

Durable Procurement

From obligation to awarding contracts

History

Since 1996, Rotterdam has applied the 5% settlement. The settlement is implemented to reduce the number of unemployed. The initiative states that any company tendering for orders procured by Rotterdam for any amount greater than €225.000 is required to dedicate a minimum of 5% of the amount to offering or creating employment opportunities for:

- People currently on benefits
- Interns or people doing apprenticeships
- People supported under the Dutch Sheltered Employment Act (WSW)

For capital projects, an agreement can be arranged on a 7.5% of wages instead of 5% of the total amount.

In 2009 the 5% settlement was integrated into the municipal durable procurement policy.

This policy is directed at:

- Incorporating durable solutions in all strategic and supporting procurement processes
- Making a substantial contribution in realising employment goals
- Incorporating environmental and social aspects into the tendering process.

Working on the assumption that if the municipality completely or partially has its services delivered by job seekers in the sectors in which it operates and procures its services, not only will the services be delivered, but there will be a reduction in the number of people claiming benefits, activation levels increase and students can fulfil the working part of their vocational education. In addition, employers gain access to a greater pool of potential new employees with a wider range of skills and experience.

DAAD

For the actual execution of tasks accompanied by the implementation of the 5% settlement, like finding suitable candidates or the training of the candidates, local employers can turn to DAAD for help.

DAAD is the service centre for employers in Rotterdam, a combination of the private sector, city council and UWV Werkbedrijf (public employment service). Since employment supply often fails to match demand, DAAD specifically endeavours to bridge this gap in the regional employment market, working in conjunction with enterprises in Rotterdam. As a service centre for employers, DAAD is primarily committed to help them meet their demand for personnel.

Besides providing support, DAAD also monitors the correct implementation of the 5% settlement, reports on it and provides advice.

The candidates are deployed for a minimum of 6 months. If a service provider fails to meet agreed performance indicators a proportion of their fee is withheld.



The amount of positions filled due to the 5% settlement by people previously receiving benefits has steadily grown

Beneficiaries

- People registered as job seeker for more than 6 months
- Students combining targeted training and employment
- Interns or people doing apprenticeships
- People supported under the Dutch Sheltered Employment Act (WSW). This act intends to support people who can only work under adapted conditions and have been indicated as such

Process

- The municipality implements the 5% settlement and weighs the social aspects of the tendering process.
- The service providers integrate candidates from the target group into their service delivery.
- DAAD selects, mediates and trains candidates and monitors, reports on and sanctions companies involved.

Results at a glance

The 5% settlement has developed significantly, due to practical agreements with service providers. The amount of positions filled due to the 5% settlement by people previously receiving benefits has steadily grown.

- 1996 - 2002: 200 - 225 per year
- 2003 - 2009: 400 - 450 per year

522: the amount of positions filled in 2010

€571.000.000 - The total amount of municipal orders on which the 5% settlement was applicable in 2010.

Examples of projects:

- Residential settlements
- Renovation Erasmus MC
- Cleaning of municipal buildings
- Home care





Developments and spin-off

- Privatised services, previously provided for by the local authority like the local public transport RET and harbour HbR have taken the 5% settlement on board and apply it in their procurement process as well.
- As a result from the success in Rotterdam other cities (Amsterdam, The Hague, Utrecht and Maastricht) have decided to integrate similar practice.
- Large consortia (public-private partnerships) have agreed to apply the 5%-settlement voluntarily, for example the consortium for the renovation of the Erasmus MC led by construction company Ballast Nedam.
- Contractors (e.g. Sodexo) have adopted the 5% settlement and implemented it in their own procurement policy and/or for their subcontractors and suppliers.
- In May 2011 the national government decided to follow this local initiative. From 1 July 2011 onwards the national government will add employment of target groups in their procurements of any amount from €250.000. The national government and the VNG (Association of Dutch Municipalities) are discussing now how to cooperate in this matter.
- In 2010 a pilot has started looking into the preconditions for weighing the efforts in creating employment opportunities as a criterion in the tendering process. The 5% settlement remains in place but those tendering can score additional points by increasing their efforts in offering or creating employment opportunities for the target groups. The additional points would improve their changes in the procurement process. This promotes innovation from the business sector in establishing mutually beneficial employment schemes.
- In 2011-2012 this new policy will be implemented.

www.5procentregelingrotterdam.nl

www.daadwerkt.nl

