

Select Committee – Jobs and Enterprise, Regeneration and Resources, Culture and Wellbeing.

Date: 7 September 2010

Impact of the Implementation of Social Clauses

Report of the Corporate Director, Children and Families and the Corporate
Director, Economic Regeneration

Cabinet Portfolio/Lead Member: Cllr. Jim Foreman and Cllr Michael Clare

Why has the Report come to Select Committee?

1. This report is an update at the request of the Select Committee.

How is this linked with the Community Strategy aims and objectives?

2. The Community Strategy refers to the Council's intention to help deliver well-being policies via the use of social clauses. Social clauses in key procurement contracts are a means of creating economic, social, and environmental benefits. Councils' Well-Being powers that underpin social clauses are contained in the Local Government Act (2000).
3. Social clauses implemented by South Tyneside Council are aimed at securing jobs, training opportunities, apprenticeships, work placements, and business and enterprise opportunities linked to the Council's strategic priorities for jobs and enterprise, and reducing the number of young people who are not in education employment or training [NEET].

What are Members asked to do?

4. Members are asked to consider the outcomes to date of the implementation of Social Clauses.

How will Members views make a difference?

5. Members are asked to make any recommendations that might be able to add to the social clauses programme.

Introduction

6. Social Clauses are legal requirements placed into contracts and agreements that the council enter into with service providers. For example, the council is able to include Social Clauses into planning approvals or the specifications in procurement or regeneration transactions.
7. Social clauses in key current procurement contracts detail the number of apprenticeships, work placements, training opportunities, business opportunities and jobs that a service provider will deliver as part of their contractual obligations with the Council. Increasingly, social clauses are being used to promote local suppliers. Social clauses are not the main purpose of many contracts, but their inclusion in the evaluation of tenders means we are able to lean towards contractors with that tendency. Once in place, clauses have to be managed and monitored.
8. This year, the Council has initiated discussions with key partners. As a result, the NHS Foundation Trust and South Tyneside College now adopt social clauses policies. The committee will be kept aware of developments as they progress.

Background Information

9. Social clauses are now a common feature of the way that Councils seek to create sustainable development.
10. Cabinet approval to target recruitment and training within strategic procurements over £500,000 was given in June 2006. This is carried through into sustainable procurement strategies adopted by BT South Tyneside.
11. Social clauses were included in the consultation for the Council's planning masterplan - the Local Development Framework (LDF). Social Clauses were agreed as part of the LDF's Core Strategy in 2007. A Supplementary Planning Document that sets out specific planning requirements around social clauses was adopted in 2008.
12. Executive Team approved the Social Clauses Strategy document in November 2009.
13. A Coordinator post was established in June 2009 in the Adult and Community Learning service to support employers in implementing their social clauses. The post is a secondment, which is due to end in March 2011. The post involves keeping the Council's and other partners' policies up to date, overseeing the implementation of delivery, and working with contractors to ensure that requirements are met.

Recent impact/outcomes of Social Clauses

Year	Project Name	Sub Contract	Actual		
			16-18 Apprentice	19+ Apprentice	Employee
2009	Cleadon Park		7	0	0
	Building Schools for the Future		16		13
	APCOA		0	0	5
	South Tyneside Homes	Property Services	6	0	0
		Gentoo	0	0	0
		Dunelm Properties	2	0	2
		Frank Haslam Milan	2	0	12
	Bramble Court		0	0	25
	BT		0	0	111.5
	Road resurfacing and markings		0	0	0
	St Aloysius Court		0	0	0

Year	Project Name	Sub Contract	Actual		
			16-18 Apprentice	19+ Apprentice	Employee
2010	Cleadon Park		1	0	0
	Building Schools for the Future		19		9
	APCOA		0	0	9
	South Tyneside Homes	Property Services	6	0	0
		Gentoo	0	0	0
		Dunelm Properties	1	0	0
		Frank Haslam Milan	3	1	24
	BT		0	0	215.6
	Road resurfacing and markings		1	0	0
	St Aloysius Court		3	0	0

Other benefits

Key Issues

14. Social clauses headline outputs are the apprenticeship and job opportunities shown in the tables above. Since the inception of the programme a total of 110 apprenticeships have started and 96 jobs have been filled, all in favour of local residents. Jobs are full-time.
15. As significant, however, is the amount of investment directed by social clauses towards local businesses. Over the last 18 months the programme has helped to develop strong links with South Tyneside Business Forum, and has been instrumental in setting up the Forum's Construction Group.
16. Social clauses have helped to secure over £6 million of local contracting, with significant further opportunity in the pipeline. Social enterprises have benefited with Groundwork obtaining contracts with Bellway Homes and the Building Schools for the Future programme.
17. Work experience placements are being developed through Blue Venture, the Borough's Employment and Business Partnership organisation. Already very substantial numbers of school activities have been generated on BSF sites, and this is set to happen on other project sites, for example, Harton Staithes, the swimming pool development at Pier Parade, the Waste Management PFI partnership (with Sunderland and Gateshead) and School Street housing in Hebburn.
18. The development of the Construction Group and the expansion of the programme into other parts of the Borough's public sector partnership are leading to the use of social clauses in a more strategic way, in support of business initiatives. Social clauses are now the adopted policy in NHS Foundation Trust and South Tyneside College. It is expected that outcomes will be generated via these organisations in future, which will be reported to this Committee.
19. This will help create further downstream opportunities for jobs, training, and work experience, via local sub contractors.
20. In creating more sustainable investment, we can create efficiencies, but we also need to use social clauses to help us target these efforts in the direction that benefits our residents and businesses in a practical way.
21. Social clauses will target increased involvement of contractors in Diploma development and other schools to work initiatives, like targeting NEET young people.

Financial and Value for Money Implications

22. The Social Clauses Programme has delivered 110 filled apprenticeship places and 96 job starts. These apprenticeships and job starts contribute to reducing child poverty.

Legal Implications

23. Social Clauses are legally binding.

Risk Implications

24. That apprentices who complete their training may not be able to be employed permanently because of the economic climate.

Equality and Diversity Implications

25. Social Clauses are purposely included in key contracts to provide opportunities to those who are most disadvantaged, for example apprenticeships for young people who do not have 5 A* GCSEs. These disadvantaged groups include BME and other discrete groups.

Environmental and Sustainability Implications

26. There are no environmental implications

Recommendations

27. That the Select Committee accepts the contents of this report.

Impact of the Implementation of Social Clauses

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location

Contact Officer:
