

Report To:	CABINET
Date:	21 FEBRUARY 2023
Heading:	UPDATED SOCIAL VALUE POLICY
Executive Lead Member:	CLLR DAVID MARTIN, DEPUTY LEADER AND EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

For Cabinet to note the progress and success of social value as it relates to procurement and approve the updated Social Value Policy.

Recommendation(s)

- For Cabinet to approve the updated Social Value Policy.
- For Cabinet to note the success and benefits of the delivery of social and local economic value as stated in the summary of this report
- For Cabinet to note the significant progress the Council has made in embedding social value into our activities.

Reasons for Recommendation(s)

The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

Social Value is defined through the Public Services (Social Value) Act 2012 (Act) which came into force in January 2013 and requires all public sector organisations (and their suppliers) to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area.

The Policy Procurement note 6/20 sets out that all central government departments and agencies must evaluate social value with a 'minimum overall weighting of 10%' for the total procurement. For all other public bodies this is discretionary and can vary.

The social value deliverables should be incorporated within contracts and managed throughout the life cycle of the procurement. Embedding, measuring and reporting social value is key for the Council in understanding the significant differences we are making in our communities. This report highlights some key indicators of this success.

Alternative Options Considered

None – To do nothing is not a viable option as it would mean that Ashfield was not complying with its legal obligation under the Social Value Act 2012. Neither would we be developing the outcomes associated with social value related good practice.

Detailed Information

We are a Values based organisation whose purpose is to create a future where everyone has the chance of a better quality of life, as such we have also successfully developed our approach to measuring and understanding social value, and this has been incorporated into our Performance Management, Project Management and Procurement frameworks. A Social Value Policy was approved by Cabinet in early 2020.

The aim of Ashfield's Social Value Policy is to maximise the local impact of the Council's spend; key elements of the policy are:

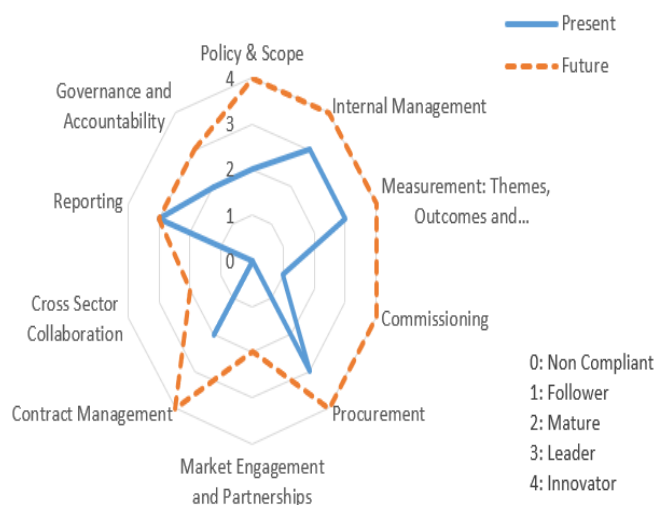
- Raise the living standards of Ashfield residents
- Increase the proportion of the Council's expenditure which goes to local businesses and providers
- Build social value into all Council contracts and maximise the impact gained from every pound spent
- To ensure that social value is assessed, measured and reported.

It is important that we move away from transactional processes of procurement towards building positive relationships and working with locally based businesses and organisations. This will also flow through into non procurement areas where we place delivering social value as a priority when delivering initiatives and projects.

The Social Value Portal is used by the Council as a method to measure and report on social value. The portal supports the scoring and ranking of social value offers as well as the ability to monitor and report back social value which has been delivered on a quarterly and annual basis. This mechanism and arrangement are still in place and working well. As well as introducing the use of the National TOMs, a lite version was introduced for procurement ranges of £25k to £100k. This initiative was as a direct result of feedback received from smaller bidders who found the National TOMs too difficult to use for a low value. The lite version is known as "the Ashfield TOMs" and aligns with key priorities in our Corporate Plan and is reviewed annually. This has been key to supporting smaller businesses in their understanding of the social value they can bring through contracting with the Council.

Our social value approaches and significant progress are 'trail-blazing'. In late 2022 a social value maturity assessment was undertaken by the Strategic Account Manager at Social Value Portal. The assessment involved answering several questions provided by Social Value Portal resulting in a

scoring document which also rated the maturity assessment of the organisation. Summary of the assessment is below. An evaluation meeting was then held with the Strategic Account Manager to discuss the very positive outcomes of the maturity assessment and any areas for further improvement.



This diagram shows the level of maturity both current (in blue) and future ambition (in orange). It is unlikely that Ashfield will fulfil all the requirements in which to move to the “innovator” category as that will include such measures that we are unable to achieve for example, joint commissioning where many of our procurement requirements are bespoke to the requirements of Ashfield District Council. We may also be limited in terms of Cross sector collaboration as this could only be improved if such measures allowed for example, shared social value implementation plan and cross sector opportunities.

	Present	Future
A Policy & Scope	Mature	Innovator
B Internal Management	Leader	Innovator
C Measurement: Themes, Outcomes and Measures	Leader	Innovator
D Commissioning	Follower	Innovator
E Procurement	Leader	Innovator
F Market Engagement and Partnerships	Incomplete/Non Compliant	Mature
G Contract Management	Mature	Innovator
H Cross Sector Collaboration	Incomplete/Non Compliant	Mature
I Reporting	Leader	Leader
J Governance and Accountability	Mature	Leader

The suggested areas that we could apply more focus to and indeed we are working on are:

- **Embedding social value into our procurement framework awards.** - This has a degree of complexity as procurement frameworks are reviewed every four (4) years, usually the award of the framework does not allow for localisation and the frameworks are driven by other organisations such as CCS, Scape etc. The Council has representation on a number of user groups facilitated by the Cabinet Office and the issue has been raised in particular to GCloud and DAS frameworks. Social Value Portal has also acknowledged the issue and is working with others to ensure that blockers are removed in future frameworks awards.
- **Commissioning** - to be stronger in this area we would need to apply social value in joint commissioning which we currently don't enter into.
- **Market engagement and partnerships** – a possible area for improvement such as the holding of forums with business and annual satisfaction surveys with providers and this is something that we will look to do. It should be recognised that for the majority of the last two

years (2020 to 2022) we operated in a pandemic therefore public engagement was limited to some extent.

- **Cross sector collaboration** – This is currently rated in the lowest category and could only be improved if such measures allowed for example, shared social value implementation plan and cross sector opportunities. It was acknowledged in the post assessment brief which involved a Senior Social Value Lead at Social Value Portal that this was probably more applicable to Central Government or large Unitary Authorities than it was to a district council therefore no particular weighting resulting in remedial actions was probably achievable.

Following completion of the maturity assessment it was felt prudent to update the Social Value Policy given that we have made significant improvement over the last two years. The updated Social Value Policy is therefore appended to this report for Cabinet consideration and approval.

It is also acknowledged, that in addition to the ongoing work relating to mid and high value procurement, we developed a Local Suppliers Directory which was rolled out in April 2022. This specifically calls for interest from local business who want to register an interest in doing business with the Council. The low value spend (£1 to £25k) will involve predominantly SMEs (Small, medium enterprises) and this will assist in growing SMEs in our local procurement chain. Whilst no specific measurement of social value applies to this area, it is an initiative that assists with SME's and the local economy.

Summary of significant benefits already achieved

The mandatory inclusion of Social and Local Economic value (LEV) in tenders was implemented in January 2021. The delivery occurs throughout the life of the contracts therefore it is not unusual to see the delivery some time after the contract has commenced. Ashfield set the level of delivery at the same rate that Central Government had set which was 10%.

We are extremely pleased to report that, as of December 2022, some of the following had been social value benefits have been delivered; -

% Of Social and Local Economic Value – 15.98% (target set at 10%)

% Of Commitments delivered – 96.20%

Delivered Social and Local Economic Value - £1,714,771.00

Local Employment - £1,341,147.35. This equates to 48 jobs

Local Spend (includes local spend and use of local supply chains) - £311,802.81

The delivered Social and Local Economic Value figure includes both the social value elements and the local economic value. The social value element will include deliverables from themes such as safer and more resilient communities, environment, and innovation as examples. The local economic value is specifically in relation to the local economy such as jobs and use of local supply chains.

The local employment figure includes the National TOMS theme around jobs which can include the creation of jobs and job retention. The period of one year in relation to job creation and job retention is used or where the contract is shorter than a year. There is an allowance for say two people to be employed for six months each in order to count for on full time equivalent position.

The local spend figure relates to the supporting of growth of responsible regional business. This would include as examples, the total amount spent in the local supply chain through the contract, the total amount spent with VCSEs (Voluntary Community and Social Enterprise) within the supply chain and will also include micro businesses.

In addition to the data recorded by Social Value Portal, the building of the two leisure centres within the district delivered further social and local economic value. Figures received from the construction company engaged to deliver the builds reported the following.

Kirkby Leisure Centre

- Total social and local economic value delivered - £12,763,962.57
- 72% social and local economic value (SLEV) ROI
- 32% of the spend has been within 30 miles of site, with 22% being within 10 miles of site.
- 95% of the spend has been with organisations that are classed as SMEs.
- 91.44% of the waste has been diverted from landfill

Hucknall Leisure Centre

- Achieved £9,448 of Social Value Return, exceeding the overall project targets of £5,650.
- Local spend – 57% delivered within 0 and 10 miles of site
- 99.84% of the waste has been diverted from landfill

The figures supplied above shows an extremely positive position to Ashfield by not just delivering on local economic value but also environmental successes to be celebrated.

Implications

Corporate Plan:

Effective procurement and contract management will ensure the delivery of social value through procurement and will support delivery of the Social Value policy and corporate priorities.

Legal:

The Social Value Policy underpins how the Council secures wider social, economic and environmental benefits from the work or services it commissions in order to comply with the Public Services (Social Value) Act 2012 requirements. [RLD 25/01/2023]

Finance:

Budget Area	Implication
General Fund – Revenue Budget	There will be an ongoing budget requirement regarding the cost of the licence and framework agreement. This is a one-off cost for the 3-year term and isn't due for renewal until July 2023.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	

Housing Revenue Account – Capital Programme	
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Risk:

Risk	Mitigation
Contractors do not deliver on social value deliverables	<ul style="list-style-type: none"> • Contract Managers to discuss social value delivery at regular contractor meetings • Social Value Portal will produce reporting via their portal for contract managers.
Bidders and those contractors awarded contracts may not understand the obligations and methodology used in respect of social value.	<ul style="list-style-type: none"> • Social Value Portal will support businesses to understand the process and obligations • Social Value Portal will work with Ashfield staff to assist where there is misunderstanding or where there are knowledge gaps

Human Resources:

Ongoing training and development will be delivered to staff involved in procurement and managing contracts as there is a need to ensure that service managers and staff involved in procurement are clear with regards to the content and aims of the Social Value Policy.

Environmental/Sustainability

The Public Services (Social Value) Act 2012, implemented in January 2013, placed an obligation on the Council to consider social, economic and environmental wellbeing considerations in connection with public services contracts as part of its pre-procurement deliberations.

Equalities:

The revised policy is in a format that complies with accessibility legislation and requirements. A full equality Impact assessment has been carried out and will be used to compliment the ongoing delivery of Social and Local Economic value delivered.

Other Implications:

None

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

Revised Social Value Policy

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