

Agenda Item	8
Report No	CP/24/25

The Highland Council

Committee: Communities and Place

Date: 6 November 2025

Report Title: Community Benefit from Procurement – Annual Report

Report By: Assistant Chief Executive – Place

1 Purpose/Executive Summary

- 1.1 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.
- 1.2 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.
- 1.3 At the Communities and Place Committee in September 2024, a Community Benefit (Procurement) Policy was agreed, along with a commitment to provide annual progress reports. 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. The Policy aims to:-
 - Set out the Council's overall approach and aspirations relating to Community Benefits & Social Value;
 - 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; and
 - Focus on directing community benefit activity towards employment, education, skills development and training to support the Council's Workforce for the Future Strategy.

This policy complements and aligns with our approach to the Social Value Charter; ensuring we are maximising benefit to our communities.

2 Recommendations

2.1 Members are asked to:-

- i. **Consider** and **Agree** this annual Community Benefit update; and
- ii. **Note** the next steps in terms of undertaking a review and evaluation of the Community Benefit Policy following the first year of activity.

3 Implications

- 3.1 **Resource** - The Community Benefit policy is being delivered within existing budget and resources for each service. However, additional resource requirements may be identified as part of the ongoing implementation of the policy to support contract management and monitoring requirements, and in adopting a Community Wealth Building approach in relation to encouraging local supply chains to bid for Council contracts. This will continue to be monitored and reviewed.
- 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. A further duty may be placed on the Council in relation to procurement under the Community Wealth Building Bill, should it be approved for implementation by Scottish Government in 2026.
- 3.3 **Risk** - The change in approach to community benefits for the Council encompasses a range of activity and relies on changes in practice to implement. A core consideration is about embedding Community Benefits approaches in our business-as-usual activity. It is also important to note that whilst elements of the policy are directly at the hands of the Council, partnership working will be fundamental to realising successful and meaningful delivery of any potential benefits.
- 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 This is a monitoring update report and therefore an impact assessment is not required.

- 4.4 An Integrated Impact Assessment screening was undertaken as part of the development of the Community Benefit Policy. This concluded that there are some potential positive and negative impacts. The original impact screening can be found [here](#). As the policy continues the implications of these impacts will also be monitored and reviewed, with a view to identifying mitigation for any negative impacts.

5 Background

- 5.1 In September 2024, the Communities and Place Committee agreed to a new Community Benefit (Procurement) Policy. 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.
- 5.2 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](#).
- 5.3 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 supported the development of the new policy.
- 5.4 This report provides an update on progress against the Community Benefit policy. The report also provides a summary of next steps and the approach that will be adopted to updating the plan going forward.

6 Policy Implementation

- 6.1 Since the introduction of the policy in September 2024, there has been a gradual implementation of the policy as services across the Council have undertaken procurement activity.
- 6.2 Significant work has taken place to embed key elements of the policy. This has included: -
- Online webinars and briefing sessions have taken place to update staff as to the principles and implementation of the policy and its underpinning links to community wealth building;
 - Procurement documentation and the Council’s Contract Standing Orders have been updated to include community benefit information and references to the policy;
 - Community benefits proposals are scrutinised by the Council’s Procurement Approval Group (PAG) when future procurement activities are presented to the panel;
 - Community Benefits Plans, which include guidance and Highland sources of support, outline community benefit requirements for individual procurement exercises and are being included in tender packs;
 - Commitment to The Highland Project Bank was agreed as part of the Highland Outcome Improvement Plan Delivery Plan, ensuring a stronger partnership approach to community benefits across Highland;

- A steering group of Community Planning Partnership stakeholders are consulting on a 'Highland Project Bank'; a key outcome of the community benefit policy, the project bank will be a mechanism to facilitate private sector organisations' engagement with communities and the third sector to enable the delivery of community benefit requirements and to support community projects and initiatives; and
- The Community Benefits Manager has engaged with services and officers on an individual basis to give advice and guidance on specific procurements.

7 Annual Procurement Report

7.1 The Council has a duty to produce an Annual Procurement Report. The 2024-2025 report will be presented to the Corporate Resources Committee on the 20 November 2025. In addition to a summary of procurement activity during the reporting period, the Annual Procurement Report highlights a summary of community benefit activity in relation to 'regulated' contracts undertaken by the council.

7.2 As the Community Benefit Policy was approved and implemented part-way through the 2024-2025 financial year. The community benefits reported for 2024-2025 will set the benchmark of activity against which the policy will be monitored for future years.

A summary of community benefit activity for the 2024-2025 reporting period can be seen at the Table 1 below, alongside a comparison to previously reported activity in the Annual Procurement Reports for 2022-2023 and 2023-2024.

Table 1	2022-2023	2023-2024	2024-2025
No of Regulated Contracts	28	30	23
No of imposed community benefits in regulated contracts	366	320	201
No of Health & Social Care Contracts	Not recorded	Not recorded	13
No of imposed community benefits in Health & Social Care contracts	Not recorded	Not recorded	88
Other Contracts / Frameworks Community Benefit Outcomes	Not recorded	Not recorded	634
Fair Work Practice clause inclusion – regulated contracts	32%	70%	78%
Community Benefit clause inclusion – regulated contracts	50%	80%	65%
Total Community Benefit outcomes imposed or delivered in reporting period	439	617	923

- 7.3 The data in the table above shows that overall, there has been an increase in the total number of community benefit outcomes that are being imposed or delivered since the Council employed a dedicated Community Benefits Manager in December 2022.

Analysis of the data also highlights: -

- Although the number of contracts including Fair Work Practices has increased year on year. Some regulated contracts, for example one-off consultancy services or other short-term contracts may not have a requirement to include fair work practices due to the size of the organisation delivering the service;
- The policy was implemented from September 2024; therefore, some contracts delivered prior to this date did not include community benefit clauses; and
- Health and Social Care Contracts have not previously featured in the Annual Procurement Report.

8 Wider Community Benefit Activity

- 8.1 In addition to the activity in regulated contracts, the community benefit policy now applies to all new contracts and frameworks. The graphic at **Appendix 1 - Summary of Key Community Benefit Highlights 2024/2025** details the cumulative impact of community benefit activity during the reporting period. A total of 923 outcomes were reported across a wide range of community benefit activity. However, it is important to note that the policy implementation is a 'work in progress' and does not include existing contracts or frameworks that were awarded prior to the policy being introduced and may not have included community benefit commitments.

- 8.2 Some notable highlights relating to good practice and outcomes include, but are not limited to: -

- The tender for Broadford Primary School which included a commitment to employment, skills development, local economic measures, fair work practices and community support;
- A roads maintenance framework with multiple suppliers which included fair work practices, prompt payment in the local supply chain and a spend points-based system which seeks a greater commitment to community benefits based on the amount spent with individual suppliers;
- The tender for the replacement Social Care Management system which committed suppliers to support a range of educational and community activities across Highland in addition to fair work practices;
- The creation of 119 jobs and 78 apprenticeships across suppliers, contractors and sub-contractors;
- Delivery of 124 educational activities across the Highlands, including STEM activities, site visits, and mock interviews;
- Significant commitment to supporting Highland communities through volunteering, sponsorships, and collaboration with local groups and disadvantaged communities. This has included 60 organisations and foster families benefiting from financial donations amounting to £45,365;
- 3 Community Defibrillators, donated, installed and community representatives trained in CPR across remote communities;
- Commitment to help the Council meet its Net Zero aspirations by ensuring suppliers and contractors include environmental measures to reduce emissions and support circular economy initiatives; and

- [Community benefits funding delivers 12 'Talking Tub' resources for use in primary schools.](#)

8.3 A further example of taking forward the new approach is contained within the Highland Investment Plan (HIP) update to Council on 30 October 2025. There is ongoing engagement between the Council and hub North Scotland Ltd to develop Community Benefits Plans for each HIP project. Each project plan will have project specific targets that will be tailored under the following key themes:

1. Education, employability, and skills.
2. Communities, community organisations, and community projects. The Council's Project Bank will help identify and better understand community organisations that require support, enabling more targeted and effective assistance.
3. Local economic development.
4. Environmental activities to protect and enhance the environment.
5. Fair work practices (e.g. the Council's Employer Charter).
6. Prompt Payment of Supply Chain Covenant.
7. Case studies.
8. Promotion of Local Authority key priorities e.g. cascading key Council priorities through contractor's internal channels.

9 Implementation in Practice

9.1 During the first year of implementation, several challenges have been identified in relation to the application of the policy. The implementation activities outlined at section 6.2 of this report detail how services have been supported to apply the new policy requirements and assisted in identifying elements of the policy for review.

9.2 Examples of these challenges, and actions taken to resolve / mitigate such challenges have included: -

- **A perception that the inclusion of community benefit requirements in contracts results in suppliers increasing their bid / ongoing costs:** - There is little evidence to suggest this is the case. Suppliers increasingly recognise and accept that public sector contracts must demonstrate best value and there is a legal obligation to consider sustainable procurement duties. In a competitive market, where tenders are evaluated on a price / quality ration, suppliers who increase their costs may be less likely to win the contract. Additionally, suppliers recognise the need to commit to employment, supply chain and skills development, educational activities and community opportunities for their organisation to be able to grow and deliver the services they tender for.
- **Quick quotes and direct awards have not always routinely included community benefits, particularly where they were based on price only:** Analysis of this type of activity is being monitored with individual officers / services being engaged in dialogue and supported to improve inclusion rates.

- **Small and Medium Sized Enterprises (SME's) or specialist suppliers are less likely to bid for work due to increased obligation to deliver community benefits:** In such cases where there is statutory requirement on the council to deliver such a service, the risk is too great to the Council around failure to deliver. Services are being engaged on a case-by-case basis to discuss individual contract requirements, the availability of small specialist suppliers, and where necessary adapting community benefit requirements so that they are proportionate to the type, length and value of the contract.
- **SME's are unable to compete with larger organisations who have dedicated social value officers and teams to deliver community benefit requirements, therefore don't or feel unable to bid:** overall, engagement with SME's and Third Sector organisations has identified a willingness to support community benefit activity. Most recognise the value which activity can bring to local communities. Ensuring small organisations could deliver on Council contracts helps to achieve our aspirations of community wealth building. We have committed to support SME's and Third Sector organisations through the following activities: -
 - Consider the 'relevancy and proportionality' of community benefits in tenders;
 - The routine inclusion of Advice and Support information in Community Benefit guidance documents within tender documentation packs;
 - The Highland Project Bank will provide a single online platform where suppliers will be able to identify community projects / activities in their local area to support, removing the need for organisations to seek projects to support;
 - Promotion of the Supplier Development Programme, a free resource supporting organisations in relation to bidding for public sector opportunities;
 - With other relevant stakeholders, deliver tailored Meet the Buyer events across the Highland area;
 - Contracts and frameworks will be considered for smaller localised lots; and
 - Larger contracts will include commitments to sub-contract and /or support local supply chains.
- **The impact on officers and services in relation to the resource requirements needed to manage contracts:** This is particularly the case where frameworks include multiple suppliers and / or lots. Individual services will continue to monitor and evaluate resource requirements in relation to all elements of contract management.

9.4 **National frameworks include a variety of different community benefit / social value approaches.** When commissioning activity through national frameworks, services are being supported to ensure that community benefits are still realised, applied and delivered. In cases where services are undertaking mini competitions under a specific national framework the opportunity to apply the Highland policy is maximised.

- 9.5 **Maximising best value opportunities through joint procurement activity** with Aberdeen City Council and Aberdeenshire Council (or other local authorities) has resulted in a consensus approach to community benefit requirements, rather than the council policy being applied. An example of this can be demonstrated in the EV Infrastructure Partnership where the four local authorities agreed a community benefit approach which would provide social, economic and environmental outcomes across the whole area.

10 Highland Project Bank Update

- 10.1 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

It aims to provide a published project list that 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

- 10.2 Significant work has been taking place to develop the Highland Project Bank, initially intended to meet the requirements of the community benefit policy linked to procurement activity only, its use will now be extended to support activity under the Highland Social Value Charter to provide renewable companies with the same single point of reference. The extension to its purpose has necessitated the involvement of a steering group of Community Planning Partnership stakeholders, who are collectively considering the wider requirements of the project bank. It is anticipated that the project bank will now be launched in November 2025.

11 Highland Employer Charter

- 11.1 Employers undertaking works or delivering services to, or on behalf of the council, are actively being encouraged through the application of community benefits in procurement activity to commit to strong ethical work and value the importance of training and supporting their staff through the voluntary Highland Employer Charter.

- 11.2 The Charter, focusing on the following four key pillars for employers, supports our continuing work to develop a sustainable, diverse economy across the whole of Highland.

The four charter pillars include:

- Pay – a commitment to pay all staff the Real Living Wage.
- Employ Highland - support development of local workforce, engaging within education and third sector volunteering opportunities.
- Procure Highland - support Highland based supply chains, community benefits.
- Employers of Choice - investment and to ensure fair work practices which attract and retain staff.

12 Next Steps

- 12.1 The Community Benefits Manager and the Procurement Strategic Commercial Manager will undertake an evidence-based review to gather data and scrutinise the implementation of the policy during its inaugural year which will be reviewed by the Council's Senior Management Team. This scrutiny will focus on the key elements of the policy, including:-

- Community benefit inclusion rates across all procurement activity.
- Service contract monitoring relating to community benefit KPI's
- Stakeholder engagement to evaluate the process from both a service, suppliers and community perspective.
- In-depth analysis of the highlighted challenges identified in section 6, with a view to exploring solutions to mitigate the challenges, or if appropriate, undertake a review of the relevant elements of the policy.

Any identified changes or requirements to the policy will be presented to future committees.

- 12.2 In addition, the Procurement Strategic Commercial Manager will: -

- Issue communication to all services reminding staff of the policy requirements, and to ensure that documentation included on the Public Contract Scotland (PCS) accurately included community benefit information.
- Review the 'Terms of Reference' in relation to community benefits linked to all capital and infrastructure projects.

- 12.3 At the Economy and Infrastructure Committee on 21 August 2025, Members were updated on progress of the Council's Community Wealth Building Strategy, and the Scottish Government's Community Wealth Building bill. The 'Spending' pillar is key element of the Council's community wealth building approach. The community benefit policy will continue to be a driver for achieving our aspirations in relation to this approach and will be updated in line with any changes introduced because of the bill being implemented. It is anticipated that the Bill will progress through Scottish Government before summer 2026 and will place a duty on public sector bodies around community wealth.

12.3 Work has commenced to use the policy to enhance the interaction and activity between suppliers and education through the development of a menu of opportunity. This menu, which will be included in the Community Benefit Guidance documentation issued with all future tender documents, aims to support suppliers to deliver on their community benefit commitments, but also increase confidence and experience in engaging with educational activities as part of the My Future Highland portfolio work. Examples of activity will include: -

- 'Work Taster' days across all sectors to encourage young people into a variety of future job roles;
- Participation in sector related Skills Boards and Academies; and
- Enrolment in the Highland Employer Charter.

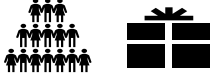
Designation: Assistant Chief Executive - Place

Date: 03 October 2025

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Appendices: Appendix 1 – Summary of Key Community Benefit Highlights 2024/2025

Appendix 1: Summary of Key Community Benefit Highlights 2024/2025

44 Businesses Fair Work Practices & Real Living Wage Promotion or Accreditation 	119 Jobs created 	78 Apprenticeships 	43 Work placements / experience 
219 Staff training and development 	124 Education engagement 	27 Employability Engagement 	55 Community Engagement and Empowerment (300+ hours) 
43 Environmental Wellbeing 	23 Community Donations Materials & Supplies 	14 Vacancy Sharing 	20 Prompt Payment in the Supply Chain 
10 Equalities (contract specific, including Disability Confident Status) 	22 Local Economic Development Activities 	39 Community Donations – Sponsorship & Funds 	43 Innovation/Case Studies 
923 Partnerships and Collaborative Working Opportunities  Community Wealth Building			