

**REPORT TO:** Executive Board

**DATE:** 3 September 2015

**REPORTING OFFICER:** Strategic Director, Policy and Resources

**PORTFOLIO:** Resources

**SUBJECT:** A Social Value Charter for Halton

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To seek endorsement from Executive Board for the Social Value Charter for Halton.

## **2.0 RECOMMENDATION: That**

- 1) the report be noted; and**
- 2) the Board endorses the Social Value Charter for Halton.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 In September 2014, Executive Board approved the Social Value Policy Statement and Procurement Framework. These documents have been implemented and are now being phased in across both the Council and Halton CCG.
- 3.2 The Social Value Policy and Framework were developed both in response to the requirements of the Public Services (Social Value Act) 2012 and as part of a national Delivering Social Value in Health programme in partnership with Social Value UK, of which Halton was one of 4 initial pilot areas.
- 3.3 The Public Services (Social Value) Act introduced a statutory requirement for public authorities to have regard to economic, social and environmental well-being in connection with 'public services contracts' at the pre-procurement stage of the procurement cycle. Although the legislation requires this only for certain contracts above the threshold of £172,514, in Halton a decision was made to apply a social value approach wherever possible contracts above the value of £1000 where it was assessed as relevant to do so.
- 3.4 The Act requires us to consider how what is being procured might improve the well-being of the relevant area and how the procurement process might act in achieving that improvement. Whilst the Act positively encourages economic, social and environmental well-being to

be taken into account, this still needs to be done within the context of existing constraints within EU public procurement rules and other legislation. This means that any specific benefits sought from a procurement exercise must remain relevant and proportionate to the contract.

- 3.5 The definition of social value contained within the Act is “the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes”. Social value makes it possible to weigh social benefit against the cost of investment, to think differently about the way resources are used and to show the additional value created by organisations and activities.
- 3.6 These benefits could be in local employment, local sourcing of materials and goods, apprenticeship and training programmes for disadvantaged groups, volunteering programmes, the use of sustainable products and much more. Commissioning and procuring for social value can therefore help join up all the strategic aims of a public body. For example, every local authority has a best value duty to improve the economic, social and environmental well-being of an area. For Halton, this means a commitment to meet our need to procure and provide goods, services and works in way that produces social, economic and environmental benefits for the borough.
- 3.7 The Delivering Social Value in Health programme with Social Enterprise UK was specifically designed to support local areas to deliver and commission for social value in health and care and provided support for a range of partners to come together to develop local social value programmes. Halton was chosen as one of 4 areas as part of the first tranche of activity, and Halton’s Social Value Policy and Framework was developed in conjunction with that activity and in consultation with a range of partners. Council officers sit on the steering group for the activity of the programme locally and continue to be involved in the roll out of social value activity with a number of agencies on a borough wide basis.
- 3.8 As part of the continuing work of the Delivering Social Value in Health programme, there has been an aspiration to pull together our aspirations and values as a borough into an overarching ‘Social Value Charter’. This would provide the umbrella under which each organisations’ social value work would take place and articulate a set of shared values and principles that partners across all sectors could sign up to and commit to working towards. The Charter is included at Appendix 1.
- 3.9 It is intended that the Social Value Charter will be launched with partners during September 2015. Partners will be encouraged to formally sign up to the Charter to show their support of a shared vision, priorities and values and commit to actively seeking social value outcomes wherever relevant in their procurement and commissioning activity, as well as promoting it in their day to day business.

- 3.10 In addition to the Charter, a number of other activities for the promotion of social value in Halton are planned, including the roll out of training across organisations and the production of an annual report on social value successes in Halton.
- 3.11 Work undertaken to date on developing social value in Halton has been well received and is starting to bring additional funding opportunities to the borough, as well as achieving outcomes through local procurement. Halton has also been recognised nationally for its innovative approach and good practice in this area. Representatives of Halton have spoken nationally, a Cabinet Office and a number of policy roundtables and the work has featured in national studies and research by Social Enterprise UK and the Institute of Health Equity at Kings College London. The new activity around the Charter and its roll out will add to this body of work.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 This Charter builds upon, and takes its reference points from the Social Value Policy Statement and Framework approved by Executive Board in September 2014.
- 4.2 The Halton approach to social value sits within the overarching framework of the Halton Sustainable Community Strategy 2011-2026, the document that sets out our five priorities and our vision as a Borough and which is agreed by the Halton Strategic Partnership. The strategy was refreshed and endorsed by the Halton Strategic Partnership in June 2014. The five priorities form a key element of the Policy, Framework and Charter.
- 4.3 In addition, the work as part of the Social Enterprise UK pilot, has taken the 6 priorities of the Marmot review into Health Inequalities, Fair Society, Healthy Lives, to provide a context and focus of activity around health. These seek to:
- Give every child the best start in life;
  - Enable all children, young people and adults to maximise their capabilities and have control over their lives;
  - Create fair employment and good work for all;
  - Ensure a healthy standard of living for all;
  - Create and develop healthy and sustainable places and communities; and
  - Strengthen the role and impact of ill health prevention.
- 4.4 The Public Services (Social Value) Act, 2012 in line with the Best Value Duty, sets out three key themes to be addressed in seeking social value:
- Social
  - Economic
  - Environmental

- 4.6 An approach has therefore been taken to align, wherever possible, the environmental, social and economic focus of the Act with the duty of Best Value, Halton Sustainable Community Strategy and the Marmot priorities as there are clear correlations and intersections across all of these documents in relation to social value.
- 4.7 The Public Services (Social Value) Act, 2012 also sits alongside other procurement laws. Value for money is the over-riding factor that determines all public sector procurement decisions even with a growing understanding of how value for money is calculated, and how “the whole-life cycle requirements” can include social and economic requirements. The Act in essence builds upon, rather than being a replacement for, existing procurement legislation so the duty will need to operate within the existing boundaries of the legal framework. The Act acknowledges this by noting that the authority “must consider only matters that are relevant to what is proposed to be procured” and that authorities “must consider the extent to which it is proportionate...to take those matters into account”.

The recent consolidation of EU procurement framework also makes it clear that social requirements can be embraced in procurement practice providing certain criteria are met. These criteria are:

- Social requirements should reflect policy adopted by the public body;
  - Social requirements should be capable of being measured in terms of performance;
  - Social requirements drafted in the specification become part of the contract; and
  - Social requirements should be defined in ways that do not discriminate against any bidders across the European Union
- 4.8 The Equality Act 2010 also introduced a general equality duty which applies to the procurement (including commissioning) function of public authorities. The duty extends to external contractors which carry out public functions. It repealed the Local Government Act 1988 provisions in relation to permitted race relations questions in public tenders; instead, local authorities are explicitly permitted to take non-commercial matters into account during the procurement process, when they consider it is ‘necessary’ or ‘expedient’ to do so.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 There are no direct financial implications to the report other than Officer time which has been allocated and will continue to be committed to the roll out of the programme.

## **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

### **6.1 Children and Young People in Halton**

*Children and Young People in Halton feature as a priority within the Social Value Policy, Framework and Charter.*

**6.2 Employment, Learning and Skills in Halton**

*Employment, Learning and Skills in Halton feature as a priority within the Social Value Policy, Framework and Charter.*

**6.3 A Healthy Halton**

*A Healthy Halton features as a priority within the Social Value Policy, Framework and Charter.*

**6.4 A Safer Halton**

*A Safer Halton features as a priority within the Social Value Policy, Framework and Charter.*

**6.5 Halton's Urban Renewal**

*Environment and Regeneration in Halton features as a priority within the Social Value Policy, Framework and Charter.*

**7.0 RISK ANALYSIS**

- 7.1 Social outcomes, benefits and dis-benefits should always be critical to procurement decisions as much as price and direct service quality, but should never be an excuse for a failure to secure value for money. Procurement should be based on the pursuit of value for money, public value, quality services and social value. There will always be a balance to be struck and transparency about how such balances are decided and the consequences of such decisions
- 7.2 The Act should also not be misconstrued as permitting public bodies a broader scope in setting unrelated specifications or criteria to achieve social and environmental policy outcomes. Wherever possible, for contracts over £1000, social value opportunities will be considered. However, it should be always be remembered that social value clauses may not be appropriate for every contract The key words contained within the Act around this are in relation to keeping social value 'relevant' and 'proportionate'.
- 7.3 If the procurement is carried out in emergency circumstances, not due to any delay on the part of the Council and which make it impractical to comply with the Act, then the Council may need to disregard the requirements. This is set out in the Act as permissible.
- 7.4 The way in which evidence of Social Value benefits is measured is not set out either in the Act or the Policy, Framework or Charter. Dependent on the requirements of each procurement exercise, the Council may choose to specify requirements explicitly within a tender or ask suppliers to come up with their own innovative ideas and voluntary clauses. In all cases the Council will ensure it is clear in how Social Value elements have been weighted in the evaluation and decision-making process. It is

the job of commissioning and procurement managers and officers to specify what social values outcomes are sought and relevant to each procurement or commissioning.

- 7.5 Whilst the Act only requires Social Value to be considered at pre-procurement stage, officers commissioning or procuring goods, where social value has formed part of the awarding criteria, are encouraged to monitor and measure this as part of their contract management.

## 8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 The Equality Act 2010 also introduced a general equality duty which applies to the procurement (including commissioning) function of public authorities. The duty extends to external contractors which carry out public functions. It repealed the Local Government Act 1988 provisions in relation to permitted race relations questions in public tenders; instead, local authorities are explicitly permitted to take non-commercial matters into account during the procurement process, when they consider it is 'necessary' or 'expedient' to do so.

## 9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

<b>Document</b>	<b>Place of Inspection</b>	<b>Officer</b>
<b><u>Public Services (Social Value) Act 2012</u></b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b><u>Procurement Policy Note Public Service (Social Value) Act</u></b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b><u>Best Value Statutory Guidance</u></b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b>Halton Social Value Policy Statement</b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b>Halton Social Value Procurement Framework</b>	<b>Kingsway House</b>	<b>Elaine Roberts-Smith/Lisa Driscoll</b>
<b>Halton's Sustainable Community Strategy</b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b>Fair Society, Healthy Lives</b>	<b>Municipal Building</b>	<b>Lisa Driscoll</b>
<b>Equality Act 2010</b>	<b>Kingsway House</b>	<b>Lisa Driscoll/Les Unsworth</b>