

# CHESHIRE EAST COUNCIL

## Cabinet

---

**Date of Meeting:** 12 April 2016

**Report of:** Peter Bates, Chief Operating Officer

**Subject/Title:** Social Value Policy

**Portfolio Holder:** Councillor Paul Findlow - Corporate Policy and Legal Services

---

### 1. Report Summary

- 1.1. The Public Services (Social Value) Act 2012 came into force on 31st January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

The aim of the Act is not to alter the procurement processes, but to ensure that as part of these processes, councils give consideration to the wider impact of the service's delivery.

- 1.2 The statutory requirements of the Public Services (Social Value) Act 2012 only apply to public service contracts above EU threshold. However, in order to incorporate the good practice associated with social value into mainstream procurement practice, it is the intention of Cheshire East Council to embed this policy and framework within all procurement activity as part of commissioning wherever proportionate and practicable.

- 1.3 Social Value is defined as

*"A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment".*

Social value essentially asks the question "if £1 is spent on the delivery of goods and services, can the same £1 also be used to produce a wider benefit to the community". It is the additional benefit to the community from a commissioning / procurement process over and above the direct purchasing of the good or service.

- 1.4 The proposed Social Value Policy for Cheshire East Council is attached as an Appendix.

## 2. Recommendation

- 2.1. That Cabinet approves the Social Value Policy for Cheshire East Council which will be embedded within commissioning and procurement activity from a value of £5,000 wherever proportionate and practical to do so.

## 3. Other Options Considered

- 3.1. The Public Services Social Value Act 2012 came into force on 31st January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it above the EU Thresholds. As best practice Cheshire East would like to apply the same policy across all commissioning and procurements above £5,000 where it is proportionate and practical to do so.

## 4. Reasons for Recommendation

- 4.1. The policy sets out the legal context for social value and the six social value objectives that Cheshire East Council agree to deliver through commissioning and procurement activity. These are
- **Promote employment and economic sustainability** – tackle unemployment and facilitate the development of skills
  - **Raise the living standards of local residents** – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Cheshire East
  - **Promote participation and citizen engagement** – encourage resident participation and promote active citizenship
  - **Build the capacity and sustainability of the voluntary and community sector**– practical support for local voluntary and community groups
  - **Promote equity and fairness** – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
  - **Promote environmental sustainability** – reduce wastage, limit energy consumption and procure materials from sustainable sources
- 4.2. The framework sets out the expected outcomes for each objective and provides examples of how suppliers could contribute towards these outcomes.

## 5. Background/Chronology

- 5.1. The Public Services (Social Value) Act 2012 came into force on 31st January 2013. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.
- 5.2. The statutory requirements of the Public Services (Social Value) Act 2012 only apply to public service contracts above EU threshold. It places a statutory duty on local authorities to consider
  - How proposed procurement activity can improve the economic, social and environmental wellbeing of the relevant area;
  - How in conducting the procurement process, these economic, social and environmental improvements can be secured.
  - Whether to consult with stakeholders and service users about this

This consideration must take place **before** the procurement process starts. In most cases, Commissioners will be best placed to do this with the help of Procurement.

- 5.3. Unsuccessful bidders and Contractors who believe a local authority has failed to meet its 'social value' duty can log a complaint with the Cabinet Office's Mystery Shopper Scheme. The Cabinet Office will then challenge the local authority and ask them to provide evidence demonstrating compliance.
- 5.4. The Cabinet Office also carries out spot checks to ensure local authorities are meeting this duty.
- 5.5. Cheshire East already adopt this approach to contracts and examples include
  1. Large contracts awarded by Cheshire East are subcontracting to local SME's and voluntary sector organisations (FM & Cheshire East Highways Contract). This contributed to the following Cheshire East Social Value Objectives
    - ✓ Promote employment and economic sustainability
    - ✓ Raise the living standards of local residents
  2. Apprenticeship schemes being offered by Cheshire East Suppliers awarded contracts. This contributed to the following Cheshire East Social Value Objectives
    - ✓ Promote employment and economic sustainability
    - ✓ Raise the living standards of local residents

3. Cheshire East Highways worked with local community groups in Wilmslow to create a planted area. The work included cutting back bushes and tidying the footpath. This contributed to the following Cheshire East Social Value Objectives

- ✓ Raise the living standards of local residents
- ✓ Promote Participation and Citizen Engagement

## **6. Wards Affected and Local Ward Members**

- 6.1. All Wards and All members

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. Cheshire East Social Value Policy will sit within the overarching Corporate Plan. The Corporate Plan consists of six outcomes that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. The Social Value Policy will support the Corporate Plan by generating extra social value from the supply chain to help to achieve the Council's outcomes.

### **7.2. Legal Implications**

- 7.2.1. The Public Services (Social Value) Act 2012 (the Act) requires contracting authorities to consider at the pre-procurement stage of any services contract which exceeds EU threshold;

- 7.2.1.1. How what is proposed to be procured may improve the economic, social and environmental well-being of their area, and

- 7.2.1.2. How the contracting authority may act with a view to securing that improvement in conducting the process of procurement.

- 7.2.2. In February 2012, the Cabinet Office published a review of the Act by Lord Young which highlighted concerns that there have been inconsistent practices both in defining social value and determining how and when to include it in the procurement process. I understand that the proposed policy takes into account the review.

- 7.2.3. A policy which sets out the basis upon which the Council will consider the Act in its procurement process demonstrates how the Council has taken into account and is complying with the Act.

7.2.4. In addition to complying with its obligations under the Act, the Council also has a duty to obtain Best Value

7.2.5. In addition to the above considerations the Council is required to consider whether to undertake any community consultation on its proposals. The Cabinet Office Procurement Policy Note 10/12, published to provide guidance on complying with the Act, advises contracting authorities to be mindful of the principles of any local compacts. When the Council takes a decision to consult it must do so fairly and reasonably.

### **7.3. Financial Implications**

7.3.1. Social value is the additional value suppliers offer as part of the procurement offer over and above the direct provision of the goods, works or services. This means that the cost of goods and services purchased by the Council will not be materially affected by the introduction of this policy. The implementation of this policy will be managed within existing budget allocation.

### **7.4. Equality Implications**

7.4.1. N/A

### **7.5. Rural Community Implications**

7.5.1. This policy will have a positive impact as it will encourage local first as part of the policy which will support both the rural economy and community.

### **7.6. Human Resources Implications**

7.6.1. N/A

### **7.7. Public Health Implications**

7.7.1. Social Value adds real value to tackling the wider detriments of health and will be actively targeted at those that are most vulnerable and live in some of our more deprived neighbourhoods. An example of this includes apprenticeships for young people and mentoring those in care.

## **7.8. Other Implications (Please Specify)**

7.8.1. This Policy should have a positive impact on the environment.

## **8. Risk Management**

8.1. N/A

## **9. Access to Information/Bibliography**

9.1. Social Value Policy

## **10. Contact Information**

Contact details for this report are as follows:

**Name:** Lianne Halliday

**Designation:** Procurement

**Tel. No.:** 85766

**Email:** [lianne.halliday@cheshireeast.gov.uk](mailto:lianne.halliday@cheshireeast.gov.uk)

