



## Engaging suppliers

# Transport For London

## Background

The primary function of Transport for London (TfL), a functional body of the Greater London Authority, is to implement the Mayor of London's Transport Strategy and manage transport services across the capital.

TfL is responsible for London's buses, the Underground, Docklands Light Railway, Croydon Tramlink, London River Services, Victoria coach station, London Transport Museum and the new London overground services.

TfL manages a 580km network of main roads and London's 6,000 traffic lights. It also manages the central London congestion charging scheme and regulates the city's taxis and private hire trade.

TfL promotes a range of walking and cycling initiatives across the capital. It has more than 20,000 employees and an annual procurement spend of £1,600 million.

## Sustainable procurement

TfL's strategy for sustainable procurement considers all areas

of sustainable development, addressing environmental, social and economic issues. The responsible procurement programme is governed by the GLA Responsible Procurement Policy.

TfL implemented a range of initiatives in 2007/8 to ensure a structured, innovative and effective supplier engagement strategy. The most direct influence came from the implementation of the Supplier Relationship Management (SRM) programme.

## Implementation

TfL launched its pilot SRM programme in 2005 with the aim of achieving greater value through early engagement and effective collaboration.

Following its success, the programme was widened to 12 suppliers in 2007, with a spend of £150m.

As part of this process, TfL undertook a comprehensive expenditure and risk analysis to assess the suppliers with which a small SRM team could be most effective.

## Policy

The responsible procurement policy provides governance to all of TfL's responsible procurement activity and is supported by the following:

- TfL Policy for the Mayor of London's Green Procurement Code
- TfL Supplier Diversity Policy
- TfL Ethical Sourcing Policy

Each policy is supported by a toolkit including text for tender documents and sample contract terms.

## Supplier engagement

TfL developed a process to measure its suppliers current position relative to its sustainability requirements.

The project aim was to enhance the quality of commercial engagement and provide an opportunity to:

- develop a mutually supportive and auditable action plan to close gaps
- provide early visibility and clarity of TfL's supplier diversity requirements

- provide a process and toolkit which can be applied to contracts and suppliers in different categories
- provide storage and access to information via a collaborative tool

TfL has implemented responsible procurement requirements in over £2 billion of contracts to date.

## Communicating with staff, customers and suppliers

Internal communication methods include publishing policies on the intranet and in business newsletters, running procurement staff training and one to one meetings with the heads of procurement.

Details of TfL's sustainability and responsible procurement principles are communicated to suppliers via the website where copies of policies are available to download.

Key suppliers have been allocated a relationship owner and a sponsor to enable clearer communications between the two parties.

'Meet the buyer' events were also held where suppliers could book time to discuss TfL's environmental policies.

## Achievements

Key achievements of sustainable procurement activity in 2007/08 include:

- accreditation by the Chartered Institute of Purchasing & Supply (CIPS)

- over £185m spent with diverse suppliers including: SMEs, female owned businesses, BAME (Black, Asian and Minority Ethnic) owned businesses and other under represented groups

- the London Living Wage implemented in seven TfL contracts, benefiting over 300 workers

- TfL became the first public sector organisation to join the Ethical Trading Initiative and have led the GLA group in joining the Suppliers Ethical Data Exchange (Sedex)

- the introduction of the Clinton Climate Initiative, a global initiative to modernise buildings to reduce their carbon footprint - it is hoped this will save 50,000 tonnes of CO<sub>2</sub> per year across the GLA estate

- award of the Good Egg by Compassion in World Farming

## Business Benefits

By direct engagement with suppliers through the SRM programme, TfL has been able to monitor more outputs and benefits associated with specific supply relationships.

By paying the London Living Wage in contracts, SRM studies have observed reduced staff turnover, less absenteeism and improved staff morale and quality of service.

The TfL SRM programme has specifically helped to: increase engagement from suppliers in delivering sustainable services, minimised impacts on the local environment and helped TfL to

engage with the local community.

## Looking to the future

TfL is currently in consultation with the GLA to formulate a four year vision and work plan for responsible procurement.

TfL will continue with its SRM programme which has a target of 37 supplier improvement plans for 2008/09.

## Contact

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