

Cabinet – 27 July 2016

Social Value Policy

Portfolio: Councillor A. Nawaz – Personnel and Business Support

Related portfolios: All

Service: Procurement

Wards: All

Key decision: No

Forward plan: No

1. Summary

- 1.1 The introduction of The Public Services (Social Value) Act became law in March 2012 and came in to force on 31 January 2013.
- 1.2 A Social Value Policy was approved by Cabinet at its meeting held on 5 February 2014.
- 1.3 When the existing Social Value Policy, was approved by Cabinet, it was agreed that further work should be undertaken to explore and develop opportunities to maximise the benefits for Walsall people and its businesses. Further work was also required to embed Social Value in all commissioning and procurement process and practice in order to achieve measureable benefits which are aligned to the priorities in the Council's Corporate Plan.
- 1.4 A Cabinet Office Social Value Act Review coincided with the implementation of new Public Contract Regulations in February 2015 which resulted in more clearly defined duties for public sector organisations. and need for the Council to revise its current Social Value Policy and practice
- 1.5 In the context of the changes referred to in paragraph 1.4 of this report, a review of the Council's Social Value Policy has been undertaken.
- 1.6 This report provides background and a revised Social Value Policy for Cabinet approval

2. Recommendations

- 2.1 That Cabinet approve the Social Value Policy attached as Appendix 1 to this Cabinet Report
- 2.2 That Cabinet approve the implementation of a fit for purpose Social Value Toolkit and a standardised approach to its application, in all 'major' contracts that require a tender.

3 Report detail

- 3.1 Social Value can be defined in a number of ways. For the purpose of this report it is defined as 'a short-hand term used to describe how the wider, social, economic and environmental benefits that can be secured through the commissioning and procurement of services.'
- 3.2 In the context of the economic challenges and the Council's diminishing budget it is more important than ever to maximise the value of resources. This includes the money that the Council spend with 3rd party suppliers.
- 3.3 Social Value is a way of thinking about how scarce resources are allocated and used to also produce a wider benefit to the community. As well as focusing on price, it helps the Council to consider the collective benefit to the community and wider social, economic and environmental outcomes (e.g. stronger communities, improved health, improved environment).

Legislative Framework

- 3.4 The introduction of the Public Services (Social Value) Act became Law in March 2012, and came in to force on 31 January 2013. Provisions in the Act place a statutory duty on public sector organisations to consider, prior to undertaking commissioning and procurement, how the economic, social and environmental well-being of the borough might be improved through commissioning and procurement of services.
- 3.5 The Social Value Act applies to all public contracts for the provision services, where the contract value is above current European Public Contract Directives threshold of £172,514.
- 3.6 There is currently no legal requirement to implement social value objectives below the EU procurement threshold; however application of social value in tenders below threshold contracts can be determined and implemented by the Council at a local level, through its Social Value Policy. Effective social value practice delivers wider community, social, economic and environmental benefits Therefore in order to maximise such benefits across a wider range of contracts it is proposed that the Council's Policy should apply to all 'major' contracts that require a tender as set out in the Council's Contract Rules.
- 3.7 The current social value legislative framework is designed to complement existing procurement legislation. It focuses on the planning stage of the commissioning cycle and requires the Council to ensure that when planning the purchase of services; consideration is given, prior to the procurement, about how the procurement process will drive out economic, social and environment benefits, following the award of contract.
- 3.8 Social Value objectives can lawfully be taken into account in commissioning and procurement activity, providing that there is equal treatment, transparency, proportionality, non-discrimination and that it does not hinder free movement of goods and services.
- 3.9 The Act does however make it very clear that only those matters relevant to what is proposed to be procured can be considered as part of the procurement

process, which in any event must be proportionate to the scope and scale of what is being procured.

- 3.10 When used appropriately the Social Value Act duty will compliment the Council's strategic aims and objectives

Policy

- 3.11 The Council's current Social Value Policy is not clearly aligned to the Council's corporate priorities.
- 3.12 The proposed Social Value Policy, attached as Appendix 1 to this report, has been revised to focus on objectives which are clearly aligned to the Council's Corporate Plan 2016-2020, as set out in section 4 of this report.
- 3.13 The Council procures a wide range of goods and services; therefore a 'one size fits all' social value model is unlikely to be effective. In order to ensure effective implementation of the Policy at an operational level, it is also proposed to implement a Social Value Toolkit.
- 3.14 Implementation of a Social Value Toolkit will enable operational delivery of the Council's commitment to maximise Social Value through commissioning and procurement activities, in a consistent compliant manner. The toolkit will provide guidance on different options available to commissioning and procurement staff and enable each procurement process to derive social value in a manner that is right for each area of the Council's business.

Impact and Monitoring

- 3.15 Effective commissioning and procurement for social value has the potential to enable more of the money that the Council spends to be directed towards reducing inequalities and maximising potential of the people and communities of Walsall. However this will only be achieved if the social value objectives are achievable and measurable.
- 3.16 The Council have a duty to ensure that social value objectives are measurable, achievable and material to the contract being procured. In order to discharge its duty, the Council must carefully apply relative weighting to social value in procurement processes and ensure that social value impact and outcomes are monitored and measured following the award of a contract.

4. Council priorities

- 4.1 The revised Social Value Policy and Toolkit is aligned to the Councils Corporate Plan priorities:
- Lifelong health, wealth and happiness
 - Safe, resilient and prospering communities
 - Sustainable change and improvement for all

5. Risk management

- 5.1 The Social Value Toolkit will provide a framework to ensure that the Council's Social Value related commissioning and procurement practice is legally compliant and that the outcomes are measurable and achievable. If utilised the toolkit will minimise risk of challenge around non compliant practice
- 5.2 Appropriate early integration of this approach in the commissioning cycle will ensure that the market engages proactively thereby minimising the risk of social value related higher costs in contracts.

6. Financial implications

- 6.1 When making commissioning decisions there is a requirement to do so within the available budget that the Council, or particular service, has available. This fundamental principle will be part of the approach and application of Social Value.
- 6.2 As the Council's available resources reduce, it is increasingly important that staff who commission services understand and deliver the wider role in ensuring that every pound that the Council spends, secures the maximum social as well as monetary value. If undertaken effectively, building social value into the commissioning cycle should not lead to significantly increased costs in contracts that the Council awarded.
- 6.3 A relatively small cost is however likely to be incurred for additional resources needed to undertake procurement processes and post contract award monitoring. This cost will be met within existing budgets.

7. Legal implications

- 7.1 The incorporation of Social Value into the procurement evaluation process has to be done in a way which is proportionate, equal, fair and transparent and in keeping with the service being procured.

Once the policy has been adopted, the Council will need to comply with its Policy and Social Value Framework., in order to ensure that it conducts its Social Value duty lawfully

8. Property implications

- 8.1 There are no specific property implications as a consequence of this report.

9. Health and wellbeing implications

- 9.1 Securing Social Value through commissioning activity can contribute to the well-being of the borough as set out in 4.1 above.

10. Staffing implications

- 10.1 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.
- 10.2 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.

11. Equality implications

- 11.1 The purpose of Social Value is to seek to address or provide support to areas of inequality for a range of groups.

12. Consultation

- 12.1 This report has been subject to an internal consultation process with officers, with commissioning responsibilities, from across the Council.
- 12.2 Further work will be required to effectively engage with suppliers during the pre-procurement stages to ensure wider acceptance of the policy and maximise benefits that can be achieved through the procurement process

Background papers

Appendix 1. – Walsall Council Social Value Policy - July 2016

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19 July 2016



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19 July 2016

Appendix 1

Walsall Council Social Value Policy – July 2016

1. Policy Statement

Walsall Council will ensure that it complies with all aspects of the Public Services (Social Value) Act 2012.

2. Purpose

The aim of this policy is to ensure that prior to undertaking a procurement process Walsall Council considers:

- How economic, social and environmental well-being can be improved by services that are to be procured.
- How the commissioning and procurement process may secure these improvements under the provisions of The Public Services (Social Value) Act (2012).

3. Scope

All staff who are involved in contracting and commissioning Council services must understand and adhere to this policy, since they are primarily responsible for ensuring that Walsall Council complies with this Policy.

4. Social Value legislation

The Public Services (Social Value) Act was passed in 2012. Public authorities are now required to ‘consider, prior to undertaking the procurement process, how any services procured might improve economic, social and environmental well-being.’

The Social Value Act applies to public services contracts and framework agreements to which the Public Contracts Regulations apply (i.e. those over the EU threshold which currently stands at £172,514 for non-central government public bodies). It does not apply to public work contracts or public supply (goods) contracts.

The Council have a duty to comply with EU Procurement law and to ensure that EU law is not breached in pursuit of social value benefits; for example, restricting a procurement process to local businesses, forcing the winner to employ local labour or other specifications that are materially easier to be satisfied by local / national tenderers more than foreign ones, are all likely to breach EU law.

5. A Definition of Social Value

Walsall Council recognises that Social Value:

- Is the additional benefit to the community from a commissioning / procurement process over and above the direct purchasing of goods, services and outcomes (The Social Value Commissioning Project)
- Is about maximizing the impact of public expenditure.

- Social value considers more than just the financial transaction. It factors in the benefits of health, happiness, wealth, safe, resilient communities and enables sustainable change and improvement for all. These types of value often accrue to different people, communities or organisations in different ways and are not always easy to measure.

6. Social Value Links with the Corporate Plan 2016- 2020:

The Council is committed to effective commissioning and procurement for social value; thus enabling more of the money that the Council spends to be directed towards reducing inequalities and maximising potential of the people and communities of Walsall.

The Social Value Policy and Toolkit is aligned to the Councils Corporate Plan 2016 - 2020 priorities:

- Lifelong health, wealth and happiness
- Safe, resilient and prospering communities
- Sustainable change and improvement for all

7. Applying the Policy:

Commissioners are encouraged to consider and adhere to the principles of Social Value as part of any relevant commissioning and procurement activity. Although it is recognised that there can be no 'one size fits all' model and consideration will need to be given by commissioners in terms of how the Act is applied in a proportionate manner and be tailored to reflect the service or goods to be procured.

In complying with this policy, Walsall Council will consider:

- How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area
- How, in conducting the process of procurement, the Council will act with a view to securing that improvement
- In developing its procurement scoring criteria, consideration is given to the weighting for:
 - Quality of the service provided
 - Price of the commissioned service
 - Social capital associated with the contract
 - Enabling small and medium-sized enterprises (SMEs), social enterprises and voluntary and community organisations and more 'social innovation' across the commissioning landscape
 - Capability of suppliers to meet the needs of the local area

8. Policy review

This policy will be reviewed on an annual basis by the Procurement Team in consultation with other key stakeholders