



# Winning new business through sustainable procurement

An introduction to  
Community Benefit clauses

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## Winning new business through sustainable procurement

It is often said that winning a slice of Scotland's £8bn public spending needs market knowledge, patience and a hawk's eye for detail. Yet understanding the reasons behind a new slow burn revolution currently taking place in public sector procurement practice could also offer exciting synergies for your business, working in partnership with Scotland's £2bn social enterprise business movement. It could even change the way you buy goods and services for your business.

A COMMUNITY BENEFIT CLAUSE is one of a range of social clauses that can be included in public contracts and which is seeing increasing use in the public sector both in Scotland as well as the rest of the UK. While grants and donations to good causes have a long established history in both the public and private sectors, despite the economic downturn, procurement is now increasingly being seen as a dynamic tool to deliver social change and added value, through buying goods and services from social enterprises and other small businesses. Achieving wider social outcomes in the procurement process offers SMEs and social enterprises real opportunities in the supply chain. In other words – social transformation through trade and not charity.



### How do Community Benefit clauses work?

'Community Benefits' in this context are contractual requirements which seek to deliver wider social benefit within a procurement contract. To form part of the criteria according to which contracts are awarded, Community Benefit clauses must be included within the contract i.e. where a contract may have traditionally been for construction, a training and recruitment element may be included as part of the specification for that contract. They must be explicit throughout the procurement process, including the evaluation of the success of the contract on completion. Obviously the appropriateness of including Community Benefit clauses in procurement contracts varies, but they are usually best suited to works and services contracts.

➔ **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'.

For information on how Raploch URC used Community Benefit clauses, see **Community Benefits in Public Procurement**  
[www.scotland.gov.uk/Publications/2008/02/13140629/0](http://www.scotland.gov.uk/Publications/2008/02/13140629/0)

➔ **The 2014 Glasgow Commonwealth Games** offer exceptional opportunities for SMEs and social enterprises to take advantage of the procurement process. For the 2014 Games, Glasgow City Council is responsible for delivering the infrastructure for the Games and 10% of the tender assessment will be based on tenders ability to meet the Community Benefit clauses.

This is a welcome and bold approach and means that Glasgow City Council is making a firm commitment to achieving the maximum economic and social benefit for its people and its businesses.

As far as is allowed within procurement legislation, the community benefit requirement within the procurement process will focus on:

- Targeted Recruitment and Training
- SME supplier development
- Social Enterprise development.

### Why is the public sector interested?

Just as consumers are increasingly aware that they can achieve more for their money by investing ethically or purchasing fair trade products, so public bodies and housing associations are increasingly using their spending power to add value for the communities and citizens they serve, delivering 'value for people' just as much as 'value for money' through purchasing decisions.

➔ **Grampian Housing Association** has used Community Benefit clauses in a contract for garden maintenance which included training and employment targets for people recovering from mental health issues.

**Buying for Good: Housing Associations, Social Firms and Community Benefits in Procurement – A Practical Guide 2007**

➔ **Devanha**, an alliance of housing providers in the North East, has incorporated Community Benefit clauses into a contract for new build housing.

**Buying for Good: Housing Associations, Social Firms and Community Benefits in Procurement – A Practical Guide 2007**



## Three reasons why your business should be interested

Firstly, if you are bidding for a public sector contract then you could find yourself having to deliver stipulated Community Benefits through a suitable subcontractor. Market knowledge is the key to winning new business which means understanding how these clauses work in practice and who is currently delivering them, whether a small local business, a voluntary organisation or one of Scotland's 3000 social enterprises – businesses specifically set up to deliver a social purpose.

Secondly, if your business can demonstrate community benefit through its work, either as a local small business or social enterprise, you could be the successful sub contractor fulfilling Community Benefit clauses.

Finally, in introducing Community Benefit clauses into your own company's buying policies, you could demonstrate practical added value to your community; add an exciting new dimension to your CSR policies; upskill and motivate your staff; increase your pool of suppliers and of course, efficiently service your procurement needs. Marketing through procurement could also make good sense in a downturn, cost effectively differentiating your business from the competition.

### ➔ 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 SMEs and social enterprises
- Resources for community initiatives.

## Are these clauses legal?

Yes! The European Union has ruled that Community Benefit clauses can be included in public procurement contracts provided that they do not contravene EU procurement rules, directives and general EU laws. It is critical that non local suppliers are not disadvantaged or discriminated against and that it complies with government procurement policy, value for money and Best Value. So although price is never 'out of the picture', it is not necessarily the whole story!

Bottom line, Community Benefit requirements must be part of the core purpose of the contract, providing a benefit to the purchasing agency. 'Core purpose' simply means that any Community Benefit requirements are included in Contract Notices and in the contract terms.

**"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*

## Top tips for winning business with Community Benefit clauses...

1. Check out the Supplier Development Programme: [www.sdpScotland.co.uk](http://www.sdpScotland.co.uk)
2. Read Scottish Government's **Guidance on Community Benefits** and existing case studies – [www.scotland.gov.uk/Publications/2008/02/13140629/0](http://www.scotland.gov.uk/Publications/2008/02/13140629/0)
3. Check out the Scottish Social Enterprise Coalition's **Directory of Members' Goods & Services** – [www.ssec.org.uk](http://www.ssec.org.uk) and the soon to be launched – [www.readyforbusiness.org.uk](http://www.readyforbusiness.org.uk) in order to discover which organisations might be able to deliver Community Benefit clauses
4. Attend Scotland's annual **S2S Social Enterprise Fair** to find new business partners and attend workshops on Community Benefit clauses. [www.s2sfair.com](http://www.s2sfair.com)

"The 2014 Glasgow Commonwealth Games offers a once-in-a-generation chance for the city's people and businesses. There's a real opportunity for SMEs and social enterprises to play a key role in ensuring that the Games' delivery can be a showcase for our workforce and firms and that we make a long term impact.

Community Benefit clauses will ensure that our investments will leave an invaluable legacy behind in terms of the development of greater skills and wider business networks."

Councillor Steven Purcell, Leader of Glasgow City Council



5. Register your business on: [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)
6. Check out **Buying for Good: Housing Associations, Social Firms and Community Benefits in Procurement – A Practical Guide** – [www.socialfirms.org.uk/FileLibrary/Resources/Procurement/080519%20Final%20PDF%20Guide.pdf](http://www.socialfirms.org.uk/FileLibrary/Resources/Procurement/080519%20Final%20PDF%20Guide.pdf)
7. Check out real life experiences of Community Benefit clauses from Councils & agencies across Scotland: [www.scotland.gov.uk/Publications/2008/02/13140629/10](http://www.scotland.gov.uk/Publications/2008/02/13140629/10)

**For a comprehensive directory of social enterprises:**  
[www.ssec.org.uk](http://www.ssec.org.uk)

## What is a social enterprise?

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 who would otherwise struggle to access the labour market. They take many legal and organisational forms including Community Interest Companies, Social Firms, co-operatives, employee-owned businesses, development trusts, trading arms of charities and many others.

## Scottish Social Enterprise Coalition

The Scottish Social Enterprise Coalition is a Strategic Partner of the Scottish Government and the national collective voice for social enterprise in Scotland. It brings together social enterprises and intermediaries from across this dynamic and fast growing business movement, representing their needs and views to politicians, policy and decision makers, and opinion formers. Since its incorporation in 2005, the Coalition has secured cross party political support and successfully campaigned for a distinct government strategy for social enterprise. This is now being implemented by the SNP administration's new three year action plan for an enterprising third sector.

The Coalition runs seminars, policy forums and brings the sector together through its annual S2S Social Enterprise Fair – the biggest dedicated social enterprise event in Scotland.

To find out how to join the Coalition, visit our website:

[www.ssec.org.uk](http://www.ssec.org.uk)

### Scottish Social Enterprise Coalition

#### Members

Aberdeen Day Project Ltd  
(The Bread Maker)  
Aberdeen Foyer  
Aberlour Child Care Trust  
ACE Credit Union Services  
Action for Change (Scotland)  
Argyll & Bute Social Enterprise Network  
Association of British Credit Unions Ltd  
Autism Initiatives  
Bookdonors  
BRAG Enterprises  
Buchan Dial-a-Community Bus  
Calman Trust  
Camphill Scotland  
CBS Network  
CEIS  
CEMVO Scotland  
Centre of Health and Wellbeing  
Churches Action for the Homeless  
Claverhouse Group  
Common Strategy  
Community Care Providers Scotland  
Community Energy Scotland  
Community Enterprise  
Community Recycling Network  
for Scotland  
Community Retailing Network  
Community Transport Association  
Community Woodlands Association  
Compassion 'n Action  
Co-operation & Mutuality Scotland  
Co-operative Development Scotland  
Co-operative Education Trust Scotland  
Cornerstone  
Cunninghame Housing Association  
Development Trusts Association Scotland  
Dunedin Canmore Housing Association  
Eeksie Peeksie Publications  
(Good Company Magazine)  
Employers for Childcare  
First Port  
Fly Right Dance Company

Forth Sector  
Furniture Plus  
Govanhill Housing Association  
Grampian Housing Association  
Haven Products  
HISEZ  
Impact Arts  
Institute of Local Television  
Institute of Occupational Medicine  
Inverclyde Association for Mental Health  
Link Group  
McSense  
Media Co-op  
Moray Social Enterprise Network  
Mull & Iona Community Trust  
North Glasgow Housing Association  
Port of Leith Housing Association  
Princess Royal Sports & Community Trust  
Scottish Borders Social Enterprise Chamber  
Scottish Federation of Housing  
Associations  
Scottish League of Credit Unions  
Senscot  
Social Enterprise Academy  
Social Enterprise Clydebank  
Social Firms Scotland  
Social Investment Scotland  
Speyside Trust (Badaguish Outdoor Centre)  
Spruce Carpets  
The Big Issue Scotland  
The Clean Close Company  
The Engine Shed  
The Kibble Centre  
The Melting Pot  
The Wise Group  
UK Credit Unions  
Unity Enterprise  
With People  
You Can Cook

#### Associates

ACOSVO  
Creation Ltd  
Fife Social Economy Partnership  
Glasgow Caledonian University  
Glasgow East Regeneration Agency  
Glasgow South West Regeneration Agency  
MacRoberts  
R.I.E.R. Social Economy Partnership  
Royal Bank of Scotland  
Scottish Chambers of Commerce  
Scottish Council for Development  
and Industry  
Scottish Urban Regeneration Forum  
Shell UK  
Social Enterprise Alliance Midlothian  
Standard Life  
The Faculty of Advocates Free  
Legal Services Unit  
The Scottish Parliament and  
Business Exchange  
Triodos Bank  
Unity Trust Bank  
Volunteer Centre West Lothian

#### Individual Associates

Janet Barnes  
John Cairns  
Isobel d'Inverno  
Martin Meteyard  
Jackie Scutt  
Kenneth Tomory  
Paul Zealey



Design: [www.contextdesigns.co.uk](http://www.contextdesigns.co.uk)

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To find out more about the Coalition, its work and how you can support social enterprise in Scotland, please contact us:  
Tel. 0131 243 2650, Email: [admin@ssec.org.uk](mailto:admin@ssec.org.uk), [www.ssec.org.uk](http://www.ssec.org.uk)



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