

Report of the Deputy Chief Executive / Director of Customer & Corporate Services  
Portfolio of the Executive Leader (Incorporating Finance & Performance)

## **Social Value Policy**

### **Purpose of Report**

1. The report presents a corporate social value policy for the council. The policy has been developed to communicate the approach to social value both internally and externally. It will be used to explain to residents, suppliers and other stakeholders what we expect when they work with the council.

### **Recommendation**

2. Executive is asked to approve the policy attached at annex 1 to this report.

Reason: to ensure compliance with the Social Value Act and that the council has a clear and consistent approach to delivery of social value through procurement.

### **Background and analysis**

3. The Public Services (Social Value) Act 2012 requires all public bodies to consider how they might improve the economic, social and environmental wellbeing of their area when buying services above the OJEU threshold (currently £181k for services and £4.5m for works). To comply with the Act, we must think about how what we buy, or how we buy it, could add these benefits.
4. The Act does not take a prescriptive approach and gives freedom to determine what additional benefit or value would best meet the needs to the local community, as well as giving suppliers opportunity to innovate.
5. In 2014 a government review reported on progress made by public bodies on implementing the Social Value Act. The report reinforced that there is still further work to be done to support local authorities to achieve social value in practice. The government has also introduced a social value website which provides useful guidance, support and examples of best practice.

6. The term “social value” is generally recognised as being the achievement of extra social or community benefits through procurement. It involves thinking beyond the price of each individual contract and looking at the collective benefit to a community when a public body chooses who to award a contract to.

## **Analysis**

7. The application of a social value policy can be used to promote inclusive growth by buying goods and services in a way that helps to create better jobs and strengthen skills and employability, which contributes towards the attraction of wealth, enhancing economic growth and addressing poverty.
8. It is clear that, as well as procurement activity, the council can secure additional social value benefits through the use of its assets and the awarding of grants. In addition to the legislative requirement, commissioners and those involved in redesigning service delivery models should consider social value when determining the most appropriate use of resources. This will help to inform whether buying or internal delivery is the best approach and influence the design of services, using the opportunity to re think outcomes and the types of services required before starting a procurement process.
9. The council spends approx £140m every year with a range of suppliers and this expenditure should contribute as much as possible to the delivery of social value in the city. Whilst we have a number of good examples of using social value to drive out additional benefits, there is no clear statement, framework or agreed definition of what social value means to the council. The council doesn't currently have an overarching social value policy or specific social value priorities against which activity can be planned, measured and evaluated.
10. The LGA peer review of procurement in June 2017 identified that whilst there were examples of procurement being used to achieve broader socio-economic objectives, for example employment and skills plans for construction projects, there was not a council policy or toolkit relating to 'social value', including how to comply with the statutory obligations in this area such as the Social Value Act. Their recommendation was that this was something the council should consider addressing.
11. In the absence of a corporate social value policy, the current process of achieving social value is variable and depends on the size and type of contract.

The policy will enable a more consistent approach and strengthen the council commitment to delivering social value.

12. However, much of the One Planet Council initiative is about changing the way we work, so that we more carefully consider and balance the social, economic and environmental implications of the decisions we make.
13. One Planet Council seeks to make sustainability part of everyone's job and encourages officers from different service areas to come together to share ideas and work together. The social value policy attempts to add to, rather than replace, this existing council policy.
14. The policy attached at annex one to this report sets out our social value and inclusive growth priorities along with some examples of how they could be achieved. An action plan has been developed to create the additional guidance material, training, and other processes needed to implement the policy. These additional documents need to be easy to understand and any additional processes not too time consuming to achieve.
15. The development of a policy will give contractors and residents a clear definition of expectations and requirements in the commissioning, implementation and evaluation of social value benefits. It will also ensure we can focus social value initiatives on the delivery and support of council plan priorities.
16. We recognise that council influence extends beyond our core role through to local businesses, partners and other external bodies. In addition to securing more social value through our own contracts, we will also consider our role in providing wider support and engagement to encourage everyone to be responsible employers and address social value wherever possible.
17. The council continues to offer local suppliers and businesses encouragement to engage in tenders through meet the buyer events and engagement with the Federation of Small Business and the Chamber of Commerce, as well as offering training and support where needed to submit good quality tenders. We also actively encourage suppliers to make use of the potential local supply chain. The council pays suppliers promptly and expect this prompt payment to be delivered throughout the supply chain.
18. Social value should be deliverable, measureable and achievable and using social value as a tool to lever in additional benefits wherever possible should be seen

as integral to the procurement process. In order to maximise the benefits from social value a consistent approach is needed across the council.

19. One of the main challenges with social value is how we can measure and evaluate outcomes achieved. Social value measurement needs to be proportionate, appropriate and realistic. Striking the right balance is crucial to prevent the measurement process being too rigid or complex and slowing down day to day business activity.
20. We also need to understand that there may not be opportunities in all contracts to secure social value because of the need to achieve value for money and the need to consider the profitability of contractors.
21. An action plan has been developed to include
  - a. Ongoing training, communication and engagement with managers and members.
  - b. Engagement of suppliers, partners and other stakeholders in achieving more social value benefits for the city
  - c. Development of more guidance and support for suppliers, particularly SME's and the voluntary sector.
  - d. Developing an approach to monitoring and measuring social value outcomes
  - e. Improved cross council working to avoid a disconnect between the contracting process and the delivery of social value benefits

### **Consultation**

22. The draft policy has been shared widely with a range of officers and senior managers.
23. A series of events were held during November 2018 to consult more widely on the policy with both current and potential suppliers.
24. The policy has also been subject to pre decision scrutiny by Customer and Corporate Services Scrutiny Management Committee.

### **Options**

25. The council could choose not to have a corporate policy but to continue considering social value on a case by case basis for individual procurements. This option has not been considered further as having a policy in place will allow

officers to approach social value with consistency and will ensure the legislative requirements are met.

### **Council Plan**

26. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

### **Implications**

27. **Financial:** The financial implications of a greater focus on social value can't be accurately quantified. Whilst any additional costs should be relatively small, they could be justified by the wider benefit to residents and economic wellbeing of the city in general. Any additional costs would have to be identified from within existing budgets and this will be considered as part of the action plan.
28. **One Planet Council / equalities:** The policy helps to achieve the principles set out in One Planet Council. Social value can be used to support specific sections of the community, giving additional support and opportunities.
29. **Legal:** The Public Services (Social Value) Act 2012 created a duty to consider social value when making decisions about how public services should be delivered. The proposed policy incorporates the requirements of the legislation.
30. There are no HR, crime and disorder, IT, property or other implications.

### **Risk Management**

31. Without a corporate policy in place there is a risk that information and advice is inconsistent or inappropriate, which could lead to a failure to deliver social value in line with our statutory duty. Although there is a potential that tender prices could be inflated by suppliers to cover the costs of social value there is no evidence of this in practice. The draft policy and associated action plan mitigates these risks to an acceptable level.

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	<b>Report Approved</b>	√	<b>Date</b> 26.11.18
<b>Wards Affected:</b> <i>All</i>			
<b><i>For further information please contact the author of the report</i></b>			

Annex One – Social Value Policy