

Research and Library Services



Northern Ireland Assembly

24 February 2009

Public Procurement and the Social Economy

Robert Barry & Aidan Stennett

This briefing paper looks at some of the barriers encountered by Social Economy Enterprises (SEEs) in securing public procurement contracts. It also draws some lessons on the use of social clauses from experiences in Scotland and the Cabinet Office's Social Clauses Project

Library Research Papers are compiled for the benefit of Members of The Assembly and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

CONTENTS

Summary of Key Points	3
Social Economy Sector.....	3
Introduction.....	4
The Northern Ireland Social Economy	4
Problems Facing SEEs in Securing Public Procurement Contracts.....	5
The EU Legal framework	6
The Use of Social Clauses	7
The Use of Social Clauses in Scotland.....	8
Community Benefits in Public Procurement in Scotland	10
Cabinet Office Social Clauses Project	12
Conclusion	13
ANNEX A: Public Procurement Expenditure by Category	15
ANNEX B: Scottish Government's Model Community Benefit Clauses	16

Summary of Key Points

Social Economy Sector

- There are around 600 Social Economy Enterprises in Northern Ireland, employing somewhere in the region of 10,000 people.
- About half of these are community businesses; around a quarter are credit unions; and the remaining quarter is made up of housing associations, local enterprise agencies and 'others'.

Problems faced by Social Economy Enterprises in Public Procurement

- Difficulties in finding information about tenders.
- Difficulties in finding information about the procedures for bidding.
- Problems in understanding jargon.
- Too short a deadline for responding.
- Costs of responding too high.
- Administrative procedures too complex/onerous paperwork requirements.
- Particular certification required for some contracts.
- High financial guarantee required for some contracts.
- Over-emphasis placed on price by awarding authorities.
- Discrimination because of location.
- Length of time the process takes.
- Pressure on public bodies to secure efficiencies by aggregating contracts and using Framework Agreements (similar to call-off lists, which tend to favour larger organisations).
- Uncertainties on the status of social clauses and EU procurement rules.
- Difficulties in formulating social clauses as a core contractual requirement.
- Difficulties in measuring social value.

Lessons from Scottish Experience

- Social issues should be considered at the outset, at the advertising stage, at the selection stage, and after the contract is awarded.
- Social issues may be addressed under the 'duty to promote' in equality legislation.
- Under public procurement legislation public bodies may restrict participation in a tendering exercise to only those organisations defined as supported businesses.
- Targeted recruitment and training can be achieved without negatively affecting value for money requirements.

Lessons from Cabinet Office Project

- Further guidance on the use of social clauses is required to clarify the processes and the legal issues under European and UK procurement policies.
- Social clauses must be tailored so that they relate to the performance of the specific contract and must offer value for money.

Introduction

Public procurement policy in Northern Ireland is the responsibility of the Procurement Board chaired by the Minister of Finance and Personnel. Membership of the Board comprises the Permanent Secretaries of the 11 Government Departments, the second Permanent Secretary in OFMDFM, the Treasury Officer of Accounts, 2 external experts without a specific sectoral interest, the Director of the Central Procurement Directorate and a representative of the Comptroller and Auditor General as an observer.¹

The Central Procurement Directorate, within the Department of Finance and Personnel, is the core professional procurement body. It is responsible for developing policy and supporting the Procurement Board's role in all aspects of public procurement policy. The Directorate will where appropriate directly procure strategic requirements, provide expertise, advice and a coordinating role.

In addition to the Directorate there are a number of centres with specialist procurement expertise across the public sector (including the Education and Library Boards and a number of public bodies and agencies).² The Executive is of the view that considerable added value can be derived from these Centres of Procurement Expertise (CoPEs), both in developing operable policies and providing a more integrated procurement service to public bodies in general.

Departments, their Agencies, NDPBs and public corporations are expected to carry out their procurement activities by means of documented Service Level Agreements with the Central Procurement Directorate or a relevant Centre of Expertise.

The public sector in Northern Ireland spends around £2 billion each year on public procurement. Most of this, however, is spent on road maintenance, major construction work, medical/surgical equipment and supplies, consultancy services, energy and other areas where Social Economy Enterprises (SEEs) would not normally be involved or in a position to compete (see Annex A for a breakdown of procurement expenditure by Departments, their Agencies and Non-Departmental Public Bodies by category and by Department over the last three years).³

The Northern Ireland Social Economy

A Social Economy Enterprise is defined by the Department of Enterprise, Trade and Investment (DETI) as 'a business that has a social, community or ethical purpose, operates using a commercial business model and has a legal form appropriate to a not-for-personal profit status'.⁴ Based on this definition, only 396 organisations in Northern Ireland identified themselves as SEEs in response to a DETI survey carried out in 2006/07. An earlier UK-wide survey, however, estimated a total of around 600 SEEs in

¹ DFP Public Procurement Policy Summary Statement - http://www.cpdni.gov.uk/pdf-public_procurement_policy_summary.pdf

² See <http://www.cpdni.gov.uk/index/current-opportunities.asp/centres-of-procurement-expertise.htm>

³ Based on information provided by DFP Central Procurement Directorate Annual Reports.

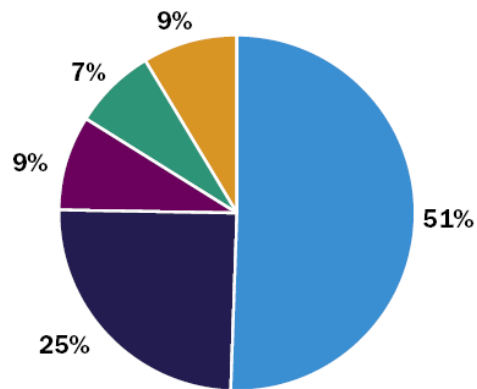
⁴ "Findings from DETI's First Survey of Social Economy Enterprises in Northern Ireland", DETI, July 2007 - <http://www.deti.gov.uk/cgi-bin/downutildoc?id=1967>

Northern Ireland.⁵ Given the 61% response rate to the DETI survey, the figures are in fact consistent and an estimate somewhere around 600 for the total number of SEEs in Northern Ireland seems reasonable. Based on the DETI survey figures, the total number of paid employees in these enterprises is likely to be somewhere around 10,000.⁶

The DETI survey also provided some useful information on the nature of these enterprises (see Figure 1 below for a breakdown by type). On average, two-thirds of the income of SEEs was earned from trading activities, while 28% was received from grants and donations and 4% came from other sources. Most of them (73%) reported an annual turnover of less than £500k.

Figure 1: Types of Social Economy Enterprise in NI

51%	Community Business
25%	Credit Union
9%	Housing Association
7%	Local Enterprise Agency
9%	Other



Source: DETI

Problems Facing SEEs in Securing Public Procurement Contracts

Many SEEs are simply not in a position to compete for public procurement contracts because of their size or because they simply do not provide the type of services that Government Departments are looking for e.g. Credit Unions, Housing Associations, or organisations offering local training/education or child care. Those who are in a position to compete for some Government work face similar problems to those faced by all small to medium sized enterprises (SMEs):⁷

- difficulties in finding information about tenders
- difficulties in finding information about the procedures for bidding
- problems in understanding jargon
- too short a deadline for responding
- costs of responding too high
- administrative procedures too complex/onerous paperwork requirements

⁵ “A Survey of Social Enterprises Across the UK”, Research Report prepared for the Small Business Service by IFF Research Ltd, July 2005 -

<http://www.socialeconomynetwork.org/PDFs/Publications/SurveySEAcrossUK.pdf>

⁶ The total number of paid employees in the 396 SEEs surveyed was 6,683.

⁷ See Assembly Research Paper 119/08 “Public Procurement and SMEs” -

<http://www.niassembly.gov.uk/io/research/2008/11908.pdf>

- particular certification required for some contracts
- high financial guarantee required for some contracts
- over-emphasis placed on price by awarding authorities
- discrimination because of location

Some additional problems faced by SEEs who have successfully secured tenders for the delivery of services include the length of time the process takes, and the potential impact of Departmental efficiency savings, which although not intended to affect front line services may do so in some cases. It is also argued that pressure on public bodies to secure efficiencies by aggregating contracts and using Framework Agreements (similar to call-off lists) will discriminate against small businesses, including many social enterprises.

The Social Economy Network (SEN), in its recent presentation to the Enterprise, Trade and Investment Committee, proposed the following actions to help SEEs:

- Inclusion of social clauses into public procurement specifications to ensure a more equal playing field;
- Adoption of a consistent approach to the measurement of social value which can be embedded in the practice and processes of public procurement; and
- Exploration of innovative ways of increasing business opportunities for SEEs through public/social partnerships and private/social partnerships.⁸

The EU Legal framework

The EC Treaty applies to all public procurement activity regardless of value, including contracts below the thresholds at which advertising in the Official Journal of the European Union is required and including contracts which are exempt from application of the EC Procurement Directives.

Fundamental principles arising from the Treaty include:⁹

- *transparency* - contract procedures must be transparent and contract opportunities should generally be publicised;
- *equal treatment and non-discrimination* - potential suppliers must be treated equally;
- *proportionality* - procurement procedures and decisions must be proportionate;
- *mutual recognition* - giving equal validity to qualifications and standards from other Member States, where appropriate.

EC Procurement Directives 2004/17/EC and 2004/18/EC set out detailed procedural rules which are based on the principles outlined in the EC Treaty and which are intended

⁸ Social Economy Network briefing to Enterprise, Trade & Industry Committee, 13 November 2008.

⁹ Source: Scottish Government *Public Procurement Handbook* - <http://www.scotland.gov.uk/Resource/Doc/256155/0076031.pdf>

to support the single market by harmonising procedures for higher value contracts, ensuring that they are advertised in the Official Journal of the European Union in standard format.

The EU Public Procurement Directive (2004/18/EC) and the Utilities Procurement Directive (2004/17/EC) were implemented in England, Wales and Northern Ireland by the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006, which came into force on 31 January 2006.

The Use of Social Clauses¹⁰

Social clauses have been defined by the Cabinet Office as:

“...requirements within contracts or the procurement process which allow the contract to provide added social value through fulfilling a particular social aim. For example, a social clause in a public contract could prioritise the need to train or give jobs to the long-term unemployed in the community as part of the contracting workforce.”¹¹

Social clauses need to be carefully considered to ensure that they meet the requirements of EU procurement rules and general EU law. Such clauses should not give rise to direct or indirect discrimination. Contracting authorities must have a legal and policy basis for incorporating social benefit requirements into their procurement processes.

The Office of Government Commerce (OGC) has produced guidance on how to address social issues in public procurement. The guidance points out that “all public procurement is required to achieve value-for-money and is subject to the principles of the EC Treaty, around a level playing field for suppliers from the UK and other member states, and the UK regulations implementing the EC Public Procurement Directives.” In addition, OGC recommend that:¹²

- Social issues addressed in procurement should be relevant to the subject of the contract.
- Actions to take account of social issues should be consistent with the government’s value-for-money policy, taking account of whole-life costs.
- Any social benefits sought should be quantified and weighed against any additional costs and potential burdens on suppliers, which are likely to be passed onto the public sector.

¹⁰ See also NI Assembly Research Paper 03/09 “Social Clauses in Public Contracts”, February 2009 – <http://www.niassembly.gov.uk/io/research/2009/0309.pdf>

¹¹ Cabinet Office - http://www.cabinetoffice.gov.uk/third_sector/public_services/social_clauses.aspx

¹² Office of Government Commerce, “Buy and make a Difference: How to Address Social Issues in Public Procurement” - http://www.ogc.gov.uk/documents/Social_Issues_in_Public_Procurement.pdf

- Contracting authorities should be careful not to impose unnecessary burdens that would seriously deter suppliers, especially small and medium sized enterprises (SMEs), from competing for contracts.
- They should also consider whether any social legislation, such as public sector equality duties, are relevant to a procurement and take appropriate action to address this.

The Use of Social Clauses in Scotland

The Scottish Executive's Public Procurement Handbook addresses social inclusion by making it mandatory for public bodies to:

"...pro-actively manage and develop the supplier base, including small and medium-sized enterprises (SMEs) and third sector and voluntary sector organisations, identifying and managing any supply risks or value added opportunities".¹³

The clause forms part of the Executive's drive to ensure "social issues" are taken into consideration during public procurement processes. The term *social issue* in this context is broadly defined as:

"Issues which impact on society or parts of society and cover a range of issues including equality issues (i.e. age, disability, gender, race, religion and sexual orientation), training issues, minimum labour standards and the promotion of small and medium-sized enterprises (SMEs), including black and minority ethnic enterprises and the third sector including social enterprises." ¹⁴

Overriding this social issues imperative is the prioritisation of Value for Money (VFM). VFM is considered to go beyond cost implications and is more broadly interpreted to include: *"the best possible balance between price and quality in meeting the customer's requirements"*. Such requirements must include the promotion of sustainable development and corporate social responsibility, which includes social, economic and environmental objectives, including:

- social elements, such as, the "duty to promote" under discrimination legislation;
- economic issues, such as, removing barriers preventing social enterprises, local suppliers and SMEs competing for public business;

¹³ Scottish Government *Public Procurement Handbook* - <http://www.scotland.gov.uk/Resource/Doc/256155/0076031.pdf> p8

¹⁴ The Scottish Government *Social Issues in Public Procurement: A guidance note by the Scottish Procurement Directorate* - <http://www.scotland.gov.uk/Resource/Doc/116601/0053331.pdf>

- supported businesses – under public procurement legislation public bodies may restrict participation in a tendering exercise to only those organisations defined as supported businesses;¹⁵
- fair trade issues – whilst it is not permissible to specify in a tender opportunity that only fair trade options will be offered public contracts, it is permissible to say that fair trade options would be welcome;¹⁶ and
- environmental considerations such as conserving resources, reducing waste, phasing-out ozone depleting substances, encouraging the use and manufacture of environmentally friendly materials, sourcing material from sustainable resources and meeting regulatory environmental codes, should all form part of the procurement process.¹⁷

An example of where the consideration of social issues during the procurement process is likely to be appropriate is where a public authority has obligations of a social nature in relation to a particular function, the performance of which it is contracting out. For example the "duty to promote" under discrimination legislation can legitimately be passed on to a contractor where the contractor is carrying out a service which would have been subject to the duty were it being performed in-house.¹⁸

In addition to the above, there may be occasions where the procurement process might consider "*wider social benefits*". An example of such a consideration is the awarding of grants for an urban regeneration project and evaluating how those contracts might aid the regeneration project itself, by providing training opportunities for the unemployed.¹⁹

The Scottish Government recommends that social issues should be considered during the following stages of the procurement process:

- at the outset, to ensure the social dimension is fully taken into account when requirements are drawn up;
- at the advertising stage;
- at the selection stage, where thought should be given to ensure the target audience is aware of requirements and how to respond; and

¹⁵ Businesses with more than 50% of the workforce being disabled, who, by reason of their disability, are unable to take up work on the open labour market

¹⁶ The Scottish Government *Sustainable Procurement summary note*
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/susdevsummarynote> (accessed 03/02/09)

¹⁷ The Scottish Government *Public procurement and sustainable development*
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/13744#a4>
 (accessed 03/02/09)

¹⁸ Scottish Government Broad Summary Note on Sustainable Procurement -
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/susdevsummarynote>

¹⁹ The Scottish Government *Social Issues in Public Procurement 0 A guidance note by the Scottish Procurement Directorate* <http://www.scotland.gov.uk/Resource/Doc/116601/0053331.pdf> (accessed 02/02/09)

- after the contract is awarded, where cooperation with contractors can help to improve the social focus and send a “clear signal to suppliers about the public body’s objectives in this area”.²⁰

Community Benefits in Public Procurement in Scotland

In the context of public sector procurement community benefits are “*contractual requirements which deliver a wider social benefit in addition to the core purpose of the contract*”. Community benefit requirements often have particular focus on training and employment outcomes. Since 2003 the Scottish Government has operated a pilot programme to examine the operation of community benefit issues in a practical context. The pilot scheme operated across five authorities; Glasgow Housing Association; Raploch Urban Regeneration Company; Inverclyde Council; Dundee City Council; and Falkirk Council. The findings of the pilot scheme were recently published in the Community Benefits in Public Procurement report (2008).

The report outlines a number of model clauses which may act as a guide to public bodies. The clauses, which cover procurement policy statements, procurement strategies, pre-qualification questionnaires and specifications, are outlined in Annex B.

The pilot projects outlined in the report serve as case studies for the wider community benefit programme. A brief synopsis of each programme is provided followed by an overview of the pilot’s findings.

Glasgow Housing Association (GHA) - GHA’s medium-term procurement strategy, which was utilised during a large-scale regeneration programme, established the following principles:

- each building supplier or contractor should make proposals for their commitment to employment and a ‘partnership training initiative’;
- GHA’s Neighbourhood Renewal Team should advise and support the procurement process so that it maximises social and economic benefits;
- GHA will not be the main funder of social and economic initiatives but would act as an enabler and facilitator.

Raploch Urban Regeneration Company – Raploch is an area of Sterling noted for below average incomes, low levels of qualifications and high unemployment. The area is also home to poor quality public sector buildings and environment (including housing and health) due to proximity to the city’s road network. Raploch Urban Regeneration Company was established to address these problems. The group’s vision, outlined in their 2004 corporate plan is to “*build a community where people want to live, work and visit... within an economically sustainable environment*”. The vision outlined in the corporate plan (which includes ambitious education, employment and average income

²⁰ The Scottish Government *Social Issues in Public Procurement 0 A guidance note by the Scottish Procurement Directorate* <http://www.scotland.gov.uk/Resource/Doc/116601/0053331.pdf> (accessed 02/02/09)

targets for the period 2004 – 2012), has resulted in the inclusion of targeted recruitment and training requirements in the group's procurement processes and documentation.

Inverclyde Council – The Scottish Index of Multiple Deprivation (2004) notes that Inverclyde has the second highest concentration of deprivation, next to Glasgow. The key factors which have resulted in this deprivation were identified as health, unemployment, education and income. The regions problems led to it being selected amongst the Scottish Executive's "Closing the Opportunity Gap" areas. The aim of the initiative is to reduce the number of people on benefits from 12,100 (2004) to 3,000 (2010). The strategic framework for achieving this target was set out in the Inverclyde Alliance's Regeneration Outcome Agreement and the Councils Economic Development Strategy. Amongst the strategies stated aims is the following:

"For Inverclyde to achieve sustainable economic progress, it is vital that residents and communities are connected to economic opportunities and feel able to contribute to and benefit from them".

This led the council to target the recruitment and training opportunities arising from its development and investment activities towards social development for the first time.

Dundee City Council – Dundee Council's application of community benefit principles is based upon powers conferred on it through the Local Government in Scotland Act 2003. Prior to implementing its community benefit pilots the council established the "Community Benefits in Procurement Group". The group, made up of numerous local actors in the social sector, agreed to run pilots in the construction and social care sectors.

Falkirk Council – Falkirk Council's strategic aim is to mainstream community benefits across all its policy mechanisms. The initial step of this process was the appointment of consultants who began by examining the council's procurement expenditure, with the ultimate result of outlining a set of "Organisational Strategic Objectives" designed to expand community benefits. These included:

- increasing the level of spend with local suppliers across all areas of procurement;
- increasing the percentage of local labour used in Council contracts;
- achieving an increase in youth attainment;
- decreasing the level of long-term unemployment;
- increasing the number of training opportunities in the local area;
- increasing inward investment; and
- embedding community benefit requirements in the procurement process to ensure they are viewed as an integral, rather than a separate, initiative.

The relative success or failure of the above projects was measured across a number of factors: the organisation's culture and resources; their ability to clearly demarcate roles

and responsibilities; the clarity of requirement specification; developing a systematic approach, particularly in incorporating targeted recruitment and development; developing an appropriate supply-chain; and preventing training and funding mismatches. The report noted that the length of the contract may also indirectly determine its success, particularly when the timetable is uncertain.

Based on this analysis, the report sets out a number of key findings across specific areas.

- *Targeted Recruitment and Training (TRT)* – TRT may be achieved without negatively affecting VFM requirements, however success depends upon:
 - high-level commitment to the new approach which leads to changes in cultures and practices within procurement teams;
 - a commitment of resource by the client body. In this area the best deployment of resource was deemed to be the employment of a “Project Champion” to act as an advisor to the procurement team.
- *Achieving Community Benefits* – the drafting of Community Benefits Requirements should take into account;
 - the objectives of Community Benefit Clauses;
 - the design of requirements to fit with supply side funding and services;
 - the monitoring and reporting requirements which will enable the contracting authority to use the above effectively.
- *Alignment of TRT with existing services* – Community Benefits Requirements should allow contractors to utilise existing training and job matching services. Difficulties may arise, however, should inclusion of Community Benefits require existing providers to change their working methods.
- *Commissioning Skills* – Community Benefits Requirements necessitates the development of skills amongst the procurement’s stakeholder group. Not least in developing an understanding of the “entitlement to procure”.

Cabinet Office Social Clauses Project

The Partnership in Public Services Action Plan was launched in 2006 by the Cabinet Office to enable an increase in public service delivery by the third sector.²¹ The action plan identified four different elements of the government’s engagement with the third sector: commissioning; procurement; learning from the third sector; and accountability.²²

²¹ Cabinet Office, Office of the Third Sector - http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx

²² Cabinet Office, Office of the Third Sector, Report of the Social Clauses Project 2008 - <http://www.cabinetoffice.gov.uk/media/107238/social%20clauses%20report%20final.pdf>

The action plan required the Office of the Third Sector to examine the use of social clauses, barriers to their use, and the potential for template clauses. The social clauses project was consequently established in conjunction with the North East Centre of Excellence.

The aims of the project were to: consolidate knowledge on the existing use and best practice of social clauses; provide clarity on the merits of using social clauses; and support good commissioning and procurement by producing user friendly materials to help decision makers.

The main barriers to the use of social clauses were identified as confusion about when they can be legally used, concern about the processes needed to include them in any contract specification and how to evaluate them.

Survey results confirmed that legal uncertainties on the status of social clauses and EU procurement rules, as well as lack of information and understanding, were barriers to their use. Additionally, stakeholders reported difficulties in formulating social clauses as a core contractual requirement, and difficulty in measurement at the evaluation stage.

Some survey recipients suggested that further guidance on the use of social clauses was needed from central government in order to clarify their use and the legal issues under European and UK procurement policies.

Feedback was also obtained from comments received from individuals, phone interviews with local authorities and discussions which were held with a wide range of agencies. Based on this feedback, it was decided that the creation of template clauses should not be considered, as it seemed clear to the project team that any contract terms need to be tailored to the particular procurement, must relate to the performance of the specific contract and be assessed on whether their inclusion represents value for money.

The project therefore moved from the original aim in the action plan of creating template contract conditions to exploring how and when social issues could be addressed in the procurement process and what package of support should be created for commissioners looking to address social issues through procurement activities.²³

Conclusion

Problems faced in public procurement by SEEs are similar to those faced by SMEs. Whilst the use of social clauses would certainly help their position, there appear to be some uncertainties on the status of social clauses and the potential conflict with EU procurement rules. Contractors have also reported difficulties in formulating social clauses as a core contractual requirement and difficulties when it comes to measuring social value.

Some useful lessons can perhaps be learned from the Scottish experience. It has been shown, for example, that targeted recruitment and training can be achieved without

²³ Cabinet Office, Office of the Third Sector, Report of the Social Clauses Project 2008 - <http://www.cabinetoffice.gov.uk/media/107238/social%20clauses%20report%20final.pdf>

negatively affecting value for money requirements. The Scottish Government have also set out a number of 'model' social clauses to act as a guide to public bodies.

The Cabinet Office Social Clauses Project identified some confusion about when social clauses can be legally used, and also concern about the processes needed to include them in any contract specification and how to evaluate them. This suggests, as was felt by some participants in the project, a need for further guidance on the use of social clauses in order to clarify the processes and the legal issues under European and UK procurement policies.

ANNEX A: Public Procurement Expenditure by Category

Procurement Expenditure incurred by Departments, Agencies and NDPBs

	2005/06	2006/07	2007/08
Category	£m	£m	£m
Construction/Maintenance Services	794	711	897
Medical/Surgical Equipment and Supplies	187	186	235
Consultancy Services	121	102	115
Energy	100	125	140
Public Utilities	77	71	
Transport and Travel Services	53	63	72
Repair/Maintenance Services	53	60	67
Plant and Machinery (including tools and equipment)	45	43	59
Facilities Management	44	52	63
Rental, Leasing or Hire Services	42	24	54
Office Machines and Supplies	41	72	99
Transportation Equipment	30	61	78
Postal and Telecoms Equipment and Supplies	29	35	36
Food Stuffs	27	27	37
Chemicals/Reagents	23	21	21
Financial Services	22	17	21
Furniture and Fittings	13	17	19
Printing/Reprographic Services	13	14	14
Environmental Services	11	10	14
Publications	10	14	24
Clothing and Accessories	7	7	8
Land			19
Advertising			16
Recruitment and Personnel Services			15
Research and Development			8
Public Relations (including events/conferences)			6
Other Expenditure	70	162	65
Totals	1812	1895	2202

Source: Central Procurement Directorate Annual Reports to Procurement Board

ANNEX B: Scottish Government's Model Community Benefit Clauses

The following model clauses are recommended for use as a starting position for procurements.²⁴ They are drafted on the basis that the contractor will have supplied a service delivery plan/method statement satisfactory to the Authority, concerning how they will generate training and employment opportunities. Alternative clauses may be drafted depending on the requirements that have been included in the specification.

- *The [Contractor/Developer] agrees to secure the creation of training opportunities in connection with the [Project] of a total of [number] training weeks in accordance with the [Service Delivery Plan/Method Statement for economic development activities].*
- *The [Contractor/Developer] agrees to secure the creation of at least [number] employment opportunities in connection with the [Project] which are aimed specifically at [detail target group, for example, people who have been unemployed for at least 6 months (including people who first take advantage of training opportunities created under Clause X.1)] and use all reasonable endeavours to fill those posts with such persons.*
- *The [Authority] undertakes to assist the [Contractor/Developer] and their sub-contractors to provide training and employment opportunities by providing lists of agencies that can assist in the recruitment of suitable trainees/employees, and the identification of potential sub-contractors and suppliers. Any action taken by the Authority or their agents does not imply, and must not be deemed to imply any promise to provide suitable labour/firms/agencies, and does not imply and must not be deemed to imply that any individuals/ firms/agency referred to the contractors or sub-contractors are suitable for engagement.*
- *The Contractor is required to complete weekly labour monitoring forms in a format to be provided by the Authority, and is responsible for obtaining accurate data from all sub-contractors on site for entry onto the forms. The weekly labour monitoring form must be completed and supplied to the Authority or their agent within 7 days of the end of the week to which it relates.*
- *To the extent it has not already done so the [Contractor/Developer] shall enter, and shall procure that its Sub-Contractors enter, into the [enter name] Construction Initiative's Employment Charter at the same time as entering into this Agreement.*

²⁴ Scottish Government "Community Benefits in Public Procurement", February 2008 - <http://www.scotland.gov.uk/Resource/Doc/212427/0056513.pdf>