

**TITLE OF REPORT:** A new approach to social value

**REPORT OF:** Mike Barker, Strategic Director, Corporate Services and Governance

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## SUMMARY

This report provides Members with an opportunity to input into the new approach to Social Value that is being developed.

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### Background

- 1.0 The Public Services (Social Value) Act 2012 requires all Contracting Authorities to consider social value criteria for inclusion in their commissioning and procurement activities and specifically in respect of contracts above the Public Contracts Regulations threshold. Contracting Authorities should consider not only how to improve the economic, social and environmental well-being of the area served by them but also how to secure that improvement and measure it during the life of their contracts.
- 1.1 The inclusion of social value clauses and criteria within procurement activity undertaken by Gateshead is not new, and many previous arrangements have included requirements for organisations to evidence social value, or to build social or community benefits into forthcoming contracts. Examples include the procurement activity for the Housing Joint Venture (the securing of apprenticeships, community facilities and sustainable housing), South of the Tyne and Wear Waste Partnership (the securing of new jobs, an environmentally beneficial technology and savings for the participating authorities), the Domiciliary Care Contract (where travel minimisation and accessibility, improved employee retention, and training were built into the procurement process), and many more.

### Proposals for consideration

- 2.0 The Procurement Team, along with the other North East Local Authorities and NEPO have been focusing on the further development of Social Value criteria that can be measured. Working alongside a social enterprise, the Social Value Portal, a national toolkit has been developed to translate social value measures into a monetary value, and therefore enable comparisons to be made across a range of social value criteria. This toolkit has been extensively adopted in various ways by authorities across the Country.
- 2.1 Whilst the measures have been devised nationally, the Social Value Portal agreed to provide local, Gateshead specific metrics to use in our social value evaluations. The ongoing maintenance of the metrics is under consideration as

the Social Value Portal have advised that updating the metrics will be chargeable, and the fee associated with updating the metrics is not insignificant, therefore, working with NEPO we are considering alternative options regarding the maintenance of local metrics.

- 2.2 A team of subject experts from across the Council came together to form a Social Value Delivery Group and they considered the 150+ measures from the toolkit, streamlined and prioritised them against the themes in the draft Corporate Commissioning and Procurement Strategy 2021/22 – 2026/7, which should also represent Council priorities, to create the Gateshead Social Value Toolkit.
- 2.3 The toolkit is structured in line with the draft Corporate Commissioning and Procurement Strategy and set out as a balanced score card to illustrate that all aspects of social value must be given equal consideration, but not necessarily equal weighting:
  - Tackling inequality, supporting local communities, and putting people at the heart of everything we do
  - Investing in our local economy
  - Working together for a better and greener future
  - Delivering value for money and ensuring a sustainable council
- 2.4 It is proposed that all procurements exceeding £100k will implement the new Gateshead Social Value Toolkit with a default evaluation weighting of 20% (the remaining 80% being divided between price and quality), thus helping to implement the new strategy. The exact evaluation weighting for each tender process will be considered individually, but any deviations from the 20% weighting on social value shall require approval from Service Director, Corporate Commissioning and Procurement.
- 2.5 A new approach to social value, based on similar principles but less onerous will be developed and implemented for procurements under £100k in value.
- 2.6 The use of existing procurement frameworks including NEPO, SCAPE and CCS frameworks are likely to prohibit the use of the Gateshead toolkit, as new criteria cannot be incorporated into existing frameworks. The contracting organisations letting the frameworks have usually implemented an approach to social value, and the Council will continue to influence them accordingly.

## **Consultation**

- 3.0 Subject to agreement by the Corporate Resources OSC, and prior to a final version being considered by Cabinet, the Social Value Toolkit will be subject to consultation with a wide range of stakeholders including Connected Voice, Federation of Small Businesses, CLES, Construction Alliance North East, etc
- 3.1 Following Cabinet approval of the final version, a comprehensive training programme will be developed to engage both officers within the Council who commission or procure goods, works or services; and suppliers who are likely to tender to the Council.

## **Recommendations**

4.0 It is recommended that the Corporate Resources Overview and Scrutiny Committee receive the presentation and:

- 4.1 Provide any feedback on the proposals to the Service Director, Corporate Commissioning and Procurement prior to this approach being considered by Cabinet;
- 4.2 Agree that all procurements exceeding £100k should incorporate the Gateshead Social Value Toolkit with a default weighting of 20%, unless otherwise approved by the Service Director, Corporate Commissioning and Procurement.
- 4.3 Agree to the wider consultation of the approach as set out in 3.0

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