

ABERDEEN CITY COUNCIL

COMMITTEE	Communities Housing & Infrastructure
DATE	29 th August 2017
REPORT TITLE	Community Benefit Management Process
REPORT NUMBER	CHI/17/180
INTERIM DIRECTOR	Bernadette Marjoram
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1. PURPOSE OF REPORT:-

- 1.1 This report seeks approval to embed the proposed management processes outlined to ensure that Aberdeen City Council maximises opportunities through the Community Benefit programme.

2. RECOMMENDATION(S)

2.1 It is recommended that committee:

- a) Approve the Community Benefit Management Process as outlined in this report: and,
- b) Request that the lead officer in Economic Development services provides annual Community Benefit outcome reports linking into the Benefits Realisation Programme.

3. BACKGROUND/MAIN ISSUES

- 3.1 In response to the Procurement Reform (Scotland) Act 2014 (the “2014 Act”) which requires local authorities to comply with the sustainable procurement duty in all regulated contracts, officers from the Economic Development service and the Commercial and Procurement Shared Service established a reference group in 2016 to identify how Aberdeen can gain maximum benefits through the insertion and management of Community Benefit clauses. The Scottish Government advises that Community Benefits can be considered a more specific subset of the general Sustainable Procurement Duty. For Members’ information Community Benefits requires specific tangible actions as described below whereas Sustainable Procurement is a more overarching general duty.

- 3.2 Community Benefit clauses are obligations within contracts/frameworks requiring tenderers to commit to undertaking some form of a) training and recruitment; b) sub-contracting opportunities; or, c) social, economic or environmental benefit in a way that is additional to the core purpose of the contract. Community benefits must be robust, proportionate and relevant to the subject of the contract.
- 3.3 It has been mandatory for public bodies to consider whether or not it may be possible to include Community Benefits in new tendering opportunities for contracts valued at or over £4M since 1st June 2016, which will most often be works contracts. Public body procurers must also consider the sustainable procurement duty on all regulated procurements under this threshold. Accordingly added social, economic or environmental value secured in contracts valued at under £4M can legitimately be recorded as a “Community Benefit” provided the requirements of the sustainable procurement duty are met.
- 3.4 Section 24 of the 2014 Act defines a Community Benefit requirement as a contractual requirement imposed by a contracting authority relating to:
- (i) Training and recruitment, or
 - (ii) The availability of sub-contracting opportunities, or
 - (iii) Which is otherwise intended to improve the economic, social or environmental wellbeing of the authority’s area in a way additional to the main purpose of the contract in which the requirement is included.
- 3.5 The City Council’s Community Benefit Reference Group currently draws representation from:
- | | | |
|---------------------------------------|---|--|
| Communities, Housing & Infrastructure | - | Economic Development |
| | - | Sustainable Development |
| | - | Communities & Housing |
| | - | Planning |
| Corporate Governance | - | Commercial & Procurement Shared Services |
| | - | HR Services |
| | - | Commercial & Procurement Legal Services |
| Education & Children’s | - | Education Services |
| | - | Services |
- 3.6 Following on from the development and agreement of an initial action plan, a delivery process (Appendix 1) has now been developed and approved by the reference group. This clearly highlights which services will be responsible for each stage of the process to ensure maximum appropriate gain through Community Benefits. The process will provide procuring officers with access to the appropriate skills and support when developing and evaluating their procurement and tender documents, and that monitoring of actual benefit delivery is fully supported. This will lead to maximisation of outcomes through the Community Benefit process for Aberdeen City and the development of a

robust monitoring matrix which will be used to inform both the Scottish Government and Aberdeen City Council members on outcomes.

3.7 If approval is received to progress with the delivery process as proposed, the following structure will ensure the development of the most appropriate, innovative, relevant and achievable Community Benefits and also to support corollary Community Planning and national outcomes.

3.8 It is intended that the existing Community Benefit Reference Group and its members be retained and re-branded as the “LOAN (Linking Opportunities and Needs) Community Benefit Reference Group. Its membership will continue to be drawn from internal specialists who have the knowledge and expertise to:

- identify opportunities for community benefits;
- support procuring officers in including them appropriately within contracts;
- use intelligence from communities to advise where community benefit commitments would be best placed;
- support suppliers in delivering benefits; and
- monitor achievement.

This group will meet on an alternative monthly basis, and be called on an ad-hoc basis to deal with specific requirements as they arise. Establishing the community benefit advisory forum for all major capital investments, local and national framework agreements, ensuring proposed Mandatory and Voluntary community benefits are proportionate and relevant to the contract. However, it is noted that the Commercial and Procurement service and the procuring service retain control over their tendering process to ensure compliance with legislation, including taking into account the value, duration and local factors in the nature of the supply base when considering community benefits proposals

3.9 The LOAN Group will also monitor and update the delivery process ensuring that it is fit for purpose in:

- encouraging creativity of thinking
- achieving maximum Community Benefits
- facilitating community engagement where appropriate
- supporting communities of need
- supporting developers deliver against their Community Benefit objectives
- creation and delivery of maximum employment, work experience, training and voluntary opportunities
- production and presentation of robust reports

This group is made up of ACC officers. Therefore, we are proposing that this group consults and collaborates with the Aberdeen Prospers group of Community Planning Aberdeen under the heading of “Aberdeen Works”.

This provides the opportunity to adhere to the Scottish Government's recommended approach to involve communities and support local community planning outcomes.

- 3.10 Aberdeen Prospers will be a key collaborator And consultee in respect of community benefits being considered in relation to tenders. Currently the membership of Aberdeen Prospers is made up of members from the following organisations:

ACVO, Aberdeen City Council, NHS Grampian, Skills Development Scotland, Department of Work & Pensions, NESTRANS, NESCOL and Elevator.

The majority of the representatives in Aberdeen Prospers commission services to encourage and assist in employability matters. Accessing information in relation to major developments and opportunities for employment or training will allow these organisations to highlight opportunities in a timeframe that will create maximum impact in priority localities.

- 3.11 Additionally whilst the proposed delivery process relates to community benefits for Council procurements, officers from within Economic Development will continue to offer a Community Benefit support service to external organisations involved in major developments e.g. Aberdeen Harbour Expansion Project, retail development expansions, infrastructure (road, rail) projects. Examples of best practice from these projects will also be used to develop the skills and knowledge base within the LOAN Group to support the development of additional benefits within ACC procurements.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 The purpose of the group is to assist the Council to meet its community benefits legal duties under the 2014 Act.

There is representation from the Commercial and Procurement Services Legal Team on the LOAN Community Benefit Reference Group and procurement officers will be involved in each tender process in which community benefits are considered, which should help to mitigate this risk and advise on proportionality and relevancy

6. MANAGEMENT OF RISK

Financial

- 6.1 There are no financial risk elements attached to this paper. Effective Community Benefit delivery could enhance delivery of services that are outwith the Council's financial ability.

Employee

- 6.2 There have been no risks identified that would impact on employees. A member of staff is already in place with the sole remit of supporting the delivery of Community Benefits. If a significant project is proposed within the city this may impact on the officer's workload for a short period of time till appropriate processes and guidelines are in place

Customer/Citizen

- 6.3 The appropriate management of Community Benefits should bring significant "added value" to citizens and our local communities of need, potentially offering opportunities to support a higher standard of living and health

Environmental

- 6.4 The promotion of sustainable procurement will attract additionality in terms of environmental protection and promotion and pose no risk.

Technological

- 6.5 This proposal will pose no technological risks

Legal

- 6.6 Colleagues from Commercial and Procurement's Legal Team are part of the LOAN group and will advise on legal risks are mitigated prior to advancement of Community Benefits.
Each officer involved in the process has a responsibility to understand the legislation and ensure compliance with it.

Reputational

- 6.7 This activity will potentially positively impact on reputation. Failure to deliver and manage Community Benefits within our procurement processes may impact negatively on reputation.

7. IMPACT SECTION

Economy

- 7.1 This proposal should create additional opportunities for individuals to participate in and gain from mainstream procurement activities and significant capital projects. The effective delivery and management of Community Benefits will increase the skills and knowledge levels of citizens of all ages. This may lead to an improved lifestyle, improved employment opportunities and earning capacity. The activity will also build stronger and more resilient communities by allowing access to an increased range of professional, technical and managerial support. The increased skills base will also support the potential growth of local businesses.

People

- 7.2 Delivering this activity and alignment to other current initiatives (ESF Employability pipeline etc) will significantly increase the quantity and range of support activities available across the city. Through our partners and the Employability Training Providers' Forum, the increased opportunities will be promoted across the city through a variety of mediums, ensuring that those of differing backgrounds, ethnicity and ability are given equality of access to

these employment and support opportunities. This paper sets out the proposal to manage a process that will ultimately gain additional benefits for our citizens and communities. The paper highlights which service within the council will be responsible for the implantation of each step of the process, ensuring maximum benefits are received from capital and other procurement activities and as such an Equalities and Human Rights Impact assessment is not required.

Place

- 7.3 The promotion of sustainable procurement will attract additionality in terms of environmental protection and promotion and impact positively on the city. An increase in the number of engagement activities available should have a positive impact on the feeling of wellbeing across the city. Robust monitoring systems will be put in place to measure outcomes

Technology

It is considered that there will likely be additional Community Benefits developed that are linked to the increase in digitalisation across the city. Furthermore the proposed delivery mechanism will encourage greater use of technology between officers to identify, develop, deliver and monitor Community Benefits.

8. BACKGROUND PAPERS

Draft Combined Aberdeen City & Shire and Highland Local Authority Joint Procurement Strategy 2017 -2022

Procurement Reform (Scotland) Act 2014

<http://www.legislation.gov.uk/asp/2014/12/contents>

Scottish Futures Trust Community Benefit Toolkit for construction

http://www.scottishfuturestrust.org.uk/files/publications/Community_Benefits_Toolkit_-_For_Construction.pdf

CITB Client based approach

<http://www.citb.co.uk/national-skills-academy-for-construction/what-is-the-national-skills-academy-for-construction/client-based-approach/>

Procurement Guidance Note 10

http://thezone/cg/Commercial_&_Procurement_Services/CPS_Procurement_Guidance_Notes.asp

9. APPENDICES (if applicable)

Appendix 1 Delivery Process

10. REPORT AUTHOR DETAILS

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