

**we are
the network**

Sustainable Procurement Strategy

November 2019

Thank you

Thankyou again to those of you who have taken time to feed into developing our new strategy.

Throughout the course of the workshop and our series of meetings and conversations we received great feedback on our new strategy.

The enthusiasm to provide feedback and willingness to collaborate and share best practice is hugely encouraging as NGN continue to strive towards developing new and more sustainable ways of working that make a meaningful and positive impact on society, the environment and the local economies in which we work.

Developing strategies and processes that ensure we are a responsible and transparent business that works with our supply chain beyond the first tier is incredibly important to us.

Your opinions have been really helpful in shaping our strategy and I would love to hear any further thoughts you, or your colleagues, may have in order to continue to build on this collaborative process.

Even if you were not able to join us at the workshop, if you have a view that you'd like to share it would be great to hear it.

Best wishes

Maija Narimanidze

Sustainable Procurement Champion

Northern Gas Networks

Purpose of the workshop

The importance of sustainability in procurement is ever growing as companies come under increased scrutiny for unethical business practices in their supply chains.

NGN want to be more sustainable and continue to be responsible as a business and use our purchasing power in the most effective way. We want to increase transparency in our supply chain and develop more sustainable ways of working that are challenging and yet rewarding for society, the environment and the economy.

To support this, we've been developing a new sustainable procurement strategy, that not only ensures we procure in a sustainable and responsible way, it also enables to use our spending power to support local economies across our network.

We wanted to test our draft plan with colleagues, suppliers and external stakeholders to understand if our plans go far enough and what else we should be considering.

And through a series of bilateral meetings and conversations and a group discussion with business intermediaries, we asked four main questions

- If they were the right objectives/ areas for NGN to focus on?
- What NGN could do to break down barriers across the supply chain
- How NGN can make it easier for SMEs to work with them
- If anything was missing from the strategy

We asked 34 colleagues and 7 suppliers to review the strategy, alongside direct conversations with the CBI Yorkshire and Humber and Leeds Beckett University. Six stakeholders joined us for a focused group discussion from the following organisations:

Attendee	Company/ Organisation
Barney Mynott	Federation of Small Businesses
Martin Hathaway	Mid Yorkshire CoC
Mike Cartwright	West & North Yorkshire C of C
Mark Goldstone	West & North Yorkshire C of C
Sharon Jandu	Yorkshire Asian Business Association
Melissa Bell	YPO

The workshop commenced with a presentation of the Strategy, followed by a roundtable discussion on what can we improve. We talked about potential opportunities to collaborate, and all participants agreed to promote a 'Meet the Buyer' event that we plan to host next year in order to help local SMEs to contract with NGN.

Acting on your feedback – our commitments

The views and ideas we heard through this process are already helping us to plan how we operate now and in the future. Here, we’ve summarised what we heard and how we plan to use this insight.

You said.....	So we will.....
SMEs don't always recognise the terms and language you use – i.e social value	Include examples of best practice as part of the tender guide, simplify the language of the pre-qualifications questionnaire (PQQ), and make our tender documents and procurement processes more flexible and SME friendly.
Your procurement processes are often confusing and laborious for SMEs	As part of the strategy we are creating a guidance document for SMEs on how to tender and use e-procurement portals.
The progress you make against each one of your Objectives has to be regularly monitored and measured, and every single step you take towards becoming more sustainable has to be recorded	Develop a tool to help us measure annual progress against strategic objectives.
SMEs do not always realise the extent of their sustainability performance and require guidance and support	Work collaboratively with business intermediaries in order to host 'Meet the Buyer' events to provide guidance to local SMEs on how to contract with NGN and enhance their sustainability performance.
It's not just about sustainable procurement (often with an environmental focus) it's about responsible and good procurement	Raise awareness internally to promote the importance of being a responsible buyer
The strategy was good but the proof was in the delivery	Develop an Action Plan on how the Strategy is going to be delivered. The Action Plan will be presented to the NGN Board of Directors in February 2020.
It would be good if NGN could build more in around payment terms and being more responsible in ensuring payment throughout the supply chain "when we pay you, you pay your suppliers".	Incorporate NGN's expectations around payment in the supply chain in the Supplier Code of Conduct, which will be developed in 2020. Compliance with the Code will be a mandatory requirement at the PQQ stage.
The idea of making Sustainable Procurement a gateway question at the PQQ stage seems reasonable, however NGN have to consider how to guide SMEs in the right direction if they fail to achieve a Pass score, or if they answer No to some questions.	Include guidelines and links to online portals in our tender documents to help SMEs (and all companies in general) enhance their sustainability performance or close knowledge gaps.
'Meet the Buyer' events must be contract specific, such events tend to be more result oriented as participants ask questions that are specific to the contract, and this makes the contract fit for purpose.	Apply this approach to an upcoming tender which will be picked from our 2020 Procurement Programme.

<p>It is not practical to measure the value generated by social sustainability in monetary terms. Such approach can be applied to Environmental sustainability and aspects such as carbon footprint, however social sustainability generates intangible benefits.</p>	<p>Explore both quantitative and qualitative ways of measuring social value creation. We will develop a measuring tool capable of capturing both, tangible and intangible benefits.</p>
<p>What is missing is any thought about how the cost pays off against the local value. Local can be more expensive but can be more economically advantageous in other ways and put back into the community.</p>	<p>Review our tender documents to introduce 'sustainable procurement' criteria at the pre-qualification and tender stage. This approach will ensure that the contract award is not just based on commercial considerations.</p>
<p>NGN could simply say you need to get 3 quotes, 1 has to be from a local business and have a specific definition of local.</p>	<p>Consider adopting this approach for below EU threshold procurement, e.g. any procurement events below £50k.</p>
<p>Can NGN consider the proportionality of insurance a supplier has to provide for a job as it can often be a barrier for SMEs.</p>	<p>Liaise with our legal team to see if NGN can relax requirements on insurance levels.</p>
<p>NGN should create a level playing field between SMEs and the bigger companies, i.e. those potentially with dedicated environmental / sustainability teams.</p>	<p>Hold a supplier forum for the mutual sharing of best practices on sustainability between SMEs and larger companies. We will also present the Supplier Code of Conduct.</p> <p>We are keen to take suppliers on a journey with us and provide continuous support.</p>
<p>Engage with those suppliers that are not meeting the environmental targets and put strategies in place to continue to work to 100%.</p>	<p>Make it our long-term target to capture the entire supply chain.</p>

Next steps

We don't want the conversation to end here, and there are some things you asked of us during the session that we think would be good next steps:

Working together ... We plan to host a roadshow of meet the buyer days and we will work with you to promote and reach members to attend our meet the buyer days

Share the final strategy with you: Shortly, we'll publish the final versions of our Strategy and Plan, which will have taken account of our feedback. We'll send you copies of the strategy in January and would love to hear what you think and get your thoughts on how we move from strategy into delivery.

Benchmarking: You told us the strategy was good but the proof was in the delivery. We are developing a tool to help us measure the progress we make against strategic objectives, and we aim to get this finalised before the strategy is launched. We would be happy to share the results with you as we start to implement and deliver this new process.

Tell us what you think

Thank you for reading this report. We welcome any further feedback, thoughts or ideas you have. Please drop us a line on stakeholder@northerngas.co.uk or contact our sustainable procurement champion Maija Narimanidze on MNarimanidze@northerngas.co.uk