

Agenda Item	9
Report No	CP/19/24

# The Highland Council

**Committee:** Communities and Place Committee

**Date:** 5 September 2024

**Report Title:** Highland Community Benefit Policy (Procurement)

**Report By:** Assistant Chief Executive - Place

## 1. Purpose/Executive Summary

1.1 This report introduces the Council's proposed approach to Community Benefits from procurement and other volunteered activity.

## 2. Recommendations

2.1 Members are asked to:

- i. **NOTE** rationale for, and the work undertaken, to review the Council's approach to community benefits from procurement.
- ii. **CONSIDER** and **AGREE** the draft Community Benefit from Procurement Policy set out at **Appendix 2**.
- iii. **NOTE** the next steps and that an update on the implementation of this policy will be reported to this Committee in September 2025.

## 3. Implications

3.1 **Resource** – Delivery of the Community Benefit policy will be in line with the relevant budget and resource for each service. However, additional resource requirements may be identified upon implementation of the policy to support contract management and monitoring requirements. This will be monitored and reviewed during the first year of implementation.

3.2 **Legal** – There is a legal requirement to ensure that the Council is meeting its duty as defined in the Procurement Reform (Scotland) Act 2014.

3.3 **Risk** – This is a change in approach to community benefits for the Council and will require changes in practice to implement. Officers will be supported to implement this change by the Community Benefits Manager and Shared Procurement Service colleagues.

3.4 **Health and Safety** (risks arising from changes to plant, equipment, process, or people) – There are no implications arising as a direct result of this report.

3.5 **Gaelic** - There are no implications arising as a direct result of this report.

## 4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

### 4.3 Integrated Impact Assessment - Summary

4.3.1 An Integrated Impact Assessment screening has been undertaken on the principles and approach outlined in the Community Benefit Policy relating to procurement. The conclusions have been subject to the relevant Manager Review and Approval. Engagement with stakeholders will be an ongoing element of this policy and will help inform the impact assessments undertaken.

4.3.2 The Screening process has concluded that there are some potential impacts. These impacts are both positive and negative. For those that are negative mitigations have been identified. Members are asked to consider the summary in **Appendix 1** to support the decision-making process.

4.3.3

Impact Assessment Area	Conclusion of Screening
Equality	<ul style="list-style-type: none"><li>• Children and Young People – <i>Positive</i></li><li>• People affected by disability – <i>Potential negative</i></li><li>• Older adults – <i>Positive</i></li></ul>
Socio-economic	<i>Positive</i>
Human Rights	<i>No impact</i>
Children’s Rights and Well-being	<i>Potential negative</i>
Island and Mainland Rural	<i>No impact</i>
Climate Change	<i>Potential negative</i>
Data Rights	<i>No impact</i>

## 5. Background

5.1 In June 2023, the Council agreed to developing a Highland specific ‘Sustainable Procurement and Community Benefit Strategy’ which will focus on meeting the needs of the Council, our communities, and suppliers as part of the Council’s Community Wealth Building approach and strategy. The development of this policy is a key priority in the Communities and Place Service Plan.

5.2 Community Benefits represent increased prosperity that contributes to economic growth, reduces inequality, benefits all sections of society, and helps minimise impacts on the environment through the Net Zero aspirations. It is a core component of adopting a Community Wealth Building approach.

- 5.3 In challenging economic times, when the Council is faced with reducing budgets, maximising the use of community benefits also allows us to continue to support Highland Communities' needs where we are no longer able to do so through other funding sources. They help demonstrate best value and deliver 'good news' stories for the Council, our communities and the suppliers who deliver them.
- 5.4 Working in partnership with the Highland Community Planning Partnership will be critical to delivering the Community Benefit policy at a regional and local level. These aspirations help us to achieve our strategic objectives as detailed in the [Programme of The Highland Council 2022-27](#), the [Highland Outcome Improvement Plan \(HOIP\)](#) and Scotland's [National Performance Framework](#) whilst ensuring use of public money.

## 6. What are Community Benefits?

- 6.1 There are three types of community benefits:
1. Community benefits from procurement – *relate* to requirements agreed to, or offered by suppliers when bidding for contracts, which deliver a wider social benefit in 'addition' to the core purpose of the contract.
  2. Community benefits derived from renewables.
    - a. Communities receiving direct benefit.
    - b. Pan-Highland –a new proposal for a community wide benefit in addition to the existing £5000 per mw direct benefit that will help address the type of important strategic economic challenges that each local authority face.
  3. Developer contributions - when applying for planning permission to build in Highland, applicants can be required to make a financial payment towards service and infrastructure provision (schools, roads, affordable housing, community facilities) where there is insufficient capacity to support future development.
- 6.2 All three aim to ensure that there is maximum benefit derived from infrastructure/contractual activity to support community facilities and priorities.
- 6.3 This paper focuses on the development of a Community Benefit Policy from Procurement. It sets out the rationale for developing the policy, details the key elements of the policy and sets out how this will be implemented.

## 7. Rationale

- 7.1 The Council is committed to securing meaningful environmental, social, and economic value through our procurement activity. In the main, contracts tendered by the Council are developed in accordance with the Shared Services [Joint Procurement Strategy](#) which assists us in our achieving our obligations to the sustainable procurement duty as defined in the [Procurement Reform \(Scotland\) Act 2014](#).
- 7.2 At present Aberdeen City Council is the only Council of the three in the Shared Services arrangement that has a dedicated Community Benefit Policy that underpins the Joint Strategy.

- 7.3 Extensive engagement with a range of stakeholders, including a dedicated steering group comprising of Council service leads, a range of suppliers, third sector partners and other public sector organisations has resulted in the following feedback:
- There is an inconsistent approach to the way community benefits are managed across the Council.
  - Officers would welcome a comprehensive approach including advice, training and resources to support community benefit activity.
  - Suppliers are often left to define their own approach to community benefit delivery, struggling with community engagement elements and would welcome a clear and consistent approach to help them to deliver better outcomes.
  - Third Sector organisations welcome the opportunity to have more involvement and consultation into the process, and the opportunity to submit requests for support based on the priorities and needs of the Council, communities and the Community Planning Partnership.
- 7.4 It is evident from the engagement with a range of stakeholders, including many of our current suppliers, that there is a willingness to deliver community benefits that are to the benefit of everyone across the Highlands.
- 7.5 A Community Benefit Policy for the Council will address these needs; ensuring a consistent approach to community benefit from procurement, meeting the needs of Highland communities and maximising the opportunities derived from procurement activity whilst continuing to underpin the aims of Joint Strategy.

## **8. Community Benefit Policy**

- 8.1 The policy will:
- Set out the Council's overall approach and aspirations relating to Community Benefits & Social Value - This vision will also reflect the Joint Procurement Strategy's vision, aims and objectives.
  - Provide a consistent approach to Community Benefits / Social Value delivery across all Council services and stakeholders, including capital and engineering projects, linked where required, and supporting the Joint Procurement Strategy.
  - Work in parallel with procurement activity to ensure that we meet our legislative duties to sustainable procurement but recognising that to maximise community benefit opportunities, we must go beyond our legislative duty and seek benefits from all procurement activity.
  - Focus on directing community benefit activity towards employment, education, skills development and training to support the Council's Workforce for the Future Strategy.

## 8.2 Key components of the policy will include:



### 8.2.1 Guidance for Staff and Suppliers

- Support Council staff by providing processes, resources and monitoring mechanisms to maximise uptake and the subsequent delivery of benefits for all stakeholders.
- Support suppliers by providing clear guidance and support as to the Council's approach and potential opportunities for realising Community Benefit opportunities.

### 8.2.2 Governance and Monitoring

- Ensure all appropriate sustainable procurement activity is being recorded and reported in line with the Council's and Scottish Government's reporting requirements.
  - The Council's Annual Procurement Report is reported to the Corporate Resources Committee.
  - Performance and implementation of the Community Benefit Policy will be reported annually to the Communities and Place Committee.
- The policy articulates the Council's approach and expectations with regards to monitoring and reviewing the delivery and outcomes achieved, and how these will be linked and reported against all elements of the Council's priorities, strategies, and policies.

### 8.2.3 Highland Project Bank

- The Highland Project Bank will allow communities and community groups the opportunity to submit requests for support. Types of support could include but not be limited to:
  - Employment & Training
  - Education
  - Professional Support and Development
  - Volunteering
  - Donations of funds and sponsorship
  - Donations of supplies
- A published project list will provide suppliers with a single point of reference of community need which can be considered for offer by suppliers in their community benefit proposals, when submitting tenders.
- Suppliers may also use the project bank to offer opportunities to communities.

#### 8.2.4 **Menu of Approaches**

- Recognise that one approach may not meet all requirements.
- In line with the Joint Strategy set a baseline approach which states at least **10%** of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices.
- Adopt an incremental scale varying from **10% to 30%** of the evaluation criteria which will be determined by the value of the contract, type of contract / framework / direct award, and whether the Council is procuring services / supplies or works. The greater the contract value, the greater the evaluation criteria that is applied for Community Benefit.

#### 8.2.5 **Sharing Good Practice and Communication**

- Support the development of the Third Sector, Small and Medium Enterprises (SME's) and Supported Businesses.
- Promote 'good news' stories, innovation and best practice through a newsletter.
- Improve access to information on the Council's website and intranet for all stakeholders.

#### 8.3 **External Opportunities**

The policy also sets out the opportunity to maximise outcomes from national contracts being delivered across Highland. E.g. trunk road maintenance. Such opportunities will result in benefits to communities with no cost to the Council.

### 9. **Next Steps**

9.1 Significant work has already begun to develop the key components of this policy. To progress this, it is proposed:

- The Council will continue activity with all relevant stakeholders to implement the policy no later than December 2024 across all services.
- The Council will actively work with third sector partners in the coming months to engage and encourage communities across Highland to submit their support requests to the Highland Project Bank.
- The policy will be cross referenced in the Annual Procurement Report and the Joint Procurement Strategy, with performance relating to community benefit outcomes being reported to the Corporate Resources Committee as part of the Annual Procurement Report.
- The policy content and review relating to outcomes against Highland priorities will be reported to the Communities and Place Committee in September 2025.

Designation: Assistant Chief Executive - Place

Date: 15 August 2024

Author: Alison Clark, Head of Community Support, Contact and Engagement  
Gail Ward, Community Benefits Manager

Appendices: Appendix 1 – Integrated Impact Assessment  
Appendix 2 - Community Benefits Policy (Procured and other Voluntary Benefits)

### **Equality, Poverty and Human Rights**

The aim of this policy is to meet the Council's commitment to meet its Sustainable Procurement Duty and focus on local and national outcomes. As such, any community benefit activity created or executed in association with this policy aims to secure, meaningful, environmental, social, and economic value which will represent increased prosperity that contributes to economic growth, reduces inequality, benefits all sections of society, and helps minimise impacts on the environment through the Net Zero aspirations.

**Equalities and Human Rights**– Adopting these approaches and fostering environmental, social, and economic value will benefit all residents, therefore not impacting disproportionately on any person or protected characteristic

**Poverty** - The screen specifically notes the positive socio-economic impact on opportunities and prospects. The policy aims to improve opportunities for residents across Highland in relation to:

- Adopting fair work practices across all our contracts, where appropriate to do so.
- Increasing employment, particularly in relation to targeted groups i.e. individuals furthest away from the labour market, over 50's and any other identified groups.
- Upskilling our workforces across all sectors by actively encouraging employers to develop their workforce

The result of our approach will help the Council meet National outcome in relation to us:

- supporting thriving and innovative businesses, with quality jobs and fair work for everyone
- tackling poverty by sharing opportunities, wealth and power more equally.

**Children's Rights** - The screening notes the overall potential positive impact on children's rights. Children will be considered in relation to every possible opportunity to partake in activities provided as a result of the community benefit policy. A potential negative impact was identified in relation to children with disabilities (Article 23) participating in community benefit activities. Where a potential barrier to inclusion may be identified, the Council and suppliers will explore mitigating actions to actively engage all children within activities.

### **Climate Change, Islands and Mainland Rural Communities, and Data Protection**

**Climate Change** – The screen identified a potential for a negative impact on the Council's Net Zero aspirations however, the aim of this policy is to meet the Council's commitment to meet its Sustainable Procurement Duty. As such, any activity created or executed in association with this policy aims to secure, meaningful, environmental value across the Highlands.

Net Zero commitments should be embedded across all the council's contracts. Contract specifications should include specific climate / environmental requirements which will be evaluated within the technical element of any tender exercise. This policy will help to ensure that contractors and suppliers are meeting their duties in relation to meeting the council's Net Zero Strategy.

**Islands and Mainland Rural Communities** - The aim of this policy is to meet the Council's commitment to meet its Sustainable Procurement Duty. As such, any activity created or executed in association with this policy aims to secure, meaningful, environmental, social, and economic value for Highland residents and communities.

Adopting this approach will ensure that no geographical distinction will apply. The policy aims to benefit all residents, therefore not impacting disproportionately on any island or rural community.

**Data Protection** – No impact



# **Community Benefits Policy**

(Procured and other Voluntary Benefits)

July 2024 – Version 01

DRAFT

# Document Control

Approval Date	
Implementation Date	
Version	
Policy Owner / Author	Community Benefits Manager / Community Support and Engagement Team
Approval Authority	Communities and Place Committee
Scheduled Review	

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## Introduction

The Highland Council is committed to securing meaningful environmental, social, and economic value in their procurements and to working with all sectors of the business community to achieve economic growth and increased prosperity.

Community Benefits and Sustainable procurement aim to deliver wider benefits in addition to the core purpose of a contract. This will be achieved through the inclusion of Community Benefit clauses across most Highland Council contracts or frameworks.

## Background

In June 2023, Highland Council agreed to developing a Highland specific 'Sustainable Procurement and Community Benefit Policy' focusing on meeting the needs of the Council, our communities, and suppliers as part of the Council's Community Wealth Building approach and strategy.

Community Wealth Building provides an alternative approach to economic development and aims to keep wealth within the local area. The Council's approach to community benefits outlined in this policy supports our wealth building strategy. It focuses on two of the five Community Wealth Building pillars.

### Spending

- Maximising community benefits through procurement and commissioning, developing good enterprises, fair work and shorter supply chains.

### Workforce

- Increasing fair work and developing local labour markets that support the wellbeing of communities.

Community Benefits provide an opportunity for increased prosperity which contributes to economic growth, reduces inequality, benefits all sections of society, and helps minimise impacts on the environment through the Net Zero aspirations. Community Benefits help to demonstrate best value and deliver 'good news' stories for the Council, our communities and the suppliers who deliver them.

This Community Benefit Policy will embed a consistent approach to community benefits from procurement and thereby maximising the opportunities derived from this.

Working in partnership with the Highland Community Planning Partnership will be critical to delivering the Community Benefit policy at a regional and local level. These aspirations help us to achieve our strategic objectives as detailed in the [Programme of The Highland Council 2022-27](#), the [Highland Outcome Improvement Plan \(HOIP\)](#) and Scotland's [National Performance Framework whilst ensuring](#) best use of public money.

## Commercial and Procurement Shared Service Vision & Mission Statement

The goods and services we buy and commission and the relationships we develop with our supply chains aim to enhance opportunities and strengthen the local economy and support the wellbeing of our communities. We do this through the vision and mission statements of our joint procurement strategy. Our vision and mission statements state:



## Highland Community Benefit Policy Statement

### Aim

Highland Council is committed to securing, meaningful, environmental, social, and economic value through all our procurement activity. This policy will ensure Community Benefits are routinely considered and Community Benefit clauses are included in all works, goods and services frameworks or contracts, where it is proportionate and relevant to do so.

### Key Principles

This Community Benefits Policy will seek to:



## Sustainable Procurement

Value for money is as important as ever but our procurement activity must look to generate wider benefits to society, improve the local environment and minimise environmental damage.

The Council *must* consider how in conducting the procurement process it can:

- I. Improve the economic, social and environmental wellbeing of the Council's area.
- II. Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process.

For Highland Council frameworks and contracts, sustainable procurement should be considered in all procurements, unless the relevant manager can demonstrate/evidence why it is not proportionate and relevant to do so.

When considering 'proportionate and relevant', factors such as the following apply:

- the value
- duration
- nature of the supply base and any local factors should be considered.
- Prospective bidders e.g. SME's

It is expected that the greater the value of spend, the more community benefits should be sought.

## What are Community Benefits? (relating to Procurement)

Community Benefits are clauses within contracts requiring suppliers to commit to social benefit in addition to the core purpose of the contract, **without additional cost** to the Council.

Community Benefits must not be regarded as a means of obtaining 'extra' or 'free' goods, services, or works for the Council's own direct benefit – they are for the benefit of the community. However, they can support delivery of Council policies and priorities e.g. increasing the number of modern apprenticeships or contribution to addressing digital exclusion through provision of support and equipment.

It is important to remember when considering community benefit clauses within procurement activity, that the requirement in relation to their inclusion must be compatible with the procurement principles of equal treatment and non-discrimination and transparency and proportionality.

## Community Benefits Definitions

There are two types of community benefit that can be used in procurement: 'Contractual' Benefits and 'Voluntary' Benefits.



## Contractual Benefits

All Council contracts, unless exceptional circumstances apply, will have contractual benefits applied.

'Contractual' benefits are mandatory requirements which set out the Council's procuring requirements. Contractual community benefits must:

- have clear definitions,
- have clear unambiguous language and
- be subject to clear key performance indicators (KPI's) that a supplier would be measured against as part of any contract management.

As part of the tender process, suppliers will be expected to provide a response to the contractual community benefit requirements. This will be evaluated based on the evaluation criteria of each tender process.

Only community benefits delivered under a contractual obligations clause are enforceable.

## Voluntary Benefits

Voluntary Community Benefits may also be sought when undertaking procurement activity, however, will **not** be subject to evaluation or place a contractual obligation on the supplier. Such benefits cannot be enforced should the supplier fail to deliver any offered benefits, but they can be subject to contract management processes.

Voluntary benefits are often a helpful way in which small contractors can offer additional benefits or can be used if the contract is considered of low value and it has been deemed not proportionate to consider contractual benefits. Voluntary benefits could be provided through the Project Bank or through another locally delivered benefit. It also provides an opportunity for larger providers to offer additional benefits in line with work their organisation may be involved in.

## Community Benefit Policy Delivery

Delivery of community benefits will aim to:

- improve the wellbeing of the overall Highland community
- promote positive work practices and approaches; and
- facilitate and involve key stakeholders including third/community sector, SMEs and supported businesses.

In addition to the above, in Highland, community benefits will also aim to deliver the 3 core partnership priorities:

- **People** – Enable people to live independently, safe and well within their community.
- **Place** – Work in partnership to develop sustainable and resilient local communities.
- **Prosperity** – Creating opportunities for all people and places to prosper and to thrive economically.

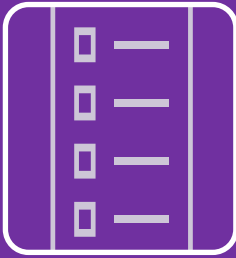
To support officers select relevant and proportionate community benefits for suppliers to respond to in a procurement process, a community benefits matrix has been developed. This ensures a robust and consistent approach across Highland and ensures that we are achieving the aims of the community benefit policy. The matrix includes:

- Standard community benefit clauses to be included in all contracts
- Guidance on appropriate benefits and approach relevant to the value of the contract

Examples of potential community benefit activity that should be considered for inclusion within contract specifications. If it is not proportionate and relevant to include community benefits in a Highland contract or framework, the procuring service must include in their procurement document, and provide evidence to support this conclusion, to be considered and approved by the Procurement Approval Group, the Capital Programme Board (for Capital works) or the relevant Assistant Chief Executive.

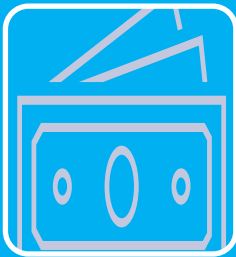
### Standard Community Benefits Clauses

One of the key priorities of the council is to reduce inequality. This can be achieved by addressing economic, social and health factors. To support this priority, all frameworks and contracts will include, as standard, the following community benefits, unless the contracting manager can demonstrate and evidence why this is not relevant or proportionate.



**Fair Work Practices / Real Living Wage** The Council considers the delivery of high-quality public services to be inextricably linked with workforces that are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, recognise and respect diversity and are involved in some key decision making affecting them. These factors support the Council's Community Wealth Building strategy and approach and considered to be important for workforce recruitment and retention, and thus continuity of service.

Therefore, contracts for goods, services and works should include Fair Work Practices and promotion of the Real Living Wage.



**Prompt Payment – (Ensuring payment of invoices within 30 days)** The Council aims to ensure that suppliers and any subcontractors involved in the performance of contracts receive fair treatment and payment terms that do not exceed 30 days. Tender questionnaires should therefore include prompt payment clauses as part of the tender evaluation.



**Highland Employer Charter** - One of the key strategic priorities for the Council is the 'Workforce for the Future' programme. A key element of this programme is the Highland Employer Charter. The charter aims to focus on an approach of trust and encouragement and has a strong Fair Work agenda which will drive forward good employer practices. Contractors are expected to sign up to the charter or that they can demonstrate that they meet the principles of the Charter.

## Community Benefits Matrix

To ensure a consistent approach to Community Benefit requirements and delivery across all procurement activity. Delegated procurers will adopt the approach detailed in the Community Benefits Matrix (see appendix 1) determined by

- the type of procurement e.g. supplies, services or works
- the route to procurement e.g. contract, framework, dynamic purchasing system, direct award, mini competition.
- the relevance and proportionality of the inclusion of community benefits.

Community Benefit requirements should be reflective of the value of the contract awarded i.e. the greater the value, the greater the level of benefit expected. Contract specifications should encourage bidders to offer 'more of the same', alternative or enhanced benefits in the bid.

Proportionality is critical. Some elements can also be fulfilled by the main contractor, subsidiary of the main contractor, any approved subcontractor or supply chain partner.

For all contracts, regardless of their value there is an expectation for suppliers to adhere to:

- Fair Work Practices
- Real Living Wage Promotion
- Employer Charter
- Prompt Payment in the Supply Chain

For all bar contracts of the smallest value, consideration should be given to:

- Job creation
- Apprenticeships
- Education and Training

Table 1 provides examples of potential community benefit activity which should support the identification of appropriate benefits for inclusion in contract specification. The table appears in the Sourcing Strategy, Invitation to Tender and Community Benefits Guidance Document to ensure the consideration of Community Benefits is conducted throughout the procurement process.

Table 1. Potential Community Benefit Activities for consideration (not an exhaustive list)	
Theme	Activity
Standard Community Benefits Applicable to all Highland contracts and frameworks.	<ul style="list-style-type: none"> <li>▶ Fair Work Practices</li> <li>▶ Real Living Wage (promotion)</li> <li>▶ Prompt Payment throughout the supply chain</li> <li>▶ Employer Charter</li> </ul>
Employment / Education / Training	<ul style="list-style-type: none"> <li>▶ Job Creation (specific to the contract / framework)</li> <li>▶ Vacancy sharing (through Highland Employability Team)</li> <li>▶ Apprenticeships</li> <li>▶ Work Placements / Work Experience</li> <li>▶ Qualifying / upskilling the workforce</li> <li>▶ Career Events</li> <li>▶ Education – School activities / Curriculum support</li> <li>▶ Employer Engagement</li> </ul>

Small & Medium Enterprises (SME's) / Third Sector Capacity Building and Support	<ul style="list-style-type: none"> <li>▶ Supplier Development</li> <li>▶ Subcontracting Opportunities</li> <li>▶ Local Economic Development</li> <li>▶ Mentoring / Professional Support</li> </ul>
Community Support	<ul style="list-style-type: none"> <li>▶ Donations of materials and / or supplies</li> <li>▶ Financial Donations / Sponsorship</li> <li>▶ Volunteering opportunities (reciprocal)</li> <li>▶ Professional Support and development</li> </ul>
Poverty & Inequality Reduction	<ul style="list-style-type: none"> <li>▶ Activity to support delivery of our Public Sector Equalities Duty – to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.</li> <li>▶ Poverty Reduction Initiatives – Fuel / Income / Food / Transport / Digital</li> <li>▶ Health &amp; Wellbeing Activities / Initiatives</li> </ul>
Environmental / Net Zero Activities	<ul style="list-style-type: none"> <li>▶ Emissions Reduction / Air Quality</li> <li>▶ Emissions Reporting</li> <li>▶ Resource Efficiency</li> <li>▶ Reduction of waste / packaging</li> <li>▶ Circular Economy Initiatives</li> </ul>
Highland Initiatives In addition to the above, suppliers will be encouraged to support key Highland Council initiatives.	<ul style="list-style-type: none"> <li>▶ Uptake of Fostering &amp; Adoption</li> <li>▶ Workforce for the Future Strategy</li> <li>▶ Armed Forces Covenant</li> <li>▶ Play Strategy</li> </ul>

### Evaluation of Sustainable Procurement / Community Benefits

Only Community benefits where there will be a contractual obligation created will be evaluated as part of the tender process.

**10% - 30%** of award criteria should be allocated to Sustainable Procurement including Community Benefits and Fair Work Practices. The percentage of award criteria is determined by the value of the contract, as detailed in the Community Benefit Matrix. The greater the value the contract, the greater the level of community benefits expected and therefore the greater the percentage of award criteria that will be applied to community benefit.

The community benefit requirement and response must be measurable, and openly fair, and directly comparable between bids

Bidder responses to community benefit requirements should always look forward to the contract / work to be performed (as opposed to looking back to previous achievements). The response should detail:

- an understanding of the benefit requirement
- how the bidder proposes to meet the requirement, including target numbers and how outcomes will be measured and reported.

Responses will be evaluated using a whole number scoring matrix. Submissions will be scored based on bidders' responses to the requirement as detailed in the guidance document. E.g.

Score	Standard
4	Excellent response demonstrating clear understanding and comprehensive ability to fulfil requirements, submitting full detail how the requirements of the Council shall be achieved.
3	response providing evidence of good understanding and compliance although limited detail provided for some areas.
2	Average response providing some indication of understanding and compliance.
1	Minimal or poor response providing little evidence of understanding or compliance.
0	Nil or inadequate response with little or no understanding of requirement or evidence of compliance.

Both contractual and voluntary Community Benefits will be discussed/ agreed at mobilisation of the contract to ensure that all parties have a clear understanding of what will be delivered and monitored during the contract.

## Community Benefits from Frameworks – internal and external

The Council spends approximately 10% of its annual spend on established frameworks. Most frameworks operate using a spend threshold methodology, i.e. the more money that is spent, the more community benefit points are accumulated.

The Council will develop its own spend threshold methodology for Highland Council specific frameworks. As detailed in the Community Benefit Matrix, for both works and supplies and services, a sliding scale will be applied to both the level of community benefit expected and the evaluation criteria, based on the accrued spend of the contract.

For external framework agreements e.g. Scotland Excel or Commercial Crown Services, on a periodic basis (determined by the framework requirements) the Council (Commercial and Joint Procurement Team Category Manager and the relevant Service Officer) will receive a statement detailing the community benefit points accrued over a six-month period.

It is the responsibility of the officer within the service to work with the supplier to

- Agree the nature and number of the community benefits to be delivered
- facilitate the delivery of and monitor the outcomes of the agreed community benefits.
- Resolve any disputes relating to the non-compliance of community benefit requirements.
- Ensure Community Benefit points are spent within the allotted timescale.

Each framework agreement details the Community Benefit Menu that be considered. To help facilitate the delivery of these community benefits, the officer may use the Project Bank or other locally identified project.

Community benefits from frameworks will be subject to the same contract management arrangements as detailed in the next section.

Where a specific call off is proposed under a framework then criteria for Community Benefits may be included where permitted as per the framework guidance. The criteria included should follow the spend thresholds as set out in Appendix 1: Community Benefits Matrix.

## Community Benefits from other Volunteered Sources

Many suppliers have contracts with other organisations, public sector bodies or suppliers that are delivered within the Highland Council area. e.g. Trunk Road maintenance Community Benefits that are offered through external sources, rather than procured by the Council, provide additional social, economic and environmental opportunities for Highland

Communities. Any offers of community benefits through these routes will be managed by the Community Benefit Manager using the Highland Project Bank approach.

### Contract Management for Contractual and Voluntary Community Benefits

Contractual community benefits must have clear definitions and clear key performance indicators (KPI's) that a supplier can be measured against (would be measured as part of Contract Management).

Officers will ensure that community benefits are reviewed and monitored in accordance with the Contract Management terms and conditions of each individual contract. i.e. the performance of community benefit delivery will be a standard agenda item on all contractual meetings. The Procurement manual provides guidance to officers on the contract management requirements depending on the type and level of contract.

Officers will be responsible for sharing community benefit review templates with the Community Benefit Officer after each review.

Suppliers will be required to complete a Community Benefit review template, which monitors delivery against the contractual community benefit requirements as detailed in the contract. Whilst the Commercial and Shared Service trial a digital software solution which measures community benefit compliance and delivery, suppliers will be required to fill in a project specific template.

Failure to deliver a contractually obligated community benefit may be linked to contractual remedies. Contractual remedies are the legal terms and conditions set out in the contract in relation to any breach of the contract. The Council will consider using dispute remedies as a means of encouraging suppliers to meet their contractual obligations in relation to community benefit delivery.

Voluntary Community Benefits will be subject to contract management processes and will be measured and reported on the Community Benefit Review Template in order to quantify the complete benefits delivered by the contract. They cannot though be enforced using contractual remedies.

### Community Benefits Monitoring, Reporting and Review

Sustainable procurement and Community Benefits performance and outcomes will be monitored and reviewed and reported as follows



## Policy Compliance and Performance

Monitoring information across all procurement activity will be reviewed and scrutinised by the Community Benefits Manager and the Strategic Commercial Manager (Commercial & Procurement Shared Service). The purpose of this scrutiny and review is to.

- a. Review overall performance and outcomes against imposed and agreed community benefits form all contracts and frameworks.
- b. Identify any lessons learnt or best practice with a view to reviewing and updating the Council's approach, policy and training and development.
- c. Share best practice and success amongst all stakeholders, including promotion of 'good news' stories.

The Commercial and Procurement Shared Service and Community Benefits Manager will

- Report on Community Benefit outcomes within the Council's Annual Procurement Report,
- Report council wide activity to the Procurement Approval Board, Capital and Engineering Programme Board and the Strategic Procurement Board
- Report on council wide activity and performance of this policy to the Communities and Place Committee annually.

## Annual Procurement Report

The Procurement Reform (Scotland) Act 2014 places an obligation on the council to prepare and publish an annual procurement report. This report is presented annually to the Corporate Resources Committee.

In addition to the visibility of purchasing activity, the annual procurement report will outline how the council is contributing to the delivery of the council's wider aims and objectives. It will include a summary:

- 1) of any community benefits requirements **imposed**<sup>1</sup> as part of regulated procurement in accordance with the council's procurement duty
- 2) of all other contractual and voluntary benefits activity.

The Council and Commercial and Procurement Shared Service will implement digital solutions for monitoring community benefits for all Council Services during the initial 12-month period

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<sup>1</sup> The [Procurement Reform \(Scotland\) Act 2014 \(legislation.gov.uk\)](https://legislation.gov.uk) requires "Imposed" has been interpreted to mean community benefit requirements included within regulated procurements published in the reporting period. Reporting is intended to capture community benefit inclusion at all stages of incorporation, implementation and fulfilment.

of this policy implementation. Digital solutions will ensure that the council is more accurately recording all community benefit activity and will enable consistent and measurable reporting.

## Policy Responsibility, Ownership and Governance

### Responsibility and Ownership

The delivery of the Sustainable Procurement and Community Benefit Policy will be the responsibility of managers across the council. It will require involvement and ownership across all services, and collaboration and commitment from suppliers, the third sector and communities.

Services within the council will be required to:

- Adhere to the policy
- Support the delivery of the policy.
- Explore opportunities to maximise Community Benefit outcomes from any procurement activity that they undertake.
- Record and report on Community Benefit and Sustainable Procurement outcomes as required
- Work with colleagues across the organisation to identify potential opportunities for collaborative working.
- Ensure sustainable procurement and community benefit clauses and activity are delivered by suppliers and monitored and reported alongside other contractual requirements on a regular basis.

### Key stakeholders

- Community Benefits Manager
- Community Support and Engagement Team
- Community Benefit Steering Group
- Commercial & Procurement Shared Service
- Service Departments - Senior Managers and staff with Delegated Procurement Authority (DPA)

The role of stakeholders will be to:

- support the Council in achieving the objectives and delivery of the policy.
- support the ongoing periodic review of the policy.
- provide support to external stakeholders including suppliers and communities and the third sector.

- Work collaboratively to explore and develop more effective and efficient ways of working and share best practice.

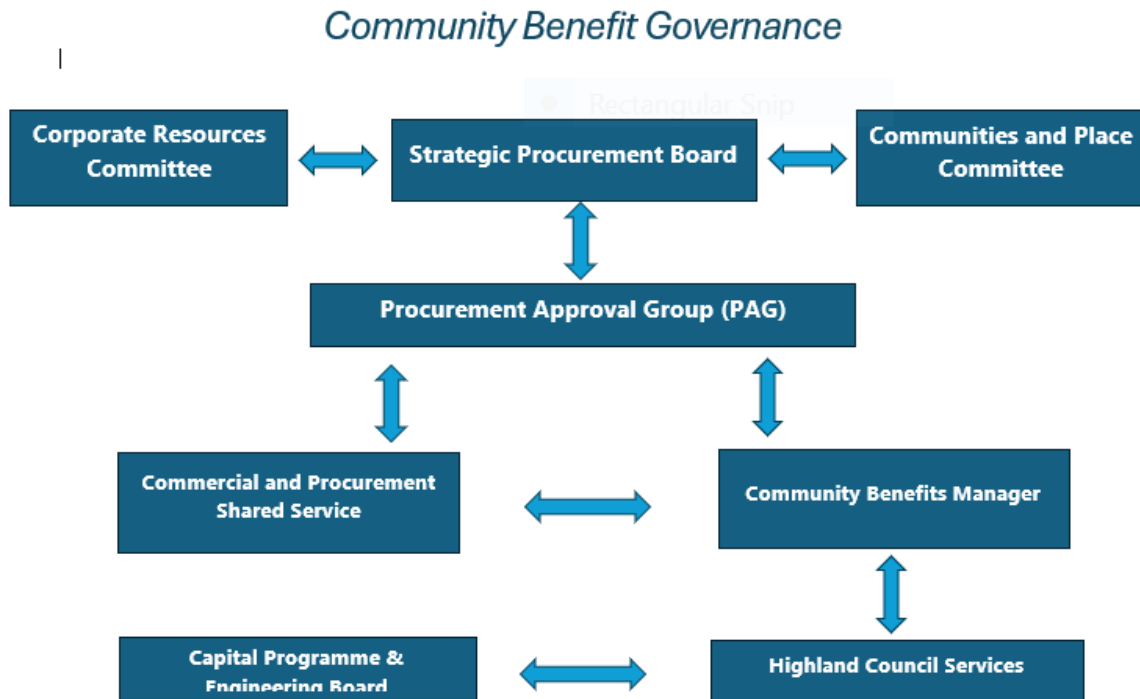
## Community Benefits Manager / Procurement Shared Service

As the strategic leads for this policy the Community Benefits Manager and the Commercial & Procurement Shared Service will:

- Support the ongoing development of the policy and its implementation (including development of guidance and training to support Delegated Procurers).
- Engage with Services across the council to identify and agree Community Benefit outcomes.
- Engage with suppliers to encourage and influence innovative opportunities, monitor outcomes and delivery of Community Benefit, and share best practice.
- Support services in relation to Community Benefit evaluations.
- Report Community Benefit outcomes as required and in accordance with statutory requirements relating to the Annual Procurement Report.
- Facilitate a Highland Project Bank to support Community Benefit activity through projects, initiatives and funding opportunities.
- Support Highland Communities and the Third Sector to actively engage with the Highland Project Bank.

## Governance

The governance structure aims to support the overall accountability, responsibility and performance of this policy. This will be achieved through a clear approach to the scrutiny, consistency, application, proportionality, approval, monitoring and reporting mechanisms.



## Strategic Procurement Board

The Strategic Procurement Board is responsible for the delivery of the Joint Procurement Strategy.

The board will:

- Review the performance of procurement activity providing scrutiny and challenge where appropriate.
- Scrutinise quarterly updates on the delivery against key performance indicators.
- Support and scrutinise the delivery, review and outcomes of community benefit activity, including facilitating the escalation and resolution of any issues that may present a barrier to the delivery of the outcomes of this Community Benefit policy.

## Procurement Approval Group (PAG)

The Procurement Approval Group (PAG) has the responsibility to review, scrutinise and approve expenditure where any contract is funded by the revenue budget.

Delegated procurers are required to present a procurement approval form in advance of the commencement of any procurement process. The approach to Community Benefit / Sustainable Procurement outcomes is a requirement of the approval process.

The PAG will:

- in making their decision, scrutinise the community benefit requirements stated in each submission to ensure sufficient benefits are being proposed.

Review and scrutinise the approach, delivery and outcome of community benefit delivery.

## Capital Programme Board

The Capital Programme Board has the responsibility to review, scrutinise and approve expenditure for capital or engineering works funded by the capital budget.

Delegated procurers will be required to present documentation that will include their proposed approach to community benefits for individual projects.

The Capital Programme Board will:

- in making their decision, scrutinise the community benefit requirements stated in each submission to ensure sufficient benefits are being proposed.

## Supporting Highland Communities

### Highland Project Bank

The Community Empowerment (Scotland) Act 2015 empowers communities to have strengthened voices in relation to local authority decision making. To support the involvement of communities in this policy, the Council has developed a dedicated Project Bank to support community benefit activity. The bank will work in several ways.

**Community Support Requests** - The bank allows third sector organisations and community groups the opportunity to request help for projects and initiatives / or to support Highland communities. Desired items could include such things as donations of time, professional support, labour or materials, the offer of work experience or apprenticeship opportunities, sponsorship of a project or event, or support for environmental initiatives.



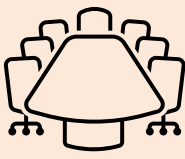

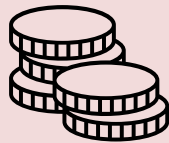
Where appropriate, suppliers bidding for contracts will be encouraged to select a community request (or multiple requests) which can be included in their submission to any tender responses, from the opportunities displayed on online Project Bank.

**Supplier Opportunities** – the bank will provide a platform for Suppliers to add 'offers' of support that will be available to communities. Offers will include details as to how third sector organisations and community groups can apply for these offers.

Offers can be added to the project bank at any time and may be linked directly to a specific contract or on an ad-hoc basis.

**Monetary Donations / Rebates** -Suppliers who offer / negotiate monetary donations in respect of their community benefit commitment will be encouraged to open a funding opportunity to communities through the Project Bank.

Community Support Requests, Supplier Opportunities and monetary donations will be categorised into the following headings in the project bank.

Employment & Training 	Education 	Professional Support and Development 	Volunteering 	Donations of funds and sponsorship 	Do of
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## Resources and Support

To support the delivery of this policy a wide range of guidance, advice and support will be provided to all relevant stakeholders.

### For Highland Council and Shared Services Officers

Supporting documentation and training for officers will provide comprehensive guidance, examples, relevant service contacts to support community benefit activity and a toolkit applicable to each stage of this policy.

### For Suppliers

Bidders / Suppliers will be provided with details of a wide range of resources including Council / other agency/community/third sector relevant to their sector. This advice and

support will be available both during the live tender process as well as ongoing support to facilitate successful delivery of community benefit outcomes.

#### [For Communities / Community Groups / Third Sector](#)

The Highland Project Bank and information on the council's website will provide Communities / Community Groups / Third Sector with information about community benefits and how they could potentially benefit for support through this policy. A 'How to' guide for groups will be produced to support involvement.

Appendix 1: Community Benefit Matrix


<h1>Highland Community Benefits Matrix</h1>	
<p>This Community Benefits Matrix guides services and suppliers as to how community benefits will be incorporated into procurement activity, determined by the type of procurement and the threshold of spend.</p> <ul style="list-style-type: none"> <li>• Community Benefits must be '<b>relevant and proportionate</b>' to the procurement exercise being conducted.</li> <li>• It is important not to place a burden on bidders that are unnecessary or excessive compared to the value and duration of the contract.</li> <li>• Consider local factors and the supply base when exploring appropriate community benefits.</li> </ul>	
<p><b>Contractual Community Benefits -</b></p>	<ul style="list-style-type: none"> <li>• Relevant and proportionate Contractual Community Benefits must be considered for all Highland Council contracts and frameworks.</li> <li>• Where it has been deemed not relevant and proportionate to include Contractual Community Benefits, the officer must seek sign off from the delegated approver in accordance with the scheme of delegation.</li> </ul>
<p><b>Voluntary Community Benefits</b></p>	<ul style="list-style-type: none"> <li>• Voluntary Community Benefits can be encouraged from suppliers over and above contractual community benefit requirements, and also in cases where it is not proportionate or relevant to include contractual community benefits.</li> <li>• Any voluntary benefits offered will not form part of the evaluation, are not subject to a contractual obligation therefore cannot be enforced through contractual remedies.</li> <li>• They can be subject to contract management processes.</li> </ul>



Procurement Level Spend Thresholds	% of technical /quality evaluation to be applied to Community Benefits	Standard Contractual Community Benefits  (applicable to <b>all</b> contracts / Highland Frameworks, unless the service manager can demonstrate/evidence it is not relevant or proportionate or  For lower value contracts where evaluation is to be based on price alone))	Contractual Community Benefits Quality / Technical Specification  (Focus on employment, training, education & communities)  Where a direct award or exemption is applied it may be appropriate to agree a charter with the supplier.	Community Benefit Resource(s)
<b>Supplies &amp; Services</b>				
<b>Under £10K</b>	<b>10%</b>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>Desirable if relevant &amp; proportionate to the type, length and value of the contract.</p> <p>Voluntary benefits will encourage low value contracts / small suppliers to deliver community benefits.</p>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Highland Project Bank</li> <li>• Procurement Category Manager</li> </ul>


<p><b>£10K – £249,999K</b></p>	<p><b>10%- 30%</b></p> <p>Discretionary based on the value of the contract and approved by relevant Officer under Scheme of Delegation</p>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>Technical Questionnaire - Community Benefit Specific Question</p> <p><b>Consideration</b> to be given to appropriateness of including</p> <ul style="list-style-type: none"> <li>• Job Creation</li> <li>• Apprenticeships</li> <li>• Education and Training</li> <li>• SME / 3<sup>rd</sup> Sector Support &amp; Capacity Building</li> <li>• Community Support</li> <li>• Environmental Activities</li> <li>• Poverty &amp; Inequality Reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Highland Project Bank</li> <li>• Senior Lead Skills, Employability &amp; Prosperity 3-18</li> <li>• Procurement Category Manager</li> </ul>
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<p><b>Over £250K</b></p>	<p><b>30%</b></p>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>Technical Questionnaire - Community Benefit Specific Question</p> <p><b>Unless disproportionate / exception agreed. Officers must consider</b></p> <ul style="list-style-type: none"> <li>• Job Creation</li> <li>• Apprenticeships</li> <li>• Education and Training</li> <li>• SME / 3<sup>rd</sup> Sector Support &amp; Capacity Building</li> <li>• Community Support</li> <li>• Environmental Activities</li> <li>• Poverty &amp; Inequality Reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Highland Project Bank</li> <li>• Senior Lead Skills, Employability &amp; Prosperity 3-18</li> <li>• Procurement Category Manager</li> </ul>
<p><b>Highland Frameworks – Services &amp; Supplies</b></p>	<p>Sliding scale based on the accrued spend using the</p>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> </ul>	<p><b>Requirements as stated above based on the value of the contract</b></p> <p><b>Can include</b></p>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Highland Project Bank</li> </ul>

	values and percentages stated above	<ul style="list-style-type: none"> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>accumulative spend points matrix (see proposed draft below, spending levels to be reviewed determined by the nature / value of the framework)</p> <p style="text-align: center;">             Community Benefits Selection Menu - Exar         </p>	<ul style="list-style-type: none"> <li>• Senior Lead Skills, Employability &amp; Prosperity 3-18</li> <li>• Employability Team</li> </ul>
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Procurement Level Spend Thresholds	% of technical /quality evaluation to be applied to Community Benefits	Standard Contractual Community Benefits  (applicable to <b>all</b> contracts / Highland Frameworks, unless the service manager can demonstrate/evidence it is not relevant or proportionate)	Contractual Community Benefits Quality / Technical Specification  (Focus on employment, training, education & communities)	Community Benefit Resource(s)
<b>Works</b>				
<b>Under £2m</b>	<p><b>10-30%</b></p> <p><b>Discretionary</b> based on the value of the contract and approved by</p>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>Technical Questionnaire – Community Benefit Specific Question</p> <p><b>Consideration</b> to be given to the appropriateness of including</p> <ul style="list-style-type: none"> <li>• Job Creation</li> <li>• Apprenticeships</li> </ul>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Construction Industry Training Board (CITB) 2017 Benchmarking</li> </ul>

	relevant Officer under Scheme of Delegation		<ul style="list-style-type: none"> <li>• Education and Training</li> <li>• SME / 3<sup>rd</sup> Sector Support &amp; Capacity Building</li> <li>• Community Support</li> <li>• Environmental Activities</li> <li>• Poverty &amp; Inequality Reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Highland Project Bank</li> <li>• Senior Lead Skills, Employability &amp; Prosperity 3-18</li> <li>• Employability Team</li> <li>• Climate Change Team?</li> <li>• Procurement Category Manager</li> </ul>
<b>Works &amp; Concessions £2m and above</b>	<b>30%</b>	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p>Full Community Benefit Guidance Document outlining requirements</p> <p><b>Unless disproportionate / exception agreed by approving Senior</b></p> <p><b>Officers <b>must</b> consider and include</b></p> <ul style="list-style-type: none"> <li>• Job Creation</li> <li>• Apprenticeships</li> <li>• Education and Training</li> <li>• SME / 3<sup>rd</sup> Sector Support &amp; Capacity Building</li> <li>• Community Support</li> <li>• Environmental Activities</li> <li>• Poverty &amp; Inequality Reduction</li> </ul>	
<b>Highland Frameworks - Works</b>	Sliding scale based on the accrued spend using the values and percentages stated above	<ul style="list-style-type: none"> <li>• Fair Work Practices</li> <li>• Real Living Wage Promotion</li> <li>• Employer Charter</li> <li>• Prompt Payment in the Supply Chain</li> </ul>	<p><b>Requirements as stated above based on the value of the contract</b></p> <p><b>Can include</b> accumulative spend points matrix (see proposed draft below, spending levels to be reviewed determined by the nature / value of the framework)</p>	<ul style="list-style-type: none"> <li>• Community Benefits Manager</li> <li>• Highland Project Bank</li> <li>• Senior Lead Skills, Employability</li> </ul>

			 Community Benefits Selection Menu - Exam	& Prosperity 3- 18 • Employability Team
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