

Committee(s): Policy & Resources Committee – For Decision	Dated: 8 June 2023
Subject: Supplier Diversity Sponsorship	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3,7,8,10
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£44,000
What is the source of Funding?	Policy Initiative Fund
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Chief Operating Officer	For Decision
Report author: Lisa Moore, Responsible Procurement Manager	

Summary

The City Corporation made a public commitment to support supplier diversity as the first governing body to join MSDUK (Minority Supplier Development UK) the UK’s leading supplier diversity advocacy organisation. This paper is requesting additional funding from the Policy Initiative Fund to continue this membership, sponsor industry wide supplier diversity events and to create publicly available supplier development materials to reduce barriers for diverse-owned enterprises bidding for public contracts.

Recommendation(s)

Members are asked to approve an additional £44,000 from the 2023/24 Policy Initiative Fund to ‘Options to Promote Supplier Diversity’.

Main Report

Background

1. As part of the recommendations from the Tackling Racism Taskforce, in 2021 Policy and Resources committee funded research in ways to better promote supplier diversity in the City’s supply chain, at a cost of £30,000.
2. With that funding, the City Corporation joined MSDUK (Minority Supplier Development UK) as a corporate member. This membership gives us access to decades of experience implementing Supplier Diversity programs, a network of corporate peers, a portal of certified ethnic minority suppliers and bi-annual business opportunity days.

Current Position

3. To date, Commercial Services have spent £24,067 of the £30,000 with the majority going toward the City’s MSDUK membership. The current balance of £5,933 is not sufficient to continue membership with MSDUK for 2023/24 and Commercial Services do not have the budget to fund this membership.

4. Since the City Corporation joined MSDUK, Westminster City Council and the Metropolitan Police have signed up as corporate members with the latter as a Chartered Member.
5. Regular membership is £7,000 per annum and it is £12,000 for Chartered Membership which includes a dedicated relationship manager and funds supplier development.
6. This paper is requesting a total of £44,000 from the 2023/24 Policy Initiative Fund for the following activities:
 - £24,000 to cover the next two years Chartered Membership with MSDUK
 - £10,000 for MSDUK event sponsorship (£5,000 per annum) which includes brand recognition on the MSDUK website during the event/conference, half page advert in the conference brochure and an exhibition booth
 - £5,000 to host City Corporation specific supplier events to engage directly with SMEs and diverse-owned enterprises (DOEs) over the next two years
 - £5,000 to create City Corporation branded supplier materials for our internet pages e.g., supplier readiness
7. Without additional support, the Commercial Service will use the remaining funding to host one or two supplier events this year.

Options

8. **Reject the additional funding request.** As Commercial Services does not have the budget to fund next year's membership, a rejection of the funding would mean the City Corporation ending its membership with MSDUK. This is not the recommended option as it could be seen as a rollback of public support for supplier diversity. Additionally, the withdrawal of support could lead to lost momentum as MSDUK benchmarks our progress, connects us with relevant ethnic minority businesses (EMBs) and provides networking opportunities with the other corporate members.
9. **Approve £14,000 for MSDUK regular membership fees only.** This would be an acceptable option, but not the recommended option if the City Corporation's ambition is to be a leading governing body in this space. We recommend that we match the membership level of our public peers.
10. **Approve £24,000 for MSDUK chartered membership fees only.** This would be an acceptable option and preferable to the regular membership fees option, but not the recommended option if the City Corporation's ambition is to be a leading governing body in this space and would like to improve our benchmarking scores.
11. **Approve the full £44,000** as requested to fund MSDUK membership, event sponsorship and provide budget for the City Corporation to continue engaging directly with DOEs and produce high quality supplier development materials. This is the recommended option.

Proposals

12. Key to the success of this commitment is awareness and the ability to find DOEs. Due to data protection legislation, there are limited ways to access DOE suppliers. Our membership with MSDUK provides us with a database of EMBs and MSDUK's business team will proactively look for EMBs to invite to our opportunities using their networks. The majority of the funding request will cover membership fees for MSDUK.
13. The City Corporation has been members of MSDUK since autumn 2020 and we have completed two benchmarking surveys. While our score has gone up, we are still rated as an 'evolving' programme with 'tools and training' and 'supplier development' being areas that require improvement.
14. The additional funding will support the City's ambition to be a leading public body in the supplier diversity space. The remaining £20,000 will be used to promote the City as a serious participant at MSDUK functions, will allow us to host City Corporation events in the square mile so that we can meet directly with DOEs, and provide DOEs with materials to submit better tender returns for the City Corporation.

Corporate & Strategic Implications

15. **Strategic implications** – The commitment to Supplier Diversity is aligned with the City Corporation's Corporate Plan to contribute to a flourishing society and support a thriving economy. It also supports the priorities of the Responsible Business Strategy, commitments in the Responsible Procurement Policy, and the City Corporation's developing SME Strategy.
16. **Financial implications** – It is proposed that the required funding of £44,000 be drawn from the 2023/24 Policy Initiative Fund categorised as Communities and charged to City's Cash to support the work in this area. The current uncommitted balance in the 2023/24 Policy Initiative Fund is £1,078,001 prior to any other allowances being made for other proposals on today's agenda.
17. **Resource implications** – The Commercial Services team manage the relationship and supplier diversity actions with MSDUK from business-as-usual resource. Without the support of the MSDUK membership, we may experience a decline in momentum without additional resource in the Responsible Procurement team.
18. **Legal implications** – There are no legal implications for this funding request.
19. **Risk implications** – As outlined in the report, the main risk is reputational and losing momentum on the number two responsible procurement commitment of supplier diversity.
20. **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.

21. **Climate implications** – None

22. **Security implications** – None

Conclusion

23. The City Corporation has made a public commitment to support supplier diversity and our membership with MSDUK has been an invaluable resource to build and maintain momentum. Commercial Services do not have the budget to directly fund the membership and seek support from Members to continue the relationship.

Appendices

- None

Background Papers

- Options to Promote Supplier Diversity – May 2021
- Supplier Diversity Update – October 2021

Lisa Moore

Responsible Procurement Manager

T: 020 7332 3273

E: lisa.moore@cityoflondon.gov.uk