

Procurement Policy Framework for

jobs & skills

an impact report:

**case studies
from
Birmingham**

INTRODUCTION

In July 2010, Birmingham City Council approved a new Procurement Policy Framework for Jobs and Skills, to harness the city council's buying power in achieving outcomes on jobs and skills.

In adopting this policy the city council is taking positive and tangible actions to secure greater access to jobs and training opportunities for local people, particularly those disadvantaged in the labour market.

Within the first year of implementing this policy, it has impacted upon £5.1 billion worth of contracts, with a commitment for up to 5,400 jobs captured for priority residents.

This is a tremendous success, and we will continue to embed this policy throughout the council's procurement processes.

Birmingham's approach has also stimulated considerable interest from other local authorities and organisations, keen to learn from Birmingham's experiences.

This report therefore provides an opportunity to share our initial experiences, through a number of case studies, and critical success factors, to support and assist other service areas, and other local authorities to implement this approach.



Mark Barrow
Strategic Director of Development,
Birmingham City Council



POLICY CONTEXT

Tackling unemployment, worklessness and raising skill levels are key priorities for the city council and its strategic partners, and crucial for the wider regeneration of the city and surrounding areas.

Birmingham City Council (BCC), through its Procurement and Commissioning Strategy 2008/11 had already embraced the concept of sustainable procurement – using the procurement of goods and services as an instrument to achieve sustainable communities.

The development of the West Midlands Procurement Framework launched in March 2010, by the Economic Inclusion Panel, was a critical building block to Birmingham’s policy, as it provided the detailed legal and policy framework, and critically secured high level commitment within the city council to this approach.

The city council, through its Employment and Skills Action Plan, also identified maximising the leverage from the council’s planning powers and procurement resources to achieve outcomes on jobs and skills, as one of its key priorities.

Policy aims

The Procurement Policy Framework for Jobs and Skills aims to harness the city council’s buying power to achieve outcomes on jobs and skills within the relevant legal and policy frameworks.

The purpose of the policy is to provide an effective lever in tackling worklessness and skill levels by embedding within BCC, a requirement to consider at every stage of the procurement process, the contractual relevance of clauses that stipulate a commitment to Targeted Recruitment and Training (TRT) initiatives, including apprenticeships.

This does not mean jobs and skills will be included in all contracts, but will be considered within the framework below based on the threshold value of contracts, and within relevant legal and policy frameworks.

Policy framework

To support implementation of this policy BCC is adopting the following framework:

Strategic Approach The strategic application of contract clauses to the end-to-end Procurement System		
The specific use of Contract Clauses	Voluntary Agreements	Jobs and Skills Charters

The strategic and systematic approach ensures that jobs and skills contract clauses are **always** considered first, with the city council adopting a ‘default’ position, which requires clauses specifying jobs and skills requirements to be routinely **considered** for their relevance to all stages of the commissioning and procurement process and each and every procurement exercise undertaken, within the threshold values.

CRITICAL SUCCESS FACTORS IN THE DEVELOPMENT AND IMPLEMENTATION OF THIS POLICY

Corporate approach

The policy was developed through a Task and Finish group, led by the Assistant Director for Employment and with the active involvement of key service areas, in particular Legal Services and Corporate Procurement.

This corporate approach has been key to the successful adoption and implementation of the policy. It has meant from the onset that this approach was corporately owned, and that the policy and systems to embed implementation, have been developed collaboratively, and reflect Birmingham's approach to procurement.

High level commitment

BCC's Chief Executive was a member of the West Midlands Economic Inclusion Panel, which had developed the West Midlands Procurement Framework. There was therefore senior level commitment to adopting this approach in Birmingham.

The Corporate Management Team, through the Employment and Skills Action Plan, was also committed to maximising the council's leverage through procurement to achieve outcomes on jobs and skills.

Dedicated resources

Working Neighbourhoods Funds (WNF) were secured for two officers, for approximately one year, to support the implementation of the policy and develop systems to ensure the approach was embedded.

Track record of effective employer engagement

BCC's Employment Access Team (EAT) could demonstrate from a range of previous activities, successful engagement with the private sector in the delivery of bespoke targeted recruitment campaigns.

This was critical in challenging fears held by some officers, that this approach would not be understood or welcomed by the private sector.

Having a dedicated resource to deliver on TRT targets also meant there was dedicated support for both contractors and contract managers.

Being pragmatic, flexible and aspirational

From the outset, attention has been focussed upon where we can achieve greatest impact. Hence the decision to set threshold values rather than seek to apply contract clauses to all new contracts.

The aim has been to implement an approach which is flexible to meet the needs of different contracts and service areas, at the same time setting down markers which are aspirational.

BCC's Employment Access Team (EAT) could demonstrate from a range of previous activities, successful engagement with the private sector in the delivery of bespoke targeted recruitment campaigns.

SYSTEMS TO EMBED THE APPROACH

A key focus over the first year has been to ensure systems were developed and embedded, so sustaining this approach.

This included:

Training and awareness sessions:

With Corporate Procurement Heads of Categories and their teams to build in-house capacity to support future implementation of the policy.

With Directorate commissioning teams to raise understanding of the policy and to support implementation.

Shared learning event:

Presentation of case studies on how the policy has been applied across a range of contracts, to build confidence and share learning amongst BCC officers.

Toolkit:

A “how to do it” guide for each stage of the procurement process, key issues to consider, and model documents for adapting to specific contracts. The toolkit was developed in collaboration with Corporate Procurement, so that it addressed specific issues raised by procurement officers, who will be crucial for future implementation.

Monitoring systems established:

To enable the Employment Access Team to measure the impact of the policy, and verify jobs and skills targets.

Contract compliance:

As TRT requirements form part of the terms and conditions of the contract, compliance and performance issues will be dealt with in line with standard contract management procedures, and are the responsibility of the contracting department.



CASE STUDIES

NEW CONTRACTS

Birmingham's policy sets threshold values for all new service and construction contracts, that are (i) framework contracts; or (ii) for an annual value of more than £1m, and these will be subject to the full application of the policy, i.e. that jobs and skills contract clauses are always considered first.

Constructing West Midlands Framework (CWM)

Constructing West Midlands is a significant framework consisting of seven Lots, covering the full range of construction activity including capital works, major construction projects and building repair/maintenance. The framework is managed by BCC's Urban Design team and will be available for use by Public Bodies across the whole of the West Midlands Region.

It builds on the success of its predecessor – the Birmingham Construction Partnership – and will run for up to eight years with an estimated value of £1.5b–£3.5b. The successful contractors have now been appointed and will begin delivering against these outcomes in Autumn 2011.

TRT requirements and improving local supply chain opportunities have been built into each stage of the procurement process, with advice and support from the Employment Access Team.

- At the Industry Day in September 2010, where potential providers were invited to find out about the new framework contract, Steve Vickers, Head of Urban Design, gave a clear, strong message "if you want to do business with us in Birmingham, we expect you to deliver on Targeted Recruitment and Training"
- The OJEU notice included reference to economic and social benefit requirements of the contract.

- The PQQ included a section on TRT, with specific questions on how employment opportunities will be generated for long-term unemployed people and examples to demonstrate previous experience.
- The EAT undertook the evaluation of this section of the PQQ, which then fed into the overall PQQ evaluation score. The response from potential suppliers was positive, with commitment and enthusiasm demonstrated to deliver on TRT.
- The contract conditions for TRT include a requirement for contractors to provide a minimum of 60 person weeks per £1m spent.
- In the evaluation of tenderers "Quality" submissions, TRT was given a 5% weighting.

The CWM Framework contract is a complex contract and one of the key learning points has been the importance of involving the Employment Access Team at an early stage, so that there was sufficient time to consider how to effectively incorporate TRT into this contract.

For more information on the CWM framework contact:

Martin Merrix

Urban Design, Divisional Manager

martin.merrix@birmingham.gov.uk

Sue Hall

Employment, Principal Employment Officer

sue.hall@birmingham.gov.uk

Birmingham Energy Savers

Birmingham Energy Savers (BES) Phase 2 is for the supply and installation of solar panels, and other adaptations to improve energy efficiency in homes across Birmingham. Phase 2 is for two years, and has two contracts, £9m for installation and £4.5m for the supply of PV systems components.

BES helps to deliver several of the council's sustainability priorities and from the outset the creation of jobs and skills was considered an essential element of the programme with tangible benefits:

- Well trained front line staff
- Creation of jobs
- Encourage significant local investment in low carbon technologies
- Saves CO₂
- Cuts fuel poverty
- Installed by local firms
- Creates scarce high-skilled jobs
- Encourages inward investment and manufacturing

Required supply chain outcomes for BES Phase 2, included accessibility to local, small and diverse suppliers, through local supplier engagement and use of Find-it-in-Birmingham, and the creation of employment and training opportunities particularly for disadvantaged groups.

In the tender evaluation, the Jobs and Skills component was weighted at 20% for the installation contract and at 15% for the PV systems components contract, and detailed questions were included on Targeted Recruitment and Training. The substantial weighting given to jobs and skills gave a clear message to potential suppliers on the importance of delivering on this aspect of the contract. It is likely that this level of weighting has also set a new benchmark for future contracts of a similar nature.

Contracts for Phase 2 were awarded in May 2011, and delivery began in June 2011.

The key Jobs and Skills contract provisions included:

- "maximise the opportunities for new entrant trainees and a Birmingham-based supply chain"
- "a minimum of 74-person weeks per £1m contract value provided by new entrant trainees recruited through the council's Employment Access Team, or another organisation named by the council"

No resistance was encountered from Phase 2 tenderers to the contract requirements, and high quality tender submissions were received from potential managing contractors, forging links with local installers and social enterprises.

Officers involved in the procurement process felt the substantial weighting and incorporation of contract conditions had been critical, along with the support of the EAT in the tender process.

For more information contact:

Jenny Howarth

Birmingham Energy Savers

Sustainable Procurement & Supply Chain Manager

jenny.howarth@birmingham.gov.uk

Jane Newman

Employment Development Manager

jane.newman@birmingham.gov.uk





Adult Social Care: Home care and care homes with and without nursing framework contract

Adults and Communities is transforming the way it delivers services to citizens, which also means the directorate is changing the way it commissions services. A joint framework contract for home care (domiciliary care) and care homes with and without nursing (residential and nursing homes) is being introduced for new and current contracting arrangements with service providers. There will be a transition period in some cases, moving from current to new terms and conditions.

The directorate is currently engaging with service providers as to how the framework contract will work, with the tender stage starting in Autumn 2011 and will run for up to four years.

The challenge to implement Jobs and Skills contract provisions was based upon:

- The contract was not guaranteeing any work and thus income to service providers – it would therefore be difficult to impose targets for providers who may never receive any work from the local authority
- The contract was a transitional arrangement towards direct service provider and citizen contractual relationships. The future commissioning model is based upon the local authority moving away from being the commissioner

- The local authority was seeking to reduce the amount of care homes provision commissioned – imposing targets to increase staff was therefore contradictory
- Many of the providers deliver a significant percentage of work outside of Birmingham

However, with creativity, innovation and advice/support from the Employment Access Team, the Jobs and Skills contract provisions and Targeted Recruitment and Training requirements were incorporated in the following ways:

- The Jobs and Skills Method Statement incorporated into the tender application.
- Through the new Quality Assurance Framework (QAF) for providers, with questions and outcomes in relation to the Jobs and Skills benchmarks included as a weighted element in the provider self assessment.
- Service providers will be required to advertise new employment opportunities via the Employment Access Team.
- Service providers will be required to advertise supply-chain opportunities with Find it in Birmingham.

This framework contract was complex and the lessons learnt from the process were:

- The policy is flexible and can be applied to a range of contracts.
- The importance of building knowledge of the market and training pathways in sectors where TRT is new.
- Work creatively to apply the policy in a way that fits with the style and purpose of the contract.
- Collaborative working is required to make it work.
- The importance of involving the Employment Access Team at an early stage, so that there was sufficient time to consider how to effectively incorporate TRT into this contract.

For more information contact:

Dionne Williams

Business Analyst

Adults and Communities Transformation Programme

dionne.williams@birmingham.gov.uk

Ash Mehmood

Employment Access Team

ash.mehmood@birmingham.gov.uk

VOLUNTARY AGREEMENTS

Birmingham's policy sets threshold values for all existing service and construction contracts that are:
(i) framework contracts or
(ii) have an annual value more than £5m.

The aim was to focus on where we might achieve greatest impact, and work with those contracts with significant value and/or significant length of contract remaining.

A number of contracts were identified, which had over eight years to run, with a value between £10–30m per annum, although it was likely that most of these contracts would be downsized in light of reducing public sector resources.

In negotiating voluntary agreements, the approach taken was to identify spend left on the contract, calculate potential TRT opportunities this could deliver, identify what contractors were already delivering, and negotiate an agreement to address gaps or other support to improve the employment and skills offer. Voluntary Agreements negotiated included:

Grounds Maintenance

The Grounds Maintenance contract will run until 2019, at £16.5m per annum (although it is likely to be reduced over time) and is delivered through three contractors.

The work on this contract is mainly seasonal, based on the grass cutting season. All three contractors already had a regular pool of workers, the majority of whom return each year. However, following discussions with all three contractors, it was clear that each season there was often a 20% gap, which they then had to recruit to.

An agreement was reached across all three contractors, that 20% (equivalent of 12–15 staff) of the seasonal intake would be sourced through the EAT.

For more information contact

Darren Share

**Parks and Nature Division,
Birmingham City Council**

0121 303 4103



Existing voluntary agreements

Birmingham City Council had already negotiated voluntary agreements, or secured commitments from contractors, through Jobs and Skills Charters, prior to the adoption of the Procurement Policy Framework for Jobs and Skills. These include:

New Library of Birmingham

The new Library of Birmingham is a major regeneration project, part of the implementation of Birmingham's Big City Plan.

The building work commenced in 2010, with a completion date in 2013. The project has an overall contract value of £193m, with £142m for the construction phase, and Carillion as the principle contractor.

TRT was embedded in Carillion's contract, with Carillion signing a Jobs and Skills Charter and Targeted Training and Employment Agreement. This set out agreed targets of 250 employment opportunities (25 of which would be apprentices) and how this target would be met in partnership with the EAT, Job Centre Plus, the Skills Funding Agency, and other agencies. Carillion cascaded this commitment contractually through their supply chain.

As of July 2011, 105 job outcomes have been achieved, including 39 apprentices – already exceeding the apprenticeships target.

This project has clearly demonstrated the positive outcomes of a TRT approach, and as a result of their commitment to this approach, Carillion was awarded National Skills Academy for Construction status. The success on this contract is due to a number of critical factors:

- **High level commitment from Carillion**

Carillion has provided leadership from the top in delivering on TRT, with a dedicated resource to link with the council's EAT to deliver on this approach, and cascading the TRT conditions as contract clauses within its own supply chain. The EAT are involved in this process and work in partnership with Carillion and their supply chain to achieve the employment targets.

- **On-going partnership relationship**

A Project Steering Group, reporting directly to Carillion's Operations Director was established to plan and implement the Training and Employment Agreement. This group includes EAT, Jobcentre Plus, Skills Funding Agency, Carillion and their sub contractors and meets monthly so that any issues or concerns can be addressed when they arise. This partnership and the on-going relationship with Carillion have been critical.

- **Successful delivery on the 'employer offer'**

EAT has been able to demonstrate successful delivery on its employer offer, in bringing forward job ready individuals.

For more information contact

Sinead Mackenzie

Project Manager Employment & Training

Carillion

sinead.mackenzie@carillionplc.com

Sue Hall

Employment Access Team

Principal Employment Officer

sue.hall@birmingham.gov.uk



Birmingham Gateway: Redevelopment of New Street Station

The redevelopment of New Street Station is a £500m investment project to completely transform the station and stimulate regeneration and investment. It is one of the five major impact investment locations in the Big City Plan and central to the development of this area of the city.

Network Rail formally signed a Jobs and Skills Charter in March 2010, with Birmingham City Council, committing itself to improving access for local unemployed residents to employment opportunities arising from this development.

Network Rail is working in partnership with MACE (project management), Birmingham City Council, Jobcentre Plus and the Skills Funding Agency to realise this commitment to support the development of apprenticeships and workforce development of existing staff.

A Jobs & Skills Workstream has been established involving key strategic partners, which reports progress to the Project Executive Board.

Dedicated resources have been identified to support this work, including an employment access co-ordinator leading on the identification of employment and skills development opportunities through the supply chain across 75 work packages, and in partnership with South Birmingham College, a full-time dedicated skills co-ordinator to enable development of tailored pre employment training programmes, apprenticeships and workforce development opportunities.

The Jobs & Skills Workstream has developed a series of contract clauses in line with the Procurement Policy and in particular, the use of contract clauses to strengthen the Section 106 contract condition in relation to labour resource. Based on conditions agreed with Advantage West Midlands (AWM), these conditions include:

- Assisting 115 people to get a job
- 20 new businesses created
- 230 people assisted in their skills development
- 99 graduates gaining employment
- Creating a minimum of 561 new end user jobs
- Creating 367 construction jobs

These targets are being implemented across all sub contract and supply chain work package contracts to achieve the outputs prescribed against funding for the project. As of May 2011, 315 people had been assisted with skills development, three graduates and a further 40 people had been employed as a result of targeted recruitment. In October 2011, an on site Gateway Academy Training Centre will be formally launched to deliver a range of training provision including numeracy, literacy, ESOL, IT awareness, health & safety, leadership & management.

Additional opportunities will be captured through linked developments, including the new John Lewis Partnership store, bringing forward approximately 1000 jobs, and the extension of the Metro link through the city centre.

For more information contact

Kam Hundal

Principal Employment Development Officer

kam.hundal@birmingham.gov.uk

newstreetnewstart.co.uk



Impact of the Policy

Within the first year of implementing this policy, it has impacted upon £5.1 billion worth of contracts, with a commitment for up to 5,400 jobs captured for priority residents.



CONCLUSION

Adopting a policy across the council, developing systems to support its implementation, and being pragmatic and flexible in approach, have all been critical success factors in Birmingham's success story.

The adoption and implementation by Birmingham City Council of its new procurement policy, harnessing its buying power to achieve jobs and skills for local people, has clearly demonstrated in its first year what can be achieved.

At the beginning there were concerns as to how the private sector would respond to this approach. Our experience suggests there are certainly a number of unfounded myths, as the private sector responded very positively. Indeed, particularly in the construction sector, the inclusion of targeted recruitment and training targets or clauses, would appear to be the industry norm, with major contractors committed to delivering on targets and aspirations.

Adopting a policy across the council, developing systems to support its implementation, and being pragmatic and flexible in approach, have all been critical success factors in Birmingham's approach.

As highlighted in the case studies in this report, Birmingham has developed new benchmarks for targeted recruitment and training in public procurement, and extended this approach into new sectors, including social care, which are being used as exemplars by other local authorities.

Birmingham's experience has stimulated many other local authorities to adopt a similar approach, and to be aspirational in harnessing public procurement to achieve outcomes on jobs and skills.

Birmingham City Council is continuing to embed the new policy across its procurement processes, and is also looking to adopt a similar approach in relation to planning, to maximise the leverage from council resources and powers to achieve outcomes on jobs and skills.

This approach clearly demonstrates the positive and tangible actions which local authorities can take in securing greater access to jobs and training opportunities for local people, particularly those disadvantaged in the labour market, and in addressing one of the key challenges to securing future economic growth.

Useful contacts

Steve Farr
Employment Access Manager
steve.farr@birmingham.gov.uk

WM Procurement Framework
www.birmingham.gov.uk/wmpf

www.finditinbirmingham.gov.uk

eat

**employment
access team**

Investing in **bir**mingham people

birmingham