

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	14 DECEMBER 2020		
TITLE:	SOCIAL VALUE POLICY		
LEAD COUNCILLOR:	CLLR ELLIE EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	PROCUREMENT & CONTRACTS	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council wants to ensure best value from all its procurement and contracts, including the attainment of social value which supports the Council's Corporate Plan priorities and adds value to Reading residents. To provide a framework for commissioners and contract managers across the Council setting out how to derive social value from procurement and contract management activity, as well as provide clarity for suppliers on how it will be measured, together with key areas of interest, it is proposed that the Council adopts a Social Value Policy. The draft proposed for adoption is attached at Appendix 2.
- 1.2 The draft Policy is not intended to define priorities for social value in absolute terms as it needs to be relevant and proportionate to the contract being let. However, it is expected that social value sought will be in line with Council's corporate priorities and Corporate Plan. Additionally, in response to Covid, support for skills, employment and digital inclusion are included as a theme.
- 1.3 The Council recently adopted the 'Powered by People' economic recovery strategy prepared by Reading UK (Policy Committee 28 September 2020, minute 46 refers). The adoption of the Social Value Policy will help ensure that the Council's procurement and commissioning activity supports delivery of the priorities set out in the strategy, particularly in relation to ensuring that the recovery is inclusive, addresses pre-existing inequalities, and supports the ambition to become a net zero carbon council and borough by 2030.
- 1.4 The report outlines how it is intended social value that is obtained is measured and monitored to ensure that the desired outcomes are being delivered.

2. RECOMMENDED ACTION

- 2.1 That the Committee note and agree the draft Social Value Policy attached at Appendix 2 together with the proposed approach to obtaining and measuring social value, as outlined in this report.

3. BACKGROUND

- 3.1 The Council's Commissioning & Procurement Strategy 2013-16 was due to be refreshed and updated, initially as part of the V4 Services commission in 2018/19. However, the V4 Services work terminated early and, due to the capacity of the AD for Procurement & Contracts of necessity being focused on major projects (including and not limited to Leisure, market testing of services and the ICT Future Operating Model), the update of the Strategy has been significantly delayed. Over the intervening period, there has been increased focus on the ability of procurement and contract management activity to deliver social value, as it allows the Council to maximise the opportunity of local environmental, social and economic benefits both directly with suppliers, but also potentially beyond through the supply chain.
- 3.2 Since the Public Services (Social Value) Act 2012 came into force, there have been different methodologies proposed for obtaining and measuring social value. With the aim of creating a recognised standard, the National TOMs (Themes, Outcomes Measures) were officially launched at the National Social Value Conference on the 14th of November 2017. These have since been updated with more recent guidance published in November 2018, 2019 and 2020. The aim of the National TOMs Framework is to provide a minimum reporting standard for measuring social value. For organisations (private and public) just starting out on their journey to embed social value into their procurement and contract management processes, it provides an easy to use solution that is immediately available and can be applied to any project, so it is a tool which the Council can make immediate use of.
- 3.3 In developing the Council's Framework, consultation has taken place with key officer groups to inform the Council's principle areas of focus to deliver the most relevant value for Reading residents.
- 3.4 Whilst the Council doesn't currently have a Social Value Policy in place, the Council was one of the first in the country to adopt Employment and Skills Plans (ESPs) as part of the planning applications process using section 106 agreements, and through that process negotiates social value objectives and targets around local construction jobs, apprenticeships, work experience, training programmes and careers talks, curriculum linked projects in schools and visits to construction sites. While ESP's are a separate process to the commissioning, procurement and contract management process, together they represent a more comprehensive picture of how RBC is directly delivering a more inclusive economy for local people.
- 3.5 To capture the above the draft Social Value Policy is intended to provide a framework to both shape social value priorities and capture social value delivery and outcomes, not just across procurement and contract management but more widely.
- 3.6 The aim of the draft Policy and Framework is initially for it to be firmly established and proven within the Council setting. However, in the longer term, the aspiration is for the Council to discuss the potential for wider delivery and measurement of social value across partner organisations, to understand the total impact and benefit to Reading residents.

4. THE PROPOSAL

4.1 Current Position

As outlined in 3.1, above, the Council has no current Commissioning Strategy, equally, there is no agreed policy or guidance for officers in seeking, obtaining and measuring social value through commissioning, procurement and contract management activity. Whilst on major procurements, social value is being sought and proposals provided by suppliers, the approach is ad hoc and there is no current reporting on the delivery and outcomes achieved from those social value commitments.

4.2 Option Proposed

To provide more rigour in terms of monitoring and reporting and to ensure alignment of social value requests with the Council's corporate priorities it is recommended that the draft Social Value Policy based around the national TOMs (Themes, Outcomes and Measures) as attached at Appendix 2 is approved. It is also recommended that to provide a more holistic picture and capture social value derived from other means, including the current Employment & Skills Plans obtained via s106 agreements that coordinated reporting is introduced.

In order to measure and understand the delivery against some social value objectives, there needs to be a recognition that baseline data will need to be established in order to monitor new social value impact. Once this is better understood, it will be possible to shape social value requests in a way that can be more impactful for residents and form a base on which the Council can also engage with partners on creating and obtaining social value that benefits the borough.

4.3 Next Steps and Timelines

Once the Social Value Policy and approach is approved, it's purpose, summary content and application will be communicated to RBC officers through presentation at Directorate Management Team meetings and/or Senior Leadership Group. This will be further supported by communications with contract officers in service areas, both electronically and via a 'launch' virtual event. Understanding of applying social value to procurement and contracts will be further supported through an applicable e-learning module. Such online training will be especially but not solely relevant for Directorate Procurement Champions to ensure that consideration of the social value that can be delivered through a procurement is incorporated into the service requirements appropriately.

In addition to the above, as contracts are (re-)procured, the Procurement and Contracts team will support inclusion of the Policy in the procurement planning. As and where appropriate, the Procurement and Contracts team will flag relevant key procurements to stakeholders and Boards, e.g. the Corporate Climate Programme Board, for wider agreement of social value to be sought from the procurement to best achieve aims.

The Procurement and Contracts team, in conjunction with service procurement leads will develop a central register of the social value commitments obtained through contract re-procurements which service area contract managers will be required to report performance against on a quarterly basis, facilitating an annual report to Policy Committee. The timing of the report will be in alignment with other reporting on carbon commitments (given alignment of some of the measures recorded), the first report expected to be in Autumn 2021.

Also once the Policy is approved, the intention is to consult with partners such as Reading Connect and Reading UK CIC to explore how best to link up social value offered in tenders to delivery in Reading via appropriate support, signposting, key contacts, etc., thereby further supporting embedding of social value delivery.

The principles and measures included in the strategy will be kept under review as this is a fast-moving policy area and new resources to support local authorities in this area constantly being developed which may improve the effectiveness of the policy, particularly in areas such as procurement to support net zero carbon objectives.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 All elements within this report are focused on the Corporate Plan priority: Ensuring the Council is fit for the future. The Social Value Policy element of the report also seeks to, where possible, deliver against objectives for Keeping Reading's Environment Clean, Green and Safe and Securing the Economic Success of Reading.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25 and the new RBC corporate Carbon Plan 2020-25 was adopted in November 2020.
- 6.2 As outlined in Appendix 1, the National TOMs framework includes social value measures and commitments related to carbon reduction and improved environment. The Policy and proposed approach is intended to actively support the Council's ability to respond to the Climate Emergency and achieve a carbon neutral Reading by 2030, as well as meeting other environmental policy commitments.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 No community engagement has been carried out in the creation of or as a result of this report.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EIA) is not relevant to the report or its recommendations. Any Equalities considerations that require addressing as part of any procurement or contract will be completed for each procurement or contract as required.

9. LEGAL IMPLICATIONS

- 9.1 The Public Services (Social Value) Act 2012 introduced an obligation on public authorities to have regard to economic, social and environmental well-being in connection with public services contracts (i.e. contracts for services above the EU threshold limits). To discharge this duty, the authority must consider:
- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and
 - b) how, in conducting the process of procurement, it might act with a view to securing that improvement.
- 9.2 The authority must consider under subsection (b), above, only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances.
- 9.3 Whilst not an obligation for public authorities to consider social value for other contracts, such as capital works, there is equally no prohibition for authorities in including this for such contracts, provided the process used to procure is fair, equitable and transparent (i.e. in line with the EU Treaty Principles) and the principle of proportionality and relevance is applied. In fact, one objective of the Public Contract Regulations (2015) is to enable procurement to be used more strategically, offering new opportunities for social value to be considered throughout the procurement procedure.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report. However, successful implementation will improve the Council's delivery of value for money to Reading residents.
- 10.2 Any assessment of social value offers from suppliers will be considered as part of the quality criteria of a procurement, it is not intended that the 'financial value' of any

offer is evaluated. As social value should be relevant and proportionate to the contract, proposals should not impact overall contract costs.

11. BACKGROUND PAPERS

11.1 None

APPENDIX 1: NATIONAL TOMS (THEMES, OUTCOMES, MEASURES) OVERVIEW

- 1.1 The National TOMs were officially launched at the National Social Value Conference on the 14th of November 2017. Guidance has since been published in November 2018, updated in 2019 and now, even further expanded in 2020.
- 1.2 The aim of the National TOMs Framework is to provide a minimum reporting standard for measuring social value. For those organisations (private and public) just starting out on their journey to embed social value into their procurement and management processes, it provides an easy to use solution that is immediately available and may be applied to any project, so it is a tool which the Council can make immediate use of.
- 1.3 The principal benefits of a minimum and consistent reporting standard for social value are that it:
 - Provides a consistent approach to measuring and reporting social value
 - Allows for continuous improvement
 - Provides a robust, transparent and defensible solution for assessing and awarding tenders
 - Allows organisations to compare their own performance by sector and industry benchmarks and understand what good looks like
 - Reduces the uncertainty surrounding social value measurement for businesses, allowing them to make informed decisions based on robust quantitative assessments and hence embed social value into their corporate strategies
- 1.4 The National TOMs Framework has been designed around 5 principal issues, 20 Core Outcomes and 48 Core Measures:
 - **Themes** - The overarching strategic themes that an organisation is looking to pursue
 - **Outcomes** - The objectives or goals that an organisation is looking to achieve that will contribute to the Theme.
 - **Measures** - The measures that can be used to assess whether these Outcomes have been achieved. For the National TOMs Framework, these are action based and represent activities that a supplier could complete to support a particular desired outcome.
- 1.5 The 5 Themes are as follows:
 - **Jobs: Promote Local Skills and Employment:** To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment.
 - **Growth: Supporting Growth of Responsible Regional Business:** To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chains.
 - **Social: Healthier, Safer and more Resilient Communities:** To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens.
 - **Environment: Decarbonising and Safeguarding our World:** To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet.

- ***Innovation: Promoting Social Innovation:*** To promote new ideas and find innovative solutions to old problems.

1.6 The National TOMs Framework has been designed to help organisations in four principal business activities, as listed below. They are not exclusive to public sector organisations and may be used by public, private or third sector providers, so the Council has an ability to introduce TOMs across the supply chain.

- Measurement and Valuation.
- Procurement and Bid Management.
- Bid Submissions.
- Contract Management.

1.7 The National TOMs Framework is not a static tool and has to evolve to reflect changing needs and pressures in society. They will therefore be updated on an annual basis. Work on the National TOMs 2021 will start immediately following release of the 2020 edition, ready for consultation and subsequent publication in 2021. Any organisation can make representations for additional Outcomes and Measures to be included and these will be debated and analysed by a newly formed research advisory board before final approval by the Social Value Taskforce.