



**THE HIGHLAND COUNCIL**

**NORTH SCOTLAND/WICK JOHN O'GROATS AIRPORT PSO SCHEDULED FLIGHT  
SERVICES**

**APPENDIX 1**

**STATEMENT OF REQUIREMENTS AND OPTIONS**

## STATEMENT OF REQUIREMENTS

### 1. Background To The Requirement

- 1.1. Caithness and Sutherland is the most peripheral part of mainland UK. It has significant geographical challenges as to its effective integration into both Scottish and UK national life.
- 1.2. Since Covid, the air services between Wick John O’Groats Airport (WJOG) and Aberdeen/Edinburgh have been suspended with little prospect of adequate frequency being delivered by the open market in the foreseeable future.
- 1.3. With market failure demonstrably existing, as defined in the EU PSO regulations, The Highland Council (Herein after referred to as THC) decided to explore instituting Public Service Obligations (PSO) on the two routes. In this case market failure is where air (and transport services generally) are not providing the connectivity that serves the growth needs of the airport catchment area. Multiple local stakeholders also have significant concerns about their loss of air service provision.
- 1.4. These realities feed through to, existing transport provision with significant terrestrial route challenges involving long transit times to key Scottish areas, low public transport service frequencies and occasional weather disruption in the winter. Inverness Airport is 2½ hours from Wick by car, and 5½ hours by rail and more than 4½ hours by coach - with changes in Inverness town centre. Car drivers need to allow around 6 hours to drive to Edinburgh and 5 hours to Aberdeen. Public transport times are significantly longer.
- 1.5. The small local population (and hence constrained local market), and the nature of the area’s economic assets, mean that key sectors and employers are outward facing. That includes major inward investors such as Rolls Royce. Businesses rely on good transport links and air services in particular - to maximise the benefits of the local economy’s assets, despite its remote location. However, the major local employer, Dounreay nuclear site, will be greatly reduced in size over the years to 2032. To counteract this impact, new business initiatives such as renewable energy, the North Coast 500 tourism route and the Sutherland spaceport are being taken forward.
- 1.6. THC has concluded that Caithness and Sutherland area needs an adequate level of air services to both Edinburgh and Aberdeen Airports. This can likely only be properly secured by way of a Public Service Obligation in the short term. Unusually, but not uniquely, Caithness and Sutherland require good air connections with more than one key and distant metropolitan centre, namely the Scottish national capital of Edinburgh and the energy capital in the shape of Aberdeen.
- 1.7. **Route Analysis**
- 1.8. For those less familiar with the routes some extracts from recent studies (some of which were not published) are included in **Appendix A** - Historical Survey & Flights to provide a brief overview of route issues and historical performance. THC takes no responsibility for the data and analysis presented, which is only provided to aid route familiarisation.
- 1.9. For an outline of the available facilities at Wick Airport, please refer to **Appendix B**

## 2. Detail Of The Goods/Services To Be Provided

2.1. Air operators should note the various aims of the intervention, which both inform the Service specifications outlined in the Invitation to tender (ITT), and feed into the evaluation criteria for tenders received.

2.2. The following aims have been articulated and adopted to guide THC:

- i. **Ensuring adequate frequency on thin, but strategic route(s) that would not otherwise exist under market conditions.**

*Facilitating both outbound and inbound point to point and onward travel requirements. It has been noted that it is much quicker to land and go about a day's business from WJOG than it is to do the same at Edinburgh or Aberdeen, hence travellers arriving at the bigger cities ideally need additional time to complete their business day. Early morning departures are more acceptable at small rather than large airports.*

- ii. **Dealing with any dis-economies of seasonal demand variation and ensuring year-round continuity and frequency of service.**

*Ensuring year-round continuity to suit the socio-economic needs of the catchment areas.*

- iii. **Underpinning economic prosperity and opportunity by providing vital links for business, inward investment and inbound tourism.**

*Maximising the positive economic impact of aviation is a core aim.*

- iv. **Underpinning an acceptable lifestyle for the catchment's residents, with improved access to national centres and vice versa thereby tying Caithness and Sutherland more effectively into Scottish and UK national life.**

*"Every part of Scotland to be an attractive and welcoming place to live, work, bring up a family, grow old."*

*Aviation has an important role to play in fulfilling this aim.*

- v. **Providing a high utility, effective 'social' link for health, education, social services, VFR, public programmes, and public administration.**

*The effective delivery of government programmes and public administration implies that every part of the national territory is accessible to and from the centre(s).*

- vi. **Facilitate the catchment area's air connectivity with onward flight connections at larger airports.**

*Preparatory reviews for this tender examined the onward travel benefits that the illustrative timetables offered. The high percentage of onward travel uncovered by CAA surveys ensures the broader reach to/from the catchment area.*

- vii. **Ensuring, where practical, that travellers at the ends of the routes can achieve an effective day's work (defined as at least 6 hours at either end) throughout the year.**

*Where two flights per day are specified, they should allow an effective business working day at either end of the route.*

viii. **Providing a proportionate and cost-effective response in these times of pressured budgets.**

*The Operator shall seek out how cost savings can be invoked, and income maximised. A hybrid shared solution, working an aircraft more fully, will be considered to keep costs down. A dual aircraft solution is also a possibility, and it is noted that Covid has complicated matters in that initially reduced service specifications may be all that is feasible (more on this follows).*

ix. **Ensure the travelling public (both outbound and inbound passengers) enjoy competitive pricing and high levels of service as a result of the tender competition and subsequent operator(s) selected.**

*The PSO tender process ensures that costs are market tested and that suppliers are evaluated against a range of costs and quality of service delivery criteria.*

x. **High standards of Service Resilience and Quality of Service.**

Acceptable standard of customer service, contingencies, safety, reliability, punctuality, and comfort were identified as critical and shall be given high priority in the tender evaluation.

xi. **The Scottish Government's long-term aim of the Highlands and Islands as a net zero carbon aviation region.**

*The operator's sustainability plans and practices shall be evaluated in the tender process.*

### 3. Partnership Sought between THC and Suitable Air Operator(s)

- 3.1. THC is seeking tenders for PSO services with several significant procedural initiatives and in recognition of the additional challenges to aviation presented by the Covid pandemic.
- 3.2. Working in collaboration with the Operator(s), THC expect there to be many mutual benefits including, but not limited to, those shown in the table below:

<ul style="list-style-type: none"> <li>• 3+1-year strategic collaborative Contract</li> </ul>	<ul style="list-style-type: none"> <li>• Initial Subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• Shared Risks</li> </ul>
<ul style="list-style-type: none"> <li>• Long-term service growth</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced Marketing Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Community Benefits</li> </ul>
<ul style="list-style-type: none"> <li>• Innovation &amp; Continuous Development</li> </ul>	<ul style="list-style-type: none"> <li>• Service flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate timetable planning</li> </ul>
<ul style="list-style-type: none"> <li>• Targeted business, private and tourist passenger use</li> </ul>	<ul style="list-style-type: none"> <li>• Maximised usage of aircraft capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Increased route revenue</li> </ul>

#### 3.3. Expanding on these benefits, THC:

- is very keen to work with the successful operator(s) over the contract period of up to four years, to reduce the long-term need for subsidy on the routes, and ideally for the routes to increasingly become more self-sufficient in the medium to longer term. THC understands that this will only become possible if route revenues and patronage are significantly increased over time.
- wishes to work with the Operator to ensure that risk is equitably shared. For instance, THC shall assume the risk on future fuel price changes.
- expect the Operator(s) to develop the route(s) significantly during this contract period, so that the subsidy required in future tender rounds will be reduced. The Council are also keen to provide appropriate incentives for the operator to retain some additional revenue that enhanced marketing and cost control efforts may secure above that budgeted in the tender submission.
- is also interested in any added value or community benefit that the operations can deliver for the region, bearing in mind the public investment that the PSO represents.
- is keen to encourage a range of operators to consider different innovations for the route, including service timetables, innovative yield management, effective marketing and added value elements such as local employment, a persuasive route development strategy and any other community benefit aspects that can be highlighted.
- has designed selection criteria for the tender competition that will reward not only value for money, but also operational robustness and a range of qualitative aspects outlined in the specification. THC has created a table of potential options for service requirements and given tenderers the ability to offer a service variation in order to secure mutually beneficial improvements and a better service provision (see 4 Core Specification requirements).

- notwithstanding the preceding declarations, our intent that the air service timetable facilitate an effective working day at either end of the route on all weekdays that the service operates double rotations.
- also seek expositions on how an operator can attract more private passengers (as opposed to business passengers) to use the service, and how more tourists may be attracted onto the service.
- seek persuasive and credible ways that any predictable empty seats can be increasingly utilised and turned into additional route revenue.
- invites all interested and qualifying air operators to respond to the options outlined in the tender specifications.

#### 4. Core Specification of Requirements

4.1. The **Far North** PSOs comprise two separate and potentially standalone PSOs. Tenderers can price up either PSO or can combine their offer to address the needs of both routes. The specifications have been designed that one aircraft could fulfil the requirements, although this is not a pre-requisite solution. A group of PSO routes, it is understood, can be awarded where this is justified by reasons of operational efficiency. Such grouping of routes is allowed where routes with thin traffic present important operational complementarities. A range of options (E1-E3; A1-A3; C1-C4) have been developed to hopefully straddle the budget for the service(s) that can be secured.

#### Minimum Year-Round Obligation - Operational Requirements

Wick - Edinburgh		Wick to - Aberdeen		Combined
Option No.	WIC-EDI Rotations	Option No.	WIC-ABZ Rotations	Combined PSO Fulfilment
Option E1	11 / week (2 each weekday and 1 Sunday)	Option A1	11 / week (2 each weekday and 1 Sunday)	Option C1 (E1+A1)
Option E2	9 / week with min 3 double weekday rotations and 2 single weekday rotations and 1 Sunday	Option A2	8 / week with min 2 double weekday rotations and 3 single weekday rotations and 1 Sunday	Option C2 (E2+A2)
Option E3	7 / week with min 3 double weekday rotations and 1 rotation on another day	Option A3	5 / week with min 2 double weekday rotations and 1 rotation on another day	Option C3 (E3+A3)
Option C4	EDI-ABZ-WIC-ABZ-EDI 11 / week (2 each weekday and 1 on one Sunday)			

- 4.2. All double daily rotations shall include a morning and afternoon rotation to facilitate a significant day's work at either end of the route and to connect with as broad a range of onward / incoming flights in ABZ and EDI as possible. Acceptability of Proposed Air Service timetable(s) will be evaluated and may prompt queries as to the potential for variation once a winning tenderer is accepted. Tenderers shall provide a commentary on the options in their submission in this regard. Pricing for a combined option is not expected to be a mere combining of the costs of the two standalones. These minimum frequencies have been prepared anticipating aircraft >29 seats. If smaller aircraft are offered frequencies will be expected to exceed these minimums with an explanation by the operator, on how demand will be best catered for.
- 4.3. During the course of the Contract market conditions may change naturally. The operator shall be expected to react to these market conditions accordingly by considering which option is best suited to the market condition at any one time. Any changes in options shall be agreed with the Council in advance and the appropriate action shall be taking to update timetables and marketing brochures etc. THC also reserve the right to negotiate their own change trigger points.

## 5. Fares

- 5.1. The Maximum Fare tool is an instrument to help ensure affordability and maximise participation.
- 5.2. It is proposed that for the first year of the service the imposition of the maximum fare requirement is suspended to permit the operator(s) to experiment to find the optimal mix of ticket prices to maximise revenue and patronage. This pre-supposes the operator(s) presents a yield management plan in their submission that convinces the Council that the maximum fare stipulation is not applied.
- 5.3. If any first-year experimentation is deemed not to be successful THC reserves the right to impose a maximum fare stipulation in subsequent years.
- 5.4. THC could then institute maximum fares as follows:

WIC-EDI	WIC-ABZ
£110	£105

- 5.5. Tenderers are however expected to develop a range of fares that can maximise participation and patronage. Additionally, tenderers should bear in mind that APD is currently not levied on PSO flights in the UK , but also that Caithness and Sutherland residents have previously been benefitting from the Scottish Air Discount Scheme. ADS financial support will not apply to these PSOs, so as to avoid double subsidising. Local expectations on ticket prices do therefore have some prior pedigree, as does price competition from neighbouring Inverness Airport.
- 5.6. THC reserves the right to adjust this maximum fare in light of inflation, or as a result of route reviews, or other considerations.
- 5.7. Sales Channels; Interlining; Code Sharing and Route Marketing shall be evaluated
- 5.8. Online visibility and call-centre sales will be **obligatory**. Interlining or code sharing at ABZ and/or EDI will be scored positively.

## **6. Basing or Overnighting Aircraft**

- 6.1. There is not a requirement to base or overnight an aircraft in WJOG. However, such a development does offer some timetabling, utility and local community benefits and will be evaluated positively in any submission. Tenderers can offer two prices for ABZ/EDI basing or for WJOG basing and/or overnighting on several days / week (within each selected option).

## **7. Poor, and non-performance clauses and sanctions**

- 7.1. The Operator shall be liable for any substitution of service costs in the event of failure to deliver.
- 7.2. THC reserves the right to withhold amounts relating to the variable costs of that particular flight/rotation.
- 7.3. During the course of the contract THC shall agree with the operator how cancelled flights can be re-used (e.g when weather eases) or to increase frequency elsewhere in discussion with the operator.
- 7.4. Except in cases of force majeure and meteorological reasons, the number of advertised flights cancelled for technical or operational reasons will be monitored and reported. If this percentage exceeds acceptable levels for the route, on a consistent basis, THC expects a written report and presentation from the responsible manager explaining the poor performance and actions in place to improve reliability.

## **8. Risk Sharing and Team Playing**

- 8.1. In line with THC's partnership ambitions with the selected Air operator(s) a range of risk sharing and team playing elements are highlighted.
- 8.2. Fuel Price Cost Adjustor
- 8.3. THC are keen to secure optimal pricing through this tender procedure and have decided that by offering to underwrite fuel price changes the operator can better estimate costs, without having to account for the risks connected with long term fuel price changes.
- 8.4. During the course of the contract and in collaboration with the operator(s) THC are proposing to develop a fuel price adjustor that delivers accuracy and transparency on the true cost of any fuel price changes during the operation of the contract.
- 8.5. In the tender documents "Forecast of Income and Expense and Maximum Subsidy Claim and Forecasts Explanation & Commentary tenderers should document the average fuel burn per rotation and the method utilised for this cost inclusion within subsidy request. The calculation should be based upon the fuel costs extant at a specified date as a measurable baseline. This will provide the basis for future adjustment calculations.
- 8.6. During the life of the contract THC shall work together with the operator to develop an effective means of monitoring fuel price increases (or decreases) so that suitable correcting calculations and surcharges or rebates can be made. Ideally the proposed system will use the fuel burn estimate set against appropriate fuel invoices to demonstrate changes in price. Non-PSO use of fuel will need to be documented, or estimated, in a robust manner. THC seeks a simple quarterly settlement that works with the air operator's own internal administrative processes and information flows. The fuel price adjustor will only be applied to the number of rotations actually completed during the settlement period. For the avoidance of doubt any adjustments will be calculated and

payable in £s. Please note that conversely THC also expects to benefit from any additional fuel price discounts that the operator may secure from their fuel suppliers during the life of the PSO contracts.

- 8.7. The tenderer shall include within their commercial response their practical proposals in this regard and can be detailed with Forecasts Explanation & Commentary form.

## 9. Above Projected Financial Performance

- 9.1. Some PSO contracts, because of their deficit funding clauses, can create poor incentives to develop the route or assign adequate resources to marketing. In other words, any improvement in the route revenue is used to reduce the subsidy and not benefit the airline. A balance needs to be struck to both avoid over-compensation (a concern in state aid/subsidy control regulations), seeking to minimise costs to the public purse in the longer term, and seeking ways to implement operator efficiency and yield management measures that can be tracked and rewarded.
- 9.2. THC wishes to create a mechanism for incentivising above target improvements that will be based on objective and measurable criteria set and subject to transparent retrospective assessment<sup>1</sup>. If the operator can save on subsidy payments beyond the subsidy requests in the tender submission, the Council will share any such savings on a 50% – 50% basis with the operator. Savings may be delivered by either a combination of being above projected income and/or below estimated costs. This potential payment will be agreed on a retrospective annual basis. This calculation will exclude fuel price adjustments which are referred to elsewhere.
- 9.3. The system shall work as follows. The subsidy requests are considered as maximum subsidy required for each year (under each option). When actual deficits for the year can be calculated (promptly at each annual anniversary<sup>2</sup>) any reduction/benefit will be shared on a 50%/50% basis with the air operator. For the avoidance of doubt an illustrative scenario is provided.

	Yr1	Yr2	Yr3	Yr4	4 yr total
Predicted requisite subsidy	£1,300,000	£1,200,000	£1,100,000	£1,100,000	£4,700,000
Actual Deficit	£1,200,000	£1,150,000	£1,050,000	£1,000,000	£4,400,000
Above Projected Financial Performance	£100,000	£50,000	£50,000	£100,000	£300,000
Air operator 'bonus' 50%	£50,000	£25,000	£25,000	£50,000	£150,000
Subsidy Paid	£1,250,000	£1,175,000	£1,075,000	£1,050,000	£4,550,000

<sup>1</sup> SGEI Framework [https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012XC0111\(03\) paras 39-42](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012XC0111(03) paras 39-42)

<sup>2</sup> Any part years can be negotiated proportionately with due allowance for seasonality swings as laid out in the tender submission.

## **10. Variant Proposals**

10.1. By submitting alternative proposals via the variant Technical and Commercial Responses THC encourage tenderers to review the requirement and suggest improved methods for meeting these. Compliant Proposals shall consist of:

- Refinement of frequency options,
- Route development,
- Yield management,
- Cost control,
- Timetabling that either delivers an enhanced service or reduces requisite subsidy,

## **11. Initiatives to reduce requisite subsidy**

11.1. THC encourage the operator to consider introducing additional service offerings and other initiatives on the cost control side to reduce the requisite subsidy. Such initiatives will be evaluated positively in the selection of supplier. Possibilities may include but are not limited to:

- Season Tickets or Multi Ticket Special Offers for regular users.
- Other attractive marketing promotions and travel incentives; particularly those that encourage overnighing of visitors at destinations.
- Students, OAPs, disabled, educational institutions, sports clubs and possibly, local charities access discounted tickets in winter on days when it is known there will be capacity. Day, or short trips, to main cities, or excursion tickets from cities to Caithness for similar groups.
- Integrated Travel Options eg flight/accommodation.
- Discounted event tickets for Caithness-originating travellers for special events in ABZ or EDI eg concerts, sporting events.
- Create unidirectional fares, or other pricing initiatives to make the service more attractive to private users. It should be possible to use the Air Discount Scheme registration process as a way of establishing residency in the WJOG catchment and eligibility for asymmetric ticket pricing.
- Sightseer Tickets - One approach could be transferable to this service. It should appeal to foreign tourists and metropolitan-based residents. Offer deeply discounted seats for people who make the trip and then return immediately on the same aircraft, perhaps not even getting off the aircraft, and certainly not going landside at the receiving airport. To avoid disappointment on cloudy days the seats are only sold at the airport, on the day. This also ensures that seats are only taken, at the last minute, if they truly are available.
- Non PSO use of aircraft/crew/ground handlers to help defray fixed costs chargeable to PSO route.
- Favourable share of through ticket income to PSO flight on composite journeys.
- Cost effective basing/hangarage or other deals at airports.
- Passing through benefits of bulk purchasing from suppliers.
- Novel use of several aircraft to fulfil different parts of timetable in a manner more efficient than a dedicated aircraft.

## **12. Reasonable Profit**

12.1. THC notes that operator's reasonable profit is typically set at ~8% of turnover, and this can be incorporated in the pricing summaries provided as part of the tender. However, because of the Covid pandemic and the temporary loss of these routes, the Council considers it reasonable to allow 10% profit in the pricing submissions received.

### 12.3 Changing Obligatory Minimum Frequency Levels during the Contract

12.2. Because of the special circumstances of these two routes; they have already ceased and there are uncertainties about passenger demand post Covid, it is envisaged that the services can be flexed between priced options, according to demonstrable demand, without the need to re-tender. THC, however, reserves the right to negotiate their own change trigger points; ideally by agreement with the route operator.

### 12.3. Route Development Collaboration

12.4. THC intend to facilitate air route stakeholder collaboration in support of route development for the PSOs. This, ideally, will involve Scottish and regional bodies (e.g THC, HIE, Airports, VisitScotland, economic development bodies) with an interest in these air services. The successful air operator(s) shall participate in this collaboration. Some route development responsibility will therefore remain with the PSO sponsoring authority.

12.5. This approach is intended to have substantial positive impacts on long term branding, route 'ownership' and strategy. These include:

- Route traffic volumes shall be significantly grown;
- Route revenues should also grow;
- Previously excluded user groups should be enabled to access the services;
- Requisite subsidy should be significantly reduced in future PSO tender periods, as a result of systemic, progressive and sustainable increase in usage during the current PSO round;
- Onward air travel and interlining (where relevant) to be increased, thereby further enhancing the domestic and international connectivity as it relates to outgoing and incoming passengers.

12.6. THC intend retaining marketing oversight responsibility, specifying marketing budget or initiating partnership marketing e.g. subcontracting to economic/tourism development agencies.

12.7. In very general terms THC intends that this collaboration will essentially matchfund (not necessarily 50%/50%) with the air operator's route development budget.

12.8. One possibility is the appointment of a dedicated route marketer (probably based in Caithness), at least in the early years of the PSO, to maximise visibility for the services. Air operators will be expected to cooperate with this role and ideally let them use the air services at no cost.

## **13. Passenger Surveys**

13.1. THC reserves the right to undertake occasional and voluntary passenger surveys and seeks the operator's cooperation in the completion of questionnaires either at check-in or onboard the aircraft. Completed questionnaires will be forwarded to and analysed by THC and findings will be shared with the operator.

## **14. Transparency on Performance and Costs**

14.1. During the running of the contracts each route operator shall offer full transparency on performance, relevant income and costs so that the subsidy and any decisions on changes can be well informed. The initial tender submission will provide benchmarks against which 'actuals' can be compared going forward

## **15. Reporting / Management Information**

- 15.1. THC shall develop a simple reporting template for the route(s). The data produced may additionally be useful in providing facts for press releases in the local press and answers to queries by interested public officials, or the general public, on issues such as route patronage, route punctuality, common complaints and suchlike.
- 15.2. The proposed report shall consist of the following information and shall be submitted on a monthly basis or as agreed by THC:
  - Passenger numbers (by day and by sector) during the period
  - Route revenue (by day and by sector, or as agreed with the operator) during the period
  - Summary of number, and tenor, of any complaints received including copies of responses for any particularly sensitive complaints.
  - Good news stories and compliments should also be highlighted
  - Complaints that may escalate within THC or into the media

## **16. CONTRACT REPRESENTATIVE**

- 16.1. THC shall appoint a Contract Representative prior to the commencement of operations.
- 16.2. The functions, rights and powers conferred by the Contract upon the Councils shall be exercised by The Councils Representative (s) appointed for those purposes and having specific authority within the role which they perform.
- 16.3. The Council's Representative or his deputy shall have all the rights and powers conferred on the Council, and advise where operators shall send their claims.

## **17. PAYMENT INFORMATION**

- 17.1. THC shall confirm details of payment information prior to the commencement of operations.

## **18. Performance Targets / KPIs**

- 18.1. Key Performance Indicators (KPIs) are a tool to keep the principal informed of their operator's performance, track trends, inform decision-making and provide leverage on, and motivation for, the operator to maintain and improve standards. However efforts shall be made to ensure that these communications are not administratively onerous for either party.
- 18.2. THC wishes to work closely with the selected air operator(s), but are also keen to ensure communications are both timely and informative and use the management time of both parties efficiently.
- 18.3. The Contract shall be subjected to **quarterly** and **annual** reviews, with most intervening communications only prompted by known and anticipated triggers. The contract shall also be tracked by a simple range of Key Performance Indicators (KPIs) and reports which will help THC monitor performance, aid decision-making and ease the effective dealing of public, media, ministerial and elected member enquiries.
- 18.4. The proposed KPIs, will be agreed with the selected operator(s) and shall be emailed monthly.

18.5. These KPIs may change throughout the term of the Contract. Any changes shall be discussed and agreed with operator in advance. The Operator may also submit improved KPIs for consideration and agreement throughout the course of the Contract.

## **19. Contract Management / Performance Management Processes**

19.1. THC shall conduct **quarterly** and **annual** review meetings on an agreed date via any of the following methods:

- face to face
- telephone or
- teleconference

19.2. Quarterly review meetings shall consist of the following possible topics:

- Review of performance against monthly KPI targets
- Review of the submitted monthly management reports
- Fuel Adjustor calculation and settlement
- Application of any performance penalties (as developed)
- Review of customers' positive and negative feedback
- Sales, marketing and yield management (ticket pricing) initiatives
- Review of Route Stakeholder collaborations

19.3. Annual review meetings shall consist of the following possible topics:

- Safety review with a focus on any relevant incidents on the PSO route or in the operator's broader air operations – (staff, passengers, aircraft, airport incidents)
- Review of KPIs for that quarter and annualised
- Fuel Adjustor settlement for that quarter
- Budget Review – as against initial projections
- Review and planning of air operator managed passenger surveys
- Review of Route Development Plan and consideration of lessons learned, and any new initiatives planned
- Review of any relevant special developments or unexpected additional costs
- Review of yield management model being used
- Review of any trials with view to cessation or extension
- Intervening communications between nominated contacts from both parties

## **20. Insurance Requirements**

20.1. Tenders shall have in place at all times the following insurances:

- Passenger liability insurance
- Employers Liability
- Public Liability

20.2. Held Insurances must be in accordance with the levels recommended by the Civil Aviation Authority.

20.3. Insurance requirements can be view at the Civil Aviation Authority:

<https://www.caa.co.uk/Commercial-industry/Airlines/Licensing/Requirements-and-guidance/Airline-licensing/>

## 21. Sustainability

21.1. [Scotland's Climate Change commitments](#) and The Highland Council's ambitions to become a climate positive area and move towards a [just transition](#) to a net-zero, green, wellbeing economy represent key local and national priorities. Local authorities have a leadership role at a local/regional level in terms of responding to the challenges presented by climate change. Through **partnership working** with local key influencers such as [Scarf](#) or equivalent body capable of providing independent verification to an acceptable standard, the Council is looking to provide a supportive culture whereby our suppliers can look to make financial savings and improve business performance and resilience through reducing carbon, developing more sustainable business models/ways of operating and making more sustainable choices. This approach is designed to make a positive, incremental impact on the performance, innovation and sustainability of our local economy and the climate emergency at a local level across our portfolio of contracts. Please refer to THC's Community Benefits information guide for more information.

## 22. Community Benefits

22.1. Benefits to the region (the Far North AND ABZ and EDI catchments) of this PSO programme are a key aim. In particular THC are keen for the operator to consider additional air service(s) using the 'PSO' aircraft, especially if it offers users enhanced connectivity to new destinations. An additional midday service using the aircraft, when demand justifies it, provided it does not inordinately threaten the integrity of the prime timetable.

22.2. The Operator is encouraged to consider investing in a range of other more general community benefits. These can include but not limited to:

- employment,
- recruitment and training,
- sponsorship,
- concessionary tickets,
- partnership with local tourism and/or other businesses

22.3. Many of these benefits are included in the Councils Community Benefits Project Plan. Please refer to "Community Benefits Information Guide for more details"

## Appendix A - Historical Survey & Flights

In order to aid Tenderers who may not be familiar with the routes in this PSO tender there follows several extracts from commissioned reviews, undertaken whilst air services were still operational and pre-Covid. THC is not responsible for this data and highlights their historical nature:

### ANALYSIS OF AIR SERVICES

#### Introduction (2018 report)

There were two scheduled air services to/from Wick:

- Aberdeen: Eastern Airways (flybe franchisee)
- Edinburgh: Loganair

The two services were “commercial” in the sense that there was no direct operating subsidy paid to the airlines. However, they benefited, first, from APD (Air Passenger Duty) exemption on the outbound leg from Wick to either Aberdeen or Edinburgh. This means that the £13 APD cost was not charged.



Second, some passengers were eligible for reduced fares through Scottish Government’s Air Discount Scheme (ADS). This aims to make air services more affordable for remote communities in the Highlands and Islands and facilitates accessibility and social inclusion by providing a discount of 50% on the core air fare (i.e. excluding taxes and airport charges) on eligible routes.

It should be noted that flights made on PSO routes are **not** eligible for ADS. That is because Scottish Government wish to avoid “double subsidy” of passenger’s flights.

Within Caithness and Sutherland, eligibility for residents had been for most of Caithness, north-west Sutherland and Lairg. From April 2019 this area was be extended to include the whole of Caithness and further parts of Sutherland.

Eligibility had been for non-business flights made by residents, plus business trips made by employees/volunteers of third sector organisations. From April 2019, the scheme was being extended to cover students studying in the eligible areas, but whose main residence is elsewhere.

A range of fares were available on the two Wick routes. However, it was not always feasible to book far in advance in order to get the lowest fares. The 2016 ADS research found that

most Highlands and Islands companies use the cheapest available, non-flexible tickets where possible. However, more than one third had to book some flights no more than two weeks in advance to meet short notice business requirements,

Former Timetables

### Wick-Aberdeen

The previous Aberdeen timetable is shown below.

<b>Aberdeen Service</b>		
	<b>Mon-Thu</b>	<b>Fri</b>
Dep Aberdeen	1240	1440
Arr Wick	1320	1520
Dep Wick	1345	1540
Arr Aberdeen	1420	1620
Dep Aberdeen	1740	
Arr Wick	1820	
Dep Wick	1845	
Arr Aberdeen	1920	

Flight time was 40 minutes.

The service operated on five days per week - there were no flights at the weekend. There were two return flights Monday-Thursday with a single rotation on Friday. The operating day started at Aberdeen, with all flights taking place after midday.

The first rotation took place around the middle of working hours. These flights were of reduced value for business passengers as travel takes place within working hours. It was not possible to get to the destination airport until well into the working day i.e. Wick at 1320, Aberdeen at 1420.

The schedule did not offer a useful day trip from Wick to Aberdeen, with only 3 hours and 20 minutes available. Thus, an overnight stay was required, with the flight back to Wick not until the afternoon of the following day.

However, a reasonable day trip was possible in the other direction. This gave around 5½ hours at the Wick end, albeit that some of this time is out with office hours. This day trip could be made on four days of the week (Monday-Thursday).

All consultees for this research were of the view that the former Aberdeen service did not meet business needs. The main points they highlighted were:

- No opportunity for day trips to Aberdeen
- No flights before noon
- Fares high/poor value for money
- Lack of service reliability

### Wick-Edinburgh

The former Edinburgh timetable is shown below service: Until March 31 2019		
	Mon, Wed, Thu Fri	Sun
Dep Edinburgh	1130	1405
Arr Wick	1230	1510
Dep Wick	1255	1540
Arr Edinburgh	1400	1640
Edinburgh Service: From April 1 2019		
	Mon-Fri	Sun
Dep Edinburgh	1120	1500
Arr Wick	1225	1605
Dep Wick	1255	1645
Arr Edinburgh	1400	1745

Flight time was either 1 hour or 1 hour and 5 minutes.

During the winter timetable the service operated on five days per week, with no flights on Tuesday or Saturday. In the summer timetable, the service operated on six days with the inclusion of Tuesday.

Only a single rotation was provided. Therefore, no day trip could be made in either direction. Thus, all passengers had to stay overnight, with the earliest return flight the following day not until around midday. In the ADS 2016 study for Highlands and Islands business travel, most businesses reported a cost per overnight stay of £100-£120 per person. This compounded what businesses generally saw as the high cost of air fares.

During the week the arrival times were after midday: 1230 at Wick and 1400 at Edinburgh. This again was well into the working day and all travel is during working hours, reducing the usefulness of the service to business passengers.

All consultees were of the view that the former Edinburgh service did not meet business needs. The main points they highlighted were:

- Service timings limit the amount of business that could be carried out in one day
- Lack of a day trip opportunity in both directions



### Passenger Carrying

The Table below shows trends in passenger numbers on the two routes.

Passenger Carrying 2014-2018		
Year	Edinburgh	Aberdeen
2014	11,718	12,603
2015	11,067	11,462

2016	11,607	5,543
2017	11,142	6,883
2018	9,341	7,775

Source: CAA

Carryings on the Edinburgh route were broadly stable, at between 11,000-12,000 until 2018 when they fell to less than 10,000 passengers. This decline coincided with a reduced winter timetable, although carryings were down in almost every month of the year.

Aberdeen traffic fell sharply (by over 50%) in 2016. This was led by the decline in oil and gas related traffic due to the fall in oil prices. Over time the Aberdeen route experienced a reduction in flight frequency and the withdrawal of an overnighting aircraft at WJOG.

Aberdeen traffic did increase in each of the last two years despite issues around service punctuality and reliability, as shown below. These challenges reduced the service usefulness to those looking to use connecting flights at Aberdeen.

The 2018 increase in Aberdeen traffic was in most months of the year, albeit heavily concentrated in three months (May-July). However, Aberdeen volumes were still only around 60% of those seen in 2014, and below those on the Edinburgh route.

There was only limited seasonal variation in passenger numbers on both routes. This points to the significance of year-round business traffic.

## **Passenger Profile**

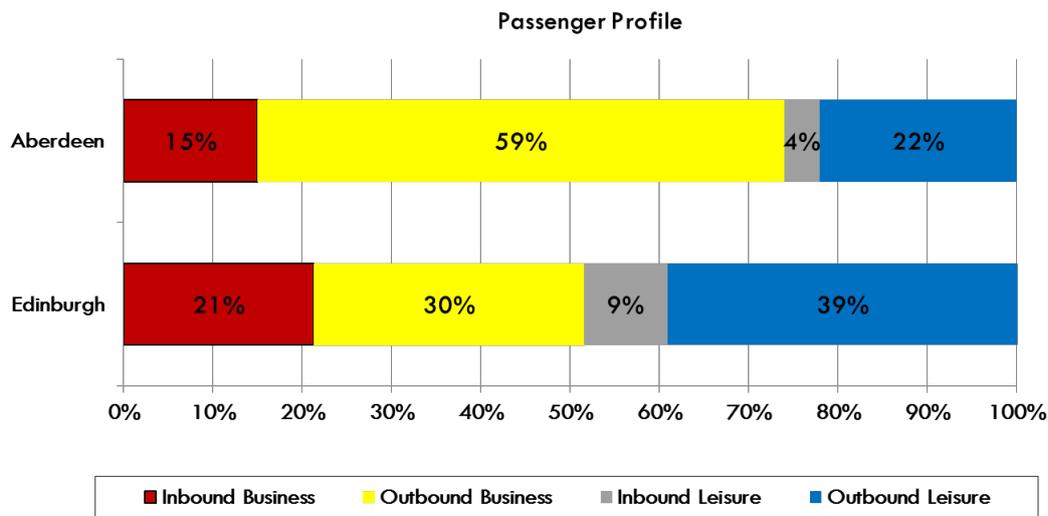
### **Trip Purpose**

The following passenger profile is based on the findings of a passenger survey at WJOG that was undertaken as part of the *Economic Impact Assessment of Wick John O'Groats Airport* research<sup>1</sup>. The survey was undertaken between late August and the end of October 2017. Overall, 246 responses were received, covering 263 passengers. That sample represented

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<sup>1</sup> In addition 21 local companies were interviewed. The sectors covered were tourism, manufacturing, engineering, oil and gas, nuclear, tidal energy, and transport sectors, as well as an arts centre and a harbour trust.

15% of all outbound passengers over the survey period.

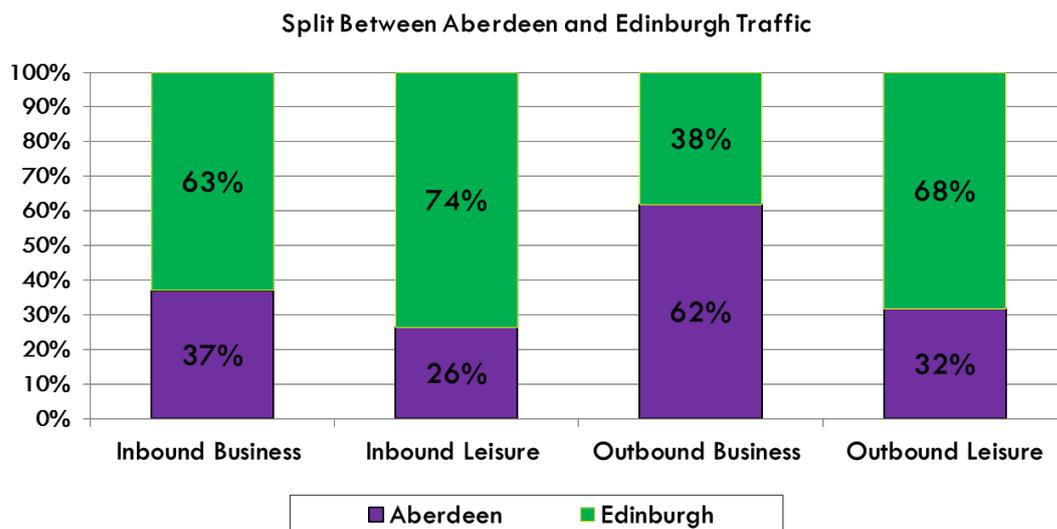


The Aberdeen route was business oriented. Around three quarters (74%) of passengers were travelling on business and almost 60% of total carryings were outbound business passengers (i.e. ones who live in the WJOG catchment area). There was limited inbound leisure traffic on the route.

Business traffic was also very significant on the Edinburgh route. It accounted for just over half of all passengers, with most of them being outbound from the WJOG catchment.

However, Edinburgh’s largest market segment is outbound leisure. This accounted for almost 40% of all passengers. As with Aberdeen, inbound leisure traffic on the Edinburgh service was low.

The chart below shows the distinctive contribution of the two routes.



Edinburgh accounts for over two thirds of leisure traffic at WJOG, both inbound and outbound. However, Aberdeen is notable for having most (over 60%) of the outbound business passengers using the airport.

### **Detailed Trip Purpose**

Most (two thirds) of *outbound leisure* trips captured in the 2017 survey were for holiday or leisure purposes. Most of the rest were split evenly (14% each) between Visiting Friends and Relatives (VFR) and health-related travel.

Most (57%) *inbound business* passengers were from outside Scotland. In total, 37% were from parts of UK. The other 20% were from overseas: various EU countries plus Norway.

Over three quarters of *outbound business* passengers worked in either:

- Nuclear sector: 43%
- Oil and gas: 35%. They will include offshore workers and those employed in the supply chain

The remaining 22% were spread between retail, engineering, legal services, and agriculture.

### **Onward Connections**

The most recent full information on passengers connecting at Aberdeen or Edinburgh is from the 2013 CAA Passenger Survey:

- Aberdeen: 33% of Wick passengers connecting
- Edinburgh: 55%

These figures should be treated with caution as they are based on small sample sizes.

The Aviation Economics research included an online survey of Caithness Chamber of Commerce's membership<sup>2</sup>. This found that most (60%) outbound passengers who were connecting with a Wick flight were travelling to/from either a London airport or Manchester.

Most of the organisations consulted as part of this research used the Aberdeen *and* Edinburgh routes. That is for both point to point trips and for connecting on to a third airport. A number were travelling to international destinations, including beyond Europe.

An analysis of availability of onward connections from Aberdeen and Edinburgh was undertaken. This was based on airline timetables for April 2019.

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<sup>2</sup> 169 responses were collected. Most (72%) were from individuals. Around one quarter (24%) responded on behalf of a business/organisation, with the remaining 4% from Community Groups or other interested parties.

The number of useful business connections were counted. That was based on a 1 hour 15 minutes connecting time at Aberdeen and Edinburgh and the onward flights available within a subsequent 2-hour window. These onward flights were included if they operated on at least two weekdays.

**Historical**, useful connections from Wick flights at Aberdeen are shown below

<b>Former Onward Week-day Connections Available at Aberdeen (Monday-Thursday)</b>		
<b>Wick Flight Arrival At Aberdeen</b>	<b>Time Window for Useful Connections</b>	<b>Destinations</b>
1420	1535-1735	-Humberside; Newcastle -Heathrow; London City; Luton -Amsterdam; Paris CDG; Stavanger
1920	2035-2235	-Birmingham; Manchester -Stavanger

Some 11 connecting flights were available. Most from the afternoon flight, with the other three available from the evening flight. Connections were available to a total of 10 destination airports (a Stavanger connection was available from both Wick arrivals).

Most of the destinations were other UK airports, including three in the London area. Connections were available to three major hubs-Heathrow, Amsterdam and Paris.

The former useful business connections available from Wick flights to Edinburgh are set out below.

<b>Former Onward Week-day Connections Available at Edinburgh</b>		
<b>Wick Flight Arrival At Edinburgh</b>	<b>Time Window for Useful Connections</b>	<b>Destinations</b>
1400	1515-1715	-Sumburgh -Belfast; Birmingham; Cardiff; Norwich -Gatwick; Heathrow; London City; Luton;

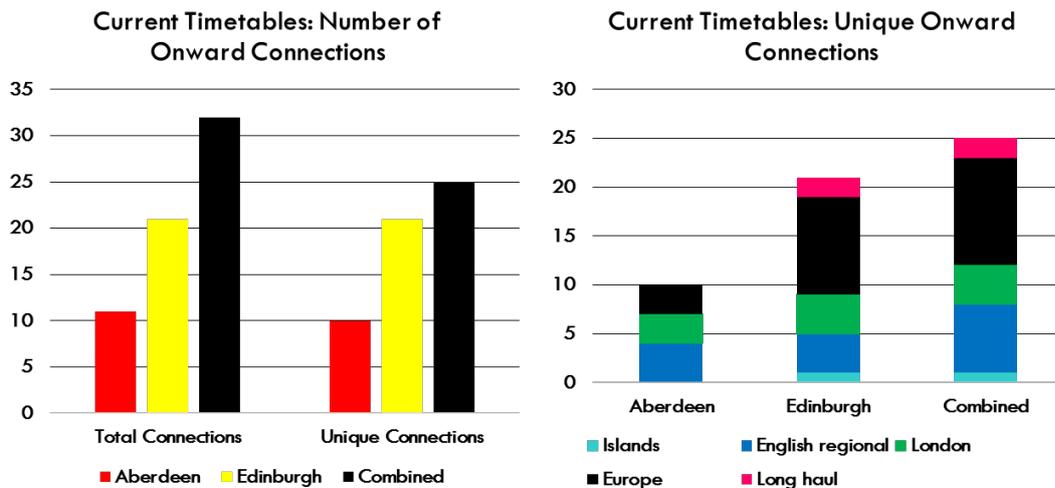
		-Alicante; Amsterdam; Brussels; Dublin; Krakow; Malaga; Munich; Naples; Paris CDG; Tenerife  -Doha; Istanbul
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Connections were available for 21 airports. Nine within the UK, including four to London area airports. The non-UK airports were very largely short haul EU destinations, some of which were not main business centres e.g. the two in Spain.

There were two long-haul connections to the Middle East and Turkey. Overall, connections were available to four main hubs - Heathrow, Amsterdam, Paris, and Doha.

There was some crossover between Aberdeen and Edinburgh. Seven of the destinations were available from both airports. These included three London airports, plus the three hubs of Heathrow, Amsterdam and Paris. Thus, a total of 25 individual (“unique”) airports were connected by the two Wick air routes.

The overall former picture is illustrated in the charts below.



### Leakage from WJOG Catchment Area

The main response from consumers in Caithness and Sutherland to the various schedule and reliability deficiencies, the pricing challenges and the enhanced portfolio of services from Inverness, has been to leak from the WJOG catchment in numbers to Inverness Airport.

Based on 2013 data, c81,000 passengers with a surface origin in Caithness and Sutherland flew from Inverness rather than WJOG. That is more than four times the number (c18,000) passengers on the two Wick services.

The main reasons cited by the Aviation Economics survey sample for using Inverness rather than WJOG were:

- Range of destinations
- Price
- Flight times

Among survey consultees, the main routes used to/ from Inverness were Manchester, London and Bristol. Further, the Aviation Economics' survey found that its sample's use of other Scottish airports (i.e. Aberdeen, Edinburgh and Glasgow) was greater than their use of Inverness Airport.

Overall, this indicated a *significant level of demand for air travel to/from Caithness and Sutherland*, but only a small proportion of it being met by the local airport.

## **Appendix B - Facilities available at Wick John O'Groats Airport**

### **Provision of North Scotland/Wick John O'Groats Airport PSO Scheduled Flight Services**

#### **Facilities available at Wick John O'Groats Airport (EGPC)**

Wick John O'Groats airport is located one nautical mile (approximately 2 kilometres) North of Wick Town and is the most northerly mainland airport in the UK.

In the past the airport acted as a key link to Aberdeen and Edinburgh improving accessibility to people living, working and doing business in the Highlands and Islands. The catchment business community in particular views the reintroduction of such services as extremely important to the socio-economic growth of the Caithness and North Sutherland areas.

The airport also caters for visitors to Caithness providing enhanced opportunities for tourism in the area.

#### **Airside**

The airside infrastructure includes one runway, associated taxiways, airside roads and a number of older runways and taxiways that have been repurposed for alternative uses.

Supporting airport infrastructure is the Service building which houses the Fire section, Mechanical Transport section, Administration, Conferencing facilities, Airport Management offices and the Visual Control Tower.

Runway 13/31 is 1,825m long and 45m wide. It is the runway used for commercial operations and is capable of handling up to BAE 146 aircraft.

There are displaced thresholds at both ends of the runway with PAPIs available at both ends and airfield ground lighting that consists of approach, runway edge and taxiway edge.

The airport is equipped with the following navigational aids, VOR/DME and a NDB.

There are three aprons available at Wick, the main apron is of concrete design and has a PCN of 25 and can accommodate 2 x C130. The main apron has high level mast lighting.

All aircraft parking at WJOG airport must do so under their own power as there are no tugs in operation. Aircraft towing is available on request from Far North Aviation (FNA).

Hangarage is available at THC owned hangar and is arranged through FNA.

Aerodrome Chart: Appendix A

#### **RFFS Category**

The COVID RFFS is category 3 currently but can accept up to Category 6 upon request.

### Air traffic services

An Air Traffic Control service comprising of a combined (non-surveillance) tower/approach service is provided during normal airport opening hours. Outside of normal airport opening hours an Aerodrome Flight Information Service is provided to air ambulance and search and rescue aircraft on an on-call basis.

VOR/DME, NDB/DME and RNP instrument approaches are available to both runways.

WJOG is situated in Class G (uncontrolled) airspace but is fed by Class E (controlled) airways Y904, which runs between Wick and Aberdeen and N560 which runs from Inverness to Wick and onward to Kirkwall

Full facilities for WJOG can be seen at the link below:

<https://www.aurora.nats.co.uk/htmlAIP/Publications/2021-09-09-AIRAC/html/eAIP/EG-AD-2.EGPC-en-GB.html#AD-2.EGPC>

### Apron Services

Marshalling and baggage handling has in the past been provided by the airport fire service.

The airport also owns a baggage vehicle for use on passenger flights.

For passengers with reduced mobility there are wheelchairs provided by the airport and an Aviramp is available for improved access to aircraft. An S-Max Stairclimber is also available as a contingency.

Check-in has previously been carried out by airline staff however this is another function that HIAL would be willing to provide following staff recruitment and training.

### Far North Aviation (FNA)

FNA provides fuel and handling services including ground power and aircraft towing at the airport.

FNA has a number of fuel bowsers and can provide AVTUR or AVGAS dependant on customer needs.

### Terminal Building & Security

The existing passenger terminal building was constructed in 1993 and extended in 2001 as a purpose designed and built facility for the airport. Recent upgrades to the automatic doors and heating system have been made.

The terminal building can comfortably accommodate 50k passengers per annum with seating for passengers within the main concourse and departure hall.

The terminal comprises a main concourse with office facilities, check-in desks, airport information desk, café and passenger toilets.

Whilst proceeding to departures passengers transit through a relatively small but well laid out security screening area.

The airport also has baggage screening facilities and is part of the NASP.

Terminal layout: Appendix B

### Surface Access and Surrounding Area

The airport is a short walk from the town centre and has well lit pedestrian paths right up to the airport. The route to the airport is popular for local cyclists and there is a cycle shelter provided which is located between the terminal and service buildings.

There is a designated pick up / drop off area outside the terminal and which has drop down curbs and good levels of illumination.

Free of charge car parking is provided adjacent to the airport terminal building along with drop off and pick up areas. There are 46 parking spaces within the main parking area and around 30 additional spaces in the overspill car park which is shared with the Nucleus building. Disabled car spaces are designated within the main car park.

There are several taxis firms who attend the airport for arriving flights, a list of contacts is on the WJOG airport website.

There are local car hire companies as well as national hirers, Hertz have a depot within 200m of the airport.

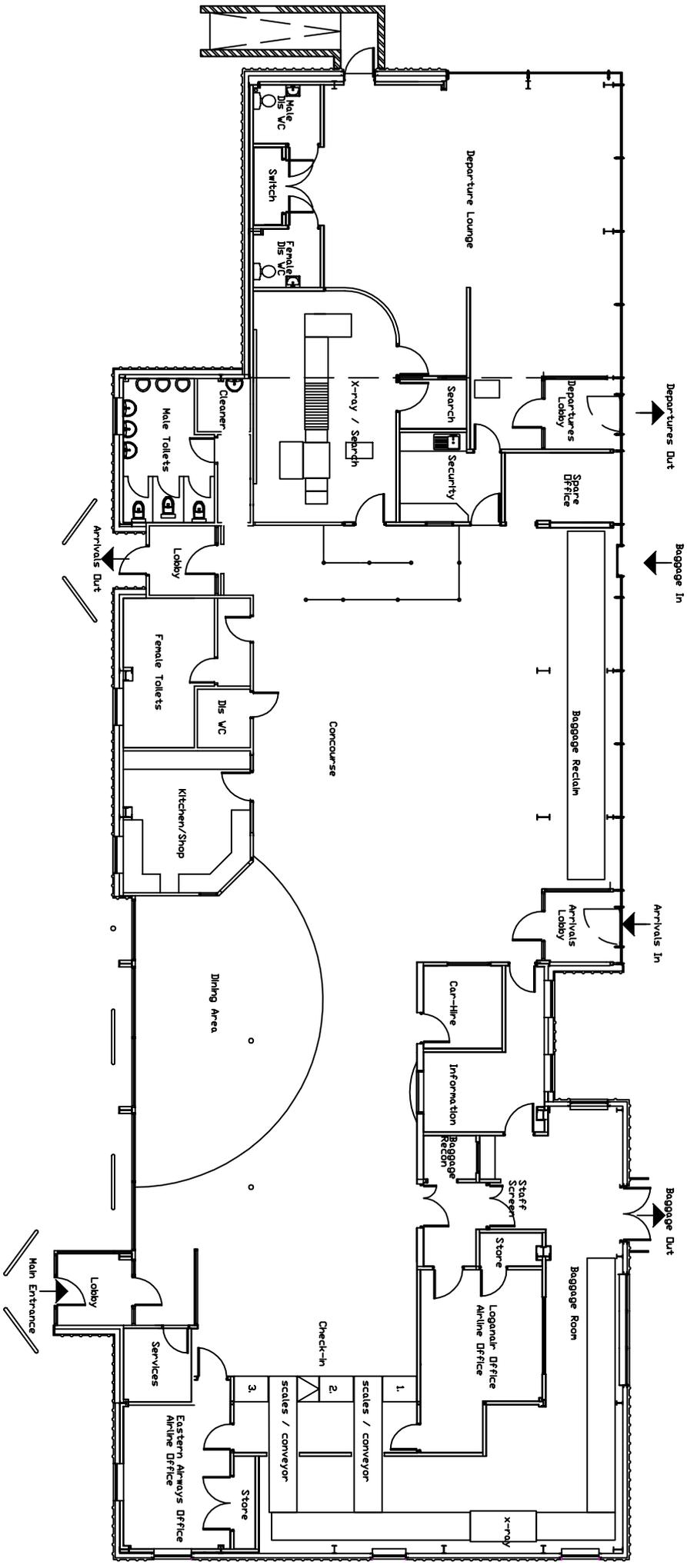
There are currently no public service links to the airport, we hope these will be re-introduced post COVID and at the start of the scheduled services.

Plans are in place to provide EV charging at the airport.

### Seasonal availability

During winter weather events the airport deploys a mixture of mechanical sweeping equipment and chemical de-icing, anti-icing to ensure minimal disruption to operations.





# Community Benefit Information Guide

## Project:

### North Scotland Wick/John O’Groats Airport PSO Scheduled Flight Services

**November 2021**

## Community Benefits Project Plan

### Key Organisational Priorities

The Highland Council is committed to securing meaningful environmental, social and economic value in their procurements and to working with all sectors of the business community to achieve increased prosperity. This contract aims to deliver wider outcomes that contribute significantly to inclusive economic growth designed to benefit of all sections of society, the local economy and

the environment. These aspirations converge with outcomes in The Highland Council's [Highland Outcome Improvement Plan \(HOIP\) 2017-2022](#) and Scotland's [National Performance Framework](#).

### **Table of Community Benefit Themes**

The following table summarises community benefit themes commonly sought in procurement activity involving the Highland Council. [Project Specific Community Benefit Objectives](#) are detailed on pages 3-9 of this document but Operators appointed to this contract are strongly encouraged to: **i)** volunteer additional **quantities** to minimum specified and supplementary standards and **ii)** consider and communicate opportunities to address additional **types** of social, economic or environmental value at any point whilst engaged in providing services/ performing works during the life of this contract

<b>Improve (Wellbeing)</b>	<b>Promote</b>	<b>Facilitate (Involve)</b>
Social	Innovation	SMEs
Economic	Equalities/Reduce Inequality	3 <sup>rd</sup> Sector organisations
Environmental	Ethical trading	Supported Businesses
Health	Fair Work Practices/The Living Wage	Prompt Payment throughout the supply chain
Food poverty/fuel poverty/energy efficiency	Community Engagement and Community Empowerment	Communities; community groups and community projects
Air quality/reduction of harmful emissions/reduction of waste and packaging	Education; Employability and Training	Collaboration and collaborative working

In addressing community benefit requirements, Tenderers will be asked to address **outputs** and **outcomes** in their responses.

**Outputs** should clearly contribute to the achievement of an outcome. Examples of outputs include: 'the number of new entrants recruited; 'the number and value of sub contracts awarded to third sector organisations/SMEs' or 'hours and value of professional advice provided to communities'.

**Outcomes** are the impact of what the benefits do, or what they enable communities to do for themselves or other partners to deliver, rather than descriptions of the activities or services tenderers provide.

### **Community Benefits Definition**

Community benefit clauses require tenderers to commit to undertaking some form of social benefit in addition to the core purpose of the contract. Community benefits must be "proportionate" and "relevant" to the requirement accounting for the nature, length and value of the contract. Community benefit requirements can relate to:

- Training and recruitment, or
- The availability of sub-contracting opportunities, or
- Improving the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included.

## Specified Benefits

Specified benefits are mandatory contractual requirements. Specified benefits are clearly defined and have key performance indicators which a supplier can be measured against.

Tenderers must meet all minimum standards but are encouraged to offer more than minimum standards, quantities or other (additional) social value relevant to the contract and beneficial to the communities where the contract is to be performed. Added value of this nature will not in itself confer a direct or indirect advantage to the tenderer in terms of evaluation criteria.

## Supplementary Benefits

Supplementary benefits are subject to a “reasonable endeavours” obligation. Supplementary benefits require the same level or similar levels of response as specified benefits.

Supplementary benefits **will be scored** according to published criteria. A tenderer may wish to include their own creative solutions to community benefit themes (such as those appearing in the [table on Page 2.](#))

As with Specified Benefits, creative submissions of this nature are strongly encouraged but must be **in addition** to the minimum specified and supplementary quantities set out in “**Project Specific Community Benefit Objectives**” Added value of this type will not in itself confer a direct or indirect advantage to the tenderer in terms of evaluation criteria.

**Post contract award, the Council will look to formalise the successful tenderer’s community benefit proposals into a Community Benefits Charter. The successful tenderer will be invited and strongly encouraged to consider the conversion of “supplementary” community benefits into full contractual conditions and to consider attaching “reimbursement values” to the non-delivery of benefits or substandard delivery of benefits.**

## Section1: Project Specific Community Benefit Objectives

The following themed community benefit objectives are considered to be proportionate and relevant to The Project, accounting for the nature, length and value of the contract.

### **1. Education; employability and skills training**

#### **1.1 Jobs Created By the Project (Apprenticeships)**

The Council is looking for the recruitment of new or part served apprentices at SCQF Level 5+ employed on the project by the Main Contractor, subsidiary of the Main Contractor, any approved subcontractor or supply chain partner. On the proviso that the apprenticeship is SCQF Level 5+, the requirement can be met from **i)** traditional construction ‘craft’/technical disciplines, **ii)** [IT & Telecommunications disciplines](#) **iii)** Business/administrative disciplines (e.g. [Business and Admin \(SCQF Level 5&6\)](#), or **iv)** of a type proposed and considered by the tenderer to be directly relevant to performance of the contract.

Although “new start” apprentices recruited to the contract to full completion stage would represent an excellent and strongly encouraged means of meeting the required standard, the apprenticeships need not necessarily be completed during the life of the contract. It is acceptable for the required standard to be met by documenting the progress of “part served”

apprentices engaged on the project. **In the context of Covid 19, it is acceptable for requirements to be met “virtually” if health and safety regulations/national guidance does not permit apprenticeships to be fulfilled in person.** The apprenticeships are expected to commence at the earliest opportunity following award of contract. Reporting on the progress of apprenticeships is mandatory. As the aim looks towards opportunities for sustainable job creation (whether resulting from apprenticeships or not) for and beyond the duration of the contract, reports must be provided by the Main Contractor irrespective of whether the apprenticeship/job creation is facilitated by the Main Contractor, a subsidiary of the Main Contractor, an approved subcontractor or supply chain partner.

A guide to taking on Apprentices appears at the following weblink [Guide For Employers](#). Local sources of support are given in section 2.

**Supplementary Benefit:** provision of **apprenticeships** facilitated by the Main Contractor, approved subcontractor or supply chain partner at SCQF Level 5+ from either **i)** traditional construction ‘craft’/technical disciplines, **ii)** IT & Telecommunications ([see link](#)) **iii)** Business/administrative disciplines (e.g. [Business and Admin \(SCQF Level 5&6\)](#), or **iv)** of a type proposed and considered by the tenderer to be directly relevant to performance of the contract. The response shall specify the disciplines proposed for each apprenticeship facilitated and measures to facilitate virtual placements if necessary.

**The contract recognises that there can be factors beyond the tenderers control (including but not limited to Covid 19) in meeting the apprentice requirement. This is the reason for classification as a “supplementary” requirement. If apprenticeships on the terms described cannot be provided despite demonstrating “best endeavours”, apprenticeship requirements can (by agreement) be converted to one of the placement types given in 1.2 below).**

## **1.2 Work Experience (Placements)**

In addressing this benefit type, the Council is looking towards potential opportunities for conversion of placements to a formal apprenticeship or sustainable job creation for and beyond the duration of the contract. Young people who have spent up to 8 weeks in a work experience opportunity can have their placement extended by up to 4 weeks where an employer makes an offer to take them on as an apprentice. Reporting by the Main Contractor is mandatory irrespective of whether the placement/apprenticeship/job creation is facilitated the Main Contractor, a subsidiary of the Main Contractor, an approved subcontractor or supply chain partner. In the case of unemployed persons, the Department of Work and Pensions (DWP) continue to pay benefits, travel and childcare. Payment, travel, expenses and subsistence **do not** require to be addressed in the tender response. It is imperative that benefit entitlement for participants remains unaffected. A guide to work experience appears at the following weblink A DWP [“Work Experience Employer Guide”](#) (April 2018). . Local sources of support are given in section 2.

**In the context of Covid 19, it is acceptable for requirements to be met “virtually” if health and safety regulations/national guidance does not permit placements to be fulfilled in person.** Structured, high quality work experience must be provided with tangible outcomes delivered to participants. Each participant must receive a testimonial summarising any practical work undertaken, documenting the impression they made during their placement as well as overall contribution. The placements can be office based or directly related to the subject matter of the contract.

Provision of work experience placements of at least 5 days and up to 8 weeks for up to 30 hours per week. targeted at persons aged 18 to 24 (or other groups approved by the DWP) with little or

no work experience and people aged 25 or over who do not have a recent work history. Supported internships for 16- 25 year old students with learning difficulties and/or disabilities who have a Learning Difficulty Assessment (LDA) or an education, health and care (EHC) plan) would be an acceptable and encouraged means of meeting the requirements as per

**The contract recognises that there can be factors genuinely beyond the Tenderer's control (including but not limited to Covid 19) in meeting the placement requirement. This is the reason for classification as a "supplementary" requirement. If placements on the terms described cannot be provided (including on a virtual basis) despite demonstrating "best endeavours", placement requirements can (by agreement) be converted to an alternative community benefit type.**

**Supplementary Benefit:** facilitation **structured placements** (in person or virtually) of at least 5 days and up to 8 weeks in duration to individuals meeting the necessary standards under any of the target groups receiving the opportunity to undertake a structured placement of up to 8 weeks for up to 30 hours per week from the indicated priority groups (accounting for any special needs, special circumstances or reasonable preferences communicated by the participant.)

### **1.3 Developing the Workforce**

In addressing this benefit type, the Council is looking towards upskilling individuals working on the contract (and wider workforce), facilitating them to gain nationally recognised qualifications equivalent to SCQF Level 5+, vocational awards/diplomas, professional qualifications, internal/external short duration courses project specific learning e.g. product installation, technologies, occupational competencies or sector specific training. Specific examples could include undergoing the necessary training to become a forklift or dumper driver; working at height, driving any class of vehicle (including HGV), treatment of asbestos, building repairs, warehousing/stock control/inventory management.

**Supplementary Benefit:** Facilitation outcomes demonstrating individuals have been upskilled through i)formal qualifications, ii)industry certifications or iii)short duration internal/external courses or iv)more informal, flexible forms of training. **The progress of apprentices and placement participants attached to The Project can be included in demonstrating the standard has been met.** As with the facilitation of apprentices/placements, training/upskilling in this benefit type can be undertaken by the Main Contractor, subsidiary of the Main Contractor, any approved subcontractor or supply chain partner. Reporting on this benefit type is mandatory and must be provided by the Main Contractor irrespective of the organisation facilitating training/upskilling opportunities. This can include opportunities provided to placement participants and apprentices as well as the wider workforce.

### **1.4 School Engagement Activities**

In addressing this benefit type, the Council is looking towards engagement with primary and/or secondary school pupils, potentially extending to engage with key influencers of these groups including parents or guardians, school staff or careers advisors. **In the context of Covid 19, it is acceptable for requirements to be met "virtually" if health and safety regulations/national guidance does not permit placements to be fulfilled in person.** Activities should generate outcomes promoting Science, Technology, Engineering and Maths (STEM) subjects, informing and looking to inspire commitment to these subjects, raising awareness of possible future career paths in the industry sector. Activities must (in age-appropriate language) touch upon steps taken by the organisation/industry to address any gender representation imbalance/gender pay gaps and measures taken to close the disability employment gap (e.g. increasing opportunities/career paths for disabled persons in the industry)

**Activities** (in person or virtually) to be delivered in partnership with Developing the Young Workforce North East (DYWNE). DYWNE are available to establish connections with schools via the Developing the Young Workforce Marketplace tool.

**Supplementary Benefit:** the delivery of **activities** (in person or virtually) aimed at promoting Science, Technology, Engineering and Maths (STEM) subjects raising awareness of possible future career paths in the industry sector addressing gender representation imbalance/gender pay gaps and steps taken to close the disability employment gap. Activities should ideally be delivered in partnership with Developing the Young Workforce North East (DYWNE.) DYWNE are available to establish connections with schools via the Developing the Young Workforce Marketplace tool.

### **1.5 Further and Higher education engagement activities**

In addressing this benefit type, the Council is looking towards engagement with college and university students enrolled in a course of study relating to the project. **In the context of Covid 19, it is acceptable for requirements to be met “virtually” if health and safety regulations/national guidance does not permit placements to be fulfilled in person.**

Activities aiming to increase awareness, capability and raise the profile of career paths in the industry sector are aimed at this group as well as relevant teaching/academic staff looking to update their knowledge/improve curriculum content in academic disciplines related to the industry sector. The content of support/lectures etc shall be agreed by the Council and education providers. Examples include: guest lectures; development of tutorial exercises or project work; activities designed to improve employability; mentoring; or custom engagement of the tenderer’s design. Placement opportunities for students/under-graduates (vocational and academic) are strongly encouraged and would be classed as an acceptable “activities” for the purpose of this section.

**Supplementary Benefit:** the delivery **activities** (in person or virtually) aimed at informing, educating and providing opportunities for the benefit of students (including student placements) and relevant teaching staff.

### **1.6 Employability engagement activities**

In addressing this benefit type, the Council is looking towards meaningful engagement with individuals seeking employment support. **In the context of Covid 19, it is acceptable for requirements to be met “virtually” if health and safety regulations/national guidance does not permit activities to be fulfilled in person.** CV workshops, mock interviews, speaking at ‘job clubs’ or participating in careers fairs represent acceptable “activities” for the purpose of this section. JobCentre Plus is available to support. Depending on labour market conditions, activities could focus on specific groups for example potentially targeting individuals with previous experience in the oil and gas sector who would like to learn more about careers in the industry sector for which there could be potential to retrain.

**Supplementary Benefit:** delivery **X activities** (in person or virtually) aimed to improve the employability prospects of persons seeking employment.

## **2. Communities, community groups and community projects**

In addressing this benefit type, the Council is looking towards meaningful engagement with the 3rd sector and community groups. Make staff time available to the 3rd sector, community groups and community initiatives with priority being given to those looking to improve community

engagement/open spaces near to the development. Following a screening process, qualifying organisations requiring professional advice or practical support for approved purposes, will have the opportunity to apply for the required type and amount of support which will then be offered by the tenderer free of charge. Practical and professional advice and support should broadly be aligned to the subject matter of the contract or other professional disciplines the tenderer is prepared to offer. Non-specialised 3rd sector/ community support in the form of general volunteering will also be acceptable in meeting the overall requirement. Opportunities must be advertised via Highland TSI as Highland's third sector interface but applications from local community projects will also be sought by The Council.

**Supplementary Benefit:** a requirement of voluntary time to be made available. In addition to time being made available, provided they are in an acceptable and safe condition, the **donation of any new/surplus equipment or materials (e.g. office equipment or furniture), IT hardware/software, construction materials etc to the 3<sup>rd</sup> sector, community groups/projects** strongly encouraged. **Please note that if financial contributions are narrated as part of the tenderer's offer (whether payable to the Council or direct to 3<sup>rd</sup> sector organisation) this will be regarded as an acceptable means of meeting the requirements.**

### **3 Local Economic Development Measures (Duty to Report)**

The Main Contractor will **not** be held to quotas/targets in relation to the inclusive participation of local SME and 3<sup>rd</sup> sector organisations in the supply chain. However, the tenderer is invited to describe creative measures to secure the inclusive participation of SMEs in the supply chain e.g. a commitment to advertise all or a reasonable percentage of new subcontracting/new supply chain opportunities on Public Contracts Scotland or Meet the Buyer events (including virtual events). The only mandatory element within this benefit type is a duty to report on work packages over £50K in value awarded to local SMEs and local 3<sup>rd</sup> sector organisations.

**Specified Benefit:** Duty to report at least annually on work packages over £50K in value awarded to local SMEs and local 3<sup>rd</sup> sector organisations.

### **4.1 Environmental Wellbeing, Carbon Reduction and Climate Literacy**

[Scotland's Climate Change commitments](#) and The Highland Council's ambitions to become a [climate](#) positive area and move towards a [just transition](#) to a net-zero, green, wellbeing economy represent key local and national priorities. Local authorities have a leadership role at a local/regional level in terms of responding to the challenges presented by climate change. Through **partnership working** with local key influencers such as [Scarf](#) or equivalent body capable of providing independent verification to an acceptable standard, the Council is looking to provide a supportive culture whereby our suppliers can look to make financial savings and improve business performance and resilience through reducing carbon, developing more sustainable business models/ways of operating and making more sustainable choices. This approach is designed to make a positive, incremental impact on the performance, innovation and sustainability of our local economy and the climate emergency at a local level across our portfolio of contracts.

In meeting this requirement, Tenderers are expected to make best calculated efforts to identify: **1)** carbon the business creates in key areas impacting on contract performance **2)** steps the business is taking or plans to take in terms of achieving net-zero/decarbonisation of the supply chain and **3)** relevant actions the business will take throughout the life of the contract to minimise harmful carbon impacts during performance.

A good response will outline general current practice and future plans in areas that directly impact on contract performance (e.g. *energy efficiency in buildings, emissions class of fleet vehicles, effective route planning measures, energy/fuel efficiency measures in buildings/vehicles/operations, minimisation of waste, circular economy initiatives, reuse of materials, carbon neutrality initiatives, reduction of material/ packaging/reduced plastic content of packaging, avoidance of single use plastics etc*).

Tenderers are required to address factors relevant to contract performance and strongly encouraged to volunteer information and good practice throughout the life of the contract in the suggested areas of relevance, explore opportunities to reduce carbon, explore financial savings and provide evidence of incremental steps taken towards making more sustainable choices in partnership with local key influencers such as [Scarf](#) or equivalent body capable of providing independent verification to an acceptable standard. Contract management will require the supplier to provide an **Annual Report** (form and content to be agreed) co-operate with the Council in terms of environmental/emissions/climate performance levels that serve to reduce harmful emissions during the life of the contract and demonstrate good practice in terms of environmental sustainability.

**Specified Benefit:** Outline current practice and future plans in areas that directly impact on contract performance under the contract e.g emissions class of fleet vehicles, effective route planning measures, energy/fuel efficiency measures in buildings/vehicles/operations, minimisation of waste, circular economy initiatives, reuse of materials, carbon neutrality initiatives, reduction of material/ packaging/reduced plastic content of packaging, avoidance of single use plastics etc. Commit to providing an **Annual Report** (form and content to be agreed) and confirm co-operation with the Council in terms of Climate Change duties, environmental/emissions/climate performance levels that serve to reduce harmful emissions, update on progress during the life of the contract and demonstrate continually improving good practice in terms of environmental sustainability.

#### **4.2 Environmental Measures (Fuel Poverty & Climate Literacy)**

In addressing this benefit type, the Council is looking to make a positive impact on fuel poverty (domestic and commercial) at a local level through **early intervention/prevention** and **partnership working** with local key influencers such as [Scarf](#). **In the context of Covid 19, it is acceptable for requirements to be met “virtually” if health and safety regulations/national guidance does not permit activities to be fulfilled in person.** At a consumer level, this could embrace working with local key influencers to explore creative ways of promoting help and advice to householders which could make domestic properties more energy efficient and reduce fuel bills. At a commercial level, local businesses could (in partnership with key influencers) be helped to reduce fuel and energy bills, improve their environmental and wider sustainability credentials and promote a culture of sharing good practice in terms of climate literacy.

**Specified Benefit:** Engage and work in partnership with key local influencers such as [Scarf](#) to contribute to **events or activities** designed to alleviate fuel poverty (domestic and commercial) through early intervention/prevention and partnership working.

## **5. Fair Work Practices Including “Real” Living Wage**

In addressing this benefit type, the Council looks to securing suitable and continuously improving working conditions as part of a fair and equitable employment and reward package. The Council’s Statement on Fair Work Practices/Real Living Wage is contained on pages [18-19](#) of this document and tenderers are required to respond to that statement. Tenderers are required to maintain and strive to continually improve organisational policies for all employees (particularly those experiencing any kind of disability or disadvantage.) A supplier declaration will be required on an annual basis confirming any material changes/improvements to organisational HR policies. There will be particular focus on timeous compliance with mandatory [gender pay gap reporting](#) and additional planned measures/good practice initiatives designed to improve gender representation/balance within the organisation. Such measures and good practice should look to redress gender pay gaps deemed to be problematic or out of phase in comparison with the industry sector. Information will be captured on the extent to which “Real” Living Wage is paid, any voluntary uplifts to the “Real” Living Wage and (if applicable) progress towards being accredited as a Living Wage Employer.

**Specified Benefit:** Maintain standards in terms of commitments contained in the tender and report enhancements and improvements in each year of the contract. Compliance with mandatory [gender pay gap](#) reporting will be reviewed each year of the contract and the contractor will be required to provide information on additional measures/good practice designed to improve gender representation/balance within the organisation. Information may be required on measures designed to close gender pay gaps deemed to be problematic or out of phase in comparison with the industry sector.

## **6. Prompt Payment In the Supply Chain**

Research by the Department for Business, Energy & Industrial Strategy carried out in [October 2018](#) reports that nearly one quarter of UK businesses consider that late payments are a threat to their survival. The effect of late payment is recognised to have a more profound effect on SMEs/local SMEs. Tackling late payment furthers the inclusive economic growth agenda.

In addressing this benefit type, the Council is looking to ensure all subcontractors/supply chain partners involved in performing this contract receive fair treatment and payment terms do not exceed **30 days** from the submission of correctly supported invoices/payment certificates.

Tenderers are expected to broadly outline general current practice in areas that directly impact on prompt payment in the performance of this contract. Relevant factors include: **i)** measures to ensure payment of correctly supported invoices/payment certificates within 30 days **ii)** current payment performance (overall), **iii)** the barriers and solutions to prompt payment (e.g. potential use of project bank accounts, processes to deal with currency exchanges etc.) **iv)** dispute resolution processes with indicative timescales **v)** educative measures designed to assist suppliers to submit “right first time” invoices/payment certificates **vi)** summary details of any payment policy/supplier charter or national code of practice followed such as the [Prompt Payment Code](#).

**Specified Benefit:** Outline current practice in areas that directly impact on prompt payment. Specify current payment performance (% of correctly supported invoices/payment certificates paid within 30 days) and report on annual payment performance. If necessary and applicable, include details of planned measures to improve payment performance over the life of the contract.

## **8. Case study**

Completion and submission of promotional case studies in each year of the contract which describe either: an example of best practice or significant achievement on the project; an example of how innovation has been demonstrated or examples of positive outcomes as a result of the delivery of community benefits. Case studies can address any elements of social value addressed in this project (or appearing in [table on Page 2.](#)) Case studies can touch upon any areas of additional enhancement to the project delivery and final product to the Council and end user. Case Studies can refer to any project specific activities or outputs in which the tenderer can provide added value.

Case studies can include testimonials from placement participants, address fair work practices, environmental efficiency, 3<sup>rd</sup> sector/community assistance or general innovation. Case studies can be regarded as an extended press release and would be made available for the Council to use in further communications.

**Specified Benefit:** The submission of a minimum of **1 case study**.

## **Section 2: Support Available**

Organisation	Contact	Description of Support Offered
Department for Work and Pensions	..., Employment & Partnership Advisor Tel E-mail	Available to provide information on the local labour market, advertise vacancies and connect with unemployed individuals who could benefit from engaging with employers. Also available on occasions to provide training to upskill people so that they meet the requirements for roles in which they are given notice of in advance.
North East Scotland College (NESCOL)	.... Employer Engagement Manager Tel E-mail	Variety of training courses available to upskill existing workforce or new employees and opportunities to engage with students re employability or in engaging with teaching staff, updating them on best practise and innovations.
Scarf	... Centre Manager Tel E-mail <a href="https://www.scarf.org.uk/">https://www.scarf.org.uk/</a>	Social Enterprise with expertise in fuel poverty, climate literacy and various forms of consumer and business support.
Circular North-East	... Circular Economy Project Manager Tel E-mail <a href="https://www.agcc.co.uk/circular-north-east">https://www.agcc.co.uk/circular-north-east</a>	Online resources, case studies and practical assistance. Circular North-east aims to inform and inspire businesses in the North-east of Scotland to adopt circular strategies. We seek to connect companies across the region, helping them realise the benefits the circular economy presents to diversify, reduce costs, gain better value from their waste and explore the potential new business opportunities it presents.

**\*\*\*The above is not an exhaustive list...tenderers can draw upon additional sources of support in their tender\*\*\***

## **Reporting Methodology**

Supplier declarations have no prescribed form but must cover all information requested. How the supplier intends to report, monitor and evidence progress will form part of the tender submission.

### **Reporting Frequency**

To be confirmed and requirements vary per benefit type. Supplier declarations (approximately two sides of A4) required on a monthly/quarterly/annual basis describing the community benefits delivered within the immediately preceding period.

#### **Guiding Principles: Completion of Method Statement Responses (Individual Benefits)**

**1.1 Apprenticeships** – confirm required number of apprentices (**X**) shall be provided (virtually or in person) and clearly specify any additional apprenticeships that will be offered and whether it is anticipated they will be facilitated by the Main Contractor, a subsidiary of the Main Contractor, an approved subcontractor or supply chain partner. Detail clearly the types of apprenticeships envisaged and indicate which apprenticeships will be “new starts” and which are anticipated to involve “part served” persons. The response must address/describe:

- i) How this will be measured and reported throughout the term of the Contract
- ii) Whether more than the required number of apprenticeships will be offered, indicate apprenticeship types and whether it is envisaged they will be “new starts” or “part served”
- iii) Timescales for delivery (what will happen and when) for the number of participants in each apprenticeship type
- iv) Anticipated outcomes (including prospects for sustainable job creation)
- v) How agency support (for example the type of agencies referred to in Section 2 “Support Available”) will be engaged with in meeting the requirement.
- vi) Awareness of and adherence to the guide to taking on Modern Apprentices appearing at the following weblink [Guide To Modern Apprenticeships \(MA Scotland\)](#)
- vii) Measures and solutions to facilitate virtual apprenticeships

**Contract Management/Validation Requirements:** supplier declaration and confirmation from approved training provider. Confirmation if apprenticeship leads to sustainable employment

**1.2 Work experience (placements)** – confirm required number of placements (**X**) shall be provided (virtually or in person) and clearly specify any additional placements that will be offered and whether it is anticipated they will be offered by the Main Contractor, a subsidiary of the Main Contractor, an approved subcontractor or supply chain partner. The response must address/describe:

- i) How this will be measured and reported throughout the term of the Contract.
- ii) Types of placements envisaged to be facilitated (e.g. unemployed/enrolled in a course of study, disabled persons or care experienced persons).
- iii) Timescales for delivery (what will happen and when) for the number of participants in each placement type.
- iv) Whether more than the required number of placements will be offered and indicate types of placements envisaged.
- v) Anticipated outcomes (including prospects for conversion to longer-term placements, apprenticeship or sustainable job creation).

- vi) How agency support (for example the type of agencies referred to in Section 2 “ISupport Available” will be engaged with in meeting the requirement...particular reference should be made to engagement with the DWP.
- vii) Measures and solutions to facilitate virtual placements.

**Contract Management/Validation Requirements:** supplier declaration describing areas of work undertaken, confirming testimonial provided, confirmation from the referring organisation

**1.3 Developing The Workforce:** confirm required number of training/upskilling outcomes (X) shall be provided and clearly specify any additional training/upskilling outcomes that will be offered and whether it is anticipated they will be facilitated by the Main Contractor, a subsidiary of the Main Contractor, an approved subcontractor or supply chain partner. Detail clearly the types of training/upskilling opportunities envisaged and indicate (where possible) which training/upskilling opportunities are likely to be fulfilled by employees working directly on the contract and the opportunities anticipated to relate to the wider workforce. The response must address/describe

- i) How this will be measured and reported throughout the term of the Contract
- ii) Whether more than the mandated number of training/upskilling opportunities will be offered, indicate anticipated types of training/upskilling opportunities and whether it is envisaged they will be fulfilled by individuals working directly on the contract or the wider workforce
- iii) Timescales for delivery (what will happen and when) for the number of beneficiaries)
- iv) Anticipated outcomes (including prospects for promotion with the organisation/subsidiary/subcontractor etc organisation)
- v) How agency support (for example the type of agencies referred to in Section 2 “Local Support Available”) will be engaged with in meeting the requirement.

**1.4 School Engagement Activities-**confirm required number of activities (X) shall be provided (virtually or in person) and clearly specify any additional activities that will be offered. Indicate intended approach to delivery and fully address/describe:

- i) All proposed activities on the theme of increasing awareness and raising the profile of career paths in the industry sector.
- ii) How the activities will impact positively on key influencers such as parents or guardians, school staff or careers advisors.
- iii) Whether more than the stated number of activities will be offered with a description of those activities, indicating intended audience (primary or secondary school) and positive impacts on key influencers.
- iv) Anticipated outcomes outlining how agency support will be engaged with in meeting the requirement (e.g. Developing the Young Workforce Marketplace tool).
- v) If site visits are proposed for one or more of the activities, health and safety considerations must be addressed in the response.
- vi) Measures and solutions to facilitate virtual school engagement activities.

**Contract Management/Validation Requirements:** Supplier declaration to include details of activities delivered and numbers attending with confirmation from the participating school or Developing Young Workforce contact.

**1.5 Further and Higher education engagement activities -** confirm required number of activities (X) shall be provided (virtually or in person) and clearly specify any additional activities that will be offered. Indicate intended approach to delivery and fully address/describe:

- i) All activities proposed on the theme of increasing awareness, capability and raising the profile of career paths in the industry sector addressing gender representation/ imbalance/gender pay gaps and steps taken to close the disability employment gap. Indicate clearly whether proposed activities are targeted at students or academic staff.
- ii) If placements for students/under-graduates (vocational and academic) are offered as an “activity”, specify the number, type and proposed duration of the placements.
- iii) How the proposed activities will impact positively on curriculum content in academic disciplines related to construction and will positively impact on teaching/academic staff.
- iv) Whether more than the stated number of activities will be offered, providing a full description of those activities indicating clearly whether the activities are targeted at students, or academic staff.
- v) Anticipated outcomes outlining how agency support will be engaged with in meeting the requirement.
- vi) Measures and solutions to facilitate virtual activities.

**Contract Management/Validation Requirements:** Supplier declaration to include details of activities delivered/placements facilitated and numbers attending with confirmation from the participating College/University/Education Provider.

**1.6 Employability engagement activities** - confirm required number of activities (**X**) shall be provided (virtually or in person) and clearly specify any additional activities that will be offered. Indicate intended approach to delivery and fully address/describe:

- i) All activities proposed on the theme of engagement with individuals requiring employment support aimed at improving the employability prospects of persons seeking employment.
- ii) Whether more than the stated number of activities will be offered, providing a full description of those activities.
- iii) Anticipated outcomes outlining how agency support (particularly JobCentre Plus) will be engaged with in meeting the requirement.
- iv) Measures and solutions to facilitate virtual employability engagement activities.

**Contract Management/Validation Requirements:** Supplier declaration to include details of activities delivered and numbers attending with confirmation from the JobCentre Plus or other employability partner.

**2. Communities, community groups and community projects** – confirm required number of hours (**X**) shall be provided and clearly specify any additional hours that will be offered. Indicate intended approach to delivery and fully address/describe:

- i) Activities proposed within the required number of hours and proposed split between professional advice, practical support and general volunteering.
- ii) Whether more than the mandated number of hours will be offered, providing a full description of proposed activities with a proposed split between professional advice, practical support and general volunteering.
- iii) Anticipated outcomes outlining how agency support (particularly Highland TSI) will be engaged with in meeting the requirement.
- iv) Intended donations of any new/surplus equipment or materials (e.g. office equipment or furniture), IT hardware/software, construction materials etc to the 3<sup>rd</sup> sector, community groups/projects. **If financial contributions are narrated as part of the tenderer’s offer (whether payable to the Council or direct to 3<sup>rd</sup> sector organisation) this will be regarded as an acceptable means of meeting the requirements. However, the principle or aggregate sum of any such offer will not form part of the evaluation decision in any way.**

**Contract Management/Validation Requirements:** Supplier declaration with confirmation that offer advertised via ACVO; details of activities undertaken indicating whether professional support, practical support or general volunteering was utilised in meeting requirements. Declaration to also include details of 3<sup>rd</sup> sector donations of materials etc.

### **3. Local Economic Development Measures (Duty to Report)**

Describe measures to secure the inclusive participation of SMEs/3<sup>rd</sup> sector organisations e.g. meet the buyer events (virtual or in person), commitment to advertise all or a reasonable percentage of new subcontracting/new supply chain opportunities on Public Contracts Scotland and confirm intended compliance in terms of mandatory annual reporting on work packages over £50K in value awarded to local SMEs and local 3<sup>rd</sup> sector organisations.

**Contract Management/Validation Requirements:** Annual Report from supplier.

#### **4.1 Environmental Wellbeing, Carbon Reduction and Climate Literacy**

Broadly outline information already produced in areas that directly impact directly on performance under the contract (e.g. *e.g..energy efficiency in buildings, emissions class of fleet vehicles, effective route planning measures, energy/fuel efficiency measures in buildings/vehicles/operations, minimisation of waste, circular economy initiatives, reuse of materials, carbon neutrality initiatives, reduction of material/ packaging/reduced plastic content of packaging, avoidance of single use plastics etc.*), indicate understanding of requirements (including Annual Report) and willingness to provide information relating to environmental/emissions/climate performance levels that serve to reduce harmful emissions, update on progress during the life of the contract and demonstrate continually improving good practice in terms of environmental sustainability.

**Contract Management/Validation Requirements:** Annual Report (form and content to be agreed) - if called upon to co-operate with the Council, respond within 21 days and supply required information. Contract management will require information relating to **1)** environmental/emissions/climate performance levels that serve to reduce harmful emissions, **2)** updates on progress re planned activities during the life of the contract, **3)** evidence demonstrating continually improving good practice in terms of environmental sustainability and **4)** engagement with [Scarf](#) or equivalent body capable of providing independent verification to an acceptable standard in areas including: reduce carbon, financial savings resulting from carbon reduction and verified evidence of incremental steps taken towards developing more sustainable business models/ways of operating and making more sustainable organisational choices.

#### **4.2 Environmental Measures (Fuel Poverty & Climate Literacy)**

Confirm required number of activities (**X**) shall be provided (virtually or in person on the theme of positively impacting on fuel poverty (domestic and commercial) at a local level through **early intervention/prevention** and **partnership working** with local key influencers such as [Scarf](#). Clearly specify any additional activities that will be offered. Indicate intended approach to delivery and fully address/describe:

i) All activities proposed and whether it is proposed the tenderer will take a leading or

supporting role...it is acceptable to liaise with local key influencers (such as [Scarf](#)) and be guided by them as to proposed activity content.

**ii)** Whether it is envisaged that activities will focus on fuel poverty at a consumer or commercial level (or both) and how the activities will be underpinned by the principles of **early intervention and prevention**.

**iii)** How the proposed activities will impact positively on local consumers/the local business community.

**iv)** Whether more than the stated number of activities will be offered, providing a brief description of those activities indicating clearly whether the activities are targeted at the domestic or commercial market.

**v)** Anticipated outcomes outlining how agency support (such as that identified in Section 2) will be engaged with in meeting the requirement.

**vi)** Measures and solutions to facilitate virtual engagement activities.

**Contract Management/Validation Requirements:** Supplier declaration to include details of activities delivered, numbers attending with confirmation from any partner/key influencer organisation (such as **Scarf**)

**5. Fair Work Practices Including “Real” Living Wage** – see pages **19-20** of this Community Benefits Project Plan. Contract Management will require maintenance of standards in terms of commitments contained in the tender and report enhancements and improvements towards the end of the contract.

**Contract Management/Validation Requirements:** Annual supplier declaration confirming material changes and improvements to organisational HR policies. Annual focus on timeous compliance with mandatory [gender pay gap reporting](#) and additional planned measures/good practice initiatives designed to improve gender representation/balance within the organisation. Information will be captured on the extent to which “Real” Living Wage is paid, any voluntary uplifts to the “Real” Living Wage and (if applicable) progress towards being accredited as a Living Wage Employer.

## **6. Prompt Payment in The Supply Chain**

Broadly outline general current practice in areas that directly impact on prompt payment in the performance of this contract. Relevant factors include: **i)** measures to ensure payment of correctly supported invoices/payment certificates within 30 days **ii)** current payment performance (overall), **iii)** the barriers and solutions to prompt payment (e.g. potential use of project bank accounts, processes to deal with currency exchanges etc) **iv)** dispute resolution processes with indicative timescales **v)** educative measures designed to assist suppliers to submit “right first time” invoices/payment certificates **vi)** summary details of any payment policy/supplier charter or national code of practice followed such as the [Prompt Payment Code](#).

**Contract Management/Validation Requirements:** Annual report on payment performance (% of correctly supported invoices/payment certificates paid within 30 days of receipt.) If necessary and applicable, include details of planned measures to improve payment performance over the life of the contract.

**8. Case Studies** – detailed response not required – confirm broad approach to addressing requirement.

**Please note that offered benefits will be discussed/agreed at mobilisation and must be recorded/reported through an established process. Delivery of community benefits will be monitored as a Key Performance Indicator (KPI) during ongoing contract management. As well as the points listed above, the Council understands that suppliers may have other innovative community benefits that do not fall under any of the suggested headings provided. Tenderers are asked to provide details of any additional community benefits that can be discussed / agreed at mobilisation.**

## Fair Work Practices

### Council Statement on Fair Working Practices

The Council considers the delivery of high quality public services to be inextricably linked with workforces that are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, recognise and respect diversity and are involved in some key decision making affecting them. These factors are also considered to be important for workforce recruitment and retention, and thus continuity of service.

In order to ensure the highest standards of service quality in this Contract we expect Contractors to take a similarly positive approach to fair work practices as part of a fair and equitable employment and reward package.

Factors demonstrating a positive approach to fair work practices include such things as:

- a fair and equal pay policy (including a progressive approach to gender pay gaps) that includes a commitment to supporting the Real Living Wage, including, for example being a Living Wage Accredited Employer;
- clear managerial responsibility to nurture talent and help individuals fulfil their potential, including for example, a strong commitment to Modern Apprenticeships and the development of Scotland's young workforce;
- promoting equality of opportunity and developing a workforce which reflects the population of Scotland in terms of characteristics such as age, disability, gender, religion or belief, sexual orientation, pregnancy and maternity, gender reassignment, marriage and civil partnership and race (including Gypsy Travellers). The Equality Act 2010 makes it unlawful to discriminate against people with a 'protected characteristic'. Organisational policies (including but not limited to recruitment) should ideally account for and respect all protected characteristics;
- support for learning and development;
- stability of employment and hours of work, adherence to relevant collective agreements and avoiding exploitative employment practices, including for example inappropriate use

of zero hours contracts;

- flexible working (including for example practices such as flexi-time and career breaks) and support for family friendly working and wider work life balance;
- supporting progressive workforce engagement, for example Trade Union recognition and representation where possible, otherwise alternative arrangements to give staff an effective voice.

### **Information Required – Response shall not be scored**

The Council is keen to understand how the Living Wage\* is implemented by suppliers and potential suppliers. In terms of the Living Wage, please indicate the statement which best reflects your organisation:

I am an accredited Living Wage Employer	<input type="checkbox"/>
I am currently going through the process of becoming an accredited Living Wage Employer	<input type="checkbox"/>
I am not a living wage employer but commit to gaining accreditation over the Initial Period of this contract/framework and will consider uplifts to staff not currently receiving Real Living Wage	<input type="checkbox"/>
I am not a Living Wage Employer	<input type="checkbox"/>
If your organisation supports the Living Wage but you are not an accredited Living Wage Employer or Living Wage Service Provider, please detail how the Living Wage is supported in the organisation.	

\* The Living Wage Foundation gives Living Wage Employer accreditation to organisations who are committed to paying their staff the Living Wage. Further information is available here: [www.livingwage.org.uk/employers](http://www.livingwage.org.uk/employers).

### **Method Statement**

Please describe how you will commit to fair work practices for workers (including any agency or sub-contractor workers) engaged in the delivery of this Contract. Answers need not be constrained to or be reflective of any of examples given alongside this question. Good answers will reassure evaluators that your company takes a positive approach to rewarding staff at a level that helps challenge inequality (e.g. through a commitment to paying at least the Living Wage); improve the wider diversity of your staff; provide skills and training, and opportunities to use skills which help staff fulfil their potential; avoids exploitative employment practices (e.g. in relation to matters such as the inappropriate use of zero-hours contracts); takes the engagement and empowerment of staff engaged on this contract seriously, including having arrangements in place to ensure trade union representation where possible; otherwise alternative arrangements to give

staff an effective voice and that your company will demonstrate organisational integrity with regards to the delivery of those policies. This reassurance can include a variety of practices which demonstrate your approach to fair work and should be tangible and measurable examples that can be monitored and reported during contract management procedures.

### Summary of Community Benefit Outcomes Requirements

Benefit Description	Type	Outcomes
<b>1.1</b> Jobs Created by The Project (Apprenticeships)	Supplementary	X+
<b>1.2</b> Work Experience Placements (5 days – 8 weeks)	Supplementary	X+
<b>1.3</b> Developing the Workforce	Supplementary	X+
<b>1.4</b> School Engagement Activities (includes focus on gender/gender pay gaps and disability)	Supplementary	X+
<b>1.5</b> Further and Higher Education Engagement Activities (includes focus on gender/gender pay gaps and disability)	Supplementary	X+
<b>1.6</b> Employability engagement activities	Supplementary	X+
<b>1.7</b> Vacancy Sharing	Specified	1
<b>2.</b> Communities, Community Groups, and Community Projects <b>i)</b> X+ hours professional or practical support/general volunteering + <b>ii)</b> donation of new/surplus equipment or materials and/or financial offers	Supplementary	2 (X+ hours community support + community donations)
<b>3</b> Local Economic Development Measures (Duty to Report)	Specified	1
<b>4.1</b> Environmental Wellbeing, Carbon Reduction and Climate Literacy (Annual Report + Co-operation)	Specified	1
<b>4.2</b> Environmental Measures (Fuel Poverty & Climate Literacy) (2 activities)	Specified	X+

<b>5. Fair Work Practices Including” Real” Living Wage (including gender pay gap reporting)</b>	Specified	1
<b>6. Prompt Payment in The Supply Chain (Duty to Report)</b>	Specified	1
<b>7. Promotion of Adoption and Fostering</b>	Specified	X
<b>8. Case Studies</b>	Specified	X+
<b>Total Community Benefit Outcomes</b>		<b>X+</b>