

## **Review of the Joint Statement on Access to Skills, Trade Unions and Advice**

### **About this Review**

This is a 6 months plus review of the implementation of the *Joint Statement on Access to Skills, Trade Unions and Advice in Government Contracting*. It has a dual purpose:

- To inform the ongoing progress and implementation of the Joint Statement in central government and its executive agencies;
- To determine whether the initial implementation of the Joint Statement within central government was successful and so inform future discussions in the NHS and local government about its extension to those respective sectors.

It is important to recognise that the process of this review has had a positive impact on the implementation of the Joint Statement, both in terms of raising awareness and ensuring action by government departments and executive agencies i.e. progressing this review has been a useful and practical benefit in itself.

Those reviewing these findings should note that this report provides a credible, qualitative snapshot of progress to date but is not statistically significant. In particular, there have been very few contracts for basic services that have been let in the review period and any findings should be considered with this in mind. Our recommendations therefore focus on practical actions that will help the future progress of the Joint Statement, rather than on analysis of the Joint Statement's costs and benefits.

### **Methodology for the review**

The data for this review was gathered between February and May 2009. There are 3 broad categories of information from which data has been gathered to complete this review:

1. Client side – from government departments and executive agencies who buy basic services for their organisations (through a cross government seminar, survey and followed up with more in-depth case studies);
2. Service delivery side - Organisations that supply basic services such as cleaning and catering to government departments and agencies (survey and case studies);
3. Wider context of the labour market – information on wider policy interests on skills, access to trade unions and advice about life at work and on procurement policy.

Data for categories (1) and (3) was collated by Cabinet Office. Data for category (2) was gathered through the CBI and Business Services Association.

An overview of the methodology for the review is attached separately at Annex A.

### **Key messages**

#### **(i) Changing context for the Joint Statement**

Since the Joint Statement's introduction in July 2008, there has been a significant and positive shift in the procurement policy landscape. The Joint Statement therefore sits on firm foundations from which it can build further momentum. The review and its recommendations, particularly on access to skills training, should be considered in the context of recent commitments to promote skills and apprenticeships through public procurement. The Joint Statement recommendations on skills have strong applicability to other areas of procurement. BIS and OGC

supported by Cabinet Office should take these commitments forward together, to deliver joined up embedding activity and ensure that consistent and clear messages are delivered to procuring departments and other public bodies.

(ii) Implications for the PSF work programme

An early review of the Joint Statement has proved beneficial in terms of raising awareness for this policy and improving its effectiveness. Other initiatives might also benefit from such an approach, for example the PSF's work on Drive for Change.

(iii) Progress to date

Government departments and executive agencies have made some good progress in applying the Joint Statement to existing contracts and making preparations for when future contracts are renewed or re-let. As expected, the incidence of new contracts let in the review period is low, so there has to date only been one example of where the Joint Statement has informed a new basic service contract.

(iv) Future progress

There will be three stages to the Joint Statement's progress: (i) Raising awareness; (ii) Building capability and implementation; and (iii) Realising benefits and outcomes for staff and service delivery. We suggest that activity over the next 12 months should continue to focus on completing Stage 1 and making further progress on Stage 2. Stage 3 should follow after a further 12 months plus when there is sufficient information available from which to draw conclusions.

(v) Potential extension of the Joint Statement to other parts of public services

On the basis of the good progress recorded in this report and notwithstanding that there is limited data on benefits and outcomes available to date, it is the steering group's view that there is potential for the NHS and local government to develop the principles of the Joint Statement for their sectors.

These decisions are, of course, at the discretion of the employers and organisations representing the NHS and local government, but this review's findings should be considered constructively as part of those discussions. Any further extension of the Joint Statement into these sectors could mean that a larger proportion of colleagues contributing to the delivery of public services would benefit from improved access to basic skills training, trade unions and advice.

In health in particular, there has already been significant progress on access to skills and advice delivered by the NHS Constitution, and the Joint Statement could complement and add further value to this. Many local authorities are already using their procurement processes to address skills issues in their local areas. The Joint Statement offers another opportunity to build on existing relationships between local and regional partners, helping them to share best practice as to how the full potential of opportunities to embed skills and training requirements can be realised.

## **Main Findings**

### *Awareness and know-how*

- There is good awareness of the Joint Statement amongst contracting authorities. The next immediate challenge is to ensure this translates into actions with suppliers.
- There are challenges to be met to build better understanding of the Joint Statement, particularly as to where action can be taken with existing suppliers and how to ensure access to trade unions and advice. A communications plan for the future can help to provide some structure to this activity.
- There is an opportunity to improve capability and know-how about the Joint Statement using existing trade union, sector skills council and training networks.

### *Putting the Joint Statement into practice*

- Government is making progress on building the Joint Statement into existing contracts, though there is more to be done.
- There is only one example of where the Joint Statement has been applied to new contracts since July 2008. However, a number of departments have indicated they are ready to implement the Joint Statement within any new contracts made once the current ones expire.
- Consistency of approach will continue to be an issue - both consistency between departments and also consistency across the three constituent parts of the Joint Statement – skills, trade unions and advice.
- The gathering and dissemination of case studies will help to support departments implementing the Joint Statement in future.
- Buying Solutions have agreed to incorporate the Joint Statement into the procurement of their new FM framework agreement, and other relevant categories. This is a significant step forward in ensuring the Joint Statement is incorporated into standard contracts and such “off the shelf” products.

### *Costs and benefits*

- It is difficult to measure actual realised benefits and costs to date.
- There is a good understanding of the benefits that can flow from investing in skills: for the contracting employer in terms of productivity, quality and competitiveness, as well as for the worker, their family and their wider social network. Contracting authorities in particular are, however, less able to articulate the benefits of access to trade unions and advice.
- There will inevitably be some minor one-off implementation and ongoing monitoring costs, but these are expected to be minimal, particularly as many contracting authorities are already investing in their workforce in similar ways.
- Activity over the next 12 months should focus on improving awareness of the Joint Statement, and supporting departments in implementing the policy.

- An analysis of that activity should follow after a further 12 months plus.

## Summary of recommendations

### **Raising awareness**

#### **Recommendation 1(a)**

The Joint Statement Review Steering Group should be commissioned to:

- Produce a core communications script for publicly articulating the message of the Joint Statement within the context of recent commitments on procurement and skills with the intention of increasing circulation and understanding;
- Develop and deliver a communications strategy and plan for the Joint Statement;
- Consider how Asset Skills and other professional bodies can work with the Group to deliver the communications plan and reinforce the promotion of the Joint Statement to suppliers.

#### **Recommendation 1(b)**

Where relevant and appropriate and respecting their legal status, departments with multiple procurement responsibilities should be encouraged to raise awareness of the Joint Statement skills commitment, and its related wider commitments across the departmental and executive agency<sup>1</sup> procurement and buying networks which they have responsibility for. This should be supported by ad-hoc advice from OGC and Cabinet Office.

#### **Recommendation 1(c)**

The National School of Government should be commissioned to incorporate the Joint Statement skills commitment, and its related wider commitments into its centralised procurement training provision, where appropriate, building on the good practice of existing in-house training provision, and supported by colleagues at OGC.

#### **Recommendation 1(d)**

The Chair of the Public Services Forum should write to the Chartered Institute of Purchasing and Supply and to other relevant bodies such as The King's Fund to raise awareness of the Joint Statement amongst the wider public procurement and commissioning community.

#### **Recommendation 1(e)**

PCS should be tasked with working through their Bargaining Unit Learning Officer networks to increase awareness and improve implementation of the Joint Statement amongst trade unions in departments and agencies, and also with progressing understanding about the role and value of trade unions in supporting the Joint Statement's aims. All trade unions should consider how they can use existing networks in a similar way.

### **Building capability**

#### **Recommendation 2(a)**

Cabinet Office should seek out a firm commitment from survey respondents who have not yet made their suppliers aware of the Joint Statement about when and how they intend to implement the policy. There should be support and advice available to help organisations from Cabinet Office, OGC and BIS as key policy leads on the Joint Statement.

#### **Recommendation 2(b)**

The Cabinet Office facilitated 'Joint Statement Expert Group'<sup>2</sup> should consider developing Joint Statement model clauses that can be applied to contracts on a case by case basis and facilitating the collection and dissemination of good practice case studies on the Joint Statement amongst departments and agencies. This work should engage other partners such as suppliers and trade unions as appropriate, and be joined up with wider work by BIS and OGC on model clauses for skills and apprenticeships.

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<sup>1</sup> NB – the Joint Statement does not currently apply to non departmental public bodies.

<sup>2</sup> This is a group of procurement colleagues from the major contracting departments such as HMRC, DWP and MOD, and other Departments with a policy interest in procurement such as OGC and BIS. The group is facilitated by the Cabinet Office to provide practical insights into work on procurement and two tier workforce issues.

**Recommendation 2(c)**

A forward look of future opportunities to embed the Joint Statement should be created based on the data submitted for this review. PSF partners should work together to support those organisations looking to incorporate the Joint Statement into relevant contracts, including through the dissemination of good practice case studies.

**Recommendation 2(d)**

Cabinet Office should work closely with OGC to incorporate the Joint Statement into Buying Solutions' FM buying framework and other relevant category frameworks.

**Future progress****Recommendation 3(a)**

The intelligence gathered for this review should be used to inform future actions going forward, including those that will be progressed by the Joint Statement Expert Group. For example the survey data will provide a picture of whether departments and agencies are aware, have made suppliers aware, and have incorporated the Joint Statement into new contracts and/or existing contracts. The PSF should also consider with Asset Skills whether the Sector Skills Council's six monthly Barometer Survey could help to capture data on the supplier side.

**Recommendation 3(b)**

Activity over the next 12 months should focus on improving awareness and supporting implementation of the Joint Statement. An analysis of that activity should follow after a further 12 months plus. This should be aligned with wider evaluation work on the Government's commitment to promote skills through procurement. The indicators for success for the immediate period of activity should be:

- Improved corporate awareness and know-how about the Joint Statement across the government procurement community (departments and executive agencies);
- Increased number of new and existing contracts for basic services to which the Joint Statement has been applied and for which evidence is available for (i.e. case studies), including relevant Buying Solutions frameworks.

**Recommendation 3(c)**

OGC and BIS, supported by Cabinet Office, should join up the next phase of work on the Joint Statement with wider work on the procurement and skills agenda, and 'Policy through Procurement', to ensure close alignment between these strands of work and to provide clear and consistent messages to departments, agencies and to key suppliers to Government on the Government's overarching policy.

**Improving understanding****Recommendation 4(a)**

Work with trade unions, suppliers, BIS and Acas to better articulate what access to trade unions looks like in practice based on successful case studies and building on current good practice<sup>3</sup> in order to support departments, agencies and suppliers in achieving access to trade unions and advice.

**Recommendation 4(b)**

Work with the Learning and Skills Council and Sector Skills Councils, including Asset Skills, to develop short communications briefings about the Joint Statement for the Train to Gain service, and pull together case studies of where suppliers have successfully used Train to Gain to demonstrate to other suppliers and contracting authorities what can be achieved.

**Recommendation 4(c)**

In targeting future support, ensure that:

- particular features of Train to Gain for SMEs are clearly articulated, so that contracting authorities and SMEs are aware of what additional support is available;

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<sup>3</sup> For example, Serco illustrated on page 13

- BIS, OGC and Cabinet Office should join up their communications and embedding activities on the Joint Statement and wider skills issues to ensure departments, agencies and suppliers get a clear and consistent message on the Government's expectations on skills

## PART 1 – BACKGROUND

### 1.1 The market we are looking at

The Joint Statement illustrates examples of basic service contracts such as security, reception and cleaning services, although we acknowledge that the potential scope of the Joint Statement is wider than this and can be applied to other types of contracts. A number of departments are translating and implementing the Joint Statement in this way. However, the illustrations and figures provided in this review focus mainly on basic services.

### 1.2 Supplier landscape

*Most of the basic service suppliers are large organisations providing service packages across a number of departments and agencies, but there are also active contracts with small and medium enterprises.*

The assumptions made in this section of the report are based on responses to Cabinet Office's survey – they do not represent a comprehensive picture of all government departments and executive agencies, or their suppliers.

There are some major suppliers that provide basic services across a number of departments. However, there are also small and local firms that provide services to some organisations at specific building locations, plus some examples of arrangements that bring together a number of providers under an umbrella contract.

#### ***Examples of umbrella contracts with several suppliers***

In 1998, Department for Work and Pensions (DWP) signed an agreement, transferring the ownership and management of its estate to Trillium for 20 years. The portfolio included 650 properties located throughout Great Britain. Known as PRIME (Private sector Resource Initiative for the Management of the Estate), the agreement included the purchase of all the freehold premises, responsibility for rental costs, dilapidation liabilities on leased buildings and the cost of upgrading the buildings as well as facilities management services. DWP now deals with a single service provider to whom all existing service contracts have been transferred. These include building management and maintenance, furniture and equipment maintenance, energy and utilities management, cleaning, landscaping, waste management, security and catering.<sup>4</sup>

In May 2000 the Treasury signed a Private Finance Initiative (PFI) deal with Exchequer Partnership, a consortium comprising Bovis Lend Lease Ltd, Stanhope Plc and Chestertons International, for the refurbishment of its headquarters building in Whitehall. [It is a] 37 year contract, consisting of a two year refurbishment period followed by a 35 year concession to maintain the building and provide facilities management services.<sup>5</sup>

### 1.3 Client side

*There is also diversity on the client side, regarding how contracting authorities organise themselves for procurement*

A proportion of government departments procure services for themselves *and* on behalf of other organisations attached to their department's family. These organisations tended to be large government departments, rather than smaller agencies. For example, DWP procures on behalf of all its executive agencies and

<sup>4</sup> Source: <http://www.trillium.co.uk>

<sup>5</sup> <http://www.parliament.the-stationery-office.com/pa/cm200102/cmselect/cmpublic/398/39803.htm>

sometimes on behalf of other government organisations such as HMRC and MOD for specific services.

A number of executive agencies reported that they use Buying Solutions<sup>6</sup> framework contracts to procure services and goods, for example, Government Offices for the English Regions.

#### **1.4 Size, value and length of contracts**

*Contracts for basic services vary in terms of length and value, but the majority seem to last for about 5 years and be worth over £250,000 per annum*

This review bases its analysis on data provided by the survey of government departments and agencies (see annex B for more details). All survey respondents were asked to provide details of which basic services they currently contract out, plus the value and length of these contracts. The purpose of this question was to:

- Generate a picture of the basic service landscape across government departments and their agencies;
- To identify forthcoming opportunities to incorporate the Joint Statement into new contracts as they emerge.

The majority of contracts that were reported through the survey were for a medium term of around 5 years (plus an option to extend). There were 3 long-term contracts of 20 years plus. These were with HM Treasury (35 Years with Exchequer Partnership), DVLA and DWP (both for 20 years with Trillium). See text box on p.2

The value of contracts, of course, depends on the length and scale, but the survey reported a spectrum from £9,000 pa to £1.2 billion in NPV terms.<sup>7</sup> The majority of contracts had a per annum value of over £250,000.

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<sup>6</sup> From 6 April 2009, OGC.buying.solutions has changed to Buying Solutions. Although it will no longer be including OGC in its name, Buying Solutions' status as an Executive Agency of OGC will stay the same and the close working relationship to support the Government's collaborative procurement agenda will continue. Buying Solutions expects to see improved performance as a result of the rebranding, to the mutual benefit of customers, suppliers and above all, the public purse. <http://online.ogcbuyingsolutions.gov.uk/>

<sup>7</sup> Net Present Value - (NPV) is defined as the total [present value](#) (PV) of a [time series](#) of [cash flows](#). It is a standard method for using the [time value of money](#) to appraise long-term projects. It measures the excess or shortfall of cash flows, in present value terms, once financing charges are met. (Source: [http://en.wikipedia.org/wiki/Net\\_present\\_value](http://en.wikipedia.org/wiki/Net_present_value))

## PART 2 – THE CASE FOR ACTION

*The data in this section of the review has been provided in order to set the wider context for why the Joint Statement is needed and why action upon it is timely and important.*

### 2.1 Context for this review

Since the Joint Statement's introduction in July 2008, there has been a significant worsening of the economic climate, placing increased pressure on both public sector bodies and suppliers to Government to drive efficiency savings and productivity gains.

Now more than ever, it is vital that we seek to maintain investment in skills and training. A failure to invest now may mean that when the economy begins to grow again we will lack the sufficiently well skilled workforce we need to best seize those opportunities that growth presents.

The Government must play its part in ensuring that we continue to invest in our Nation's skills during the downturn and beyond. The Joint Statement is a central component of that approach.

Building on the Joint Statement, the Government has taken a number of recent steps to ensure we are maximising the opportunities that public procurement – worth £175 billion a year – presents to promote skills and training. In *New Industry, New Jobs*<sup>8</sup> Government committed to routinely consider skills issues and promote training through public procurement.

Within that overarching commitment, BIS and OGC have been working with public sector clients and suppliers in individual sectors to shape and make a reality of more specific commitments that will help address the particular skills issues in those sectors.

In 2008 the Government made the commitment that whenever departments and Agencies let new construction contracts they will look to make it a requirement that the successful contractors have apprentices as an identified proportion of the project workforce. We also recently announced that whenever departments and agencies let major IT contracts they will look to ensure that the successful suppliers have in place a formal training plan for the development of the project workforce.

BIS are currently working with Asset Skills and OGC to explore how we can develop a similar approach in Facilities Management procurement, building on the Joint Statement, and in local government procurement.

To help clients across the public sector in making a reality of these commitments, the Office for Government Commerce has published a new guide, *Promoting Skills through Public Procurement*<sup>9</sup>, setting out how skills requirements can be built into procurement processes without compromising domestic or European procurement rules.

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<sup>8</sup> New Industry, New Jobs: Building Britain's Future, HM Government, April 2009.

<http://www.berr.gov.uk/files/file51023.pdf>

<sup>9</sup> [http://www.ogc.gov.uk/documents/Promoting\\_skills\\_through\\_public\\_procurement.pdf](http://www.ogc.gov.uk/documents/Promoting_skills_through_public_procurement.pdf)

In addition, through the provision of a series of guides from the Office of Government Commerce (OGC), there should now be a better understanding and an increased focus on the opportunities that exist for promoting wider social and economic issues through public procurement, including skills and equality.<sup>10</sup>

These developments build on and complement the Joint Statement and its aims, and provide highly relevant background to this review and the ongoing implementation of the Joint Statement at the point of procurement. The responsibility for ensuring that the Joint Statement is implemented lies with the public service contracting authority, though OGC, BIS and Cabinet Office stands ready to assist with supporting advice.

Further context to the Joint Statement is provided by other national initiatives, including those on which the Public Services Forum has focused, for example:

- *Quality Skills, Quality Services* – supporting skills improvement across public services;
- *Drive for Change/ Staff Engagement* – recognising the importance of staff involvement, including through trade unions.

The Joint Statement now also sits against a backdrop of a challenging economic climate in which the need for continued investment in skills and training, and access to trusted sources of advice is given an additional impetus: Skills, so that business can be in a strong position to take advantage of opportunities when the economic situation improves; access to advice, including trade unions, so that employees can access help and advice when they need it to help them in their working lives.

## **2.2 The case for action – access to skills**

The Joint Statement aims to improve contracted employees' skills through actions that include:

- (i) Promoting access to basic skills training (and further development towards Level 2) for employees;
- (ii) Raising awareness and encouraging suppliers' use of Train to Gain funding in support of (i) above;
- (iii) Encouraging suppliers to make the voluntary Skills Pledge and make a public commitment to investing in their workforce's skills also in support of objective (i).

Access to basic skills – Improving skills has benefits for employees and employers, as well as improving social inclusion. As set out in the original Joint Statement, *“For the employee... benefits such as improved confidence, in addition to tangible benefits such as specific functional skills that can be applied within and outside the workplace. For the employer...greater productivity and workforce stability”*.

The Skills for Life survey<sup>11</sup> (2003) showed that 16% of adults (5.2 million people) in England possessed literacy skills below Level 1 and 21% (6.8 million people) possessed numeracy skills below entry Level 3. While significant progress has been made in improving adult basic skills through the Government's Skills for Life strategy, with 2.8 million adults having achieved a basic skills qualification since 2001, there are still significant basic skills challenges to address.

In the context of these challenges, the Government set itself stretching basic skills targets, through the Skills Public Service Agreement to support:

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<sup>10</sup> OGC policy and guidance, including OGC publications such as *“Buy and Make a Difference”* can be accessed at: [http://www.ogc.gov.uk/delivering\\_policy\\_aims\\_through\\_public\\_procurement\\_social\\_issues.asp](http://www.ogc.gov.uk/delivering_policy_aims_through_public_procurement_social_issues.asp)

<sup>11</sup> DfES, 2003, *The Skills for Life Survey: A national needs and impact survey of literacy, numeracy and ICT skills*.

- 597,000 people of working age to achieve a first Level 1 or above literacy qualification between 2008 and 2011;
- 390,000 to achieve a first entry level 3 or above numeracy qualification between 2008 and 2011; and
- 79% of working age adults to be qualified to at least Level 2 by 2011.

Excellent progress is being made in increasing the number of adults achieving their first basic skills qualifications each year:

- 219,000 adults achieved their first level 1 or above literacy or English for Speakers of Other Languages (ESOL) qualification in 2007/08, compared to 42,000 in 2002/03; and
- 93,000 adults achieved their first entry level 3 or above numeracy qualifications in 2007/08, compared to 3,000 in 2002/03.

In England, the proportion of working age adults qualified to at least a full Level 2 has increased from 65% (Q4 2001) to 71.2% (Q4 2008), or 21.2 million people from a population of 29.8 million.<sup>12</sup>

It is hoped that the Joint Statement will make a strong contribution to the achievement of these targets and aspirations.

There is a reported need for improvement of skills in the cleaning sector for the industry as a whole, which parallels the Joint Statement's focus on basic services. For example, a recent Asset Skills<sup>13</sup> report concluded that the cleaning industry *"should be a major priority for upskilling in the UK economy. The combination of a high proportion of employees with low level or no qualifications...and significant skills gaps (including employability, basic skills, communication and technical cleaning skills) makes the industry a unique challenge in the context of the UK economy"*.<sup>14</sup> The snapshots of information provided below therefore focus on the FM and cleaning sectors.

*The statistics below relate to the whole UK cleaning and FM sectors, not just how they apply in public services.*

**Facilities Management** - The Facilities Management (FM) sector covers all forms of management of services which support the core activities of an organisation in terms of both 'hard' FM services such as property and estates management and 'soft' services such as cleaning, security and reception. The industry has more than doubled in size over the past decade. It is estimated that a 122% growth in FM employment will occur between 2004 and 2014.

Of the entire UK FM workforce:

- 8% have no qualifications;
- 30% are below NVQ Level 2 and no qualifications
- 15% NVQ Level 2 is the highest level of qualification obtained
- 55% have NVQ Level 3 and above.<sup>15</sup>

**Cleaning** - There are 449,700 cleaning employees in the UK (384,600 in England) across 32,300 workplaces (28,400 in England).

It is estimated that:

- 36% of the UK cleaning workforce is wholly unqualified;

<sup>12</sup> ONS – Labour Force Survey

<sup>13</sup> Asset Skills is the Sector Skills Council (SSC) for facilities management, housing, property, planning, cleaning and parking.

<sup>14</sup> *Asset Skills: Assessing the cleaning procurement process, 2008*

<sup>15</sup> *Asset Skills, FM Fact Sheet January 2009*

- 74% have below Level 2, including those with no qualifications;
- 13% have NVQ L2 as their highest level of qualification obtained;
- 14% have achieved NVQ L3 and above.<sup>16</sup>

Lack of experience and motivation are seen as key issues contributing to such wide skills gaps. Nearly half of all companies said they would increase their training activity to overcome this non proficiency in staff.<sup>17</sup>

The most frequently cited skills gaps are in people management, leadership and project management<sup>18</sup>The Business Support Association has reported that such skills gaps are inhibiting the growth and flexibility of the industry, with communication skills being the most serious.

Given these wider skills considerations, BIS and Asset Skills are working together to explore how they can build on the principles of the Joint Statement around access to basic skills, and extend this approach to address these wider skills and training issues.

**Skills Pledge** - The Skills Pledge is a public commitment by employers to support their employees to improve their skills. The main benefits to employers of making the Pledge are that it helps them to recruit and retain the best employees and show that they are an 'employer of choice'. Investing in skills also brings increased productivity, quality and competitiveness.

At the end of April 2009, over 17,000 employers had committed to the Skills Pledge covering almost 6.5 million employees. Research shows that 63% of employers making the Skills Pledge now provide more training opportunities than they did previously.

The Government aims for 8 million employees to be covered by the Skills Pledge in 2010. Asset Skills has a Train to Gain Compact target of 2,500 employers signing the Skills Pledge in their sector (includes FM, housing, property, planning, cleaning and parking) and is currently implementing an important employer engagement programme designed to increase the numbers of Skills Pledge commitments across employers. As at April 2009, 630 employers within the Asset Skills footprint had made the Skills Pledge, covering almost 155,000 employees, accounting for 4% of Pledges overall.<sup>19</sup>

**Train to Gain** - It is estimated that the skills gap has an annual cost of £165,000 for a typical 50 employee business. Through Train to Gain employers can access expert help from the brokerage service as part of wider advice on business needs from Business Link. Brokers will help identify the business' skills needs at all levels, and source high quality, vocational skills training, including apprenticeships, delivered at a time and place to suit the business, from the range of further education and other training providers.

Funding for Train to Gain will increase from £520 million per year in 2007-08 to over £1 billion by 2010-11. Through the Train to Gain offer, eligible employers can also access funding to support Skills for Life to Level 3 to complement the investment that employers make in skills and training. Additional flexibility is available for small and medium sized businesses and third sector organisations to upskill and reskill their

<sup>16</sup> Asset Skills cleaning fact sheet, January 2009

<sup>17</sup> State of the Sector Report: Cleaning Sector, October 2008

<sup>18</sup> Source: FM Research Summary, August 2008

<sup>19</sup> Source: BIS

employees, including short courses in areas that increase productivity and leadership and management. A contribution to wage costs to cover the cost of time off for training is also available for businesses with less than 50 employees.

Investment in training is more important than ever in the current economic climate, for businesses of all sizes. Independent studies show that companies that don't invest in growth, research and development are 2.5 times more likely to fail than those that do.

### **2.3 The case for action – access to trade unions and advice**

It is important for everyone at work to be given access to advice and information about their job, or to know where to go for further help. Trade unions provide an important role in representing the views and ideas of the workforce. This can often help improve working practices and workplace performance and can result in improved motivation and productivity, linked to reduced staff turnover and absence.

The Joint Statement outlines practical steps to help employees working on government contracts to access useful advice about their working lives and rights at work, including from trade unions.

This element of the Joint Statement seeks to address gaps in knowledge or information availability information that may exist – i.e. where employees may not be aware of their rights or basic information about their working lives, or where to go for impartial advice.

The original Joint Statement impact assessment made the point that the contracted basic service workforce was “typically ‘low-skilled’ with relatively high number of female and migrant employees”.

#### a) Trade unions and learning

Trade unions play an important role in raising awareness of the benefits of training and skills, and encouraging individuals to take part.<sup>20</sup> The Joint Statement states that ‘trade unions and Union Learning Representatives will help implement the Joint Statement... this could include promoting basic skills issues ...and encouraging employee take-up’.

The value of working in partnership with ULRs to encourage learning and improve its success is well documented. For example, in a recent Ofsted report of Unionlearn’s U-Net service found that:

- ULRs provide excellent peer support for learners;
- Learning is highly responsive to employers’ needs and meets learners’ needs as well.
- Progression is very good. Many learners develop their literacy and numeracy skills from entry level through to Level 2.<sup>21</sup>

The Public and Commercial Services Union (PCS)<sup>22</sup> has a network of 1,400 ULRs, including in government departments. PCS ULRs have been successful in engaging members in learning. For example in 2006-08 PCS ULRs helped over 6,600 staff to embark upon learning leading to a qualification. This could be a valuable network through which the Joint Statement’s implementation could be supported – using the

<sup>20</sup> English language at Work, BIS, TUC and the CBI, 2007.

<sup>21</sup> Ofsted: TUC Unionlearn (U-Net) Inspection report, February 2009.

<sup>22</sup> The Public and Commercial Services Union (PCS) is the fifth largest trade union in the UK, with over 300,000 members. It is organised throughout the civil service and government agencies, and is the UK’s largest civil service trade union. The PCS is also organised in the private sector, usually in areas that have been privatised.

ULR population to encourage action amongst contracting authorities, suppliers and employees. In particular, the PCS has commissioned a review of the union's research that will assess the impact on members and the union itself. The review of the Joint Statement could feed into this, giving focus to how ULR's can support the implementation of this policy, supporting learning and fair treatment.

#### b) Access to advice

The Joint Statement supports the Government's statement on *Success at Work: Protecting Vulnerable Workers, Supporting Good Employers*, which set out a high-level commitment to ensure that people get the support and help they need to progress and succeed at work. A lack of English skills is an aspect of employee vulnerability, although it is important to remember that vulnerability exists across a number of strands, of which language is just one; if a person does not speak English, this does not automatically mean that person is vulnerable in other areas. However, a good grasp of English is an essential building block for success in the workplace and in everyday life<sup>23</sup> – and in the case of the Joint Statement's interests, can help to improve the quality of service delivery. The information below on broad trends related to language is provided as general context to the issue of access to advice for employees.

As part of work under the *Vulnerable Worker Enforcement Forum*, Acas was commissioned to analyse the nature of calls made to its national helpline Language Line (translation) facility. Overall – in comparison to the generality of calls to the Acas helpline – this analysis found a much stronger concern with basic rights. Callers appeared to be:

- Three times more likely to seek advice about holiday entitlements and working time;
- Three times more likely to seek advice about wage and national minimum wage issues;
- Half as interested in contractual matters;
- Less concerned with discipline and grievance issues.<sup>24</sup>

Serco Civil Government have been commended by Acas and the Plain English Campaign for their work in producing a series of 'How to' leaflets for their 4000 plus staff, e.g. "How to cope when it gets too much". While not affiliated to the Joint Statement, Serco's progress demonstrates the value of providing access to advice for employees, and the role of unions in that. "*We had people telling us they were unclear of their position and rights in certain circumstances so we decided the best way to proceed was to invite the Prison Service Union to support us in producing information that would fill this void*". The leaflets were seen as an excellent way to inform staff of policies, procedures and benefits and were commended for delivering information in a form that allows the intended audience to read, understand and act upon the contents the first time of reading.<sup>25</sup>

The signposting of sources of advice, including trade unions through the employee leaflet is in sync with the issues highlighted in the Acas research and should build on best practice seen elsewhere, such as in Serco's work with the Prison Service Union.

Little evidence is available to test the impact of the Joint Statement on increasing knowledge of the availability of such advice and the support provided by trade unions. This is potentially attributable to the lack of time between initial

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<sup>23</sup> Ibid.

<sup>24</sup> *Vulnerable Worker Enforcement Forum – Final Report and Government Conclusions*, August 2008

<sup>25</sup> Source: CBI briefing

implementation and review and the broader conclusion that further work is now needed to communicate the messages of the Joint Statement. A number of positive initiatives are in existence for example learning centres in civil service workplaces, member services such as telephone helplines offering advice on health, financial and legal matters, web-based online guides and employment rights guidance published in languages other than English. We can build on these positive steps with examples and case studies as to how contractors have facilitated staff in accessing trade unions.

## PART 3 – WHAT HAS BEEN ACHIEVED TO DATE?

### 3.1 Who knows about the Joint Statement?

*There is a good level of awareness about the Joint Statement amongst contracting authorities, but this needs to be acted upon and consistently passed on to suppliers. There is some further work to do in terms of communicating about the Joint Statement and improving know-how through existing networks.*

a) Client side - In the Cabinet Office survey of government departments and executive agencies we asked, 'before we contacted you about this survey, were you aware of the Joint Statement and its aims?' The majority of respondents (about 70%) were already aware of the Joint Statement, but around 30% were not. Those who answered negatively tended to be executive agencies, although this was not a universal feature of all agencies. This suggests that:

- The combination of the original Cabinet Secretary's 'launch' letter and the CO/ OGC seminar in February have combined to improve awareness of the Joint Statement and its aims amongst departments.
- There is some further work to do, reaching out to executive agencies in particular and using departmental structures to spread the message further where this is relevant.

b) Supplier side - A lesser proportion of departments and agencies (about 50% of respondents) had acted on their knowledge of the Joint Statement and made their suppliers aware, in turn. Amongst the small number of suppliers who fed in their views to this review, about half had previous knowledge of the Joint Statement, a combination of being made aware through the CBI and by the government organisations they do business with.<sup>26</sup> This anecdotal evidence suggests that information about the Joint Statement is not being routinely passed on to suppliers by contracting authorities and highlights a need for departments to communicate more consistently the Joint Statement and its aims.

c) Understanding the Joint Statement - Our research identified some misunderstanding that the Joint Statement should only apply to new contracts and that action was not needed until the point that a current contract had expired. There needs to be a strong message about the opportunities for new *and* existing contracts from central owners of the Joint Statement and we must use departmental communications where relevant to help bolster these central messages. For example, one agency also reported that they had not yet actioned the Joint Statement as they were awaiting direction from their procurement group headquarters.

The Steering Group for the review has identified that there could be an opportunity for better communicating its message. This would not include re-negotiating carefully crafted and agreed policy text, but instead highlighting the guidance available to those seeing to put the statement into practice and concentrating on any potential areas of misunderstanding, in particular:

- Where actions are required in the procurement process and under what circumstances;
- That the Joint Statement is about promoting pre-existing trade union entitlements and signposting existing sources of advice, not creating new ones.

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<sup>26</sup> Source: CBI

The development of a clear communications strategy and plan for the next 12 months would provide some targeted structure to this activity.

d) Building Capability - Building know-how and capability around the Joint Statement amongst both contracting authorities and suppliers is critical to the policy's ongoing implementation and progress.

The involvement of professional and specialist bodies such as the British Institute of Facilities Management and Asset Skills should be involved in this activity on the supplier side, complementing the work of the CBI and Business Services Association who are signatories to the Joint Statement and have worked to improve supplier awareness. They will have well-established and far-reaching communications channels that can be used to help the ongoing dissemination and implementation of the Joint Statement, for example, Asset Skills has separate cleaning and FM employer boards, and a general footprint of over 40,000 UK employers.

The Office of Government Commerce (OGC), in conjunction with the National School of Government, the Chartered Institute of Purchasing and Supply (CIPS) and other relevant and appropriate professional institutes, is committed to improving purchasing performance by maintaining and developing the professional skills of those engaged in procurement work. Many departments also run their own local training programmes specific to their contracts or needs. Raising awareness of the Joint Statement and building it into both local and central training provision where appropriate may help and would follow the lead of some central Whitehall departments. For example:

- All government procurement staff are encouraged to train for appropriate professional qualifications, including through CIPS courses provided through the National School
- DWP has built the application of the Joint Statement into their procurement training, which will cover new and existing contracts.

Beyond this core training, considerable communications events on procurement priorities are provided via third party organisations. The PSF should also take steps to lock the Joint Statement into this landscape in order to reach a wider audience, improve the coherence of different policy through procurement initiatives and to promote the Joint Statement as good practice. For example, the Chartered Institute for Purchasing and Supply is dedicated to the promotion of good procurement and supply practices<sup>27</sup>; both The King's Fund and the Office for the Third Sector have an ongoing interest in commissioning services.

In tandem with efforts to raise awareness amongst procurement professionals, it will also be valuable to work across existing trade union networks to progress the Joint Statement and its aims. The PCS have agreed to consider what could be progressed through their network of Bargaining Unit Learning Officers in terms of:

- Supporting both the commissioning and the contracting organisations' issues on learning and skills through procurement;
- Ensuring that the role and potential benefits of union activity is better understood.

### **Summary and recommendations**

- There is a decent level of awareness about the Joint Statement amongst contracting authorities. The next immediate challenge is to ensure that this translates through into actions with suppliers.

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<sup>27</sup> <http://www.cips.org>

- There is some confusion amongst contracting authorities about how the Joint Statement can be applied to existing contracts, and what access to trade unions and advice means in practice.
- A communications plan is needed to rectify these issues and to plan for improving general awareness and building capability, including through training events and in partnership with trade union networks and professional bodies.

**Recommendation 1(a)**

The Joint Statement Review Steering Group should be commissioned to:

- Produce a core communications script for publicly articulating what the Joint Statement is about within the context of recent commitments on procurement and skills, with the intention of increasing circulation and understanding;
- Develop and deliver a communications strategy and plan for the Joint Statement;
- Consider how Asset Skills and other professional bodies can work with the Group to deliver the communications plan and reinforce the promotion of the Joint Statement to suppliers.

**Recommendation 1(b)**

Where relevant and appropriate and respecting their legal status, departments with multiple procurement responsibilities should be encouraged to raise awareness of the Joint Statement's skill commitment, and its related wider commitments across the departmental and executive agency<sup>28</sup> procurement and buying networks which they have responsibility for. This should be supported by ad-hoc advice from OGC and Cabinet Office.

**Recommendation 1(c)**

The National School of Government should be commissioned to incorporate the Joint Statement skills commitment, and its related wider commitments, into its centralised procurement training provision where appropriate, building on the good practice of existing in-house training provision, and supported by colleagues at OGC.

**Recommendation 1(d)**

The Chair of the Public Services Forum should write to the Chartered Institute of Purchasing and Supply and to other relevant bodies such as The King's Fund to raise awareness of the Joint Statement amongst the wider public procurement and commissioning community.

**Recommendation 1(e)**

PCS should be tasked with working through their Bargaining Unit Learning Officer networks to increase awareness and improve implementation of the Joint Statement amongst trade unions in departments and agencies, and also with progressing understanding about the role and value of trade unions in supporting the Joint Statement's aims. All trade unions should consider how they can use existing networks in a similar way.

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<sup>28</sup> NB – the Joint Statement does not apply to non departmental public bodies.

### 3.2 How has the Joint Statement been applied to existing contracts?

*Some elements of the Joint Statement can be incorporated into ways of working with existing suppliers. Where the Joint Statement has been implemented to date, it has tended to be in this way and through this route as the incidence of new contracts let in the review period is low. This will mean that employees working on current contracts can start to benefit from the Joint Statement, alongside employees working under new contracts.*

Contracting authorities can promote the Government's objectives by working with suppliers on a voluntary basis to achieve desired results. Thus, as well as influencing new procurement activities, there are elements of the *Joint Statement* that can be applied to existing contracts, usually through ongoing contract relationship management arrangements. As set out in the Joint Statement, existing and new suppliers should for example:

- Be encouraged to make the Skills Pledge;
- Facilitate employees' access to basic skills training;
- Be made aware of the availability of Train to Gain support.<sup>29</sup>

Indeed, where suppliers have been made aware of the Joint Statement, those departments and agencies have tended to introduce it through existing contract relationship arrangements, with a view to incorporating the policy formally into new contracts as they are replaced and re-let. There remain, however, a number of departments and agencies who are aware of the Joint Statement but who are yet to incorporate it formally into relationships with existing suppliers.

All DWP's basic services are managed by Trillium, in a contract let in 1998. Accordingly, DWP have implemented the Joint Statement through management of this existing contract rather than through development of new contracts. DWP's first approach had been to raise awareness of the Joint Statement through training for all procurement staff.

DWP have also communicated with all its contract managers, issuing a note and guidance on the Joint Statement. For example, access to skills, advice and unions has been included in the department's supplier performance index. Other, more informal, monitoring arrangements will also take place, for example asking suppliers to produce evidence of what they have done to communicate the Joint Statement to their workforce.

Relationship management with Trillium generally takes place at board level, with the Joint Statement forming part of conversations about the ways the supplier relationship is evolving. Awareness of the Joint Statement is therefore high, and has benefited from senior buy-in.

DWP hope next to move to signed agreement with suppliers to implement the Joint Statement.

a) Prior progress - Some departments and agencies have already incorporated elements of the skills agenda in their contracts and procurement processes prior to the Joint Statement being introduced. Likewise, some suppliers have already made the Skills Pledge, one of the desired outcomes of the Joint Statement. There were no reports of contracting authorities taking forward the access to trade unions and advice agendas prior to the Joint Statement. However, those suppliers who provided

<sup>29</sup> The Joint Statement recognises the role of trade unions in supporting contracting authorities and suppliers in working towards improved access to skills, trade unions and advice. Sector Skills Councils can also provide hands on support to suppliers on specific skills issues and to access support such as Train to Gain.

information for the review all reported established mechanisms for engaging their employees and signposting access to advice. This suggests that the Joint Statement is building on existing good practice on the part of suppliers and departments. It follows that there should be minimal resistance to the philosophy behind the Joint Statement – facilitating access to skills, trade unions and advice are positive employment practices, which many are already doing.

b) Actions by contracting authorities - Cabinet Office will continue to 'own' the Joint Statement policy for Whitehall and on behalf of the Public Services Forum, supplemented with additional expert advice from OGC, BIS on procurement, skills and advice. However, responsibility for ongoing implementation specific to individual contracts remains the responsibility of departments and agencies, which should be consulting and informing their departmental trade union on procurement matters through established or specially created channels.

Contracting authorities have used different routes and methods to introduce the Joint Statement into existing contract relationship mechanisms. For example, a number of have:

- produced their own guidance about how to implement the Joint Statement;
- introduced it to suppliers through regular keeping in touch meetings;
- instructed their contract managers to inform suppliers individually;
- written to suppliers directly about the Joint Statement.

Having access to relevant expertise, case studies and the guidance could help contracting authorities ensure that the benefits of the Joint Statement are optimised and that unnecessary costs or duplications are not incurred. This is particularly important as it will help to ensure consistency across departments and a level playing field for suppliers. Procurement colleagues reported that the gathering and dissemination of real case studies illustrating what other departments and suppliers were doing would be a powerful tool to help with both understanding and implementation of the Joint Statement.

HMRC have put in place relationship management guidelines for current contracts. These state:

'For existing contracts the Joint Statement can be implemented through relationship management, for example by identifying opportunities to work together to provide access to skills and trade unions. As a minimum, contract managers need to do the following:

- Raise awareness of the Joint Statement with service providers;
- Encourage service providers to make the Skills Pledge;
- Monitor the uptake by service providers of the Government's Train to Gain initiative'

This builds on HMRC's new procurement policy guidance that specifies that all contracts should include the following clause, 'Participants shall be required to demonstrate that they are aware of and are compliant with the Joint Statement'.

c) Committing to future progress - About half of respondents to the Cabinet Office survey had not yet notified their existing suppliers about the Joint Statement. Of these, a number stated that they were planning to do so in the immediate future as new contracts are being let, but also at supplier meetings with existing contractors or through category management programmes. Some of these organisations noted that they would scan their existing contracts to identify possible opportunities and that they would incorporate this into contract templates.

Two respondents stated that workload and resource pressures had prevented them from taking action on the Joint Statement to date, but that they intended to rectify this

in the immediate future. At the Cabinet Office/ OGC seminar, a regular query emerged about how the Joint Statement linked to other policy through procurement issues, such as sustainability, and how to these should be ordered and prioritised. This potential conflict may also be causing some delay in translating the Joint Statement through into action. OGC is currently working with stakeholders to develop an assessment framework to help procurers decide which agendas are relevant to what they're buying that will help on this point (also see section 4.3).

## **Section Summary and Recommendations – existing contracts**

Our research suggests that:

- Government is making progress on building the Joint Statement into existing contracts, but that further progress is needed;
- The Joint Statement can add further value, even where some progress has already been made by contracting authorities or where suppliers already demonstrate positive employment practices such as access to skills and trade unions;
- Consistency of approach will continue to be an issue for actions relating to both new and existing contracts - both consistency between departments and also consistency across the three constituent parts of the Joint Statement – skills, trade unions and advice;
- The gathering and dissemination of case studies and additional guidance would minimise the costs of each Department duplicating and creating similar guidance, and thus help to optimise the potential benefits.

### **Recommendation 2(a)**

Cabinet Office should seek out a firm commitment from survey respondents who have not yet made their suppliers aware of the Joint Statement about when and how they intend to implement the policy. There should be ad-hoc support and advice available to help organisations from Cabinet Office, OGC and BIS as key policy leads on the Joint Statement.

### **Recommendation 2(b)**

The Cabinet Office facilitated 'Joint Statement Expert Group'<sup>30</sup> should consider developing Joint Statement model clauses that can be applied to contracts on a case-by-case basis and facilitating the collection and dissemination of good practice case studies on the Joint Statement amongst departments and agencies. This work should engage other partners such as suppliers and trade unions as appropriate.

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<sup>30</sup> This is a group of procurement colleagues from the major contracting departments such as HMRC, DWP and MOD, and other Departments with a policy interest in procurement such as OGC and BIS. The group is facilitated by the Cabinet Office to provide practical insights into work on procurement and two tier workforce issues.

### 3.3 How has the Joint Statement been applied to new and emerging contracts?

*To date, there has been only one example of a new contract to which the Joint Statement has been applied, but there are other immediate, medium and long-term opportunities that it will be important to take advantage of.*

#### a) Evidence to date

Our fieldwork only identified one recently renegotiated or new contract to which the Joint Statement has been applied. The main reason for this is that the majority of contracts are for several years (example below), and so the incidence of contracts that expired between July 2008 and January 2009 is low. In addition, it should be noted that with high value contracts, procurement activities often start several months in advance. As such, contracts that were re-let in the review period may have required action as early as 2007 - prior to the Joint Statement launch.

Defra's Sustainable Built Environment Workplace Support contract was let in 2008 and is an innovative approach for procuring FM across the department and its agencies. The 15 year contract with a private sector partner covers a broad spectrum of workplace support services across 230 sites and has a contract value of up to £1bn. The contract covers approximately 730 contracted employees.

The *SBEWS* contract was developed through a competitive dialogue process with potential suppliers and gives the contractor a 'licence to operate' to deliver workplace support services in the most efficient and effective way, although ownership of all assets remain with the Department. The contract's progress will be monitored through a joint Defra and supplier management board.

The contract includes both specific mandated actions and aspirational objectives which reflect the contracting authority's values and those of the supplier. On the latter, the competitive dialogue was concerned with sourcing and reflecting commercial best practice, including on employment practices such as access to skills, rather than only setting minimum standards with which suppliers should comply.

The Joint Statement informed Defra's discussions with potential *SBEWS* suppliers during the 2<sup>nd</sup> phase of the competitive dialogue process. Procurement colleagues noted that the policy provided a helpful 'sanity check' to ensure that the *SBEWS* contract reflected both commercial best practice and stated Government priorities on access to skills, trade unions and advice in contracting for services.

In feeding back on how the Joint Statement could add further value to contracting authorities in their work with suppliers, based on their experience Defra suggested:

- The HR community should be included as part of ongoing awareness-raising and communications planning. HR professionals support procurement colleagues on commercial tenders and therefore will need to understand what the Joint Statement intends to achieve in terms of skills and trade unions;
- Some suppliers are already demonstrating best employment practice beyond what the Joint Statement sets out, but it is still an important tool and framework to structure discussions with suppliers. Understanding how the Joint Statement links to other Government priorities and having this information in an easily accessible portal could help to ensure that the Joint Statement and other policies are always considered and not overlooked;
- Articulating through further examples and case studies how success on the Joint Statement could be measured.

The Joint Statement sets out actions that can be taken to incorporate the Joint Statement into new contracts as part of the formal procurement process. These include:

- Reflecting skills-related criteria in the contract specification;
- Setting contract performance conditions that apply after the contract has been awarded and that form part of the ongoing relationship between the contracting government department and the service provider. For example, the departmental guidance states that, '*Contract performance conditions should be used to ensure service providers advise employees of the opportunities to access basic skills training that are available to them under the Joint Statement; and pass on the information provided in Annex D to their employees*'.

Some departments have made good progress putting in place clauses into their organisation's templates and processes that will mean that the Joint Statement will be acted on as soon as new procurement activities start.

The Insolvency Service wrote to their suppliers asking them to sign up to the Joint Statement and to inform them it would feature in future procurement evaluation exercises. This now forms part of all procurement templates.

#### b) Future opportunities

The survey data does not provide a comprehensive picture of all contracts, but does give a flavour of the kinds of timescales that exist and the scale of future opportunities, and when these might occur. Figures are based on current contract values only.

For contracts that are due to expire in 2009, there will be a spectrum of opportunity dependant on the size of the contract – the larger value contracts may have started procurement activities up to 18 months ago for a tender that is due shortly to be re-let. However, for those contracts that are not due for re-tender until end 2009, or where the contract value is smaller, there may be more opportunities.

From the survey responses we have identified 12 contracts that are currently being re-tendered or will expire with an opportunity for incorporating the Joint Statement in 2009. In particular, there may be an opportunity to incorporate the Joint Statement into a:

- Security contract for a Whitehall department with a value of over £0.5m each year;
- Cleaning contract for an executive agency with a value of £120,000 pa.

What is clear is that there will be further opportunities arising gradually over the next few years where the Joint Statement can be firmly embedded into the procurement process (where relevant). To illustrate this and to give a sense of the potential future scope of this, our survey identified:

- 15 contracts that are due to expire or be re-negotiated in 2010, including:
  - a large cleaning contract of +£1.5m value
  - a catering contract with a Whitehall department.
- 4 contracts that are due to expire in 2011, including:
  - £4m combined contract for building maintenance, cleaning, security and hospitality with a Whitehall Department.
  - 3 contracts in 2012, including a major building maintenance contract with an executive agency.

Of course, the potential 'Joint Statement footprint' will be larger than this, as responses to the Cabinet Office survey were not received from every department and agency.

The data provided by government departments and executive agencies can be used to plot where and when future opportunities will arise. This can inform our approach of where to target future support. However, the review steering group are clear that any such approach should be based on sharing good practice and encouragement, rather than be burdensome or interventionist.

Interserve plc is a service, maintenance and building group that provides a broad spectrum of services across a diverse range of clients including central government (Home Office, Defra, the Foreign and Commonwealth Office and the Ministry of Defence), healthcare and local government.

Interserve has a good corporate awareness of the Joint Statement and has been made aware of the policy through simultaneous but separate routes, including:

- Through the CBI and Business Services Association's corporate communications;
- Through contracting authorities where the Joint Statement has been introduced as part of the bidding process;
- By trade union colleagues in different contracting authorities.

Prior to the Joint Statement, Interserve demonstrated some progress on access to skills and advice as exemplified by the organisation making the Skills Pledge and having an established relationship with trade unions.

*"Because our people are so vital to our future, we are committed to helping them grow within Interserve, and we want their jobs and careers to be personally fulfilling and rewarding. We believe that appropriate training and development enables them to fully contribute to our success."*

However, it was their view that the Joint Statement and the Skills Pledge together helped to align these activities more closely to the Leitch report's focus on broader social benefits of skills beyond using skills to improve business performance.

Reflecting on their experience of the Joint Statement to date, Interserve:

- Have responded positively to and welcomed the Joint Statement and its objectives in terms of helping to increase and ensure consistency of performance on access to skills, trade unions and advice across the supplier landscape;
- Suggested that actions on the Joint Statement and corresponding commitments by primary suppliers should be mirrored by parallel commitments and actions by sub-contractors;
- Found the information for employees helpful, but thought that the annex could have more impact if it included more information and clearer messages on skills alongside those on trade unions and advice; and presented the messages in a more accessible and 'inspirational' format that better suited the target audience, for example using pictures and case studies;
- Thought that trade unions, in particular, Union Learning Representatives, could add some real value in terms of providing practical support to help suppliers deliver the Joint Statement for the benefit of their employees.

### c) Framework Agreements

The Cabinet Office survey identified that a number of executive agencies use contracts under Buying Solutions Framework Agreements to procure services and goods. Framework Agreements provide - where a public sector customer chooses to do so - an easy and OJEU-compliant mechanism to establish a contractual relationship between a customer and supplier for the purchase of goods and

services. In these cases, the required action is to apply the Joint Statement at that point, rather than at the organisation level.

The Government Office for the West Midlands has 5 facilities management providers, procured using the Office for Government Commerce's property asset management structure for estates. The facilities provision includes the Government Office's suppliers of basic services.

The largest of these facilities management contracts is with Taylor Woodrow, who then subcontract for services such as security, catering and cleaning.

GO(WM) have planned to ensure engagement with Taylor Woodrow, and its subcontractors through its officials with financial responsibility for contracts. Going forward the Government Office plans to require an acknowledgement of the Joint Statement in all submissions to tender.

Given that Buying Solutions "*facilitates the buying process in a vast and highly complex marketplace, providing access to over 500,000 products and services through more than 600 suppliers*", there is real potential to improve the number of contracts to which the Joint Statement has been applied through this route.<sup>31</sup>

As part of the fieldwork for this review, Buying Solutions, OGC and Cabinet Office have identified and explored opportunities to incorporate the Joint Statement into Buying Solutions frameworks. As a result of those discussions, Buying Solutions has confirmed that it will:

- Factor the Joint Statement into the refresh of the FM framework agreement. It will be taken into account during evaluation, and will be listed within the specification, evaluation criteria and contract terms and conditions, and will be monitored during subsequent framework review meetings.
- Brief all existing FM suppliers, following Buying Solution's recent letter advising suppliers that they should be aware of the Joint Statement;
- Review all Buying Solutions frameworks to test whether the Joint Statement is relevant and needs to be applied.

### **Section Summary and Recommendations – new contracts**

- Our data collection activity highlighted only one example where the Joint Statement has been applied to new contracts since July 2008, although some departments have demonstrated they are preparing for incorporation when current contracts expire.
- Opportunities to include the Joint Statement in fresh contracts will develop incrementally over time, and there will be opportunities in the immediate next few months that need to be actioned and reviewed.
- Incorporating the Joint Statement into relevant Buying Solutions Framework Agreements will ensure that employees working on contracts in organisations that use the frameworks will also benefit from access to skills, trade unions and advice.

#### **Recommendation 2(c)**

A forward look of future opportunities to embed the Joint Statement should be created based on the data submitted for this review. PSF partners should work together to support those organisations looking to incorporate the Joint Statement into relevant contracts, including through the dissemination of good practice case studies.

#### **Recommendation 2(d)**

<sup>31</sup> <http://online.ogcbuyingsolutions.gov.uk/aboutus/>

Cabinet Office should work closely with OGC to incorporate the Joint Statement into Buying Solutions' FM buying framework and other relevant category frameworks.

## **PART 4 –WHAT ARE THE COSTS AND BENEFITS OF THE JOINT STATEMENT?**

This section of the review reports what colleagues from contracting authorities and suppliers think the actual and perceived costs and benefits are or will be. In the absence of a thorough cost-benefit-analysis we revisit the original terms of reference for the review and propose what future success measurements should be. The Joint Statement states that this review should:

- Include an assessment of the extent to which anticipated benefits are being realised;
- Monitor the impact on the procurement process, including impact on small businesses;
- Check that there are no unexpected costs or consequences.

### **4.1 To what extent are the Joint Statement’s anticipated benefits being realised?**

*Some of the anticipated benefits of the Joint Statement are being realised through existing actions that suppliers and contracting authorities were doing before this policy, and organisations are generally taking steps in the right direction. However, it is on the whole too early to identify whether specific benefits have been realised. Priority should be given to improving awareness and the implementation of the Joint Statement.*

#### a) Anticipated benefits

The headline benefits of the Joint Statement were anticipated to be that:

- employees providing contracted services would be recruited, retained and motivated to deliver high quality services by being given access to basic skills training and skills, whoever their employer.
- The Joint Statement would help to ensure fair treatment by enabling all employees to access information, advice and support from trusted sources at work, and understand their rights in relation to trade union membership.

Both of these potential benefits are particularly relevant for those contracted employees whose basic skills are limited, or where the employee has little knowledge of their rights, or where to go for advice.

The original Impact Assessment stated the main benefit ‘is in the form of increased productivity of trained employees – leading to improved public service delivery. Access to trade unions and advice may improve personal well-being’.

#### b) Experience to date

Respondents to the Cabinet Office survey, and those interviewed as part of the fieldwork found it universally difficult to articulate or measure actual realised benefits to date. We suggest there are three main reasons for this:

- There are many contracts to which the Joint Statement has not yet been applied. In particular there have been very few new basic service contracts let to date;
- The majority of activity to date has focused on generating awareness of the Joint Statement and taking the initial steps towards more thorough action. We have not yet seen evidence of initial actions translating through into actual benefits for employees and on the quality of service.
- The majority of benefits (particularly on skills) are of a long-term nature, and therefore it is too early to analyse their impact.

In the Cabinet Office survey, the majority responded to the benefits question unprompted with 'not yet known' or 'not yet quantified/ confirmed'. One organisation said there are 'no identifiable benefits' and another reported that the main benefit was compliance with central government policy.

Of the small number of suppliers reporting progress through the CBI survey, only one had so far been given the Joint Statement leaflet, 'Information for employees on skills, trade unions and advice' by their contracting authority. That supplier noted that employees had found this information to be useful. What is less encouraging is that no respondent in the Cabinet Office survey commented specifically on the benefits of access to trade unions and advice. This suggests poor understanding of these elements of the Joint Statement, which is discussed in more detail below (see section 4.3).

#### c) Progress prior to the Joint Statement

Of the small number of suppliers who provided data for this review through the CBI survey, some have already made the Skills Pledge. It is interesting to note, that in parallel to the data on the benefits of the Joint Statement, all but one of these organisations said it was 'too early' to comment on how the Skills Pledge has aided their organisation.

Despite this, amongst contracting authorities there seemed to be a good understanding of the links between investment in skills and the quality of service delivery, and for the potential of the Joint Statement to deliver progress on this. One respondent had incorporated skills investment into one of their basic service contracts prior to the Joint Statement and reported that there was 'good uptake from the catering and cleaning staff, giving rise to increased motivation'.

All of the CBI respondents have established mechanisms for engaging with staff and signposting access to advice. One of the respondents had been given the Annex leaflet and reported that their employees had found it useful. Of the suppliers who hadn't yet been in receipt of the annex, all but one said that their employees would find the leaflet helpful. This included a supplier who does not recognise trade unions.

#### d) Future progress

In the absence of evidence about whether specific benefits have been realised to date, articulating what future success should look like could help colleagues better understand what benefits to work towards and in what timeframes these benefits should be delivered by.

The steering group for this review believes that future ambitions should be realistic and focus on achievable and practical targets. It is our view that a thorough cost-benefit analysis would not be achievable for some time. We are currently straddling the first two steps in a three-point longer term process:

- Stage 1: Raising awareness
- Stage 2: Building capability and implementation
- Stage 3: Realising benefits and outcomes for staff and service delivery.

Immediate efforts over the 12 months following completion of this review should focus on fulfilling stage 1 and making further progress at stage 2. This should be done in parallel with wider work on embedding skills and apprenticeships in procurement, and the broader "Policy through Procurement" agenda. The recommendations set out in this report articulate how this can be achieved.

The steering group propose that the key indicators for future success in this period should be:

- Improved corporate awareness and know-how about the Joint Statement across the government procurement community (departments and executive agencies);
- Increased number of new and existing contracts for basic services to which the Joint Statement has been applied and for which evidence is available for (i.e. case studies), including relevant Buying Solutions frameworks.
- Tangible evidence of the benefits realised by workers, for example higher levels of literacy and greater engagement with the Train to Gain initiative.

A further survey of government departments and executive agencies in the future should therefore identify more comprehensive data about how the Joint Statement is being communicated and acted upon. In addition, Asset Skills has offered to incorporate an additional question about suppliers' awareness of the Joint Statement into its well-established *Skills Barometer*,<sup>32</sup> which surveys employers within the Asset Skills footprint every 6 months. This would provide an ongoing indicator for whether awareness and knowledge is improving on the supplier side.

A more extensive analysis of the outcomes and consequences of the Joint Statement should follow after a further 12 months plus to allow time for stages 1 and 2 to translate through into measurable actions. In the interim, we suggest that:

- A small number of contractors<sup>33</sup> should be asked to track how the Joint Statement is put into practice and provide a high level narrative on this at regular, e.g. 3 month, intervals. This could help to build up qualitative information about outcomes of the Joint Statement.
- A further snapshot of progress at 6 months could be produced, restricted to headlines on the number of contracts that departments and executive agencies have entered into that have incorporated the Joint Statement.

### **Section Summary and Recommendations**

- It is difficult to measure actual realised benefits to date.
- There is a good understanding of the benefits that can come from investing in skills, but contracting authorities in particular are less able to articulate the benefits of and what is required under access to trade unions and advice.
- Activity over the next 12 months should focus on improving awareness of the Joint Statement, and supporting departments in implementing the policy.
- Activity should be joined up with the wider BIS and OGC skills through public procurement and "Policy through Procurement" agenda.
- The Asset Skills Barometer Survey could provide a useful tool for measuring employer awareness of the Joint Statement.

#### **Recommendation 3(a)**

The intelligence gathered for this review should be used to inform future actions going forward, including those that will be progressed by the Joint Statement Expert Group.<sup>34</sup> For example the survey data will provide a picture of whether departments and agencies are aware, have made suppliers aware, and have incorporated the Joint Statement into new contracts and/or existing contracts. The PSF should also consider with Asset Skills whether the Sector Skills Council's six monthly Barometer Survey could help to capture data on the supplier side.

#### **Recommendation 3(b)**

<sup>32</sup> [http://www.assetskills.org/Research/Projects/Barometer\\_Article.asp](http://www.assetskills.org/Research/Projects/Barometer_Article.asp)

<sup>33</sup> Identified by Cabinet Office on the basis of data submitted to this review and with the support of OGC and the Joint Statement Expert Group.

<sup>34</sup> Ibid.

Activity over the next 12 months should focus on improving awareness of the Joint Statement and supporting its implementation. An analysis of that activity should follow after a further 12 months plus. This should be aligned with the wider evaluation work on the Government's commitment to promote skills through public procurement. The indicators for success for the immediate period of activity should be:

- Improved corporate awareness and know-how about the Joint Statement across the government procurement community (departments and executive agencies);
- Increased number of new and existing contracts for basic services to which the Joint Statement has been applied and for which evidence is available for (i.e. case studies), including relevant Buying Solutions frameworks.
- Tangible evidence of the benefits realised by workers, for example higher levels of literacy and further engagement with the Train to Gain initiative.

#### **Recommendation 3(c)**

OGC and BIS, supported by Cabinet Office, should join up the next phase of work on the Joint Statement with wider work on the procurement and skills agenda, and 'Policy through Procurement', to ensure close alignment between these strands of work and to provide clear and consistent messages to departments, agencies and to key suppliers to Government on Government's overarching policy.

## **4.2 Are there any unexpected costs or consequences?**

*As is the case for benefits of the Joint Statement, we found that colleagues were unable to articulate actual costs at this stage. Notwithstanding this, our fieldwork has identified a number of themes that need to be carefully managed to prevent these materialising into future costs.*

This section of the review compares the assumptions of the original impact assessment with the data provided through the review's fieldwork in order to identify whether there have been any unidentified costs.

### a) Process Costs

As identified in the original impact assessment, the Joint Statement could result in *"implementation costs that fall on government departments and service providers, which include setting up what will be slightly more complicated contracts, additional costs of bidding under these contracts (inasmuch as additional attention will have to be given to basic skills training) and monitoring compliance with the undertakings given on such training and access to advice and trade unions"*. The majority of these costs will be one-off.

In the Cabinet Office survey, the majority of respondents responded that they had not identified any costs, or that the costs were negligible. For example, one respondent said that there would be no more costs than 'we would have had anyway'. This reflects OGC's view that the Joint Statement should be embedded into the day-to-day work of procurement officials and should not therefore result in a significant new process cost.

### b) Supplier costs and impacts on contract prices

The key points to remember, in looking to include skills requirements in procurement, are that actions must:

- be relevant to the subject of the contract
- be proportionate
- deliver value for money

- not unfairly discriminate against any potential suppliers.<sup>35</sup>

Of those small number of suppliers who provided evidence for the review, they all agreed that it was ‘too early’ to prove barriers associated with implementing the Joint Statement.<sup>36</sup> In the government seminar there was some concern amongst procurement colleagues that any additional costs for suppliers would be embedded into contract prices, which contracting authorities would ultimately have to pay for. However, there is no evidence as yet to suggest that the Joint Statement has had or will have an impact on the price of contracts, particularly given that a number of key suppliers are already committed to investing in the training of their workforces and realising the benefits of doing so.

c) Mitigating potential costs

The provision of central guidance, support and case studies for contracting authorities will help to ensure that benefits are consistent and unnecessary costs, duplications and delays are not incurred. However, contracting authorities will need to balance consistency in the way Joint Statement is implemented with the individual nature of contracts to ensure that the procurement elements are only applied on a contract-by-contract basis where relevant in line with EU procurement framework.

d) Other potential issues

Through our fieldwork three themes emerged that could materialise as future costs that were not identified in the original impact assessment and are thus categorised as ‘unexpected’. It is important to monitor how these progress, including identifying other unintended costs, potentially through tracking current case studies as suggested in section 3.2:

(i). Competing priorities for procurers

There is rightly increasing pressure to use the Government’s purchasing power to deliver policy agendas on the three pillars of sustainability (social, environmental and economic). These agendas include meeting the Government’s environmental commitments, driving innovation, making public procurement opportunities accessible to SMEs, furthering equality and helping supported factories and businesses. It will not be possible to take each agenda into account at every point of procurement. Indeed, there may be occasions when some agendas appear to be contradictory. For example, reducing burdens in order to attract bids from SMEs may appear to run counter to including requirements around equalities

With regards the Joint Statement, contracting authorities reported both in the Cabinet Office survey and at the seminar a need to have a clearer explanation about how the Joint Statement fits with other procurement and policy priorities. Our procurement

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<sup>35</sup> [http://www.ogc.gov.uk/documents/Promoting\\_skills\\_through\\_public\\_procurement.pdf](http://www.ogc.gov.uk/documents/Promoting_skills_through_public_procurement.pdf)

<sup>36</sup> In the original impact assessment, we estimated that potential service providers’ costs could include:

- At pre-qualification stage, additional bidding costs. Potential service providers will be expected to be ready to provide evidence of capability to deliver a value for money service, including evidence that their workforce who would be performing the contract have the relevant basic skills.
- Once the service provider has been contracted in to provide a service, in relation to the workforce performing the contract:
  - Identifying employees’ with a basic skills need and planning to acquire to meet those basic skills needs;
  - Working with *Train to Gain* to identify and facilitate access to such basic skills training;
  - Organising employees to attend basic skills training;
  - Providing any facilities required (although these should be minimised through working with the contracting organisation wherever possible, e.g. by using in-house facilities or sharing training programmes); and
  - Cost of employees spending time away from normal duties to attend basic skills training – noting that the *Train to Gain* offer includes some support for employers with less than 50 employees on this.

colleagues report that sometimes central messages are conflicting and it is not clear what should be the priority. This could potentially amount to a cumulative cost.

OGC has produced a series of short best practice guides on how to address various policy issues during the procurement process, while abiding by the EU public procurement rules.<sup>37</sup> OGC is also working on an assessment tool which will assist procurers in deciding which policy agenda is most appropriate to focus on in which type of procurement. This will help to mitigate the potential risk that confusing priorities could limit the Joint Statement's impact.

(ii). Misunderstanding access to trade unions and advice

The departmental guidance states that the Joint Statement "Does not introduce new, or supersede existing, legal entitlements in relation to trade unions... legal provisions, including those relating to trade union recognition, rights of trade union officials and individual rights regarding trade union membership remain the same... If a service provider's organisation has full or partial recognition, or has none, this will not change as a direct result of the Joint Statement being introduced and applied".

Contracting authorities are reportedly anxious about the implications of access to trade unions in the Joint Statement, although suppliers seem more comfortable with the concepts the Joint Statement aimed to promote. In particular, there is a misunderstanding amongst contracting authorities that the Joint Statement extends existing trade union rights and draws contracting authorities into new industrial relations territory. Unless this is deconstructed, colleagues will incorrectly perceive the access to trade unions and advice elements of the Joint Statement to be burdensome. These messages need to filter down to procurers and buyers in organisations; Contracting authorities, suppliers or trade unions should refer to Cabinet Office or other signatories to the Joint Statement for accurate advice regarding the specific interpretation of elements of the Joint Statement where needed.

There may be a wider issue here about how digestible and understandable the communication of the Joint Statement has been to date.

(iii). Observations related to skills funding and Train to Gain

While respondents to the government survey found it easier to articulate the potential benefits of investing in skills, a recurring issue from both suppliers and contracting authorities was a lack of understanding or perceived impracticalities with the skills system, and of certain aspects of the Train to Gain regime (which the Joint Statement cross-promotes). While these issues are not a direct impact of the Joint Statement, they have been included here to provide context about the landscape in which the Joint Statement sits and, in the case of Train to Gain, cross promotes.

The Joint Statement requires that contracting authorities raise suppliers' awareness of Train to Gain, which may require some basic understanding on behalf of procurers. In our fieldwork, we identified that a practical output from this review should be to improve clarity amongst contracting authorities about basic facts on Train to Gain, beyond what is set out in the Joint Statement, so they can in turn articulate this accurately to their suppliers. This would help to minimise confusion around 'who pays for training?' which was brought up by some contracting authorities we surveyed and interviewed. This could form part of Asset Skills' existing work with

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<sup>37</sup> OGC policy and guidance, including OGC publications such as "*Buy and Make a Difference*" can be accessed at: [http://www.ogc.gov.uk/delivering\\_policy\\_aims\\_through\\_public\\_procurement\\_social\\_issues.asp](http://www.ogc.gov.uk/delivering_policy_aims_through_public_procurement_social_issues.asp)

Train to Gain and employers as part of their employer engagement programme. Contracting authorities should, on the whole, be signposted to OGC, BIS and Cabinet Office about the Joint Statement.

In tandem:

- It will be important to raise Train to Gain's awareness of the Joint Statement, possibly sketching out basic Joint Statement facts, what the Joint Statement says about Train to Gain and where brokers can point suppliers or contracting authorities to for further assistance;
- BIS, OGC and Cabinet Office should join up their communications on the Joint Statement and wider skills issues to ensure departments, agencies and suppliers are given a clear and consistent message of the Government's expectations on skills.

These actions will help to optimise the future impact of the Joint Statement and of Train to Gain in supporting access to basic skills training.

#### **4.4 What is the impact on Small and Medium Enterprises (SME's)?**

Our original impact assessment assumed that 'the majority of contracts for basic services are currently let to large firms on a long-term basis'. Large firms are a major feature, but what we also discovered through the survey was that there are some smaller firms who supply basic services, particularly in local area offices.

Whilst focusing activity on contracts for skilled professions such as landscape gardening may not be the best use of resources - considering how the Joint Statement can be applied to, for example, local cleaning firms – it may provide an opportunity to test out how the Joint Statement can add value to smaller contractors, their employees and the service they supply to central Government. In pursuit of this, it will be important for contracting authorities and suppliers to be aware of specific Train to Gain provisions for SMEs.

#### **4.5 Section Summary and Recommendations - costs**

- Contracting authorities have not identified any costs to date, or any costs have been negligible.
- Suppliers reported that it was too early to identify costs caused by the Joint Statement.
- There is some concern from contracting authorities that suppliers will pass on additional costs to the client, but there has to date been no evidence of this.
- There will inevitably be some minor implementation and ongoing monitoring costs. These are likely to be one-off costs that can be administered centrally to minimise local costs.
- Contracting authorities need support in understanding how the Joint Statement relates to other policies delivered through procurement.
- There needs to be a better articulation of the intent of the commitments contained in the Joint Statement, in particular, to dismantle the misunderstanding that the Joint Statement extends trade union entitlements.
- There is some reported misunderstanding about skills provision and the service offered by Train to Gain amongst contracting authorities that could be improved by better communication.
- There are contracts with SME's on the government estate to which the Joint Statement could be applied, where relevant.

**Recommendation 4(a)**

Work with trade unions, suppliers, BIS and Acas to better articulate what access to trade unions looks like in practice based on successful case studies and building on current good practice<sup>38</sup> in order to support departments, agencies and suppliers in achieving access to trade unions and advice.

**Recommendation 4(b)**

Work with the Learning and Skills Council and Sector Skills Councils, including Asset Skills, to develop short communications briefings about the Joint Statement for the Train to Gain service, and pull together case studies of where suppliers have successfully used Train to Gain to demonstrate to other suppliers and contracting authorities what can be achieved.

**Recommendation 4(c)**

In targeting future support, ensure that:

- Particular features of Train to Gain for SME's are clearly articulated, so that contracting authorities and SMEs are aware of what additional support is available.
- BIS, OGC and Cabinet Office join up their embedding activities on the Joint Statement and wider skills issues to ensure departments, agencies and suppliers get a clear and consistent message on the Government's expectations on skills

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<sup>38</sup> For example, Serco illustrated on page 13

## **Annex A - Headlines from the Joint Statement Review Cabinet Office/ OGC Seminar (16 February 2009)**

56 colleagues attended this event hosted jointly by OGC and Cabinet Office – drawn from the government procurement community, policy teams with an interest in skills and trade unions, and from local government and the NHS. The event included speakers from former DIUS, CBI and the TUC.

### **Key messages and themes**

#### **1. Procurement context:**

- The Joint Statement is part of a wider agenda around corporate social responsibility in procurement/ value for money *plus*;
- There is a potential role for Buying Solutions, e.g. to incorporate preloaded collaborative statements into framework contracts.

#### **2. Awareness raising and messaging**

- There is an urgent need to raise awareness amongst the government procurement community and with suppliers;
- The Joint Statement's messages and case for action is strong, but more examples and case studies are needed to illustrate how it works in practice;
- Good employment practices improve the quality of service delivery. In particular, employee involvement aids staff motivation and retention;
- Train to Gain brokers need to be aware of the Joint Statement so they can apply their know-how to the best effect.

#### **3. Impact to date and going forward**

- There is a mixed picture at the moment and it is too early to talk about the Joint Statement's impact;
- It would be helpful to articulate through further case studies what benefits can be expected within 6 months, 12 months etc of implementation. This could help procurement colleagues better understand what to work towards achieving and would ensure transparency;
- Employers are keen to implement the principles of the Joint Statement and many view it as an opportunity rather than an additional burden;
- Sector Skills Councils and employers together can help to improve awareness.
- Implementation needs to be as simple as possible, but also fair and consistent. There must be a level playing field for suppliers. The use of standard clauses could help to achieve this.
- Procurement officials feel that more practical examples are needed on implementing access to trade unions and advice.

## **Annex A - Headlines from the Cabinet Office survey of government departments and executive agencies (March 2009)**

*The percentages used below contain a margin of error and should be used as a general guide only.*

### **Response rate**

- 45 government departments, non-ministerial government departments and executive agencies were invited to take part in the survey.
- 36 organisations responded = 80% response rate.

### **Nature of their procurement**

- Only a small proportion of respondents to the survey procure services for themselves *and* on behalf of other organisations attached to their Department's family. These tended to be government departments.
- A number of executive agencies reported that they use Buying Solutions' framework contracts to procure services and goods.

### **Awareness and general knowledge about the Joint Statement**

- The majority of respondents (about 70%) were already aware of the Joint Statement, but around 30% were not.
- In turn, a lesser proportion of respondents had made their suppliers aware of the Joint Statement, with about 50% of those who were aware passing the message on to their suppliers.
- For those who had not yet made their suppliers aware, the following reasons were cited:
  - There was some confusion that the Joint Statement should only apply to new contracts and therefore action was not needed until the point that a contract had expired;
  - Some organisations – particularly agencies - procure through Buying Solutions frameworks;
  - Two respondents stated that workload and resource pressures had prevented them from taking action on the Joint Statement to date.
- Of the respondents who had not yet notified their suppliers, six are planning to do so in the immediate future as new contracts are being let, but also at supplier meetings with existing contractors.
- Those who had had made their suppliers aware of the Joint Statement (this was a mix of agencies and departments) had achieved this through:
  - Contract relationship arrangements,
  - Routine supplier keep-in-touch meetings;
  - Incorporating the Joint Statement into procurement templates;
  - Producing guidance for contract managers;
  - Writing to suppliers.

### **Costs, benefits and burdens**

- Respondents found it difficult to articulate the costs and benefits of the implementation of the Joint Statement;
- However, there seemed to be some understanding of the benefits of investing in skills and links to better quality services.

- All but one of the respondents recorded zero or only negligible costs in implementing the Joint Statement to date.
- Other potential burdens were considered to be:
  - Raising awareness and educating contract and category managers;
  - Initial reluctance of some contractors to be involved;
  - Increasing use of resources for implementing and monitoring.

### **Improving implementation and making an impact**

We asked ‘*in your opinion, what could be done to improve the application and awareness of the Joint Statement?*’ 18 respondents gave us the benefit of their views – these are themed below:

- *Joint approach* - Respondents to the survey felt that there was a risk of duplicate and inconsistent conversations taking place with the same suppliers across a number of different organisations. Where possible, co-ordinated communications with contractors should always be considered.
- *Practical know-how* – three quarters of those who responded to this question thought that the provision of standard contractual clauses and examples that they could include or adapt for relevant contracts on a case-by-case basis would be valuable. A number of respondents also thought that case studies would help them to understand what needs to be actioned and what can be achieved and how.
- Incorporating the Joint Statement into training provision for those with responsibility for procurement in departments and agencies was also a popular suggestion.
- *Publicity and endorsement* - Respondents spoke of making a ‘strong approach’ to suppliers about the Joint Statement led jointly by Cabinet Office and OGC.
- *Guidance* - The departmental guidance on the Joint Statement may need further promotion.

## **Glossary**

*Asset Skills* – Asset Skills is the Sector Skills Council (SSC) for facilities management, housing, property, planning, cleaning and parking.

*Cleaning Sector* - The cleaning sector covers all forms of contract cleaning including building interiors, transport vehicles, food premises, window and façade cleaning, highways and land specialist cleaning such as carpets and upholstery. (Source for definition: Asset Skills)

*Facilities Management* - The Facilities Management (FM) sector covers all forms of management of services which support the core activities of an organisation in terms of both 'hard' FM services such as property and estates management, building maintenance, energy management, environmental protection and 'soft' services such as cleaning, security, reception and customer care. (Source for definition: Asset Skills)

*Joint Statement Expert Group* - This is a group of procurement colleagues from the major contracting departments such as HMRC, DWP and MOD, and other departments with a policy interest in procurement such as OGC and BIS. The group is facilitated by Cabinet Office to provide practical insights into its work on procurement and two tier workforce issues.

*Joint Statement Steering Group* – The Joint Statement Steering Group is a sub-group of, and reports to, the Public Services Forum. Its remit was to oversee and steer the review of the Joint Statement on behalf of the Forum. The Steering Group was chaired by David Amos (University College London Hospitals NHS Foundation Trust) and coordinated by Cabinet Office. The Steering Group included representatives from: Cabinet Office, CBI, CLG, DH, BIS, GMB, LGE, OGC, PCS, TUC and Unite.

## Relevant links and sources

### *Joint Statement documents*

- Joint Statement policy document:  
[http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/CO\\_joint\\_statement.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/CO_joint_statement.pdf)
- Joint Statement annex for employees:  
[http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/CO\\_info\\_for\\_Employees.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/CO_info_for_Employees.pdf)
- Joint Statement guidance for departments:  
[http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/deptguidance\\_joint.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/workforcematters/assets/deptguidance_joint.pdf)
- Joint Statement original impact assessment (May 2008):  
Soon to be published at: <http://www.ialibrary.BIS.gov.uk/>