



AGENDA ITEM: 7

SUMMARY

Report for:	Cabinet
Date of meeting:	30th April 2013
PART:	1
If Part II, reason:	

Title of report:	Implications of the Public Services (Social Value) Act 2012
Contact:	Councillor Neil Harden, Portfolio Holder for Residents & Regulatory Services Author/Responsible Officer: Steven Baker – Assistant Director (Legal, Democratic and Regulatory Services) Ben Hosier – Group Manager (Commissioning, Procurement and Compliance) David Gill – Group Manager (Partnerships, Policy and Communications)
Purpose of report:	To advise Cabinet of the implications for the Council's procurement process resulting from the implementation of the Public Services (Social Value) Act 2012 and to seek approval to make the necessary changes to the Council's procurement governance arrangements.
Recommendations	That Cabinet notes the new duty on the Council to consider how, when procuring public services, economic, social and environmental well-being may be enhanced, and: <ul style="list-style-type: none"> a) approves the Policy Statement on Social Value (attached at Annex A); b) requests officers to carry out a review of the Council's Procurement Governance Arrangements in light of the new duty to have regard for social value; c) delegates authority to the Assistant Director (Legal, Democratic & Regulatory) to amend the Procurement Governance Arrangements (including the Procurement Standing Orders) so that they refer to the procurement obligations that apply when the Council is proposing to enter into a public services contract, or a framework agreement for such contracts. d) requests officers to arrange a training and development programme for commissioning managers and procurement officers on the need to have regard for

	social value when procuring or commissioning public services.
Corporate objectives:	<p>Dacorum Delivers – The proposed approach to integrating social value into procurement will help to achieve improvement and innovation across Council services. Dacorum’s social value priorities are taken from, and aligned with, the Council’s Corporate Plan 2012 – 2015.</p> <p>Building Community Capacity – The Council’s approach to social value has the potential to build capacity across the Council’s voluntary and community sector partners through increased opportunities for involvement in procured and commissioned services.</p>
Implications: 'Value For Money Implications'	<p><u>Financial</u></p> <p>There are no financial implications relating to this report</p> <p><u>Value for Money</u></p> <p>'Social value' involves looking beyond the price of an individual contract towards the collective benefit to a community when a public body chooses to award a contract for services. It considers the additional benefits to the community, be they social, economic or environmental, which can come from a procurement process over and above the direct purchasing of the services. In that way social value represents good value for money.</p>
Risk Implications	There are no risk implications relating to this report
Equalities Implications	There are no equalities implications arising from compliance with the duty to have regard for social value in the procurement process.
Health And Safety Implications	There are no health and safety implications arising from this report
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>This is a Monitoring Officer report.</p> <p>Deputy S.151 Officer</p> <p>The weighting granted to assessment of 'social value' within the Invitation To Tender will be considered on a case by case basis; therefore the risk of adverse financial implications is minimal. The risk is mitigated further by the involvement of the Procurement team in each ITT to provide advice to Service managers on what is a suitable weighting to apply.</p>
Consultees:	<p>CMT</p> <p>Localism Corporate Working Group</p>
Background papers:	<p>The Public Services (Social Value) Act 2012 - http://www.legislation.gov.uk/ukpga/2012/3/enacted</p> <p>Procurement Policy Note - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf</p>

	Dacorum Voluntary Sector Compact - http://www.dacorum.gov.uk/pdf/Dacorum%20Compact%2012-05-2010.pdf
Glossary of acronyms and any other abbreviations used in this report:	VCSE- Voluntary, Community and Social Enterprise sectors EU – European Union OJEU - Official Journal of the European Union

BACKGROUND

1. The Public Services (Social Value) Act 2012 (the Act) came into force on 31st January 2013. The Act introduces a statutory requirement for public authorities to have regard to economic, social and environmental well-being in connection with ‘public services contracts’ within the meaning of the Public Contracts Regulations. The new duty, therefore, only applies to contracts for services where the value exceeds the OJEU threshold (currently £173,934). The Act requires local authorities to consider how what is being procured might improve the well-being of the relevant area and how, in the procurement process, it might act with a view to achieving that improvement.

How does the Act impact on the procurement of public services contracts?

2. The Act is one of a growing list of pieces of legislation which progressively relax the restrictions on taking into account non-commercial considerations during a public procurement exercise. Members may wish to note that further changes to public procurement law are expected later this year which will come into effect in 2014. The aim of these changes will be simplify the procurement rules, make them more flexible and introduce a light touch regime for the procurement of health, social, cultural and education services. These particular changes will be the subject of a separate report once the new public sector European Directive has been issued.
3. 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 contained in the EU public procurement rules and other legislation. This means that any specific benefits which might be secured from a particular procurement exercise must remain relevant to the contract and proportionate so as not to risk distorting the outcome of the competition by giving them undue emphasis.
4. The Act does not permit authorities a broader scope than before in setting unrelated specifications or criteria to achieve social and environmental benefits.

What is social value?

5. ‘Social value’ is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body awards a contract. In other words, considering what are the additional benefits to the community, be they social, economic or environmental, which can come from a procurement process over and above the direct purchasing of the services.

6. These benefits might include:
- Well-being
 - Health
 - Inclusion
 - Happiness
 - Empowerment

Specific examples might include:

- Including views and voices of marginalised individuals/groups
 - Local community services – empowering local action and delivery
 - Skills and training for work/life
 - Promotion of equality – public health and access to facilities/services for example
 - Opportunities for involvement/input by local people
 - Local employment opportunities
 - Being not-for-profit in general – long term financial/social outcomes and multi-social benefit
7. This is the first time authorities have been under a legal duty to consider the social value of the services they commission or procure. This will potentially 'open-up' some contracts for services to more voluntary and community organisations and social enterprise providers as many already demonstrate social value in their services.

How can social and environmental issues be addressed in procurement?

8. There are five key areas:
- **Pre-procurement:** before commencing procurement, the authority should consider the subject matter of the contract and identify any non-commercial considerations which are relevant and appropriate to be taken into account.
 - **Contract terms:** by the incorporation of social and environmental requirements into the contract terms including any "special" conditions (although the authority must consider whether any cost associated with 'special conditions' are essential and affordable).
 - **Selection stage:** selection criteria must be non-discriminatory, proportionate and linked to the subject matter of the contract and in accordance with the criteria listed in the Public Contracts Regulations.
 - **Award stage:** social and environmental issues may be included within the award criteria provided they are linked to the subject matter of the contract and expressly referred to in the OJEU contract notice and in the tender documents.
 - **Post award:** The Council will need to consider what is expected from the service providers delivering the contract and how delivery of the social value benefits will be monitored

Consultation

9. The commissioners must consider whether to undertake any consultation to help decide how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area. They must also decide how, in conducting the process of procurement, they might act with a view to securing that improvement.

10. The Government have issued guidance on the implementation of the social value duty in the form of a Procurement Policy Note (PPN). The PPN states that consultation will be particularly relevant when considering procurements for services which are delivered directly to citizens. The voluntary and community sector, along with other providers and interested groups, will need to be engaged from the earliest stage to help shape policies, programmes and services. The Council has a compact with the voluntary sector which will help to guide this consultation.

Establishing the Council's social value priorities

11. The Council's social value priorities will need to reflect its corporate vision and priorities and the needs of the Borough. Therefore it is proposed that the social value priorities are linked directly to the Council's Corporate Plan and Destination Dacorum Strategy and could include:
 - Maintaining low crime rates
 - Minimising waste and optimizing recycling rates
 - Reducing CO₂ emissions
 - Encouraging community involvement and self help
 - Looking after the interests of the vulnerable and deprived
 - Encouraging Corporate Social Responsibility
 - Providing opportunities for development of Social Enterprises
 - Promoting local economic growth
 - Promoting skills, training and apprenticeships
 - Promoting tourism

ACTION TO MEET THE DUTY OF SOCIAL VALUE

12. Following government guidance it is proposed that a number of actions be undertaken to comply with the Act. Firstly, the Council should adopt a policy statement about how it intends to include social value in procurement. A proposed statement is attached at Annex A. The statement considers the application of social value to Council contracts for services and states what social value priorities should be considered in the Council's procurement process.
13. The Council will need to review its Procurement Governance Arrangements such as its Procurement Standing Orders, Contract Procedure Rules and procurement policies. This would ensure that reference is made to the duty under the Act and that commissioners understand the core social values of the organisation. Procurement officers will need to work closely with commissioning staff to develop proportionate and relevant weighting criteria in order to evaluate which tender represents the most economically advantageous tender.
14. The Council will need to keep a formal record of how social value has been considered in procuring each contract. The Council should indicate in advertisements and tender documents that the requirements of the Act have been considered. This will satisfy the requirements of openness and transparency.
15. A training and awareness course will need to be developed to embed a culture change in the approach to procuring services. Training will be useful in

demonstrating the authority's commitment to the new duty and how the duty fits in with the overarching EU procurement obligations and the Council's own social value priorities.

16. The government's guidance advises that there should be a body within the authority with responsibility for promoting social value and challenging procurers to demonstrate that they have considered the extent to which a particular procurement exercise could also achieve added social value for the Borough.
17. The Council should work with its voluntary sector partners to review the Dacorum Voluntary Sector Compact to ensure that it makes appropriate reference to social value and the procurement obligations contained in the Act.



POLICY STATEMENT ON **SOCIAL VALUE**

Dacorum Borough Council is required to consider how economic, social and environmental well-being may be improved by services that are to be procured, and how procurement may secure those improvements under the provisions of the Public Services (Social Value) Act 2012.

The Council wants to use the opportunity the Act presents through procurement, and other related activities, to enable communities to become more resilient and reduce demand on public services. The Council aims to provide the delivery of services which are innovative, provide employment and business opportunities for its residents, make its communities stronger and more effective and keep its residents safe.

The Council will adopt the “Dacorum Social Value Approach” that defines social value and identifies social value priorities that are specific to Dacorum.

The Council’s definition of social value is:

“Working in partnership to enable the communities of Dacorum to thrive and prosper through creating strong and well-connected public, private and social sectors that enable communities to be more resilient.”

The ten key Social Value priorities from the Dacorum Social Value Approach are:

- Maintaining low crime rates
- Minimising waste and optimizing recycling rates
- Reducing CO₂ emissions
- Encouraging community involvement and self help
- Looking after the interests of the vulnerable and deprived
- Encouraging Corporate Social Responsibility
- Providing opportunities for development of Social Enterprises
- Promoting local economic growth
- Promoting skills, training and apprenticeships
- Promoting tourism

These will support the Councils vision and key priorities of:

- A Safe and Clean Environment

- Building Community Capacity
- Affordable Housing
- Regeneration and Economy
- Working in Partnership

The Council will, where relevant, seek to achieve these key Social Value outcomes through a range of activities.

In procurement activities the Council can use any of its social value priorities that are proportionate and relevant to the specification for the service required. Where appropriate the Council can ask bidders to detail and demonstrate the social value priorities that they can deliver when providing the service.