
REPORT FOR: CABINET

Date of Meeting:	20 January 2016
Subject:	Social Value Policy and Initiatives
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources and Commercial
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Social Value Policy

Section 1 – Summary and Recommendations

This report sets out the rationale for implementing a Social Value Policy into all commercial and procurement activity that the council undertakes. As well as introducing this policy, the report sets out the activity that is planned to further the 'Harrow Network' initiative.

Recommendations:

Cabinet is requested to consider and approve the council's Social Value Policy.

Reason: (For recommendations)

To ensure the principles of the Public Services (Social Value) Act 2012 are further embedded into council decision-making.

Section 2 – Report

1.0 Introduction

- 1.1 The council has had in place a Sustainable Procurement Policy that was published in 2011. With an increased focus on social value throughout the procurement and commissioning process, and the new Public Contracts Regulations coming into effect in February 2015, this policy was in need of review.
- 1.2 This has led to the drafting of a new Social Value Policy which better meets the council's needs and provides the backdrop for the council to strengthen its ability to achieve considerable social value benefits from its procurement and commercial activity.
- 1.3 Through the policy's implementation, it is expected that the outcomes achieved will be able to make a contribution towards all of the council's priorities, be it Making a Difference for Families, for the Vulnerable, for Communities or for Local Business.

2.0 Background Information

- 2.1 The Public Services (Social Value) Act 2012 took effect on 31 January 2013 and requires any public body buying or commissioning public services to consider before the procurement process starts how their local area may be improved by including economic, social or environmental benefits as part of their procurement process. They also have to consider whether they have to consult on these issues.
- 2.2 The Social Value Act is designed as a tool for enabling commissioners to be more innovative in their procurement methods and encouraging more responsive service delivery with the potential of achieving significant cost savings.
- 2.3 A review of the Social Value Act by Lord Young (Cabinet Office) was published in February 2015. This review informs that:
 - Local Authorities and Housing Associations are making fuller use of the provisions in the Act compared to Central Government and Health.

- Further work is needed on raising awareness on the supplier side, however there is good awareness from the voluntary sector and growing awareness from big business but less so amongst smaller firms.
- Deriving methods for measuring and quantifying outputs from Social Value gains are important and references examples of successful case studies to base further development on.

3.0 Social Value Policy

3.1 A new social value policy has been drafted to encompass the council's ambition to further commit itself to go beyond the Act by implementing this policy into all aspects of its commercial and procurement activity where it is practicable to do so. In doing this, both the detail and spirit of the Act can be delivered in all council commercial and procurement activity.

3.2 It is recognised that in our commissioning and procurement we are already implicitly undertaking various activities linked to the Social Value Act (2012).

3.3 Formalising Harrow Council's approach will:

- support the embedding of a consistent approach to social value;
- maximise the opportunities to secure additional benefit for the borough through commissioning and procurement activity.

3.4 Adoption of this policy can provide advantages as noted below:

- **Encouraging a diverse base of suppliers:** Promoting supplier diversity; including the participation of small and medium sized enterprises (SME's) and 3rd sector organisations, and local suppliers in general;
- **Promoting fair employment practices:** Ensuring workforce equality and diversity within supply chains;
- **Meeting targeted recruitment and training needs:** Offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities;
- **Community benefits:** Maximising opportunities for Harrow organisations to participate in the council's supply chains and encouraging suppliers to make a social contribution to the local area;
- **Ethical sourcing practices:** Ensuring compliance with UK, EU and international standards, promoting fair trade and fair pricing policies, tackling corruption, child labour, animal

welfare, blacklisting of union members and similar social issues; and

- **Promoting greater environmental sustainability:** Minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability programmes.

- 3.5 As a minimum, all procurements over £100,000 will be required to include social value metrics as a part of the scoring and evaluation process.
- 3.6 The standard weighting for social value will be 10% of the overall score and where it is feasible, this may be higher.
- 3.7 As social value is an evolving area, it is expected that the metrics used in procurements will be amended from time to time in line with best practice and as such will be subject to change by council officers.

4.0 Harrow Network Initiatives

- 4.1 As part of the Commercial and Procurement Strategy that was approved by Cabinet in July 2014, a Harrow Network initiative was proposed:

“implement a ‘Harrow First’ (now called Harrow Network) approach by enabling Harrow businesses and Voluntary Sector Groups to be able to fairly compete for 1st tier and 2nd tier supply chain work suppliers’ sub-contract opportunities. Our aim is that our systems and procedures will also act as a catalyst for Harrow Business to Business (B2B) activity to further stimulate opportunities for local businesses”

- 4.2 To further this objective, the Commercial, Contracts and Procurement team has been engaging with a number of providers to provide an easy to use platform which the council’s suppliers and other businesses can use to engage and contract with each other.
- 4.3 It is anticipated that a provider will be selected in early 2016 and a rollout will commence shortly thereafter. This rollout will involve the setup of the platform, a market engagement activity with the council’s major suppliers and local businesses and agreeing a reporting framework through which the council can demonstrate the B2B activity taking place over time.

5.0 Options considered

- 5.1 It is anticipated that a provider will be selected in early 2016 and a rollout will commence shortly thereafter. This rollout will involve the setup of the platform, a market engagement activity with the council’s major suppliers and local businesses and agreeing a reporting

framework through which the council can demonstrate the B2B activity taking place over time.

5.2 The only alternative to adopting the new Social Value Policy was to do nothing and keep the current Sustainable Procurement Policy in place.

5.3 Following feedback from tenderers and the new Public Contracts Regulations, doing nothing was not considered a suitable option given the council's ambition to achieve significant social value benefit through future procurement activity.

6.0 Environmental Impact

6.1 There are no direct environmental impacts arising from this report, however as the social value policy will provide for environmental benefits as part of its embedding in council procurements, there are likely to be significant benefits arising from its adoption.

7.0 Risk Management Implications

7.1 This report has no direct risk management implications.

8.0 Legal Implications

8.1 The council must comply with the Public Services (Social Value) Act 2012 when procuring services contracts that are subject to regulation under the Public Contracts Regulations 2015.

8.2 The council can go beyond the requirements of the Social Value Act as proposed in this report and incorporate social value in all commercial and procurement activity.

8.3 The social value policy provides the golden thread that links the council's corporate priorities to procurement activity allowing social value metrics to be considered where appropriate.

9.0 Financial Implications

9.1 There are no direct financial implications arising from this report but the policy will support activities for the delivery of savings and efficiencies.

10.0 Equalities implications / Public Sector Equality Duty

10.1 There are no direct equalities impacts arising from the decisions within this report.

11.0 Council Priorities

11.1 The Social Value Policy will fully support the delivery of all the Council Priorities:

- Making a difference for the vulnerable

- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Director of Finance
Date: 8 December 2015		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 7 January 2016		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	-

Section 4 - Contact Details and Background Papers

Contact: Anand Pajpani
Commercial Business Partner
Tel: 020 8424 1039

Background Papers: Social Value Policy (see enclosure)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
--	---