

**Committee Name and Date of Committee Meeting**

Cabinet – 21 October 2019

**Report Title**

Social Value Policy

**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)**

Jackie Mould, Head of Performance, Intelligence and Improvement  
01709 823618 or [jackie.mould@rotherham.gov.uk](mailto:jackie.mould@rotherham.gov.uk)

**Ward(s) Affected**

Borough-wide

**Executive Summary**

The purpose of this report is to present for approval the Rotherham Council Social Value Policy and Framework (appendix 1). The policy sets out the ways in which the Council aims to maximise the local impact of its spend through its commissioning and procurement processes and work with partners and suppliers.

The key elements of the policy are to:

- Raise the living standards of Rotherham residents and commit to working towards the Joseph Rowntree Living Wage.
- Increase the proportion of the council's expenditure which goes to local businesses and providers rather than those elsewhere in the country.
- Build social value into all council contracts (in excess of £100,000) and maximise the impact gained from every pound spent and introduce a rigorous system for assessing and measuring social value.
- Commit to the principle of co-designing services wherever possible.

To achieve this the Council plans to take steps to increase the amount of additional Social Value from its contracts and commissioned services by securing Social Value in every contract above a £100,000 threshold. It will ensure that when the Council invites written quotations – where possible - at least one of the quotes is from a Rotherham organisation and, where this is not possible, from Sheffield City Region. The Council also aims to increase over time the proportion of its spend with local businesses and organisations and to open up opportunities for more co-designed services through its commissioning and procurement processes. The Social Value Framework sets out the methodology for measuring Social Value through the procurement process. It is framed around six high level outcomes. These are:

- Raising living standards for residents
- A strong local economy with employment and skills opportunities and a growing business base
- Young people have the opportunity to develop skills and find worthwhile employment
- Equality of opportunity for disadvantaged people and communities including disabled people
- Strengthened and sustainable community and voluntary organisations
- Greater environmental sustainability including accessible green public spaces.

Social Value returns will be monitored and reported on an annual basis. The first year of the policy will be a baseline year with targets set subsequently to increase the amount of Social Value secured.

### **Recommendations**

1. That approval be given to the Social Value Policy.
2. That the adoption of the social value portal as the method to measure social value be approved.
3. That the 'Keep It Local' principles be adopted.

### **List of Appendices Included**

Appendix 1 Initial Equalities Screening Assessment

Appendix 2 Social Value Policy

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Overview and Scrutiny Management Board – 16 October 2019

### **Council Approval Required**

No

### **Exempt from the Press and Public**

No

## Social Value Policy

### 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. Social Value is defined by the Social Value Hub as:

*'The benefit to the community from a commissioning or procurement process over and above the direct purchasing of goods, services and outcomes'.*

The Act has generally had mixed success. As noted by the Centre for Local Economic Strategies (CLES), because the Act merely requires public bodies to consider Social Value, rather than enforcing it, there are 'large variations in how the act has been implemented' with the Act simply resulting in a 'tick box exercise' in some cases.<sup>1</sup>

Greater success has been had when local authorities, recognising the possible benefits to their locality, have introduced policies aiming to maximise the amount of Social Value. Manchester City Council, for example, is ensuring Social Value is built into every tender by applying mandatory percentages in the evaluation methodology.

The 'Preston Model' is one of the most cited examples of the successful implementation of a Social Value policy. In its role as a 'place leader' Preston City Council persuaded the region's 'anchor institutions'<sup>2</sup> to increase their collective procurement spend in Preston. Local spend for the anchor institutions rose from 5% in 2013 to 18.2% 2016/17 and in the wider Lancashire economy from 39% in 2013 to 79.2%. Preston City Council now spends 28% with Preston-based businesses (2016) as opposed to 14% in 2012.<sup>3</sup>

- 1.2 Rotherham has one of the fastest growing economies in Yorkshire. The Council aims to support the continued growth of the Rotherham economy so that all residents can benefit. In 2018/19, the Council spent in excess of £300m with external suppliers and as one of the leading procurers and commissioners in the area; the Council can act as a standard-bearer, leading the way in supporting Social Value and inclusive growth.

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<sup>1</sup> Centre for Local Economic Strategies (Nov, 2018), Restoring Public Values in Public Services: A route map for national, municipal and citizen action, p. 5 available at [https://cles.org.uk/wp-content/uploads/2018/11/Restoring-Public-Values-in-Public-Services-FINAL-03\\_12\\_18.pdf](https://cles.org.uk/wp-content/uploads/2018/11/Restoring-Public-Values-in-Public-Services-FINAL-03_12_18.pdf)

<sup>2</sup> 'Anchor Institutions' are named thus as they were important full or partly centrally funded public sector institutions that couldn't re-locate out of the area. These included the Lancashire Policy Constabulary HQ, Lancashire County Council and the University of Central Lancashire (UCLan).

<sup>3</sup> Centre for Local Economic Strategies, 'Community wealth benefits locals', available at: <https://cles.org.uk/press-releases/community-wealth-benefits-locals-in-lancashire/>

## 2 **Key Issues**

### 2.1 **Benefits of a Social Value policy**

The Council is committed to developing a positive sense of place and good quality of life for all its residents. These aspirations are set out in the Council Plan and are pursued by working with partners through the Rotherham Together Partnership (RTP) and the Sheffield City Region (SCR).

As a significant employer and commissioner of services, the Council wants to ensure that it achieves maximum value from its expenditure and that it is supporting the local economy.

#### **The aim of the Social Value policy**

The aim of the Social Value Policy is to maximise the local impact of the Council's spend. The key elements of the policy are to:

- Raise the living standards of Rotherham residents and commit to working towards the Joseph Rowntree Living Wage.
- Increase the proportion of the Council's expenditure which goes to local businesses and providers.
- Build 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.

The policy will set out the guiding principles that should be adopted when commissioning services, developing better models of co-design and moving away from purely transactional processes of procurement towards building relationships and working with locally-based organisations.

The policy will also be accompanied by the Social Value Framework and Toolkit. The framework will provide a mechanism to measure the amount of Social Value gained on an annual basis. The aim will be to increase, over time, the percentage of spend with Rotherham businesses and to capture the scale of additional Social Value undertaken each year. The toolkit will provide a step by step guide for officers on how Social Value will be included in the procurement process. The Council's various ethical procurement standards will be brought together in a new Ethical Procurement Policy.

The Policy is based around six Social Value outcomes (see 2.2 below). It will be a contractual requirement for organisations who are awarded contracts with the Council to deliver the committed amount of Social Value identified within their tender. The Council will also want to work with organisations to develop innovative approaches to Social Value and to build on some of the good practice that has already been developed.

The Council proposes to adopt the national 'Keep It Local' principles developed by Locality, which has been incorporated in the Social Value Policy.

These ambitions will be set out in a new Social Value charter which will be developed with partners through the Rotherham Together Partnership. As such, the Council will be working closely with procurement and commissioning officers in health, fire and police services to identify opportunities to extend Social Value across public sector bodies in Rotherham. In addition, the Council and partners will work together to promote the Joseph Rowntree Living Wage across the borough.

## 2.2 **Social Value Outcomes**

The policy provides the framework for realising the Council's commitment to six Social Value outcomes. These are:

- Raising living standards for residents
- A strong local economy with employment and skills opportunities and a growing business base
- Young people have the opportunity to develop skills and find worthwhile employment
- Equality of opportunity for disadvantaged people and communities including disabled people
- Strengthened and sustainable community and voluntary organisations
- Greater environmental sustainability including accessible green public spaces

These outcomes reflect the priorities for the borough identified in the Council Plan. Each broad objective has several measures which would be included in the tender, and organisations will determine which and how many of these measures it proposes to offer. These are set out in the Social Value Framework. The priority for the first year of the policy is skills and employment.

## 2.3 **Measurement and reporting**

An effective way of measuring Social Value is a key component of the policy. Using the Themes Outcomes Measures (TOMs) method, the Council will be able to calculate how much Social Value has been secured in contracts, with the delivery of this closely monitored throughout the life of the contract. To ensure this process is simple and not time-consuming for Council officers, the list of measures has been kept deliberately concise. What is initially determined as Social Value can be expanded and updated to reflect the needs of the community. Once the baseline figure of Social Value has been determined, targets will be set to increase the amount delivered.

The Council is proposing to use the Social Value Portal as a method to measure Social Value. The portal will support the scoring and ranking of Social Value offers as well as monitoring their delivery and reporting back on a quarterly and annual basis. Using the portal will allow for an equal standard to apply across all contracts and ensure an efficient system for data collection. The Social Value Portal will be able to use their experience to ensure better delivery of Social Value commitments.

A key component of the policy is ensuring that as high a proportion as possible is spent with locally based organisation such as small and medium-sized enterprises (SMEs) and local not-for-profit organisations. As such, the level of spend will be monitored and with the aspiration to increase the proportion being spent within the borough and the wider Sheffield City Region.

The Council will be working with the Centre for Local Economic Strategies (CLES) to support and challenge the implementation of the policy and the measurement of impact. CLES will also assist the Council to gain a more sophisticated understanding of how and where the authority spends money as well as the possible opportunities for more local spend.

#### **2.4 Securing Social Value in new contracts**

Social Value will apply to all contracts above £100,000. The Social Value commitment will account for 20% of the overall score for the tender bid. The proposed model for scoring bids will be constituted of two components: the 'offer' and a 'method statement'. The 'offer' is a quantitative assessment and will score how much Social Value each bidder is proposing to deliver. This will be calculated using the measurements in the Social Value Framework. The 'method statement' is a qualitative assessment which scores how comprehensively each bidder is proposing to deliver on their commitment. This balanced approach will ensure that each bidder has an effective plan on how to deliver the commitments they have made. There will also be a provision to remove those bidders who make no Social Value contribution to guarantee that Social Value is secured in every contract above the threshold. The Council will also attempt to source quotations from local suppliers and will ensure - where possible - that when inviting written quotations, at least one quote is from a Rotherham supplier or one from the Sheffield City Region if this is not possible.

#### **2.5 Commissioning**

In addition to securing Social Value through Council contracts, the policy also makes a commitment to maximise Social Value as part of its commissioning processes through meaningful co-design. A further aim will be to review procurement models to enable local provider organisations to collaborate and make best use of all of the local assets available.

In developing the Council approach to commissioning, the national 'Keep It Local' principles (see below) developed by Locality will be adopted. These principles would enable the Council to make a greater shift towards a more collaborative approach grounded in local delivery, early intervention and prevention. The Keep It Local principles will help to guide commissioning and delivery decisions and would also be supported through the Thriving Neighbourhoods Strategy. Signing up to be a 'Keep it Local' council (which would incur no financial cost) would ensure that the Council received regular updates and best practice sharing from across the network, enable it to take part in a national conference showcasing work from the most innovative authorities, and provide a clear intellectual framework helping the Council to further develop its Social Value work.

<b>'Keep it Local' principles</b>
<i>Think about the whole system and not just individual service silos</i>
<i>Coordinate services at a neighbourhood level</i>
<i>Increase local spend to invest in the local economy</i>
<i>Focus on early intervention now to save costs tomorrow</i>
<i>Commit to our community and proactively support local organisations</i>
<i>Commission services simply and collaboratively so they are local by default</i>

**2.6 Governance**

A successful Social Value policy is responsive to the needs of the community – as such the Social Value framework will be reviewed on an annual basis to ensure the preferred outcomes and measures continue to reflect them. The leadership and governance of this policy will be led by the Leader of the Council and the Chief Executive and will be subject to an annual report to Cabinet.

**2.7 Partnership Working**

While Rotherham Council is the largest public sector procurer and commissioner in the borough, it is not the only one. It is proposed that a Social Value Charter is developed with partners, encouraging organisations to commit to increased Social Value. As such, further development and implementation of the Social Value Policy will be taken forward through the Rotherham Together Partnership.

**3. Options Considered and Recommended Proposal**

3.1 Following the review of existing practice and the approach adopted by other councils, the recommended option is to adopt the Social Value Policy.

**4. Consultation on Proposal**

4.1 Consultation has taken place both internally and externally. The framework has been shared and tested with private sector partners, the Rotherham Together Partnership's chief executives and voluntary and community sector representatives.

## 5. Timetable and Accountability for Implementing this Decision

- 5.1 The implementation of the policy will be overseen by the Leader and the Chief Executive.

Key milestones include:

Social Value approved by cabinet	October 2019
CLES commissioned to undertake analysis of supply chain	Oct/Nov 2019
Develop new Ethical Procurement policy	November 2019
Develop and publish the Social Value toolkit	November 2019
Staff development programme developed	November 2019
Staff development programme	Roll out through 2019/20
Communications and dissemination of policy	December 2019
Establish the Social Value baseline position	October 2020
Include Social Value in the Council Plan performance report	2020/21
Work with partners to develop a Social Value Charter for Rotherham	2020

## 6. Financial and Procurement Advice and Implications

- 6.1 The cost of utilising the Social Value Portal is £12k per annum on the basis that the Council enters into a three-year agreement, otherwise the cost will be £15k per annum. These costs will be met from within existing budgets. In addition, there is a cost payable by suppliers for use of the Portal based on 0.2% of the contract value up to a maximum of £7,500.

In addition to the Portal, the Council plans to procure the services of the Centre for Local Economic Strategies in supporting the policy implementation and the measurement of the impact. The costs of these services will be dependent on the level of support procured and provision has been made within existing budgets.

- 6.2 The procurement team supports the recommendation contained within this report. Social, economic and environmental impacts are clearly referenced within the Public Contracts Regulations 2015 as a mechanism to support common societal goals.

There will be a need for procurement to work closely with service areas in the design of the procurement procedures for those contracts valued above the £100k threshold to ensure the evaluation criteria is clearly understood and defined accurately within the tender documentation.

The requirement to effectively monitor and manage the contracts will however be critical in ensuring that commitments made through the formal tendering process are actually delivered. The use of the Social Value Portal will assist with this.



## **7. Legal Advice and Implications**

- 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.

## **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.

## **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 Framework allows for annual reporting on several key equalities issues such as the number of people with disabilities that have gained employment. The Framework has identified several key disadvantaged groups that should be supported through Social Value outcomes. As such, the policy will have a positive impact regarding equalities. For each individual procurement and commissioning activity there will be a full consideration of the impact on equality outcomes. This will be carried out by the officers involved in the procurement and commissioning activities.
- 10.2 An Initial Equalities Screening Assessment has been completed and is included as Appendix 1.

## **11. Implications for Partners**

- 11.1 The Council is keen to develop a collaborative approach to Social Value with partners in the borough, particularly other 'anchor institutions'. Social Value's effectiveness is amplified when all public sector partners act together adopting similar Social Value principles.

## **12. Risks and Mitigation**

- 12.1 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. Accountable Officers**

Jackie Mould, Head of Performance, Intelligence and Improvement  
Karen Middlebrook, Head of Procurement

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	07/10/19
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	04/10/19
Head of Legal Services (Monitoring Officer)	Bal Nahal	04/10/19

*Report Author: Jackie Mould, Head of Performance, Intelligence and Improvement  
01709 823618 or [jackie.mould@rotherham.gov.uk](mailto:jackie.mould@rotherham.gov.uk)*

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