

Drivers for Supplier Diversity Workshop

Supplier Diversity in DWP

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The Law Society

**Hayley Addison, Commercial
Policy & Process Team**



Department for
Work and Pensions

About DWP

- The Department for Work and Pensions (DWP) is responsible for welfare and pension policy and is a key player in tackling child poverty
- DWP is the biggest public service delivery department in the UK
- DWP serves over 20 million customers
- DWP departmental objectives have a very strong link to Diversity & Equality:
 - *Maximise employment opportunities for all
 - *Promote equality of opportunity for disabled people
- A diverse supply chain plays a key role in contributing to overall progress against these aims

About DWP – Commercial Activity

- Third party spend (inclusive of VAT) in 2010/11 - approx £4.6 billion
- Numerous category spend areas including IT, Estates and Welfare to Work provision
- Number of DWP suppliers in 2010/11 – approximately 23,000
- Number of DWP SME suppliers in 2010/11 – approximately 4,800
- 2010/11 spend (direct and indirect) with SME's – approximately £703 million

Drivers for Supplier Diversity in DWP

- DWP Departmental Objectives
- Specialist knowledge, expertise and flexibility provided by diverse suppliers is vital for successful delivery of contracts
- Sustainable Procurement agenda
- Government priority agenda (SME's, Voluntary Community Sector orgs) and economic growth
- Responsibility for Government to lead the way in supplier diversity

What does supplier diversity mean to DWP?

‘Maximising opportunities for all suppliers to bid for DWP contracts including (but not limited to)’:

- Small businesses
- Medium sized businesses
- Local businesses
- Businesses owned and managed by under represented groups (Ethnic Minority Enterprises, Black Minority Enterprises, Supported Factories & Businesses etc)
- Voluntary and community sector organisations
- Charities

How do we approach supplier diversity in DWP?

DWP try and address supplier diversity at each stage of the procurement and contract management process.

Procurement

Considerations made:

- Supplier diversity is considered in the early stages of a procurement
- The Sustainable Procurement Risk Assessment Methodology (SPRAM) is mandatory and completion is required at the early stages of a procurement – SPRAM requires that commercial staff consider what opportunities there are to try and address and improve supplier diversity in that contract and supply chain
- Considerations made include whether or not it is possible and appropriate to split the requirement into ‘lots’ – for example on a geographical basis (local or regional) or by type (for example, type of training/learning provision to be delivered)

Procurement

- Consideration of reserving a contract for supported factories and businesses – this means that only these organisations are eligible to bid for the contract. This is set out in Regulation 7 of the UK Public Contract Regulations 2006
- Supplier diversity is covered in the sustainable procurement standard wording that is included in Invitation to Tender documents
- In specifications we encourage bidders to consider how a more diverse supply chain could potentially improve their capacity to deliver a contract

Contract management

Considerations made:

- DWP standard terms and conditions of contract now include a Diversity & Equality Requirements Schedule
- This includes requirements that contractors provide details of what proportion of their sub contractors are:
 - *SME's
 - *EME's
 - *BME's
- This information must be provided within 6 months of a contract start date and is monitored by contract managers
- The aim is to encourage suppliers to try and improve their supplier diversity where it is possible to do so

What else do we do?

- DWP Supplier Charter – launched in October 2009 to our critical 59 suppliers – supplier diversity included
- Supplier engagement – we engage with suppliers on wider diversity and equality wherever possible – supplier diversity is always mentioned
- Support for contractors – DWP happy to work with contractors to see how they could improve their supply diversity and share any good practice we have
- Supply chain – DWP encourages that this approach is mirrored as far as possible further down the supply chain

Case study – The Work Programme

- The Work Programme involves suppliers working to get the jobless off benefits and into sustainable work
- Went live in June 2011 and has a contract value of £3.3 billion
- Several existing suppliers have become prime contractors and sub contractors and new suppliers have also come on board
- Estimated that around 1,100 diverse suppliers will deliver elements of the programme
- Expectation is that diverse suppliers will be able to deliver the personalised, local service that is required

Thank you for listening

Any questions?

Hayley Addison
Commercial Policy and Process Team
Department for Work and Pensions

Hayley.addison@dwp.gsi.gov.uk

0191 2162145



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