

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	11 December 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Community Benefits
----------	---------------------------

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Committee on the current arrangements in place for achieving community benefits through procurement
- ◆ outline a number of planned changes to the current approach to ensure procurement opportunities are maximised

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) to note that community benefits are sought in all regulated tender activity (in excess of £50,000 for services/supplies and £2million for works);
- (2) that the process to be used in identifying the community benefits required and the changes to procurement activity to support delivery be noted;
- (3) that the intention to implement the “Cenefits” system to monitor and record community benefits obtained through procurement be noted; and
- (4) to note that the reporting of community benefits will be delivered through the annual procurement report provided to this Committee.

3. Background

3.1. The Procurement Reform (Scotland) Act 2014 requires Councils to seek community benefits in all contracts in excess of £4m and publish a summary of community benefits in their Annual Procurement Report. Under the Act, ‘a community benefit requirement is a contractual requirement imposed by a contracting authority:-

- (a) relating to-
 - (i) training and recruitment, or
 - (ii) the availability of sub-contracting opportunities, or
- (b) which is otherwise intended to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included.’

3.2. The Council's Procurement Annual Report for 2018/2019 reported on the achievement of community benefits with the majority derived from either national or local frameworks. In addition, community benefits were derived through the use of bespoke clauses.

3.3. There are currently a number of community benefit arrangements in place across the Council's contractual arrangements:-

- ◆ regulated contracts above £4million include specific community benefit clauses. Where the Sourcing Strategy identifies community benefits as appropriate to the tender, this is included as a weighted question (generally 5-10%) in the technical (quality) envelope, with typical benefits including apprenticeships, training places and environmental developments (e.g. greenspace)
- ◆ Housing and Technical Resources has adopted the "National Skills Academy for Construction Client Based Approach" as published by the Construction Industry Training Board (CITB) which targets apprenticeships and construction skills
- ◆ Roads and Transportation Services and Property Services, in their City Deal funded projects, use Glasgow and Clyde Valley City Deal's approach to community benefits that focuses on a flexible menu of benefits which are allocated a points value with each contract having a points "target" based on value and duration of contract

3.4. While the Council has a good track record in securing community benefits, there is merit in considering how a change to the process used in the tendering and monitoring arrangements could deliver improved results. Beyond this, there is also a wider need to consider how specific community benefits are initially identified and the opportunities from procurement activity are maximised.

3.5. The report will outline the process through which community benefits will be identified, how the level of community benefits to be sought from procurement activity will be determined and the monitoring and reporting arrangements considered necessary.

4. Identifying Community Benefits

4.1. The identification of community benefits required from procurement activity can come from 3 sources:-

- ◆ community planning
- ◆ employability
- ◆ council services

4.2. In relation to community planning, activity will focus on two areas:-

- ◆ community priorities identified through the Neighbourhood Planning process in South Lanarkshire's most deprived areas (appendix A provides an update on where the Neighbourhood Planning approach will be rolled out)
- ◆ priorities within South Lanarkshire's Community Plan such as access to training and fair work; food poverty; digital inclusion; affordable travel and fuel poverty with the potential to support projects and activity across South Lanarkshire

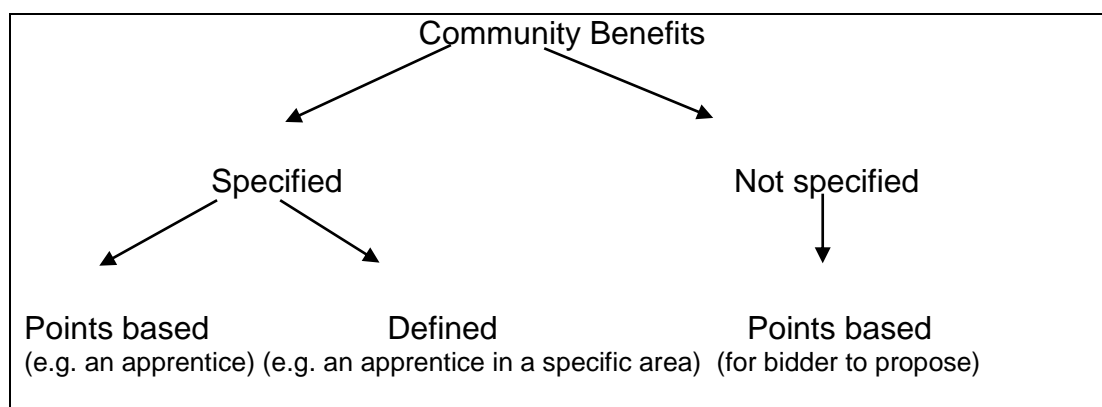
4.3. Officers from Procurement, Resources, the Employability Team and Community Participation and Empowerment Team (CPET) will work together to identify and prioritise opportunities for community benefits through regular reviews of the procurement 2 year wave plan outlining future activity.

4.4. Community Benefit options identified from the review will then be matched to future contracts. Working in this way will enable a stronger alignment of the Community Benefits process to Community Planning and the overarching objective to tackle poverty and inequality.

- 4.5. A further route to identifying community benefits will focus on the employability benefits that can be obtained including those opportunities for modern apprenticeships, work experience, targeted training and employment opportunities, primarily focused on under-represented groups and disadvantaged communities.
- 4.6. Further opportunities may also be identified by Council services who, for example, may have engaged with local communities on specific projects (e.g. local housing).

5. Procurement Activity

- 5.1. It is important to ensure the level of community benefits to be obtained from procurement activity are proportionate to the contract. To ensure this happens, a points system will be adopted with the number of points based on the value and duration of the contract. A longer term contract with a higher value would be allocated a higher number of points and would therefore be expected to provide a higher level of community benefits.
- 5.2. In terms of the types of community benefits offered, the Council can either specify particular benefits required from a contract, allow the bidder discretion on the benefits offered, or opt for a combination of both. The available routes are illustrated below:-



- 5.3. For identifying community benefits that are points based, a menu of community benefits has been prepared including training and employment opportunities, poverty initiatives, use of local small and medium enterprises (SMEs) and social enterprises (full list in Appendix B). Under the menu, each type of community benefit has been allocated a number of points that would be assigned to an appropriate contract based on the overall points determined by the value and duration (as explained at 5.1).
- 5.4. It is the intention for community benefit bids to be scored based on a minimum weighting of 10% in the quality bid of the tender, an increase from the current minimum weighting of 5% (i.e. 10% of the weighting applied to the quality score will be allocated to community benefits). Increasing the minimum weighting is seen as an additional way of highlighting the significance of community benefits in tendering activity and incentivising bidder behaviour.
- 5.5. A failure to provide community benefits would not necessarily result in a bid being excluded, however, the score would be included in the overall assessment of the quality bid and may affect the likelihood of a successful outcome for the bidder.

- 5.6. In order to extend the potential benefits to be sought through the community benefit procurement process, it is the intention for all regulated tenders (in excess of £50,000 for services/supplies and £2million for works) to request community benefits. This should further increase the scope to generate additional community benefits by bringing into scope a greater number of contracts through lowering the value threshold.

6. Monitoring and Reporting Community Benefits

- 6.1. Community benefits are currently monitored through the Council's contract performance appraisal process, however, an improved approach to monitoring and reporting will be required to ensure returns are maximised.
- 6.2. A proposal has been considered from Wildcat applications to provide a web based community benefit monitoring tool (called Cenefits) and is considered to offer advantages in monitoring and reporting. The system, expected to be operational from April 2020, will provide a number of improvements to the community benefit process including:-
- ◆ improving the delivery of community benefits through effective monitoring arrangements
 - ◆ enhancing the reporting capability
 - ◆ ensuring a consistency of approach in reporting across contracts
- 6.3. The annual procurement report provided to Finance and Corporate Resources Committee currently summarises the community benefits delivered from contracts awarded. This would continue as the means of reporting community benefits to this Committee.

7. Employee Implications

- 7.1. Additional guidance for Procurement and operational staff is currently being developed and will be rolled out before the planned go live date in April 2020.
- 7.2. Staff resources across Council services will be required to implement the community benefit procurement process and monitoring system, with the impact kept under review.

8. Financial Implications

- 8.1. The costs of implementing the monitoring system (Cenefits), excluding the ten licences which will be funded by City Deal, is estimated at £4,800 annually and would be funded by Finance and Corporate Resources from existing resources.

9. Other Implications (Including Environmental and Risk Issues)

- 9.1. There is a risk that the Council is not maximising the opportunities for community benefits available from contractors and the actions outlined in the report provide a significant level of mitigation.
- 9.2. Should the level of community benefits being sought from procurement activity be excessive, there is the potential for contract costs to increase. However, this risk is minimised by requesting a level of community benefits that are proportionate to the value and duration of the contract. In addition, any costs passed on to the Council to cover the provision of community benefits are at a bidder's commercial risk.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There is no requirement to carry out an equality impact assessment in terms of the proposals contained within this report.
- 10.2. Consultation with the Procurement Network, the Community Participation and Empowerment Team and Community and Enterprise Resources (Tackling Poverty) has taken place in the preparation of this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

15 November 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Craig Fergusson, Head of Finance (Transactions)

Ext: 4951 (Tel: 01698 454951)

E-mail: craig.fergusson@southlanarkshire.gov.uk

Neighbourhood Planning Areas

1. Background
 - 1.1. In October 2017 the South Lanarkshire Community Planning Partnership Board agreed to test a new collective approach to tackling local inequalities and improving the lives of local people.
 - 1.2. This work is being undertaken in the context of Scottish Government legislation (The Community Empowerment (Scotland) Act 2015) requiring Community Planning Partnerships to develop Locality Plans for areas where outcomes are poorest (known as Neighbourhood Plans).
2. Target Areas
 - 2.1. The table below sets out the communities where the Neighbourhood Planning approach will be rolled out.

Phase	Target Communities	Update
Pilot Phase	Hillhouse, Udston and Burnbank	Neighbourhood Plan and local stakeholders group in place
	Strutherhill and Birkenshaw	Neighbourhood Plan and local stakeholders group in place
	Whitlawburn and Springhall	Neighbourhood Plan and local stakeholders group in place
Phase 2	Burnhill	Community engagement and capacity building underway to identify local priorities and establish local stakeholders group to produce Neighbourhood Plan during 2019/20
	Halfway	Community engagement and capacity building underway to identify local priorities and establish local stakeholders group to produce Neighbourhood Plan during 2019/20
	Auchinraith, Blantyre, High Blantyre, Springwells	Community engagement and capacity building under way to progress previously identified local priorities
	Fairhill	Community engagement and capacity building underway to identify local priorities and establish local stakeholders group to produce Neighbourhood Plan during 2019/20

Phase 3	Fernhill	Community engagement and capacity building under way and will develop to identify local priorities and establish local stakeholders group in 20/21
	Whitehill	Work to commence in 2020/21
	Eddlewood and Low Waters	Work to commence in 2020/21

Community Benefits Menu

Ref	Type	Description	CB points
1	Targeted Recruitment and Training	Offering training, apprenticeships, jobs or work experience as part of a contract	20 points per placement
2	Supply Chain Initiatives	Offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods and/or services as part of a contract.	10 points per SME
3	Use of Local SME's	Awarding sub-contracts for supplies, services or works to local (South Lanarkshire) based small to medium size businesses.	20 points per contract awarded
4	Social Enterprise and Supported Business	Where a social enterprise or supported business can either be established to service a contract, or where existing can be supported to deliver on part of a contract.	15 points per contract
5	Community Consultation	Giving the local community an opportunity to express an opinion and possibly influence the design and delivery of a project in an area.	10 points per consultation
6	Poverty Initiatives	Providing support to existing or new initiatives designed to support those in poverty.	20 points per offering
7	Young Person Engagement	Giving young people in the area an opportunity to engage in a project. The engagement can range from young people learning about a project to giving them the opportunity to shape and influence a project thus giving them more say in and connection to the future of their area.	10 points per offering
8	Educational Support	Giving school children an opportunity to learn about a project by providing educational presentations or arranging school visits.	10 points per presentation or visit offered
9	Community Endowment Fund/Development Trust	Where a financial sum may be made available to implement projects that the community considers to be a priority. This often ensures ownership, participation and support at a very local level.	10 points per sum offered
10	Public Art Projects	A tangible project that a community can focus on and be involved in either as a standalone activity or part of a wider regeneration initiative.	10 points per project

Ref	Type	Description	CB points
11	Local Events	Local ownership of a project or service.	10 points per project
12	Physical Infrastructure	Often delivered by the private sector as part of a Section 75 agreement in relation to a planning consent. Examples would be infrastructure required to enable a new development to be implemented for example roads and footpath/cycleway improvements, schools and libraries and play areas and open space.	10 points per offering
13	Local Sponsorship	Private companies are often asked to sponsor organisations local to the area in which they are developing/delivering a service.	10 points per sponsorship offered
14	Mentoring	Private sector suppliers can offer support, normally as part of their Corporate Responsibility activity, where they can offer support and guidance to local organisations and individuals.	10 points per organisation supported
15	Other	Any other relevant benefit as a direct result of the award of the tender.	5 points