



Report for: ACTION/INFORMATION
Item Number: 8

Contains Confidential or Exempt Information	NO
Title	Social Value Policy
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Author(s)	Carol Sam - Regeneration Manager
Portfolio(s)	Councillor Julian Bell; Leader and Regeneration Portfolio, Councillor Yvonne Johnson; Finance, Performance and Customer Services Councillor Peter Mason; Prosperity, Skills, Employment and Transformation,
For Consideration By	Cabinet
Date to be Considered	10 th April 2018
Implementation Date if Not Called In	23 rd April 2018
Affected Wards	ALL
Keywords/Index	Social value, procurement, supply chains, businesses, employment support

Purpose of Report:
To seek Cabinet authority to incorporate the Social Value Guidance (January 2018) as Council policy to guide and inform the Council's commissioning and procurement processes.

1. Recommendations

It is recommended that Cabinet: -

- 1.1 To Authorise the Social Value Guidance (Appendix 1)
- 1.2 Delegate the Executive Director of Regeneration and Housing, following consultation with the Director of Legal and Democratic Services, the Executive Director of Corporate Resources, the Portfolio Holder for Regeneration and the Portfolio Holder for Finance and Portfolio holder, Prosperity, Skills, Employment and Transformation to implement the Social Value Guidance (January 2018 – Appendix 1) so it is fully embedded in the organisation.
- 1.3 Note the potential benefits of implementing a Social Value Policy across the procurement cycle, with measures of success that go beyond monetary values

and contribute to achieving Future Ealing outcomes which put the local community at the heart of decision making.

2. Reason for Decision and Options Considered

2.1 Background

The Public Services (Social Value) Act 2012 (“Social Value Act”) took effect on 31 January 2013 and requires any public body buying or commissioning public services over EU threshold limits to consider before the procurement process starts how their local area may be improved by including economic, social or environmental benefits as part of their procurement process. They also must consider whether they should consult on these issues.

The Social Value Act is designed as a tool for enabling commissioners and procurers to be more innovative in their procurement methods and to encourage more responsive service delivery with the potential of achieving significant cost savings.

Ealing Council intends to go beyond the Act’s requirements and has produced Guidance notes (see Appendix 1) which will assist the Council to embed social value further into aspects of its commercial and procurement activity, where it is practical to do so. In doing this, both the detail and spirit of the Act can be delivered in all the Council’s commercial and procurement activities.

“Social Value” has been defined as the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and works.

The Public Services (Social Value) Act 2012 states:

“the authority must 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”.

In October, last year (2017) Full council agreed the Motion that all suppliers bidding for contracts above £175,000 with the London Borough of Ealing are required to self-certify their tax compliance status in line with central government practice, using the standards in PPN 03/14.

In addition, any supplier that has any occasion of non-compliance within the last 5 years is excluded from the Council's procurement procedure, unless it has since fulfilled its obligation.

2.2 Options Considered

- The Council could continue without a Social Value Policy in place, although this could lead to a lack of focus on the potential benefits from a Social Value Policy and a low return for the economic, social and environmental well-being of Ealing.
- Continuing with informal guidance from procurement could lead to an inconsistent application of Social Values, resulting in a better return for economic, social and environmental well-being for the Borough than the first option.
- Adopting a formal policy, including the Guidance, should provide a more consistent application across all new commissioning and commercial procurement, with a greater return for economic, social and environmental well-being for Ealing's residents than the first two options.

2.3 Benefits of Adopting the Social Value Guidance as policy

The benefits of adopting a social value policy across the Council include: -

- **Encouraging a diverse base of suppliers:** promoting supplier diversity, including the participation of SMEs and 3rd sector organisations, and local suppliers in general;
- **Promoting fair employment practices:** ensuring workforce equality and diversity and more higher quality jobs within supply chains; and encouraging fair employment and workplace representation
- **Meeting targeted recruitment and training needs:** offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities;
- **Community benefits:** maximising opportunities for Ealing organisations to participate in the council's supply chains and encouraging suppliers to make a social contribution to the local area;
- **Ethical sourcing practices:** ensuring compliance with UK, EU and international standards, promoting fair trade and fair pricing policies, tackling corruption, child labour and similar social issues; and
- **Promoting greater environmental sustainability:** minimising waste and pollution, supporting carbon and water reduction initiatives, furthering energy efficiency and other sustainability programmes.
- **Improving council economic sustainability:** encouraging businesses to deliver additional social value will have a range of direct and indirect economic benefits to the council including improving viability (and security of business rates) of SMEs in the borough, providing additional support to third party providers to ensure better community benefits, eventual reduction in costs to the council of providing services.
- **Encouraging participation:** engaging and encouraging user and employee involvement in service design and delivery.
- **Employment, Skills and Enterprise:** through the work of the Employment, Skills and Regeneration Team, Ealing Council will seek to reach out to employers and use large scale regeneration projects and the procurement of

goods and services to influence and create of pathways into employment for Ealing residents, including apprenticeships and work placements for young people. The council will also work with other partners, particularly other public sector partners to progress their careers.

Lessons learned from the implementation of this policy for the Council should be considered by the wider Local Strategic Partnership (LSP), with a view to considering implementing a similar policy.

2.4 Delivery and Reporting

- In practice this Policy will be applied as follows:
 - (i) As a minimum, all procurements will be required to include social value metrics (using the Social Value Guidance) as a part of the scoring and evaluation process. Assessments should be based upon the total cost benefit of any social value that is to be delivered.

(ii) Where possible and appropriate, Social Value should form part of the overall outcomes which are being specified and evaluated as part of any procurement exercise.

(iii) Where social value has not been incorporated already into the key outcomes being evaluated as part of a procurement, it is recommended that a minimum 5% of the overall evaluation score is attributed to social value. However, each procurement would be dealt with on a case by case basis.

2.5 Governance

Once a procurement exercise is concluded, the responsibility for ensuring the committed social value benefits are delivered will fall to those officers responsible for contract management of that individual contract.

2.6 Review and Monitoring

Monitoring of Social Value outcomes should be included as part of the contract management procedure and be included in measuring outputs and outcomes towards the Key Performance Indicators (KPIs). The KPIs should then be reported to the relevant Contracts Board and Commercial & Procurement on a regular basis.

3 Key Implications

3.1 Due to the wide range of services provided by the Council it is difficult to have a 'one size fits all' model and, as such, the guidance should be considered alongside advice from the Commercial and Procurement, Legal and the Employment and Skills teams to ensure specific service or departmental needs are fully considered.

3.2 The impact will be minimal on current contracts, but are expected to have a real impact on new contracts in which the outcomes and outputs go beyond

just monetary values. Depending on the service and nature of contract, the procuring department will be in a position to identify a number of social values that are relevant and appropriate to their service areas.

- 3.3 The Social Value Guidance provides a framework to evaluate Social Value against a wide set of outcomes and indicators so the Council can select a supplier under a tendering process who not only provides the most economically advantageous core service, but one which goes beyond the basic contract terms by securing wider benefits for the community to truly offer significantly increased overall value for the council and its residents.

4 Procurement

- 4.1 Social value is being incorporated into new procurements that will take place from the date of implementation of this policy, with the benefits outlined paragraph 2.3. For existing contracts, it is recommended that social value is considered where appropriate to form part of any continuous improvement which takes place over the lifetime of a contract and when any contract is due for review or extension.
- 4.2 The guidance will help service areas to understand the importance of why social value and how the values can be embedded into the outcomes that are being procured.

5 Financial

- 5.1 There are no direct financial implications arising from this report. Further financial implications will be received and assessed when the policy is developed in detail.
- 5.2 There are no costs to the Council, as the supplier, through procurement process, will determine what costs benefits will be derived from implementing Social Value outcomes.

6. Legal

- 6.1 The Social Value Guidance will comply with the Public Services (Social Value) Act 2012.

7. Value For Money

The aim is to maximise the social, economic and environmental benefits for local residents from public sector contracts that are being procured, by incorporating social value into the outcomes. The Council will then be able to select providers that deliver the most economically advantageous service but also derive wider benefits for the local community.

8. Sustainability Impact Appraisal

Sustainability Impact Appraisal is expected to be part of the contract management process.

9. Risk Management

- There is a risk that some suppliers may be put off bidding for contracts, although suppliers are becoming increasingly used to responding to social value requirements
- contracts could cost more money if social value costs are built into contract price
- if the Council does not implement the social value policy, the Council may not meet its duties under the Social Value Act 2012.

Social Value outcomes enable commissioners and procurers to be more innovative and respond to service demands.

10. Community Safety

No direct impact is expected from this report.

11. Links to the 6 Priorities for the Borough

Implementing a Social Value Policy supports three of the Council's six priorities: - **prosperous, fairer, and accessible**- by enabling suppliers to provide outcomes for Ealing that are measured over and above monetary values. See detailed benefits identified at section 2.3.

12. Equalities, Human Rights and Community Cohesion

A full Equalities Analysis Assessment (EAA) is expected to be put in place once the details of the policy are finalised.

13. Staffing/Workforce and Accommodation implications:

There are no direct staffing/workforce implications arising from this report.

14. Property and Assets

There are no direct property implications arising from this report.

15. Any other implications:

None.

16. Consultation

No consultation has been undertaken to date. A working group comprising of officers in legal, procurement, and regeneration have met to inform this report.

17. Timetable for Implementation

May 2018 – Adoption of Social Value Policy and Guideline.

18. Appendices

Appendix 1- Social Value Guidance

19. Background Information

Social Value Guidance

Consultation (Mandatory)

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Rakhee Vyas	Commercial Procurement Partner	01/03/18	8/03/18	
Chuhr Nijar	Senior Contracts Lawyer	01/03/18	16/03/2018	
Jaspreet Ruprah	Economic Development Officer	01/03/18		
Nish Popat	Head of Accountancy	01/03/18		
John Prince	Finance Business Partner	01/03/18	13/3/18	
Henry Kennedy-Skipton	Head of Regeneration	01/03/18		
David Moore	Interim Director Regeneration and Planning	01/03/18	13/3/18	Throughout
Tim Smith	Head of Procurement Consultancy	09/03/18	13/03/18	Throughout
External				

Report History

Decision type:	Urgency item?
EITHER: Key decision OR Non-key decision OR For information (delete as applicable)	No
Report no.:	Report author and contact for queries:
Carol Sam Regeneration Manager x 9924	