Community Benefit in Procurement Network

22nd Sept 2015
Agenda

• Introduction

• Scottish Futures Trust  
  Paul Dodd

• Social Enterprise – Ready to Deliver  
  Pauline Graham

• Service Contracts  
  Robin Fallas

• Round Table

• Final Q&A
Community Benefits Toolkit for Construction

Date 22\textsuperscript{nd} Sep 2015
Introduction

Review of Scottish Public Sector Procurement In Construction

October 2013

- Publication of report prepared by Robin Crawford and Ken Lewandowski.

May 2014

- All bar 1 of the 67 Recommendations are accepted by the then Deputy First Minister Nicola Sturgeon.

September 2014

- Scottish Government & Scottish Futures Trust establish Core Team to implement the Recommendations

November 2014

- Governance structure agreed.

June 2015

- Community Benefit Toolkit Published.
Recommendations

Construction Procurement Review

Themes

Policy Workstreams
- SG
  - 1
  - 5
  - 3
  - 1

Delivery Workstreams
- SFT
  - 4
  - 4
  - 2
  - 1

Collaborative Procurement
Efficient Procurement
Sustainable Procurement
Outcome Focussed Procurement

67 Recommendations
Community Benefit Toolkit

**Overview**
Requirement to review and update the Scottish Government 2008 community benefits guidance for construction. This revision to the guidance should support Contractors and the Public Sector to procure, implement, measure and deliver effective community benefits within contracts.
Community Benefit Toolkit

“Community Benefit requirements should be proportionate, deliverable and aligned to the specific needs of that project”

Published – 18th Aug 2015

Toolkit to support the embedding of community benefits within construction procurement.

A toolkit for both buyers and suppliers.

Supplementary to forthcoming statutory guidance.
Regulated Project

Deemed a regulated project if the Public contract is above £50,000 or a Public works contract above £2,000,000.

Sustainable Procurement Duty

As a regulated project then Sustainable procurement duty imposed.

Community Benefits

Community benefits embedded within procurement to meet the sustainable procurement duty.
Guidance to Date

2008

- SG Guidance 2008
- TT&R 2012

2013

- CITB Client Based Approach 2013
- Shard Apprenticeships Homes For Scotland 2012

2014

- SG Onshore Renewable Benefits Guidance April 14
- Welsh Community Benefits July 14
- SG Policy Note On Community Benefits 20/11/14
Approach to Guidance

Community Benefits
Pre-Procurement

Lesson Learned

Procurement of Community Benefits

Reporting of Community Benefits

Monitoring of Community Benefits

Benefits which are Proportionate & Deliverable
Community Benefit Project Plan

- **Annual Procurement Strategy** (Incl Community Benefit Policy)
- **12 months**
- **Annual Procurement Report** (Report on achieved benefits)

- **Input**
  - Community Benefit Policy

- **Regulated Project**
  - Community Benefit Project Plan

- **Output**
  - Community Benefits Achieved
Community Benefit Toolkit

**Best Practice**

- Early Market Engagement (All levels of the supply chain)
- Project specific objective linked to local community/area
- Outcome focussed approach
- Suggested legal drafting for consideration.
- Clear and concise benefits/Requirements
- Clear evaluation criteria and process.
- Collaborative approach to implementation and monitoring.
Benefit Definition

<table>
<thead>
<tr>
<th>Type Of Benefit</th>
<th>Consideration When Defining The Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>• Specify the Job Type (M&amp;E/Joiner/Operative)</td>
</tr>
<tr>
<td>New Entrants</td>
<td>• Specify duration of unemployment prior to employment on project.</td>
</tr>
<tr>
<td></td>
<td>• Level of experience prior to employment. (ie no skills &amp; experience)</td>
</tr>
<tr>
<td></td>
<td>• Duration of new employment before benefit deemed to be achieved. CITB advise 12 weeks.</td>
</tr>
<tr>
<td></td>
<td>• Unit for measurement (Usually nr of new entrants)</td>
</tr>
<tr>
<td></td>
<td>• Specify evidence/information required to demonstrate delivery of the benefit.</td>
</tr>
</tbody>
</table>
The assessment of Community Benefits should be made on a qualitative basis.

The procuring authority must be clear within their PQQ & invitation to tender how they will score the community benefits.

The procuring authority should not take into account the value of the benefits.
Support Organisations

- Link to key organisation
- Contains detailed list of initiatives and source for funding and support and contact details to organisations.
- Included for both public & private sector
Contractual Monitoring

- Monitoring identifies potential non-delivery of contractual community benefits.
- Procuring Authority & Supplier work collaboratively to resolve issue and deliver benefits.
- Procuring Authority insist on Contractual Performance by the supplier.
- Procuring Authority enforce contractual remedies when specified benefit are not delivered.

- Promote Collaborative Working to deliver benefits.
- Consideration in how authorities reinvest any reimbursement value deducted from contract.
- Contractual remedies are last resort.
Case Studies

- Community Benefits Policy & Objectives
- Effective Procurement
- Monitoring & Reporting
- Partnership & Community Engagement
Scale & Maturity
Part of Business Life

- **166,740** Registered for-profit enterprises
- **168,490** Unregistered for-profit enterprises
- **7,205** Registered non-profit bodies and mutuals
- **215** Public sector enterprises
- **5,199** Social Enterprises
- **23,735** Charities
Emerging

42% of Scotland's social enterprises formed in the last 10 years

36% of social enterprises do not describe themselves as such
Form Follows function
Scale and Strength

- **5,199** Social enterprises currently operating in Scotland
- **£3.86bn** The net worth of Scotland’s social enterprises
- **£1.68bn GVA** The estimated economic contribution of social enterprises to Scotland
- **112,409** Employees in Scotland’s social enterprise sector

- **£8.77bn** in combined assets on the balance sheet of the social enterprise sector
- **67,768** Volunteers supporting the delivery of social enterprise activity
- **£3.63bn** The annual income of social enterprises in the country
- **£1.15bn** In traded income generated by Scotland’s social enterprises
Field & Location
Touching all Parts of Scotland

**Highlands and Islands**

1,118 Social enterprises (22% of all)

**Lowland Scotland**

4,081 Social enterprises (78% of all)
## Vital in Remote Rural Areas

<table>
<thead>
<tr>
<th>Urban-Rural Classification</th>
<th>Number of Social Enterprises</th>
<th>% of All Known</th>
<th>% of Scottish Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Urban Areas</td>
<td>1,846</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Other Urban Areas</td>
<td>1,000</td>
<td>20%</td>
<td>35%</td>
</tr>
<tr>
<td>Accessible Small Towns</td>
<td>318</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Remote Small Towns</td>
<td>332</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Accessible Rural</td>
<td>701</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Remote Rural</td>
<td>943</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Unknown</td>
<td>59</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Active Across Areas and Sectors

<table>
<thead>
<tr>
<th>Industry/Field</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Creative Industries</td>
<td>14%</td>
</tr>
<tr>
<td>Childcare*</td>
<td>13%</td>
</tr>
<tr>
<td>Community Centres and Halls*</td>
<td>16%</td>
</tr>
<tr>
<td>Education, Training and Employment</td>
<td>4%</td>
</tr>
<tr>
<td>Environment and Recycling</td>
<td>3%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>3%</td>
</tr>
<tr>
<td>Food, Catering &amp; Hospitality</td>
<td>2%</td>
</tr>
<tr>
<td>Health and Social Care</td>
<td>12%</td>
</tr>
<tr>
<td>Housing</td>
<td>5%</td>
</tr>
<tr>
<td>Information, Consultancy and Support</td>
<td>5%</td>
</tr>
<tr>
<td>Land, Property and Energy</td>
<td>5%</td>
</tr>
<tr>
<td>Retailing</td>
<td>3%</td>
</tr>
<tr>
<td>Sport and Leisure</td>
<td>4%</td>
</tr>
<tr>
<td>Tourism and Heritage</td>
<td>5%</td>
</tr>
<tr>
<td>Transport</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>
Fairness

Equality

Opportunity
# Achieving a Gender Balance

<table>
<thead>
<tr>
<th>4:4</th>
<th>48%</th>
</tr>
</thead>
<tbody>
<tr>
<td>men : women serving as voluntary directors and committee members</td>
<td>of board members are women</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>53%</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>of social enterprises have greater or equal female participation at board level</td>
<td>of social enterprises have a woman as their most senior employee</td>
</tr>
</tbody>
</table>
Ensuring Fairness

1:2.5
The average differential between highest and lowest paid employee\textsuperscript{51}

97% of social enterprises have a pay differential not exceeding 1:5\textsuperscript{52}

68% of social enterprises pay at least the national living wage

12% of social enterprises make use of zero hours contracts
Creating Workforce Diversity

- 70% of social enterprises report more than half of employees are female.\textsuperscript{69}
- 75% currently employ more than half their workforce locally.\textsuperscript{69}
- 48% currently employ people formerly disadvantaged in the labour market.\textsuperscript{60}
- 52% employ previously unemployed young people.\textsuperscript{61}
- 28% of social enterprises target recruitment at disadvantaged areas or groups.\textsuperscript{62}
Customer Groups

<table>
<thead>
<tr>
<th>Customer Group</th>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Public</td>
<td>68%</td>
<td>of social enterprises</td>
</tr>
<tr>
<td>Public Sector</td>
<td>61%</td>
<td>of social enterprises</td>
</tr>
<tr>
<td>Third Sector (Including Social Enterprises)</td>
<td>50%</td>
<td>of social enterprises</td>
</tr>
<tr>
<td>Private Sector</td>
<td>39%</td>
<td>of social enterprises</td>
</tr>
</tbody>
</table>
Moving Beyond a Local Market?

- A single neighbourhood/community: 24%
- A local authority area: 32%
- More than one local authority area: 21%
- Scotland-wide: 11%
- Across the UK: 5%
- Internationally: 7%
Stepping up the Trading Ladder

- **Mature**
  - 51% of income from trading
- **Aspiring**
  - 16% of income from trading
- **Emerging**
  - <25% of income from trading

- **£56,100** of trading income generated by a typical social enterprise
- **£1.15bn** in combined trading income
Remaining Profitable

OPERATING SURPLUS/[DEFICIT]

- **£300.2m**
- **£89.7m**

Social enterprises (exc. housing associations and credit unions)

**PROFITABILITY RATIO**

4.4%

(Exc. Housing associations and credit unions)
A Strong Balance Sheet

Fixed Assets
Current Assets: £8.77bn

Current liabilities
Long-term liabilities: £4.91bn

Net Assets
Housing Associations: £3.86bn
Credit Unions: £0.05bn
Other Social Enterprises: £1.82bn
Economic & Social Impacts
## Economic Contribution

### Estimated GVA of Scotland's Social Enterprises

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Social Landlords</td>
<td>£397,642,000</td>
</tr>
<tr>
<td>Credit Unions</td>
<td>£16,338,556</td>
</tr>
<tr>
<td>Other Social Enterprises</td>
<td>£1,268,453,203</td>
</tr>
<tr>
<td><strong>Total Estimated GVA</strong></td>
<td><strong>£1,682,433,760</strong></td>
</tr>
</tbody>
</table>

- **Highlands & Islands**: £0.13bn GVA
- **Lowland Scotland**: £1.55bn GVA
Creating Jobs for Scotland

- Financial & Business Services: 215,200 jobs
- Energy (inc. Renewables): 66,000 jobs
- Food & Drink: 116,000 jobs
- Creative Industries (inc. Digital): 68,600 jobs
- Sustainable Tourism: 211,200 jobs
- Social Enterprise: 112,409 jobs
Supporting the Path to employment

45% of social enterprises report a stated objective of ‘creating employment opportunities’

67% of social enterprises provide training or support intended to improve employability

501 Social Firms (Work Integration Social Enterprises) in Scotland
### Social and Enviro Impacts

<table>
<thead>
<tr>
<th>Social and environmental objectives</th>
<th>% of social enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing volunteering opportunities</td>
<td>58%</td>
</tr>
<tr>
<td>Helping people to actively participate in local community</td>
<td>53%</td>
</tr>
<tr>
<td>Improving health and wellbeing</td>
<td>53%</td>
</tr>
<tr>
<td>Promoting learning or education</td>
<td>47%</td>
</tr>
<tr>
<td>Creating employment opportunities</td>
<td>45%</td>
</tr>
<tr>
<td>Providing opportunities for young people to develop</td>
<td>43%</td>
</tr>
<tr>
<td>Addressing social isolation/exclusion</td>
<td>43%</td>
</tr>
<tr>
<td>Providing training for employment</td>
<td>37%</td>
</tr>
<tr>
<td>Tackling poverty and financial exclusion</td>
<td>33%</td>
</tr>
<tr>
<td>Promoting cultural engagement</td>
<td>33%</td>
</tr>
<tr>
<td>Supporting other organisations with a social purpose</td>
<td>33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social and environmental objectives</th>
<th>% of social enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting equality and human rights</td>
<td>29%</td>
</tr>
<tr>
<td>Protecting or improving the environment</td>
<td>26%</td>
</tr>
<tr>
<td>Promoting rural development</td>
<td>22%</td>
</tr>
<tr>
<td>Supporting children in their early years</td>
<td>21%</td>
</tr>
<tr>
<td>Reducing waste</td>
<td>19%</td>
</tr>
<tr>
<td>Improving built or natural heritage</td>
<td>17%</td>
</tr>
<tr>
<td>Improving urban neighbourhoods</td>
<td>16%</td>
</tr>
<tr>
<td>Providing care to adults and older people</td>
<td>13%</td>
</tr>
<tr>
<td>Producing renewable energy</td>
<td>9%</td>
</tr>
<tr>
<td>Providing affordable housing</td>
<td>8%</td>
</tr>
<tr>
<td>Rehabilitation of offenders</td>
<td>7%</td>
</tr>
</tbody>
</table>
Thank you

#SocEntCensus
Robin Fallas

CBCs in Service Contracts
Building a Community of Practice / Knowledge Share – Aims through Champions Network:

Securing community benefits through service contract procurements:

• Share knowledge of what has worked well through interactive sessions
• Build practical application in service contracts
• Focus on focused / targeted scored community benefit clauses / criteria (horizon of “hard-wiring” via Procurement Strategies, Prioritisation etc)
• Contribute to maximising “reach” of 2014 Act
Social considerations may be advanced through:

- Use of frameworks
- Use of the Supported Business reservation
- Use of Lots
- Focus on the specification
- Recognising that in certain circumstances, commissioning may not be subject to procurement law or may be under the “Part B / light touch” regime
Building a Community of Practice / Knowledge Share - Service Contract Areas:

- IT / ICT
- Catering
- Waste Management
- Events Management
- Social Care
- Facilities Management
- Repair and Maintenance (though generally works)
- Joinery
- Professional services - Engineering / architecture
- Professional services - Legal / Financial advisory
- Other!
Building a Community of Practice / Knowledge Share – Benefit Type:

- **Education**
  - measures with schools
  - measures with further/higher education
  - measures with community
- **Supply chain opportunities / upskilling**
  - advertisement
  - capacity building measures
- **Community engagement**
  - To add value to end-users of service
  - to inform service evolution over time
- **Employment**
  - Long-term unemployed
  - youth unemployed
  - specific disadvantaged groups
- **Employment / Training**
  - apprenticeship / modern apprenticeship
- **Training / upskilling**
  - various that are position dependent
- **Work experience**
  - work placements
- **Other / Innovations!**
Social Considerations
Other Developments / Questions
Questions