

Committee(s)	Dated:
Procurement Sub Committee	12 April 2021
Finance Committee	13 April 2021
Policy & Resources Committee	6 May 2021
Subject: Options to Promote Supplier Diversity	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3a, 5c, 7b
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£30,000
What is the source of Funding?	Policy Initiative Fund
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: The Chamberlain	For Decision
Report author: Lisa Moore, Procurement Policy & Compliance Officer	

Summary

City Procurement has been asked to outline options to promote diversity in the City Corporation supply chain. This paper considers what options we have to increase the number of businesses owned by 'under-represented groups' such as BAME, women, LGBTQ+, and people with disabilities.

The recommended option is to commission a study which will help City Procurement identify 'market' areas, based on procurement categories, with diversity issues so that positive action can be taken. From that research a Procurement Policy Statement will be drafted to address areas of concern and areas with opportunities.

Additionally, a number of actions within the current procurement policy framework have been proposed including a communications campaign with the support of the staff networks and Equality and Diversity representatives where appropriate, to ensure all officers are aware of the importance of considering Equalities and Inclusion earlier in the 'commissioning' process and how they can have an impact now.

City Procurement will report back to Procurement Sub Committee on the progress of the recommendation actions and any additional actions as a result of the requested study.

Recommendation(s)

Members of Procurement Sub Committee and Finance Committee are asked to:

- Approve the recommended action plan for FY2021/22.

Members of Policy & Resources Committee are asked to:

- Approve the funding of £30,000 from the 2021/22 Policy Investment Fund for research on diversity issues and opportunities broken down by categories of spend.

Main Report

Background

1. The City Corporation have long championed the inclusion of SMEs in our supply chain. Efforts are made to erode barriers throughout the procurement process.
2. The Responsible Procurement Policy has 18 commitments covering social value, environmental sustainability, and ethical sourcing. The three most relevant to this paper include:
 - a. Encourage and facilitate integration of VCSEs, SEs and SMEs within our supply chains
 - b. Seek to reduce gender pay gaps and under-representation of people with protected characteristics as part of supplier evaluation and through awareness raising, communication and transparency of our own performance
 - c. Work with suppliers who take active steps to embed equality, diversity and inclusion
3. Achievement of these commitments will support the continued delivery of the Responsible Business (RB) Strategy 2018-23 specifically the priorities of Equal Opportunities and Diverse Organisations

Current Position

4. The TRT asked City Procurement to consider how we can attract procurement bids from Black or Minority Ethnic SMEs.
5. Finance Committee Members have also asked City Procurement what it can do to promote BAME led business in our supply chain and a public paper with options has been requested.

Proposals

6. The City Corporation procures in line with the Public Contracts Regulations 2015 (PCR 2015), which are based on principles of competition, equal treatment, non-discrimination and transparency, and so provides some support in tackling discrimination. However, positive action taken to specifically target organisations led by people with any protected characteristics, including BAME-led firms, is limited to a certain extent.
7. Where we have evidence that under-representation is prevalent in specific industries, it is possible to take positive action to advertise tender opportunities in a targeted way to tackle such under-representation.
8. For contracts with values under the official spend thresholds of PCR 2015, we have more freedom to take such targeted action and as such part of the proposal is to focus on contracts with a value below £100,000. Suppliers can be nominated by departments and as a result diversifying our supply chain for this level of spend can happen immediately without a change of policy. By

focusing on lower value contracts, the aim is to give under-represented minority owned SMEs, especially micros and small companies the opportunity to get public sector contract experience, and increasing representation of these businesses in our supply chain. Running a quote exercise ensures that the City Corporation is still obtaining Value for Money as well as promoting greater diversity.

9. To support this, we need identify areas where under-representation is most prevalent based on our categories of spend. We propose to align under-represented groups to those of our staff action groups i.e. businesses led by BAME, women, LGBTQ+ and/or disability (including neural diversity).

Options

10. The following action plan has been drafted in consultation with the Responsible Business team and the Diversity & Engagement Lead Officer. The plan includes several immediate actions which could allow us to make progress in the short term as well as translating some of our aims into policy for a longer-term impact.
11. Proposals have been broken down into four workstreams with estimated dates for the work to be completed:

Action plan

12. Research and policy development
 - April-June 2021 – Commission a study to outline areas/categories of City Corporation spend that have 'diversity issues' (e.g. Architects and BAME) or where diversity is prevalent so that we can take positive action (targeted quote exercises e.g. catering). The report will act as a guide to ensure future actions have the greatest impact. City Procurement will report back to Procurement Sub Committee on the findings of this study including any further recommended actions.
 - June/July 2021 – Following on from the research that will enable resource to be targeted to maximise impact, draft a Procurement Policy Statement to promote Supplier Diversity outlining what are we aiming to achieve i.e. supporting SMEs and BAME/Women/LGBTQ/Disabled (under-represented groups) led or suppliers working toward diversity with E&I policies. By such time, the City Corporation SME Strategy may have been completed which could inform our approach. Additionally, City Procurement will work the proposed Equalities & Inclusion function as proposed by the TOM.
13. **Responsible Business**
 - April/May 2021– Communications campaign with the support of the staff networks and ED&I department representatives where appropriate, to promote diversity through the existing policy framework. For contracts up to £100,000 at least three quotes must be obtained where diverse suppliers are nominated. This work will be informed by the research on

category spend to help inform departments on how to identify businesses led by under-represented groups.

- April/May 2021– Officers should consider options to promote diversity as part of business planning and at commissioning stages to ensure all available possibilities are examined. As part of the communications campaign, a reminder of the Public Sector Equality Duty and undertaking an Equalities Impact Assessment from project start will be included.

14. Procurement Exercise

- April/May 2021 – Draft a selection and award question to assess diversity including bullying/harassment and whistleblowing policies to be used in relevant procurements.
- June/July 2021– To support contracts over PCR 2015 thresholds, explore what further barriers might exist for SMEs led by under-represented groups e.g. insurance, prior experience, turnover caps. This supports the procurement commitments proposed for the new City Corporation SME strategy.

15. Reporting

- September 2021– As at 1 March the City Corporation is paying over 8,000 active SMEs. It is not currently feasible for the City Corporation to update those profiles to include diversity statistics, as each Supplier is responsible for the management of its own profile on the procurement system, and the declaration of ownership diversity is optional. Instead, City Procurement will look at options to enable suppliers to self-certify as an under-represented group as part of the procurement process.
- September 2021– For areas of spend/categories where it is determined that under-representation is an issue, we will work with the top 25 suppliers of those areas to understand what Equality, Diversity and Inclusion policies are in place and if there are areas of improvement. Once commenced reporting on progress with this commitment can be included in the City Procurement Quarterly Update report.

Corporate & Strategic Implications

Sub-headings

16. **Strategic implications** – The proposed action plan is aligned with the City Corporation's Corporate Plan to contribute to a flourishing society and support a thriving economy.
17. The action plan also supports the priorities of the Responsible Business Strategy, commitments in the Responsible Procurement Policy, and the upcoming City Corporation SME Strategy to support recovering from Covid-19.

18. **Financial implications** – It is proposed that the required funding of £30,000 is to be drawn from the 2021/22 Policy Initiative Fund categorised as Communities and charged to City's Cash to support our work in this area. The current uncommitted balance in the 2021/22 Policy Initiative Fund is £706,365 prior to any other allowances being made for other proposals on today's agenda.
19. **Resource implications** – Actioning the proposed plan will have an impact on resources from the Responsible Business team, City Procurement and officers across the corporation when undertaking procurement.
20. If successful, the program is likely to increase the number of suppliers on our Finance system which will have an impact of the Data & Reporting team in City Procurement which sets up new suppliers.
21. **Legal implications** – The action plan is aligned with current procurement regulations both internal and external. As a procurement process will be undertaken suppliers would be awarded a contract on stated award criteria (based also on existing well known criteria as found for eg. in the Social Value Act) and not due to their protected characteristics mitigating risk of challenge for breach to the Equalities Act. Any further policy proposals will be checked with Comptroller's for continued compliance.
22. **Risk implications** – The proposed action plan may result in untested suppliers delivering contracts for the City Corporation. The risk of businesses failure may be enhanced.
23. Any future considerations for reporting will need to carefully consider implications under the United Kingdom General Data Protection Regulation. Data concerning Race, Gender, Health, a person's sex life and sexual orientation are classed as special category data.
24. **Equalities implications** – The recommendations of this report seek to strengthen review of Equalities and the Public Sector Equality Duty for all relevant procurements at the City Corporation.
25. **Climate implications** – N/A
26. **Security implications** – N/A

Conclusion

27. In response to a request from the TRT and Finance Committee, City Procurement propose several options compliant with the framework of public procurement which aim to diversify our supply chain. While some options require research and more consultation, there are actions which can be undertaken across the City Corporation immediately to increase the use of suppliers from under-represented groups.

Report author

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