

## **Monitoring the Impact Of Community Benefits Clauses In Procurement Contracts – Guidance Notes and Definitions**

The aim of this guidance is to provide a shared framework and set of definitions to enable organisations to collect consistent and comparable data which tracks the impact of community benefits in procurement over time. The benefits of collecting this monitoring data include:

- To help organisations evaluate and inform the impact of continued use
- To enable organisations to demonstrate and communicate that impact

The monitoring framework set out in this document aims to be pragmatic, and therefore outlines the key outcomes from using Community Benefit in Procurement clauses which it is feasible for organisations using them to collect quantitative data against, in order to demonstrate their impact over time. It is outwith the scope of this monitoring framework to capture the contribution to all of the National Outcomes. In order to achieve genuine benefits for the community (and for New Entrants in particular), it is important to ensure that they are developed in your public contracts are clear and robust. Further guidance on how to incorporate community benefits in procurement in public contracts and, more widely on the support available to help you open markets is available on the Scottish Government website [here](#). There is also direct support and practical guidance available from Construction Skills Scotland to help develop and implement an employment and skills strategy in your organisation. A link to the guidance and contact details is [here](#).

The specific community benefits in procurement outcomes have been developed in consultation with organisations already using the clauses and linked to a small number of the Scottish Government's 15 National Outcomes<sup>1</sup>, where there is a direct relationship that can be clearly demonstrated. A number of the National Outcomes where there is a less direct relationship have not been included in the monitoring framework. For example, they aim to provide a wider social benefit in addition to the core purpose of public contracts, making them a more efficient use of public money with increased benefits for the community. As such, they contribute to the Scottish Government's National Outcome 15 'Our public services are high quality, continually improving, efficient and responsive to local people's needs'. The clauses also have the potential to help create employment and learning opportunities in deprived areas and, in that respect, contribute also to National Outcome 7: 'We have tackled the significant inequalities in society. It is nonetheless acknowledged that community benefits in procurement contribute in a wider context to a number of other National Outcomes not included in the monitoring framework.

### **Definitions of outcomes and outputs:**

The 'community benefit outputs' that are listed in Annex A have been developed to reflect the key 'deliverables' that organisations using community benefit clauses expect to see from contractors and are, in many cases, already monitoring. The monitoring framework puts this in a meaningful context to clearly identify what

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<sup>1</sup> A full list of the Scottish Government's National Performance Framework, including the 15 National outcomes can be found [here](#)

change or 'outcome' these deliverables contribute to at a local and national scale. The list of Community benefit outcomes and outputs is not, however, exhaustive and you are encouraged to report on additional intended or unintended outcomes.. Case studies are particularly welcomed to demonstrate the impact of using community benefits in procurement .

**Outcomes:** an outcome is the change or difference achieved for the community, from the Community Benefits Clauses over a number of years. Outcomes are the **impact of what the clauses do**, or what they enable communities to do for themselves or other partners to deliver, rather than descriptions of the activities or services contractors provide.

**Outputs:** describe what **actually gets done** – i.e. what contractors produce or deliver to benefit the community as agreed in their contract (their KPIs). Outputs should clearly contribute to the achievement of an outcome. Examples of outputs include: 'the number of new entrants recruited; 'the number and value of sub contracts awarded to third sector organisations'; and 'hours and value of professional advice provided to communities'.

## Key terms and definitions

### New entrants:

A new entrant is a person at the point of being newly recruited to the labour market. A new entrant is therefore a person who is either:

- leaving an educational establishment or a training provider
- is currently unemployed and is seeking employment (regardless of whether they have previous experience in the field or not).<sup>2</sup>
- beginning, or part way through a modern apprenticeship<sup>3</sup>
- or newly recruited on another type of trainee contract and is receiving on-site training and assessment or offsite training, or a mix of these<sup>4</sup>

A new entrant is **not**:

- a person coming to a new job directly from other employment
- in receipt of any job related training from elsewhere when they are taken on (e.g. graduate training schemes)
- a person on an unpaid work experience placement<sup>5</sup>.

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<sup>2</sup> There is no legal minimum period of unemployment. For the ILO definition of unemployment, click [here](#). However contractors are strongly encouraged to safeguard against the risk of displacing existing employees or apprentices by recruiting new entrants. The Welsh Assembly has developed the following wording which can be used in CBIP clauses: ' the contractor shall not cause any current employee of the contractor or any current employee *[or apprentice]* of its sub-contractors (or any tier) to become unemployed as a result of implementing Community Benefits' (italics added).

<sup>3</sup> Given the current economic conditions which mean that some apprentices are made redundant before they have completed their apprenticeship, a decision has been taken to include those who are part-way through their apprenticeship when they are recruited as 'new entrants' . However, see the footnote above for advice on how to manage the risk of displacing existing apprentices and employees in favour of new entrants.

<sup>4</sup> Other types of training contracts include National Programmes Training for Work and Get Ready for Work

Number of new entrants recruited should be reported on in total, and on the following sub categories<sup>6</sup>: number of apprentices recruited in construction and other industries; numbers recruited on other trainee contracts; numbers of new entrants recruited on non-trainee employment contracts (see below for a detailed breakdown of new entrant subcategories).

Detail on Standard Occupational Classifications and Standard Industrial Classifications is provided at **Annex B**. Where possible, job outputs should be related back to these two classifications, so that the type of job can be consistently quantified.

**New entrant subcategories therefore include:**

**1. Apprentice** A person defined as a New Entrant to the industry, both youth and adult, who is undertaking a recognised skill qualification and will operate under the Terms of the Scottish Building Apprenticeship and Training Council (SBATC) or an equivalent apprenticeship scheme. An apprentice can be beginning an apprenticeship (Construction Skills Scotland refer to this as a ‘project initiated apprenticeship’) or part way through an apprenticeship when they are recruited (Construction Skills Scotland refer to this as an ‘existing apprentice’).

**2. Other trainees:** people that have a trainee contract that are not apprentices. For example, semi skilled operatives on the Skillseekers or Skills to Build Programme, or people enrolled in other training programmes that will lead to vocational qualifications (e.g. SVQs).

**3. Non trainee new entrants:** people who qualify as new entrants and are taken on under a straightforward employment contract rather than a training contract (e.g. Administrators, Training Liaison Officers, Operatives)

**Construction Skills Certification Scheme Cards** CSCS was set up to help the construction industry to improve quality and reduce accidents. CSCS cards are increasingly demanded as proof of occupational competence by contractors, public and private clients and others. They cover hundreds of occupations in the construction industry.

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<sup>5</sup> While a person on unpaid work experience cannot be counted as a new entrant, they can be counted to demonstrate the contribution made to increasing the person’s confidence, aspirations and opportunities.

<sup>6</sup> A pragmatic decision has been taken to record the number of new entrants recruited rather than the number of person weeks recruited for greater ease of data collection. This brings with it a risk that the data collected will not reflect turnover of new entrants recruited (and therefore potentially inflate the numbers). To mitigate against this risk, and to provide a more meaningful picture of the outcomes achieved for new entrants, we ask that organisations also quantify the number of new entrants recruited who have sustained their place for a minimum of 13 weeks, those who have sustained their place for 26 weeks or more and, where possible, those who have gone on to secure further employment on other contracts. This is in line with common datasets and definitions used in employability. For more information see

<http://www.employabilityinScotland.com/dcommondataset.aspx>

### **Small to Medium Enterprises (SMEs)**

A small enterprise is one with less than 50 employees, and a medium enterprise is one with at least 50 employees but less than 250.

### **Third sector organisations**

For the purposes of this monitoring framework, third sector organisations are defined as organisations which:

- have a governance structure which primarily doesn't allow for profit distribution
- have social objectives built into their legal structures that can include a commitment to working with disadvantaged groups, provide services to disadvantaged communities or constituted to provide sound environmental benefit; and
- are independent of government

Third sector organisations include:

- voluntary organisations
- social enterprises
- community groups
- social firms and
- supported businesses

## Annex A – Community Benefits in Procurement Monitoring Framework

National Outcome	How does this National Outcome relate to Community Benefits in Procurement	Community Benefits in Procurement <b>Outcomes</b>	Community Benefits in Procurement <b>Outputs</b>	Notes
<p><b>1. We live in a Scotland that is the most attractive place for doing business in Europe.</b></p>	<p>This National Outcome is related to improving the business environment to support businesses to grow and to foster investment – for example through providing opportunities for the supply chain to develop.</p>	<ul style="list-style-type: none"> <li>• Public sector markets have been opened up to SMEs and third sector organisations</li> <li>• SMEs and third sector organisations have greater capacity to win public sector contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Number and value of sub contracts awarded to SMEs and third sector organisations</li> <li>• Number of sub contracting opportunities publicly advertised</li> <li>• Number of SME and third sector suppliers registered notified about tendering opportunities</li> <li>• Number, hours and monetary value of training (on e.g. tender writing delivered to SMEs and third sector organisations)</li> <li>• Hours and equivalent monetary value of capacity building, support and development opportunities delivered to SMEs and third sector suppliers by main contractors (e.g. mentoring support, business advice)</li> </ul>	<p>It is important for outputs to be specific, for example, instead of recording ‘training delivered’, and break down into specific detail about the type of training (e.g. on writing tenders), the hours of training and its equivalent monetary value.</p> <p>Where possible, break down the number and value of sub contracts awarded into the following subsets:</p> <ul style="list-style-type: none"> <li>• SMEs</li> <li>• Third sector organisations</li> <li>• Number of total SMES and third sector organisations that are based in Scotland</li> </ul>

<p><b>2. We realise our full economic potential with more and better employment opportunities for our people.</b></p>	<p>This outcome is related to the creation of jobs, supporting new entrants into jobs, and creating the opportunities for skills building and development which result in employment.</p>	<ul style="list-style-type: none"> <li>• Well trained and educated new entrants who are able to take advantage of employment opportunities</li> <li>• Increase in numbers of new entrants with sustainable local jobs that offer opportunities for progression</li> </ul>	<ul style="list-style-type: none"> <li>• Overall number of new entrants recruited in total</li> <li>• number of new entrants recruited as apprentices from total (broken down by SOC/SIC if possible – see <b>Annex B</b>)</li> <li>• number of other new entrant trainees recruited from total (broken down by SOC/SIC if possible – see <b>Annex B</b>)</li> <li>• number of new entrant non-trainees (e.g. operatives) recruited from total (broken down by SOC/SIC if possible – see <b>Annex B</b>)</li> <li>• number of new entrants recruited who have sustained their place for minimum 13 weeks from total (if possible, please specify how many of these were 16-18 year olds)</li> <li>• number of new entrants who have sustained their place for 26 weeks or more from total (if possible, please specify how many of these were 16-18 year olds)</li> <li>• number of new entrants who have gone on to secure further employment on other contracts (if possible)</li> </ul>	<p>Trainee places include all trainee contracts that are not modern apprenticeships. For example, SVQ and other trainee places.</p> <p>Please specify the level of apprenticeship, SVQ or other qualifications individuals are working towards.</p> <p>If possible, please specify whether apprentices are 'new' or 'part way through' an apprenticeship scheme at the point of recruitment.</p>
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<p><b>4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens.</b></p>	<p>This outcome looks at creating a positive learning experience for young people, ensuring that they think about their place in society and their environment, and are able to make a positive contribution.</p>	<ul style="list-style-type: none"> <li>• Local young people have increased confidence and aspirations</li> <li>• Increased opportunities for young people to gain experience and skills for life and work</li> </ul>	<ul style="list-style-type: none"> <li>• Number of 16-18 year olds recruited as apprentices from total</li> <li>• Number of 16-18 year olds recruited as other new entrant trainees from total</li> <li>• Number of work experience placements created for 14-16 year olds</li> <li>• Number of work experience placements created for 16+ year olds</li> <li>• Hours and equivalent monetary value of other support and development opportunities delivered to young people (e.g. education programme on financial skills)</li> </ul>	<p>There is a cross-over with National Outcome 3 'We are better educated, more skilled and more successful, renowned for our research and innovation'</p> <p>'young people' refers to all people aged 18 and under unless otherwise specified.</p>
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<p><b>11. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.</b></p>	<p>This outcome should be used to capture activity relating to community engagement and enhancement. The outcome is focussed on instances where private contractors have used their finances, skills and expertise to empower and enhance the local community to drive forward local improvements.</p>	<ul style="list-style-type: none"> <li>• Improved community buildings or facilities</li> <li>• Increased capacity of the local community to improve their local services and facilities</li> <li>• Increased opportunities for the community to learn and develop</li> </ul>	<ul style="list-style-type: none"> <li>• Number and type of community events held</li> <li>• Type and monetary value of works and repairs to community buildings carried out</li> <li>• Hours and equivalent monetary value of educational and awareness raising events/programmes or training opportunities delivered</li> <li>• Value of monetary contributions to community activities</li> <li>• Value of hardware of supplies bought for the community</li> <li>• Value of funding provided for new community facilities</li> <li>• Hours and equivalent monetary value of professional advice, mentoring and support provided (e.g. design support)</li> </ul>	
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## **ANNEX B – SOC and SIC**

- a) Standard Industrial Classifications Agriculture, Hunting and Forestry
- b) Fishing
- c) Mining and Quarrying
- d) Manufacturing
- e) Electricity, Gas and Water supply
- f) Construction
- g) Wholesale and Retail Trade; Repair of motor vehicles, motorcycles and personal and household goods
- h) Hotels and Restaurants
- i) Transport, Storage and Communication
- j) Financial Intermediation
- k) Real estate, Renting and Business activities
- l) Public administration and defence; Compulsory social security
- m) Education
- n) Health and Social Work
- o) Other community, social and personal service activities
- p) Private households with employed persons
- q) Extra-territorial organisations and bodies

For further guidance on SICs see: [http://www.statistics.gov.uk/methods\\_quality/sic/](http://www.statistics.gov.uk/methods_quality/sic/)



## **Standard Occupational Classifications**

1. Managers, directors and senior officials
2. Professional occupations
3. Associate professional and technical occupations
4. Administrative and secretarial occupations
5. Skilled trades occupations
6. Caring, leisure and other personal service occupations
7. Sales and Customer service occupations
8. Process, plant and machine operative
9. Elementary occupation

For further guidance on SOCs see: <http://www.ons.gov.uk/about-statistics/classifications/current/soc2010/index.html>