

**Report of Director of Resources and Housing**

**Report to Scrutiny Board (Strategy & Resources)**

**Date: 15<sup>th</sup> February 2021**

**Subject: Implementation of Social Value into Procurement**

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

**1. Purpose of this report**

To provide Scrutiny Board (Strategy and Resources) with an update as to progress towards implementation of Social Value in procurement activity following the adoption by the council of the Social Value Guidance for Commissioners.

**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.
- 2.2 Social Value involves looking beyond the price of each individual contract and looking at what the collective benefit to a community can be when a public body chooses to award a contract. It refers to wider financial and non-financial impacts of projects and programmes including the wellbeing of individuals and communities, social capital and the environment.
- 2.3 In May 2016, the council and other partners in the city signed up to the "Leeds Social Value Charter". The Leeds Social Value Charter sets out Social Value ambitions for Leeds and goes further than the Social Value Act in asking council officers to consider Social Value in all we do, including procurement and commissioning.

2.4 In order to facilitate this, the council's Procurement and Commercial Services team (PACS) has developed Social Value Guidance for Commissioners, which was endorsed by Scrutiny (Resources and Housing) on 20<sup>th</sup> January 2020. The Social Value Guidance for Commissioners includes (amongst other things):

- A requirement 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), and education (the 3 “E”s);
- A requirement that suppliers should consider for themselves what else they can do to be not just entrepreneurs but to be “social entrepreneurs” in Leeds;
- For all contracts valued above £50,000, that commissioners should evaluate any Social Value commitments as part of the tender process (suggesting at least a 10% weighting).

2.5 Opportunities that may arise as a consequence of considering Social Value in procurement are:

- Better Value for money - delivering more for the public pound by requiring suppliers to do more than ‘just’ deliver the core services, and helping the council to respond to financial pressures;
- Increasing local spend by rewarding organisations that are local or have a local supply chain, especially SMEs and VCSEs;
- Increasing opportunities for disadvantaged people and promoting social mobility;
- Promoting a responsible supply chain, and increasing supply chain resilience and capacity;
- Leading to a cleaner, greener city;
- Building stronger more resilient communities, and improving community integration;
- Helping local communities manage and recover from the impact of COVID-19;
- Creating new businesses, new jobs and new skills, and reducing the disability employment gap;
- Tackling workforce inequality;
- Improving health and wellbeing.

### **3. Main issues**

3.1 Following the adoption by the council of the Social Value Guidance for Commissioners, a Social Value Board has been established. The Social Value Board is chaired by the Director of Resources and Housing, and attended by senior representatives and commissioners from all directorates. The Social Value Board promotes the inclusion of social value in all the council's procurements, provides the opportunity for sharing of information and best practice in respect of Social Value, and reports to directorates on the outcomes achieved. Beyond procurement, the Social Value Board aims to consider other opportunities for delivering greater social value through all aspects of the council's activity.

3.2 In addition to the establishment of the Social Value Board, on 1<sup>st</sup> April 2020 the council appointed Social Value Portal to support delivery of Social Value in procurement. The Social Value Portal:

- 3.2.1 utilises a nationally approved accounting methodology for measuring Social Value in terms of economic, environmental and social impact via a series of themes, outcomes and measures (**TOMs**):
- 6 themes - Promote Local Skill and Employment, Supporting Growth of Responsible Regional Business, Social: Healthier, Safer and more Resilient Communities, Environment: Decarbonising and Safeguarding our World, Promoting Social innovation;
  - 17 outcomes - Objectives or goals that an organisation is looking to achieve that will contribute to the theme; and
  - 58 measures - that can be used to assess whether or not the outcomes have been achieved;
- 3.2.2 provides an interactive solution, designed to help organisations set targets in procurements, manage supplier performance and store/report evidence;
- 3.2.3 provides a procurement platform for Social Value to help the council manage Social Value aspects of tender processes for all contracts valued over £100,000 (including evaluation of Social Value proposals) and to unlock social value in the supply chain;
- 3.2.4 monitors compliance with Social Value commitments made by winning tenderers, with live reporting and interactive dashboards/displays including geospatial mapping of value by area; and
- 3.2.5 provides specialist resource to the council to utilise the online system and generally support Social Value activity.
- 3.3 The council has worked with Social Value Portal, internal council stakeholders (including the Social Value Board) and local partners to align the national TOM's framework to service and Council priorities (i.e. the 3 "E"s), to create Leeds specific TOMs and Leeds TOMs "Lite" (i.e. a simplified version for use in lower value procurements). These Leeds specific TOMs are subject to regular review, with the next review due in February 2021 and to include consultation with Leeds' 3<sup>rd</sup> sector.
- 3.4 Further information about the national TOMs, and a copy of both the Leeds specific TOMs and Leeds TOMs "Lite" is included in the appendix to this report.
- 3.5 Five council officers are Social Value Portal super-users and have received system training, and around 120 staff members in total have received training in using Social Value Portal to support their procurements.
- 3.6 Beyond the council, PACS officers have facilitated 3<sup>rd</sup> Sector, VCSE and SME engagement sessions and provided support to ensure that they have the capacity to work in partnership with the council to deliver Social Value. PACS officers have also contributed to national Social Value conferences, and lead on the regional Social Value Taskforce, providing an opportunity for regional collaboration and sharing of best practice.

#### **4. Consultation and engagement**

4.1 Consultation on the Social Value Guidance for Commissioners was undertaken with the Executive Member (who provided the Foreword for the guidance), the Corporate Strategic Commissioning Group and Scrutiny (Strategy and Resources). Consultation on all matters relating to the delivery of Social Value in procurement regularly takes place with the Social Value Board, and commissioners across the council and in the 3<sup>rd</sup> sector in Leeds have been consulted regarding the development of Leeds specific TOMs. PACS officers continue to work with Internal Audit colleagues 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, and seeking Social Value in procurement activity based on the Leeds specific TOMs and the utilising Social Value Portal is anticipated to deliver material benefits in such regard.

## **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 for Commissioners, the Leeds specific TOMs and the utilisation of Social Value Portal will assist the council in achieving those ambitions.

### Climate Emergency

4.3.2 The Social Value Guidance for Commissioners and the Leeds specific TOMs will ensure that consideration of whether additional Social Value can be delivered by improved environmental outcomes (including in relation to the climate emergency) from the council's procurement activity.

## **4.4 Resources, procurement and value for money**

4.4.1 The costs of putting in place the structure for delivering greater Social Value through procurement (drafting the Social Value Guidance for Commissioners, developing Leeds specific TOMs etc) to date have been internal staffing costs. Costs relating to utilisation of the Social Value Portal are passed on to the winning tenderer from each particular procurement by way of a nominal % charge related to the overall contract value. These charges are reduced for successful 3<sup>rd</sup> sector tenders.

4.4.2 Social Value through procurement seeks to deliver more for the public pound by requiring suppliers to do more than 'just' deliver the core services, and helping the council to respond to financial pressures.

## **4.5 Legal implications, access to information, and call-in**

4.5.1 This report has no specific legal implications.

## **4.6 Risk management**

- 4.6.1 This report has no specific risk management implications. However, 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. Conclusions**

- 5.1 Since the adoption of the Social Value Guidance for Commissioners, significant progress has been achieved in embedding Social Value opportunities in all procurement activity. Numerous procurements have now benefitted from having Social Value aspects evaluated and recorded on the Social Value Portal. Performance data in respect of Social Value commitments will be reported annually to Scrutiny (Strategy and Resources), and Corporate Governance and Audit Committee. PACS officers also contribute to spreading Social Value best practice on a regional and national basis.

## **6. Recommendations**

Scrutiny Board (Strategy and Resources) is recommended to note the contents of this report.

## **7. Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> 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.