

Public Document Pack

**Democratic Services Section
Chief Executive's Department
Belfast City Council
City Hall
Belfast
BT1 5GS**

7th May, 2015

MEETING OF CITY GROWTH AND REGENERATION COMMITTEE

Dear Alderman/Councillor,

In addition to those matters previously notified to you, the following item(s) will also be considered at the meeting to be held at 5.15 pm on Wednesday, 13th May, 2015.

Yours faithfully,

SUZANNE WYLIE

Chief Executive

AGENDA:

6. Finance, Procurement and Performance

- (a) Social Clauses and Improving Economic Impact through Council Expenditure
(Pages 1 - 60)

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Subject:	Next Steps On Social Clauses and Improving Economic Impact Through Council Expenditure
Date:	13 May 2015
Reporting Officer:	Gerry Millar, Director of Property of Projects John McGrillen, Director of Development
Contact Officer:	Lisa Toland, Head of Economic Initiatives Donal Rogan, Head of Contracts

Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report
1.1	The purpose of this report is to agree the monitoring and communication of both the social clause outcomes and economic impact of council expenditure.
2.0	<p>Recommendations;</p> <p>Members are recommended to agree;</p> <ol style="list-style-type: none"> 1. To a bi-monthly briefing to be included on the members portal on social clause employability outcomes. 2. For officers to update the baseline analysis of the local multiplier model, used to measure the economic impact of council expenditure.
3.0	Main report
3.1	<p>Members will have noted that the papers outlined below were presented to Strategic Policy and Resource committee on 24 April 2015;</p> <ul style="list-style-type: none"> • Social Clause Policy and associated staff guidance subject to further equality screening. • Local Multiplier Model as an agreed methodology for understanding of the economic impact of council expenditure. <p>The full reports which were presented to Committee are included in Appendices 1 and 2.</p>
3.2	<p>As members will be aware the Local Multiplier Model, provides an economic methodology for measuring the economic impact of council expenditure. This involved analysing employee, supplier and grant expenditure and also incorporated a survey amongst each of these groups to understand how they further impacted the local economy through their spending decisions.</p>

<p>3.3</p> <p>3.4</p> <p>3.5</p> <p>3.6</p> <p>3.7</p>	<p>The expanded council boundary from 1st April 2015 has increased the area through which 'local' (Belfast based) expenditure occurs, to reflect these boundary changes and more accurately measure local spend, it is recommended that an update of the baseline analysis used to inform the local multiplier model be undertaken. This would involve resurveying council suppliers and employees to obtain economic data to feed into the baseline for the multiplier model. If approved, this baseline will be used to analyse the impact of council expenditure from 2014/15 financial year onwards, however it is expected that this analysis would need to be repeated every 3 years to maintain the integrity of the calculation.</p> <p>In the discussions at committee members expressed a desire to be kept apprised of developments and an ambition for these combined initiatives to deliver even more for the citizens and ratepayers of Belfast. It is thus proposed that an update be posted on the members' portal on a bi-monthly basis the outcome of the employability related social clauses, as well as the wider employability initiatives. This will include an update on the four categories of employability against the specific projects of both the live and completed contracts.</p> <p>As previously highlighted to members central to this is the need to consider an optimal balance between the desire to increase employability and the number of local businesses accessing council procurement opportunities with the desire to create ever more efficiencies.</p> <p><u>Financial & Resource Implications</u> The proposed re-baseline will be undertaken within approved budgets, from Economic Development Unit and Corporate Procurement Service.</p> <p><u>Equality or Good Relations Implications</u> No specific equality or good relations implications.</p>
<p>4.0</p>	<p>Appendices</p>
	<p>Appendix 1a – SP&R April Report on Social Clauses Appendix 1b – Policy on the use of Social Clauses in Council Contracts Appendix 1c – Draft guidance for implementation Appendix 1d– Brief analysis of responses to the policy Appendix 2a – SP&R April Report on Improving economic impact through Council expenditure Appendix 2b – Detailed analysis of 2013/2014 spend using LM3 model</p>

APPENDIX 1a : Social Clauses : April SP&R Report on Social Clauses



Belfast
City Council

STRATEGIC POLICY AND RESOURCES
COMMITTEE

Subject:	Social Clauses - Update and policy adoption
Date:	24 April 2015
Reporting Officer:	Gerry Millar, Director of Property and Projects, ext 6217 John McGrillen, Director of Development, ext 3470
Contact Officer:	Lisa Toland, Head of Economic Initiatives and International Development, ext 3427 Donal Rogan, Head of Contracts, ext 2460

Is this report restricted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

1.0	Purpose of Report
1.1	To update members on the outcomes of the consultation on the draft Belfast City Council Social Clause Policy and to adopt the policy and associated guidelines.
2.0	Recommendations
2.1	Members are asked to: <ul style="list-style-type: none"> – Adopt the revised draft policy document subject to a further equality screening process – Approve the internal staff guidance note for application of the policy – Note the feedback responses to the consultation (summary in appendix and full document available in Members' library) – Agree with the proposals to review the policy within 18 months, in line with the new council powers specifically in the area of economic development, community planning, planning gain and regeneration – Approve the inclusion of social clauses in council contracts with third party organisations – Note and agree the potential to vary the 12 month definition of long-term unemployed to 6 months, in the case of youth unemployed, or where there are specialist skill sets required – on a case-by-case basis.

APPENDIX 1a : Social Clauses : April SP&R Report on Social Clauses

3.0	Main report																																			
3.1	<p><u>Key Issues</u></p> <p>Members may recall that the council made a commitment through its 2012-15 Investment Programme to incorporate social clauses, where possible, in capital and revenue contracts. Approval was given to develop a social clause policy for the council in order to provide direction on how and when social clauses should be integrated into council contracts and managed post-contractor appointment.</p>																																			
3.2	<p>Members previously agreed that all contracts should be screened for the potential inclusion of social clauses and that these should be incorporated as follows:</p> <ul style="list-style-type: none"> - Capital and revenue contracts with a minimum labour value of £250,000 and a duration of at least six months - Construction Industry Federation (CIFNI) clauses to be used in the first instance. 																																			
3.3	<p>In keeping with good practice, it was agreed that social clauses needed to be germane to the project: sometimes conditions would dictate that it was more appropriate to focus on long-term unemployed opportunities than those for apprentices or FE students – and vice versa.</p>																																			
3.4	<p>The outcomes of each of each of the clauses are monitored through the council's contract management regime and the position as at the end of March 2015 is summarised in the table below. A more detailed breakdown is available to members on request.</p>																																			
	<table border="1"> <thead> <tr> <th>Project</th> <th>Opportunities for Unemployed</th> <th>Apprentices employed</th> <th>Students employed</th> <th>Training for Success</th> </tr> </thead> <tbody> <tr> <td>Connswater (ARUP)</td> <td>1 person (permanent post)</td> <td>10 people</td> <td>3 people (80 weeks)</td> <td>-</td> </tr> <tr> <td>Connswater (Farrans)</td> <td>TBC</td> <td>TBC</td> <td>1 person (30 weeks)</td> <td>1 person (30 weeks)</td> </tr> <tr> <td>Waterfront (WH Stephens)</td> <td>1 person (permanent post)</td> <td>1 person</td> <td>4 people</td> <td>-</td> </tr> <tr> <td>Waterfront (McL&H)</td> <td>5 people (65 weeks)</td> <td>3 people</td> <td>1 person (17 weeks)</td> <td>2 people (5 weeks)</td> </tr> <tr> <td>Waterfront (Harvey Group)</td> <td>-</td> <td>5 people</td> <td>-</td> <td>-</td> </tr> <tr> <td>Girdwood (OHMG)</td> <td>4 people (57 weeks)</td> <td>4 people</td> <td>3 people (74 weeks)</td> <td>4 people (46 weeks)</td> </tr> </tbody> </table>	Project	Opportunities for Unemployed	Apprentices employed	Students employed	Training for Success	Connswater (ARUP)	1 person (permanent post)	10 people	3 people (80 weeks)	-	Connswater (Farrans)	TBC	TBC	1 person (30 weeks)	1 person (30 weeks)	Waterfront (WH Stephens)	1 person (permanent post)	1 person	4 people	-	Waterfront (McL&H)	5 people (65 weeks)	3 people	1 person (17 weeks)	2 people (5 weeks)	Waterfront (Harvey Group)	-	5 people	-	-	Girdwood (OHMG)	4 people (57 weeks)	4 people	3 people (74 weeks)	4 people (46 weeks)
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	Girdwood (Harvey Group)	-	4 people	-	-
	Girdwood (Contract Services)	-	10 people	-	-
	Girdwood (Brickwork)	-	3 people	-	-
	Kerbside collection	3 people (29 weeks)	-	1 person (25 weeks)	-
	Cliftonville School and Pitch	1 person	2 people	-	-
		15 people	42 people	13 people	7 people
3.5	<p>Pinsent Masons were appointed to develop a social clause policy and guidance document for the council. At the September 2014 meeting of SP&R Committee, a draft social clause policy was presented to members and approval was provided to issue the draft policy for public consultation. The policy was subsequently issued for public consultation in December 2014 with a deadline for responses of 24 February 2015. 11 responses were received.</p>				
3.6	<p>A review of consultation responses has revealed a range of recommendations for consideration, some of which can add value to the policy, others of which may be impractical to adopt. Some of the key responses included:</p> <ul style="list-style-type: none"> - The need for monitoring, post-implementation review and assessment of impact of Council's social clause policy at appropriate intervals - A desire to move social clauses beyond the current focus on jobs - A need for appropriate guidance and raising awareness of social clauses among suppliers - Encouragement for the council to contribute to the planned review of CIFNI clauses and work undertaken by Strategic Investment Board (SIB) - Encouragement for the council to look at how it deals with non-compliance with social clauses in terms of a breach of contract - Need for the policy to focus on commissioning for 'outcomes' as well as promoting co-production and commissioning models. 				
3.7	<p>Consideration has been given to all comments – many of which are about application of the policy and are supported with the addition of the staff guidance (attached as Appendix 2). A full compendium of the responses and officer comments to each of the comments are</p>				

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	<p>available in the members' library for information. The revised Draft Social Clause Policy in Appendix 1 highlights the suggested changes to the policy in <i>bold italic text</i> and, in cases where text has been removed, using <i>strikethrough text</i>.</p>
3.8	<p>In addition to the public consultation, briefings have taken place across party groups and chief officers have met and corresponded with a number of organisations to promote the draft policy approach and seek support for a wider integrated brokerage arrangement. These organisations include SIB, DCAL, DEL, Belfast Harbour Commission, ARC 21 and University of Ulster. Whilst all support the concept, discussions are still at an early stage.</p>
3.9	<p>While the policy sets out the broad approach that the council plans to take, experience to date has shown that there are challenges at all stages of the process, particularly in terms of contractor compliance, data collection and overall monitoring and management. This challenge needs to be set in the context of the current political expectation around what social clauses can deliver and the level of resources that need to be allocated to their development and management. While the impact of social clauses and the added value that they bring should not be underestimated, it is considered that they should be looked at as one of a range of mechanisms that the council can access to support economic regeneration through its spend. To put this in context, the council's HR department has supported the creation of 402 permanent job opportunities and 337 temporary job opportunities since the commencement of the Investment Programme. Equally, they have facilitated 690 work placements and 39 "job assist" interventions with LEMIS providers and have provided 95 places on pre-employment and training programmes for the long-term unemployed, resulting in 12 people gaining both permanent and temporary employment.</p>
3.10	<p>The development of the Belfast Agenda and an outcomes-based accountability approach will provide a framework in which this policy can evolve further. This will mean that the council can take account of the wider implications of its interventions and look at how its remit for economic and social regeneration can be delivered. In this context, it is proposed that the policy should remain open to review, with a full review to take place within 18 months – in line with the new powers and areas of responsibility being devolved to the council.</p>
3.11	<p>Social clauses are now being implemented in most government contracts. The broad criteria for determining whether or not social clauses should be included are reflected within the policy. However, at this point, clauses are developed on a project-by-project basis and there is no oversight or joint planning across projects in order to create a pipeline of capital</p>

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	<p>investment to sustain opportunities for shared apprenticeships. Given the scale of the council's capital programme and its overall budget, it is difficult to create economies of scale. It is considered that there would be an opportunity to make a much more significant impact if greater alignment could be secured between the work of the council and that of the government departments and other statutory partners.</p>
3.12	<p>At present, DEL takes the lead in working with government departments to help contractors fulfil their employment-related social clauses. This is done by putting them in contact with their Jobs and Benefits Offices or relevant DEL-funded training providers. However, recent changes to DEL mainstream programmes mean that there is no longer a requirement for participants to undertake work placements. This means that contractors are reporting some difficulty in being able to get access to relevant individuals for work placement-based social clauses. However issues of non-compliance are not necessarily picked up as the project monitoring activity currently only takes place at the end of the project.</p>
3.13	<p>Belfast City Council has taken a slightly different approach. Although contractors are still working with DEL and their training providers, we have been monitoring compliance much more rigorously and as the project progresses. This means that we are able to pick up instances of non-compliance at a much earlier stage and address these in time. Despite this, contractors still suggest that they are having difficulty in accessing candidates and they have expressed a need to have a single point of contact with responsibility for the work placements/apprentices so that any performance issues can be addressed more easily and replacement candidates sourced as soon as possible if one person leaves. The Equality Screening also suggested it would be useful for the council to develop a list of suitable agencies that could be contacted by contractors to highlight upcoming employment opportunities. This would help us to target those experiencing long term unemployment and help support key target groups e.g. those with a disability.</p>
3.14	<p>For contractors, employability-related social clauses are the most challenging to deliver. Whilst it is the ambition of council that these clauses benefit Belfast residents, there continues to be a number of practical challenges. The complexity of employability and skills provision across the city and mismatch in demand and supply creates a challenging environment for contractors to navigate and increases the risk of non-compliance.</p>
3.15	<p>One possible solution is to consider integrating contract conditions to any future match funding requests for ESF or other employability-related projects that the council might support. Through this approach, we could make it a condition of the financial assistance</p>

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	<p>that training organisations would work with contractors to promote the opportunities in the target areas and ensure that job seekers are equipped with the appropriate skills to meet contractor requirements. We would be able to monitor progress through the regular monitoring reports from the training organisation, and could cross-reference this with the reports from the contractor. In addition this model may prove a useful mechanism for the anchor institutions across the city to buy in to in order to meet their social clause requirements. DCAL has already taken a step towards this by appointing a “brokerage” to help contractors fulfil their social clauses. There is ongoing engagement between the council, DEL, DCAL and the other departments to understand the pros and cons of the various approaches and to work out the most appropriate mechanism for the council to ensure that its employment-related social clause obligations can be met.</p>
3.16	<p>One specific issue that has been identified in recent months is the definition of long-term unemployed for the purposes of the social clauses. At present, this is defined as a person who is at least 12 months unemployed. Whilst this definition supports the delivery of the ‘Real Jobs Now’ motion approved by the council, practical experience of social clauses highlights the need for flexibility for the following reasons:</p> <ul style="list-style-type: none"> – Some contracts procured by council are specialist in nature requiring specialist skill sets which may not be available in the available pool of LTU – Central Procurement Directorate (CPD) is currently reviewing advice from the Department for Employment and Learning (DEL) to reduce the definition of LTU from 12 to 6 months for the 18-24 age category. The rationale for this advice is to tackle the high level of unemployment experienced amongst 18-24 year olds and to prevent this age group progressing into ‘true’ LTU definition of 12 months or more.
3.17	<p>Whilst it is the intention of council that employability social clauses will be targeted towards the long term unemployed (i.e. 12 months+), it is proposed that consideration be give to varying this – on a case-by-case basis – in order to support access to opportunities for young people or to support contractors in accessing specialist skills sets.</p>
3.18	<p>The Strategic Investment Board (SIB) has recently produced a toolkit for social clauses and supporting a wider “buying social” agenda. This provides useful case studies and sets out protocols for introduction and management of social clauses. The toolkit is advisory only and it does not set any specific requirements on government bodies or other agencies to introduce social clauses. SIB is also undertaking a wider review of approaches to social clause management across the government departments, with a view to identifying challenges and proposing potential solutions to improve performance.</p>

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<p>3.19</p>	<p><u>Financial and Resource Implications</u></p> <p>There is no evidence to suggest that the inclusion of social clauses increases the cost charged to the council. The monitoring and management of the policy to date has been absorbed within the existing resources across departments. However this will be kept under review in line with competing priorities and challenges that this work creates.</p>
<p>3.20</p>	<p><u>Equality or Good Relations Implications</u></p> <p>This policy has been screened out during the equality screening process. Two respondents to the consultation asked that a full equality impact assessment (EQIA) of the policy be performed. Further advice has been sought and this suggests that an EQIA would not provide further clarity. However, because of this request, the council will re-screen the policy due to obligations set out under Section 75 of the Northern Ireland Act 1998. This re-screening does not necessarily prevent adoption of the policy: any changes required can be incorporated into the policy document.</p>
<p>4.0</p>	<p>Appendices</p>
	<p>Appendix 1 – Social Clauses update and policy adoption - Revised Draft Social Clause Policy</p> <p>Appendix 2 – Social Clauses update and policy adoption - Draft guidance for implementation of social clause policy</p> <p>Appendix 3 – Social Clauses update and policy adoption - Brief analysis of responses to draft council social clause policy</p>

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Appendix 1b – Social Clauses: Policy on the use of Social Clauses in Council Contracts



BELFAST CITY COUNCIL

Policy on the use of Social Clauses in Council Contracts

INTRODUCTION

- 1.1 The Council is committed to generating, through its commissioning and procurement activities, positive outcomes for Belfast and the people of Belfast. We will do this by ensuring that, where practicable, the money we spend on procuring goods, works and services benefits the people, the communities and the economy of Belfast. To achieve this, this document sets out the Council's policy on the use of social clauses in Council contracts.
- 1.2 Social clauses are clauses added to contracts that are intended to result in benefits to the wider community. The benefits can be social, economic and/or environmental in nature and are intended to be in addition to the benefits secured by the provision of the goods, works or services themselves.
- 1.3 The decisions made by directors, service commissioners, procurement officers and managers within the Council can have key implications for the sustainability of business and the growth of jobs and wealth within the Belfast area. In addition to the very significant annual investment in the purchase of supplies and services, the Council also makes significant capital investment in infrastructure. Our goal is to ensure that this public spending reaps maximum local economic, social and environmental benefit.

2 CONTEXT AND BACKGROUND

- 2.1 The incorporation of social clauses into contracts procured by the public sector has been gathering momentum since 2010. In part this has been facilitated by a change in the legislation relating to purchasing. The use of social clauses to deliver significant social and economic benefits is also a key commitment of the NI Executive's Programme for Government 2011-2015.
- 2.2 The Council is committed to the use of social clauses to increase the economic social, and environmental benefit of its procurement spend. This commitment is shown in our Investment Programme and our Procurement Strategy.
- 2.3 Our Investment Programme for 2012 – 2015 contains the following actions to:
 - *introduce the use of social clauses in our tenders which will aim to give opportunities to access the labour market for the long term unemployed [and other disadvantaged and underrepresented groups such as young people, women (in construction), people who have a disability, or minority ethnics];*
 - *look at how community benefit clauses can be secured in contracts – for example securing the use of facilities for community use; and*
 - *work with partners on the Belfast Social Clause Delivery Forum, ensuring that government contracts contain appropriate social clauses to support employment and apprenticeship opportunities that can be easily managed and monitored.*
- 2.4 Our Procurement Strategy aims to “manage and maximise the potential of the Council’s procurement spend to support the local economy and environment.” It stresses the need to get best value from our purchasing and to develop formalised process for the inclusion of social clauses into our contracts.

- 2.5 In addition, Local Government Reform increases the powers available to the Council especially with regard to regeneration and planning. This presents further opportunities to incorporate social clauses into our procurement process.
- 2.6 On the 19th June 2014 the Council approved a motion to address economic hardship in our communities due to unemployment and welfare changes. The motion stated that Council would aim to increase the opportunities for real jobs and apprenticeships especially for the long-term (greater than 12 months) unemployed. This policy will support this motion and the Council's wider economic strategy via appropriate social clauses that meet the necessary legal requirements for the duration of appropriate contracts.
- 2.7 Consequently, by means of this policy, we will exploit the potential of the Council's spending power to harness extra economic, social and environmental benefit for local people and communities by ensuring that appropriate social clauses are always considered in accordance within the agreed criteria.

3 THE LEGISLATIVE FRAMEWORK

- 3.1 The Local Government Best Value (Exclusion of Non-commercial Considerations) Order (Northern Ireland) 2012¹ enabled district Councils to take account of certain matters in the award of public contracts that were previously considered to be non-commercial considerations. Such matters include the terms and conditions of employment of a contractor's workforce and the conduct of contractors or their workers in industrial disputes.
- 3.2 The relaxation represented by the Order potentially makes it easier for the Council to integrate social considerations and social clauses into its contracts. However, some constraints do remain because of the requirements of EU procurement law. There is an inherent tension between the desire to promote the *local* economy by boosting procurement spend with local businesses and the obligations deriving from EU procurement law, the aim of which is to open up the EU market so that contractors throughout the EU can freely access and compete for opportunities in other member states. Restricting opportunities so that only local contractors can bid for contracts, for example, would be illegal under EU procurement law.
- 3.3 In summary, EU procurement law permits the inclusion of social and environmental requirements as contract conditions, provided those conditions are compatible with EU law and are indicated in the contract notice and contract documents.²

4 THE AIMS OF THE POLICY

- 4.1 The aims of this policy are as follows:
- 4.1.1 to ensure that directors, commissioners, Council officers and all those engaged in procurement activity consider the opportunity to embed social considerations in a prospective purchase at the outset of the procurement process;

¹ This 2012 Order was made by the DOE under powers conferred by Section 2 of the Local Government (Best Value) Act 2002. The Best Value Act 2002 will be repealed in April 2015 as its provisions have now been re-enacted within the Local Government Act 2014 and a new Order will be provided by the DOE.

² Regulation 39 of the Public Contracts Regulations 2006

- 4.1.2 to engage with the market and so encourage suppliers to include as much social value within contracts as possible;³
 - 4.1.3 to ensure that, wherever possible, appropriate social clauses are included in all Council contracts; and
 - 4.1.4 to ensure that every pound spent on public service provision and procuring goods, works and services reaps maximum economic, social and environmental value and benefit, ultimately resulting in an improved quality of life in Belfast and its communities.
- 4.2 More broadly, the policy is intended to provide a solid foundation for the inclusion of social clauses in all appropriate Council contracts. To inform staff across the Council, particularly those involved in commissioning, when and how to assess the suitability of, integrate (where appropriate), manage and monitor social clauses in Council contracts.

5 WHO IS THE POLICY AIMED AT?

- 5.1 The policy is aimed at staff across the Council but particularly those with responsibility for making, influencing or sanctioning investment or spending decisions. It is aimed at directors, service commissioners, procurement managers, procurement officers, and contract managers. The policy is also intended to influence contractors so that they are better able to accommodate social clauses and to identify ways in which they can increase the economic, social and environmental value of their work.
- 5.2 A separate guidance note for staff on how to implement and monitor social clauses sits alongside this policy.

6 WHAT OUTPUTS ARE WE SEEKING TO ACHIEVE?

We aim to provide additional outputs that are germane to the main contract. Examples include:

- creating employment opportunities for disadvantaged and underrepresented groups such as the long term unemployed (defined as those being unemployed/economically inactive for a minimum of 12 months), young people, women, people who have a disability, or minority ethnics;
- providing work placements and skills development for young people;
- sustaining/creating apprenticeships;
- promoting essential skills amongst suppliers existing workforce;
- providing paid placement opportunities for students on a University or College of Further and Higher course;

³ ***Please note, officers must still clearly state what they require as the outputs from contracts. The aim of this statement is to encourage suppliers to start to think of ways to add social value that are above and beyond what the Council directly requires and that officers may have thought of. In effect, we hope to encourage innovation.***

- delivering supply chain events to increase accessibility to supply chain opportunities for SMEs, micro-businesses and social enterprises;
- engagement with local schools/community groups to promote enterprise or careers in key sectors;
- delivering environmental improvements such as waste minimisation and/or recycling schemes, carbon reduction, CEEQUAL or BREEAM etc.
- identifying and delivering relevant community focused projects.
- identifying and delivering other contributory social benefits that are complementary to the main contract.

When drafting a contract specification, officers should consider the above outputs as objectives of the contract.

In summary, our procurement activity needs to consider how we can better design contracts and use social clauses to achieve better outcomes in line with the Council's strategies, how we deliver long-term improvement in the effectiveness of services and other activities; and increase value for money and social value by placing social, environmental and economic outcomes at the heart of commissioning.

7 WHAT TYPES OF CONTRACT ARE APPROPRIATE TO THE POLICY?

- 7.1 The scope of this policy does not extend to leases or grants. Instead, it relates specifically to contracts let by the Council for goods, works and services. This includes a very broad range of contracts and will cover construction contracts, facility management contracts, and contracts for the purchase of goods. Every time the need for such a contract arises, an assessment of the potential to incorporate social clauses into that contract should be undertaken.
- 7.2 Factors to be considered include the nature of the purchase (goods/works/services) and the expertise of the potential providers/suppliers; the value of the contract; the size of the contract and the duration or term. Straightforward supply contracts, for example, **may** not be able to accommodate skills, training or employment opportunities but such requirements should be capable of being included in contracts for works **and services**.
- 7.3 A flowchart is included in the accompanying guidance note for staff to help determine when a contract should be considered for the inclusion of social clauses.

8 WHAT TYPES OF CLAUSES ARE APPROPRIATE?

- 8.1 There are constraints around the inclusion of social clauses in public contracts. These derive from EU procurement law. For example, it is not permissible to include in a public contract a clause obligating a contractor to employ only local labour. Nor is it permissible to confine the opportunity to bid for Council contracts to only local firms. ***When specifying the contract, officers should always be mindful of their***

other legal obligations for example, ensuring that there is not unlawful direct or indirect discrimination against any particular section of the community.⁴

8.2 Some key points to remember are set out below:

- Don't include clauses that exclude non-local firms or labour as this is illegal under current European legislation. Instead, think of ways that you can encourage local firms and labour to apply for our contracts;
- **Don't think of Social clauses as directly creating jobs (the overall contract is responsible for creating work and hence employment) but rather as a way of encouraging underrepresented groups to apply for job opportunities.**
- Do think about the use of social clauses early on and what the procurement process can achieve. You should try to weave social considerations into the investment decision, business case and procurement notices;
- Do calibrate the clauses to the contract - **for example, there is generally no point in including employment-related clauses in contracts for the procurement of goods;**
- Do refer to the accompanying guidance, the example clauses included in Appendix 2 and the Benefits Realisation model in Appendix 3 to identify clauses that may be appropriate;
- **Do refer to the Equality Screening of this policy, which is contained in the Appendix, to gain a better understanding of how clauses could help underrepresented groups and consider equality screening your procurement contract;**
- Don't randomly employ social clauses in contracts unsuited to their inclusion, **social clauses need to be practical and realistic;**
- Do get the message out to suppliers that sustainable procurement is important to the Council - there will be better buy-in from suppliers who will come to see the inclusion of social clauses in Council contracts as a matter of course;
- Don't include social clauses in the evaluation criteria, when included they should be a non-optional part of the specification;⁵
- **Do ensure a level playing field for contractors bidding for contracts that include social clauses.**
- Do seek further advice if you have any queries about the use of social clauses. **In particular, talk to the Equality Unit and the Economic Development Unit about employability, apprenticeships and training clauses, and the Environmental Health team about environmental**

⁴ See page 82 of the Equality Commission guidance and, more generally, Section 75 of the Northern Ireland Act 1998 and Article 75(1) of the Fair Employment and Treatment (NI) Order.

⁵ Once the Council has gained more experience in the use of social clauses, it will review this decision and clauses may become part of the assessment criteria.

clauses. They will be able to arrange further support for example from DEL for employability clauses.

Also remember that the process must not become a box ticking exercise and should focus on outcomes. Social clauses need to be administratively efficient. It costs money to provide social and community benefits. This should be recognised.

9 WHEN SHOULD THE POLICY BE CONSIDERED?

9.1 The consideration of the opportunities for including social clauses in contracts must become embedded within the Council's purchasing process. A determination of what social benefits can be derived from a particular contract should be as much a part of the procurement process as drafting the specification.

9.2 In order to successfully secure social benefit through the commissioning and procurement process, social benefit needs to be thought about as early as possible in the process. Ideally it should form part of the decision to invest. There needs to be real internal buy-in from key stakeholders within the Council to driving additional social value out of the procurement process.

9.3 In short, this policy should be considered every time a decision is made to spend money on the procurement of goods, services or works. As a minimum, contracts with a minimum labour value of £250,000 and contract duration of at least 6 months are to be screened for the inclusion of social clauses, in line with the guidance produced by the Construction Industry Forum for Northern Ireland (CIFNI). **Where appropriate, multiple contracts should be considered in terms of the totality of their combined value.**

10 MONITORING SOCIAL CLAUSES

10.1 To ensure the use of social clauses is effective and delivering the desired outcomes, clauses need to be monitored and reported. Monitoring needs to be appropriate to the size of the contract and the type of social clause. Consideration needs to be given to how non-compliance will be addressed. Further details are included in the accompanying guidance for officers. The results will be reported through the Council's existing performance management framework.

10.2 **The non-delivery of social clauses should be considered a breach of contract. The officer responsible for the contract should first aim to manage the delivery of social clauses in the same way that they manage all other contract requirements. That is, the contract should be managed so that it delivers the agreed outputs. If a breach in contract does occur, then the officer managing the contract must seek advice from the Council's Legal experts as soon as possible.⁶**

⁶ **The best approach to dealing with the non-delivery of social clauses is still being developed (April 2015). Officers should continue to work with the Council's legal experts and monitor best practice to find the best approach to dealing with non-compliance.**

Example Social Clauses⁷

This list will be amended and added to as the Council increases its experience in the use of social clauses and in light of any reviews and updates by Central Procurement Directorate (CPD), the Strategic Investment Board and the Construction Industry Forum for Northern Ireland (CIFNI).

Economic Requirements

- The *Contractor* lists and publicises opportunities available within the supply chain on the *Contractor's* web-site and/or where appropriate, in the local press **and/or through appropriate industry bodies such as the CEF, CBI and IOD.**
- Within four weeks of the commencement of the contract the *Contractor* notifies the Project Manager of the sub contract and supply chain opportunities, the expected timescale for opportunities and the minimum eligibility requirements suppliers will be required to fulfil.
- The *Contractor* is required to participate in at least one supplier information day, to be facilitated by Belfast City Council. Events will be developed in consultation with The *Contractor* however participation is likely to include a presentation on upcoming opportunities and one to one engagement with attendees. Events will be specifically targeted towards small businesses, social enterprises, **voluntary and community organisations.**
- The *Contractor* supplies the *Project Manager* with details and web links to information published on the *Contractor's* Website for inclusion in the ISNI tracking Database.
- The *Contractor* complies with the Code of Practice for Government Construction Clients and their Supply Chains. See [Code Of Practice For Government Construction Clients And Their Supply Chains](#)
- The *Employer* requires the *Contractor* and the supply chain sign an agreement with the *Employer* to meet the Fair Payment commitments set out in the 'Fair Payment' Charter. (See Appendix A of the [Code of Practice for Government Construction Practice.](#)) The *Contractor* will also comply, as part of the Charter agreement, with the following supply chain practice requirements:-
 - Payment to supply chain to be a standing item on the agenda for project meetings;
 - To provide the *Project Manager* with contact details for all supply chain members;
 - To provide a report to the *Project Manager* on payments made to these supply chain members at each project meeting; and
 - Any sub-contracts entered into by the Contractor for the completion of this contract shall include a requirement that, on the request of the *Project Manager*, the sub-contractor will report to the *Project Manager* on the moneys due to, and the payments received by the subcontractor from the *Contractor*. The report shall include an explanation for any moneys withheld by the *Contractor*. The content and format of the report shall be agreed in advance with the *Project Manager*.
- The *Project Manager* will carry out periodic checks with subcontractors on the payment performance of the *Contractor*.

⁷ For more information, see "Proposal for promoting equality and sustainable development by sustainable procurement in construction - Sustainability requirements, guidance & model contract clauses" by the CIFNI - sustainability task group (September 2012).

- The *Contractor* procures the *works* to achieve the Best Value for Money for the *Employer* representing the optimum combination of Price and Quality (or fitness and purpose) over the lifecycle of the *works* while contributing to the wider Government objectives on Economic, Social and Environmental Sustainability. The *Contractor* uses Whole Life Value studies and Whole Life Costing techniques and methods to support the decision making process to achieve of Best value for Money.
- The *Contractor* provides access to accounts (as part of the open book process) to allow timeliness of payments to subcontractors and suppliers to be verified.

Social Requirements

- A) The *Contractor* submits an Employment Plan⁸ to the *Employer* within four weeks of the *starting date* setting out the *Contractor's* plans, procedures and programme for providing opportunities for the unemployed, apprentices, students and trainees as set out in the Works Information. In particular, this will show how the Contactor will ensure opportunities are adequately communicated to disadvantaged and underrepresented groups such as the long term unemployed, young people, women, people who have a disability, or minority ethnics, so that they are positively encouraged to apply.
- B) The *Contractor* will be required to liaise with Belfast City Council, DEL and/or any organisations identified by Council to agree the approach for the communication and promotion of employment, student, placement and apprenticeship opportunities provided through this contract. Promotion of these opportunities will be delivered in association with Belfast City Council, DEL and/or any organisations identified by Council to ensure that appropriate channels (***jobcentreonline as a minimum***) are used to reach the disadvantaged and underrepresented groups.
- C) In discussion with BCC and DEL (See B) above), the contractor may need to provide capacity building opportunities for the disadvantaged and underrepresented groups. For example, recruitment workshops and events targeted at these groups. Where possible locations ***and times*** that are accessible, neutral or shared spaces will be used for these activities. ***It is expected that expert advice will be sought to ensure these workshops are accessibility.***
- For appropriate contracts, actively involve service users at an early stage in the design, delivery and evaluation of services that are delivered to the public.

Opportunities for the Unemployed⁹

(Figures will be calculated based on labour value of the contract – every £250k of labour value equates to 13 employment weeks.)

- The *Contractor* either directly or through its supply chain provides XXXXX paid employment weeks for the long term unemployed (defined as those who have been unemployed for 12 months or more). The Contractor is required to liaise with Belfast City Council, DEL and/or any organisations identified by Council to promote employment and apprenticeship opportunities provided through this contract.
- The Contractor must ensure that the employment opportunities provide meaningful work experience, development and marketable skills which will enhance the person's skill set for continued and future employment. It is the ambition of the Employer that employment opportunities should be sustainable, where possible.

⁸ Where possible, this should be made a requirement of the tender process. E.G. to be considered for the tender, the contractor must outline their recruitment plan.

⁹ ***Ensure that the assessment of contract labour values are accurate and note that clarity may be required on employment related clauses where an employer is making redundancies.***

- In the event than an unemployed participant commences the employment but withdraws or is removed before completing the employment opportunity, the Contractor arranges for a replacement unless the completion date of the contract is within two months.
- The *Contractor* provides:- An update at monthly intervals on the number of participant weeks delivered within the *Contractor's* Sustainability Project Report using Table A of *Contractors' Sustainability Project Report*.
- The Contractor will recruit a minimum of [xx%] of its new recruits required to deliver this contract from among the long term unemployed.

Apprentices

- Five percent (5%) of the *Contractor's* workforce (if the *Contractor* has 20 or more employees) are employed on formally recognised paid apprenticeships.
- Five percent (5%) of the workforce of each first tier Subcontractor (with 20 or more employees) are employed on formally recognised paid apprenticeships.
- A paid apprenticeship is one that is recognised within the DEL ApprenticeshipsNI programme e.g. [Level 2 framework apprentices](#) or [Level 3 framework apprentices](#) or a similar scheme.
- The *Contractor* provides:-
 - Within four weeks of the *starting date*, a list of apprentices using Table B within the *Contractor's* Sustainability Project Report; and
 - Within four weeks of the *starting date*, evidence (e.g. PAYE printout) of the number of people employed by the *Contractor* and each first tier Subcontractor (with 20 or more employees) and records the data using Table B within the *Contractor's* Sustainability Project Report.
 - an update at monthly intervals on the number of apprentices and individuals employed by the *Contractor* and each first tier Subcontractor (with 20 or more employees) using Table B within the *Contractor's* Sustainability Project Report.
- If at any time before the Completion Date the proportion of apprentices drops below the five percent (5%) requirement the *Contractor* submits to the Project Manager an apprentice recruitment plan and implements this plan promptly to ensure that the requirement set out in the Works Information is achieved.
- The Contractor must ensure that the employment opportunities provide meaningful work providing experience, development and marketable skills which will enhance the person's skill set for continued and future employment. It is the ambition of the Employer that employment opportunities should be sustainable, where possible.

Student Work Placements

(Figures will be calculated on labour value, between £2-5million – 40 student placement weeks, £5 million plus 80 student placement weeks.)

- The *Contractor* provides XXXX person weeks of paid placement opportunities for students on a University or College of Further and Higher course.
- In the event than a student commences the employment opportunity but withdraws or is removed before completing the required number of weeks, the Contractor arranges for a replacement participant unless the completion date of the contract is within two months.
- The Contractor must ensure that the employment opportunities provide meaningful work providing experience, development and marketable skills which will enhance the person's skill set for continued and future employment. It is the ambition of the Employer that employment opportunities should be sustainable, where possible.

- The *Contractor* provides at monthly intervals, an update on the number of student weeks actually delivered using Table C within the *Contractor's* Sustainability Project Report.

Trainees

(Figures will be calculated based on labour value, every £500k of labour value equates to 8 TFS weeks.)

- The *Contractor* either directly, or through its supply chain, provides XXXXX person weeks of work placement for Training for Success (TFS) trainees (*or similar*) through the Department for Employment and Learning (DEL) contracted training suppliers or equivalent.
- The *Contractor* is required to liaise with Belfast City Council, DEL and/or any organisations identified by Council to promote placement opportunities and to arrange TFS placements.
- In the event that a TFS trainee commences the work placement, but withdraws or is removed from the placement before the required number of weeks has been completed, the *Contractor* arranges for a replacement TFS trainee unless the total number of person-week placements yet to be delivered under the contract is less than 2 weeks.
- The *Contractor* provides the TFS trainee in conjunction with their training supplier with relevant work experience, training and development which will enhance their opportunities for future employment.
- The *Contractor* provides an update at monthly intervals on the number of TFS participant weeks actually delivered using Table D within the *Contractor's* Sustainability Project Report.

Essential Skills

- The *Contractor* and supply chain will provide opportunities for all employees to develop essential skills through, for example, the promotion of the DEL Essential Skills Programme.

Equality of Opportunity¹⁰

To promote equality in the workplace.

- The *Contractor* shall comply with Section 75 of the Northern Ireland Act 1998 and all applicable fair employment, equality of treatment and anti-discrimination legislation, including in particular, the Employment (Northern Ireland) Order 2002, the Fair Employment and Treatment (Northern Ireland) Order 1998, the Sex Discrimination (Northern Ireland) Order 1976 and 1988, the Employment Equality (Sexual Orientation) Regulations (Northern Ireland) 2003, the Equal Pay Act (Northern Ireland) 1970, the Disability Discrimination Act 1995, Disability Discrimination (NI) Order 2006, the Race Relations (Northern Ireland) Order 1997, the Employment Relations (Northern Ireland) Order 1999, and the Employment Rights (Northern Ireland) Order 1996; and shall **use his best endeavours to** ensure that in his employment policies and practices and in the delivery of the services required of the *Contractor* under this agreement he has due regard to the need to promote equality of treatment and opportunity between:
 - persons of different religious beliefs or political opinions;
 - men and women or married and unmarried persons;

¹⁰ These clauses should be considered compulsory in any contracts where social clauses are used. If they cannot be included, the reasons must be highlighted and explained in the tender approval committee paper.

- persons with and without dependants (including women who are pregnant or on maternity leave and man on paternity leave);
 - persons of different racial groups (within the meaning of the Race Relations Northern Ireland) Order 1997);
 - persons with and without a disability (within the meaning of the Disability Discrimination Act 1995 and the Disability Discrimination (NI) Order 2006) including the need to make reasonable adjustments during the recruitment process and in employment;
 - persons of different ages; and
 - persons of differing sexual orientation.
- The *Contractor is required to* ensure the observance of the provisions of the above clause by all servants, agents, employees, consultants and sub-contractors of the *Contractor*.
 - The contractor will support schemes to promote equality in the industry such as “Women in Construction NI” [http://www.citbni.org.uk/Women-in-Construction-\(1\).aspx](http://www.citbni.org.uk/Women-in-Construction-(1).aspx) or other relevant programme.
 - The *Contractor* will be required to liaise with Belfast City Council, and/or any organisations identified by Council to agree the approach to meet the equality of opportunity requirements. ***Within 4 weeks of appointment the Contractor will provide an Equality Action Plan setting out how they will address equality related matters. The detail of this action plan will be scalable depending on the size of the contract and based on advice from Council staff. For example smaller contracts will require a written acknowledgement and pledge to deliver the commitments in the Council’s Equality Scheme. Larger contracts will require an Equality Assessment and action plan to address the results of the assessment in accordance with protocol agreed with the council.***
 - The *Contractor* provides:- An update at monthly intervals that meets the section 75 requirements for equality, good relations and disability monitoring.

Good relations

- Promoting equality and good relations are key to improving the quality of life for everyone in the city. We want to make sure that fairness, equality and respect are at the heart of everything we do. These values are central to all of our activities. In Northern Ireland, divisions still exist between different parts of the community. Many of our citizens continue to live parallel lives, with some communities still separated by physical barriers. Building relationships across communities is central to good relations, with work continuing to create a better future for people within these neighbourhoods. In recent years, we’ve welcomed new people from other countries who have made Belfast their home. This diversity has enriched our culture and contributed to our prosperity. The Contractor must ensure that the work site and other activities, such as recruitment events, are conducted in a manner that is respectful and welcoming to all members of our community and so helps to promote good relations. Neutral or shared spaces should be used where possible.
- The *Contractor* will be required to liaise with Belfast City Council, and/or any organisations identified by Council to agree the approach to meet the good relations requirements.

Respect for People

To promote Respect for People.

- The *Contractor* and supply chain agree to comply with the requirements of the 'Respect for People (RfP) – Code of Good Working Health and Safety Practices' incorporating the 'Code of practice for Industrial Relations and Health and Safety'. Compliance with this Code will include payment of operatives in accordance with the industry Working Rules Agreements For link see:- <http://www.strategicforum.org.uk/pdf/codeofpractice.pdf>
- The *Contractor* will calculate the Constructing Excellence Key Performance Indicators on Respect for People and report the KPIs to the *Employer*

Health & Safety - BuildSafe-NI

To promote best practice in Health and Safety.

- The requirements are contained within Works Information Volume 3B - “Safety, Health and Welfare”

Waste Minimisation and Management

- The Contractor is required to implement where possible cost-effective methods of good practice waste minimisation during the design of the project and thereafter during construction. As a minimum, the Contractor should:
 - Identify appropriate methods of waste minimisation in design before detailed design commences and report to the Project Manager on the economic and practical implications of adopting these methods during the development of the design.
 - Agree with the Project Manager which methods of waste minimisation to implement at the appropriate design stage and demonstrate how the methods have been incorporated into the design.
 - Include a list of measures within the Site Waste Management Plan to minimise waste from on-site operations (for example, damage, theft etc) and demonstrate how these measures have been implemented.
 - The Site Waste Management Plan is to be implemented in all construction site activities in line with good practice published by Waste & Resources Action Programme (WRAP). The Plan is required to set a target for waste reduction and recovery. It is expected that this target will be set to better the current waste bench mark for project type as published in: www.smartwaste.co.uk/benchmarking.jsp unless otherwise agreed with the Employer.
- The Contractor is also required to meet specified minimum waste recovery rates for the waste streams with the largest cost-effective recovery potential (to be known as 'selected Quick Wins'). The Contractor is required to identify and agree with the Project Manager/Employer's Agent the key opportunities for Quick Wins on the project and set minimum recovery rates to be achieved. Specifically, the Contractor's responsibility (in association with his trade sub-Contractors and waste management Contractors where appropriate) shall be to:-
 - Identify, and continually review as the pre-construction design develops, the waste streams with the largest potential and estimate likely recovery rates to be adopted for the project: Agree with the Project Manager/Employer's Agent before the commencement of construction those waste streams that will provide the most significant opportunities for cost-effective recovery (to be known as 'selected Quick Wins') and the minimum recovery rates to be adopted for the project;
 - Meet the agreed minimum recovery rates for the selected Quick Wins unless otherwise agreed in writing by the Client:

- Measure waste arising during the works and compare with the minimum recovery rates set for the project and then report these findings to the Project Manager (in a form to be agreed) every four weeks at project meetings including the measures to be implemented to meet the minimum recovery rates if actual recovery is below target; and
 - Appoint trade sub-contractors and waste management Contractors with the same liability as under the Employer's Requirements to meet minimum recovery rates (where applicable) and to support the Contractor to measure, monitor and report actual waste during the works.
- To assist the effective delivery of the above requirements, the Contractor should develop and implement a Site Waste Management Plan (SWMP) to achieve good practice waste management on the project. Specific Contractor responsibilities will be to:-
 - Provide and agree a methodology with the Project Manager before detailed design commences regarding how the SWMP will be developed and implemented with specific reference to the constraints of the project, the management of these constraints, their supply chain, programme of key steps and reviewing performance. This should take into account good practice guidance published by WRAP and other organisations.
 - Develop the SWMP as the design progresses in accordance with the agreed methodology for completion prior to construction commencing. A copy of the completed SWMP should be provided to the Employer's Agent prior to construction commencing;
 - Implement the SWMP during construction in accordance with the agreed methodology; and
 - Ensure compliance of all appointed trade sub-contractors and waste management Contractors with the legal requirements under the Duty of Care regulations and take all reasonable actions as appropriate for non-compliance.
- For some approved uses of Greenfield soil as outlined in NIEA's Regulatory Position Statement 'Guidance on the Regulation of Greenfield Soil in Construction and Development' such as road and verge construction, landscaping and sustainable drainage systems, waste controls may not be applied. However, in order to benefit from the regulatory position, the producer or receiver of the soil must:-
 - Complete and sign the declaration form at Appendix 2 of the Regulatory Position Statement or
 - Submit a declaration form on line at www.ni-environment.gov.uk/apply_online.htm

Recycling and Reuse of Construction Materials

- As a minimum outcome, at least 10% [or as otherwise stated in A06/210] of the total value of materials used in the construction project derives from recycled and re-used content in the products and materials selected. (* see below) The Contractor must also demonstrate that the most cost effective cost-neutral opportunities to increase the value of materials deriving from recycled and re-used content (i.e. the relevant Quick Wins) have been identified and implemented, and that targeted improvements made in the total recycled content above "baseline practice" for the project have been quantified.
- Tools and resources for evaluating recycled content and identifying Quick Wins with minimum effort are available from www.wrap.org.uk/construction
- Wherever technically and commercially feasible, the Contractor's specification should require the use of products with recycled content that equals or exceeds the 'good' practice performance for that component.

- Where the Contractor considers that the use of materials with higher recycled content for identified Quick Wins may be unachievable or that there is an additional cost in meeting this level, the Contractor must contact the Project Manager during the design development period with supporting information which states:-
 - Identified Quick Wins (e.g. as indicated by the WRAP tools)
 - The reasons for selecting not all of the identified Quick Wins or for pursuing levels of recycled content value below "good practice" for the identified Quick Wins, identifying cost, programme and / or quality issues resulting in this decision.
- The Contractor must identify the minimum value for the recycled content in each of the selected Quick Wins. The Contractor must ensure that all corresponding materials achieve the required recycled content value, and retain evidence of their use through the collation of invoices and manufacturers' data. This information is to be made available to the Project Manager within five working days upon request.
- At the end of the project, the Contractor must report to the Sustainability Auditor (or Project Manager, if designated) the improvement made in the total recycled content above "baseline practice" for the project and the estimated outcome for total recycled content by value.
- The value of materials deriving from recycled content on a project may be calculated using the following summation across all the products and materials used: (quantity of product A) x (cost of product A) x (% recycled content by mass of product A).

*Recycled content is the proportion, by mass, of recycled materials in a product, excluding waste material (such as process scrap) reutilised within the same process that generated it - see ISO14021 for a formal definition. Where a product or material is reused (e.g. is removed and replaced or moved to another location), then it is credited at 100% reused content by value. The cost of a product is the unit delivered price for the materials, excluding installation costs.

- The Contractor is to calculate and report the recycled content as an environmental Key Performance Indicator.

Environmental Assessment

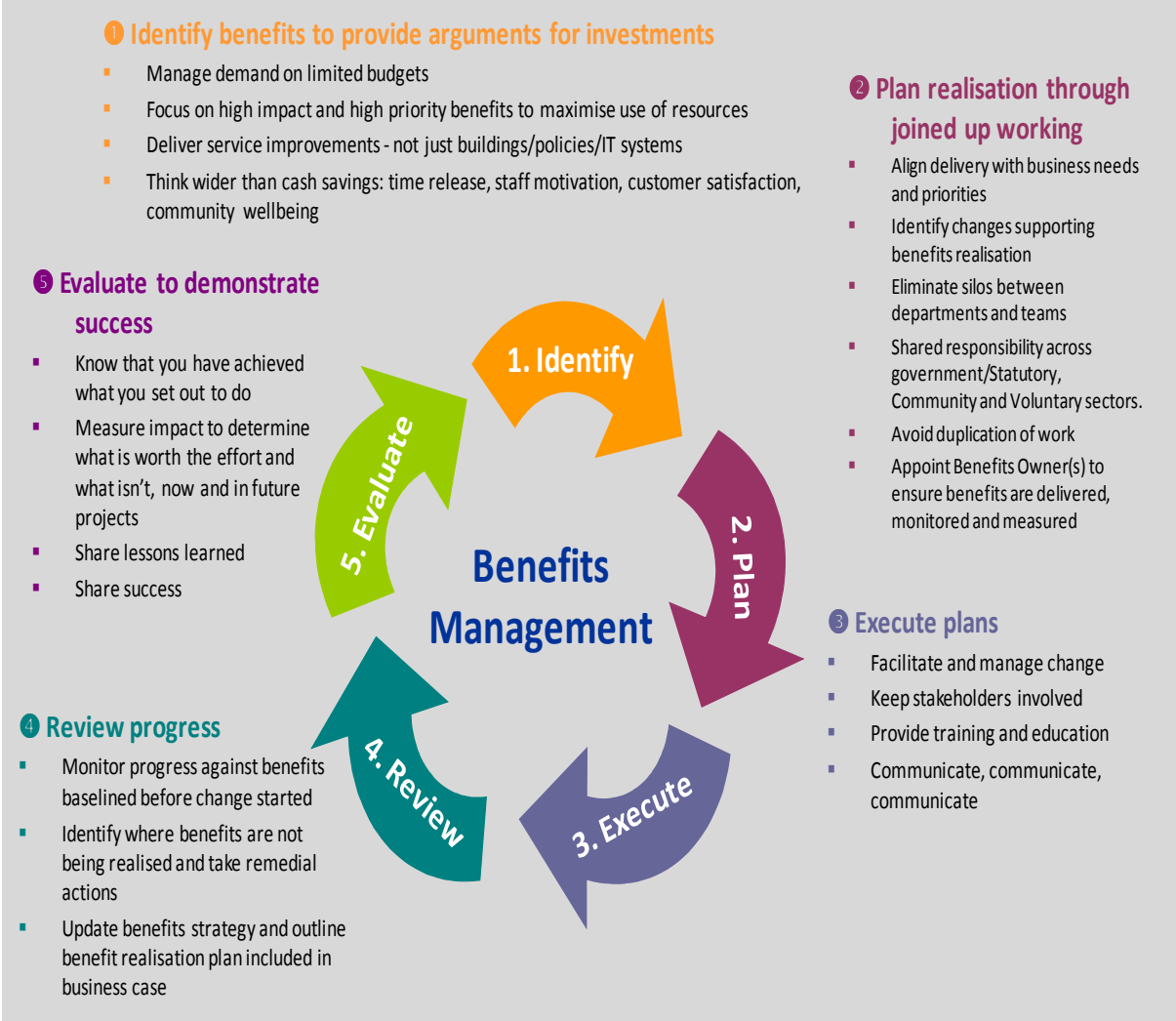
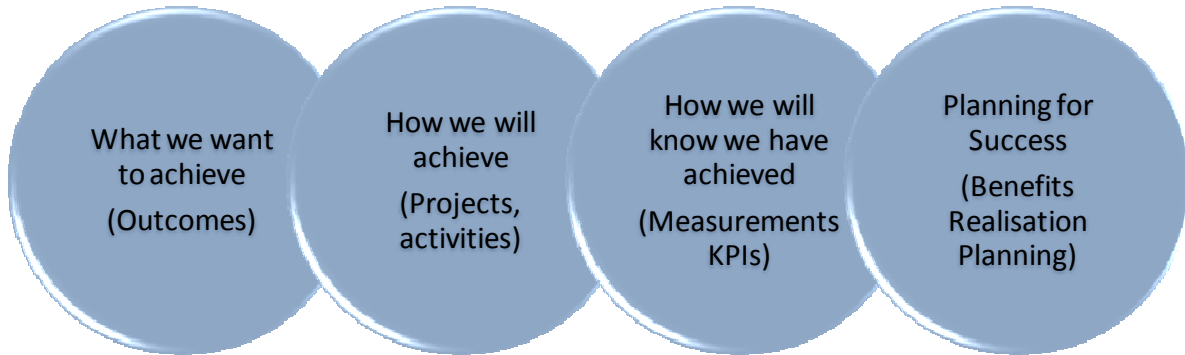
- The Contractor and supply chain shall work to achieve a CEEQUAL or BREEAM rating of "Excellent" and "Very Good", or equivalent, for new build and refurbishment projects, respectively.
- The Contractor is to Construct the works in accordance with the BREEAM rating achieved during the Design Stage and obtain from the BREEAM assessor/authority a certificate certifying the works, as built, comply with the design intent and BREEAM Rating achieved at Design Stage.

Reduction in Energy, Water Consumption and Carbon Emissions

- The Contractor is to comply (where applicable) with the minimum mandatory specifications and if possible with the best practice specifications of Defra's 'Government's Buying Standards'. See: <http://www.defra.gov.uk/sustainable/government/advice/public/buying/products/index.htm>

Benefits Realisation Model

When specifying clauses in contracts, you might find the Benefits Realisation Model, as used by Property and Projects (P&P), will help. Contact the P&P Strategic Programme Manager for more information. An overview of the approach is shown below.



Equality Screening

To be attached once the required Equality Rescreening process has been completed.

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Appendix 1c – Social Clauses: Draft guidance for implementation of social clause policy

BELFAST CITY COUNCIL

Policy on the use of Social Clauses in Council Contracts

Guidance for Staff

1. OVERVIEW

- 1.1 The Council has adopted a policy on the use of social clauses in Council contracts. The aim of the policy is to ensure that, where possible, the money the Council spends on procuring essential goods, works and services brings benefits to the people, the communities and the economy of Belfast too.
- 1.2 This guide sits alongside that policy and is intended to provide user-friendly practical guidance to all Council staff involved in the procurement of goods, services or works. In particular, this guide is aimed at
 - 1.2.1 all those with a significant input into commissioning and purchasing on behalf of the Council; and
 - 1.2.2 contract managers responsible for ensuring that contracts are carried out in accordance with their terms (including social clauses) once the contract is actually let.
- 1.3 In **Part One** below, you'll find a series of key questions and answers which are intended to provide helpful background, answer some of the queries you may have, and establish the parameters within which the policy must work.
- 1.4 **Part Two** includes information on the practical steps you need to take to ensure that proper consideration is given to the incorporation of social clauses in Council contracts and the practical steps to take to ensure that the social clauses are effectively implemented.
- 1.5 **Part Three** sets out, in summary form, some key Do's and Don'ts and is intended to act as a helpful *aide-mémoire*.
- 1.6 We've also set out in an Annex some **model social clauses** that you should consider when awarding contracts.
- 1.7 We hope that the information contained in this guide will make the experience of using social clauses more understandable and easier to manage. Please don't feel that you have to read and digest it all in one sitting. The guide is designed as a reference tool for you to dip in and out of, picking up appropriate information at each reading.

Part One

2. WHAT ARE SOCIAL CLAUSES?

- 2.1 Social clauses are clauses added to contracts that impose a contractual requirement on a contractor to deliver a wider benefit as part of a contract. The benefits can be *social*, *economic* and/or *environmental* in nature and are intended to be in addition to the benefits secured by the provision of the goods, works or services themselves.

- 2.2 To give an example of what we're aiming at here, if you are letting a construction or a long-term maintenance contract, you should always consider whether there is any opportunity to add to the terms of that contract a clause or clauses aimed at increasing employment opportunities ie a *social clause*. A sample clause might be along the following lines:

The Contractor either directly or through its supply chain provides [X] paid employment weeks for the long term unemployed (defined as those who have been unemployed for 12 months or more). The Contractor is required to liaise with the Department for Employment and Learning (DEL) and/or any other organisations identified by the Council to promote employment and apprenticeship opportunities provided through this contract.

- 2.3 Through the use of a social clause like the one above, the Council not only gets the construction work it's paying for. It also gets a social benefit by requiring the contractor to help to tackle long-term unemployment and, potentially, reduce poverty.

- 2.4 Bear in mind that we're not simply targeting construction contracts here. We are much more ambitious than that. Social clauses can be incorporated into other types of contract and can target other types of outcome as well.

- 2.5 Consider, for example, a contract for the construction and operation of a green technology business centre. This could potentially include clauses targeting employment; clauses relating to community use; and possibly also clauses aimed at reducing the environmental impact of the centre by requiring the use of environmentally-friendly materials or technologies and/or reduced consumption of resources such as water and energy. All of these clauses are *social clauses*.

- 2.6 In terms of the contract specification, these clauses would be added alongside your normal contract requirements. In simple terms, this may look something like this:

2.7 **General clauses**

Construction

- The facility will be constructed to the drawing Nos. xxxx attached to this specification.
- The work will be completed to ISO standards xxx.
- The work will be completed by the date xxxx.
- Etc.

Operation

- The building will be made available 24/day 365days/year.
- The contractor will provide receptionist services between the hours of 09:00 to 17:30 Monday to Friday.
- The building will be able to accommodate xxx users and xxx resident businesses.
- Etc.

Social Clauses

Construction

- The contractor must host a minimum of x information days to present supply chain opportunities targeted towards small businesses, social enterprises, voluntary and community organisations.
- During construction, the contractor will employ a minimum of xxx people who are long-term unemployed.
- As a minimum, xx% of materials used in construction must be from recycled sources.
- Etc.

Operation

- The building will use xx% of gray/recycled water.
- The operator will provide xx of rooms for xx days per month for free use by community groups.
- It will be a condition of use that the operator's staff and staff of tenant organisation undertake equality and diversity training once every x years.
- Etc.

A more detailed list of potential clauses is included in ANNEX 1 and additional guidance is emerging.^{i, ii & iii}

3. CASE STUDIES

- 3.1 The biggest challenge people who are new to social clauses face, is to image what sort of contract will be suitable and what types of clauses can be used. So before getting into the detail of some of the issues you need to consider, here are some examples of contracts that have included social clauses.¹

Birmingham City Council

Birmingham City Council had a corporate aim of reducing worklessness and raising skill levels. They decided that using social clauses within their procurement process may be a useful way of contributing to this aim. They developed a scaleable approach that applied different types of clauses depending on the size of the contract. For example:

- all new service and construction contracts with a value of more than £1m will be subject to jobs and skills clauses;
- all goods/product supply contracts for a value of more than £1 million will be subject to a negotiated Jobs and Skills Charter;
- all existing service and construction contracts with a value more than £5 million will be subject to negotiated voluntary agreements.

The types of employment and supply side clauses that have been used include:

- 60 person-weeks of paid employment for a new entrant trainee per £1 million in invoiced contract value;
- every vacancy arising from the contract to be notified to the council;
- notification of all subcontract and supply opportunities to a portal site approved by the council;

Bridge in Derry/Londonderry

The Peace Bridge was built to provide a pedestrian and cycle link across the River Foyle that divides Waterside from the city centre. It included various clauses to encourage employment opportunities for the long-term unemployed and those in need of help to start their careers. Examples include:

- recruit one person who has been registered unemployed for more than six months for each £1 million of project value;
- secure one apprenticeship for each £2 million in contract value;
- comply with fair employment, equality of opportunity and anti-discrimination legislation.

Raploch URC and Stirling Council Roads Maintenance – Stirling Western Access Road

Although still a construction contract, and a relatively small one, this example shows that social clauses do not just have to involve training and recruitment clauses.

The contract was for approximately £1m and was set in an area of high deprivation. To contribute to the economic development of the area, the contract included clauses relating to training and employment.

¹ NB in some countries social clauses are referred to as community benefits.

However, the work also aimed to improve the local area for the people living there and so included traffic calming measures and a focus on making it friendly to pedestrians. As such, social clauses were included that required the contractor to consult with the surrounding community before works began. The Contractor was also required to be an integral partner in the Community Benefits Working Group (established for the project) and was expected to embrace, add value and take ownership of the Community Benefits Working Group process.

4. **WHAT ARE THE AIMS OF THIS GUIDE?**

- 4.1 The aim of the guide is to promote the use of social clauses in our contracts and to act as a reference tool for their practical and legal implementation. It's essential that all those involved in commissioning and purchasing have the necessary skills, knowledge and willingness to introduce social clauses. This guide is intended to help you acquire that knowledge and those skills.
- 4.2 It also aims to ensure that due consideration is given to the incorporation of social clauses into our contracts by all those with a significant input into the purchasing process and that a consistent approach is adopted by purchasers across the Council.
- 4.3 Above all, the guide aims to ensure that opportunities for the inclusion of social clauses are not missed. It's too late to include social clauses in a particular contract once it's awarded so we need to take steps at the earliest possible opportunity to ensure that such clauses are included in appropriate contracts. We cannot afford to let opportunities to derive additional social benefits from our procurements go to waste.

5. **HOW DOES THE SOCIAL CLAUSES POLICY AFFECT ME?**

- 5.1 If you are responsible for, or have significant input into, making or implementing commissioning or purchasing decisions on behalf of the Council, you have the potential to contribute to social change in addition to simply making a purchase of what you need. Whenever you take a decision to purchase, you must consider the terms of the policy and this guide.
- 5.2 If you are a contract manager, and the contract you're managing contains social clauses, you will have to manage and monitor the implementation of those clauses, alongside managing the implementation of the all of the other contractual obligations.

6. **WHEN SHOULD I CONSIDER THE POLICY?**

- 6.1 As soon as your department has made the decision to purchase and the earlier the better. In order to achieve the outcomes we want to achieve, you need to start thinking about how you can create social benefits from your spend as soon as possible and, ideally, *well before commencing any formal procurement/purchasing activity*. Considering what social clauses can be incorporated into a particular contract must become as much a part of the procurement process as specifying your requirements for a particular purchase. In other words, every time you start to think about procuring goods or services, start thinking about opportunities to include social clauses. The more you do this, the easier it will become to identify suitable opportunities.
- 6.2 Of course, initially you might be unsure as to what contracts and what clauses may be suitable to include in your specification. So keep a copy of this guidance handy and refer to it when you start to think about procurement. Also, contact staff in the Economic Development Unit and Procurement Unit who have previous experience of incorporating social clauses.
- 6.3 In summary, don't leave the decision as to whether or not to incorporate social clauses into a particular contract until the point at which you're writing the tender documents. The

decision has to be taken much earlier than this and ideally at the point when you formulate the business case for the purchase. And, if you need help or support, do ask for it.

7. WHY SHOULD I CONSIDER THE POLICY?

7.1 Because we, as a Council, are a major purchaser in the city and through our spending have the power to make a difference to the lives of people living within our area. And because there's a political imperative to do this. The Council's Investment Programme 2012-15 included a commitment for the Council to adopt social clauses and to make better use of its procurement spend in general. Additionally, on the 19th June 2014 the Council approved a motion to address economic hardship in our communities by using contract clauses that provide opportunities for real jobs and apprenticeships. The Northern Ireland Executive also made a clear policy commitment to the use of social clauses in the Programme for Government 2011-15.

7.2 Because you, as a **commissioner** or **purchaser**, have the power to:

7.2.1 be creative and realise added value when making purchases of essential supplies, services or works;

7.2.2 assist us in achieving our goal of maximising benefit from Council spend and making Belfast a better place to visit, live, work, study and invest in; and

7.2.3 influence the behaviour of providers and suppliers responding to our contract opportunities so that they, in turn, come to expect that all Council contracts will include social clauses.

7.3 And because you, as a **contract manager** with day to day responsibility for contract implementation, have the power to produce tangible results and really drive out from our contracts the additional benefits the social clauses are intended to create.

7.4 We are aiming at changing a mind-set with the introduction of our social clauses policy. We want to change our own expectations and practices as well as those of the businesses and organisations we buy from. The mere act of reading the policy and guidance and considering the possibility of including social clauses in contracts is just the first but important step in that process.

8. CAN ALL CONTRACTS ACCOMMODATE SOCIAL CLAUSES?

8.1 In theory most could but in practice many aren't suited and to include them without thinking not only looks bad but creates the impression that we don't know what we're doing. We need to be skilled in the way in which we seek to incorporate social clauses into our contracts. For example, it's unlikely that contracts for small, one-off purchases of supplies are going to be appropriate for the inclusion of social clauses. But longer-term, larger contracts for services or works are ideal opportunities to incorporate appropriate social clauses.

8.2 **Part Two** of this guide sets out the practical steps to take when seeking to incorporate social clauses into our contracts and the factors to consider. It also identifies the stakeholders who need to be involved at each stage in the process.

8.3 Remember that the more often you seek to incorporate social clauses in our contracts, and learn lessons from previous experience of using social clauses, the more embedded – and easier - the practice will become.

8.4 In summary, you should always consider if there are opportunities to include social clauses in a contract and, as a minimum, you should include clauses in contracts that have a minimum labour value of £250,000 and contract duration of at least 6 months. Where appropriate, multiple contracts should be considered in terms of the totality of their combined value.

9. **IF THE POLICY IS ABOUT IMPROVING OPPORTUNITIES FOR THOSE WITHIN OUR COUNCIL AREA, CAN I RESTRICT PARTICIPATION TO LOCAL BUSINESSES ONLY?**

9.1 **No.** Restricting a particular procurement to local businesses; forcing the winner to employ local labour; or imposing other conditions or specifications which are materially easier for local businesses to satisfy runs the risk of breaching EU procurement law. But there are other ways of seeking to maximise social benefits for the Council area without breaching procurement law, some of which are set out below.

10. **SO WHAT CAN I DO TO HELP LOCAL BUSINESSES?**

10.1 You cannot restrict participation in a tender process to local businesses only or mandate that those employed by the contractor on the execution of the contract must be from the local area. However, you can take steps to make it easier for local businesses to participate in the procurement process, thereby increasing the chance that the money we spend stays in our communities and that our local businesses get a fair opportunity to bid for our contracts. Many of these steps are not strictly speaking social clauses but have been used in the Council's "Buy Local" initiative.

10.2 For example, think about organising events such as meet the buyer days to notify the market of your needs in advance of the launch of a formal procurement process. That way, local businesses can be geared up to bid for your contract as soon as it's advertised. You can also include social clauses in the final contract so that the main contractor runs similar events for sub-contractors.

10.3 Think about the size of your contracts. Consider breaking larger contracts into lots so that small and medium-sized enterprises (SMEs), which make up the majority of businesses in our area, get an opportunity to bid.

10.4 Think about restricting the number of lots that any one business can win. That way, the opportunities are spread over a wider range of suppliers rather than concentrated on one large contractor.

10.5 When designing your procurement process, avoid tight time-limits thereby giving bidders, particularly less well-resourced SMEs, sufficient time to pull their tenders together, and avoid overly onerous selection/pre-qualification tests which are often much harder for SMEs to meet.

11. **WHAT ABOUT LOCAL EMPLOYMENT?**

11.1 You cannot impose upon a contractor an obligation to employ only local people on a particular contract. But you can *encourage* contractors to do this by making clear to them early on that increasing local employment opportunities is an important outcome for us.

11.2 Moreover, you can require a contractor to advertise any job vacancies arising on a particular contract in local job centres and you can encourage contractors to use specific agencies that recruit staff. By doing this, you can go a long way to attaining our goal of improving employment opportunities for our residents and/or the residents of particular communities, but without risking a breach of EU procurement law.

11.3 When considering employment and training related clauses, you should consider speaking to the Economic Development unit. They have lots of experience in designing appropriate clauses. They can also help with guidance for the contractor on where to advertise job opportunities, host information sessions; and how to make use of existing job information distribution channels via DEL, local Job Centres and training providers.

12. **WHAT'S THE REACTION FROM CONTRACTORS TO THE INTRODUCTION OF SOCIAL CLAUSES LIKELY TO BE?**

- 12.1 Commissioners and contract managers often think that the response from contractors to the inclusion of social clauses in public contracts will be a negative one, leading ultimately to higher costs and/or a failure by the contractor to actually implement them.
- 12.2 This fear of a negative reaction from contractors is one of the biggest barriers to the effective incorporation of social clauses and we must stop expecting that this is how they will respond. Many contractors now have in place policies on corporate social responsibility and will see the implementation of social clauses as an extension of this. Moreover, because social clauses are high on the political agenda, there's an expectation amongst contractors that they will be included in public contracts and an increasing awareness and experience of their use. This will only increase as an increasing number of organisations start requesting social clauses in their contracts.

Part Two

13. KEY STAGES

- 13.1 The successful inclusion of social clauses in our contracts involves four key stages as follows:
- Consideration of social clauses;
 - Development of suitable social clauses;
 - incorporation of social clauses into the specification / contract and
 - implementation and monitoring of the clauses as part of the management of the contract.
- 13.2 The diagram below indicates those who are likely to have key responsibility at each of the four stages:

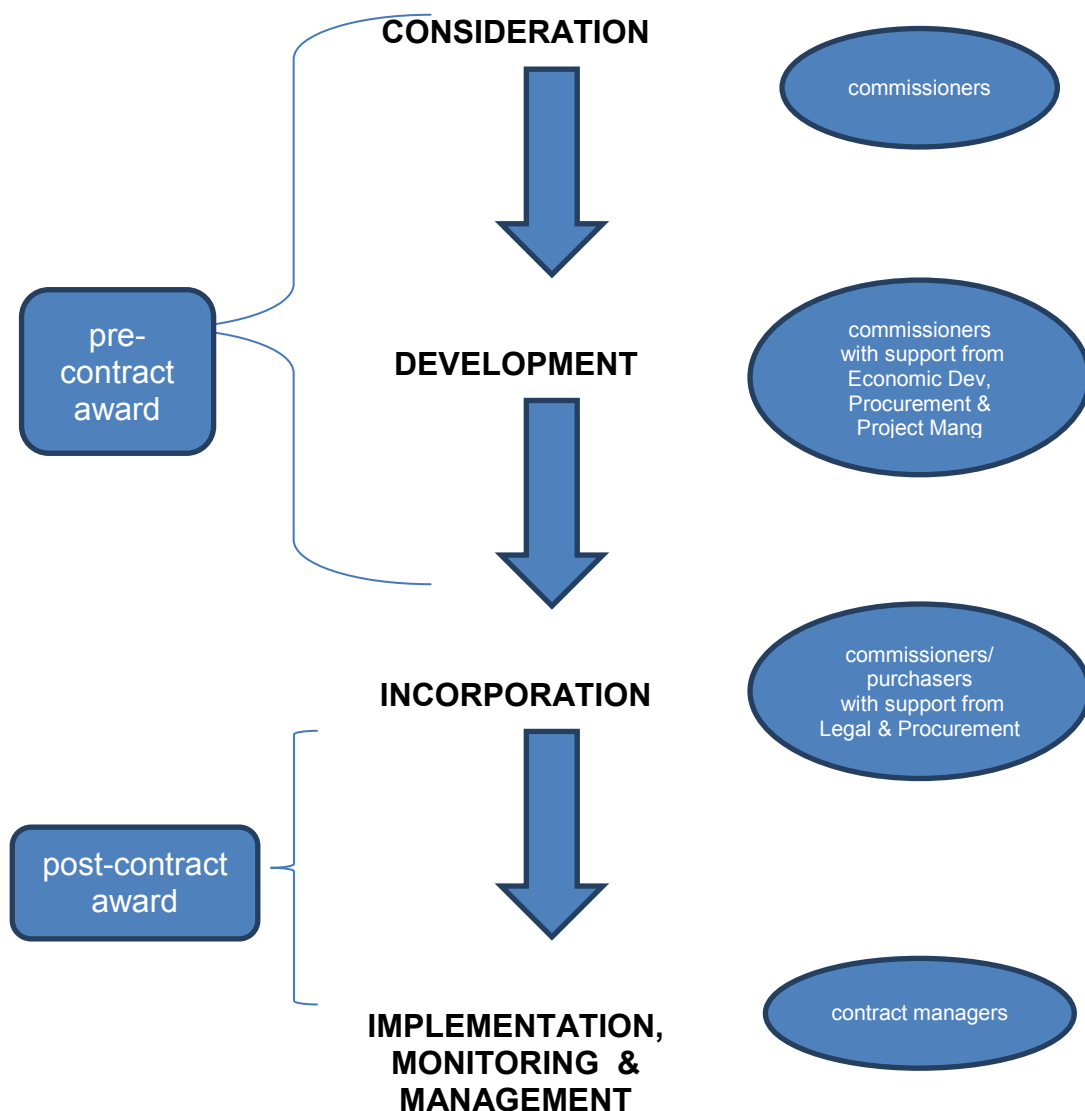


Figure 1. The main stages of using Social Clauses

13.3 We set out below the practical steps to take during each of these key stages and the departments and/or stakeholders who should be involved.

PRACTICAL STEPS

13.4 Consideration

Responsibility - The person/department making the decision to commission/purchase

13.4.1 Every time you make a decision to commission goods, works or services, think about the social clauses policy and what broader benefits the contract could potentially deliver. Build the consideration of social clauses into the front end of the commissioning process. Don't advertise the contract or initiate a tender process until you have thoroughly scoped it and fully considered what social clauses you can incorporate.

13.4.2 Think about your existing contracts and future needs. Consider what contracts you've let in the past which could have accommodated (but didn't include) social clauses. Are those contracts due to expire soon? Will they be re-let? Now is the

time to think about what social clauses can be included if and when the contract is re-let. Review the example of social clauses in this guidance.

13.4.3 Identify suitable opportunities for including social clauses. Consider the following:

- (a) What type of contract are you seeking to let – goods/works/services?
- (b) Is it a major one-off project or a routine purchase of supplies?
- (c) What is the duration of the contract and its value?
- (d) Does it involve construction or maintenance works?

13.4.4 Certain types of contract will be more suitable for the inclusion of social clauses. Major projects involving the construction of a building or infrastructure, for example, should easily be able to accommodate employability-related social clauses, such as those set out in Annex 1. Longer-term contracts, such as outsourcing contracts, offer significant opportunities for including social clauses. The following table gives a very basic idea of when clauses might be appropriate. Please note though, it is not an exhaustive or definitive list. It is only intended to help you think about opportunities while you gain experience. You should always try to find new opportunities.

Contract Type	Duration/Financial Value			Examples
	Short/Low	Medium/Medium	Long/High	
Works	Environmental benefits	Employment & training. Environmental benefits Equality & good relations.	Sub contractor opportunities. Employment & training. Environmental benefits. Community engagement. Equality & good relations.	Subcontractor info days. 3 rd sector & Social Enterprise involvement. Employment weeks. Apprenticeship & work experience. Recycled materials. Environmental impact. Community consultation. Community use of facility. Equality impact assessment and action plan.
Services	Community engagement.	Employment & training. Environmental benefits. Community engagement. Equality & good relations.	Employment & training. Environmental benefits. Community engagement. Equality & good relations.	% of new recruits. Apprenticeship & work experience. Environmental impact. Community involvement in design of service. 3 rd sector partnership. Equality monitoring and reporting.
Goods			Environmental benefits. Community.	Recycled materials. Environmental impact. Ethical sources.

Table 1. Possible clauses

13.4.5 Ask around and identify colleagues (particularly those in Procurement and Economic Development) who have already used social clauses in contracts they've let. Get the benefit of their experience and expertise. What has worked well for them? What has worked less well? What difficulties have they encountered that you can anticipate and try to avoid?

13.4.6 Engage with potential contractors early on and in advance of any formal tender process. Hold a market engagement or "meet the buyer" day to inform them of what you want to achieve in terms of social benefit. Talk to contractors about the importance to the Council of securing social benefits. Get the message out into the market that social benefits really matter to us. This will help to secure better buy-in on the part of potential suppliers/contractors which should, in turn, make the attainment of the broader social benefits much easier in the long-run.

- 13.4.7 Consider what other "stakeholders" need to be involved and get them on board now. These can be internal stakeholders (eg our Economic Development Unit) or external stakeholders such as the Department of Employment and Learning (DEL), the Construction Industry Forum (CIFNI) or the further/ higher education sectors.
- 13.4.8 Remember, as a minimum, you should include clauses in contracts that have a minimum labour value of £250,000 and contract duration of at least 6 months. Where appropriate, multiple contracts should be considered in terms of the totality of their combined value.

13.5 Development

Responsibility - The person/department making the decision to commission/purchase; the Economic Development Unit; Procurement and, if appropriate, Project Management.

- 13.5.1 Draft appropriate social clauses. If you are using clauses relating to employment and supply chain opportunities, refer to the **model clauses in Annex 1**. But bear in mind that these are *template* clauses and need to be carefully scrutinised to ensure that they work for your particular contract.
- 13.5.2 One size does *not* fit all and the model clauses in Annex 1 are likely to need to be adapted to properly align with the contract you're letting. For example, if the contract has a term of less than two years, then it is unlikely to be possible to include in that contract clauses imposing on the contractor an obligation to take employees on formally recognised paid apprenticeships (see the clauses relating to Apprentices in Annex 1). This is because it normally takes at least two years to complete an apprenticeship. However, we are working to develop other approaches with DEL and others to look at how these sorts of issues can be overcome. So do check in with Economic Development to see what options exist.
- 13.5.3 Additionally, the same contract may be capable of accommodating other employability-related social clauses such as the obligation to provide a specified number of weeks of work placements for students in further or higher education. Or other (non-employability-related) types of social clauses e.g. a community use clause or a community consultation clause.
- 13.5.4 Consider what sanctions (if any) should be included in the contract for failure to comply with the requirements of the social clauses. Will the contractor be allowed an opportunity to remedy breaches of the social clauses? Could a breach and subsequent failure to remedy give rise to a right to terminate? (see section 13.7 for more information).
- 13.5.5 And don't forget the Contract Manager, the person who will ultimately be responsible for actually managing the particular contract and monitoring the implementation of the social clauses. Get the contract manager on board now (if he/she isn't already involved) so that they are properly invested in the decision-making process and the outcomes you want to achieve.

13.6 Incorporation

Responsibility – commissioners/ purchasers with support from Legal Services & the Procurement Unit.

- 13.6.1 If you are unsure about what clauses you can use, especially in the early days, do ask advice from others who have more experience. As with all Council procurement, you should ask Procurement and Legal Services to check and sign off your contract specifications for large high value contracts.
- 13.6.2 Clearly flag in the tender documentation that:

- (a) the contract will include social clauses;
- (b) what the clauses will cover; and
- (c) that compliance with the social clauses is a mandatory requirement.

That way, you will ensure that potential bidders are clear on what their responsibilities will be should they win the contract and, hopefully, deter bidders not serious about delivering the benefits deriving from the social clauses from taking part in the procurement process.

- 13.6.3 Once the clauses are signed off, make sure they're added into the appropriate form of contract. For example, if you're letting an NEC construction contract, add the social clauses in as Z clauses. The Procurement Unit will be able to give you advice on this.
- 13.6.4 Run your tender process and choose the winner. Award the contract.
- 13.6.5 Notify relevant stakeholders (for example, DEL if there are employment clauses) of contract award to enable them to forward plan and so that they are geared up to play their part in ensuring the successful delivery of the social clauses.

13.7 Implementation, monitoring and management

Responsibility – Contract Managers

- 13.7.1 As indicated in Figure 1, this stage takes place after the contract is awarded. All the vital, upfront work has now been done but without this stage, we won't reap the benefits of that work. The monitoring and management which takes place at this stage is absolutely central to ensuring that real, live social benefits are actually delivered. Key to success at this stage is the contract manager.
- 13.7.2 As soon as possible after contract award, the contract manager should arrange an initiation meeting with the contractor's representative. The aim of this meeting should be to focus exclusively on the social clauses, the substantive obligations they impose on the contractor (including reporting requirements) and the practical steps to be taken to ensure that the social clauses are implemented.
- 13.7.3 If necessary, invite relevant internal stakeholders (for example, a representative from the Economic Development Unit with expertise on using social clauses) to the initiation meeting.
- 13.7.4 Brief the contractor on the schemes or programmes in place locally which will enable them to fulfil the requirements of the social clauses. Provide contact details for relevant external stakeholders.
- 13.7.5 Pro-actively monitor the implementation of the social clauses – they are just as important as the other contractual obligations. Log the information provided by the contractor in a central database which can be used to monitor progress against expected delivery. At the time of writing this guidance, the reporting mechanisms for social clauses are still being defined. Contact the Procurement Unit and Economic Development Unit for further information. The Council's overall performance against its aims for social clauses is being reported at senior management and Committee levels so this aspect must not be overlooked.
- 13.7.6 Make sure the contractor complies with any reporting obligations relating to the social clauses. Don't overlook a failure to provide the reports or otherwise let implementation of the social clauses slip. Turning a blind eye to a failure to comply with the requirements of the social clauses, including the reporting requirements,

sends the wrong message to the contractor. Endeavour to work in partnership with the contractor to ensure successful implementation of the social clauses.

- 13.7.7 The non-delivery of social clauses should be considered a breach of contract. The officer responsible for the contract should first aim to manage the delivery of social clauses in the same way that they manage all other contract requirements. That is, the contract should be managed so that it delivers the agreed outputs. If a breach in contract does occur, then the officer managing the contract must seek advice from the Council's Legal experts. At the time of writing this guidance, the exact approach to dealing with non-compliance is still to be determined. Compared to traditional clauses the problem is that it is unlikely that the failure to deliver a social clause will be of sufficient significance to the client. For example, it will be difficult to demonstrate a significant financial loss against which we could claim compensation. Hence the need to contact Legal Services at the earliest opportunity^{iv} and the importance of a successful management relationship with the contractor/supplier.

Part Three

By way of refresher, we've set out below so key *Do's* and *Don'ts*.

14. DO's

- Do think about the use of social clauses early on and what the procurement process can achieve;
- Do speak to colleagues who have previous experience of using social clauses in Council contracts;
- Do get the message out to suppliers that sustainable procurement and social clauses are important to the Council. Ultimately, there will be better buy-in from suppliers who will come to see the inclusion of social clauses in Council contracts as a matter of course;
- Do bear in mind the constraints of EU procurement law – for example, avoid mandating that a contractor employs local labour to carry out the contract;
- Do be mindful of their other legal obligations for example, ensuring that there is not unlawful direct or indirect discrimination against any particular section of the community;
- Do try to be creative and think about how you can encourage the involvement of local businesses and local labour but without falling foul of EU procurement law. Do make it easier for contractors to employ local people by directing them to specific agencies;
- Do calibrate the clauses to the contract - for example, there is generally no point in including employment-related clauses in contracts for the procurement of goods;
- Do ensure a level playing field for contractors bidding for contracts that include social clauses;
- Do put in place procedures and systems for monitoring the implementation of the social clauses;
- Do refer to the Equality Screening attached to the main Social Clause Policy to gain a better understanding of how clauses could help underrepresented groups and consider equality screening your procurement contract;

- Do seek further advice if you have queries about the use of social clauses. In particular, talk to the Equality Unit and the Economic Development Unit about employability, apprenticeships and training clauses, and the Environmental Health team about environmental clauses. They will be able to arrange further support for example from DEL for employability clauses.

15. DON'TS

- **Don't** miss out on opportunities by failing to consider the incorporation of social clauses at any early stage in the commissioning process;
- **Don't** use the word "local" in your contract documents or specifications. Think instead of ways to encourage local businesses and people to apply for the opportunities that the contract creates;
- **Don't** think of Social clauses as directly creating jobs (the overall contract is responsible for creating work and hence employment) but rather as a way of encouraging underrepresented groups to apply for job opportunities;
- **Don't** randomly employ social clauses in contracts unsuited to their inclusion, social clauses need to be practical and realistic;
- **Don't** expect a negative reaction from contractors and don't allow your own prejudices to act as a barrier to the inclusion of social clauses;
- **Don't** ask for more than the contractor can deliver or the contract warrants as this may lead to an increase in price;
- **Don't** forget to monitor and manage the implementation of the clauses.

16. AND REMEMBER

If there is one factor which is critical to the successful inclusion of social clauses in public contracts, it's the need to think about what social benefits you want to derive from a particular contract **at the earliest possible opportunity** and well in advance of launching any procurement process.

ⁱ http://www.dfpi.gov.uk/index/procurement-2/cpd/cpd-policy-and-legislation/content_-_cpd_-_policy_-_procurement_guidance_notes/pgn-01-13/pgn_01_13_sus_considerations_-_revised_27_february_2015.pdf

ⁱⁱ <http://www.buysocialni.org/>

ⁱⁱⁱ <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2015/finance/2715.pdf>

^{iv} <http://www.buysocialni.org/sites/default/files/Buy-Social-Toolkit.pdf>

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Appendix 1d - Social Clauses: Brief analysis of responses to draft council social clause policy

- There is support to move social clauses beyond their current primary focus on jobs. This is the intention behind the Social Clause Policy and the Council's Procurement Strategy and it is intended that additional clauses are developed as experience is developed. There is current provision for the inclusion of social, economic and environmental focused clauses within the draft policy. Officers will continue to participate in the Social Clauses forum to share learning and to review developments elsewhere such as the Social Value Act in England.
- Council Officers will contribute to the planned review of CIFNI clauses with CEF and SIB and modify our example clauses appropriately.
- Officers will progress plans to provide guidance and raise awareness of social clauses among potential suppliers. This guidance will also be made available via the Council's web site.
- Several respondents highlighted the importance of monitoring social clauses. We have already recognised this as an important issue and officers are developing an appropriate database and reviewing our contract management arrangements.
- Some respondents also highlighted the issue of dealing with non-compliance with social clauses in terms of a breach of contract. Officers have already taken legal advice in this area and will continue to work to avoid non-compliance through effective contract management. Officers will also continue to work with the Council's legal team and monitor best practice to find the best approach to dealing with non-compliance.
- Some respondents proposed a change to the screening limits and the application of clauses to all contracts. To have a social clause in every contract is neither practical nor appropriate especially relating to employability clauses and would result in either an increased cost to the council and thus the ratepayer or a displacement of existing employees/jobs.
- One respondent felt that we should include more detail in the policy about how to embed social consideration in contracts by considering them at the start of the process. This is being considered in the guidance and training that is being developed for staff rather than the policy.
- One respondent highlighted a concern that our reference to 'encourage suppliers to include as much social value' suggests an approach that leaves the suppliers to determine what they will provide (e.g. as a part of corporate social responsibility). They suggested that good procurement practice suggests that the client should specify what they require. Officers agree with this comment and do work hard to ensure that our contracts clearly specify what is required. This clause is intended to encourage suppliers to start to think of ways to add social value that are above and beyond what the Council directly requires and that officers may have thought of. In effect, we hope to encourage innovation.
- One respondent said that they based their response on the assertion that the Policy on the Use of Social Clauses was the main mechanism by which Council intends to implement REAL JOBS NOW! As the SP&R Committee paper of 19th June 2014 showed, this is not the case. The Council has a range of programmes to create jobs and work opportunities many of which are far better value for money in terms of jobs per spend compared to social clauses.
- Respondents suggested that an output from the policy should be to increase spend with small and medium size enterprises (SME) and that Council should to raise

awareness about procurement opportunities and give non-traditional contractors support in bidding for work. Council is not able to specify the size of an organisation when going to tender and hence this output is not specifically included in the policy. However, the full Procurement Strategy already includes actions to help SME to bid for council contracts and we have been running initiatives to achieve this for several years. This policy also already includes an outcome “to increase accessibility to supply chain opportunities for SMEs.” There are also clauses and associated activity to promote supply chain opportunities.

- One respondent noted that the policy should focus on commissioning for ‘outcomes’, meaning the long-term changes that services and other activities achieve; promote co-production to make services more effective and bring in new resources, by working in partnership with the people using their services; and promote social value by placing social, environmental and economic outcomes at the heart of commissioning. This is already suggested within the policy but has been made more explicit in the revised draft.
- One respondent suggested that we change the definition of long term unemployed to those who have been unemployed/economically inactive for a minimum of 6 months. However, another supported the 12 month definition and complained that some organisations were using the shorter definition as a means of hitting their targets.
- Several suggestions were made about the screening limits and that they should be lowered. The policy already suggests all clauses should be considered and the £250k figure is a compulsory screening point. It is the figure recommended by CIFNI and the independent consultants who developed the policy. As such the figure should be maintained but reviewed in 18 months time when further experience has been gained.
- There is support to move social clauses beyond their current primary focus on job creation. This is also the intention behind the Social Clause Policy and the Council’s Procurement Strategy. It is intended that additional non-job related clauses are introduced as experience is developed. Officers will continue to participate in the Social Clauses Forum to share learning and to review developments elsewhere such as the Social Value Act in England.
- Two respondents insisted that a full equality impact assessment (EQIA) of the policy be performed. Further advice has been sought and this suggests that an EQIA would not provide further clarity (see section 3.7.10 for more details). However, because of this request, the council will re-screen the policy due to obligations set out under Section 75 of the Northern Ireland Act 1998.

Appendix 2a – April SP&R Report on Economic Impact



Subject:	Economic Impact of Council Procurement and Other Expenditure
Date:	24 April 2015
Reporting Officers:	John McGrillen, Director of Development Ext 6184 Gerry Millar, Director of Property of Projects Ext 6217
Contact Officer:	Lisa Toland, Head of Economic Initiatives Ext 3427 Donal Rogan, Head of Contracts Ext 2460

Is this report restricted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

1.0	Purpose of Report
1.1	The purpose of this report is to: <ul style="list-style-type: none"> – Provide members with an overview of the results of the recent Local Multiplier Model (“LM3”) that has been used to measure the impact of council spend on staffing as well as goods and services
1.2	<ul style="list-style-type: none"> – Seek elected member agreement on priority actions for the coming year which will seek to enhance the amount being spent and re-spent within the council area,
2.0	Recommendations
2.1	It is recommended that members: <ol style="list-style-type: none"> 1. Note the work undertaken and the impact to date on improving the value of council spend and re-spend within the local area 2. Endorse the series of activities that are planned to increase the volume of council spend within the current boundary. 3. Adopt the Local Multiplier Model as the council’s performance indicator in measuring the council’s economic impact
3.0	Main report
3.1	<u>Key Issues</u> A key strand of Council’s Efficiency and Investment Programmes is the effective procurement of supplies, works and services. Procurement is a significant efficiency driver and can act as economic stimulus for the local economy. As part of the Investment Plan targets were set to increase local spend by 40% to 60% by 2015 through a range of

Appendix 2a – April SP&R Report on Economic Impact

	initiatives.
3.2	<p>The Centre for Local Economic Strategies (CLES) was commissioned in 2013 to undertake a study of council's expenditure in order to measure its economic impact and identify how the council could further maximise the economic social and environmental benefit derived from its spending. The CLES work involved the following elements:</p> <ol style="list-style-type: none">1. Measuring the economic impact of the council's expenditure using an economic multiplier model. This involved analysing employee, supplier and grant expenditure and also incorporated a survey amongst each of these groups to understand how they further impacted the local economy through their spending decisions.2. Review of the council's existing procurement practices to build on the positive work already being undertaken by the council to align procurement and economic priorities in order to increase Belfast based companies to respond to procurement opportunities.
3.3	<p>Since the completion of this work officers have been implementing many of the recommendations. This incorporated the delivery of a programme of activity focused upon a number of key areas including; strategic development, information and capacity building for suppliers and employees, targeted business development support for small companies and social enterprises and supplier engagement.</p>
3.4	<p>The initial CLES study created a baseline against which to measure expenditure across four geographic levels: Pre-April 2015 Belfast City Council boundary; Post-April 2015 Belfast City Council boundary, Belfast Metropolitan Area and Northern Ireland-wide. The model is called LM3 as it involves a calculation of:</p> <ol style="list-style-type: none">1. First round: total Belfast City Council spend2. Second round: the council's spend on suppliers, grant recipients and employees3. Third round: money spent by the suppliers, grant recipients and employees themselves.
3.5	<p>The base expenditure data was drawn from the council's HR and procurement teams. Information for the second and third round was gathered by means of a survey to build up a picture of spend and re-spend.</p>
3.6	<p>The CLES methodology is considered to present a more realistic picture of the impact of council spend than simply measuring the percentage of transactions by value within a given area. There are a number of reasons for this:</p> <ul style="list-style-type: none">• Using contract value alone – and measuring increases or decreases from that – can

Appendix 2a – April SP&R Report on Economic Impact

lead to distortions as the postcode/area information used is the billing address of the supplier. However, while the head office may be in England, all employees could be based in Belfast and therefore spending money in the local economy.

- Capital and revenue spend is only part of the picture: The research shows that suppliers re-spend 36p in the £1 within the Belfast area (on other suppliers or service providers) while employees re-spend around 29p in the £ in Belfast. Ignoring this re-spend means that the council is overlooking a significant proportion of its investment in the city.

3.7 The initial results of the CLES work were presented in November 2013, using 2012/2013 financial data and identified that for every £1 of council expenditure:

- 76 pence was spent or re-spent in the pre-April 2015 Belfast boundary
- 80 pence was spent or re-spent in the post-April 2015 Belfast boundary
- £1.02 was spent or re-spent in the Greater Belfast Area
- £1.35 was spent or re-spent in the regional economy.

3.8 These findings have now been updated using 13/14 financial spend data, the key findings have identified that, for every £1 of council expenditure:

- 83 pence was spent or re-spent in the pre-April 2015 Belfast boundary
- 90 pence was spent or re-spent in the post-April 2015 Belfast boundary
- £1.13 was spent or re-spent in the Greater Belfast Area
- £1.55 was spent or re-spent in the regional economy.

A more detailed analysis of the 2013/2014 expenditure is attached as **Appendix 1**.

3.9 Since the completion of the initial report, officers have been implementing a number of the recommendations contained within the study. Activities delivered to date have included:

- Local economic priorities have been embedded within the council's draft Procurement Strategy, e.g. lotting strategies, clearly communicating the importance of increasing the value of local spend.
- Contract management, commercial awareness and specification writing training has been rolled out to 162 officers in 2014.
- A 'Buy Local First' campaign has been launched, to ensure, where possible, to include Belfast based companies for quotation opportunities.

3.10 There are a range of further initiatives under way to improve the capacity of local companies to win business from public procurement both within Belfast City Council and with other public bodies. These include the following:

- Information awareness raising and capacity building workshops have been delivered targeting Belfast-based, including those businesses within the new boundaries, small businesses, social enterprises and community and voluntary sector organisations.

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	<p>Over the last year, almost 200 companies took part in these</p> <ul style="list-style-type: none"> • Meet the Buyer events have been held to enable businesses to access the supply chain opportunities from council construction projects with almost 400 businesses accessing these events. Sector specific events have also been aimed at the tourism, food and hospitality industry and events have been aligned to some of the major capital schemes e.g. Waterfront Hall, Girdwood, Connswater Greenway. • Almost 60 organisations have participated over the last year in the council’s Smarter Procurement Programme, which supports small businesses and social enterprises to build their capacity to respond to procurement opportunities from the council and across the public sector.
3.11	<p>Central to this is the need to consider an optimal balance between the desire to increase the number of local businesses accessing council procurement opportunities with the desire to create ever more efficiencies. In this regard each procurement opportunity is considered on its merits.</p>
3.12	<p>In order to continue to make progress in increasing the impact of council spend within the local area, members are asked to consider and approve the following;</p> <ul style="list-style-type: none"> • Increase the awareness of ‘Buy Local First’ campaign for quotations through an ongoing internal marketing campaign. • Embedding local economic considerations as part of the contract management training, specifically targeting key buyers within the council. • Create a network of key suppliers to communicate the council’s economic priorities and to ensure that they understand the rationale to maximise the local impact of our spend • Analyse expenditure data to identify additional opportunities for local spend, utilising this information for targeted business development support engaging with key sectors. • Explore opportunities for increasing the economic and social value from procurement created by recent changes to the procurement legislation.
3.13	<p><u>Financial & Resource Implications</u></p> <p>The priority activities identified will be undertaken within approved budgets, from Economic Development Unit and Corporate Procurement Service.</p>
3.14	<p><u>Equality or Good Relations Implications</u></p> <p>No specific equality or good relations implications.</p>
4.0	Appendices
	Appendix 1 – Detailed analysis of 2013/2014 spend, using LM3 model

Appendix 2b – Economic Impact of Council procurement and other expenditure

Key aims of Local Multiplier 3

- To explore the geography of BCC's spend upon employees and suppliers
- To explore wider impact of spend including the re-spend of employees and suppliers
- To explore how boundary changes will benefit the Belfast economy
- To provide advice upon how local economic impact could be improved

CLES Recommendations 2013

GAP	RECOMMENDATION
A lack of commissioner to procurer relationship	<i>Promote the principles of the procurement strategy widely</i>
Promotion of the Procurement Strategy externally	<i>Develop a 'find it in Belfast/NI' platform</i>
Promotion of sub-contracting opportunities	<i>Develop progressive procurement training programme</i>
Training on sustainable procurement principles	<i>Target sectors for improved local spend</i>
Using targeted business intelligence	<i>Utilise business networks to promote opportunities</i>
Promotion of opportunities through business networks	<i>Widen scope of Smarter Procurement Programme and training</i>
Addressing the changing nature of community organisations	<i>Develop a systematic approach to social clauses</i>
A systematic approach and evidence of clauses in action	<i>Develop a suppliers network</i>
Continuous influencing of behaviour of supply chain	<i>Engage the voluntary and community sector in service design</i>
Influencing the behaviour of suppliers based in areas of deprivation	<i>Work with suppliers based in areas of deprivation</i>
Continuous monitoring of supplier contribution to wider outcomes	<i>Monitor economic, social and environmental outcomes</i>

BCC Expenditure 2013-2014

2013/2014	
Revenue	£57,388,638
Capital	£10,609,000
Employee (Gross)	£66,017,502
Grants	£12,772,133
TOTAL SPEND	£146,787,273

LM3 Headlines

For every £1 spent by Belfast City Council :

	2012-2013	2013-2014
Belfast	76p	83p
Post-LGR Belfast	80p	90p
Greater Belfast	102p	113p
Northern Ireland	135p	155p

LM3	2012-2013	2013-2014
Belfast level	£1.76	£1.83
Greater Belfast level	£2.02	£2.13

LM3 Headlines

Distribution of spend:		
	Capital, revenue, grant expenditure	Spend on Employees
Belfast	51%	48%
Post-LGR Belfast	53%	57%
Greater Belfast	61%	81%
Northern Ireland	87%	19%

- BCC Procurement Strategy:
 - To stimulate local economy through procurement:
 - Increase spend with SMEs by 3% by 2015
 - 10% increase spend with local suppliers to 60% by 2015

Revenue Suppliers

- £57.3 million spent with revenue suppliers
 - 47% spent in Belfast
 - 50% spent in post-LGR Belfast
 - 60% spent in Greater Belfast
 - 86% spent in Northern Ireland

Capital Suppliers

- £10,609,000 spent with capital suppliers
 - 23% of spend within Belfast boundary
 - 37% of spend Greater Belfast
 - 88% of spend in Northern Ireland
 - 48% of Belfast spend in Botanic

Grant Expenditure

- £12,566,453 was awarded in grants to organisations operating in Belfast.
 - 21% of Belfast spend in Shaftesbury
 - 17% of Belfast spend in Duncairn
 - 13% of Belfast spend in Falls

Spend on Employees

- £66 million (gross) spent on 3190 employees
- £49 million (net) spent on employees:
 - 48% of spend in Belfast
 - 57% of spend in post-LGR Belfast
 - 81% of spend in Greater Belfast
- Additional £4.5 million will be spent in Belfast boundary post-LGR
- 4.27% in Highfield
- 3.49% in Ladybrook
- 0.63% in Botanic

Supplier/Employee Re-spend

Suppliers re-spend in the £1 2013-2014:

36p	Belfast
45p	Greater Belfast

Employee re-spend in the £1 2013-2014:

29p	Belfast
42p	Greater Belfast

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