

Council for Economic Renewal

Better Jobs Closer to Home – Project Update

Introduction

1. At its October meeting, the Council endorsed the principles set out by the Wales TUC campaign, 'Better Jobs Closer to Home'.
2. A working group was commissioned by the Finance Minister to examine the proposal and provide advice and recommendations. The group has met twice: on 2 December and 22 January.
3. There are several strands involved in this work, which requires a whole-government approach:
 - Identification of suitable contracts and procurement strategy;
 - Definition of disadvantaged;
 - Options for Employment Centre organisation; and
 - Pre-contract Employment Centre Requirements.
4. This paper outlines the progress that has been made in delivery of the strands.

Identification of Suitable Contracts and Procurement Strategy

5. Identification of suitable contracts provides the key milestones for establishing the employment centres and informs the capacity and skills requirements of the organisations.
6. The National Procurement Service (NPS) has provisionally identified two contracts for delivery by 2017; one for uniforms and one for flooring. This timescale enables adequate time for the employment centres to be established and to be ready to service the contracts.
7. An initial timeline and action plan for delivery of these contracts will be issued from the NPS to the working group by 5 February.
8. In addition, Economy, Science and Transport officials are exploring the potential for the Ebbw Vale Enterprise Zone to provide an early solution to support the employment centre concept set out in Better Jobs Closer to Home.
9. Value Wales will work with the NPS and Economy, Science and Transport officials to develop a procurement strategy by March, taking account of the other strands of the project and considering:
 - The length of the contracts;
 - Supplier qualification requirements;
 - Impact on other parts of the Welsh supply base;
 - Welsh public sector commitment; and
 - Capability of competitors.

Definition of Disadvantaged

10. The campaign seeks to take advantage of new developments within the Public Contracts Regulations 2015 (PCR) whereby contracts may be reserved for organisations whose workforce comprises 30% or more disadvantaged employees.
11. The European Commission (EC) has adopted and published recitals which support practical application of the PCR.
12. In respect of reserving contracts, Recital 36 states that a 'disadvantaged worker' means any person who:
 - (a) has not been in regular paid employment for the previous six months; or
 - (b) is between 15 and 24 years of age; or
 - (c) has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after completing full-time education and who has not previously obtained his or her first regular paid employment; or
 - (d) is over the age of 50 years; or
 - (e) lives as a single adult with one or more dependents; or
 - (f) works in a sector or profession in a Member State where the gender imbalance is at least 25 % higher than the average gender imbalance across all economic sectors in that Member State, and belongs to that underrepresented gender group; or
 - (g) is a member of an ethnic minority within a Member State and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment.
13. The key requirement to be met before engaging the provision is that the suppliers' main aim is the social and professional integration of disabled or disadvantaged persons and, if it is, that at least 30% of its workforce comprises such persons. If both of these tests are met, then the contracts can be reserved to suppliers, sheltered workshops or sheltered employment programmes that meet the requirements.
14. It is important to note that contracts may not be reserved directly for the proposed employment centres, but that these will be subject to competition by any organisation which satisfies the requirements and fulfils the necessary criteria required for contract delivery.
15. The working group considered this matter on 22 January. Further work is to be completed by 5 February to clarify how the EC's recitals may be supplemented with specific criteria linked to the Tackling Poverty agenda and the community benefits procurement policy.

16. Where a suitably qualified business wins a reserved contract, it is possible that the disadvantaged proportion of the workforce may drop below 30% as a consequence of the provision of gainful employment. There is no absolute clarity on how such a change during contract delivery would be managed and Legal Services has been commissioned to provide advice on the matter.

Options for Employment Centre Organisation

17. The Wales Co-operative Centre has worked with Economy, Science and Transport officials to develop a paper setting out the business model options for provision of the employment centres.
18. The paper was considered at the working group meeting on 22 January. The group considered the different models and specifically the key benefits of setting up an autonomous organisation, set up as a social enterprise or co-operative, which include the following
 - Opportunity to raise finance that would otherwise be inaccessible;
 - Opportunity to take a true multi-stakeholder approach to the set up and on-going strategic management of the organisation; and
 - Opportunity to use any profits made for re-investment back into the business to further social aims, or to set up subsidiary social businesses that can further help regenerate the target areas.
19. In order to have maximum impact on tackling poverty and skills development, the proposed employment centres must be sited in the most appropriate location. Skills, Higher Education and Lifelong Learning (SHELL) and Tackling Poverty officials are reviewing poverty and skills data to inform this approach and will circulate their findings to the working group by 5 February.
20. Analysis of the organisation model options will be undertaken and following agreement by the working group, a submission will be made to Ministers on the preferred way forward.
21. The preferred option will need to be supported by a robust business plan to ensure that the employment centres are capable of growing their business to avoid over dependency on NPS contracts.

Pre-Contract Employment Centre Requirements

22. There is significant planning required to ensure that the employment centres would be in a state of readiness for contract start date.
23. Following agreement of the preferred business model and its legal status, consideration will need to be given to:
 - Appointment of management team;
 - Development of business plan;
 - Establishing recruitment requirements;
 - Delivery of training and employment programme;

- Funding requirements pre, during and post NPS contracts;
 - Delivery of business development support to provide employment centres with capability to tender for contracts.
24. Value Wales, EST and SHELL officials have given early consideration to these matters and will work with Wales TUC and working group colleagues to develop plans for a way forward.

Project Management

25. Given the complex nature of the campaign and the need to coordinate activity across Government departments, Value Wales is seeking to secure a dedicated project manager to maintain early momentum and drive forward actions agreed by the working group on 22 January.

Next Steps

26. The actions from the last working group meeting will be completed by 5 February and issued in readiness for the next meeting of the group which will take place before the end of February.