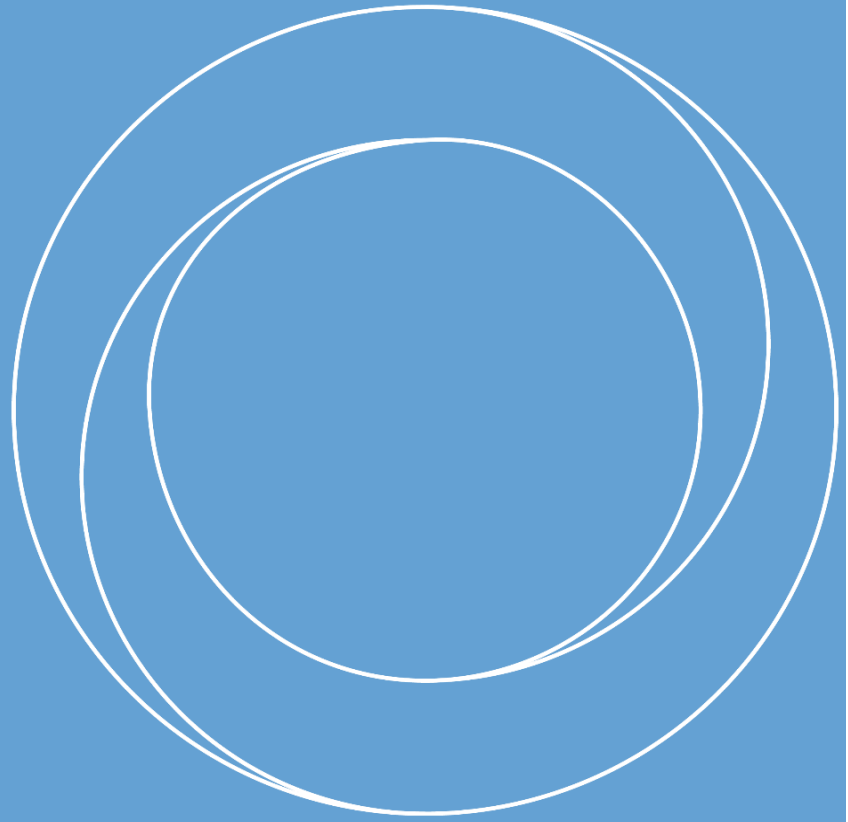




Government
Commercial
Function



Supplier Code of Conduct v2

Delivering better public services together

February 2019



HM Government
Supplier Code of Conduct v2
Foreword

The first edition of the Supplier Code of Conduct, launched in September 2017, recognised that government relies on its suppliers for the delivery of many important public services, for assistance in delivering policy and for the construction of public assets. I continue to believe that, while underpinned by a contractual relationship, this reliance needs to be based on a bond of trust between government, suppliers and the public.

In this update, we underline the importance of acting together with trusted suppliers to deliver better public services. The expectations within this Supplier Code of Conduct have been enhanced to include commitments on how government will work with suppliers to build trust and deliver value.

The public expects that government and its suppliers will look after their interests and deliver on the promises that they make. They expect that suppliers will behave ethically and treat the end users of their service, employees and subcontractors fairly and with respect. Suppliers also expect that government will be fair and transparent in its dealings with them.

It is important to publicly state these expectations in a code of conduct and recognise the joint nature of public service delivery. Suppliers are an extension of government's business, and employees of suppliers interact with citizens and businesses on our behalf every day. This updated Supplier Code of Conduct strengthens the principles of working together, and is intended to help suppliers and those working in government understand the standards and behaviours that are expected when working on a government contract.

I expect all suppliers and central government departments, agencies and public bodies to meet these commitments and ensure that their employees, partners and subcontractors will do the same.

Gareth Rhys Williams
Government Chief Commercial Officer





Introduction

Our aim is to deliver for the taxpayer on a range of commitments including: excellent services that represent good value; policies that fulfil the government's manifesto commitments; and development work that is delivered on budget and in accordance with specifications. In delivering these commitments we must ensure adherence to the highest standards of ethical and professional behaviour. Our suppliers play an important role in the delivery of public services and meeting government's objectives, so our relationships with them are critical to delivering on those commitments.

The overall objective of the Supplier Code of Conduct is to build trusting and open relationships between government and suppliers in order to drive improved performance throughout government supply chains. This Supplier Code of Conduct acts in a reciprocal way in respect of our suppliers and sets out the behaviours we would expect of each other.

In selecting suppliers, government checks that it is contracting with reputable bodies. These checks are conducted in line with procurement regulations that guarantee fair access to opportunities for all suppliers and equal treatment during selection processes.

As we move from procurement to the life of the contract, we expect delivery should be in accordance with the spirit of the contract, as well as its letter. We expect our suppliers, in delivering goods and services to, or on behalf of government, wherever they operate, to act in a manner that is compatible with public service values, upholds the reputation of government, promotes innovation and expertise, opens up the market to small and medium-sized enterprises, and contributes to growth and prosperity in the UK.

We recognise that in many cases a supplier can only be as good as its customer, so in return, suppliers can expect us to place risk with the party best able to manage it, create the right conditions for innovation and create a culture of collaboration between suppliers, subcontractors and government, and pay promptly.

We expect our employees to treat suppliers with fairness and respect and to work jointly with suppliers to build trusting, collaborative and constructive working relationships. In return we expect suppliers to treat our employees in the same way, and to work with us to build those trusting, collaborative and constructive relationships that are focused on delivering for the public.

This Supplier Code of Conduct is intended for all those involved in the government supply chain, including central government departments, agencies, and public bodies and suppliers and subcontractors. As a statement of good practice it should be read both by current and aspiring suppliers to government and by their subcontractors in the supply chain. We expect our suppliers to communicate this Supplier Code of Conduct to employees, their parent company, subsidiaries and subcontractors; our commitment is that we will communicate it to our employees.



Compliance

The Supplier Code of Conduct is intended to set out the way in which we and our suppliers will behave towards each other. It is not intended to be legally enforceable, to create any legal obligations or rights or to undermine our contracts with suppliers or the rules we set out when we procure our goods and services, which at all times shall take precedence. For the avoidance of doubt, the Supplier Code of Conduct does not take precedence where the courts or other institutions such as a regulatory agency, authority or body have jurisdiction.

All central government departments, agencies and public bodies (referred collectively to in this Supplier Code of Conduct as “government”) and suppliers who provide goods and services to those organisations are expected to comply with all aspects of this Supplier Code of Conduct. Both parties should be open and transparent with each other, and report any instances of non-compliance. In these circumstances, the first step is for the relevant government organisation and the supplier to discuss and, where appropriate, agree suitable remedial actions. If a party considers that an issue has not been resolved by discussion, it may escalate it to the Central Commercial Teams in Cabinet Office and in extreme cases to the Government Chief Commercial Officer.

Contact

For further information and queries, contact the Commercial Director of the relevant central government department, agency or public body or the Government Chief Commercial Officer (cco@cabinetoffice.gov.uk).



1 Employees and Service Users

1.1 Respectful treatment

Our employees, those of our suppliers, and service users have the right to respectful treatment. We will not tolerate discrimination, harassment or victimisation in the workplace or in connection with any government service. We expect our suppliers to provide the same commitment, including to their own employees. [The Equality Act 2010](#) protects against discrimination, harassment and victimisation.

1.2 Professional behaviour

We will work constructively and collaboratively with our suppliers. We expect suppliers to be prepared to invest in their relationships with government and establish trust with our staff and with other suppliers involved in delivery. We also expect suppliers to be able to speak out when government officials, civil servants or other suppliers are not upholding the values embedded in the [Civil Service Code](#) or this Supplier Code of Conduct. We also expect suppliers to speak out, without fear of consequences, when a project or service is unlikely to succeed because of our behaviours or a lack of good governance. We expect the same behaviour when a contract is no longer fit for purpose, for example, in its contractual stipulations or measures.

1.3 Meeting user needs

It is important that contracts with our suppliers meet the needs of service users. We will work together with suppliers to articulate these outcomes to ensure that the goods and services being provided meet the needs of users and we expect fully reciprocal behaviour from suppliers.

1.4 Vulnerable users

Some public contracts deliver services to service users with particular needs such as physical or mental disabilities, medical conditions or other factors that place them in a vulnerable position. Suppliers will ensure that these service users are treated at all times with courtesy and that their dignity, safety, security and well-being is always treated as a priority concern.

1.5 Human rights and employment law

Government and suppliers must both comply with all applicable human rights and employment laws in the jurisdictions in which they work. This includes complying with the provisions of the Modern Slavery Act 2015. In addition, suppliers must have robust means of ensuring that the subcontractors in their supply chain also comply.



2 Business practices

2.1 *Management of risk*

Our aim is to ensure that risk is allocated to the party best able to manage it. To assist us in making that judgement we will, where appropriate, engage with the market to understand its views in order to make informed decisions. We do not expect suppliers or government to be made responsible for managing a risk that is best managed by the other party. We expect suppliers not to pass down risk inappropriately to subcontractors, and not to assert that they can manage risk that is in fact better managed by government. All parties should be prepared to share intelligence of supply chain risks, so that material commercial and operational risks, for example the impact of losing a key supplier, can be mitigated. We require suppliers of critical services to develop resolution plans, deployable in the event of a corporate insolvency to ensure that critical services continue.

2.2 *Continuous improvement*

We expect our suppliers to use recognised industry practices in the delivery of goods and services to, or on behalf of, government. We also expect suppliers to continuously improve these goods and services and bring innovation, ideas and expertise to help government address its strategic challenges and to support growth and prosperity in the UK. We will endeavour to create the right conditions to allow suppliers to innovate both during the procurement process and the life of a contract and where appropriate we will inform suppliers of our innovation requirements during the procurement process.

2.3 *Future Plans*

In order to give guidance to suppliers on future opportunities and the associated resource implications, we will publish our pipelines and plans for future services. Although we will update them regularly, suppliers should understand that these are only estimates.

2.4 *End-to-end Delivery*

Some of the services that government requires are complex, and no single supplier will have complete contractual responsibility for every element of what is needed to deliver to the end service user. In such cases, we will endeavour to create and maintain a culture that facilitates collaboration between all suppliers and government to ensure that the right service outcomes are achieved. In order to achieve this, we expect suppliers to be aware of how they contribute to that overall delivery, and to work collaboratively with government and other suppliers to manage mutual dependencies and ensure that their product or service is used effectively in the delivery of a high quality service.

2.5 *Data Quality*

A robust delivery model including its pricing structure is dependent on the quality of data on which it is based. Government will provide accurate data and/or build in flexibility (consistent with procurement legislation) to allow for subsequent validation of data, particularly where new services are being provided, for example, through the use of pilots. For government to be able to do this, where a contract is being re-procured, we will require incumbent suppliers to act in a timely manner and be forthcoming with information required for scoping the re-procurement and the



tendering process (for example workforce information) and to behave in accordance with any required standards. As per the contractual obligations, this information should be provided promptly when requested by government and updated as required, for example, during any transitional phase leading to transfer of the provision of the services.

2.6 Value

The public expects government to obtain value for every taxpayer pound and to be able to demonstrate that long-term value to the taxpayer. This means that contracts should be priced to offer sustainable value throughout their life, including when changes are needed. Whilst we accept that our suppliers make a fair profit margin in return for the risk they are accepting and the commitments and investments they make in order to be able to deliver services for us, we expect suppliers not to exploit an incumbent or monopoly position, an urgent situation or an asymmetry of capability or information to impose opportunistic pricing.

We will engage constructively with suppliers in relation to any required changes and we expect suppliers to reciprocate this. We expect suppliers to work in good faith to resolve any disputes promptly and fairly during the life of a contract through good relationship management and, where appropriate, contractual dispute resolution mechanisms, recognising that taxpayer and supplier interests are rarely best served by protracted litigation.

We will seek to award contracts based on value for money that includes price and quality, including appropriate social value criteria. We will measure supplier performance on relevant and proportionate indicators and apply proportionate contractual remedies for non-compliance.

2.7 Reputation and Public Trust

We want to work with suppliers who are proud of their reputation for fair dealing and quality delivery. We want working with government to be seen as reputation enhancing for the supplier. We expect all parties to be mindful of the need to maintain public trust and protective of government's reputation, and ensure that neither they, nor any of their partners or subcontractors, bring government into disrepute by engaging in any act or omission which is reasonably likely to diminish the trust that the public places in government. This is not intended to limit any supplier's legal obligations, or constrain whistleblowing or their ability to fairly criticise a government body or policy.

2.8 Cyber Security

It is essential that suppliers safeguard the integrity and security of their systems and comply with the relevant government standards and guidance. Suppliers must inform the [National Cyber Security Centre](#) if they become aware of any cyber security incident that affects or has the potential to affect government data.

2.9 Sustainable Procurement

We expect our suppliers to be aware of, and support government in, complying with its legal and contractual obligations under social value legislation, in delivery of the wider policy that sits behind the contract, and in the delivery of the targets as defined within the [Greening Government Commitments](#) supplemented by our [25](#)



[Year Environment Plan](#). We expect our suppliers to assist government in the understanding and reduction of supply chain impacts on our environment, and risks related to the security of raw material supply. We expect suppliers to be open and transparent in assisting government in reporting publicly on product or service utilisation and any environmental impacts.

2.10 Confidentiality

Government and suppliers are both expected to comply with the provisions in our contracts and any legal requirements to protect commercial and sensitive information. Government and suppliers may both also be party to confidential information that is necessary to be effective partners. This information, even if it is not covered by contractual provisions, should be handled with the same care as information of similar sensitivity. Notwithstanding this mutual understanding, suppliers should recognise that this does not prevent us from disclosing information where we are compelled to do so, for example, by law or parliament, or to comply with the principles stated in [The Transparency of Suppliers and Government to the Public](#).

2.11 Conflicts of Interest

We expect suppliers to mitigate appropriately against any real or perceived conflict of interest through their work with government. A supplier with a position of influence gained through a contract should not use that position to unfairly disadvantage any other supplier or reduce the potential for future competition, for example by creating a technical solution that locks in the supplier's own goods or services.



3 Standards of Behaviour

3.1 Ethical behaviour

We expect the highest standards of business ethics from suppliers and their agents in the supply of goods and services funded by the public purse, for example as referenced in the Committee on Standards in Public Life's 2014 report and 2015 guidance: [Ethical Standards for Providers of Public Services](#). We expect suppliers to be explicit about the standards they demand of executives, employees, partners and subcontractors and to have governance and processes to monitor adherence to these standards. Civil servants are required to uphold the [Civil Service Code](#) and the [Seven Principles of Public Life](#) in their dealings with third parties and we expect fully reciprocal behaviour from suppliers.

3.2 Counter Fraud and Corruption

We demand that suppliers adhere to anti-corruption laws, including but not limited to the Bribery Act 2010, and anti-money laundering regulations. We expect suppliers to have robust processes to ensure that the subcontractors in their supply chain also comply with these laws. We have zero tolerance of any form of corrupt practices including extortion and fraud that we become aware of and we expect suppliers to be vigilant and proactively look for fraud, and the risk of fraud, in their business. Suppliers should immediately notify government where fraudulent practice is suspected or uncovered and disclose any interests that might impact their decision-making or the advice that they give to government.

3.3 Transparency

We seek to be transparent in our dealings with suppliers and we expect suppliers to be open and honest in their dealings with government, and be in full compliance with the updated principles published February 2017 on [The Transparency of Suppliers and Government to the Public](#). In addition, where contractually required, we expect full and prompt disclosure of accurate cost, revenue and margin information (Open Book Accounting and Open Book Contract Management) in line with published guidance and the terms of the contract. Suppliers should expect us to publish agreed key performance indicators and to conduct audits of open book contracts to ensure reporting requirements and any 'payment for results' mechanism have been fairly implemented.

3.4 Treatment of Supply Chain

We expect suppliers to deal fairly with the subcontractors and suppliers in their supply chain. We expect suppliers to avoid passing down unreasonable levels of risk to subcontractors who cannot reasonably be expected to manage or carry these risks. We expect suppliers not to create barriers to the use of small and medium-sized enterprises who are qualified to provide goods or services, and to encourage innovation in their supply chains to increase the value or quality of supply.

3.5 Prompt Payment

We expect both government and suppliers to be fair and reasonable in their payment practices. Suppliers should pay subcontractors within 30 days on government contracts and comply with the standards set out in the Prompt Payment



Code on all other contracts. In central government, we aim to pay 80% of undisputed and valid invoices within five days, with the remainder paid within 30 days.

3.6 Corporate Governance and Corporate Social Responsibility

We expect our suppliers to adhere to the [UK Corporate Governance Code](#) or follow equivalent good corporate governance principles underpinned by robust processes. We also expect our suppliers to be good corporate citizens by upholding the values of this Supplier Code of Conduct, taking into consideration social value legislation in delivering goods and services and supporting key government corporate social responsibility policy areas such as diversity and inclusion, sustainability, prompt payment, small and medium sized enterprise engagement, the Armed Forces Covenant, apprenticeships and skills development and addressing the gender pay gap.