

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 <sup>st</sup> January 2020
<b>Report Subject</b>	Social Value
<b>Cabinet Member</b>	Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Officer (Social Services)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The Council adopted its Social Value Strategy earlier this year to set out how greater community benefit could be achieved from existing Council services and expenditure. This report provides an update on the work undertaken since this date, on the emerging approaches to delivering social value being adopted and on the future areas of work.

The report asks for consideration of a draft Social Value Procurement Policy which creates an enabling framework to strengthen the approach to generating social value through the Council's procured expenditure.

### **RECOMMENDATIONS**

1	That Members note the progress made to date in delivering social value in Flintshire and endorse the proposed next steps.
2	That Members discuss and endorse the draft Social Value Procurement Policy.

## REPORT DETAIL

1.00	EXPLAINING SOCIAL VALUE
	<u>Background</u>
1.01	The Council has a strategic commitment to delivering greater social value through the work that it does; this means getting greater benefits to Flintshire communities as a result of its expenditure and service delivery. In early 2019 the Council approved a new Social Value Strategy. This sets out the Council aspirations in terms of delivering increased social value.
1.02	The Strategy defines social value as follows. "Social value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract." <small>Social Value UK</small>
1.03	<p>The revised Strategy challenges partners, services and suppliers to consider how they can generate additional value for the communities of Flintshire and how they can measure this. This additional value may lie outside the core business of the organisation or service, for example:</p> <ul style="list-style-type: none"> <li>• front-line service delivery that includes training and support for staff to identify the wider needs of clients and refer them to other support agencies will reduce costs across the public sector through timely intervention;</li> <li>• greater use of local suppliers and employing local people has a greater positive impact on the economy of Flintshire, especially when offering employment opportunities to disadvantaged individuals; and</li> <li>• social enterprises and voluntary bodies will increase their ability to demonstrate the value of their work.</li> </ul>
1.04	<p>The long-term goals in implementing the Strategy are to:</p> <ul style="list-style-type: none"> <li>• enable third sector organisations to better evidence the additional social value generated through their work and thereby increase their ability to secure resources and contracts;</li> <li>• encourage local and regional companies to strengthen their approaches to corporate social responsibility, using Council procurement as a catalyst for sustainable behaviour change; and</li> <li>• encourage and support public sector service managers to broaden their awareness of the impacts of their work on the community as a whole and to facilitate linkages between service areas.</li> </ul>
1.05	<p>The Council has a number of major opportunities to delivery significant social value that will need to be included in the programme for the next 12 months. These include:</p> <ul style="list-style-type: none"> <li>• the future procurement of Council home construction;</li> <li>• the redevelopment of Theatr Clwyd;</li> <li>• the 21<sup>st</sup>. Century Schools programme;</li> <li>• the expansion of Marleyfield House; and</li> <li>• future investment by Aura.</li> </ul>

	<p>Mapping work is underway with senior management teams to ensure that major opportunities in the future are planned into the social value programme.</p>
1.06	<p>The main areas of social value delivery in the next 12 months will include:</p> <ul style="list-style-type: none"> <li>• support for Flintshire’s food poverty programme;</li> <li>• reducing fuel poverty;</li> <li>• support to reduce energy use and waste;</li> <li>• improving biodiversity;</li> <li>• support for the Armed Forces Covenant;</li> <li>• promoting equality of opportunity;</li> <li>• providing apprenticeship and work experience opportunities;</li> <li>• increasing the use of local companies in the supply chain;</li> <li>• reducing homelessness;</li> <li>• active travel and community transport;</li> <li>• digital inclusion and connectivity;</li> <li>• supporting dementia friendly initiatives; and</li> <li>• support for the WeMindTheGap programme.</li> </ul> <p>The Council will work closely with suppliers and contractors to ensure tangible benefits are delivered towards these themes.</p>
1.07	<p>The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to “think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.” <sup>WG</sup></p> <p>The Act establishes seven Well-Being Goals that public bodies are expected to contribute to. These are:</p> <ol style="list-style-type: none"> <li>1. A prosperous Wales</li> <li>2. A resilient Wales</li> <li>3. A healthier Wales</li> <li>4. A more equal Wales</li> <li>5. A Wales of cohesive communities</li> <li>6. A Wales of vibrant culture and thriving Welsh language</li> <li>7. A globally responsible Wales</li> </ol>
1.08	<p>Delivering increased social value will be a key tool in helping the Council and its partners to demonstrate how the Well-being of Future Generations Act is being delivered on the ground. The process of considering how wider benefits can be realised during service design and the generation of measurable social value will provide a robust evidence base. Implementing the Strategy also provides an opportunity to build good practice across the Public Service Board partners where there is considerable interest in working together on developing social value.</p>
	<p><u>Case studies</u></p>
1.09	

	<p>The development of the new Adult Day Care Centre in Shotton included a £4.1m procured contract between the Council and construction company Kier. The additional social value generated through the project included:</p> <ul style="list-style-type: none"> <li>• 610 school or college students visiting the construction site as part of their studies;</li> <li>• 6 jobs created;</li> <li>• 15 work experience placements supported;</li> <li>• 6 apprenticeship opportunities created; and</li> <li>• 18 employed interviews provided to disadvantaged candidates.</li> </ul>
1.10	<p>The delivery of domestic energy efficiency improvements for fuel-poor households includes a £900k procured contract between the Council and local company Wall-lag. The additional social value generated through the project include:</p> <ul style="list-style-type: none"> <li>• 1 local young person, a client of a Council employment programme, has been employed on a three year electrical apprenticeship;</li> <li>• all of the staff employed in delivering the contract live within the sub-region;</li> <li>• Wall-lag will provide the equivalent to 0.5% of all expenditure made through the contract as a crisis fund for improvements to the homes of the most vulnerable in Flintshire who do not otherwise qualify for support elsewhere.</li> </ul>
	<p><u>Delivering social value through procurement</u></p>
1.11	<p>The Council spent £197.714m on procured goods, works and services in 2018/2019. This scale of expenditure has a significant impact on the economy of Flintshire. The Council approach to social value will generate greater benefits from this expenditure to local communities and to the local economy.</p>
1.12	<p>To support this area of work a draft Social Value Procurement Policy has been developed and is appended. The purpose of the policy is to</p> <ul style="list-style-type: none"> <li>• provide an enabling framework for officers to deliver the Social Value Strategy;</li> <li>• set out the policy context and application for social value to be delivered in procurement and commissioning procedure;</li> <li>• ensure that in all relevant procurement and commissioning processes, the officers responsible identify how best value can be achieved in the incorporation of social value;</li> <li>• ensure that, in specifying social value, the Council is setting quantifiable and achievable outcomes; and</li> <li>• ensure alignment with national policies and best practice guidance.</li> </ul>
1.13	<p>At present, social value is generated predominantly through larger contracts only as it is mandatory for all contracts worth more than £1m. Larger suppliers and contractors have significant experience in generating social value and well established approaches to supporting local communities. The Social Value Procurement Policy does not set any new mandatory thresholds in the procurement process below the £1m threshold already in the Contract Procedure Rules. Rather, the approach will be to challenge service managers and commissioning officers to think</p>

	<p>broadly about the services and goods being procured and consider how wider social value could be generated. The ability to do this will vary depending upon the value, duration and nature of the procured services or goods and upon the availability and simplicity of support systems. The strongest challenge and support will be directed at the service planning stage not at the procurement process which is already too late to effectively secure change.</p>
1.14	<p>Despite the need to keep the Strategy non-restrictive to encourage creativity it is essential that there is a consistent method to measure the social value generated. This is especially important during the procurement process if the social value element of tenders is to be weighted in future as decisions by officers may be subject to legal challenge. This requires further discussion with the Collaborative Procurement Team but includes:</p> <ul style="list-style-type: none"> <li>• a consistent suite of Key Performance Indicators (KPIs) and definitions to be adopted;</li> <li>• if the social value element of tenders is to be weighted in future, a consistent and evidence based suite of metrics (which can be validated and can withstand scrutiny and challenge) to be adopted to convert these KPIs into a monetary equivalent to measure social return, especially for use during the procurement process to provide transparency; and</li> <li>• a consistent system to record the achievement of social value to enable monitoring as well as provide visibility of the collective impact of the social value approach.</li> </ul>
	<p><u>Progress to date</u></p>
1.15	<p>Since the Strategy was approved, delivery has included the following.</p> <ul style="list-style-type: none"> <li>• A stakeholder working group has been established to steer the development of the programme and systems to ensure their effectiveness.</li> <li>• Creating a central advice hub of officers with expertise across the themes of the Council Plan to advise commissioning officers</li> <li>• Gathering data on social value generated across the Council and its supply chain will be crucial. The Council has developed a specification for a software system to do this (in conjunction with Denbighshire County Council) and has recently gone out to procurement on this.</li> <li>• A Social Value Development Officer has recently been appointed on a three year contract to drive forward the social value agenda in the Council. The officer will work closely with Council managers and suppliers to help them to develop social value approaches.</li> <li>• A new policy on social value in procurement has been developed and will be adopted before Christmas. This will create the enabling framework for officers to deliver social value.</li> <li>• The Council has started to engage in national and regional networks on social value and to exchange good practice with other local authorities. This is to ensure that it makes use of existing experience and lessons learnt as it develops its own proposals.</li> </ul>

1.16	<p>The approach to generating social value in Flintshire has been agreed and will include:</p> <ul style="list-style-type: none"> <li>• promoting the benefits of delivering social value to commissioning officers and suppliers and delivering training;</li> <li>• liaising with the Collaborative Procurement Team in providing technical procurement support;</li> <li>• providing detailed social value support and expertise to commissioning officers and suppliers;</li> <li>• establishing a pool of thematic expert officers to provide advice on the different well-being themes;</li> <li>• developing a simple-to-use system to provide transparency during procurement; support contract management and allow officers to quantify and define the specific social value deliverables across Flintshire at any point in time;</li> <li>• providing support to review social value proposals during procurement and challenge suppliers to deliver greater value;</li> <li>• providing support to potential suppliers to understand and adopt social value;</li> <li>• overseeing the implementation of a consistent approach to social value;</li> <li>• carrying out supplier audits of their delivery of social value;</li> <li>• delivering training and awareness raising to suppliers on the Social Value Strategy; and</li> <li>• linking in to regional opportunities emanating from collaborative projects, including the North Wales Construction Framework.</li> </ul>
	<u>Future activity</u>
1.17	<p>The Council intends to have completed its procurement for a social value system early in 2020. Initially, this will be used to monitor the delivery of social value generated through procured supplies and works contracts. Over time, though, it is hoped that its use can be expanded to include wider social value generation by, for example, recipients of Council funding, social enterprises, third sector partners and others in order to help them to demonstrate the added value they contribute to the communities of Flintshire.</p>
1.18	<p>The Council will be expanding its local supplier development programme, in conjunction with Business Wales, in order to help local and regional businesses to better compete for public sector contracts. The generation of social value will be an important element of this as many, especially those with strong local community ties, already bring significant added social benefits without it being fully recognised or celebrated.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>A full time lead officer has now been employed to deliver the Social Value Strategy and ensure the benefits are delivered and recorded. In addition, a software package is being procured and subject to an award being made to enable effective management of social value across the Council and its partners.</p>

	The estimated annual cost of these resources is £57,423. This comprises £12,000 software costs (still being tendered) and £45,423 staff costs.
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<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
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3.01	<p>The main risk to the achievement of the suggested levels of social value is the level of take-up by commissioning officers and suppliers. This will be mitigated by:</p> <ul style="list-style-type: none"> <li>• intensive engagement work with service managers and commissioning officers at the service planning stage so that there is sufficient time to influence planning procurement activity;</li> <li>• the development of simple systems to enable social value to be embedded into procurement and contract management with minimal extra work;</li> <li>• one to one support for commissioning officers to embed social value into their work; and</li> <li>• support for smaller suppliers to help them to build their confidence and capacity to deliver social value.</li> </ul>
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<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
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4.01	A steering group has been established to steer the development of the social value. The group comprises representatives from services where social value is relatively well established, procurement officers, relevant policy officers and third sector representation.
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<b>5.00</b>	<b>APPENDICES</b>
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5.01	Social Value Strategy.
5.02	Draft Social Value Procurement Policy.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
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6.01	None.
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<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
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7.01	<p><b>Contact Officer:</b> Niall Waller Enterprise and Regeneration Manager  <b>Telephone:</b> 01352 702137  <b>E-mail:</b> <a href="mailto:niall.waller@flintshire.gov.uk">niall.waller@flintshire.gov.uk</a></p>
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**Business Wales** – the part of Welsh Government tasked with providing day to day business support services.

**Commissioning** - the process of specifying, securing and monitoring services to meet people's needs at a strategic level.

**Contract Procedure Rules** – rules and procedures that ensure that contracts are awarded based on open and transparent competition.

**Corporate social responsibility** - part of the private sector approach to governance that often results in the delivery of social outcomes and community benefits.

**Public Services Board (PSB)** - The Well-being of Future Generations (Wales) Act 2015 established statutory PSB's which replaces the voluntary Local Service Boards in each local authority area. The role of the board is to:

- Assess the state of economic, social, environmental and cultural well-being in its area
- Set objectives that are designed to maximise the PSB's contribution to the well-being goals
- Each PSB must prepare and publish a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan. It must state: why the PSB feels their objectives will contribute within their local area to achieving the well-being goals and how it has had regard to the assessment of Local Well-being in setting its objectives and steps to take.

**Social value** - a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract.

**Social enterprise** - a social enterprise is an organisation that applies commercial strategies to maximise improvements in human and environmental well-being - this may include maximising social impact rather than profits for external shareholders.

**Third sector** - The part of an economy or society comprising non-governmental and no-profit-making organisations, or associations, including charities, voluntary and community groups, cooperatives etc.

**Well-Being of Future Generations (Wales) Act 2015** - The Well-Being of Future Generations Act requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change