

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Strategic Commissioning Committee
<b>DATE</b>	20 <sup>th</sup> November 2018
<b>REPORT TITLE</b>	Sustainable Procurement and Community Benefits Policy
<b>REPORT NUMBER</b>	COM/18/239
<b>DIRECTOR</b>	Frank McGhee
<b>CHIEF OFFICER</b>	Craig Innes
<b>REPORT AUTHOR</b>	Stuart Calderwood
<b>TERMS OF REFERENCE</b>	GD7.1

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### 1. PURPOSE OF REPORT

To seek approval from the Committee to implement a Sustainable Procurement and Community Benefits Policy (the Policy) developed by the Commercial and Procurement Shared Service (C&PSS.) The Policy governs compliance at an operational and strategic level in these subject areas.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Approve the Sustainable Procurement and Community Benefits Policy contained in Appendix 1.
- 2.2 Instruct the Head of Commercial and Procurement Services to implement the councils policy in a way which contributes to the outcomes contained in the refreshed Local Outcome Improvement Plan (LOIP).
- 2.3 Instruct the Head of Commercial and Procurement Services to work with the Community Planning Partnership partners to review the applicability of the ACC Community Benefits Policy to partners contracts thereby enabling a collective contribution to the LOIP from a multi agency approach to community benefits.
- 2.4 Instruct the Head of Commercial and Procurement Services to report back to the committee at its November 2019 meeting on the progress made in the implementation of the policy and its application to the LOIP.

### **3. BACKGROUND**

- 3.1 The Procurement Reform (Scotland) Act 2014 contains statutory provisions relating to the implementation of the sustainable procurement duty and community benefits in public procurement. Statutory duties relating to community benefits and sustainable procurement represent the transposition of European Procurement Directives into procurement legislation introduced by the Scottish Government.
- 3.2 The Policy fully describes the applicable legislative provisions (including limitations) and outlines innovative approaches, practical measures and template documentation developed by C&PSS in relation to the duties.
- 3.3 C&PSS policies relating to community benefits and sustainable procurement are fully compliant with all statutory duties and “due regard” obligations introduced by procurement legislation. The approaches described in the Policy have evolved and grown in sophistication and the themes, strategies and approaches outlined in the Policy have been utilised successfully in procurement activity involving Aberdeen City Council, Aberdeenshire Council and The Highland Council.
- 3.4 Statutory provisions relating to the sustainable procurement duty and community benefits are inextricably linked. Therefore, it was considered necessary to draft the Policy as a “Sustainable Procurement and Community Benefits Policy” as opposed to a “Community Benefits Policy” with narrower focus.
- 3.5 The Policy will guide procurement activity in the Council to ensure comfortable compliance with the duties in a way that does not represent a disproportionate burden to procurers or bidders (particularly local SMEs or 3<sup>rd</sup> sector organisations.)
- 3.6 Where EU Directives, legislation or statutory guidance impose restrictions on how far local economic development objectives can be furthered in the context of community benefits, the Policy is intended to offer positive, solutions-based approaches.
- 3.7 The Policy consciously establishes links to national outcomes and local priorities. The C&PSS approach to community benefits was consistent with the sixteen national outcomes in place since 2007 and is consistent with the new National Performance Framework introduced in the Summer of 2018. The Policy is also conscious of emerging socio-economic considerations under the “Fairer Scotland Duty.” The Policy is designed to demonstrate awareness of and adherence to national priorities. The Policy is designed to be sufficiently agile to adapt to emerging or shifting local priorities ultimately linked towards measures designed to ensure the increased prosperity of citizens and communities.

## Proposed Policy

3.8 The aim of the Policy is to:

- Define the parameters of community benefits;
- Outline a range of themed community benefit outcomes with scope for inclusion in public contracts (including national frameworks);
- Highlight the limiting effects of “proportionality” and “relevancy” and “localisation of benefits”;
- Identify links and parallels with the sustainable procurement duty, key local priorities and National Outcomes;
- Demonstrate significant potential to improve the social, economic and environmental wellbeing of our citizens and communities;
- Demonstrate consistency with the Scottish Government’s aspirations for Scotland in the medium to longer term.

## 4. FINANCIAL IMPLICATIONS

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

## 5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report. The proposals are considered to be entirely compatible with Scottish, UK and EU legislation, satisfying requirements of proportionality and relevancy.

5.2 The Council is obliged to implement a policy of this type in accordance with legal requirements around the Sustainable Procurement Duty and Community Benefits under the Procurement Reform (Scotland) Act 2014.

## 6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	Increased pricing from bidders	L	Continue to identify the most economically advantageous

			tender based on the best price-quality ratio.
<b>Legal</b>	Challenge on the basis that requirements are not “proportionate and relevant”	L	Legal have reviewed the Policy and are satisfied on the terms contained therein.
<b>Employee</b>	None	N/A	N/A
<b>Customer</b>	Local SME suppliers (including 3 <sup>rd</sup> Sector organisations) might consider requirements too onerous and could be discouraged from bidding.	L	Measures introduced to ensure requirements are “proportionate and relevant” (see legal risk above) in a way that ensures the “inclusive participation” of SMEs and 3 <sup>rd</sup> sector organisations
<b>Environment</b>	No negative impacts	N/A	Considerable opportunities to enhance “environmental wellbeing” in a manner wholly consistent with the Council’s duties and leadership role under the Climate Change (Scotland) Act 2009.
<b>Technology</b>	None	N/A	N/A
<b>Reputational</b>	Legal challenge, resistance from local SME	L	Supportive feedback and supplier engagement events indicates that reputational damage is unlikely to occur.

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	The report contributes positively to local economic development and inclusive economic growth. The report relates to investment in infrastructure and improving the quality, vibrancy and attractiveness of that infrastructure. The report also supports LOIP objectives around developing a skilled workforce for the future that provides opportunities for all our people. Income inequality is tackled through a focus on “Real” Living Wage, training and upskilling opportunities.
<b>Prosperous People</b>	The report contributes positively to the health, wellbeing, prosperity and resilience of citizens in the context of employees working in the supplier

	organisation and wider “added value” benefits to citizens, communities and community projects. Local 3 <sup>rd</sup> sector organisations and interfaces have a pivotal role as delivery partners. Community benefits can benefit citizens directly or via 3 <sup>rd</sup> sector organisations with a social purpose aligned to the needs of local priorities and priority groups.
<b>Prosperous Place</b>	The report contributes positively to the preservation and enhancement of the built and natural environment. In addition, community benefits help to secure the prosperity and resilience of sustainable communities. A wide range of social, economic and environmental wellbeing objectives promoted are promoted through community benefits (e.g. health, resource efficiency and the circular economy, reduction of harmful emissions, community empowerment and community projects.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA required
<b>Privacy Impact Assessment</b>	Not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Applicable

## 9. APPENDICES

9.1 Appendix 1- Sustainable Procurement and Community Benefits Policy

## 10. REPORT AUTHOR CONTACT DETAILS

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