

Social Value Working Group

Tuesday 30th March, 2021

MEETING OF THE SOCIAL VALUE WORKING GROUP

HELD REMOTELY VIA MICROSOFT TEAMS

Members present: Councillor O'Hara (Chairperson);
Aldermen Copeland and Dorrian; and
Councillors Heading, Kyle and McLaughlin.

In attendance: Mr. J. Walsh, City Solicitor;
Ms. N. Bohill, Head of Commercial and Procurement
Services;
Mr. C. Campbell, Divisional Solicitor;
Ms. C. Robinson, Strategy Policy and Partnership
Manager;
Ms. C. Hutchinson, Policy and Performance Analyst;
Mr. L. Murray, Strategic Category Manager;
Mr. M. Denny, Commercial Manager
Ms. L. Goodwin, Economic Development Officer
Ms. Sinead O'Regan, Economic Development Manager
Mr. J. Uprichard, Community Planning Officer;
Ms. K. McCrum, Democratic Services Officer.

Apologies

An apology for inability to attend was reported on behalf of the High Sherriff (Councillor Long).

The Chairperson requested that the People Before Profit Party be contacted again regarding their representation on the Working Group.

Minutes

The minutes of the meeting of 23rd February were taken as read and signed as correct. The Working Group also noted the Action Tracker which had been circulated via email.

Declarations of Interest

No declarations of interest were reported.

City Charter Members Workshop

The Strategy Policy and Partnership Manager provided an update on progress to date with regards to the development of the Inclusive Growth City Charter for Belfast. She informed the Working Group that the purpose of the current session was to share high level feedback from engagement sessions, get Members' views on potential content, and to discuss and agree next steps.

The Members were advised that a detailed engagement exercise had been undertaken over the past 4 months with over 150 individuals from across the employer base, with further engagement planned with community planning partners, small businesses and the hospitality sector. The main takeaways from the engagement were detailed.

The Strategy Policy and Partnership Manager explained that the Charter would involve three focus areas: Inclusive Employment, Progressive Commissioning and Procurement and Supporting Your Community.

The vision for the Charter was outlined as follows:

'To create a business community that is committed to a more inclusive and sustainable Belfast. A community that believe that all people matter and respect the place within which they operate'.

The Working Group were then presented with the community and business benefits as well as the 8 proposed pledges which businesses would be expected to provide evidence of:

1. Provide fair wages and contracts
2. Offer opportunities into work
3. Support the local economy
4. Recruit inclusively
5. Improve engagement and wellbeing
6. Pay promptly
7. Support our community
8. Care for our environment

The Policy and Performance Analyst provided further details on the pledges, including a 2-tiered approach which recognised that larger businesses and statutory organisations were in a position to go further than small businesses. She noted that the wording within each pledge could change depending on how forceful Council wished to be on a particular issue.

She also advised that feedback had underlined the importance of getting businesses signed up to the Charter and not being exclusionary. Therefore, while it was imperative that standards of practice were developed, the first year should aim to build awareness of the importance of the issues and help businesses move towards better practices.

The Economic Development Manager also provided further details on offering opportunities into work, and the support that could be made available by the Council in order to help businesses meet the requirements within the Charter.

The Members broadly agreed with the proposed pledges as outlined, but asked for the following points to be considered:

- Elevating the language regarding climate change given that the Council and Assembly have declared a Climate Emergency, in particular supporting the transition towards a carbon neutral economy.
- Adding further detail around more investment/more jobs in the local economy.
- Reconsider the stance around zero hours contracts in light of the Private Members Bills seeking to ban zero hours contracts. Be ambitious with the Charter and don't encourage their use.
- Provide an analysis of how many employers would fit into the higher tier with over 250 employees. Consider how collective bargaining could be included.
- Suggest a co-design approach to flexible working recognising that working from home is not suitable for all employees.
- Add ageism in employment alongside such issues as the gender pay gap.
- Tighten up the language around apprenticeships reflecting the low wages paid and how this may be off-putting to those within the benefits system or those wanting to reskill.
- Consider how high levels of economic inactivity can be tackled.
- Consider how relationships with large incoming investors can be developed and how the Charter can be included within the 'Belfast Offer'.

The Strategy Policy and Partnership Manager noted that the workshop on Community Wealth Building work would look further at the vision and language.

In terms of zero hours contracts, she advised that the 2 options: not employing people on zero hours contracts; and minimising the use of zero hours contracts, had been included as there was currently no legislation banning their use. She suggested that further consultation on the options may be the best way forward on the issue.

A technical issue was highlighted with the distribution of papers ahead of the meeting, with a number of Members noting the level of detail on the slides was difficult to follow when seeing the information for the first time. Papers were then circulated via email and it was agreed that further engagement via Party Group Briefings would be provided to those Parties requesting them.

The Working Group also agreed to feed back any further comments to the Strategy Policy and Partnership Manager and it was resolved that a final draft would then be brought back to Members on 27th April for sign off, prior to the CLES Workshop to which all Members were to be invited.

The Strategy Policy and Partnership Manager explained the rationale for recommending a tiered approach to becoming a member of the Charter, notably as it offered the opportunity to engage with a wide range of businesses and allowed for progression on a journey to higher standards.

Details of the suggested 3 tiers, that is, Supporters, Members and Ambassadors, was provided. The Working Group were advised that all businesses would start as a Supporters, formally making a commitment to the pledge areas before working towards becoming a Charter Member at which point evidence would be required to demonstrate

that they met the pledge requirements. Once approved, businesses would be reviewed bi-annually to ensure that those standards had been maintained and that they were making progression.

The Strategy Policy and Partnership Manager suggested that Ambassadors were likely to be launched after 12-18 months, as the aim was to encourage all businesses to improve from their current baseline.

The Working Group was further advised that best practice and consultation feedback had recommended a core pledge approach in order to encourage businesses to do more without being exclusionary. Therefore, Members were being asked to consider the proposal that, to become a Charter Member, businesses must meet as a minimum of 3 of the 8 pledges, initially suggested as: Provide fair wages and contract; Offer opportunities into work; and Support the local economy.

The Working Group endorsed the tiered approach and the 3 mandatory pledges as suggested, alongside the 'Care for our environment' pledge. It was also suggested that a bi-annual review of the Supporter Members was built in to ensure that those businesses were working to improve their practices.

In closing, the Strategy Policy and Partnership Manager outlined the next steps including taking on the feedback provided, engagement with the external working group, developing plans around implementation and resource requirements, and moving towards Committee approval in May, 2021, followed by public consultation in June/July 2021 and an indicative launch in Autumn.

Social Value Framework

The City Solicitor introduced the 3 components of the Social Value Framework that required consensus from Members before it progressed to consultation, and so Members were asked to review the details ahead of submission to Committee next month.

The Strategic Category Manager provided an overview of the areas within the Social Value Framework which had been agreed at previous meetings, and those that were for review during the session; Real Living Wage provisions, the use of zero hours contracts, and a minimum threshold for social value scoring.

Real Living Wage (RLW)

With regards to the Real Living Wage (RLW), the following criteria was suggested: *'We will pay all employees engaged in delivering the services under the contract the Real Living Wage (as updated and published by the Real Living Wage Foundation) throughout the Contract Period'.*

The Strategy Category Manager noted that this would address the issue whilst allowing flexibility to contractors to offer the RLW where they could, and be rewarded for doing so, without being too restrictive. He added that some thought was needed around the points awarded for this within the toolkit, particularly across varying contract values.

It was noted that a recent Council Motion sought to commit the Council to becoming an accredited RLW Foundation Employer by April 2022. As a result, a Member suggested

that more could be achieved under this heading to encourage businesses to become accredited, such as asking that they pay the RLW across their entire organisation.

The Head of Commercial and Procurement Services suggested that the proposed solution rewarded good behaviour and cautioned that due to procurement law, it was only possible to set such stipulations on a specific contract, and that any change to this would require a change in UK procurement legislation.

Noted.

Zero Hours Contracts

The Strategic Category Manager advised that a similar approach in terms of reward and flexibility was being suggested to address the issue of Zero Hours Contracts taking into consideration the associated risk of challenge from the market. He noted that the definition of what constituted the 'inappropriate' use of zero hours contracts was needed. The initiative under this heading was therefore suggested as:

'We will not [inappropriately] use zero hours contracts for any employees in delivering services under the contract during the Contract Period.'

He again welcomed thoughts on what points should be assigned to the initiative and cautioned that its inclusion would allow those who do not use such contracts to be rewarded for an existing practice without the need to demonstrate other social value behaviours.

A Member suggested that Council needed to remain ambitious through the Framework and recommended that the word 'inappropriately' was removed from the criteria. Another Member suggested that while he was not in favour of their use, consultation with those offering seasonal work in sectors such as agriculture and the arts may demonstrate a certain reliance on such contracts.

The City Solicitor agreed that it was important to differentiate between employers who require zero hours contracts and those who abuse the contracts in order to avoid other employment obligations. The Divisional Solicitor confirmed that the word 'inappropriate' was included in recognition of this.

The Head of Commercial and Procurement Services suggested that the true requirement for such contracts could be addressed during pre-engagement processes at which point questions could be asked about their necessity, what the justification would be, at which point appropriateness could be determined. She added that further feedback on the issue would be forthcoming from the public consultation.

A number of Members again noted their reluctance to include the option of Council issuing contracts to those utilising zero hours contracts and suggested that further discussions were needed on the issue. The Head of Commercial and Procurement Services provided examples of catering and cleaning services where they may be necessary and stated that in order to ensure continuing supply, she would be reluctant to rule out such contracts entirely. She therefore suggested that Council listen to the market and if zero hours contracts were required, this information could be reported back to the Working Group after which a decision would be made.

The Strategic Category Manager noted that while this criteria would be prevent suppliers from using zero hour's contracts, it did reward them for not using them and was

a step that did not currently exist in Council's award criteria. The City Solicitor added that he understood the aspirations, and while this was the suggestion within the current legal framework, if changes to legislation were made it was possible that in the future a more stringent approach could be taken.

A number of Members again reiterated their desire to remove the word 'inappropriately' from the criteria thus awarding additional points to those organisations not using zero hours contracts.

The City Solicitor confirmed that it would not mean that those using zero hours contracts could not apply to Council procurement exercises but the redraft would mean that those that could not comply with this condition would not be awarded any marks within this section of the assessment process.

Noted.

Minimum Threshold for Social Value Award

The Strategic Category Manager advised the Working Group that staff had revisited the issue of a minimum threshold and felt that while it was permissible in procurement law, it was not recommended as excluding a supplier for not offering social value could be seen disproportionate and perhaps not represent best value for money to the Council, leading to the potential for challenge. It was therefore suggested that, given the current economic climate, an incremental approach to social value was best, building knowledge and capacity within the market place before thresholds were imposed.

A Member challenged this approach and suggested that his party would be unable to sign up to a policy where social value criteria could be bypassed. He noted the importance of Council displaying minimum standards for the organisations that it did business with. Another Member agreed but asked for time to discuss with colleagues. The City Solicitor suggested that the aspirations of Councillors and staff were the same, but staff were recommending a slower pace.

The Head of Commercial and Procurement Services reviewed the previous discussion regarding the application of 5% or 10% weighting for social value which had been broadly agreed to previously.

The City Solicitor concluded by stating that the views expressed would be taken into account when formulating the final version of the Framework which would be issued to the Working Group ahead of submission to Committee in order to take any final views.

In response to a query regarding sub-contracting, the Head of Commercial and Procurement Services advised that contractors would be required to demonstrate how they were meeting the social value requirements and so some form of waterfall clauses would be necessary.

The Working Group noted the information which had been provided.

Strategic Investment Board Presentation

Given the lengthy discussions which had taken place thus far, Members agreed to defer the presentation from the Strategic Investment Board to a future meeting.

Forward Work Plan

The Working Group were advised that the next meeting would be the CLES Community Wealth Building Workshop on 27th April at 2 pm and, as agreed by SP&R, would include all Members. The Strategy Policy and Partnership Manager added that a short side meeting for Working Group Members may also be required to sign off some of the items discussed at today's meeting.

She added that the Working Group would then reconvene as normal in May to consider issues around sustainability in procurement, communities of need, and the Living Wage Accreditation.

She then concluded by reminding Members that the offer of Party Group Briefings regarding the Charter would be issued via email and welcomed any further feedback.

The Chair thanked Members for attending and welcomed the exciting but challenging work that had been undertaken by staff to date.

Chairperson