

**Skills and Employment – Implications on Large Projects**

**Report of the Director, Economy and Environment**

**1.      Purpose of Report**

- 1.1      The purpose of this report is to review the potential to secure additional 'social value' from procurement in Calderdale. Given the exceptional level of anticipated capital expenditure over the next five years the report considers the case for an additional dedicated resource to take forward this agenda.

**2.      Need for a decision**

- 2.1      A decision now would be timely given upcoming capital expenditure.

**3.      Recommendation**

It is recommended:

- 3.1      That Members consider the issues raised in this paper and indicate whether or not they would like to allocate funding for a dedicated resource.

#### 4. Background and/or details

- 4.1 The Public Services (Social Value) Act 2012 requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the areas they serve. Social Value considerations need to be built in at the commissioning & pre-procurement phase, so that requirements are embedded prior to commencement of any procurement activity. The Act currently only requires that we consider social value for contracts for *services*, and in excess of the EU threshold of £164k, and has not been expanded to include *capital* works. However, the Council has taken the view that social value should be a consideration for any contract where appropriate.
- 4.2 The Public Contracts Regulations 2015 and the current EU Procurement Directives actively promote the contribution of social value to improving the local economy and the health & wellbeing of communities.
- 4.3 Economic, Social and Environmental benefits would include:
- Increasing employment opportunities through use of local labour to deliver contracts, engagement of apprenticeships or training opportunities in work experience, CV and interview skills
  - Maximising routes to work through apprenticeships, engagement with groups and communities underrepresented in the workforce, embedding career skills through training & experience
  - Strengthening of local supply chains for major contracts and contractors
  - Improving the health & wellbeing of communities through improved environment, voluntary projects and social development
  - Environmental improvements through more local natural resources & reduced transport costs to minimise environmental damage
  - Environmental improvements to promote health & wellbeing
  - Clean & ethical supply chains promoting fair employment and treatment of staff
- 4.4 As a council Calderdale continues to promote the principles of the Social Value Act through some commissioned Services and other revenue requirements. This is particularly the case in social care and public health contracts.
- 4.5 However, many of the Council's capital expenditure is undertaken through pre-let framework contracts. Some, such as YORbuild, have social value objectives built in, but others do not.
- 4.6 The last measures for 2015/16 showed 27% of the Council's overall expenditure, and 12% of our spend on contracts through Yorkshire Purchasing Organisation, contracts, was purchased from small and medium sized businesses locally. This was, however, only based on companies registered and it omits a significant amount of goods purchased by large companies who employ a predominantly local workforce, such as Amey and Suez (formerly Sita).

- 4.7 All invitations to quote and tender over £10k are published on the Council's e-tendering system [www.yortender.gov.uk](http://www.yortender.gov.uk) , which provides registered suppliers with access to other regional and wider contract opportunities. Quote exercises between £10k and £100k include invitations to local businesses and providers, wherever possible. The system also provides access to the Council's live Contracts Register, showing values, end dates and suppliers, enabling local businesses to identify further opportunities in the future. .. The Council also publish contract opportunities over £10k on central Government's site <https://www.gov.uk/contracts-finder> .
- 4.8 The Council holds '**Meet the Supplier/Buyer**' events and other market engagement to encourage inclusion of local SMEs in the supply chain. These allow prime contractors to meet, understand and do business with more local sub-contractors. The Council Contract Procedure Rules are also being reviewed to establish how access for SMEs can be improved such as addressing below £10k spend.
- 4.9 To take the best advantage of its limited resources, the Council needs to develop more innovative solutions which deliver more for our money, and reduce impact on services. Maximising social value through the commissioning and procurement of capital investment and public services can support the Council in achieving this aim.
- 4.10 Social Value has the potential to act as a tool to help the council seek further value for money within a competitive process. By applying a social value approach consistently and proportionately throughout the Council, there is the opportunity to achieve an optimal combination of quality and value, whilst achieving the Council's priorities.
- 4.11 In summary then at the core of a social value approach to all Council capital expenditure is a need to:
- Work with the successful contractors and their subs to develop workforce plans to maximise the use of local labour, and creation of apprenticeships.
  - Broker the linkages to other business support services and grants, and promotion of recruiting people who have barriers to employment.
  - Ensure the £200 million planned capital investment in Calderdale generates local jobs for local people and creates apprenticeship places to support the target of 4040 places by 2020.
  - Generate new jobs and apprenticeships, this will stimulate growth in skill shortage areas and also help young people access employment with sustained careers
  - Promote local labour to ensure the makeup of our community is reflected in employment outcomes.
  - Ensure access to jobs is made as local as possible, links will be made to sustainable transport and cycle schemes to help people access work through public transport and cycle routes rather than cars.
- 4.12 Activity to deliver on these objectives is currently delivered by Officers in the Council's Business and Economy Team, the Council's Commercial Procurement Unit and Officers procuring individual contracts. However, the work is done in and

amongst other activity, and there is no specialist resource dedicated to this field. Consequently, design, monitoring and enforcement of social value clauses, and activity to assist contractors in delivering against them, is relatively weak and undeveloped.

- 4.13 The scope of the Council's current planned capital programme is unprecedented. Its associated procurement activity offers the potential to deliver economic, social and environmental benefits which will help contribute towards the economic growth of the Borough, and have a positive impact on the lives of its people.
- 4.14 To summarise just a few headlines, capital delivery over the next 5 years will include:

Flood Resilience Investment	£80 million
Highway Transport Fund Investment	£60 million
Elland Station Investment	£20 million
Housing Partnership Investments	£70 million
Investment in schools	£44 million
<b>Total</b>	<b>£274 million</b>

- 4.15 The promotion and inclusion of Social Value considerations can continue in its current format, but the level of support required to enhance the inclusion and benefits from the Capital Programme is limited by current resources. Therefore the Panel is asked to consider appointing a dedicated resource to maximise wider local employment and social benefit from the capital expenditure outlined above. A Role Profile is attached for such a position.

## **5. Financial implications**

- 5.1 At the present time the uncommitted balance in relation to the Economic Investment Fund is in the region of £450k.
- 5.2 A Contractor Account Manager post has been provisionally graded as SO2 and the suggested length of term is 2 years. This would require revenue of £80k to cover the salary including on costs.

## **6. Legal Implications**

- 6.1 It is proposed that a contract would be advertised on a fixed term basis for 2 years and internal recruitment would be considered in the first instance but it is important to secure an Officer with appropriate experience in procurement and recruitment.

## **7. Consultation**

- 7.1 The Commercial Procurement Unit have been consulted with regard to the scope and reach of the role. The post would be used to help promote links to the Health agenda, and other cross-Council objectives and also the inclusive growth activity which is currently being reviewed.

## **8. Environment, Health and Economic Implications**

- 8.1 The role would enable better links across the whole social value agenda to include impact on the environment, support links within the health agenda and greater economic impacts around the recruitment of local labour, building local supply chains and recruitment of apprenticeships.

## **9. Summary and Recommendations**

- 9.1 The Council has a keen focus and ambition to take social value forward and to secure a wider impact from capital investment. Suppliers have also expressed an interest in gaining a better understanding of our Priorities and how they can meet our Social Value requirements. The proposed role would offer a dedicated focused resource to prioritise this agenda.

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### **For further information on this report, contact:**

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### **The documents used in the preparation of this report are:**

1. Job Profile- Annex A
- 2.
- 3.

### **The documents are available for inspection at:**