

Policy and Resources Committee – 13 October 2015
Summary of Community Benefits in Procurement
Report 403/15 - Appendix 1 – Policy Summary

1. PURPOSE

The purpose of this Appendix to the Committee Report is to summarise Angus Council's policy on Community Benefits in Procurement as part of Angus Council's Sustainability Duty (as set out fully in Procurement Guidance Note (PGN) 35). This summary note also forms the basis of a brief guide for suppliers setting out only the essential details that bidders need to be aware of.

2. CLASSIFICATION OF COMMUNITY BENEFITS

There are three types of Community Benefits, namely:

Specified Community Benefits/Mandatory KPIs	Supplementary Community Benefits KPIs	Additional Community Benefits
Bidder must demonstrate from their Method Statements how they will meet these requirements which must be informed by early market engagement to ensure that they are <u>proportionate and deliverable</u>	Bidders offer community benefits which are in excess of those specified in the Tender Documents and Contract Clauses.	Bidder provides proposals for the delivery of additional community benefits (of the types stipulated by the Council or of other types where the contract documents allow for that)
Monitoring and Reporting		
Clear and concise Mandatory key performance indicators are specified within the Invitation to Tender and contract documents and the Community Benefits Project Plan.	Clear and concise key performance indicators are specified within the Invitation to Tender and contract documents and the Community Benefits Project Plan. They become part of the contract.	Clear and concise key performance indicators have been specified by the bidder. If they have been taken into account as part of the tender evaluation and scored accordingly, they form part of the contract conditions and Community Benefits Project Plan.

3. INCORPORATING COMMUNITY BENEFITS / DEFINED ROLES

There are two approaches to incorporating Community Benefits, namely:
 One set of mandatory requirements for construction projects and one set of mandatory requirements for non-construction projects.

Defined Roles / Contacts

The following roles are defined in relation to implementation of this Community Benefits policy:

Community Benefits Lead – Angus Council’s Head of Planning & Place. This role is to ensure that implementation, monitoring and reporting of community benefits in procurement takes place as envisaged by this policy & procedure. The Community Benefits Lead will arbitrate after appropriate consultation (which will include legal and professional procurement advice where required) in cases of doubt or difficulty in application of this policy.

Nominated CB Contact – is the Employability / Economic Development / Other officer or consultant nominated by the Community Benefits Lead for the purposes of a specific procurement project.

Authorised Procurement Officer (APO) – is the officer with delegated procurement authority for their service responsible for a specific procurement project.

Thresholds

Community Benefits will be considered by Angus Council for contracts above the following thresholds:-

For all construction contracts worth £3.5 million or more – the bidder must employ the apprentice(s) on a full time basis for the duration of the contract.

For all construction contracts worth £2 million or more, community benefits will be considered and sought unless not appropriate on an exceptional basis.

For construction contracts worth less than £2 million, community benefits (including Apprenticeships) can be considered at the discretion of the APO but Angus Shared Apprentice Programme (ASAP) – the Council-sponsored scheme to support sharing of apprentice placements across Angus businesses and projects) provision must be considered.

4. ANGUS COUNCIL’S REQUIREMENTS

Construction – General Community Benefits

As a generalisation, ‘Targeted Recruitment Training’ is reasonably related to all construction because of the significant labour component and community benefits clauses should be included in **all** construction projects over the thresholds above, to address:

Specific Requirement:
Supplier Development
Support to Local Labour
New Start Employment Opportunities
Apprentice – project initiated
Existing Apprentices
Vacancy Sharing

unless, on an **exceptional** basis, there is a contract-specific reason why these would not be deliverable in that case.

Additional community benefits are to be applied on an optional basis if they are reasonably related to the subject matter of the contract and the pre-tender market engagement and other sourcing strategy investigations the APO has undertaken allow him/her to conclude that they are likely to be deliverable from the contract. These additional community benefits include:

Specific Requirement:
Awareness raising/Curriculum Support Activities
Donation of materials
Local Supplier Contract spend reporting

Supplies & Services - General Community Benefits

For non-construction projects, **targeted recruitment and training** community benefits should be required where the supply involves a significant labour component. In that case, clauses **may** be included at the discretion of the APO to address:

Specific Requirement:
Supplier Development
Support to Local Labour
New Start Employment Opportunities
Apprentice – project initiated
Existing apprentices
Vacancy Sharing
Work Experience

Supplementary community benefits (targets) **specified by the APO and Additional community benefits** (specified by the bidding organisation in their tender submission) are to be applied on an optional basis if they are reasonably related to the subject matter of the contract and the pre-tender market engagement and other sourcing strategy investigations the APO has undertaken allow him/her to conclude that they are likely to be deliverable from the contract. These additional community benefits may include:

Specific Requirement:
Awareness raising/Curriculum Support Activities
Donation of materials
Local Supplier Contract spend reporting

This list is not exhaustive and any other community benefit which is reasonably related to what we propose to buy and which can be required in a way which meets the Council's procurement obligations regarding the procurement principles of equal treatment, non-discrimination, transparency and proportionality can also be considered.

Angus Shared Apprentice Scheme Community Benefits Clause

Apprenticeships may be offered by the bidder independently or may be established via the Angus Shared Apprentice Programme (ASAP) or a combination of both arrangements and the following arrangements apply:

Construction

Bidder Independently employs Apprentice(s):-
<ul style="list-style-type: none">• For all construction contracts worth £3.5 million or more – the bidder must employ the apprentice(s) on a full time basis for the duration of the contract.• For all construction contracts worth £2 million or more, community benefits will be considered and sought unless not appropriate on an exceptional basis.• For construction contracts worth less than £2 million, community benefits (including Apprenticeships) can be considered at the discretion of the APO but ASAP provision must be considered.
Bidders can also use ASAP programme to employ Apprenticeships:-
For all proposed construction contracts worth £50,000 or more <u>but less than</u> £2,000,000, there will be a minimum Apprenticeship requirement which can be met by the bidder via existing apprentices <u>or</u> new apprentices. If the bidder cannot provide, through his own employment, new or existing apprentices to meet the minimum apprenticeship requirements, then new apprenticeships must be arranged via the ASAP where the ASAP capacity allows (e.g. numbers or vocational areas/trades are accessible).

As for the general provision, if ASAP community benefit clauses are not included for an above threshold contract, a record should be kept within the procurement strategy document(s) setting out the reasons why not. This should include if community benefits are to be sought on a voluntary (by the Bidder) basis only.

This clause will only apply to specific vocational areas identified by the ASAP. If a contract does not contain any vocational areas identified through the ASAP then this clause will not be required. The current vocational areas (this policy will be updated if these change) are:

- Brickwork
- Joinery
- Plastering
- Painting and Decorating
- Slating and Tiling

Supplies & Services

Bidder Independently employs Apprentice(s):-
For all supplies and services contracts (including social care) worth £50,000 or more, community benefits will be considered and sought unless not appropriate on an exceptional basis.
For supplies and services contracts (including social care) worth less than £50,000, community benefits (including Apprenticeships) can be considered at the discretion of the APO.
Bidders can also use ASAP programme to employ Apprenticeships:-
For all supplies and services contracts (including social care) worth £50,000 or more, bidders may approach ASAP to verify if the vocation concerned is supported but this is not guaranteed. Provision is only where the ASAP capacity allows (e.g. numbers or vocational areas/trades are

accessible).

As for the general provision, if ASAP community benefit clauses are not included for an above threshold contract, a record should be kept within the procurement strategy document(s) setting out the reasons why not. This should include if community benefits are to be sought on a voluntary (by the Bidder) basis only.

5. PROCESS FOR DEVELOPMENT AND IMPLEMENTING COMMUNITY BENEFITS CLAUSES

It is essential that Community Benefits are directly related to the ‘core purpose’ of the contract. For example, it is not appropriate to include Community Benefits requiring suppliers to provide training across all of their operations when only one of their operations is relevant to the delivery of the contract.

Where it is concluded that community benefits cannot be contractually required (as recorded in the procurement strategy document(s)), voluntary delivery through the specification of supplementary community benefits should be considered as an alternative. In that case, delivery of community benefit would be as negotiated with the successful Bidder and addressed informally as part of contract and supplier management arrangements.

- APOs responsible for projects above the thresholds in this PGN **must** consider community benefits for their project.
- This should be addressed as part of planning and pre-tender market engagement to assure deliverability.
- Benchmarks are used to set the contract-specific benchmarks or minimum requirements in relation to employment and skills community benefits.
- The National Skills Academy benchmarks have been adopted by Angus Council. These are tables with benchmarked outputs by contract value for the various kinds of community benefit referred to in the standard clauses. By way of a short illustration, please see table below for details of the benchmarks:

	£3.5 - £6m	£6m - £10m	£10m - £15m
Apprentice Starts	2	4	6

	£100k - £500k	£500k - £1m	£1m - £3.5m
Work Placement (16 years plus) Persons	1	2	3

Full Details of the benchmarks can be viewed at <http://intranet/CouncilInfo/Procurement/Pages/communitybenefits.aspx>. Once approved by this Committee meeting, this will be published on the Council's webpage under at: http://www.angus.gov.uk/info/20386/procurement/646/corporate_procurement_strategy_and_policy/6

- Angus Council equivalent benchmarks for the ASAP minimum days placement are used to set the ASAP requirement. By way of a short illustration, please see table below for details of the ASAP benchmarks:

Apprenticeship Vocational Area contained in ASAP Business Plan					
	Brickwork	Joinery	Plastering (inc Roughcast)	Painting & Decorating	Slating & Tiling
	£4,000	£3,500	£2,500	£1,500	£8,500
Apprentice Days	ASAP day per Builder Work Trade Tender Figure	ASAP day per Wood-work/ Joiner Work Trade Tender Figure	ASAP day per Plastering/Rou ghcast Trade Tender Figure	ASAP day per Painting/ Decorating Trade Tender Figure	ASAP day per Slating/Roof Tiling Trade Tender Figure
Apprentice Days Calculated on the Trade Tender Figure	1	1	1	1	1

Full details of the benchmarks can be viewed at <http://intranet/CouncilInfo/Procurement/Pages/communitybenefits.aspx>. Once approved by this Committee meeting, this will be published on the Council's webpage under at: http://www.angus.gov.uk/info/20386/procurement/646/corporate_procurement_strategy_and_policy/6

6. MONITORING AND REPORTING ON COMMUNITY BENEFITS DELIVERED

The Council is committed to maximising Community Benefits from its procurement activities. However, taking into account the overriding procurement principles of transparency and non-discrimination, Angus Council cannot specify in a way that either only Angus suppliers can meet or that benefits Angus suppliers over non-Angus suppliers. We can however specify that the Community Benefit is deliverable in Angus. For example, we cannot stipulate within tender documents that only Angus sub-contractors be utilised or that only Angus residents will be employed. However, we can specify that persons resident in Angus will be offered apprenticeship opportunities provided that all bidders, wherever located can access that supply of prospective employees equally and without discrimination, even indirectly. We can also require that bidders report to us on e.g. Angus-based sub-contracting achieved.

Monitoring forms are provided to bidders for their use as part of the Invitation to Tender documentation:

- New Employee Start form
- Monthly Monitoring)
- Community Benefits Monitoring Return (Excel Format)

If a bidder doesn't meet a contractual community benefits requirement during a contract, like any breach, a notice of default would be issued (N.B. by the Architect/Contract Administrator/APO). The ultimate option is that that the Council decides to terminate the contract on the grounds of failure to meet contractual community benefits requirements. However, not all breaches of contract are material / warrant termination and the Council has an inherent discretion over whether or not to do so (determined by Committee unless it is an emergency – see FR 16.19.2). If the Council chooses not to terminate the contract and the default is not remedied by the end of the contract, then the bidder's failure is a factual issue which is applied to future references and/or which may be taken into account by the Council in selecting that bidder for future jobs as allowed under current procurement legislation.

Angus Council Community Benefits in Procurement - Summary (PGN 35)

The impact of Community Benefits delivered to the area of Angus overall will be monitored by the Community Benefits Lead Officer by recording separately the number and value of achieved Community Benefits that are specific to Angus aggregated up from the individual contract monitoring and management arrangements referred to above. Progress on Community Benefits achieved in Procurement will be reported as part of the performance reporting against the [Angus Community Plan and Single Outcome Agreement 2013-16](#) and the [Council's Economic Development Strategy 2013 – 2020](#).