

Community Benefits Clauses in Procurement Guide

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to seek approval for a revised version of the Community Benefits Clauses in Procurement Guide. The main revisions to the Guide are amendment of threshold values for mandatory inclusion of Community Benefits Clauses (CBCs) within tenders and to provide clarity about when the different types of community benefits clauses should be utilised. It is proposed that Evaluated CBCs will be the default for use in services and supplies contracts over £100,000 and in works contracts over £500k but below £1m. Below these levels we would always seek Non-Evaluated CBCs. For works contracts over £1m in value we propose to follow a Client Based Approach.
- 1.2 Approval is sought for the revised guide which reflects these changes.

Community Benefits Clauses in Procurement Guide

2.0 INTRODUCTION

- 2.1 The use of Community Benefit Clauses (CBCs) in appropriate tenders provides a method of including social, environmental and economic matters in contracts for the supply of goods, services or works that do not conventionally have these requirements as defined or measured outcomes. These must be directly related to the core purpose of the contract, and must not be designed specifically to favour local suppliers or restrict employment or training to UK nationals. They have been used very successfully in the Glasgow Commonwealth Games to provide substantial number of opportunities for Modern Apprenticeships, and for long term unemployed people. For this council, one of the first examples of CBCs was for the Bute Food Project which won a procurement award for sustainability in 2010/11. We also have good examples of these in our general maintenance term contracts where the contractor has significant numbers of apprenticeships and created new opportunities for qualified tradespersons in our area. In the recent Dunoon Pier contract, there have been major sub-contracting opportunities for local businesses, sponsorship of local events and involvement with local schools.
- 2.2 Argyll and Bute Council is keen to continuously improve and develop the approaches used when including CBCs within contracts. To assist with this, informal discussions have taken place with other councils at training events and meetings, to share examples of best practice.
- 2.3 Based on the experience of other Councils, it is now recommended that Argyll and Bute Council update and standardize our approach to Community Benefits Clauses within tenders, increasing the use of evaluated CBCs and amending the thresholds for mandatory inclusion of CBCs to reflect this. This paper provides an update on the revised version of the Community Benefits Clauses in Procurement Guide (Appendix 1).

3.0 RECOMMENDATIONS

- 3.1 That the committee approves the revised guide to Community Benefits Clauses in Procurement attached at Appendix 1 and updated guidance for tenderers attached at Appendix 2.

4.0 DETAIL – MAIN REVISIONS TO THE GUIDE

Threshold Values for Mandatory Inclusion of Community Benefits Clauses

4.1 Although the national threshold for the mandatory inclusion of CBCs within tenders is a contract value of £4m, Argyll and Bute Council, along with the majority of other local authorities, has adopted a lower internal threshold. The majority of our contract values fall below this £4m threshold. This lower threshold will allow us to maximise the benefits that can be achieved across the Council's contracts. It is proposed to amend the current internal threshold for mandatory CBCs from £350,000 for all types of contracts as follows:

- For Works Contracts, following the increase in the upper limit for Quick Quotes to £500,000, to also increase the threshold for mandatory CBCs to £500,000 for consistency. However, if a lower value Works Contract is carried out using the Open or Restricted procedure, a voluntary CBC clause should be used which would not be evaluated.
- For Supplies and Services Contracts, to reflect the recommended Evaluated CBC approach (outlined in more detail below), it is recommended to lower the threshold for mandatory CBCs to £100,000. This should increase the number of contracts including CBCs while ensuring that the requirements for the suppliers remain proportionate to the value and timescale of the contract.

Types of Community Benefits Clauses:

4.2 The Guide now outlines 3 different approaches to CBCs – Evaluated CBCs, Non-evaluated CBCs and the Client Based Approach. The table below standardises the method to establish the most appropriate approach based on contract type and value:

Contract Type	Contract Value		
Works	Open / Restricted below £500k: <ul style="list-style-type: none"> • Non-evaluated CBC 	Between £500k and £1m <ul style="list-style-type: none"> • Evaluated CBC or • Non-evaluated CBC 	Over £1m: <ul style="list-style-type: none"> • Client-Based Approach
Supplies / Services	Below £100k: <ul style="list-style-type: none"> • Non-evaluated CBC 	Over £100k: <ul style="list-style-type: none"> • Evaluated CBC or • Non-evaluated CBC 	

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- 4.3 The main focus for the majority of future tenders will be including CBCs as an evaluated element within the Quality/Technical section of the tender evaluation. This approach should help to ensure that all tenderers provide the required CB information, and provides a standard objective method of evaluation based on Community Benefits Points, a Community Benefits Method Statement, and a Delivery Timescale. This also provides Key Performance Indicators to be used within contract management to ensure that the successful supplier meets the CB requirements. The full process for the inclusion of Evaluated CBCs is outlined in Appendix 2: 'Evaluated Community Benefits Clauses: Guidance for Tenderers'.
- 4.4 For tenders where Evaluated CBCs are not appropriate for whatever reason (i.e. due to the value of the contract, or the nature of the contract) another option is the inclusion of a Non-Evaluated CBC, this has remained as per the previous version of the Guide.
- 4.5 Finally, for Works Contracts over £1m, the Client Based Approach for Community Benefits should be included as standard. This is detailed at paragraph 2.4 of the attached guide and is based on a toolkit developed by the National Skills Academy.

5.0 CONCLUSION

- 5.1 Using the revised approaches to the use of CBCs within appropriate tenders, the Procurement Team together with the Economic Development Team will continue to offer support and guidance by providing direction and assistance in the identification, evaluation, capture, monitoring and reporting of CBCs throughout the life of a contract. This will require minimum effort from the procurement areas while offering a maximum impact from the contract.
- 5.2 Purchasing Officers will ensure that appropriate monitoring arrangements are in place to monitor the Community Benefits element of the contract.

6.0 IMPLICATIONS

- 6.1 Policy: This supports the Council's Procurement and commissioning strategy and in particular the Sustainable Procurement Policy at Appendix 4 to this strategy.
- 6.2 Financial: None
- 6.3 Legal: None
- 6.4 HR: Increases opportunity for employment across the council area
- 6.5 Equalities: Ensures increasing opportunity to disadvantaged groups.
- 6.6 Risk: None.

6.7 Customer Service: None

**Executive Director of Customer Services
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APPENDICES

Appendix 1: Community Benefits Clauses in Procurement Guide

Appendix 2: Evaluated Community Benefits Clauses: Guidance for Tenderers