

The Report to the Manufacturing Forum on the Scope for Using Social Clauses to Benefit the UK Manufacturing Sector

The Manufacturing Forum commissioned a research project to examine the scope for using social requirements to help benefit UK manufacturing, construction, transport and other business. This project has produced a report and detailed case studies investigating this brief. Detailed below are key findings and recommendations from that report. A full copy of the report and the case studies will be made available via the DTI website.

Key Findings

- There is broad scope for public bodies to include social requirements at all stages of the procurement life cycle, provided that this is within their powers and policies and there is relevance to what they are purchasing.
- The impact of social requirements on cost and affordability is best determined on a case-by-case basis.
- It should not be assumed that each procuring body will have the same attitude or policy in relation to the range of matters which are covered by social clauses. It is for the individual procurement team to consider what social issues they wish to achieve through the procurement pursuant to the policy framework adopted by that authority.
- The inclusion of social requirements early in the procurement process is the right approach. They should be subject to the same tests of need, affordability and cost-effectiveness as other elements of the procurement. Incorporating sustainability principles into procurement from the earliest possible point can help to inform decision-making and more readily achieve sustainability and cost benefits.
- The Government does not have an 'in principle' objection to the use of social requirements in public procurement.
- Specialist knowledge is important where the requirements are not within the core knowledge of the procuring body – this can be provided by other public agencies, potential suppliers or consultations.
- Value for money – it is worthwhile encouraging social and environmental requirements which are relevant to the particular purchase and can be achieved, either without affecting value for money, or by actually enhancing it.

- It is important that the costs of implementation and verification of social requirements are not disproportionate, as this can act as a deterrent for potential tenderers, including SMEs in particular.
- Stakeholder involvement - take advantage of stakeholder consultation within the procurement process.
- Contract management – The area of contract management can be critical to the successful delivery of requirements.
- Were other Departments and public agencies to give more weight to the pursuit of their core social policy objectives through procurement, procurement teams would develop the necessary skills to do it well and the market will respond.
- There should be no reason why social requirements should be less applicable to manufacturing than to works or services contracts, but there may be some resistance in the private sector to some forms of social clauses in supply of goods contracts (especially where they are seen as intervening in the market rather than helping to open it up).

Recommendations

- Clear guidance and models are necessary - this is something that could usefully be taken forward by the Regional Centres of Excellence and by the Local Government Association.
- Benchmarks and champions are equally important - NGOs could play a key role in establishing benchmarks and lobbying for action by Government. They may also be active in linking the demand and supply elements.
- The issue of benchmarks and accepted good practice for private sector contractors and suppliers also needs to be addressed. This needs to be done by their trade organisations, but this is unlikely to occur until there is demand from the market place that contractors are required to take seriously.
- A considered approach to innovation is needed - innovations in the use of social requirements need new relationships within or between organisations, a new allocation of resources, a different weighting of award criteria, and perhaps new understanding from the procurement officer servicing the client. One-off, bolt-on, sets of requirements may be useful as a pilot or demonstration of what can be achieved, but further action to 'embed' the approach within the organisation will be necessary if there is to be sustained use of the innovative approach

- Greater support for market adjustment is needed - trade organisations have a key role to play in helping firms to recognise that the public sector market place is changing and in providing training and information that allows those firms that want to adjust to the new market to do so.
- The importance of staff training should not be underestimated –management and procurement / tendering teams must be made aware of the possibility that social requirements can be included in the procurement process, and must be informed of how best to do this.
- The extent to which the description of ‘leadership’ in sustainable procurement by the SPTF is actually mandated as a matter of Government policy must be determined.
- Government should choose to adopt a comprehensive sustainability agenda for public procurement, such as the recommendations of the Sustainable Procurement Task Force; it would be of benefit for them to do so taking into account a process of negotiation with key stakeholders.
- Purchasers should set realistic, clear and measurable requirements that will achieve the desired policy outcomes in a cost-effective way; these targets need to be varied to reflect the size and complexity of the contract.
- Make sure that all parts of the purchasing organisation are trained to implement the social requirements where appropriate. Existing management and procurement / tendering teams must be made aware of the possibility that social requirements can be addressed in the procurement life cycle, and that there is good practice that can be followed in relation to setting or responding to these requirements.
- ‘Gearing-up’ for the changing market is a key requirement for companies that want to enter or retain a share of the market. There is a resulting need for support for this market adjustment - including early consultations with potential suppliers, early communication of the requirements, and on-going support with implementation. Increased use of social requirements in the Government marketplace will create increased opportunities for growth for firms that embrace the new requirements and ‘gear-up’ to deliver them.