

Report of Chief Officer Financial Services

Report to Scrutiny Board (Strategy and Resources)

Date: 20th January 2020

Subject: Social Value in Procurement –Social Value Guidance Update

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

Main issues

- Historically, the situation with regard to achieving Social Value outcomes is that it is a component of the service being delivered and as such it is a matter for commissioning staff within Directorates, via their contract management processes, to ensure that any Social Value outcomes are realised and reported to Procurement and Commercial Services (**PACS**) so that PACS may, in turn, report them to this Scrutiny Board and to Executive Board. The challenge was getting commissioners “on board” such that they recognise the Social Value benefits that can be achieved through their procurement processes.
- However, much progress has been made in respect of social value through procurement over recent years and the introduction of the Council’s 2019-2024 Procurement Strategy (the **Procurement Strategy**), following Executive Board of 26th June 2019, provides us with an opportunity to go further and achieve maximum social value by increasing the coordination in our approach to social value across the Council so that even greater achievements can be made.
- To this end, PACS are currently finalising a Social Value guidance document for commissioners which will require them to consider the potential Social Value that might be delivered through all our contracts, and in particular in respect of:
 - employment and skills,
 - the environment (and climate change),
 - our contractors being encouraged to pay the Foundation Living Wage
 - education, and

- asking suppliers to consider for themselves what else they can do to be not just entrepreneurs but to be “social value entrepreneurs” in Leeds.
- Furthermore, for all contracts valued above £50,000, the guidance will encourage commissioners to evaluate any Social Value commitments as part of the tender process (suggesting at least a 10% weighting);
- However, before finalising the Social Value guidance document we are keen to ensure Members are given an opportunity to review and comment upon the document to ensure that the list above captures Members requirements with regard to Social Value and is fit for purpose. It is the intention to strengthen some of the wording in the guidance to ensure that incorporating social value is regarded as the norm.

Recommendations

Scrutiny Board (Strategy and Resources) is recommended to

- note the contents of this report; and .
- support the adoption of the Social Value Guidance document.

1. Purpose of this report

1.1. To provide Scrutiny Board (Strategy and Resources) with an update as to progress towards finalising the Social Value Guidance document for commissioners being developed by PACS and seek support from Scrutiny Board (Strategy and Resources) that the priorities listed in the guidance captures Members requirements with regard to Social Value and that the guidance is fit for purpose.

2. Background information

2.1. The Social Value Act (2012) requires the council to have regard to economic, social and environmental well-being in connection with our contracts. Consequently, commissioners must consider what opportunities exist in any contracting opportunity to deliver added value to society and the local economy, whilst minimising damage to the environment. For example, when procuring goods consideration could be given to issues of sustainability and minimising environmental impact, as well as supporting the local supply chain through the use of local suppliers to deliver positive impacts on the Leeds economy.

2.2. Historically, the situation with regard to achieving Social Value outcomes is that it is a component of the service being delivered and as such it is a matter for commissioning staff within Directorates, via their contract management processes, to ensure that any Social Value outcomes are realised and reported to PACS so that PACS may, in turn, report them to this Scrutiny Board and to Executive Board. The challenge was getting commissioners “on board” such that they recognise the Social Value benefits that can be achieved through their procurement processes.

2.3. In order to try and address this issue, PACS has worked closely with Directorates to try and ensure that Social Value outcomes are built into the procurement process and much progress has been made in respect of social value through procurement over recent years and the introduction of the Procurement Strategy, following Executive Board of 26th June 2019, provides us with an opportunity to go further and achieve maximum social value by increasing the coordination in our approach to social value across the Council so that even greater achievements can be made.

2.4 Consequently, PACS are currently finalising a Social Value guidance document for commissioners which will require them to consider the potential Social Value that might be delivered through all our contracts, and in particular in respect of:

- employment and skills,
 - the environment (and climate change),
 - our contractors being encouraged to pay the Foundation Living Wage
 - education, and
 - asking suppliers to consider for themselves what else they can do to be not just entrepreneurs but to be “social entrepreneurs” in Leeds.
- 2.5 Furthermore, for all contracts valued above £50,000, the guidance will encourage commissioners to evaluate any Social Value commitments as part of the tender process (suggesting at least a 10% weighting).
- 2.6 In addition, bearing in mind that in order for social value to be evaluated and scored it must be relevant to the subject matter of the contract, commissioners will be allowed to use their discretion to determine whether it is appropriate to incorporate other social value matters into the procurement process, such as improving health and quality of life and building strong communities.
- 2.7 However, it must be remembered that the guidance is not a set of instructions nor an exhaustive list – it is designed to give commissioners inspiration about what may be possible, and provides contacts for further information and support. A full copy of the draft guidance is set out at Appendix 1.
- 2.8 In addition to the above it is proposed that a new quarterly Social Value Board is created which the Director of Resources and Housing will chair. The initial terms of reference will be to focus on promoting social value in procurement, but with the potential to expand to consider social value more generally. An analysis of external spend is currently being undertaken to ensure that all Directorates with areas of greatest spend are represented on the board and are regularly considering social value.

3. Main issues

- 3.1. Before finalising the Social Value guidance document we are keen to ensure Members are given an opportunity to review and comment upon it in order to ensure that the social value considerations above capture Members requirements with regard to Social Value and is fit for purpose.
- 3.2. Once the Social Value guidance document has been reviewed by Members the intention is to finalise the document with the Communications Team and launch it with commissioners throughout the Directorates. Commissioners will be encouraged to share the document with their suppliers so that they understand what the Council is seeking to achieve in terms of its Social Value ambitions. It is anticipated that this will coincide with the start of the new financial year and the creation of the Social Value Board.

4. Corporate considerations

4.1. Consultation and engagement

- 4.1.1. Consultation on the guidance document has been undertaken with the Executive Member who has been asked to provide a Foreword and, in its early stages, the document was shared with the Corporate Strategic Commissioning Group who provided feedback and comment which have been incorporated into the document.

4.1.2. PACS continues to work with commissioners and Internal Audit to identify the most effective and appropriate method of identifying, recording and reporting on Social Value in procurement.

4.2. Equality and diversity / cohesion and integration

4.2.1. There are no implications for this report. Each procurement process requires consideration of equality matters within any procurement activity undertaken.

4.3. Council policies and the Best Council Plan

4.3.1. The vision from the Best Council Plan is for Leeds to be a compassionate, caring city that helps all its residents benefit from the effects of the city's economic growth. These values are reflected within the Procurement Strategy which will seek to deliver the Council's best city and best council ambitions, and Social Value in particular. It is considered that the Social Value Guidance document will assist the Council in achieving those ambitions.

Climate Emergency

4.3.2. The Social Value Guidance document will ensure that consideration of environmental matters (including the climate emergency) will be undertaken within any procurement activity.

4.4. Resources, procurement and value for money

4.4.1. The costs related to the drafting of the Social Value Guidance document to date have been internal staffing costs. During the proposed period of embedding the guidance document, the costs will continue to be internal staffing costs. PACS officers will support services in seeking to advance Social Value outcomes, however services will need to provide their own resource, including to the Social Value Board.

4.5. Legal implications, access to information, and call-in

4.5.1. There are no legal issues in this report.

4.6. Risk management

4.6.1. Risk Management is a critical and continuous process, and appropriate risk assessments will be undertaken, reviewed and managed as part of any procurement activity undertaken.

5. Recommendations

5.1 Scrutiny Board (Strategy and Resources) is recommended to

- note the contents of this report; and .
- support the adoption of the Social Value Guidance document.

6. Background documents¹

6.1. None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.