

Information/Discussion Paper

Development of the council's social value policy

13 January 2020

Overview and Scrutiny Committee

This note contains the information to keep Members informed of matters relating to the work of the Committee, but where no decisions from Members are needed.

1. Why has this come to scrutiny?

- 1.1 The Public Services (Social Value) Act came into force on 31 January 2013. It requires public sector staff who commission and procure services to think about how they can secure wider social, economic and environmental benefits.
- 1.2 The government introduced the act as a means to help the public sector get better value for money out of procurement. It also encourages public sector staff to talk to their local provider market or community to design better services, and explore finding new and innovative solutions.
- 1.3 The Public Services (Social Value) Act does not define social value nor set out how the council should consider social value – just that we need to do so. It also restricts those contracts to which the Social Value Act applies to public contracts for services (including framework agreements for services) which are fully regulated by the Public Contracts Regulations 2015 (PCR 2015).
- 1.4 The Local Government Association is very supportive of the work of councils to use social value to achieve wider financial and non-financial outcomes. They have some useful advice and resources here:
<https://www.local.gov.uk/national-procurement-strategy/pcr-toolkit-2015/how-do-we-maximise-social-value>
<https://www.local.gov.uk/our-support/efficiency-and-income-generation/procurement/achieving-community-benefits>
- 1.5 The council therefore intends to bring a draft policy to cabinet for approval on 11 February 2020. Initial thoughts on the draft policy are brought to O+S for comment.

2. Background – why social value is important

- 2.1 With the introduction of the council's new corporate plan in March 2019 and subsequent policy decisions, there is much greater clarity on CBC's most important priorities which include the cyber central project, delivering the £100m housing investment plan, committing to a carbon neutral Cheltenham by 2030 and tackling child poverty.
- 2.2 A social value policy will enable the council to both maximise social, economic and environmental benefits from the substantial procurement activities being undertaken as part of the cyber central project and the housing investment plan whilst also

levering in additional resources to help us deliver a carbon neutral Cheltenham and tackle child poverty.

2.3 As a council we are also more aware of the importance of the “Cheltenham pound”, in that the more that we spend locally, the more we help create a more resilient, sustainable and inclusive local economy and support local job creation.

2.4 Our social value policy will therefore:

- Define what we mean by social value;
- Set out what our social value priorities are (including our priority communities) and provide examples of the support we are looking for;
- Explain how we will deliver social value.

3. A proposed definition of social value

3.1 The policy will set out the following proposed definition that links back to the Cheltenham place vision :

Social value is the wider social, environmental and economic benefits that we will secure from our procurement activities to ensure that Cheltenham is a place:

- *Where all our people and communities thrive*
- *Where culture and creativity thrive*
- *Where businesses and their workforces thrive*
- *Where everyone thrives*

3.2 The policy will also propose that social value is applied to all externally sourced contracts where it is relevant and proportionate to the subject-matter of the contract to do so rather than just public contracts for services. This will mean that we will apply social value consideration to any new procurement / commissioning activity, but also explore how we incorporate social value within existing management arrangements with The Cheltenham Trust, Ubico, Publica and CBH.

3.3 In addition, the council may also aspire to ensure that the concept of social value is considered in all inward-facing activities including those applying to how we assess services that are delivered directly by CBC.

3.4 **Members of the committee are invited to comment on the proposed definition and how it is applied.**

4. Our suggested social value priorities

4.1 The policy will set out a set of social value priorities in which we wish to secure social value. We are suggesting the following four priorities that link back to our definition of social value. Each priority is then broken into two elements which will form part of the evaluation criteria; the degree to which the proposed bid can deliver practical support / outcomes for our priorities and secondly an assessment of how well the proposed bid supports the ethos behind each priority.

Where all our people and communities thrive

- 4.2 Providing practical support: towards our priority communities where there is evidence of need and opportunity.
- 4.3 Assessing the bid for how well it supports: the principles of the Cheltenham Offer being restorative, trauma-informed and strengths-based as agreed by Council in December.

Where culture and creativity thrive

- 4.4 Providing practical support: to enable our cultural organisations to deliver more cultural activities that will support our priority communities.
- 4.5 Assessing the bid for how well it supports: the four priorities of the Cheltenham cultural board; attracting and retaining young people, growing and sustaining creative businesses/start-ups, promoting social inclusion and increasing the visitor economy. These though may change to reflect the cultural strategy once agreed by council

Where businesses and their workforces thrive

- 4.6 Providing practical support: for local people gain and retain employment through education, skills, local labour schemes, apprenticeship schemes and payment of the living wage, with a particular focus on people from our priority communities.
- 4.7 Assessing the bid for how well it supports: local businesses inc the voluntary and community sector through using local supply chains and hence increased usage of the "Cheltenham Pound".

Where everyone thrives

- 4.8 Providing practical support: for promoting environmental sustainability and bio-diversity.
- 4.9 Assessing the bid for how well it supports: our carbon neutral target by reducing / off-setting carbon emissions
- 4.10 **Members of the committee are invited to comment on the proposed social value priorities.**

5. Identifying our priority communities

- 5.1 In the report on deprivation and inequality in Cheltenham that was discussed by O+S on 21 October 2019, it was noted that although Cheltenham remains a relatively affluent town where the majority of our residents are thriving and are able to lead live good lives, not all our residents are in a position to thrive and these were broken into three groups:
- Residents living in areas of multiple deprivation;
 - Vulnerable children and young people;
 - Vulnerable adults and older people.
- 5.2 The policy will therefore suggest that these three groups form the definition of our priority communities.
- 5.3 **Members of the committee are invited to comment on the proposed priority communities.**

6. Examples of the practical support and outcomes we might be looking for:

6.1 Officers will consider a range of ways in which any particular procurement activity can deliver our social value priorities. This is not an exhaustive list.

<p>Where all our people and communities thrive, eg: Family support programmes Signing up to the Cheltenham Offer Contributions towards our period poverty project Youth work and support Contributions towards food banks Support for homelessness / rough sleeping Domestic abuse projects and support for healthy relationships Mental health projects Reducing the impact of fuel poverty Reducing social isolation and loneliness</p>
<p>Where culture and creativity thrive, eg: Ensuring our festivals are able to reach-out into communities Celebrations of our diverse community life Local history and interpretation projects Community reading and literacy projects Community celebrations of visual and performing arts</p>
<p>Where businesses and their workforces thrive, eg: Support for local schools to be digitally enabled Support for community cyber-hubs Local community employment guarantees Apprenticeships Careers advice and support Committing to paying the living wage</p>
<p>Where everyone thrives, eg: Tree-planting schemes Wildlife schemes Projects to reduce carbon emissions Energy reduction and conservation Reducing and recycling waste Reducing air pollution Promoting cycling and walking</p>

6.2 It is important that local communities are engaged in shaping and deciding what is important to them, as well as engaging with the market to understand their ideas for how they can contribute to our social value priorities. In order to ensure our proposed ideas really do add social value we need to engage with communities to understand their existing assets and then use this information to build the social value requirements of our procurement activity. This way we can be sure we are adding and not simply duplicating the value already existing within a community, as this could have an adverse impact. It is important to evidence the co-creation activity and how this has been used to identify social value.

Members of the committee are invited to comment on the suggested examples of practical support.

7. How we will deliver social value

7.1 The council has recently amended its standing orders whereby officers can seek three quotes for contracts with a value up to £25k, rather than the previous value of £10k. Above £25k a full competitive tender process will be required. Therefore the policy will suggest that our approach to social value is split into the following:

7.2 Informal - all procurement <£25k

7.3 Officers to ensure that the specification takes account of our social value priorities and that all bidders are given the opportunity to contribute to social value regardless of size of procurement.

7.4 Formal – larger procurement opportunities >£25k

7.5 Officers will ensure that the specification takes account of our social value priorities and includes the expected social value support that we wish to see from the procurement. Officers may wish to include consultation with community groups to ensure that any practical support is not prescribed but co-created with that community.

7.6 Officers will also consider making social value a contractual obligation along with other similar themes of equalities and health and safety. i.e. 'Don't ask, demand'. Examples could include cutting CO2 emissions by a certain percentage, recruiting x number of apprentices etc.

7.7 Social value priorities and outcomes will then be included in all procurement documents so that bidders complete Price – Quality - Social Value sections and can then be scored.

7.8 Section 4 of this report sets out a number of ways in which bids' contribution to our social value priorities can be assessed.

7.9 **Members of the committee are invited to comment on the suggested process for delivering social value and also consider how best to engage members in an ongoing review of the policy and what it has achieved.**

8. Next steps

8.1 The draft social value policy with comments from O+S members will be presented to cabinet on 11 February for approval.

Background Papers	2019-23 Corporate plan, Report to Council, 25 th March 2019.
Contact Officer	Richard Gibson, Strategy and Engagement Manager. 01242 264280. richard.gibson@cheltenham.gov.uk
Accountability	Cllr. Steve Jordan, Leader of the Council