

Notice of :	EXECUTIVE
Decision Number:	EX47/2016
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Members :	Councillor Simon Blackburn, Leader of the Council Councillor Christine Wright, Cabinet Member for Housing, Procurement and Income Generation Councillor Mark Smith, Cabinet Member for Business and Economic Development
Date of Meeting:	7 November 2016

SOCIAL VALUE POLICY

1.0 Purpose of the report:

- 1.1 To consider the benchmarking research analysis by the Centre for Local Economic Strategies (CLES) on behalf of Association of Greater Manchester Authorities (AGMA) which will provide important baseline information on current performance in relation to the delivery of the key objectives in the Council's Social Value Policy.

To build on the work undertaken to date and maximise the delivery of Social Value through commissioning and procurement activity through the publication of prescriptive outputs and outcomes linked to the priorities in the Council Plan 2015-20 which can be included in all Council tenders.

To consider the introduction of a new criterion (in addition to Quality and Price) in the Council's evaluation model for assessing tenders which will allow the Council to examine the ability of prospective suppliers to deliver Sustainability and Social Value.

2.0 Recommendation(s):

- 2.1 To consider the analysis from the Association of Greater Manchester Authorities benchmarking study and support participation in a further similar study to be undertaken by Centre for Local Economic Strategies in 2016.
- 2.2 To agree the prescriptive outputs and outcomes detailed in Appendix 3c, to the Executive report, for consideration and inclusion in all future Council tenders.

2.3 To agree the introduction of a new criterion in the Council's Evaluation Model for assessment of tenders measuring Sustainability and Social Value with a mandatory score of 20% applied to the category.

3.0 Reasons for recommendation(s):

3.1 The Public Services (Social Value) Act 2012 came into force on 31st January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

Work undertaken to date has provided a solid foundation for the Council to deliver Social Value outputs and outcomes. It is evident, however, that through discussion with prospective suppliers and examination of tender responses received since the introduction of the Council's Social Value Policy (Appendix 3a, to the Executive report), that in order to maximise deliverables it will be necessary to agree a set of prescriptive outputs and outcomes which seek to address social, economic and community needs in the borough. This will enable more specific questions to be built into tender documents making Social Value more meaningful to prospective suppliers and strengthening the link between Council priorities and the commissioning and procurement process.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None

4.0 Council Priority:

4.1 The Blackpool Council Plan 2015-2020 sets out the Council's vision for the future of Blackpool as the UK's number one family resort with a thriving economy that supports a happy and healthy community who love and are proud of this unique town.

The Council Plan is based around two key priorities:

- **The Economy** – maximising growth and opportunity across Blackpool
- **Communities** – creating stronger communities and increasing resilience

By incorporating social value into procurement and commissioning activities, the Council is taking a huge step towards achieving these priorities. The principle of social value also aligns with the Council's values, which inform the way the Council makes decisions, the way the Council works, and the way the Council develops and provides services to the people of Blackpool. It will also strengthen the Council's organisational resilience and reduce pressure on service budgets if the Council can seek a return in social value terms from every pound the Council spends with third party service providers and suppliers.

5.0 Background Information

- 5.1 The aim of the Public Services (Social Value) Act 2012 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 service delivery. It allows authorities, for example, to choose a supplier under a tendering process who not only provides the most economically advantageous service, but one which goes beyond the basic contract terms and secures wider benefits for the community.
- 5.2 There is a general consensus that consideration of social value is a pre-procurement activity and that the principal point of intervention needs to be between strategic/corporate procurement teams and commissioners. It is believed that at that point, consideration can be given to the opportunity the procurement exercise can offer towards social value and the weighting that could be attached to the social value element.
- 5.3 The benchmarking research undertaken by the Centre for Local Economic Strategies in 2015 on behalf of the Association of Greater Manchester Authorities has provided a baseline for Blackpool in relation to the delivery of Social Value. A copy of the results is attached at Appendix 3b. Recommendations in the report include the need to make social value more specific in activity terms to encourage suppliers to deliver what is needed. This report seeks to implement changes to the Council's current tender and evaluation process to make social value more meaningful to the supply chain and to maximise deliverables. The Association of Greater Manchester Authorities intends to ask Centre for Local Economic Strategies to undertake a further benchmarking exercise in 2016 which Blackpool Council will participate in to measure progress over the last 12 months.
- 5.4 In order to incorporate the good practice associated with Social Value into mainstream commissioning and procurement practice, this policy and associated Social Value Framework has been embedded within all commissioning and procurement activity wherever proportionate and practicable. However, while the Social Value framework/toolkit has sought to provide advice and guidance to Council officers to build social value benefits into the commissioning and procurement

process, and also supported prospective suppliers to help them demonstrate how to deliver social, economic and community benefits through contracting and tendering, it is evident that more prescription is required to help Council officers and prospective suppliers maximise opportunities that exist. A series of outputs and outcomes which the Council is seeking to deliver linked to the Council priorities and the social, economic and community challenges currently faced within Blackpool is attached at Appendix 3c. It is proposed that these outputs and outcomes are integrated into method statement questions in tender documents, and appropriate measures to monitor delivery as part of the contract monitoring regime is introduced. These more prescriptive measures will complement the existing performance targets in the Social Value Policy and those derived from the baseline study of data commissioned by Association of Greater Manchester Authorities and completed by the Centre for Local Economies Strategies.

5.5 The criteria used to evaluate tenders is based upon two key elements 'Quality' and 'Price'. Currently within the Quality section a Social Value question is included to assess bidders' ability to deliver social, economic and community benefits. Typically, a score between 5% and 10% of the overall Quality section is applied to the question. With the introduction of more prescriptive information around Social Value detailed above in 5.4, it is proposed that a new third criteria is introduced to the Council's evaluation model to assess bidders ability to deliver 'Sustainability and Social Value' through the full term of a contract. The new criterion will have a mandatory score of 20% applied, leaving the remaining 80% of the score to be divided between the 'Quality' and 'Price' elements. It is envisaged that following this change and the agreement of prescriptive Social Value requirements a series of quantitative measures will be formed to assess this new category (eg, the number and value of new apprenticeships created, the value of materials secured through local supply chain, the number of new businesses mentored by successful medium/large organisations, the number of new employment opportunities created for Blackpool's Looked After Children, etc). This will assist bidders' to demonstrate value and focus their attention on 'Sustainability and Social Value' as a thorough response to this element of the tender could mean the difference between winning and losing the contract. The Council's Code of Practice and other associated documents will be updated to reflect this fundamental change to the evaluation model used to assess tenders.

5.6 Does the information submitted include any exempt information? No

5.7 **List of Appendices:**

Appendix 3a – Blackpool Council's Social Value Policy;
Appendix 3b – Association of Greater Manchester Authorities
Benchmarking Study on Social Value undertaken by CLES;
Appendix 3c – Prescriptive Social Value needs and requirements for

Blackpool aligned to Council priorities;

6.0 Legal considerations:

6.1 The Public Services (Social Value) Act 2012 came into force on 31 January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

7.0 Human Resources considerations:

7.1 None

8.0 Equalities considerations:

8.1 An Equality Impact Assessment has been undertaken by Association of Greater Manchester Authorities. The themes and outcomes in section 6 of the Social Value Policy are aligned to the Council's objective of fairness and equal treatment for all. Performance measures to deliver on the six objectives in section 5 of the Policy are in place. Further Key Performance Indicators for the prescriptive measures detailed in Appendix 3c of this report will be introduced following consideration of this report.

9.0 Financial considerations:

9.1 The benchmarking exercise undertaken by the Centre for Local Economic Strategies co-ordinated by Association of Greater Manchester Authorities cost £14,000 with the fee split equally between participating Councils. A further benchmarking exercise in 2016 will be funded in the same manner. Blackpool's contribution (£1,200 per study) can be met from within existing budget provision.

10.0 Risk management considerations:

10.1 Whilst the Council does have a strong foundation and relevant policies and codes of practice in place to support the delivery of Social Value, it is recognised that based upon experience to date, that unless more prescription and amendments to the evaluation model currently used to assess tenders is introduced, the ability to maximise Social Value in delivery terms will be limited.

10.2 The Public Services (Social Value) Act 2012 was subject to review in 2015. Whilst the review panel did not extend the duty of the Act above and beyond service based contracts, it did encourage Public Sector organisations to examine how they can

support small businesses and voluntary, charity and social enterprise organisations to bid for public contracts. The Social Value Policy is in line with the thrust of the terms of reference of the review and it is envisaged that the further changes proposed in this report will enable the Council to strengthen the delivery of Social Value into all its commissioning and procurement processes through the adoption of a more prescriptive, focused and targeted approach to addressing social and community problems faced in the borough.

11.0 Ethical considerations:

11.1 The policy ensures that ethical considerations are built into all commissioning and procurement processes.

12.0 Internal/ External Consultation undertaken:

12.1 Review meetings with relevant procurement staff and interested parties across Association of Greater Manchester Authorities have been held.

12.2 A desk review of other Social Value policies, frameworks and research materials has been undertaken.

12.3 Case studies of best practice are being developed to inform the introduction and development of appropriate social value outcomes into commissioning and procurement process.

12.4 The AGMA Benchmarking study undertaken by Centre for Local Economic Strategies sought to engage the top 30 suppliers from each Authority to seek their response to social value deliverables and arrive at the data in their final report (see Appendix 3b to the Executive report).

13.0 Background papers:

13.1 None

14.0 Key decision information:

14.1 Is this a key decision? No

14.2 If so, Forward Plan reference number:

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: N/A Date approved:

17.0 Declarations of interest (if applicable):

17.1 None

18.0 Executive decision:

18.1 The Executive agreed the recommendations as outlined above namely:

1. To consider the analysis from the Association of Greater Manchester Authorities benchmarking study and support participation in a further similar study to be undertaken by Centre for Local Economic Strategies in 2016.
2. To agree the prescriptive outputs and outcomes detailed in Appendix 3c, to the Executive report, for consideration and inclusion in all future Council tenders.
3. To agree the introduction of a new criterion in the Council's Evaluation Model for assessment of tenders measuring Sustainability and Social Value with a mandatory score of 20% applied to the category.

18.2 Date of Decision:

7 November 2016

19.0 Reason(s) for decision:

The Public Services (Social Value) Act 2012 came into force on 31st January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

Work undertaken to date has provided a solid foundation for the Council to deliver Social Value outputs and outcomes. It is evident, however, that through discussion with prospective suppliers and examination of tender responses received since the introduction of the Council's Social Value Policy (Appendix 3a, to the Executive report), that in order to maximise deliverables it will be necessary to agree a set of prescriptive outputs and outcomes which seek to address social, economic and community needs in the borough. This will enable more specific questions to be built into tender documents making Social Value more meaningful to prospective suppliers and strengthening the link between Council priorities and the commissioning and procurement process.

19.1 Date Decision published:

8 November 2016

20.0 Executive Members in attendance:

20.1 Councillor Blackburn, in the Chair

Councillor Cain, Cross, Jackson, Kirkland, Smith, I Taylor and Mrs Wright

Apologies were received from Councillor Campbell who was engaged elsewhere on Council business.

21.0 Call-in:

21.1

22.0 Notes:

22.1 The following non-Executive members were in attendance: Councillors Benson and Singleton.

