



one
scotland
SCOTTISH GOVERNMENT



ReadyforBusiness

Embedding Social Value in Procurement

Community Benefit in Procurement Network

22nd Sept 2015

Agenda

- Introduction
- Scottish Futures Trust Paul Dodd
- Social Enterprise – Ready to Deliver Pauline Graham
- Service Contracts Robin Fallas
- Round Table
- Final Q&A

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Community Benefits Toolkit for Construction

Date 22nd Sep 2015

Introduction

Review of Scottish Public Sector Procurement In Construction

October 2013

- Publication of report prepared by Robin Crawford and Ken Lewandowski.

May 2014

- All bar 1 of the 67 Recommendations are accepted by the then Deputy First Minister Nicola Sturgeon.

September 2014

- Scottish Government & Scottish Futures Trust establish Core Team to implement the Recommendations

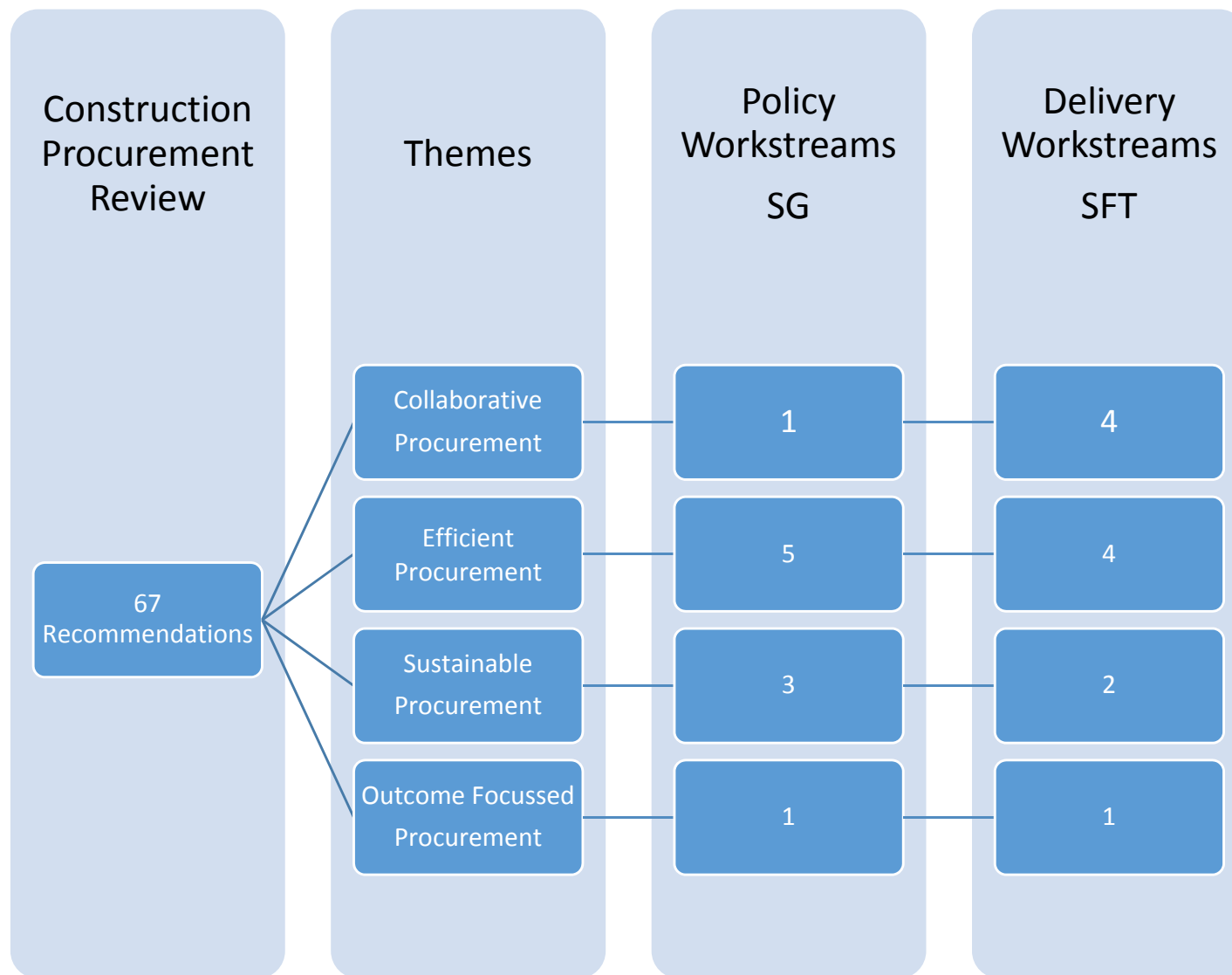
November 2014

- Governance structure agreed.

June 2015

- Community Benefit Toolkit Published.

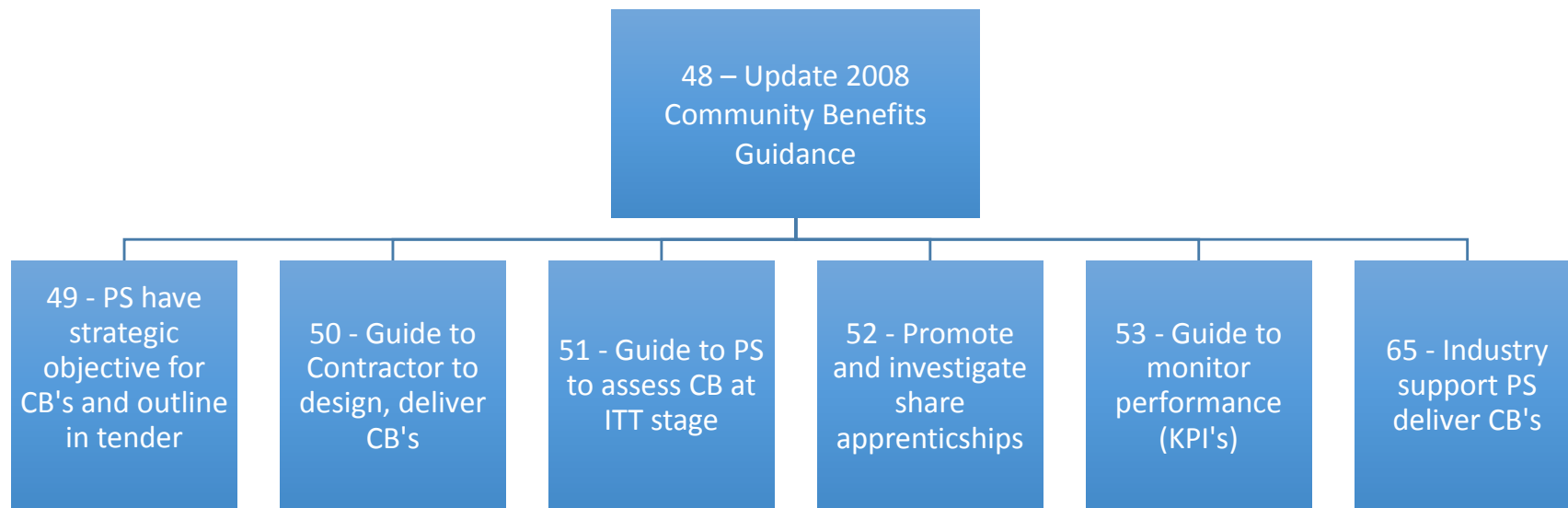
Recommendations



Community Benefit Toolkit

Overview

Requirement to review and update the Scottish Government 2008 community benefits guidance for construction. This revision to the guidance should support Contractors and the Public Sector to procure, implement, measure and deliver effective community benefits within contracts.



Community Benefit Toolkit

“Community Benefit requirements should be proportionate, deliverable and aligned to the specific needs of that project”

Published – 18th Aug 2015

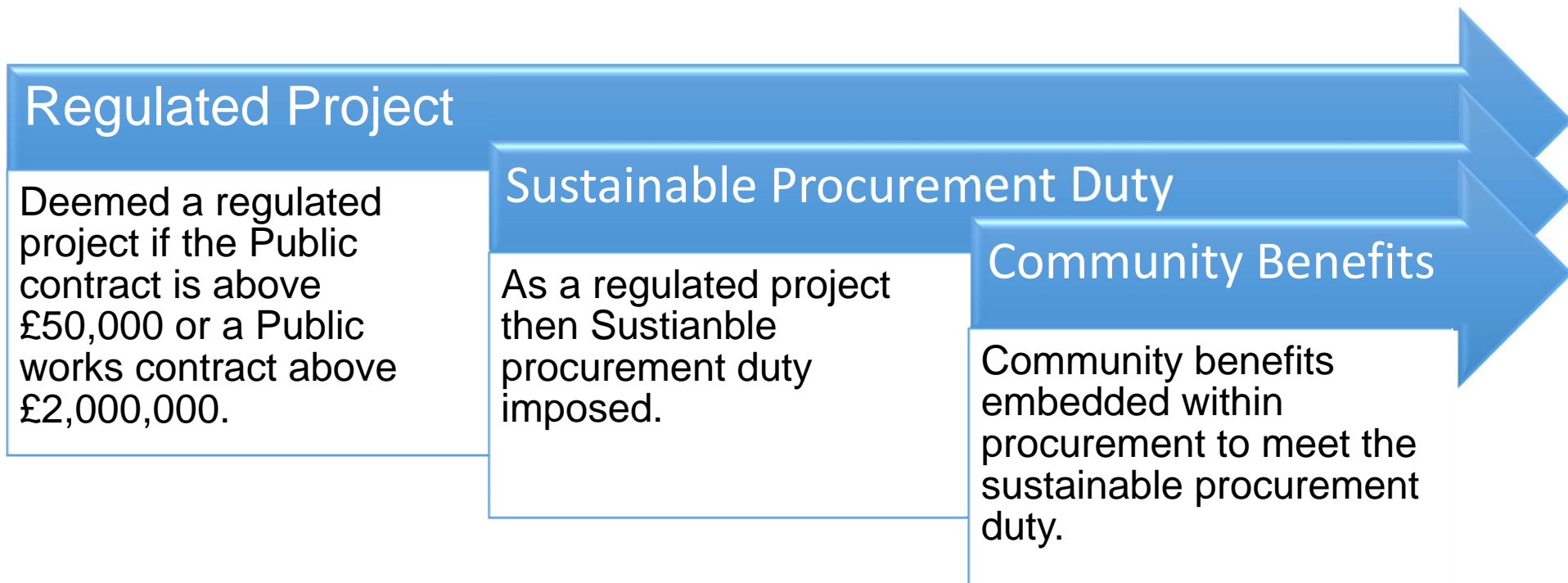
Toolkit to support the embedding of community benefits within **construction** procurement.

A toolkit for both buyers and suppliers.

Supplementary to forthcoming statutory guidance.



Procurement Reform Act 2014



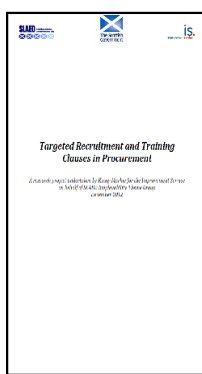
Guidance to Date

2008

2014



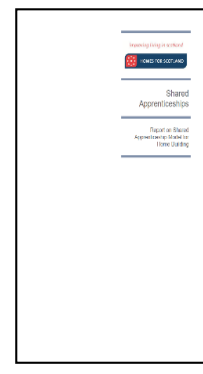
SG
Guidance
2008



TT&R
2012



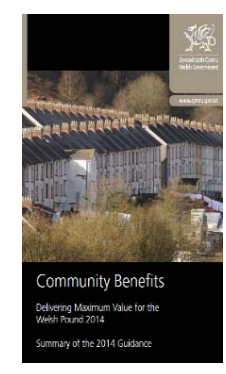
CITB Client
Based
Approach
2013



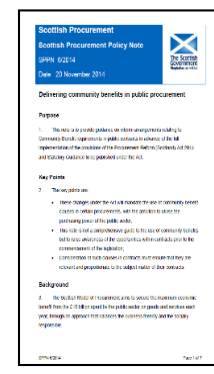
Shard
Apprenticeships
Homes For
Scotland
2012



SG Onshore
Renewable
Benefits
Guidance
April 14

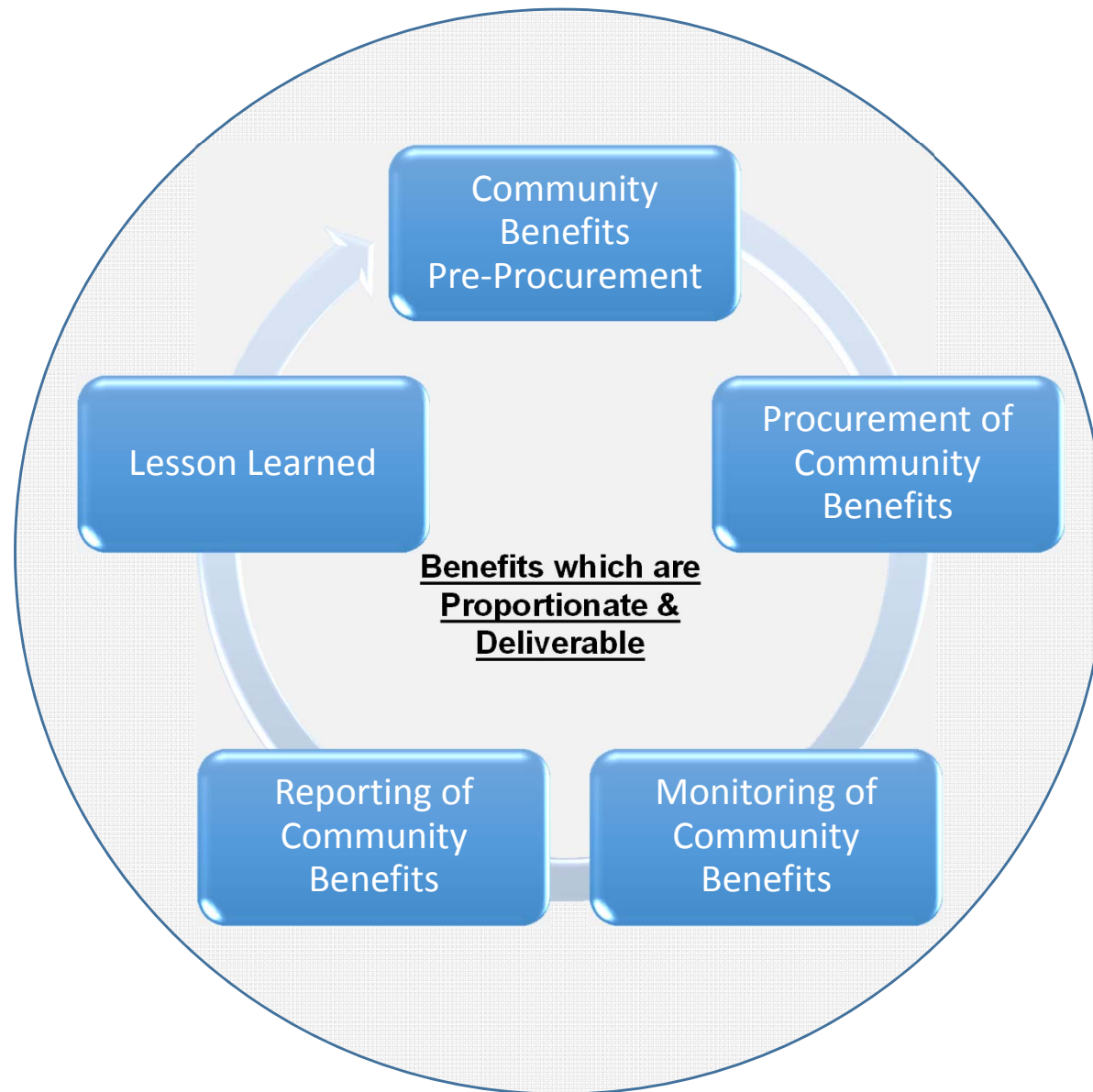


Welsh
Community
Benefits
July 14

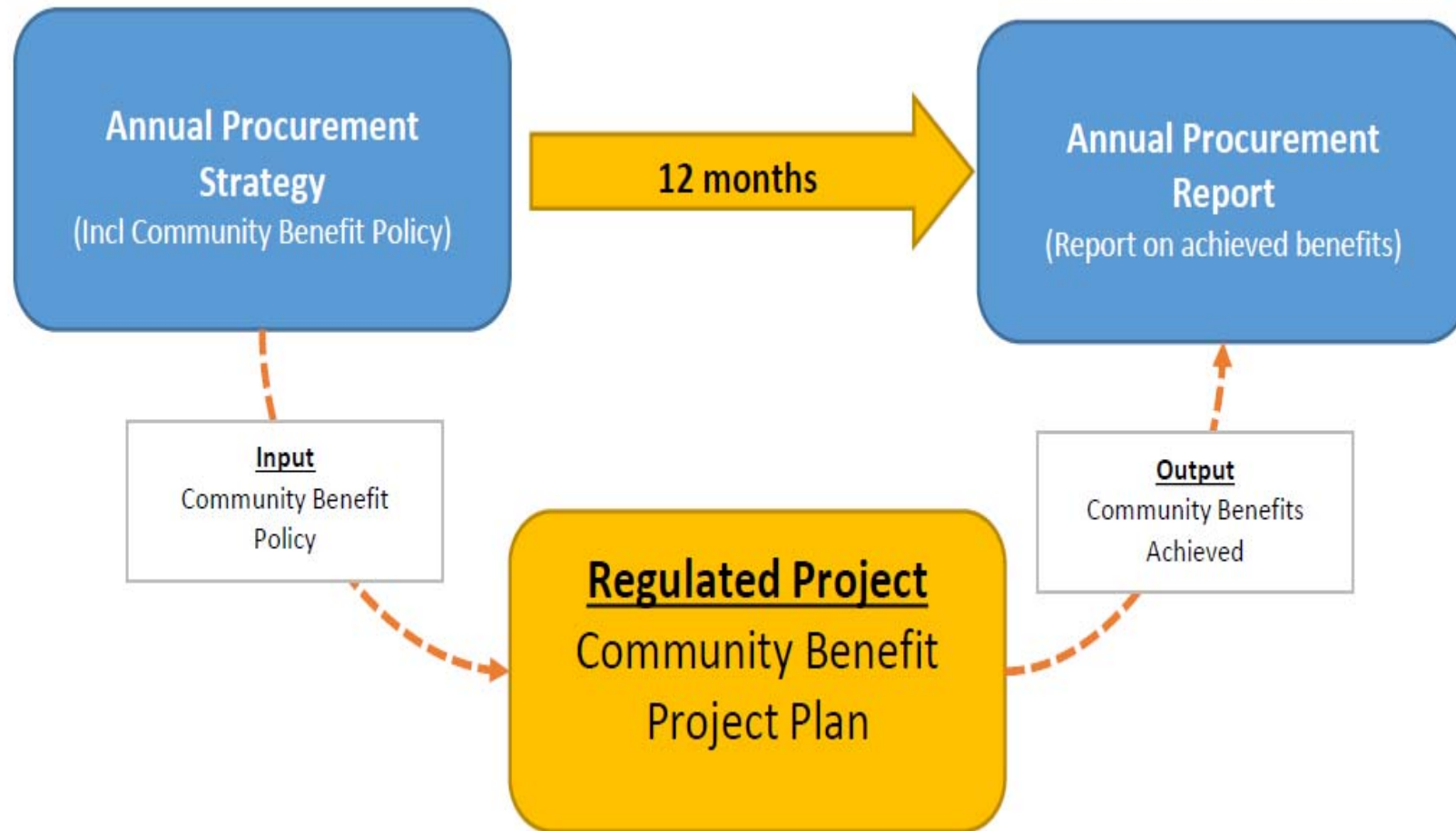


SG Policy
Note On
Community
Benefits
20/11/14

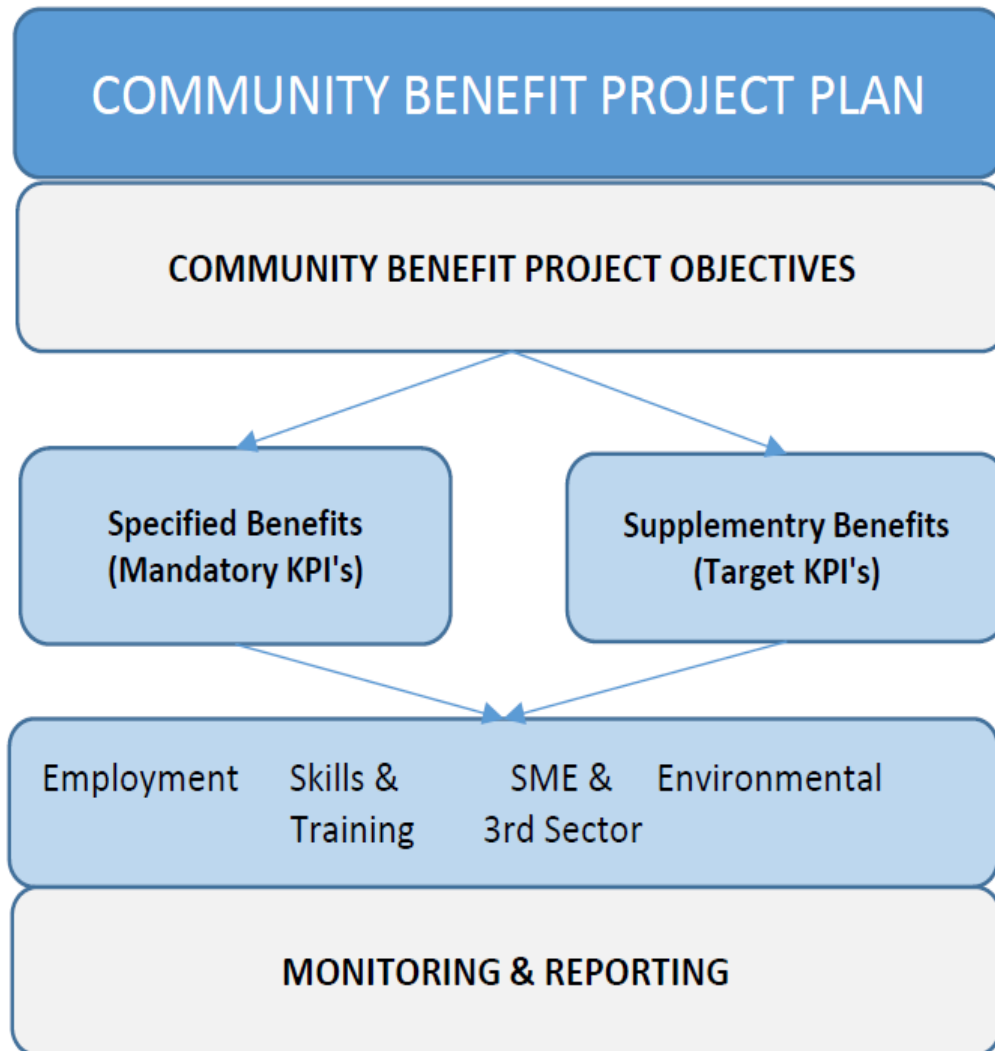
Approach to Guidance



Community Benefit Project Plan



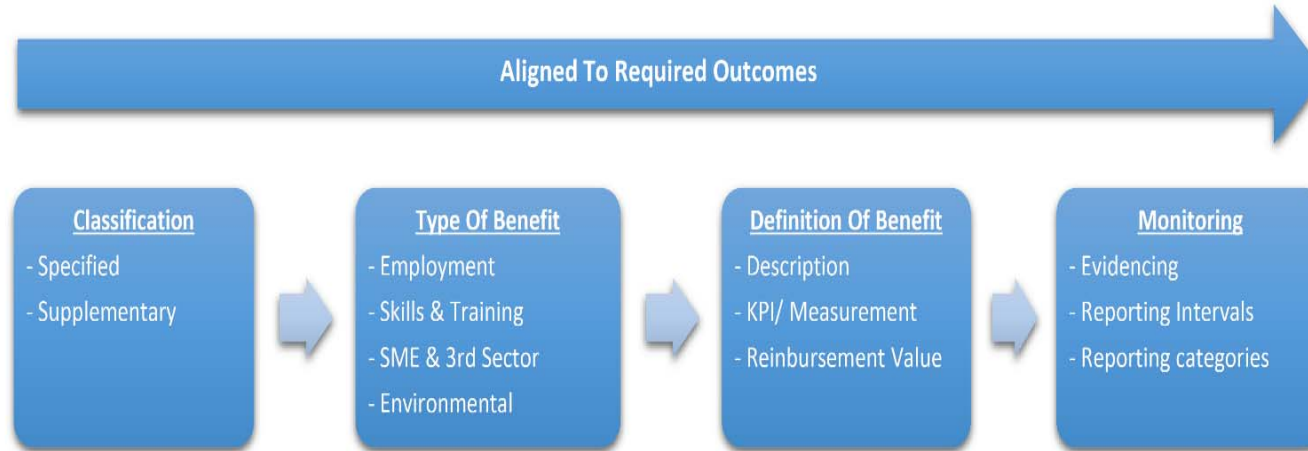
Community Benefit Toolkit



Best Practice

- Early Market Engagement (All levels of the supply chain)
- Project specific objective linked to local community/area
- Outcome focussed approach
- Suggested legal drafting for consideration.
- Clear and concise benefits/Requirements
- Clear evaluation criteria and process.
- Collaborative approach to implementation and monitoring.

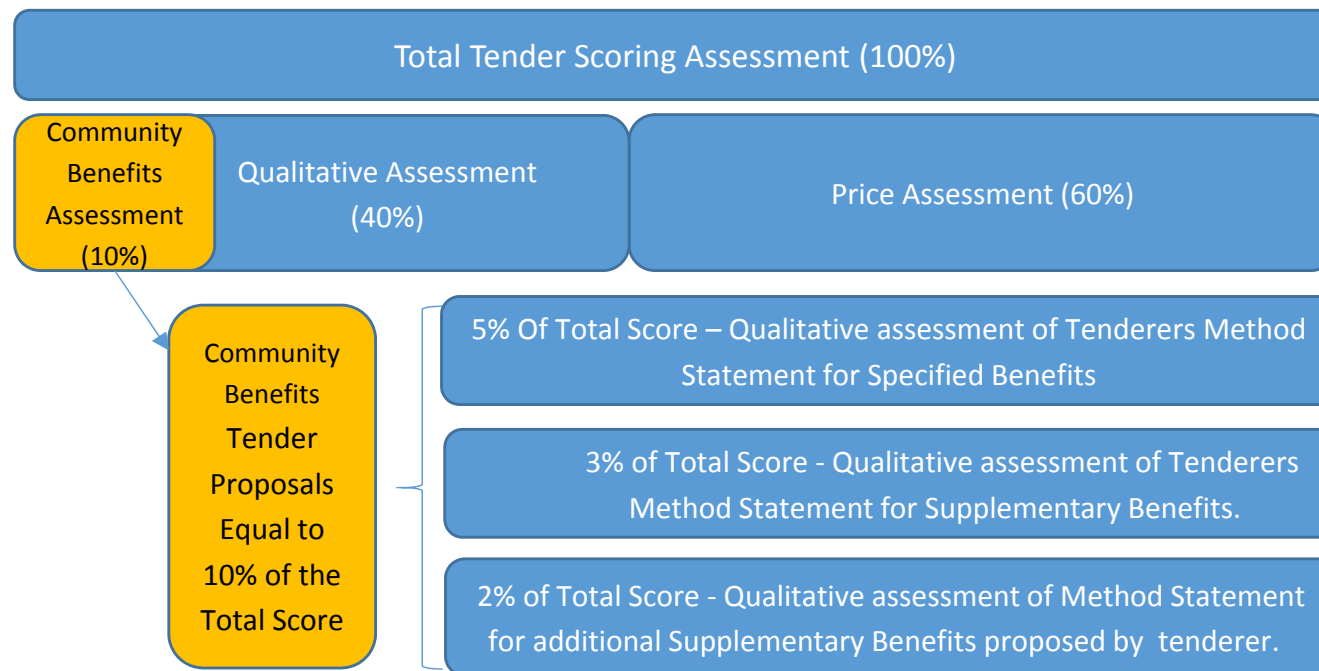
Benefit Definition



Type Of Benefit	Consideration When Defining The Benefit
Employment New Entrants	<ul style="list-style-type: none"> • Specify the Job Type (M&E/Joiner/Operative) • Specify duration of unemployment prior to employment on project. • Level of experience prior to employment. (ie no skills & experience) • Duration of new employment before benefit deemed to be achieved. CITB advise 12 weeks. • Unit for measurement (Usually nr of new entrants) • Specify evidence/information required to demonstrate delivery of the benefit.

Evaluation of Benefits In Tenders

- The assessment of Community Benefits should be made on a qualitative basis.
- The procuring authority must be clear within their PQQ & invitation to tender how they will score the community benefits
- The procuring authority should not take into account the value of the benefits



Support Organisations



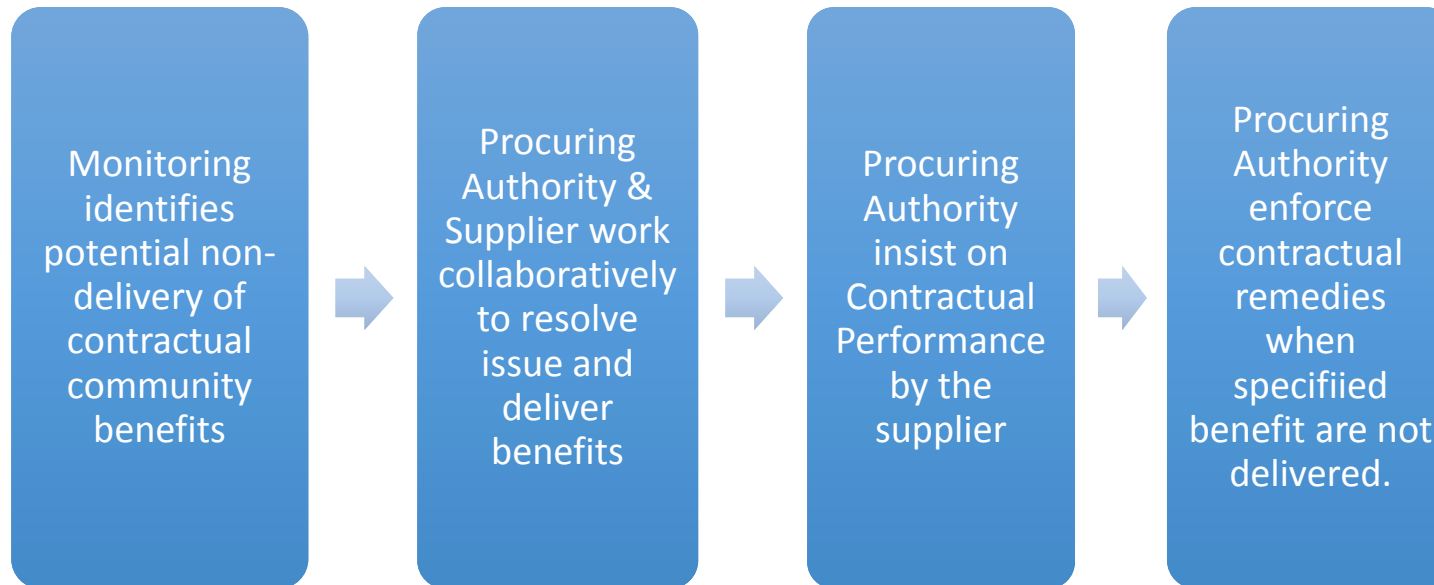
Employability in Scotland



Our Skillsforce

- Link to key organisation
- Contains detailed list of initiatives and source for funding and support and contact details to organisations.
- Included for both public & private sector

Contractual Monitoring



- Promote Collaborative Working to deliver benefits.
- Consideration in how authorities reinvest any reimbursement value deducted from contract.
- Contractual remedies are last resort.

Case Studies

- Community Benefits Policy & Objectives
- Effective Procurement
- Monitoring & Reporting
- Partnership & Community Engagement



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Social Enterprise in Scotland Census 2015

**Community Benefits
Champions Forum**



Scale & Maturity



Part of Business Life

166,740

Registered for-profit
enterprises

168,490

Unregistered for-profit
enterprises

7,205

Registered non-profit
bodies and mutuals

215

Public sector
enterprises

5,199

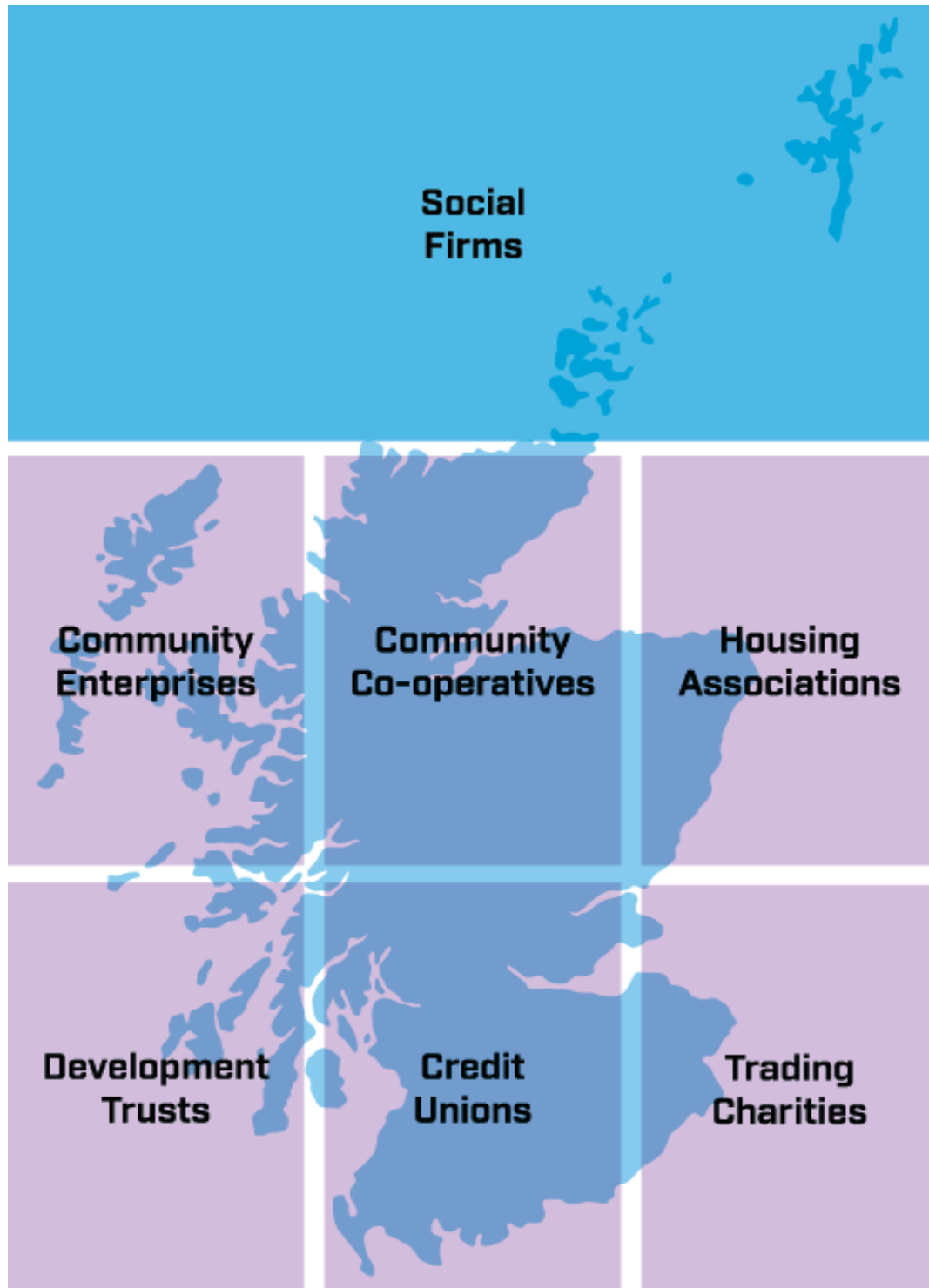
Social Enterprises

23,735

Charities



Emerging



42%

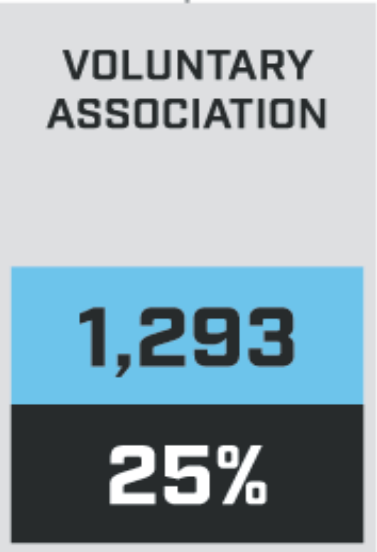
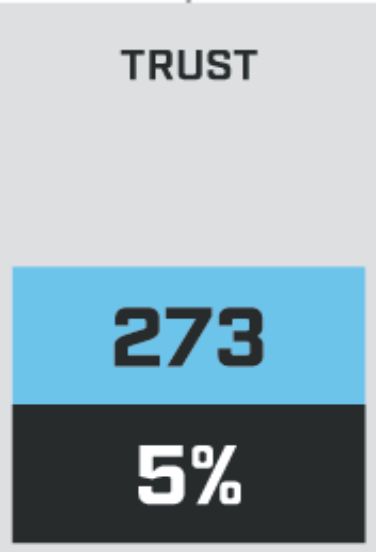
OF SCOTLAND'S SOCIAL ENTERPRISES FORMED IN THE LAST 10 YEARS



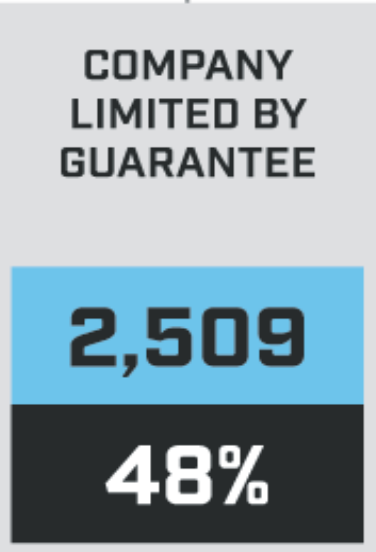
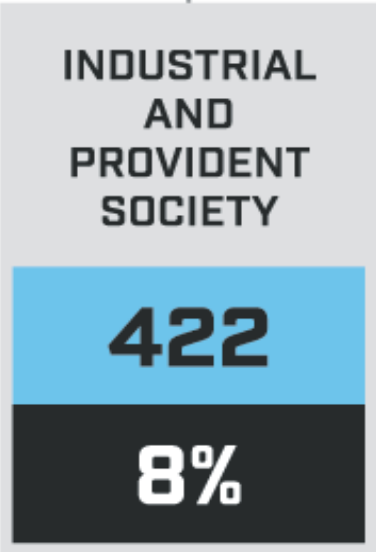
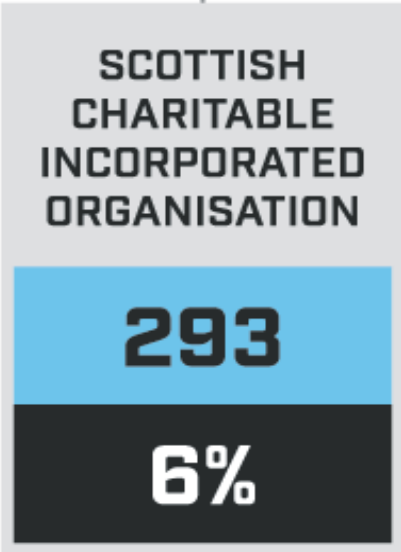
36%

of social enterprises do not describe themselves as such

UNINCORPORATED

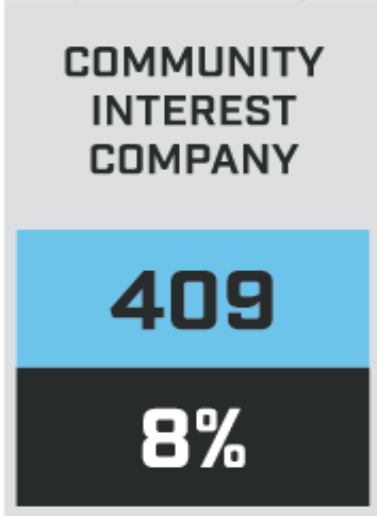


INCORPORATED



No Share Capital

Share Capital



Form Follows function

Scale and Strength



5,199

SOCIAL ENTERPRISES
CURRENTLY OPERATING IN
SCOTLAND



£3.86bn

THE NET WORTH OF
SCOTLAND'S SOCIAL
ENTERPRISES



£1.68^{bn}
GVA

THE ESTIMATED
ECONOMIC CONTRIBUTION
OF SOCIAL ENTERPRISES
TO SCOTLAND



112,409

EMPLOYEES IN
SCOTLAND'S SOCIAL
ENTERPRISE SECTOR



£8.77bn

IN COMBINED ASSETS ON
THE BALANCE SHEET OF
THE SOCIAL ENTERPRISE
SECTOR



67,768

VOLUNTEERS
SUPPORTING THE
DELIVERY OF SOCIAL
ENTERPRISE ACTIVITY



£3.63bn

THE ANNUAL INCOME OF
SOCIAL ENTERPRISES IN
THE COUNTRY



£1.15bn

IN TRADED INCOME
GENERATED BY
SCOTLAND'S SOCIAL
ENTERPRISES

Field & Location



Touching all Parts of Scotland

HIGHLANDS AND ISLANDS

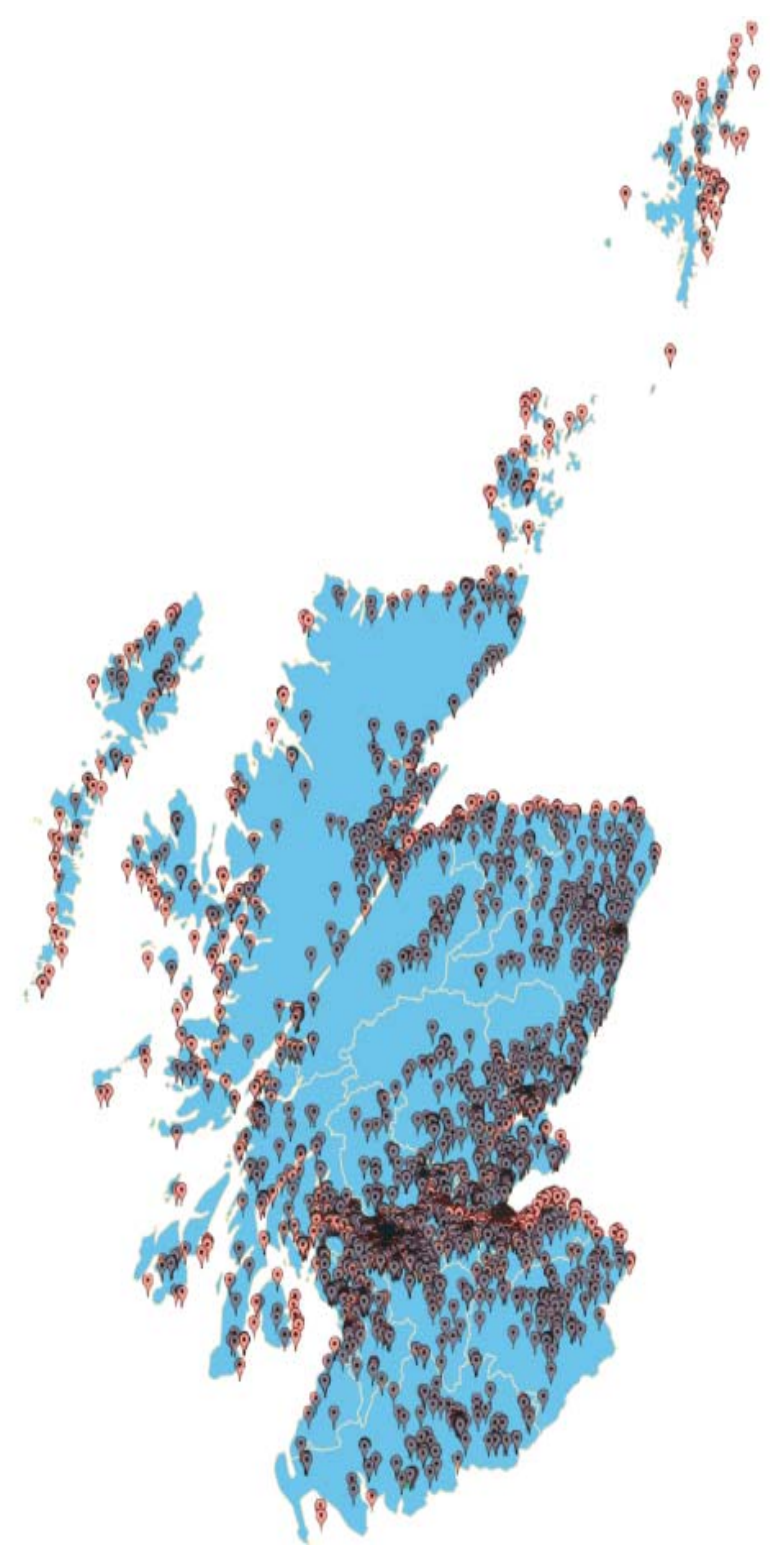
1,118

Social enterprises
[22% of all]

LOWLAND SCOTLAND

4,081

Social enterprises
[78% of all]

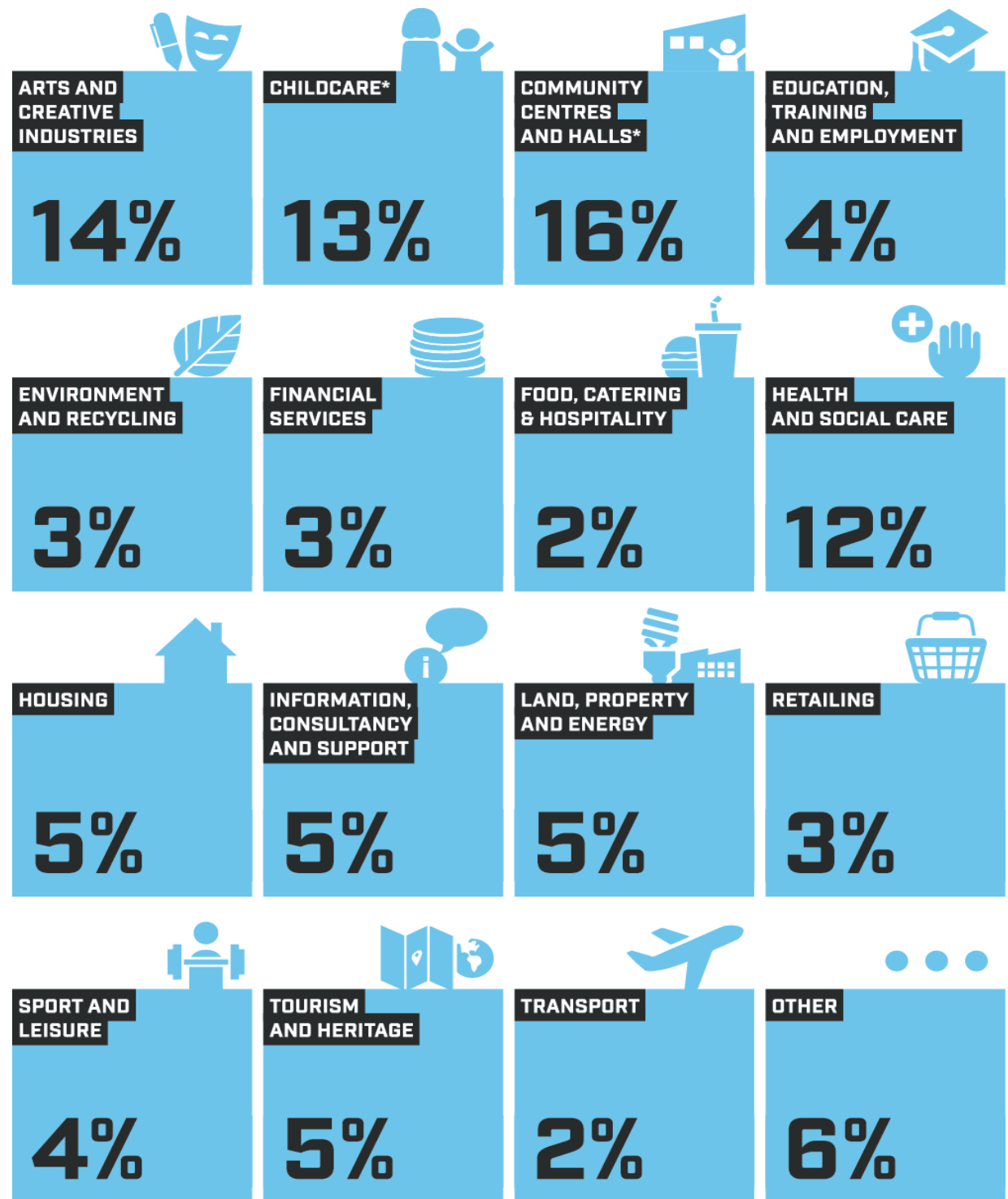


Vital in Remote Rural Areas



Urban-Rural Classification	Number of Social Enterprises	% of All Known	% of Scottish Population
Large Urban Areas	1,846	36%	35%
Other Urban Areas	1,000	20%	35%
Accessible Small Towns	318	6%	9%
Remote Small Towns	332	6%	3%
Accessible Rural	701	14%	12%
Remote Rural	943	18%	6%
Unknown	59	-	-

Active Across Areas and Sectors





Fairness
Equality
Opportunity

Achieving a Gender Balance



4:4

men : women serving as
voluntary directors and
committee members

48%

of board members are
women

53%

of social enterprises
have greater or equal
female participation at
board level

60%

of social enterprises
have a woman as their
most senior employee



1:2.5

The average differential between highest and lowest paid employee ⁵¹

97%

of social enterprises have a pay differential not exceeding 1:5 ⁵²

Ensuring Fairness

68%

of social enterprises pay at least the national living wage



12%

of social enterprises make use of zero hours contracts



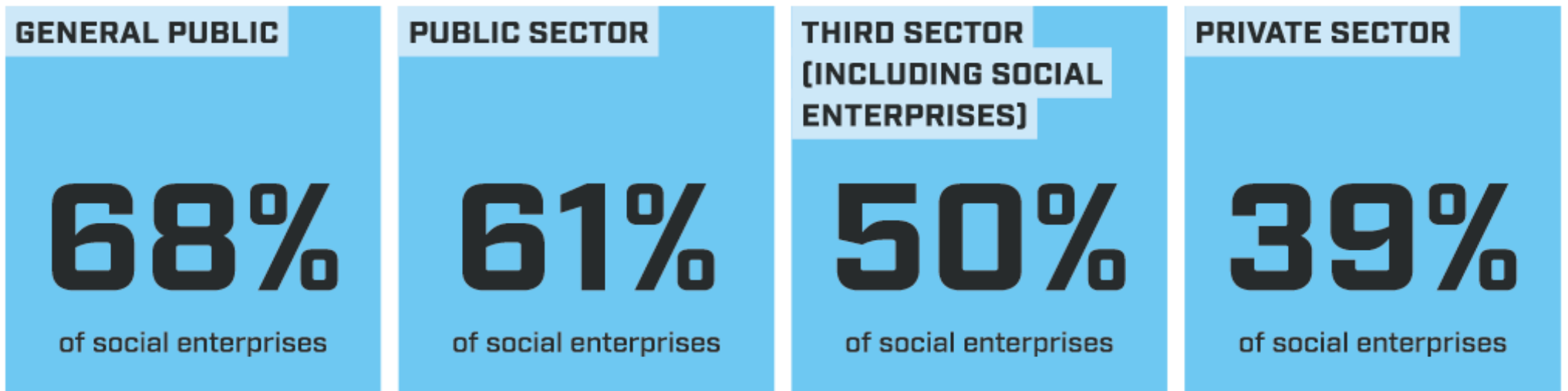
Creating Workforce Diversity





Trading Markets Finances

Customer Groups



Moving Beyond a Local Market?



A single neighbourhood/
community

24%

Scotland-wide

11%

A local authority area

32%

Across the UK

5%

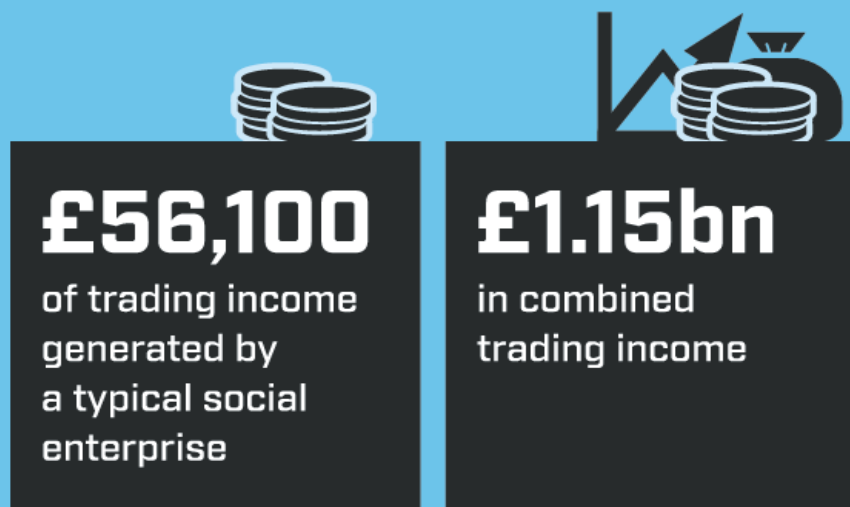
More than one local
authority area

21%

Internationally

7%

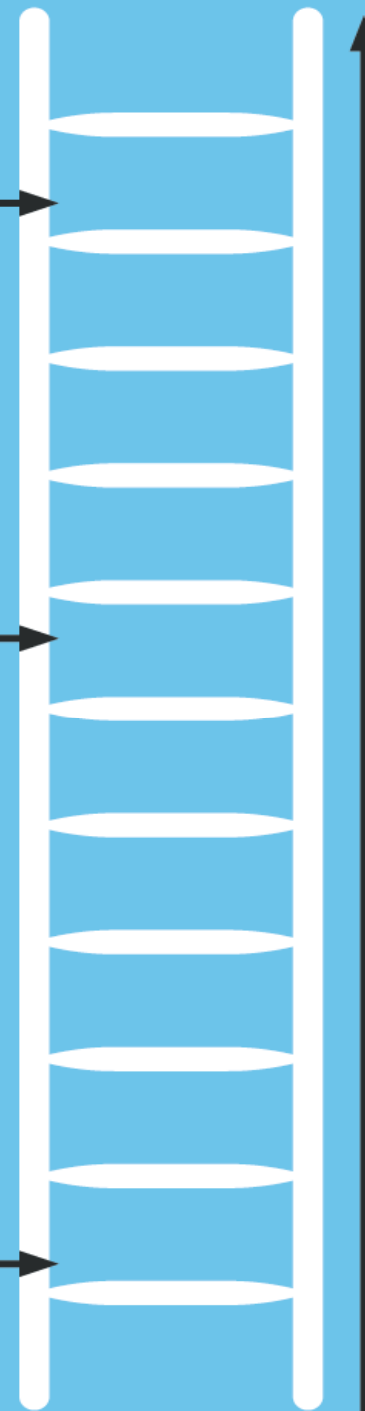
Stepping up the Trading Ladder



Mature
51%
50%+ of income from trading

Aspiring
16%
25%-49% of income from trading

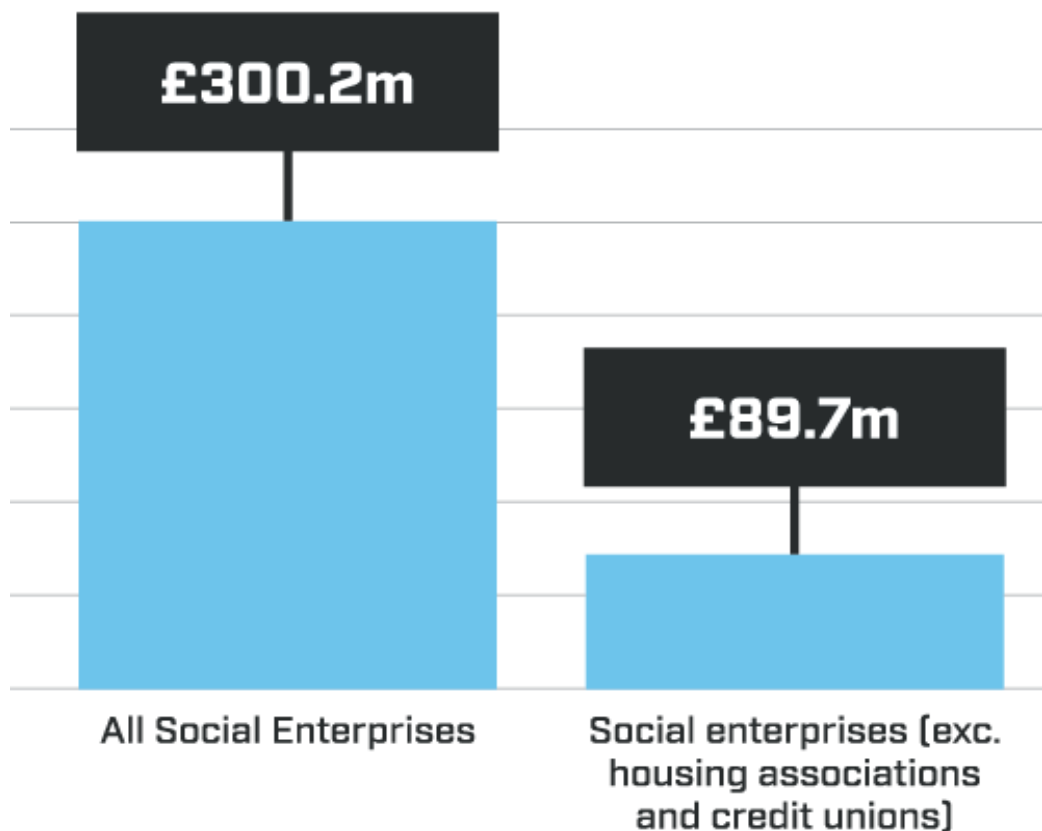
Emerging
33%
< 25% of income from trading



Increasingly self-sufficient

Remaining Profitable

OPERATING SURPLUS/(DEFICIT)



PROFITABILITY RATIO

4.4%

[Exc. Housing associations and credit unions]



A Strong Balance Sheet

	+	-	
Fixed Assets Current Assets			Net Assets
£8.77bn		£4.91bn	£3.86bn
Housing Associations: £5.94bn		Housing Associations: £3.95bn	Housing Associations: £1.99bn
Credit Unions: £0.49bn		Credit Unions: £0.44bn	Credit Unions: £0.05bn
Other Social Enterprises: £2.34bn		Other Social Enterprises: £0.52bn	Other Social Enterprises: £1.82bn



Economic & Social Impacts

Economic Contribution

ESTIMATED GVA OF SCOTLAND'S SOCIAL ENTERPRISES

	Estimated GVA
Registered Social Landlords	£397,642,000
Credit Unions	£16,338,556
Other Social Enterprises	£1,268,453,203
Total Estimated GVA	£1,682,433,760

SOCIAL ENTERPRISE HIGHLANDS & ISLANDS

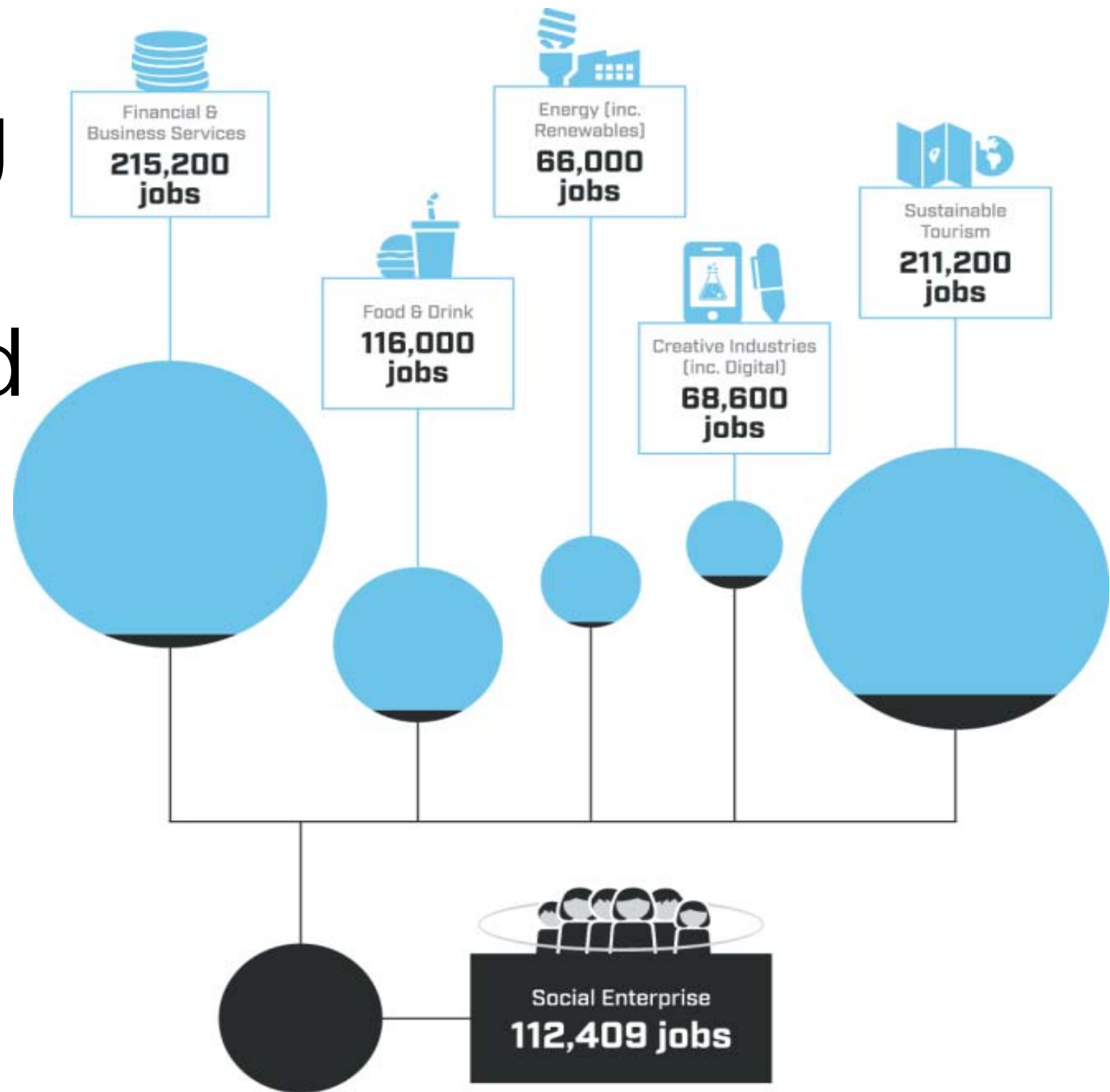
£0.13bn GVA

SOCIAL ENTERPRISE LOWLAND SCOTLAND

£1.55bn GVA



Creating Jobs for Scotland



Supporting the Path to employment



45% of social enterprises report a stated objective of ‘creating employment opportunities’



67% of social enterprises provide training or support intended to improve employability



501 Social Firms (Work Integration Social Enterprises) in Scotland

Social and Enviro Impacts



Social and environmental objectives	% of social enterprises
Providing volunteering opportunities	58%
Helping people to actively participate in local community	53%
Improving health and wellbeing	53%
Promoting learning or education	47%
Creating employment opportunities	45%
Providing opportunities for young people to develop	43%
Addressing social isolation/exclusion	43%
Providing training for employment	37%
Tackling poverty and financial exclusion	33%
Promoting cultural engagement	33%
Supporting other organisations with a social purpose	33%

Social and environmental objectives	% of social enterprises
Promoting equality and human rights	29%
Protecting or improving the environment	26%
Promoting rural development	22%
Supporting children in their early years	21%
Reducing waste	19%
Improving built or natural heritage	17%
Improving urban neighbourhoods	16%
Providing care to adults and older people	13%
Producing renewable energy	9%
Providing affordable housing	8%
Rehabilitation of offenders	7%

Thank you

#SocEntCensus





Robin Fallas

CBCs in Service Contracts

Building a Community of Practice / Knowledge Share – Aims through Champions Network:

Securing community benefits through service contract procurements:

- **Share knowledge of what has worked well through interactive sessions**
- **Build practical application in service contracts**
- **Focus on focused / targeted scored community benefit clauses / criteria (horizon of “hard-wiring” via Procurement Strategies, Prioritisation etc)**
- **Contribute to maximising “reach” of 2014 Act**

But also not forgetting....

Social considerations may be advanced through:

- **Use of frameworks**
- **Use of the Supported Business reservation**
- **Use of Lots**
- **Focus on the specification**
- **Recognising that in certain circumstances, commissioning may not be subject to procurement law or may be under the “Part B / light touch” regime**

Building a Community of Practice / Knowledge Share - Service Contract Areas:

- IT / ICT
- Catering
- Waste Management
- Events Management
- Social Care
- Facilities Management
- Repair and Maintenance (though generally works)
- Joinery
- Professional services - Engineering / architecture
- Professional services - Legal / Financial advisory
- Other!

Building a Community of Practice / Knowledge Share – Benefit Type :

- **Education**
 - measures with schools
 - measures with further/higher education
 - measures with community
- **Supply chain opportunities / upskilling**
 - advertisement
 - capacity building measures
- **Community engagement**
 - To add value to end-users of service
 - to inform service evolution over time
- **Employment**
 - Long-term unemployed
 - youth enemployed
 - specific disadvantaged groups
- **Employment / Training**
 - apprenticeship / modern apprenticeship
- **Training / upskilling**
 - various that are position dependent
- **Work experience**
 - work placements
- **Other / Innovations!**

Social Considerations Other Developments / Questions



Questions

