Glasgow City Council:
Maximising Economic and Social Benefits for the Citizens’ of Glasgow

Glasgow City Council has systematically introduced measures to maximise Community Benefit arising from the procurement of its investment in public infrastructure. With a modest initial resource outlay, a clearly articulated policy, and the use of adequately supported and appropriate contractual clauses it has been able to deliver a range of additional training, employment and business benefits for Glasgow. The Council’s ambition is now to roll out this approach to impact across all significant public service contracts.

Background
Glasgow is Scotland’s largest local authority. Each year the City Council procures more than £0.5bn of goods, works and services.

In 2008 Glasgow City Council introduced a new corporate approach to ensure that Glasgow secures maximum social and economic benefit from its procurement decisions. The approach was designed to build on the learning from the Scottish Government’s Community Benefits in Public Procurement pilots. It came in response to the City’s desire to ensure the legacy of its public sector infrastructure investment in the Glasgow 2014 Commonwealth Games.

The approach was developed, driven and co-ordinated by the Council’s Development and Regeneration Services, with close co-operation and support from Corporate Services (Procurement and Legal teams). The ambition was to maximise additional benefits for the city without adding to costs.

The Council approved its new Community Benefit policy in the summer of 2008 and put in place a dedicated full-time manager to drive forward activity. This fitted well with the Council’s Corporate Policy, Sustainable Procurement Plan, and the City’s Single Outcome Agreement and Commonwealth Games Legacy Strategy.

Scope and focus
Given the vast array of contracts and opportunities emerging, efforts had to be prioritised. The decision was taken to deliver the policy initially as part of the procurement of all the major Commonwealth Games infrastructure projects and in relation to other major public sector capital investments. Initially, consideration was given to any project with a total contract value of more than £1m or a duration of at least 6 months.

The focus has been on maximising social and economic benefits in three main areas:

- Targeted Recruitment and Training (TR&T), specifically for the long term unemployed and those directly leaving education – classed as New Entrant Trainees (NETs)
- The advertising of business opportunities
- The development of SMEs and Social Enterprises (SEs).

Implementation
The policy has introduced measures within procurement contracts to ensure that the wider social and economic benefits are delivered, and at no additional cost.

As a matter of policy, contractual Community Benefits Clauses are now
 built in as a core element of contract specifications from the outset, from business case to contract implementation and monitoring. As a minimum these requirements cover TR&T and development of SMEs and Social Enterprises Community Benefit. Requirements are appropriately outlined in relevant OJEU notices, Pre-qualification Questionnaires, and Invitations to Tender. A standard Community Benefit clause was initially adopted and has been subsequently refined (now on the fifth iteration).

A standardised approach to reflecting Community Benefit has been adopted in tender evaluation processes. Bidders’ Community Benefit proposals are scored transparently as part of the tender evaluation process. In each case, the Community Benefit statement is allocated as a standard 10% of the total possible tender score. Tenders are assessed on clearly stated evaluation criteria.

Critically, all potential bidders are given access to advice and support in preparing their response and delivering on agreed Community Benefit commitments and targets (this is designed to facilitate rigour in response and to ensure that compliance in not onerous or costly). Assistance is made available from Glasgow Regeneration Agency (GRA) and the Council’s Commonwealth Apprenticeship Initiative (CAI) in relation to TR&T commitments, from the Supplier Development Programme and Council Business Development services in relation to SME capacity building, and Ready for Business in relation to Social Enterprise Capacity Building and Consortia development. Information about all public contracts (and private sub-contracting opportunities) is made readily available to small businesses and social enterprises through a specially developed Glasgow Business Portal.

The Council’s Community Benefit policy and requirements has now successfully been built into ten major Commonwealth Games contracts, and wider Council capital projects. Requirements were included in the contract work for the Commonwealth Sports Arena and Sir Chris Hoy Velodrome, the Athletes’ Village, the Clyde Gateway, Kelvingrove Lawn Bowls, Tollcross Aquatic Centre and will be included in the other projects.

Main challenges

Overall, the approach to maximising Community Benefit from public procurement has been adopted and delivered in a smooth and effective way. However, a small number of challenges are evident:

- There was some early resistance or cynicism among project commissioning teams at the outset, where the use of special clauses was viewed as a potential additional burden. This was addressed by hands-on support from the Community Benefit Manager to establish processes and help ensure that they became routine practice.
- There was some internal debate about the potential cost implications of introducing social clauses to contracts. These issues were dispelled quickly through initially testing in a construction contract, where it was demonstrated that additional benefits could be addressed at no extra contract cost to the Council.
- It took some time to promote awareness of the approach and its implications to suppliers. However, active promotion and support in key contracts means that large contractors in the construction industry are now aware of the approach, accept it, and are delivering added social value for the Council.

It has proven difficult to deliver appropriate opportunities for Third Sector suppliers, given the scale and nature of the construction opportunities on offer. However, working with Ready for Business, dedicated support for supplier capacity building was put in place, niche sub-contracting opportunities identified, and further
opportunities for the sector are being explored through upcoming public service contracts.

Key outcomes

The approach adopted in Glasgow is now gaining momentum and delivering real benefits.

A range of hard outcomes have been achieved. In relation to the £271m direct public investment in Commonwealth Games infrastructure alone to date (October 2009 – end of March 2012) the approach has secured contractual commitments that will deliver:

- 358 New Entrant Trainees, covering a range of occupations at various skill levels.
- 149 Work Experience Places for the long term unemployed and those directly leaving school, comprising a total of 374 weeks.
- 2,619 ‘Business Ready’ supplier user registrations to Glasgow Business Portal from the Glasgow-based companies
- 102 contracts (either Tier 1, 2 or 3 contracts) for Glasgow businesses (42% of all lead and sub-contracting opportunities) with associated knock-on benefits to the local economy

A range of softer outcomes are also arising. Council procurement and other departmental staff have a growing understanding and willingness to build Community Benefit requirements into contracts. Policies and procedures are in place to make this possible, and to ensure a more sustainable approach to procurement. Deeper and more constructive relationships have been developed with supporting agencies and private contractors; agencies have better relationships with contractors and contractors are engaging more positively with and benefitting from agency support. As a result of the City Council’s leadership, and example, other public authorities in the city have adopted Community Benefit clauses in contracts.

Critical success factors

The approach to realising Community Benefit through procurement has now become routine practice within major Glasgow City Council construction contracts. A range of factors have been instrumental in driving progress:

- Senior political and corporate support, and specific policy guidance linked to corporate objectives, which has provided legitimacy and helped ensure progress and momentum.
- The critical role of the Community Benefit Manager, which has helped to foster good working relationships with contractors, facilitate co-operation internally, ensure appropriate focus, and help to systematically exploit opportunities.
- The positioning of the agenda within the Council’s Development and Regeneration Services, which ensures close alignment with related core service responsibilities relating to economic development (employability, business development, etc.).
- The cultivation of a close and effective working relationship with colleagues in Procurement and Legal and via a network of support agencies that have been instrumental in delivering the approach successfully and in a co-ordinated way.
- The earliest possible intervention in the commissioning cycle in order to embed the Community Benefit requirement as a core element in any contract specification and to ensure that it is proportionate and relevant to the subject matter of the contract.
- The use of specific and measurable Community Benefit targets in contract specifications, both to ensure that contractors are clear on the deliverables required of them and to assist with Council contract management and monitoring.

Future ambitions

Having secured corporate buy-in at the highest level, developed and tested the
approach within Commonwealth Games and other large works contracts, Glasgow City Council now plans to roll out the approach.

With support from Ready for Business, work is underway to embed Community Benefit requirements in all substantial public service contracts. Internal workshops with the Council's procurement team have been held, analysis of opportunities in the forthcoming procurement schedule has been carried out, and the logistics of supporting a much higher volume of tendering processes is being examined.

At the same time Glasgow City Council will continue to use its leadership role, to encourage and support other public agencies in the city to adopt a similar Community Benefit strategy. Already it has worked with NHS Greater Glasgow and Clyde, the University of Strathclyde, the Glasgow School of Art, and the city's colleges.

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