

Buying for Good



Housing Associations, Social Firms and
Community Benefits in Procurement

A Practical Guide



Acknowledgements

This guide has been produced by Social Firms Scotland and Grampian Housing Association. It was commissioned by Social Economy Scotland (a partnership funded under the European EQUAL Programme) and the Scottish Government's Third Sector Division.

Many people have been involved in developing and writing the guide, principally Karen Smith from Grampian Housing Association and Leona McDermid and Pauline Graham from Social Firms Scotland. A special thanks to our Editor, Emma Hutton (associate consultant) for her patience and support during the editing phase.

We would also like to thank all those who gave up their time to be involved in the consultation phase, particularly those Housing Associations who took part in roundtable discussions and focus groups. We are very grateful for your contributions which have helped to shape the contents and format of the guide.

We would also like to acknowledge and thank a few people who agreed to review the guide for us, in particular, Mark Cook (Anthony Collins Solicitors) Misia Jack, Chris Ford (North East England Centre of Excellence), Neil Clapperton (Grampian Housing Association), Solstice Nurseries and the Scottish Government.

Thanks also to those Housing Associations, Social Firms and other social enterprises who gave permission for their work to be used as case studies within the guide.

Disclaimer

The information in this guide has been provided for general use only and while measures have been taken to ensure that the information is accurate and up to date, none of the above organisations is liable for any use that may be made of the information nor can they be held responsible for any errors resulting from the use of this information.

TABLE OF CONTENTS

INTRODUCTION	3
BACKGROUND	4
REMINDE ME – WHAT’S THE DIFFERENCE BETWEEN SOCIAL FIRMS AND SOCIAL ENTERPRISES?	6
SO WHAT ARE COMMUNITY BENEFIT CLAUSES?	8
WHY SHOULD I BOTHER?	10
ARE YOU SURE THIS IS LEGAL?	11
WILL IT COST US MORE?	12
CAN’T I JUST SAY I WANT TO USE LOCAL LABOUR?	14
HOW WILL CONTRACTORS REACT?	15
IS IT FAIR?	17
HOW CAN I FIND SUPPLIERS TO MEET THESE EXTRA REQUIREMENTS?	19
SO HOW DO I DO IT?	20
I’M CONVINCED! WHAT SHOULD I DO NEXT?	23
CASE STUDY 1: DEVANHA	25
CASE STUDY 2: GRAMPIAN HOUSING ASSOCIATION	27
CASE STUDY 3: HIGHLAND SCHEME, BUILDING SKILLS PROJECT	29
CASE STUDY 4: GLASGOW HOUSING ASSOCIATION	30
CASE STUDY 5: RAPLOCH URBAN REGENERATION COMPANY	31
APPENDICES	32
APPENDIX 1: SAMPLE POLICY PAPER TO REPAIRS AND MAINTENANCE COMMITTEE (GRAMPIAN HA)	33
APPENDIX 2: EXTRACT REPORT TO HOUSING MANAGEMENT COMMITTEE (GRAMPIAN HA)	37
APPENDIX 3: SAMPLE SELECTION CRITERIA AND WEIGHTING FOR COMMUNITY BENEFITS (GRAMPIAN HA)	39
APPENDIX 4: SAMPLE QUESTIONNAIRE ASSESSMENT (DEVANHA)	42
APPENDIX 5: SAMPLE QUALITY SUBMISSION ASSESSMENT SCORE SHEET (DEVANHA)	43
APPENDIX 6: SAMPLE INTERVIEW ASSESSMENT SHEET (DEVANHA)	44
APPENDIX 7: SAMPLE QUALITY SUBMISSION ASSESSMENT, SUMMARY OF CONTRACTOR SCORES (DEVANHA)	45
APPENDIX 8: SAMPLE SCORING SHEET FOR BALANCING QUALITY AND PRICE IN CONTRACTOR SELECTION (GRAMPIAN HA)	46
APPENDIX 9: SAMPLE QUALITY SCORE MATRIX (GRAMPIAN HA)	47
APPENDIX 10: SAMPLE PRINCIPAL AGREEMENT (HIGHLAND SCHEME)	48
APPENDIX 11: ADDITIONAL INFORMATION ON LEGAL ISSUES	51
APPENDIX 12: LABOUR MARKET SUPPLY AND DEMAND	52
APPENDIX 13: SFHA INFORMATION NOTE, AUGUST 2005, VALUE BASED SELECTION OF CONSULTANTS BROOKS METHOD OF SELECTION	54

INTRODUCTION

Housing Associations spend significant amounts of money purchasing goods and services on behalf of their tenants. Given their aims as social landlords, this buying power comes with a need for associations to consider “value for people” within their overarching objective of “value for money”.

Just as consumers are increasingly aware that they can achieve more for their money by investing ethically or purchasing fair trade products, so Housing Associations can use their spending to add value for the communities they serve. Using community benefit clauses in their procurement practices is one way to do this. It can help Housing Associations to address issues critical to both their core aims and their wider role in the community, including employment, regeneration and environmental protection.

Social Firms are market-led businesses set up specifically to create jobs for disadvantaged people. Like Housing Associations, they are a particular type of social enterprise – businesses that trade for a social purpose. Social enterprises often have service models that deliver multiple benefits; however, one challenge they face is that procuring agencies often do not capture these. The shared ethos that exists between social enterprises and Housing Associations provides a basis for trading to mutual advantage – using community benefit clauses may provide a means to this end.

This guide shows Housing Associations how to use **community benefit clauses** to get more for their money and has a particular focus on contracting with Social Firms and other social enterprises. It is based on real life examples and experiences and contains practical advice, answers to common questions and detailed case studies explaining how to make “buying for good” work for your own Association.



“Public procurement is a huge opportunity for social enterprise...In particular we believe that Housing Associations can play a lead role in identifying opportunities to create new social enterprises and also to work with other social enterprises.”

*“Better Business”,
Scottish Government, 2007*

BACKGROUND

Lots of work has taken place in recent years to explore the potential for public procurement to be used more effectively as a way of achieving wider social and environmental impact. As organisations responsible for spending significant amounts of public money, this is clearly of relevance to Housing Associations.

This guide is the result of a collaborative project between Social Firms Scotland and Grampian Housing Association, which explored how Housing Associations could use community benefit clauses as one way of encouraging Social Firms and other social enterprises to tender for contracts to deliver goods and services for tenants.

Social Firms Scotland is the only support agency in Scotland providing multi-level support to the development of Social Firms.¹ Social Firms Scotland and Grampian Housing Association have worked together for some time to support the start up and growth of Solstice Nurseries, a Social Firm which provides gardening services while creating employment for people with severe and enduring mental health problems.

As part of this process, Grampian Housing Association put their garden maintenance contract out to tender and included community benefit clauses in the selection process with a weighting for quality within the contract of 70%. This was a bold and refreshing change to have social benefits and quality given such importance; Grampian Housing Association found this a positive experience and plan to progress this method in other areas of their purchasing.

Following on from this joint work, Social Firms Scotland and Grampian Housing Association agreed to run a collaborative project to encourage Housing Associations to use community benefit clauses in their tenders, with the aim of creating a level playing field for Social Firms.

The main elements of this project have been:

- Identifying examples of Housing Associations which have used community benefit clauses.
- Holding focus groups with Housing Associations to explore issues in relation to using community benefit clauses.
- Developing case studies.
- Defining Grampian Housing Association's current tender process to pinpoint where community benefit clauses fit and the implications of this.

This guide is the end result of this project. It will be disseminated widely through relevant events, websites and targeted mailings.

Strategic context

This work builds on and complements a range of other strategic initiatives:

[Community Benefits in Public Procurement Programme](#)²

Starting in 2003, a pilot programme took place to explore the use of community benefit clauses in Public Procurement. Its work stemmed from general uncertainty regarding the legality and scope for using community benefit clauses in public procurement projects.

The report from the pilot programme explains the legal and policy background for using these clauses, especially in the context of the Public Contracts (Scotland) Regulations 2006, the Local Government Act (Scotland) 2003 and the case law of the UK and EU courts. It illustrates how community benefits can be delivered within the legal procurement framework in an affordable manner.

1 www.socialfirms.org.uk

2 Community Benefits in Public Procurement, Scottish Government, 2008, ISBN 978 0 7559 5612 8

Scottish Government - Guidance Note on Community Benefits³

Following on from the above programme, the Scottish Government issued guidance on the use of community benefits in public sector procurement.

Scottish Executive People and Place Policy Statement⁴

At a national level the importance of linking regeneration spending to opportunities for disadvantaged communities is clearly stated in the Scottish Executive's Regeneration Policy Statement.

Scottish Government Social Enterprise Strategy⁵

The Scottish Government is committed to opening up public procurement markets to social enterprises. In 2007 it published a strategy and action plan for social enterprise which sets out the Government's plans to tackle this issue.

Social Economy Scotland⁶

Funded by the European Union's EQUAL programme from 2005-2008, Social Economy Scotland was a Development Partnership which pioneered pilot projects to enable the social economy (including social enterprises) to grow. A key theme of the partnership's national and transnational work was public procurement. This project and guide has been supported by Social Economy Scotland.

Tendering for Public Sector Contracts⁷

This guide to tendering for social enterprises was commissioned by the Scottish Government, in partnership with Social Economy Scotland. Now in its second edition, it gives detailed step-by-step advice to tendering for contracts with public sector bodies and has helped to build capacity within the social enterprise sector.

Better Value: purchasing public services from the social economy⁸

This guide for public service commissioners was produced by Communities Scotland and is aimed at all those who direct and influence the shape of public services in Scotland and those who procure services on a daily basis. Its purpose is to raise awareness of the social economy and highlight the advantages of purchasing services from the social economy.



“There is potential for public procurement projects to impact on training, employment and investment in a local community and its longer-term regeneration.”

Guidance Note on Community Benefits in Public Procurement, Scottish Government, 2008

3 Scottish Government Guidance Note, <http://www.scotland.gov.uk/Publications/2008/02/12145623/1>
 4 People and Place, Scottish Executive, February 2006 pp 9/10
 5 Better Business, Scottish Government, 2007
 6 www.socialeconomyscotland.info
 7 Tendering for Public Sector Contracts, 2nd edition, Forth Sector, 2007
 8 Better Value, Scottish Executive, January 2007

REMIND ME - WHAT'S THE DIFFERENCE BETWEEN SOCIAL FIRMS AND SOCIAL ENTERPRISES?

Social enterprises

Social enterprises are businesses that trade in the market for a social purpose. They have explicit social aims and meeting these aims motivates their commercial activity. Profits are primarily reinvested to further their social aims and are not generally distributed to external shareholders.

Social enterprises are found in all walks of life. They deliver a range of social outcomes from improving opportunities for developing countries through fair trade products, to creating jobs and training opportunities for people in the UK who would otherwise struggle to access the labour market. They take many legal and organisational forms including Community Interest Companies, co-operatives, employee-owned businesses, development trusts, trading arms of charities and many others.

The Scottish Social Enterprise Coalition is a collective voice for social enterprises in Scotland. Their website (www.ssec.org.uk) provides more information about the sector.

Social Firms

Social Firms are a particular type of social enterprise. They are market-led businesses set up specifically to create good quality jobs for people severely disadvantaged in the labour market.

Social Firms are characterised by the values of enterprise, employment and empowerment:

- They aim to generate over 50% of their income from the sale of goods and services to an open market. They are non-profit distributing, with any surplus shared by

employees or re-invested in the business or community.

- They ensure that at least 25% of their full time equivalent workforce is comprised of people with a disability or other serious disadvantage, creating an integrated workforce.
- They usually have the feel of a family business and are predominantly characterised by the provision of a supportive and inclusive working environment, team working and participation in the development and operation of the business.

Work is taking place at UK level to develop an accreditation scheme for Social Firms.⁹ This is still at an early stage of development and has not been fully rolled out across Scotland.

Social Firms in Scotland

A 2006 mapping study¹⁰ identified 67 Social Firms and 70 emerging Social Firms in the UK. 13 established Social Firms and 7 emerging Social Firms were identified in Scotland.¹¹ However, it should be noted that this exercise focused only on Social Firms employing disabled people.¹²

In November 2006, the definition of a Social Firm was widened to include businesses employing other groups facing serious disadvantage in the labour market. More recent mapping information indicates a significant increase in the numbers of Social Firms in Scotland to 12 Social Firms and 15 emerging Social Firms.

Social Firms, social enterprises and Housing Associations

Social Firms and social enterprises work across a wide range of industries, delivering all kinds of services to all kinds of customers. There are numerous examples of social enterprises working in industries where Housing Associations buy goods and services. Market opportunities include cleaning, gardening, maintenance services, recycling, design and printing, fulfilment,

⁹ See www.socialfirms.co.uk for information on the Star Social Firm scheme.

¹⁰ Mapping of Social Firms in the UK (2006), www.socialfirms.co.uk

¹¹ Emerging Social Firms are those businesses which are working towards the criteria for full Social Firms.

¹² In this document we have not discussed the use of reserved contracts. However this may be a reasonable business model for Housing Associations to examine in the future.

catering, construction, entertainment, care and support services.

Housing Associations can also support the development of Social Firms and social enterprises in other ways. For example, they can:

- Develop partnerships with Social Firms and other social enterprises to design new services for tenants.
- Support and encourage Social Firms and other social enterprises to form consortia to bid for contracts.
- Use their Wider Role activities to support new and existing Social Firms and social enterprises.

Putting it into practice: Foyer Graphics

Foyer Graphics is a graphic design company based in Aberdeen, specialising in design for print, web design, corporate branding and all areas of creative consultancy and development. They operate as a trading arm of Aberdeen Foyer and all their profits are reinvested to support the charity's work with homeless people. They also create supported employment in the business for people who are disadvantaged in the labour market.

Foyer Graphics have a range of clients in the public, private and third sectors including Grampian Housing Association. They provide high quality services with a social purpose and were selected as Scottish Social Enterprise of the Year in 2007.



SO WHAT ARE COMMUNITY BENEFIT CLAUSES?

Community benefit clauses allow a range of social considerations to be built into the delivery of contracts, using specific wordings throughout the procurement process including in the management of contract delivery. Community benefit clauses are one aspect of a wider range of social issues, which form part of the “sustainable procurement” agenda.

Using community benefit clauses can help to encourage Social Firms and other social enterprises to tender for contracts. They can also help to show other potential suppliers that your Housing Association wants to create positive social and environmental impact through its purchasing.

Things to remember

Some important things to remember are:

- The European Union has clarified that community benefit clauses can be used provided that non-local suppliers are not disadvantaged or discriminated against.
- The contract must comply with government procurement policy and Best Value.
- To comply with the policy and legal framework, community benefit requirements must be part of the core purpose of the contract.
- Community benefit clauses should be supported by strategic documents such as Corporate Plans, Community Plans, Procurement Strategies and your Association’s Sustainable Development Policy and Action Plan.

Examples of community benefits

Examples of community benefits that can be incorporated as a clause within contracts include:

- Targeted recruitment and training (TR&T)
- Equal opportunities
- Training for the existing workforce
- Supply chain initiatives
- Community consultation
- “Considerate contractor” schemes
- Contributions to education
- The promotion of social enterprises
- Resources for community initiatives



A helpful hierarchy

It can be helpful to think of community benefit clauses as part of a hierarchy. For example:



Delivering your mission

Of course, while using community benefit clauses can contribute to government objectives as outlined above, it is important to remember that it is fundamentally a way for Housing Associations to deliver their own mission, for their own sake. This is why this document focuses on what using community benefit clauses means to your Housing Association.

Putting it into practice

Devanha, an alliance of housing providers in the North East, has incorporated community benefit clauses into a contract for **new build** housing (see case study 1).

Grampian Housing Association has used community benefit clauses in a contract for **garden maintenance** (see case study 2).

UPKEEP provides a range of **property management and cleaning** services for Housing Associations in the East End of Glasgow, while creating supported employment for people who have been long-term unemployed because of various health problems.

Glasgow Housing Association has used community benefit clauses in its **maintenance** contracts.

WHY SHOULD I BOTHER?

Maybe you're still wondering what the point of community benefit clauses is?

Well, Housing Associations who have already begun to use them have identified lots of advantages from doing so. These advantages combine to create a series of "win win" situations. They:

Strengthen local communities

Community benefit clauses achieve multiple outcomes simultaneously. For example, essential services can be delivered while local employability issues are tackled. Used in this way, procurement works as a strategic tool for achieving a wider range of desired impacts.

Achieve better returns on investment

In addition to the social gains, the economic benefits can be substantial too. For example, recent research using the Social Return on Investment (SROI) methodology¹³ indicates significant welfare and healthcare cost savings are generated by social enterprises which create jobs and training for disadvantaged people. In the long term, added value for taxpayers' money is achieved.

Strengthen the value base of decisions

As social enterprises themselves, it is important for Housing Associations to operate on a strong ethical basis – this is part of what differentiates them from private sector developers. By stressing social issues, it can be possible to promote "public good" in a transparent and nondiscriminatory manner. Supporting social enterprises that have strong social aims makes sound civic values explicit to everyone.

Provide improved and more innovative services for tenants

Using community benefit clauses gives service providers an opportunity to demonstrate the ability to meet wider social commitments. Social enterprises are examples of service providers which are often good at combining social and market values with an innovative approach to service planning and delivery.

So perhaps the question you should ask is, "why wouldn't I bother?!"

¹³ See www.socialeconomyscotland.info for full details

ARE YOU SURE THIS IS LEGAL?

Yes!

A common myth that surrounds this kind of approach to procurement is that it's not legal. But we can assure you it is!

To stay on the right side of the law, all you have to do is make sure that:

- The community benefits you seek fit with your strategic objectives.
- The community benefits form part of the "core purpose" of the contract.
- Use of the community benefits still represents value for money/Best Value for your organisation.

So what does "core purpose" mean? It simply means that the community benefit you want to achieve is included in Contract Notices and in the contract terms. In other words, the decision to include a community benefits clause must be:

- Taken right at the start of the procurement process.
- Included in the Contract Notices where they are applicable and in contract terms.
- Followed through at each procurement stage - specifically in specification documents, evaluation of tenders and management of contracts.

Community benefit clauses can't "stick" if they are added as an after thought.

Flagging up, right at the beginning, that you're looking for a community benefit from the contract in question, means that your thinking about the contract's outcomes has included the need to achieve community benefits, which you then go on to describe in the specification. This means that you have thought of the contract as fulfilling several outcomes, including community benefits. In this way they become part of the "core

purpose" of the contract and not an afterthought. And, for the OJEU notice, identifying that you intend to seek community benefits legally allows for them to be included at the specification stage.

Appendix 11 gives more information on this.



Putting it into practice: Fusion21

Fusion21 was a 2006 Housing Corporation Gold award winner for innovation in procurement. The Fusion21 model of client collaboration formed to establish full supply chain integration for housing maintenance. The Housing Association partners wanted to combine their buying power to improve value from material and contract suppliers.

The Fusion21 partnership has developed its own direct supply of labour to match the highs and lows in its planned maintenance through a construction skills training programme that retrains local unemployed people. They established a regional skills training scheme with places for hundreds of unemployed local people - more than 331 of these trainees have already moved into employment in the construction industry.

WILL IT COST US MORE?

Another common myth about using community benefit clauses is that they will automatically make contracts more expensive. This isn't true either!

Some suppliers may well have additional costs from the social or environmental work they do. For example, providing supported employment places can cost a significant amount of money, particularly where organisations are supporting people with long term and significant disadvantages in the labour market. However, these costs will not generally be directly relevant to the service that you are purchasing and suppliers will normally use separate resources to cover these. For example, many Social Firms receive funding from local authorities or health boards to pay for the additional costs incurred in creating supportive training and working environments.

You can make clear in your tendering process how you expect any **specific additional** costs involved in delivering community benefits to be met. However, you should also remember that full cost recovery is an important principle to use when contracting with social enterprises (just as with the private sector) and you should not expect any social enterprise supplier to subsidise the **core costs** associated with the delivery of the contract from other sources. You should bear in mind that if you want to buy community benefits within a contract, you should have some resources in mind to pay for this.

As an example of how this can work in practice, here is how Glasgow Housing Association communicated its specification in this area to potential contractors:

"Prior to the submission of the supplementary Method Statement, the preferred Constructors will be expected to have identified a source for any additional resources they will require to deliver the employment and training requirements, over and above the sum for management and supervision that is included in the tender sum, so that the requirements can be met with no additional costs to GHA. The preferred Constructors are advised to contact Scottish Enterprise Glasgow and the CITB for information on relevant services and funding"¹⁴

You may also want to consider how your Association can use grant funding – as opposed to tendering for service delivery – to resource specific social outcomes you want to achieve.

For example, you could provide grant funding to Organisation A for an employment training programme for local people, while also procuring services (e.g. cleaning) using community benefit clauses. Organisation A would be free to tender for this along with other suppliers and should they win the tender, their contract would be priced to cover the costs of that particular service (rather than its general employment training programme, which is being resourced separately).

Putting it into practice: UPKEEP

Shettleston Housing Association, in partnership with a number of other organisations, established a Social Firm to engage in estate caretaker services, operating within the Shettleston area of Glasgow.

UPKEEP currently undertakes a number of key areas of work under a commercial service contract negotiated with Shettleston Housing Association, including environmental maintenance; close cleaning; window cleaning; void property clearances; hygiene cleaning; minor house removals/decants; graffiti removal and recycling services.

UPKEEP has received separate funding from a range of sources to help develop its supported employment programme and now employs a number of people who were previously long-term unemployed and disadvantaged in the labour market.



CAN'T I JUST SAY I WANT TO USE LOCAL LABOUR?

One challenge that Housing Associations face is how to get benefits from their investment in construction contracts back into the communities they are regenerating. Understandably in an area where there is high unemployment and low skills, both the Housing Associations and the local community want to get the benefit from the jobs that come along with construction contracts.

Using the phrase “must use local labour” is illegal under European legislation because it would discriminate against companies and recruits who are not locally based. However, you can direct contractors to use specific recruitment and training agencies. You can, for example, insert a condition that the contractor and sub-contractor link their recruitment to an existing agency that works with the long-term unemployed. You can specify sources of trainees, but not of recruits. You must not discriminate against residents from other member states, not just companies, when it comes to recruitment. You may suggest sources of recruits, but should not mandate them.

There are some important issues to think about here, particular when it comes to making sure that the supply of labour actually meets the demands of contractors. Lessons can be learned from other experiences and Appendix 12 discusses this in more detail.

Putting it into practice: Raploch Urban Regeneration Company

Raploch URC required that each bidder to a contract to build an access road provide a Community Benefit Method Statement with their submission, using a proforma provided. This was required so that the contractor could show how key community benefits would be met. The proforma set a target of:

“To interview a minimum of three candidates put forward by Employment Connections or Employability Stirling (which were two employment projects operated by Stirling Council) before making a recruitment selection.”

This condition could be met equally by a local or non-local contractor, but the individuals coming through the recruitment agencies were certainly local. As part of the same method statement, contractors were also asked to comment on how they would meet the condition of:

“Participating in the training programme of four people identified by the Community Benefits Working Group partners and provides a total of 52 person weeks of appropriate site experience for them.”

Again this condition could be provided equally by a local or non-local contractor, but obviously the individuals selected by the Community Benefits Working Group partners would be local - and probably from the most deprived area.

HOW WILL CONTRACTORS REACT?

Some Housing Associations are concerned that including community benefit clauses will be a deterrent to local contractors and they simply will not tender – with the subsequent negative impact on competition. This is a particular concern in rural areas, where competition is already weak and finding competent contractors to complete work can be difficult.

This is an area where each Housing Association should make an individual judgement based on its own situation. It should not be used as a reason to avoid action. The real answer to the question, “will the market bear this?”, is that you don’t know unless you ask!

Asking for too much detail at an early stage is a legitimate industry-wide complaint so it is important to ask for the appropriate information at the appropriate stage. Pre Qualification Questionnaires (PQQs) should not ask for method statements on how the contractor will meet the community benefit clause, but simply ask them to state their experience in delivering training or community benefits in other contracts.

There are other reasons why you might find it easier than you think to find contractors who will see community benefit clauses as an opportunity, rather than a deterrent.

- Many contractors have Corporate Social Responsibility policies and in the case of social enterprises, explicit social aims.
- Others simply need a push to encourage the appointment of trainees or apprentices.
- Many contractors, especially in rural areas, are interested in building long-term relationships with Housing Associations. If it is made clear that community benefit clauses will be introduced more and more in the future, this may encourage them to take short term action to safeguard the relationship in the longer term.

Sending out a clear message to the broader market about your objectives is important. There is a strong argument to consider voluntary, post-award negotiation to secure additional outcomes

in a situation where the inclusion of community benefit clauses will inhibit the market. The challenge for a Housing Association in these circumstances is when to move from commissioning (i.e. engaging with potential suppliers, soft market testing) to procurement where transparency and equal treatment becomes crucial to avoid the risk of a legal challenge.

Putting it into practice: Green Tracks Environmental

Green Tracks is a Social Firm operating in the landscaping, maintenance and conservation fields. This means they aim to train and employ a percentage of people who are recovering from a disability and to promote equal opportunities. Their mission statement, "Improving Lives and Landscapes", highlights their commitment to take social responsibilities seriously, without compromising on the quality of their services, or products, to our customers.

Landscaping

Green Tracks offers a wide range of landscaping services including: complete garden makeovers; fencing; decking; patios; paving; rockeries; turf laying; paths; earth works; tree surgery; raised beds and planting.



Maintenance

Green Tracks offers a dedicated maintenance service to both the commercial and domestic sectors which is tailored to meet customers' needs. Services include: clearances; lawn mowing; weeding; tree and shrub pruning; planting, one-off tidy-ups and hedge trimming.

Conservation

As a company, Green Tracks is dedicated to the conservation of the countryside and wildlife habitats, while promoting awareness and encouraging environmental responsibility within local communities. Their customer base includes Aberdeen City Council Ranger Service, Scottish Natural Heritage and Forvie Nature Reserve and their work may involve preserving Sites of Special Scientific Interest.



IS IT FAIR?

Some Housing Associations are concerned about the effect of using community benefit clauses on the marketplace of suppliers. Questions are asked about whether it gives social enterprises and Social Firms an unfair advantage. On the other hand, some Associations feel that using community benefit clauses helps to level the playing field by recognising and valuing the social outcomes achieved by contractors, from whichever sector, who focus on this.

There are several ways Housing Associations can make sure they use community benefit clauses in a way that is fair to all suppliers:

- Ask for the appropriate information at the appropriate stage and don't ask for too much information too early. This prevents generating large amounts of abortive work for contractors.
- Carefully consider the community benefit that you specify and how you will measure it throughout the term of the contract. Targeted Recruitment and Training (TR&T) is a common community benefit because it is clearly measurable and is directly relevant to contracts.
- Carefully consider the sanctions available to you if the contractor does not deliver on the community benefit specified. This may require linking payments to performance in Key Performance Indicators. Without this, one course of action is to remove the contractor from the approved list at the end of the contract. However, in the meantime, continue to try to agree remedial actions.
- Support the successful contractor in working towards achieving the community benefit, using your own local knowledge, networks and expertise in raising funds.

Putting it into practice: The Green Team

The Green Team provides environmental maintenance and landscape gardening services. It is a Social Firm which creates jobs for people with long term disadvantages in the labour market.

It operates by tendering for environmental and landscaping contracts and current clients include Housing Associations, nursing homes and private companies. The team has a regional profile and operates in Fife, Tayside, Edinburgh, Forth Valley and West Lothian.

DOES IT FIT WITH NATIONAL GUIDELINES?

Yes!

National guidelines give Housing Associations the framework for their purchasing policies and practices. Several key documents are relevant to using community benefit clauses:

[Communities Scotland Guidance Note 2006/06 \(CSGN 2006/07\)](#)

This document principally takes account of the changes that the EU Consolidated Directive introduced. The Consolidated Directive was agreed in March 2004 and Member States were given until 2006 to implement it. It explains the principles that underpin the European Union procurement rules, i.e.

- Equal treatment
- Transparency
- Proportionality
- Mutual recognition
- Confidentiality

[Communities Scotland Procurement Guide for use by RSLs, November 2006](#)

This is a comprehensive guide on procurement and should be the starting point for all those involved in the procurement process in Housing Associations. It advises on

- The preparation of briefing material
- The EU regulations
- The merits of various procurement methods
- Framework agreements

There is nothing in either of these two guidance notes that addresses the issue of community benefit clauses directly as at the time of its publication research into community benefit clauses was still underway. However, Communities Scotland addressed the issue through issuing the Scottish Government Procurement Directive 'Guidance Note on Social Issues in Public Procurement', in October 2007.

[Scottish Procurement Directorate, Guidance Note on Social Issues in Procurement, October 2007](#)

The Scottish Procurement Directorate advises local

authorities and public bodies on best practice in procurement.

This guidance note affects Housing Associations directly as under the EU Procurement Directive Housing Associations are classed as "public bodies". It notes the importance of continuing to satisfy "Best Value" criteria, but recognises that there may be circumstances where wider social benefits are appropriate to consider.

"For example when awarding contracts connected with an urban regeneration project the purchaser may reasonably be expected to consider how these contracts might aid the regeneration project, perhaps by providing training opportunities for the unemployed." (p4)

It then continues with general advice on how to implement this opportunity and recommends that public bodies note that the award criteria upon which evaluation of contractors is based must be linked to the subject of the contract. Where the social benefits form part of the subject matter of the contract they should also form part of the value for money assessment.

[Recommendations for a National Procurement Strategy for Social Housing in Scotland: A Report by Communities Scotland, The Collaborative Working Centre \(CWC\) UK Ltd, January 2007](#)

This document makes recommendations on how to ensure wide uptake of collaborative working for social housing development programmes in order to improve value for money. It is an important document because it discusses in detail the concept of collaborative procurement and achieving best value from the construction industry and it sets out what improvements can be made, mainly by the construction industry and by Communities Scotland to achieve it.

The key theme of the document is achieving better value for public investment. The use of community benefit clauses is entirely in line with the Recommendations, particularly in light of the fact that the EU Directive legitimises free competition in the course of procurement of the supply chain and creates an equal opportunity for all providers to bid for contracts using value based criteria rather than lowest price.

[Raising Standards in Housing Development Part 2, Scottish Federation of Housing Associations, March 2001](#)

This document discusses Quality Based contractor selection and although it does not make specific reference to community benefit clauses, a number of “quality” indicators are discussed as legitimate criteria for selection. In this case community benefits would dovetail well with the processes described. See appendix B in particular.

HOW CAN I FIND SUPPLIERS TO MEET THESE EXTRA REQUIREMENTS?

As with any contract, Housing Associations will have to take certain steps to find appropriate potential suppliers for contracts with community benefit clauses.

Associations should advertise contracts in line with EU Directives, ensuring adequate publicity even where contracts fall below a threshold, for example through local press and the internet. However, there are some simple additional steps you can take to find potential Social Firm and social enterprise suppliers.

Social Firms Scotland

Social Firms Scotland is the national representative agency supporting the development of Social Firms in Scotland. Its purpose is to grow the Social Firm sector in order to increase employment opportunities for severely disadvantaged people.

Many Social Firms in Scotland already provide a range of services to Housing Associations and other customers. Social Firms Scotland is keen to explore how Housing Associations could use community benefit clauses as one way of encouraging more Social Firms and other social enterprises to tender for contracts to deliver goods and services for tenants.

Social Firms Scotland is undertaking on going mapping of existing and emerging Social Firms in Scotland and a full list of these can be found at www.socialfirms.org.uk.

Meet the Buyer events

Why not arrange a Meet the Buyer event to spread the word about your contract opportunities and to raise the profile of your community benefit clauses? This can be a really useful way for smaller or niche suppliers to get to know you better, and for you to explain to a group of suppliers the kind of thing you’re looking for.

Getting in touch with the Social Economy

Local Social Economy Partnerships¹⁵ across Scotland have experience of organising successful Meet the Buyer events.

Social Enterprise Networks

Most areas have social enterprise networks, and there is usually a central list of social enterprises and the type of work they do. Start with www.senscot.net for details of your local social enterprise network and get in touch with them to advertise opportunities.

Wider Role

Your own Wider Role staff will often be involved with social enterprises in your area and would be a good starting point for finding out more.

¹⁵ Contact Third Sector Division at Scottish Government.

Putting it into practice: Fife Social Enterprise Network

Social enterprises in Fife have come together to support each other, trade with each other and promote social enterprises across Fife.

An important part of their work is www.socialenterprisesinfife.org, an online portal which customers can use to find social enterprise suppliers working in industries as diverse as catering, housing, environmental services, transport, parenting and recycling.

SO HOW DO I DO IT?

Introducing community benefit clauses into your Housing Association involves aligning strategy, policy and practice.

- Your mission statement needs to include **strategic** commitments which reinforce the rationale for using community benefit clauses.
- Your **policy** committees will need to consider and agree recommendations on using community benefit clauses and those will need to be reflected in your Association's Sustainable Development Policy and the supporting Action Plans.
- Putting policy into **practice** can take many forms and will depend on the structure of your Association and on how it operates. This guide contains several case studies, which give examples of how this can be done.

Both time and resources needed by the Association to invest in training, setting up new policies, procedures and embracing new ways of working need to be fully recognised and assessed. However, the resource commitment in this area needs to be seen as an investment rather than a cost.

Step 1: Making sure the strategic commitment is in place

An important part of making sure you introduce community benefit clauses legally is to demonstrate that they meet the core purpose or requirement of the organisation.

In the case of Grampian Housing Association, their existing mission statement and strategic objectives gave a clear remit to develop community benefits, as this extract from their Internal Management Plan shows:

"Grampian Housing Association strategic objective no 3, Promote social inclusion through community based projects"

Similarly with Glasgow Housing Association, their Neighbourhood Renewal strategy included the following aim:

"To maximise sustainable jobs and training gains for Glasgow residents, arising from Glasgow Housing Association investment activity"

If you believe that your current mission statement or regeneration strategy is not robust enough then this will need to be addressed through Board meetings, or at the next strategy development session which examines the Internal Management Plan. Some policy statements that could be considered are:

- Developing a workforce that is highly skilled and well motivated and can truly meet the skill needs of the economy.
- Encouraging local residents to take up high quality, sustainable employment opportunities.

Step 2: Developing suitable policy

The inclusion of community benefit clauses may be seen as a radical step for some Housing Associations and it may take a bit of persuasion to introduce them. However, as their objectives deliver both social and economic sustainability, their introduction can be easily aligned with the Association's Sustainable Development Policy.

One way of dealing with concerns can be to run a pilot tendering exercise on one contract, which can then be assessed after the tender period.

This is the route Grampian Housing Association decided to follow. The contract chosen was for garden maintenance on a proportion of the Association's estate.

A comprehensive policy paper was submitted to Grampian Housing Association's Repairs and Maintenance Committee. This is reproduced in appendix 1 and shows the scope of the pilot and the full process identified for making quality based selection.

Step 3: Putting it into Practice - Briefing

OJEU Notice

The use of social considerations in contract conditions must always be clearly outlined and in particular in the OJEU notice where this is needed. An example of this might be:

"This contract requires the developer to support the Housing Association's economic and social regeneration objectives. Accordingly contract performance conditions may relate in particular to social and environmental considerations."

Where recruitment is included as part of the contract, the Common Procurement Vocabulary (CPV) for "labour recruitment and the provision of personnel services", CPV74500000-4, should be included in the list of CPV codes given in the OJEU notice.

If this action is taken, it means that you can take account of social and environmental issues when you award the contract.

Pre-Qualification Questionnaire

At this stage you are asking for a bit more detail, and are trying to get a feel for the contractor's capacity and ability.

You might want to ask the contractor to

"Give examples of your involvement in each of the following":

- Generating employment and training opportunities for long term unemployed people
- Providing training opportunities
- The development of trade skills in your existing workforce

Specification

At this stage you need to consider what requirements are relevant to your specific contract, taking into account the nature of the works and the length of the contract. This should then be balanced against the opportunities that could be provided through the contract.

You also need to consider what information is required from the contractor to monitor and verify the delivery of the community benefits, and that there is a robust and transparent way of checking outcomes.

Contract conditions

Contract conditions will be specific to the benefit you are trying to create, but some useful examples

might be:

- The contractor agrees to secure the creation of a total of x training weeks as part of the contract.
- The contractor agrees to secure the creation of at least x employment opportunities which are aimed specifically at (name your target group e.g. people who have been unemployed for at least 6 months).
- The employer seeks to assist the contractor by providing information on agencies that can assist in the recruitment of individuals in the target group.

Examples of contract conditions can be found in the case studies and the appendices. In addition, you should refer to the Scottish Government report "Community Benefits in Public Procurement" for examples of 'model clauses'.

Step 4: Working out the practicalities of assessment

Once you have your policy in place, and you have specified which community benefits you are looking for, you then have to decide how you are going to assess your community benefit requirements.

Examples of how other Housing Associations have approached this are set out in the case studies section of this guide.

More generally, an excellent starting point is Raising Standards in Housing - Development Part 2, published by SFHA in March 2001, which contains a good discussion of Quality Based Contractor Selection.

Section 5.9 sets out a flow diagram for this kind of approach. In summary, it recommends that:

(a) Quality criteria are arranged under general headings.

For example:

- Sub-contracting policy
- Quality of workmanship and defects record
- Health and Safety
- Training of own workforce

This list could be extended to include the community benefit you have decided on, for example, targeted recruitment and training. It is good practice to require bidders to submit a method statement setting out how they will provide such benefits as part of their overall bid (see the Scottish Government report "Community Benefits in Public Procurement" for examples of pro forma method statements).

(b) A questionnaire is prepared to match the quality headings

Weightings should be applied to each heading in the questionnaire to reflect their relative importance in the overall assessment of quality. These individual scores should add up to 100 within each section and the percentage weightings should also total 100.

(c) The questionnaire is then issued to a short list or a long list of contractors. On their return the scoring weighting is applied.

See Appendix 9, Sample Quality Score Matrix (Grampian HA), for a simple example.

There are other approaches to Value Based Selection. See appendix 13 for a briefing note on this.

Step 5: Making your decision - assessing the tenders

Some useful tools to consider are:

- Establishing a Tender Board
- Inviting selected Contractors to attend a presentation/interview
- Arranging a site visit

These steps will all help in the assessment of the quality and community benefit elements of the contract. If you decide to score the tenders on a combination of quality and price, a 70:30 ratio is recommended. Evidence suggests that any lower ratio than this can result in price being the predominant factor, although it should be acknowledged that the ratio should be considered on a contract by contract basis. This should be decided by the project team to ensure that value for money is being achieved.

Step 6: Make sure you place value on, monitor and evaluate the community benefit

SFHA's Guidance (see above) refers to the use of Key Performance Indicators (KPI) as a way of encouraging continuous improvement. A KPI on community benefit could certainly be introduced by a Housing Association as part of the monitoring process in contract management. Clearly, this will only be meaningful if community benefits were part of the contract documentation throughout the procurement process, as we have emphasised above.

Another method adopted by Grampian Housing Association with Solstice Nurseries was to develop a Partnering Agreement that allows for recognition of additional quality achievements by the contractor - and sets out a framework that encourages such an approach.

In most cases the contractor will be obliged to fill out weekly or monthly monitoring forms so that a clear record is made of the work towards the achievement of the community benefit. Obviously period reviews will also be necessary, which will normally be face to face meetings.

It is important to maintain proportionality in terms of reporting mechanisms. Remember that the contractor may already collect information that could be used to report on, and evaluate, their community benefit - don't reinvent the wheel if you don't have to!

On the other hand, if the contractor does not have strong systems in place, why not take the opportunity to work with them to develop a rounded approach to monitoring and evaluation which helps both you and them to manage their performance in this area?

I'M CONVINCED! WHAT SHOULD I DO NEXT?

The good news is you don't have to start from scratch! Some really useful work has already taken place through pilot initiatives. The case studies we have included in this report are a starting point - you will find that the people who have been involved will be delighted to share their experiences with you.

Things you can do to get started include:

- Talk to people within your organisation - spread the word and get dialogue going at the highest levels including committees and your Board.
- Have a look at the Scottish Government's Community Benefits in Public Procurement Report for practical results of the work that's taken place so far.²
- Have a look at the Scottish Government's Guidance which accompanies the above report.
- Get in touch with the Scottish Procurement Directorate to seek policy advice if necessary.
- Contact your Local Social Economy Partnership¹⁵ or social enterprise network (www.senscot.net) to see if you could jointly organise a Meet the Buyer event.
- Speak to the people who took part in the Community Benefits in Procurement pilots about their experiences.
- Check your organisation's current mission statement and corporate policy strategies to see if they offer the potential to use community benefit clauses in procurement. If not, can these be changed?
- Ensure that the Association's existing Sustainable Development Policy is reviewed and revised to include, under social and economic sustainability, objectives relating to Social Benefit Clauses.
- Seek advice from your legal department.

And finally!

The drive towards using public procurement as a tool for wider social and environmental benefits is likely to continue for some time. The Scottish Government is committed to this agenda and is encouraging more work in this area. More and more people are starting to think about how they can make this work in practice for their organisations. You might find it useful to connect with other people who are interested in this issue, to help share thinking and develop good practice.

Good luck!

CASE STUDIES

The following case studies illustrate how community benefits have been used by Housing Associations in contracting processes.

They have been reproduced with kind permission from each of the organisations concerned.

Case study 1: Devanha

Case study 2: Grampian Housing Association

Case study 3: Highland Scheme

Case study 4: Glasgow Housing Association

Case study 5: Raploch Urban Regeneration Company

CASE STUDY 1: DEVANHA

Devanha is an alliance of the North East's five leading voluntary social housing providers.

They are:

- AHP
- Castlehill Housing Association
- Grampian Housing Association
- Langstane Housing Association
- Tenants First Housing Co-operative

Together, the Devanha alliance owns and/or manages almost 6,500 homes throughout the North East of Scotland. The Partnership was formed with the view to carrying out joint development programmes of up to 300 houses per phase in the North East.

What community benefits did Devanha want to include in the contract?

By establishing a substantial building programme Devanha aims to develop a meaningful programme of training and employment in a construction industry, with the active co-operation of the Construction Partners and in association with a variety of other agencies.

The first phase of the Devanha Bulk Procurement Initiative was reviewed in Communities Scotland Precis no89. August 2006.¹⁶ It found:

"Despite original aims to ensure better links between housing investment and employment and training, this has not been a significant feature of Devanha phase 1"

A number of recommendations were made including the need to employ a project manager to provide a co-ordination role. These recommendations have been taken on board in the second phase.

The sophistication of the approach has developed markedly and this has been reflected in the concerted effort to meet an objective of 150 training and employment opportunities in Devanha Phase 2.

How were community benefit clauses used in the procurement process?

The training and employment objective was included in the tender selection process in a number of ways:

- In the OJEU notice
- The Post Qualification Questionnaire
- The Instruction to Tender
- Quality Submission document
- The Method Statement and
- The tender selection and assessment process.

The performance of the contractors against the training and employment objective will be monitored by a dedicated training co-ordinator for at least the first year. These findings will then contribute towards the overall assessment of the contractor against key performance indicators (KPIs). A good performance on KPIs will result in the contractor taking a higher percentage of any savings that are achieved over the construction of the housing units.

The training co-ordinator was appointed directly by the local (Aberdeen) office of Communities Scotland. The co-ordinator's role will include:

- Support with the recruitment of apprentices
- Negotiation with the colleges over courses and availability of training opportunities
- Monitoring of the training carried out
- Quarterly reports to the Devanha Management Board.

How was quality assessed?

The Devanha Framework Agreement decided to

make a 60:40 quality/price split in assessing contractors. The quality assessment process had three main elements:

- Questionnaire assessment
- An interview
- A site visit

Questionnaire assessment (25%)

There were 30 questions in the questionnaire assessment, giving a maximum weighted score of 500. Of this 45 marks were directly related to the 'Devanha Train' target of the creation of 150 training places. This is 9% of the total score for the questionnaire and 2.25% of the overall contract assessment.

Interview (25%)

The Devanha Training commitment was then assessed by a panel at interview stage. The panel's judgement of the contractor's commitment to Devanha Train had a maximum score of 15%. This was 3.75% of the overall contract assessment.

Site visit

The site visit dealt with quality issues other than Devanha Train, e.g. Health and Safety.

In total, from a possible 100% score for quality and cost, the Devanha Train element accounted for a maximum 6% of the overall score.

Where can I find out more?

This guide contains samples of key documents used by Devanha:

- Appendix 4: Sample Questionnaire Assessment
- Appendix 5: Sample Quality Submission Assessment Score Sheet
- Appendix 6: Sample Interview Assessment Sheet
- Appendix 7: Sample Quality Submission Assessment Summary of Contractors Scores

Contact details:

David Millar
Devanha Programme Director
01224 423025
david.millar@devanha.org.uk



CASE STUDY 2: GRAMPIAN HOUSING ASSOCIATION

Solstice Nurseries is an established Social Firm working in the Aberdeen area. It provides garden maintenance services and runs a wholesale nursery that specialises in growing heather. Grampian Housing Association (Grampian HA) has a long history of supporting Solstice Nurseries including “nesting” the organisation while it secured funding and established a new site for the nursery. During this period, Solstice Nurseries provided open space maintenance works in various Grampian HA estates. However, while this kind of informal arrangement could be managed for a period of time it was felt that, in common with all services procured for the paying customer, Solstice Nurseries’ service had to be tested against the wider market.

What community benefits did Grampian HA want to include in the contract?

Grampian HA wanted to recognise the training and employment opportunities that an organisation like Solstice Nurseries could provide for people recovering from mental illness. Discussions began with Social Firms Scotland and Forth Sector, who were able to point Grampian HA in the direction of work that had taken place to explore the potential for using community benefit clauses in contracts¹⁷. This established that providing that there was a clear strategic fit with Grampian HA’s aims and that the community benefit was the core purpose of the contract, then bringing in community benefits was possible.

How were community benefits included in the procurement process?

Further discussions followed with SFHA who advised that unless the quality/community benefit element of the contract was at least 35% then it would have no effect on the eventual contractor chosen, as price would outweigh the other benefits. In the end it was decided to make the split 30% price and 70% community benefit/quality. This decision took into consideration how the contract would still represent Best Value.

The value of the contract was somewhere around £100,000, so it was well below the threshold for OJEU notification.

Although a quantity surveyor was employed to write up the contract specification, staff in Grampian HA wrote the community benefit element, as the quantity surveyor had no experience of this type of contract condition. Grampian HA then had to devise a scoring system that attempted an objective score of the community benefits included in the contract.

In the meantime, Grampian HA had checked their mission statement and strategic objectives and concluded that strategic objective no 3 gave a clear remit to develop community benefits:

“Promote social inclusion through community based projects”

It was then necessary to amend the procurement procedure and a paper was written for the Housing Management Committee, which recommended that the procedure was amended on a pilot basis to incorporate community benefits for this one contract.

The tenders were received, checked, adjusted for errors and then scored. A number of the contractors were able to demonstrate how they recruited and supported long term unemployed people in the workplace and were able to be given credit for this in the assessment. However the winning combination of price and

¹⁷ Achieving community benefits through contracts: law, policy and practice. Richard Macfarlane and Mark Cook (August 2002) Joseph Rowntree Trust.

quality/community benefit was Solstice Nurseries.

Grampian HA then entered into a dialogue with Solstice Nurseries that included addressing how the contract specification on community benefit would be monitored and recorded. It also addressed issues such as continuous quality improvement, and dealing with customer complaints.

Where can I find out more?

This guide contains samples of key documents used by Grampian Housing Association:

- Appendix 1: Sample Policy Paper to Repairs and Maintenance Committee
- Appendix 2: Extract of Policy Paper to Housing Management Committee
- Appendix 3: Sample Selection Criteria and Weighting for Community Benefits
- Appendix 8: Sample Scoring Sheet for Balancing Quality and Price
- Appendix 9: Sample Quality Scoring Matrix

Contact details:

Karen Smith
New Initiatives Manager
01224 202946
karen.smith@grampianhousing.co.uk



CASE STUDY 3: HIGHLAND SCHEME, BUILDING SKILLS PROJECT

The Building Skills Project aimed to increase the numbers of construction apprentices recruited and trained by employers who were bidding for Housing Association contracts in the Highland Council area. The project ran formally between February 2004 and 2006, and then on a smaller scale to allow the apprentices to continue their training.

The Project was a partnership between The Highlands Council, Communities Scotland, Highlands and Islands Enterprise, four Housing Associations and CITB Construction Skills.

What community benefits did the project want to include in contracts?

The Building Skills Project succeeded in making a contractual link between Housing Association contracts and the training of apprentices in four Housing Associations operating in the Highland Council area. However, it proved impossible to separate the recruitment that took place because of this obligation, from what would have happened anyway because of the buoyancy of the construction sector. However, the project was able to persuade two large companies to invest in apprenticeships rather than using alternative labour (probably from the immigrant population), which was a considerable achievement.

How were community benefits included in the procurement process?

Most Housing Associations already have a training clause in their Design and Build contracts. However, enforcing the clause has never really been taken seriously - i.e. penalties are not exercised if the contractor fails to implement the

training clause. The Highland scheme is a good example of the clauses being implemented in a more robust way, although essentially they are still by voluntary agreement. One Housing Association said that they would not be able to remove a company from the preferred contractors list if they did not train young people. This particular Housing Association felt that they had little practical choice of contractor and the quality of the work and satisfactory completion were more important. However, they did agree that in the longer term, skills development is an essential ingredient for local sustainability.

Much of the success of the project was attributed to having a project co-ordinator who was able to gain the trust both of the Housing Associations and the employers. The funding for this post came from the project partners.

Where can I find out more?

See The Building Skills Project. An evaluation for CITB-ConstructionSkills June 2006 for more information.

We have also reproduced the Principal Agreement used in this project in appendix 10 of this guide.

Contact details:

Sandy MacGillivray
CITB

01463 222893

sandy.macgillivray@citb.co.uk

CASE STUDY 4: GLASGOW HOUSING ASSOCIATION

Glasgow Housing Association is Scotland's largest Registered Social Landlord.

When it came into being following a large scale stock transfer in 2003, its Statement of Intent stated that it would endeavour to use its procurement strategy to maximise employment and training gains for its neighbourhoods.

It has since integrated training and employment requirements in all stages of its investment contract procurement processes. It requires all 22 contractors delivering a £750 million investment programme to perform against monitored training and employment indicators. In its first four years, almost 650 additional people have been recruited to deliver on GHA contracts. 318 of these new recruits are apprentice and trainee places and 73 per cent of the new entrants were previously unemployed or leaving training or education.

Comprehensive information on how Glasgow Housing Association has approached using community benefit clauses is provided in the report, *Community Benefits in Public Procurement*, published by the Scottish Government.²

It is well worth a look:

<http://www.scotland.gov.uk/Publications/2008/02/13140629/0>



CASE STUDY 5: RAPLOCH URBAN REGENERATION COMPANY

Raploch Urban Regeneration Company developed community benefit clauses for their £120 million, 10 year plan. Clauses in the contract for the building of 900 homes specified the requirement for 225 jobs and training opportunities.

Its Business Plan of December 2004 states that the vision of the Raploch URC is to "build a community where people choose to live, work and visit within an economically sustainable environment". This vision is "underpinned by one core principle: community benefit is at the heart of everything we do".

Comprehensive information on how Raploch URC has approached using community benefit clauses is provided in the report, Community Benefits in Public Procurement, published by the Scottish Government.²

Again, it is very valuable, and well worth a look:

<http://www.scotland.gov.uk/Publications/2008/02/13140629/0>



APPENDICES

The following appendices provide detailed examples of documents needed at each stage of the process of putting together a tendering process which includes a community benefit clause.

They have been reproduced with kind permission from the Housing Associations involved in each case.

Appendix	Description	Stage
1	Sample Policy Paper to Repairs and Maintenance Committee (Grampian Housing Association)	Policy
2	Extract Report to Housing Management Committee (Grampian Housing Association)	Policy
3	Sample Selection Criteria and Weighting for Community Benefits (Grampian Housing Association)	Practice
4	Sample Questionnaire Assessment (Devanha)	Practice
5	Sample Quality Submission Assessment Score Sheet (Devanha)	Practice
6	Sample Interview Assessment Sheet (Devanha)	Practice
7	Sample Quality Submission Assessment – Summary of Contractors Scores (Devanha)	Practice
8	Sample Scoring Sheet for Balancing Quality and Price in Contractor Selection (Grampian Housing Association)	Practice
9	Sample Quality Score Matrix (Grampian Housing Association)	Practice
10	Sample Principal Agreement (Highland Scheme)	Practice

APPENDIX 1: SAMPLE POLICY PAPER TO REPAIRS AND MAINTENANCE COMMITTEE (GRAMPIAN HA)

Quality

Experience has taught the Association that price is not the only consideration in selecting contractors for service provision. Complaints about the quality of service are one of the main reasons customers contact the Association, and quality is a big consideration for them when we consulted about services.

As the Association has grown, it has struggled with the problems associated with the delivery of estate services to tenants, sharing owners and owners. When small, the Association relied heavily on individuals recruited to work part time on keeping their estate clean and tidy. More recently the use of open competitive tendering has created severe problems with contractor failure and widespread dissatisfaction. In at least one estate, lowest price was rejected in favour of a tender that appeared more competent, and has led to improved performance. The success of this needs to be put on a more formal basis.

In order to get better quality services, it is now commonplace for Housing Associations to use balancing quality and price approaches in choosing a contractor, and partnering in contract management.

Community Benefit

Quality can also be about the broader impact of the work or contract on the communities we serve. The Association has wider priorities and wants to be able to develop its strategic objectives for social inclusion through the tendering process, by including elements of community benefit in the brief for some services. In particular, the Association has a remit from the Scottish Executive to seek to address the 'Closing the Opportunity Gap' objectives, which are detailed below.

National priorities for community regeneration	Closing the Opportunity Gap Objectives
1. Building strong, safe and attractive communities	Reducing the vulnerability of low income families to financial exclusion and multiple debts – in order to prevent them becoming over-indebted and/or to lift them out of poverty.
2. Getting people back into work	Increasing the chances of sustained employment for vulnerable and disadvantaged groups – in order to lift them permanently out of poverty.
3. Improving health	Increasing the rate of improvement of the health status of people living in the most deprived communities – in order to improve their quality of life, including their employability prospects.
4. Raising educational attainment	Improving the confidence and skills of the most disadvantaged children and young people – in order to provide them with the greatest chance of avoiding poverty when they leave school.
5. Engaging young people	Relates to all the 'Closing the Opportunity Gap' objectives.

This is reflected in our mission statement:

“Grampian Housing Association aims to work in partnership with other agencies to provide and manage quality accommodation for people in housing need, while actively promoting community regeneration and related environmental improvements.”

And this quality based approach also meets with the Association’s strategic objectives:

1. Work with partners to provide quality housing for a variety of needs.
2. Deliver customer friendly housing management services.
3. Promote social inclusion through community based projects.
4. Adopt effective systems in finance, technology and staff management.

Pilot

The timing of the tendering exercise for open space maintenance services allows the Association an opportunity to test the balancing quality and price approach for factoring and estate services. The pilot will be applied to one contract only in the first instance, the garden maintenance contract for a proportion of the Association’s estates.

How the Association will tender this contract and assess the quality of the contractors is described below. The criteria the Association will use covers the following areas:

- Organisation and resources
- Experience & capacity
- Quality of workmanship and service
- Community benefits, training and added value in terms of the Association’s wider role

The assessment of the tenders will be by questionnaire and interview, and breaks down as follows:

- Price 30%
- Quality & Community Benefit 70%

How important the assessment areas are to the Association is indicated by the weighting of each

section, and the importance of the individual questions is shown in the number they will be scored out of, as shown in the margins of the questionnaire.

The Association is aware that this approach to tendering is more time consuming than the traditional competitive tender by price alone, but the contract is for three years, with a possible two year extension if the quality of the service merits it, so it is likely to be worth it.

Quality Based Contractor Selection Procedure

The quality based selection of contractors must strike an appropriate balance between competitive pricing and added value through the application of best practice, which leads to improvement in quality, programme benefits or cost reductions.

Because quality based selection is potentially less transparent than price based competitive tendering, the methodology for selecting the short list and the final selection process must be robust and auditable. To ensure this, the Association is basing its approach on the Construction Industry Board’s ‘Selecting Consultants for the Team: Balancing Quality and Price’ guidance and the SFHA’s ‘Raising Standards in Housing’ best practice.

Selection Process

1. Form a Tender Board

A Tender Board of three to five is formed from staff and Committee, including the service manager and the Convenor. The Tender Board members are briefed on all aspects of quality based selection, including the background, purpose, methodology of the process and their role.

2. Establish and Prioritise Quality Criteria

The Board identifies the quality criteria to be used in the short listing and selection procedures, and prioritise the list under general headings:

- Organisation and resources, including personnel, health and safety, current workload

- Experience & capacity, knowledge & understanding of best practice
- Quality of workmanship and service
- Community benefits, training and added value in terms of the Association's wider role

3. Prepare Questionnaire & Tender Documentation (The Questionnaire is Appendix 1)

Each quality heading is measured using questions with a weighted score, depending on its priority, with individual scores adding up to 100 across a section. The score should give the contractor an idea of how important it is to the Association.

At this stage, the Tender Board must also agree the Quality/Price ratio to be applied. Any ratio that gives price more than 30% is likely to be too biased in favour of the cost, so for this exercise a ratio of 70:30 quality to price is going to be used.

4. Tender Short List

Tender lists are drawn from the Association's approved list of contractors, i.e. those who meet the following basic criteria:

- Experience of delivering the same or similar services, in terms of value or type
- References from satisfied clients/customers
- Financial and other viability checks
- Confirmation of adequate insurance cover
- Satisfactory assessment of the quality of previous work

Tender short list should be no less than four contractors, but not more than six, to make the process manageable.

5. Questionnaire & Tender Issue

The combined quality questionnaire and tender is issued to the short list of contractors, with an adequate time for the inspection of sites, briefing meetings with the service manager, and the completion of the tender document (4-6 weeks). THE TENDER SHOULD BE SEPARATE FROM THE QUESTIONNAIRE, SEALED IN A MARKED ENVELOPE.

6. Assessing Returned Tenders

On receipt of the tender and quality questionnaire, the Tender Board scores the responses to the questions relative to each other. This is done by comparing different answers to each question and judging the best response and marking it appropriately first, then marking the others relative to this benchmark. Each member of the Board carries out quality scoring individually.

A 'quality score matrix' is completed ('Appendix 9'), and the submissions ranked by the Tender Board. The tender is not opened until the end of the quality process.

7. Contractors Interview

The acceptable contractors are invited to an interview with the Tender Board. The purpose is to assess the personal qualities of the contractor's teams, confirm that all of the short listed contractors pass an acceptable quality threshold, and to give the Board an opportunity to clarify their quality scores accordingly. The interviews will include an opportunity for both sides to ask questions and can allow for presentations.

8. Balancing Quality & Price

Deciding on which contractor achieves the best quality/price score, is based on the preferred ratio of 70:30, with the quality and price scores weighted as follows to produce a final score.

Quality will be scored out of 100, and applying 70% will produce the weighted score.

The price score is based on the lowest tender being 100% and others given a score of 100 less the percentage by which they exceed the lowest. Taking 30% of these scores will produce the weighted price score.

The combination of the two gives the total score, allowing the contractors to be ranked and the best selected. A worked example is shown in 'Appendix 3'.

9. Post Selection

There should be an opportunity for the unsuccessful contractors to get some feedback from all members of the Tender Board. After selection, the contractor will be continuously monitored against their performance, using key indicators, for instance:

- customer satisfaction with the service and the end product
- how well the contractor deals with defects and complaints
- safety of staff and customers, and
- the predictability of the cost and timing of work.

APPENDIX 2: EXTRACT REPORT TO HOUSING MANAGEMENT COMMITTEE (GRAMPIAN HA)

Grampian Housing Association Procurement: Community Benefit and Quality Criteria

Extract from Report for Housing Management Committee

Grampian Housing Association has a remit from the Scottish Executive to seek to address the closing the opportunity gap objectives which are detailed below:

National Priorities for Community Regeneration	Closing the Opportunity Gap Objectives
1. Building strong, safe and attractive communities	A. Reducing the vulnerability of low income families to financial exclusion and multiple debts – in order to prevent them becoming over-indebted and/or to lift them out of poverty.
2. Getting people back into work	B. Increasing the chances of sustained employment for vulnerable and disadvantaged groups – in order to lift them permanently out of poverty.
3. Improving health	C. Increasing the rate of improvement of the health status of people living in the most deprived communities – in order to improve their quality of life, including their employability prospects.
4. Raising educational attainment	D. Improving the confidence and skills of the most disadvantaged children and young people – in order to provide them with the greatest chance of avoiding poverty when they leave school.
5. Engaging young people	Relates to all the Closing the Opportunity Gap objectives.

This is reflected in our mission statement:

Grampian Housing Association aims to work in partnership with other agencies to provide and manage quality accommodation for people in housing need, while actively promoting community regeneration and related environmental improvements.

Our strategic objectives are as follows:

1. Work with partners to provide quality housing for a variety of needs.
2. Deliver customer friendly housing management services.
3. Promote social inclusion through community based projects.
4. Adopt effective systems in finance, technology and staff management.

The assessment of the tenders will be as follows:

Price	30%
Quality and Community Benefit	70%

We particularly want to address the objective of getting people back into work. The assessment criteria will be as follows:

The number of NEW jobs that will be created through securing this contract	
The number of unemployed people who gain employment as a result of securing this contract	
The number of people completing recognised training courses as a result of securing this contract (please state which course/courses)	
The number of completing programmes to help increase job related skills as a result	
TOTAL	

APPENDIX 3: SAMPLE SELECTION CRITERIA AND WEIGHTING FOR COMMUNITY BENEFITS (GRAMPIAN HA)

Questionnaire Section A

PART 1 – COMPANY PROFILE		Weighting 40%	Marks
1.1	Name of Contractor: Address: Postcode: Date of formation of company: Principal point of contact: Position Landline Tel No: Mobile Tel No: Fax No: E-mail address:		0
1.2	Describe the relevant experience of your organisation in respect of contracts of a similar size, value, character and quality to this.		15
1.3	List any awards, commendations and/or accreditations, e.g. IIP, QA, etc received by contracts for which you were the main contractor.		15
1.4	Describe the structure of your organisation; with reference to the trades undertaken by your own employees, and those which are sub-contracted.		10
1.5	Give details of the names, relevant skills, qualifications and experience of the personnel e.g. contract manager, responsible for service delivery.		30
1.6	Please provide client references for two recent contractors, which represent the quality of work with which your organisation would wish to be associated		30
	1.6.1 Contract description: Client contact: Position: Address: E-mail: Tel No: Contract value: Contract start and end dates:		

1.6.2 Contract description: Client contact: Position: Address: E-mail: Tel No: Contract value: Contract start and end dates:		
PART 2 – METHOD STATEMENT		Weighting 30%
2.1	Describe how your company intends to deliver the service and meet customer expectations	40
2.2	What is your complaints procedure, or how would you deal with complaints before they go to the client?	30
2.3	How do you check the quality of the work you have done	30
PART 3 – ADDED VALUE		Weighting 30%
3.1	The number of NEW jobs that will be created through security this contract	20
3.2	The number of unemployed people who gain employment as a result of securing this contract	20
3.3	The number of people completing recognised training, as a result of securing this contract (please state which course/courses)	20
3.4	The number of people completing programmes to help increase job related skills as a result	20
3.5	What do you do to help local sustainability, for example, in the local sourcing of labour, materials, plants etc?	20

Questionnaire Section B

This section contains questions related to issues that are fundamental to the selection of contractors for all projects. They will not form part of the quality assessment, which is designed to differentiate contractors, but failure to meet the requirements of one or more of the following questions may result in elimination from the selection process.

1 Are you aware of any conflict of interest that may preclude you from tendering for this project?

Yes No

2 Please confirm that the company holds a valid tax certificate

Yes No

3 Have any of the directors or senior managers in your organisation ever been the subject of:

Bankruptcy	Yes	No
Failure to pay taxes	Yes	No
Serious misrepresentation	Yes	No
Grave misconduct in the course of business	Yes	No
Convictions for a criminal offence	Yes	No

4 Do any of your directors or employees have an immediate family relative employed by the client or a committee member?

Yes No

Are you aware of any conflict of interest that may preclude you from tendering for this project?

Yes No

5 Does your organisation have an Equal Opportunities Policy?

Yes No

6 What insurances are held by your organisation?

a) Company's liability insurance	£
b) Public liability insurance	£

7 Does your organisation have a Health & Safety Policy?

Yes No

Have you a Health & Safety Training Policy?

Yes No

APPENDIX 4: SAMPLE QUESTIONNAIRE ASSESSMENT (DEVANHA)

**Projects Framework Agreement
for
New Build Residential Housing**

Extract from the Quality Submission

2.19 Training and Employment

Devanha and Communities Scotland are committed to ensuring that this procurement project delivers additional community benefits through the Framework Agreement. Together they have set an overall target of 150 additional training opportunities, including modern apprenticeship starts over the three year period. Please explain:

- How you will ensure that all construction sector vacancies, including those with Subcontractors, will be notified to the North East Scotland Local Labour Initiative
- How you will ensure that all suitable applicants referred by the North East Scotland Local Labour Initiative (NES LLI) will be considered for these vacancies
- What other arrangements are in place to ensure that job opportunities are made available to suitable young people
- How you and your Subcontractors will identify and fill Modern Apprenticeship vacancies
- How you would ensure that trainees progress with and complete their training programmes, including any arrangements for on-site training and liaison with training providers
- How you will monitor and record the information about the number of vacancies filled.

2.20 Training and Employment continued

The target of 150 additional training opportunities, including Modern Apprenticeships, is to include all parties involved within the framework; previous successful schemes suggest that one new entrant should be employed for every £0.75m of contract value that you expect to achieve. The range of areas in which we consider training opportunities is suggested in the list below.

- Health and Safety
- Planning Supervisor
- Administration
- Environmental Studies
- Technicians
- All Trades

Please provide details of how many new entrants you feel capable of employing over this three-year term and at what contract value. A new entrant trainee is a person who is leaving an educational establishment (e.g. school, college or university) or leaving a training provider, or a non-employed person seeking employment that includes on-site training and assessment or off-site training or a mix of these.

APPENDIX 5: SAMPLE QUALITY SUBMISSION ASSESSMENT SCORE SHEET (DEVANHA)

Contractors Framework Agreement Quality Submission Assessment

Contractor A

Section	Max Score	Actual Score	Weighting	Weighted Score
2.01	10	8	30	24.00
2.02	10	6	25	15.00
2.03	10	3	30	9.00
2.04	10	6	30	18.00
2.05	10	7	30	21.00
2.06	10	4	30	12.00
2.07	10	6	20	12.00
2.08	10	8	20	16.00
2.09	10	4	10	4.00
2.10	10	3	25	7.50
2.11	10	6.5	10	6.50
2.12	10	3	20	6.00
2.13	10	5	30	15.00
2.14	10	4	25	10.00
2.15	10	8	30	24.00
2.16	10	6	20	12.00
2.17	10	6	20	12.00
2.18	10	5	10	5.00
2.19	10	7.5	15	11.25
2.20	10	8	30	24.00
2.21	10	6	10	6.00
2.22	10	6	10	6.00
2.23	10	4.5	10	4.50
Additional Info	10	0	5	0.00
3.01	10	0	5	0.00
Overall Total (Maximum 500)				280.80
Score				56.16%

APPENDIX 6: SAMPLE INTERVIEW ASSESSMENT SHEET (DEVANHA)

Interview Assessment Sheet

Criteria	Weighting	Contractor A			Contractor B		
		PM	PM	Weighted	PM	PM	Weighted
Overall impression	15%			11.2%			
Commitment to open book process	20%			11.8%			
Capacity/Ability to deliver programme	20%			10.2%			
Defects procedures	15%			9.3%			
Health & Safety procedures	15%			10.8%			
Devanha Train Commitment	15%			10.1%			
TOTAL				63.5%			

PM = Panel Member (The sheet has been condensed to fit but there were 6 panel members who made their assessment under each of these headings.)

APPENDIX 7: SAMPLE QUALITY SUBMISSION ASSESSMENT SUMMARY OF CONTRACTOR SCORES (DEVANHA)

Contractors Framework Agreement

Quality Submission Assessment

Summary Sheet

	60%						40%		Total
	Written	25%	Interview	25%	Site Visit	10%	Fees	40%	
Contractor A	56.15%	14.04%	65.22%	16.30%	0.00%	0.00%			30.34%
Contractor B	50.10%	12.53%	63.48%	15.87%	0.00%	0.00%			28.39%
Contractor C	69.25%	17.31%	68.20%	17.05%	0.00%	0.00%			34.36%
Contractor D	59.60%	14.90%	68.64%	17.16%	0.00%	0.00%			32.06%

APPENDIX 8: SAMPLE SCORING SHEET FOR BALANCING QUALITY AND PRICE IN CONTRACTOR SELECTION (GRAMPIAN HA)

Quality Price Ratio 70% : 30%

	Company A	Company B	Company C
Quality Scores	81	84	75
Weighted Quality Scores (x 70%)	56.7	58.8	52.5
Tender Price	£1,000	£1,100	£970.00
Price Scores	97.0	86.6	100
Weighted Price Scores (x 30%)	29.1	26.0	30.0
Combined Quality/Price Scores	85.8	84.8	82.5
Ranking	1	2	3

APPENDIX 9: SAMPLE QUALITY SCORE MATRIX (GRAMPIAN HA)

Selection of Contractor

Question	Part 1 - Company Profile (40%)						Part 2 – Method Statement (30%)			Part 3 – Added Value (30%)					Total Quality Score		
	1.3	1.4	1.5	1.6.1	1.6.2	Total	2.1	2.2	2.3	Total	3.1	3.2	3.3	3.4		3.5	Total
Contractor																	

Assessor _____ Date _____

APPENDIX 10: SAMPLE PRINCIPAL AGREEMENT (HIGHLAND SCHEME)

SCOTTISH BUILDING APPRENTICESHIP SCHEME

HIGHLAND BUILDING TRAINING INITIATIVE – PRINCIPAL AGREEMENT

Background

It is recognised that the increasing financial investment in Affordable Housing in the Highlands and Islands represents an ideal opportunity to allow additional Apprentices to join the Scottish Building Apprenticeship Scheme.

The requirement for additional Apprentices is further exaggerated by the increasing investment in Affordable Housing and so the support of Apprentices through this Investment is a relevant reaction.

In order to ensure that Additional Apprentice Positions are made available on Affordable Housing projects, the relevant parties have agreed that all Contractors Employed to Construct Affordable Housing projects will comply with the requirements detailed herein.

Relevant Parties

Communities Scotland – Control of financial resources through Housing Associations and Housing Developers.

Local Authorities – Strategic Partners of Communities Scotland in relation to Provision of Affordable Housing.

Housing Associations – Providers of Rented and Low Cost Home Ownership

Construction Industry Training Board (CITB) - Co-ordinator of Training

Developers/ Contractors – Constructors of Housing/ Providers of Low Cost Sale Housing

Requirements on Parties

Communities Scotland/ Local Authorities will require that Housing Associations and Developers who are in receipt of Grant Monies will comply with this Principal Agreement. Forthcoming projects will be notified to CITB on an ongoing basis.

Housing Associations will impose a Condition that all Developers/ Contractors carrying out Construction works in connection with Affordable Housing Projects will be bound to comply with this Agreement.

Performance of Developers/ Contractors will be monitored via reports prepared by CITB

Developers/ Contractors who are employed by Housing Associations or in receipt of Communities Scotland Grant monies to provide Affordable Housing shall be bound to comply with the following requirements.

- a) Develop, Implement and Monitor a Training Policy acceptable to CITB.
- b) Agree training requirements for each project with CITB and employ Apprentices allocated by CITB as applicable.
- c) Allow and assist CITB to carry out regular monitoring of Training being implemented through Affordable Housing Projects. Detailed records of Apprentices employed will be maintained to the satisfaction of CITB and be made available to CITB on request.
- d) Agree to Implement any recommendations of CITB with regard to Training.

CITB will provide a training co-ordinator who will

- a) Assist Developers/ Contractors in developing an acceptable Training Policy.
- b) Agree training requirements on a Project by Project basis and allocate suitable Apprentices throughout each project when the Developer/ Contractor does not already employ suitable Apprentices.
- c) Review training on a regular basis throughout duration of each Affordable Housing Project.
- d) Prepare a Report on conclusion of the Project assessing success of training.

Guidance on Extent of Training

The following is intended as Guidance and not intended as prescriptive. Agreed levels of training will depend upon various influences such as Geographic Location; Value of Works; Length of Contract; Type of Construction; Trades to be Utilised etc.

The particular Developer/ Contractor's previous training record will also be taken into consideration when agreeing the Project Training Programme.

In relation to time, it is estimated that between 1 and 4 Apprentice Person Weeks would be expected for every week on site.

Eg, if a project lasted 52 weeks, between 52 and 208 Apprentice Person Weeks would be expected.

In relation to value of works, it is estimated that between 1 and 2 Apprentice Person Weeks would be expected for every £20,000 spend on Construction Works.

Eg, if a project was valued at £1,000,000, between 50 and 100 Apprentice Person Weeks would be expected.

The final agreement to Type and Duration of each Apprentice Trade employed will be between CITB and the Developer/ Contractor.

110 GENERAL REQUIREMENTS:

It is a Condition of the Contract that the Contractor complies with the Principal Agreement in relation to the Scottish Building Apprenticeship Scheme. (copy appended hereto)

120 CO-ORDINATION OF SCHEME:

The Scheme will be Co-ordinated by:

CITB Construction Skills
Marr House
Beechwood Park
INVERNESS
IV2 3JJ
Tel: 01463 222893

130 TRAINING POLICY:

The Tenderers Training Policy should be submitted with the tender for scrutiny by CITB. If the tenderer does not possess a Training Policy, contact should be made with CITB who will provide assistance in its preparation.

140 RECORD KEEPING:

The Contractor will maintain detailed records of the Apprentices employed on the project.

150 REVIEW OF TRAINING:

The Contractor will allow CITB access to both Apprentices and Training Records as and when required by CITB

160 REPORTING:

On completion of the Project, CITB will prepare a report on the Contractor's compliance with the Scheme which will be forwarded to the Employer. Poor performance will contribute towards the Employer's evaluation of the Contractor's continued inclusion on the Employer's approved list of Contractors.

Should agreement not be reached, CITB will report accordingly to the Housing Association concerned who will take the appropriate action through their internal procedures.

APPENDIX 11: ADDITIONAL INFORMATION ON LEGAL ISSUES

For more discussion of the legal position in relation to community benefits, see *Achieving community benefits through contracts: law, policy and practice. Richard Macfarlane and Mark Cook (August 2002) Joseph Rowntree Trust* but bear in mind that this document predates the 2006 Consolidated Regulations.

This research clarified that contrary to common perceptions, the inclusion of community benefits in procurement is not prohibited by either the government's policy or the EU rules. Also consult the Scottish Government's Community Benefits in Public Procurement Report which is sufficiently clear on legal issues.

Community benefits can be included in contracts provided non-local suppliers are not disadvantaged or discriminated against and the contract complies with government procurement policy. The organisation should have clear strategic objectives that emphasise what they want to achieve. The community benefits must be part of the core purpose of the contract and provide a benefit to the agency. Community benefits should be supported in strategic documents such as Community Plans. In these circumstances the community benefits can be included in the contract specification and used in the selection and awards procedures, providing that they meet all other EU and domestic law requirement.

To avoid falling foul of equal opportunity legislation and disadvantaging non-local contractors, it is best to use general categories of beneficiaries such as people with mental health problems or long-term unemployed people.

Core Purpose or Core Requirement

A core requirement can be defined as an essential part of the contract, and should be reflected both in the specifications and the conditions of the contract. In this context, it is possible for a social issue to be a core requirement provided it is central to the subject of procurement and consistent with other factors such as non-discrimination.

Care should be taken, however, to ensure that social objectives which are essential elements of the contract are included as core requirements so that they are reflected in the specifications. This is because 'additional' or 'secondary' requirements that are not related to the subject of the contract can add costs, be sub-optimal in terms of achieving the social aim and increase the risk of legal challenge.

Social and environmental requirements can be included in a procurement provided that:

- They comply with the requirement of the EU procurement rules and general EU law
- They are included in the OJEU notice (if one is needed)
- The contracting authority has powers to pursue them.

It is well established that Housing Associations are contracting authorities for the purposes of the EU procurement rules and therefore on any tender exercise have to comply with these requirements.

APPENDIX 12: LABOUR MARKET SUPPLY AND DEMAND

Labour market supply and demand issues are an important area to think about in terms of using community benefit clauses.

Supply issues can adversely impact on a Housing Association's effort to implement community benefits, especially when it comes to targeted recruitment and training. This is noted by the Scottish Government in its guidance on Community Benefits in Public Procurement.³ For example, Glasgow Housing Association encountered difficulties. Construction Glasgow was designed to be a one-stop shop for recruitment to the construction industry, but in fact closed after only two months. This was a valuable lesson that training must be linked directly to contractors' requirements in terms of skill levels and job opportunities.

To address some of these issues, Working Ventures UK¹⁸ has been looking at how to secure jobs for unemployed and disadvantaged people through the high levels of activity taking place in the construction sector, particularly where it is generated by public spending. It has developed the concept of a 'construction employment integrator' (CEI) to match demand and supply by linking clients, contractors and job seekers around major construction-related projects and programmes.

The concept represents a real opportunity to:

- Address issues of social exclusion by helping long term workless people to move from benefits into sustainable jobs with real opportunities for progression
- Create a more competitive industry by supplying labour equipped with the relevant skills
- Save public money through reduced benefit payments, enhanced taxation revenues and potentially lower levels of social exclusion and lower construction sector price inflation.

The key functions of the CEI are

- Local demand intelligence; "employment planning"
- Procurement co-ordination/contractual relationships; "capturing demand"
- Providing route ways to employment
- Continued workforce development
- Monitoring and evaluation.

This concept could be used by Housing Associations thinking about using community benefit clauses, particularly in relation to targeted recruitment and training.

Table 1 shows how Housing Associations could approach this.

Table 1: Construction Employment Integrator Concept

CEI FUNCTION	TOOLS	HOUSING ASSOCIATION ACTION
Local demand intelligence- 'employment planning'	Labour market intelligence Skills forecasting model	Ask local enterprise company for details
Procurement co-ordination/contractual relationships 'capturing demand'	Targeted training and recruitment model clauses	Use model clauses as discussed in this document
Providing route ways to employment	Alignment of funding routes	Use local knowledge of funding sources - RSL Wider Role Staff, Communities Scotland, Local Enterprise Company, Job Centre Plus or local Council for Voluntary Sector
Continued workforce development	Targeted training and recruitment model clauses	Use model clauses as discussed in this document
Monitoring and evaluation.	Client tracking system	Develop bespoke tracking systems – see Glasgow HA and Raploch URC case studies

A Housing Association could also:

- Ensure that the jobs generated by the construction are referred to specific local agencies that provide services to those disadvantaged in the labour market.
- Work with support and training agencies to provide pre-employment training.
- Work with other agencies to develop a CEI approach to cover a range of public works including schools infrastructure and housing.
- Work closely with the CITB.
- Establish a community benefits working party to monitor the successful delivery of community benefits.

APPENDIX 13: SFHA INFORMATION NOTE, AUGUST 2005, VALUE BASED SELECTION OF CONSULTANTS, BROOKS METHOD OF SELECTION

Introduction

Communities Scotland's 'Building a better deal' Procurement Guide 2003' recommends that the selection of consultants should be made by striking an appropriate balance between cost and quality to achieve best value. To achieve this objective, in the past, Associations were recommended to use the 'Selecting Consultants for the Team: Balancing Quality and Price - the Construction Industry Board (CIB) approach to balancing quality and cost in the selection of consultants. However, since 2003 it has been acknowledged by Communities Scotland that that they would be prepared to accept any recognised approach which assists in achieving this goal'. In practice, the reference to only the one method, has led to RSLs often opting to adopt the CIB approach.

It is therefore important to reiterate that RSLs are free to adopt methods other than the CIB one as long as they are able to demonstrate accountability and to provide an audit trail that demonstrates the basis on which value has been assessed. However, it needs to be recognised that there is an on-cost attached to value assessment procedures. RSLs should therefore be free to apply simple value assessment systems that, while being rigorous and objective, produce quick outcomes with limited staff input.

The Brooks Method is sometimes known as Qualifications Based Selection (QBS), has a proven track record, which is outlined below. It has been successfully adopted in full or in part by most states in the USA and Brooks-related legislation has been enacted in the Republic of Ireland in recent years. In the United Kingdom, it sits well with the government's drive for quality and references to this value based selection method are made in SFHA's Raising Standards in Housing, Part 1.

The Brooks Method of Selection

The Brooks Method of architect selection (also known as Qualifications Based Selection or QBS) is a procurement system to ensure quality, which takes its name from the United States Brooks Act 1972.

This legislation was enacted to improve procedures for selecting architects and engineers as consultants had been selected on the basis of cost to the detriment of the quality of design and service on public buildings.

Brooks Act procurement is essentially a competitive process, which focuses on the concept of quality as being paramount in the procurement of public sector building.

The Seven Steps

The Brooks Method entails seven procedural steps

1. advertisement
2. submissions
3. review of submissions
4. quality ranking of respondents
5. interviews/discussions
6. negotiation
7. engagement

In practice, the sequence of actions is given by the following outline:

- The client identifies the general scope of the work
- A time frame for the selection process is established
- A list of architectural firms is compiled
- Letters of qualification are requested
- These are evaluated
- A shortlist of firms to be interviewed is compiled
- A tour of the site etc. is arranged for the short listed firms
- Interviews are conducted and the firms are quality ranked
- Negotiation commences with the top-ranked firm. If agreement on 'fair and reasonable' fees and/or other matters cannot be reached, negotiation with that firm ceases and negotiation then begins with the second ranked firm, etc. until agreement is reached.

The fees to be charged by the architect must not be disclosed or discussed at this stage so that fees cannot feature as one of the criteria for compiling the shortlist or for quality ranking.

Under this method, the client has complete freedom to select the criteria to be used in compiling the shortlist and in the quality ranking. There is also complete freedom in respect of the weighting to be applied to each of the criteria – please refer to SFHA Information Note IN Value Based Selection of Consultants for details of good practice in this area.

More **Information**

For more information contact David Ogilvie, SFHA, at dogilvie@sfha.co.uk

NOTES:



**For further information
please contact:**

Social Firms Scotland

Pauline Graham
Social Firms Scotland
54 Manor Place
Edinburgh
EH3 7EH
Tel: 0131 225 4178
Email: pauline.graham@socialfirms.org.uk
www.socialfirms.co.uk



Karen Smith
Grampian Housing Association
Huntly House
74 Huntly Street
Aberdeen
AB10 1TD
Tel: 01224 202900
Email: karen.smith@grampianhousing.co.uk



**one
scotland**
SCOTTISH GOVERNMENT



Europe and Scotland
Making it **work together**



designed by a social enterprise - **foyer graphics**
www.foyergraphics.com Tel: 01224 562866

Social Firms Scotland is a Company Ltd by guarantee registered in Scotland No.206712 and recognised as a charity by the Inland Revenue No. SC030078; Registered Office: 54 Manor Place, Edinburgh EH3 7EH