

Cabinet – 5 February 2014

Social Value Policy

Portfolio: Councillor Towe - Resources
Councillor A Andrew – Regeneration and Transport

Related portfolios: ALL

Service: Commissioning and Procurement

Wards: ALL

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1 The purpose of this report is to recommend the adoption of a Social Value Policy, by Walsall Council, and propose ways in which the Council can embed the consideration of Social Value within all of its commissioning and procurement activity to maximise the benefits for Walsall people and its businesses.

2. Recommendations

- 2.1 That the draft Social Value Policy attached at Appendix A be accepted and approved for use.
- 2.2 That officers further explore and develop those opportunities with the potential for delivering wider Social Value benefits through its commissioning activities, where they are consistent with the Council's priorities to improve the economic, social and environmental well being of Walsall, as set out within section 4 and at no additional cost to the Council as a result.

3. Report detail

- 3.1 'Social Value' is a short-hand term used to describe these wider, social, economic and environmental benefits that can be secured by commissioners through direct purchasing of services. Such benefits need not necessarily mean extra costs but can often be achieved through the commissioning cycle simply by designing and specifying services early in the process and in a different way, by focusing on a wider range of outcomes.

- 3.2 The Public Services (Social Value) Act, which became law in March 2012, came in to force in January 2013. The Act requires for the first time all public bodies in England and Wales to consider how the services they commission and procure might improve the economic, social and environmental well being of the area. It is intended that this Act will transform the way public bodies choose to buy works.
- 3.3 To maximise the opportunities it is appropriate, along with some other Councils, to remove the threshold and require ALL significant commissioning or procurement activity (i.e. where the contract value is anticipated to be above £50,000) to take into account Social Value.
- 3.4 To support this aim a Council wide approach to Commissioning will be developed which:-
- a) Reviews why the service is being commissioned - is it still relevant, what are we trying to achieve and does it add value to the customer? Is it affordable?
 - b) Undertakes service-user, community or marketplace consultation or research to redefine or confirm needs and create opportunities for co-design / co-production.
 - c) Identifies additional social value outcomes including those undertaken through Corporate Social Responsibility (CSR) that could also be derive from commissioning and how these will be measured.
- 3.5 The legislation has been designed to complement existing procurement legislation rather than replacing it as existing arrangements already allow for the taking into account of social, environmental and economic benefits in procurement.
- a) The Act does not change the procurement rules in any way but is targeted at the planning stage of the commissioning cycle. Therefore public bodies are now asked that, when they are planning purchasing services they consider, at the pre-procurement stage, not only the price and quality but also the way it benefits the economic, social and environment well-being of the relevant area.
 - b) 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 and in any event must be proportionate in all the circumstances to those matters.
 - c) The Act does not mean that public authorities can simply seek undefined 'added value' from their procurement. They are free to specify the social value they seek to realise but it must be relevant to the procurement in question and specific, measurable and verifiable in terms of performance. Used appropriately this new duty will compliment the Council's strategic aims around community well being, environmental and economic regeneration.
 - d) The Act requires public bodies, by law, to consider how the economic, social and environment well-being of the relevant area can be benefited as part of each commissioning decision, except where an urgent need to arrange the procurement makes it impractical to comply with the requirements.

- 3.6 With the Council's budget diminishing it is more important than ever to get the most value from all our public spending. Commissioning and procuring for social value can change the way contracts are let, so that more taxpayers' money is being directed towards improving people's lives, providing opportunities, improving the environment and enhancing community well being as well as delivering direct services.
- 3.7 The Social Value Policy, attached Appendix A, sets out a commitment from across the Council, that through all our commissioning and procurement activity we will consider and secure wider social benefits for Walsall as a whole.
- 3.8 The opportunity to secure Social Value through contracts is not limited to future activity but also through its existing arrangements. A council wide review of major contracts is underway and this review, whilst initially focusing on delivering efficiencies, it can also explore with our current suppliers how they can support the wider objectives set out in the Social Value Act.
- 3.9 The Council already has significant experience in delivering social benefits through the Think Walsall initiative and other projects. For example:-
- a) Capital Programme set out a requirement that the refurbishment of the Council House must be undertaken with a local labour force. This resulted in 84% of the labour being local from Walsall
 - b) The Development and Delivery Team and Regeneration are working with the prime contractor on the development of the new Primark / Co-op store, to open the supply chain to local businesses and to support employment for local people
 - c) The Regeneration Team have been championing an online local supply chain website, called Think Walsall, to raise the profile of businesses in the area and as a means to raise awareness of procurement opportunities, from the Council and other partners. The standard documents prepared by the Procurement team incorporate adoption of the Think Walsall approach.
 - d) The Contract Review project have secured additional apprenticeships in addition to reduced rates whilst renegotiating current contracts
- 3.10 In other departments, colleagues from the Clinical Commissioning Group already include social value in their contracts. As part of the recent tender for Support for Living at Home, providers were asked what CSR activities they would undertake, in Walsall
- 3.11 There are however, some key considerations which need to be addressed in order for the Council to fully integrate social value.

Monitoring and Impact

In implementing social value a challenge for the Council will be to monitor and measure the impact generated as well as the relative weighting given to it in tender evaluation models. Work on this has been undertaken by other Councils, Sandwell and Worcestershire have been particular activity in this area. Walsall will need to develop a model which it feels is suitable and provides the necessary confidence in the approaches followed are having the appropriate impact.

Market Ready Supply

In going to the local market, the market needs to ensure it has the capability and capacity to provide the services / products that meet the requirements of the Council. Raising awareness of the commission, along with Information Advice and Guidance (IAG) on the requirements will be crucial to ensure the market place is informed of opportunities and is competent to compete for the work.

Communication Strategy

To increase the understanding, within the Council, current and potential suppliers, and relevant stakeholders, a communication strategy needs to be developed which sets out the approach to Social Value.

4. Council priorities

4.1 The adoption of a formal assessment, that explores opportunities to deliver wider Social Value benefits through its commissioning activities, is consistent with the Council's priorities to improve the economic, social and environmental well being of Walsall, and specifically;

- Improve Walsall's economic well being
- Create job opportunities for the people of Walsall
- Contribute to local business growth through supply chains, enterprise and innovation
- Assist the growth of the social enterprise sector
- Be an enabler for local community support
- Reduce the Council's impact on the environment

Examples of which include:-

- a) Creating skills and targeted training opportunities (e.g. apprenticeships or on the job training);
- b) Creating employment opportunities for care leavers, the long-term unemployed or NEETs (those not in education, employment or training);
- c) Offering work placements to school children and young adults;
- d) Providing career advice and information for young people on specific careers, such as construction, architecture or engineering;
- e) Offering curriculum support to schools, with contractors sharing knowledge and expertise about their discipline;
- f) Providing additional opportunities for individuals or groups facing greater social or economic barriers;
- g) Creating supply chain opportunities for SMEs and social enterprises;
- h) Encouraging the use of sustainable products;
- i) Evaluating the full life cycle cost of delivery;
- j) Creating opportunities to develop third sector organisations;
- k) Improving market diversity;
- l) Encouraging community engagement;
- m) Supporting initiatives like targeting hard to reach groups;
- n) Making facilities (such as school libraries, leisure facilities, meeting spaces or computers) available to targeted groups that otherwise would struggle to access such facilities;
- o) Encouraging ethical and fair trade purchasing; and
- p) Reducing its carbon footprint and use of resources;

5. Risk management

- 5.1 To avoid the risk of challenge, the application of social value criteria with tender evaluation processes needs to ensure that they measurable, achievable and material to the contract being procured. In addition, the appropriate early integration of this approach in the commissioning cycle will ensure that the market engages proactively and minimise the risk of higher costs.

6. Financial implications

- 6.1 As the Council's available resources reduce it is increasingly important that staff who commission services ensure that they understand the wider role that they have in ensuring that every £1 the Council spends secures the maximum social as well as monetary value. Building in social value from the outset of the commissioning cycle should not lead to increased costs but provides an opportunity to deliver additional direct outcomes which support wider corporate priorities. Clearly when making commissioning decisions the requirement to do that within the budget that the Council, or particular service, has available is a fundamental principle and will be part of the developing Council wide approach to commissioning.

7. Legal implications

- 7.1 The Council has a duty under the Social Value Act, to consider at the pre-procurement stage, how it can secure wider social benefits from future commissioned services. The incorporation of social value into evaluation process has to be done in a way which is equal, fair and transparent and material to the nature of the service being procured.
- 7.2 The Social Value Policy that is being proposed commits the Council to take into account factors that are in addition to the requirements that are imposed by the Social Value Act. Consideration should be given to any additional cost implications for both additional resources needed to undertake procurement processes and in relation to increased costs from providers in complying with these additional requirements. Once the policy has been adopted, the Council will need to comply with it and where the Council does not adhere to its policies it can be held to have acted unlawfully.

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.

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 To ensure any proposal gains wider acceptance with external partners, a consultation will be undertaken with key stakeholders as part of the communication strategy set out under 3.11

Background papers

Nil

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15 January 2014

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Walsall Council Social Value Policy

Generally

To achieve the generation of Social Value from its future commissioning or procurement activity all significant contracts (i.e. as defined in Contract Rules) for works and/or services takes into account social value when developing the Council's requirements.

Socially Responsible Commissioning and Procurement

The Council recognises that our activities have an effect on the communities and the environment in which we work and those of others. The Council is committed, as far as is possible within available resources, to achieving environmental, social and economic aims that address these effects. These are set out in our corporate priorities. This policy outlines the aims of commissioning and procurement in relation to the social responsibility agenda. It relates to areas of sustainability and the long term effects of our commissioning practices, environmental management, equality and diversity, fair trade and ethical procurement and regeneration.

It is acknowledging that the austerity measures planned for government and local councils will reduce available budgets and impact on, or constrain, the scale and scope of measures the Council may be able to adopt.

Our main aims are set out below.

Sustainability and environmental management

The Council is fully committed to conserving energy, water and other resources, reducing waste, phasing out the use of ozone-depleting substances and minimising the release of greenhouse gases and substances damaging to health and the environment. The Council wants to procure from suppliers and to use goods, services and works that have the least impact on the environment, minimise energy consumption whilst maintaining quality and value for money. Consequently, the Council will evaluate the whole life costs and not just the initial price, when making procurement decisions. Wherever possible, suitable green and energy efficient goods and services will be specified.

Equality and Diversity

Equality of opportunity is a right for all. The Council can use procurement to promote a positive approach to equality and diversity. For the purposes of this policy it specifically refers, but is not limited, to the following equality groups: Age, Disability, Gender, Ethnicity, Religion/Belief, Sexual Orientation or Gender Identity.

The Council will endeavour to ensure that suppliers are given advice on equality issues and make sure that contracts promote equality and diversity and that contractors are monitored to ensure they can demonstrate the same level of commitment to equality as the Council does, and can evidence such in their delivery of the services and in their own employment practices.

Fair Trade

The term Fair Trade covers a range of activities aimed at helping producers and workers which promotes fair trading conditions and sustainability, in developing countries. To keep this status the Council has and will continue to review its buying practices and where appropriate will increase the usage of Fair Trade products, and raise awareness of fair trade and support its principles.

Ethical Procurement

Procurement activities affect people who are not directly involved in the delivery of the contract. Ethical procurement concerns the living standards of people who may, for whatever reason, be affected by the Council's procurement activities in a negative way. The Council aim to raise awareness of ethical issues in the procurement process and introduce the consideration of ethical issues to our key suppliers.

Local Regeneration

Contracting opportunities will be offered on a level playing field to all suppliers, regardless of the sector or locality in which they operate. The Council will ensure that purchasing activity promotes the social, economic and environmental well being of the borough in a manner that is consistent with statutory and mandatory public procurement regulations and other requirements, including the EU procurement regulatory framework.

To encourage the participation of local enterprises, the Council will:

- Actively engage with local businesses to inform them of what we expect from suppliers and how to do business with the Council
- Package contracts in a way that seeks to encourage appropriate competition from a range of organisations
- Uphold and maintain the principals of Think Walsall, by providing a supplier web site portal to provide information on opportunities, help with downloading tender documentation and provide assistance with the Council

Third Sector

In line with the Government's National Procurement Strategy, the Council wants to promote a sound commercial relationship with the third sector (community, voluntary and social enterprise sector) and will endeavour to remove barriers to entry for potential providers. Consideration will be given to extending opportunities for social enterprises and the not for profit sector in any appropriate procurement activity. However, contracting opportunities will be offered on a level playing field to all suppliers, regardless of the sector they operate in.