
Cabinet Member (Strategic Finance and Resources)
Finance and Corporate Services Scrutiny Board (1)

09 March 2015
02 February 2015

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

Director Approving Submission of the report:

Executive Director, Resources

Ward(s) affected:

All

Title:

Progress report on delivery of the Social Value Policy and Procurement Strategy

Is this a key decision?

No

Executive Summary:

The Finance and Corporate Services Scrutiny Board have requested a progress report on the delivery of the Social Value Policy and the Procurement Strategy. The Constitution requires that a report is taken to Cabinet Member Strategic Resources and Finance on the delivery of the Procurement Strategy through the Procurement Board. This report fulfils those requirements and details the progress made in these specific areas.

Recommendations:

The Finance and Corporate Services Scrutiny Board (1) are requested to consider the progress detailed in the report and forward any recommendations to the Cabinet Member (Strategic Finance and Resources).

The Cabinet Member (Strategic Finance and Resources) is requested to:

- 1) Consider the recommendations from the Finance and Corporate Service Scrutiny Board (1).
- 2) Note the progress made against the Social Value Policy and the Procurement Strategy and recommend that the Council continue to support the delivery against these mechanisms

List of Appendices included:

Appendix 1 Three social value case studies

Other useful papers:

Procurement Strategy 2010/2015

http://www.coventry.gov.uk/downloads/file/2879/procurement_strategy

Social Value Policy

http://www.coventry.gov.uk/info/17/doing_business_with_the_council/198/procurement_and_commissioning/5

Business Charter for Social Responsibility

http://www.coventry.gov.uk/info/17/doing_business_with_the_council/198/procurement_and_commissioning/6

National Procurement Strategy

<http://www.local.gov.uk/web/lg-procurement>

Has it been or will it be considered by Scrutiny?

The Finance and Corporate Services Scrutiny Board have requested a progress report on the delivery of the Social Value Policy and the Procurement Strategy. The Constitution requires that a report is taken to Cabinet Member Strategic Resources and Finance on the delivery of the Procurement Strategy through the Procurement Board. This report fulfils those requirements and details the progress made in these specific areas.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No.

Will this report go to Council?

No

Report title:

Progress report on the delivery of the Social Value Policy and the Procurement Strategy

1. Context

1.1 The sub regional Procurement Strategy 2010/2015 was adopted by Cabinet Member Strategic Finance and Resources on 16th June 2010. Subsequently the Social Value Policy was adopted by Full Cabinet on the 11th February 2014 and incorporates the Public Service (Social Value) Act 2012 that came into force on 31st January 2013. This report details how the delivery of the Social Value Policy has been incorporated into the delivery of the Procurement Strategy and the outcomes that have been achieved.

2. Progress since the Procurement Strategy and Social Value Policy were adopted

2.1 Social Enterprise West Midlands (SEWM) have indicated that we were the first authority in the West Midlands to formally adopt a Social Value policy. In addition we are now not just Social Value Champions but a Social Innovation Partner with SEWM which demonstrates our commitment to improving the social, environmental and economic wellbeing of our City (separate report taken to Cabinet Member, Community Development, Co-operatives and Social Enterprise on the 5th November 2014). Cllr Abbott, Cabinet Member Community Development, Co-operative and Social Enterprise, received the Social Enterprise Inspire Award for her work with social enterprises.

2.2 To complement the Social Value Policy which applies to all contracts let by the authority, a Business Charter for Social Responsibility (BCfSR) was drafted in consultation with key partners. The purpose of this charter is that companies can sign up on a voluntary basis if they have existing contracts or are keen to work with the Council in the future. The BCfSR was adopted by Cabinet Member (Strategic Finance and Resources) on 21st October 2013.

2.3 To develop the policy the Assistant Director Procurement pulled together a cross authority group of colleagues working on areas which can impact on Social Value and this group continues to meet to discuss progress and iron out any issues that people were facing with implementation of the policy. The principles of the policy have now been embedded into our day to day activities and the benefits are beginning to be delivered to the residents of Coventry.

2.4 The BCfSR was launched in conjunction with Coventry's Wellbeing Charter on the 31st March 2014 with 6 Businesses signing up to the Charter at the event to reinforce their commitment towards delivering more benefits to the residents of Coventry.

2.5 The table below details actions and outcomes from social value related work.

No.	Action/outcome
1.	A Social Value recording process has been established including Coventry's Social Value Procurement Framework to guide colleagues to identify the Social Value that can be generated for the residents
2.	The Procurement Outline Document (POD which is the business case for procurement activity taken to Procurement Panel/Board) template has been revised to include consideration of the social value impact the procurement could have on our local community. Panel and Board members are therefore able to challenge the business case if they feel not enough cognisance has been given to the policy
3.	Close working relationships with commissioning colleagues have been established to ensure that social value is considered early on in the consultation process (pre-procurement stage) as this is the stage where maximum impact

	can be made.
4.	Contractual clauses have been embedded within tender documents to mandate the delivery of Social Value in contracts.
5.	A review of tender documentation took place in consultation with the voluntary sector, to ensure that artificial barriers to the third sector submitting compliant bids were removed.
6.	A review of all contracts on the contracts register was completed to identify which contracts could have the most social, economic and environmental impacts.
7.	Presentations and training events for procurement and commissioning staff on social value and how it can be used legally in the procurement process have been delivered.
8.	Carbon footprint has been reduced by encouraging suppliers to work with their employees in planning travel and use of cars.
9.	Local companies have been used against frameworks e.g. Scape Minor works, leading to employing more than 25 local people to deliver the work via sub-contracting
10.	Young people's skills have been developed via the Shared Apprentice Schemes on some of our bigger construction projects including Friargate Bridge, AT7 Centre extension, Transport Museum Extension, public realm projects as well as other projects delivered via Section 106 funding.
11.	Social benefits have been delivered by linking suppliers with local schools to boost their confidence and to raise awareness of various career options.
12.	The Council has been awarded the Best 'Small Business Friendly' Procurement Policy as part of the FSB's annual Local Authority Awards.
13.	82 externally funded grant awards have been issued to date (up until end June 2014) that include a clause for the grantee to work with the Council's Employer Hub for their recruitment ensuring the jobs created from the grants remain local. To date 10 companies have made contact with the employer hub. The process is being rolled out to cover all grants to businesses that the Council manages.

- 2.6 Three of the above examples have been written up as case studies which have been attached as (Appendix 1) explaining the impact on our local community.
- 2.7 The Procurement and Commissioning Service have exceeded their savings targets for 2014/15 and are on track to deliver against the 2015/16 targets.
- 2.8 In July 2014 the Local Government Association launched a new National Procurement Strategy (NPS) and Martin Reeves has been appointed as the NPS's Chief Executive Champion. Performance of the Procurement and Commissioning Service has been RAG rated against the four themes of the NPS, Making savings, supporting local economies, leadership and modernisation. The results show that a significant number of the requirements are already being delivered by the Procurement and Commissioning Service. A summary of performance against the 92 targets is below:-

RAG summary January 2014			
Theme	Red	Amber	Green
Making savings	1	8	26
Supporting Local Economies	1	4	17
Leadership	1	2	16
Modernisation	0	4	12
Total	3	18	71

- 2.9 The summary shows that the Procurement and Commissioning Service's performance and strategic direction are on the whole, in line with the NPS. The three reds are where it is questionable what benefits adopting these practices would bring to Coventry and the ambers are where there is partial implementation or working practices are currently being rolled out
- 2.10 Analysis of performance against the NPS has also been completed for Solihull and Warwickshire and whilst Coventry's performance is similar to Solihull's, Warwickshire's is significantly different. Warwickshire has a policy that the Procurement team only become involved for expenditure over £500k which means that their leadership team do not require the same control over expenditure, procurement policies, practices and techniques as exists in Coventry and Solihull.
- 2.11 The preference for the 2010-2015 procurement strategy was for a shared sub regional strategy and the belief is that this preference has not changed. The different policies and performance levels between the authorities does not necessarily mean that strategic direction cannot be shared, simply that local implementation may be different. However this doesn't help delivery on the ground for category managers as there is less standardisation which could lead to loss of economies of scale or category managers having to work with service professionals rather than procurement staff which involves more work.
- 2.12 A further report will be brought back to Members once the detail of the updated sub regional procurement strategy has been worked through, in the summer.
- 2.13 Monthly reports on savings and procurement activity conducted through the Procurement Panels and Procurement Board have been taken to Audit and Procurement Committee, where Members have had the opportunity to ask questions and seek reassurance that appropriate action is being taken.
- 2.14 In 2013, the Procurement and Commissioning Service were finalists in the Go Awards and Society of Procurement Officers in Local Government (SOPO) Awards for outstanding achievement in Procurement, for their work on the sub regional tendering system. The sub regional tendering system has single sign on for suppliers. This means that they can choose categories that they are interested in and receive email alerts for all contracts being let in that category for Coventry, Solihull, Warwickshire and all of the Warwickshire District Councils.

3. Results of consultation undertaken

- 3.1 Various consultations have taken place for individual services as contracts have been let in line with the procurement strategy. The consultation has been appropriate for the type of service that is being let and has ranged from co-design of services to issuing draft tender documents two weeks before they are formally issued. Responses have been considered and appropriate adjustments made.

4. Timetable for implementing this decision

- 4.1 The Procurement Strategy and Social Value Policy are already in place, this report is a review of progress against the existing strategy and policy.

5. Comments from the Executive Director, Resources

- 5.1 Financial implications
Specific Procurement & Commissioning targets were included in the medium term financial strategy for the period 2013/14 to 2015/16 - £2M rising to £8M. These are cross-cutting savings targets, and the delivery of these savings are closely monitored and managed through Procurement Panels and Procurement Board. In addition, there will be other

commissioning savings that are delivered as part of other projects and medium term financial strategy targets.

The targets have been fully delivered in 13/14, and are on track for full delivery in 14/15 and 15/16 savings.

Procurement Board agree the evaluation criteria for services and tenders in the process of being commissioned/re-commissioned, and will consider the financial implications of applying the social value policy as part of that process.

5.2 Legal implications
There are no legal implications of this report

6. **Other implications**
None

6.1 **How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The Procurement Strategy takes direct cognisance of the council's core aims. The strategy helps to deliver those aims through wise use of the Council's purchasing power in the community in a sustainable way.

6.2 **How is risk being managed?**

The procurement strategy aims to minimise risk for the council when spending money on goods, works and services

6.3 **What is the impact on the organisation?**

The procurement strategy defines the strategic direction for procurement activity in the authority. This impacts on the way in which contracts are let and the value for money achieved, helping to make best use of scarce resources.

6.4 **Equalities / EIA**

The procurement strategy gives due regard to equalities. Standard tender documentation ensures that the correct questions are asked of suppliers who wish to work with the council.

6.5 **Implications for (or impact on) the environment**

The procurement strategy gives due regard to environmental considerations and work delivered under the social value policy ensures that opportunities for sustainability are maximised.

6.6 **Implications for partner organisations?**

Relationships have been developed appropriately with partner organisations from the private, public, third sector and social enterprises. The voluntary sector have been involved in re writing the standard procurement documentation to ensure that we are not unnecessarily excluding organisations from bidding on a level playing field with the private sector.

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