

Committee Name and Date of Committee Meeting

Cabinet – 15 February 2021

Report Title

Social Value Annual Report

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Sharon Kemp, Chief Executive

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report provides an update on progress and achievements since the adoption of the Council's Social Value policy in October 2019. The report also makes recommendations on next steps for embedding social value within the Council and work with partners and suppliers, together with better understanding local markets and innovative developments driven by research and networking.

Critically, the report brings forward developing social value through:

- Building on the first year of operation through the Social Value Portal and better understanding of local markets.
- Social Value by Design – embedding social value into the core processes of commissioning both within the Council and working in partnership
- Community Wealth Building and Anchor Networks – innovations and developments in the local economy across a range of stakeholders.
- Priority Actions for the coming year.

Recommendations

That Cabinet:

- a) Note the progress achieved with procurement through the Social Value Portal in the first year of operation of the Social Value Policy.
- b) Receive a further procurement progress report when the second year of operation is complete.
- c) Note the research work and findings around local markets and suppliers, building the knowledge base.
- d) Agree the strategic approach to “Social Value by Design” to embed existing best practice within the Council including the production of a Social Value Commissioning Toolkit.
- e) Support the approach to Community Wealth Building as set out in this report with priority actions for the year ahead taking forward:
 - i) Real Living Wage accreditation.
 - ii) Achieving Social Value aligned to working towards “Excellent” under the Equality Framework for Local Government.
 - iii) Progressing the Rotherham Together Partnership Social Value Charter into the development of Anchor Networks.
 - iv) Work with the Mayoral Combined Authority to promote and develop Social Value for the Sheffield City Region.
- f) Agree to hold a workshop event in the summer of 2021 to explore further Community Wealth Building options.
- g) Support engagement in the CLES Community Wealth Building Centre of Excellence.

List of Appendices Included

Appendix 1 Procurement & Market Research

Appendix 2 Equalities Screening

Background Papers

Social Value policy and framework (Cabinet, October 2019)

CLES report - Progressive Procurement in Rotherham

Rotherham Together Partnership Social Value Charter

Equality Framework for Local Government

Consideration by any other Council Committee, Scrutiny or Advisory Panel
Overview and Scrutiny Management Board, 10th February 2021.

Council Approval Required

No

Exempt from the Press and Public

No

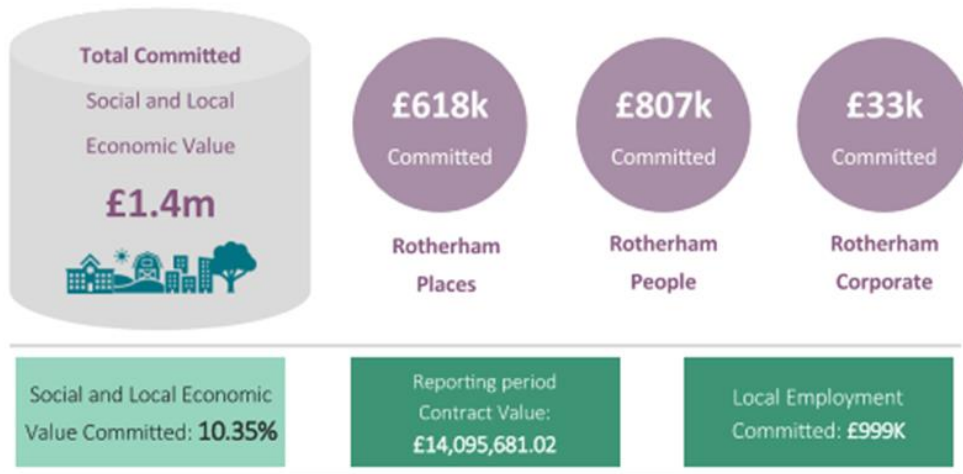
Social Value Annual Report

1.	Background
1.1	The Public Services (Social Value Act) 2012 requires public sector bodies to 'consider' Social Value in contracts that are subject to the Public Contracts Regulations 2015.
1.2	To further Social Value in Rotherham, the Council resolved in October 2019 to adopt a Social Value Policy together with a toolkit for its delivery.
1.3	<p>The aim of the Social Value Policy is to maximise the local impact of the Council's spend, with key elements taking forward:</p> <ul style="list-style-type: none"> • Raising the living standards of Rotherham residents and commitment to working towards the Living Wage Foundation Living Wage. • Increasing the proportion of the Council's expenditure which goes to local businesses and providers. • Building social value into all council contracts and maximise the impact gained from every pound spent, through the introduction of a rigorous system for assessing and measuring social value. • Commit to the principle of co-designing services wherever possible.
1.4	Following adoption of the Social Value policy, progress has been made on embedding Social Value into procurement exercises and utilising the Social Value Portal to assist with the evaluation and measurement of the commitments made by bidders; as well as progressing the forward strategy for Social Value by engaging the Centre for Local Economic Strategies (CLES) to assess progress and make recommendations for future direction.
1.5	Social Value has also been promoted within Rotherham through the establishment of a Rotherham Together Partnership Social Value Charter.
1.6	<p>In addition, the Council's Ethical Procurement Policy was approved by Cabinet in January 2020.</p> <p>The purpose of the policy is to pull together the range of individual commitments made including:</p> <ul style="list-style-type: none"> • Modern Slavery, • UK Steel, • Safeguarding, • Social Value, • Fair Trade <p>into one comprehensive policy. As part of this policy the council is working towards becoming Living Wage accredited and has signed Unison's Ethical Care Charter.</p>
1.7	This report provides an update on progress through procurement and the amount of social value that has been delivered and makes recommendations for forward strategic development.

2.	Key Issues
2.1	<p>Two critical areas of development have been undertaken since the adoption of the Social Value policy in October 2019. These are:</p> <ul style="list-style-type: none"> • Implementation of the Social Value Portal to support the evaluation, measurement and ongoing monitoring of social value commitments for the procurement of all contracts with a value >£100,000. • Adoption of a Social Value Charter with commitment by partners to pursue Social Value.
2.2	<u>Procurement update – Social Value Portal one year on</u>
2.3	<p>Following adoption of the Social Value Policy by Cabinet in October 2019, the policy came into effect on time in December of that year. This commenced the process of incorporating social value requirements in tender specifications, followed by procurement processes, to the letting of contracts. All new procurement processes including letting of contracts on expiry of existing ones have gone through the social value process.</p>
2.4	<p>The detail of much of the social value component has been achieved through clarification and negotiation as the detail of the agreed contracts have been completed. This has secured a range of positive outcomes to be delivered as part of the contracts over their lifetimes. Social value outcomes have also been realised as part of call-off contracts under framework agreements as well as new procurements issued to the open market. Paragraph 2.6 below sets out more detail.</p>
2.5	<p>The Social Value Policy also makes provision for procurement of small contracts under £25,000. This requires at least two quotes, one of which must be from a Rotherham supplier (or wider Sheffield City Region if there is not available supplier within Rotherham identified). A sample audit has found that this requirement has been successfully applied giving substantial assurance.</p>
2.6	<p>The Council is using the Social Value Portal to capture and measure the nature and amount of social value achieved through Council contracts. This has been operational for one year. During that time eighteen procurement exercises and awards of contracts have been achieved as part of what will be an ongoing programme as existing contracts expire and other one-off projects as identified.</p>
2.7	<p>Under the policy, social value is determined and measured using “themes outcomes measures” (TOMS). This enables calculation of how much social value has been secured in contracts, with the delivery of this closely monitored throughout the life of the contract. This approach ensures that where contracts are multi-year that social value is delivered over the lifetime of the contract, rather than in single action or contribution.</p>
2.8	<p>The TOMS being utilised under the policy are set out in the table below. These involve identifying the social value in either unit or financial terms, or in some cases both and includes total social value committed under each TOM</p>

	and the social value delivered to date.																																																																																							
2.9	<p>The contracts are at differing stages. Some have been or are now in the process of being delivered, some are currently being mobilised, whilst others have been awarded but the formal contracts have not yet been signed. Consequently, it is the level of commitments achieved through the tender process, rather than delivery of outcomes to date that provides the most reliable figures at this point in time. Detailed in the table and diagram below (2.10 and 2.11) is a summary of the commitments made against the TOMs, which if delivered provides a £1,458,537 social value benefit to Rotherham. In viewing the cash value, this includes proxy cash values for unit outcomes where appropriate. The calculation of proxy values is a national system and will allow us to benchmark our future progress against this baseline year.</p>																																																																																							
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2.11



Promote Local Skills and Employment



82% of the local FTE hired on contracts are to be paid Joseph Rowntree Living Wage (minimum)



53 weeks of training opportunities to be offered on contracts (BTEC, City & guilds, NVQ, HNC)



£40k to be delivered in dedicated hours to support young people into work.

Protecting and Improving our environment

4.04 tonnes CO2e to be saved on contract.



Supporting VCSE's & Community Groups



Local Spend in Rotherham

£239k of local economic value to be created as a result of local supply chain on contracts.



Rotherham Places, Rotherham People and Rotherham Corporate are categories that define the type of contracts being awarded as summarised below:

Rotherham Places: Construction, facilities management, environment, and transport.

Rotherham People: Commissioned services for delivery to residents such as health and social care provision.

Rotherham Corporate: Contracts that support the operational running of the Council (i.e. ICT, temporary labour, printage, training, PPE)

2.12 Review of strategic progress

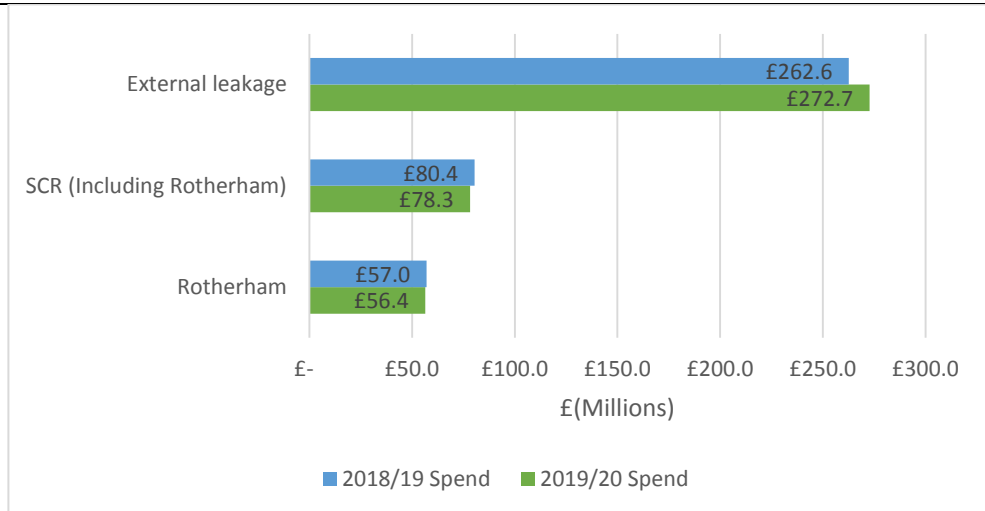
2.13 Social value remains a policy priority for the council and is a key part of the

	council's Year Ahead Plan. The implementation of the policy has also been supported by a review of strategic progress and recommendations for future developments.
2.14	The review of strategic progress and recommendations for future developments has been undertaken by engagement with the Centre for Local Economic Strategies (CLES). CLES have significant experience in developing social value policy and networking.
2.15	The scope of the work undertaken by CLES has covered: <ul style="list-style-type: none"> • Supply chain analysis review. • Market analysis. • Supplier survey. • Strategic policy advice.
2.16	The final report from CLES has now been produced, setting out a series of recommendations that will help the council and partners to embed social value. The recommendations break down into two halves: <ul style="list-style-type: none"> • The first half of the recommendations relate to procurement; market analysis and contract management, where delivery of the Social Value Policy has already embedded procurement and contract management practices. The CLES recommendations effectively endorse the work of implementing the Social Value policy. Market analysis was undertaken through the CLES work and this is being built upon for future developments of local markets, as set out in this report. • The other recommendations relate to options for further policy development, especially around Community Wealth Building and collaboration through what are described as "Anchor Networks". This report gives an overview of this approach with recommendations for considering future options.
2.17	Progress to date already includes Social Value being clearly referenced in the Year Ahead Plan as part of the Economic Recovery, and in how the letting of contracts are monitored. Other progress includes outcomes from the Social Value Portal along with commitments through the Rotherham Together Partnership Charter, and pursuit of aligned policy objectives including progression towards Living Wage Foundation living wage accreditation. The overall progress of implementing the Social Value policy, along with the recommendations from CLES have now been distilled into the following three key areas of forward strategic action: <ul style="list-style-type: none"> • Building on the outcomes of the first year of the social value policy <p>This will take forward the use of data from the social value portal alongside work to better understand the supplier base and local markets, utilising the tools provided by CLES. Research capacity has been set aside to undertake this piece of work. There will be a better definition of the term "local" and the potential for benchmarking across</p>

	<p>sub-regional and regional networks will be explored. Research will also look at suppliers by distance radius and supply chain details as more fine grain intelligence is gathered.</p> <ul style="list-style-type: none"> • Social value by design <p>This will focus on embedding social value into the way services and projects are designed rather than just being considered at the procurement stage. Opportunities to promote other commissioning models will be explored, including potential for using grant processes with the VCS, joint commissioning and the potential for section 75 agreements where they produce better outcomes.</p> <ul style="list-style-type: none"> • Community wealth building and anchor networks <p>This approach will draw on best practice and experience through the CLES Community Wealth Building Centre of Excellence to inform work across partners in Rotherham. It will also look to take advantage of the devolution agenda through the Mayoral Combined Authority, as well as other regional opportunities.</p>
2.18	<u>Procurement and market intelligence next steps</u>
2.19	A component of the work undertaken by CLES was to examine spend and details for the top 300 suppliers (by spend). Among other things, this identified some anomalies in how local spend could be identified, especially when relying on postcode data where national headquarter addresses are used but there are local branches.
2.20	Procurement and market intelligence is crucial to the next steps in achieving social value outcomes. To this end, further research has been undertaken, and will continue to be developed in order to inform future strategy and action.
2.21	<p>Summary statistics from the research are set out below. Further details are set out in Appendix 1 to the report covering:</p> <ul style="list-style-type: none"> • Changes to methodology. • Defining local. • SCR definition • Local Market insight
2.22	In 2019/20 the Council spent £351 million on all 3rd party suppliers, £8 million (2%) more than the previous financial year. Unlike 2018/19 spend is densely concentrated on the top 300 suppliers (by spend). In 2019/20 spend with the top 300 suppliers was £312 million compared to £272 million the previous year, meaning a £40 million (15%) increase. With Council spend tightly clustered amongst the top 300 suppliers their influence is rising and now account for 89% of total spend. The graphs set out spend with graph 2 showing that in 2019/20 spend made outside of the Sheffield City Region rose

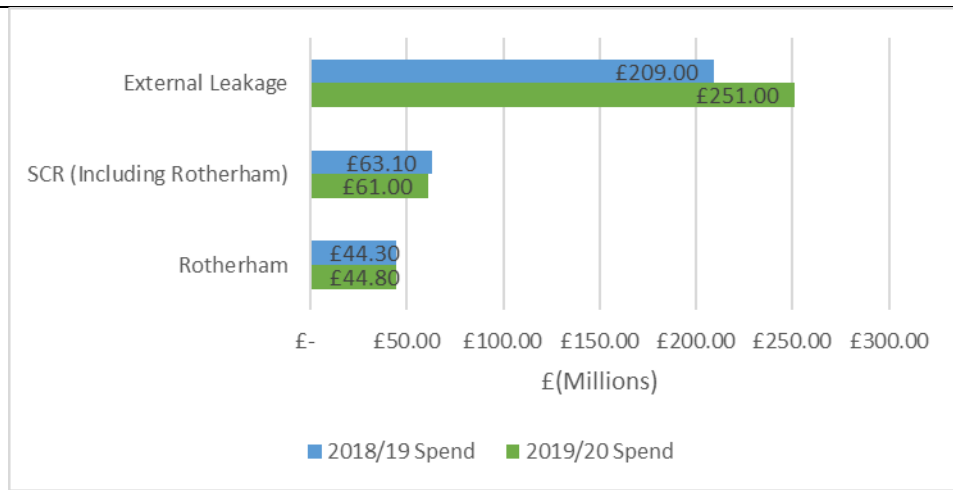
from £209m in 2018/19 to £251 million in 2019/20. This suggests spend outside of the Sheffield City Region accounted for 80% of the Council's spend in the top 300, up 3% from the previous year. Spend with Rotherham suppliers reduced from 16% to 14% in 2019/20 compared to 2018/19. Spend within the Sheffield City Region took a sharper fall, reducing by £2m in 2019/20 to £61m; its share in total spend fell from 23% to 20% in 2019/20 compared to 2018/19.

2.23



Graph 1 – 2019/20 (All businesses)

2.24



Graph 2 – 2019/20 Spend (Top 300 suppliers only)

2.25

These figures indicate a greater level of new spend is flowing to suppliers outside of Rotherham and SCR. More work is required to understand why this is.

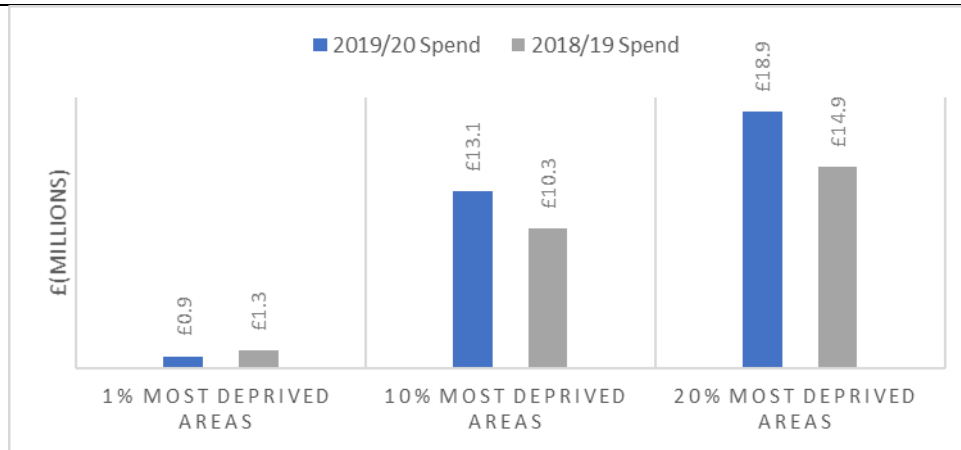
2.26

2019/20 spend highlights more expenditure concentrated in the borough's most deprived areas, as spend in the 10% and 20% most deprived areas rose. Graph 4 shows local spend with suppliers in Rotherham's top 10% most deprived areas rose from £10.3 million to £13.1 million in 2019/20. Spend in the top 20% most deprived areas spend rose from £14.9 million to £18.9 million in 2019/20. Spend in the 1% most deprived areas fell from £1.3 million to £0.9 million in 2019/20, as the number of suppliers fell from 2 to just 1. In total 42% of local spend with suppliers went to the borough's 20% most

deprived areas, up 8% from the previous year.

2.27 It should be noted that spend by deprived area and ward in Rotherham is about the location of contractors, not how much is spent on the contracted provisions by deprived areas or wards. It may be that there are no contractors located in some wards to enter into contracts with.

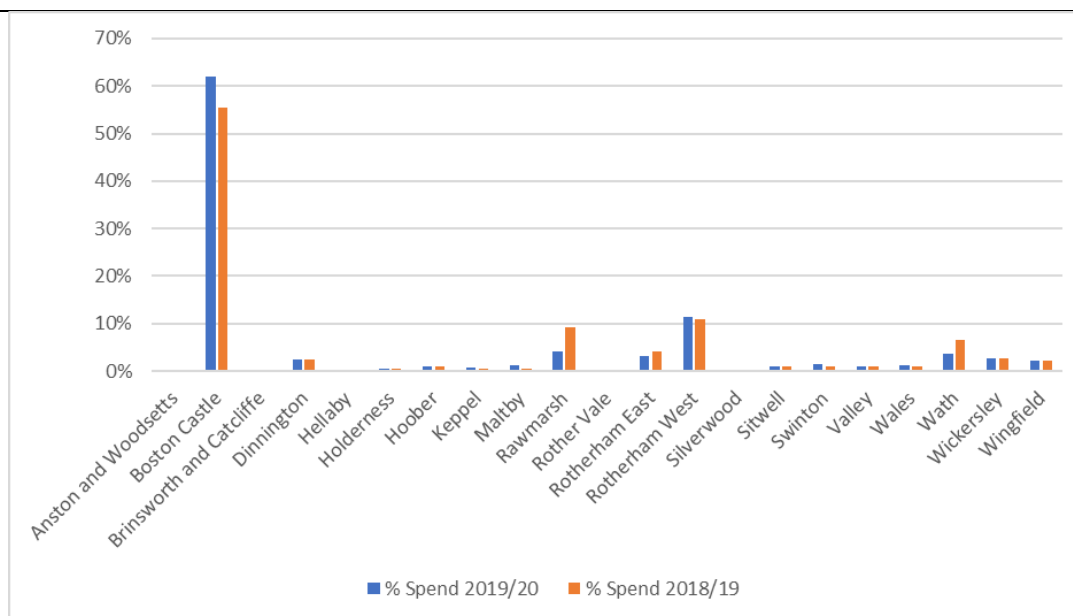
2.28



Graph 3 - spend in Rotherham's most deprived areas (top 300)

2.29 The spatial distribution of local spend with suppliers throughout Rotherham saw little change in 2019/20. Graph 4 shows local spend with suppliers by wards. Like most towns the Council's local spend is concentrated on suppliers in wards surrounding the town centre. Suppliers favour being located in and around town centres as they benefit from the availability of office space and good public transport routes for employees. Boston Castle's percentage of local spend with suppliers rose from 55% in 2018/19 to 62% in 2019/20. Most wards saw their share in spend remain constant, however large reductions were visible in Wath and Rawmarsh. Wath showed a 2% (£1.2 million) fall in local spend with suppliers. Rawmarsh saw a £2.1 million fall in local spend with suppliers and its spend share decreased from 9% to 4% in 2019/20.

2.30



Graph 4 – Local Spend with suppliers by Ward (Top 300)

2.31	<u>Social Value by Design next steps</u>
2.32	Social Value in the form of community benefit can be achieved in many ways. Taking forward the Council's approach to social value will now move to encompass a broader range of approaches, drawing on existing good practice and experience from within Rotherham and beyond. This means considering the social value benefits at design stage of service review or developing a project.
2.33	Examples of commissioning through co-design with VCS organisations provide valuable experience that is transferable to a range of service and project options. The Crisis Support service level agreement that commenced in April 2020 was designed before COVID, but the partnership approach with flexibilities established through co-design has meant that crisis support has been fully adaptable to play an integral part of the humanitarian response to the COVID emergency. VCS advice and infrastructure provision has also been able to respond in ways that hard and fast commercial contracts would not be able to.
2.34	The service level agreement for VCS Infrastructure Services with Voluntary Action Rotherham, which will be effective from April 2021, has social value embedded to engage maximum benefit through partnership working with the sector.
2.35	In Housing, a new approach is seeking social value agreements as part of developments. This includes a combination of project officers and a lead in Neighbourhoods working with the contractors and ward members to agree what activity should take place including improvements for tenants and the nature of new housing development. This will help with integrating and embedding new developments in existing communities, so they can feel the wider benefits of the new homes.
2.36	Joint commissioning with partners or aligned commissioning provides several opportunities in health, economic and social developments. The adoption and launch of the Partnership Social Value Charter provides a strong platform for identifying where collaboration can add "social value". A programme of partnership activity can be developed as art of creating "anchor networks" and the community wealth building approach set out below.
2.37	Opportunities can also be pursued by promoting Rotherham's social value policy and outcomes through the Sheffield City Region and Combined Authority (MCA), integrating the policy objectives into delivering the Devolution Deal. Specific proposals will be developed to present to the MCA to embed social value in delivery of the Devolution Deal.
2.38	Strategic working across the Council will embed existing best practice together with developing innovation both within the Council and through working with others through both service review and new developments. This will require a programme of promoting best practice with a toolkit to assist

	commissioners to use the best range of commissioning options relevant to the service or capital project being reviewed or developed, including joint commissioning and co-design.
2.39	<u>Community wealth building and anchor networks</u>
2.40	Forward looking policy development, building on the CLES recommendations will involve community wealth building and anchor networks. Community wealth building is a people-centred approach to local economic development. It has roots dating from 2005 of working with and applying policy practice around regeneration, social and economic development. It reorganises local economies to be fairer. It stops wealth flowing out of communities, towns and cities. Instead, it places control of this wealth into the hands of local people, communities, businesses and organisations.
2.41	The community wealth building is based around five principles: <ul style="list-style-type: none"> • Plural ownership of the economy. • Making financial power work for local places. • Fair employment and just labour markets. • Progressive procurement of goods and services. • Socially productive use of land and property.
2.42	Guided by community wealth building principles, anchor institutions can play a defining role in creating and reinforcing local economic ties. This term is used to refer to organisations which: <ul style="list-style-type: none"> • Have an important presence in a place, usually through a combination of being largescale employers, the largest purchasers of goods and services in the locality, controlling large areas of land and/or having relatively fixed assets. • Are tied to a particular place by their mission, histories, physical assets and local relationships. Examples include local authorities, NHS trusts, universities, trade unions, large local businesses, the combined activities of the community and voluntary sector and housing associations.
2.43	Community Wealth Building is not a fixed model, it offers a range of options that can be developed at the local level to achieve desired outcomes. Work is already underway within the Council on some aspects of the broader model including: <ul style="list-style-type: none"> • Working towards the real living wage with that already achieved within the Council. • Recruitment practices will be part of achieving “Excellent” under the Local Government Equality Framework. • The Social Value Portal and new research on local markets.
2.44	Priority actions for the coming year will further develop work already underway, working towards: <ul style="list-style-type: none"> • Real Living Wage accreditation. • Achieving Social Value aligned to working towards “Excellent” under the Equality Framework for Local Government.

	<ul style="list-style-type: none"> Progressing the Rotherham Together Partnership Social Value Charter into the development of Anchor Networks. Work with the Mayoral Combined Authority to promote and develop Social Value for the Sheffield City Region.
2.45	<p>A wide range of tools and knowledge is available to be drawn upon from the CLES Community Wealth Building Centre of Excellence including that nature of networks, sharing practice and research development. These include:</p> <ul style="list-style-type: none"> Taking forward Community Wealth Building in Rotherham How the Council can engage in networks and the benefits to be derived. Agreement of options and priorities for action within the model to be developed in Rotherham. Potential anchor networks that can be developed in partnership. Promotion of Rotherham's approach as part of the Devo Deal with the MCA.
2.46	<p>The Council is also a member of Locality. Locality is a network of Councils and other organisations that promote localism including "keep it local" and neighbour engagement and planning. There are likely to be interrelated benefits to be derived from the Locality approach and Community Wealth Building.</p>
2.47	<p>In additional to taking forward priority actions for the coming year, it is proposed to hold a workshop event in the summer of 2021 to consider future developments that will enable the Council to build a Rotherham model of activity maximising the benefits across related policy agendas.</p>
3.	Options considered and recommended proposal
3.1	<p>The options for the three development areas have been developed using data from the first year of operation, intelligence gained through research and engagement of partners in the process.</p>
3.2	<p>Further consideration can be given to engagement with CLES Community Wealth Building Centre of Excellence when the re-launch offer has been announced.</p>
4.	Consultation on proposal
4.1	<p>Consultation was conducted both internally and externally as part of developing the Social Value policy and framework. The Rotherham Together Partnership have received update reports and will be engaged further. Engaging the Voluntary and Community Sector (VCS) in developing and delivering social value, aligned to the Rotherham Compact is forming part of the co-design for the next three-year Infrastructure service level agreement with Voluntary Action Rotherham.</p>
4.2	<p>Further engagement with suppliers will assist with embedding social value process and improve outcomes.</p>

4.3	Outward looking engagement with partners at sub-region and regional levels will be an important next step, especially in realising Community Wealth Building outcomes.
5.	Timetable and Accountability for Implementing this Decision
5.1	This report presents “work in progress”, a point in time along a developmental journey. It sets out what has been achieved since adoption of the policy but also the “what next” on a number of potential options for development, each of which will have their own timescales. Timescales of detailed options and recommendations will be set out in relevant reports as appropriate.
5.2	There will be an annual review of procurement Social Value Portal outcome in February 2022.
6.	Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)
6.1	There are no financial implications as a direct result of this report, as such this report does not have a direct financial impact on the Councils revenue or capital budgets. The report provides an update on the inclusion of the Social Value Policy into the Councils procurement procedures. The impact that this policy may have on any future procurement exercises will need to be factored into the decision making process on those specific procurements.
6.2	All associated procurement implications are contained in the main body of this report.
7.	Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)
7.1	The Public Services (Social Value Act) 2012 allows for the consideration of added value, such as social, economic and environmental benefits, that may be secured in addition to the normal delivery of a contract. The policy, including the Social Value Toolkit, must comply with procurement law, particularly the Public Contracts Regulations 2015. The Council must ensure its contractual and procurement documentation reflects the requirements described in this report. There have been ongoing discussions to this end.
8.	Human Resources Advice and Implications
8.1	A key component of the policy will be ensuring that officers have the necessary training and knowledge to successfully implement it. Training, including workshops, will be required. The approach for embedding social value meets this requirement.
9.	Implications for Children and Young People and Vulnerable Adults

9.1	The outcomes within the Social Value Framework support the Council's priorities: "Every child making the best start in life" and "Every adult secure, responsible and empowered" by including support for education and employment for these groups as key Social Value outcomes.
10.	Equalities and Human Rights Advice and Implications
10.1	The Social Value Policy, approved in October 2019, received an Initial Equalities Screening Assessment. This is still relevant to this report and is attached as an appendix
10.2	The Social Value Framework allows for annual reporting on several key equalities' issues such as the number of people with disabilities that have gained employment. The policy has a positive impact with each individual procurement and commissioning activity including assessment of the impact on equality outcomes.
10.3	Further equalities screening and assessment will be undertaken on specific developments, especially when options for community wealth building are considered.
11.	Implications for Ward Priorities
11.1	The pursuit of social value outcomes has Borough-wide benefits.
12.	Implications for Partners
12.1	Partners have already signed up to and made commitments to take forward social value in Rotherham. Partners will have the opportunity to engage in direct development and delivery of social value outcomes, especially in relation to Community Wealth Building and Anchor networks.
	The Council will also promote social value through its engagement with the Sheffield City Region and MCA, seeking to gain added value through the Devo Deal.
13.	Risks and Mitigation
13.1	There is a risk that Social Value commitments will be made but not delivered upon. To mitigate this, it will be important that the Council effectively monitors contracts and uses all tools available to secure Social Value as well as using the experience of the Social Value Portal.
13.2	There will be some delivery risk associated with innovative and developmental approaches to social value. These will be monitored and managed on a project basis for specific interventions.
14.	Accountable Officers
	Jackie Mould,

	Head of Policy Performance & Improvement Assistant Chief Executive's Jackie.mould@rotherham.gov.uk
	Karen Middlebrook Head of Procurement Corporate Procurement Service Finance and Customer Services Karen.Middlebrook@rotherham.gov.uk
	Steve Eling Policy and Equalities Manager Assistant Chief Executive's Steve.eling@rotherham.gov.uk

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	01/02/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	25/01/21
Head of Legal Services (Monitoring Officer)	Bal Nahal	25/01/21

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