



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**CABINET**

**17<sup>th</sup> DECEMBER 2019**

**MAXIMISING COMMUNITY BENEFITS TRIAL REPORT**

**JOINT REPORT OF DIRECTOR PUBLIC HEALTH, PROTECTION AND COMMUNITY SERVICES AND DIRECTOR OF HUMAN RESOURCES IN DISCUSSIONS WITH CLLR. RHYS LEWIS, CABINET MEMBER FOR STRONGER COMMUNITIES, WELL-BEING AND CULTURAL SERVICES**

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**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to provide Members with information about the work that has been undertaken on maximising Community Benefits and present the findings of a 6 month trial.

**2. RECOMMENDATIONS**

It is recommended that the Cabinet:

- 2.1 Approve the inclusion of Community Benefits Clauses in all relevant corporate contracts. This could either be in the form of direct work to be delivered within the community and/or a financial contribution to a 'legacy fund' (please refer to 2.2 below).
- 2.2 Approve the establishment of a 'Legacy Investment Fund' that will receive the financial contributions generated through Community Benefits to support wider Community Development activities across the County Borough, in line with this Council's corporate priorities.
- 2.3 Commit the resource necessary to continue developments, co-ordinate and mainstream the approach.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 During the trial period, March 2019 – September 2019, 41 contracts valued from £75,000 - £1,000,000+ included a new Community Benefits method statement in the Invitation to Tender (ITT) document. The pilot found that there is a willingness by organisations to:

a) Submit a Community Benefits response in contracts valued below Welsh Government's threshold of £1million for the inclusion of Community Benefits and;

b) Opt for the 'Legacy Investment Fund' option to support wider community development across Rhondda Cynon Taf (RCT).

3.2 The introduction of a financial contribution to a Legacy Investment Fund, as a Community Benefit option, provides an opportunity for the Council to manage a fund that would support community development initiatives at a time when resources are under pressure.

#### **4. BACKGROUND**

4.1 Community Benefits or Social Clauses are contractual requirements which deliver wider social benefits in addition to the core purpose of a contract. These clauses can be used to build a range of social, economic or environmental conditions into contract delivery.

4.2 Rhondda Cynon Taf County Borough Council's Generating Wealth Board (now stood down) agreed that a resource should be identified to research options and co-ordinate developments that would potentially maximise community benefits derived from procurement contracts. Accordingly, a Graduate Officer post was created in October 2017.

4.3 The Graduate Officer's principal function was to explore options for maximising Community Benefits.

4.4 Following extensive research and consultation with key internal and external stakeholders, crucially including current and potential contract holders, it became apparent that there was further scope and opportunities for RCT CBC to capitalise on, and maximise the impact of Community Benefits Clauses.

4.5 Opportunities explored included, but were not restricted to:

- Introducing a financial contribution (voluntarily or mandatory);
- A range of capital works such as construction, repair maintenance; and
- The provision of goods and services.

4.6 A variety of organisations in Wales utilise financial contributions as part of their community benefits clauses in the following ways:

- Regenerating local playing parks and community spaces;
- Facilitating training and learning opportunities;
- Providing support to Community Groups;
- Engaging communities in community development.

- 4.7 Currently, construction contracts valued over £1million such as the 21<sup>st</sup> Century Schools developments and Taff Vale re-development project are procured via the South East & Mid Wales Collaborative Construction Framework (SEWSCAP). In order to gain a place on the framework, contractors are required to prepare a detailed Community Benefits plan discussing their commitment and approach to the delivery of Community Benefits. The primary onus for the delivery of these commitments therefore lies with the contractor. The same principle applies to contracts/projects procured via our South East Wales Highways Framework (SEWH). RCT has minimal influence over the delivery/implementation of Community Benefits in framework contracts.
- 4.8 Broadening the scope of contracts to include Community Benefits and committing a resource to lead developments will enable the Council to influence the delivery of Community Benefits outside of frameworks, thus ensuring that local and strategically identified priorities and needs are met.
- 4.9 Last year it was recommended that the Graduate Officer, who has been responsible for leading developments to date, draft an issue report for consideration. Upon analysis and reflection it was identified that there were too many 'unknowns' about the proposed recommendations.
- 4.10 The implementation of a trial was therefore deemed the best course of action to proceed whereby tangible outcomes could be reported, scrutinised and used to inform wider RCT CBC policy developments in respect of Community Benefits. It was designed to test the willingness of tenderers to commit to making a financial contribution to a Legacy Investment Fund and/or to commit to another form of contribution as part of their Community Benefits response.

## **5. THE COMMUNITY BENEFITS PILOT**

- 5.1 This pilot focussed on contracts valued from £75,000 - £1,000,000+. £75,000 was decided as the lowest benchmark figure in line with this Council's Contract Procedure Rules (CPR).
- 5.2 It focussed on RCT only contracts, excluding collaborative frameworks with other Local Authorities.
- 5.3 The percentage of financial contribution applied to individual contracts was implemented on a sliding scale basis (information below), dependent on contract value. Only the percentage that was applicable to a contract was detailed in the ITT documents. The proposed scaling noted below was decided following consultation with the Corporate Procurement Unit (CPU), Newydd Housing Association and Newport City Council (Appendix A&B) who currently have a financial contribution,

as a Community Benefits option embedded in their procurement processes.

<i>Contract Value (up to max)</i>	<i>Percentage %</i>
<i>£75,000 - £500,000</i>	<i>1.00%</i>
<i>£500,000 - £750,000</i>	<i>0.75%</i>
<i>£750,000 – 1,000,,000</i>	<i>0.50%</i>
<i>£1,000,000+</i>	<i>0.25%</i>

#### 5.4 Of the 41 awarded contracts:

- 25 contractors/organisations submitted a Community Benefits Response (61%);
- 16 contractors/organisations opted to contribute towards a voluntary financial contribution – ‘Legacy Investment Fund’ (39%);
- It is anticipated that the sum to be realised will be between approximately £20,000 - £23,000 (based on short term contracts not including the re-occurring payments on longer term contracts);
- 8 contractors/organisations provided an offer for work experience placements (20%);
- 7 contractors/organisations provided an offer to support ‘Other’ methods of Community Benefits (mock interviews, engagement with schools, guest speakers & mentoring) (17%);
- 2 contractors provided in kind donations totalling £450 (Appendix C).

5.5 It should be stressed that tender documentation made it clear that commitment to a Community Benefits contribution was voluntary and would not be considered as part of the assessment of the tender. It is pleasing to note therefore the readiness of tenderers to contribute.

## **6. ISSUES RAISED**

6.1 **Issue** - How and to what extent organisations build in Community Benefits costs into their overall pricing model & how potentially the

implementation of a financial contribution would simply be added onto the final contract cost.

- 6.2 **Outcome** - The trial has not evidenced an increase in contract costs as anticipated. Awarded organisations & contractors (within the trial period) who submitted a community benefits response either submitted the Most Economically Advantageous Tender (MEAT) or tendered the lowest price. Out of the 41 responses, 16 (39%) opted to contribute towards the 'Legacy Investment Fund'.
- 6.3 **Unexpected Outcome** - In addition to the above, an unforeseen development was that contract holders below the trial boundaries of £75,000, came forward to engage in the financial contribution option (as low as £38,125).
- 6.4 It is recommended that the 'Legacy Investment Fund' be approved and monies be allocated to support wider Community Development activities across the County Borough.
- 6.5 The pilot focus and success was based on contractors understanding that the LIF would contribute towards local Community Development and as such, to do otherwise would undermine the pilot findings and potentially reduce contributions.

## **7. EQUALITY AND DIVERSITY IMPLICATIONS**

- 7.1 Whilst an Equality Impact Assessment (EqIA) has not been required for this report, approval of the recommendations noted would positively impact upon local communities and residents.
- 7.2 Local community developments would be inclusive and communities and residents alike would have access to opportunities that ordinarily may not have been available/possible.

## **8. CONSULTATION**

- 8.1 As indicated in section 4.4, the Graduate Officer undertook consultation with key internal and external stakeholders, crucially including current and potential contract holders and local businesses, the results of which are attached (Appendix D).
- 8.2 This consultation was undertaken early on in the Graduate Officer's post before this trial was undertaken. Lessons learnt from the consultation encouraged the Graduate Officer to change some terminology for the Pilot i.e. 'Financial Levy' to 'Financial Contribution'. This was to emphasise that this Council wants to work collaboratively with organisations on a voluntary and not mandatory basis.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 If the recommendations are approved the necessary capacity to implement this policy will be identified from within existing resources.

## **10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 10.1 There are no legal implications aligned to this report as Community Benefits and the option of contributing to the 'Legacy Investment Fund' remains voluntary.

## **11. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 11.1 The Council's three main priorities currently are Economy, People and Place. The Community Benefits agenda actively supports these priorities by seeking to deliver the widest economic, social and environmental benefits. Introducing the 'Legacy Investment Fund' could enhance the reach of these benefits throughout the County Borough.

- 11.2 This proposal is consistent with the Sustainable Development Principle promoted by the Well-being of Future Generations (Wales) Act through the five ways of working:

- Long-term – Community Benefits will seek to achieve long term sustainable change and impact positively on communities and for residents throughout the County Borough;
- Prevention – The Community Benefits initiative makes a significant contribution to Welsh Government's ambition for jobs, growth and tackling poverty in Wales;
- Integration – The Community Benefits initiative actively contributes and supports RCT CBC's well-being objectives and strategic priorities derived from the Corporate Plan and Procurement Strategy;
- Collaboration – Intrinsic to the Community Benefits approach is the collaboration between RCT CBC, businesses, suppliers, contractors, communities and residents;
- Involvement – Communities and residents will be involved by utilising the opportunities made available by Community Benefits. Businesses have been involved in developments through consultation.

- 11.3 This proposal makes a direct contribution to the seven national well-being goals, in particular a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales and a globally responsible Wales.

- A Prosperous Wales – Creating opportunities for work experience, volunteering & jobs, developing a skilled and well-educated population;
- A Resilient Wales – Investing in and valuing our Green Spaces;
- A Healthier Wales – Supporting local community development initiatives & community facilities to enable people to stay active and more independent in the community;
- A more Equal Wales – Facilitating employment and digital opportunities to all our residents to improve their skills enabling people to fulfil their potential no matter what their background or circumstance;
- A Globally responsible Wales – Working together to improve the economic, social, environmental and cultural well-being of Rhondda Cynon Taf.

11.4 The Council has statutory commitments with regards to the Welsh Language under the Welsh Language (Wales) Measure 2011, specifically the Welsh Language Standards (No.1) Regulations 2015. These regulations specify standards with regards to promoting and facilitating the Welsh language and ensuring the Welsh Language is treated no less favourably than the English language in all of the Council's service delivery, policy and operational responsibilities. Any Community Benefits integrated into the procurement process must consider the language.

## **12. CONCLUSION**

12.1 Time is of the essence. Nationally, the Social Value agenda is growing and gaining momentum rapidly. Concepts of social impact and return are growing in visibility and are becoming more broadly embedded in decision making at various levels. This report evidences that there is scope to further enhance this Council's approach to the implementation and delivery of Community Benefits. Local and strategic needs can be addressed and met through this agenda.

12.2 Internally within this Council, arrangements have been put in place within our procurement and contracting processes to enable developments to continue without disruption, subject to further direction and guidance. A continued voluntary approach to Community Benefits is recommended whereby Community Benefits should not be scored, weighted or have any bearing on any decision of the tendering and evaluation processes.

12.3 Failure to address & capitalise on these opportunities now will inevitably result in the need to focus our attention on this matter in the very near future.

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

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**Background Papers**

- Newydd Housing Association – Financial Contribution Approach
- Newport City Council – Financial Contribution Approach
- Community Benefits Snap Survey Results
- Pictures from Cheque Handover to First Llantrisant Brownies

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