

Using Public Leverage for Jobs and Skills

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This is not legal advice

Glasgow HA Procurement

- UK's largest stock transfer – 80500 units
- Neighbourhood renewal is key objective
- £2.9 billion investment programme
- £750m programme 2006-2010
- Training requirements in 344 PQQs assessed
- 84 Training Method Statements rigorously scored

Contract Requirements

- Every vacancy to be notified to named agencies
- 10% of person-weeks to be delivered by new entrant trainees from named agencies
- Provision of monitoring information in specified form
- Must obtain external funding to pay additional costs
- Method Statement required with the tender

Outcomes

- No lack of bidders
- At PQQ & award stages the best bidders overall also scored higher on Training

After 24 months:

- 13000 p/wks employment for new entrant trainees
- 12.61 % of all p/weeks used on the contract
- 15% on environmental works, kitchens and bathrooms
- 9% on electrical rewires
- Over 400 new entrant trainees: 65% apprentices

Terminology



Policy Rationales

- Sustainable Development includes `social progress that meets the needs of everyone`
- Social Inclusion and community well-being: core requirements of a Community Strategy
- Procurement policy: if you want an outcome you should include it in all stages of procurement.

Why use procurement?

- Flexible: can be designed for specific contract
- Formal and commercial
- Durable
- Can be used to implement legislation/policy
- Fit well with good procurement practice – relative to voluntary agreements
- Avoid `state aid` problems associated with grants

Procurement Legal & Policy Framework – UK Govt

- Purchasers are free to decide what they buy subject to
 - powers and established policies
 - `business case assessment` - affordability
 - the requirements must not be discriminatory
- Where social issues are part of the core requirement
 - can be used to assess the technical capacity (at PQQ stage)
 - can be used in the award of the contract

Procurement Legal & Policy Framework – EU

- New Directive: can include social matters in procurement
- Requirements must not disadvantage non-local contractors e.g.
 - by referring to `local labour`
 - by referring to UK qualifications
- Procurement procedures must be followed e.g. mention in OJEU Notices

Procurement Legal & Policy Framework – LAs

- Baseline - S.17 of the 1988 Act :labour force matters a non-commercial consideration
- Order in 2002 set this aside where necessary to deliver `best value` i.e. where a core requirement
- `Well-being` provides the powers
- Community Plan, Procurement Strategy, Corporate Strategy – provide policy basis
- Comply with EC requirements & equal opps. requirements

Value for Money

- VfM is based on the client`s choice of what to buy: can include community benefits
- Case studies delivered targeted training at no extra cost: therefore added to VfM
- GHA award process shows that best quality contractors offered best CB outcomes
- May also improve outcomes from other public expenditure e.g. on training and job-search = better value for the Exchequer overall.

Enforcement

- Contractors give formal requirements weight
- Build relationships with site staff
- Put in place a `supply-chain`: colleges etc
- Progress-chase early and consistently
- Involve contract officers to get compliance
- Include a training deposit-sum to add commercial weight.

Key Barriers

- Silo mentality: national and corporate policies are not applied.
- Challenges professional knowledge
 - buying a new mix of works and services
 - how to define and set targets & measures,
 - assessing costs & VfM
- Perceived risk: requires fresh interpretation of legal and policy frameworks
- Requires new relationships e.g. with `training and employment` colleagues
- Making the requirements affordable.

Good Practice Requirements Procurement (1)

- Include TR&T early in the procurement
- Requirements must be clear and measurable
- This produces a 'level playing field'
- Include monitoring requirements in the spec
- Consider how costs are to be treated
- Disclaimer: contractor responsible for engagement & work even if client facilitates

Good Practice Requirements Procurement (2)

- Appropriate in type & scale for the contract
- Address priority needs in target community
- Fit with the labour/trainee supply set-up
- Use appropriate measure: person-weeks rather than jobs?
- Use a pro-forma method statement to get commitment

Setting Targets

- £10m contract = £4m in labour costs?
- Average £600 per week wage costs?
- = 6666 person-weeks to deliver the contract
- 10% new entrant trainees = 667 person-weeks
- If apprentices at 104 weeks each = 6 people
- If other trainees at 26 weeks each = 25 people
- 50/50 mix = 13 people

Davis Langdon Model for Forecasting Opportunities

CONSTRUCTION COST (£ million)	WORK TYPES	SUB-REGIONS	OUTPUT	
25	3	1	2	5
OPERATIVES	LABOUR REQUIREMENT man weeks	TRAINING LEVEL	TRAINING REQUIREMENT man weeks	
Carpenters & joiners	1,955.0		196.0	
Bricklayers	1,265.0		127.0	
Plasterers	1,610.0		161.0	
Painters & Decorators	1,495.0		150.0	
Roofers	805.0		81.0	
Glaziers	-		-	
Floorers	345.0		35.0	
Specialist Operatives	575.0		58.0	
Scaffolders	-		-	
Steel Erectors	345.0		35.0	
Plant Operatives	345.0		35.0	
CE Operatives	-		-	
General Operatives	3,910.0		391.0	
Electricians	1,265.0		127.0	
Plumbers	3,450.0		345.0	
Total	17,365	10%	1,741	

Benefits of a Method Statement

- Submission a requirement of each valid tender
- Ensures that contractors give this thought
- Sets standard information that each has to provide
- This can include net cost calculation
- This makes scoring easier
- Provides basis for clarification & contract conditions

Cost Issues

- Powers & policies: are requirements core and part of VfM?
- Affordability issues:
 - is there a budget to pay for the TR&T element?
 - if not, can external funding be obtained by the purchaser? or
 - is the contractor required to find external resources e.g. CITB, colleges etc.
- Method statement requires cost info. – net cost or cost-neutral.

Additional Requirements

- Work-experience opportunities (unwaged)
- All vacancies notified to named agencies
- Supply-chain opportunities (is there a list to draw on)
- Monitoring and reporting requirements
- Business in education requirements
- Community design requirements
- Considerate contractor requirements

Implementing Change

- Obtain high-level buy-in/champion
- Partner with economic development/training
- Hold internal event on legal and policy issues
- Provide models to work from
- Initiate pilot projects
- Set up a facilitation/monitoring service
- Establish supply-side relationships
- Ensure costs to clients can be minimised