

REPORT TO: Cabinet

MEETING DATE: 8 September 2015

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Update on Community Benefits in Procurement (CBIP)

1 PURPOSE

- 1.1 To update Cabinet on the outcomes achieved by including Community Benefits clauses in contracts and to advise on changes in how this is being implemented in practice.

2 RECOMMENDATIONS

The Cabinet is recommended to:

- 2.1 Note the outcomes achieved and current activities in progress as a result of incorporating community benefits into Council contracts.
- 2.2 Note the changes to the practical implementation of these clauses; and
- 2.3 Endorse the continuation of the Community Benefits in Procurement initiative

3 BACKGROUND

- 3.1 In March 2012 the Council approved the inclusion of Community Benefits clauses in all contracts over £50,000 in value. The initiative was launched by the Chief Executive at a supplier and stakeholder event on the 27th April 2012.
- 3.2 Community Benefits clauses offer the potential for public procurement to make a wider contribution towards the achievement of public policy objectives. Although public procurement arrangements are prescribed by European and national legislation and regulation, there is scope within that regulatory framework to define the benefits to be received from a contract more widely than just the goods, works or services that are usually specified.

- 3.3 East Lothian Council was at the forefront of policy development in this area and its transparent and co-ordinated approach to Community Benefits in Procurement (CBIP) was recognised, and continues to be considered, as a model of good practice. In September 2014, the Procurement Team Leader presented to the Community Benefits Champions Network, a Pan Scotland Public Authority meeting, on the East Lothian Approach.

However, at the time of the launch it was recognised that the approach may have to be revised as we learned from the experience of implementation. As the initiative was put into practice it became evident that the initial 'currency' based approach was too prescriptive and that more benefits could be achieved by using another, more flexible, approach. Therefore it was decided to change to a bespoke approach where the nature, duration and value of the contract are all considered on a case by case basis by the Corporate Procurement Team, in conjunction with internal departments, to arrive at a decision on what is the appropriate minimum CB requirement in each case.

- 3.4 During the year 2014/15, 59 CBIP opportunities were realised within East Lothian, provided by over 40 companies. These are set out in Appendix 1. Whilst 'traditional' CBIP such as Work Experience and Site Visits are a major element of provision from companies, the scope of negotiated requirements has been comprehensive, and includes the appointment of Modern Apprentices, CV mentoring in certain professions and Work Experience for 3rd and 4th year apprentices to enable them to complete their programme. Hundreds of East Lothian school pupils have attended career talks, site visits, mock interviews and work placements. The range of opportunities offered reflects the size and type of the companies involved and the value of the contracts that have been awarded.

- 3.5 Examples of the difference that these Community Benefits are having are as follows:-

- Mock interviews were provided for 3 young people on YES Fund Programme. They received feedback on how they had done and what improvements they could make, if any.
- Graham Construction provided 4 week-long placements for S4 pupils from North Berwick High School.
- Call In Care provided a week-long placement for an adult who needed experience to supplement her Administration College Course. They also provided mock interviews for S5 pupils from Dunbar Grammar as part of the Employability Programme.
- Blueprint took pupils from one of our High Schools through a full application process, from applying for a vacancy in the

construction industry through to interview for 5 pupils. Feedback was given to the pupils.

- SPG provided work experience for 3 pupils from various High Schools and this ultimately led to one of the young people being given an apprenticeship.
- Morrison Construction provided work experience for a LAC young person, extending the placement as it was so successful. This has since led to the young person being given an apprenticeship with another company.

Additionally, East Lothian Works are having a large success in their Employability Programmes which are centred on the six secondary school clusters. This is enabling 'smaller' companies, such as Prentice Coaches and a number of care providers to partner with larger companies such as Canon and Barclaycard, to provide interview skills, careers events and other similar sessions relating to employability skills.

4 FUTURE DEVELOPMENT

- 4.1 Although there have been a significant number of positive outcomes from the current CBIP approach, officers are continuing to monitor and improve the system to ensure that we are maximising the CBIP yield from companies. Rigid regulatory procurement requirements, new obligations on contractors to comply with fair work practices, including payment of the Living Wage, and a challenging economic climate mean that there is a balancing act to be struck to ensure that CBIP are meaningful without being of such magnitude that contractors reflect the cost of these in increased charges to the Council or decline to tender for Council contracts.

As part of the ongoing monitoring of the CBIP system, the Procurement team meet monthly with East Lothian Works to share their expertise and knowledge of opportunities which can be met via CBIP. Forthcoming tender information is now being shared at the earliest stage as opposed to at contract award stage. Critical information in this regard is type of requirement, duration, spend and timing of project. Tenderers will be advised in the tender document of the likely CB obligations based on the contract value, but that final decisions will be made after dialogue with ELW. . The delivery and effectiveness of the agreed provision will also be monitored through Contract Management reviews in order that lessons can be learned for future CBIP opportunities.

From an East Lothian Works perspective, a key development has been the recruitment of a dedicated CBIP co-ordinator, who can spend

the necessary time liaising and following up requirements with contractors. However, success is also dependent on schools engaging with ELW, highlighting their needs and ensuring available opportunities are successfully utilised. To this end, ELW is proposing that a dedicated lead in schools should be developed in the same vein as the current position for Work Experience.

Additionally, whereas the initial 'trigger' for CBIP was a £50,000 contract value, it is recognised that a number of companies are successful in securing numerous Quick Quotes, each under that threshold. As of July 2015, we are now aggregating the spend for each contractor through this procurement route, and requiring CBIP when the £50,000 threshold is reached.

Another contribution to change is from Scotland Excel, which is the collaborative procurement body for Scottish Local Authorities. The Council uses 40 of the 42 national framework contracts administered by Scotland Excel and, whilst they do ask for CBIP these have not previously benefitted participating local authorities. This approach is being revised and the forthcoming Groceries tender will ask for specific CBIP provisions in the areas of those Councils that are participating in the contract.

5 POLICY IMPLICATIONS

- 5.1 There are no direct policy implications associated with this report although given that the range of potential Community Benefits is very wide, there are wider potential linkages to other Council policies.

6 EQUALITIES IMPACT ASSESSMENT

- 6.1 This report is not directly applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required. However, the design and implementation of community benefits may have equalities implications that will be assessed as part of that design process.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – There are costs to businesses associated with delivery of community benefits. In some cases, as noted above, these costs will be absorbed by the organisation as part of their delivery of “Corporate Social Responsibility” but for others this cost may be being passed on to the Council in their price tendered.
- 7.2 Personnel – there is a requirement to follow up community benefits with successful contractors, providers, suppliers and recipients to

ensure that the benefits are realised. In addition there is a reporting requirement. Currently this is being undertaken by Procurement staff and East Lothian Works.

7.3 Other – None.

8 BACKGROUND PAPERS

8.1 Council report of 27th March 2012 – Implementing Community Benefits in Procurement

Appendix 1 – Community Benefits in Procurement 2014-15

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Appendix 1

Community Benefit Opportunities 2014/15

Community Benefit Opportunity	Number of Opportunities	Number of Companies
Modern Apprentice	5	3
Apprentice Mentoring Programme	1	1
Work Experience for ELC 3/4 year Apprentices	1	1
Partnership Working with schools offering employability programmes	4	4
Partnerships Working with schools offering Business Management Course	1	1
Work Experience for school pupils - from one week to 12 weeks duration	22	21
Design Project	2	2
Mentoring Programme	1	1
Work Experience for Job Seekers Claimants	1	1
Interview Workshop	1	1
CV Writing & Interview Techniques	1	1
Employability Courses	1	1
School Talk re career options	5	3
Mock Interview Sessions & Feedback	5	5
Training sessions	1	1
Careers Fairs	2	2
Site Visits	3	2
Visit to sales offices	1	1
Food Prep Sessions in Schools	1	1