



Llywodraeth Cymru
Welsh Government

WEP Strategic Partnering Framework

Community Benefits Market Engagement Paper

December 2018

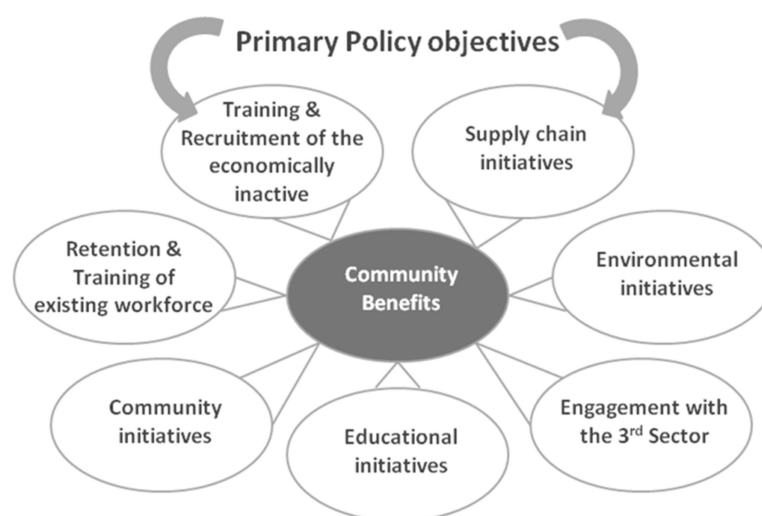
CONTENTS PAGE

1. Community Benefits in Wales	3
2. Developing and Evaluating the Scope and Extent of Community Benefits.....	6
3. What Role will Community Benefits Play at PQQ Stage?	10
4. How will Community Benefits Be Addressed in the Selection of Supply Chain and Delivery of WEPCo Partnering Services?.....	10
Appendix 1 Well-being of Future Generations (Wales) Act 2015 Goals	12
Appendix 2 Delivery Structure	13
Appendix 3 Extracts from Template MIM Education Project Agreement	14
Appendix 4 Key Performance Indicators	19
Appendix 5 Glossary	25

1. Community Benefits in Wales

- 1.1 The provision of Community Benefits through investment in public infrastructure is a key policy driver for the Welsh Government and it is one in which Wales has led the way in UK and European procurement.
- 1.2 The Welsh Government therefore actively seeks to derive benefits for communities through the WEP Strategic Partnering Framework. The scale of the WEP SPF has significant potential to drive greater social value and enhance private sector contributions to training, skills learning and education across Wales.

Figure 1 below sets out the Welsh Government's primary community benefit policy objectives.



- 1.3 The government's approach seeks to deliver social, economic and environmental benefit through the effective application of its Community Benefits policy as an integral consideration in the procurement of the WEPCo.
- 1.4 Traditionally, Community Benefits have been of particular relevance to capital infrastructure developments in Wales. However, MIM now requires the delivery of Community Benefits for all of its (revenue funded) schemes. The Welsh Government has been actively developing its approach to Community Benefits in this context and intends to align its approach across projects to be delivered directly through the MIM programme and projects (both capital and MIM) to be delivered through the WEP Strategic Partnering Framework, subject to sector, value and project specific considerations. The indicative lump sum payment values included in this Engagement Paper represent Welsh Government's current thinking. However, we are keen to engage with the market at an early stage to understand the market's view on bankability and value for money implications and would welcome an open dialogue with the market in the context of the type and value of schemes that will be delivered through the WEP SPF.
- 1.5 Additionally, in approaching Community Benefits under the WEP Strategic Partnering Framework, the Welsh Government is keen to take due account of benefits that can be derived from the long term strategic partner arrangement at SPA level, as well as traditional benefits that can be derived through individual Project Cos and the delivery of the New Projects under the SPA.
- 1.6 The purpose of this exercise is to engage with the market on the government's proposed approach to Community Benefits, in the context of the WEP Strategic Partnering Framework. The engagement process is described in section 2 of the 'Education Technical Documents Market Engagement Paper' at <https://beta.gov.wales/welsh-education-partnership-strategic-partnering-framework-phase-1-draft-documents>

1.7 Community Benefits form a cornerstone of the Welsh Government procurement policy and the Wales Procurement Policy Statement requires the public sector in Wales to 'apply Community Benefits to all public sector procurements where such benefits can be realised'.

1.8 Section 60 of the Government of Wales Act 2006 provides the express powers required to allow inclusion of Community Benefit requirements (Promotion etc. of Well-being):

- (1) *The Welsh Ministers may do anything which they consider appropriate to achieve any one or more of the following objects:-*
- (a) *the promotion or improvement of the economic well-being of Wales,*
 - (b) *the promotion or improvement of the social well-being of Wales, and*
 - (c) *the promotion or improvement of the environmental well-being of Wales.*
- (2) *The power under subsection (1) may be exercised in relation to or for the benefit of:-*
- (a) *the whole or any part of Wales, or*
 - (b) *all or any persons resident or present in Wales.*

1.9 These powers underpin public sector bodies 'well-being' duties under the Well-Being of Future Generations (Wales) Act 2015. The well-being goals set out in section 4 of that Act are summarised in Appendix 1. A public body must set and publish well-being objectives designed to achieve its well-being goals and take all reasonable steps to meet those objectives.

1.10 Welsh Government's primary policy objectives include:

- recruitment and training of unemployed and economically inactive people;
- creating new apprenticeships, particularly for young people aged 16-24 who are NEET, and providing opportunities for experience for existing apprentices;
- delivering educational initiatives, such as engagement with local schools;
- delivering educational initiatives, such as promotion of STEM subjects and career workshops on trades and professional services encompassed within the New Project operations;
- developing supply chain initiatives that support opportunities for SMEs, social enterprises and the third sector;
- delivering community initiatives, to support community engagement, regeneration and leaving a lasting legacy within the community; and
- minimising the adverse environmental impact of projects and, wherever possible, making a positive impact on the environment and, by extension, the health and well-being of local people.

1.11 Welsh Government issued Community Benefits guidance in 2014 titled "Delivering Maximum Value for the Welsh Pound". However, this guidance has a greater emphasis on dealing with the treatment of Community Benefits in capital schemes and public procurements using either

the Open or Restricted procurement procedures, so is not entirely appropriate in the context of the WEP Strategic Partnering Framework.

1.12 Those familiar with the "Delivering Maximum Value for the Welsh Pound" guidance will be familiar with the "Core" and "Non-Core" approach to the inclusion of Community Benefits. In the context of the WEP Strategic Partnering Framework, the "Core" and "Non-Core" approach has been replaced with the following categorisations:

1.12.1 **Community Benefit Requirement KPIs** - these are the Participants' minimum requirement Community Benefit requirements and Key Performance Indicators ("KPIs").

An example KPI would be the requirement for the WEPCo to facilitate at Project Co level, through the development and market testing process, delivery of 2,600 person weeks for training and apprenticeships during the construction phase of a project with an equivalent capital value of £50 million.

1.12.2 **Community Benefit Requirement KPI Enhancements ("CBR Enhancements")** - these are volume enhancements to the Community Benefit Requirement KPIs that are committed to by WEPCo.

Following on from the example above, this would be the number of person weeks committed to above the 2,600 minimum requirement.

1.12.3 **Additional Community Benefit Proposals ("Additional Benefits")** - these are additional Community Benefits that WEPCo will be invited to propose in respect of the Ongoing Partnering Services at SPA level and (on a capex-related "cash equivalent" basis) in respect of procuring commitments from the Project Service Providers undertaking New Projects. These additional Community Benefits are distinct from the baseline Community Benefit Requirements KPIs and the CBR Enhancements and there will be a requirement that such benefits are tangible, measurable benefits linked to the subject matter of the agreement (within the meaning of Regulation 67(5) of the Public Contracts Regulations 2015). In the case of New Project commitments, the precise scope of these will be developed on a project by project basis, with a particular focus on achieving the relevant Authority's own goals developed in accordance with its duties under the Well-being Act. They will be subject to the requirements for continuous improvement in relation to the performance of the Supply Chain Members under Schedule 3 of the SPA.¹

There will be scope for innovation from the private sector here (subject to the outcomes being tangible and measurable and compliant with the Public Contract Regulations 2015, as applicable).

1.13 To reflect the structure for delivery of New Projects under the WEP Strategic Partnering Framework, it is anticipated that each of the three classes of Community Benefits set out above will be sub-divided as follows:

- **SPA level Community Benefits** - those that are to be delivered by WEPCo in connection with the Partnering Services delivered under the SPA; and
- **Project Agreement level Community Benefits** - those that are to be delivered by a Project Service Provider in connection with the delivery of the Project Services

¹ WEPCo will be tested on its ability to facilitate delivery of Community Benefit Requirement KPIs, CBR Enhancements and Additional Benefits at Project Service Provider level and is invited to demonstrate the extent to which they can deliver Community Benefits at WEPCo level also.

pursuant to a Project Agreement (whether for MIM Projects or D&B Projects) which are procured through the SPA.

- 1.14 A structure diagram showing the category of benefits to be delivered at SPA and Project Agreement level has been included at Appendix 2 of this paper, for illustration purposes.
- 1.15 At SPA level, WEPCo's Partnering Service obligations will therefore include the delivery of specified Community Benefit outcomes that will be measured by reference to KPIs under Schedule 3 of the SPA (see further detail at paragraphs 2.1.1(a), 2.1.2(a) and 2.1.3(a) below). These KPIs will relate to outcomes from delivery of the Ongoing Partnering Services by WEPCo and outcomes from the delivery of the Project Development Partnering Services (i.e. securing commitments to Community Benefits from the supply chain through the delivery of Approved Projects). WEPCo will be obliged to monitor and report on performance against the specified KPIs at SPA level and failure to deliver will give rise to financial lump sum payments. These will be subject to a cap on liability. Certain of those KPIs will also be classified as a Significant Performance Failures under the SPA. Welsh Government intends to dialogue the full scope and extent of KPIs with Bidders during dialogue and the approach will be the subject of evaluation, as described at paragraphs 2.1.1(a), 2.1.2(a) and 2.1.3(a) below.
- 1.16 In recognition of the obligation on WEPCo to procure commitment to certain KPIs through the delivery of Approved Projects, the KPI framework will also be stepped down to Clause 29 and Schedule 29 of the Template Project Agreements, where appropriate (see further details at paragraphs 2.1.1(b), 2.1.2(b), 2.1.3(b) below). Similarly, Project Co/D&B Co will then be obliged to monitor and report on performance against the specified KPIs and will be subject to financial lump sum payments for failure to deliver. However, such payments shall be the sole and exclusive remedy available to Authorities for non-compliance (and will not count towards payment mechanism deductions or termination triggers on MIM Projects).
- 1.17 The proposed Template MIM Education Project Agreement drafting for MIM Projects is attached at Appendix 3, by way of illustration.

2. Developing and Evaluating the Scope and Extent of Community Benefits

- 2.1 The approach to dialogue and the scope/extent of the KPIs in the SPA is expected to be broadly as follows:

2.1.1 Community Benefit Requirement KPIs

(a) Community Benefit Requirement KPIs (SPA level)

- KPIs associated with the delivery of the Ongoing Partnering Services and Project Development Partnering Services by WEPCo will be set. Please refer to Appendix 4 for further details.
- Acceptance of these KPIs will be evaluated on a pass/ fail basis. The Bidders' Ongoing Partnering Services Method Statements and Project Development Partnering Services Method Statements will also be evaluated on a pass/fail basis.

(b) Authority's Community Benefit Requirement KPIs (SPA and Project Agreement level)

- A KPI formula will be included at SPA level that will determine the volume of Authority Community Benefit Requirement KPIs that WEPCo must procure Project Service Providers commit to on Approved Projects, under the terms of the relevant Project Agreement e.g. the number of person weeks of

training and/ or apprentices to be provided per million pounds of capex. Please refer to Appendix 4 for further details.

- Acceptance of these KPIs at SPA level will be evaluated on a pass/ fail basis. Bidders will also be required to demonstrate:
 - their methodology for procuring such KPI commitments from the Supply Chain Members in their Project Development Partnering Method Statements; and
 - their methodology for ensuring due performance by the Supply Chain Members, under the Ongoing Partnering Services Method Statements.

The Bidders' method statements in respect of limb (b) will also be scored on a pass/fail basis.

2.1.2 CBR Enhancements

(a) CBR Enhancements (SPA level)

- Bidders will be invited to commit to higher levels of the Community Benefit Requirement KPIs at SPA level, to be delivered by WEPCo in respect of the Ongoing Partnering Services and Project Development Partnering Services.
- The increased value of Community Benefits (calculated using the lump sum value attributable to the relevant requirement) and the Bidder's Ongoing Partnering Method Statements and Project Development Partnering Services Method Statements for delivery will be scored in evaluation.

(b) ACBR Enhancements (SPA and Project Agreement level)

- Bidders will be invited to commit to higher volumes of the Authority Community Benefit Requirements KPIs that WEPCo must procure the Project Service Providers commit to deliver under the relevant Project Agreement on each Approved Project.
- The increased value of Community Benefits (calculated using the lump sum value attributable to the relevant requirement) and the Bidder's Project Development Partnering Method Statements and Ongoing Partnering Method Statements, in connection with procurement of delivery of such increased offerings will be scored in evaluation.

2.1.3 Additional Benefits

(a) Additional Benefits (SPA level)

- Bidders will be invited to commit to additional KPIs for the delivery of Community Benefits through the Ongoing Partnering Services and/or Project Development Partnering Services. Bidders will be required to submit details of such offerings in their Ongoing Partnering Services Method Statements and/or Project Development Partnering Services Method Statements (as appropriate), together with an open book valuation which will determine the lump sum payment associated with each KPI.

- The value, scope and deliverability of the proposed Additional Benefits will be evaluated and scored where these meet the compliance criteria (i.e. they address the objectives of the Well-being Act and are tangible and measurable benefits linked to the subject matter of the agreement (within the meaning of Regulation 67(5) of the Public Contracts Regulations 2015).

(b) Additional Community Benefits Project Co Proposals (SPA and Project Agreement level)

- Bidders will be invited to submit method statements demonstrating how WEPCo will procure capex related "cash equivalent" and project specific Community Benefits from the Project Service Providers undertaking Approved Projects. Such Project Development Partnering Service Method Statements and Ongoing Partnering Services Method Statements will be required to include details of:
 - their methodology for procuring additional KPI commitments from the Supply Chain Members in their Project Development Partnering Method Statements and for procuring such benefits are "compliant", i.e they address the objectives of the Well-being Act and/or the relevant Authority's goals developed in accordance with its duties under the Well-being Act and are tangible and measurable benefits linked to the subject matter of the agreement (within the meaning of Regulation 67(5) of the Public Contracts Regulations 2015); and
 - their methodology for ensuring due performance by the Supply Chain Members, under the Ongoing Partnering Services Method Statements.

The value of the Bidder's capex-related "cash equivalent" offering and the method statements for delivery will be scored in evaluation. If no proposals are submitted, the score will be zero.

2.2 Welsh Government will attribute 5% of the overall evaluation score to Community Benefits. The above detail can be summarised as follows:

Strategic Partnering Agreement KPIs		Submission Requirement	Evaluation Method	Weighting
Community Benefit Requirement KPIs	Authority's Community Benefit Requirement KPIs (Project Agreement level)	Confirm compliance with WEPCo KPI to procure commitment to baseline requirements at Project Agreement level	Pass/Fail criteria (confirmation will pass)	n/a
		Project Development Partnering Services Method Statements/ Ongoing Partnering Services Method Statements	Pass/Fail criteria based on deliverability and robustness	n/a
	Community	Confirm compliance	Pass/Fail criteria	n/a

Strategic Partnering Agreement KPIs		Submission Requirement	Evaluation Method	Weighting
	Benefit Requirement KPIs (SPA level)	with annual WEPCo delivery KPIs	(confirmation will pass)	
		Project Development Partnering Services Method Statements/ Ongoing Partnering Services Method Statements	Pass/Fail based on deliverability and robustness	n/a
CBR Enhancements	ACBR Enhancements (Project Agreement level)	Confirm compliance with WEPCo KPI to procure commitment to enhancement offerings at Project Agreement level	Value scored using relevant lump sum value from baseline requirement	0.5%
		Project Development Partnering Services Method Statements/ Ongoing Partnering Services Method Statements	Score based on deliverability and robustness	0.5%
	CBR Enhancements (SPA level)	Enhancement proposals to annual WEPCo KPI(s)	Value scored using relevant lump sum value from baseline requirement	0.5%
		Project Development Partnering Services Method Statements/ Ongoing Partnering Services Method Statements	Score based on deliverability and robustness	0.5%
Additional Benefits	Additional Community Benefit Project Co's Proposals (Project Agreement level)	Confirm compliance with WEPCo KPI to procure commitment to additional "cash equivalent" and compliant proposals at PA level	Value scored based on capex-related "cash equivalent" proposed	1%
		Project Development Partnering Services Method Statements/ Ongoing Partnering Services Method Statements	Deliverability/ robustness scored	0.5%
	Additional Benefits (SPA level)	Additional annual compliant KPI proposals	Open book valuation and scope scored	1%
		Project Development Partnering Services Method Statements/	Deliverability/ robustness scored	0.5%

Strategic KPIs	Partnering Agreement	Submission Requirement	Evaluation Method	Weighting
		Ongoing Partnering Services Method Statements		
			Evaluation Weighting	5%

3. What Role will Community Benefits Play at PQQ Stage?

- 3.1 Given the importance of the delivery of Community Benefits in this procurement, it is envisaged that a Bidder's experience in procuring the delivery of Community Benefits will be tested at this early stage of the procurement process for the PSDP through qualitative evaluation. Specifically, details of approach on two or more reference projects to procuring the delivery of a range of community benefits, including providing training and employment opportunities for long-term unemployed people, opportunities for SMEs and social enterprises, community and educational initiatives, environmental initiatives, and other activities to support the wider well-being of local people will be sought.
- 3.2 In particular it will be requested that the statement will provide evidence of project development and management of a Supply Chain.

4. How will Community Benefits Be Addressed in the Selection of Supply Chain and Delivery of WEPCo Partnering Services?

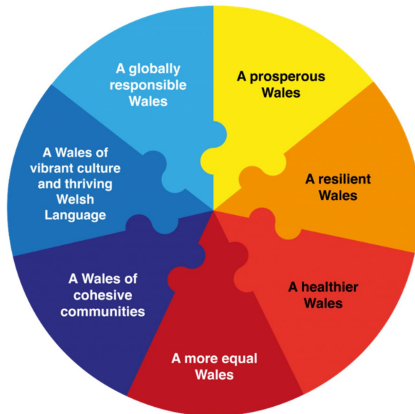
- 4.1 The method statements submitted by the successful PSDP relating to the delivery of Community Benefits in its Final Tender will be incorporated into the SPA, alongside the associated KPIs and lump sum payments. Lump sum payments will be due and payable by WEPCo/the Project Service Provider at both SPA and Project Agreement level in respect of any failure to deliver. At SPA level, certain KPIs will also be capable of triggering the "Significant Performance Failure" mechanics and will influence Track Record Tests, meaning consistent poor performance may impact on exclusivity rights and may ultimately lead to termination of the SPA. At Project Agreement level, lump sum payments for failure shall be the sole and exclusive remedy available to Authorities for non-compliance (and will not count towards payment mechanism deductions or termination triggers on MIM Projects). Liability will be capped at SPA and Project Agreement level. There will be no double counting either. For example, where WEPCo satisfies the KPI to procure commitment from the Project Service Providers to the Authority's Community Benefit Requirement KPIs per the prescribed formula and has complied with its method statements, but the Project Service Provider fails to deliver that KPI, it will be the Project Service Provider (only) that will be obliged to pay the lump sum payment for failure.
- 4.2 WEPCo will be required to take account of the Community Benefit commitments that it has made both in the establishment of its Supply Chain Members and in reviewing and refreshing its Supply Chain Members (based on performance) pursuant to the its obligations in respect of Supply Chain Members management under the SPA, including the Ongoing Partnering Services Method Statement.
- 4.3 Further, WEPCo will be required to take account of Community Benefits in its general obligations under the SPA as regards continuous improvement and securing value for money. For example, compliance with the relevant KPIs will form the basis of the approval process and "Approval Criteria" for New Projects.
- 4.4 WEPCo will be required to submit annual reports to Welsh Government that will detail the extent Community Benefit KPIs have been achieved by WEPCo and will also be required to furnish such information as may be required in connection with a duty under the Well-being of

Future Generations (Wales) Act 2015. Reporting obligations will also exist at Project Agreement level, through the incorporation of standard provisions within the Template Project Agreements.

- 4.5 The Strategic Partnering Board ("**SPB**"), which has responsibilities under the SPA for reviewing performance will play a central role in scrutinising the WEPCo Performance Report, to be submitted under the SPA including in connection with the delivery of Community Benefits. At a strategic level It will support the principles of delivering value and continuous improvement, in its approach to Community Benefits in the Strategic Development Plan ("**SDP**").
- 4.6 At the Annual Review meeting between Participants and WEPCo the Key Performance Indicators are reviewed having regard in particular to the principle of continuous improvement. WEPCo's performance should be incentivised through the Key Performance Indicators and the requirement to comply with prevailing law and applicable governmental policy. Consideration will be given at the Annual Review meetings as to whether the Key Performance Indicators related to Community Benefits require to be modified and consequential changes made to the Partnering Services Method Statements.
- 4.7 Under a D&B Project, the Project Service Provider (D&B Co) will be required to deliver its Community Benefits prior to the final Certificate of Practical Completion having been issued in respect of the Works. The same position applies to the Project Service Provider (Project Co) under a MIM Project but in addition there are Community Benefit requirements that have to be satisfied in respect of the Operational Term. It is anticipated that D&B Co/ Project Co will pass down its Community Benefit commitments to its relevant tier one subcontractor(s).

Appendix 1

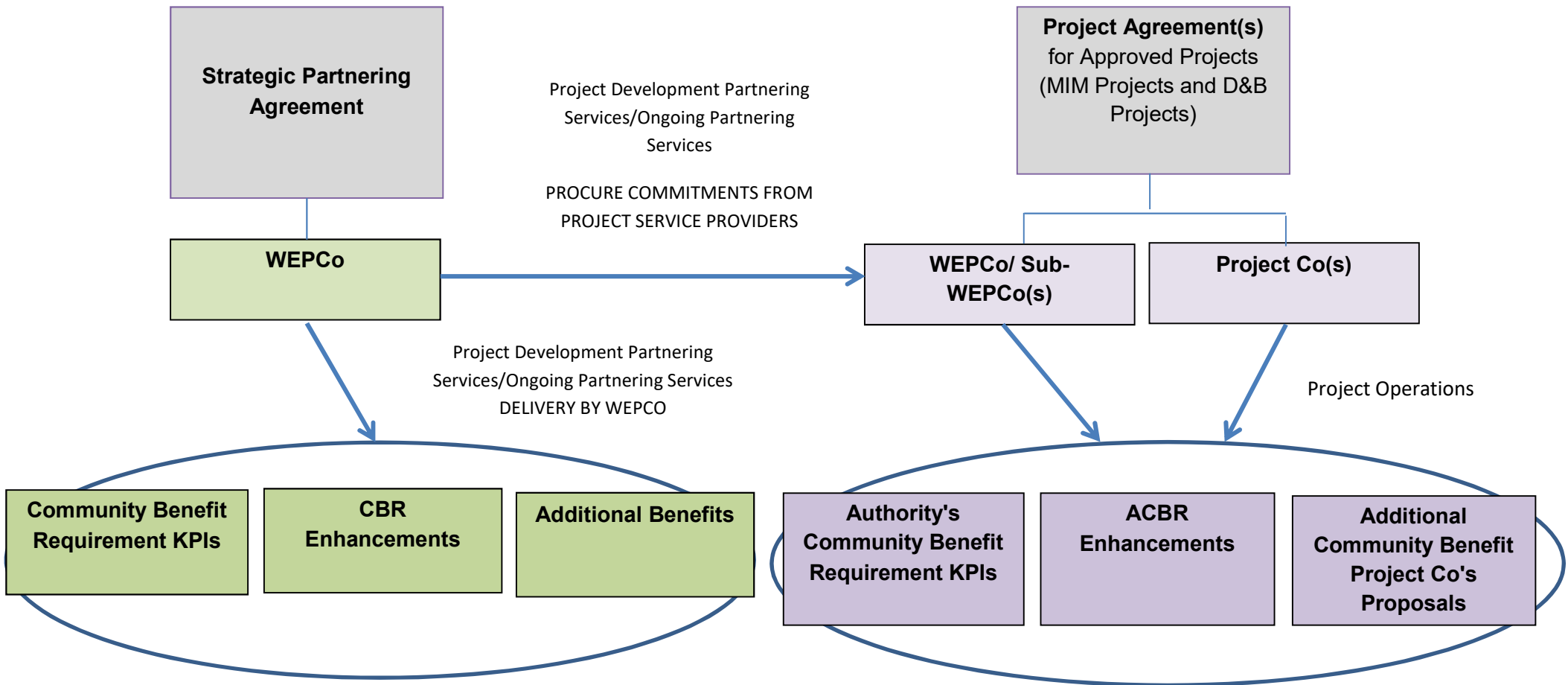
Well-being of Future Generations (Wales) Act 2015 Goals



The Welsh Government's flagship legislation the **"Well-being of Future Generations Act"** sets a new framework of seven goals to improve the social, economic, environmental and cultural well-being of Wales. The Act is applicable to all public sector bodies, and so will be the framework in which local authorities will now operate.

Goal	Description of the goal
A prosperous Wales	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.
A resilient Wales	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).
A healthier Wales	A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.
A more equal Wales	A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).
A Wales of cohesive communities	Attractive, viable, safe and well-connected communities.
A Wales of vibrant culture and thriving Welsh language	A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.
A globally responsible Wales	A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

Appendix 2
Delivery Structure



Appendix 3

Extracts from Template MIM Education Project Agreement

DRAFT FOR ENGAGEMENT

- 29.9 Project Co shall comply with the Authority's Community Benefits Requirements in accordance with Project Co's Community Benefits Method Statements.
- 29.10 If, in relation to the Works and prior to issue of the Certificate of Practical Completion [for the final Facility], Project Co does not:
- 29.10.1 [*insert target*] then Project Co shall pay to the Authority the sum of [*insert amount*] (indexed);
 - 29.10.2 [*insert target*] then Project Co shall pay to the Authority the sum of [*insert amount*] (indexed);
 - 29.10.3 [*insert target*] then Project Co shall pay to the Authority the sum of [*insert amount*] (indexed);
 - 29.10.4 provide the Authority with quarterly monitoring information in the form required using the Dashboard Template at the end of each quarter, commencing on the Commencement Date, and on the Certificate of Practical Completion [for the final Facility] (each a "Quarterly Works Monitoring Date") then Project Co shall pay to the Authority the sum of [*five thousand pounds (£5,000)*] (indexed);
- [provided that in each case the Authority has first served notice on Project Co notifying it of its non-compliance and (where remediable) Project Co has failed to remedy such non-compliance prior to issue of the Certificate of Practical Completion [for the final Facility]. The parties shall endeavour to agree the contents of each quarterly monitoring report within [ten (10)] Business Days of the [4th, 8th and 12th] Quarterly Works Monitoring Dates in accordance with this Clause 29.10, failing which either party may refer the matter to the Dispute Resolution Procedure.]
- 29.11 The Authority's sole and exclusive remedy in respect of a breach of Clause [29.10.1 to 29.10.4] above shall be the payments provided for in Clause [29.10.1 to 29.10.4], respectively and Project Co's maximum liability in this respect shall be [*insert amount*] (indexed).
- 29.12 If, in relation to the Services and [during the Operational Term]/[for the period from the commencement of the Operational Term for the first Facility to the end of the Project Term], Project Co does not:
- 29.12.1 [*insert target*] then Project Co shall pay to the Authority the sum of [*insert amount*] (indexed);
 - 29.12.2 [*insert target*] then Project Co shall pay to the Authority the sum of [*insert amount*] (indexed);

29.12.3 [insert target] then Project Co shall pay to the Authority the sum of [insert amount] (indexed);

29.12.4 provide the Authority with [annual] monitoring information in the form required using the Dashboard Template, at the end of the Contract Year falling after the commencement of the [first] Operational Term and each anniversary of such date thereafter (the "Annual Operations Monitoring Date") then on the occurrence of each such failure Project Co shall pay to the Authority the sum of [five thousand pounds (£5,000)] (indexed);

[provided that in each case the Authority has first served notice on Project Co notifying it of its non-compliance and (where remediable) Project Co has failed to remedy such non-compliance within [twenty (20)] Business Days of such notice. The parties shall endeavour to agree the contents of each annual monitoring report within [ten (10)] Business Days of each Annual Operations Monitoring Date in accordance with this Clause 29.12, failing which either party may refer the matter to the Dispute Resolution Procedure.]

29.13 The Authority's sole and exclusive remedy in respect of a breach of Clause [29.12.1 to 29.12.4] shall be the payments provided for in Clause [29.12.1 to 29.12.4], respectively and Project Co's maximum liability in this respect shall be [insert amount] (indexed).

29.14 [All payments due by Project Co to the Authority under this Clause shall become due and payable as a debt, as follows:

29.14.1 [in respect of the Contract Month following the [final Quarterly Works Monitoring Date], Project Co shall apply such sums as are specified as being due to the Authority under each quarterly report submitted by Project Co to the Authority pursuant to Clause 29.10.4 (or such sums as are otherwise agreed, or determined in accordance with the Disputes Resolution Procedure, as being due and payable by Project Co) as a negative figure in the Monthly Invoice pursuant to Clause 35.2.1(c) and the terms of Clause 35.2.2 shall apply in respect of such Monthly Invoice.

29.14.2 in respect of each Contract Month following an Annual Operations Monitoring Date, Project Co shall apply such sums as are specified as being due to the Authority under that [annual] report submitted by Project Co to the Authority pursuant to Clause 29.12.4 (or such sums as are otherwise agreed or determined, in accordance with the Disputes Resolution Procedure, as being due and payable by Project Co) as a negative figure in the Monthly Invoice pursuant to Clause 35.2.1(c) and the terms of Clause 35.2.2 shall apply in respect of such Monthly Invoice.]

SCHEDULE 29

COMMUNITY BENEFITS

SECTION 1

AUTHORITY'S COMMUNITY BENEFITS REQUIREMENTS

Part 1 - Authority's Community Benefit Requirements

Part 2 - Authority's Community Benefit Requirement KPIs²

Target Area	Construction Phase KPI Target	Lump Sum Payment (indexed)	Operational Term KPI Target	Lump Sum Payment (indexed)

SCHEDULE 29

COMMUNITY BENEFITS

SECTION 2

PROJECT CO'S COMMUNITY BENEFIT METHOD STATEMENTS

Part 1 - ACBR Enhancements and Additional Community Benefit Project Co Proposals

ACBR Enhancements³						
Target Area	Construction Phase KPI Target	Lump Sum Payment (indexed)	Operational Term KPI Target	Lump Sum Payment (indexed)	Validation Requirement	Measure for Reporting
Additional Community Benefit Project Co Proposals⁴						

² Table to be completed on a project specific basis with reference to Strategic Partnering Agreement KPIs.

³ Table to be completed on a project specific basis with reference to Strategic Partnering Agreement KPIs.

Target Area	Construction Phase KPI Target	Lump Sum Payment (indexed)	Operational Term KPI Target	Lump Sum Payment (indexed)	Validation Requirement	Measure for Reporting

Part 2 - Project Co's Community Benefit Method Statements⁵

Section A - Authority's Community Benefit Requirement KPIs

Section B - ACBR Enhancements

Section C - Additional Community Benefit Project Co Proposals

Part 3 - Dashboard Template

SCHEDULE 1

DEFINITIONS AND INTERPRETATION

Insert the following definitions:

"ACBR Enhancements" means Project Co's enhanced commitments on the ACBRs, distinct from the Authority's Community Benefit Requirement KPIs, described in the table set out in Part 1 of Section 2 of Schedule 29 (*Project Co's Community Benefit Method Statements*);

"Additional Community Benefit Project Co Proposals" means Project Co's additional community benefit commitments and key performance indicators, distinct from the Authority's Community Benefit Requirement KPIs, described in the table set out in Part 1 of Section 2 of Schedule 29 (*Project Co's Community Benefit Method Statements*);

"Annual Operations Monitoring Date" has the meaning given in Clause 29.12.4;

"Authority's Community Benefit Requirement KPIs" or "ACBRs" means the Authority's minimum community benefit requirements and key performance indicators, described in Part 2 of Section 1 of Schedule 29 (*Authority's Community Benefit Requirement KPIs*);

"Dashboard Template" means the form attached at Part 3 of Section 1 of Schedule 29 (*Community Benefits*);

"Project Co's" means the method statements set out in Part 2 of Section 2 of Schedule

⁴ Table to be completed on a project specific basis with reference to Strategic Partnering Agreement KPIs.

⁵ To be completed on a project specific basis.

Community Benefit Method Statements" 29 (*Community Benefits*);

"Quarterly Works Monitoring Date" has the meaning given in Clause 29.10.4;

Appendix 4

Key Performance Indicators

Table 1 - Community Benefit Requirement KPIs and CBR Enhancements at SPA level⁶

Target Area	Community Benefit Requirement KPI to be delivered by WEPCo	CBR Enhancement to be delivered by WEPCo	Lump Sum Payment ⁷
Supply chain initiatives - number of hours of supply chain engagements	[75] hours of supply chain engagements per development of each New Project	[Bidder to propose]	£[48] (indexed) for each hour not so provided.
Supply chain initiatives - advertising on Sell2Wales	Opportunities of a value exceeding £[100,000], indexed, to be advertised through Sell2Wales	[Bidder to propose]	£[500] (indexed) in respect of each opportunity not so advertised.
Social Enterprises - target number of hours engagement with the development of initiatives with Social Enterprises	[75] hours of Social Enterprise engagements per development of each New Project	[Bidder to propose]	£[48] (indexed) for each hour not so provided.
Small and Medium Sized Enterprises - target number of hours of SME engagements per project, supporting and mentoring start-ups.	[40] hours of SME engagement per development of each New Project	[Bidder to propose]	£[48] (indexed) for each hour not so provided.

⁶ Significant Performance Failures to be identified. High level drafting for illustration only. More detailed KPI drafting to be developed.

⁷ Calculated with reference to the lump sum methodology set out in Appendix 6.

Target Area	Community Benefit Requirement KPI to be delivered by WEPCo	CBR Enhancement to be delivered by WEPCo	Lump Sum Payment ⁷
Authority's Community Benefit Requirement KPIs at Project Agreement level (Significant Performance Failure)	WEPCo to procure commitment from the Project Service Provider for each Approved Project to the Authority's Community Benefit Requirement KPIs, using the formula set out in Table 3 below	n/a	£[5,000] (indexed)
ACBR Enhancements at Project Agreement level (Significant Performance Failure)	WEPCo to procure commitment to ACBR Enhancements from the Project Service Provider for each Approved Project, on the basis set out in Table 4 below	n/a	£[5,000] (indexed)
Additional Community Benefit Project Co Proposals at Project Agreement level (Significant Performance Failure)	WEPCo to procure commitment to [Bidder to propose capex-related "cash equivalent" commitment to deliver Community Benefits from Project Service Providers/ Supply Chain Members undertaking Approved Projects, that are tangible, measurable benefits linked to the subject matter of the agreement (within the meaning of Regulation 67(5) of the Public Contracts Regulations 2015) and address the objectives of the Well-being of Future Generations (Wales)	n/a	[[■]% of the "cash equivalent" proposal]

Target Area	Community Benefit Requirement KPI to be delivered by WEPCo	CBR Enhancement to be delivered by WEPCo	Lump Sum Payment ⁷
	Act 2015 and/or the relevant Authority's well-being goals under the Well-being and Future Generations (Wales) Act 2015.]		
WG measurement Tool	Complete WG measurement Tool	-	£[5,000] (indexed) on the occurrence of each failure

Table 2 - Additional Benefits at SPA level

Target Area	Additional Benefit to be delivered by WEPCo	Lump Sum Payment
[Bidder to propose]	[Bidder to propose]	[Bidder to propose]
[Bidder to propose]	[Bidder to propose]	[Bidder to propose]

Table 3 - Authority's Community Benefit Requirement KPIs at Project Agreement level

Key Area of Performance to be reviewed	KPI ⁸ to be delivered by the Project Service Provider per Approved Project relating to: (a) Construction Phase of MIM Projects; and (b) D&B Projects	Lump Sum Payment Formula ⁹	KPI to be delivered by the Project Service Provider per Approved Project relating to Operational Term of MIM Projects only	Lump Sum Payment Formula

⁸ High level drafting for illustration only. More detailed KPI drafting to be developed.

Key Area of Performance to be reviewed	KPI ⁸ to be delivered by the Project Service Provider per Approved Project relating to: (a) Construction Phase of MIM Projects; and (b) D&B Projects	Lump Sum Payment Formula ⁹	KPI to be delivered by the Project Service Provider per Approved Project relating to Operational Term of MIM Projects only	Lump Sum Payment Formula
Jobs Created (NEET/LT Unemployed)	Person weeks per £m invested based on 52/£m capex	£463.61 (indexed) per week where placement not provided in whole or in part. Example: £355,236.53 maximum lump sum	Person weeks per annum, per £m invested based on 52/£m lifecycle value	£463.61 (indexed) per week where placement not provided in whole or in part. Example: £132,240.12 maximum lump sum
[Training] [and] [apprentices] [(including graduates, work placements, pupil placements)]	Person weeks of [trainees/apprenticeships] provided per £m invested based on 25/£m (included in overall jobs created).	£[349.28] (indexed) per week where placement not provided in whole or in part ¹⁰ . Example: £247,726.84 maximum lump sum	Person weeks of training per annum, per £m invested based on 25/£m lifecycle value (included in overall jobs created)	£[349.28] (indexed) per week where placement not provided in whole or in part. Example: £92,297.24 maximum lump sum
School Engagement (STEM)	Number of student interactions per £m invested	£121.60 (indexed) per 150 interactions (with 210	Number of one hour student interactions per £m invested	£121.60 (indexed) per 150 interactions (with 210

⁹ Calculated with reference to the lump sum methodology set out in Appendix 6.

Examples are given for a secondary school scheme using (a) a capital figure of £28,377,250; and (b) a revenue figure of £10,576,957 over 25 years. Construction period assumed to be 18 months.

¹⁰ Note trainee rate assumed for the purposes of illustration. The split of trainees/apprentices will be confirmed on a project specific basis.

Key Area of Performance to be reviewed	KPI ⁸ to be delivered by the Project Service Provider per Approved Project relating to: (a) Construction Phase of MIM Projects; and (b) D&B Projects	Lump Sum Payment Formula ⁹	KPI to be delivered by the Project Service Provider per Approved Project relating to Operational Term of MIM Projects only	Lump Sum Payment Formula
	based on 150/£m	students per interaction). Example: £2,464.14 maximum lump sum	based on 150/£m lifecycle value	students per interaction). Example: £918.08 maximum lump sum
School Engagement (STEM)	Hours donated per £m invested based on 10 hours/£m	£48 (indexed) per hour not provided. Example: £13,617.60 maximum lump sum	Hours donated per £m lifecycle value based on 10 hours/£m	£48 (indexed) per hour not provided. Example: £5,073.60 maximum lump sum
Community	2 community initiatives per Project	£1,000 (indexed) per community initiative not provided in whole or in part. Example: £2,000 maximum lump sum	1 initiative per annum	£1,000 (indexed) per annum in respect of failure to provide in whole or in part. Example: £25,000 maximum lump sum
Community	Community engagement/communications per project based on 1 every quarter of build	£500 (indexed) per failure to engage/communicate. Example: £3,000 maximum lump sum	Not required	N/A

Table 4 - ACBR Enhancements at Project Agreement level

Target Area	Construction Phase KPI Enhancement	Lump Sum Payment (indexed)	Operational Term KPI Enhancement	Lump Sum Payment (indexed)
Jobs Created (NEET/LT Unemployed)	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]
Training and apprentices (including graduates, work placements, pupil placements)	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]
School Engagement (STEM)	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]
School Engagement (STEM)	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]
Community	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]
Community	[Bidder to propose]	[As per Table 3 above]	[Bidder to propose]	[As per Table 3 above]

Appendix 5

Glossary

"Additional Benefits"			has the meaning given in paragraph 1.12.3 of the Engagement Paper.
"Annual Review"			has the meaning given in the SPA.
"Authority"			means the relevant Participant party to a Project Agreement for a New Project.
"Authority's Requirements"	Community Benefit		has the meaning given in the Template MIM Education Project Agreement.
"Authority's Requirement KPIs"	Community Benefit		the minimum requirements for the delivery of KPIs to be delivered by a Project Service Provider under a Project Agreement.
"ACBR Enhancements"			means the volume enhancements to the Authority's Community Benefit Requirement KPIs to be delivered by a Project Service Provider under a Project Agreement.
"Additional Community Benefit Project Co Proposals"			means the additional Community Benefit KPIs to be delivered by a Project Service Provider under a Project Agreement.
"Approved Projects"			has the meaning given in the SPA.
"Bidder"			means an economic operator who, following submission of a PQQ response, has been invited by the Procuring Authority to participate in the competitive dialogue for the procurement of the PSDP.
"Business Day"			has the meaning given to it in the Template MIM Education Project Agreement.
"CBR Enhancements"			has the meaning given to it in paragraph 1.12.2 of the Engagement Paper.
"Certificate of Practical Completion"			has the meaning given to that term in the Template MIM Education Project Agreement.
"Commencement Date"			has the meaning given to that term in the Template MIM Education Project Agreement.
"Construction Phase"			has the meaning given to it in the Template MIM Education Project Agreement.
"Community Benefit"			means any contractual requirements which deliver a wider social, economic and/or environmental benefit in addition to the core purpose of the contract.

"Community Benefit Requirement KPIs"	has the meaning given in paragraph 1.12.1 of this Engagement Paper.
"Contract Month"	has the meaning given to that term in the Template MIM Education Project Agreement.
"D&B Co"	means the counterparty that enters into the Project Agreement with the relevant Participant on a D&B Project.
"D&B Projects"	has the meaning given to it in the SPA.
"Facility"	has the meaning given in the Template MIM Education Project Agreement.
"Final Tenders"	means the final tender to be submitted by Bidders and evaluated in accordance with the ITSFT
"ITSFT"	means the package of documents, issued to each Bidder in respect of the dialogue phase of the procurement, including the invitation to submit Final Tenders.
"Key Performance Indicator" or "KPI"	means a Key Performance Indicator.
"MIM"	means the Welsh Government's Mutual Investment Model;
"MIM Project"	means MIM projects for the delivery of new facilities or project services under the terms of the SPA.
"NEETs"	means not in education, employment or training.
"New Project"	has the meaning given to it in the SPA.
"Ongoing Partnering Services"	has the meaning given to it in the SPA.
"Ongoing Partnering Services Method Statement"	means the WEPCo's method statements for delivering the Ongoing Partnering Services, included in the SPA.
"Operational Term"	has the meaning given to it in the Template MIM Education Project Agreement.
"Participant"	means the public sector counterparties to the SPA with WEPCo.
"Partnering Services"	has the meaning given to it in the SPA.
"Person Week"	means a person employed for five days in connection with the Project, either on the Project site or as otherwise agreed by the employer.
"PQQ"	means the prequalification questionnaire.
"Project"	has the meaning given to it in the SPA.
"Project Agreement"	has the meaning given to it in the SPA.

"Project Co"	means the counterparty that enters into the Project Agreement with the relevant Participant on a MIM Project.
Project Co's Community Benefit Method Statements"	means those method statements set out in Section 2 (Project Co's Community Benefit Statements) of Schedule 29 (Community Benefits) of the Project Agreement.
"Project Development Partnering Services Method Statement"	means the WEPCo's method statements for delivering the Project Development Partnering Services, included in the SPA.
"Project Development Partnering Services"	has the meaning given to it in the SPA.
"Project Service Provider"	means any person that is obliged, pursuant to a Project Agreement, to provide Project Services thereunder and, where not WEPCo, is a subsidiary of WEPCo or of the PSDP.
"Project Services"	has the meaning given in the SPA.
"Project Term"	means the period commencing at midnight on the date of the Project Agreement and ending on the earlier of the Expiry Date and the Termination Date, as defined in the relevant Project Agreement.
"Private Sector Delivery Partner" or "PSDP"	means the Private Sector Delivery Partner to be procured by Welsh Government in respect of the WEP Strategic Partnering Framework.
"Relevant Authority"	has the meaning given in the SPA.
"Services"	has the meaning given to that term in the Template MIM Education Project Agreement.
"Significant Performance Failure"	has the meaning given to it in the SPA.
"Social Enterprise"	means is an organisation that applies commercial strategies to maximise improvements in financial, social and environmental well-being, this may include maximising social impact alongside profits for external shareholders.
"SME"	means small and medium sized enterprises that are legally independent, have a turnover of no more than fifty million pounds (£50,000,000) and have no more than 250 employees.
"Strategic Development Plan"	has the meaning given to it in the SPA.
"Strategic Partnering Agreement" or "SPA"	means the strategic partnering agreement entered into by WEPCo, Welsh Government and various local authorities and further education institutions pursuant to the procurement for a Private Sector Delivery Partner for the WEP Strategic Partnering Framework.
"Strategic Partnering Board" or "SPB"	has the meaning given to it in the SPA.

"STEM"	means science, technology, engineering and maths.
Supply Chain Member	means any party (except WEPCo or a Project Service Provider) to a Supply Chain Agreement.
Supply Chain Agreement	has the meaning given in the SPA.
"Template Education Design and Build Development Agreement"	means the form of agreement set out in Section 2 of Schedule 7 of the SPA for use on design and build education projects.
"Template MIM Education Project Agreement"	means the form of agreement set out in Section 1 of Schedule 7 of the SPA for use on design, build, finance and maintenance projects, under MIM.
"Template Project Agreement"	means the template form of agreement contained in Schedule 7 of the SPA, including the Template MIM Education Project Agreement and Template Education Design and Build Development Agreement.
"Track Record Tests"	has the meaning given in the SPA.
"Wales Procurement Policy Statement"	means the policy, available on the Welsh Government's website, which sets out the procurement practices and the specific actions required of every public sector organisation in Wales.
"Well-being Act"	means the Well-being and Future Generations (Wales) Act 2015.
"WEP Strategic Partnering Framework" or "WEP SPF"	means the strategic partnering model involving the procurement of the long-term PSDP for the delivery of improved education and community facilities in Wales.
"WEPCo"	means the entity that is party to the Strategic Partnering Agreement charged with delivering the partnering services to the Participant under that Agreement.
"WEPCo Performance Report"	has the meaning given to it in the SPA.
"Works"	has the meaning given to that term in the Template MIM Education Project Agreement.

Appendix 6

Lump Sum Methodology

Target:	Method of calculation	National Minimum Wage	Value* per week/event
NEET	National minimum wage 2018 plus on cost 0.6	£7.83/hour	£12.53 x 37 hours = £463.61 per week
Trainee	National minimum wage for 18-20 year old 2018 plus on cost 0.6	£5.90/hour	£9.44 x 37 hours = £349.28 per week
Apprentice	National minimum wage for under 19 2018 plus on cost 0.6	£3.50/hour	£5.60 x 37 hours = £207.20 per week
School engagement	Per event for 210 children interactions Assumes 1 hour session plus 3 hours preparation for construction Manager plus on cost 0.6%	£19/hour	£30.40 x 4 hours = £121.6 per week
Hours donated	Cost of consultant or member of contractors team plus on cost 0.6%	£30/hour	£48.00 per hour
Community initiative	Per event missed within stipulated time period		£1000 per event
Newsletter	Per newsletter missed within stipulated time period		£500 per newsletter