

## 06 Social responsibility as award criteria for cleaning contract, Denmark<sup>6</sup>

**Name of procuring authority, Country:** Municipality of Ballerup, Denmark

**Product or service sector:** Cleaning services



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### Introduction/procurement objective

In February 2019, the Municipality of Ballerup adopted a new procurement policy, which gives high priority to social responsibility.

The policy<sup>7</sup> has six main objectives:

1. Applying the regulatory framework to the benefit of citizens and businesses
2. Focus on factors other than price as illustrated below:
  - Suppliers shall declare that they comply with human rights, labour rights, environmental and anti-corruption requirements;

- The municipality must include social considerations in procurement procedures whenever possible (and employment clauses in procedures for service and construction work contracts), and explain the reasons when deemed not possible;
  - If there is a suspicion that a supplier is not complying with its social responsibility obligations, the municipality conducts a follow-up and has the option to cancel the contract.
3. Using market dialogue and cooperating with businesses
  4. Launching and implementing joint tendering
  5. Using digital procurement and e-commerce
  6. Ensuring a high level of compliance.
- The contract on cleaning services was chosen as a suitable pilot in which this provision was applied for the first time.

The contract will run from 1 April 2020 to 31 December 2023, including an option to extend the contract up to two times for a period of 12 months each.

### Subject matter

Daily cleaning services and periodic window cleaning services at 157 different municipal buildings, including public schools, daycare centres, libraries, swimming and sports arenas.

### Stage of procurement phase and criteria

<sup>6</sup> <https://ted.europa.eu/udl?uri=TED:NOTICE:440930-2019:TEXT:DA:HTML>

<sup>7</sup> [https://ballerup.dk/sites/default/files/udbuds-og\\_indkoebspolitik\\_2019\\_0.pdf](https://ballerup.dk/sites/default/files/udbuds-og_indkoebspolitik_2019_0.pdf)



### Award criteria

- In the contract award process the most economically advantageous tender was identified on the basis of the best price/quality ratio using the following weights:
- Price: 60%
- Quality assurance: 20%
- Social responsibility: 20%. In this tender, social responsibility meant the creation of employment opportunities for unemployed people receiving a welfare benefit and for persons on long-term sick leave.

### Contract performance stage

The tender documents also included:

- A labour clause obliging the tenderer to meet overall labour market standards with regards to wage and working conditions.
- A clause on social responsibility, which contains a list of specific requirements on human rights, labour rights, environment and anti-corruption, based on the ten principles of the UN Global Compact. In particular, the contractor undertakes to ensure compliance with fundamental human rights, and basic labour rights protected by the conventions of the International Labour Organisation (ILO).

### Social policy objective and/or reference standard

The social objective of the municipality was to create employment opportunities for two target groups:

- “Activity ready” unemployed welfare recipients, who experience other challenges than unemployment. They need a specially designed training trajectory, including supporting measures to attain employment.<sup>8</sup>
- Persons on long-term sick leave. Many in this category will be able to resume a job when they are fit for work again. They will need a training trajectory, potentially including supporting measures to return to the job market.

### Verification

- To verify the sub-criterion of “social responsibility”,

the tenderers were asked to submit a proposal, which should include:

- A description of the methodology through which the tenderer planned to help the above mentioned target groups get closer to employment. As an example, this could be done by describing a “training trajectory” and the activities included therein.
- The number of courses/trajectories offered for each of the two target groups.
- The tenderers’ descriptions were scored on a scale ranging from 0 (the best possible fulfilment of the criteria) to 8 (the lowest possible fulfilment), based on the number of courses/trajectories offered and to the proposed methodology and its estimated probability of a successful impact.
- The score was subsequently converted to a corresponding price equivalent. This calculation was made by dividing the average price offered by the total numbers of tenderers with the attained “social responsibility score”. In this way the contract was given to the tenderer with the lowest combined evaluation score equalling the sum of the following:
  - (Price offered x 0.6) +
  - ((average price offered by tenderers / 8 x quality assurance score) x 0.2) +
  - ((average price offered by tenderers / 8 x social responsibility score) x 0.2)

### Contract value

Estimated 187,000,000 DKK, excluding VAT (approximately €25 million)

### Instrument

- Art. 67 (on contract award criteria) and art. 70 (on conditions for performance of contracts) of Directive 2014/24/EU.
- The Danish Competition and Consumer Agency’s Guide to Social Clauses requires that state,

<sup>8</sup> The Danish active labour market policy differs between, whether an unemployed person is considered to be “job ready” or “activity ready”, the latter potentially requiring training and/or supporting measures to attain employment.

regional and municipal contracting entities consider the use of social clauses on education and internship agreements, and to give an explanation if no social clauses are used.

- New procurement policy by the Municipality of Ballerup to enhance social responsibility.<sup>9</sup>

### Actors

- Contracting authority: the Department of Procurement of Ballerup Municipality
- Contracted service provider: Coor Service Management A/S
- Social clause integration support: The Municipal Employment Centre of Ballerup, which will be the preferred recruitment partner of the winning tenderer.

### Social impacts

- The tender, including the social responsibility criteria it contained, was very well-received by the market.
- The winning tenderer, Coor Service Management A/S, works with a triple-bottom-line sustainability focus. The company is well experienced and has achieved success in collaborating with a number of Job Centres in Denmark, among these a ground breaking OPI-project.
- The winning tenderer offered a solution containing a method considered to support the achievement of positive processes for the target group (candidates with problems other than unemployment), including:
  - Establishing four training courses at four selected locations in Ballerup. A permanent service manager and “buddies” from the contractor plan and complete training courses and recruitment courses for the candidates. The “buddies” are an old-fashioned master teaching feature.
  - Four candidates are brought into training at a time. Each time a candidate attains employment, a new candidate can begin training. The contractor expects eight candidates to participate each year.
  - The candidates will be part of the team at the workplace and there will be a gradual

training, starting with an appropriate number of hours per week. The goal is for apprentices to attain regular jobs, possibly as a “flex job” or employment with a wage subsidy.

- The training course is individually adapted to the candidate.
- The contractor sets up close cooperation with the Job Centre. This includes involvement on visitation, training courses, language training and supportive measures

### Lessons learned and future challenges

- Suppliers and the market appear to be very mature and ready to work with social responsibility, especially at this time, as in Denmark it is difficult to recruit workforce within specific industries.
- The procurement policy has given the procurement department a strong mandate to include social considerations, which has facilitated the process.

### Contact

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*“By using social award criteria, we make social responsibility an object of competition. This gives the market freedom to decide the extent, as well as the design, of the social responsibility effort, as opposed to the contracting authority formulating requirements based on an informed guess. The market appear to be increasingly ready to work with social responsibility, and we have been very satisfied with the outcome of the procurement process.”*

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<sup>9</sup> Approximately 7 out of 10 Danish municipalities have an official procurement policy.

