

Cheltenham Borough Council
Cabinet – 7 July 2020
Social Value Policy
Report of the Leader of the Council

Accountable member	Leader of the Council, Cllr. Steve Jordan
Accountable officer	Strategy and Engagement Manager, Richard Gibson
Accountable scrutiny committee	All
Ward(s) affected	All
Key Decision	No
Executive summary	<p>The Public Services (Social Value) Act 2012 (the Act) provides a legal obligation on public bodies to consider how the services they commission and procure, over the thresholds provided for in the Public Contracts Regulations, might improve the social, economic and environmental well-being of the area</p> <p>The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, councils give consideration to the wider impact of the services delivered. This also includes encouraging staff to talk to providers and the local community and users of the service to design better services, and explore finding new and innovative solutions.</p> <p>The Council spends around £23m annually on a range of services and goods. The Act provides a significant opportunity to think creatively about how the Council can secure wider social, economic and environmental benefits from this spend.</p> <p>But the Council also wants to use the social value policy to be the start of a conversation about how we use our wider processes, resources and influence to support social value in Cheltenham.</p>
Recommendations	To agree the social value policy attached as appendix 2
Financial implications	<p><i>None as a direct result of this report. The social value policy will bring in additional resources to help the council deliver its priorities</i></p> <p>Contact officer: Martin Yates Business Partner Accountant Martin.Yates@publicagroup.uk 01242 264200</p>

<p>Legal implications</p>	<p>The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It requires public bodies who commission services to consider how what is proposed to be procured might improve the wider social, economic and environmental well-being of the area. This duty only applies to the procurement of services above the threshold for the advertisement of the procurement across the EU. This threshold is currently £189,330. The Council's policy goes beyond the statutory duty as it covers all procurements.</p> <p>Before starting the procurement process for above threshold services contract, commissioners must think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area.</p> <p>The Government has issued procurement policy note 10/12 to its departments with advice for commissioners and procurers about the duties under this Act. Whilst not legally binding on other public bodies, it will be of use to the Authority when procuring services covered by the Act.</p> <p>One Legal: legalservices@tewkesbury.gov.uk</p>
<p>HR implications (including learning and organisational development)</p>	<p>HR will work closely with the service to ensure the objectives within our CBC People Plan and values are aligned to the social value commitments, that our staff training, induction, recruitment and HR policies commit to, support and develop the culture.</p> <p>Contact officer: Corry Ravenscroft HR Business Partner Corry.Ravenscroft@publicagroup.uk 07827 895624</p>
<p>Key risks</p>	<p>There is a risk that social value commitments will be made but not delivered upon. To mitigate this it will be important that the Council effectively monitors contracts and uses a range of tools available to secure Social Value</p>
<p>Corporate and community plan Implications</p>	<p>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 delivering the cyber central project, delivering the £100m housing investment plan, committing to a carbon neutral Cheltenham by 2030 and tackling child poverty.</p> <p>Our social value policy will enable the council to both maximise social, economic and environmental benefits from any procurement activities being undertaken whilst also leveraging in additional resources to help us deliver our corporate priorities</p>
<p>Environmental and climate change implications</p>	<p>The social value policy identifies the environment as one of the four social value priorities.</p>

1. Background

- 1.1 The Public Services (Social Value) Act 2012 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 and community to design better services, and explore finding new and innovative solutions.
- 1.3 The Act does not define social value nor set out how the council should consider social value – just that it needs to do so. It also restricts those contracts to which the Social Value Act applies to public contracts for services which are fully regulated by the Public Contracts Regulations 2015 (PCR 2015).

2. Why social value is important

- 2.1 The council spends circa £23m annually. Although the current procurement and contract management strategy (2015) refers to Social value, the council is not actively exploring the social value opportunities from its current spend.
- 2.2 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 delivering the cyber central project, delivering the £100m housing investment plan, committing to a carbon neutral Cheltenham by 2030 and tackling child poverty.
- 2.3 In 2020, we have seen the Covid-19 pandemic wreak havoc across the globe. In Cheltenham, we have witnessed significant impacts on our communities and our local economy. Over 1,000 people who were made vulnerable by the crisis were referred into the council's help hub for additional support. Community food banks scaled up their supply and were providing 1,500 food parcels each week to people who were no longer able to access food. Unemployment has risen significantly, the claimant rate (claiming Job seekers allowance and Universal Credit) which was at 2.0% before the crisis has now risen to 5.1%, with some areas seeing a claimant rate of over 8%. As a result, the council has prepared a draft recovery strategy that will address the negative impacts of the crisis whilst also building on the many positives that we have seen.
- 2.4 We have also seen a significant acceleration in our understanding of the impacts of racism in our society thanks to the work of the Black Lives Matter campaigners. On 15 June, the council committed its support for Black Lives Matter and its total opposition to any kind of racism and agreed that we should work to challenge bias, both deliberate and unconscious, and racism in all its forms.
- 2.5 In the first instance, our social value policy will enable the council to maximise social, economic and environmental benefits from our procurement activities to help us deliver our corporate priorities and our recovery plan.
- 2.6 But the intention is that our social value policy will also provide a framework for how we use our processes, resources and influence to support our communities; and work with them to help build their resilience and to tackle inequalities and disadvantage.
- 2.7 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. Our proposed definition of social value

3.1 The Social Value Act does not define social value nor set out how the council should consider social value – just that it needs to do so.

3.2 The council has taken the opportunity to set out its proposed definition of social value 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 and wider 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*

4. Our suggested social value priorities

4.1 The council is proposing a set of four social value priorities and outcomes that describe the themes where we wish to secure social value where relevant and proportionate.

- All our people and communities have the opportunity to thrive.
- Cheltenham is a place where culture and creativity thrive.
- Cheltenham is a place where businesses and their workforces thrive
- Cheltenham's environment enables everyone to thrive

5. Identifying our priority communities

5.1 Although Cheltenham remains a relatively affluent town where the majority of our residents are thriving and are able to lead good lives, not all our residents are in a position to thrive and these are broken into four groups:

- Children and young people growing up in poverty;
- Adults and older people that are vulnerable due to their health or care needs or their social circumstances
- Residents facing inequality and disadvantage due to their employment or education circumstances
- Residents facing inequality, disadvantage or discrimination.

6. How we will deliver social value

6.1 The Council procures a wide range of goods and services, and it is recognised that there can be no 'one size fits all' model. This policy will, therefore, need to be applied in a proportionate manner and be tailored to reflect the service, goods or works to be procured. It is the role of commissioners and procurement leads 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 these. We will apply this policy in a way to ensure that it is fair to all providers.

- 6.2** The council has recently amended its constitution 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, our approach to social value is split into the following:

Informal - all procurement below £25k

- 6.3** Officers will 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.

Formal – larger procurement opportunities £25k and above

- 6.4** Officers will ensure that the specification takes account of our social value priorities and includes relevant and proportionate social value outcomes 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. In addition, bidders will also be expected to set out how they will meet our strategic intentions
- 6.5** Officers will also consider making social value a contractual obligation within the specification where it is appropriate to do so. Examples could include cutting CO2 emissions by a certain percentage, recruiting x number of apprentices etc.
- 6.6** Social value priorities and outcomes will then be included in all procurement documents so that bidders complete Price, Quality and Social Value sections which can then be scored.
- 6.7** The suggested minimum weighting given to social value considerations is 10%
- 6.8** We will also communicate the Social Value policy to all internal staff, providers and partners and develop a programme of training and development to improve understanding of social value and our approach and practice.

7. How we will deliver social value - processes, resources and influence

- 7.1** Whilst the focus will be on applying social value consideration to new procurement activity, the council will also ensure that we use our processes, resources and influence to help deliver our social value priorities. This might include the following:
- 7.2** Processes – making sure that social value priorities are considered in our organisational change activities including those applying to how we assess services that are delivered directly by CBC.
- 7.3** Resources – how we use our council volunteers to support social value priorities
- 7.4** Influence - how we incorporate social value within existing management arrangements with The Cheltenham Trust, Ubico, Publica and CBH.

8. Measuring the impact of our social value policy

- 8.1** We will produce an annual review of the benefits secured through the Social Value Policy which will be reported to the council's Overview and Scrutiny Committee. This will provide an opportunity to adjust our approach as we learn from practice and feedback.
- 8.2** The following information will be made available as part of the annual review:
- Performance monitoring information about all contracts delivering practical support across our four social value priorities in the relevant financial year.
 - An assessment of the total spend with local businesses inc the voluntary and community sector through using local supply chains.

- Evidence of how local people and communities have been involved in determining social value outcomes.
- Minimum one case study of a procurement process where the social value policy has been applied.

9. Consultation and feedback

- 9.1** The draft social value policy was considered by the Overview and Scrutiny committee on 13 January 2020. The committee was generally supportive in recognition that the policy would benefit the town.
- 9.2** 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.

10. Next Steps

- 10.1** If Cabinet are happy with the updated strategy, the social value priorities and outcomes will then be included in all procurement documents so that bidders complete Price – Quality - Social Value sections which can then be scored.
- 10.2** We will also communicate the Social Value policy to all internal staff, providers and partners and develop a programme of training and development to improve understanding of social value and our approach and practice.

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Appendices	1. Risk assessment 2. Draft Social Value Policy

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk			
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer
	There is a risk that social value commitments will be made but not delivered upon.	Darren Knight	20.1.20	3	3	9	Reduce	To mitigate this it will be important that the Council effectively monitors contracts and uses a range of tools available to secure Social Value	Ongoing	Richard Gibson