



Procurement Project Group Meeting

Wednesday, 19th November 2008

1.30 – 3.30pm

Room 102, The Adelphi,
1 – 11 John Adam Street,
London, WC2N 6HT

Minutes

Attendance:

Name	Organisation
Tunde Banjoko (TB) (Chair)	LEAP
Tanzeem Ahmed (TA)	OLMEC
Anthony Heath (AH)	Oxford University
Alice Teague (AT)	EHRC
Lee Tribe (LT)	DWP
Lucy Williams (LW)	DWP
Mark Turner (MT)	DWP
Lorna Fraser (LF)	DWP

Apologies:

Name	Organisation
Jeremy Crook	BTEG
Jan Moughtin	DWP
Wilf Sullivan	TUC
Nigel Hall	DWP
Christine Wright	DWP

Item 1: Welcome and Introductions

- TB welcomed members and thanked them for attending
- The poor turnout was noted and it was decided that new members are needed.

Item 2: Minutes of last meeting

- LT pointed out some mistakes in the minutes. Revised minutes are attached at Annex A.

AP1: LF to amend minutes and circulate

Item 3: Discussion of information provided by DWP Procurement

- LT provided his contact details so that any outstanding questions after the session can be addressed.

Lee Tribe

02072404111

lee.tribe@dwp.gsi.gov.uk

- LT explained the difference between Procurement and Commissioning

- Commissioning is about defining the processes. Procurement is about contracting and delivery
- TB explained that the group look at supplier diversity in DWP because it was one of the recommendations of the *Buying Smarter* report.

AP2: LF to circulate Buying Smarter

- LT explained that £175bn is spent annually by the whole of the public sector on contracted provision. DWP spends £4bn, £1bn of which is on Welfare to Work services.
- LT explained that there will be changes to the way DWP contracts its Welfare to Work services. DWP will award fewer contracts, dealing only with prime-contractors, who will subcontract. There will be code of conduct dealing with equality duties for prime contractors.

AP3: LT to provide a copy of the code of conduct

- LT provided information about the number of CEP SME's that are BME. (electronic copy attached at Annex B)
- AH pointed out that there is no comparator by which to judge diversity.
- TA asked to see the value of contracts awarded, rather than just the number.

AP4: LT to provide information on the value of contracts awarded to BME SMEs

- There was a discussion about what is diverse. It was decided that a diverse workforce should be representative of the pool of labour available, so the comparator should be the number of BME SMEs in the region.

AP5: LF to investigate sources of data on the number of BME SMEs by region

- TB posed his question – “Given that BME communities get less than equal outcomes from DWP programmes, can a requirement for providers to come up with solutions to increase BME employment rates be included as standard in JCP contracts?”
- TB explained that he understands it cannot be included in non-related contracts, but wanted to know why it cannot be included in DWP contracts, since it is integral to what DWP does.
- LT explained that the clause is included in FND contracts, but it is not a “material” clause.
- LT explained that there is a scoring system and meeting diversity requirements is one of the things against which bids will be scored.
- LT explained that by making it a material clause it would have to be something measurable, which would equate to targets, which is illegal under EU law.
- AT questioned whether is illegal, explaining that legal opinions differ. She explained that the Single Equalities Bill should clarify what can be done in terms of procurement.
- AH described the situation in Northern Ireland, where targets are used to tackle religious inequalities.

AP6: LT to provide a copy of the question about BME outcomes which was asked those bidding for FND contracts

- LT explained that FND contracts will be let in April and will go live in October, so it will be early 2010 before we will be able to see the effect of FND on BME outcomes.
- AH and TB asked about the data which is currently collected. Can outcomes be broken down by ethnic group?

AP7: LT to investigate who holds the data and provide if possible

Item 4: Discussion of project remit

- TB explained that the group should choose a project and ideally deliver it to the Task Force by Easter.
- DWP provided two ideas:
 - Identifying examples of good practice in the public sector and making recommendations to DWP and other public sector bodies
 - A review of the *Buying Smarter* report looking at how effectively the report's recommendations have been taken forward
- TB's suggestion was an ideal tender submission/contract which would serve as an exemplar for other organisations
- MT reminded the group that the project should feed into the Task Force and should make cross-governmental links
- TA thought the project should seek to clarify the situation, ensuring that the required statistics and data set is available to monitor outcomes and identify best practice in the contracting system.
- AT would like the group to look at the legal misconceptions surrounding procurement, although she noted that it would be a substantial project.
- AH thought a review of *Buying Smarter* would be a starting point, identifying gaps which subsequent projects could work on.
- LW thought it was important to understand the baseline and legal obligations before the group could move forward.
- LT said he would like to see clarity across the public sector and wants DWP to be a centre of excellence.
- The group decided to look at the FND processes, identify areas for improvement and produce a best practice model to answer the question "what specific aspects of public procurement can lead to better employment outcomes for minority groups?"

AP8: MT and LF to produce a product description and circulate by the end of next week

Item 5: AOB

- TB reaffirmed that new members were needed and asked for suggestions.
- LW suggested someone from the Office of the Third Sector
- TA suggested other government departments with good procurement practices
- LW suggested DH or MoJ
- AH suggested a potential provider
- AT suggested someone from OGC

AP9: Members to send contacts for potential members to LF

- The next meeting will be in January

AP10: LF to canvass dates for the next meeting

Summary of Action Points:

	Action Point	Responsibility	Status
1	LF to amend minutes and circulate	LF	
2	LF to circulate Buying Smarter	LF	
3	LT to provide a copy of the code of conduct	LT	
4	LT to provide information on the value of contracts awarded to BME SMEs	LT	
5	LF to investigate sources of data on the number of BME SMEs by region	LF	
6	LT to provide a copy of the question about BME outcomes which was asked those bidding for FND contracts	LT	
7	LT to investigate who holds the data and provide if possible	LT	
8	MT and LF to produce a project plan and circulate by the end of next week	MT & LF	
9	Members to send suggestions for membership to LF	All	
10	LF to canvass dates for the next meeting	LF	



Minutes: Procurement Project Group, 12th August, 2008

1. Welcome and Introductions.

- Welcome to Peter Shields and Jack Salter who will be presenting on commercial policy and commercial rules, regulations and equality regulations.
- Welcome to Jessica George from Extending Working Life Strategy via video link in Sheffield.
- Tunde reiterated the main focus of group is to improve DWP supplier diversity, shed some light on the current state of play and go forward.

2. Presentation 1: Jack Salter – Commercial rules and regulations.

- Public contract regulation in England the same as in Scotland
- Some small contracts not covered by regulations
- Supplier can now be excluded for breach of Race Relation Act 2006
- Conditions can be laid down during life of contract
- In awarding contracts the primarily focus is on finding the most economically advantageous tender
- Consortia Guide on how contractors are being encouraged to use subcontractors to help small businesses
- Treasury are securing 'value for money' other departments are helping disadvantaged into work
- Agreement between Cabinet Office – How Government Work is being reviewed. This might become regulation.
- Within the social remit – things are interlinked. What extent do we use the group to know where we fit into the wider picture?
- DWP talking to main contractors about things that we are achieving

3. Presentation 2: Peter Shields – Commercial Policy and Best Practice

- Bidding process – how we invite contractors to tender
- Evaluating social issues – conveying our needs
- Statement – suppliers must comply with
- How diversity is communicated into contracts

Q&A

Q. Why does a large number of EM have a less equitable outcome with regards to contracts?

A. Needs to be checked with Tracy Hughes in Provision Sourcing, Commercial Employment Provision. That team would be able to explain how contracts are let, how DWP help small providers and how, if at all, we monitor ethnicity/faith etc. of contractors. It is suggested that we invite Tracy Hughes to the next meeting.

Q. Is there a clause monitoring ethnicity of subcontractors built into contracts?

A. No. Social clauses ensure that the public duty DWP has is included in the contractor's organisation and that of subcontractors in "Service Provision" contracts.

Q. How do you measure the impact on social clauses?

A. Contracts are decided on specification. We cannot dictate the cultural make up of the supplier's workforce. However there are provisions for transparency: suppliers are required to adhere to the onus we place on them and they in turn place this on their subcontractors

If all Government procurement of service provision included social clauses to pass the public duty to contractors there would be estimated gains of 16,000 – 30,000 from this sort of procurement

Q. Priority is attached to equality outcomes, what happens if contractors are not complying? What are the sanctions?

A. There are no specific sanctions but we work with providers to ensure this situation does not arise.

Q. Given that BME communities get less than equal outcomes from DWP programmes, can a requirement for providers to come up with solutions to increase BME employment rates be included as standard in JCP contracts?

A. To be provided by Lee Tribe and colleagues in DWP Procurement.

CEP SME's v's BME's Suppliers

Total Number of SME's = 368

Region	Total Number of SME's	SME Regional split %	SME's which are also BME's	% of SME's with BME status by Region	SME's stating BME is <i>Not Applicable</i>	%	SME's not prepared to divulge BME Status	%	SME's Indicating No to BME Status	%
London	48	13.0%	11	22.9%	7	15.5%	1	20.0%	29	9.8%
Yorkshire & Humber	33	9.0%	3	9.0%	3	6.6%	2	40.0%	25	8.4%
North West	56	15.2%	3	5.3%	9	20.0%	1	20.0%	43	14.5%
North East	32	8.7%	0	0.0%	4	8.8%	0	0.0%	28	9.4%
South West	32	8.6%	1	3.1%	3	6.6%	0	0.0%	28	9.4%
South East	22	6.0%	0	0.0%	2	4.4%	0	0.0%	20	6.7%
West Midlands	38	10.3%	1	2.6%	8	17.7%	0	0.0%	29	9.8%
East Midlands	16	4.3%	1	6.2%	1	2.2%	0	0.0%	14	4.7%
East of England	8	2.2%	0	0.0%	1	2.2%	0	0.0%	7	2.4%
Scotland	50	13.6%	1	2.0%	3	6.6%	1	20.0%	45	15.2%
Wales	33	10.0%	1	3.0%	4	8.8%	0	0.0%	28	9.4%
Totals	368		22		45	12.22%	5	1.35%	296	80.43%

368 SME's were identified 22 are confirmed BME suppliers = 6 %

22.9% of all SME's in London are confirmed BME suppliers.

London has the largest number of BME suppliers compared to other regions (11 in total) representing 50% of the total (22 BME's)

The North West has the largest number of SME's (56) which represents 15.2% of the total number (368). However only 5.3% of those SME's identified are BME suppliers. Of the 368 SME Suppliers, 80.43% confirmed that they were not BME's. 1.35% of the SME'S did not wish to divulge the information and the remaining 12.22% stated that BME status was not applicable.

Source: Momenta