

Appendix 2

Social Value Policy

December 2020

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1. Introduction and Context

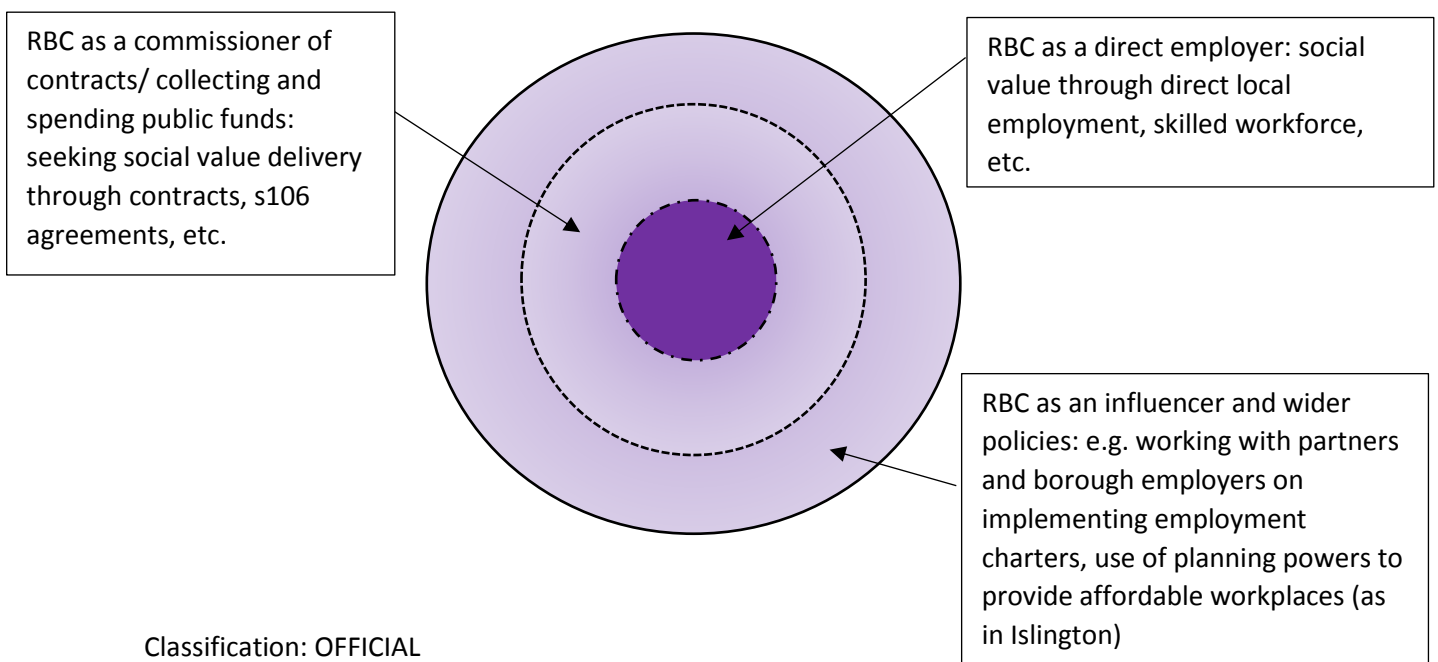
The Public Services (Social Value) Act 2012 came into force in January 2013. The Act introduced an obligation on public authorities to have regard to economic, social and environmental well-being in connection with public services contracts (i.e. contracts for services above the EU threshold limits). 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.

The Council 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.

Whilst there is not an obligation for public authorities to consider social value in other procurements, such as capital works, there is equally no prohibition, 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 process.

Reading Borough Council's aim in adopting this policy is to go beyond the Act requirements and seek to drive social value in all aspects of its procurement and contracting activity where it is practical to do so, thereby supporting a more inclusive local economy (especially but not exclusively post Covid-19) and addressing the Climate Emergency. For delivery of social value on a wider basis, including procurement and contracts, the LGA report "Creating more inclusive local economies post COVID-19" (<https://www.local.gov.uk/inclusive-economies>) outlines ways in which councils can enable wider positive influence for residents and organisations, including local businesses, broadly summarised as below.



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Due to the wide range of services provided by the Council there is no 'one size fits all' model that can be used to calculate or recommend any social value sought through Council activity, e.g. x apprentices for y contract spend/ size of activity. This is especially the case for procurement and contracts where, as outlined above, any social value sought and obtained should be relevant and proportionate to the contract being tendered.

To both inform social value commitments sought through procurements and provide a consistent reporting standard for measuring social value delivered, the Council is proposing to use the National TOMs (Themes, Outcomes, Measures) framework. For both private and public organisations seeking 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.

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.

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.

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The National TOMs Framework has been designed to help organisations in four principal areas of activity:

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

These are not exclusive to public sector organisations and may be used by public, private or third sector providers. As such, the Council is seeking to embed the use of the framework internally initially and then promote the approach across the wider business community (as and where an equivalent is not already in use) to affect a wider borough impact.

2. Myths about Social Value

It is worth noting that there are a number of commonly held myths about social value, especially relating to commissioning and procurement, which are untrue. For example, many assume that taking a social value approach to commissioning will cost more. Actually 52% of local authorities and housing associations say social value in fact delivers cost savings.

Report from Social Enterprise UK, Wates Living Space, PwC, the Chartered Institute of Housing, and Orbit Group launched at Chartered Institute of Housing Conference, Manchester, 2018 states that:

- 71% say delivering social value has led to better service delivery.
- 52% say it has resulted in cost savings.
- 82% report that it has led to an improved image of their organisation.
- 78% say it has led to better community relations.
- Additional benefits for communities include improved wellbeing and quality of life for tenants and residents; keeping spend in local economies; reductions in crime.
- Additional benefits for housing associations and local authorities include increased staff motivation and supporting innovation by changing mind-sets about how services can be delivered.
- The majority (80%) of local authorities and housing associations say that employment is the number one local social value priority, followed by youth employment (54%) and training / volunteering (51%).
- More than a third (39%) say the Public Services (Social Value) Act has had a high impact.

Many believe that EU procurement regulations may be a barrier to social value in the future. Again, in most cases, the opposite is true, with the most recent procurement regulations (the Public Contract Regulations 2015) incorporating the duty to consider wider social and environmental value on authorities for contracts above the EU thresholds.

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3. Ensuring Social Value Delivery is Relevant for Reading

As stated in Section 1 above, there is no 'one size fits all' model that can be applied to calculate or recommend the social value that should be sought across all Council activity, e.g. x apprentices for y contract spend/ size of activity. This is especially the case for procurement and contracts where, as outlined above, any social value sought and obtained should be relevant and proportionate to the contract being tendered.

Given this, the intention of this Policy is not to specifically identify the areas of social value that must be sought for all contracts. Instead the intention is to use the National TOMs framework to shape social value considerations within the Council's procurement and contract activity, specifically where the TOMs measures link to overall Council aims and priorities both in the Corporate Plan as well as overarching themes that have been outlined in response to the Covid-19 crisis.

Notwithstanding the above, initial key areas of focus for seeking social value delivery are:

- Initiatives that support local skills and employment, including (but not limited to) schemes and programmes that provide apprenticeships and training, support care leavers and those Not in Education, Employment or Training (NEETs), for example:
 - NT2: Percentage of local employees (FTE) on contract;
 - RE3: Employer's fairs held to encourage local employment in the area;
 - NT4/ NT4a: No. of employees (FTE) hired on the contract who are Not in Employment, Education, or Training (NEETs)/ aged 16-25 care leavers as a result of a recruitment programme;
 - NT8: No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time);
 - NT13: Meaningful work placements (paid);
- Initiatives that support the borough response to the Climate Emergency, for example:
 - NT31: Savings in CO2 emissions on contract achieved through de-carbonisation;
 - NT44: Policy and programme to achieve net zero carbon by 2030 including monitoring plan with specific milestones. This should not include offsetting (unless in line with stringent criteria);
 - NT46: Corporate travel schemes available to employees on the contract (subsidised public transport, subsidised cycling schemes and storage, sustainable corporate transport such as electric bus from public station to corporate facilities);
 - NT65: Percentage of fleet or construction vehicles on the contract that is at Least Euro 6 or LEV;
 - NT53: Innovative measures to safeguard the environment and respond to the climate emergency to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.;
- Initiatives that support digital inclusion (access to equipment, connectivity and building skills and confidence).

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Through data analysis both within the Council and with partners, for example through the Social Inclusion Group and Reading Climate Change Partnership, the Council will continue to assess where the delivery of social value will have the most beneficial impact for the borough. This combined with measurement of the overall social value delivery (set out below) and assessment of impact over the medium-term will be used to help determine any substantive changes to the above stated key objectives.

The TOMs tool itself is not a static tool and is updated on an annual basis to reflect changing needs and pressures in society. 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 research advisory board before final approval by the Social Value Taskforce – in other words, if the Council spot a gap, we can suggest model improvements, which will assist in ensuring that the model remains relevant, when aligned with corporate priorities, for Reading residents and businesses.

4. Implementing Social Value Policy

Roles and Responsibilities

The responsibilities for securing and ensuring delivery of social value align with the Council's overall model for procurement and contracts: the Council's Procurement and Contracts Team will provide strategic guidance and support on seeking social value through procurements (including the review and update of the Council's Contract Procedure Rules to refer to the Policy as appropriate) whilst Commissioners and Contract Managers across the Council will ensure that suppliers are made aware of social value requirements within contracts and track delivering against the social value commitments through regular performance reporting with suppliers made once the contract has been awarded. Commissioners and Contract managers will also be responsible for updating the Corporate Social Value Register.

To facilitate this, the initial communication and implementation of the Policy will include establishment of key contacts and resources that can support services and suppliers in their delivery against social value commitments made, for example, providing contacts within Reading UK CIC who can help facilitate delivery of recruitment initiatives and skills commitments.

Also, in line with the Councils "Hub and Spoke" model for procurement and contracts, it is intended that the Council's Procurement and Contracts Team will provide internal and/or facilitate external training on key skills to support a more self-service delivery of procurement projects and improved contract management by services. This will incorporate the ability to obtain and ensure delivery of social value as a key component, in turn supporting the implementation and embedding of this Policy.

Measurement and Monitoring of Social Value Delivery

As outlined in this Policy, the intention of the use of the TOMs framework is to provide a series of standard measures which can be incorporated in contracts across the Council and form part of the key performance indicators for a contract. To capture the overall delivery of social value across the

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Council, the Procurement and Contracts team will utilise the relevant corporate performance reporting tool to allow direct input by Contract Managers in service areas to be collated and reported on for both senior management and to produce an annual report to members. Given the current close links between social value and carbon reduction as part of the response to the Climate Emergency, the proposal is to align annual reporting with greenhouse gas reporting in the autumn, the first report to be delivered in autumn 2021.

In order to truly understand the delivery against social value objectives, there needs to be a recognition that baseline data will need to be established in order to monitor 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.

Delivery and Reporting of Social Value Outside Procurement and Contracts

The Council was one of the first in the country to adopt Education and Skills Plans (ESP's) as part of planning applications process using section 106 agreements. It is worth noting the Council's work on ESP's as it is a direct responsibility of the Council, delivered, managed and monitored by READING UK and more recently New Directions. By its nature, the Council is through the ESP process negotiating social value objectives and meeting the targets highlighted in this Policy, especially local construction jobs, apprenticeships, work experiences, 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 and procurement process, when monitored and analysed together they represent a more comprehensive picture of how the Council is directly impacting on the local economy and delivering a more inclusive economy for local people. Therefore, reports on social value delivery across the Council will include that secured through ESP's as well as commissioning and procurement.

If and as other channels of social value delivery are identified, the intent is to also include these in the annual report of social value delivery to provide a comprehensive view (clearly identifying what value has been obtained through which means).

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