

Meeting: Cabinet

Date: 15 June 2021

Wards Affected: All

Report Title: Social Value Procurement Policy

When does the decision need to be implemented? Immediately

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1. Purpose of Report

- 1.1 To seek approval of the 'Social Value Procurement Policy' ensuring that the responsibilities and requirements under the Public Services (Social Value) Act 2012 are incorporated into all aspects of our commercial and procurement activity where it is practicable to do so.
- 1.2 To maximise the opportunity Social Value has to contribute to the delivery of the Community & Corporate plan and Community Wealth Building in Torbay we are proposing to go beyond the requirements of the Act and mandate that a minimum of 10% of the overall evaluation score is allocated to all procurements over the value of £50,000.
- 1.3 The policy includes as an appendix a draft 'Social Value Framework' which has been included within the consultation for this policy. This framework aligns the priorities of the Council with the types of Social Value commitments we are seeking from Bidders to ensure we are seeking Social Value commitments that 'matter the most' to Torbay. Further work needs to be undertaken to refine and finalise this framework which is an appendix to the policy.
- 1.4 The 'Social Value Framework' will be a tool used by commissioning, procurement and bidders in selecting themes, objectives and measures that will maximise the Social Value we can secure from our spend. It is designed to be a flexible and live document and its amendment does not alter the principles and approach to Social value contained within the policy.

2. Reason for Proposal and its benefits

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations

and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

- 2.1 The proposals in this report and policy help us to deliver this ambition by maximising the contribution Council procurement spend will have to the delivery of our Community & Corporate Plan and Community Wealth in Torbay. We will be prioritising social value contributions offered within our procurement processes that have the greatest opportunity for contribution to the delivery of this plan.

The Social Value Framework has been developed and designed to ensure that the Social Value themes, outcomes and measures have been aligned with the Community & Corporate plan and will support all priority domains:

- Thriving people
- Thriving economy
- Tackling climate change
- Council fit for the future

3. Recommendation(s) / Proposed Decision

That the Social Value Procurement Policy be approved.

Appendices

Appendix 1: Social Value Procurement Policy

Appendix 2: Social value Consultation Feedback April 2021

Appendix 3: Torbay Council Social Value Policy – Implementation Business Case

Background Documents

None

Report Clearance

Supporting Information

1. Introduction

- 1.1 The Public Services (Social Value) Act 2012 came into force in January 2013 cementing the responsibilities of a contracting authority (when procuring service contracts subject to public procurement regulations) to take into account the “economic, social and environmental wellbeing of the relevant area” in its procurement activity.
- 1.2 Whilst Torbay Council has undertaken its responsibilities under this legislation there has not been a consistent approach across the Council in how Social Value is secured, evaluated, monitored and measured. As such we have been unable to measure the impact of Social Value from our procurement activity to inform strategic planning nor have we been able to fully maximise the benefits to the community.
- 1.3 The need for Local Authorities to use the money they spend to drive sustainability in the supply chain and build community wealth is increasing. The National Procurement Policy Statement, which is due to be introduced by government imminently, will require all public bodies to give due regard to the use of social value in procurement. Requirements in relation to the provision of social value through external contracting arrangements and a greater level of scrutiny around delivery of social value considerations are expected to sit within revised procurement legislation, due to come into force during Autumn 2021.
- 1.4 Social value requires organisations to think about how they achieve outcomes in a more integrated way at the pre-procurement stage. Rather than thinking about services in isolation or in the short term, they should consider long term costs and benefits. Regardless of the wider benefits to society, the sustainability of the health service itself is dependent on taking a longer-term view of how inclusion of social value outcomes can reduce pressures on the system.
- 1.5 Requiring suppliers to deliver social benefits while they deliver the main element of their contract means that there is a magnified benefit for the Council and our Community. Torbay Council can make requests to all suppliers and challenge them on what they will provide on the issues that matter most to Torbay.
- 1.6 By putting Social Value and Impact at the heart of all we do we can ensure that all our procurement activity contributes to the social, economic and environmental wellbeing of Torbay. As a Council we have several priorities and responsibilities that this procurement policy will help to contribute to by maximising the value of the money we spend. This includes:
 - Our corporate parenting role
 - Climate policy and action plans
 - Taking action to reduce and address Modern Slavery
 - Contributing to the development and growth of Community Wealth in Torbay
- 1.7 Improving how we incorporate Social Value into our commissioning and procurement process is not difficult and can make a tangible difference to people in

the community, to service delivery and to the Council's (and partners) spending outcomes as a whole.

- 1.8 Torbay Council intends to demonstrate further commitment to the principles set out in the Act by going beyond the Act's requirements and implementing this policy into all aspects of its commercial and procurement activity where it is practicable to do so. In doing this, both the detail and spirit of the Act can be delivered in all council commercial and procurement activity.

2. Options under consideration

- 2.1 Whilst the Social Value Act requires the Local Authority to consider:
“(a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
(b) how, in conducting the process of procurement, it might act with a view to securing that improvement.”. The Act does not prescribe what form this consideration might take or how the procurement process should be adapted to incorporate social value.
- 2.2 The policy has been drafted with two key priorities in mind. Firstly to ensure adherence to the legislation in relation to Social Value within procurements and secondly to support delivery of the Corporate and Community Plan by maximising the potential benefits to Torbay in relation to Social Value and Community Wealth Building.
- 2.3 It is with these priorities in mind that the policy includes the following features:
- The use of nationally recognised Themes and Outcomes Measures (TOM's) to measure Social Value contributions.
 - The alignment of TOM's with the Community & Corporate Plan 2019-2023 to support bidders in understanding 'what matters most to Torbay' – The Social Value Framework.
 - The importance of considering and including Social Value in any activities that will result in a procurement over the value of £50,000.
 - A commitment to a minimum 10% scoring value on any procurements over the value of £50,000.
 - The process for weighting and scoring Social Value as part of the procurement process (including priority weightings where risks of modern slavery or significant climate impact are identified).
 - The responsibility of contract managers to monitor and report on social value outcomes.
- 2.4 It is becoming common practice in public sector procurement to allocate a minimum 10% scoring allocation to Social Value. For Central Government procurements it is now a requirement.
- 2.5 As long as the Social Value Policy Implementation Business case recommendations can be actioned then there is capacity and resource to implement this policy and maximise the realisation of Social Value benefits from Torbay Council procurement spend to support the wider benefits to our Community. The overall benefit of this is the increased contribution of Community Wealth and long term sustained economic growth in Torbay.

3. Financial Opportunities and Implications

3.1 Financial Opportunity

Information provided by the Social Value Portal UK (providing support system for Social Value for over 75 Local Authorities) shows a 25% overall return in Social Value for all of the activity it supports through their portal. If we were able to achieve a 5% return, based on last year's procurement activity this would equate to £2,850,000 additional social value benefit to Torbay's economy from our spend. A 1% return would equate to £570,000. It may be desirable in our implementation plan to set a five-year growth target in relation to benefit realisation from our procurement spend. E.g.

Year	Social Value Benefit Realisation Target	Estimated contribution to Torbay (based on 2019/20 spend).
2021- 2022	1%	£570,000
2022 – 2023	3%	£1,710,000
2023 – 2024	5%	£2,850,000
2024- 2025	10%	£5,700,000
2025-2026	20%	£11,400,000

Whilst there are financial benefits to Torbay from implementation of this policy it is essential we acknowledge that the benefits and focus must be wider than what can be measured in financial terms. At its heart securing Social Value through our procurement activity is about contributing to the Social, Environmental and Economic wellbeing of Torbay – which may be measured in qualitative as well as quantitative terms. It is important that there is a focus on the sustainability and positivity of any social value benefits realised (and not a purely financial focus).

3.2 Financial Implications

It is essential that we are able to accurately capture, monitor and report on the social value achieved through our contracts. This is a complex area for both council officers and suppliers to navigate and consequently there are resource and financial implications associated with the implementation of this policy if we are to be able to fully understand the benefits achieved for our residents and the community and also to comply with upcoming changes in procurement legislation. These have been considered within a Social Value Policy Implementation Business case which is currently with the Director of Finance for approval. This business case can be seen in Appendix 3.

3.3 If the business case cannot be implemented then a review of the requirements and expectations set out in this policy will be required and it should be noted there may be an impact on the Council's ability to meet new regulatory reporting and transparency requirements when these become known.

4. Legal Implications

- 4.1 This policy seeks to ensure that we are better able to demonstrate our adherence through a more robust and transparent process to the Public Services (Social Value) Act 2012.

5. Engagement and Consultation

- 5.1 Engagement has been undertaken by the Procurement, Commissioning & Contract Management team through:

- Direct meetings with Chief Executive, Climate Emergency Officer and Torbay Development Agency
- Online Consultation with internal and external stakeholders.

- 5.2 A summary of the feedback and actions taken as a result of this consultation can be found in Appendix 2: Social Value Consultation Feedback April 2021.

- 5.3 Key changes made to the policy as a result of the consultation include:

- Stronger links between the Social Value Procurement Policy and the Community Wealth Building Programme.
- Priority weighting to be allocated to procurements assessed as having a negative environmental impact.
- Separate training, workshops, guides and resources to be provided for officers and bidders as part of the implementation plan.
- The addition of a Key Objective in relation to Social Value commitments that will support the Council in its Corporate Parenting role.

- 5.4 Due to the extensive consultation already undertaken by the Council on the development of the Community & Corporate Plan which sets out the priorities and ambitions for Torbay, limited consultation was undertaken on the formation of the Themes and Objectives contained within the 'Social Value Framework'. The consultation on the draft policy has identified the need to look further at prioritising the themes, outcomes and measures included – potentially we may need to reduce the number included and alter some measures to meet our local priorities. Further consultation and engagement will be undertaken as part of the implementation of this policy in refining and finalising the Social Value Framework. As this framework sits as an appendix to the policy this should not prevent adoption of the Policy.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 Not applicable – this policy will make it clearer what responsibilities and processes officers must follow in future in considering and incorporating Social Value into the procurement of goods, works and services.

7. Tackling Climate Change

- 7.1 This policy has been fully consulted on with the Climate Emergency Officer due to the positive contribution its implementation may have in the delivery of our climate plans.

- 7.2 The policy now includes a requirement for Climate themes and objectives to be priority weighted where a procurement has been assessed as having a negative environmental impact. This means that social value submission submitted aimed at

addressing environmental and climate issues will receive a higher weighting in the scoring of the submission.

- 7.3 Further work will be undertaken in the finalisation of the Social Value Framework in ensuring that the Themes, Outcomes and Measures included maximise the positive contribution this policy can make to tackling climate change in Torbay.

8. Associated Risks

Risk/Concern Identified	Potential Impact (positive & Negative)	Mitigation Actions
Not implementing a Social Value Policy	Continued inconsistent inclusion of Social Value requirements within our Commissioning and procurement processes Not taking action to maximise the potential additional benefits to Torbay from our procurement spend. Lack of information on Social Value within the organisation to inform strategic decision making. Risk that we will not be complying with current and future legislation obligations.	Adoption of the policy
Mandated 10% scoring allocation will discourage the market from submitting tenders	Potential reduction in submissions from some market sectors	Consultation feedback from external stakeholders did not identify any concerns with 10% allocation. 10% is becoming common practice in public sector procurements Training, support and guidance to be provided to staff and bidders in understanding the benefits and practicalities of incorporating this into procurement exercises. Adoption of a practice to include the market in determining and identifying potential Social Value benefits within pre-procurement market engagement activities to be implemented by PCMC team.
That this policy will exclude VCSE and SME's from engaging in procurement opportunities	That it will make the process too complicated for this sector to engage in procurements.	Research has identified that VCSE and SME's are often best placed to deliver excellent Social Value. Workshops, training and guidance to be included in the implementation plan for this policy specifically for this group. Wider piece of work to be undertaken to consider How we can improve our commissioning

		and procurement approaches to further engage and maximise opportunities for VCSE and SME's in Torbay.
Insufficient resource and/or capacity to implement policy.	That we are unable to fully implement the policy and maximise the potential benefit realisation from this policy	Social Value Policy implementation Business case formulated and submitted to Director of Finance – recommended engagement of the Social Value Portal UK to provide capacity, skills and expertise required.

