



Supplier User Guide:

The Public Services (Social Value) Act 2012

Stoke-on-Trent City Council

February 2019

1.0 INTRODUCTION

Stoke-on-Trent City Council's ***Stronger Together*** message underpins a clear vision for the city – stakeholders working together to create a stronger city we can all be proud of. To ensure this vision can be delivered the City Council is committed to building on our strengths, being a trusted partner and an organisation that is outward looking and forward looking.

Sitting beneath this vision are five strategic priorities, and these set the agenda for our interventions:

- *Support our residents to fulfil their potential;*
- *Support our businesses to thrive, delivering investment in our towns and communities;*
- *Work with residents to make our towns and communities great places to live;*
- *A commercial council, well governed and fit for purpose, driving efficiency in everything we do;*
- *Support vulnerable people in our communities to live their lives well.*

The Council recognises that its procurement activity can play an important role in delivering the Stronger Together objectives. In 2015/16 we awarded new contracts worth £110 million via procurement. *The City Council therefore wishes to maximise the social value it delivers through its procurement activities.*

Through this User Guide we will promote the delivery of the Stronger Together objectives in our procurement processes. The Guide seeks to:

- Set out a definition of social value for Stoke-on-Trent;
- Set out our policy objectives, including outcomes against which can be measured;
- Describe how the Act can be applied in a practical sense;
- Identify how the Act could give particular support to the City Council's principal target beneficiary group, namely young people leaving the Council's care system.

2.0 WHAT IS SOCIAL VALUE?

The Public Services (Social Value) Act 2012 places a requirement for all public bodies in England & Wales to consider how the services they purchase might improve the wider well-being of the area. The Act provides the following broad definition:

“If a relevant authority proposes to procure or make arrangements for procuring the provision of services...the authority must consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area and, in conducting the process of procurement, how it might act with a view to securing that improvement”.

However, this is a high level definition which needs to be explained further in the context of Stoke-on-Trent. The City Council considers that its Stronger Together objectives, which are a framework and set of principles through which the City Council delivers its services, provide a template for viewing Social Value in the City. Within the context of this Guide, social value can be usefully defined as:

“Activities which will:

- ***enhance the local economic base;***
 - ***strengthen local communities;***
 - ***and improve the life chances of all to fulfil their potential (particularly, but not limited to, young people leaving the Council’s care system);***
- whilst minimising the impact on the environment. In the context of procurement, this means the additional benefits which can be created when the City Council purchases services, works or goods beyond the financial value of those purchases”.***

3.0 LOCAL AIMS & OBJECTIVES

The overarching intent of this policy is to ensure that procurement activity makes a contribution to delivering social value whilst ensuring value for money. Using the framework provided by Stronger Together, the objectives of this policy are listed below. For any brief which includes an element of social value scoring within the tender evaluation, the relevant parts of the list below should be used and potential providers asked to demonstrate how their service would make a contribution to their delivery:

Support our residents to fulfil their potential

- Promoting fair employment practices;
- Meeting employment and training needs;
- Supporting young people into apprenticeships;
- Raising living standards of local residents (working towards living wage; maximising employee access to childcare).

Support our businesses to thrive, delivering investment in our towns and communities

- Creating a positive impact on the local economy;
- Maximising the use of local companies (including voluntary & community social enterprises) in providers' supply chains;
- Encouraging prime contractors to invest in the city (e.g. through a branch operation).

Work with residents to make our towns and communities great places to live

- Maximising social capital by supporting local voluntary and community providers to participate in delivering services;
- Promoting environmental sustainability (including limiting energy consumption, reducing wastage and procuring materials from sustainable sources; minimising travel distances by either employees or providers);
- Encouraging participation (through user and employee involvement in service design).

A commercial council, well governed and fit for purpose, driving efficiency in everything we do

- Improving the Council's own ability to improve the economic, social and environmental well-being of the City (e.g. through helping deliver the Value For Money Strategy; enhanced or safeguarded business rates from the SME base; eventual reduction to the council of providing services etc);
- Ensuring a diverse base of suppliers including from the SME base and the 3rd sector.

Support vulnerable people in our communities to live their lives well

- Providing positive outcomes for young people currently in, or recently left, the City Council's care system (e.g. providing employment opportunities; training provision; or mentoring);
- Providing positive outcomes for all people within Stoke-on-Trent, including vulnerable people.

4.0 IMPLEMENTING THE ACT

The City Council's approach to implementing the Act is set out below.

4.1 Key Principles

The City Council purchases a very wide range of services, goods and works, and it must be recognised that there cannot be "one size fits all". The key principles which need to be considered when applying this Policy are:

- That the social value outcomes sought must be **relevant and appropriate** to the type of activity or goods being purchased;
- That they must be **proportionate** in all the circumstances, including in the context of the value of the purchase;
- That they must be **practical** in their application.

It is the role of commissioners and project managers to consider, on a contract-by-contract basis, what is actually relevant to that contract, and what the social value opportunities actually are.

4.2 Coverage: Statutory or Non-Statutory?

The tender writer will first establish whether or not the Social Value Act applies to the proposed procurement activity. Currently the Act only applies to service contracts over the European Union threshold (£181,302 at time of writing), joint services and works, and services and goods where the service element is the greater part of the contract.

The City Council also wishes to maximise the social value it delivers through its procurement activities even where the Act does not apply. This follows the most recent Best Value Statutory Guidance issued by Government (2015). Having defined best value in broad terms to include economic, environmental and social value, the Guidance specifically recommends that authorities consider social value “for other contracts” beyond the Social Value Act.

On the basis of the distinction between contracts covered by the Social Value Act and social value needs to be addressed with procurements and in other cases as follows:

- In the case of purchases covered under the Act, the purchaser is required by law to consider Social Value in the City and comply with the provisions of the Act, and in doing so should act in accordance with 4.3 - 4.5 below when contracts are let;
- In the case of procurement activity not covered under the Act, the City Council has resolved that the purchaser is required to consider social value in the City and (wherever appropriate and proportionate) is encouraged act in accordance with 4.3 – 4.5 below when contracts are let;

In both cases (statutory and non-statutory) the social value outcomes sought through the tender documentation must have regard to the principles set out in 4.1, above.

4.3 Consultation

Service Users: In drafting the tender specifications, the Council will consider whether it is appropriate to consult with service users, potential providers and other stakeholders and will determine whether (a) the specification is fit for purpose and (b) whether the purchase lends itself to seeking wider social value objectives. The type and style of any consultation will be proportionate and relevant to the service sought. The weight given to responses will be a matter for the City Council’s discretion, balancing relevant factors including value for money.

Suppliers: A key element of consultation is with potential suppliers. This is especially important if the opportunity can be complex and organisations (especially SMEs and Voluntary sector providers) may need guidance and instruction on exactly what the purchaser is looking for. Purchasers are therefore required to consider whether to hold “Meet The Buyer” events for all contracts **with a value of £50,000 or greater**. Clearly not all

purchases lend themselves to this sort of approach however. Purchasers are entitled to hold events below £50,000 should there be value in doing so.

4.4 Preparing the brief

Insofar as is practical, proportionate and appropriate (see 4.1), wherever Social Value objectives are being pursued in a procurement process:

- (a) The tender brief should endeavour to include social value award criteria within the tender brief;
- (b) When framing the technical specification and contract requirements officers should endeavour to document provisions promoting social value outcomes by reference to the Stronger Together objectives (see Section 3.0 above);
- (c) Within Works contracts specifically, officers should seek to maximise local benefits by including Regeneration Employment & Skills Plans (RESPs) as part of the Council's contract requirements (see 4.5, below).

In all cases, and notwithstanding social value criteria, the brief will observe the principle that the purpose of preparing a competitive tendering exercise is to secure the best value for the taxpayer.

4.5 Awarding the contract

Following evaluation of tenders and a decision being reached on the successful provider, the Council, will document contractually (a) any social value objectives which have been stipulated in the Councils Contract Requirements and (b) any social value commitments made by the provider's in its tender response. As part of this, the contract should wherever possible and proportionate include quantitative "indicators", which will allow the provider's progress towards delivering their social value commitments to be monitored.

In the context of Works contracts specifically, the Council will seek to enter into Regeneration Employment & Skills Plans (RESPs) with prime contractors. The RESPs will seek to maximise subcontracting from the SME supply chain, and training opportunities for unemployed people (including apprenticeships).

In the case of all social value outcomes relating to employment and training opportunities (including apprenticeships) the Council will seek to identify whether opportunities are appropriate for care leavers. If that is the case, the opportunity will include a guaranteed interview for care leavers.

4.6 Monitoring the Contract

Progress against delivery of the Guide will be monitored by the contracting Directorate; this includes quantitative monitoring where there are specific targets. High-level reporting will be undertaken by the Council's Procurement service.

4.7 Care Leavers

Whilst recognising the importance of social value generally, the City Council is particularly conscious of the needs of young people who are care leavers and at all times commissioners should have regard to their needs, where practical and relevant (see Section 3.0, above).

5.0 GOVERNANCE

Social Value will be a cross-cutting theme and therefore will not be subject to separate governance arrangements. The City Council's Cabinet will be responsible for delivery of what social value can be secured through the implementation of the Act, and scrutiny will take place by the Corporate Services Overview & Scrutiny Committee.

6.0 LEGAL IMPLICATIONS

Under the provisions of the Public Services (Social Value) Act 2012 the Council must consider only those matters that are relevant to what is being purchased. In addition any measures must be proportionate in all the circumstances.

The Act only requires the Council to consider whether to consult; there is no direct requirement to consult. However should the Council decide that stakeholder consultation is appropriate the consultation response will be considered fairly and reasonably.