

7 December 2021

Report of	Assistant Director of Customer	Author	Sam Preston
Title	Procurement – Social Value		☎ 07966237492
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Council has made a commitment to driving social value through its procurement and purchasing strategies, in order to support local communities whilst reducing environmental impact. Progress to date has been limited, however there are significant proposals for the next 12-18 months as set out within this report.

2. Recommended Decision

- 2.1 To agree to the proposed next steps in relation to improving social value, implementing performance measures and monitoring impact.

3. Reason for Recommended Decision

- 3.1 The Council is committed to reducing the environmental impact of its services in order to tackle the climate emergency.
- 3.2 The Council has significant spending power and is committed to direct this spending towards suppliers and service providers who can provide social value for our local communities.

4. Alternative Options

- 4.1 To request alternative proposals.

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5. Background Information

- 5.1 Social value is defined through the Public Services (Social Value) Act which came into force in January 2013 and requires all public sector organisations, and their suppliers, to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area. In 2018 a Task and Finish group was established to review the Council's social value policy and a decision was taken to use the Themes, Outcomes and Measures (TOMs) framework via the Social Value Portal.
- 5.2 The Council declared a climate emergency in 2019, committing the Council to reach the goal of net zero direct emissions by 2030. It is also imperative that as part of this commitment, the Council seeks to reduce the environmental impact and emissions from suppliers and service providers.
- 5.3 The Social Value Portal is a product used by the Council to monitor any social value commitments within larger contracts. Colchester started to use the portal in January 2021 for all contracts with a value of over £100,000. The portal considers added value of contracts under the following themes:

- Employing local people
- Providing opportunities for disadvantaged people
- Improving skills
- Improving employability of young people
- Opportunities for micro and small businesses
- Improving staff wellbeing and mental health
- Reducing inequalities
- Ethical procurement
- Reducing cyber security risks
- Supply chain social value
- Working within the local community
- Reducing carbon emissions
- Reducing air pollution
- Protecting the environment
- Resource efficiency
- Sustainable procurement
- Supporting communities to deal with Covid-19 (added in 2020).

- 5.4 In July 2021 a decision was taken by the Council to merge procurement and purchasing under one Group Manager in the Customer service in order to ultimately drive forward change with a focus on social value and financial savings.

In order to progress significant improvements within procurement and purchasing, it has been essential to understand the Council's current position, by reviewing existing policy and processes, as well as a review of social value achieved to date.

- 5.5 Social Value recorded to date is minimal and as part of the current review the following issues have been identified as limiting progress:

- Level of interaction with social value guidance inconsistent across teams and services
- Procurement decisions largely made based on cost or prior experience with suppliers
- No corporate requirements for social value to be an integral part of procuring a supplier

- 5.6 It is proposed that within the next 18 months, a number of project streams are established to support significant change and improvement. Project Management

resource has been allocated to kick start this work, which will then be built into a new joint Purchasing Team.

Staff training and engagement

- Establishing a standard training programme for those with budget responsibility.
- Improving information and guidance for high level procurement through to low level purchasing.
- Regular comms and information sessions, including publishing information on social value to highlight the longer term-benefits.
- Tools and templates to enable straight forward methods for identifying and recording social value.
- Reviewing existing contracts to identify where improvements should be made in future.

Governance

- Establish consistent social value scoring levels within tender reviews.
- Establishing KPI's for social value which would be monitored across all services in relation to their procurement activities such as:
 - o % increase in local businesses
 - o % increase local employment within contracts
 - o Identified carbon management/environmental sustainability

Improved partnership working

- Linking local employment support services with our suppliers.
- Identifying joint procurement opportunities and gaining best practice from key partners such as Essex CC.
- Using spending power of joint procurement to purchase more sustainable products at lower cost (for example electric vehicles, charging points etc).

Procurement & Purchasing Team

- Refocusing of the team to add value to purchasing and procurement, improving knowledge of suppliers and their levels of social value.
- Improved supplier management and categorisation.
- Simplifying spending options for officers to reduce unnecessary administration.

6. Equality, Diversity and Human Rights implications

- 6.1 Implications will be considered as standard within the various project streams and form part of the wider procurement policy.

7. Strategic Plan References

- 7.1 The proposals will support the Council to:

- Tackle the climate challenge and leading sustainability
- Create safe, healthy and active communities
- Growing a fair economy so everyone benefits

8. Consultation

- 8.1 As this area of work progresses more detailed and formal proposals will be presented to the relevant committees/panels and management teams, as well as consultation with staff and stakeholders within other organisations.

9. Publicity Considerations

- 9.1 It is likely that as progress is made, publicity will be an essential part of driving forward change within our supply chains. In particular, the promotion of opportunities to local businesses and potential employees, as well as promotion of any key achievements and outcomes.

10. Financial implications

- 10.1 Although not detailed within this report, financial implications will be a key consideration within the various project streams. It is widely understood that contracts with high levels of social value and sustainability can be more expensive. It is therefore proposed that a framework for considering the level of social value vs cost is established to support decision making in this area. In addition, other opportunities will be identified to drive costs savings within procurement, such as improved contract management, shared procurement and contracts for significant aggregated spend.

7. Standard References

- 7.1 At this stage there are no particular references to community safety; health and safety or risk management implications.

14. Environmental and Sustainability Implications

- 14.1 As detailed within the report a key theme of the proposals and future planning around procurement will be to drive forward environmental and sustainability improvements.