



Procurement Project Group Meeting
Friday, 30th January 2009
1.30 pm – 3.30 pm
Room 2.29, Caxton House, Tothill Street, London, SW1H 9NA

Minutes

Attendance:

Tunde Banjoko (TB) (Chair)	LEAP
Nigel Hall (NH)	DWP HR Directorate
Anthony Heath (AH)	Oxford University
Robert Allen (RA)	CBI
Peter Shields (PS) (via telephone)	DWP Commercial Directorate
Jessica Hodgson (JH)	DWP AICD
Christine Wright (CW)	DWP AICD
Lorna Fraser (LF)	DWP AICD

Apologies:

Lucy Williams	DWP Commissioning Strategy
Lee Tribe	DWP Director of Commercial Strategy & Development
Jan Moughtin	DWP HR Directorate
Tanzeem Ahmed	Olmec
Arun Batra	LDA
Alice Teague	EHRC
Mark Turner	DWP AICD

Item 1: Welcome and Introductions and Minutes of Last Meeting

- TB welcomed members.
- Information from two outstanding action points was tabled at the meeting:
 - AP 5: LF to investigate sources of data on the number of BME SMEs by region – data from BERR was tabled (see below)
 - AP6: LT to provide a copy of the question about BME outcomes which was asked those bidding for FND contracts – this was tabled at the meeting (see Annex A)
- Two action points were incomplete. Responses were provided by Lee Tribe:
 - AP4: LT to provide information on the value of contracts awarded to BME SME. *This data is based upon our Momenta database. The database does not have up to date data on contract values.*
 - AP7: LT to investigate who holds the data and provide if possible. *Data is held locally, within DWP, on the Momenta database. As*

above the data within this is not complete and actions are underway to make this data more robust.

- The minutes of the last meeting were cleared.

Item 2: The current situation – comparing DWP supplier base with local supplier base: Is it diverse? What should diverse look like? How does this translate across government?

- In Mark Turner's absence, CW outlined the data which had been provided (see Annex B). She explained that the intention in getting data on the number of ethnic minority-led SMEs from BERR was to provide a comparator to the data on Commercial Employment Provision BME SMEs provided by Lee Tribe at the previous meeting. There is, however, no direct link between the two data sets, since the data provided by LT is only for Commercial Employment Provision suppliers (i.e. Welfare to Work), whereas that provided by BERR is for all SMEs, regardless of sector.
- We could ask BERR for a breakdown by sector, however if sample sizes become too small then the numbers cannot be deemed to be statistically significant.
- TB would also like to see data on the value of contracts awarded to BME SMEs.
- PS explained that if LT was unable to access this data through Momenta, then it would not be available.
- AH asked what time period the data from LT refers to?

AP1: LF to investigate what time period the data on CEP BME SMEs refers to.

- RA asked what proportion of DWP contracts are Welfare to Work. JH confirmed that it is about a quarter.
- AH suggested the group could look at the diversity of all DWP contracts, including all suppliers rather than just SMES, in order to make it comparable to the data from BERR.
- PS explained that it is not possible to get retrospective data, but will investigate what data is available.

AP2: PS to investigate what data is available on the diversity of DWP's suppliers.

AP3: LF to go back to BERR to see what they can provide.

Item 3: Existing Advice – The OGC's Pamphlet *Make Equality Count*

- OGC were unable to attend, so LF outlined the key aims and themes of the pamphlet.
- She outlined the concept of "due regard" in terms of the public duties: "due regard" means that "weight/consideration given to these equality issues should be proportionate to the relevance of the equality issue to the individual procurement in question." AH asked who decides the relevance.
- PS explained that in DWP there is an Equality Impact Assessment process which must be followed to identify all risks to equality issues and ensure that they are appropriately addressed.

- AH expressed concern that “due regard” is vague and easy for public sector organisations get out of.
- AH would like to look at some DWP contracts and do a case study to identify where the problems lie.
- The group agreed that this would be a good approach.
- TB asked PS whether it is illegal to try to address EM outcomes through procurement? PS replied that it is not, but the procurer must be able to show that they are relevant to the subject matter of the contract. However equality of opportunity can be a contract performance condition for any contract.
- TB asked whether FND is the furthest DWP have gone in trying to influence race equality outcomes through procurement. PS explained that the nature of FND contracts allow them to go further. Equality issues are considered in all DWP contracts and other Welfare to Work contracts will take a similar approach to FND.
- OGC agreed to answer questions via correspondence. The following questions were posed:
 - What happens to the public duty under the Race Relations Act? Is it passed on to contractors? If so, how? Is it passed on to contractors in all cases, or just those where it is deemed to be relevant to the contract?
 - Is there specific guidance from OGC on how to determine the relevance of equalities issues to a contract?

AP4: LF to send questions to OGC and circulate answers when provided.

Item 4: How can it be taken further? – based on the example of Northern Ireland

- LF outlined how the situation differs in Northern Ireland. Section 75 of the 1998 Northern Ireland Act sets out the requirements on public authorities to promote equality of opportunity, similar to the public duty. The key difference is that targets for the employment of disadvantaged groups can be set and monitored. The Equality Commission for Northern Ireland’s evaluation of Section 75 found that it was difficult to measure the effect as baseline data had not been collected and authorities were required to report in terms of systems and processes rather than impacts and outcomes. We can learn from this and impart on the Task Force the need to set baselines and monitor supplier and workforce diversity.
- There was a discussion about the ability to set targets in Great Britain.
- FND will be measuring outcomes, but targets have not been set. This was due to legal advice at the time.

AP5: LF to try and get hold of legal advice on FND targets and circulate if possible.

Ap6: LF to find out more about how FND will be reporting outcomes.

- The group was in agreement that there was a need to measure outcomes and set baselines. RA confirmed that the CBI are in agreement that the focus must be on outcomes.

Item 5: Setting of timescales and allocation of roles for project

- JH explained that it is proposed that the Task Force look at public sector procurement in their meeting in May. The group needs to produce something by then.
- It was agreed that there was a need for baselines and monitoring and the group would recommend that to the Task Force.
- It was agreed that the group would look at the FND approach as a case study and see how it can be pushed to extremes to address equalities issues.

AP7: LF to put AH and TB in touch with DWP Commercial Division.

AP8: AH and TB to conduct a case study of the FND procurement process.

- RA suggested investigating the process from the bidders' point of view. He offered to try and find bidders willing to share their experience from the CBI FND Provider Group he chairs.

AP9: RA and TB to get in touch with any providers RA identifies to discuss their experiences of the process.

- The next meeting will be in the week commencing 23rd February. LF will circulate the date when confirmed.

Summary of Action Points:

	Action Point	Responsibility	Status
1	LF to investigate what time period the data on CEP BME SMEs refers to.	LF	
2	PS to investigate what data is available on the diversity of DWP's suppliers.	PS	
3	LF to go back to BERR to see what they can provide.	LF	
4	LF to send questions to OGC and circulate answers when provided.	LF	
5	LF to try and get hold of legal advice on FND targets and circulate if possible.	LF	
6	LF to find out more about how FND will be reporting outcomes	LF	
7	LF to put AH and TB in touch with DWP Commercial Directorate.	LF	TB is in touch with PS
8	AH and TB to conduct a case study of the FND procurement process.	AH & TB	

9	RA to get in touch with providers and pass contacts to TB to discuss their experiences of the process.	RA & TB	
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Annex A

Questions relating to ethnic minority outcomes in ITT for FND

Part 4 (i) Customer Journey

(E) Please describe how you will ensure a consistent delivery of service to all customers with a minimum standard for all, whilst taking account of their individual needs and barriers e.g. those with childcare responsibilities, those with health conditions and other vulnerable groups. **This should include how you will address the fact that, on average, ethnic minority customers are less often placed successfully in work than non ethnic minority customers.** You should also include how you will help to achieve the Government's objectives of reducing child poverty and social exclusion.

PART 6 PERFORMANCE OFFER

(A) Please set out your performance offer for Short Job Outcomes and Sustained Job Outcomes. These should be in the form of numerical annual figures for each year of the contract term and the conversion rate over the full contract term. Please explain what considerations and research has been taken into account when formulating your offer and your rationale behind this offer. If your offer is below the national benchmark set out in the Provision Specification and Supporting Information you must provide a clear justification as to why.

As outlined earlier in Part 4 of the FND Tender Form, our aim is to ensure that customers who start FND end up in work irrespective of their ethnic backgrounds. Please confirm that the performance proposals above will also apply to ethnic minority customers. If the same figure is not expected to apply to these ethnic minority customers, please provide an indication of how far you consider that the conversion rate in respect of those customers would differ from the general average, along with your considerations and rationale. Please note that this part of your response is for information only and will not form part of the evaluation.

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 Not Applicable	%	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: Momena

Estimates of the number of MEG-led¹ businesses²
Data provided by BERR

	Total number of businesses Start 2007	Proportion MEG-led Average 2004-2006	95% CI Minimum Proportion MEG-led Average 2004-2006	95% CI Maximum Proportion MEG-led Average 2004-2006	Number MEG-led Latest estimate	95% CI Minimum Number MEG-led Latest estimate	95% CI Maximum Number MEG-led Latest estimate
United Kingdom	4,679,080	6.3%	6.0%	6.6%	293,961	280,174	307,749
North East	133,620	2.2%	1.4%	3.0%	2,938	1,824	4,051
North West	444,150	5.0%	4.2%	5.9%	22,399	18,787	26,012
Yorkshire and the Humber	349,930	4.0%	2.9%	5.1%	14,095	10,285	17,904
East Midlands	327,300	6.1%	5.1%	7.1%	20,091	16,792	23,390
West Midlands	376,315	7.7%	6.3%	9.0%	28,804	23,571	34,038
East of England	512,455	4.7%	3.9%	5.6%	24,255	19,869	28,641
London	757,685	19.3%	17.9%	20.8%	146,434	135,417	157,451
South East	740,785	4.7%	3.9%	5.5%	34,786	28,887	40,685
South West	417,910	0.9%	0.5%	1.2%	3,570	1,987	5,152
England	4,060,155	6.8%	6.4%	7.2%	276,393	261,845	290,940
Wales	194,560	2.2%	1.7%	2.8%	4,363	3,335	5,392
Scotland	292,330	3.9%	3.2%	4.6%	11,351	9,336	13,367
Northern Ireland	132,040	1.3%	0.6%	1.9%	1,662	765	2,559

Source: BERR Analysis of Annual Small Business
Survey and Small and Medium Enterprise Statistics
2007

1. Minority Ethnic Group Led businesses are businesses with 50% or more of the partners or directors from ethnic minority groups

2. The ASBS only surveys SMEs but as 99.9% of all businesses are SMEs we have applied the ASBS data to of all sizes