

## Update – Better Jobs Closer to Home

### Background

At the October 2015 meeting of the Council for Economic Renewal, the Wales TUC presented their 'Better Jobs, Closer to Home' campaign.

The main objective of the Wales TUC proposal called for two pilot projects to be initiated in the Heads of the Valleys area. The proposed pilots involved the use of procurement legislation to reserve suitable contracts, enabling new supported factories to be formed which would provide employment and training opportunities for the most disadvantaged people in the area.

The Wales TUC campaign proposed that if these pilots proved a success, the approach represented an opportunity for making similar interventions in other parts of Wales. The success of the Pilots will certainly impact at the individual level. However, with further commercial interventions the approach should impact meaningfully at the community level.

The approach of Better Jobs Closer to Home is to test procurement interventions such as the use of reserved contracts through the Better Jobs Pilots, once we have proved their viability we will engage with other public sector buyers to adopt such approaches backed up with a 'live' example of how the approach can be applied. This will not only help other public sector organisations with how to run such procurements, but take away the presumption that it cannot be done.

### Programme

- A cross-government team is taking forward the Better Jobs Closer to Home programme to align a range of commercial pilots with other interventions to support creation of meaningful employment in communities with high levels of joblessness. This means local jobs for local people with fair payment and good conditions of employment.
- The pilots will test new methods of procurement practice designed to create employment from commercial interventions within the Welsh Public Sector expenditure profile on works, goods and services. If the pilots prove successful, then these methods can be replicated in other areas of Wales, in other areas of spend.
- The cross-government programme team scrutinised the £6bn of public sector expenditure, and has identified a range of potential commercial and procurement interventions which could deliver employment opportunities in areas of high economic deprivation.
- The programme sits within the Valleys Task force and are contained within **Priority 1** [Good Quality Jobs and the Skills to do them]; **Action 6** *Roll-out Better Jobs Closer to Home in the Valleys to create real opportunities and decent jobs where the need is greatest. This includes using public procurement to support local businesses and supply chains.*
- The methods of intervention vary in accordance with each pilot that has been taken forward; the models are;

- **Pilot 1** – Manufacturing hub; this pilot will procure a social partner to operate a manufacturing unit in Ebbw Vale. The manufacturing unit will operate as an Intermediate Labour Market (ILM). The ILM is person centred and will operate in the Foundational Economic Supply Chain, making high end garments for use in industries, including the public sector. The reason that this intervention will be able to enter the supply chain is because the current cost to make can be met, and therefore investable and sustainable.
- The ILM will not be a place of permanence for employment, this is not the intention of the operation. The ILM operator will be procured from the social enterprise market, whose overall aim will be to invest profits back into the ILM operation and focus on helping more and more people back into work.
- The ILM will work closely with the Enterprise Zone in Ebbw Vale to enable it to prepare people who are currently working within the ILM to attain the necessary skills to fulfil local permanent jobs that become available within the area, and further afield – this is the out-bound training mechanism that is being systemised in readiness for the ILM.
- The team are also working with officials across government to understand other barriers to employment such as childcare, and transport and the provisions for reducing these barriers to entry are also being considered;
- example (a) Pilot1 operation is going to be located within 100 yards of a bus stop and 300 yards from a train station within Ebbw Vale. The team are also working with the local authority transport team to ascertain the arrival and departure times of the separate modes of transport which may dictate the hours of operation that the ILM will adopt.
- example (b) the better jobs team are working with the Welsh Government childcare team and Blaenau Gwent County Council to ascertain the supply of childcare within the proximity of the ILM location and this will be factored into the specification of the procurement documentation that will be prepared to procure the ILM operator.
- The skills that will be required have been identified for each element of the ILM operation from pre employment, to employment within the ILM and these vary from design, to machine operating. Once a permanent employment opportunity arises within the Enterprise Zone the operator will procure those training needs so that the potential candidate from within the ILM can attain the required skills which will give that person a real opportunity in being successful in that role.
- The Better Jobs Team have developed a good working relationship with the Enterprise Zone Chair, and the support team of the zone so that early indication of opportunities will be fed through to the ILM.
- The ILM will also train individuals to entry level understanding of technology and digital literacy, some of their working experience will require those skills within the ILM.

- The ILM operation will have a skeleton staff/mentor structure that will be permanent – and these mentors will be critical in ensuring that the operation is performing, financially fit and sustainable, and that the demand for products is of quality and delivered on time.
- The product that will be manufactured will need to be of expected quality and meet the strike price commercially for the operation to sustain long term success. The Better Jobs Closer to Home Team have worked with partners within this industry, together with the incumbent distributors, and together have concluded that the product can be made to strike price, the demand is sufficient, and the product will [with the assistance of licensed training from the industry] reach the required quality standards.
- **Pilot 2 & 4** – Involves working with existing businesses within the Valleys (Ebbw Vale, and Merthyr) and these are focussed on job retention and job creation through increasing demand through a social enterprise that produces signage (Pilot2) and recycled paper (Pilot4) – As social businesses they make their money like other businesses by selling goods and services, but they plough their profits into a social or environmental cause – so society profits, therefore an increase in demand that leads to increase in profits will be invested back into the business with every opportunity taken to increase employment. An update on progress is included below;
- **Pilot 2** has experienced early success, where extra demand for signage has been placed through the factory from existing public sector contracts. This extra demand as provided job retention for the existing staff. Additionally, a large Welsh Government contract has written into the terms and conditions that a proportion of their signage requirements will be made at the Ebbw Vale signage factory. The proportion will depend on the capability and capacity of the output that can be managed by the operation. As this is a future contract, the Better Jobs Team have secured assistance from Social Business Wales in advance to assure capacity issues will not be experienced when the contract has been awarded. Once awarded this contract will allow for increased hours of working for their existing workers, all of whom have a disability, and for new employment for other disadvantaged people. We hope to see new jobs being created during 2018.
- **Pilot 4** – This is an existing social enterprise that employs disabled, homeless and previously long-term unemployed people and operates as an Intermediate Labour Market. The company collects, sorts, and shreds waste but needs more tonnage of paper to increase the opportunities for more people to be employed within the operation, and for the operation to become self financially sustaining. Agreement has been reached for extra demand for this company, and this is progressing. The social enterprise as had excellent results in moving people out into the wider job market.
- **Pilot 3** – The Better Jobs Team are developing a Special Purpose Vehicle to replicate an operation which is currently based in Birmingham to Wales. The operation is collecting waste paint and re-engineering it for re-use. The reason for replication is because the volume of Welsh waste paint is increasing, the

Better Jobs team have managed to receive commitment from supply chains to use the re-engineered Welsh paint on Welsh projects.

- Quality Testing has been completed with Welsh Government committing to use of the re-engineered paint on buildings within its own estate, our Carmarthen buildings (internally painted) and Penllergaer building (Externally painted), the cost of the re-engineered paint is within the accepted market strike price. The focus of this pilot is to create employment, however there are some complementary outcomes such as reducing movement of the paint, and circular economy adoption.
- The team are brokering discussions with major project partners within and outside of Welsh Government to;
  - increase demand of waste paint (called feedstock),
  - and supply of re-engineered paint (labelled finished stock).
- The team have worked with partners to secure commitment from eight local authorities waste departments for their waste paint to be collected by the operation, and this provides a critical mass of waste to support the operation to exist within Wales and to create the opportunity for employment
- The demand for the finished product is also increasing with commitment received from Transport for Wales (conditions of contract with the [to be appointed] Operator), and two housing associations, there has also been an interest with Welsh SME's to use the finished product.
- Early planning on the pathway to employment is underway, and the host organisation will be a Social Enterprise based in Merthyr Tydfil.
- All four pilots focus on improving employment opportunities for disadvantaged workers. These pilots are still in development phase and as such are subject to state aid and procurement advice.

## Q&A

*Q. When will this work be completed?*

- Progress on each Pilot are as follows;
  1. **Pilot 1** – activity [i.e. factory opening] is planned to commence in April 2018, the MA-P is in final draft, and the procurement planning for the operator procurement is underway
  2. **Pilot 2** - has experienced early success and orders are increasing through the existing business with more planned. Orders were placed by a local authority, and Transport for Wales have committed to using the social enterprise.
  3. **Pilot 3** - activity [i.e. operation to start] is planned to commence in April 2018, support from Social Business Wales has been agreed for the legal advice for the Special Purpose Vehicle (SPV) which will govern the operation.

4. **Pilot 4** - more demand has been agreed with Rhondda Cynon Taff Council to supply the Social Enterprise with extra tonnage of paper. This will make positive steps to allow them to become self sufficient.

*Q. Where are the four pilots taking place?*

- Pilot 1 (Uniforms and Clothing) will be based in Ebbw Vale in premises which are close to a bus stop and a train station, which will help overcome one of the perceived barriers to employment.
- Pilot 2 (signage) are an existing social enterprise who are again based in Ebbw Vale.
- Pilot 3 (Re-engineered paint) is planned to be sited at Merthyr Tydfil initially, with a potential if expanded to move to Bryn Picau in Abercynon, Rhondda Cynon Taf.
- Pilot 4 (Re-cycled paper) is an existing social enterprise based in Pentrebach, Merthyr Tydfil.

*Q. How many people will these pilots employ?*

- **Pilot 1** - The Better Jobs Team have focussed on a particular product that will require 25 garments being made daily. The team are also working with distributors within the supply chains that sell these goods to the public sector to increase the opportunity to supply other markets. The current proposed structure is 25 people, and this structure will not be permanent, as the operation is designed to move people into the wider job market, linking with the Enterprise Zone. Therefore there will be a turn-over of people who have gained employment in multiples of 10 to 15 with a core structure remaining in place to run the ILM. State Aid funding will form part of the Welsh Government contract to appoint the operator, and the operator will be procured [as a Reserved Contract under Regulation 77 within the Public Contract Regulations 2015] from the Social Enterprise sector, as requested within the Better Jobs Closer to Home Campaign.
- **Pilot 2** – The aim of pilot 2 initially is to increase the hours of work of people currently employed, The Better Jobs Closer to Home team are brokering discussions which are leading to orders through the operations; early success has seen a Local Authority place an order of medium value (Circa £10,000.00), Transport for Wales have committed to placing 5% of orders for all new branding signage (259 stations throughout Wales, plus signalling and track signage) with an opportunity for them to bid for more also. Social Business Wales are assisting them with their capacity and planning management in readiness for the increased volume of orders and business. Welsh Government Facilities Management team are also working with their main contractor to include the company in their request for signs across the Welsh Government Estate. Until the orders are placed, it will be unclear of how many hours have been increased for the people working there, or if any more people have been employed.

- **Pilot 3** – It is envisaged that the current supply of feedstock will create enough employment for 15 people, the Better Jobs team are continuously working with partners to increase the supply of waste paint from municipal waste departments within local authorities, and the supply of re-engineered paint to major refurbishment and new build planned works across the public sector. The continuous work on increasing demand will lead to more employment opportunities for people based in this region. The Better Jobs Closer to home team are also working with Learning and Skills Partnership (LSkip) who have highlighted a shortage of painter and decorators [trades] in the South East of Wales. This is being considered as an opportunity within this pilot, but no detail has yet been progressed.
- **Pilot 4** – Early work has gained a commitment from a local authority to provide the company with more waste paper, the quantity is yet to be finalised which will determine the outcome. The factory currently collects ten tonnes of paper per month and requires sixty tonnes per month to be self sustaining. Better Jobs are confident we can increase and exceed this demand, which will in turn provide more employment opportunities. The company is currently set up to employ between eleven and fifty employees at their current premises, but should demand grow they would be keen to expand or move into new premises and provide more employment opportunities to meet increased demand.

*Q. What is the rationale for choosing these particular products to pilot?*

- The team are responding to the TUC Better Jobs Closer to Home campaign, through the introduction of the Valley Task Force. These areas were chosen for the following reasons;
- They are achievable with minimal investment as demand is constant within the public sector and there are a framework of policies that can be brought together to assist with the interventions' delivery, such as; State Aid investments, Procurement Contract Regulations, Skills and Employability programmes that exist. All of these regulations and policies provide a foundation for delivery.
- The public sector data analysis undertaken created a long list of opportunity, and through scrutiny of each opportunity within the cross working group of officers, these products were agreed as the short list.
- These opportunities do not disrupt existing local supply chains or markets and therefore cause no displacement elsewhere in Wales.
- The Valleys predominantly produces products and services from a foundational economic perspective, and these operations will fit that trend
- Pilots 2 & 4 share our aim of wanting to help disadvantaged people into employment.

**End:** Simon Griffiths, 21<sup>st</sup> November 2017