
Corporate Scrutiny Committee – 18 March 2021

Report of the Acting Deputy Chief Executive

Social Value Policy for Dudley MBC – Consultation

Purpose

1. To consult with Corporate Scrutiny as the Council develops a Social Value Policy; to seek input on priority Themes and Measures and to advise the timescales for completion.

Recommendations

2. It is recommended that Members
 - Note the work to date in developing a draft Policy and how it aligns to
 - The Council Plan
 - The Borough Vision
 - The Dudley Deal
 - Provide feedback, advice and suggestions on the priority Themes and Measures included in the Policy – specifically section 3 of appendix 1.
 - Note that the findings of the scrutiny working group on procurement have been fed into the development of the policy.
 - Note timescales and process for finalising the policy.

Background

3. Following the Scrutiny Working Group on procurement in Dudley Council in 2019/20 a consultant was appointed to undertake a “State of the Nation” review. The report led to a Procurement Improvement Programme (PIP) which is providing a fundamental modernisation of procurement across the Council. A key element of the PIP is to establish a Social Value (SV) Policy for the Council. Dudley MBC does not currently have a Policy unlike the other Mets within the West Midlands Combined Authority (WMCA) and most other unitary Councils.

4. A team comprising subject matter experts from across the Council is developing the themes, key priorities and measures and a comprehensive consultation process is underway. An important part of this consultation is to consult councillors from across the political spectrum to ensure their views are included and the Policy itself has longevity.
5. Extensive research and benchmarking has taken place which includes reference to the following sources
 - SV Policies from the WMCA and other local Councils.
 - Other Councils that are recognised as “leading lights” in the application of SV such as Manchester and Preston, where the Community Wealth Building model has been adopted.
 - The National Procurement Strategy 2018, which has one of its core themes “Enhancing Community benefits”
 - The recommendations of the scrutiny report in 2019 have been reviewed. This report focussed primarily on enhancing opportunities for local supplier with Council contracts. This is a key priority within the Policy (appendix 1 section 3) and the Policy has gone considerably further to identify environmental and community/social benefits that should be deliverable through this SV policy.
6. A detailed implementation plan and a Guidance document will be developed alongside the Policy. This will include:
 - Detailed advice for staff on applying and measuring SV.
 - Training and communication materials and templates.
 - Approach to supplier enablement including capacity building workshops for suppliers.

What is Social Value and why it's important?

7. SV is the delivery of wider financial and non-financial benefits achieved by delivering Council contracts through **Economic, Environmental and Social** benefits that improve the wellbeing of individuals, communities and organisations. The SV Act 2012 requires all public-sector bodies to “have regard to” these benefits through public services contracts. Dudley Council spends c. £300m pa. which we can focus on our priority needs through SV commitments in contracts and channelling suppliers’ Social Responsibility budgets.
8. Benefits come as either **tangible or intangible** and the nationally recognised Themes, Outcomes and Measures (TOMs) contain proxy benefits with validated financial values.
 - **Economic** benefits include:
 - Focus job creation: locally and for the most needy
 - Ensuring we advertise all opportunities locally to SMEs – at present this is inconsistent
 - Pay staff fair and sustainable wages – esp. in low skilled jobs
 - Pay their suppliers promptly to ensure cash flow



- We become small-business friendly, so our processes and contracts are inclusive to trade with local SME's
- **Environmental** benefits include:
 - Address carbon reduction and emissions
 - Improve energy performance using renewable energy
 - Improve local green spaces
- **Social** benefits include:
 - Support communities recovering from the Covid pandemic
 - Improving skills and access to digital technology
 - Target reduction in inequalities such as health and inclusion
 - More people with better jobs are better able to provide for their families

9. Social Value myths

SV is often misunderstood and a number of statements to “bust” a series of myths are in Appendix 2.

10. The Policy

The policy is still draft until the consultation process is complete and is attached as Appendix 1. An accompanying summary is attached as Appendix 3 and highlights key features and will be fully populated following consultation. The key themes are

- Supporting stronger and safer communities
- Creating a cleaner and greener place
- Growing the economy and creating jobs

Under each theme are a series of priorities – 6 at present. The purpose of this consultation is to identify the key priorities so the Council can focus primarily on a total of 6 to 10 themes rather than 18. This will ensure a significantly greater focus and therefore impact where required.

Measures and Targets for each of the priority themes are currently being developed based upon the National Themes, Outcomes and Measures (TOMs).

The Policy itself will be applied in a tiered way so that contracts of greater value will be expected to deliver substantially more social, economic or environmental benefits.

The application of “Local” in terms of employment and buying locally will depend upon specific principles. Local will be defined as:

- Local Level One – Boundary of 4 Black Country Councils
- Local Level Two – Wider West Midlands Regions (Mets, Unitary and Counties)



11. Consultation

The purpose of the consultation is to seek wider community and business views on SV priorities in order to meet local needs; and to identify support that potential and current suppliers require in applying SV.

Members across both parties have been provided an opportunity to comment on the Policy along with FAFE (Forging a Future Executive) which includes the Chamber of Commerce, DVCS and our public sector partners.

12. Timescales, Approvals and Implementation

The main consultation ran from 3rd March 2021 to 17th March 2021. The Corporate Scrutiny Committee provides a final opportunity to contribute.

The Policy will be finalised by end March/early April for approval by the Strategic Executive Board. In the absence of Cabinet in April, the Policy will be considered by the Portfolio Holder for approval via Decision Sheet process in April.

Implementation will commence once these approvals are complete.

Finance

13. The 2021/22 budget includes £170k targeted at improving the Procurement function within the Council, which includes establishing a Social Value Policy.

Law

14. There are no legal comments that need stipulating so long as the Policy and its application are compliant with the Public Contract Regulations 2015.

Equality Impact

15. One of the intentions of having a Social Value Policy is to address inequalities through targeted interventions by suppliers and priority iii under the theme of "Growing the economy and create jobs" specifically addresses this.
16. This report is part of the bigger project of the improvements to procurement in Dudley and the equality impact assessment is produced at that level and includes this work stream.

Human Resources/Organisational Development

17. This is a new Council Policy and its application will affect every employee involved in the procurement process to understand how social value will operate. Whilst managing their procurements, line managers will need to identify the support and resources required for their teams on how social value will operate in practice. With assistance from the Procurement team development training will be accessed via e learning, team meeting sessions and face to face support.

Commercial/Procurement

18. There is not anticipated to be any adverse impact to the Council regarding trade and a likely positive impact on our customer base by seeing the Council adopt a Social Value Policy.

The Social Act 2012 requires public bodies to “have regard to” Social Value in its procurements and this Policy will provide the framework to do so.
The Policy is consistent with the Public Contract Regulations 2015.
The next time Contract Standing Orders are reviewed they can be amended to reflect the Policy.

Health, Wellbeing and Safety

19. A Social value policy will create additional capacity and resource for use in the community to address health inequalities. This may be in the form of employing local people through to supporting community groups. The committed social value contribution from organisations can contribute to strategic plans such as mitigating poverty in the Borough, increasing community involvement and engagement and helping towards Covid recovery.

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Appendices

1. Draft Social Value Policy v 0.9
2. Dispelling Social Value Myths
3. Draft Social Value 2021+ Plan

List of Background Documents

None

Dudley Council

Social Value Policy

1. Introduction

Dudley Council's expenditure of approx. £300m per annum on goods, services and works has the capacity to enable the application of substantial social value outcomes and benefits. These will improve the quality of life and life chances of Dudley's residents and enhance the economy and environment of the local area.

The Public Services (Social Value) Act 2012 states:

"If a relevant authority proposes to procure or make arrangements for procuring the provision of services, ... goods or the carrying out of works...the authority must consider how what is proposed to be procured might improve the **economic, social and environmental well-being** of the relevant area and, in conducting the process of procurement, how it might act with a view to securing that improvement." It must also "consider whether to undertake any consultations as to matters to be considered" under that process.

Social value requires thinking about how to achieve outcomes in a more integrated way at the pre-procurement stage. Rather than thinking about services in isolation or in the short term, this approach requires consideration of long-term costs, sustainability and how inclusion of additional social value outcomes can potentially reduce pressures in other areas and provide capacity and funding for improved community benefits.

To implement this policy we seek measurable, verifiable **social value outcomes** that:

- (i) are relevant to what is proposed to be procured and proportionate to the contract
- (ii) can legitimately be included in contract / grant specifications and grant value
- (iii) contribute to achieving the Council's priorities

Dudley Council is setting out its commitment to Social Value through this policy. Our aim is to deliver additional value through procurement activity to benefit the residents, economy and environment of the Borough. The Council is also committed to working with other public bodies in the borough so that through a collaborative approach the benefits to Dudley will multiply.

This policy sets challenging standards. It drives for additional value along with culture change within the Council and has relevance to all employees and Members of the Council. As key partners in our objective to deliver additional value through our external spend there is a significant additional and positive impact that our Supply Chain can provide.

Definition of Social Value

The additional benefits and outcomes to the community from commissioning and procurement processes over and above the delivery of goods, services and works

2. Policy Context

Our ambition and Social Value objectives are fully aligned with Dudley's key aims and values:

1. Supporting stronger and safer communities

We are committed to strengthening communities and empowering people to be self-reliant and independent and we take pride in working with our residents to deliver our services around their needs. We will therefore promote the use of the voluntary and social enterprise sector within our supply chain and help build local knowledge and resilience.

2. Creating a cleaner and greener place

From our roads and towns to our parks and nature reserves, our environment is our most valuable asset, providing the landscape in which our residents live. We will work hard with local businesses and communities to ensure the places where people live are cleaner and greener and we will continue to promote sustainable procurement that protects the long-term future of our planet for our children.

3. Growing the economy and creating jobs

Through an extensive package of regeneration and housing projects, we are making it clear that it is Dudley's time to build, connect and grow. We will ensure that our communities develop new skills and gain meaningful employment. We will also encourage employers in the region to invest in new jobs and skills open for everyone.

We are therefore committed to ensuring local businesses are provided with the skills to compete and are also offered the opportunity to work within our supply chain.



The strong link between the Council plan, the Borough vision and Social Value are reflected in Dudley's matrix of Themes, Outcomes and Measures (TOMs).

The Council Plan <https://www.dudley.gov.uk/council-community/plan/plans-policies-strategies/council-plan/>

The Borough Vision <https://www.dudley.gov.uk/council-community/plan/plans-policies-strategies/council-plan/>

The Dudley Deal <https://www.dudley.gov.uk/council-community/your-council/the-dudley-deal>

3. Priority Themes and Measures

Key Themes in the delivery of Social Value that reflect the Council Plan and Vision are:

Supporting stronger and safer communities

- i. Suppliers pay staff fair and sustainable rates of pay.
- ii. Support the safeguarding and welfare of children, young people and vulnerable adults.
- iii. Provide opportunities for all, including the most vulnerable, to make a valuable contribution. (Includes initiatives to tackle homelessness, reduce crime and supporting temporary housing schemes.)
- iv. Support local people to maximise their knowledge and skills and access employment opportunities improving skills and access to digital technology.
- v. Improve the health and wellbeing of local residents and employees considering equality and diversity in the provision and operation of services. (Includes a workforce that is representative of the communities we serve, where relevant and proportionate.)
- vi. Address deprivation and provide life changes

Creating a cleaner and greener place

- i. Commitment to addressing the climate emergency
- ii. Reduce carbon intensive activity
- iii. Improved energy performance incorporating renewable energy

- iv. Efficient use of resource and waste reduction through environmental management
- v. Support improvements to air quality through sustainable travel and transport solutions and reducing emissions to air from other sources
- vi. Implement local projects and initiatives that retain, protect and enhance the natural environment

Growing the economy and create jobs

- i. Create jobs for local people
- ii. Support for individuals made redundant as a result of the Covid pandemic
- iii. Provide support for young people to access apprenticeships, training opportunities and work experience – prioritising:
 - o Care leavers
 - o Long term unemployed
 - o Those with disabilities
 - o Black, Asian and Minority Ethnic (BAME) groups and
 - o Those Not in Education, Employment or Training (NEETS)
- iv. Advertising subcontracting opportunities to a diverse local supply chain including Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)
- v. Prompt payment through the supply chain (in line with terms of primary contract) to ensure cash flow and support for SME’s
- vi. Promote the support and training opportunities made available through DRA (Dudley Regeneration Academy)

Measures to reflect the Key Themes

Details of the Outcomes and Measures to reflect the key Themes will be included in appendix 1. These are selected from the measures in the TOMs to make easier.

4. Application of Social Value

Due to the wide range of services provided by the Council there is no ‘one size fits all’ approach and, as such, this Policy and its associated guidance should be considered alongside advice from Procurement, Legal, and other relevant teams to ensure specific service or departmental needs are fully considered.

Thresholds.

As more Social Value can be delivered from higher value contracts a tiered approach to optimise benefits shall be adopted using the following guidance, based on contract value:

	Tier 1 Policy applied where possible	Tier 2 Light touch application tailored by nature of contract or grant	Tier 3 Fully apply Social Value with a full action plan
Contracts for Services and Grant	<£200k	£200k to £1m	Over £1m

Contracts for supply of Goods	< £1m	£1m to £2.5m	Over £2.5m
Contracts for Works	< £1m	£1m to Works threshold	Above the Works threshold

In the case of a mixed contract e.g. a contract for the supply of goods and services, the type of contract that characterises the main subject matter of the contract in question will apply.

When Dudley use a framework from another contracting authority then social value should be optimised to the extent permitted by the framework guidance.

Definition of "Local"

The application of Local Employment and Buying Locally will depend upon the specific principle and can be considered as:

- Local Level One – Boundary of 4 Black Country Councils
- Local Level Two – Wider West Midlands Regions (Mets, Unitary and Counties)

5. Monitoring and Evaluation of Social Value

Bidders will respond to the Social Value outcomes in the Council's commissioning and procurement activities and describe how they can improve the economic, social and environmental well-being in Dudley.

It is insufficient to merely consider Social Value. Delivery of benefits through Social Value embedded into contracts will be a requirement. Non-delivery will be by exception requiring formal approved by the Procurement Management Group.

Non-Delivery of Social Value

As the Social Value can carry a weight of up to 20% in the evaluation process it can become a significant element of the total. Successful contractors will be required as part of their contract to fully deliver their Social Value commitments and non-delivery can be considered a breach of contract.

6. Review and Additional Information

DMBC will periodically review its Social Value Policy in consultation with key stakeholders to consider any changes in priorities, for example arising from the Covid-19 pandemic, changes in legislation arising from Brexit or changes to the Social Value Act 2012.

A comprehensive guidance pack for the application of Social Value accompanies this Policy and is updated from time to time.

Appendix 2 – Dispelling Social Value Myths

Social Value myths

SV is often misunderstood and a number of statements to “bust” a series of myths are in Appendix 2.

the following aims to dispel several myths.

➤ *“Social Value adds to suppliers’ costs”?*

False

- Suppliers deliver SV through the course of their contract – integrating SV delivery of benefits to their day to day processes
- Taking a holistic view of needs and social value commitments we avoid added costs

➤ *“If I want 50 trees planting, I can just order that”*

False

- Social value should be relevant to the services being provided and proportionate to scale of the contract

➤ *“SV goes to those that shout loudest – not the most needy”*

Avoidable

- Working with Public Health and Communities we will develop a means of “brokering” supplier capacity with community need

➤ *“SV is at best tokenistic”*

Improvable

- Maybe at present. We will make it a contractual requirement and measure suppliers SV alongside other performance measures

➤ *“Nobody really understands SV or how to deliver, measure and manage”*

Changeable

- Alongside the policy we are developing detailed implementation guidance for our suppliers and officers. There is lots of excellent practice across the country
- We will develop SV “champions” internally to lead on different themes