

Date: 15 November 2023

Item: Responsible Procurement

This paper will be considered in public

1 Summary

- 1.1 This paper provides an annual update on TfL's Responsible Procurement programme, as requested by the Panel in June 2022.

2 Recommendation

- 2.1 **The Panel is asked to note the paper.**

3 Greater London Authority (GLA) Group Responsible Procurement Implementation Plan

- 3.1 The GLA Group Central Responsible Procurement Team (CRPT) published the revised GLA Group Responsible Procurement Implementation Plan 2022-2024 (RPIP) in September 2022. The RPIP sets out how the GLA and Functional Bodies, including TfL will deliver the goals of the GLA Group Responsible Procurement Policy, revised in March 2021, between 2022 and 2024.

- 3.2 Key ambitions within the plan include:

- (a) all bidders for contracts over £5m must provide organisational carbon reduction plans at the Selection Questionnaire stage. Evaluation criteria will also be included in these tenders to encourage bidders to demonstrate their contribution towards London's ambition of being net-zero carbon by 2030;
- (b) new contracts from 2025 will require zero-emission deliveries to GLA Group sites;
- (c) the GLA Group, including TfL, will work towards purchasing 30 per cent of goods and services from small and medium-sized enterprises (SMEs) either directly or via the supply chain, in line with the London Anchor Institutions Charter. This ambition will involve further work to understand constraints, deliver on the 30 per cent target and effectively measure both direct and supply chain spend with SMEs. In the Financial Year 2022-23, the GLA Group SME spend was 15.8 per cent;

- (d) a minimum of 10 per cent of the total tender evaluation score will be allocated to responsible procurement and social value for all GLA Group contracts above the threshold for competitive procurement as set out in the relevant procurement regulations contract, which recognises bidders who will deliver community, environmental and local economic benefits where relevant and proportionate to the subject matter of the contract. Through this approach, the GLA Group, although not directly within its scope, is electing to align to the government's Procurement Policy Note 06/20 which outlines how social value should be explicitly evaluated in central government procurement;
 - (e) create 500 supply chain apprenticeship starts per annum across the GLA Group and progress towards apprentices reflecting London's diversity;
 - (f) across the GLA Group, double the number of signatories to the Mayor's Good Work Standard, from 26 to 52. The Mayor's Good Work Standard is a free accreditation programme that provides employers with a set of best employment practices alongside information and resources to help achieve them
 - (g) work across the GLA Group supply chain to support the delivery of the interim target for Non-Road Mobile Machinery (NRMM) to meet Stage IV requirements by 1 January 2025. Stage IV requirements refers to the EU emission standards for diesel engines. NRMM is a broad category covering mobile machines and transportable industrial equipment or vehicles which are fitted with an internal combustion engine and not intended for transporting goods or passengers on roads; and
- 3.3 Delivering on Responsible Procurement commitments forms part of the 14-point improvement programme for P&C. In particular, a significant programme of work is ongoing to assign a minimum of 10 per cent of the total tender evaluation weighting to social value and responsible procurement criteria in all above threshold procurement exercises where relevant and proportionate and develop and roll out the use of the Social Value Portal (SVP) to enable evaluation of such criteria.

4 2023 Activity

Skills and Apprenticeships

- 4.1 TfL's Supplier Skills Team (SST) supports delivery of the skills, training and employment opportunities theme of the GLA Group Responsible Procurement Policy, by embedding contractual requirements in relevant tenders and managing the delivery of supply chain commitments.
- 4.2 The SST currently manages requirements in approximately 50 contracts to support delivery of supply chain commitments following contract award and reports quarterly supply chain apprenticeship and job starts to the GLA.

- 4.3 In the financial year 2022/23, there were 892 new apprenticeship starts in our supply chain and 1,224 job starts. Fifty-eight per cent of these apprenticeship starts are from a Black, Asian or minority ethnic background and 16.3 per cent identify as female.
- 4.4 The team delivers in-person pre-employment programmes throughout the year. These catalyst programmes were created to address the skills shortage and diversity of the workforce within the transportation and engineering sectors. This collaborative approach with suppliers encourages Londoners with employment barriers into our supply chain.
- 4.5 Historically, the programmes have put around 33 per cent of candidates into employment, but more recently this has increased to 50 - 70 per cent moving into sustainable jobs. Further benefits such as increased confidence and work-readiness are evident in those who do not immediately find work.
- 4.6 In June 2023, the team ran a pilot refugee pre-employment programme in partnership with the North West London NHS Trust. Key suppliers Cleshar, FM Conway and Riverlinx CJV offered two-week work placements to skilled and/or experienced candidates with refugee status. Two candidates have progressed to full-time employment to date. All candidates left their placement with positive feedback and have developed strong working relationships with a view to future opportunities.
- 4.7 As part of National Apprenticeship Week in February, the CRPT hosts an annual Apprenticeship Fair. The first in-person apprenticeship fair since the pandemic was held at the Royal Borough of Kensington and Chelsea (RBKC) Town Hall in February 2023. In total, 35 organisations and approximately 1,000 candidates attended. Along with the opportunity to speak with TfL suppliers, candidates took part in further break-out sessions on employability skills with the London Transport Museum.
- 4.8 The SST has begun planning activity for the next National Apprenticeship Week Fair 2024, which will once again be held at the RBKC Town Hall. In addition, three more pre-employment programmes are being planned for the remainder of the financial year:
- (a) the sixth iteration of Women into Transport and Engineering will take place in November 2023. This will be with TfL key suppliers Yunex, Telent, and MTR Elizabeth Line and GLA Group key supplier Babcock. This five-week programme will give candidates two weeks of pre-employment training at college before completing two weeks of work experience with one of the suppliers;
 - (b) the SST is facilitating a partnership between Morgan Sindall Infrastructure and TfL's Capital team to attract ex-service personnel to roles in construction, working with Buildforce, which supports service leavers, veterans, reservists and their families, as they transition into long-term careers in construction. We are hosting an insights day on 30 November 2023; and

- (c) the SST will be conducting a new programme aimed at getting underrepresented groups such as ex-offenders, BAME and women with no or low income into employment within the industry. This programme is scheduled to begin in February 2024.

Social Value

- 4.9 In April 2023, TfL approved the roll out of the SVP to facilitate assigning a minimum of 10 per cent of the tender evaluation criteria to social value and responsible procurement.
- 4.10 From November 2023, certain new above threshold procurement strategies will be required to assign a minimum of 10 per cent evaluation weighting to social value and responsible procurement criteria and incorporate the use of the SVP to enable evaluation of those criteria alongside existing Responsible Procurement approaches. This will initially apply to the procurement of non-capital contracts using TfL's standard form contract for services and framework terms only, with capital contracts following at a later stage.
- 4.11 Social Value Portal Limited, the owner of the SVP, is the current market leader in measurement and reporting of the National Themes Outcomes and Measures framework which is overseen by the National Social Value Taskforce. The CRPT will ensure that service and supplies are secured for the longer term (as required) taking account of any market developments in this regard.
- 4.12 The CRPT delivered mandatory in-person training on the incorporation and use of the SVP into in-scope, above threshold procurement activity to approximately 350 P&C colleagues throughout October 2023. Colleagues in Capital will be trained at a later stage owing to the phased programme implementation. The training and associated guidance will be kept under review and updated periodically by the CRPT to address issues which may arise in programme implementation.
- 4.13 This work is overseen by P&C as part of the 14-point Improvement Workstreams and sponsored by one of the Directors of Procurement and Commercial. The workstreams report periodically to the Chief Finance Officer on progress.

Ethical Sourcing and Modern Slavery

- 4.14 As referenced at the meeting of the Panel in June 2023, TfL's Modern Slavery Statement 2022/23 (the Statement) is now published on the TfL website.
- 4.15 A specific focus of the RPIP is the Cabinet Office Modern Slavery Assessment Tool (MSAT). The RPIP includes an ambition for all medium to high-risk suppliers to complete the MSAT and score 70 per cent or above by 2024.

- 4.16 A modern slavery risk assessment was conducted in January 2022 and those suppliers considered medium- to high-risk according to the services or works they are delivering were invited to complete the tool. To date, 80 per cent of the 51 invited suppliers have completed the survey, an increase from 50 per cent last year. The CRPT is working to improve the response rate as well as hosting two due diligence workshops through the Supply Chain Sustainability School to upskill our suppliers and improve their scores.
- 4.17 TfL is actively participating in the programme run by Electronics Watch, the independent monitoring organisation, relating to Low-Emission Vehicles. This addresses human and labour rights risks and issues in the supply chain of electric vehicle batteries of public procurement authorities in Europe. This includes the sourcing of raw materials - namely nickel, lithium, cobalt and graphite – where there is a high risk of labour exploitation.
- 4.18 The CRPT and Bus Development team gained agreement from Bus Operators to discuss human rights issues directly with manufacturers. To date, two rounds of meetings have been held with all manufacturers where we have discussed our desire to work in partnership to improve transparency of their battery supply chains and collaborate with Electronics Watch to monitor and improve working conditions. This aligns with the proposals of London's 2030 Electric Vehicle Infrastructure Strategy.
- 4.19 The CRPT has presented on this innovative and leading approach to the C40 Cities network and will be doing so at the Global Smart City Congress in Barcelona in November 2024.
- 4.20 Within Places for London, a newly formed compliance team who regularly visit our estate were trained in spotting the signs of modern slavery. The training was also attended by the Places for London Commercial Director.
- 4.21 The Statement outlines that Places for London plans to provide tenants with further engagement and information on modern slavery risks as well as risk assessing our tenants, so we better understand the risk profile of our estate.

Environmental Sustainability

- 4.22 The CRPT liaises with Safety, Health and Environment (SHE) colleagues to ensure the environmental commitments within the RPIP 2022-24 closely align with TfL's Corporate Environment Plan.
- 4.23 The standard Selection Questionnaire pack has been updated and includes a requirement for bidders on all contracts over £5m in value to provide an organisational carbon reduction plan, in line with the requirements of Procurement Policy Note 06/21 which outlines how to take account of Carbon Reduction Plans in the procurement of major government contracts, and the RPIP commitment.
- 4.24 An approach for evaluation of those plans has been finalised and will be communicated to P&C.

- 4.25 There is a significant focus on progressing the target for new contracts from 2025 to require deliveries to the TfL estate to be zero-emission. The CRPT is working with City Planning to manage the project plan, determine scope and bring in all relevant stakeholders.
- 4.26 The CRPT and the SHE Corporate Environment Team continue to work closely with industry and the Supply Chain Sustainability School to ensure consistency in our approach and best practice sharing. TfL sits on the Climate Action Group to keep abreast of industry developments.
- 4.27 P&C has included a scorecard target for 70 per cent of the Directorate to be trained in Carbon Literacy by April 2024, aligning with the approach of other Directorates. As of November 2023, 99 colleagues have completed the training with a target of 420 by the end of the financial year. Our co-ordinators continue to promote and encourage sign-ups for future sessions.
- 4.28 The CRPT is assisting with supplier spend data to support the development of TfL's scope 3 (supply chain) emissions baseline and further the supply chain carbon baseline assessment report completed by Mott MacDonald in 2020. This is with a view to setting reduction targets and monitoring reductions which ties into RPIP ambitions.
- 4.29 To support London's Low Emission Zone for Non-Road Mobile Machinery (NRMM), a portal has been developed and launched on the London.gov website. Contractors will be required to upload their NRMM to the portal and to demonstrate adherence to contractual requirements. Requirements have been included in updated Works Information and a supplier guidance document has been developed which is due to be finalised and cascaded to external stakeholders.

Fair and inclusive employment practices

- 4.30 Approximately 50 per cent of TfL key suppliers disclosed their workforce diversity data through the Diversity Data Benchmarking Initiative, in which National Highways, Network Rail and HS2 are also participating.
- 4.31 Seventy-three TfL suppliers responded in total, up from fifty-nine last year, including a higher number of SMEs. In total, the survey represents over 525,000 employees working in the sector of which more than 225,000 are in TfL's supply chain.
- 4.32 The CRPT works closely with the other transport clients and suppliers to act on the results and improve Equality, Diversity and Inclusion in the industry.

Supplier Diversity

- 4.33 TfL is an active member of the London Anchor Institution Network (LAIN) procurement working group, supporting the organisation in progressing towards spending 20 per cent with small and diverse businesses, whether in our direct or indirect supply chain.

- 4.34 The LAIN has produced a guide to social value for small businesses to ensure they are supported and not disadvantaged when bidding for public sector opportunities.
- 4.35 TfL continues to identify opportunities to reserve below-threshold contracts for SMEs following a successful trial last year. A tracker has been established and the CRPT is engaging with senior procurement stakeholders to identify future opportunities.
- 4.36 A task is underway to request SME-spend data from our Tier One suppliers so we can fully understand the extent to which our procurement activity supports UK SMEs within our supply chain.
- 4.37 In July 2023, we invited key supplier Telent to join us at the Department for Transport's SME engagement event in Milton Keynes. A number of P&C leads attended to communicate upcoming opportunities in their categories.
- 4.38 In October 2023, the CRPT attended the Railway Industry Association SME event to promote procurement opportunities and educate SMEs on the Responsible Procurement programme to better prepare them for future tender opportunities.

Contracts and Tenders

- 4.39 The CRPT supports TfL's P&C function on implementing Responsible Procurement requirements from early market engagement through tender evaluation to contract management. Significant procurements receiving support in 2023 include the Pan-TfL design, manufacture and supply of uniform, Elizabeth Line Concession, London Overground operation and maintenance concession, manufacture, supply and maintenance of Bus Stops and Shelters, Advertising Concession, ICT hardware reseller framework and the provision of labour under the Track Works and Resources framework.

List of Appendices:

Appendix 1 – Procurement Threshold Values

List of Background Papers:

GLA Group Responsible Procurement Implementation Plan 2022-2024

Procurement Policy Note 06/20:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921437/PPN-06_20-Taking-Account-of-Social-Value-in-the-Award-of-Central-Government-Contracts.pdf

London Anchor Institutions Charter:

https://www.london.gov.uk/sites/default/files/anchor_institutions_charter_1.pdf

Procurement Policy Note 06/21:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1054374/PPN-0621-Taking-account-of-Carbon-Reduction-Plans-Jan22_1_.pdf

Guide to Social Value for London's Small Businesses

<https://www.businesshub.london/resource/guide-to-social-value-for-londons-small-businesses/>

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Threshold values:

TfL Procurement Threshold values					
All values are in GBP (£)					
Public Contracts Regulations (PCR)					
	Supplies	Services	Works	Light Touch Regime	Threshold for competition
TfL thresholds	170,000	170,000	4,400,000	540,000	25,000*
GLA threshold	170,000	170,000	4,400,000	540,000	25,000*
Utilities Contracts Regulations (UCR)					
TfL thresholds	350,000	350,000	4,400,000	725,000	25,000
Concession Contracts Regulations (CCR)					
TfL thresholds	N/A	4,400,000	4,400,000	N/A	25,000