

+ Housing Led Regeneration Network

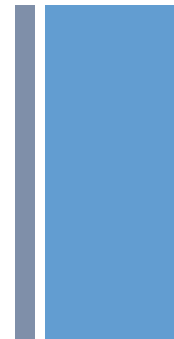
Tackling Poverty
through
procurement

Facilitated by:

Peter Howarth

SBV LTD

+ The Public Sector Imperative



Quotation (which is still relevant in 2014):

“Using procurement to support wider social, economic and environmental objectives, in ways that offer real long-term benefits, is how the public sector should be spending taxpayers money. Anything less means that today’s taxpayer and the future citizen are both being short-changed.”

Ref: Sir Neville Simms, ‘Procuring the Future’, 2006

- The definition of ‘Value for Money’ in Wales:
 - ‘ Value for money should be considered as the optimum combination of whole-of-life costs in terms of not only generating efficiency savings and good quality outcomes for the organisation, but also benefit to society and the economy whilst minimising damage to the environment.’

Principle 3 of the Wales Procurement Policy Statement (Dec 2012)

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- A cartoon illustration of a smiling man wearing a cap, driving a red car. The car is stylized with a large grille and round headlights. The man is looking forward with a happy expression.



Legislation and Law

Legislation provides you with the power to include social value /community benefits in your procurements. In some case it is modified for Wales and some times it mandates you!

- The Public Services (Social Value) Act 2012
- The Local Government Acts
- The Equality Act 2010
- The Localism Act 201
- EU Directives/EU Social Policy Agenda
- Case Law



What can Community Benefits deliver for our organisations

Delivering Community benefits and reducing poverty is not a one way street

There are benefits for all concerned For our own organisation it will;

- Deliver wider organisation policies.
- Deliver greater value for money.
- Contribute to efficiency aims and lean management
- Maximise use of available resources
- Help manage demand.
- Reduce risk.
- Stimulate the market place.
- Provide innovative solutions.

+ What can Community benefits do for our Suppliers

- Many companies now corporate social responsibility very seriously, not just for altruistic reason (although that may be the case) but because it:
 - Makes sound economic and commercial sense.
 - Reduces their costs and contributes to the bottom line.
 - Improves their reputation.
 - Helps differentiate their products/services.
 - Gives them competitive advantage.
 - Stimulates the labour market.
 - Gives them and their staff a feel good factor which is good for company moral.
- The gaining of community benefits is not a one way street it's a maze of opportunity and spreads across many communities of interest including the business community.
- So we are not asking them for something for free - they are winners too. It is for their own benefit too!



What can we do?

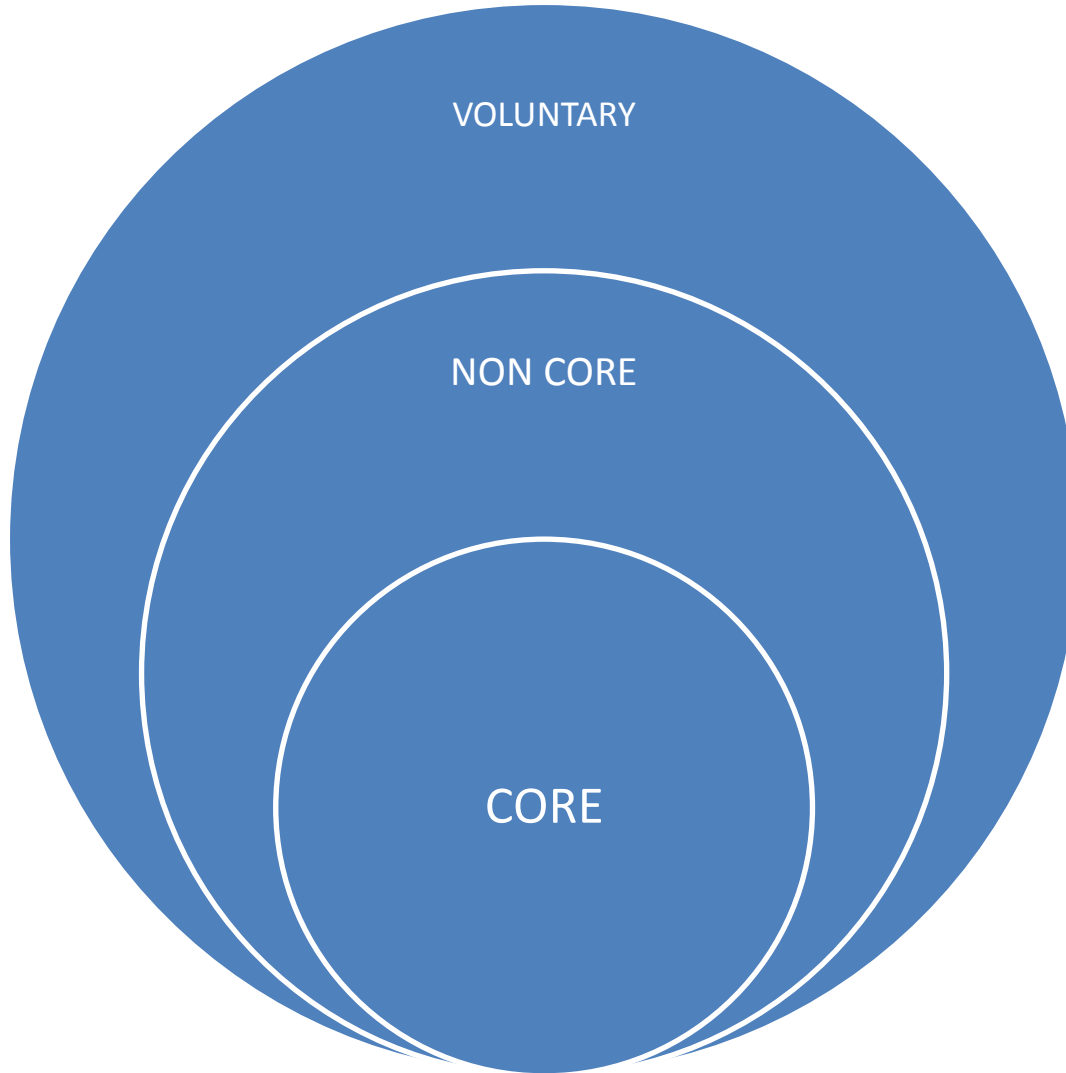
It is not just someone else's problem. It is down to us too!

- Have a Social Value /Community Benefits Procurement Strategy.
- Get buy in from senior managers/members/directors.
- Promote role of procurement /commissioning in community benefits.
- Inform, train and support staff and other stakeholders.
- Make it a cross functional activity so get others involved e.g. Partners
Local authorities economic development ,academics, policy officers .

It's a team game you cannot do it alone.

- Use reliable best practice and available help and information and there is a lot of it.
- So how do we go about it?

+ Core , Non- Core, Voluntary





Core



- Core social value and community benefits may be the main purpose of the procurement or at least relevant to and part of the purpose of the procurement.
- In legal terms they will be relevant to the subject matter of the contract.
- They should show a clear link to corporate or government policy.
- They should be weighted and be part of the evaluation process.
- They should be referred to in the contract notice for larger contracts.
- You should consider market conditions and supplier capability before including them as part of the process.



Non-Core

- These social service and community benefits may be of importance to the contract but not essential.
- They can be dealt with as part of the terms and conditions of contract.
- They should not form part of the evaluation process.
- However you could ask for a method statement on social value but make it clear it does not form part of the evaluation process.
- You could refer to it in contract notice and documents.



Voluntary

- These are social value and community benefits that may be offered voluntarily by the contractor or suggested to them.
- They will probably not be included in contract terms and conditions They may form part of some continuous improvement programme.
- Use in situations where core and non-core approach not readily applicable - e.g. supplies contracts.
- Fits well with corporate social responsibility commitments of contractors.





Education

- Work placements – Secondary school and college students.
- Development of bespoke qualifications with colleges.
- Visits to primary schools to engage younger children – H&S, the ‘world of work’
- Volunteering at local school / college events – Careers / Sports days.
- Landscaping & building services in school grounds – playgrounds, wild life areas.





Social

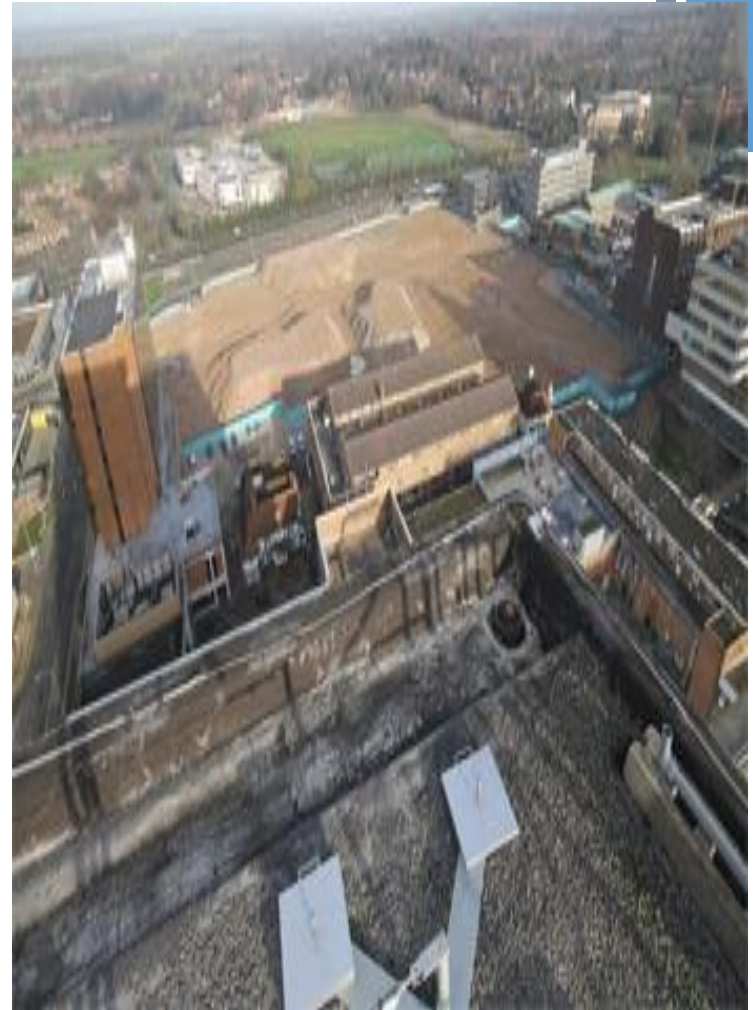
- Equality and diversity.
- Community Initiatives.
- Volunteering.
- Promoting social inclusion.
- Encouraging suppliers to adopt a CSR (Corporate Social Responsibility) strategy.
- Requiring compliance with national and international labour laws.
- Contributing to health improvement.





Economic

- Promotion of SMEs, Start ups and Third sector.
- Developing local sources of supply.
- Supply Chain initiatives.
- Support fair and ethical trading.
- Employment and Training.
- Support of career activities.
- Retention and training of existing workforce.
- Recruiting and training economically inactive people.
- Stimulate innovation through the market It may create unexpected community benefits.





Training and employment

- Create Internships/Apprenticeships.
- Create employment opportunities (Internally and externally)
- Have a requirement for job vacancies to be advertised in nominated sites or with nominated agencies.
- Stipulate percentage of trainees to be used in outputs.
- Identify Percentage of work time to be reserved for works experience.
- Compliance with HR policies that relate to community benefits.

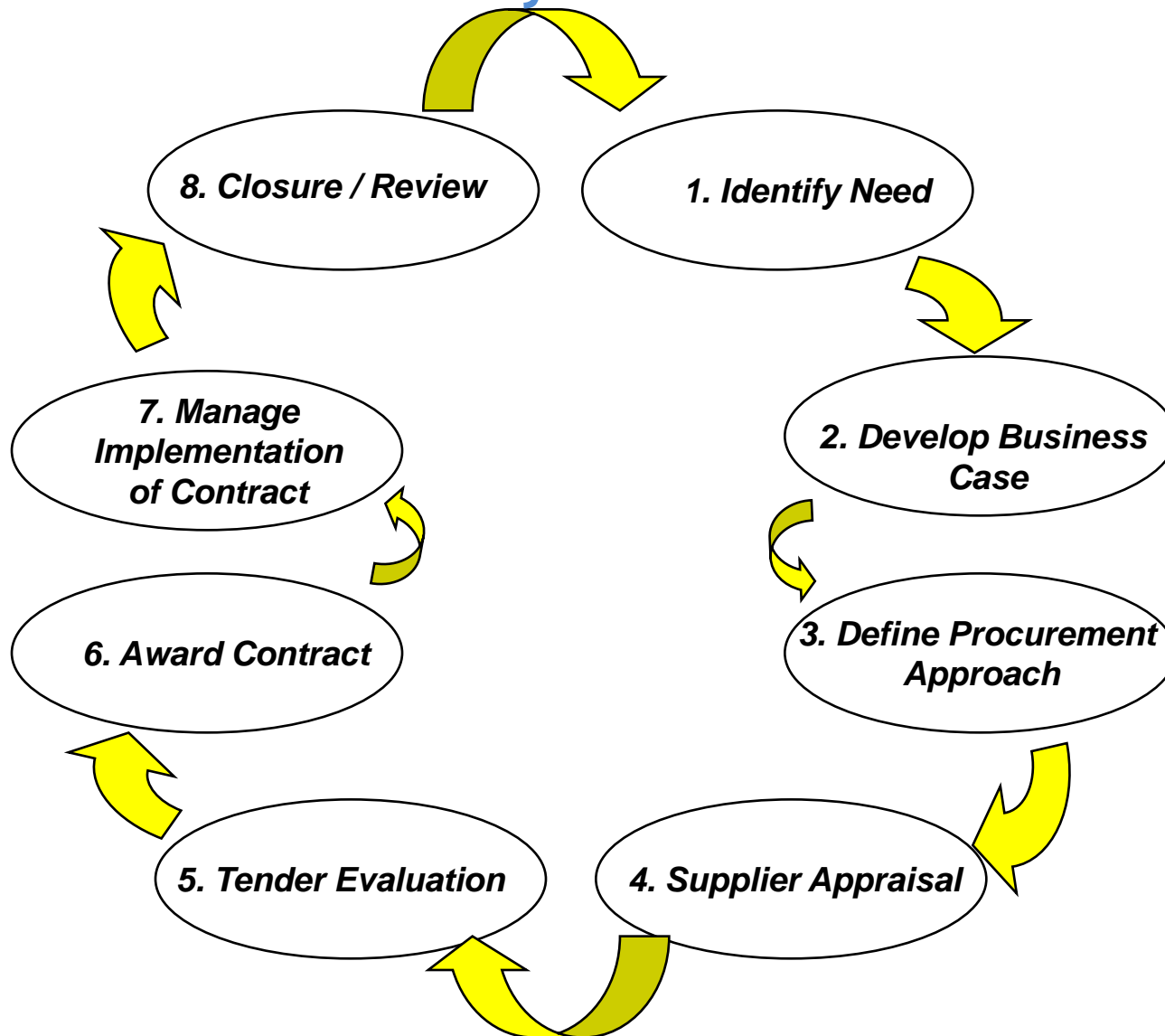


Environmental

- Reduce reuse recycle.
- Minimising waste and packaging.
- Conservation activities- minimise tree felling river clearance, habitat creation.
- Carbon reduction. Minimise truck movements.
- Encourage innovative approaches to design.
- Lower pollution from cleaning chemicals. pesticides, emissions from vehicles.
- Becoming energy and water efficient.
- Encouraging lifecycle analysis of products – manufacture, use and disposal.



+ Driving Community Benefits through the Procurement Cycle





Markets

- You need to consider the markets you are entering into and whether there is real opportunity to address Social value/Community benefit /Poverty issues or indeed little need for it to be considered in detail.
- Where these issues are core you need to ensure you do sufficient research to identify best practice , where has it been done before?
- You should develop diverse and competitive sources of supply, including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organisations.



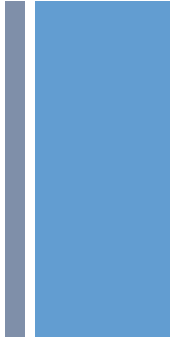
Markets



- Introducing social value/community benefits may create a more diverse market which should actually stimulate it and create more competition.
- Many who will now feel able to participate will be SMEs, third sector, and local so it is also aiding other policies.
- A review of how you work with SMEs for example removing any barriers will also aid the potential for delivering social value/community benefits.
- You may also wish to consider how you bundle contract requirements and the way you advertise opportunities.



Procurement Regulations



You can let the rules, rule you

or

You can make the rules, work for you

and

add value

- SBV**
Simply Best Value

+ How does it support Community Benefits

- Fully supports Welsh government approach to Community Benefits and procurement policy.
- Business will have earlier access to simpler and more flexible rules, freeing up markets and facilitating growth, in particular allowing:
 - Employee-led organisations/mutuals/ the “third sector” to gain experience of running public services prior to full and open competition.
 - Shorter, less burdensome, procurement processes reducing costs to business and barriers to competition creating better access to SMEs etc.



Changes to procedures

- Five main procedures involving competition rather than four:
 - The open procedure
 - The restricted procedure
 - The competitive procedure with negotiation
 - The competitive dialogue procedure *plus*
 - The innovation partnerships procedure (a new procedure)

A number of changes are going to support the increase in achieving Community Benefits and specific aims such as tackling Poverty through procurement.



Small Lots



- Increased move to encouraging the greater use of small lots.
- The directive recognises the potential benefits of dividing contracts into lots, in order to assist access by SMEs Social enterprises etc.
- Where it is decided not to 'lot' the contract the authority must indicate why in the contract notice or in its report on each contract.
- Authorities will be given the flexibility to award more than one lot for a contract or all lots to the same supplier.
- It is also possible to limit the number of lots suppliers can bid for.



Using environmental and social labels

- Social/environmental labels are permitted as part of specification, award criteria or terms and conditions as proof of compliance with a requirement with specific characteristics that are *linked to the subject matter of the contract* (e.g. working conditions of the employees producing coffee to be supplied to the authority)

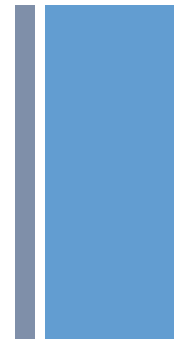
+ The new light touch regime (social, health and other services)

- The distinction between part A and part B services is abolished thus the normal rules will apply to many former part B services contracts, formerly subject to a very light regime.
- However some services *defined by CPV code in Annex XIV* (mainly social and health services) will be subject to a new ‘light touch’ regime to reflect their limited cross-border interest (e.g. they relate to legal services in the context of national law) or are sensitive (e.g. services to the person).
- The Directive requires that authorities award contracts for these services in the following way:
 - Publication in OJEU of a call for competition (either a contract notice or prior information notice - PIN)
 - Publication in OJEU of a contract award notice (or quarterly submission of batches of contract award notices)

+ Reservation of certain contracts for mutuals and social enterprises

- The changes are fully supportive of The Welsh Community Benefits policy and the recommendations in the report on Mutuals and Co-Operatives.
- The directive provides that certain services contracts (mainly social, health and educational) can be reserved to organisations that **meet all** of the following conditions:
 - Has as its objective the pursuit of a public service mission linked to the delivery of these services *and*
 - Reinvests profits to meet this objective (where profits are distributed this should be based on participatory considerations) *and*
 - Owned/managed on the basis of employee ownership/participatory principles or the active participation of employees, users or stakeholders.

+ Reservation of certain contracts for sheltered workshops



- **Any** contract may be reserved to organisations that provide sheltered workshops or to suppliers whose main aim is the social and professional integration of disabled or disadvantaged persons.
- The term ‘disadvantaged’ is a new provision.
- **However:** The percentage of the workforce that must be represented by those ‘disadvantaged’ persons is also new - this will *reduce* from 50% of the workforce to 30%.
- Thus widening the size of the market this applies to.



Other changes

- Improved access For SMEs etc. Status requirements need to be proportionate e.g. turnover
- Self certification - European Single Self declaration document (SQuID)
- Greater emphasis on MEAT as award criteria.
- Mandatory Exclusions – additional e.g. terrorism. Child labour human trafficking
- Discretionary - additional e.g. violation of labour law, performance.
- Suppliers **must not** be excluded if they have provided sufficient evidence of reform.
- Reductions in timescales
- Challenging abnormally low tenders
- Concession Contracts - Separate Directive

+ Key tools for Community Benefits

- Community Benefits Measurement Tool
- Social Engagement Programme planning tool
- ‘Tier 1’ Buyer Contractor – Sub-contract Notices

+ Guidance /Information

Additional guidance and information available

- VWPolicy@wales.gsi.gov.uk
- prp.wales.gov.uk/docs/prp
- Joseph Rowntree Foundation. **Tackling Poverty through Public Procurement** April 2014 <http://www.jrf.org.uk/blog/2014/04/public-procurement>
- Anthony Collins Solicitors **Social Value and Public Procurement – A Legal Guide** 2014
<http://newsroom.anthonycollins.com/ebriefings/social-value-and-public-procurement-a-legal-guide-2>
- Croydon Council **Inspiring and creating social value in Croydon A Social Value Toolkit for Commissioners**
<http://www.croydon.gov.uk/contents/departments/business/pdf/socialvalue.pdf> -

+ Quotation



- Their input into social value and community benefits make
“Procurement staff the new Rock and Roll gods of public service”

Peter Holbrook CEO Social Enterprise

Guardian February 2014

“ So lets Rock and Roll”

+ Development and training SBV /Value Wales

- Lot 1 - Short courses
 - Open courses
 - In House Courses
 - <http://www.sbvlttd.co.uk/value-wales.html>
- Lot 2 - Professional Qualifications
 - South Wales University
- Lot 3 - Fitness Checks