

# Supplier Diversity in Action

Faiza Rasheed, Head of TfL's Procurement, Policy, Strategy and Best Practice Unit talks about TfL's innovative approach to Supplier Diversity and how it has had the opportunity to influence supply chain composition.

The Mayor's vision is to develop London as an exemplar world city, which demonstrates social inclusivity and diversity at all levels. TfL is breaking new ground with its Supplier Diversity programme which is designed to bring this vision to life. Rasheed says **"Supplier diversity plays an important part in contributing to TfL's equality and inclusion commitments. It is a key priority for the Mayor and therefore important that we develop a diverse supply chain"**.

Transport for London (TfL) is responsible for operating London's transport network, which includes the Underground, taxis, buses and trams. With a spend of £5 billion in goods, works and services, it is the largest procurer under the Mayor of London, Ken Livingstone.

#### Why do it?

There are social and commercial benefits for promoting supplier diversity. Rasheed says **"Diverse suppliers stimulate innovation and are able to provide more cost-effective solutions.** This in turn drives social and economic growth". Today's

**Faiza Rasheed**, Head of TfL's Procurement Policy, Strategy and Best Practice Unit

cosmopolitan society means that demographics of suppliers and customers have evolved, presenting another business case for diversity.

TfL is one of the first public sector organisations within Europe to implement a supplier diversity programme. "The lack of precedent in this area provided TfL with an opportunity to lead the way", says Rasheed.

#### Programme approach

TfL launched its Supplier Diversity programme in April 2005 and since then Rasheed's team, along with the legal, procurement and diversity advisors, has mainstreamed supplier diversity into TfL's business operations.

TfL's supplier diversity programme consists of various projects which were executed simultaneously for maximum impact. "To start with we wanted absolute clarity on what is meant by 'Diverse Suppliers'" says Rasheed. "So we created our own definition of Diverse Suppliers. This includes **SMEs, BAMEs, women-owned and disabled-owned** businesses amongst others".

#### Public Sector Procurement

Procurement is progressively becoming a vehicle for delivering the benefits of supplier diversity. Typically, TfL contracts with large suppliers to build complex infrastructure around the capital and wanted to find a way to include diverse suppliers in these supply chains whilst remaining legally compliant.

TfL's procurement process is governed by the European Union Regulations. Rasheed says "The biggest challenge for public sector organisations is to balance the supplier diversity requirements within the constraints of European procurement law".

She explains: **"EU procurement law** prohibits us from setting quotas and targets. We can't say to suppliers that a certain percentage of a workforce must reflect the diversity of London, as this would be discriminatory to other member states. Also we cannot take into account matters that are not relevant to the subject of the contract. EU procurement law requires the process to be transparent, fair and objective".

"We must also meet our statutory obligations, as a Best Value Authority and be mindful that we do not impose any requirements on the contractors that cause them to breach employment law prohibitions, such as positive discrimination".

Her team designed a **'Supplier Diversity Toolkit'** which gives guidance on how to apply diversity requirements in each step of the procurement process. The procurement teams assisted with the application of the toolkit into new contracts. People working across TfL are now able to embed diversity requirements more easily into the supply chain.

#### East London Line Project

The East London Line Project (ELLP) is being carried out in one of the most ethnically diverse areas of London with the first phase completing in 2010. This is the first project where legally robust supplier diversity requirements were applied.

Rasheed says "We have taken the lead in Europe as the first transport

organisation to apply conditions in the tender and contracts to encourage diverse suppliers". These conditions were applied in the £600 million contract for the infrastructure development and also in the £350 million contract for the tube carriages manufacture. Bidders were required to show:





