

Committee Name and Date of Committee Meeting

Cabinet – 20 March 2023

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

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Ward(s) Affected

Borough-Wide

Report Summary

Since the Social Value Policy was adopted in 2019, significant progress has been made to secure social value commitments from Council's contracts alongside lifting the incomes of lower wage workers by being an accredited "Living Wage Employer".

More than £113m of Social Value commitments have now been secured from Council contracts, which at 12.6% of to the total contract value represents the most significant return since the introduction of the Policy. At the same time, more "Rotherham pounds" are being spent locally, with Council spend on the top 300 suppliers nearly doubling from £44.8m in 2019/20 to £85.2 million in 2021/22.

This report sets out the key achievements over the year to the end of November 2022 and identifies priority areas of work for 2023. These priorities will further embed social value to secure the best possible outcomes and returns for the people of Rotherham.

Recommendations

1. That the annual report is received noting the increased social value commitments along with outcomes achieved.
2. That Cabinet agree the following key priorities for 2023 include:
 - a. Continue to embed the foundations of strong social value delivery through contract manager and supplier learning and development, tools and evaluation.
 - b. Support new and existing businesses to enter into new markets, from which the Council buys goods and services through the work of Rotherham Investment and Development Office and meet the buyer events.
 - c. Hold a Social Value celebration event for suppliers to showcase impact and inspire others.
 - d. Formally launch Rotherham Social Value Anchor Networks to raise awareness and engagement of more partners.

List of Appendices Included

Appendix 1 Social Value Stories
Appendix 2 Initial Equality Screening Assessment
Appendix 3 Carbon Impact Assessments

Background Papers

Cabinet Report – Social Value Policy, 21st October 2019

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Social Value Annual Report

1. Background

- 1.1 In October 2019 the Council adopted a Social Value Policy, which with its accompanying toolkit set out how Social Value would be maximised in the Borough.
- 1.2 The aim of the Social Value Policy is to maximise the local impact of the Council's spend, with key elements taking forward:
- 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, maximising 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.
- 1.3 At its meeting on 28th March 2022, Cabinet received the second Social Value Annual Report since the adoption of the Social Value Policy. The report set out the achievements to date, which at that time was securing social value commitments through procured contracts at just over 10% of the contract values.
- 1.4 As part of the report, Cabinet agreed priority activities for the coming year to advance the social value agenda. These were:
- Launching the Social Value Commissioning Toolkit
 - Further embedding Social Value across the Council.
 - Focusing on increasing Social Value commitments for skills and employment.
 - Engaging with the South Yorkshire Mayoral Combined Authority (SYMCA) in the development and delivery of social value in the sub-region.
 - Building on anchor network development as part of the Rotherham Together Partnership Social Value Charter.
 - Further research to build local market intelligence.
- 1.5 This report provides an update on progress made towards realising social value and sets out direction for priority activities over the coming year.

2. Key Issues

2.1 Major achievements

- 2.2 The Council has either achieved or made progress against all of the commitments agreed in March 2022. Significantly, these include:
- The Social Value Commissioning Toolkit was launched in July 2022.
 - Anchor networks development is underway with key partners building on the commitments from the Partnership Social Value

Charter. This has included working with procurement teams of local NHS Trusts and South Yorkshire Police.

- The Council is positively engaged in the development of social value policy and practice with the SYMCA. Key achievements from this include participating in the “Supply Chain Adviser” project where one in three of all participants were from Rotherham.
- All new in scope contracts let, are compliant with the real living wage.

2.3 Collectively, at a headline level this has resulted in social value commitments totalling £13.6m being secured from eligible new Council contracts in the last three years. Meanwhile, a greater part of the Council’s third-party expenditure is now concentrated in organisations based in the Borough, with more than £1 of every £4 spent going to these companies in 2021/22. As a proportion of expenditure this has increased by 10% from 16% in 2019/20, to 26% in 2021/22 and when considered in absolute terms, this has almost doubled in the last three years. This is explained in greater detail below.

2.4 Measuring the impact– the Social Value Portal

2.5 Under the Council’s adopted Policy, social value is determined and measured using the national “themes outcomes measures” (TOMS) framework. Under this framework, each measure is allocated a monetary proxy value. This enables a calculation to be made of how much social value has been secured in contracts (referred to in the framework as Social and Local Economic Value), 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 as a single action or contribution.

2.6 The National TOMs Framework (2022) is a measurement framework that was developed by the National Social Value Task Force, a cross-sector organisation combining both public and private sector organisations. Rotherham Metropolitan Borough Council has developed its own bespoke measurement framework comprising a range of measures, across five themes, derived from the National TOMs (2022) and designed to have a positive impact on the economic, social and environmental wellbeing of the Rotherham community:

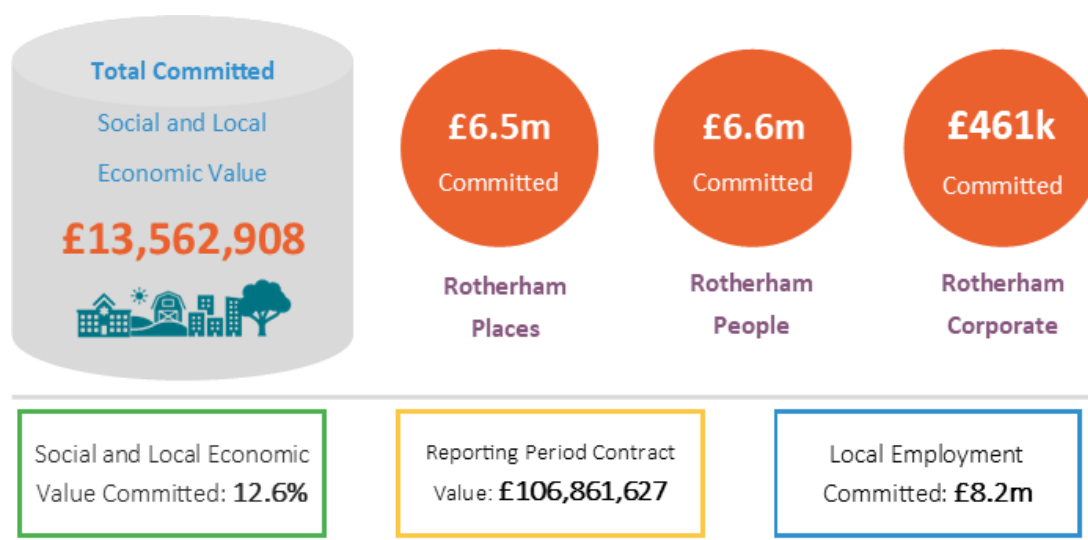
- Jobs: Promote Local Skills and Employment.
- Growth: Supporting Growth of Local and Small Business.
- Social: Healthier, Safer and more Resilient Communities.
- Environment: Protecting and Improving Our Environment.
- Innovation: Promoting Social Innovation.

2.7 The table below sets out the headline KPI measures that the Council’s suppliers have committed and delivered against on contracts that have been procured and awarded before 30th November 2022. Most current contracts were awarded prior to the implementation of the policy, so are not reflected in the table so values should not be considered exhaustive.

KPIs	Committed & Delivered Social and Local Economic Value					
	Unit	Proxy Value	Committed Number	Committed £SLEV	Delivered Number	Delivered £SLEV
No. of local employees hired or retained	No. People FTE	Localised by project	302	£8,240,839	86	£2,340,676
No. of employees hired who are long term unemployed.	No. People FTE	£19,146	12	£237,340	1	£27,499
No. of employees who are NEETs	No. People FTE	£13,889	5	£67,090	3	£40,908
No. of 16-25 y.o. care leavers	No. People FTE	£13,957	2	£28282	0	£0
No. of 18-24 y.o. rehabilitating young offenders	No. People FTE	£22,541	3	£59,747	0	£0
No. of disabled employees	No. People FTE	£15,417	4	£53,081	1	£13,953
No. of hours dedicated to support people into work (over 24 y.o.)	No. hrs (total session duration)	£116	1,903	£228,845	70	£8,793
No. of weeks training opportunities	No. weeks	£268	989	£263,212	227	£60,937
No. of weeks of apprenticeships	No. weeks	£212	611	£130,940	266	£55,167.08
No. of hours dedicated to support people into work (under 24 y.o.)	No. hrs (total session duration)	£116	6,801	£771,114	412	£49,737
No. of weeks spent on meaning work placements or pre-employment course	No. weeks	£162	310	£49,864	137	£23,640
Meaningful work placements that pay Minimum or National Living Wage	No. weeks	£162	238	£38,099	78	£12,342
Provision of expert business advice to VCSE's or MSME's	No. staff expert hours	97	339	£33,015	29	£2,787
Equipment or resources donated to VCSEs	£	£1	83,827	£83,827	20,372	£20,372
Total amount (£) spent in LOCAL supply chain	£	Localised by project	5,952,199	£3,075,791	2,387,178	£1,260,430
Monetary donation or equipment/resource in lieu to VCSEs	£	£1	14,000	£14,000	0	£0
No. of employees FTE to have a pay raise to Real living wage or higher	No. People FTE	£1,396	1	£1,605	0	£0
Savings in Co2 emissions through decarbonisation	tCo2e	£69	2,671	£186,216	1091	£75,676
Total	*2022 TOMS			£13,562,908		£3,978,965

Table 1: Progress against the Council's headline social value KPI

2.8



2.9

The infographic above shows total Social and Local Economic Value (SLEV) committed, showing an increase from £8.14 million in year two, to £13.56 million in year three, a net increase of £5.42 million over the year. The total value of the contracts attracting social value commitments shows an increase from £79.89 million last year to £106.86m up to end of November 2022, a net increase of £26.97 million over the year. This has increased the percentage SLEV committed from 10.2% (year 2) to 12.6% (year 3), which is the highest return seen since the introduction of the policy.

2.10

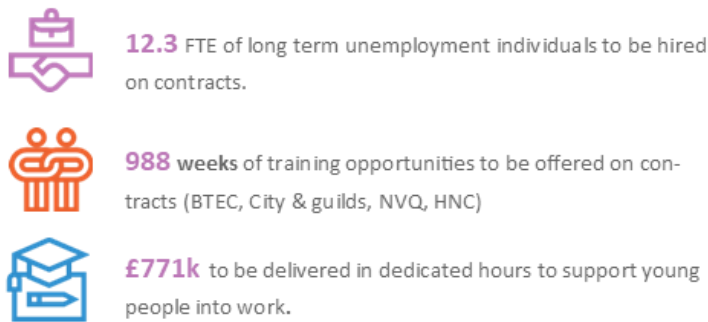
The use of Place, People and Corporate categories is procurement terminology. It is a way of categorising/grouping similar types of expenditure:

- Rotherham Places covers construction, facilities management, environment, and transport.
- Rotherham People covers commissioned services for delivery to residents such as health and social care provision.
- Rotherham Corporate covers contracts that support the operational running of the Council (i.e., ICT, temporary labour, print, training, PPE).

2.11

Of the three categories, “people” has seen the largest increase in social value commitments of £3.8 million over the year with “places” achieving £1.4 million increase and the “corporate” increase at £321k.

2.12 **Promote Local Skills and Employment**



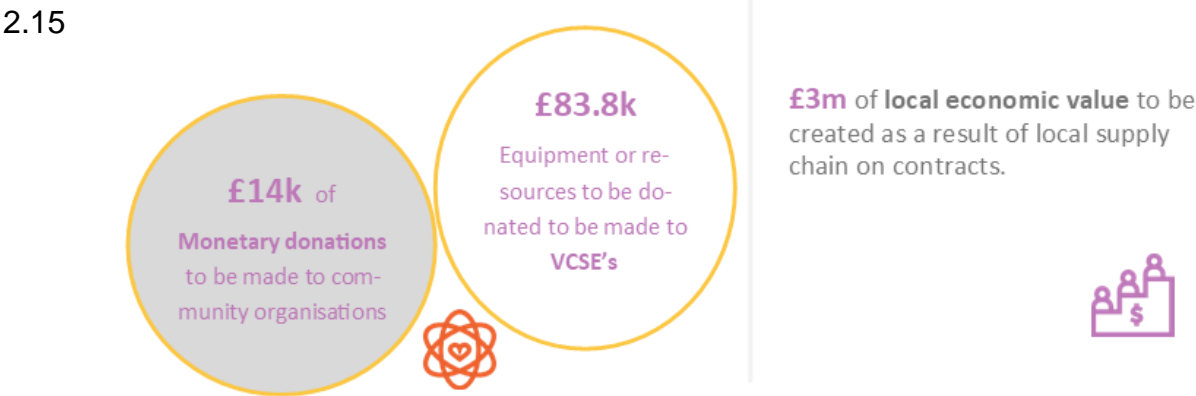
**Protecting and Improving
our environment**

2,670 tonnes CO₂e to be saved on contract.



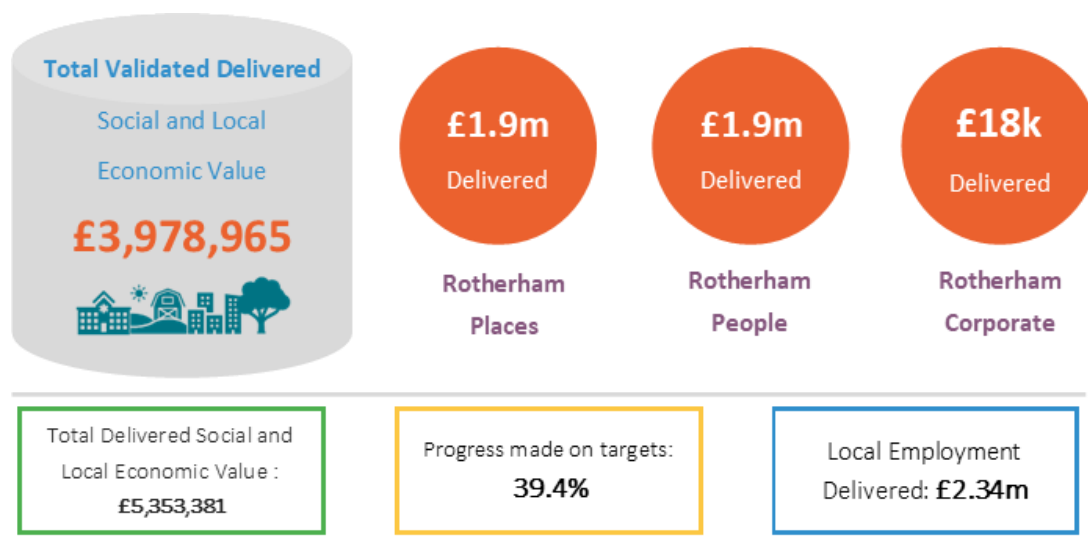
2.13 The infographic above shows key commitments for “promoting local skills and employment” including weeks of training opportunities to be delivered on contract (e.g., BTEC, NVQ, HNC, City & guilds etc), which increased from 397 weeks (Year 2) to 988 weeks (Year 3). The SLEV (£) of dedicated time spent supporting young people (age 16-24) entering into employment (i.e., CV writing workshops) increased from £410k to £771k as well as commitments to employ 12 full time equivalent (FTE) long term unemployed residents. It should be noted that this employment figure exclusively refers to the long term unemployed and does not represent the total number of jobs created or retained through the social value commitments made by suppliers (see Committed & Delivered SLEV table above).

2.14 Additionally, as shown in the figure above, the tonnes of carbon dioxide equivalent (CO₂e) saved have increased from 2,557 in year 2 to 2,670 in year 3 representing important progress in moving towards the Council’s “net zero” commitments and target.



2.16 More support has also been committed to the voluntary, community and social enterprise (VCSE) sector, with donations of equipment and resources increasing from £63.3k (year 2) to £83.8k (year 3), as shown in the figure above. Additionally, the local economic value from the spend made within the local supply chain increased from £2.6m (year 2) to £3m (year 3), which was driven by the increased value of contracts awarded in the last year.

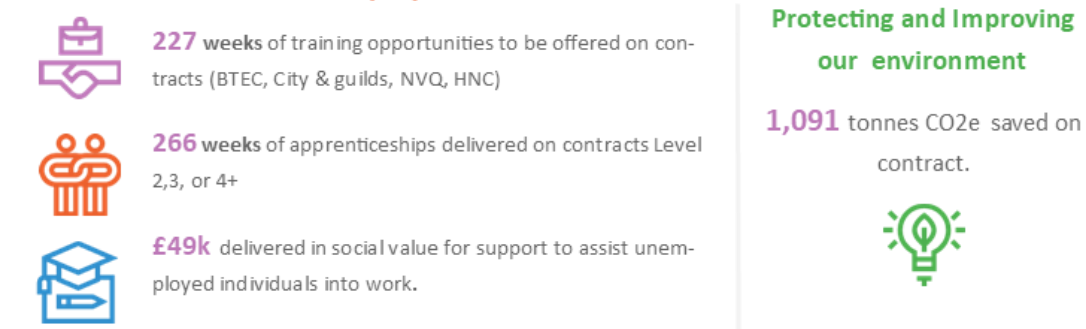
2.17



2.18 With the Social Value Policy having been in place three years, it is increasingly possible to see commitments being realised and outcomes and outputs delivered. As shown in the figure above, almost £4m of social and local economic value has now been delivered in the Borough in since the Social Value Policy was implemented. This year has seen a significant increase in delivery as at the end of November 2021 only £1.533m had been delivered. As a result of this increased delivery it demonstrates, progress made against targets increasing from 18.82% in 2021 to 39.4% in 2022.

2.19 This progress is driven predominantly by two procurement categories “people” and “places”, which both delivered social and local economic value of £1.9m. This represented an increase of £0.75m for “places” and £1.52m for “people” between 2021 and 2022. The other procurement category “Corporate” delivered social and local economic value of £18k. However, this must be considered relative to the smaller amount of commitments (£140k) for this category, compared to the other two, which is reflective of the types of contracts let in this area.

2.20 Promote Local Skills and Employment



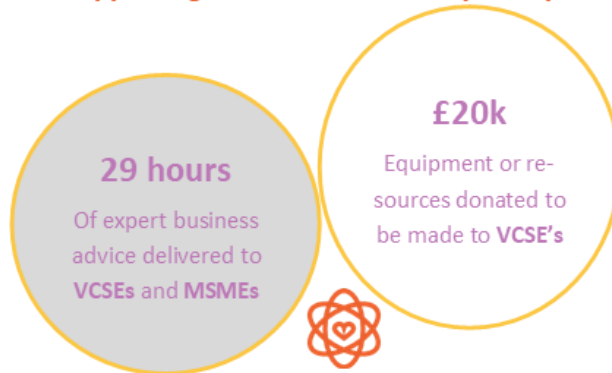
2.21 The key achievements of note in “promoting local skills and employment”, that has been delivered to date linked to the figure above are:

- £2.34m of local economic value through the use of local employment.
- 266 weeks of apprenticeships, up from 43 weeks in 2021; and

- 227 weeks of training opportunities for young people.

2.22

Supporting VCSE's & Community Groups



Local Spend in Rotherham

£1.26m of local economic value created as a result of local supply chain on contracts.



2.23

Supporting VCS and community groups has seen local economic value outcomes more than double from £518k in 2021 to £1.26m in 2022, as shown in the figure above. Equipment donated has increased from £5.2k to £20k and hours advice is up from 20 to 29 hours.

2.24

Launch of Social Value Toolkit and training for contract managers

2.25

The Social Value Toolkit was formally launched in July 2022. It provides guidance and tools for those involved in preparing specifications for contracts to include social value from the beginning of planning through to letting the contract.

2.26

The Council is now working with suppliers to understand how well the toolkit is being used and whether additional support is required.

2.27

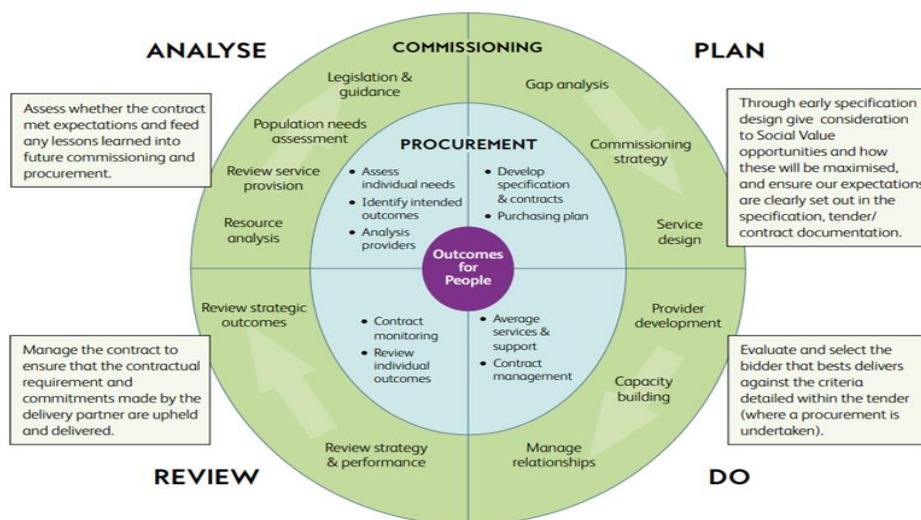


Diagram 1 The stages for social value in commissioning

2.28

Further guidance is provided around the totality of the process to ensure that all stages are captured.

2.29

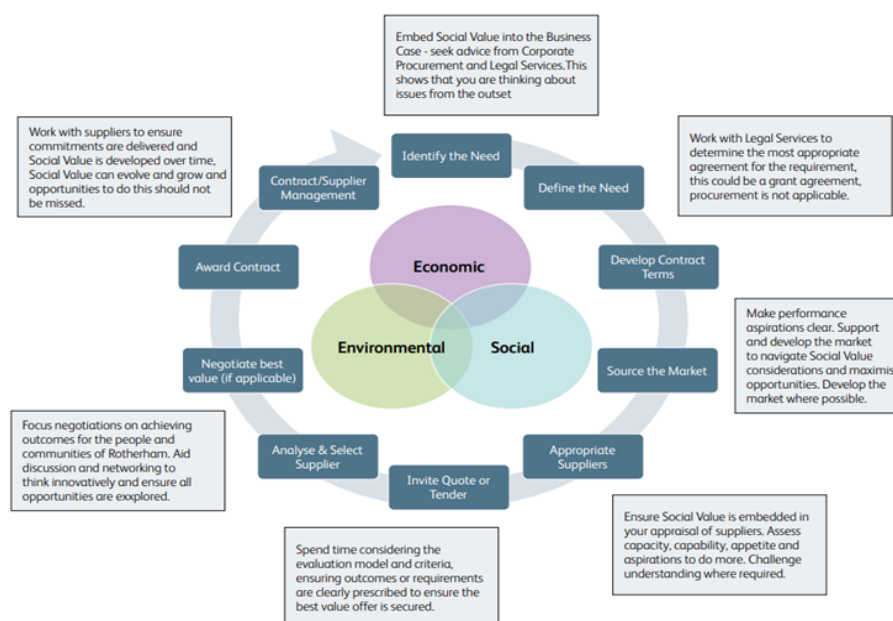


Diagram 2 Overview of the overall process commissioning process

2.30 Local Market Intelligence – Council expenditure

2.31 In 2021/22 the Council's overall third-party expenditure was £377.9 million, £41.2m (12%) more than the previous financial year. Spend is concentrated on our top 300 suppliers, which receive a significant proportion of expenditure. For example, in 2021/22 the Council used 3,342 suppliers, however, our top 300 accounted for 90% of total spend (same in 2020/21).

2.32 In 2021/22, the top 300 suppliers' expenditure accounted for £342m compared to £301.6m in the previous year, a £40.4m (13%) increase. The Council's Social Value Policy states contracts over £100k must include social value commitments and the majority of these contracts are found in our top 300 suppliers.

2.33 In 2021/22 60 suppliers in the top 300 were Rotherham based (up from 59 in 2020/21) with 107 located in South Yorkshire an increase of 8 from 99 in 2020/21. More local suppliers entering our top 300 suppliers list has a greater impact on the local economy by through utilising local employment which in turn helps to and keeping more of the "Rotherham pound" locally.

2.34 Analysis of this cohort of suppliers highlights the real impact social value commitments are having on our spend profile, in terms of supplier location. Figure 1 below shows spend made outside of South Yorkshire fell by 10% from 78% in 2019/20 to 68% in 2021/22. This fall correlates to a 10% rise in spend on Rotherham suppliers from 16% in 2019/20 to 26% in 2021/22.

2.35 Looking at the monetary value, Rotherham supplier spend has nearly doubled in the past 3 years. Figure 2 below shows spend on Rotherham-based suppliers within the top 300, increased from £44.8m in 2019/20 to £85.2 million in 2021/22. Similarly spend within South Yorkshire rose from

£61m to £104.5 million in 2021/22. These figures show more of the “Rotherham pound” is being spent locally and in South Yorkshire.

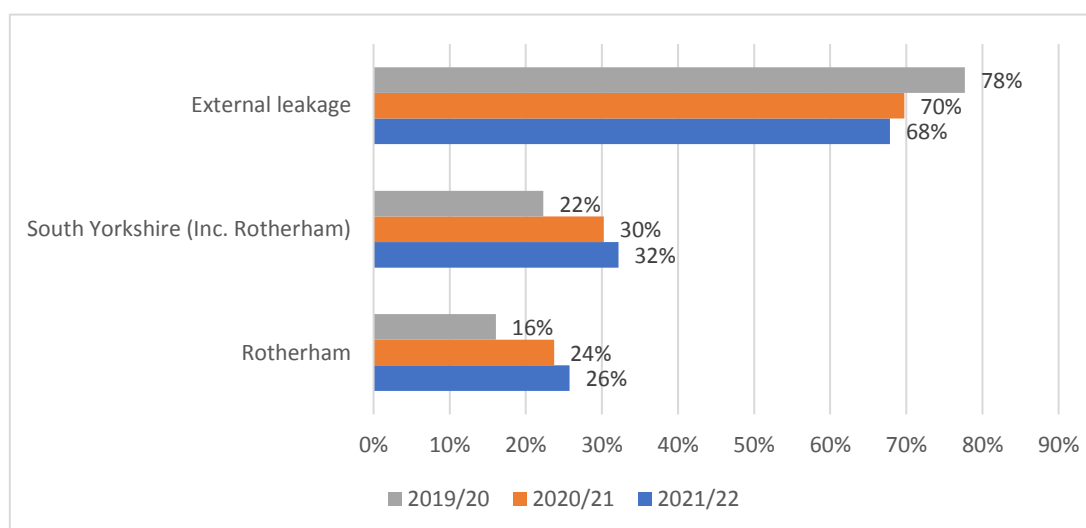


Figure 1 – RMBC percentage of total third party expenditure 2019-2022 (All Suppliers)

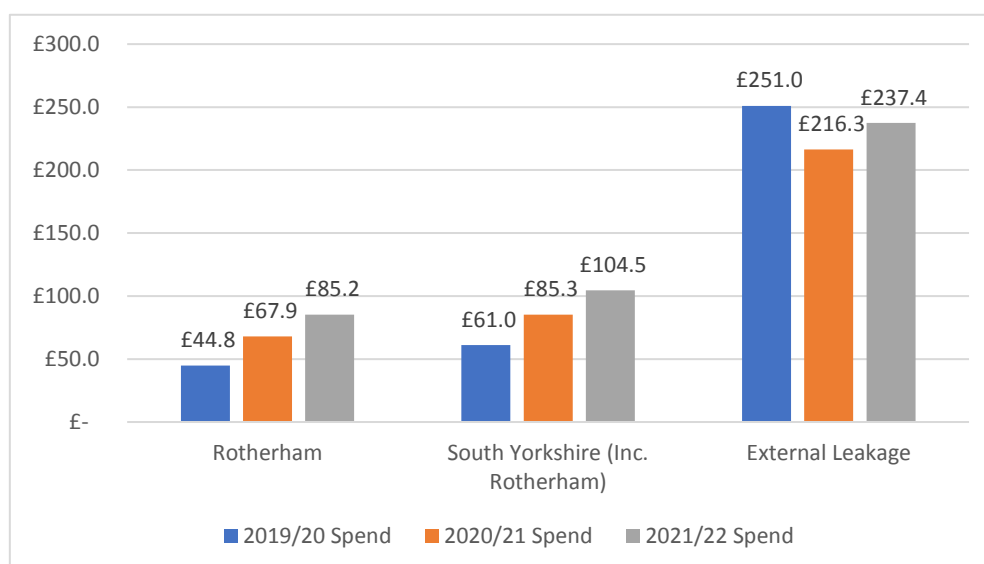


Figure 2 – RMBC third party expenditure (Top 300)

- 2.36 With many regeneration projects on the horizon, construction activities are playing a pivotal role in third-party supplier spend. Figure 3 below shows construction related spend increased from 9% of total supplier spend to 33% between 2021 and 2022, with only health spend higher (34%). These are the results of competitive procurement activity with social value requirements built into specifications. However, there is scope to use more Rotherham suppliers, as although a third of total supplier spend is directed towards construction, only 38% of this spend was contracted to Rotherham-based suppliers.

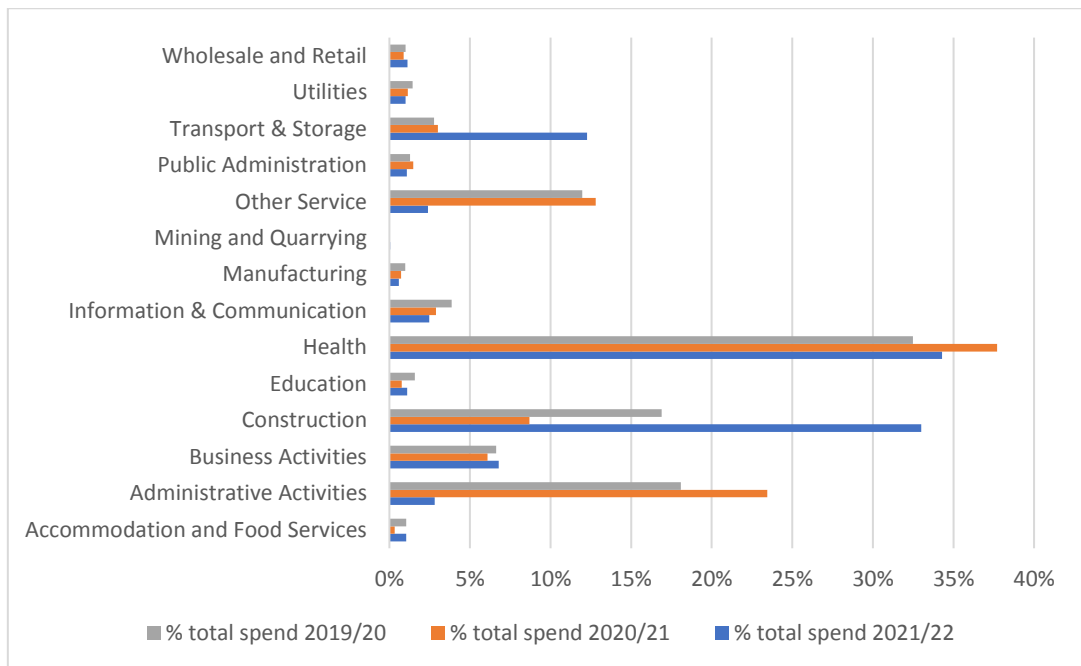


Figure 3 – Percentage spend by industry 2019-22 (All Suppliers)

2.37 Figure 4 shows other industries (similarly to construction) can also be developed through activity by RiDO to allow further local suppliers to participate in bidding for Council contracts. Council purchases good and services from local businesses shows that the Council is currently utilising 11% of the Borough's supplier base (9% in 2020/21). It should also be noted there are some industries where it is difficult or not feasible to use a Rotherham-based supplier. For example, utilities had a 0% spend on local suppliers as a local supplier base is not available. However, in all other industries, there is scope to expand purchase from the Rotherham supply base, subject to competitive procurement outcomes.

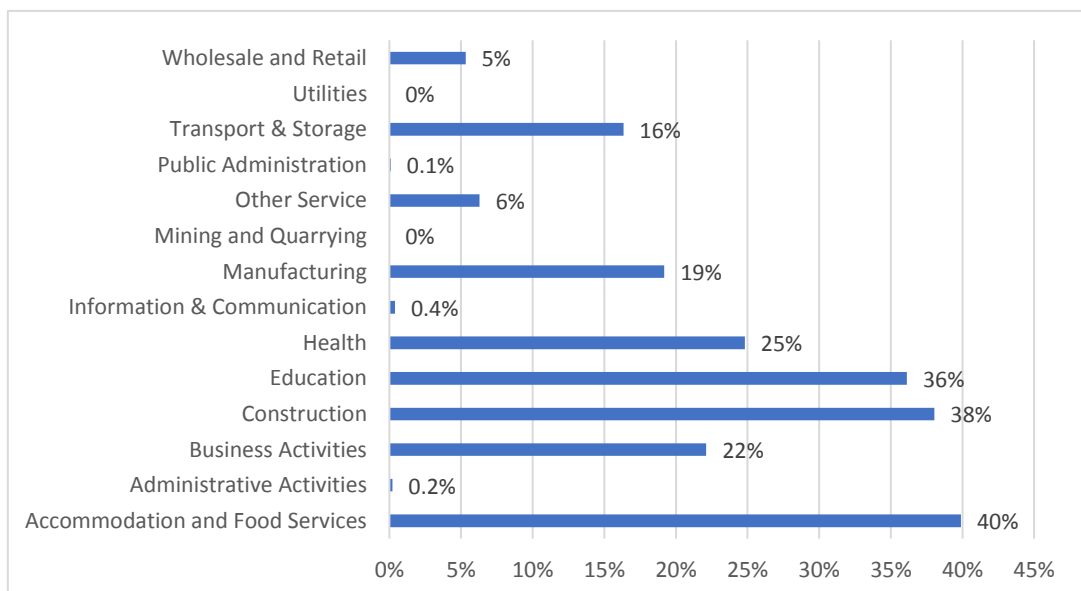


Figure 4 – Percentage total spend used on Rotherham suppliers by industry 2021/22 (All suppliers)

2.38 **Social Value Stories**

- 2.39 Suppliers and contract managers have shared a variety of positive stories to highlight the impact of social value on residents and communities. The Social Value stories set out the real-life examples of the benefits that are being brought about through the Policy and are included at Appendix 1 to this report. Work will continue to promote best practice and inspire other suppliers to deliver more social value.

2.40 **Living Wage Progress**

- 2.41 The Council received accreditation as a “Living Wage Employer” from the Living Wage Foundation in September 2021 and retained the accreditation in 2022. The reporting year for the living wage is September each year with data being prepared on that basis.

- 2.42 The Council continues to pay its own staff the real living wage, currently £9.90 per hour. This will rise to £10.90 per hour from April 2023.

- 2.43 The Council is also working to ensure that all contracts that are in scope pay the real living wage. In scope contracts cover where the contract being delivered:

- Is on Rotherham Council’s premises; and/or
- Is on Property owned or occupied by the Council (including where Rotherham Council is a tenant and is provided building related services through a Lease); and/or
- Is on Land which Rotherham Council is responsible for maintaining or on which it is required to work.

Services delivered elsewhere including on other organisations premisses are out of scope. Supply of goods contracts are also out of scope. Contracts are being brought into compliance as new contracts are let over the medium term. All in scope contracts where procurement has commenced since accreditation in September 2021 are compliant. The annual report to the Living Wage Foundation in September 2022 included all twenty in scope contracts let being compliant, together with fifteen out of scope contracts being compliant where contractors confirmed that they pay their staff the real living wage.

- 2.44 The Council is able to display the Real Living Wage logo on communications and publicity.

2.45 **Engagement and support to business**

- 2.46 Rotherham Investment and Development Office (RiDO) is actively engaging and supporting business through a number of channels. Key events and activity include:

- A presentation on social value and procurement to Rotherham Growth Board.
- A Supply Chain Adviser project ran across South Yorkshire with 33% of participants from Rotherham. This raised awareness of existing opportunities with engagement with procurement teams – the

Council, NHS, universities, etc. The project worked with local businesses to develop supply chains, develop capacity and confidence in businesses, identify new opportunities and encouraged “supply alliances” to bid for larger contracts.

2.47 Key actions / developments going forward

- 2.48 The Council has developed a detailed action plan across Directorates to maximise social value including through working with partners, alongside building on the benefits of producing the Social Value Toolkit and ensuring that securing social value delivery is integral to contract management. As part of this approach, key actions and developments are included each year to progress the social value journey. Previous key actions and developments have included securing Real Living Wage accreditation, specific actions to engage local business and the launch of the Social Value Toolkit.
- 2.49 As evidenced by the results seen to date, the increasing amount of Council funding being awarded to local contractors and social value commitments being yielded, the critical components to take forward the Social Value Policy are established and delivering. The focus now is on fully embedding social value into contract delivery and working with businesses and external agencies to grow local markets, community wealth building, and engaging partners / anchor networks.
- 2.50 RiDO are currently working on better communications around procurement and commissioning activities to local suppliers through various business forums and networks across the borough. There are plans to support new and existing businesses to enter into new markets from which the Council buys goods and services. RiDO will be holding meet the buyer events to share information about the types of future procurement to enable local businesses to consider opportunities for expansion. There will also be a celebration event to showcase social value outcomes to inspire more business to engage.
- 2.51 Several meetings have been held with partner public bodies including South Yorkshire Police and health services to develop anchor networks where collaboration will deliver more social value. It is planned to formally launch the Anchor Network approach in the coming year to raise awareness and engage more partners.

3. Options considered and recommended proposal

- 3.1 The options available are those set out as “key actions and developments going forward”.
- 3.2 Whilst it would be possible to prioritise a smaller number of actions, this is not recommended because the actions form an integral overall programme of activity to deliver the strategic outcomes of the Social Value Policy.

4. Consultation on proposal

- 4.1 Consultation was conducted both internally and externally as part of the development of the Social Value Policy and Framework.
- 4.2 The Council is building engagement with external agencies and partners to increase social value outcomes including through the development of anchor networks.

5. Timetable and Accountability for Implementing this Decision

- 5.1 This report presents progress at a point in time along a developmental journey. It sets out what has been achieved since adoption of the Policy but also further activities, each of which will have their own programme for delivery. Timescales of detailed options and recommendations will be set out in relevant reports as appropriate.
- 5.2 The Council maintains a detailed action plan for social value development and delivery.

6. Financial and Procurement Advice and Implications

- 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 Council's revenue or capital budgets. The report provides an update on the progress and impact of the Social Value Policy that the Council has adopted into the Council's procurement procedures. The impact that this policy has on any current or 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

- 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.

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. During 2022 this was done through the

introduction of the Social Value Toolkit, with the rollout of a mandatory social value e-learning in 2023/24.

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 able to fulfil their potential" and "People are safe, healthy, and live well" 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 CO2 Emissions and Climate Change

- 11.1 NT 31 provides a social value outcome through savings in CO2 emissions on contracts achieved through decarbonisation, measured in tonnes of CO2.

12. Implications for Partners

- 12.1. Partners have already signed up to and made commitments to take forward social value in Rotherham. Partners are engaged in direct development and delivery of social value outcomes, especially in relation to Community Wealth Building and Anchor networks.

The Council is promoting social value through its engagement with the MCA, seeking to gain added value through the Devolution Deal and levelling up agenda. The MCA is engaged in the anchor network development with partners in Rotherham

13. Risks and Mitigation

- 13.1 In the summer of 2021, a sample audit was undertaken to ensure the Council was complying with Social Value Policy requirements for the procurement of contracts valued at £25,000 and above. As part of the audit there was a specific focus on those contracts £100,000 and above to ensure social value commitments were secured as part of the award of the

contract. The results of the audit found that the requirement has been successfully applied and provided substantial assurance that the controls in place to manage this activity are operating effectively.

14. Accountable Officers

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Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp	06/03/23
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	02/03/23
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	02/03/23

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