

# Public procurement as a tool for creating job opportunities for people in vulnerable labour market position

Veera Laurila, September 2019

Social Innovations and Employment through Public Procurement (SIEPP)

Helsinki



# Social Innovations and Employment through Public Procurement (SIEPP)

- **Funding:** European Social Fund (ESF), Transnational Co-operation
- **Coordinator:** Finnish Institute for Health and Welfare, Equality and Inclusion Unit
- **Partners:** City of Helsinki, City of Vantaa
- **International partners:** National Agency for Public Procurement in Sweden, Cities of Stockholm, Gothenburg, Botkyrka and Helsingborg
- **Finnish budget:** 499 700 €
- **Duration:** 1.4.2017 – 31.3.2020

# Socially responsible public procurements

- **Socially responsible procurement?**
- The purchasing entity takes into account the effects of the procurements from a social point of view
  - **Employment**
  - Decent Work
  - Social/labour rights
  - Equal opportunities
  - Accessibility

# Socially responsible public procurements

- Supporting inclusive and fair labour market
- Demonstrating socially responsive governance
- Executing corporate social responsibility
- Creating employment and well-being
- Giving people a chance to work and get income
- Promoting inclusion

# Socially responsible public procurements

- By using social clauses in public contracts work opportunities for people far away from the labour market are being created
- **Employment clause?** The company who gets the contract will have to employ a person/persons from a certain target group. It is also possible to use employment as a quality criteria where company is awarded with extra points in case they employ
  - Long-term unemployed (LTU)
  - People with partial working ability
  - People with disabilities
  - Young people
  - Migrants
- Employment clauses are being used in several European countries

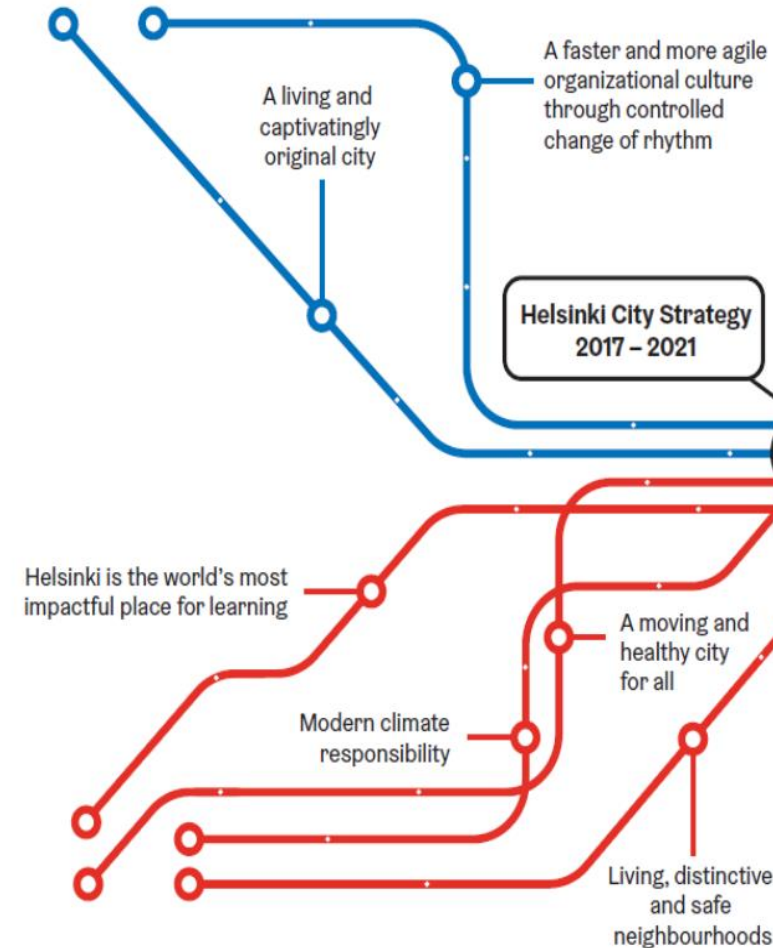
# City of Helsinki procurements

- Finland uses 35 billion € per year on public procurements
- It is 16 % of the Finnish GDP (gross domestic product)
- The City of Helsinki is one of Finland's largest buyers of products and services
- The City's procurement of products and services from the private sector exceeds one billion € per year
- The City's procurement from the private sector is the largest of the cities in the Helsinki Metropolitan Area in relation to operating costs and also exceeds the average of all Finnish municipalities



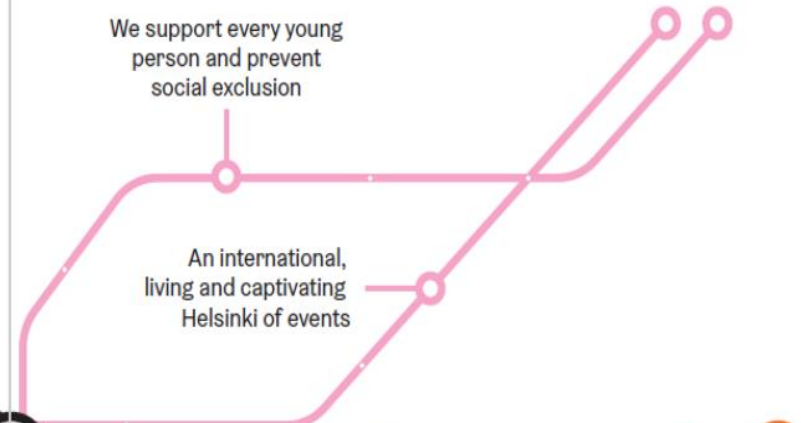
# Helsinki City Strategy 2017–2021

## 1 The Most Functional City In The World



## 3 Developing Services

## 2 Securing Sustainable Growth The Most Essential Task Of The City



## 4 Responsible Management Of Finances The Foundation Of A Prosperous City

## 5 Helsinki Strengthens And Diversifies Its Promotion Of Interests



# Results and experiences in Helsinki so far

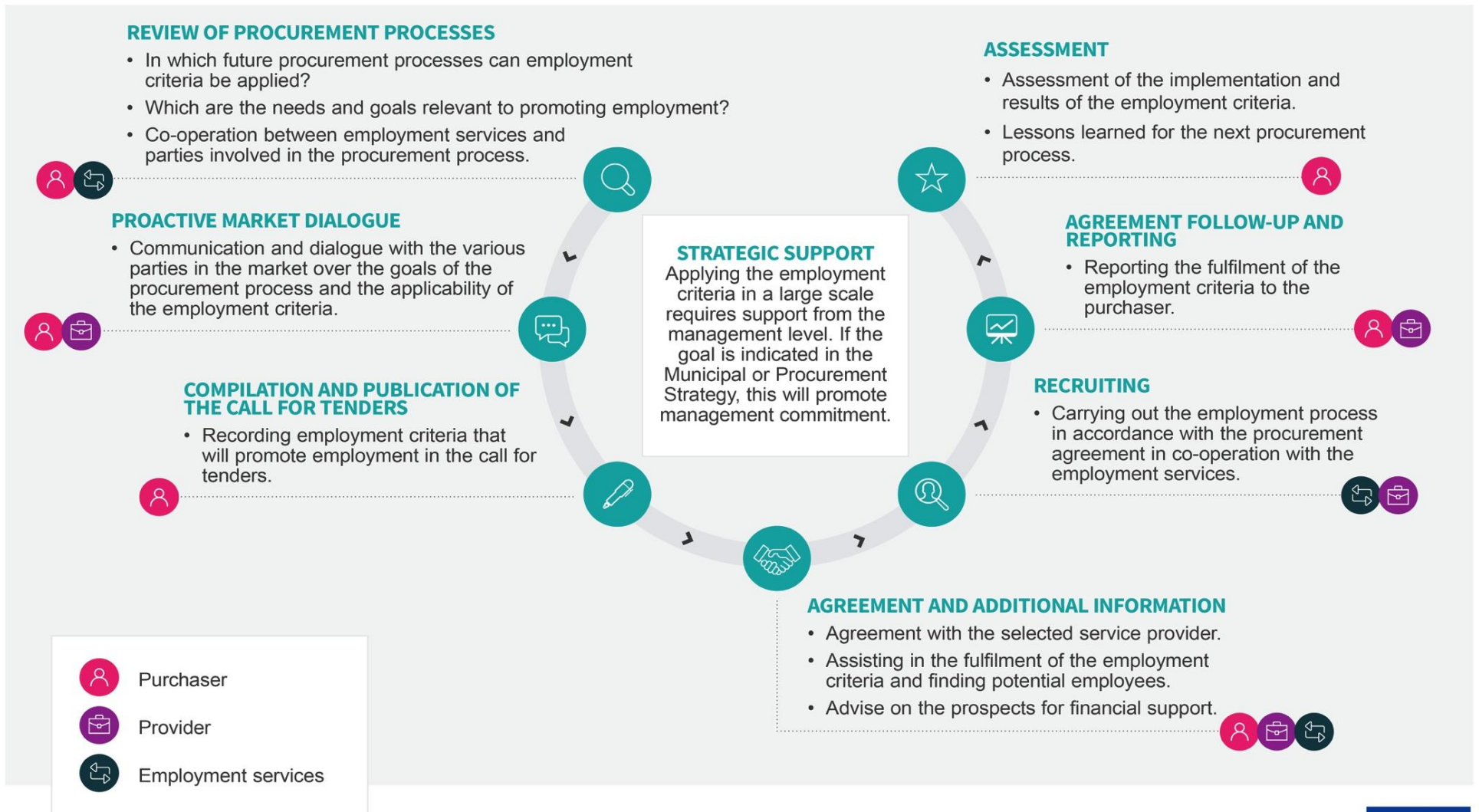
- **2 ESF funded projects** in Helsinki 2015-2020 (HANDU & SIEPP)
- **Over 30 procurements** with different kinds of employment clauses from different sectors
- Approx. **250 jobs or apprenticeships** for people in vulnerable labour market position
- **Innovative public procurements** (done in a new way and/or resulting in new outcomes) conducted together with private companies, letting the supplier decide, paying by results, Social Value Panel
- **Operating model developed** on how to employ people in vulnerable labour market position through public procurement



# Results and experiences in Helsinki so far

- **Training and information** for the participants and the network in Finland and abroad
- **Co-operation** between cities, employment services and companies has improved
- **Companies knowledge** of employing people in vulnerable labour market position has improved
- Citizens' **opinion is positive** and they want this kind of measures to continue
- **Model of operation** available [here](#)

# Model of promoting employment with procurement



# Lessons learned so far

- **Huge potential!**
- Use of employment clauses needs a lot of **lobbying**, selling the idea
- It is very important to be able to show the **financial benefits**
- Proactive **market dialogue** with the companies is vital
- **Guidance** for the people responsible for the contract, practical examples etc.
- **Strong support** for the companies, specially with the recruitment phase
- **Reporting system** to manage the contract is needed
- Companies and entrepreneurs **opinions** have been **mostly positive**;  
collaboration with cities' employment services
- The employment period should be **long enough** (in Helsinki min. 9 months)
- The employed people are very **motivated and thankful** for the job

# Procurement Pilot: 24-hour service housing for the elderly

- The service provider is obligated to employ 1 unemployed person for 9 months with every 20 places bought (20 places bought 1, 40 places 2 and so on)
- Employment focus: young unemployed people (under 25 years, with more than 6 months of unemployment) and long-term unemployed people (over 300 days of passive labour market support received)
- Employment term as an absolute requirement, if not achieved, penalty of 9 000 €
- Experiences: co-operation between companies hiring and cities' services has been functional, mutual benefits

# FAQ

- Do we receive enough bids?
- Does applying employment criteria increase the amount of complaints in the Market Court?
- How do the entrepreneurs react to the employment criteria?
- Does the employment criteria increase the procurement expenses?
- How to find the suitable employee for the organization?
- How to react in case of employee co-operation negotiations?
- How to measure and proof the cost-effectiveness?

# **Measuring inclusion?**

**Project SOKRA for promotion of inclusion  
Funded by ESF**

**Executed by Finnish Institute for Health and Welfare (THL)**

# Experiences of Social Inclusion Scale (ESIS)

- In project SOKRA's theoretical framework, personal experiences of social inclusion is composed of three main dimensions:
  - Agency beliefs
  - Perceived meaningfulness
  - Quality of social ties and interaction (e.g. support, trust, belonging)
- The aim was to develop a brief scale to assess experiences of social inclusion which can be used within population studies (surveys) and for the evaluation of projects
- The Experiences of Social Inclusion Scale (ESIS) consists of 10 statements



# The Experiences of Social Inclusion Scale (ESIS)

To what extent do you agree or disagree with the following statements? For each statement, please select the alternative that best describes your personal experience.

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
I feel that what I do every day is significant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I get positive feedback on what I do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I belong to a group or community that is important for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other people need me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can influence the course of my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I feel that my life has purpose	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can strive for things that are important for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I get help when I really need it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I feel trusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can influence some things in my living environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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# Evaluation of the ESIS

- The scientific evaluation of the ESIS was conducted using survey data gathered in 2017 among projects funded by the ESF priority axis 5 (social inclusion and combating poverty) from all over Finland
- A total of 847 people participated in the research: 789 were participants of these projects, mostly people outside paid employment and affected or threatened by social exclusion, poverty, and marginalization. 58 respondents were professionals and students working in the projects
- For more information, contact researcher Lars Leemann, [lars.leemann@thl.fi](mailto:lars.leemann@thl.fi)

# Thank you!

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