

**TITLE OF REPORT: Corporate Commissioning and Procurement Strategy 2021/22 – 2026/27****REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance**

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**Purpose of the Report**

1. Cabinet is asked to consider and approve a new Corporate Commissioning and Procurement Strategy 2021/22 – 26/27 and the implementation of a new approach to achieving Social Value in procurement activity.

**Background**

2. The Council agreed to implement a 5 year Corporate Commissioning and Procurement Strategy at its meeting on 2<sup>nd</sup> February 2017. Since then, the Thrive agenda together with a range of specific strategies have been developed, and as the current Corporate Commissioning and Procurement Strategy expires, it is time to refresh it and ensure that the Council's spend continues to be aligned to Council priorities.
3. The revised strategy (attached as Appendix 2) is built on 4 key themes which reflect Thrive, and the Health and Wellbeing Strategy, the Economic Development Strategy and the Climate Emergency Strategy. Reducing external expenditure and maximising the value of the Gateshead £ through Community Wealth Building are also key features running through the strategy. The themes include:
  - **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**
4. A comprehensive action plan is being developed to implement the Strategy and ensure it is embedded in all activity.
5. Alongside the development of the Strategy, a new approach to Social Value has been developed to facilitate the implementation of the new strategy. Based on a streamlined and prioritised version of a national social value toolkit developed by a social enterprise, Social Value Portal, and commonly known as TOMS (which stands for themes, outcomes and measures), the Gateshead Social Value Toolkit focuses on the outcomes that are important to Gateshead . A summary of the toolkit is attached as appendix 3.

6. The measures within the Gateshead toolkit are based on Gateshead specific metrics and have been provided by the Social Value Portal, however we have been advised that any updates of the metrics will be chargeable and we are working with NEPO to consider alternative solutions.
7. It is proposed that all procurements exceeding £100k will incorporate 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 theme within the toolkit will be considered on a tender by tender basis, but any deviations from the 20% weighting on social value shall require approval from the Service Director, Corporate Commissioning and Procurement.
8. Work is ongoing to develop a simplified approach to social value, based on similar principles but less onerous for procurements under £100k in value.
9. The use of existing procurement frameworks including North East Procurement Organisation (NEPO), SCAPE and Crown Commercial Service frameworks are likely to prohibit the use of the Gateshead toolkit, as new criteria cannot be incorporated into existing frameworks, however the contracting organisations letting the frameworks will have already included an approach to social value.

## **Recommendations**

10. Cabinet is asked to recommend the Council to approve:
  - (i) the Corporate Commissioning and Procurement Strategy as set out in appendix 2; and
  - (ii) the implementation of the Gateshead Social Value Toolkit as summarised in appendix 3 and to the evaluation weighting of 20% being applied to all procurements of £100k in value or more, unless the Service Director, Corporate Commissioning and Procurement authorises an exception.

For the following reasons:

- (i) To ensure that the procurement of goods, works and services aligns to the Council's priorities as set out in Thrive, the Health and Wellbeing Strategy, the Economic Strategy and the Climate Emergency Strategy;
- (ii) To maximise the social value achieved from the Council's external expenditure.

### Policy Context

1. A new Corporate Commissioning and Procurement Strategy has been developed to ensure that the Council's spend is aligned to Thrive and the Council's priorities as set out in the Health and Wellbeing Strategy, The Economic Development Strategy, the Emergency Climate Strategy. It also focuses on maximising the Gateshead £ and securing value for money.

### Background

2. On 2 February 2017, the Council agreed to implement a 5 year Corporate Commissioning and Procurement Strategy. Since then, the Thrive agenda together with a range of other specific strategies have been developed, and it is time to refresh the Corporate Commissioning and Procurement Strategy, to ensure that the Council's spend continues to be aligned to Council priorities and maximising value for money.
3. The revised strategy (attached as Appendix 2) is built on 4 key themes which reflect Thrive, and align with the other key Council strategies including the Health and Wellbeing Strategy, the Economic Development Strategy and the Climate Emergency Strategy. Reducing external expenditure and maximising the value of the Gateshead £ through Community Wealth Building are also key features running through the strategy. The themes include:
  - **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**
4. A comprehensive action plan is being developed to implement the Strategy, deliver the outcomes set out within it, and ensure it is embedded in all activity.

### Proposal for a new approach to Social Value

5. The Public Services (Social Value) Act 2012 came into force on 31<sup>st</sup> January 2013. The Act was inspired by a recommendation in Social Enterprise UK's 2010 election manifesto and tabled by Chris White MP as a Private Member's Bill. In 2013 the Council implemented a flexible approach to social value based on the Council Plan that existed at that time and Vision 2030 themes.
6. At the pre-procurement stage, the Act requires contracting authorities to consider not only how to improve the economic, social, and environmental well-being of the area served by them through the procurement, but also how to undertake the process of procurement with a view to securing that improvement and measuring it during the life of the contract.

7. Alongside the development of the Corporate Commissioning and Procurement Strategy 2021/22 – 26/27, the Procurement Team, have worked with NEPO and other local authorities in the North East on the further development of social value criteria that can be measured across various social value outcomes. A social enterprise, the Social Value Portal, has developed a national toolkit to translate social value measures into a monetary value, and therefore enable comparisons to be made across a wide range of social value criteria. This toolkit has been extensively adopted in various ways by authorities across the Country and this forms the basis of the proposed Gateshead approach to social value.
8. 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 longer term maintenance of local metrics, or the development of a regional social value toolkit that will be embedded within the new procurement system that NEPO are also developing.
9. In the interim, 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 national toolkit, streamlined and prioritised them against Gateshead priorities and the themes in the Corporate Commissioning and Procurement Strategy to create the Gateshead Social Value Toolkit (summary attached as Appendix 3).
10. The actual measures will vary for each procurement and although the 150+ measures have been streamlined and prioritised, there may be occasion when additional measures are required, to reflect new priorities or feedback from suppliers during market engagement.
11. It is proposed that all procurements exceeding £100k will incorporate 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 individual measure or theme within the toolkit will be considered on a tender by tender basis to ensure that the measures are relevant and proportionate to each contract, but any deviations from the overall 20% weighting on social value, or any alternative measures shall require approval from the Service Director, Corporate Commissioning and Procurement.
12. Work is ongoing to develop a simplified approach to social value, based on similar principles but less onerous for procurements under £100k in value.
13. The use of existing procurement frameworks including NEPO, SCAPE and Crown Commercial Service 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 will have already included an approach to social value within their frameworks but this will not be based on Gateshead metrics.

## Consultation

14. Consultation has taken place with the Corporate Resources Overview and Scrutiny Committee at their meetings on 29<sup>th</sup> November 2021 and 24<sup>th</sup> January 2022. External consultation has also taken place with a number of organisations including NEPO, SCAPE, Construction Alliance North East, Connected Voice, Federation of Small Businesses, Gateshead College, Centre for Economic Strategies (CLES), all of which was positive and their comments have been considered and incorporated into the Strategy where appropriate.

## Alternative Options

15. There is no alternative option but to update and renew the Corporate Commissioning and Procurement Strategy. A number of alternatives have been considered to developing the Gateshead Social Value Toolkit including:
  - (i) Implementing the National TOMS Social Value Toolkit in its entirety, however this does not focus on Gateshead Priorities or incorporate Gateshead metrics;
  - (ii) Retaining the original, flexible approach to social value, however this will not implement the new Strategy.

## Implications of Recommended Option

16. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms the new strategy will ensure that value for money is delivered through all procurement activity. Additional Social Value will be achieved with the implementation of the Gateshead Social Value Toolkit.
  - b) **Human Resources Implications** – There are no direct human resource implications arising from this report and the new strategy and social value toolkit will help to increase employment and deliver better quality jobs and opportunities for local people.
  - c) **Property Implications** – There are no property implications arising from this report.
17. **Risk Management Implication -**  
There are no risk management implications arising from this report.
18. **Equality and Diversity Implications -**  
The new Strategy and Social Value Toolkit will ensure that procurement activity makes a positive contribution to the equality and diversity issues faced by Gateshead people.
19. **Crime and Disorder Implications –**  
There are no crime and disorder implications arising from this report.
20. **Health Implications -**  
The new Strategy and Social Value Toolkit will ensure that procurement activity makes a positive contribution to the health issues faced by Gateshead people.

21. **Climate change and Sustainability Implications -**  
The new strategy and Social Value Toolkit will ensure that procurement activity makes a positive contribution to climate change and sustainability.
22. **Human Rights Implications -**  
The new strategy and Social Value Toolkit will ensure that procurement activity makes a positive contribution to the human rights issues.
23. **Ward Implications -**  
There are no specific ward implications arising from this report.

#### **Background Information**

24. The Corporate Commissioning and Procurement Strategy 21/22-26/27 and the Social Value Toolkit.

Insert the Strategy as appendix 2

## Appendix 3

### Summary of the Gateshead Social Value Toolkit

#### Themes from the Corporate Commissioning and Procurement Strategy

<b>1. TACKLING INEQUALITY, SUPPORTING LOCAL COMMUNITIES, AND PUTTING PEOPLE AT THE HEART OF EVERYTHING WE DO</b>	<b>2. INVESTING IN OUR LOCAL ECONOMY</b>
<b>3. WORKING TOGETHER FOR A BETTER AND GREENER FUTURE</b>	<b>4. DELIVERING VALUE FOR MONEY AND ENSURING A SUSTAINABLE COUNCIL</b>

<b>TACKLING INEQUALITY, SUPPORTING LOCAL COMMUNITIES, AND PUTTING PEOPLE AT THE HEART OF EVERYTHING WE DO</b>	
<b>Between 1 and 3 measures shall be selected from 1.0 to 1.12 plus any of the optional measures 1.13 - 1.17</b>	
1.0	No. of armed forces veterans employees (FTE) hired on the contract as a result of a recruitment programme who are long term unemployed (unemployed for a year or longer) and are facing specific barriers to transitioning to civilian employment that do not qualify them as disabled (e.g. long term service)
1.1	No. of mothers returning to work (FTE) hired on the contract as a result of a recruitment programme who are long-term unemployed (unemployed for a year or longer) - (when the mother is the primary carer)
1.2	No. of employees (FTE) hired on the contract who are Not in Employment, Education, or Training (NEETs) as a result of a recruitment programme
1.3	No. of 16-25 y.o. care leavers (FTE) hired on the contract as a result of a recruitment programme
1.4	No. of disabled employees (FTE) hired on the contract as a result of a recruitment programme
1.5	No. of weeks of training opportunities on the contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+ - delivered for groups specified in 'LISTNT9a' (e.g. NEETs, under-represented gender and ethnic groups, disabled, homeless, rehabilitating young offenders)
1.6	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+ - delivered for groups specified in 'LIST NT10a' (e.g. NEETs, under-represented gender and ethnic groups, disabled, homeless, rehabilitating young offenders)
1.7	Equality, diversity and inclusion training provided both for staff and supply chain staff
1.8	Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks (e.g. befriending schemes, digital inclusion clubs)
1.9	No. of employees on the contract that have been provided access for at least 12 months to multidimensional wellbeing programmes that include flexible working time arrangements; healthy nutrition options; physical health programmes; a health risk appraisal questionnaire; access to health and wellbeing resources (e.g. a tailored health improvement web portal; wellness literature; and seminars and workshops focused on identified wellness issues)
1.10	No. of employees provided with workplace screening (e.g. questionnaire) and support (e.g. six session of cognitive behavioural therapy) for anxiety and depression
1.11	Mental Health campaigns for staff on the contract to create community of acceptance, remove stigma around mental health
1.12	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children
1.13	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)
1.14	Percentage of employees (FTE) BAME hired on the contract
1.15	Specific initiatives or recruitment programmes for women run for the contract (Y/N)
1.16	Specific initiatives or recruitment programmes for BAME run for the contract (Y/N)
1.17	Percentage of women (FTE) hired on the contract

<b>INVESTING IN OUR LOCAL ECONOMY</b>	
<b>Between 1 and 3 measures shall be selected from 2.0 to 2.7 plus any of the optional measures 2.08 to 2.26</b>	
2.0	No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter
2.1	No. of residents (FTE) from the listed sub-localities employed directly or through the supply chain as a result of your procurement requirements on the contract for one year or the whole duration of the contract, whichever is shorter (see sub-localities listed in 'LISTNT1b')
2.2	No. of local people (FTE) on contract for one year or the whole duration of the contract, whichever is shorter, employed through the supply chain as a result of your procurement requirements
2.3	Meaningful local work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships)
2.4	Number and type of initiatives to be put in place to reduce the gender pay gap for staff employed in relation to the contract (describe and document initiatives)
2.5	No. of hours of support into work provided to local unemployed people through career mentoring, including mock

	interviews, CV advice, and careers guidance -(over 24 y.o.)
2.6	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs)
2.7	Total amount (£) spent with VCSEs within your supply chain
2.8	Percentage of local employees (FTE) on contract
2.9	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation
2.10	Percentage of invoices on the contract paid within 30 days
2.11	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)
2.12	No. of weeks of training opportunities on the contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+
2.13	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+
2.14	Support a 'just transition' for workers by supporting those in 'traditional' high carbon industries to retrain
2.15	No. weeks on the contract of apprenticeships relating to the low carbon economy - opportunities either to be completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+
2.16	No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.)
2.17	No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid)
2.18	Employment taster days for those interested in working in the real estate and construction industry
2.19	Provision of expert business advice to help VCSEs and MSMEs achieve net zero carbon by 2030
2.20	Occupier satisfaction score (NPS)
2.21	No. of local direct employees (FTE) which are TUPE transfers retained on contract for one year or the whole duration of the contract, whichever is shorter (re-tendered contracts only - to be used at Measurement)
2.22	Total amount (£) spent in LOCAL supply chain through the contract
2.23	Total amount (£) spent with local Micro and Small enterprises within your supply chain through the contract
2.24	Meet the buyer' events held to highlight local supply chain opportunities
2.25	Donations or in-kind contributions to local community projects (£ & materials)
2.26	No. of hours volunteering time provided to support local community projects

<b>WORKING TOGETHER FOR A BETTER AND GREENER FUTURE</b>	
<b>Between 1 and 3 measures shall be selected from 3.0 to 3.7 plus any of the optional measures 3.08 to 3.29</b>	
3.1	Savings in CO2 emissions on contract achieved through de-carbonisation (specify how these are to be achieved)
3.2	Contribution made on the contract to own carbon offset fund (when it has been demonstrated said carbon cannot be reduced within the contract's timeframe)
3.3	Carbon savings from energy efficiency measures on site (e.g. increased use of renewables)
3.4	Embodied Carbon reductions in CO2e emissions against baseline
3.5	Car miles saved on the project as a result of a green transport programme or equivalent (e.g. cycle to work programmes, public transport or car pooling programmes, etc.)
3.6	Car miles driven using low or no emission staff vehicles included on project as a result of a green transport programme
3.7	Offsets or mitigation initiatives on biodiversity delivered whenever restoration is not available, and when implemented beyond legislative or regulatory requirements: Natural Capital Approach carbon sequestration and air quality benefits
3.8	Percentage of assets where sustainability risk has been reduced
3.9	Offset embodied carbon emissions from construction material
3.10	Carbon offset fund payments against new developments (payments into external carbon offset funds e.g. through S106)
3.11	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)
3.12	Percentage of fleet or construction vehicles on the contract that is at Least Euro 6 or LEV
3.13	Fleet emissions monitoring programme on the contract, including data collection (miles, type of vehicle, engine type, emission standard)
3.14	Carbon Certification (Carbon Trust Standard, Planet Mark or equivalent independently verified) - achieved or to achieve for current year
3.15	Carbon reductions through energy efficiency measures or renewables - building operations - (e.g. REEB benchmark or 3 year baseline)
3.16	Supply Chain Carbon Certification (Carbon Trust Standard for Supply Chain or equivalent independently verified) - achieved or to achieve for current year
3.17	Percentage of contracts with the supply chain requiring contractors to operate low or zero emission vehicles
3.18	No. of opportunities created for local MSMEs to respond to tenders for de-carbonisation work on the contract
3.19	Policy and programme to achieve net zero carbon by 2030 including monitoring plan with specific milestones (issued or to be issued by the end of 2020)
3.20	Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)
3.21	Requirements or support (for Micro or Small enterprises) for suppliers to demonstrate climate change and carbon reduction training for all staff - e.g. SDGs Academy courses (NTs) or (e.g. RE) Supply Chain Sustainability School bronze or higher or equivalent
3.22	Percentage of assets that have undergone a climate risk assessment
3.23	Plastic recycling rate on the contract (to e.g. reduce microplastics)
3.24	Single-use plastic packaging eliminated through reusable packaging solutions or schemes (e.g. Loop or equivalent) on the contract
3.25	Value of local partnerships to implement circular economy solutions
3.26	Hard to recycle waste diverted from landfill or incineration through specific recycling partnerships (e.g. Terracycle or equivalent)
3.27	Waste management verification policies: audit hierarchy, downstream audits for waste stream
3.28	WATER: Percentage of buildings meeting good practice benchmark (e.g. REEB)
3.29	M3 water saved against relevant benchmark (e.g. REEB)
3.30	WASTE: Percentage of buildings meeting good practice benchmark (e.g. REEB)

3.31	Tonnes waste diverted against relevant benchmark (e.g. REEB)
3.32	Percentage of biocomposites and equivalent materials

<b>DELIVERING VALUE FOR MONEY AND ENSURING A SUSTAINABLE COUNCIL</b>	
4.1 must be included and 4.2 is optional	
4.1	Tenderers to confirm they agree to a 1% saving to be achieved during each year of this contract, including any contract extensions. (Track achievement of saving)
4.2	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required