

23 January 2014		ITEM: 7
Corporate Overview and Scrutiny Committee		
Public Service (Social Value) Act 2012 and Social Values Framework		
Report of: Rebecca Price, Community Development Officer		
Wards and communities affected: All	Key Decision: Non-key	
Accountable Head of Service: Karen Wheeler, Head of Strategy		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is public.		
Purpose of Report: To update on the Council's response to the Public Service (Social Value) Act 2012 and agree next steps towards the implementation of a Social Values Framework		

1. RECOMMENDATIONS:

- 1.1 Acknowledge progress made by the authority to meet the obligations of the Public Service (Social Value) Act 2012.**
- 1.2 To comment on the means for developing and embedding a Social Values Framework for Thurrock Council in the first instance.**

2. INTRODUCTION AND BACKGROUND:

Public Service (Social Value) Act 2012

- 2.1 The Public Service (Social Value) Act 2012 (hereon 'the Act') has created a duty for all public authorities from 31 January 2013 to have regard to social, economic and environmental wellbeing in connection with public service contracts (Public Contract Regulations 2006); and for connected purposes.
- 2.2 The Act specifically:
 - requires local authorities, when entering into public procurement contracts, to give greater consideration to improving the economic, social or environmental wellbeing during the pre-procurement stage (Section 1);

- amends Section 17 of the Local Government Act 1988 so that a local authority can consider non-commercial matters in the case of public authority contracts in order to comply with this Act;
- requires authorities to consider how, in conducting the process of procurement, it might act with a view to securing that improvement.

2.3 Thurrock Council now has a responsibility to consider:

- how what is proposed to be procured might improve the social, economic and environmental well-being of the relevant area before and during the process of procurement;
- how, in conducting the process of procurement, it might act with a view to securing that improvement;
- the extent to which it is proportionate in each contract the circumstances to take those matters into account; and,
- consultation to establish the framework by which local priority economic, social and environmental outcomes are determined and measured.

2.4 The Act requires all Public Services contracts above the OJEU threshold to be subject to appropriate social value criteria that is relevant both to the proportionate value and potential impact that could be achieved by the delivery of the contract. Whilst the Act is only compulsory for service contracts it is hoped that public sector bodies will use the development of social value criteria in all procurements.

2.4 Thurrock Council has worked closely with the Procurement Agency for Essex (hereon PAE) – an organisation that consists of 16 public sector members working to promote and facilitate collaborative procurement across Essex – to support commissioners to meet obligations arising from the Act.

2.5 This work has culminated in the PAE Social Value and Procurement Toolkit, 2013 (Appendix 1), a document that was nominated for a Chartered Institute for Purchasing and Supply award in June 2013, endorsed by East of England Local Government Association and launched nationally by the Society of Procurement Officers in November 2013. This good practice guidance has been provided to all officers who undertake commissioning within the Council to provide immediate support when procurement activities are initially considered and in the absence of a formal social values framework. This will help to focus on local priority outcomes through the process of procurement.

2.6 A refreshed Procurement Strategy for Thurrock Council was produced following a detailed review of procurement undertaken through 2012/13. Maintaining value for money for our communities against a backdrop of procurement savings targets, the implications of the Public Services (Social Value) 2012 Act were taken into account through the drafting of the updated strategy.

2.7 Since January 2013, there are a number of examples available to demonstrate where the good practice contained in the PAE Social Value and Procurement

Toolkit has been applied by commissioning officers in the Council to achieve social value. Outcomes achieved since applying the Act from 31 January 2013 include additional apprenticeships, new jobs created and a range of other social, economic and environmental benefits for our communities.

Thurrock Joint Compact – November 2012

- 2.7 The refreshed Thurrock Joint Compact was adopted by Cabinet in November 2012.
- 2.8 A working agreement between the Council and the Voluntary, Community and Faith Sector (hereon 'VCFS'), the Thurrock Joint Compact and its supporting Action Plan detail both the Council and VCFS commitment to measuring social value through service design and delivery by:
- ensuring that social, environmental and economic value forms a **standard part of designing, developing and delivering policies and programmes** embedding the principles of the Act at a corporate level;
 - considering the **social impact that may result from policy and programme development with joint working** between the public and VCFS to provide scope for innovation;
 - gaining commitment from the VCFS to demonstrate the social, economic and environmental benefits of the programmes and services that it delivers **gaining feedback on all services (public/partner and VCFS) to inform the measurement of social value.**
- 2.9 Implementation of the Thurrock Joint Compact is monitored by a sub-group of the Joint Strategic Forum.

Social Values Framework Proposal

- 2.10 The advent of the Public Service (Social Value) Act 2012 provides a catalyst for the Council to develop a different approach that supports our understanding of both progression towards, as well as failures to meet social, economic and/or environmental ambitions for Thurrock.
- 2.11 Consultation with the Joint Strategic Forum, Procurement, Legal Services, Performance Board and Thurrock Business Board, suggests that an approach, closely aligned to the Community Strategy priorities that puts into focus our priority social, economic and environmental outcomes for Thurrock – with a means for measuring progress and impact - would formulate the Council's first overarching social values framework.
- 2.12 Limited information is available on such a new approach for Local Government, therefore, subject to agreement, the objectives for a social values framework would include:
- increasing the scale of positive impact for local communities through its response to procurement, development, regeneration and localism activities;

- supporting performance management practice across the Council embracing the golden thread approach and focussing on a small number of priority outcomes;
- the creation of a simple health check that both the authority and partners can complete to measure their progression towards local priority outcomes;
- supporting the Council to understand where there are gaps in provision and where additionality can be achieved through co-production with the VCFS and/or service transformation;
- supporting the Council to identify and promote those services that currently deliver added social, economic and environmental value to our communities and rolling out best practice;
- strengthening transparency in decision making that favours consistent priority outcomes and the attainment of supporting measures;
- delivering a more outcomes-focused approach, and,
- supporting the strategic alignment of procurement, development, regeneration and localism programmes to achieve both best value and opportunity for our communities.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 There are very few available examples of councils that have developed Social Value Frameworks to support them to meet duties arising from the Public Services (Social Value) Act.
- 3.2 A social values framework in Thurrock will seek to support the strategic alignment of procurement, development, growth and localism programmes to achieve both best value and opportunity for our communities.
- 3.3 The Act encourages Local Authorities to consult on the framework they adopt in the case of procurement activities although in doing so, such a framework presents opportunity to understand the impact of our activities for the benefit of our communities.
- 3.4 At this stage, it is proposed that the nucleus of the social values framework contains no greater than five outcomes that aim to reflect our priority social, economic and/or environmental ambitions for the borough.
- 3.5 It is proposed that these five outcomes are developed in consultation with the Corporate Overview and Scrutiny Committee, the VCFS, Performance Board, and a range of services within the authority culminating in a recommendation to Cabinet to support wider consultation on the boundaries of the social values framework.
- 3.6 A number of high-level indicative proxy measures (or performance indicators) aligned to the priority outcomes will provide the means for measuring what impact is being achieved as a result of our social value approach. Where possible such indicators will either be derived or newly added to the 'Corporate Scorecard for Key Performance Indicators'. With a simple means for presentation (such as that used by Oldham Council in their recently approved

Social Values Procurement Framework – Appendix 2), the social values framework will allow both the authority and other organisations to measure their progress towards the delivery of priority outcomes in the borough.

- 3.7 Where possible, the key indicators detailed in the social values framework may be suitable for review and scrutiny by Performance Board, the Corporate Overview and Scrutiny Committee and Cabinet as an addition to monitoring arrangements presently in place for corporate performance monitoring. The intervals at which the impact of the social values framework and the delivery of outcomes are reported may be different to the timescales of the current corporate performance monitoring information.
- 3.8 Regardless of the number of key performance indicators that make up one outcome, each of the key outcomes that make up the social values framework is recommended to receive equal weighting with no single outcome favoured for attainment.
- 3.9 To ensure that the framework evolves and reflects local priorities into the future, it is intended that it should evolve on an iterative basis so that it can respond suitably as and when organisational and community priorities shift, or if our corporate performance monitoring arrangements highlight a need to make changes to the framework.

4. REASONS FOR RECOMMENDATION:

- 4.1 The basis of the recommendations is that, used effectively, the SVF would enable the Council to:
 - increase the scale of positive impact for local communities through its response to procurement, development, regeneration and localism activities;
 - supporting performance management practice across the Council embracing the golden thread approach and focussing on a small number of priority outcomes;
 - create a simple health check that the authority and partners can complete to measure their progression towards local priority outcomes;
 - support the Council to understand where there are gaps in provision and where additionality can be achieved through co-production with the VCFS and/or service transformation;
 - strengthening transparency in decision making that favours consistent priority outcomes and the attainment of supporting measures;
 - delivering a more outcomes-focused approach, and,
 - supporting the strategic alignment of procurement, development, regeneration and localism programmes to achieve both best value and opportunity for our communities.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

- 5.1 The following consultees have been engaged with the development of the Council's response to the Act and accompanying Social Values Framework:
- Joint Strategic Forum
 - Legal Services
 - Procurement Services
 - Strategy and Performance Team
 - Leadership Group
 - Performance Board
 - Business Board

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 This exercise supports all of the Council's Community Strategy Priorities.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Mike Jones**
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mxjones@thurrock.gov.uk

There are no direct financial implications associated with the report

7.2 Legal

Implications verified by: **Daniel Toohey**
 Telephone and email: **(01375) 652049**
daniel.toohey@BDTLegal.org.uk

1. The Public Services (Social Value) Act 2012 ("Act") requires local authorities, when entering into public procurement contracts, to give greater consideration to economic, social or environmental wellbeing during the pre-procurement stage, and amends Section 17 of the Local Government Act 1988 so that a local authority can consider non-commercial matters in the case of public authority contracts. "Social value" 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.
2. The Act applies to all public services contracts and those public services contracts with only an element of goods or works. It doesn't apply to public works contracts or public supply (goods) contracts. It also applies to framework agreements for services and subsequent call off contracts.
3. The Act will only have effect in relation to those public service contracts and framework agreements that are subject to the Public Contract Regulations 2006 – in other words those that exceed the existing EU threshold, which for services contracts is approximately £172,500. The Act applies to both Part A and Part B contracts.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
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The application of social values considerations as part of the procurement process, and in response to the Public Service (Social Value) Act will have direct diversity implications although these will be considered as such by individual commissioning officers through the development of specifications and the delivery of commissioning process and practice.

The delivery of a social values framework carries diversity implications although these will be considered as the framework is developed.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

There are no other relevant implications.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- Procurement Agency for Essex – Social Value and Procurement Toolkit, 2013 (Appendix 1 – protected by copyright)
- Thurrock Joint Compact, November 2012
http://www.thurrockcvs.org/Core/Thurrock-CVS/UserFiles/Files/compact_201211.pdf

APPENDICES TO THIS REPORT:

- Appendix 1 – Procurement Agency for Essex - Social Value and Procurement Toolkit, 2013
- Appendix 2 – Social Value Procurement Framework (Oldham Council)

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