

## **East Herts Council Report**

### **Overview and Scrutiny Committee**

**Date of meeting:** 21 June 2022

**Report by:** Councillor Geoffrey Williamson Executive Member for Financial Sustainability

**Report title:** Social Value Policy

**Ward(s) affected:** All

### **Summary**

- This reports presents the council's Draft Social Value Policy, to the Overview and Scrutiny Committee for scrutiny. The policy sets out a set of local Themes, Outcomes and Measures ("TOMs") that will assist in leveraging investment in the councils SEED priorities through procurement and, on a voluntary basis, until the District Plan is revised for major development planning applications.

### **RECOMMENDATIONS FOR OVERVIEW AND SCRUTINY COMMITTEE:**

- A) Endorse the Social Value Policy at Appendix A or make any suggested changes to Executive;**
- B) Endorse the delegation of authority to the Head of Legal and Democratic Services to amend Contract Procedure Rules to reflect the new policy;**
- C) Endorse the Social Value Maturity Index results and the suggested action plan items for improvement at Appendix C; and**

**D) Endorse Councillor Williamson as the lead Member for Social Value and that the Head of Strategic Finance and Property be the lead officer with responsibility for reporting, managing and delivering Social Value across procurement and commissioning.**

## **1.0 Proposal(s)**

1.1 East Herts Council, in its corporate plan, is committed to:

- 1.1.1 Sustainability at the heart of everything we do;
- 1.1.2 Enabling our communities
- 1.1.3 Encouraging economic growth
- 1.1.4 Digital by default

1.2 To maximise the local impact of the Council's activity and spending in achieving our corporate plan, this policy is a key enabler in securing additional benefits – social, economic, and environmental, together known as social value – that support this vision. The objectives of implementing this social value policy are to:

- 1.2.1 Introduce a social value management tool that supports the delivery of our strategic priorities for the people and environment of East Hertfordshire;
- 1.2.2 Provide a consistent approach to measuring and supporting social value throughout the procurement cycle;
- 1.2.3 Define and implement a robust, transparent, and efficient digital solution for assessing and awarding the social value segment of tenders, and managing relevant supplier performance during the contract lifecycle;
- 1.2.4 Allow contractors to compare their own social value performance by sector and build, over time, industry

- benchmarks to understand 'what good looks like' in East Hertfordshire; and
- 1.2.5 Reduce the uncertainty surrounding social value measurement for bidders, allowing them to make informed decisions based on robust assessments and hence to embed social value into their corporate strategies.

## **2.0 Background**

- 2.1 The Public Services (Social Value) Act 2012 requires an authority to consider how what is proposed to be procured might improve the economic, social, and environmental wellbeing of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement.
- 2.2 The Act does not prescribe what form this consideration might take or how the procurement process should be adapted to incorporate social value. The key question with respect to social value in a procurement process is the same as it is for any other element of the procurement, namely on what basis the council will determine the most advantageous of the options presented. In general terms, comparability – and therefore some form of measurement system – are key to incorporating social value in procurement.
- 2.3 Incorporating social value into East Herts procurement process is very low cost, yet it is a change that can make a real difference to people in the local community, to service delivery and to the council's spending plans. It is proposed the council adopts the National Social Value Measurement Framework or, more commonly, the "TOMs" (its structure is based on Themes, Outcomes and Measures) to underpin and empower the objectives of this policy. Having one reporting standard allows us to unlock, measure and report the social value

delivered by suppliers, delivery partners and ourselves during the provision of goods, works and services.

- 2.4 In recent years, the TOMs have become the most used framework in the UK, thus promoting consistency and comparability amongst providers and buyers of public services across the UK. The National TOMs were launched in 2017 by the [National Social Value Taskforce](#), chaired by the Local Government Association, with over 40 members from organisations representing central and local government, the private sector and the third sector.
- 2.5 The National TOMs provide a flexible, measures-based calculation framework designed to articulate social value outcomes in terms that can be objectively assessed. It was conceived and developed to be evidence-led and applicable over the 'whole life' of a contract or a single purchase.
- 2.6 Each of the Measures behind the Outcomes has been assigned a proxy value which allows organisations to report their delivery in financial and non-financial terms. These values were agreed by the National Social Value Taskforce and stem from public sector data sources such as the Unit Cost Database (UCD), following benefit analysis techniques as outlined in the HM Treasury Green Book and other relevant monetary valuation techniques, such as benchmarking of market prices.
- 2.7 There are several benefits to using both the National TOMs and the tendering and contract management portal, known as the Social Value Portal ("the Portal") for the Council. We will be able to:
  - 2.7.1 Objectively compare and benchmark year on year social value delivered between contracts and services,

- to seek sharing of best practice and drive better performance
  - 2.7.2 Gain a deeper understanding of where social value is being generated within our suppliers and areas - as well as where more social value could be unlocked to improve outcomes
  - 2.7.3 Puts a common language (the £) against the positive impact our spending brings to the area, to inform service planning and commissioning
  - 2.7.4 Being better informed, about where further social value could be unlocked locally, will develop, and support our communities, in turn creating a more resilient, healthier, and prosperous East Herts.
- 2.8 During the negotiations with the incumbent contractor to exercise the option to extend the parking contract, we trialled the social value approach. As well as gaining an annual saving of £10,000 on the contract, the contractor undertook to replace all their diesel vehicles with electric vehicles from the start of the 2 year extension and also undertook to make air quality monitoring data available to the council.
- 2.9 The Social Value Policy will apply to all procurement exercises with an estimated value of £75,000 and above where possible (it may not be possible for procurements via frameworks unless the framework permits it). The policy sets out that Social Value should be scored alongside Price and Quality and that Social Value must be 10% of the overall evaluation score. This is the same percentage as applied by central government and the National Health Service.
- 2.10 The Social Value Policy is set out in **Appendix A**. The non-priority TOMS are set out in **Appendix B**.
- 2.11 As part of the policy development the council was scored against the Social Value Maturity Index as to where we are

now and where we should be when the policy has been approved and embedded into the procurement process. This is shown at **Appendix C**. As part of strengthening our internal management score it is recommended that Cllr Williamson be the lead Member for Social Value and that the Head of Strategic Finance and Property be the lead officer with responsibility for reporting, managing and delivering Social Value across procurement and commissioning.

### **3.0 Reason(s)**

- 3.1 Whilst there is a legal duty to consider Social Value, a more structured approach to secure wider social, economic, and environmental benefits has been shown to deliver additional Social Value to taxpayers and have the potential to contribute to 'levelling up' and 'build back better'.
- 3.2 In the Levelling Up white paper the Government has signalled its intention to "legislate to put social value at the heart of government spending – weaving a thread of social improvement and civic responsibility through the UK Government's £300bn annual expenditure on procurement". It is therefore important for the council to have a social value policy to ensure we are helping to level up across the district.

### **4.0 Options**

- 4.1 Adopt the policy at **Appendix A – Recommended** - so that the council complies with the duties under the Public Services (Social Value) Act 2012.
- 4.2 Not adopt the policy – **Not recommended** – the council will not be in compliance with the Public Services (Social Value) Act 2012 and will not be able to gain the benefits of social value in terms of social, economic, and environmental benefits that will

support delivery of the corporate plan.

## **5.0 Risks**

5.1 The social value policy is considered low risk. Not having a social value policy is high risk as the council will struggle to demonstrate compliance with the Public Services (Social Value) Act 2012.

## **6.0 Implications/Consultations**

### **Community Safety**

No

### **Data Protection**

Yes - the social value portal does not hold any sensitive or personal data and reports summary information provided by contractors that would be freely available under the Freedom of Information Act.

### **Equalities**

Yes – The social value policy lists as priorities gender balance in the workplace and ethnic diversity.

### **Environmental Sustainability**

Yes – The social value policy contains priorities that will assist to deliver action on climate change and environmental sustainability.

### **Financial**

Yes – the social value policy will not raise contract costs but will provide a return on the money East Herts Council spends directly for the benefit of the district.

The use of the social value portal will be charged for but Stevenage Borough Council is negotiating access for all the local authorities in Hertfordshire and there may be funding available to mitigate the costs in early years. Once the cost is notified by Stevenage officers will judge the value for money of using the portal and may need to

report back to Executive that the policy will require amendment to use the TOMS but not the social value portal.

### **Health and Safety**

Yes – healthy workplaces is one of the priority outcomes of the social value policy.

### **Human Resources**

Yes – officers undertaking procurement will require training in the new policy and use of the social value portal.

### **Human Rights**

No

### **Legal**

Yes - The Public Services (Social Value) Act 2012 requires an authority to consider how what is proposed to be procured might improve the economic, social, and environmental wellbeing of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement.

### **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

**Appendix A** – Social Value Policy

**Appendix B** – Non-Priority TOMS

**Appendix C** – Social Value Maturity Index and action plan

### **Contact Members**

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