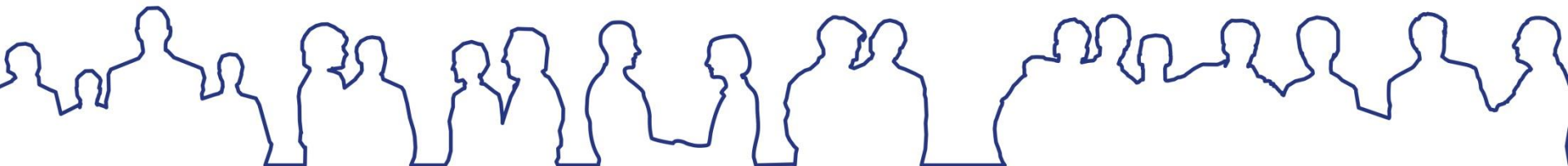


Social Value information in the Welsh context

*Rachel Honey-Jones,
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Social Value in the Welsh Context

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Background

- ▶ Housing is a devolved policy to Welsh Government (WG)
- ▶ All registered social providers are regulated by Welsh Government
- ▶ Regulation follows the [Regulatory Framework for Housing Associations Registered in Wales](#) which is underpinned by WG's commitment to put tenants at the heart of regulation and based on co-regulation
- ▶ Key features of the Regulatory framework:
 - ▶ Performance Standards (Delivery Outcomes) & Capacity to Improve
 - ▶ Self Assessment
 - ▶ Annual Statement of Compliance
 - ▶ Regulatory Judgements - Financial Viability
 - ▶ On going Regulatory Assurance and Oversight - Continuous Assessment
 - ▶ Regulatory Powers

Background

- ▶ 22 Local Authorities
- ▶ Decision made by Welsh Assembly Government to require all Registered Social Landlords and Council's to bring housing stock up to Welsh Housing Quality Standard (WHQS) by 2012.
- ▶ 6 local authorities had business plans to achieve WHQS by 2012, others decided to give tenants an option to transfer, to allow sufficient funds to be raised for the improvement works
- ▶ 16 tenant ballots took place between 2002 and 2012
- ▶ 11 voted to transfer, 5 voted to remain with the local authority.
- ▶ First Large Scale Voluntary Transfer took place in 2003 to create Valleys 2 Coast, to receive the stock of Bridgend Council.
- ▶ Approximately 34 not for profit housing associations in Wales (this includes subsidiaries & LSVTs)

So why is this important in the context of Social Value?

- ▶ £4.3 billion is procured and spent by the Welsh public sector each year
- ▶ The Welsh Housing Quality Standard requirement meant an investment in the housing stock which had been unrivalled since the Council House building programme post World War 2 in Wales
- ▶ In 2008 the Welsh Government set up the i2i project to support Housing Stock Transfer ballot processes, to ensure tenants were at the heart of the process & ensure that the maximum added value was being delivered through this investment
- ▶ The i2i project created the Can Do toolkit which gave a clear guidance on utilise core contract conditions within procured contracts
- ▶ An SME friendly toolkit was also developed to encourage the Welsh pound to be retained within Wales as much as possible under EU procurement laq

Welsh Procurement Policy Statement

In 2012 this was taken a step further with the then Minister for Finance announced a mandatory “Welsh Procurement Policy Statement”

Principles in the context of Social Value:

- ▶ ***Economic, Social and Environmental Impact*** - Value for Money should be considered as the optimum combination of whole-of-life costs in terms of not only generating efficiency savings and good quality outcomes for the organisation, but also benefit to society and the economy, whilst minimising damage to the environment.
- ▶ ***Community Benefits*** - delivery of added value through Community Benefits policy must be an integral consideration in procurement.

Welsh Procurement Policy Statement

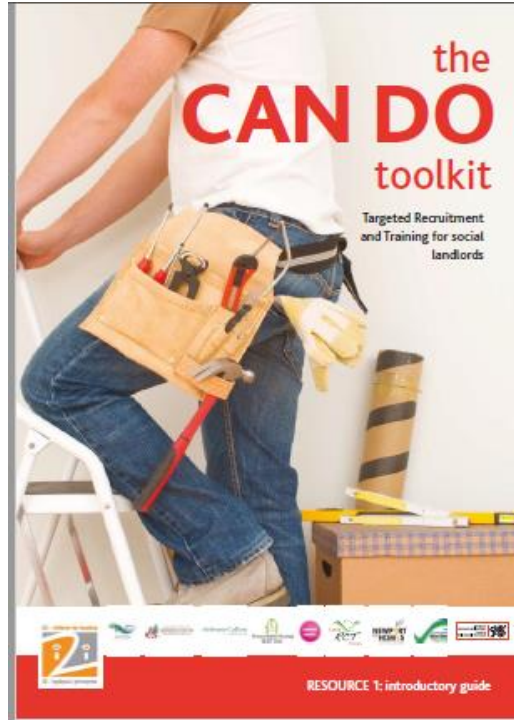
How will these be achieved?

Welsh Government will:

- ▶ Lead on maintaining and strengthening Community Benefits policy; strengthening support available on the ground and challenging the application.

The Welsh public sector will:

- ▶ apply Community Benefits to all public sector procurements where such benefits can be realised.
- ▶ apply the Measurement Tool to all such contracts over £2m to capture and report outcomes to the Welsh Government.



- ▶ Toolkit allows organisations to utilise investment to deliver long term local jobs, training opportunities and wider regeneration benefits.
- ▶ This toolkit shows how what has become known as the WHQS Plus approach can be delivered and achieved.
- ▶ Target audience of local housing authorities, stock transfer bodies, traditional RSLs, private and third sector organisations committed to social inclusion.
- ▶ Its use has not been limited to WHQS - there are real opportunities to adopt this approach in wider housing and regeneration investment and procurement.

Legality - European perspective

European case law has commented on the use of social and environmental clauses and the following good practice can be drawn:

- ▶ It is possible to include Community Benefit or Targeted Recruitment and Training (TR&T) requirements in public procurement provided the drafting and the process does not disadvantage non-local bidders, eg by requiring them to have local labour market knowledge, a local base or use local materials.
- ▶ Social requirements that address a policy objective of your organisation are allowed. They do not need to provide a financial or service benefit to the organisation - they can for example benefit the wider community.
- ▶ All requirements must be able to be measured and the delivery verified

Legality - UK context

- ▶ To include Community Benefits in your procurement, your organisation needs to have the powers to do so.
- ▶ The Welsh Government and Local Authorities in Wales have the legal powers as part of their 'well-being' provisions. Most RSLs will have broad regeneration and community development objectives included in their constitutions or corporate strategies.
- ▶ The Public Services (Social Value) Act requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area.

Core requirement of a Contract

- ▶ If an organisation wants to achieve community benefit from, for example, a major housing renovation project, they should advertise it as a project for both 'housing works and community benefit'. As a core requirement, it can be monitored as part of the contract and is enforceable as a contract term.
- ▶ The inclusion of community benefit must be stated clearly in the contract notice and the tender documents and it can be assessed as part of the award criteria. It should be capable of being measured and scored objectively and in proportion to the other tender criteria.

Core requirement of Contract

- ▶ The i2i guidance gives organisations the ability to hard wire targeted recruitment and training (TR&T) opportunities, and wider community benefits as a CORE requirement of the contract
- ▶ The title of the contract when procuring must state this eg. “500 new kitchens and targeted recruitment and training”
- ▶ The tender process itself must also include a weighted community benefits and targeted recruitment and training section

Doesn't the contractor just build this into their costs?

Probably, but as a social housing provider our stance is that affordability of the contract plus the value for money driver with the creation of apprenticeships, work experience and community benefits would not be possible without this approach

Non core requirement of Contract

If the community benefit cannot be linked to the subject matter of the contract, then as an alternative, the benefit can become a contract condition. It will not be assessed at either the PQQ or award stage, but it must still be non-discriminatory and proportionate to the contract.

Acceptance of the contract conditions can be made a Pass/Fail requirement.

It's more of a “handshake agreement”; with any “handshake agreement” the contractor has nothing pushing them to deliver any social or economic benefit to the local community

The norm - Core requirement

- ▶ Community benefits and TR&T are now the norm in Wales. Any contract over £1m of spend within housing must by law have community benefits attached to it as a core requirement
- ▶ This is monitored by the submission of the Welsh Government Value Wales Community Benefits toolkit per contract or on the anniversary of the contract start date if over a year in length
- ▶ Newydd attached core requirements of community benefits to any procured contract over £50,000

What do contractors think?

“I would see every local authority and social landlord contract have a Targeted Recruitment and Training (TR&T) requirement. Commonplace in Wales, these require the would-be suppliers to detail how many people they will support into employment and - most important - exactly what type of opportunities and training will be given. Such a document waves goodbye to vague pledges by suppliers of supporting the local workforce - instead each tenderer can be compared easily and gives local authorities and social housing providers something to measure against and someone to hold accountable.

- Sinead O’ Neill Customer Service & Community Manager.
Ian Williams Ltd

Targeted Recruitment & Training (TR&T)

- ▶ New entrant Apprenticeships - 52 weeks per £1m of spend
- ▶ Work experience 10 weeks per £1m of spend
- ▶ Housing Associations in Wales tend to have employability as part of their community regeneration activities. This allows us to do all of the pre employment work with our tenants and communities to enable them to undertake these ringfenced opportunities
- ▶ We also have 2 shared apprenticeship schemes to offer shorter opportunities depending on the mix of the trades required, rather than displacing apprentices when no longer needed on site.

Apprenticeships & Social Clauses at Newydd

Video

(right click, open hyperlink)

<https://www.youtube.com/watch?v=pkwiwT4lk8&spfreload=10>

Community Benefits

- ▶ **Community Investment Sum** - a percentage of the contract value to be given back to the client to deliver community activities. Sliding scale of 0.25%-2% dependent on size of the contract
- ▶ **In kind labour or materials contribution**
- ▶ **Health & Safety / Construction industry talks to schools / community groups**
- ▶ **Event support**
- ▶ **Single training programmes**
- ▶ **And anything else you can think of!**

“Pioneering work in Wales by the “i2i” initiative has brought with it considerable benefits through a targeted recruitment and training approach using the “Can Do” toolkit in procurement. The use of social clauses in contracts for refurbishing social housing, through the work of “i2i” for example, has been particularly successful in helping unemployed adults and young people to find work in an increasingly competitive labour market.”

- ▶ Homes for Wales: A White Paper for Better Lives and Communities; May 2012

‘maximising the jobs and training opportunities from public and private investment in Wales is essential - the pioneering Can Do Toolkit has helped the housing sector lead the way in delivering on this agenda’

- ▶ Martin Mansfield, General Secretary, Wales TUC

Example of it in action

- ▶ £5.8m contract for a mix of 52 affordable homes and flats; and 13,000 sq ft of retail space
- ▶ 18 month contract
- ▶ Core requirement of contract - 52 weeks per £1m of spend
- ▶ Y Prentis, the local Shared Apprenticeship scheme utilised to provide 6 apprentices - 125 weeks on top of training
- ▶ i2i core clause included to ensure that a Construction Mentor was secured for the duration of the project - which was absolutely critical to the project's success

Apprentice outcomes

- ▶ 5 of the 6 apprentices secured employment within the local construction industry
- ▶ 6th apprentice obtained his NVQ2 and decided to return to the Army
- ▶ 2 of the 6 have been retained with the original subcontractor & progressed to complete their NVQ3
- ▶ Another was employed by the original bricklaying sub-contractor

Other outcomes

- ▶ Appointment of a female Construction Opportunities Coordinator
- ▶ Reached out to local community through regular invites to site to “try out” construction trades
- ▶ Big promotion of opportunities for female candidates from all ages across the local population
- ▶ Promoted through local newspaper, Newydd Housing networks and social media

Women In Construction outcomes

- ▶ Taster sessions and workshops extremely well attended
- ▶ Over 20 women during the year had access to the site for bricklaying and carpentry workshops
- ▶ These 20 also utilised equipment for site engineering and had the experience of “being on site” which broke down many barriers
- ▶ Following one work placement, a female trainee now works full time for the carpentry subcontractor
- ▶ Another trainee carpenter has opted for full time course
- ▶ A third trainee (who is still in full time education) is keen to pursue a career in site management as a result of her work experience



Additional outcomes

- ▶ £1.92 local multiplier (max is £2) as calculated in the Value Wales Community Benefits Measurement toolkit
- ▶ Two local teenage ex-offenders from Construction Youth Trust (CYT) received 4 weeks construction work placement
- ▶ This allowed for relationships with CYT & Llamau (Wales Young Peoples homeless charity) leading to other vulnerable local young people being mentored and supported on main contractor sites

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	Contract value	£	217,280
	Welsh local multiplier		£2.00
CASHABLE BENEFITS			
1	Direct investment	£	217,280
	Revenue to businesses based in Wales	£	188,260
2	Percentage spent on businesses based in Wales during the period covered by this submission?		100%
	Income to people living in Wales	£	29,020
3	Percentage spent on salaries and wages to people living in Wales		100%
4	Landfill fees saved		£4,819.41
5	Water reduction savings	£	-
	Carbon credits	£	-
6	Cash donations	£	1,200
7	In-kind donations of labour, goods and services	£	560
	Overall investment in the Welsh and UK economy	£	441,139

Value Wales Community Benefits Toolkit

Other contracts

- ▶ IT Services - we had computers donated to a community centre
- ▶ Design contract - work experience placement for a Graphic Designer
- ▶ Legal contract - pro bono advice for tenants

Just use your imagination!

Final thoughts...

“i2i has definitely caught the eyes of Government more widely - the appreciation of the good work i2i has done. It’s not been easy, it’s been a difficult journey but the appreciation of the success there is starting spread beyond housing into other areas of Government thinking and *I’m very hopeful that this sort of model will be something that we’ll be able to brand as a Welsh way of doing things.*”

- ▶ Huw Lewis, Minister for Housing, Regeneration and Heritage, TAI conference, March 2012

Contact information

- ▶ Rachel Honey-Jones, Community Regeneration Manager, Newydd Housing Association rachel.honey-jones@Newydd.co.uk Twitter: @RHoneyJones
- ▶ I2i publications: <http://www.cih.org/i2i/publications>
- ▶ Look at the Can Do toolkit refresh (2012) for a basic overview and business case for building community benefits into a contract.
http://www.cih.org/resources/PDF/i2i/Cando_toolkit_refresh.pdf
- ▶ Can do toolkit resources 1, 2 & 3 for the introduction & model texts.
- ▶ SME Friendly procurement toolkit also available
- ▶ Value Wales Community Benefits Measurement Toolkit:
<http://prp.gov.wales/toolkit/?skip=1&lang=en>