



## **D2N2 Procurement Charter for Economic, Social and Environmental Impact**

### **Background**

With significant funding coming through the D2N2 Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire to support economic activity, it is our ambition to maximise the benefits of funding streams for our businesses and communities.

Through Growth Deal funding we are committed to this *D2N2 Procurement Charter*, setting out how we want to raise standards using the principles of the Public Services (Social Value) Act 2012; optimising the economic, social and environmental outcomes that can be generated. This means ensuring that economic spend on public sector-led projects has the maximum impact across the D2N2 area. It also means private sector-led development, alongside creating a viable profit return, must recognise the benefits of local people learning from the employment experience and skills acquisition, as part of a project's delivery. It also requires finding ways for small and medium sized businesses to readily lock into opportunities arising from construction and regeneration initiatives within the area.

D2N2's *Sector Development Action Plan for Construction* sets out a number of recommendations to enable a vibrant construction sector; in which procurement opportunities are joined up and accessible, where workers' expectations of employment and skills availability are consistent and clear, and where training provision to supply this is relevant and available.

Training and skills providers have committed through the *D2N2 Provider Charter* to help deliver the D2N2 LEP *Skills for Growth Strategy* and to ensure their organisational activities are consistent with, and in the spirit of, the activities set out in that charter.

This *Procurement Charter* completes a virtual cycle of collaboration between construction and regeneration sectors, establishing common principles to advance D2N2 land and infrastructure development. This in turn maximises projects' economic and social outcomes, recognising the mutual dependence of a vibrant economy and integrated communities.

For every Growth Deal funded project we expect engaged businesses, local authorities and other public sector bodies to implement specific actions which they have agreed, in accordance with this *Procurement Charter*. They will agree to the commitments set out in this Charter, as the platform for a stronger local economy which benefits all, not just the few.

### **Introduction**

To achieve the ambitions of the D2N2 *Strategic Economic Plan*, the infrastructure and conditions which will support business enterprise and employment growth need to be created.

Essential to this is a local economy which:

- ensures our people are properly prepared for work;
- enables employers to access the skilled workers they need;
- supports people, including our most disadvantaged individuals, to develop their skills and employability and so to gain, retain and enhance employment and earnings;
- empowers and includes a stronger and more diverse supply chain of SMEs, able to work with prime contractors and developers, as well as directly engaging in projects;
- shows shared understanding of what's good in delivering environmental sustainability.

This *Procurement Charter* demonstrates a commitment from business and public sector bodies working within D2N2 to align their construction, infrastructure and development projects to

match employer need and demand, with the aim of creating a sustainable market for skills and development and supply chain integration within the area which:

- continually adapts to drive enterprise and growth;
- produces high quality training provision;
- creates more opportunities for young people, relying less on Government intervention;
- deepens engagement between businesses and training providers.

This approach is essential to realising the ambitions set out in the D2N2 *Skills for Growth Strategy* and the target of creating 55,000 new jobs in the D2N2 area by 2023.

D2N2's *Skills for Growth Strategy* will inform and support those with a keen interest and determination to speed improvement in the competitiveness of their business and sector's growth, and seek to combat poverty and worklessness through early intervention and flagship initiatives. Raising ambition and aspiration are vital to local economy success. To achieve this, **six key priorities** for action have been identified, set within the context of *Skills for Growth*:

- **Priority 1:** Develop sector growth agreements to make explicit ownership and shared responsibilities for investment, ICT, labour market intelligence and impact measures.
- **Priority 2:** Improve business leadership, management skills and training needs analysis to help increase productivity and performance.
- **Priority 3:** Promote and develop apprenticeships and traineeships to achieve higher level skills and improve social mobility.
- **Priority 4:** Foster enterprise and the characteristics of entrepreneurial behaviour, career adaptability and resilience.
- **Priority 5:** Raise the visibility of and access to career insights and specialist careers support for young people and adults; to raise aspirations, participation, retention and achievement in learning and work.
- **Priority 6:** Promote graduate recruitment and facilitate graduate retention in the region.

The D2N2 *Social Inclusion Framework* prioritises **five priority thematic groups**:

- Older, long-term unemployed people now experiencing additional barriers to work.
- Younger people including 'hidden NEETs', with an emphasis on helping young people navigate current, complex provision.
- Women 'returners' facing a variety of different forms of social exclusion.
- People with multiple and complex needs.
- The financially excluded, both in and out of work.

In this connection it is recognised that a number of cross-cutting challenges and opportunities need to be considered in the development of programmes for these priority groups, namely:

- health and well-being
- rural inclusion
- asset-based community development and local infrastructure
- supporting business in enhancing employment opportunities for excluded groups
- and softer outcomes.

It also draws out the need for mentors or navigators, particularly for the young people in priority groups, and the need for digital inclusion.

### **Optimising Economic and Social Impact**

**The Public Services (Social Value) Act 2012** has galvanised many contracting authorities to embed better practice in pre-procurement market engagement and procurement practice.

Good practice has accelerated, particularly within local authorities and housing associations, in embedding social, economic and environmental outcomes in procurements; not only of

services but of works and supplies of goods contracts as well. The recent review by Lord Young of the Act specifically encourages commissioners to identify their social value priorities and to write social value outcomes into their specifications, balancing a clear requirement with encouraging innovation. The Lord Young Review also recommends that social value should form part of the quality weighting, saying: “The amount of weighting specifically given to social value, within the overall quality evaluation, should be made clear.”

Private sector-led investment can also recognise the benefits of building sustainability into projects, with a view to stimulating a vibrant local economy, creating an upward spiral of economic and social benefits.

### **Opportunities**

Consequently all future Growth Deal funded projects and other initiatives supported by D2N2 will identify a model, through a pro forma statement, setting out the criteria and ratio for opportunities against the following impact inputs:

- Advanced health and safety training for subcontractors
- Apprentices starts – advanced
- Apprentices starts – higher
- Apprentices starts – intermediate
- Apprenticeship placements
- BME
- College and university engagement events
- Construction activities in schools (in-line with the D2N2 *Employability Framework*)
- Curriculum support events
- Development and upskilling events
- Employability events
- English and maths upskilling
- Females into the sector
- Graduate job start
- Graduate placements
- Leadership and management
- Leadership and management training for sub-contractors
- Mentoring and navigation
- New Entrants into the sector
- New jobs for returners to the construction sector
- NVQ starts and completions
- Professional, technical and higher Qualifications (sector/employer led)
- Projects / outreach to support the community and or education sector
- Reduction rate of re-offending
- Sector-based academies (unemployed recruits) or employer-led employment training
- STEM
- Supervisor training for sub-contractors
- Supporting, influencing and enabling the supply chain
- Tackling digital exclusion
- Traineeship Learners
- Training plans for sub-contractors
- University/college enrolments
- Work experience placement (14-16 years)

- Work experience placement (16 plus years).

### **Ways of working**

Local authorities and other public bodies have specific commitments which can provide a strong foundation for a socially integrated local economy. These commitments include:

1. Identify what their social value priorities are.
2. Understand the scope within the Public Contracts Regulations 2015 for embedding social characteristics in public procurement.
3. Identify what kinds of outcomes are important for any specific contract.
4. Identify enhancements to value for money by embedding social value outcomes in contract.
5. Find out what the market could feasibly provide, by properly engaging in effective market engagement.
6. Consider if the procurement process excludes certain providers, and how to avoid this.
7. Write social value outcomes into service specifications, balancing clear requirements with encouraging innovation.
8. Clearly communicate to bidders how social value offers should be articulated.
9. Select successful bidders through the procurement process, using criteria reflecting the entire specification.
10. Manage the contract, measuring the social value providers/contractors deliver and enforce contractual commitments.

Equally the business sector can engage with the public sector, by responding to their commissioning requirements, and participating readily in pre-procurement engagement and consultation activity, but it can also can adopt economic and social requirements within their own projects. Contractors, developers and other providers can:

1. Understand the needs of the local area and contracting authorities' priorities.
2. Think about how social value can be incorporated into their core business or can be a natural adjunct to it, rather than forming an unrelated 'add-on'.
3. Identify their social value offer and think about its relevance to the contracts types they will be bidding for.
4. Articulate their social value offer; quantify the value for money they will provide and make the case for that offer being a way of commissioning to navigate cost savings pressures.
5. Use social value as a route to commissioners and commissioning decisions, helping them understand the full range of innovation bidders provide, ensuring services are well-designed for all stakeholders, and ensuring the procurement process doesn't exclude certain types of provider.
6. Avail themselves of the opportunities from better engaging in delivering skills and employment, and an effective strong supply chain.

All parties consent to sharing learning with each other and capturing good practice in case studies, which can be used to promote better practice on an ongoing basis.

### **Review**

This *Procurement Charter* will be reviewed in 2017, taking into account lessons learnt from its first two years. This will ensure the commitments made and good practice developed are adopted, with enthusiasm and vigour.