

## Social Value Implementation Progress

Date: 28<sup>th</sup> March 2022

Report of: Director of Resources

Report to: Scrutiny Board (Strategy and Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

### What is this report about?

#### Including how it contributes to the city's and council's ambitions

- To provide the Social Value Board with an update as to the progress towards the implementation of Social Value in procurement activity (i.e., improving economic, social, and environmental wellbeing from our contracts, over and above the delivery of the services directly required, and at no extra cost).
- The vision from the Best Council Plan is for Leeds to be compassionate and caring with a strong economy, which tackles poverty and reduces inequalities. These ambitions are reflected within the Council's Procurement Strategy which seeks to deliver the council's best city and best council ambitions, and social value. Delivering Social Value in procurement activity directly contributes towards the city's and council's ambitions.

### Recommendations

- a) Note to contents of the report.

### Why is the proposal being put forward?

#### Social Value in Procurement - Background

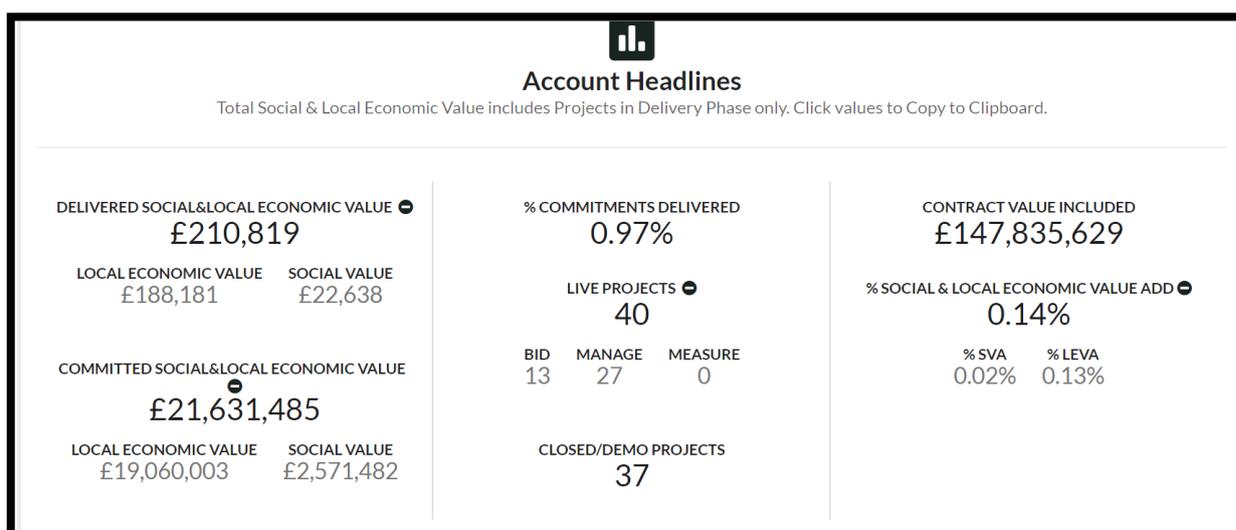
- 1 The Social Value Act (2012) requires the council to have regard to Economic, Social and Environmental well-being in connection with our contracts.
- 2 Social Value involves looking beyond the price of each individual contract and looking at what the collective benefit to a community can be when a 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.
- 3 The Council has been delivering Social Values to its communities for many years and in 2016 signed up to the 'Leeds Social Value Charter' which outlined our Vision for Leeds to be a healthy, compassionate, and caring City where everyone benefits from the City's economic growth. The Social Value Charter will be replaced by a 'Leeds Social Value Statement' which will be available by the end of 2022.
- 4 Following the adoption of the Leeds Social Value Charter, social responsibility procurement workshops were delivered by procurement officers, and documented to support future training needs.

- 5 Examples of Social Value delivered since adoption of the Leeds Social Value Charter include:
- 5.1 Employment & Skill - the £165,000,000.00 Victoria Gate project, where 18% of the project value was spent locally, over 122 weeks of work experience was provided, 534 new entrants were employed on the project and 16.4% of the project work force were locally employed from Leeds;
  - 5.2 Employment & Skills - working with contractors who had Employment & Skills obligations via a section 106 agreement (an agreement between a developer and a local planning authority about measures that the developer must take to reduce their impact on the community) in the planning process. As a result, the following were delivered:
    - **2018/2019** - 239 supported Leeds residents into a new job or apprenticeship
    - **2019/2020** - 555 supported Leeds residents into a new job or apprenticeship
  - 5.3 Sustainability – in addition to delivering the required number of school places for Leeds, commissioning the projects on the Learning Places Programme created over 2,300 new apprentice and employment positions for local people in Leeds up to June 2017, and ensured that the firms employed recycled or reused 99% of waste generated during the construction process; and
  - 5.4 Fair Employment Terms - the Council committed to working towards the Rowntree Foundation Living Wage and increased support to home care providers with a request to them to improve basic pay by injecting an additional c£1 million into these contracts. Additionally, the new home care fee included payment for travel time and travel costs.
  - 5.5 Anchors Network - The Council has also developed a collaborative and systematic approach to engaging with anchor institutions. The Anchor Procurement Group meet frequently to discuss ways in which we can collaborate and actively promote collective action on employment, low pay and social responsibility.
  - 5.6 Local (Leeds £) and SME Suppliers – The Council has increased spend year on year with local suppliers and SMEs for each of the last 5 years. Spend with local suppliers and SMEs equated to 65.88% of total expenditure in 2020/21 (up from 64.64% in the previous year).
- 6 While the Council clearly has been delivering very significant and beneficial Social Value through its procurement activity for a number of years, the volume of Council contracts and the finite resource available meant that it was not practicable to record all Social Value commitments, nor to monitor whether or not such commitments were in fact delivered. In addition, Social Value and the additional benefits to communities was sometimes poorly understood by services.
- 7 To further facilitate council officers to consider Social Value opportunities in procurement activity, the council's Procurement and Commercial Services team (PACS) developed Social Value Guidance for Commissioners, which was endorsed by this Board on 20th January 2020. In addition, a Social Value Board of officers from services across the Council and chaired by the Director of Resources was established. The Council has also procured the services of Social Value Portal to help deliver, record and monitor Social Value in relation to contracts valued over £100,000.

### **Social Value Progress Since February 2021 Scrutiny Report**

- 8 In June 2021, LGA facilitated a peer-review of procurement activity within the Council. In relation to Social Value, recommendations of the review were:
- 8.1 to increase the ambition on social value - moving from asking suppliers 'what social value can you bring' to a more proactive 'what social value do we as a council want for our city and residents'.
  - 8.2 focus on how to embed social value considerations across the council and the capacity that this would require (including further increasing skills, expertise, and knowledge of how to embed social value effectively and more consistently).

- 8.3 Using the Leeds-specific social value Themes, Outcomes and Measures (**TOMs**) to consistently agree specific, measurable actions with a quantifiable value.
- 8.4 Building confidence to negotiate effectively with suppliers on Social Value commitments.
- 8.5 Ensuring suppliers deliver on their social value commitments should be a core aspect of contract management.
- 9 The chart below shows the Social Value outcomes from contracts using Social Value Portal in the past year. There are 40 live projects in the portal, 13 of these are at the bid stage and 27 are at the manage stage. There is £21,631,485.00 of committed Social Values, from that £210,819.00 has been delivered to date. It should be noted that while the differential between the committed and delivered values is something to be monitored, we would expect it to naturally reduce over the respective contract terms as:
- 9.1 There is a reporting lag (reporting is quarterly) so it does not reflect the present day picture (with the next report due on 31<sup>st</sup> March);
- 9.2 Many contracts with Social Value commitments have been relatively recently (i.e. the value of Social Value commitments has more than doubled since November 2021) and consequently the opportunity to deliver Social Value is minimal and any Social Value delivered has not yet been reported due to the quarterly time lag; and
- 9.3 Social Value in relation to most contracts will necessarily be delivered over the contract term or (in particular in relation to construction contracts) reported collectively at the end of the contract.



- 10 In addition, PACS has sought to respond to the LGA recommendations as follows:
- 10.1 Providing Social Value training to over 150 officers.
- 10.2 Completing a Social Value Maturity Index to help determine where the council is currently positioned compared with other local authorities and understand what steps we need to take next.
- 10.3 Creating an action plan and prioritised actions for 2022.
- 10.4 Facilitating monthly pipeline meetings and strategy meetings with services across the Council to obtain a position statement on our procured contracts and services.
- 10.5 Holding quarterly Regional Social Value Sub-Group meetings attended by a cross-section of local authorities across the Yorkshire & Humber to share best practice and encourage collaboration.
- 10.6 Holding engagement sessions with partners across the city (i.e. Third Sector Partnership).

- 10.7 Encouraging suppliers to endorse the principle of the Leeds Pound and the multiplier effect of local spend through maximising use of local supply chains (e.g. through the YORhub supply chain engagement programme). The principle creates a culture for Leeds businesses to work together in supporting local needs, employment, and businesses.
- 10.8 Providing a dedicated Social Value lead officer.
- 10.9 In accordance with the Strategic Equality Improvement Priorities agreed by Executive Board in November 2020, seeking to prioritise TOMs in relation to:
  - 10.9.1 Percentage of women (FTE) hired on the contract
  - 10.9.2 Percentage of employees (FTE) BAME hired on the contract
  - 10.9.3 Percentage of LGBTQ+ employees (FTE) hired on the contract
  - 10.9.4 No. of disabled employees (FTE) hired on the contract because of a recruitment programme.
- 10.10 Developing proposals to incentivise financial contributions from all suppliers (not just in relation to contracts £100k plus) to support Social Value initiatives.

**What impact will this proposal have?**

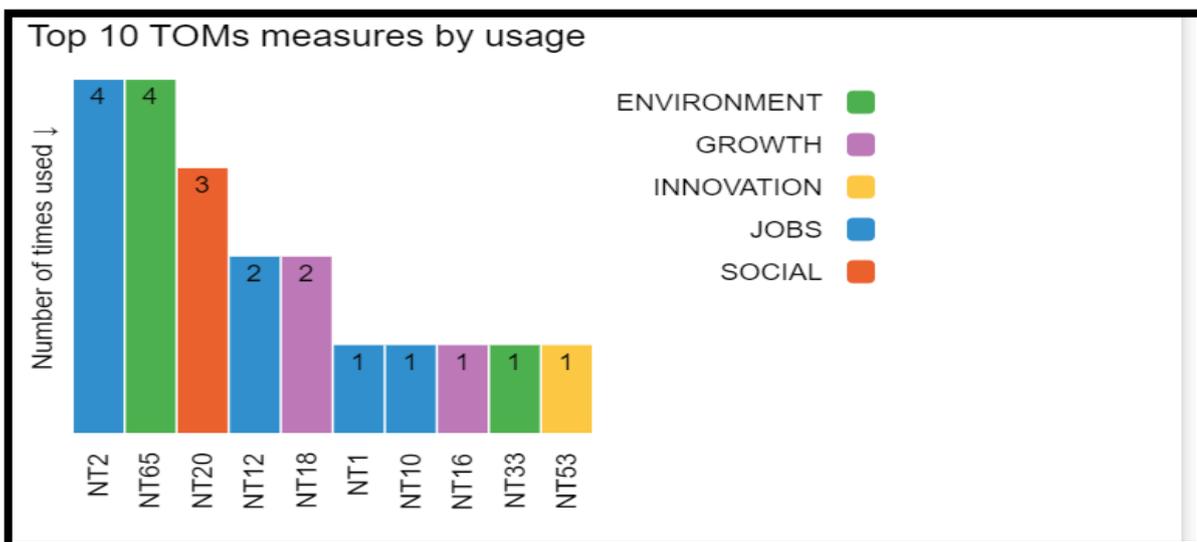
**Wards Affected:**

Have ward members been consulted?       Yes       No

11 Embedding and delivering greater Social Value through procurement has resulted in the committed and delivered Social Values.

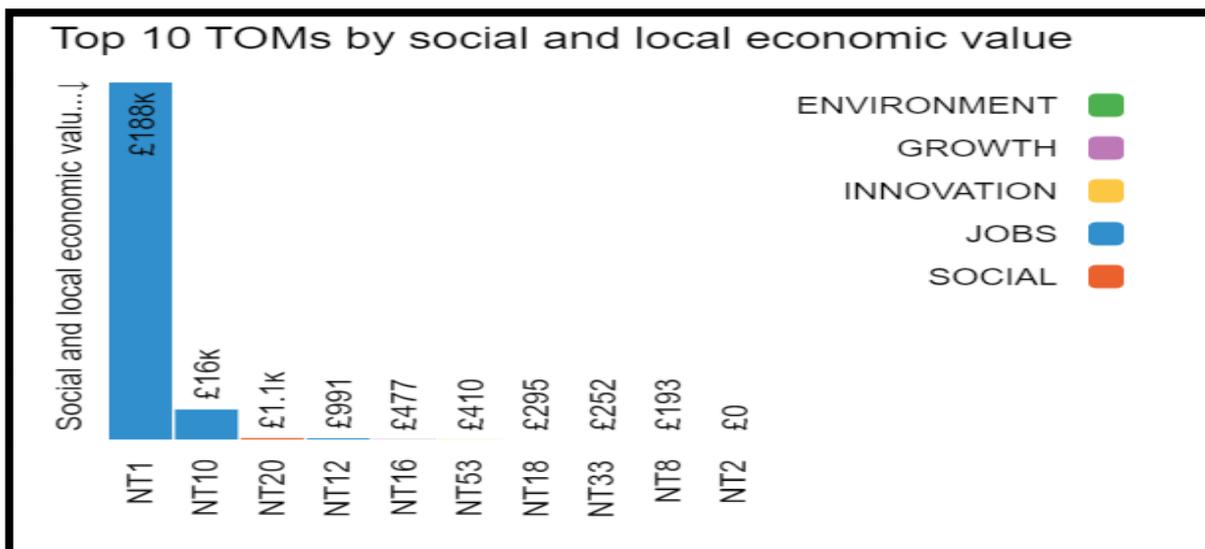
12 The chart below shows the top 10 TOMs committed across the Council’s contracts:

- NT2 – Percentage of local employees (FTE) on the contract
- NT65 – Percentage of fleet or construction vehicles on the contract that are at least Euro 6 or LEV
- NT20 – No. employees provided access to multidimensional wellbeing programmes
- NT12 – Weeks of meaningful work placements/pre-employment courses (students, 1-6 weeks unpaid)
- NT18 – Total spent in the local supply chain through the contract
- NT1 – No. of local employees (FTE) hired or retained (for a re-tendered contract) on contract
- NT10 – No. of weeks of apprenticeships on the contract – level 2, 3 or 4+
- NT16 – Equipment or Resources donated to VCSE’s (equivalent value)
- NT33 – No. car miles driven using low or no emissions staff vehicles
- NT53 – Innovation measures to safeguard the environment



13 The chart below shows those TOMs used across the Council's contracts that have delivered greatest Social Value to date, using relevant financial proxy values:

- NT1 – No. of local employees (FTE) hired or retained (for a re-tendered contract) on contract (**£188,000**)
- NT10 – No. of weeks of apprenticeships on the contract – level 2, 3 or 4+ (**£16,000**)
- NT20 – No. employees provided access to multidimensional wellbeing programme (**£1,100**)
- NT12 – Weeks of meaningful work placements/pre-employment courses (students, 1-6 weeks unpaid) (**£991**)
- NT16 – Equipment or Resources donated to VCSE's (equivalent value) (**£477**)
- NT53 – Innovation measures to safeguard the environment (**£410**)
- NT18 – Total spent in the local supply chain through the contract (**295**)
- NT33 – No. car miles driven using low or no emissions staff vehicles (**£252**)
- NT18 – Total spent in the local supply chain through the contract (**£193**)



#### What consultation and engagement has taken place?

- 14 Consultation in relation to the Procurement Strategy and Social Value Guidance for Commissioners is as reported to this Board previously.
- 15 Consultation on all matters relating to the day-to-day delivery of Social Value in procurement regularly takes place with commissioners at the scoping stage of the procurement exercise, for all high value procurements above £100k. The Social Value Lead, the Group Procurement Manager and Procurement officers continue to work with internal/external partners to ensure the delivery of Social Value across the City.

#### What are the resource implications?

- 16 PACS officers lead on supporting the delivery of Social Value through procurement activity across all Council services.

#### What are the legal implications?

- 17 The Social Value Act (2012) requires the Council to have regard to Economic, Social and Environmental well-being in connection with our contracts. This proposal has a direct, positive, impact on the social and economic value we could deliver in connection with our contracts and therefore this proposal facilitates compliance with the Social Value Act (2012).

#### What are the key risks and how are they being managed?

- 18 Risks of not seeking to deliver Social Value as outlined in this report are that very significant additional social and economic support are missed, which may adversely impact on the Council's ability to meet its Best Council Plan and the city's ambitions.

**Does this proposal support the council's 3 Key Pillars?**

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 19 Delivering Social Value through procurement directly supports Leeds Inclusive Growth Strategy by seeking to generate commitments and income that can be used to deliver social and economic value to the city and its citizens. The Social Value commitments (such as job creation) will support the health and wellbeing of residents, and sustainability commitments will help the Climate Emergency response.

**Options, timescales and measuring success**

**a) What other options were considered?**

- 20 As seeking to deliver Social Value through procurement activity is a statutory requirement, no alternatives would be appropriate.

**b) How will success be measured?**

- 21 Increasing Social Value committed and delivered through procurement of contracts valued over £100,000 will be measured and reported year on year, with a view to increasing both each year.
- 22 Social Value outcomes can be measured both in terms of pound for pound contributions made and proxy values in relation to broader outcomes delivered.

**c) What is the timetable for implementation?**

- 23 Delivering Social Value through procurement is ongoing, with a view to further embedding and increasing delivery.

**Appendices**

- 24 None

**Background papers**

- 25 None