charter provides a clear, transparent, robust way for organisations to communicate the good work they are doing in a way we can all understand and trust. The GBC is also very nicely aligned with our corporate goals and our new Responsible Procurement strategy, that was released in September 2022. Ethical sourcing, one of the GBC's ten components, has been a feature in our business since the previous responsible procurement strategy was released back in 2016.

### THE MEASURES

In December 2021, we achieved GBC accreditation. The ten components that we must meet to be accredited align perfectly with the elements of Impact Initiative 7 within our responsible procurement strategy. Within the business, we made amendments to our operating practices in relation to prompt and fair payment, to meet the GBC's Prompt Payment component. Now when working with smaller or SME businesses we may reduce our standard payment terms.

It was important for us to become accredited as the GBC will help us demonstrate the good practices we have running within our business, but also allows us to support the wider GBC community and specifically supporting those smaller SME partners, with our knowledge.

The main alignment for us was our work on social value and given the GBC's unique emphasis on the 'S' in ESG, it provides an effective way to showcase our social impact on both our and their website and in other promotional material.

We have already communicated our good work on responsible procurement to our workforce and our key suppliers. The GBC provides us with a framework to communicate with our employees, the ways in which we champion

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## Embedding responsible procurement, Good Business Charter Accreditation and Social Value

them, as well as the way we as an organisation wants to treat our customers and suppliers as well as reduce our environmental impact.

Although there are so many accreditations and certifications. The GBC brings together a number of different standards in a more holistic approach to responsible business behaviour. Good Business Charter accreditation is not a tick-box exercise, done once and forgotten about for a year. There was an expectation that the GBC would be embedded into our organisation in a way that was appropriate for us as an organisation, but as a minimum, all our employees are aware of the accreditation and what it stands for, and that we proudly display our GBC accreditation on our website.

The new responsible procurement strategy was a big change for us as we moved to a more output focused strategy. Partners like the GBC not only help us to achieve these new outputs but also allow us to help others within the GBC community that may be at the start of their journey or requiring some support in specific elements of their journey.

Our work on social value has been driven initially with us becoming members of the County Durham Pound initiative (CDP). The GBC now also allows us to explore wider social value issues outside of the County Durham area and across our wider operating areas. Our initial challenge in relation to social value was designing a way to record the good work we did and then finding a method for gathering auditable data to evidence all our achievements. The CDP gave us access to the social value portal and by utilising the national TOM's framework, we had a clear way to measure ourselves. Having robust data allows us to evidence to GBC our progress to make sure we maintain our accreditation.

### THE RESULTS

The result of being measured and gaining accredited by the GBC have been shown in several of our business practices that form part of the ten components. Highlights of these include.

- Real Living Wage – We are now accredited with the living wage foundation and all employees who work directly for us or indirectly through our supply chain (who spend two hours per day or more, over an eight-week period, in our offices, operational sites or working on our assets) are paid the real living wage rate.
- Prompt payment to suppliers – Smaller or SME businesses on reduced payment terms.
- Environmentally responsible - We were recognised in 2023, for the twelfth consecutive year, as one of the world's most ethical companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices. We remain the only water and sewerage company in the world to be included on this prestigious list and one of only three companies operating in the UK. We feel that this recognition exemplifies our commitment to operating in an ethical way.
- Employee Wellbeing – We have won an award recognising for our unique work in using a 'colleague as consumer' approach to design our Living Well wellbeing offer. We also sit in the Top 50 great places to work in the UK.

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## Embedding responsible procurement, Good Business Charter Accreditation and Social Value

Ross Smith, our Partnership's Manager, said: *"We are proud to have been the first water company to achieve Good Business Charter accreditation. This has helped us to benchmark our responsible business practices in a number of areas, including employment, environment, and customer service. It has been particularly encouraging to work with them on our responsible procurement strategy, through which we aim to use our position as an anchor institution in our regions to make an even greater contribution to social, economic, and environmental wellbeing."*

**Find out more here:**

[www.goodbusinesscharter.com](http://www.goodbusinesscharter.com)



### The Good Business Charter

The Good Business Charter is a simple accreditation to recognise responsible businesses. It is open to UK organisations of all sizes and structures and measures them on ten components.

 <b>Real Living Wage</b>	 <b>Fairer Hours and Contracts</b>
 <b>Employee Well-being</b>	 <b>Employee Representation</b>
 <b>Equality, Diversity and Inclusion</b>	 <b>Environmental Responsibility</b>
 <b>Pay Fair Tax</b>	 <b>Commitment to Customers</b>
 <b>Ethical Sourcing</b>	 <b>Prompt Payment to Suppliers</b>

# CASE STUDY



## Farrans

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### WHERE?

County Durham and Tees Valley

### WHEN?

February 2023 - July 2025

# CASE STUDY

## Farrans

### THE CHALLENGE

Farrans is the main works contractor delivering Phase 1 of the Project Pipeline: Durham and Tees Valley on behalf of us.

This multi-million-pound project will upgrade the existing infrastructure and construct a new 24km, 800mm diameter water pipe between Lartington Water Treatment works and Shildon, through Whorley Hill. The new pipework will supply communities along the Tees Valley, including Barnard Castle, Darlington, south Durham and the wider Teesside area with clean, clear tap water.

The main construction works began in February 2023 and will cross underneath the River Tees and Alwent Beck to a depth of 50 metres. The scheduled completion date is July 2025.

By connecting the new pipework to the reservoir at Shildon, it will also make it easier to move water around the region in future, to cope with fluctuations in demand. The project will benefit around 200,000 customers, while also acting as a key part of continual economic growth for Durham and Tees Valley region.

### THE MEASURES

As the contract with Farrans is the largest capital investment scheme of AMP7, this was the first tender where we asked for commitments to social value in the tender process aligned with the TOMs.

We are committed to providing social value as part of the works and services we deliver. To measure our own social value and the social value of our supply chain partners, we have utilised The National TOMs. The National TOMs – Themes, Outcomes, Measures – is a framework for delivering excellence in measuring and reporting social value and is widely used across public and private sector.

The National TOMs cover five themes:

1. Jobs – promote local skills and employment.
2. Growth – supporting growth of responsible regional business.
3. Social – healthier, safer and more resilient communities.
4. Environment – decarbonising and safeguarding our world.
5. Innovation – promoting social innovation.

Within these five themes, The National TOMs outline 48 outcomes. From these 48 outcomes, we have selected 23 which are aligned to our corporate goals and objectives.

As part of their tender submission, Farrans detailed which TOMs they would support us with, identifying significant commitments and where they would be able to make a valuable contribution throughout the contract, and agreed to provide a quarterly report detailing the progress against each of the TOMs agreed to.

The TOMs and any commitments are included within their contract and progress is being reviewed periodically to ensure they are delivering on their selected outcomes.

# CASE STUDY

## Farrans

### THE RESULTS

We are currently at the end of Q1 2023, and we have seen good progress from Farrans in achieving its social value commitments. In Q4 of 2022 we agreed with Farrans on its commitments and how these align with the TOMs. Farrans then developed a formal Social Value Delivery Plan which was signed off by ourselves and Farrans. Within this plan, it details the key roles, their aims and objectives, monitoring and reporting processes, collaborative working, specific activities to be carried out aligned to each TOM, a social value tracker and a six-month lookahead.

So far, Farrans has:

- Attended Bishop Auckland Careers Fair on 8 March 2023.
- Delivered a presentation about the Farrans approach to delivering social value, as part of our Insights into Social Value webinar on 28 February.
- Arranged a two-week work experience placement for an undergraduate student at Newcastle Uni to start on 20 March.
- Identified two vacancies for labourers and actively promoting across local employment support initiatives. Applicants being considered for a start date of 3 April 2023.
- Engaged with multiple stakeholders (such as Jobcentre Plus, DCC, local schools and colleges, Durham Community Action, Business Durham, Believe Housing, Wheels 2 Work) to build community awareness and identify areas in particular they would like to focus on.

A final report will be produced upon contract completion detailing the full social impact throughout contract duration and showing what legacy Farrans has left.



**IMPACT  
INITIATIVE**

# MODERN SLAVERY

## **Outcome**

‘Safeguard from unethical practices and strive for transparency in our supply chains’.

## **Four key activities**

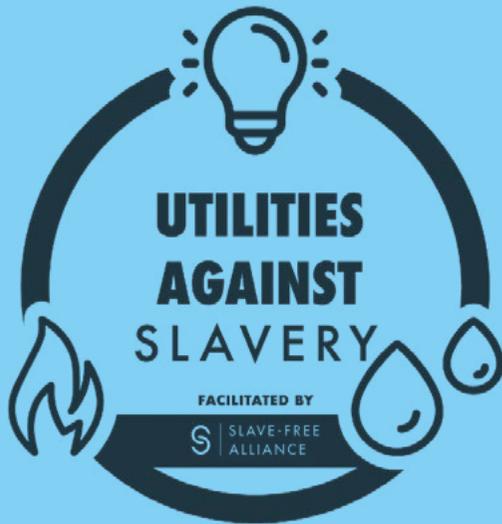
Develop an anti-slavery culture within the organisation through CIPS ethical test for the Procurement team and ‘Lunch and Learn’ sessions for internal stakeholders with the support of the Supply Chain Sustainability School.

Refresh and relaunch our whistleblowing hotline.

Clear identification of high-risk suppliers and enhance our onboarding checks for new suppliers through use of the Sustainability Matrix, Achilles UVDB and tender documentation.

Steering group membership and collaborative industry work with Utilities against Slavery working group in conjunction with slave free alliance.

# CASE STUDY



## Utilities against slavery

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WHERE?

Steering group membership

WHEN?

2021 - Ongoing

# CASE STUDY

## Utilities against slavery

### THE CHALLENGE

We are proud of our reputation as an ethical company, and we are committed to making ethical behaviour a standard business practice. As part of that commitment, we adopt policies and practices to embed our values and to ensure that we are carrying out our business ethically.

As part of our ethical approach, we are committed to doing all we can to combat slavery and human trafficking by raising awareness and understanding of the many forms it can take and by reviewing and improving our policies and practices in light of that understanding.

We have an extensive supply chain of around 3,500 suppliers, with around 500 live contracts in place at any one time. There can be several tiers in the supply chain between us and the source of raw materials, spanning several countries.

### THE MEASURES

In November 2021, we joined the 'Utilities Modern Slavery Working Group'. In February 2022 the group was renamed 'Utilities Against Slavery'. Utilities Against Slavery, facilitated by the Slave Free Alliance, is a forum for energy, water, and gas providers to collaborate to prevent and address modern slavery. More than 25 utility organisations are members. Collectively, it employs more than 100,000 people with a supply chain spend in the region of £21bn. Its varied workforce carries out tasks ranging from complex engineering to more basic activities such as excavation and material distribution, so it is uniquely positioned to identify potential acts of modern slavery and act.

The groups mission is to work together to eradicate slavery and exploitation in the UK utilities sector and its supply chains by raising awareness to prevent the exploitation of workers and the community, sharing best practice among the group's members and collaborating to produce a coordinated response to reducing risks in supply chains.

The main objective and measures of the group are defined as.

- Developing a common understanding of issues that are key to all members.
- Sharing best practice amongst the group's members.

- Identify and work collaboratively on jointly agreed strategic workstreams.
- Develop training material to share with our supply chain and other stakeholders.
- Engage with other sectors to share good practice and identify common challenges.

### THE RESULTS

The group continues to meet on a six-weekly basis and is developing a consistent approach to procuring goods and services. Recent projects include:

- Developing and delivering training sessions in collaboration with Supply Chain Sustainability School to 500+ colleagues and suppliers.
- Creating a high-quality pre-qualification questionnaire (PQQ) to be used across members' various procurement platforms for effective due diligence.
- Developing a common approach to working with suppliers to support risk management.
- Supporting submissions to the UK Modern Slavery Statement Registry.
- Agreement in a collaborative approach to procuring solar panels.

The group was shortlisted for the Thomson Reuter's Stop Slavery Award 2022.

**NORTHUMBRIAN**  
**WATER** *living water*

**ESSEX & SUFFOLK**  
**WATER** *living water*

