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## **Customer & Corporate Services Scrutiny Management Committee**

11 June 2018

### **Corporate Approach to Social Value**

#### **Purpose of Report**

1. At their January meeting members of the committee requested a report on the Corporate Approach to Social Value. This report sets out work that is currently being undertaken across the Council.

#### **Background and Analysis**

2. The Social Value Act requires all public bodies to consider how they might improve the economic, social and environmental wellbeing of their area when buying services above the Official Journal of European Union (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.
3. 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. There is no “one size fits all” model and each procurement exercise needs to be dealt with on a case by case basis.
4. 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.
5. 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 contact to.
6. The application of a social value policy can also 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.

7. However, 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.
8. At its meeting on 28 September 2017 Executive agreed a council Asset Management Strategy that set out how the consideration of future use of assets seeks to balance social and financial value on a case by case basis. Some assets are specifically designated to deliver social outcomes through community asset transfers. Other surplus assets are disposed of in order to support programmes of service remodelling or regeneration which deliver social benefit.
9. The key principles in this strategy are:
  - a. Make best use of publicly owned assets across York
  - b. Encourage shared use of property resources
  - c. Minimise cost of occupation of land and buildings
  - d. Ensure assets comply with the Council's sustainability policies
10. The report also outlines how the Council has continued to transfer assets to the community where a community group are able to use the asset for improved community or social outcomes. It is acknowledged that there is not a one size fits all solution to shape community provision and that each area has a different starting point and has different needs. Rather than devising a high level, theoretical vision and trying to apply this top down approach across a range of different localities with different needs and starting point, a more detailed piece of work is being undertaken to understand:
  - a. Changing service delivery models in our people and place based services
  - b. The potential for collaboration with our partners in the city
  - c. The state of our estate, the future liabilities and the potential of our assets
  - d. Through engagement with our communities, to better understand what they value and what they need

## **CYC context**

11. The remainder of this report is focused on the approach to embedding social value within the council's procurement process and the work that is ongoing to help embed social value across the council, including communication and engagement and monitoring of our performance.

12. The council spends approx £140m every year with a range of suppliers. We believe that 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. CYC doesn't have an overarching social value policy or specific social value priorities against which activity can be planned, measured and evaluated.
13. 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/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.
14. 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.
15. However, whilst there is no corporate social value policy, 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.
16. 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 draft social value policy attempts to add to, rather than replace, this existing council policy.
17. The draft 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 is being 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.

## **Opportunities**

18. 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.

19. 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 should also consider our role in providing wider support and engagement to encourage everyone to be responsible employers and address social value where possible.
20. 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 Businesses 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.
21. Social value should be deliverable, measurable 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.

### **Challenges**

22. The policy needs support from senior managers and members to ensure it is embedded in day to day activity and that it remains prominent in the long term.
23. One of the main challenges identified is how we can measure and evaluate social value 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.
24. 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.

### **What do we need to do?**

25. An action plan is being 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

### **Implications**

26. 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.

### **Next steps**

27. An action plan will be developed and a final version of the policy taken to Executive for approval.

### **Recommendation**

28. Members are asked to note the contents of the report.

Reason: To update the Committee on the corporate approach to social value

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<b>Wards Affected:</b> All			
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