

TAUNTON DEANE BOROUGH COUNCIL

SCRUTINY COMMITTEE 24 JULY 2018

SOCIAL VALUE WITHIN PROCUREMENT – UPDATE

This matter is the responsibility of Executive Councillor Andrew Sully, portfolio holder for Corporate Services

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1 Executive Summary

1.1 This report provides the Committee with an update on how social value has been driven through some of the key contracts let by the Council recently. The Committee last considered a report on this back in June 2015. The report highlights some key social value achievements and also provides some background on how officers see social value through procurement being progressed in the future.

2 Recommendations

2.1 The Committee are requested to note the contents of this report and to comment on the future direction of how social value aspirations are achieved in the future, pending a future paper being submitted by Officers.

3 Risk Assessment

3.1 Not applicable – information update only

4 Background Information

4.1 In June 2015 the Chief Procurement Officer within Southwest One presented a report to the Committee on how social value objectives can be achieved through procurement processes. Social Value is defined as the “additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes”. This can therefore include initiatives such as:

- Activities to support vulnerable people
- Support to local charities
- Provision of apprenticeships through the contract being let
- Employment of offenders

4.2 This report also provided updates on how the achievement of social value objectives was being incorporated into procurement processes, for example through a requirement in tenders to include specific mention of social value and for bidders to clearly outline how social value will be achieved.

4.3 Since this topic was last debated social value is a standard consideration for major contracts that the Council lets or is involved in. The Council has an approved Social Value statement – this is shown in Appendix A. This report

provides an update on key social value objectives achieved and officer's thoughts on a future review to be undertaken during 2018.

- 4.4 The application/consideration of Social Value in the procurement context can apply at several different levels.

1. Strategic Level

At this level SV should be inherent in the category planning/commissioning process and in the contract design. A recent example of application at this level is the procurement of the new Leisure Services contract. Here the project team have worked with members to ensure that both Councils SV aspirations are embedded in the resulting contract.

Of course at this level the consideration of SV is often the driver and purpose for the contract itself. The Wellington Warmer Homes project is an example of where the aim of the contract is SV itself – in this case to improve the lives of, and to have an economic benefit for Tenants. Added value was delivered through efficiencies in the contract delivery that led to more homes being included in the scheme

Another example is the Firepool Hotel project and its focus on delivering economic regeneration

The table in paragraph 5.1 does not include these broader, strategic contracts and we have focused on reporting specific known SV outcomes in the context of the narrower procurement process.

2. Standard application

At an individual project level the project team will take into account the scope and value of the contract and its potential to deliver added SV benefits. Typically the tenderer is asked to provide a proposal as part of their tender submission against a set of criteria contained in the Invitation to Tender. This is best illustrated by the two recent asbestos related examples detailed in table 5.1. In each case tenderers were required to respond with commitments requirements commitments against criteria set out in property teams Community Benefit Statement.

3. Assessment of Corporate Policy only

There is a level at which the tenderers overall approach to SV at a corporate level is assessed. Here it is likely that added SV delivery may not be appropriate to the contract being procured but it is still a requirement that the tenderer is required to demonstrate SV delivery at a corporate level as part of the selection criteria. An example here is the selection of the Hotel Brand (brand only not the operator) for the Firepool hotel project. This example is not listed on the table below but their corporate approach to SV matters as part of the selection criteria.

- 4.5 Procurement can influence SV in different contexts for example where the contract itself is designed to deliver SV. Much like the Wellington Warmer homes example outlined above in many cases the sole purpose of the contract is to deliver SV. For example the procurement of a supplier to deliver the Aspire to Achieve program and the Mental Health Support Contract with Mind. Given the delivery of SV is the key deliverable the procurement focus is to evaluate tenderers based on measuring their ability to maximise the SV delivery though the contract. Another example is the appointment of Master planners to the North Taunton Project, here the tenderers ability to engage with the community to inform the project design would have been assessed.
- 4.6 It is also important to consider the supply chain in its broadest context and to include consideration of SV targets in key partnerships e.g SWAP. Shape, Waster partnership etc.

Social Value achievements

- 5.1 The table below summarises the social value outcomes from recent procurement exercises:

Contract	Contract Award	Approximate Contract Value	% Weighting	Social Value included within Contract	Actual SV Achievement
New Procurement Exercises					
Street Scene Cleaning	2016	£4,800,000	5%	1 x Apprentice 3 x work placements per year Commitments to local sourcing of supplies & local recruitments	6 new employees taken on since contract start in Feb 2017. All living within TDBC. 1 of the 6 had been long term unemployed for 15 months 1 Apprentice employed at any one time. Current apprentice undertaking an Level 2 NVQ Goods and services

					sourced within TDBC area – e.g vehicle servicing. Plant hire, consumables
Deane House Refurbishment	2017	£6,000,000	10%	<p>Employment, apprentice and work placement opportunities.</p> <p>Engagement and development of SME's. 3 x curriculum support activities</p> <p>SV targets are set under the SCF Framework contract</p>	<p>3x 16+ work placements.</p> <p>2 x curriculum support activities</p> <p>3 x Apprentice starts (Midas)</p> <p>2 x Continuing apprentice placements</p> <p>2 x Apprentice starts with Sub-Contractors</p> <p>2 x Jobs advertised though job centre</p> <p>2 x NVQ starts & 3 completions</p> <p>5 x Sub-contractor training plans</p> <p>21 hours H & S training to sub-contractors</p> <p>1 x Management training course to sub-contractors</p>

Firepool Hotel Operator	2018	Dependent on final solution	20%	<p>Commitments working with local schools.</p> <p>Charity partnerships.</p> <p>Engagement with local business to drive revenue opportunities</p>	Contract not yet live
Asbestos Removal	2018	£1,139,000	Pass/Fail	<p>2 School/College workshops</p> <p>16+ work placements x 2</p> <p>14-16 work placements x 2</p> <p>Apprentice opportunity x 1</p> <p>2 x starts - progression into employment under 6 months unemployed</p> <p>1 x starts – progression into employment over 6 months unemployed</p>	Contract Commenced May 2018
Asbestos professional Services	2018	£658,000	10%	<p>½ day p/a awareness training to residents</p> <p>1 x paid work placement 52 weeks p/a</p> <p>2 x 10 week unpaid placements p/a.</p>	Contract Commenced May 2018

				<p>Attendance at community events</p> <p>Training of TDBC surveyors</p>	
Leisure Re-Procurement*	2018	£90,000,000	15%	<p>SV has been integral to the contract design. The ITT requests responses to the following</p> <p>“The Authority requires a clear commitment to creating and measuring social value through community investment that is linked to the Services to be delivered. Without limitation the response should cover the following:</p> <ul style="list-style-type: none"> a) How you will work with partners and customers to generate broad and inclusive involvement? b) How you will develop education, training and employment opportunities for the related communities? c) How you intend to deliver outreach services to the communities of West Somerset. 	Currently being re-procured

				How you will optimise your supply chain to develop the local economy.	
Examples of recent delivery under Contracts awarded pre-2016					
Wellington Warmer Homes				Low Carbon Exchange sponsored a local Wellington football team and bought £300 worth of kit	
Kitchen and Bathroom Refurb				MySpace took on a long term unemployed person who worked for 3 months with them on a work placement, to give him some work experience to help him obtain gainful employment going forward.	

5.2 As can be seen from the table above the Council has been able to leverage SV in many different ways ie employment, training and other community benefits, which is in line with our social value statement shown in Appendix A. It should be also noted that some other schemes deliver social value benefits, for example the recently approved loan to Somerset Coast YMCA for the redevelopment of the Great Western Hotel assists an organisation which supports people seeking employment, provides volunteering opportunities and of course in itself is a charity with social objectives.

6 Future Direction of Social Value

6.1 The Centre for Public Scrutiny in May 2018 published the following comment:

“Public services are facing a common challenge – how to spend public money in ways that meet society’s needs and deliver better outcomes for people and communities, not just for now but for future generations. Using scarce resources to deliver clear outcomes for people who use public services is at the heart of good decision-making – five years on from the Public Services (Social Value) Act, which set a legal requirement on public bodies to consider economic, environmental and social benefits when procuring services, the time

is right to re-emphasise that social value needs to be viewed as a tool to facilitate discussions with partners and with communities about how to build social benefits into services as well as delivering value for money”

Centre for Public Scrutiny

6.2 As a local authority we are very much aware that Social Value is much more than just delivering value for money. Our initial ‘Social Value Statement (now dating back to early 2015) went some way to acknowledging and addressing this, but with the emphasis mainly focussed on our procurement processes. The time is now right to review this, and to take a much broader view of our role in addressing community needs and delivering outcomes that produce social value. We certainly have to take a much broader view of commissioning (a definition that sees commissioning as simply identifying the most appropriate means for addressing an identified need) and take stock of how we can co-produce interventions and outcomes alongside communities, and use that to deliver social value / a social return on investment etc.

6.3 Our procurement processes are very important to this, but the role of delivering SV is not one that is exclusive to procurement. We can often intervene, and deliver social value, without spending money. This then raises the difficult question of how do we measure such social value? These questions needs to be reviewed. It is proposed that the as part of the new operating structure the Strategy Functional Area produces a discussion paper on this topic with a view to ultimately updating and reviewing our SV policies. The timing of this is uncertain at the moment (pending Transformation, and the standing up of the Strategy Functional Area) but officers would expect to be able to bring something forward before the end of 2018.

7 Links to Corporate Aims/Priorities

7.1 Social Value impact on the corporate aims of People, Place and a modern and efficient Council. Procurement is an activity which impacts on all aspects of the Council’s business and hence social value must be seen as impacting all our corporate aims.

8 Finance/Resource Implications

8.1 None for the purposes of this report

9 Legal Implications

9.1 Through the Public Services (Social Value) Act it is a legal requirement for social value to be considered in the letting of contracts in the public sector, this has been achieved by the Council through established processes carried out in all major procurement exercises. All Council reports include a note regarding any social value implications of the item being considered.

10 Environmental Impact Implications

10.1 None for the purposes of this report.

11 Safeguarding and/or Community Safety Implications

11.1 None for the purposes of this report

12 Equality and Diversity Implications

12.1 None for the purposes of this report, however equality remains a key social value objective, as per Appendix A

13 Social Value Implications

13.1 This report outlines the social value achieved in recent procurement exercises and notifies members that a new strategy regarding this will be brought forward once the new operating structure has been established

14 Partnership Implications

14.1 The Council is keen to work with our contractors in a partnership approach, therefore the delivery of social value aims needs to be considered jointly by the all parties.

15 Health and Wellbeing Implications

15.1 None for the purposes of this report, however Health and Wellbeing remains a key social value objective, as per Appendix A

16 Asset Management Implications

16.1 None for the purposes of this report.

17 Consultation Implications

17.1 None for the purposes of this report, however improved consultation remains a key social value objective, as per Appendix A

Democratic Path:

- **Scrutiny 24th July 2018**
- **Executive – N/A**
- **Full Council - N/A**

Reporting Frequency – one off

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Taunton Deane Borough and West Somerset Councils' Social Value Statement

1 Introduction

- 1.1 Taunton Deane Borough Council and West Somerset Council embrace the spirit of the Public Services (Social Value) Act 2012 that seeks to improve social, environmental and economic wellbeing. This will help support local needs that inform our Corporate Priorities to enable growth, develop community capacity and resilience and to improve the health and wellbeing of the local population. Therefore, both councils will apply, as appropriate, the broad principles of social value to all procurement arrangements, no matter whether the value of the goods or services exceeds or falls below the EU procurement monetary thresholds.
- 1.2 This Social Value Statement outlines how both councils will embed social value and demonstrates our joint commitment to delivering social value benefits through our procurement arrangements. The policy builds on existing procurement practices and underlying principles of:
- Sustainable Procurement
 - Taking a value for money approach, rather than lowest cost, when assessing contracts
 - Implementing an appropriate form of consultation (prior to entering the formal procurement process) to develop robust and intelligent specifications. This to be informed by (1) the requirements of people and organisations (including the potential suppliers where appropriate) to be consulted, (2) the size nature and impact of a procurement

2 A definition of social value

- 2.1 Taunton Deane and West Somerset Councils recognise that social value is about maximising the impact of public expenditure. Social value is defined as 'the additional benefit to the community from a commissioning / procurement process over and above the direct purchasing of goods, services and outcomes.'¹
- 2.2 Through thinking about how everything we procure can generate wider benefit for the community, we can ensure we fully consider how procurements might add value and include this in the evaluation criteria used to select bids from our spending through third parties and enable a more joined up approach.

3 How Taunton Deane Borough and West Somerset Councils will embed social value

- 3.1 When sourcing or commissioning goods or services for the Council those involved in externally sourcing contracts will consider, as part of the pre-

¹ Social Enterprise UK: The Social Value Guide 2012
https://www.cips.org/Documents/Knowledge/social_value_guide.pdf

procurement stage:

- a. how and to what extent the item or service to be procured may improve the social, environmental and economic well-being of a relevant area;
 - b. how they might secure any such improvement; and
 - c. whether there is a need to undertake consultation on these matters.
- 3.2 It is recognised that there can be no 'one size fits all' model. Under the requirements of the Act consideration needs only be given to 'matters that are relevant to what is proposed to be procured' and, in doing so, procurement officers must consider the extent to which it is proportionate' and so tailored to reflect the service or goods to be procured.
- 3.3 It is the role of commissioners and procurement officers to consider, on a contract by contract basis, the potential social value outcomes that could be delivered through the procurement process and the most appropriate procurement strategy to achieve this.
- 3.4 Consideration of social value will be integrated as part of the procurement process and procurers will be expected to evidence that social value has been considered as part of the procurement planning process and any associated impact assessments.
- 3.5 Social value priorities for the service area should be identified and embedded throughout procurement activity and be clear in adverts and tender specifications. Commissioners and procurement officers will be responsible for agreeing social value criteria, as well as being open and transparent in terms of defining how social value elements will be weighted in the evaluation and decision-making processes.
- 3.6 As appropriate, local communities should be engaged in shaping / deciding what is important to them, as well as engaging with the market to understand their ideas for how they can contribute to social value.
- 3.7 The manner in which evidence of social value outcomes are to be provided is not prescribed by the Act or this policy. Dependent on the requirements of each procurement exercise, the Council may choose to specify requirements explicitly within a tender or ask potential providers to come up with their own innovative ideas.
- 3.8 Applications to provide services from organisations should demonstrate their ability to add economic, social and environmental value above and beyond simply providing the tendered service and provide evidence demonstrating this. This to include (where appropriate) the organisations supply chain.
- 3.9 Measures should be put in place to ensure that agreed social value activity is monitored and tracked as part of any contracting arrangements.
- 3.10 To improve transparency, wherever possible and practicable, steps should be taken to enable the Council to report centrally on added social value achieved across the Local Authority through commissioning and procurement

arrangements.

- 3.11 Examples of best practice from both within the Local Authority and other local authorities should be developed to inform future procurement activity.
- 3.12 Responsibility for monitoring and embedding social value across the Councils' commissioning and procurement arrangements will form part of the Councils' Procurement Strategy.

4 Social Value aims and objectives

- 4.1 Our social value aims and objectives reflect local need and are based on key themes drawn from our corporate priorities and the health and wellbeing strategy, together with various other key strategies that relate to these including the economic development strategies, the priority areas strategy, and joint management and shared services arrangements.
- 4.2 Our social value aims relate to three main themes:
 - Aim 1: Support the local economy
 - Aim 2: Promote health and wellbeing
 - Aim 3: Reduce demand for services
- 4.3 Our Social Value objectives are as follows

Social Value Objectives for Taunton Deane and West Somerset:

1. Develop employment, skills and training opportunities, particularly for hard to reach/target groups, for example NEETS, apprenticeships, care leavers and long term unemployed.
2. Create opportunities for micro-providers / small and medium enterprises to be part of supply chains which support Council priorities and service delivery.
3. Improve health and wellbeing, maintain independence and reduce inequalities of local residents and employees
4. Help build community capacity and play an active role in the local community, especially in those areas and communities with the greatest need

Our approach to social value will encompass the full procurement and commissioning cycles, service planning and review, decision making and policy development; and (as an example) will seek to deliver the following:

- Increasing the proportion of services and goods provided locally
- Supporting the creation of jobs, skills and training opportunities particularly for hard to reach target groups e.g. NEETS, care leavers and long term unemployed
- Promotion of opportunities for small and medium-sized enterprises (SMEs), social enterprises and voluntary and community organisations
- More social innovation across the procurement / commissioning landscape

- Value for money – through capturing longer term savings for the council as a whole
- Better connections across services, with a greater understanding of how services interact to support outcomes and impact on the wider community
- Growing the social sector to increase its overall size and capacity
- Savings through reductions in demand across a range of services areas
- Increased community-led activity, resilience, local problems solving and decision making
- Promoting equality and diversity
- Carbon reduction and energy efficiency
- Promoting and enabling healthy lifestyles
- Supporting excluded and/or vulnerable groups including the elderly and families with low resilience

A comprehensive list of Actions and (measureable) Outcomes now needs to be developed, and this will form the next stage of the development of the Social Value Policy/Statement.

Persons to contact:

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