

CABINET

| | |
|------------------------|--|
| Date of Meeting | Tuesday, 19 th March 2019 |
| Report Subject | Social Value Strategy |
| Cabinet Member | Cabinet Member for Corporate Management and Assets |
| Report Author | Chief Officer (Social Services) |
| Type of Report | Strategic |

EXECUTIVE SUMMARY

Social value looks beyond the financial cost of a service and considers what wider additional benefits to the community can be generated. Implementing the Social Value Strategy will be a key element in delivering the Well-being of Future Generations Act and enable the Council and partners to create new resources for priority work streams.

RECOMMENDATIONS

| | |
|---|--|
| 1 | That Members review and approve the draft Social Value Strategy. |
| 2 | That Members approve the release of reserves funding to deliver the Social Value Strategy including the recruitment of a lead officer. |

REPORT DETAILS

| 1.00 | EXPLAINING THE SOCIAL VALUE STRATEGY |
|-------------|---|
| 1.01 | <p>The Community Benefits Strategy was approved in draft form at Cabinet on 24 October 2017. Since then, progress in delivering the Strategy has focused on:</p> <ul style="list-style-type: none">• identifying staff resources to start developing the approach to community benefits;• agreeing broad principles for the delivery of the Strategy and consultation with an officers group comprising procurement and commissioning officers;• gathering learning from other areas;• investigating potential toolkits to gather and report social value; and• revising the Strategy and developing the policy document to accompany it. <p>A review has been undertaken of the original document and a broader approach is proposed to generating social value from Council and partner activities.</p> |
| 1.02 | <p>The revised Strategy challenges partners, services and suppliers to consider how they can generate additional value for the communities of Flintshire and how they can measure this. This additional value may lie outside the core business of the organisation or service, for example:</p> <ul style="list-style-type: none">• front-line service delivery that includes training and support for staff to identify the wider needs of clients and refer them to other support agencies will reduce costs across the public sector through timely intervention;• greater use of local suppliers and employing local people has a greater positive impact on the economy of Flintshire, especially when offering employment opportunities to disadvantaged individuals; and• social enterprises and voluntary bodies will increase their ability to demonstrate the value of their work and improve their chances of securing funding and tendering for public sector contracts. |
| 1.03 | <p>This approach will be a key tool in helping the Council and its partners to demonstrate how the Well-being of Future Generations Act is being delivered on the ground. The process of considering how wider benefits can be realised during service design and the generation of measurable social value will provide a robust evidence base. Implementing the Strategy also provides an opportunity to build good practice across the Public Service Board partners where there is considerable interest in working together on developing social value.</p> |
| 1.04 | <p>The long-term goals in implementing the Strategy are to:</p> <ul style="list-style-type: none">• enable third sector organisations to better evidence the social value generated through their work and thereby increase their ability to secure resources and contracts; |

| | |
|------|--|
| | <ul style="list-style-type: none"> • encourage local and regional companies to strengthen their approaches to corporate social responsibility, using Council procurement as a catalyst for sustainable behaviour change; and • encourage and support public sector service managers to broaden their awareness of the impacts of their work on the community as a whole and to facilitate linkages between service areas. |
| 1.05 | The Strategy sets out priority areas for social value generation, based on those highlighted in the Flintshire Well-being Plan and Council Plan, helping to create additional resources for critical work streams. |
| 1.06 | A review has been undertaken to understand the baseline position in delivering social value through procurement which is an important catalyst for wider development. Current practice is well developed where procurement frameworks are being used especially within construction. Suppliers are well versed in delivering community benefits, especially apprenticeships and work experience, and the framework administrators have capacity to gather evidence of achievement. There is, though, little consistency in how community benefits are applied through the procurement process and no common process for their recording or reporting. Implementing the Strategy will address this. |
| 1.07 | The Strategy does not propose any new mandatory thresholds in the procurement process below the £1m threshold already in the Contract Procedure Rules. Rather, the Strategy challenges service managers and procurement officers to think broadly about the services and goods being procured and consider how wider social value could be generated. The ability to do this will vary depending upon the value, duration and nature of the procured services or goods and upon the availability and simplicity of support systems. The strongest challenge and support will be directed at the service planning stage not at the procurement process which is already too late to effectively secure change. |
| 1.08 | The initial focus will be on generating social value through the procurement process as this offers the greatest and most immediate opportunity to deliver considerable social value. Only a proportion of Council expenditure is procured each year so the delivery of social value will increase year on year as contracts come to an end and are procured. There will also be a proportion of contracts where it is decided that social value cannot be achieved. |
| 1.09 | <p>Despite the need to keep the Strategy non-restrictive to encourage creativity it is essential that there is a consistent method to measure the social value generated. This is especially important during the procurement process if the social value element of tenders is to be weighted in future as decisions by officers may be subject to legal challenge. This requires:</p> <ol style="list-style-type: none"> 1. a consistent suite of Key Performance Indicators (KPIs) and definitions to be adopted; 2. if the social value element of tenders is to be weighted in future, a consistent and evidence based suite of metrics to be adopted to convert these KPIs into a monetary equivalent to measure social return, especially for use during the procurement process to provide transparency; and |

| | |
|------|---|
| | 3. a consistent system to record the achievement of social value to enable monitoring as well as provide visibility of the collective impact of the social value approach. |
| 1.10 | Developing an effective approach to generating social value will require new resources. A new lead officer position is proposed to deliver the Social Value Strategy, to provide intensive support to officers, suppliers and partners and ensure that the benefits are realised and recorded. A dedicated software portal will also be created to enable the effective management of social value across the Council and its partners and demonstrate achievement of the principles set out in the Well-being of Future Generations Act. |
| 1.11 | The estimated annual cost for this delivery of the Strategy is £57,423. The estimated level of annual return in terms of social value generated is £1,236,650. |

| | |
|-------------|---|
| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | <p>It is proposed that a full time lead officer is employed to deliver the Social Value Strategy and ensure the benefits are delivered and recorded. In addition, a software package will be procured to enable effective management of social value across the Council and its partners.</p> <p>It is proposed that this is allocated from reserves for a period of three years to enable the systems to establish and the returns on investment to be realised.</p> |

| | |
|-------------|--|
| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | The revised Strategy has been developed following consultation with a steering group of service managers and with Public Service Board partners. |
| 3.02 | The development of the systems to collect and collate social value will be subject to detailed consultation with service managers, procurement officers and suppliers. |

| | |
|-------------|---|
| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The main risk to the achievement of the suggested levels of social return is the level of take-up by commissioning officers and suppliers. This will be mitigated by:</p> <ul style="list-style-type: none"> • Intensive engagement work with service managers at the service planning stage so that there is sufficient time to influence planning procurement activity. • Development of simple systems to enable social value to be embedded into procurement and contract management with minimal extra work. • One to one support for commissioning officers to embed social value |

| | |
|--|--|
| | <p>into their work.</p> <ul style="list-style-type: none"> • Support for smaller suppliers to help them to build their confidence and capacity to deliver social value. |
|--|--|

| | |
|-------------|------------------------------|
| 5.00 | APPENDICES |
| 5.01 | Draft Social Value Strategy. |

| | |
|-------------|---|
| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>None.</p> <p>Contact Officer: Niall Waller (Enterprise and Regeneration Manager) Telephone: 01352 702137 E-mail: niall.waller@flintshire.gov.uk</p> |

| | |
|-------------|---|
| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>Community benefits: additional benefits generated by contractors through the procurement process. Predominantly these are generated through large construction contracts and typically feature apprenticeships and work experience opportunities.</p> <p>Social value: Broader than community benefits. Social value is defined by Social Value UK as “Social value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract.”</p> |