

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	19 <sup>th</sup> March 2013
DIRECTOR:	Stewart Carruth
TITLE OF REPORT	Procurement Procedures in relation to Social Enterprises
REPORT NUMBER	CG/13/033

---

### 1. PURPOSE OF REPORT

Officers were requested to submit a report to the Enterprise, Planning and Infrastructure Committee exploring the possibility of amendment to the Council's procurement procedures to take account of social enterprises.

### 2. RECOMMENDATION(S)

- i) It is recommended that the Committee Note the content of the Report and the progress made to date in the Implementation of the Securing Community Benefit through Procurement Policy (as approved by the Corporate Policy and Performance Committee on 22<sup>nd</sup> September 2011).
- ii) The Committee also notes that the Council must stringently adhere to procurement law principles of transparency, equal opportunity and non-discrimination. In doing so the Council cannot give social enterprises competitive advantage but we can use tools such as community benefit clauses and supplier development initiatives to assist them.

### 3. FINANCIAL IMPLICATIONS

Aberdeen City Council spends a significant amount of public money contracting services each year and given the current economic situation there is a need to consider how maximum benefit can be ascertained from this funding to deliver wider social, environmental and economic benefits.

Community Benefit clauses have been introduced as Council Policy within the tendering process for Council contracts where it is pertinent to do so. It is based on the assumption that there would be no detriment to the service being procured and that value for money can be demonstrated. The use of Community Benefit clauses is progressed

on a case by case basis and used where suitable and permissible within current procurement legislation.

#### 4. OTHER IMPLICATIONS

##### **Legal**

Social and Environmental requirements can be included in public contracts if they comply with the requirements of the European Union (EU) procurement rules and general EU law. The European Community Treaty Principles of equal treatment and proportionality have particular relevance to these clauses.

The Public Contracts (Scotland) Regulations 2012, regulation 39 states:

“(1) A contracting authority may stipulate conditions relating to the performance of a public contract, provided that those conditions are compatible with EU Law and are indicated in –

- (a) the contract notice and the contract documents; or
- (b) the contract documents.

(2)The conditions referred to in paragraph (1) may, in particular, include social and environmental considerations.”

In conclusion, Community Benefit clauses can be included in contracts provided that non-local suppliers are not disadvantaged or discriminated against and the contract complies with government procurement policy and Best Value.

To comply with the policy and legal framework the Community Benefit requirements must be part of the core purpose of the contract and must provide benefit to the Council. Community Benefits clauses should be supported by strategic and or policy documents.

#### 5. BACKGROUND/MAIN ISSUES

A number of projects have already been implemented utilising Community Benefit clauses. If a Community Benefit clause is relevant to the product or service being procured and helps Aberdeen City Council deliver its key policy objectives, it can be included in the contract specification. Examples of such projects include:

- i) The Hubco North East public sector property development initiative involving the local authorities and other public sector partners adopting Community Benefit clauses as part of the assessment process in selecting a private sector development partner to deliver Hubco capital projects. This involved assessment based on elements such as provision of

apprenticeships, work placement and experience and involving third sector organisations in the supply chain.

- ii) The Housing and Environment Service has developed a partnership with Aberdeen Foyer to provide gardeners for the Council from Foyer users with the Foyer providing wrap around care to support the young people involved.
- iii) Services have been working in partnership with each other and Aberdeen College regarding the Corporate Parenting Scheme in providing both apprenticeship opportunities and related training in trades such as painting and decorating.
- iv) Recently appointed contracts within the Housing and Environment Service have enabled opportunity for 16 apprenticeships on 4 year schemes from a capital set of projects estimated at £21m per annum and a further 51 from the revenue programme which is valued at c. £24m per annum.
- v) The tendering procedure for the Aberdeen Western Peripheral Route has strongly stipulated community benefit clauses within the initial tender selection criteria.

The Central Procurement Unit (CPU) in partnership with Economic Development have introduced a supplier development programme called the Positive Procurement Programme (PPP) which is specifically targeted at small and medium sized local enterprises and social enterprises. A number of ongoing events, such as 'Meet the Buyer' days, tender training and networking have taken place since mid 2012 in order to develop a procurement approach that maximizes the exposure for these organisations to procurement contracts. These events have been very well received with extra days having to be introduced due to the high level of interest.

Evaluation of the workshops has been positive with many indicating that the tools identified to help with competitiveness will be used in future tendering activities and that many of the participants who had not previously participated within the public procurement arena now felt fully equipped to participate in the future.

Ten locally based social/third sector enterprises have participated in PPP activities to increase their skills within the public procurement arena (Networking, Workshops and Master classes). All PPP activities are promoted in ACVO's weekly newsletter to ensure all businesses are given equality of access.

A further event is due to be facilitated in April 2013 which will invite along social enterprises and local SMEs to provide early notice of the Councils contract plans for this coming financial year.

Where permissible to do so we also look to break contracts down into Lots to encourage smaller firms and procurement consortiums.

Economic Development offer a service to all locally based SMEs offering business growth and development support, which often leads to signposting to partner agencies e.g. Enterprise North east Trust, Scottish Enterprise, Scottish Business in the Community and Robert Gordon's University. The Council has invested a significant amount of resources trying to ensure the sustainability of organisations.

7. BACKGROUND PAPERS

N/A

8. REPORT AUTHOR DETAILS

Craig Innes, Head of Procurement, Corporate Governance,  
tel 7255650, email [cinnes@aberdeencity.gov.uk](mailto:cinnes@aberdeencity.gov.uk)