

Cabinet – 9 December 2020

Revised Social Value Policy 2020

Portfolio: Councillor Bal Chattha – Personnel and Business Support

Related portfolios: ALL

Service: Procurement

Wards: All

Key decision: No

Forward plan: Yes

1. Aim

To implement a revised Social Value Policy, that enables the Council to secure wider economic, social and environmental benefits for Walsall resident, communities and businesses, through the commissioning and procurement of services.

2. Summary

- 2.1 The introduction of the Public Services (Social Value) Act 2012 ‘the Act’ became law in March 2012 and came in to force on 31 January 2013. A subsequent Cabinet Office review of the Social Value Act coincided with the implementation of new Public Contract Regulations ‘PCRs’ in February 2015, resulting in more clearly defined duties for public sector organisations and need for the Council to revise its current Social Value Policy and practice.
- 2.2 Walsall Council’s existing Social Value Policy was approved by Cabinet on 27 June 2016. It was updated in March 2018 to align with European Union procurement thresholds for public sector service contracts.
- 2.3 A Social Value Charter, aligned to the Council’s Corporate Plan priorities is now established and an operating framework including a Themes, Outcome and Measures ‘TOMs’ Framework has been implemented to enable delivery of social value benefits through commissioning and procurement activities, in a compliant manner.
- 2.4 The Council’s Social Value Policy, Social Value Charter and Themes, Outcomes and Measures ‘TOMs’ Framework now requires review, in order ensure that the Council’s focus and practical application of social value remains fit for current purpose; particularly in light of the impact of Covid-19.

- 2.5 A review of the Policy, Charter and TOMs has been undertaken in consultation with key stakeholders across the Council, The review has considered the effectiveness of the policy in practice, achievements and has also included an assessment of the Council's social value maturity, using the maturity index tool and assessment framework within the Local Government Association National Procurement Strategy 2018. Outputs and outcomes of the review are included within this report and appendices.

3. Recommendations

- 3.1 That Cabinet approves the revised Social Value Policy attached as Appendix A to this Cabinet Report
- 3.2 That Cabinet approves the revised Social Value Charter attached as Appendix B to this Cabinet Report
- 3.3 That Cabinet approves the implementation of revised a Themes, Outcomes and Measures 'TOMs' Framework, aligned to Corporate Plan priorities, in accordance with the sample set out in Appendix C to this Cabinet Report
- 3.4 That Cabinet approves the Head of Procurement, in consultation with the Portfolio Holder to make minor, non-material changes to the Social Value Policy, Charter and/or TOMS Framework, in order to ensure alignment with changes in procurement regulation and the Councils Corporate Plan

4. Report detail - know

Context

What is Social Value?

- 4.1 Added value 'Social Value' is the term used to describe the additional value created in the delivery of a service contract which has a wider community or public benefit. This extends beyond the social value delivered as part of the primary contract activity.

The Council makes decisions that can influence social benefit outcomes every day, these are decisions around commissioning a particular service, funding a project or prioritising a particular requirement. Any of these can deliver additional social benefit.

These benefits can be tangible such as jobs for the long term unemployed and apprenticeships for young people through to less tangible areas such as engagement with communities and/or groups of individuals that are disengaged from the council. These benefits also link well to the council's Public Sector Equality and Diversity duty.

The benefits should support our communities and link back to the commitments the Council has made in the overarching Corporate Plan.

Social value can help to achieve the Council's strategic objectives and by embedding into commissioning and procurement practice the Council maximises its purchasing power to do this.

Social Value Policy

- 4.2 The Council's response to the Act is set out in the Council's current Social Value Policy.

It supports delivery of the Council's Corporate Plan and aims to improve economic, social and environmental well-being and maximise social value benefits for people and communities in Walsall.

As approved by Cabinet in 2016, application of the Council's current Social Value Policy was set at a much lower threshold than required by the Act and currently applies to the commissioning and procurement of contracts with a value greater than £50,000. This aligns to the current Contract Rule tendering threshold of £50,001.

The following considerations apply in the conduct of commissioning and procurement activities:

- How the specified provision might improve economic, social and environmental well-being
- How, in conducting the process of procurement, the Council will maximise and secure additional social value benefits from its suppliers
- Ensure that procurement scoring methodology and criteria contains appropriate consideration and weighting for social value

Social Value Charter

- 4.3 Research of public sector organisations that are considered beacons of good social value practice shows that social value benefits are likely to be maximised if the Council is clear and targets specific social value outcomes or outputs that are considered be a priority. Social value targets usually relate to the Council's high-level corporate outcomes but may expressed differently, perhaps in more practical and measurable terms.

The Council's current Social Value Policy is underpinned by a Social Value Charter which includes fifteen priorities. These priorities are aligned Corporate Plan and were previously agreed in consultation with Cabinet CMT.

Social Value Maturity Assessment – What does it tell us?

- 4.4 A social value maturity index tool was developed by the Cabinet Office in partnership with the Social Value Portal in 2016 and has since been incorporated into the Local Government Association National Procurement Strategy 2018.

It enables public sector organisations to self-assess their maturity against a set of ten high-level social value performance indicators and four levels of social value maturity. When completed, the tool also generates an action plan, based on the response to questions.

The social value maturity framework assesses against the following levels:

Maturity	Maturity Description
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Heading	
Followers	Compliance driven. Doing just enough to meet the conditions of The Act
Mature	Taking a pro-active approach to integrating Social Value into procurement and commissioning
Leader	Social Value embedded into corporate strategy and have comprehensive frameworks for management and delivery
Innovators	Social Value is a core operational metric, integrated into all directorates/departments and activities with regular reporting against targets

A copy of the detailed assessment and action plan for Walsall Council are enclosed in Appendix D

What have we done/achieved so far?

- 4.5 Much has been achieved since approval of the current Social Value Policy in 2016. A summary of key process, practice and samples of key achievements is set out below and in Appendix E:
- The Council's Social Value Policy and Charter has been implemented in procurement process and documents, to ensure that social value contributes a minimum 5% of the total achievable score when the Council evaluate and score tenders for contracts valued at over £50,000. This enables the Council to transparently seek and evaluate social value bids and award contracts in a fair and equal manner, through a compliant procurement process, weighted systematically to Council and local priorities.
 - A Themes, Outcomes and Measures 'TOMs' Framework has been developed to enable measurement of social value outcomes in a manner that maintains a golden thread between the Corporate Plan and Social Value Policy.
 - A Social Value Maturity Assessment has been completed to see how the Council's current social value practice compares against a set of high level national social value performance indicators. This gives the Council an understanding of its social value maturity and has created a development action plan aimed at improvement in practice and outcomes.
 - Pre-Market Engagement – Targeted pre-market engagement events have taken place to encourage applications from the local and wider market place in relation to specific contracting opportunities. Local suppliers have also been supported to develop knowledge within the SME, voluntary and community, local and wider business sector about how to use social value lever opportunities to compete for contract opportunities on a level playing field and/or gain advantage through application of local knowledge, skills, and capabilities in competitive procurement/contract processes.

- Engagement events with the Federation of Small Business and 'Walsall Works' and One Walsall has enabled targeted action to drive an increase in local suppliers registering on In-Tend and has enabled increased awareness of the Council's contracting opportunities. There are currently 14,263 suppliers registered to receive contract opportunity notifications on the Council's e-procurement portal In-Tend, of which 990 are Walsall registered suppliers. The number of registered Walsall based suppliers has increased by 12.5%/124 suppliers since October 2018 as a result of the Council's targeted action.

4.6 Much has been done to establish the infrastructure required to promote and maximise social value opportunities. This has generated pockets of successes. However it is clear that the achievement and measurement of social value outcomes across the Council and wider Walsall economy could be improved to benefit the wider Walsall community, including local businesses.

What still needs to be done to achieve best in practice Social Value?

4.7 There is a growing emphasis on the need to promote contract opportunities for local suppliers, small and medium-sized enterprises (SMEs), social enterprises and voluntary and community organisations, particularly to support COVID-19 recovery.

This has to be carefully addressed in order to ensure that Council fulfils its statutory duty to ensure 'Best Value' and compliance with procurement regulations.

Current procurement regulations provide flexibility to facilitate inclusion of both social value and localism objectives within a procurement process, however there are rules around their inclusion i.e. the social value objective must be linked to the contract subject matter.

Opportunities to embed localism within specifications from the design stage of the project should be exploited, providing that it does not directly disadvantage organisations which are not local.

It is important to remember that some aspects of localism and social value may incur a cost.

For the purpose of the proposed Social Value Policy the following definitions apply:

- 'Local' is defined as suppliers/businesses that are registered within the Borough of Walsall and pay business rates to Walsall Council. 'Minor' contracts are as defined by the Council's Contract Rules
- The Council will use employee 'head count' to define micro, small, medium and large businesses and categorise these in the following way:

Category	Number of Employees
Micro	0 – 9
Small	10 – 49
Medium	50 – 249
Large	250+

- 4.8 Details about the post December 2020, PCRs have recently been published and the Council's 'Best Value' duty remains a key component of the forthcoming United Kingdom PCRs.

In order to maximise local opportunities in a compliant manner the following actions are proposed:

- 4.8.1 The Council should incorporate, through its Social Value Policy, Contract Rules, procurement and commissioning strategies, provision to promote opportunities to 'Purchase Local', in accordance with regulatory requirements. Based on current regulations and contract rules this means wherever possible and appropriate to do so, for contracts with a value under £25,000, quotations would be sought first from local suppliers. 2019/20 revenue spend data shows a total spend of opportunity of up to circa £40m per annum through application of this proposal. It should however be noted that the size of this spend opportunity is expected to reduce as the Council takes targeted action to fulfil the Walsall Proud Programme objective of reducing third party spend.
- 4.8.2 The Council's Contract Rules should be reviewed and revised accordingly to incorporate the proposal set out in 4.8.1
- 4.8.3 Specific monitoring and reporting of procurement, purchasing and spend activity and outcomes should be implemented to periodically measure the effectiveness of policy and practice on local businesses.
- 4.8.4 The Council should explore opportunities to utilise the full technical capabilities within the Council's finance, procurement and HR system 'One Source' to enable more efficient and effectiveness of the Council's Social Value Policy objectives.
- 4.9 In order to improve the Council's practice and outcomes in relation to social value for areas where the Councils social value maturity is currently assessed as a 'Follower' or 'Non-Compliant', implementation of the improvement action plan set out below is proposed:

Improvement Heading	Development Actions
Measurement	Review and implement the TOMs Framework in practice across all Council contracts to enable measurement of social value achievements
Commissioning and Contract Management	<p>Imbed the Social Value Policy in practice through all stages of the commissioning cycle</p> <ul style="list-style-type: none">• Introduce a process to assess new contracts before procurement has started, to understand their potential contribution to social value• Bind specific, targeted social value action plans into contracts, and monitor the delivery of Social Value after award• Undertake performance reviews of contracts and incorporate feedback, to ensure improvement in

	<p>social value delivery. Put processes in place to incorporate lessons learnt and feedback from contract management (e.g. benchmarking)</p> <p>It is proposed that the Commissioning Procurement and Contract Management 'CPCM' Hub should provide a centre of excellence, including advice, guidance support and resource to ensure that the Social Value Policy is implemented effectively in commissioning and procurement strategies and practice across the Council</p>
Reporting	Improved governance on progress and delivery through the Third Party Spend Board (formerly known as Contract Oversight Committee) and introduction of annual feedback to Cabinet/Scrutiny Committee on Social Value.
Governance and Accountability	<ul style="list-style-type: none"> • Review and refresh of the Council's Contract Rules to ensure that they are fit for current purpose and enable compliant delivery of procurement, purchasing and contract activities, in a manner maximises social value and localism opportunities • Embed Social Value into commissioning and procurement, in accordance with a revised Social Value Policy and published toolkit. Support the implementation of Social Value with an overarching Action Plan • Establish a centre of social value excellence, within the Council's CPCM Hub to provide advice, guidance support and resource and provide assurance that the Social Value Policy is implemented effectively in commissioning and procurement strategies and practice across the Council
Localism	Implement the revised Social Value Policy in a manner that enables compliant promotion of opportunity for local suppliers.
COVID-19 Recovery	Include specific outcomes and measures within the TOMs Framework to encourage Covid-19 recovery outcome

Council Corporate Plan priorities

- 4.10 Implementation of the revised Social Value Policy, Charter and Themes, Outcomes and Measures supports delivery of the Councils Corporate Plan priorities as it aims to improve economic, social and environmental well-being and maximise social value benefits for people and communities in Walsall.

The recommendations in section 3 of this report therefore contribute to the following Corporate Plan priorities:

- Economic Growth
- People
- Internal Focus
- Children
- Communities

Risk management

- 4.11 In the current economic climate there is a growing emphasis on the need to maximise social value benefits and promote contract opportunities for local suppliers, particularly to support COVID-19 recovery.

This has to be carefully addressed in order to ensure that Council fulfils its statutory duty to ensure 'Best Value' and compliance with procurement regulations.

The Council must ensure transparency, robust governance and the application of compliant procurement process and documentation in relation to its social value practice in order to minimise risk of legal challenge.

Financial implications

- 4.12 The Act provides a significant opportunity for Walsall Council to engage with its supply chain and reward suppliers that go beyond the provision of just the core contract requirements to deliver more value for the community. This can deliver solutions that are the most economically advantageous and will also, over the long term, help to reduce cost and build a more resilient, healthy and economically strong community.

The National Procurement Strategy for Local Government 2018, states that when councils successfully embed social value into their procurement processes and effectively monitor and manage contracts, benefits realisation of up to 20% value of the contract/spend value (at no additional cost) could be achieved, providing genuine additional benefits for local communities.

Based on an addressable third party spend of Circa £165m, in 2019/20 this could equate to £33m worth of social value benefit for Walsall residents, communities and businesses.

The Council should therefore take targeted action to maximise its return on social value.

Through implementation of the recommendations set out in this report the Council will be in a position to achieve and report on benefits realisation against a set of agreed measures.

Legal implications

4.13 The proposed Social Value Policy will be delivered within a significant and complicated legislative framework, including but not exclusively:

- (Public Services) Social Value Act 2012
- Public Contract Regulations 2015 (PCRs)
- Local Government Act 2000
- Equality Act 2010
- Competition Act 1998
- Local Government Transparency Code 2015
- The Council's Constitution

The Act places upon all local authorities and other public bodies a legal obligation to consider, prior to undertaking a procurement process, how any services procured might improve economic, social and environmental well-being.

The Act obligations are also aligned to Public Contract Regulations 2015, which are scheduled for to be replaced with effect from 01 January 2021 in light of the United Kingdom's departure from the European Union. The Council have a duty to comply with the PCRs or their subsequent equivalent.

Due care and attention must therefore be applied in the implementation of the proposed Social Value Policy, to ensure that the Council's legal obligations are not breached in pursuit of social value benefits.

The Council must ensure transparency and robust governance of social value practice in order to comply with its legal duty and minimise risk of legal challenge

Procurement Implications/Social Value

4.14 The Act currently applies to public services contracts and framework agreements which the Public Contracts Regulations apply to (i.e. those contracts with a value at or greater than the current EU threshold, for non-central government public bodies service contracts. which is currently £189,330.

In the procurement process bidders are required to set out how they propose support the Council's social value priorities as set out in the Social Value Charter, over and above the obligations of the contracted services set out in the specification. The proposal is scored on a competitive basis, awarding the highest social value score to the proposal that is assessed as most advantageous social value offer

Cabinet previously made a policy decision that the Council's Social Value Policy should apply to all service contracts valued at greater than £50,000 and that a mandatory minimum of 5% of the total marks must be attributed to Social Value when we evaluating tenders for applicable contracts. On occasions, social value marks may be increased where considered beneficial and appropriate to do so.

This review has also considered the Procurement Policy Action Note PPN 06/20, recently published by the Cabinet Office, wherein a mandatory minimum 10% of the total available evaluation criteria, is applicable in the procurement of all central government service contracts, within the scope the Act, from 1 January 2021.

Walsall Council's threshold for application of its Social Value Policy is lower than required by the Act. The scope of contracts affected by the policy is therefore greater than required by law and it is therefore recommended that the minimum 5% of the total marks attributed to Social Value should remain, applicable in the procurement of all contracts within the scope of Walsall Council's Social Value Policy. This will ensure that it has a proportionate effect on the Council's contract award decisions. This may be increased subject to the advice of the Council's Procurement Team where deemed appropriate to do so.

Property implications

- 4.15 There are no direct property implication associated with this report

Health and wellbeing implications

- 4.16 Securing Social Value through commissioning and procurement activity can contribute to the well-being of the borough as set out in this report

Staffing implications

- 4.17 There are no direct staffing implications although the objective is to seek to secure employment opportunities from external organisations for the community, through apprenticeships or targeted recruitment and training.

Ongoing staff resources will be required to ensure effective monitoring and measurement of social value benefits and outcomes at an operational and corporate level. It is envisaged that use of technology to automate data collection and analysis and minimise the need for significant additional staff resource.

Reducing Inequalities

- 4.18. There are no direct equality implications associated with the recommendations set out in section 3 of this report. However where social value is considered as part of a commissioning exercise, the public sector equality duty will apply. This means that equality will be considered at every stage of the commissioning cycle, including consultation at pre-procurement stage and associated Equality Impact Assessments will be completed as required.

The recommendations and proposals contained within this report are in full accordance with the Marmot objectives as the Social Value Policy aims to improve economic, social and environmental well-being and maximise social value benefits for residents, communities and businesses in Walsall.

Social Value can deliver wider community or public benefit. These benefits can be tangible such as jobs for the long term unemployed and apprenticeships for young people through to less tangible areas such as engagement with communities and/or groups of individuals that are disengaged from the Council.

Consultation

- 4.19 A review of the Policy, Charter and TOMs has been undertaken in consultation with key stakeholders across the Council. The review has considered the effectiveness of the policy in practice, achievements and has also included an assessment of the Council's social value maturity using a maturity index tool and assessment framework with the Local Government Association National Procurement Strategy 2018. Outputs and outcomes of the review are included within this report and appendices
- 5. Decide**
Cabinet is requested to consider the proposals set out in section 4.8 and 4.9 of this report and approve the recommendations set out in section 3 of this report.
- 6. Respond**
Subject to Cabinet approval the revised Social Value Policy, Charter, TOMs and development actions set out in 4.9 will be implemented.
- 7. Review**
Social Value Policy will be reviewed periodically as required to ensure that it remains fit for purpose, achieves its objectives, is aligned to and complies with legislative, regulatory and constitutional requirements.

Report Appendices

Appendix A - Proposed Revised Social Value Policy-December 2020

Appendix B - Proposed Revised Social Value Charter- December 2020

Appendix C - Proposed Themes, Outcomes and Measures 'TOMs' Framework

Background papers

Appendix D - Social Value Maturity Assessment and Action Plan – November 2020

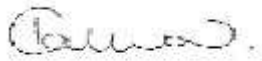
Appendix E - Social Value Key Achievements

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09 December 2020

Signed: *Councillor Chattha*

Councillor Bal Chattha
Portfolio Holder
Personnel and Business Support

09 December 2020