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# Written Ministerial Statement

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## Social Development

### Social Clauses in Government Contracts

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**The Minister for Social Development (Mr Attwood):** Procurement is a key driver for delivering sustainable development and I am committed to ensuring that my Department's spending on procurement will contribute to the social, economic and environmental well-being of all. I am, therefore, writing to advise you that I instructed my Department and its Arms Length Bodies, that from 1 January 2011 those who are awarded contracts to build social housing or undertake major urban regeneration projects will be required to provide a work placement opportunity for an unemployed person through the Department for Employment and Learning's Steps to Work Programme or equivalent.

This new social clause provides that for every £0.5m of labour value, the main contractor will be required to provide a work placement opportunity for an unemployed person through the Department for Employment and Learning's Steps to Work Programme or equivalent.

This new requirement will apply both to all new contracts and to existing contracts being renewed. Up to January 2011, all new construction works contracts arranged by Centres of Procurement Expertise have included minimum requirements to recruit one apprentice per £2m of capital value and to recruit one long term unemployed person per £5m of capital value. Lowering the threshold and doing so significantly as I have instructed, will increase the opportunities for the unemployed to get back to work.

There are 3 ways this can be achieved through the Steps to Work Programme:-

- By two 3 week placements of practical work experience;
- By a 26 week placement of work experience which includes working towards a level 2/3 vocationally related qualification; or
- By a 26 week placement of work experience which includes working towards an essential skills qualification.

I am aware that the Derry City Council area does not currently operate the Steps to Work Programme. However, I have ensured that the same work experience opportunities will be made available to unemployed people in the Derry City Council area as a result of Social Housing and Urban Regeneration contracts through utilising the Department for Employment and Learning's New Deal Programme.

Government needs to push on with the social inclusion agenda and there is clear potential for the public sector in Northern Ireland to make a difference through their procurement processes. Indeed, based on the figures available to me, the total number of work placements that could have been accommodated if the above 'unemployment' social clause had been applied to 2009/10 social housing construction works contracts, under the Social Housing Development Programme, is approximately 73 26 week work placements or 146 13 week work placements.

Whilst the Construction Industry Forum NI is considering the potential of including this sort of clause across all Government contracts, I moved forward unilaterally as of 1 January 2011, so that immediately we can extend the potential of social benefits for all communities.

My instruction is impacting on the projects being delivered in my Department.

In Housing, local company T & A Kernoghan, undertaking work for Clanmill Housing Association at the Bass Brewery site on the Glen Road in West Belfast have taken on four placements from the local area. Three of the placements are 13 week work experience placements with a 52 week placement for an unemployed person who is working towards a NVQ Level 2 in joinery. The Bass Brewery scheme is an existing contract and pre-dated the 1 January 2011 target date. The 4 work placements are the result of a voluntary arrangement between Clanmil Housing Association and T & A Kernoghan.

In Urban Regeneration, a voluntary arrangement was reached with the contractor of the recently completed Derry City Centre Public Realm project whereby he and one of his sub-contractors provided employment for 2 long-term unemployed people as well as an electrical apprenticeship for one young person. In a number of projects such as the Colin Gateway, Andersonstown Road scheme and the Dungannon Public Realm requests have been made to include voluntary agreements with the contractors to provide work experience for the unemployed.

I have also instructed that a similar social clause be taken forward for all other contracts such as maintenance; warm homes; and consultancy contracts. Five NIHE Egan-type contracts being tendered this year will have social clauses built into its terms and I welcome the endorsement of the NIHE to this approach.

Clearly major potential exists through this initiative to improve employment opportunities for unemployed people or to assist them gaining vital work experience they need to complete a vocational qualification. For example, in 2009/10 the total value of procurement expenditure for Northern Ireland Departments, Agencies, NDPBs and Public Corporations totalled £2.3bn.

Of that figure, Construction Contracts awarded by Centres of Procurement Expertise for NI Departments amounted to £925m. Under the arrangements that have previously applied new construction works arranged by Centres of Procurement Expertise have included minimum requirements to recruit one apprentice per £2m of capital value and one long term unemployed per £5m of capital value. This potentially

could be translated as 462 apprentices and 185 long term unemployed (647). If the new arrangement put in place by my Department were in place across government, there is the potential for 1850 work opportunities. The new arrangements potentially could mean a 65% increase.

Supplies and Services and Services awarded by Centres of Procurement Expertise for NI Departments amounted to £1.38bn. Under the new arrangements £0.5m of labour value the main contractor would be required to provide a work placement opportunity which could be translated as 2760 opportunities in consultancy; in cleaning, catering and security services; in utility services; in maintenance; and in other areas too. I met again with officials last week in relation to social clauses for supplies and services. I understand that this approach may be adopted in relation to current tenders for portering, security and cleaning provision.

I have also instructed officials to put a social clause into the conditions of funding, say of the larger regional infrastructure organisations.

This shows that by rolling out my initiative across the totality of Government spending, the outcomes could be even more impressive and at a time when we have rising unemployment, the opportunities for work placements is one we should comprehensively interrogate and implement.

I am determined to ensure that my Department's spending on procurement incentivises training and work experience opportunities for the unemployed and regenerates communities. I also have written to Ministerial colleagues on the 28 February 2011 to inform them of my plans and to encourage them to consider the potential of bringing this forward in their own Departments' as soon as possible. I believe that in the current economic climate there is a need for an even more profound focus on enhancing employment opportunities from public spending.