



**ANALYSIS OF THE IMPACT AND VALUE OF  
COMMUNITY BENEFIT CLAUSES IN PROCUREMENT**

**FINAL REPORT**

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**Victoria Sutherland, Alexander McTier, Andrea Glass and Alan McGregor**

**Training and Employment Research Unit (TERU)  
University of Glasgow  
Adam Smith Business School  
40 Bute Gardens  
Glasgow  
G12 8RT**

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## EXECUTIVE SUMMARY

### Background and Brief

1. Community Benefit (CB) clauses have been a key strand of procurement policy and practice in Scotland since 2008<sup>1</sup>. The Procurement Reform (Scotland) Act 2014 gives the expectation that CB clauses will be used wherever there is an appropriate legal basis. Where a procuring organisation is to let a contract valued at £4 million or above, it must consider during the design of the tender whether to impose CB requirements. This should lead to greater use of CB clauses going forward.
2. The impetus behind the use of CB clauses has mainly come from public sector organisations, but increasingly many contractors are also keen to commit to CB clauses as they align with and demonstrate contractors' wider commitment to society and enable them to deliver on their Corporate Social Responsibility (CSR) agenda<sup>2</sup>.
3. Much of the existing evidence base around CB clauses consists of descriptive case studies with insufficient material on outcomes and impacts. The overarching purpose of this research is to assess the usage of CB clauses and the impact these have on employment and skills development – with a particular focus on the benefits to more disadvantaged groups. This includes exploring how to monitor CB clauses effectively.
4. This research draws on data from a large scale e-survey of public organisations and in-depth analysis of 24 individual contracts.

### Use of Community Benefit Clauses

5. Two thirds of the public organisations surveyed have used CB clauses in procurement in the period 2009 to 2014. Of the 62 organisations that reported they had used CB clauses, 26% have used CB clauses routinely.
6. The main reasons given for using CB clauses were the contribution they can make towards achieving local and/or organisational outcomes (74% of organisations) and towards achieving Scottish Government National Outcomes (55% of organisations).
7. The main reasons given by organisations not currently using CB clauses was that they are not seen as relevant to the types of contract they let, practical concerns in terms of the management of CB clauses, not having heard of CB clauses, and not understanding the legal position on their use. This suggests additional support is required around raising awareness and understanding of CB clauses.
8. Amongst the organisations surveyed that had used CB clauses, 85% had at least one policy, process or structure in place to support the use of CB clauses. For example, 59% had a procurement officer or champion responsible for CBs.

<sup>1</sup> Scottish Government (2008) *Community Benefits in Public Procurement*. Edinburgh.

<sup>2</sup> For example, Derry City Council (2013) *Social Procurement: Building a Brighter Future 2013*.

## Outcomes and Impacts of CB Clauses

9. 24 contracts were analysed in depth. However, data in relation to the additionality and sustainability of CB outcomes was limited and this was a significant constraint in assessing the impact of CB clauses. Notwithstanding this caveat, the research was able to draw out a series of key findings as follows.
10. Just over 1,000 individuals from priority groups were recruited as a result of the contracts. Each procuring organisation sets its own priority groups but these were commonly unemployed people or young people not in employment, education or training.
  - 38% would not have been recruited without the CB clause.
  - 75% were still in employment at the time of the research.
11. Just over 200 apprentices from priority groups were recruited.
  - 73% of the apprentices from priority groups would not have been recruited without the CB clause
  - 100% were still in employment at the time of the research.
12. Just over 650 individuals from priority groups accessed a work placement.
  - 72% would not have accessed a work placement without the CB clause.
  - Only 3% of those undertaking a work placement were subsequently recruited by the employer. This reflects the large proportion of work placements offered to school, college and university students.
13. Over 6,700 individuals from priority groups received training.
  - 31% would not have received training without the CB clause.
  - A further 34% of training places would have been offered – but the CB clause led to the training being accredited.
14. Some contracts yielded much higher benefits than others. If all contracts had performed to the standard of the best 50% the volume of benefits would have increased significantly.
15. Three of the 24 contracts included CB clauses related to developing the supply chain – with a focus on supporting local businesses and social enterprises.
16. In terms of contributing to the Scottish Government's National Outcomes, the CB clauses primarily contribute to four National Outcomes:
  - National Outcome 2: We realise our full economic potential with more and better employment opportunities for our people.
  - National Outcome 3: We are better educated, more skilled and more successful, renowned for our research and innovation.
  - National Outcome 4: Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
  - National Outcome 7: We have tackled the significant inequalities in Scottish society.
17. It is important to recognise the impact that CBs clauses are having on contractors. For example, many contractors are increasingly viewing CBs as 'business as usual' and adopting CB practices into their business as standard.

## Maximising the Impact of Community Benefit Clauses

18. Building on the existing literature and, in particular, the interviews undertaken with procuring organisations and contractors, a four stage Community Benefits cycle has been developed. The four stages are: Pre-Tender; Invitation to Tender – Setting CB Clauses; Evaluation of Tenders; and Delivery, Monitoring and Evaluation of CB Clauses. At each stage there are challenges that need to be addressed.
19. At the Pre-Tender stage, 34% of organisations surveyed had not used CB clauses and, when used, CB clauses are mainly applied to construction contracts. More needs to be done to learn from and share examples of CB clauses, and particularly those applied to service contracts.
20. At the Invitation to Tender stage, there are some difficulties about how best to interpret the term ‘community’ within a CB clause. Other challenges identified included the limited evidence of CB clauses targeting specific disadvantaged groups; being clear about what was intended within a specific CB clause (especially around work placements and training); and ensuring that CB clauses do not encourage an inflated CB target ‘bidding war’.
21. At the Evaluation of Tenders stage, it is vital that the CB elements of tender submissions are rigorously evaluated by individuals with expertise around CB clauses and ensuring the targets and/or method statement included in the tender submissions are deliverable.
22. When it comes to the Delivery, Monitoring and Evaluation of CB Clauses stage, there are issues in relation to targeting social enterprises as part of CB clauses and the monitoring of sustainability of CB outcomes, given the resources required to do so effectively. There is also the question of how to accommodate CB beneficiaries when the initial contract has ended – are they eligible for other CB clauses? Calculating additionality is a difficult task but it was determined that additionality is greater when CB targets are set by the procuring organisation and are designed to influence and stretch contractor behaviour.

## Conclusions and Monitoring Framework Recommendations

23. Through the e-survey of procurement organisations across Scotland and the in-depth analysis of 24 contracts, the research has found that **CB clauses are increasingly being used** in public sector contracts across Scotland.
24. The evidence suggests that there remains **scope to continue building awareness and understanding** of CB clauses, particularly around the use of CB clauses in service contracts.
25. In terms of the impact of CB clauses, the analysis of the 24 contracts shows that the **targets** around job opportunities, apprenticeships, work placements and training for priority groups have been **exceeded**.
26. Capturing the additionality and sustainability of the CB outcomes is harder to calculate given that procuring organisations have not typically required their contractors to monitor the sustainability and additionality of CB outcomes. Best estimates suggest that although apprenticeships and work placements have the greatest **additionality**, employment **sustainability** levels are 75% for the priority groups recruited through CB clauses.

27. Across the contracts evaluated in depth, there is a **big variation** in the numbers recruited from priority groups for each £ of contract value. Bringing all CB contracts up to the standard of the better performing ones would **significantly increase** their overall impact.
28. The research findings strongly point towards the **need for a more comprehensive evidence base** to be developed around the longer-term impact of CB clauses. This requires a more systematic monitoring of CB clauses and their impacts in future contracts so that the use of CB clauses can be fully justified. It is in this context that the recommendations focus on how the monitoring and evaluation of CB clauses in public sector procurement can be improved upon.
29. There are four parts to the monitoring and evaluation framework recommendations. The first two parts – **Monitoring Information** and **Outcomes Information** – relate to the indicators that should be captured. These will generate a significant amount of data that can help inform (and increase) the future use of CB clauses by procuring organisations across Scotland. The third part provides guidance on the **Monitoring System** needed to collect the monitoring information. The final part considers the **Reporting Arrangements** to ensure the CB data collected is used and acted upon.
30. Monitoring information: for each individual contract that uses CB clauses, we recommend that four different types of CB activity indicators are collected:
  - Key Contract Information.
  - Community Benefits Clause Indicators.
  - Short-Term Sustainability Indicators.
  - Additionality Indicators.
31. Outcomes information: At the organisational level, we recommend that a series of headline indicators are collected that demonstrate the use and impact of CB clauses:
  - Use of Community Benefits Clauses in Contracts.
  - Community Benefits Clause Indicators.
  - Short-Term Sustainability Indicators.
  - Additionality Indicators.
32. Monitoring System: to collect the indicators outlined requires each procuring organisation to have sufficient resources in place to collect, analyse and report on the indicators across all contracts let with CB clauses. Furthermore, where the data collection responsibility lies with the contractor for specific indicators, the procuring organisation must have the skills and expertise to request and indeed encourage contractors to provide the information required in a timely and accurate manner. This task will be made simpler by using a monitoring spreadsheet that can effectively record progress made and outcomes against each indicator.
33. Reporting Arrangements: to be of real value the data needs to be widely reported and then acted upon. We recommend that the data is reported at the organisational level, but also collated by the Scottish Government to form a national picture of the use and impact of CB clauses over time.

## 1. BACKGROUND AND BRIEF

### Background

Community Benefit (CB) clauses have been a key strand of procurement policy and practice in Scotland since 2008<sup>3</sup> and there is an expectation that they will be routinely included in contracts. This commitment to CB clauses was outlined by John Swinney, Deputy First Minister, in March 2010 who stated:

*“The first question that we should ask when developing any contract specification should be: ‘Can we include a community benefit clause?’”.*

The Procurement Reform (Scotland) Act 2014, which received Royal Assent in June 2014 and is summarised below, gives the expectation that CB clauses will be used wherever there is an appropriate a legal basis.

### Procurement Reform (Scotland) Act 2014

The Procurement Reform (Scotland) Act 2014 establishes a national legislative framework for public procurement that supports Scotland’s economic growth by delivering social and environmental benefits, supporting innovation and promoting public procurement processes and systems which are transparent, streamlined, standardised, proportionate, fair and business friendly.

The Act states that procuring organisations are required to act in accordance with the **sustainable procurement duty**. This requires procuring organisations to consider how the procurement process can:

- Improve the economic, social, and environmental wellbeing of the authority’s area.
- Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process.
- Promote innovation.

Where a procuring organisation expects to have significant procurement expenditure in the next financial year, it must prepare a **procurement strategy** that sets out how the authority intends to carry out regulated procurements and include a statement on:

- The use of community benefit requirements; and
- How it consults and engages with those affected by its procurement.

Within the Act, a **community benefit requirement** is a contractual requirement imposed by a procuring organisation relating to:

- Training and recruitment.
- The availability of sub-contracting opportunities.
- Other activities intended to improve the economic, social or environmental wellbeing<sup>4</sup> of the authority’s area in a way additional to the main purpose of the contract<sup>5</sup>.

The Act stipulates that where a procuring organisation is to let a contract valued at £4 million or above, it must consider during the design of the tender whether to impose CB requirements as part of the procurement.

Every procuring organisation is then required to prepare an **annual procurement report** at the end of each financial year on its regulated procurement activities.

<sup>3</sup> Scottish Government (2008) *Community Benefits in Public Procurement*. Edinburgh.

<sup>4</sup> References to wellbeing include reducing inequalities.

<sup>5</sup> The Procurement Reform (Scotland) Act incorporates the Climate Change (Scotland) Act 2009 by enabling contracting authorities to specify the use of recycled and recyclable products.

In combination with the reform of European Commission legislation in relation to procurement which is making it clearer that CB clauses can be used, the Procurement Reform (Scotland) Act 2014 should lead to greater use of CB clauses going forward – making it critical that the impact they are having on the Scottish economy is understood.

In Scotland, the public sector spent £10.4 billion on goods, works and services in 2012/13<sup>6</sup>. This presents a significant opportunity and, particularly during a time of economic austerity, it is critically important that maximum benefit is achieved from this purchasing power.

Whilst the impetus behind the use of CB clauses has mainly come from public sector organisations, increasingly many contractors are also keen to commit to CB clauses as they align with and demonstrate contractors' wider commitment to society and enable them to deliver on their Corporate Social Responsibility (CSR) agenda<sup>7</sup>. Indeed, without their support and commitment to CB clauses, the opportunities would not be realised.

### Previous Research

The research has been set in the context of the existing literature around how CB clauses have been used. The literature review is included in Appendix 1, but the main findings can be summarised as follows:

- CB clauses have predominantly been used by public agencies to create targeted training and recruitment opportunities from the construction of new physical developments. Less common is the use of CB clauses in end-use, service contracts.
- In terms of their aims, CB clauses have been used for economic aims (e.g. training, recruitment, SME and social enterprise opportunities) and social aims (e.g. the provision of community facilities). CB clauses have also varied in their direct and targeted aims versus indirect and broader aims.
- Much of the literature has focused on how CB clauses can be used most effectively. Drawing on previous examples, good practice has been identified at each stage of the procurement process beginning with early consideration of CB clauses at the pre-tender stage to effective management and monitoring of CB clauses at the delivery stage.

### Brief

The overarching purpose of this research is to assess the usage of CB clauses, and the impact these have on employment and skills development – with a particular focus on the benefits to more disadvantaged groups including young people, disabled people, women and ethnic minorities.

A number of specific objectives are set out in the Brief:

- *“A summary of policy and legal drivers for building CB clauses into contracting arrangements and ensuring their effective implementation.*
- *Collect and analyse both qualitative and quantitative data on the value of CB clauses in relation to employment and skills activities. The elements of value to be assessed include:*
  - *The additionality in terms of employment and skills flowing from the CB clauses. At the national level in terms of the overall contribution to National Outcomes, but also for specific priority groups.*
  - *The sustainability of the added value achieved in terms of the sustainability of the jobs generated and the retention in jobs of individuals from priority groups benefitting initially from the CB clauses.*

<sup>6</sup>Audit Scotland (2014) *Procurement in Councils*.

<sup>7</sup> For example, Derry City Council (2013) *Social Procurement: Building a Brighter Future 2013*.



- *Recommendations on the monitoring and evaluation of these clauses in the medium to long term, which will require guidance on improvements to systems for collating data around the impacts of CB clauses.”*

### Research Methods

The review carried out for the Procurement Reform (Scotland) Act 2014 concludes that too much of the existing evidence base consists of descriptive case studies with insufficient material on outcomes and impacts. To date, little work has been done around monitoring the impact of CB clauses, which is critical to provide an evidence base that will:

- Help to evaluate existing approaches.
- Provide a rationale for continuing, or potentially expanding the approach.
- Demonstrate tangible benefits.

This study seeks to address this through delivering a robust evidence base in line with the aims and objectives articulated in the Brief. In broad terms this comprises of:

- A review of literature on CB clauses and effectiveness, with a summary of this contained in Appendix 1.
- A broad based e-survey of CB activity across Scotland. More than 350 organisations were invited to participate including:
  - All 32 local authorities.
  - Central government departments and key government agencies, e.g. Scottish Enterprise, Highlands and Islands Enterprise and Skills Development Scotland
  - Scotland’s Colleges and Universities.
  - All Registered Social Landlords (RSLs).
  - Urban Regeneration Companies (URCs).
  - NHS central procurement.
- The selection of 24 contracts for in-depth follow up. In each instance this involved interviews with the procuring organisation, the main contractor and (where appropriate) sub-contractors.
- Analysis of CB clause usage, outcomes and impacts drawing on the e-survey and in-depth interviews.
- The development of recommendations and conclusions around the monitoring and evaluation of CB clauses.

### Report Structure

Following on from **Chapter 1 – Background and Brief**, which includes the summary of the policy and legal drivers for building CB clauses, the report is organised under the following chapters:

- **Chapter 2 – Use of Community Benefit Clauses**, which draws on the e-survey of public procuring organisations to evidence the usage of CB clauses in Scotland.
- **Chapter 3 – Outcomes and Impacts of Community Benefit Clauses**, which analyses the monitoring data of the 24 contracts reviewed in depth to identify the outcomes and impacts of CB clauses.
- **Chapter 4 – Maximising the Impacts of Community Benefit Clauses** draws on the literature and interviews to consider some of the constraints related to CB clauses.
- **Chapter 5 – Conclusions and Recommendations** focuses on how the monitoring and evaluation of CB clauses can be improved upon.

The report is supported by two separate appendices:

- Appendix 1: Review of Literature on Community Benefits.
- Appendix 2: Data for Contracts Examined In-Depth.

## 2. USE OF COMMUNITY BENEFIT CLAUSES

### Key Findings

- Since January 2009, two thirds of public sector organisations surveyed have used CB clauses in procurement. Of the 62 organisations that reported they had used CB clauses, 26% have used CB clauses routinely.
- The main reasons given for using CB clauses were the contribution they can make towards achieving local and/or organisational outcomes (74% of organisations) and toward achieving Scottish Government National Outcomes (55% of organisations).
- In terms of those not currently using CBs clauses, the main reasons were that CB contracts were not seen as relevant to the types of contract they let, practical concerns in terms of the management of CB clauses, having not heard of CB clauses, and not understanding the legal position on the use of CB clauses. This suggests additional support is required around raising awareness and understanding of CBs.
- Amongst the organisations surveyed that had used CB clauses, 85% had at least one policy, process or structure in place to support the use of CB clauses. For example, 59% had a procurement officer or champion responsible for CBs.

### Introduction

This chapter is based on analysis of the e-survey and provides an overview of the extent to which participating organisations have used CB clauses in procurement since 2009, the reasons behind their use (or in some cases non-use), and the processes and policies in place to support their inclusion. With 94 organisations participating in the survey, many with extensive experience of working with CBs clauses, the results provide an insight into their use across Scotland.

### Use of Community Benefit Clauses in Procurement

Since January 2009, two thirds of organisations surveyed have used CB clauses in procurement. Of the 62 organisations that have used CB clauses, only 16 (26%) have used them routinely with the remaining 46 organisations (74%) using them on only some of their contracts. This suggests that even amongst organisations currently using CB clauses significant scope exists to expand their use into additional areas.

47 organisations were able to provide details about the individual contracts in which CB clauses were included. A total of 204 contracts were identified, an average of four per organisation. However there was considerable variation across organisations with:

- 15 organisations (31%) able to identify only one contract;
- 15 organisations (31%) able to identify two to five contracts;
- 17 organisations (36%) able to identify six or more contracts.

In terms of **CB usage across different types of organisation**, and with care taken in interpreting the results as the numbers in each category are small, Figure 2.1 shows:

- Just under half (54%) of the government agencies and bodies that completed the survey had not used CB clauses since 2009.
- All local authorities that completed the survey had used CB clauses since 2009, although only three local authorities (17%) said they used them routinely.
- Over two-thirds (69%) of housing associations had not used CB clauses since 2009 and it is believed that many of these housing associations will be small in size and lack the resources for using CB clauses, noting that the delivery of CB is not the

core business of housing associations. Three housing associations (19%) said they used them routinely and two (13%) said they used them on some contracts.

- The three Urban Regeneration Companies (URCs) that completed the survey had all used CB clauses – with two of them using them routinely.
- Four universities and colleges said they had used CB clauses since 2009 – 57% of those who completed the survey from this group.

**Figure 2.1: Use of CB Clauses Since January 2009 by Type of Organisation**

	Number of organisations	Not Used CB Clauses		CB Clauses Used			
				Routinely		On Some Contracts	
		No.	%	No.	%	No.	%
<b>Scottish Government &amp; govt agencies</b>	26	14	54	2	8	10	38
<b>Local authorities</b>	18	0	0	3	17	15	83
<b>Urban Regeneration Companies</b>	3	0	0	2	67	1	33
<b>Universities and colleges</b>	7	3	43	0	0	4	57
<b>Housing associations</b>	16	11	69	3	19	2	13
<b>Others</b>	3	0	0	1	33	2	67

Source: TERU E-survey of Procuring Organisations

Notes: n=73

### Reasons for Use and Non-Use of Community Benefit Clauses in Procurement

The main reasons identified by organisations using CB clauses were as follows.

- 74% of organisations using CB clauses do so to **help ensure procurement spend contributes to local or organisational outcomes**. This would appear to tie in with the procurement duty now placed on organisations as a result of the Procurement Reform (Scotland) Act 2014, although the survey was undertaken before it received Royal Assent.
- **Contributing to Scottish Government National Outcomes** was mentioned by 55% – perhaps unsurprisingly given that public agencies are asked to consider how they can contribute to these through the Outcome Agreement process.
- Using CB clauses to **encourage innovation in service delivery** was identified by 40%. This is a key element of the Procurement Reform (Scotland) Act 2014, so it will be helpful to monitor how this changes over time.
- Only a small proportion of organisations – 18% – were using CB clauses to **build stronger relationships with their contractors**.

In terms of the other reasons given, these were primarily in relation to supporting or building stronger links with their local community. In addition, one organisation mentioned that they were aware of the Procurement Reform (Scotland) Act 2014 and was using CB clauses to ensure they were meeting the requirements of this legislation.

**Figure 2.2: Main Reason for Using CB Clauses (% of Those Using CB Clauses)**

	Percentage
To ensure procurement spend contributes to local / organisational outcomes	74
To ensure procurement spend contributes to Scottish Government National Outcomes	55
To encourage innovative approaches to delivering services	40
To build stronger relationships with contractors	18
Other	8

Source: TERU E-survey of Procuring Organisations

Notes: n=62

Of the organisations that had not used CB clauses, the main reasons given for this were as follows.

- The main reason – mentioned by 53% of organisations – was that they **did not think CB clauses were appropriate for the type of contracts they let**. Whilst e-survey participants were not asked why they felt they were inappropriate, based on the literature on this topic<sup>8</sup>, it is fair to assume that this reflects perceptions that CB clauses apply only to construction projects.
- A quarter (25%) were **concerned about the resources required to manage and monitor CB clauses**, suggesting that some organisations perceive the inclusion of CB clauses as a potentially labour and/or resource intensive activity.
- Just under a fifth (19%) raised **concerns about the legality of CB clauses**, while a similar proportion said they had **not heard of CB clauses**. Combined, these suggest that there is still work to be done in terms of increasing understanding and raising awareness of when and how to use CB clauses.
- Some organisations were concerned about the **implications CB clauses had for the cost of the contracts** (19%) or the **quality of contractors coming forward** (16%).

In relation to the ‘other’ reasons given, these included:

- Limited procurement being undertaken and contracts that are being procured being low value, limiting the capacity to use CB clauses.
- Contracts being of a highly specialised nature (e.g. scientific research), which makes CB clauses more difficult to use.
- A commitment having been made at an organisational level to use CB clauses but where:
  - No contracts have been let since approach agreed.
  - None of the contracts let have met the criteria agreed (e.g. all contracts let have been below the minimum contract value for CB clauses).
- Difficulties in securing buy-in to CB clauses from internal stakeholders.
- A lack of capacity within the organisation to enable it to use CB clauses (for example, no dedicated procurement officer).

No organisation cited a previous bad experience for not using CB clauses.

<sup>8</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

**Figure 2.3: Main Reason for Not Using CB Clauses (% of Those Not Using CB Clauses)**

	Percentage
Do not think CB clauses appropriate for type of contracts let	53
Concerned CB clauses would require greater internal resources to manage / monitor	25
Concerned using CB clauses would result in higher contract costs	19
Not clear about legal position on use of CB clauses	19
Have not heard of CB clauses	19
Concerned good quality contractors would be put off from tendering by CB clauses	16
Concerned using CB clauses would result in contracting process taking longer	9
Previous bad experience of using CB clauses	0
Other	22

Source: TERU E-survey of Procuring Organisations

Notes: n=32

### Processes and Policies to Support Use of CB Clauses

Focusing only on those organisations that had used CB clauses, Figure 2.4 shows the proportion of organisations with a range of policies, processes and systems in place to support the effective use of CB clauses.

- Overall, 46 of the 54 organisations (85%) that used CB clauses and answered this question had at least one policy, process or structure in place.
- 67% of organisations said that they had a policy or agreed policy in place for using community benefits.
- 59% had a procurement officer or champion responsible for community benefits.
- 57% had systems to monitor progress against CB targets, which suggests that 43% of organisations have CB targets but do not monitor them.
- Other processes, policies and systems were much less common.
  - 37% reported services in place to support the contractor to meet CB clauses.
  - 33% had a working group in place to embed community benefits.
  - 33% had others structures or processes in place.

Five organisations (9%) had all six types of policy and process in place and a further 20 (37%) had four or five policies in place – suggesting that a substantial number of organisations have put serious efforts into embedding the use of CB clauses.

**Figure 2.4: Processes and Policies in Place to Support Use of CB Clauses (% of Those Using CB Clauses)**

	Percentage
Policy or agreed process for using CB clauses	67
Procurement officer / champion responsible for CB	59
Systems in place to monitor progress against CB targets set	57
Services in place to help contractors meet CB clauses	37
Working group to embed CB within own organisation	33
Any other structure or process that supports use of CB clauses	33

Source: TERU E-survey of Procuring Organisations

Notes: n=54

Figure 2.5 compares the use of processes and policies to support the use of CB clauses amongst those organisations that use CB clauses routinely and those that use them on some contracts only. Whilst care must be taken given the small number of cases (only 14 in relation to those using CB clauses routinely), it is noticeable that those organisations that use CB clauses routinely appear to be much more likely to have processes and policies in place to support their use. However, what the survey cannot tell us is whether having processes and policies in place is leading to more routine use of CB clauses – or if having decided to use CB clauses routinely leads organisations to put processes and policies in place to manage this commitment.

**Figure 2.5: Processes and Policies in Place to Support Use of CB Clauses by Frequency of Use of CB Clauses (% of Those Using CB Clauses)**

	CB Clauses Used Routinely		CB Clauses Used on Some Contracts		All using CB Clauses	
	No.	%	No.	%	No.	%
<b>Policy or agreed process for using CB clauses</b>	11	79	25	63	36	67
<b>Procurement officer/champion responsible for CB</b>	11	79	21	53	32	59
<b>Systems in place to monitor progress against CB targets</b>	13	93	18	45	31	57
<b>Services in place to help contractors meet CB clauses</b>	10	71	10	25	20	37
<b>Working group to embed CB within your organisation</b>	7	50	11	28	18	33
<b>Other structure or process to support use of CB clauses</b>	6	43	12	30	18	33

Source: TERU E-survey of Procuring Organisations

Notes: n=54 (14 using CB clauses routinely; 40 using CB clauses on some contracts)

### Next Chapter

Having considered the usage of CB clauses in Scotland, Chapter 3 proceeds with an in-depth analysis of the outcomes and impacts achieved from 24 contracts of varying scale and type that were identified from the survey responses.

### 3. OUTCOMES AND IMPACTS OF COMMUNITY BENEFIT CLAUSES

#### Key Findings

- 24 contracts were analysed in depth. However, data in relation to the additionality and sustainability of CB outcomes was limited and this was a significant constraint in assessing the impact of CB clauses. Notwithstanding this caveat, the research was able to draw out a series of key findings.
- Just over 1,000 individuals from priority groups were recruited as a result of the contracts. Each procuring organisation sets its own priority groups but these were commonly unemployed people or young people not in employment, education or training.
  - 38% would not have been recruited without the CB clause.
  - 75% were still in employment at the time of the research.
- Just over 200 apprentices from priority groups were recruited.
  - 73% of the apprentices from priority groups would not have been recruited without the CB clause
  - 100% were still in employment at the time of the research.
- Just over 650 individuals from priority groups accessed a work placement.
  - 72% would not have accessed a work placement without the CB clause.
  - Only 3% of those undertaking a work placement were subsequently recruited by the employer. This reflects the large proportion of work placements offered to school, college and university students.
- Over 6,700 individuals from priority groups received training.
  - 31% would not have been received training without the CB clause.
  - A further 34% of training places would have been offered – but the CB clause led to the training being accredited.
- Some contracts yielded much higher benefits than others. If all contracts had performed to the standard of the best 50% the volume of benefits would have increased significantly.
- Three of the 24 contracts included CB clauses related to developing the supply chain – with a focus on supporting local businesses and social enterprises.
- In terms of contributing to the Scottish Government's National Outcomes, the CB clauses primarily contribute to four National Outcomes:
  - National Outcome 2: We realise our full economic potential with more and better employment opportunities for our people.
  - National Outcome 3: We are better educated, more skilled and more successful, renowned for our research and innovation.
  - National Outcome 4: Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
  - National Outcome 7: We have tackled the significant inequalities in Scottish society.
- It is important to recognise the impact that CBs clauses are having on contractors. For example, many contractors are increasingly viewing CBs as 'business as usual' and adopting CB practices into their business as standard.

## Introduction

From the initial survey of public procurement organisations in Scotland, 24 contracts were chosen as the basis for the in-depth analysis. Given the research imperative to present robust data, only contracts for which procurement organisations confirmed that they held (as a minimum) data relating to CB targets and outcomes were in scope for in-depth analysis. Alongside this, consideration was given to ensuring that the contracts were drawn across a range of organisational types, geographies, activities and values. These contracts are summarised in Figure 3.1 and collectively represent a range of contract.

- The majority (18) are construction contracts relating to new builds, demolition or infrastructure projects, but the research also examined three repair and maintenance contracts and three service contracts. The inclusion of service contracts is important given the widely held perception that CB clauses are most applicable to construction contracts.
- By value, the contracts range in scale from £700,000 to £842 million. The Procurement Reform (Scotland) Act 2014 requires that procuring organisations must consider for all contracts valued at £4 million or above whether to impose CB requirements. 17 of the contracts examined were valued at £4 million or above.

For each of the 24 contracts, interviews were undertaken with the procuring organisation, the main contractor and (where appropriate) sub-contractors to collect contract monitoring data in relation to the CB clauses. The focus was on CB clauses that sought to ensure that individuals from **priority groups**<sup>9</sup> were recruited, taken on as apprentices, offered work placements and received training. In addition, supply chain opportunities for SMEs and social enterprises were also examined. For each contract, we requested data on:

- The CB target(s) set.
- Performance against the target(s).
- The extent of **additionality**, where outcomes occurred **as a result** of the CB clause. For example, in relation to employment, we gathered information on how many individuals from priority groups were recruited as a result of the CB clause being in place.
- The **sustainability** of the outcomes – for example, identifying how many of the individuals from priority groups were still in employment at the time of the interview. Half (12) of the contracts were ongoing at the time of the interview. This could exert an upward bias on the estimates of sustainability, with individuals still employed to work on the original contract.

A significant research constraint was the lack of monitoring data. Reasons for this included:

- The data had not been collected by the contractor.
- The contractor's project manager had moved jobs and this had led to difficulties in accessing the required data.
- The contract was still in progress and data had not yet been collected.

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<sup>9</sup> Each procuring organisation sets its own priority groups but these are commonly unemployed people or young people not in employment, education or training.



Figure 3.1: Contracts for In-Depth Research

Name of Contract	Procuring Organisation	Type of Contract	Value	Status at Time of Research
South Glasgow University Hospital, Glasgow	NHS Greater Glasgow and Clyde	Construction	£842.0m	Ongoing
Forth Replacement Crossing, Fife	Transport Scotland	Construction	£790.0m	Ongoing
HMP Low Moss, East Dunbartonshire	Scottish Prison Service	Construction	£98.0m	Complete
Contract A	Local Authority	Construction	£93.0m	Complete
HMP Grampian, Aberdeenshire	Scottish Prison Service	Construction	£57.0m	Complete
Gartcosh Crime Campus, Glasgow	Scottish Government	Construction	£51.0m	Ongoing
HMP Shotts Phase 2, North Lanarkshire	Scottish Prison Service	Construction	£30.0m	Complete
Contract B	Local Authority	Construction	£18.0m	Complete
New build mixed tenure housing, Sighthill, Glasgow	The Wheatley Group	Construction	£13.9m*	Ongoing
New build mixed tenure housing, Barmulloch, Glasgow	The Wheatley Group	Construction	£13.5m*	Ongoing
Johnstone Town Hall, Renfrewshire	Scottish Futures Trust/ hub West Scotland	Construction	£11.0m	Ongoing
Eastgate Offices, Glasgow	Clyde Gateway URC	Construction	£10.0m	Complete
Kilwinning Main Street Public Realm Improvements	Irvine Bay URC	Construction	£3.0m	Complete
Tannahill Crescent, Johnstone, Renfrewshire	Link Housing	Construction	£3.0m	Complete
Red Tree Business Suites, Glasgow	Clyde Gateway URC	Construction	£2.7m	Complete
Irvine Bridgegate Streetscape Improvements, North Ayrshire	Irvine Bay URC	Construction	£2.2m	Complete
Dundee Waterfront Phase 3, Dundee	Dundee City Council	Construction	£10.7m <sup>^</sup>	Complete
Red Road Demolition, Glasgow	The Wheatley Group	Construction	£5.4m <sup>*</sup>	Ongoing
Gas Heating Replacement, Falkirk	Falkirk Council	Repair and Maintenance	£7.0m	Ongoing
Timber Preservation and Dampness Removal Work, Falkirk	Falkirk Council	Repair and Maintenance	£1.0m	Ongoing
Link Group Painterworks	Link Housing	Repair and Maintenance	£0.7m	Complete
ICT Services, Highland	The Highland Council	Services	£80.0m	Ongoing
Domestic Furniture and Furnishings Framework	Scotland Excel	Services	£25.0m	Ongoing
Garden Aid, Falkirk	Falkirk Council	Services	£1.8m	Ongoing

Notes: \* Budget for works

<sup>^</sup> Waterfront Phase 3 contract was expanded to include additional works, including Riverside lay by, infilling Craig Harbour, repairs to the Tay Road Bridge and other contingencies

Contract A and Contract B have been anonymised at the request of the procuring organisation

### Individuals from Priority Groups Recruited

20 contracts set CB clauses for the recruitment of individuals from priority groups, including three contracts using the 'best endeavours'<sup>10</sup> approach to CB. Collectively, the contracts had a total value of over £2.0 billion and had targets in place to recruit 675 individuals from priority groups. In terms of delivery:

- 1,012 individuals from priority groups were recruited, which is 50% above the target.
- 38% of these individuals were recruited as a result of the CB clause being in place.
- 75% of those recruited from priority groups were still in employment at the time of the research. This is a positive finding and indicates that CB clauses are providing priority groups with access to sustainable employment opportunities. However, a number of the contracts were ongoing at the time of the interview and this could be exerting an upward bias on the estimates of sustainability.

**Figure 3.2: Individuals from Priority Groups Recruited**

	Number	%
Number of Contracts in Scope	20	-
Value of Contracts in Scope	£2,067.2m	-
Target – Number of Individuals from Priority Groups Recruited	675	-
Outcome - Number of Individuals from Priority Groups Recruited (% of Target)	1,012	150
Additionality - Number of Individuals from Priority Groups Recruited as a Result of CB Clause (% of Priority Group Recruited)	140	38*
Sustainability – Number of Individuals from Priority Groups Still in Employment (% of Priority Group Recruited)	687	75^

Notes: \* Out of 373 (priority groups recruited under contracts for which additionality data was available).

^ Out of 916 (priority groups recruited under contracts for which sustainability data was available).

Looking at this data in a little more detail, it is worth noting that 2 contracts (South Glasgow University Hospital and Forth Replacement Crossing) dominate – accounting for just over £1.6 billion of contract value and 524 recruits from priority groups.

In terms of variation across contracts:

- The proportion of those recruited from priority groups as a result of the CB clause being in place ranged from 10% to 100%.
  - For 7 of the 15 contracts for which data were available, all of those from the priority group that were recruited had been taken on as a result of the CB clause being in place. Most of these were relatively small contracts. For example, 4 had recruited less than 10 individuals, and some related to procurement opportunities focused on activities specifically identified to offer the potential to provide job opportunities for priority clients with a range of employability supports as part of the package.
  - In contrast, the larger contracts tended to have lower levels of additionality. For example, just 12% of those that had been recruited under the Scotland Excel Domestic Furniture and Furnishings Framework were taken on as a result of the CB clause being in place.
- Sustainability ranged from 15% to 100%. However, the 15% appears to be an outlier as 13 contracts had sustainability of over 50%.

<sup>10</sup> 'Best endeavours' relates to voluntary agreements signed between the procuring organisation and the contractor. While not contractually binding, the agreement symbolises both sides' commitment to tackling a social issue. The research finds that best endeavours agreements have been widely used in Scotland, particularly in the early usage of CB (e.g. 2009-2011) as procuring organisations tested the capacity of contractors to deliver CB activities.

In terms of the numbers from priority groups recruited relative to contract values:

- One individual from a priority group was recruited for each £2 million spent.
- Although some of these individuals might have been hired anyway, the research indicates that 38% of them were recruited as a result of the CB clause. This means that an **additional** individual from a priority group was recruited for each £5.4 million spent.
- However some contracts with CB clauses performed much better than others. If we consider those contracts with the highest numbers from priority groups recruited for each £ of contract value, in the best performing 50% of contracts an individual from a priority group was recruited for every £422,000 spent. Data on additionality is only available for 7 of the 10 best performing contracts. For these contracts, an additional individual from a priority group was recruited for each £2.0 million spent.

### Individuals from Priority Groups Recruited as Apprentices

14 contracts set CB clauses for the recruitment of apprentices from priority groups, including three contracts that used 'best endeavours'. Collectively, these contracts are valued at just under £1.2 billion and aimed to recruit 130 apprentices from priority groups.

- Across the 14 contracts, 208 individuals from priority groups were taken on as apprentices. This is 60% above the CB targets.
- Data on additionality and sustainability was limited – but where it was available:
  - 73% of individuals from priority groups were taken on as apprentices as a result of the CB clause being in place.
  - 100% were still employed with the contractor. While a positive finding, it should be noted that most of the contracts included in this calculation are ongoing. There is no data to explore sustainability in terms of apprenticeship completion or subsequent employment amongst apprentices.

**Figure 3.3: Individuals from Priority Groups Recruited as Apprentices**

	Number	%
Number of Contracts in Scope	14	-
Value of Contracts in Scope (£ million)	£1,186.1m	-
Target – Number of Individuals from Priority Groups Recruited as Apprentices	130	-
Outcome - Number of Individuals from Priority Groups Recruited as Apprentices (% of Target)	208	160
Additionality - Number of Individuals from Priority Groups Recruited as Apprentices as a Result of CB Clause (% of Priority Group Recruited)	32	73*
Sustainability – Number of Individuals from Priority Groups Recruited as Apprentices Still in Employment (% of Priority Group Recruited)	27	100^

Notes: \* Out of 44 (apprentices from priority groups recruited under contracts for which additionality data was available).

^ Out of 27 (apprentices from priority groups recruited under contracts for which sustainability data was available).

### Individuals from Priority Groups Accessing Work Placements

17 contracts set CB clauses for individuals from priority groups accessing work placements, including three that used 'best endeavours' CB clauses. These contracts had a total value of just over £2.0 billion and set targets for 328 individuals from priority groups accessing work placements. There was significant variation in the priority groups targeted by procuring organisations – with this including both unemployed people (e.g. registered for Jobseekers' Allowance or participating in Get Ready for Work) and those in education (ranging from graduate student placements to work experience for school pupils).

- In total, 663 individuals from priority groups accessed work placements, double the target.

- 72% of individuals from priority groups accessing work placements did so as a result of the CB clause being in place.
- The proportion of those progressing from a work placement to employment with the contractor is very low at just 3%. However, the majority of contracts for which we have data targeted their work placement opportunities at students (and, in particular, at providing work experience for school pupils) and therefore we would not expect large numbers progressing into employment from this group.

**Figure 3.4: Individuals from Priority Groups Accessing Work Placements**

	Number	%
Number of Contracts in Scope	17	-
Value of Contracts in Scope (£ million)	£2,029.3m	-
Target – Number of Individuals from Priority Groups Accessing Work Placements	328	-
Outcome - Number of Individuals from Priority Groups Accessing Work Placements (% of Target)	663	202
Additionality - Number of Individuals from Priority Groups Accessing Work Placements as a Result of CB Clause (% of Priority Group Accessing Work Placements)	221	72*
Sustainability – Number of Individuals from Priority Groups that Accessed a Work Placement and Subsequently Progressed into Employment with Contractor (% of Priority Group Accessing Work Placements)	3	3 <sup>^</sup>

Notes: \* Out of 306 (work placements for priority groups under contracts for which additionality data was available).

<sup>^</sup> Out of 106 (work placements for priority groups under contracts for which sustainability data was available).

### Individuals from Priority Groups Receiving Training

9 contracts included CB clauses for the numbers of individuals from priority groups that would receive training, including one contract using 'best endeavours'. Whilst the number is quite small it does include many of the larger contracts. As a consequence, the value of the contracts involved is over £1.7 billion with a target set of providing training to 1,014 individuals from priority groups. This ranged from delivery of professional qualifications (such as RICS accreditation) to unaccredited training.

- The target has been greatly exceeded with 6,726 individuals from priority groups receiving training (over six times the target).
- For the six contracts where data are available (which does not include the two contracts with the largest training numbers):
  - 31% of individuals from priority groups were trained as a result of the CB clause being in place.
  - 34% would have received training but the CB clause led to the training being accredited where it would otherwise not have been.
  - Consultees were also asked if any of the training received by priority groups was at a higher level (e.g. SVQ Level 3 rather than SVQ Level 2) as a result of the CB clause – but there were no instances of this.

**Figure 3.5: Individuals from Priority Groups Receiving Training**

	Number	%
Number of Contracts in Scope	9	-
Value of Contracts in Scope (£ million)	£1,752.7m	-
Target - Number of Individuals in Priority Groups Receiving Training	1,014	-
Outcome - Number of Individuals in Priority Groups Receiving Training (% of Target)	6,726	663
Additionality – Number of Individuals from Priority Groups That Received Training as a Result of CB Clause (% of Those Receiving Training)	159	31*
Additionality – Number of Individuals Receiving Training that was <b>Accredited</b> as a Result of CB Clause (% of Those Receiving Training)	174	34*
Additionality – Number of Individuals Receiving Training at a <b>Higher Level</b> as a Result of CB Clause (% of Those Receiving Training)	0	0*

Notes: \* Out of 506 (training for priority groups under contracts for which additionality data was available).

### SMEs and Social Enterprises

Only three contracts included CB clauses in relation to developing the supply chain, with two of these using 'best endeavours'. In the case of the contract with a specific target, this was that 90% of work packages were to be sub-contracted (but with no specific category of SMEs or social enterprises specified). The total value of the contracts with supply chain CB clauses was £950 million. In terms of what has been delivered:

- For the contract with a CB target of 90% of work packages to be sub-contracted, 94% was achieved. This contract let £348,000 of works to local SMEs (equivalent to 3.5% of the total contract value).
- One contract with a best endeavours clause let £63 million of sub-contracts to suppliers within a 30 mile radius. This is equivalent to 64% of the total contract value. However, it should be noted that this project was in the Glasgow City Region meaning a substantial number of businesses fall within the 30 mile radius.
- The other contract with a best endeavours clause let 63% of their work packages to Scottish businesses. They also let four contracts to social enterprises.

Data on additionality was only available in relation to the four (sub) contracts that had been let to social enterprises. None of these would have been let to social enterprises without the CB clause – meaning all of these outcomes are additional. However, as this is based on a single case, it is important not to read too much into this finding.

### Broader Impacts on Contractors

In addition to the impacts stated above, the interviews with contractors found that many of them were changing their practices in response to the inclusion of CB clauses within public contracts, and indeed in anticipation of their greater use in the future. These changes, which in some cases mean CB practices have become embedded as 'business as usual', include:

- Recruitment of (or intention to recruit) a CB coordinator within the business to lead on the delivery of CB clauses internally and work with partner organisations.
- Building CB Terms & Conditions into sub-contractor clauses as standard practice.
- In construction firms, challenging other parts of the business (e.g. office-based functions) to help deliver CB requirements, rather than placing the requirement on the on-site workforce only.
- Greater focus on collating performance data around the delivery of CB clauses as this can potentially be used for future tenders.
- Carrying out case studies of recruits they have taken on through CB clauses to showcase the impact the opportunities have had on them. These case studies can also potentially be used for future tenders.

- One contractor, in understanding the importance of measuring the long-term impact of their CB activities, is planning to monitor the sustainability of the individuals they recruit and take as work placements to show where they progress to.

In addition to these activities, a number of the larger contractors interviewed were members of the CB Champions Network chaired by Ready for Business as part of the Developing Markets for Third Sector Providers contract. This is a forum where key issues and good practice related to the design and delivery of CB clauses are discussed.

### Contribution to National Outcomes

Chapter 2 found that a key reason for using CB clauses was to **contribute to Scottish Government National Outcomes**. Figure 3.6 shows that CB clauses primarily contribute towards four National Outcomes – although they may make a contribution to some others indirectly (for example, improving long term health outcomes as a result of moving into employment). These are:

- **National Outcome 2 – We realise our full economic potential with more and better employment opportunities for our people.** The most common type of CB related to the recruitment of priority groups, with CBs clauses helping to ensure the economic potential of these individuals are achieved. CBs clauses also help individuals from priority groups access apprenticeships – good quality employment opportunities that lead to the development of intermediate skills.
- **National Outcome 3 – We are better educated, more skilled and more successful, renowned for our research and innovation.** Over 650 individuals from priority groups accessed a work placement and over 6,700 received training – helping develop their skills. However, a key concern is that much of the training was unaccredited – which may potentially limit the transferability of these skills.
- **National Outcome 4 – Our young people are successful learners, confident individuals, effective contributors and responsible citizens.** In addition, it could be argued that new apprenticeship starts, the provision of work experience placements for school pupils, college and university students alongside wider engagement with schools means CB clauses are also making a significant contribution to the development of Scotland’s young people.
- **National Outcome 7 – We have tackled the significant inequalities in Scottish society.** Finally, many CB clauses were targeted at unemployed clients (including long term unemployed and young unemployed) and/or specific deprived communities. In doing so, CB clauses are contributing toward the reduction of inequalities.

**Figure 3.6: Contribution of CB Clauses to Scottish Government National Outcomes**

NATIONAL OUTCOMES THAT CB CLAUSES CONTRIBUTE TO		
2	<b>We realise our full economic potential with more and better employment opportunities for our people</b>	<ul style="list-style-type: none"> <li>Over 1,000 individuals from priority groups have been recruited.</li> <li>Over 200 individuals from priority groups have been recruited as apprentices.</li> <li>Only three contracts recorded outcomes in relation to development of local supply chain (e.g. contracts won by local SMEs or social enterprises) but where these have come through they will generate further employment outcomes.</li> </ul>
3	<b>We are better educated, more skilled and more successful, renowned for our research and innovation</b>	<ul style="list-style-type: none"> <li>Over 650 individuals from priority groups have accessed a work placement and over 6,700 have received trained.</li> <li>In majority of cases, training offered is determined by the employer so likely to be a good fit to labour market needs.</li> </ul>
4	<b>Our young people are successful learners, confident individuals, effective contributors and responsible citizens</b>	<ul style="list-style-type: none"> <li>All apprenticeship opportunities and some job opportunities targeted at young people.</li> <li>Nine contracts offer work experience placements for young people at school, college and university.</li> <li>Two contracts also offer other CBs that could help support young people to become successful learners, confident individuals, effective contributors and responsible citizens – including school visits, mock interviews and assistance with CVs.</li> </ul>
7	<b>We have tackled the significant inequalities in Scottish society</b>	<ul style="list-style-type: none"> <li>CB clauses are targeted at specific groups (e.g. long term unemployed, residents of deprived areas) – thus contributing to a reduction in inequality.</li> </ul>

*Source:* TERU analysis based on e-survey and in-depth interviews with procuring organisations

*Note:* CB clauses do not contribute directly to National Outcomes 1; 5-6; and 8-16.

### Next Chapter

In view of the constraints around the monitoring of the outcomes and impacts of CB clauses, along with the challenges of using CB clauses effectively identified in Chapter 2, the next chapter draws on the literature and interviews to consider some of the good practice and key issues in relation to maximising the impact of CB clauses.

## 4. MAXIMISING THE IMPACTS OF COMMUNITY BENEFIT CLAUSES

### Key Findings

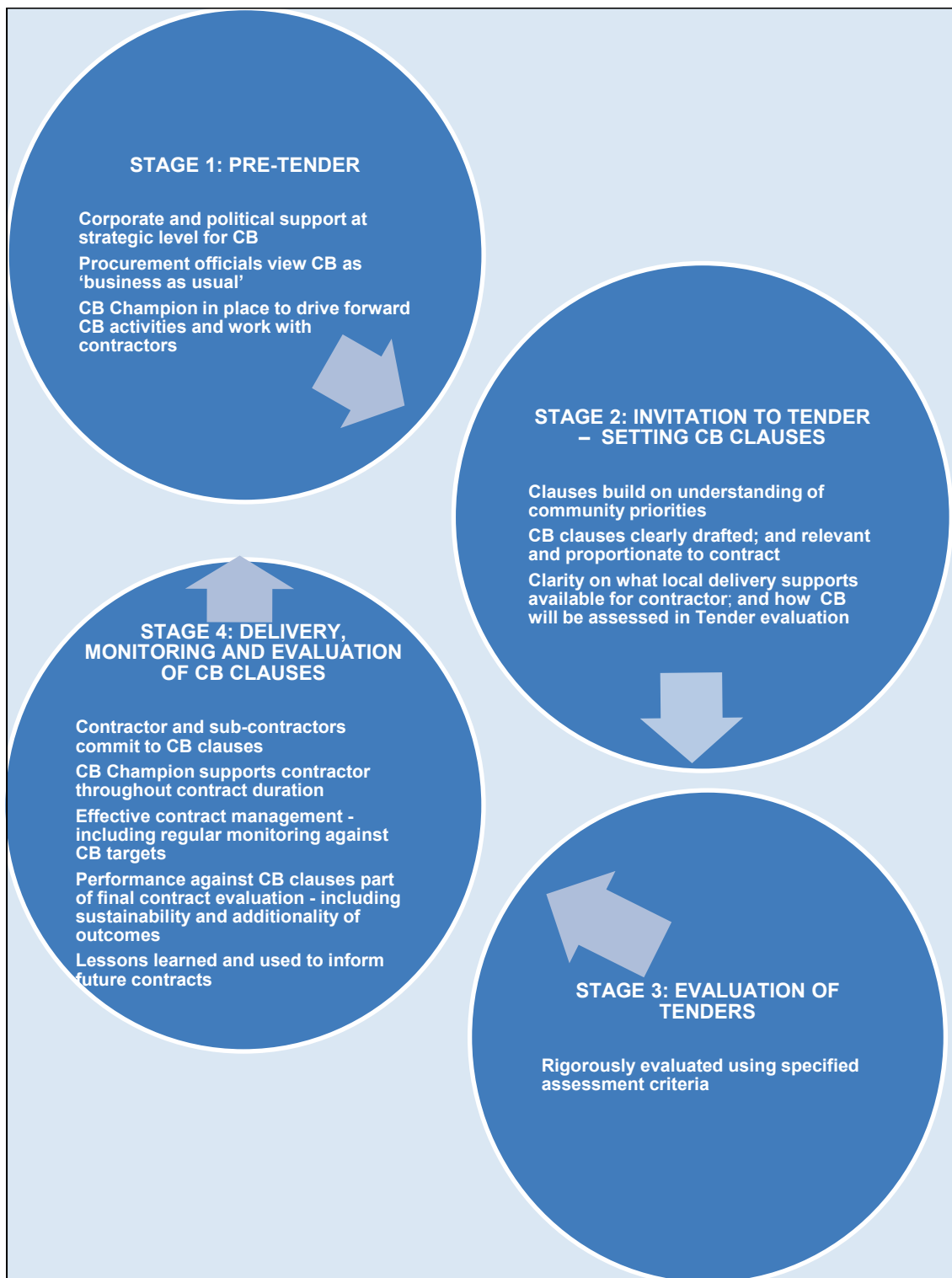
- Building on the existing literature and, in particular, the interviews undertaken with procuring organisations and contractors, a four stage Community Benefits cycle has been developed. The four stages are: Pre-Tender; Invitation to Tender – Setting CB Clauses; Evaluation of Tenders; and Delivery, Monitoring and Evaluation of CB Clauses. At each stage there are challenges that need to be addressed.
- At the Pre-Tender stage, 34% of organisations surveyed had not used CB clauses and, when used, CB clauses are mainly applied to construction contracts. More needs to be done to learn from and share examples of CB clauses, and particularly those applied to service contracts.
- At the Invitation to Tender stage, there are some difficulties about how best to interpret the term ‘community’ within a CB clause. Other challenges identified included the limited evidence of CB clauses targeting specific disadvantaged groups; being clear about what was intended within a specific CB clause (especially around work placements and training); and ensuring that CB clauses do not encourage an inflated CB target ‘bidding war’ .
- At the Evaluation of Tenders stage, it is vital that the CB elements of tender submissions are rigorously evaluated by individuals with expertise around CB clauses and ensuring the targets and/or method statement included in the tender submissions are deliverable.
- When it comes to the Delivery, Monitoring and Evaluation of CB Clauses stage, there are issues in relation to targeting social enterprises as part of CB clauses and the monitoring of sustainability of CB outcomes, given the resources required to do so effectively. There is also the question of how to accommodate CB beneficiaries when the initial contract has ended – are they eligible for other CB clauses? Calculating additionality is a difficult task but it was felt that additionality is greater when CB targets are set by the procuring organisation and are designed to influence and stretch contractor behaviour.

### Introduction

The use of CB clauses across Scotland has increased with public sector agencies becoming more experienced and confident in their use. Building on the existing literature (summarised in Appendix 1) and, in particular, the interviews undertaken with procuring organisations and contractors, this chapter begins by setting out a four stage Community Benefits cycle with each stage illustrating some of the good practice elements that contribute to the effective design, implementation and monitoring of CB clauses. The chapter then considers some of the issues identified during the in-depth interviews that reduce the impact that CB clauses have. These have been organised under the four stages set out in Figure 4.1.



**Figure 4.1: Community Benefits Cycle**



### Stage 1: Pre-Tender

The Pre-Tender stage refers to the wider procurement environment, with the impact of CB clauses maximised where the environment is conducive to the use and effective delivery of clauses. Overall, Scotland's procurement environment is increasingly recognising the value of CB clauses and including them within public contracts. This is evidenced by:

- The Royal Assent of the Procurement Reform (Scotland) Act 2014.

- The e-survey finding that 66% of surveyed organisations had used CB clauses since January 2009, with many of these adopting a number of policies and practices to support their use.
- Contractors recognising that public sector organisations are increasingly using CB clauses and therefore changing their own business practices so that they can successfully compete for and deliver future public sector contracts.

However, the research has also identified issues that still need further attention in order to ensure that the CB clauses become business as usual. For example:

- 34% of the organisations responding to the e-survey had not used CB clauses. With various reasons given for not using CB clauses, there is an implied need to continue raising the awareness and understanding of CB clauses and their use – particularly the ability to use these in service contracts.
- Just three of the 24 contracts involved the delivery of goods and/or services and a further three were repair and maintenance contracts. This reflects the wider evidence that, to date, CB clauses have predominantly been applied to construction build contracts. While construction contracts are important, they are by their very nature temporary contracts and may not generate long-term sustainable benefits. More needs to be done to learn from and share examples of CB clauses applied to service contracts to encourage and support procuring organisations to increase their use of CB clauses in these contracts.

Where a procuring organisation decides not to use a CB clause, we recommend that they record at the pre-tender stage the reasons for this. This will enable procuring organisations to report at the end of the year about number of contracts that have not used CB clauses and give an overview of the reasons for this. By recording some simple data on each contract (for example, size, type, etc.) it will be possible to identify any emerging trends or patterns in terms of where CB clauses are not being used.

## Stage 2: Invitation to Tender – Setting CB Clauses

When it is decided that a public contract is to include CB clauses, it is important that the CB clauses are well-considered and clearly specified. This includes ensuring that they reflect community needs; are proportionate and relevant without negatively impacting on the delivery of contracts; set out what supports are available to the contractor to deliver the CB clauses; and detail how the CB clauses will be assessed at the tender evaluation stage.

Many of the procuring organisations interviewed are well-versed in using CB clauses and ensure that the CB clauses are fully specified within ITTs as standard. There are, nonetheless, issues identified from the research that ought to be addressed. These are as follows:

- **Understanding ‘Community’.** CB clauses by their very nature should benefit the community in which the contract is delivered. This is more straightforward for a place specific contract (e.g. a construction contract) as the target communities can be more easily identified and consulted with to understand their needs and priorities. Clyde Gateway URC, for example, have consulted with each of their communities to develop a ‘wish list’ of community benefits that Clyde Gateway URC then use to develop the CB clauses within their contracts. National organisations have however found it more difficult to build in their corporate objectives and the needs of the communities they serve into their contracts. For example:
  - NHS Scotland are trying to build their *Healthy Living* agenda into CB clauses so that contracts can help deliver on their organisational aims and objectives.
  - The Scottish Prison Service is looking at how it can build its *Transforming Lives* agenda and provide more opportunities for offenders (e.g. work placements and employment opportunities) through its procurement.
 More widely, there are other challenges relating to understanding community needs and priorities and then applying these to contracts.

- By adopting a national CB monitoring framework, the risk is that local needs and priorities of communities get lost compared to national priorities. Procuring organisations can overcome this by consulting closely with key stakeholders to tailor the CB clauses set.
- For service contracts in particular, where the place of production is different from the place of delivery, there is the question of where the community benefit should be delivered. For example, if an IT services contract for a Glasgow-based organisation was won and delivered by a Highlands-based IT company, should the community benefit be delivered in Glasgow or Highlands? This scenario could be extended to contracts for Scottish-based organisations being delivered by UK or overseas-located companies.
- **Targeting of Specific Disadvantaged Groups.** The research has found little evidence of CB clauses being used to target specific disadvantaged groups, such as the long-term unemployed, BME groups and offenders. There are opportunities for procuring organisations here as including CB clauses that are targeted to specific disadvantaged groups<sup>11</sup>. This:
  - Helps public bodies to deliver on the Equality Act 2010 – i.e. eliminate discrimination, advance equality of opportunity, and foster good relationships.
  - Does not contravene European legislation as there is no discrimination on the basis of locality.
- **Clarity in Specifying Target Outcomes.** Contractors were not always clear about what outcomes were to be delivered. This has led to outcomes being interpreted in different ways, making aggregating of outcomes across contracts difficult. Examples include:
  - How work placements are defined as these have been interpreted from short school visits up to 4 week structured placements for the unemployed.
  - Some contractors delivering contracts that were monitored using the CITB Construction Skills client-based monitoring framework did not initially appreciate that non-CITB Construction Skills trades (e.g. electrical and mechanical) would not be counted as outcomes.
- **Effective Weighting of Proposed Community Benefits.** Many of the contractors interviewed believed that too much focus is placed on the quantity of CB outcomes, rather than the quality of outcomes. To counter a potential 'CBs bidding war' at the tender stage, a 'CB method statement' was seen as vital in enabling potential contractors to be scored against their proposed approach to delivering CBs rather than (or in addition to) the quantity of CBs delivered.

**The need for clear, fit-for-purpose CB clauses is particularly important when CBs are a mandatory part of the contract** rather than included on a best endeavours basis. With Clyde Gateway URC being an example of a procuring organisation including mandatory CB clauses in their contracts, there is a need for:

- The targets to be very carefully set so that the contractor views them as proportionate and commits fully to them, rather than feeling forced to do so and delivering to the bare minimum requirement or not delivering them and accepting a contractual penalty.
- Clear arrangements in place to support delivery and also to take action when CB clauses are not delivered by the contractor.

Contractors, however, appear to favour more collaborative approaches to developing CB activities – e.g. through joint discussions between contractor, procuring organisation and stakeholders to develop an agreed approach to CB – rather than the more prescriptive approach which can inhibit innovation by restricting the opportunities for contractors to think more creatively around CB. The challenge of the innovative, collaborative approach to CB

<sup>11</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

clauses is how to establish a mechanism that delivers measurable benefits. A good example of this is Dundee City Council's Welfare Reform Pilot where no CB clauses have been set out in the contract documentation but the council and contractors have worked closely together to deliver both employment outcomes and put in place processes to feed back critical information from the provision of the service into other council departments (e.g. where additional social needs have been identified by a contractor delivering white goods).

### Stage 3: Evaluation of Tenders

Once tenders have been submitted, the CB tender requirements need to be rigorously evaluated against the assessment criteria set out in the ITT. Procuring organisations should therefore ensure that individual(s) with expertise around CB clauses are involved in the assessment process. In particular, their input is necessary to assess whether:

- CB target outcomes set out in the tender submissions are deliverable and not over-ambitious in expectation of a CBs bidding war.
- The method statement that sets out how the CB targets will be delivered is appropriate to the priority groups targeted and the delivery landscape. For example, do the tenderers have robust mechanisms that will enable them to engage with, recruit and support the priority groups.

### Stage 4: Delivery, Monitoring and Evaluation of CB Clauses

Chapter 3 shows that CB clauses are largely being delivered to the targets set and, in many cases, exceeded. This is down to the contractors (and their supply chain) committing to the CB clauses and the support provided by procuring organisations and partners on the supply side (e.g. employment and skills agencies) in enabling contractors to deliver CBs. There were, however, reported **difficulties with social enterprise targets**. Some contracts specify the need to open up sub-contractor opportunities to social enterprises but contractors found it difficult to get good quality, competitive tenders from social enterprises. For example, the tenders submitted were too expensive compared to other tenders received or presented too much risk and uncertainty for the main contractor. If social enterprises are to be targeted, continued support is needed to enable them to be competitive in a tendering process.

A further key factor behind the delivery of CB targets is how the contract is managed and in particular how rigorously the CB clauses are monitored, with contractors placing a higher priority on CB clauses if they are tightly monitored by procuring organisations. The research suggests, however, that **monitoring processes are not as rigorous as they could be and often do not include measures of sustainability and additionality**. Chapter 5 builds on the views expressed in the interviews with procuring organisations and contractors (and detailed below) to provide guidance on what form the monitoring process could take.

The **sustainability** of the jobs and MAs created through CB clauses is a key concern. Only one of the procuring organisations interviewed had systems in place to capture this information – although in some other cases, strong relationships with the contractor meant the procuring contractor was informally aware of individuals that were still employed. Many consultees recognised that this was a gap in their systems and expressed a desire to address this. Nevertheless, there were some concerns raised:

- **Resourcing**. Having the resources available to monitor sustainability was seen as a significant barrier amongst consultees. While tracking existing employees may be relatively straightforward, getting information on individuals who are no longer with the contractor or sub-contractor is difficult and resource intensive. This raises questions of: who is responsible for monitoring sustainability (procuring organisation or contractor); and are sufficient resources available?
- **Transferability of CB beneficiaries**. Some consultees were unclear on the status of individuals recruited through a CB clause once the contract comes to an end – i.e. are these individuals eligible for other CB contracts? Given the increasing use of CB

clauses by different public sector partners, an agreed, joined up approach across the public sector regarding the transferability of CB beneficiaries between contracts would be of value. Organisations such as Glasgow City Council and Clyde Gateway URC have already considered these issues and allow for 25% of new entrants<sup>12</sup> (their key priority group for recruitment and apprenticeship opportunities) to be transfers from other CB contracts, which supports the sustainability agenda. However, for this arrangement to work in practice, procuring organisations would need to verify that an individual had initially been recruited as a result of a CB clause. A risk with this approach is that individuals will be moved around by contractors from contract to contract, limiting the impact that CB clauses have on increasing the number of opportunities available to those from priority groups. To minimise this, it will be important to set clear eligibility criteria – for example, limiting the number of CB contracts an individual can be counted against or allowing individuals to only be counted towards a CB target if they were recruited by the contractor in (say) the last 12 months.

- **Fear of unscrupulous contractor behaviour.** While we have no evidence of such behaviour, the extent to which sustainability should be a CB target was questioned by some consultees. If a target was set (e.g. 13 or 26 weeks employment), contractors may deliver to that target and then make those individuals redundant after the 13 or 26 week period has passed, in the knowledge that they could recruit other individuals and achieve the target again.

In relation to **additionality**, understanding what would have been delivered without the inclusion of CB clauses is a difficult task. This is particularly challenging when contractors are invited to set out the CB targets within the tender process as contractors may simply set out the activities that they would deliver as standard in line with corporate policies and values. The interviews therefore suggested that additionality is greater when CB targets are set by the procuring organisation and are designed to influence contractor behaviour and stretch them. Nonetheless, Chapter 3 found that none of the procuring organisations interviewed had a robust system in place to date to ensure that additionality was captured. Similar to monitoring sustainability, most recognised that this was a gap in their approach they were keen to address – but a lack of knowledge of how to effectively measure additionality and/or a lack of resources to manage this meant that few planned to address this in the immediate future.

### Next Chapter

The concluding chapter builds on the issues raised above and the challenges involved in assessing the impact of CB clauses in Chapter 3 to develop recommendations on the more effective monitoring of CB clauses in Scotland.

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<sup>12</sup> Education leaver, unemployed with no experience, or unemployed for at least 6 months.

## 5. CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

1. Through the e-survey of procurement organisations across Scotland and the in-depth analysis of 24 contracts, the research has found that **CB clauses are increasingly being used** in public sector contracts across Scotland.
2. The evidence suggests that there remains **scope to continue building awareness and understanding** of CB clauses, particularly around the use of CB clauses in service contracts.
3. In terms of the impact of CB clauses, analysis of the 24 contracts shows that the **targets** around job opportunities, apprenticeships, work placements and training for priority groups have been **exceeded**.
4. Capturing the additionality and sustainability of the CB outcomes is harder to calculate given that procuring organisations have not typically required their contractors to monitor the sustainability and additionality of CB outcomes. Best estimates suggest that although apprenticeships and work placements have the greatest **additionality**, employment **sustainability** levels are 75% for the priority groups recruited through CB clauses.
5. Across the contracts evaluated in depth, there is a **big variation** in the numbers recruited from priority groups for each £ of contract value. Bringing all CB contracts up to the standard of the better performing ones would **significantly increase** their overall impact.
6. The research findings strongly point towards the **need for a more comprehensive evidence base** to be developed around the longer-term impact of CB clauses. This requires a more systematic monitoring of CB clauses and their impacts in future contracts so that the use of CB clauses can be fully justified. It is in this context that the recommendations below focus on how the monitoring and evaluation of CB clauses in public sector procurement can be improved upon.

### Monitoring and Evaluation Framework Recommendations

There are four parts to the monitoring and evaluation framework recommendations. The first two parts – **Monitoring Information** and **Outcomes Information** – relate to the indicators that should be captured. The third part provides guidance on the **Monitoring System** needed to collect the monitoring information. The final part considers the **Reporting Arrangements** to ensure the CB data collected is used and acted upon.

In relation to the first two parts, the indicators suggested have been developed to allow procuring organisations to understand the scale and nature of CBs they are achieving and how this is changing over time. By using a consistent set of indicators across public sector organisations, this will allow the information to be reported to the Scottish Government on an annual basis and for an overall picture of the contribution of public procurement to the National Outcomes to emerge. A number of indicators have been included that do not specifically relate to CBs but will enable CBs to be benchmarked against total procurement activity.

### Monitoring Information

For each individual contract that uses CB clauses, we recommend that four different types of CB activity indicators are collected for monitoring purposes. The four types of indicators, which are set out in Figure 5.1 and explained in turn below, are:

- Key Contract Information.
- Community Benefits Clause Indicators.
- Short-Term Sustainability Indicators.
- Additionality Indicators.

### Key Contract Information

The first set of indicators focus on recording the total value of the contract, the type of organisation that is awarded the contract (i.e. the main contractor), and the types of organisations that make up the contract supply chain. By including Indicator 2, procuring organisations should recognise that SMEs and social enterprises can be main contractors in their own right, and not just form part of the supply chain (as captured by Indicators 4 and 5).

### Community Benefit Clause Indicators

We recommend that eight indicators are collected that in combination will measure the different types of training and employment benefits secured. These relate to job opportunities, apprenticeships, work placements, and qualifications achieved through training.

The recommended indicators are intended to provide both consistency across contracts and some flexibility to reflect local needs. For example, in relation to the training and employment indicators, we recommend using standardised 'priority group' categories from which procuring organisations can select their CB focus. The 'priority group' categories could be:

- Protected characteristics under the Equalities Act 2010.
- Employment status – e.g. unemployed, school leavers.
- Other priority groups as set out in the organisation's Outcome Agreement<sup>13</sup> with the Scottish Government.

In relation to work placements for priority groups (Indicator 11), there is a need for greater consistency in how these are defined by procurement organisations. We recommend that work placements refer to:

- Placements targeted at individuals post-school, i.e. individuals in higher or further education, or in the labour market but not in employment.
- Placements that last for a minimum of 60 hours<sup>14</sup>.

### Short-Term Sustainability Indicators

Monitoring the sustainability of the CBs achieved is the most difficult and resource intensive aspect of the monitoring system – particularly if seeking to monitor long-term sustainability (which is discussed later in this chapter). With this in mind, we recommend that the initial focus is placed on measuring the **short-term sustainability of CBs**, concentrating specifically on job opportunities, apprenticeships and work placements. For jobs and apprenticeships, sustainability has been defined as employment at 26 weeks after the job/apprenticeship start. The rationale for this is that:

- 26 weeks is a significant period of work that allows individuals to develop skills and demonstrate their commitment to work, thus improving their overall employability.
- Most contracts are still ongoing at 26 weeks enabling contractors to provide the majority of this data as part of the contract monitoring arrangements. Contractors should also be required to record the destinations of leavers as far as they know them.

<sup>13</sup> Outcome Agreements are strategic plans that organisations commit to deliver in return for the public funding they receive (e.g. from the Scottish Government). Within Outcome Agreements, organisations may commit to supporting specific priority groups.

<sup>14</sup> Jobcentre Plus and CIPD recommend that work experience placements are a minimum of two weeks in Jobcentre Plus and CIPD (2012). *Work Experience Placements That Work*.

It is vital that a consistent definition is used for 'employed at 26 weeks'. In relation to these two indicators (Indicators 14 and 15), this is defined as employment at 26 weeks after the individual has **started** the job or apprenticeship and can relate to employment with the contractor, sub-contractor or with a subsequent employer. The point is that sustainability relates to an individual entering and remaining in employment, rather than remaining in a specific job.

#### Additionality Indicators

To monitor additionality, we recommend focusing on whether or not the job opportunities, apprenticeships, work placements, and qualifications for priority groups, along with the sub-contracting opportunities to SMEs and social enterprises, would have happened anyway if the CB clauses had not been in place. The rationale for this is purely to have a simple and easy to use system which does not place excessive burdens upon procuring organisations or contractors. Additionality can be either or both:

- **Additional opportunities** (e.g. apprenticeship places, work experience placements, etc.) that would not have existed had the CB clause not been in place.
- **Opportunities** that would have existed if the CB clause had been in place, but that have been **targeted on priority groups** as a result of the CB clause.



**Figure 5.1: Contract Monitoring Indicators (CMI)**

<b>KEY CONTRACT INFORMATION</b>
<b>CMI1. Total Value of Contract</b>
<b>CMI2. Main Contractor by Type of Organisation – SME; Social Enterprise; Other</b>
<b>CMI3. Total Value of Works Sub-Contracted</b>
<b>CMI4. Total Value of Works Sub-Contracted to SMEs</b>
<b>CMI5. Total Value of Works Sub-Contracted to Social Enterprises</b>
<b>COMMUNITY BENEFIT CLAUSE INDICATORS</b>
<b>CMI6. Total Number Recruited to Deliver Contract</b>
<b>CMI7. Number Recruited from Priority Groups</b>
<b>CMI8. Total Number of Apprentices Recruited to Deliver Contract</b>
<b>CMI9. Number of Apprentices Filled by Priority Groups</b>
<b>CMI10. Number of Work Placements for School Pupils, College and University Students</b>
<b>CMI11. Number of Work Placements for Priority Groups</b>
<b>CMI12. Number of Qualifications Achieved Through Training by Priority Groups</b>
<b>CMI13. Number of Qualifications Achieved Through Training by Other Employees</b>
<b>SHORT-TERM SUSTAINABILITY INDICATORS</b>
<b>CMI14. Number of Recruits from Priority Groups Employed at 26 Weeks After Job Start</b>
<b>CMI15. Number of Apprenticeships from Priority Groups Employed at 26 Weeks After Apprenticeship Start</b>
<b>CMI16. Number of Work Placements for Priority Groups Subsequently Recruited by Contractor/Sub-Contractor</b>
<b>ADDITIONALITY INDICATORS</b>
<b>CMI17. Number of Recruits from Priority Groups that would have been taken on if the CB Clause had not been in place</b>
<b>CMI18. Number of Apprentices from Priority Groups that would have been taken on if the CB Clause had not been in place</b>
<b>CMI19. Number of Work Placements for School Pupils, College and University Students that would have been offered if the CB Clause had not been in place</b>
<b>CMI20. Number of Work Placements for Priority Groups that would have been offered if the CB Clause had not been in place</b>
<b>CMI21. Number of Qualifications Achieved Through Training by Priority Groups that would have been offered if the CB Clause had not been in place</b>
<b>CMI22. Number of Qualifications Achieved Through Training by Other Employees that would have been offered if the CB Clause had not been in place</b>
<b>CMI23. Total Value of Works Sub-Contracted to SMEs that would have been awarded if the CB Clause had not been in place</b>
<b>CMI24. Total Value of Works Sub-Contracted to Social Enterprises that would have been awarded if the CB Clause had not been in place</b>

In terms of who collects the indicators set out in Figure 5.1, it is recommended that:

- Key Contract Information is recorded by the procuring organisation and the information can largely be taken from the tender/contract documentation.
- Community Benefit Clauses Indicators are collected by the main contractor (ensuring that sub-contractor CB delivery is also captured) and reported to the procuring organisation on a monthly basis as part of the contract monitoring arrangements.
- Short-Term Sustainability Indicators should in the main be collected by the main contractor (again ensuring that sub-contractor CB delivery is also captured) and reported to the procuring organisation on a monthly basis as outlined above. However, where an individual has left and the contractor has no record of their

destination, the procuring organisation should aim to contact that individual themselves.

- Additionality Indicators are finalised immediately at the end of the contract through a joint meeting between the procuring organisation, the main contractor and other sub-contractors as appropriate. Additionality is calculated by subtracting these from the total outcomes and then dividing by the outcome.

#### Longer-Term Sustainability Indicators

Ideally the monitoring system would also capture **sustainability over the medium- to long-term**, i.e. whether the individual or apprentice is still working after the end of the contract.

The suggested indicators would be:

- Number of recruits from priority groups employed 26 weeks after end of contract.
- Number of apprenticeships from priority groups employed 26 weeks after end of contract.

There are two options to how this longer-term sustainability data could be collated:

- **For the contractor to provide this data.** However, given that the contract would have been signed off, there is no obvious motivation for the contractor to collect and supply this information. In addition, they would likely provide a partial picture as they could only provide information on those recruits still employed with them, but not on those employed elsewhere.
- **For the procuring organisation to provide this data.** This option requires the procuring organisation following up with each recruit/apprentice individually to capture their current employment status. To do this the procuring organisation would first need to collect the personal contact details of each individual (while the contract is ongoing), and then dedicate significant resources to contacting these individuals. Irrespective of the resources allocated, recognition is needed that response rates may be low and complete data will be difficult to secure.

In addition, the Scottish Government should explore alternative ways of monitoring long-term sustainability through data sharing agreements with other organisations holding employment and skills data, such as the DWP, Scottish Funding Council and SQA. A good example of this would be the Modern Apprenticeship data held by Skills Development Scotland. By 'tagging' apprentices recruited under CB clauses in the Corporate Training System (CTS), long-term sustainability data in terms of the number of apprentices that have completed their apprenticeship and the number of apprentices that have changed employer during the course of their apprenticeship could potentially be captured.

#### **Outcomes Information**

At the organisational level, we recommend that a series of headline indicators are collected that demonstrate the use and impact of CB clauses. These headline indicators – as set out in Figure 5.2 – are grouped into four types and explained in turn below:

- Use of Community Benefits Clauses in Contracts.
- Community Benefits Clause Indicators.
- Short-Term Sustainability Indicators.
- Additionality Indicators.

It should be noted that the number of indicators may appear extensive but Indicators 9 to 21 are not additional indicators and will have been captured as part of the monitoring information.

### Use of Community Benefits Clauses in Contracts

On an annual basis, the number and value of contracts let by procuring organisations should be recorded to help procuring organisations complete their annual procurement report under the Procurement Reform (Scotland) Act 2014 and understand the extent to which they are adopting CB clauses across all the contracts they let.

There are also opportunities to monitor variations on the above depending on the different priorities of procuring organisations. For example, individual procuring organisations may wish to monitor by:

- **Different types of contract** (e.g. construction new build, construction repair and maintenance, provision of goods and provision of services) to assess progress on the roll out of CB use beyond construction.
- **Different contract values** at intervals below the £4 million level specified within the Procurement Reform (Scotland) Act 2014 (recognising that many contracts fall below the £4 million level).

### Key Contract Information – Short Term Sustainability – Additionality Indicators

As mentioned earlier, Indicators 9 to 21 are not additional indicators and have already been captured. However, as well as being important monitoring indicators, these are also important CB performance measures at the organisational level that the Board and Senior Management Team should demand. For example, it is important that they know what impact the use of CB clauses in the contracts they let is having in terms of jobs, apprenticeships, work placements, qualifications and business opportunities for the communities they serve.

Figure 5.2 is not intended to be too prescriptive as the specific set of headline, outcomes indicators the Board and Senior Management Team choose to monitor may vary relating to the specific aims and objectives of the organisation (e.g. some organisations may want more indicators relating to contracts to SMEs and social enterprises). Furthermore, there is also the opportunity to aggregate the data for each contract to provide the total number of CBs achieved across all contracts by a procuring organisation, which might be more meaningful for the Board and Senior Management Team.

**Figure 5.2: Outcomes Indicators (OI)**

<b>USE OF COMMUNITY BENEFITS CLAUSES IN CONTRACTS</b>
<b>OI1. Total Number of Contracts Let</b>
<b>OI2. Total Number of Contracts Let Over £4 million</b>
<b>OI3. Total Number of Contracts Let with Community Benefit Clauses</b>
<b>OI4. Total Number of Contracts Let Over £4 million with Community Benefit Clauses</b>
<b>OI5. Total Value of Contracts Let</b>
<b>OI6. Total Value of Contracts Let Over £4 million</b>
<b>OI7. Total Value of Contracts Let with Community Benefit Clauses</b>
<b>OI8. Total Value of Contracts Let Over £4 million with Community Benefit Clauses</b>
<b>KEY CONTRACT INFORMATION</b>
<b>OI9. Total Value of Contract</b>
<b>OI10. Number Recruited from Priority Groups</b>
<b>OI11. Number of Apprentices Filled by Priority Groups</b>
<b>OI12. Number of Work Placements for Priority Groups</b>
<b>OI13. Number of Qualifications Achieved Through Training by Priority Groups</b>
<b>SHORT-TERM SUSTAINABILITY INDICATORS</b>
<b>OI14. Number of Recruits from Priority Groups Employed at 26 Weeks After Job Start</b>
<b>OI15. Number of Apprenticeships from Priority Groups Employed at 26 Weeks After Apprenticeship Start</b>
<b>OI16. Number of Work Placements for Priority Groups Subsequently Recruited by Contractor/Sub-Contractor</b>
<b>ADDITIONALITY INDICATORS</b>
<b>OI17. Number of Recruits from Priority Groups that would have been taken on if the CB Clause had not been in place</b>
<b>OI18. Number of Apprentices from Priority Groups that would have been taken on if the CB Clause had not been in place</b>
<b>OI19. Number of Work Placements for Priority Groups that would have been offered if the CB Clause had not been in place</b>
<b>OI20. Total Value of Works Sub-Contracted to SMEs that would have been awarded if the CB Clause had not been in place</b>
<b>OI21. Total Value of Works Sub-Contracted to Social Enterprises that would have been awarded if the CB Clause had not been in place</b>

In terms of who collects the data set out in Figure 5.2, Indicators OI9 to OI21 will be collected as part of the contract monitoring process. The relevant indicators, along with the Use of Community Benefits Clauses in Contracts indicators, should be collated and reported by the organisation's head of procurement on at least an annual basis to the Board and Senior Management Team.

### **Monitoring System**

To collect the indicators outlined above requires each procuring organisation to have sufficient resources in place to collect, analyse and report on the indicators across all contracts let with CB clauses. Furthermore, where the data collection responsibility lies with the contractor for specific indicators, the procuring organisation must have the skills and expertise to request and indeed encourage contractors to provide the information required in a timely and accurate manner. This task will be made simpler by using a monitoring

spreadsheet (like that used by CITB Construction Skills) that can effectively record progress made and outcomes against each indicator.

### ***Reporting of Community Benefits***

The monitoring of the CB indicators recommended above will generate a significant amount of data that can help inform (and increase) the future use of CB clauses by procuring organisations across Scotland. However, to be of real value the data needs to be widely reported and then acted upon. We recommend that the data is reported at the organisational level, but also collated by the Scottish Government to form a national picture of the use and impact of CB clauses over time.

***In each procuring organisation***, we recommend that a dedicated group with strategic responsibility for overseeing the use of Community Benefits is established. Its task will be to meet at least annually to review the progress made by the organisation in its use of CB clauses. This would require those responsible for monitoring the individual contracts to produce an ***annual procurement report*** that details performance by individual contract and at the aggregate, organisational level. The group can then assess what changes are required to secure greater Community Benefits.

***In the Scottish Government***, there is scope to consider whether the annual procurement reports that we recommend each procuring organisation should produce should form part of the organisational return required under the Procurement Reform (Scotland) Act 2014. More widely, the Scottish Government should commit to publishing a ***Community Benefits Annual Report*** based on the annual performance reports provided by each procuring organisation, highlighting illustrative and informative examples of good practice. This will allow a body of evidence on the usage and impact of CB clauses to be developed and inform future policy in this area.

## APPENDIX 1: REVIEW OF LITERATURE ON COMMUNITY BENEFITS

### Introduction

This section provides a concise overview of the CB literature. It reviews how CB clauses have been used to date, how the aims of CB clauses can differ, and how CB clauses can be used most effectively.

### Use of CB Clauses

CB clauses have predominantly been used by public agencies to create targeted training and recruitment opportunities from the construction of new physical developments. Less common, but potentially more sustainable in the longer term, is the targeting of end-use, service contracts. Furthermore, there is some recognition that CBs should not simply be viewed as something that delivers 'x' jobs or 'y' training places. Instead CBs should be viewed in a more rounded way that encourages greater creativity in the use of CB clauses.

As outlined above, the impetus behind CB clauses has mainly come from public sector organisations but this does not mean that CB clauses are forced on contractors without support for their inclusion<sup>15</sup>. For example, contractors can be keen to commit to CB clauses (provided the clauses are deliverable and reflect local needs) where<sup>16</sup>:

- They align with and demonstrate contractors' wider commitment to society and enable them to deliver on their CSR agenda.
- They form an extension or formalisation of existing or normal practice.

### Aims of CB Clauses

Turning to the aims or intended benefits of CB clauses, the review finds that CB clauses can first vary in relation to the theme of the intended benefit. With the caveat that this study classifies environmental benefits as distinct from community benefits, CB clauses have been found to deliver<sup>17,18,19</sup>:

- Economically focused benefits, which include using:
  - 'Local' SMEs and third sector organisations as suppliers.
  - Targeted training and recruitment opportunities to help local unemployed residents towards and into employment.
- Socially focused benefits, which include stipulating the provision of:
  - New social amenities within a development project (e.g. a community centre or sports facilities).
  - A community dial-a-ride service as part of a contract to run a mainstream bus route.

CB clauses can also vary according to the direct and indirect benefits that they aim to achieve<sup>20</sup>.

- Direct benefits relate to defined, stated benefits that are specified within a CB clause, e.g. the number of training places accessed by young people.
- Indirect benefits are typically broader and longer-term in nature. For example, they could relate to:

<sup>15</sup> Constructing Excellence in Wales (2012) *Community Benefits Policies in Construction: Evaluating the Impacts*. Welsh Government.

<sup>16</sup> Derry City Council (2013) *Social Procurement: Building a Brighter Future 2013*.

<sup>17</sup> Association for Public Service Excellence (2010) *More Bang for the Public Buck: A Guide to Using Procurement to Achieve Community Benefits*.

<sup>18</sup> Ready for Business (2012) *Embedding Social Value through Sustainable Procurement: Survey of Public Sector Commissioners and Procurement Professionals*.

<sup>19</sup> Social Enterprise UK (2012) *The Social Value Guide: Implementing the Public Services (Social Value) Act*.

<sup>20</sup> Macfarlane, R and Cook, M (2002) *Achieving Community Benefits Through Contracts: Law, Policy and Practice*. Joseph Rowntree Foundation.

- Securing spillover benefits from maximising opportunities for local suppliers, such as increased local employment and retention of income in the local economy<sup>21</sup>.
- Raising the profile of a social issue and encouraging contractors to consider how they would address the social issue as part of their tender.
- Encouraging contractors to re-examine and revise their business (e.g. recruitment and training) processes.
- Encouraging contractors to develop ongoing relationships with public sector agencies to the benefit of both sides. For example, relationships between contractors and employability agencies can support the supplier's recruitment and enable more local people into employment.
- Providing additional resources and facilities for local communities.

The aim of achieving indirect benefits can therefore tie into the notion that CB clauses should be viewed in a more rounded and creative way.

### Maximising the Benefits of CB Clauses

Having established the different intended benefits of CB clauses, this section considers the key lessons from the literature around how to maximise the benefits. These lessons are organised sequentially from the pre-tender stage to the delivery of outcomes and impacts.

#### **Pre-Tender**

At the organisational level, procuring organisations need first to have in place a conducive environment in which CB clauses can be delivered. This requires corporate and political support for CB clauses at the highest level as this will help embed the commitment towards CB clauses throughout the organisation<sup>22,23</sup>.

Once a CB clause is deemed appropriate for a contract, early engagement of key players is then required to understand what needs and priorities the CB clause should respond to within the Invitation to Tender (ITT). For example, a procuring organisation may work with community organisations and consult with the communities itself to tailor the CB clauses to best meet their needs. At the same time, it is important that the contractor/supplier base is understood to help ensure that they have the capability and capacity to deliver any CB clauses<sup>24</sup>. Where the supplier base is seen to be deficient and unable to deliver, there is an opportunity to build their capacity and skills through procurement seminars and training events prior to the Invitation to Tender stage<sup>25,26</sup>.

If a key objective of the CB clause is to encourage small and medium enterprise (SMEs) and social enterprises to bid for contracts, then the barriers these enterprises typically face in competitive tendering processes need to be considered. For example, SMEs and social enterprises often encounter difficulties around<sup>27</sup>:

- Accessing information on forthcoming contract opportunities – and widening the use of e-procurement portals (such as Public Contracts Scotland) is critical to addressing this.

<sup>21</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

<sup>22</sup> Constructing Excellence in Wales (2012) *Community Benefits Policies in Construction: Evaluating the Impacts*. Welsh Government.

<sup>23</sup> Markie, K (2012) *Targeted Recruitment and Training Clauses in Procurement*. The Improvement Service.

<sup>24</sup> Derry City Council (2013) *Social Procurement: Building a Brighter Future 2013*.

<sup>25</sup> Association for Public Service Excellence (2010) *More Bang for the Public Buck: A Guide to Using Procurement to Achieve Community Benefits*.

<sup>26</sup> Constructing Excellence in Wales (2012) *Community Benefits Policies in Construction: Evaluating the Impacts*. Welsh Government.

<sup>27</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

- Too much information being required and too little standardisation across the public sector at Pre-Qualification Questionnaire (PQQ) stage, although Public Contracts Scotland is aiming to increasingly standardise information requirements across contracts<sup>28</sup>.
- 'Aggregation' (combining similar requirements into a larger contract) and 'bundling' (putting together different requirements into a larger contract) that leads to large contracts that are beyond the scope of SMEs to deliver.
- Meeting the technical and financial criteria that are required.

Solutions include breaking down a contract into separate lots or providing some flexibility in the payment schedule to help support smaller contractors<sup>29</sup>. Once the tender period is closed, it is important to provide contractors with the opportunity for feedback to help them enhance their future tenders<sup>30</sup>.

### **Invitation to Tender**

At the ITT stage, there needs to be clarity on the CB clauses to be delivered. This means that the CB clauses are<sup>31,32</sup>:

- Clearly stated (preferably in terms of output and performance). Target setting can be useful if specified in a clear and measurable way.
- Deliverable, which means tailoring clauses to the characteristics of the development, sector, local labour market, etc.
- Capable of being evaluated against objective criteria.
- Of benefit to the procuring organisation and the communities it serves.

There should also be information on how contractors can deliver CB clauses, as the activity they are required to deliver is unlikely to be in their core area of business. For example, if targeting training and recruitment, there needs to be a local delivery infrastructure that can help contractors to deliver on their obligations and allay any concerns around the cost of delivering the CB clauses<sup>33</sup>. Typically the procuring organisation should undertake this preparatory work and coordinate a supply chain that can deliver skills and recruitment services<sup>34</sup>.

### **Evaluation of Tenders**

It is vital that tenders are assessed according to the scoring mechanism set out within the ITT, with appropriate weighting given to the CB clauses stipulated in the ITT. However, work undertaken for the Welsh Government<sup>35</sup> found that some contractors were concerned about how procuring organisations evaluate this element of a tender submission. In particular, some contractors felt that procuring organisations did not always apply the CB requirements as specified, which meant that those who made financial allowances to deliver CB requirements felt disadvantaged by the process. This in turn can lead to accusations of unfair tendering processes. Furthermore, if CB is not an award criterion for a contract, it is then difficult to justify its place as a key performance indicator (KPI) that will be monitored as part of the contract management arrangements.

<sup>28</sup> Audit Scotland (2014) *Procurement in Councils*.

<sup>29</sup> Association for Public Service Excellence (2010) *More Bang for the Public Buck: A Guide to Using Procurement to Achieve Community Benefits*.

<sup>30</sup> Ibid.

<sup>31</sup> Scottish Government (2008) *Community Benefits in Public Procurement*.

<sup>32</sup> Macfarlane, R and Cook, M (2002) *Achieving Community Benefits Through Contracts: Law, Policy and Practice*. Joseph Rowntree Foundation.

<sup>33</sup> Scottish Government (2008) *Community Benefits in Public Procurement*.

<sup>34</sup> Macfarlane, R and Cook, M (2002) *Achieving Community Benefits Through Contracts: Law, Policy and Practice*. Joseph Rowntree Foundation.

<sup>35</sup> Constructing Excellence in Wales (2012) *Community Benefits Policies in Construction: Evaluating the Impacts*. Welsh Government.



### **Delivery of CB Clauses**

The signing of the contract is not the end of the process and the procuring organisation needs to not only manage the contract effectively but also support the contractors throughout the duration of the contract<sup>36</sup>.

A key component of effective project management is having a robust monitoring process in place. This needs to be set up early in the process<sup>37</sup>, with an effective system requiring<sup>38 39</sup>:

- A clear statement of the outputs to be delivered and monitored.
- An appropriate, selective number of outputs that are focused on the most important CBs, rather than an extensive list of outputs.
- Clear and appropriate specification of how the outputs are to be measured.
- Agreement on how and when contractors provide monitoring data throughout the contract period.
- Agreement on who within the procuring organisation is monitoring the CB clauses.
- A means of verifying the output data.

Collecting monitoring information is not an end in itself and to be of value it is important that it is used. Establishing formal progress review arrangements between the procuring organisation and the contractor is critical to this as such arrangements will help identify and then alleviate any difficulties encountered with the implementation of CB clauses. It is also important that the monitoring information is acted on so that, when clauses are not being met, they are enforced<sup>40</sup>. This is an issue identified by the private sector who see lack of enforcement as an indication that suppliers do not have to deliver on CB clauses to fulfil contracts<sup>41</sup>. This concern reflects the fact that the approach to enforcement is still under development, with monetary fines and issuing of Poor Performance Certificates being discussed as options. While enforcement is important, the system should be practical and take into account the limitations and challenges contractors may face in implementing the CB clauses<sup>42</sup>.

In terms of supporting contractors, there is value in having a **CB 'champion' within the procuring organisation**. The champion's role involves<sup>43,44</sup>:

- Working with the procurement team to ensure that the CB clause is legally compliant and fulfils its objectives.
- Carefully working through how the CB clause can be delivered in practice.
- Developing a potential 'supply chain' (for example pre-recruitment training provision for a targeted training and recruitment clause) that contractors can engage with to deliver on the CB clause.
- Supporting the contractors at all stages of the procurement process to enable them to deliver and monitor the CB clause.

This is a skilled and demanding position that is best undertaken by someone who also has experience of the contractor base<sup>45,46</sup>. For example, construction industry experience is ideally needed when working with construction companies. As part of the skillset, CB

<sup>36</sup> Markie, K (2012) *Targeted Recruitment and Training Clauses in Procurement*. The Improvement Service.

<sup>37</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

<sup>38</sup> Markie, K (2012) *Targeted Recruitment and Training Clauses in Procurement*. The Improvement Service.

<sup>39</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

<sup>40</sup> Macfarlane, R (2014) *Tackling Poverty Through Public Procurement*. Joseph Rowntree Foundation.

<sup>41</sup> Centre for Economic Empowerment (2012) *Social Clauses in Northern Ireland: A Research Paper*.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Scottish Government (2008) *Community Benefits in Public Procurement*.

<sup>45</sup> McGregor, A, Fitzpatrick, I, McConnachie, M, and Thom, G (1995) *Building Futures: Can Local Employment be Created from Housing Expenditure?* Joseph Rowntree Foundation.

<sup>46</sup> Markie, K (2012) *Targeted Recruitment and Training Clauses in Procurement*. The Improvement Service.

champions need to develop strong working relationships with contractors, which includes using language and terminology that they understand and respond to.

### **Outcomes and Impacts**

Realising the full benefits of CB clauses takes time. While it may be relatively straightforward to deliver and monitor the outputs from a CB clause – e.g. the number of ‘new entrant’ or MA starts – the end outcomes of sustained employment or completed MAs will take time to come through and be evidenced. There therefore needs to be recognition amongst procuring organisations and stakeholders that there may be a significant time lag before the long-term benefits can be seen, with sufficient resources committed for extended monitoring periods.

Private sector feedback reinforces the difficulty of achieving and evidencing longer term outcomes and impacts. They recognise that a contractor could comply with CB clauses but not add much in way of long-term social value<sup>47,48</sup>. Questions raised in relation to the sustainability of CB clause outputs include<sup>49</sup>.

- How sustainable is it to invest in training new entrants to fulfil CB clauses when they may simply displace unemployed but skilled construction workers seeking employment?
- Does this increase local employment problems given that there are more trained individuals in the labour market with no long-term job prospects?

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<sup>47</sup> Centre for Economic Empowerment (2012) *Social Clauses in Northern Ireland: A Research Paper*.

<sup>48</sup> Constructing Excellence in Wales (2012) *Community Benefits Policies in Construction: Evaluating the Impacts*. Welsh Government.

<sup>49</sup> Derry City Council (2013) *Social Procurement: Building a Brighter Future 2013*.

## APPENDIX 2: DATA FOR CONTRACTS EXAMINED IN-DEPTH

Figure A2.1: Individuals from Priority Groups Recruited

**Colour coding key**

	No CB targets set for priority groups recruited
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	Contract value (£ million)	Total number recruited	CB Target	Recruited from priority groups		Recruited from priority groups as a result of CB clause (i.e. would not otherwise have been recruited)		Still in employment at time of interview	
				No.	% of CB target	No.	% of priority group recruits	No.	% of priority group recruits
Red Tree Business Suites, Bridgeton	2.7		2	2	100	2	100	2 <sup>50</sup>	100
Eastgate Offices, Bridgeton <sup>51</sup>	10.0		15	18	120	18	100	15 <sup>52</sup>	83
HMP Low Moss	98.0		-	-	-	-	-	-	-
HMP Shotts Phase 2	30.0		0 <sup>53</sup>	16	-	16	100	N/A <sup>54</sup>	N/A
HMP Grampian	57.0		0 <sup>55</sup>	4	-	4	100	3	75

<sup>50</sup> Still employed at 26 weeks.

<sup>51</sup> Contractor has ceased trading – limiting amount of data available.

<sup>52</sup> Still employed at 26 weeks.

<sup>53</sup> Best endeavours

<sup>54</sup> Contractor has not monitored.

<sup>55</sup> Best endeavours

Scotland Excel Domestic Furniture and Furnishings Framework	25.0	66	0 <sup>56</sup>	66	-	8	12	N/A <sup>57</sup>	N/A
South Glasgow University Hospital	842.0		250	404	162	N/A <sup>58</sup>	N/A	323	80
Contract A	93.0		20	183 <sup>59</sup>	915	N/A	N/A	156 <sup>60</sup>	85
Contract B	18.0	149 <sup>61</sup>	18	19 <sup>62</sup>	106	N/A <sup>63</sup>	N/A	16 <sup>64</sup>	84
Johnstone Town Hall	11.0		6	7	117	N/A <sup>65</sup>	N/A	7 <sup>66</sup>	100
Dundee Waterfront Phase 3	10.7 <sup>67</sup>		10	12	120	N/A <sup>68</sup>	N/A	5	42
Forth Replacement Crossing	790.0	500	248 <sup>69</sup>	120	48 <sup>70</sup>	12	10	68	57
Irvine Bridgegate Streetscape Improvements	2.2	9	4	9	225	6	67	4	44
Kilwinning Main Street Public Realm Improvements	3.0	12	6	12	200	8	67	3	25
Link Group Painterworks	0.7		-	-		-	-	-	-
Tannahill Crescent,	3.0		-	-		-	-	-	-

<sup>56</sup> Best endeavours

<sup>57</sup> Contractor has not monitored but intends to do so going forward.

<sup>58</sup> Main contractor was not able to provide data.

<sup>59</sup> Includes 58 apprentices – but included here as no CB target set for apprentices.

<sup>60</sup> Still employed at 26 weeks.

<sup>61</sup> Total workforce – not recruits. Change of staff within main contractor – limiting amount of data available.

<sup>62</sup> Includes 5 apprentices – but included here as no CB target set for apprentices.

<sup>63</sup> Change of staff within main contractor – limiting amount of data available.

<sup>64</sup> Still employed at 26 weeks.

<sup>65</sup> Contractor unable to estimate.

<sup>66</sup> Contract ongoing at time of interview.

<sup>67</sup> Waterfront Phase 3 contract was expanded to include additional works, including Riverside lay by, infilling Craig Harbour, repairs to the Tay Road Bridge and other contingencies

<sup>68</sup> Contractor unable to estimate given time as some time since contract undertaken.

<sup>69</sup> Average of 45 per annum for 5.5 year contract. Data relates to 2011/12 – 2013/14 (i.e. first three years of contract).

<sup>70</sup> Contract is ongoing – still over 2 years to run.

Johnstone									
Gartcosh Crime Campus	51.0		30	7 <sup>71</sup>	100 <sup>72</sup>	3 <sup>73</sup>	43	1 <sup>74</sup>	15
Garden Aid, Falkirk	1.8	47	24 <sup>75</sup>	47	196	33 <sup>76</sup>	100	33 <sup>77</sup>	100
Gas Heating Replacement, Falkirk	7.0	1	1	1	100	1	100	1	100
ICT Services, Highland	80.0	150	6 <sup>78</sup>	6	100	6	100	6	100
Timber Preservation and Dampness Removal Work, Falkirk	1.0		-	-	-	-	-	-	-
Red Road Demolition	5.4 <sup>79</sup>	135	14	54	386	14	26	24	44
New Build Barmulloch	13.5 <sup>80</sup>	119	12	11	92	4	36	8	73
New Build Sighthill	13.9 <sup>81</sup>	85	9	14	156	5	36	11	79
<b>Total</b>	<b>2,169.9</b>	<b>-</b>	<b>675</b>	<b>1,012</b>	<b>150</b>	<b>140</b>	<b>38<sup>82</sup></b>	<b>687</b>	<b>75<sup>83</sup></b>

<sup>71</sup> Data reflects one of three contractors.

<sup>72</sup> Data reflects one of three contractors (i.e. - out of 7).

<sup>73</sup> Data reflects one of three contractors (i.e. - out of 7).

<sup>74</sup> Data reflects one of three contractors (i.e. - out of 7).

<sup>75</sup> Targets for 2012/13 and 2013/14.

<sup>76</sup> Data based on two out of three contractors (i.e. - out of 33).

<sup>77</sup> Data based on two out of three contractors (i.e. - out of 33).

<sup>78</sup> CB targets were graduate recruits. 1 per annum for main contractor plus 2 through sub-contractors.

<sup>79</sup> Budget for work

<sup>80</sup> Budget for work

<sup>81</sup> Budget for work

<sup>82</sup> Out of 373 recruited under contracts for which we have both recruitment from priority groups and additionality data.

<sup>83</sup> Out of 916 recruited under contracts for which we have both recruitment from priority groups and sustainability data.

**Figure A2.2: Individuals from Priority Groups Recruited as Apprentices**

**Colour coding key**

	No CB targets set for apprentices recruited
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	Contract value (£)	Number apprentices recruited	CB Target	Apprentices recruited from priority groups		Apprentices recruited from priority groups as a result of CB clause (i.e. would not otherwise have been recruited)		Still in employment at time of interview	
				No.	% of CB target	No.	% of priority group recruits	No.	% of priority group recruits
Red Tree Business Suites, Bridgeton	2.7		-	-	-	-	-	-	-
Eastgate Offices, Bridgeton <sup>84</sup>	10.0		5	4	80	4	100	N/A	N/A
HMP Low Moss	98.0		0 <sup>85</sup>	42	-	N/A <sup>86</sup>	N/A	N/A <sup>87</sup>	N/A
HMP Shotts Phase 2	30.0		0 <sup>88</sup>	8	-	8	100	N/A <sup>89</sup>	N/A
HMP Grampian	57.0		-	-	-	-	-	-	-

<sup>84</sup> Contractor has ceased trading – limited amount of data available.

<sup>85</sup> Best endeavours

<sup>86</sup> Contractor has not monitored.

<sup>87</sup> Contractor has not monitored.

<sup>88</sup> Best endeavours

<sup>89</sup> Contractor has not monitored.

Scotland Excel Domestic Furniture and Furnishings Framework	25.0	5	0 <sup>90</sup>	5	-	0	0	N/A <sup>91</sup>	N/A
South Glasgow University Hospital	842.0		88	113	128	N/A <sup>92</sup>	N/A	N/A	N/A
Contract A	93.0		-	-	-	-	-	-	-
Contract B	18.0		-	-	-	-	-	-	-
Johnstone Town Hall	11.0		3	2	67	2	100	2	100
Dundee Waterfront Phase 3	10.7 <sup>93</sup>		-	-	-	-	-	-	-
Forth Replacement Crossing	790.0		-	-	-	-	-	-	-
Irvine Bridgegate Streetscape Improvements	2.2	0	-	-	-	-	-	-	-
Kilwinning Main Street Public Realm Improvements	3.0	0	-	-	-	-	-	-	-
Link Group Painterworks	0.7		1	1 <sup>94</sup>	100	1	100	1	100
Tannahill Crescent, Johnstone	3.0		1	1	100	1	100	1	100
Gartcosh Crime Campus <sup>95</sup>	51.0		10	9	90	N/A <sup>96</sup>	N/A	N/A	N/A
Garden Aid, Falkirk	1.8		-	-	-	-	-	-	-

<sup>90</sup> Best endeavours

<sup>91</sup> Contractor has not monitored but intends to do so going forward.

<sup>92</sup> Main contractor was not able to provide data.

<sup>93</sup> Waterfront Phase 3 contract was expanded to include additional works, including Riverside lay by, infilling Craig Harbour, repairs to the Tay Road Bridge and other contingencies

<sup>94</sup> Apprentice recruited in line with CB target – but did not work on Painterworkers contract. Apprentice was a Link HA tenant – going beyond requirement of Link HA (no specific priority group was defined).

<sup>95</sup> Data reflects one of three contractors. No CB targets set.

<sup>96</sup> Only one of three contractors has been interviewed – apprenticeships were not part of their CB targets.

Gas Heating Replacement, Falkirk	7.0	5	14 <sup>97</sup>	5	36	2 <sup>98</sup>	100	5	100
ICT Services, Highland	80.0	5	5	5	100	5	100	5	100
Timber Preservation and Dampness Removal Work, Falkirk	1.0	1	1	1	100	1	100	1	100
Red Road Demolition	5.4	-	-	-	-	-	-	-	-
New Build Barmulloch	13.5 <sup>99</sup>	4	1 <sup>100</sup>	4	400	2	50	4	100
New Build Sighthill	13.9 <sup>101</sup>	8	1 <sup>102</sup>	8	800	6	75	8	100
<b>Total</b>	<b>2,169.9</b>	<b>-</b>	<b>130</b>	<b>208</b>	<b>160</b>	<b>32</b>	<b>73<sup>103</sup></b>	<b>27</b>	<b>100<sup>104</sup></b>

<sup>97</sup> 1 apprentice per £500,000. Contract ongoing.

<sup>98</sup> Based on 1 out of 2 contractors – i.e. out of 2 apprentices.

<sup>99</sup> Budget for work

<sup>100</sup> Target is 10% - as less than 10 apprentices recruited, this has been allocated a value of 1 as cannot offer part of an apprenticeship.

<sup>101</sup> Budget for work

<sup>102</sup> Target is 10% - as less than 10 apprentices recruited, this has been allocated a value of 1 as cannot offer part of an apprenticeship.

<sup>103</sup> Out of 44 apprentices recruited under contracts for which we have both apprenticeship recruitment from priority groups and additionality data.

<sup>104</sup> Out of 27 apprentices recruited under contracts for which we have both apprenticeship recruitment from priority groups and sustainability data.



**Figure A2.3: Individuals from Priority Groups Accessing Work Placements**

**Colour coding key**

	No CB targets set for work placements
	Work placements are exclusively with young people still in education (school, college or university)
	Mix of work placements for unemployment and young people still in education (school, college or university)

	Contract value (£)	Number of work placements offered	CB Target	Number of work placements accessed by priority groups		Work placements accessed by priority groups as a result of CB clause (i.e. would not otherwise have been offered work placement)		Number of work placements progressing into employment with contractor	
				No.	% of CB target	No.	% of work placements accessed by priority groups	No.	% of work placements accessed by priority groups
Red Tree Business Suites, Bridgeton	2.7		1	1	100	1	100	N/A	N/A
Eastgate Offices, Bridgeton <sup>105</sup>	10.0		10 <sup>106</sup>	48	480	N/A	N/A	N/A	N/A
HMP Low Moss	98.0		-	-	-	-	-	-	-
HMP Shotts Phase 2	30.0		0 <sup>107</sup>	12	-	12	100	N/A <sup>108</sup>	N/A
HMP Grampian	57.0		0 <sup>109</sup>	4	-	0	0	0	0

<sup>105</sup> Contractor has ceased trading – limiting amount of data available.

<sup>106</sup> Target was 10 plus reasonable endeavours.

<sup>107</sup> Best endeavours.

<sup>108</sup> Contractor has not monitored.

<sup>109</sup> Best endeavours.

Scotland Excel Domestic Furniture and Furnishings Framework	25.0	135	0 <sup>110</sup>	135	-	135	100	N/A <sup>111</sup>	N/A
South Glasgow University Hospital	842.0		184	202	110	N/A <sup>112</sup>	N/A	N/A	N/A
Contract A	93.0		24	67	279	N/A	N/A	N/A	N/A
Contract B	18.0		17	17	100	N/A <sup>113</sup>	N/A	N/A	N/A
Johnstone Town Hall	11.0		4	3	75	3	100	0	0
Dundee Waterfront Phase 3	10.7 <sup>114</sup>		9	23	256	N/A <sup>115</sup>	N/A	2	9
Forth Replacement Crossing	790.0		10	75	750	0	0	N/A <sup>116</sup>	N/A
Irvine Bridgegate Streetscape Improvements	2.2	24	20	20	83	20	100	0	0
Kilwinning Main Street Public Realm Improvements	3.0	30	30	20	67	20	100	0	0
Link Group Painterworks	0.7		2	2	100	2 <sup>117</sup>	100	1	50
Tannahill Crescent, Johnstone	3.0		5	5	100	1	20	0	0

<sup>110</sup> Best endeavours.

<sup>111</sup> Contractor has not monitored but intends to do so going forward.

<sup>112</sup> Main contractor was not able to provide data.

<sup>113</sup> Change of staff within main contractor – limiting amount of data available.

<sup>114</sup> Waterfront Phase 3 contract was expanded to include additional works, including Riverside lay by, infilling Craig Harbour, repairs to the Tay Road Bridge and other contingencies

<sup>115</sup> Contractor unable to estimate given time as some time since contract undertaken. Believes some but not all placements would have been offered. In particular, placement opportunities for university students would not have been offered without CB clause.

<sup>116</sup> Contractor has not tracked.

<sup>117</sup> Contractor offers work placements on a regular basis – and would have delivered work placements in relation to this contract even if there had not been a community benefit. However, have included as ‘additional’ here as discussions around CB clause led them to targets these at the procuring organisation’s (a housing association) tenants. This was not specifically required within CB clause.

Gartcosh Crime Campus <sup>118</sup>	51.0		N/A <sup>119</sup>	21	-	19	91	0	0
Garden Aid, Falkirk	1.8		-	-	-	-	-	-	-
Gas Heating Replacement, Falkirk	7.0		-	-	-	-	-	-	-
ICT Services, Highland	80.0	8	12 <sup>120</sup>	8	75	8	100	0	0
Timber Preservation and Dampness Removal Work, Falkirk	1.0		-	-	-	-	-	-	-
Red Road Demolition	5.4 <sup>121</sup>	-	-	-	-	-	-	-	-
New Build Barmulloch	13.5 <sup>122</sup>	-	-	-	-	-	-	-	-
New Build Sighthill	13.9 <sup>123</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,169.9</b>	<b>-</b>	<b>328</b>	<b>663</b>	<b>202</b>	<b>221</b>	<b>72<sup>124</sup></b>	<b>3</b>	<b>3<sup>125</sup></b>

<sup>118</sup> Data reflects one of three contractors.

<sup>119</sup> With exception of targets for graduates (3) all targets were in 'weeks' rather than 'people' so not included here.

<sup>120</sup> Work experience placements for schools

<sup>121</sup> Budget for work

<sup>122</sup> Budget for work

<sup>123</sup> Budget for work

<sup>124</sup> Out of 306 work placements under contracts for which we have both work placement for priority groups and additionality data.

<sup>125</sup> Out of 106 work placements under contracts for which we have both work placement for priority groups and sustainability data.

**Figure A2.4: Individuals from Priority Groups Receiving Training**

**Colour coding key**

	No CB targets set for training
--	--------------------------------

	Contract value (£)	Number receiving training	CB Target	Number from priority groups receiving training		Numbers from priority groups receiving training as a result of CB clause (i.e. would not otherwise have been offered training)		Numbers from priority groups that would have been trained anyway – but CB clause resulted in training being accredited		Numbers from priority groups that would have been trained anyway – but CB clause resulted in higher level qualification than would otherwise have been the case	
				No.	% of CB target	No.	% of priority groups receiving training	No.	% of priority groups receiving training	No.	% of priority groups receiving training
Red Tree Business Suites, Bridgeton	2.7		-	-	-	-	-	-	-	-	-
Eastgate Offices, Bridgeton <sup>126</sup>	10.0		-	-	-	-	-	-	-	-	-
HMP Low Moss	98.0		-	-	-	-	-	-	-	-	-
HMP Shotts Phase 2	30.0		0 <sup>127</sup>	354 <sup>128</sup>	-	N/A <sup>129</sup>	N/A	N/A	N/A	N/A	N/A
HMP Grampian	57.0		-	-	-	-	-	-	-	-	-

<sup>126</sup> Contractor has ceased trading – limited amount of data available.

<sup>127</sup> Best endeavours.

<sup>128</sup> Unwaged training weeks.

<sup>129</sup> Contractor has not monitored.

Scotland Excel Domestic Furniture and Furnishings Framework	25.0	105	-	-	-	-	-	-	-	-	-
South Glasgow University Hospital	842.0		504	5,864 <sup>130</sup>	1,164	N/A <sup>131</sup>	N/A	N/A	N/A	N/A	N/A
Contract A	93.0		-	-	-	-	-	-	-	-	-
Contract B	18.0		-	-	-	-	-	-	-	-	-
Johnstone Town Hall	11.0		-	-	-	-	-	-	-	-	-
Dundee Waterfront Phase 3	10.7 <sup>132</sup>		-	-	-	-	-	-	-	-	-
Forth Replacement Crossing	790.0		369 <sup>133</sup>	410 <sup>134</sup>	111	123	30	164	40	0	0
Irvine Bridgegate Streetscape Improvements	2.2	21	4	9 <sup>135</sup>	225	5	55	4	44	0	0
Kilwinning Main Street Public Realm Improvements	3.0	21	6	12 <sup>136</sup>	200	6	50	6	50	0	0
Link Group Painterworks	0.7		2	2 <sup>137</sup>	100	N/A	N/A	N/A	N/A	N/A	N/A

<sup>130</sup> Learning outcomes amongst workforce.

<sup>131</sup> Main contractor was not able to provide data.

<sup>132</sup> Waterfront Phase 3 contract was expanded to include additional works, including Riverside lay by, infilling Craig Harbour, repairs to the Tay Road Bridge and other contingencies

<sup>133</sup> Target is to average 46 recruits from priority group (local unemployed) plus 21 employees receiving professional body approved training per annum for 5.5 year contract. Data relates to 2011/12 – 2013/14 (i.e. first three years of contract).

<sup>134</sup> 338 'training places' (SVQ Level 2 and above) plus 72 'professional body approved training place schemes' (e.g. RICS).

<sup>135</sup> Leading to SVQ Level 2.

<sup>136</sup> Leading to SVQ Level 2.

<sup>137</sup> 1 supervisor training for sub-contractors and 1 Advanced Health and Safety (H&S) training for subcontractor. Contractor also delivered 1 training plans for sub-contractors.

Tannahill Crescent, Johnstone	3.0		5	5 <sup>138</sup>	100	2	40	0	0	0	0
Gartcosh Crime Campus	51.0		-	-	-	-	-	-	-	-	-
Garden Aid, Falkirk	1.8	47	24 <sup>139</sup>	47	196	0	0	0	0	0	0
Gas Heating Replacement, Falkirk	7.0		- <sup>140</sup>	-	-	-	-	-	-	-	-
ICT Services, Highland	80.0	23	100 <sup>141</sup>	23	23 <sup>142</sup>	23	100	0	0	0	0
Timber Preservation and Dampness Removal Work, Falkirk	1.0		- <sup>143</sup>	-	-	-	-	-	-	-	-
Red Road Demolition	5.4 <sup>144</sup>	-	-	-	-	-	-	-	-	-	-
New Build Barmulloch	13.5 <sup>145</sup>	-	-	-	-	-	-	-	-	-	-
New Build Sighthill	13.9 <sup>146</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,169.9</b>	<b>-</b>	<b>1,014</b>	<b>6,726</b>	<b>663</b>	<b>159</b>	<b>31<sup>147</sup></b>	<b>174</b>	<b>34<sup>148</sup></b>	<b>0</b>	<b>0<sup>149</sup></b>

<sup>138</sup> 1 SVQ for sub-contractors; 2 supervisor training for sub-contractors; 1 leadership training for sub-contractors; 1 Health and Safety (H&S) training.

Contractor also delivered 4 training plans for sub-contractors.

<sup>139</sup> Targets for 2012/13 and 2013/14 – expectation that accredited training went along with the job.

<sup>140</sup> No target for training but all apprentices were put through SVQ Level 3.

<sup>141</sup> Non accredited training for young carers before March 2015

<sup>142</sup> Contract is ongoing.

<sup>143</sup> No target for training but all apprentices were put through SVQ Level 3.

<sup>144</sup> Budget for work

<sup>145</sup> Budget for work

<sup>146</sup> Budget for work

<sup>147</sup> Out of 506 receiving training under contracts for which we have both numbers from priority groups receiving training and additionality data.

<sup>148</sup> Out of 506 receiving training under contracts for which we have both numbers from priority groups receiving training and additionality data.

<sup>149</sup> Out of 506 receiving training under contracts for which we have both numbers from priority groups receiving training and additionality data.



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Any enquiries regarding this publication should be sent to us at  
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St Andrew's House  
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