



Subject:	Social Clauses and measuring the impact of Council spend in the local area - Update
Date:	Friday 18 November 2016
Reporting Officer:	Gerry Millar, Director of Property & Projects Donal Durkan, Director of Development
Contact Officer:	Donal Rogan, Head of Contracts Lisa Toland, Head of Economic Initiatives and International Development

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 update Members on the current work programme around maximising the impact of procurement spend by taking a “social value” approach to our procurement spend where appropriate.
1.2	The report also sets out the future work programme in this area and identifies how this work aligns to the broader work programmes around the ‘Growing the Economy’ and ‘Working and Learning’ strands of the Belfast Agenda.
2.0	Recommendations
2.1	The Committee is asked to: <ul style="list-style-type: none">• Endorse the use of the social value/regeneration as evaluation criteria, where appropriate, as a stepped improvement of the Social Clause Policy;• The Committee is asked to also note:<ul style="list-style-type: none">- ongoing work to integrating social clauses, where appropriate, within capital and revenue contracts;- limitations of the current social clause approach and the timescales for moving towards the Buy Social approach by June 2017;- inclusion of social clause requirements into funding agreements such as Belfast

	<p>Investment Fund (BIF), where appropriate;</p> <ul style="list-style-type: none"> - findings from the local spend analysis (LM3) for the 15/16 financial year and the activities outlined to increase the impact of local spend.
3.0	Main report
3.1	At the 22 January 2016 meeting of the Strategic Policy and Resources Committee, Members adopted the Council’s social clause policy. This committed the Council to scope out all upcoming tender opportunities (focusing on those with a value of at least £250,000) to explore opportunities for securing social value returns by introducing social clauses.
3.2	These social clauses were focused primarily on employability related issues (e.g. apprenticeships, ring-fenced employment opportunities, work placements for long-term unemployed) but also included clauses relating to environmental sustainability.
3.3	Members will be aware that social clauses, as currently applied, are a relatively “blunt” instrument in supporting employability and engagement by those furthest from the labour market. To date, social clauses have been largely focused on construction contracts. This means that the social clause obligations can only apply for the construction period of the project. As a result, the employability opportunities on these contracts tend to be limited in both duration and scope.
3.4	Recognising the limitations of the current arrangements, Members agreed that it would be prudent to review the Council’s Social Policy to consider moving towards greater alignment with the “Buy Social” approach recently adopted by central government departments by June 2017.
3.5	“Buy Social” takes a broader approach to government purchasing, with a commitment to maximising the social and economic benefits from public procurement. This approach is now being rolled out across all government contracts and there is interest from the Finance Minister to extend this as far as is possible within the legislation.
3.6	<p>Following the commitment to working toward the Buy Social model, Officers introduced a number of developments in the Council’s approach to social clauses. This included:</p> <ul style="list-style-type: none"> – Collaboration with training providers already in receipt of financial support from the Council to act as a point of contact/ “broker” for the contractor in providing training and work placement opportunities. This has improved the opportunities for coordination and has improved working relationships between key training organisations and the contractors – Consideration of opportunities for social clauses within service contracts as well as construction contracts. One recent example of this has been the operator contract for the Innovation Factory. – In addition to new developments, the Council has continued to monitoring social clauses:

this was identified by central government as one of the areas in need of most development. The Council has always gathered data on social clauses performance against target, as part of our wider Project Management approach.

Social clauses outputs in all council contracts are monitored through the Council's contract management regime. Table 1 below details the position at the end of October 2015.

3.7 **Table 1**

	Actual number of people employed	Actual number of apprentices	Actual number of Students	Actual number of Trainees	
Live Projects					
Connswater Community Greenway (1555)	5	8	12	2	
1563 Olympia regeneration Phase 1 (Shell) & Olympia Regeneration Phase 2 (Fit out)	5	2	2		
Cliftonville Pitch - Bunscoil Bheann Mhadagain (1530)	3	2	0	1	
Roselawn Extension section Z2 - Z4 (1739)	1	N/A	N/A	N/A	
Council Accommodation (1606)	4	TBC	1	4	
North Foreshore infrastructure (1601)	2	28	5	1	
Tropical Ravine (1549)	0	0	0	0	
Kerbside Collection	3	N/A	1	N/A	
WFH Cleaning Contract	1	N/A	N/A	N/A	
Manned Guarding Security Services	2	N/A	N/A	3	Total number of opportunities created as a result of social clauses in contracts
Total	26	40	21	11	98
Closed Projects					
Connswater Greenway / East Belfast Flood Alleviation Scheme – Phase 1 (1555)	4	5	7		Contract complete.
Dunville Park Regeneration (1485)	1	0	0	0	
Woodvale Park regeneration (1486)	6	0	0	0	
Belfast Waterfront Coference and Exhibition Centre (1478)	1	1	4	11	
Forthriver Innovation Centre (1566) - Heron Bros	4	16	11	0	
Girdwood Community Hub (1507)	5	43	4	4	
TOTAL	21	65	26	15	127
TOTAL (Live and Closed)	47	105	47	26	225

Further information on performance to date is included as **Appendix 1**.

3.8	<p>The table above does not include the social benefits emerging from the following contracts: the GLL leisure contract; the Waterfront Hall operator contract; the Innovation Factory operation contract; or the public bike hire contract all of which are monitored and managed outside of this process.</p>
3.9	<p>To identify opportunities for the integration of social clauses, a cross departmental team of officers, including representatives from Contracts and Economic Development, meet on a monthly basis to identify opportunities for social clauses inclusion. This includes screening opportunities through capital and revenue contracts as well as through funding agreements such as BIF. Funding agreements are screened in the context of the Council's existing clause policy which sets a threshold of a minimum labour contract value of £250k and a contract duration of at least 6 months. Examples where the need for social benefits have been included in the draft funding agreement for the Belfast Investment Fund include: Davitts GAC and Radio Fáilte. Through the Due Diligence process the inclusion of the relevant social benefits are given consideration.</p>
3.10	<p>In addition to employability benefits as social clauses, Officers have also taken a wider approach to maximising social and economic return on Council procurement spend. Some key examples of this include:</p> <ul style="list-style-type: none"> <li data-bbox="284 1115 1540 1406">– Organising Meet the Buyer events: Contractor securing business with the Council are required to participate in at least one supplier information day, facilitated by Belfast City Council. Events provide an opportunity for local businesses to get direct engagement with the contractor. Events are specifically targeted towards small businesses and social enterprises and can also focus primarily (although not exclusively) on businesses located in the area adjacent to where the investment is taking place. <li data-bbox="284 1429 1540 1765">– Delivering programmes to help local businesses access public procurement opportunities: although not exclusively focused on Council contracts, these programmes support up to 30 micro businesses and social enterprises each year to build their skills base on public sector procurement processes. They also receive support from mentors to advise them on how to take a targeted approach to opportunities from the public sector and to give them support on compiling bids, including looking at opportunities for building consortia to access larger contract opportunities <li data-bbox="284 1787 1540 2123">– Incorporating social regeneration as an element of the evaluation criteria in relevant contracts: The first example of this has been the operator contract on the Innovation Factory. Bidders were asked about how they would support investment in social regeneration alongside the work that they would undertake to operate the centre efficiently and ensure occupancy levels in line with business plan projections. The contractor on this project has now developed a social integration and community engagement plan and has put in place an extensive programme of outreach, engagement and skills development, focusing on the

adjacent community. Lessons learned from this approach are currently used in the ongoing procurement for the next phase of the Leisure Transformation Programme (LTP). This tender has included social value considerations within the evaluation criteria for the main works element of the proposed three new leisure centres.

3.11 In order to measure the impact of the Council spend on the local economy, the Council has been working with the Centre for Local Economic Strategies (CLES) over the last three years to baseline the economic impact of the Council's investment and to identify ways to maximise the economic, social and environmental benefit derived from the spending. This includes spend through procurement as well as staff costs and grant funding. The model is referred to as LM3 (Local Multiplier 3), i.e. broad Council spend, re-spend of contractors (e.g. salaries and wages) and any spend by sub-contractors.

3.12 The analysis work involves 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 own spending decisions.

3.13 The 2015 baseline using 14/15 financial data, identified that for every £1 of council expenditure:

- 70 pence is spent or re-spent in the Belfast economy
- 96 pence is spent or re-spent in the Greater Belfast economy
- £1.34 is spent or re-spent in the regional economy.

3.14 The 2016 update has just been completed. The figures are:

- For every £1 spent by Belfast City Council, 64 pence is spent or re-spent in the Belfast economy
- For every £1 spent by Belfast City Council, 101 pence is spent or re-spent in the Greater Belfast economy
- For every £1 spent by Belfast City Council, 155 pence is spent or re-spent in the Northern Ireland economy.

3.15 Although the spend in the immediate Council area has fallen back, the spend or re-spend in the wider area went up significantly. It is important to note that, in 2015/16, the capital expenditure increased from £21.9m in the previous year to £77.5million. This was largely due to the additional capital investments by the Council over that period, including Belfast Waterfront, Innovation Factory and North Foreshore infrastructure investment. It is also important to note that the majority of contractors in the construction industry are based outside of the Belfast City Council boundary and this would account for a significant proportion of the reduction of spend and re-spend within the city – as well as the increase outside of the city.

3.16	<p>In order to improve the baseline in the coming year, a number of activities are planned:</p> <ul style="list-style-type: none"> – Strengthening engagement with Belfast based organisations and market testing: particularly in areas where there is significant expenditure leaking outside of the Belfast and regional economy. – Influencing existing suppliers: this could be achieved on two levels, the first through the development of a Social Value Procurement Framework which will embed city priorities into the council’s procurement decisions. Secondly it is recognised there are a number of key suppliers currently in contract with Council, where the potential exists to engage with these suppliers to look at how they can contribute towards the city’s priorities – Influencing anchor institutions: The Council is engaged with a range of anchor institutions on the Belfast Agenda and in other areas. There are opportunities to work with them to encourage them to understand the existing impact of spend, look at how it could be enhanced and contribute towards the outcomes of the Belfast Agenda.
3.17	<p>To support this activity Belfast has recently been confirmed as one of only 5 cities to participate in a UK project to look at ways in which cities can become more resilient. Led by Development Trust NI, this project will involve working with the Centre for Local Economic Strategies (CLES) and New Economic Foundation (NEF) as well as a range of local partners from private and third sectors. The purpose of this project will be to consider how procurement practices can be utilised to achieve greater levels of social value for the city.</p> <p><u>Resource implications</u></p>
3.18	<p>Social clause monitoring is currently undertaken through Project Management Unit and has been delivered within the current resources to date. However limitations of the current approach have identified that the resource for monitoring and managing the outcomes requires to be reviewed.</p> <p><u>Equality and good relations implications</u></p>
3.19	<p>The Social Clause Policy has undergone equality screening.</p>
4.0	Appendices – Documents Attached
4.1	Appendix 1 - Social Clause Info Summary