

Appendix 1: 20th October Hackney Homes Board.

HACKNEY HOMES SUSTAINABLE SUPPLY CHAIN POLICY

Section 1

WHAT CAN HACKNEY HOMES DO TO REDUCE LOCAL POVERTY?

Background

Over the past quarter of the century, economically disadvantaged people have become increasingly concentrated within the social rented sector. Put into context, in 1981, nearly fifty per cent of households renting from a social landlord had at least someone in employment; by 1991, this figure had fallen to 30 per cent; since then, while the proportion of retired households renting within the tenure has fallen, the proportion of economically inactive households has risen from 20 to 30 percent. Ethnic minority, lone parent, and households with disabilities are also generally over represented in the sector.

Quite fundamentally, as Table 1 reports below, over 60 per cent of both local authority and RSL households had no one in work in 2007, with 36 per cent inactive due to unemployment, disability, or for other reason.

Table 1: Economic activity of social renters, England, 1981-2007

	Working	Unemployed	Retired	Other inactive
1981	47	8	29	16
1991	30	10	40	20
2004	31	5	33	30
2007	32	6	32	30

Source: *Table 803*, Communities and Local Government Housing Statistics, based on Office of National Statistics (ONS) Labour Force Survey.

Not only are disadvantaged and poor households concentrated within the sector, but the tenure itself is concentrated in the most deprived regions and areas: nearly a half of all social housing is located in the most deprived fifth of all neighbourhoods. This trend has worsened over the past decade. Poverty rates within the sector are double those for the population generally. Social housing tenants therefore tend to be both poor and economically inactive as a group and tend to be concentrated in deprived areas with limited job opportunities.

The recorded position in Hackney reflects this. This is particularly relevant in the Hackney context given that the Borough's employment rate (across all tenures) from 1999-00 to 2006-07, averaged just over 57 per cent, the third lowest in London, after Tower Hamlets (53%) and Newham (58%). The UK average is 74 per cent and the government's target is 80 per cent.

But there was a significant improvement in Hackney's employment rate in 2007, propelling it to 63.6%. This increase closed the gap between Hackney and the London rate (69.4%) and in May 2008 Hackney ranked fourth lowest of the London boroughs, overtaking Westminster at 61.8%,¹.

¹ *Labour Market Statistics. Update Briefing*, Lin Cottrell, Strategic Policy and Research, London Borough of Hackney, May 2008.

However its claimant unemployment at 10.7 per cent in September 2007 remains close to double the British average. There is a lack of direct primary research on the Borough's economic participation rate for social housing tenants and there no evidential grounds for concluding that the national rates of economic inactivity recorded within the sector are not mirrored or are worse in Hackney. A recent fall in economic inactivity rates across the Borough has been associated with not only proactive steps taken by the local JobCentrePlus Initiative to route unemployed claimants away from Incapacity and Sickness Benefits to time-limited Job Seekers Allowance and sampling variability, but linked also to a fall in local tenure share taken by local social housing landlords (local authority plus RSL') since April 2001 from 54per cent to 48per cent, reflecting the construction of more private housing in the borough attracting working couples.

Hackney does possess advantages linked to its closeness to the City (part of the borough includes areas of City Fringe) and the diversity of both its housing stock and population. The forthcoming 2012 Olympics (part of the site is located within the borough), and the positive impact of other regeneration programmes, should also generate substantial economic activity, although the impact of the Credit Crunch on the housing market is likely to detract from the achievement of the aims of the Policy as set out if construction companies shed labour.

And, unlike some deprived areas of the North and Midlands, Hackney residents have on their doorstep some of the most buoyant and diverse job markets and economic networks in the UK. There is no reason, therefore, why job opportunities should be limited for Hackney residents generally, and Hackney Homes tenants, in particular. It is vital that Hackney Homes in partnership with the Council and other organizations does all it can to exploit those opportunities for the benefit of its residents.

Using the procurement process to achieve social objectives

As the lead local social housing organization within the Borough, Hackney Homes is committed to procuring goods and services within European Union procurement directives and other statutory requirements, and with best practice generally, in accordance with Office of Government Commerce Guidance, and Audit Commission Key Lines of Enquiry (KLOE's). It does so on the basis of accepting the Most Economically Advantageous tender (MEAT), not simply lowest price. The aim is to achieve the optimum combination of whole life costs and benefits to meet the users' requirements in accord with the Government's definition of Best Value in procurement. In short, the aim is to procure goods and services on the basis that they best meet user requirements relative to their cost over either through their asset life, or period of service.

The application of these principles has resulted in some reduction and consolidation in the numbers of suppliers to the organisation. Benefits are expected to be realized from simpler stock and materials management, more effective contract management of a lower number of suppliers allowing more

effective transfers of risk and allocations of work, the encouragement given to strategic partnering arrangements where both client and contractor plan and execute with greater certainty of demand in volume and timing with reference to shared goals, and from lower transaction costs, including those secured from shifting to e-procurement methods.

All these factors could help all suppliers not only to price more competitively, but also to prosper. On the other hand, national and even multi-national supplier companies, reaping further returns to scale (by spreading their costs over higher volumes of output) could further exploit their scale advantages in order to take greater market share at the expense of locally-based small and medium companies in a way that is not necessarily consistent with the achievement of either sustainable vfm or a locally prosperous economy. This might occur in two possible main ways.

First, where SME potential competitors may be prevented from demonstrating their particular capacity to offer best vfm by qualifying process requirements that can discriminate in favour of large companies able to commit more resources to bids that include price and quality promises they then do not subsequently sustain.

Second, and on a more general basis, where opportunities to use local labour, skills and capacity are not exploited fully due to larger companies being less able or willing to tap into them.

To address these issues, the procurement policies of public authorities, such as Hackney Homes, need to put in place policies and practices that can improve the capacity of its suppliers (whether large, small, or medium) to increase local employment, particularly of economically inactive individuals and those under-represented in the construction workforce, including women and members of Black and Ethnic Minority groups (BME's), to enhance the ability to develop the skills base of local people, offer sustainable and improved working conditions to their employees, and to participate in sustainable local supply chain management arrangements in which local small and medium enterprises (SME's) are equipped to participate productively.

The thrust of the proposals made are two-pronged. First, to lift unnecessary barriers that prevent or discourage local SME's from competing for contracts, whether these derive from the procurement process itself, or relative access to information or available resources. Second, to embed within the HH procurement process mechanisms to encourage suppliers to commit to agreed defined local employment and sustainable supply chain social sustainability requirements and for these to be then monitored throughout the contract term. How this can be best achieved is considered more fully in Section 2.

Responding to economic inactivity and poverty within the social housing sector

The importance of the particular role that social housing organisations, such as Hackney Homes, can and should fulfill in combating and preventing interlinked economic inactivity and social disadvantage (as demonstrated in *Table 1*) was highlighted in a recent Communities and Local Government-commissioned review of social housing².

The report's author, John Hills, reported that the tendency of social housing tenants to be economically inactive was attributable in part due to their relative labour market disadvantage as evidenced by low qualifications, disability, or other constraints to paid employment, such as being aged over 50, or being a lone parent, but even when such personal characteristics are controlled the likelihood of being economically inactive is increased by the fact of being a social housing tenant.

The report went on to catalogue some possible explanations underpinning this association between the tenure, economic inactivity, and poverty, starting with the possible tendency of need-based entry eligibility criteria to target those with the greatest needs linked to labour market disadvantage. But the author went on to identify other factors, including:

- particular fears about loss of benefits when moving into work;
- the location of social housing and 'neighbourhood' effects linked to its concentration in deprived areas;
- possible fostering of 'dependency' effects linked to social housing being viewed as a component of welfare provision rather than a market choice, in other words tenants perceive themselves as recipients rather than consumers and this influences subsequent attitudes and behaviour;
- the security and subsidised rent benefits attached to social housing tenancy status act as a disincentive to be mobile: few social housing tenants move for job-related reasons unlike owner-occupiers.

The author also highlighted the fact that evidence of the positive impact on work incentives and employment levels was lacking and that this was puzzling given that sub-market rent levels charged in the social rented sector, should, all other things being equal, relieve the employment and poverty traps that face people seeking to escape unemployment and welfare dependency.

Proposals to counter the negative association between social housing tenancy and economic inactivity, welfare dependency, and poverty range from:

- limiting benefit eligibility;
- making social housing tenancy status conditional on work search requirements or time-limiting it;

² *Ends and Means: The Future Roles of Social Housing in England*, John Hills, Centre for the Analysis of Social Exclusion (CASE) Report 34, London School of Economics, February 2007.

- to developing more mixed communities in terms of both tenure and socio-economic composition;
- to facilitating tenants to acquire assets through equity sharing or other mechanisms;
- widening access to owner occupation in including offering equity stakes, market renting (as part of a general expansion of intermediate tenure provision);
- to more comprehensive and integrated changes to the tax and social security system so designed to reduce inequality, poverty, and to make 'work pay'.

Such responses tend to vary with the underlying assumptions of their designers or proponents as to the root cause of the problem; such as whether they consider social housing tenancy status to be itself a cause of economic inactivity and welfare dependency; or whether greater weighting is accorded to the overall and primary impact of structurally-based societal and spatial (area-based) inequalities.

Delineating or assessing these is beyond the scope or remit of this report³. Its focus is on rather identifying how Hackney Homes can best harness the

³ As the HH Anti-Poverty Strategy highlights, recent research by the Department of Works and Pensions - undertaken through the medium of structured interviews with social housing tenant respondents - indicated that the specific characteristics of the tenure, such as sub-economic rents and security of tenure, sector was perceived 'as providing a position of stability and confidence from which people could think about entering work' and, as such, did not act as a tenure-specific barrier to employment. It did, however, further note that the social housing system is not run in a way that seeks to maximise this potential benefit, due to organisational, policy, and funding reasons, including a lack of incentive for social housing organisations to expend resources in furthering objectives outside their core housing management function. It also found that the social tenants interviewed tended to face multiple disadvantages that were often severe in nature and sometimes hidden from view (for example, problems with drug or alcohol or a criminal record that people kept hidden from service providers or an undiagnosed physical or mental health problem that was reported to be impacting on functional well-being), while noting that 'the insecure, low paid, and poor job quality characteristics of available job opportunities acted as a disincentive to take such jobs: a tendency compounded by the complexity of the benefit system including the interaction between the tax and housing benefit system, suggesting also rental-free period for residents entering employment (it was not made clear who would pay for this, although it was noted that 'the reform of HB system is more feasible and easy to administer than alternative approaches to 'making work pay', such as moves to reduce rent levels in the social rented sector or revisions to the tax credit system')'. It recommended that social housing landlords 'should to take a wider view of their role, to manage modest increases in the level of risk and develop relevant skills and competences within their own organisations, including resource procurement, noting that 'outreach work will be essential if services are to reach the workless in certain deprived communities (given) the narrow spatial horizons and territorial behaviour of some their residents', and this required such outreach workers to possess credibility

particular opportunities that in its own right it possesses both as a housing manager and as a significant procurer of goods and services, in order to address the interlinked economic inactivity and social disadvantage that the majority of its tenants experience that official statistics indicate.

The Hackney Homes response: what it is has done in terms of direct employment support and partnership working

The Hills Report recommended that social housing landlords should take a more proactive role in helping their tenants to obtain work and that more integrated models of support should be rolled out in terms of both housing and employment.

It outlined two main mechanisms to do so. First, the provision of more individualized employment-support packages to tenants and their household members. And, second, the targeting of local employment opportunities towards social housing tenants and their household members.

In that light, Hackney Homes has already successfully developed projects and initiatives across these two areas. It has, for example, entered into a Local Employment Partnership with Job-Centre-Plus in order to improve pathways into work for priority groups, including lone parents, disabled, and others on benefits, by means of four week work trails, pre-employment training, simplified application processes and guaranteed interviews. The partnership has set up a specialist Job brokerage: Hackney On-Site Recruitment. It is working closely with Hackney residents to prepare them for the employment opportunities arising from Decent Homes Programme.

It is also delivering the Woodberry Down Regeneration project. This is one of the largest regeneration projects in Europe and is one of two London projects accorded National Demonstration status. From 2008 to 2026 it is expected that the existing 1,980 homes on Woodberry Down estate will be demolished and replaced with new homes, and provided with a range of community facilities. The focus will not just be on physical works, but also on achieving a large, inclusive community with respect for cultural, social, and economic diversity and the recognition of common values; one where individuals acknowledge their responsibilities to the wider community and their commitment to the maintenance of a safe and healthy community, and one where people want to live and work. If this vision is to be translated into reality, local residents must be equipped to compete for and obtain jobs, including those created by the regeneration project itself.

Steps have already been taken to do this. The local community centre (Robin Redmond Resource Centre) is now managed by Hackney Homes as part of the Woodberry Down Regeneration Programme.

with such residents in terms of their local background and life experiences. *Social housing and worklessness: key policy messages*, DWP Research Report 482, 2008.

Since 2005 it has developed a successful adult education training programme with a number of partner organizations, including The Learning Trust, the College of North East London, and other smaller independent training organisations (Work Skills Learning, Compusoft Training). The Centre has a full daytime programme of ESOL, ICT, Literacy and employment related training, which have reached over 500 people, with many attaining recognised qualifications. The Centre is heavily used by local community groups for a range of activities (exercise classes, cultural and arts groups, youth groups, homework clubs and elders programme).

In partnership with LBH Library service the Woodberry Down Community Library was opened in March 2007 and is now run by local volunteers. Since its opening the Library has registered 470 new library users, four volunteers have gained employment in library services and a further nine volunteers have gained employment in other sectors.

Woodberry Works is located in the renovated Parkfield House on the estate. It is a partnership of organisations that aim to deliver locally-based courses in construction training. With the advent of the Olympics and other large-scale developments, including Thames Gateway, and of course on Woodberry Down, there are and will be increasing opportunities for local employment in the field of construction.

Three Construction-related training courses are provided, including two targeted to women and orthodox Jewish men. All three courses will contribute to achieving a City and Guilds Level 1 Qualification as well as a Construction Skills Certificate Scheme (CSCS) card. There are approximately 30 students enrolled on the courses and the first set of students will graduate in April.

Trainees join the Candidate Pool on successful completion of their accredited courses. All employment opportunities linked to the Woodberry Down development, Olympics and Apprenticeships are accessed through this mechanism.

The Woodberry Down Regeneration programme is also a partner in the LBH Hackney City Strategy Pathfinder Programme (called "Ways into Work"). The City Strategy programme is a Department of Work and Pensions initiative to address worklessness and Hackney is part of the five boroughs of East London CSP. Through this partnership Hackney Homes has a one-year outreach programme to reach and refer 180 local residents to established employment advice and guidance services [..HHPB\15.5\WD Ways into Work STA Business Case.v011.doc](#) .

The Woodberry Down redevelopment Phase 2-5 draft Principal Development Agreement also includes requirements for the appointed contractor to use all reasonable endeavours to procure that at least twenty five per cent (25%) of all persons employed on the Development are ordinarily resident in the London Borough of Hackney subject to them having approximate levels of skill and when appointed to undertake a skills/training audit and establish an employment and training strategy for the Development to be agreed with the

Council and to make a £2m contribution towards its achievement. The award criteria for the develop partner includes a three per cent weighting for sustainability that includes a provision for the supplier to demonstrate that the Council's requirements in respect of local employment and training will be fulfilled.

Tenure concentration itself can provide added scope for estate-based staff to develop a degree of intensive knowledge about local residents and for local bases to be used for outreach work, for examples, in terms with engaging with marginalized or disaffected local youth and other excluded groups. Social housing organisations, including Hackney Homes, have also developed extensive and, in some cases, effective models of resident consultation and feedback. Employment and training initiatives are often integral to such programmes, as are partnership arrangements with other agencies that offer particular specialist skills and facilities. The local recruitment of estate cleaners is one local Hackney Homes case in point.

Problems and challenges need to be recognized, however. Estate or locally-based offices tend to be expensive to administer on a unit-cost basis, given the wider public expenditure environment; the revenue budgets of social housing organisations, such as Hackney Homes, are coming under increasing pressure. Many provide services from central offices, often due to tenant preference to access a greater range of services at one visit from a town centre location befitting from nodal public transport links, as well as because of financial reasons. Where the landlord is the local authority, housing services are funded from the statutory Housing Revenue Account (HRA), as is the case with the HRA for non-housing community purposes, requiring their funding from other Council or partner agency budgets that face competing and tightening pressures.

Indeed, and more fundamentally, securing effective and seamless partnership working between employment and housing agencies requires the sharing of information on budgets, personnel, and service arrangements. Associated inter-agency competition and ownership, budgetary and management pooling and co-ordination, and linked Data Protection, issues and problems make these arrangements notoriously difficult to put in place on the ground effectively. The expansion of the Registered Social Landlord (RSL) sector as a result of stock transfer and other government policy has also meant that often in any one borough a number of competing social housing organisations need to be involved and co-ordinated. The effectiveness of any particular programme, project, or intervention, of course, depends also on the skill and commitment of the staff involved.

But Hackney has been in forefront of estate regeneration for some years, developing and implementing stock transfer, and partnership arrangements with private developers in order to achieve residential densification and brown-field development, where appropriate. The Comprehensive Estates Initiative Programme (CEI) established a template for an integrated regeneration model that focused on people and communities as much as it did on bricks and mortar. The current redevelopment of Woodberry Down -

one of the largest regeneration programs in Europe - project managed by Hackney Homes on behalf of the Council - is a prime example of how the Government's pursuit of the goal of sustainable mixed communities in general, and the Hills agenda, in particular, can be pursued on the ground by innovative and committed social housing organisations and their partners.

In addition, the Council is currently investigating a range of options to progress the strategic housing objectives that the 2007 Housing Green Paper (HGP) set out. Hackney Homes will need to engage with this agenda, including identifying where it can facilitate or even lead on new development and supply initiatives on a longer term basis, as well as identify and maximize inward funding opportunities.

The main focus of this report is how ALMO the can best embed within its procurement processes (within the constraints set by European and national public procurement law) measures that encourage its suppliers to make proposals to employ and train members of disadvantaged groups, including local unemployed people, particularly the young, those aged 50 or over, and those particularly disadvantaged due to gender, ethnicity, or other reasons, as well as to develop and maintain local sustainable supply chains. Providing a positive integrative link between the anti-poverty and sustainable supply chain elements of the policy involving the insertion of defined objectives, targets, and measures within contract documentation and the design of arrangements to monitor them effectively is now considered in more depth in *Section 2*.

Section 2

HACKNEY HOMES PROCUREMENT POLICY AND THE ACHIEVEMENT OF SOCIAL SUSTAINABILITY

The strategic aim of this Policy is to reconcile the imperatives of Best Value and the achievement of sustainable value-for-money, the EU principles of transparency, non-discrimination and equal treatment with regard to the treatment of suppliers in procurement situations (principles that should hold regardless of whether a particular procurement is necessarily subject to the EU procurement directives), and of social sustainability, with particular reference to the Mayor's no.1 priority of improving services, increasing opportunities for all, and raising the chances of the most disadvantaged.

Sustainability has environmental, economic, social, equalities, and other dimensions, all of which are crucial. This report concentrates on the two areas defined below; it does not aim to specifically address others (as these require dedicated consideration):

1. Maximising employment and training opportunities for disadvantaged people, particularly those resident in the borough;
2. The development of sustainable supply chains that maximize opportunities for SME's (particularly those located in the borough) consistent with long-term vfm and Best Value considerations.

These two areas are defined collectively for the purposes of this paper, *social sustainability requirements*.

The key recommended mechanism is to embed social sustainability requirements throughout the procurement process with respect to defined outcomes that can be measured and monitored.

These should include:

1. Number of previously registered unemployed or economically inactive people employed (per £M expenditure);
2. Training and apprenticeship opportunities provided to local people (per £M expenditure);
3. Number of work experience opportunities offered to local people (per £M expenditure);
4. Amount of spend on local SME's, including Black and Ethnic Enterprises (BME) (per £M expenditure);
5. Number of people employed resident in borough by defined contract period (e.g: year 1; year 2; contract end).

The precise definition of these outcomes for any particular contract may differ according to context and circumstance, as well, size of contract. For example, where skilled or semi-skilled construction labour will be required, a sub-regional focus (such as one covering the East London boroughs) might be most appropriate, particularly where joint procurement initiatives are being

pursued. In other cases, the employment of estate-based unemployed residents could offer the best returns both commercially to the supplier and socially in terms of wider community benefit: jobs connected with the upkeep of an estate public realm, being one example. Time and retention issues connected with the recruitment of new labour and apprenticeships also need to be considered and refined in each a particular case [WWCTP - Brokerage Scheme \(Scoping document\) v5.doc](#).

In terms of the EU procurement process, contracting authorities may impose particular conditions concerning contract performance, but only if they are compatible with European Community law, and if they are stated in relevant contract notices and documents. These conditions may relate to particular considerations, such as the recruitment of unemployed persons, and the development of sustainable supply chains of small and medium businesses.

In light of the above, and accordant with the Mayor's Priorities, the LBH Sustainable Procurement Code ([fp-sustainable-procurement-policy-and-guide-jan-2008.doc](#)) and the provisions of this Hackney Homes Anti-Poverty and Sustainable Supply Chain Policy (subject to approval the HH Board), Hackney Homes Invitation to-Tender documentation - depending on the size and scope of the contract, **will include provision for suppliers to offer proposals with particular reference to the employment and training of unemployed persons, the engagement of sub-contractors, and the development of sustainable supply chains above on the basis that they will be capable of being made contractual commitments subject to a fit for-purpose monitoring and enforcement regime.**

Successful tenderers should then be required to progress these set employment, training, and sustainable supply chain objectives, and contractually commit to a monitoring regime that will be measured according to defined performance indicators. These if infringed could result in financial penalty or other enforcement measures proportionate to the breach

As way of precedent, The London Development Authority (LDA), for example, required Olympic contractors to agree to a contractual deed that required them to report monthly against defined indicators that attached financial penalties to failures through the setting of performance points linked to a rectification process, including the serving of Improvement Notices, and ultimately to Dispute Resolution.

In Hackney, as contracts based on Partnering principles and TCP2005 in particular become the norm across the organization, those arrangements need to be structured and managed so as to ensure that sustainable local supply chain management, training, and work experience are treated as key elements of contract performance, and that they are jointly owned as such by HH client and contractor partners.

Already steps have been made to that end, the OJEU Notice for the Spring 2008 General Building and Electrical Works procurements included the following provision:

Under this programme the contractors (and their supply chain if necessary) will be required to actively participate in the achievement of social and/or environmental policy objectives relating to recruitment and training and supply chain initiatives. Accordingly contract performance conditions may relate in particular to social and environmental considerations.

The ITT's included the following provision:

The successful tenderer(s) will be required to progress recruitment, training, and sustainable supply chain objectives focused on the sustainable development of the local economy and social inclusion of its residents , and will be required to enter into a supplemental agreement with the Authority to that end.

Given Hackney's socio-economic environment as discussed earlier, these conditions should be enforced by a customised **Deed of Social Sustainability**.

Development of a Hackney Homes SME Register

In partnership with Council Economic Development and Regeneration staff and East London Business Place, and Hackney Homes Procurement, a newly appointed outreach worker, Charles Oram, has worked to produce such a Register during Spring 2008 so that the first version will become available in July 2008.

The production of this Register is fundamental insofar it will greatly facilitate the achievement of the two objectives set below.

1 Improved knowledge base of procurement spend linked to supplier base

The disaggregation and quantification of HH procurement spend related to particular local supplier markets should provide improved information to local suppliers, as well as help to understand what and why the organization is buying. The mechanisms by which this can be achieved needs to be developed over the next year in parallel with the initiatives defined below.

The objective will be to produce data on:

1. Amount and Percentage of spending with local subcontractors;
2. Amount and Percentage of direct spending with local suppliers;
3. Amount and Percentage of direct spending with local Small and Medium Size Enterprises.

Again the basis of measurement for these outcomes may be varied according to monitoring requirement insofar that information is obtainable on a sub-region, on a borough, or even ward or enumeration district basis (to be confirmed)

2 Improved knowledge of local supplier base

Greater local knowledge of local suppliers and their characteristics should improve market information to the benefit of both purchaser and supplier. The development of a Hackney Small and Medium Enterprise (SME) register could potentially be hugely helpful in this regard. It could be used by the Council's Job Brokerage Service, and partner agencies such as the East London Business Place in relation to providing opportunities and business support to Hackney SME's and Black and Ethnic Minority Enterprises (BME's) in order to help them win contracts across the East London area, as well as as a channel by which Hackney Homes can ensure that local construction and other suppliers are best informed about procurement opportunities.

Improved advertising and involvement of local suppliers in procurements

The OGC publication *Social Issues in Purchasing* provides guidance across the procurement process. It provides recommendations relating to the treatment of social issues across each stage of the procurement process [Social Issues in Purchasing.doc](#)

It highlights that the *business case* stage is a key stage to consider social impact. This means not being only aware of local supplier markets and how they could fit into the procurement process but taking steps to ensure that procurement practices do not unnecessarily deter SME's and BME's , through, for example, the adoption of rigid financial pre-qualification turnover requirements.

It also points out that *specifications* must be relevant to the requirements of the contract and reflect all applicable social requirements.

The Hackney Homes Procurement Board will ensure that all businesses cases and Procurement Impact Statements (PRIMAS)([..\Evaluation templates\Procurement strategy\Guidance\APPENDIX 5c - Primas.doc](#)) submitted to it conform to these requirements and that the process recommendations defined and bolded in this policy document are adhered to.

Local suppliers need to be made aware of planned procurements, be invited to bidder days, and to be provided with information and advice with respect to procedural and other requirements, particularly in procurements where EU directives apply. This should allow them to compete more effectively. The production of a dedicated Hackney SME Register will greatly assist to that end. But other measures can and should be taken, including ***bidder Open days, use of partner networks, and local advertising***. Including use of the ***Hackney Homes website***.

Already an Open day was convened and held on the 11th April 2008 to provide potential suppliers information on the Aids and Adaptations contract procurement.

Discussions are also being progressed with the Council and other partner agencies, including East London Business Place, to secure outreach support to local suppliers with respect to assisting them to navigate the pre-qualification stage of procurements.

Contract packaging

It was noted above that long-term strategic partnership arrangements, bulk purchasing through consortia arrangements, can produce substantial savings or provide a mechanism whereby additional investment can be levered-in, and private sector management skills utilised to deliver innovation and/or improved management practices.

But smaller contracts can sometimes provide better security of supply by spreading the risk between several providers. They also may give the capacity for the exercise of local choice or back-up for services where local knowledge and proximity can be important. They can also reduce the risk that local suppliers capable of discharging contracts on the most advantageous economical terms are not deterred or prevented from doing so, by contract values which make it difficult for them to pre-qualify on financial capacity grounds.

In that light, and in accordance with the Council's Sustainable Procurement Policy and Guide ([fp-sustainable-procurement-policy-and-guide-jan-2008.doc](#)) procurements managed by Hackney Homes will also carefully consider contract packaging when seeking tenders, in terms of splitting contracts into different lots or band-widths. When the optimum balance between small and large lots or band-widths cannot be reasonably predicted in advance alternative bids can be sought that can be assessed upon tender return.

For example, Hackney Homes in its Spring 2008 procurement of building works, electrical works, and aids and adaptations, and boiler installations, all of which were subject to the OJEU process, split the contracts into lots or band-widths attached with proportionate turnover financial capacity requirements.

Conclusion

The strategic aim of this Policy is to secure the achievement of defined social sustainability objectives focused on the employment and training of local people and of the development of sustainable local supply chains in a way that is consistent with the imperatives of Best Value and the achievement of sustainable value-for-money.

To that end, its focus is to embed social sustainability requirements throughout the Hackney Homes procurement process with respect to defined outcomes that can be measured and monitored on an effective basis.

These requirements should include (but are not exclusive):

Appendix 1: 20th October Hackney Homes Board.

1. Number of previously registered unemployed or economically inactive people employed (per £M expenditure);
2. Training and apprenticeship opportunities provided to local people (per £M expenditure);
3. Number of work experience opportunities offered to local people (per £M expenditure);
4. Amount of spend on local SME's, including Black and Ethnic Enterprises (BME) (per £M expenditure);
5. Number of people employed resident in borough by defined contract period (e.g: year 1; year 2; contract end).

In particular provision will be made for tenderers to offer proposals within their bids focused on the employment and training of unemployed persons and the development of sustainable supply chains on the basis that these will be capable of being made contractual commitments subject to a fit for-purpose monitoring and enforcement regime in the event of them being selected as a preferred bidder.

The aim is to work with and in partnership with suppliers in order to identify, create, and develop overlapping win-win situations in relation to the set objectives of this policy, and, in parallel, to lift unnecessary barriers that may prevent or deter SME's from demonstrating how they can offer sustainable long-term vfm and Best Value. Thus the process is designed to be consensual and co-operative but also to be focused on the actual achievement of set ends through the implementation of effective contract management and monitoring arrangements.

In that light it seeks to avoid the need to make trade offs between the achievement of Best Value in each contractual procurement situation on one hand, and the achievement of set social sustainability requirements, on the other. However this will need to be reviewed in particular situations.