

London Anchor Institutions' Network Procurement Working Group

Programme to reduce barriers to small and diverse
and VCSE businesses in anchor institutions'
procurement processes





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Background

London Anchor Institutions' Network

The London Anchor Institutions' Network was created by the London Recovery Board, which is chaired jointly by the Mayor of London, Sadiq Khan, and the Chair of London Councils, Councillor Georgia Gould.

The London Anchor Institutions' Network brings together some of the capital's biggest organisations, who have pledged to support the city's recovery from the COVID-19 pandemic with a focus on delivering opportunities for the people, businesses and places that have been most impacted by the crisis.

The London Anchor Institutions' Network was formed in order to share learnings and to develop plans for future action. The founding 16 members of the Network are as follows:

<i>Association of Colleges</i>	<i>Metropolitan Police</i>
<i>Film London</i>	<i>Muslim Council of Britain</i>
<i>Greater London Authority</i>	<i>NHS London</i>
<i>London Chamber of Commerce and Industry</i>	<i>Thames Water</i>
<i>London Councils</i>	<i>The Church of England</i>
<i>London Fire Brigade</i>	<i>The Trades Union Congress (London, East & South East)</i>
<i>London First</i>	<i>Transport for London</i>
<i>London Jewish Forum</i>	<i>University of London</i>

In March 2021, the founding organisations signed London's first ever city-wide [Anchor Institutions' Charter](#). Each signatory is an organisation that has a significant presence and influence in the city and is committed to improving outcomes for Londoners.¹

The London Anchor Institutions' Charter was created by a task and finish group, overseen by the London Recovery Board. Since then, the participating organisations have brought together working groups to put the commitments into practice, with each Working Group supported by the Greater London Authority (GLA), London Councils and pro bono municipal consultants, Bloomberg Associates. Six Working Groups are currently running, including the Responsible Procurement Working Group.²

¹ <https://www.anchors.london/>

² <https://www.anchors.london/governance>



Scope of Work

Responsible Procurement Working Group

The London Anchor Institutions' Network's Responsible Procurement Working Group is committed to finding and implementing solutions which enable anchor institutions to buy more goods and services from small, diverse and Voluntary, Community and Social Enterprise (VCSE) businesses in London. The working group has prioritised this project to review anchor institutions' procurement processes, ways of working and culture, with a goal to increase access to procurement opportunities for small, diverse and VCSE businesses, and to improve the bidding process for the small, diverse and VCSE businesses that decide to participate, including removing or reducing existing barriers.

Commercial teams within London Fire Brigade (LFB) and Transport for London (TfL) have offered to be the focus of this review. The learnings will be shared across the London Anchor Institutions' Network, with the other member organisations encouraged to implement similar reforms.



Introduction & Summary of Recommendations

Small and medium-sized enterprises (SMEs) account for over 99% of all companies in the Greater London area, and employ more than half of all Londoners. There is an incredible diversity of SMEs across the city, which presents both opportunities and challenges.

Many of the barriers and recommended solutions that form this review have been raised over many years by the small and diverse business community in London. As London moves to recover economically and socially from the scarring effects of the COVID-19 pandemic - including rising unemployment, lost economic growth and widening inequalities - the time to act is now.

Across cities and towns in the United Kingdom, the United States and elsewhere, large, locally-rooted anchor institutions have worked collaboratively and taken progressive steps to boost their local economies and address deep-rooted issues of inequality. Those examples of innovation and best practice, and the challenges faced along the way, have been explored and reflected on throughout this review.

The aim of this project is not to help small, diverse and VCSE businesses to win one large contract. Rather, it is about proportionate and sustainable growth, supporting businesses in the communities that the London anchors serve so that those businesses are able to scale and thrive over the long term while creating new jobs locally and mitigating the risk of business failure.

There are inherent conflicts in this work. It is an honourable ambition for anchors to procure more goods and services from small, diverse and VCSE suppliers, but there is a significant challenge around how to apply the ambition in practice to the questions of what and how to procure through different and new ways of working.



The authors of this guide make the following recommendations for how LFB and TfL, and the London Anchors Institutions' Network as a whole, can begin to approach and answer these questions:

- 1** [Secure internal commitment](#)

- 2** [Define who this work is for](#)

- 3** [Drive market engagement](#)

- 4** [Signpost to high-quality support](#)

- 5** [Provide detailed feedback](#)

- 6** [Diversify procurement teams](#)

- 7** [Simplify paperwork](#)

- 8** [Influence Tier 2 spend](#)

- 9** [Begin at the last mile](#)

- 10** [Form an external steering group](#)



Actions to take

1. Secure internal commitment

This work to increase access to procurement opportunities for small, diverse and VCSE businesses will not be achieved without commitment at all levels within an anchor organisation.

There is frequently a perception - which can slow this work down - that diversity-related initiatives are in effect an ask for money, potentially leading to increased costs for the organisation. However, that is not necessarily the case. Any investment is normally spent at the front end, potentially on set-up processes and systems, and then the shift really relates to a different approach going forward to spending the same amount of money that was always going to be spent. The return on this investment is at a local economic level, which can be factored in when thinking about approaches and costs.

The message needs to be communicated from the very top of anchor leadership that this is not charity nor simply a feelgood initiative, but rather a business model that is prioritising a new set of values in the public sector in London, and one which will pay dividends to the local economy, benefiting wider society in time.

Feedback from LFB tells us that colleagues outside of procurement typically see procurement “just as buying stuff”, and as very process-oriented. In reality, there is much to be excited about in this work, relating to community wealth-building and societal development, which can be leveraged to drive internal engagement within anchors. The benefits of an anchor’s supplier base reflecting the community in which it is centred and which it serves are relevant for all of the anchors in the London Anchor Institutions’ Network. The ways in which populations engage with their local public services are closely tied to local economic development, with poverty affecting the health and wellbeing of people at all ages, as well as the frequency and nature of their interactions with firefighting, policing, transport and other services.

London is a hugely densely populated city. Anchors have a responsibility to harness the talent in their local area, and in doing so there is also an opportunity to support their own sustainable growth and ongoing impact as locally-rooted organisations.



Recommendations:

The rationale and commitment behind this work needs to be formalised, led from the top and communicated effectively throughout all relevant internal teams. The London Anchor Institutions' Network could choose to come together to formulate a shared strategic approach, and a framework for outcomes and accountability, around internal engagement towards greater supplier diversity.

One option to explore is to tie the prioritisation of supplier diversity to financial incentives for procurement teams and other relevant colleagues. Experience from the United States tells us that this work will not get done if it is not included in job descriptions - or rewards systems, or punishment systems! It cannot only be positioned as a "By the way...".

"What success looks like" should be agreed from the start, as a goal to keep moving towards once the initial excitement wanes, plus as a guiding light for retaining momentum through any changes in key personnel.

Bias does exist, and sometimes the ego of an anchor institution's stature extends into procurement practices and the vendors that are chosen. For example: "Why would [anchor] buy from Joe Bloggs' stationery company? We should be buying from the biggest and best stationery company in the country, because that is commensurate with who we are."

When procurement colleagues have been in their role for many years, there is the potential for them to keep using suppliers who they have always used, who they inherited when they were new to the procurement team and with whom they now have a long-standing relationship. However, compared with even 10 or 15 years ago, it is much easier today to uncover smaller and other alternative suppliers, even via a quick Google search, because the majority of businesses now have at least a basic presence online. There is a balance required between taking time to build relationships (that are to the betterment of delivering value for money) and still inspiring competition and encouraging new and innovative approaches.

It is important for anchor leadership to bear these points in mind. Are internal teams genuinely committed to changing their ways of working, or only nodding their heads?

Further points to consider:

There are 16 anchors within the London Anchor Institutions' Network. Should there be more? Are 16 members enough to be able to move the needle for London?

The Procurement Policy Note 05/21: National Procurement Policy Statement says for contracting authorities to "consider the following national priority outcomes alongside any additional local priorities in their procurement activities:

- creating new businesses, new jobs and new skills;
- tackling climate change and reducing waste, and
- improving supplier diversity, innovation and resilience."

This language - "consider" - does not go far enough, as it is reliant on appetite or skill existing within the various contracting authorities to want to work in different ways. Could the London Anchor Institutions' Network collectively make a stronger commitment, such as through a public statement or pledge, relating to improving supplier diversity and tied to the social value remit? Weightings for social value in bids are still typically low: usually around 5% or 10%, up to a maximum of 20%.

2. Define who this work is for

Within the context of each individual anchor, there needs to be agreement about what is meant by "small", "diverse" and "VCSE" businesses, and about the available contracting opportunities that are feasible for these businesses to bid for, win and execute.

Conversations with the Black Business Association and the Asian Business Association - of the London Chamber of Commerce and Industry (LCCI) - have stressed the importance of differentiating between micro businesses and larger SMEs.

This guide uses the following definitions:

Micro business / Sole trader <10 employees and/or turnover <£1.7 million per year

Small enterprise <50 employees and/or turnover <£8.2 million per year

Medium enterprise <250 employees and/or turnover <£41 million per year

Micro businesses can range from start-ups with both high and low growth potential to long-standing family businesses that have been in operation for many years. Micro businesses often play a vital role in maintaining economic viability and social cohesion in the communities where they are located, and notably so in deprived urban environments.

While tailored support does already exist for larger SMEs in public procurement competitions, micro businesses face unique challenges yet are typically included in the overall "SME" definition and assessment criteria. This is a barrier to bidding, under the mindset of "What is even the point in trying to compete?".

TfL already requests information on the size of the organisations within its supplier market, when suppliers register on the TfL Supplier Registration Portal (Bravo), but the response options are not currently broken down to differentiate for micro and very small firms:

How many Full Time Equivalent (FTE) employees does your organisation have?

<50

50 - 250

>250

What was the annual turnover of your organisation in millions of Pounds for the last financial year?

<6.9M

6.9M - 34.3M

>34.3M

As a result, at the moment, TfL does not have sufficiently robust data about much it is spending with SMEs (but 5.6% has been provided as an indicative figure, during the process of this review, in respect of TfL's direct spend with SME suppliers).

TfL currently does not capture data on the personal demographics of business owners, but this is expected to be addressed through the introduction of SAP Ariba, a new customised end-to-end Procure-to-Pay (P2P) system - the first phase of which is due to go live later in 2022. Another improvement through the SAP Ariba system will be that registered suppliers will be contacted automatically on a regular basis to request that their supplier profile data and information is reviewed and updated as required. This new process will help to ensure that TfL's supplier data is accurate, and therefore allow for better reporting of spend by supplier demographics.

Recommendations

London anchors should begin to record and analyse data on their current spend with SMEs (with micro businesses extracted as a distinct category), if they are not already doing so, as well as data about the personal demographics of business owners.

London anchors should also each conduct a spend analysis to highlight which opportunities already exist under threshold in their pipeline. Under threshold, there is more freedom to be creative with procurement processes, and this level of spend - up to £138,760 (incl. VAT) for Central Government Authorities and up to £213,477 (incl. VAT) for Sub-Central Authorities, for Supplies & Services - is realistic for micro businesses to compete for and successfully undertake.

Where possible, opportunities under threshold could be reserved for micro businesses, as per [Procurement Policy Note 11/20](#). A pilot is already being run by the GLA, involving 10 under-threshold procurements. The GLA should ensure that the learnings from this pilot are shared across the London Anchor Institutions' Network, and used to create further opportunities for reservation of contracts for smaller firms.

Further points to consider:

This review has primarily focused on micro businesses and particularly those that are owned by individuals from ethnic minority backgrounds. However, the specific challenges faced by businesses of all sizes that are owned by women, or members of the LGBTQ+ community, or recent immigrants, or people with disabilities (among other minority groups) should also be considered across the London Anchor Institutions’ Network.

Existing support for these businesses comes variously from organisations such as [Deyton Bell](#), [MSDUK](#), [OutBritain](#), [Newable](#) and [Go4Growth](#).

3. Drive market engagement

Both LFB and TfL have raised a lack of market engagement with small, diverse and VCSE businesses as potentially a core barrier to those businesses bidding directly for public sector contracts.

LFB takes a category managed approach to procurement, with 4 categories:

ICT	Operations
Professional Services	Property & Estates

On a day-to-day basis, there is zero or very limited market engagement. There is no one list of small or diverse or VCSE businesses, and so procurement teams - especially when understaffed - do not necessarily know where to look to find alternative suppliers. At the same time, a barrier raised by small and diverse businesses is that they perceive public sector procurement to be a closed shop.

TfL segments its existing direct suppliers as part of its Supplier Relationship Management approach, with a list of its top 100 suppliers, which is typically organised by spend. There is also a list of strategic key suppliers, which includes 63 suppliers that are crucial to delivery and continuity across the various modes of the TfL network. TfL procurement teams do meet and engage regularly with these top and strategic key suppliers, hosting events such as a supplier awards event that normally takes place on an annual basis.

Recommendations:

The London Anchor Institutions’ Network should put together a certified database of small - micro - diverse and VCSE businesses in London, sorted and searchable by the anchor members’ categories of spend. This could and should become the go-to place for anchors’ procurement teams to identify pre-vetted local firms, and the starting point for anchors looking to cultivate relationships with those firms.

This recommendation has been raised in various conversations as part of this review, including with the City of Chicago’s Department of Procurement Services and with the former Chief Administrative Officer of University Hospitals in Cleveland, Ohio. There are two suggested approaches to this compiling the database:

1. The London Anchor Institutions’ Network could work with third party organisations, such as [Go4Growth](#), [Newable](#) and [MSDUK](#), to adopt and expand on those organisations’ existing databases of businesses.
2. Alternatively, the London Anchor Institutions’ Network could build its own database. A successful example of this working elsewhere is with the City of Chicago’s Department of Procurement Services, which has a well established [Minority- and Women-Owned Business \(M/WBE\) Certification Program](#), supported by a strong outreach and promotion effort. Cleveland and Washington, D.C. also have their own directories of minority businesses.



“This is the website if you are a small business - go to this website and apply and fill out the forms and get on this list.”

As well as being a practical resource to aid market engagement between anchors and the small, diverse and VCSE business communities, a database could be talked about and “marketed”, to demonstrate to stakeholders - for example, the Mayor of London - tangible success in this work.

Where businesses sign up to join the database, anchors could also advertise their calls to competition. The City of Chicago demonstrates best practice in regularly producing [a one-page download](#) (in PDF format) from its forward buying plan, highlighting the upcoming contracts that are suitable for SMEs. As a result, smaller suppliers have a clear view of their opportunities to bid, plus what they will need to do to prepare before the go-live date for an opportunity, without having to spend time reading through the entirety of the forward buying plan and possibly missing relevant projects.

Could the London Anchor Institutions’ Network collaborate on its own version of this one-page download? TfL currently publishes all opportunities over £500,000 to its external pipeline, every 4 weeks. Instead, could all opportunities over £5,000 be published, matching with the contracts that are published to the [TfL contracts register](#) (which is made public by TfL via its website in line with data transparency requirements)? Or could there at least be a specific new pipeline only for opportunities between £100,000 and £500,000? Would these thresholds be the same for all anchors, or different on an anchor-to-anchor basis?

London anchors could also work together to host a regular supplier forum event specifically for SMEs, involving various supplier industry representatives and a rotating chair. Often, there is neither the time nor the resources for potential new suppliers to reach out to contracting authorities, plus anchors also experience their own resource pressures. A regular supplier forum event could therefore be helpful to facilitate greater engagement in both directions between London anchors’ buying teams and diverse local suppliers. Some of the top and strategic key suppliers could be invited to attend the forum event as well, so that smaller suppliers, who are typically further down the supply chain, are able to build their networks and their professional and industry knowledge.

Further points to consider:

When procurement teams are understaffed, there is a way of thinking about market engagement not only in terms of how many full-time employees are available. For example, in Cleveland, some of the set-up work for the database of minority businesses was undertaken by graduate students at Cleveland State University, where there is a College of Urban Affairs, and by interns at the Cleveland Foundation. The London Anchor Institutions' Network could similarly pool its additional staffing resources - such as with any interns who are working at any of the anchors, or from across the University of London student communities.

Once new systems are set up, the work becomes normal day-to-day procurement - only with changing the usual vendors.

4. Signpost to high-quality support

Out of approximately 2,500 SMEs engaging with Go4Growth (of which 32% are based in London and the South East), 80% would like to better understand how to demonstrate their value to public sector procurers.

TfL procurement teams regularly receive enquiries by email from the supplier market, about how to become a TfL supplier. Strengthening and providing more of this guidance proactively would be helpful to both the supplier market and the anchor institution.

Recommendations:

There is a plethora of support already available online and free of charge, including from [Go4Growth](#) and [Deyton Bell](#), to help smaller organisations to develop the skills and confidence to win public sector contracts and grow their business. However, signposting to this support can be lacking or inconsistent.

The London Anchor Institutions' Network could lead the way by creating its own supplier training and readiness portal, as a best in class self-service resource for the small and diverse supplier community. At least as a starting point, the London Business Hub has agreed to host a page on its website with links to generic advice for businesses that are looking to bid for public sector contracts, plus with links to each of the London anchors' own procurement and supplier support webpages as those continue to be developed.

Further points to consider:

In the state of Victoria in Australia, a website has been established that brings together all procurement-related information for suppliers and buyers, covering goods and services as well as construction procurement. This website is known as [Buying for Victoria](#), and it also includes a tenders portal where Victorian Government tenders are advertised. Further to this, the Victorian Government is currently working on the development of a new Supplier Registration Portal which will be a single registration point for all suppliers to the Government. A benefit of this portal is that it will make it easier for suppliers to do business with Victoria (as well as assisting the Government to better manage its supplier base).

Could the London Anchor Institutions' Network establish its own central supplier qualification portal - perhaps called 'Buying for London' - hosted in the same place online as its supplier training resources and its one-page download of upcoming contracting opportunities? This single knowledge and readiness hub would be game-changing in terms of the visibility of opportunities to micro and otherwise diverse businesses and SMEs.

[The Supplier Registration Service for Government](#) does already exist in the United Kingdom, through the Cabinet Office. However, it is still worth offering a version of this to the market that is focused only on London and specifically on London anchors.



5. Provide detailed feedback

Guidance on Bid Evaluation was issued by the Government Commercial Function in May 2021, and section 10 provides guidance around the feedback process. It says that “Good feedback to bidders can be extremely useful to them by helping them to understand what they did well, what they could have done better, and points to consider in the future”.³

It is best practice to consider the following points when providing feedback to bidders:

- 1 Include details such as the evaluation approach and scoring criteria, and each bidder’s and the winner’s scores for each sub-criteria;**

- 2 Use tables to present the information clearly, so that it is easy for SMEs to understand and act upon the feedback;**

- 3 Use specific examples from the bid to make the feedback more practical and relevant;**

- 4 Notify bidders in advance when oral feedback may take time to be provided or may not be provided at all - to manage their expectations.**

Under the proposed regulatory changes post-consultation, covering debrief letters may change in the future.⁴ The proposed changes are summarised as follows:

- 1. The Award Notice will confirm the authority’s intention to award a contract and notify the market of the outcome of the procurement, the anticipated contract value and description and the identity of all bidders. It will also detail the standstill period.**
- 2. When the contracting authority releases the Award Notice, signalling their intention to award a contract, they will additionally provide participants with the evaluation documents for the winning bidder (redacted for commercial sensitivity).**
- 3. All bidders will be provided with their own unredacted evaluation document(s), to enable them to compare the relative advantages of the winning bid against their own.**
- 4. Contracting authorities may, if they choose, provide individual covering debrief letters to bidders (which may include feedback on improving performance) - but this may not be appropriate or possible in all circumstances.**

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987130/Bid_evaluation_guidance_note_May_2021.pdf

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1038516/Transforming_Public_Procurement- Government_response_to_consultation.v3_.pdf

Example of good feedback

Scoring Evaluation

Each proposal was assessed against the criteria outlined on the evaluation criteria below and scores were generated from feedback provided by an assessment panel.

Winner 63.75% 1
Bidder A 61.25% 2

Evaluation criteria	Total mark	Your Score	Score of successful tenderer	Reason for the decision and the characteristics and relative advantages of the successful tenderer(s)
Relevant experience of delivering similar business support	4	3	2	The bidder achieved a higher/same score. No further feedback required
Knowledge - Ability & experience to recruit diverse businesses for this specific programme	4	3	2	The bidder achieved a higher /same score. No further feedback required
Project plan & Project resource allocation - Delivery: provide proposal and delivery plan and team allocation to achieve deliverable and KPIs	4	2	3	Successful Tenderer
				The successful tenderer demonstrated a good insight of the tender requirements of the ITQ and the project plan reflected an understanding and ability to deliver outcomes via their methodology including recruitment, needs assessment, technical sessions, KPIs and monitoring. Extensive experience meeting KPIs for local government business support programmes similar to these requirements. The successful tenderer had good experience of engaging sectors beyond professional services.
				Bidder A Feedback
				The focus for 'Bidder A's proposal presented areas that was out of scope of the requirement - but we may want great focus on supporting businesses over information on barriers. The successful tenderer demonstrated greater sector engagement.
Budgeting - Budget breakdown & pricing	4	2	3	Successful Tenderer
				The successful tenderer provided satisfactory budgetary requirements and gives a breakdown or costs to reflect the plan and resource allocation as well as risk and mitigation plan.
				Bidder A Feedback
				The bidder met the budgeting requirements and provided a high-level breakdown of costs from an activity- based viewpoint. However, there was no specific detail of resource allocation and lacked detail on budgetary requirements and gives a breakdown or costs to reflect the plan and resource allocation as well as risk and mitigation plan.

Of **100 bidders** that Go4Growth polled specifically about feedback:

37%

said that they had previously been unsuccessful in bids and that they would proactively want to use the feedback to learn and improve for future opportunities

51%

said they had only been given scores but no detailed feedback

35%

said that they had not received any feedback at all

With every competition, there will be winners and losers. For all organisations involved, but especially for micro and other small businesses, it is critical that the feedback process can be used effectively to enable learning and improvements to be made, to apply to future opportunities.

This is a regulated area and care should be taken when producing feedback, as challenges have been made to contracting authorities as a result of an unsatisfactory feedback process. Where there is doubt or increased risk, advice can be taken from legal or compliance colleagues.

Recommendations:

Wherever possible, detailed feedback should be given to bidders, which includes the bidder's scores in comparison to the winning bidder's scores, plus a summary of where marks were lost or an overview of what was missing that would have enabled higher scores.

Where appropriate, verbal feedback sessions should be offered to enable bidders to discuss their feedback.

Further points to consider:

Once competitions have been closed, evaluated and awarded, high-level model answers could be published to give the market an idea of what was required to win.

For example:

<p>Excellent 5</p> <p><i>Meets all requirements in the area being measured so that the Services will be delivered in an excellent way that will be highly responsive to the needs of customers and other stakeholders</i></p> <p>Response provides:</p> <p>Bidder sets out examples of added value/Unique Selling Points (USPs) that clearly support the delivery of excellent services</p> <hr/> <p>Examples are provided which clearly outline how the added value/USPs described improves efficiency/cost/quality/safety or benefits project outcomes for a Client</p> <hr/> <p>Examples are quantifiable and contain statistics and numerical evidence to support the claims made</p>	<p>Good 4</p> <p><i>Meets the requirements and standards in the areas being measured well but not completely in some aspects, however the Services will be delivered well and in a way that is reasonably responsive to the needs of the customers and other stakeholders</i></p> <p>Response provides:</p> <p>Bidder sets out examples of added value/Unique Selling Points (USPs) that support the delivery of good services</p> <hr/> <p>Examples are provided which outlines well how the added value/USPs described improves efficiency/cost/quality/safety or benefits project outcomes for a Client</p> <hr/> <p>Examples are sufficiently quantifiable and contain statistics and numerical evidence to support the claims made</p>
<p>Reasonable 3</p> <p><i>Meets the requirements in the areas being measured in the majority of aspects but fails in some aspects so that the Services will be delivered in a reasonable way that recognises the needs of customers and other stakeholders</i></p> <p>Response provides:</p> <p>Bidder sets out examples of added value/Unique Selling Points (USPs) that supports the delivery of services in a reasonable way</p> <hr/> <p>Examples are provided which outline how the added value/USPs described improves efficiency/cost/quality/safety or benefits project outcomes for a Client</p> <hr/> <p>Examples are quantifiable and contain statistics and numerical evidence to support the claims made but further evidence could have strengthened the score</p>	<p>Unsatisfactory 2</p> <p><i>Fails to meet the requirements in the area being measured in nearly all aspects so that there will be unsatisfactory delivery of the Services</i></p> <p>Response provides:</p> <p>Bidder has not sufficiently set out examples of added value/Unique Selling Points (USPs) that would support the delivery of services</p> <hr/> <p>Examples are provided but lack clarity on how the added value/USPs described would improve efficiency/cost/quality/safety or benefits project outcomes for a Client</p> <hr/> <p>Examples are insufficiently quantifiable and lack statistical and numerical evidence to support the claims made</p>
<p>Poor 1</p> <p><i>Significantly fails to meet the requirements in the area being measured so that there will be poor delivery of the Services</i></p> <p>Response provides:</p> <p>Bidder sets out poor quality examples of added value/Unique Selling Points (USPs) that would support the delivery of services</p> <hr/> <p>Examples provided are insufficient and/or poorly outline how the added value/USPs described would improve efficiency/cost/quality/safety or benefits project outcomes for a Client</p> <hr/> <p>Examples lack quantifiable data and/or do not contain statistics and numerical evidence to support the claims made or are of poor quality overall</p>	<p>Unacceptable 0</p> <p><i>Either no answer is given or the Bidder's proposals in that area completely fail to meet the requirements in the area being measured or do not answer the question raised.</i></p> <p>Response provides:</p> <p>Bidder does not set out examples of added value/Unique Selling Points (USPs) that would support the delivery of services</p> <hr/> <p>Examples which would outline how the added value/USPs described improves efficiency/cost/quality/safety or benefits project outcomes for a Client have not been provided or are of very poor quality</p> <hr/> <p>Any examples given are not quantifiable and/or do not contain statistics or numerical evidence to support the claims made</p>



6. Diversify procurement teams

A barrier raised particularly by the Asian Business Association is that anchors which do not have a diverse base, with diversity not showing in their own organisation, will struggle to realise when they are discriminating.

At the present time, the Chartered Institute of Procurement & Supply (CIPS), the United Kingdom-based global professional body working for the procurement profession, does not capture demographics data about who is being hired into procurement roles, and there is no strategic desire to change that, nor to actively build a procurement workforce with different diversity perspectives. Rather, the focus on diversity up to now has solely related to suppliers.

Recommendations:

We do not know whether the procurement industry is diverse - but we suspect that it is not. It takes around 10 years to move into senior leadership positions in procurement careers. Could the London Anchor Institutions' Network form a relationship with CIPS today, to drive thought leadership and an action plan for recruiting the next generation of procurement professionals from a more diverse hiring pool - one that better reflects the supplier market and the demographics and anticipated future service needs of wider society?

Beyond a limited 'Be a Buyer' campaign in schools and colleges, nobody is taught at school that they can work in procurement. Could the London Anchor Institutions' Network become actively involved with the 'Be a Buyer' campaign, promoting procurement careers in London schools and colleges, including in more deprived and culturally diverse areas of the city? (This would count as part of the anchors' social value contributions.) Most people "fall into" the procurement profession, but multiple entry routes do exist, including an apprenticeship scheme with CIPS.

Further points to consider:

It is worth reflecting too on the skillsets and interests that are present within London anchors' procurement teams. Procurement professionals typically spend their time being busy with process work. Why is there such little time to think about strategic development, and who might be interested in thinking about it? What is a real fix for resource constraints within procurement - could it be more digitisation of procurement processes? How can the London Anchor Institutions' Network lead the way for digitisation, and could there be value in standardising any procurement systems across some or all of the anchors?



7. Simplify paperwork

In TfL, feedback from suppliers and also from commercial managers tells us that the standard Contract for Services is perceived by smaller organisations as too long and onerous, at 58 pages and almost 16,000 words. This Contract for Services is typically used for contracting opportunities of £100,000 or above (with a purchase order used instead for smaller value contracts).

Reviewing 58 pages - with 41 clauses and 8 schedules, plus some supplementary clauses that can be added - is not an insignificant task for a small business, which is a barrier that has been raised in general terms by the Asian Business Association and the Black Business Association.

In micro and even small businesses, procurement knowledge and resources are often lacking. These businesses are unlikely to have a team focused only on procurement opportunities, and so team members need to take time out of their main jobs in order to complete bids. The length of time taken to bid competitively can be difficult for micro and small businesses to find, especially if they expect to be unsuccessful anyway due to other real or perceived barriers.

Recommendations:

Can procurement teams be upskilled to determine contracts and other bid requirements more on a case-by-case basis? Are they able to question whether 58 pages of contract clauses are actually needed every time, or whether some clauses could ever be simplified or removed?

London anchors should ensure that their procurement teams are clear about where decision-making ultimately starts and stops. Are legal teams there to give advice, or do they own the final decisions about which contract versions are sent out to the market? The decision-making process might be different in each anchor, but it is important to at least have the conversations internally about whether and when it could be appropriate to simplify the paperwork that is involved in bidding. If the justification is right and relevant, to better support small, diverse and VCSE suppliers, are London anchors' procurement teams empowered to carry it through internally?

An important point raised by TfL is that when bids are weighted, for example, as 50% on price and 50% on quality, the 50% quality assessment might consist of 200 questions. Some of the questions are pass or fail, but most of them are ultimately worth very little towards the overall score, with some weightings dictated more by internal politics at the anchor than by what is actually important for service delivery. Large companies have more experience and more staff to determine which bid questions are worth spending the most time on.



As an example, TfL spends thousands of pounds every year on stationery. When procuring stationery - or any other goods or services that do not involve any risk - do 200 questions really need to be asked?

Furthermore, could weightings be communicated more transparently within the bidding documents, or through any included guidance notes?

Further points to consider:

Language barriers are relevant. As raised by the Asian Business Association, a non-native English speaker could have a very successful business in the United Kingdom but not be able to word bids in the correct or customary language to be able to effectively compete. This is an unnecessary barrier, particularly when the services being procured do not require writing skills.

Out of approximately 2,500 SMEs engaging with Go4Growth (of which 32% are based in London and the South East), 77% would be keen to develop their bid-writing skills. This percentage rises to 88% when filtered for ethnic minority led-businesses.

We are living in a multicultural and multi-linguistic society, and more thought could be given by the London Anchor Institutions' Network on how to embrace language diversity, so that language and particularly written language is no longer a barrier to any business bidding on public sector contracts. This point is closely tied to the earlier recommendation in this guide to explore ways to recruit more people from diverse backgrounds into procurement careers.

Over 250 languages are spoken in London, making the capital the most linguistically diverse city in the world. While it is of course unrealistic to suggest that bids and bid support should be offered in over 250 languages, London anchors could each take steps to better know their local supplier market, perhaps commissioning a study to ascertain what the top 3 spoken language are, apart from English, and then comparing commonality between anchors. Afterwards, market engagement could be commissioned specifically to understand how the market would respond to multi-linguistic bids, alongside consultation with legal teams regarding the interpretation implications on compliance.

This could be game-changing for the supplier market, and the London Anchor Institutions' Network would be at the forefront of thinking and development in this area - certainly within the United Kingdom, if not also internationally.



8. Influence Tier 2 spend

TfL has a very significant spend - around £5 billion per year, of which around £3 billion is addressable spend. The majority of this addressable spend is assigned to construction and infrastructure projects, for which the contracts are typically awarded to larger construction companies and other sizeable suppliers. There is limited scope to change this given the nature of the goods, works and services that TfL procures.

LFB spends around £90 million per year on procurement, and is the third largest of the anchors in the London Anchor Institutions' Network. LFB has tried before to reserve contracts, but struggled to do so. Similarly to TfL, LFB does not generally have a lot of small contracts in its pipeline.

Furthermore, in the live environments of railways and fire stations, one mistake is too many. The pressure on risk management is an ongoing reality of working in these environments, and this can be difficult for smaller suppliers to undertake. Often, the output of this is that only larger suppliers enter into the bid process, resulting in a limited number of established suppliers being engaged for the work time and again.

Ultimately, procurement professionals are responsible for all of their supply chain - not only for their direct engagements - and direct contracts with small, local and diverse businesses are not the only available or relevant approach. It is possible, alternatively, for anchor procurement teams to work with their principal contractors to ensure that ambitions for supplier diversity in the local marketplace are observed by Tier 1 suppliers through Tier 2 suppliers and beyond, as a means to engage a supply chain that will have a positive impact locally on areas such as employability, education and sustainability (to name only a few).

Recommendations:

Best practice can be lifted from the United States for London anchors to think about how to change their risk tolerance, alongside harnessing their local power and influence to encourage Tier 1 vendors to support smaller and diverse suppliers to gain experience and grow.

Both Cleveland and Washington, D.C. have successfully used partnership agreements, engaging their large suppliers around diverting Tier 2 spend to more diverse firms.

For example, anchors could split a £30 million project that would normally be £10 million x 3 contracts into £15 million x 2 contracts instead - for the usual large suppliers to bid for. Anchors could then award these contracts based on the extent to which the large suppliers are willing to take on partners from the small, diverse and VCSE business communities, especially if any learnings for the diverse businesses can be applied to their other work and customers outside of the anchor. The large supplier would be paid their usual £10 million. For a smaller firm that has previously not been included in anchor supply chains, being able to say to other potential customers that "We did 'x' work for [anchor] - this is the experience that we have." can be incredibly valuable.

Recognition is made that there may be compliance risks involved if this recommendation is not executed appropriately, and so suitable checks with governance and compliance colleagues (or legal colleagues) should be made, so as to avoid any inadvertent compliance issues. That said, compliance should be overlaid to the most appropriate economic answer, ensuring that compliance is observed but that it is not the sole driving force shaping this work in and of itself.

Further points to consider:

In Chicago, the main benefit for businesses joining the Minority- and Women-Owned Business (M/WBE) Certification Program is that they are added to a list that is shared with prime - Tier 1 - contractors, who can then easily contact and contract with the certified businesses as a means to meeting the supplier diversity expectations and goals that are built into prime contracts with the City of Chicago.

Could London anchors similarly build supplier diversity expectations and goals into their Tier 1 contracts, to assert more control over their overall supply chains?

How should London anchors measure positive impact locally through Tier 1 and Tier 2? If the responsibility to undertake the measurement sits with Tier 1 suppliers rather than with anchors, how can London anchors ensure that it is real and delivered instead of notional or ambiguous?

9. Begin at the last mile

The word "unbundling" can be a red herring, inviting criticism that it is a deliberate tool in order to circumnavigate the Public Contracts Regulations. While unbundling contracts, and ensuring that they remain unbundled, is a strong recommendation from the Black Business Association, the London Anchor Institutions' Network would first need to take legal advice about what this would look like in a practical sense.

However, there is certainly scope to disaggregate contracting opportunities in a compliant way, to directly create opportunities for the wider supply chain rather than only for large and existing Tier 1 contractors.

Recommendations:

Advice from US cities is for anchors to first approach their incumbent vendors, sharing their commitment to this work and asking what the incumbent vendors can do to help. Which services in the supply chain do not already exist locally in London? Could a small or diverse business be supported to expand, to plug the gap? For example, in a hospital context, could the companies that make the products for procedural trays award the contract for assembling those trays to a local small business?

For short-term gains in this work, anchors should look at the last mile: where are there the least behaviour modifications, or the least patent issues, or the lowest barrier entry points into the supply chain, that could be broken down into sections? As a further example, again in a hospital context, which company is a large pharmaceutical company using for storage and distribution of a drug? Again, that contract could be awarded to a local small business that could be expanded, if the capacity is not already present locally.

A strong example, for London anchors to consider replicating, comes again from the City of Chicago, with its Target Market Program. This initiative reserves contracting opportunities for businesses that are already certified through the city's Minority- and Women-Owned Business (M/WBE) Certification Program, thus eliminating competition between small and large companies on these bids. The decision about whether or not a contract should be included in the Target Market Program is made by the user department of the city (rather than by the Department of Procurement Services, which plays only a monitoring role).

For example, a cleaning contract might have a line item specifically about taking out garbage, or one about buying cleaning products - and these services are normally provided by subcontractors. If the line items are taken out of the contract - unbundled - they can be performed on their own, and then each subcontractor becomes a prime contractor in this instance. In Chicago, this programme has taught ethnic minority- and women-owned businesses about how to bid and how to get paid by the city, and so on - which is exposure that they would not normally have as subcontractors. The experience of that increased exposure ultimately erodes small and diverse businesses' fear of bidding on bigger contracts in due course, and therefore strengthens the capabilities and reach of the local supply chain over the longer term. It can also provide the conditions required for long term sustainable growth and broader upskilling of businesses.

Further points to consider:

A concern that can be levelled at this work, and used as a justification to maintain the status quo, is that being "too successful" in engaging a wider pool of suppliers ultimately leads to more disappointed suppliers. For example, if 50 plumbers bid for 2 contracts when only 3 plumbers would have bid before, there are now 48 rejected plumbers instead of 1.

A conversation with the City of Chicago's Department of Procurement Services raised an interesting point relating to this concern. That is, a city - or a specific anchor - procures goods and services based on its needs, and those needs are ultimately justified elsewhere, such as by elected officials, rather than by procurement teams. The need is the need, and so if more attractiveness and diversity is created within the supplier market - in the wider interest of community wealth-building - there will have to be more unsuccessful bidders. Procurement professionals should be prepared for that possible shift in their mindsets. Success in this work would come from more diverse suppliers being included in the winning pool of bidders, and a broader and more diverse competition landscape is needed in order to provide that opportunity.



10. Form an external steering group

As a final recommendation, experience from the United States also demonstrates the importance of external support for anchors in undertaking this work, with people from outside of the anchors meeting with the anchors on a regular basis.

To support this work in Washington, D.C., the Coalition for Nonprofit Housing & Economic Development's (CNHED's) DC Community Anchor Partnership hired former leaders in private sector procurement and supplier diversity.

In the state of Victoria in Australia, there is the Victorian Government Purchasing Board, which meets every 2 months and which consists of a chair and at least 6 other members. The Board selects members based on their experience and expertise in procurement, representing various parts of the supply chain, and the members can be internal or external to the government.

The remit of the Board is as follows:

develop and approve policies

provide guidance on strategic procurements

discuss procurement policy and practice matters

Recommendations:

The London Anchor Institutions' Network should form an external steering group to guide and take overall responsibility for ongoing momentum in this work, and to meet regularly with the 16 anchors' procurement teams, who should aim to openly share ideas and facilitate joint goals.

Each anchor could think about creating its own internal minority supplier council, also to meet regularly, and to report into the external steering group.

Further points to consider:

'Over the longer term, could the London Anchor Institutions' Network, led by its external steering group, develop a certification for anchors and/or Tier 1 suppliers within and beyond London, as an incentive for organisations to formally diversify their supply chains?

Also over the longer term, how could the London Anchor Institutions' Network further bolster the local supply chain? For example, through hosting business incubation programmes for small, diverse and VCSE suppliers, or through coordinating supplier workforce development strategies and other investments.

Conclusion

It is evident from this review that London anchors' buying teams have the desire to diversify their supply chains, appreciating the ethical arguments around community wealth-building as well as the potential to unlock greater agility, innovation and resilience. Nonetheless, the largest anchors remain, at least to some degree, in a comfort zone of thinking that they are too large to be able to change.

This review is not the first time that small and diverse businesses in London have been asked for their views about how to level the playing field for public sector procurement opportunities. If the commitment is not made now, for London anchors to take the first steps towards short- and long-term investments in their local economic landscapes, will the steps ever be taken?

In this guide, some of the recommended actions are "low hanging fruits", while others pose further questions or will require ongoing reflection, within and across anchors, and much more time.

If both skilled people and budget are invested now in this work, the returns will follow. In Washington, D.C., Georgetown University moved from not tracking its local spend - let alone its spend with local ethnic minority-owned businesses - to recently launching a formal Supplier Diversity Program. Collectively, the DC Community Anchor Partnership's (DCAP's) four founding Anchor Member hospitals and universities benchmarked \$5.73 million in spend with local ethnic minority-owned businesses. Over three years since, this spend more than tripled to \$17.4 million. Furthermore, the number of annual Tier 1 local ethnic minority-owned business referral requests from DCAP Anchor Members has increased by 78% since the start of the DCAP initiative.

For each London anchor, the next steps should be to build and ratify an action plan, prioritising the recommended actions from this guide that make the most sense from wherever the anchor is starting from today, which will most likely be a different point for each anchor.

"Quick wins"	Greatest long-term impact
Each London anchor to publish its forward buying plan, including lower-value contracts, and to regularly produce a one-page download which highlights the opportunities that are suitable for SMEs	London anchors to each formalise their internal commitment to improving access to their supply chains, and to be guided and held accountable by a (London Anchors Purchasing Board) external steering group
London anchors to jointly host a regular supplier forum event that is specifically intended to engage SME suppliers	London anchors to jointly build a certified database of small - micro - diverse and VCSE businesses in London, using it as a first point of reference when reserving "unbundled" or other opportunities that are realistically suitable for SMEs
Each London anchor to investigate the options around simplifying its contracts and other bid documents	London anchors to jointly invest in creating an online supplier training and readiness portal, as a best in class go-to resource for the market
London anchors to review the feedback that they each provide to bidders, ensuring that it reflects best practice guidance	London anchors to jointly offer a single registration and qualification portal for suppliers that are interested in doing businesses with any or all of the anchors
London anchors to seek to harness their collective power and influence to divert more Tier 2 (and beyond) spend to smaller and diverse firms	London anchors to jointly and actively build a diverse procurement workforce for the future, prioritising cultural and language proficiencies that better reflect and serve their local supplier markets

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