

<b>Committee(s)</b>	<b>Dated:</b>
Procurement Sub Committee	25 November 2021
Subject: Supplier Diversity Update	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?	No
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chief Operating Officer	For Information
Report author: Lisa Moore, Responsible Procurement Manager	

### Summary

Earlier this year members of the Procurement Sub Committee and Finance Committee approved a Supplier Diversity action plan. This paper seeks to provide an update to the Members on that plan.

City Corporation has joined MSDUK (Minority Supplier Development UK) as a corporate member. This membership will give us access to decades of experience implementing Supplier Diversity programs, a network of corporate peers working on the same goal and a portal of certified ethnic minority suppliers we can invite to bid for our contracts. We have completed their annual benchmarking exercise as a corporate member. Based on the results of that exercise, we will be provided feedback on recommended areas to progress. Results are expected by the end of the calendar year.

The Local Government Association recently launched their Sustainable Procurement toolkit which has provided clarity spend categories where discrimination exists and/or inequality is prevalent. Training on this has been delivered to City Procurement and guidance for buyers has been drafted to be communicated with the wider communications plan. Supplier selection and award questions have been created for tenders in those categories.

The timescales have been amended for some actions, but work continues to accelerate.

### Recommendation(s)

Members are asked to note the report.

## Main Report

### Background

1. In response to requests from both the Tackling Racism Taskforce (TRT) and Finance Committee, a paper was drafted with Options to Promote Supplier Diversity. This paper was approved by Procurement Sub Committee and Finance Committee in April 2021.

### Current Position

2. The action plan included four areas of focus: Research and Policy Development, Responsible Business, Procurement Exercise, and Reporting. A brief update on work for each action is as follows:

#### Research and Policy Development

3. **Action: Commission a study to identify areas of spend with diversity issues/opportunities** (April – June 2021)
4. A study has not been commissioned as the Local Government Association recently produced a Sustainable Procurement toolkit with guidance on areas where inequality exists.
5. As part of the responsible procurement weighting, a question on Equalities has been included in more tenders both large and small. Larger tenders include Barbican Renewal Design Team (both stages), Fraud and Cyber Crime Reporting & Analysis Service and Parking Enforcement.
6. Next steps: Present findings to category boards and put a guidance note on the intranet.
7. **Action: Draft Policy Statement to Promote Supplier Diversity** (June/July 2021)
8. The City Corporation is now a corporate member of MSDUK (Minority Supplier Development UK). MSDUK has decades of experience helping corporates create and develop their Supplier Diversity strategies.
9. We've taken part in MSDUK's annual benchmarking exercise. The results of this exercise will provide us with an individual report on how well supplier diversity is developed within our organisation and feedback on areas where they recommend we take action to improve.
10. Next steps, review MSDUK recommendations and draft Supplier Diversity Policy/Strategy for consultation.

## **Responsible Business**

11. **Action: Communications campaign with support of staff networks and ED&I representatives** (April/May 2021)
12. A communications campaign will go out shortly with an announcement of the MSDUK membership. City Procurement is testing the use of the supplier portal before rolling out to the wider business.

## **Procurement Exercise**

13. **Action: Draft a selection and award question** (April/May 2021 – Completed)
14. Questions have been drafted and are included in the Responsible Procurement Bank of Questions. We will continue to develop questions or integrate equalities into other questions as required.
15. **Action: Review barriers for SMEs led by under-represented groups** (June/July 2021)
16. This is something that is being explored as part of the MSDUK Membership. There will be a presentation at December's monthly meeting after a roundtable with some of MSDUK's ethnic minority businesses. Additionally, the corporate members have requested this as a topic of interest for the 2022 agenda.
17. Next steps will be determined once we have more information.

## **Reporting**

18. **Action: Reporting supplier diversity statistics at tender stage** (Sept 2021)
19. This requirement has been fed back through the Enterprise Resource Planning (ERP) specification scoping sessions.
20. Next steps: As part of MSDUK membership, we are benchmarking the suppliers on our system against their network to give us an indication of how many of their businesses we are already working with. This report is with MSDUK and we are awaiting the results.
21. We've consulted with the Information Team in Comptroller's about adding a 'for information' question on Supplier Diversity as part of our tender process. A Data Protection Impact Assessment needs to be undertaken. It is expected that this will be done December 2021/January 2022.
22. **Action: Top 25 suppliers for ED&I based on high risk categories** (Sept 2021)
  - Work on this has not yet started.

## MSDUK Membership

23. The City Corporation has signed up as corporate Members of MSDUK with funding from Policy Investment fund. We are the first governing body to join as a Corporate Member. We will be using this membership to advance our Supplier Diversity action plan.
24. MSDUK brings together innovative and high growth ethnic minority business with global corporations committed to creating an inclusive and diverse supply chain. They aim to:
  - Better elevate minority owned businesses
  - Stimulate the UK and global economy
  - Develop best practices with corporates
  - Facilitate peer-to-peer knowledge transfer

## Corporate & Strategic Implications

25.

- **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.
- **Financial implications** – No further funding implications have been identified at this time. The membership fee for MSDUK was paid for by Policy Investment Fund.
- **Resource implications** – Actioning the proposed plan will continue to use resources from City Procurement, the new ED&I function under the Chief Operating Officer and officers across the City Corporation when undertaking a procurement.
- 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.
- **Legal implications** - 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.
- **Risk implications** – If successful, the proposed action plan could mean an increase to the number of untested suppliers which may increase in business failure. This is because we are widening the net of suppliers and not a comment on viability of suppliers led by a protected characteristic.
- **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.
- **Climate implications** – N/A
- **Security implications** – Suppliers will need to adhere to the People Security Policy while on site and normal vetting processes for restricted contracts will apply.

## **Conclusion**

26. While not in line with the original timescales, work on this action plan continues. With MSDUK membership and additional resource in the Responsible Procurement team, work on the action plan should accelerate. Any proposed changes to policy will be brought through Procurement Sub Committee, Finance Committee and Policy & Resources after further development and officer consultation.

## **Background Papers**

- Options to Promote Supplier Diversity – April 2021

## **Report author**

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