



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

15 December 2016
30 November 2016

Name of Cabinet Member:

Cabinet Member Strategic Finance and Resources – Councillor J Mutton

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 for 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 are requested to:

1) Consider the progress detailed in the report and forward any recommendations to the Cabinet Member

The Cabinet Member is requested to:

- 1) Consider the recommendations from the Finance and Corporate Service Scrutiny Board
- 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:

None

Other useful background papers:

Procurement Strategy 2015/2020

http://www.coventry.gov.uk/downloads/download/629/procurement_policies_and_procedures

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

13 Social Value case studies

http://www.coventry.gov.uk/downloads/download/2616/social_value

Has it been or will it be considered by Scrutiny?

Yes. Finance and Corporate Services Scrutiny Board (1), 30 November 2016

Recommendations:

The Finance and Corporate Services Scrutiny Board are requested to:

1) Consider the progress detailed in the report and forward any recommendations to the Cabinet Member

The Cabinet Member is requested to:

- 1) Consider the recommendations from the Finance and Corporate Service Scrutiny Board
- 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

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 2015 - 2020 was adopted by Cabinet Member Strategic Finance and Resources on 7th December 2015. 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. Options considered and recommended proposal

Not applicable.

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

- 3.1 **Delivery against the Social Value Policy.** There has been significant progress against the social value policy since the last report submitted to Members on 9th March 2015. There are now 13 case studies on the Council websites giving examples of the successes we have had.
- 3.2 The case studies emphasise why social value is important in so many different ways. With budgets reducing and demand for services increasing we need to be innovative and creative in the way in which they deliver services to our local communities to ensure that we get maximum return on investment when spending our scarce resources.
- 3.3 Local authority standard contracts already have an impact on social value in themselves as they include clauses which are intended to ensure that contractors are operating in a way that impacts favourably on society. These clauses can include the avoidance of modern slavery, counter terrorism, safeguarding, equalities, health and safety, data protection, tax avoidance, sustainable supply chains and payment of sub-contractors within 30 days.
- 3.4 However, considering social value in contracts is only the beginning of the journey and it takes full corporate responsibility to maximise the benefits that can be achieved. Officers with expertise in sustainability, environmental issues, economic development, planning, employment, public health and care have been working together to maximise the social benefits generated through contracting.
- 3.5 Closer working with public sector partners through the council's Marmot work (reducing health inequalities) has shown real results through harnessing initiatives like "making every contact count". Under this initiative, all public services meeting individuals on the front line don't just check that the individual's needs have been met from their employing organisation's perspective, they also check their general wellbeing, alerting public sector partners when additional needs are identified. For example, the Fire Service now not only check homes for fire risks they conduct "safe and well" checks as they are one of the most trusted public services when entering people's homes.
- 3.6 Other examples of the importance of social value can be seen through the impact service delivery can have on lives that are not directly impacted by the original contract. For example when a construction contract is being let, typical direct social value considerations would be apprentices, local employment, local supply chains, minimising harm to the environment through carbon reduction and using raw materials from sustainable sources. However we have encouraged contractors to engage with local supply chains differently by holding workshops to help potential contractors to become bid ready for future contracts. Some contractors have given careers talks in local schools as there are real skills

shortages currently in construction and these talks could encourage youngsters into the industry when it becomes clear that it is not just all about mud, hard labour and hard hats. Schools have also visited construction sites so that the children experience things for themselves. Efforts have been made to ensure that schools in the most deprived areas of the City have had the opportunity to visit in the hope that there is a chance that the cycle of generational worklessness can be broken.

- 3.7 Local Businesses other than those contracting with the local authority have been able to deliver social value in local communities. Corporate Social Responsibility policies are common in the private sector and it has been identified that delivering social value not only makes sound business sense when used as a tendering differentiator, it is also good for staff morale as individuals feel that they have made a difference. Coventry has used the Business Charter to encourage businesses to work to the same social value principles as ourselves. Those signing up to the Charter have developed social value plans and BAM have achieved Bronze accreditation which means that they are working to the economic principles contained in the Social Value Policy.
- 3.8 Coventry City Council are a Social Innovation Partner with SEWM and as such have been working with Coventry and Warwick Universities and social enterprises in the City to bid for Social Enterprise Place status. Cllr Linda Bigham as Cabinet Member for Community Development has been participating on the steering group and the submission was confirmed as successful on the 17th November 2016. Feedback from Social Enterprise UK was that the submission was very strong and they were impressed by the leadership that was being shown in this area.
- 3.9 The Assistant Director Procurement has been working on a National Social Value Taskforce which has developed the Social Value Maturity Index (Launched in September 2016). This is a tool which allows authorities to self-assess their social value progress against a matrix of measures to identify whether they are following, mature, leading or innovating. Coventry have completed the self-assessment and of the 11 measures Coventry are mature in 9 with 2 assessed as following. The assessment has been helpful in identifying the areas we need to concentrate on next i.e. embedding social value into contract management and market engagement.
- 3.10 The Skills and Growth Manager appointed an apprentice, Joe Grubb in February 2016. He is completing an Advanced Apprenticeship in Enterprise – Economic Social Value. We believe that we may be the first local Authority to have a Social Value apprentice.
- 3.11 Coventry as a Planning Authority now includes planning conditions on major planning applications which are managed via skills and employment plans. To date there are 11 applications with conditions included and a further 18 that are being considered (up to 30/9/16).
- 3.12 The following gives a summary of what has been achieved through skills and employment plans up to 30/9/16:
 - 3.12.1 64 local businesses have benefitted from supply chain opportunities from major developments in the City
 - 3.12.2 149 local people have been employed on the sites
 - 3.12.3 586 apprenticeship weeks have been worked by apprenticeships generated on major developments. A more detailed breakdown of number of apprenticeships by site is included in Appendix A:
 - 3.12.4 Over 2,000 young people have attended site visits or careers talks. A more detailed breakdown of site visits and careers talks is included in Appendix A:
 - 3.12.5 We are piloting a Social Value plan via one of our procurement contracts (Enforcement Agencies contract) to capture Social Value outcomes on the contract.

- 3.13 **Delivery against the Sub Regional Procurement Strategy.** The Procurement and Commissioning Service have delivered their savings targets for 2015/16 and are on track to deliver against the 2016/17 targets. The table below shows the savings delivered as at November 2016.

Summary of Commissioning & Procurement Savings								01/11/2016
	2015/16				2016/17			
	Proc 3 Savings Delivered			Total	Proc 3 Savings Delivered			Total
	People	Resources	Place	Delivered	People	Resources	Place	Delivered
				£000				£000
Commissioning & Procurement	2,443	710	826	3,980	2,676	932	915	4,522
Public Health	588	213	199	1,000	588	213	199	1,000
Additional Inflation saving	1,408	426	399	2,233	1,995	639	598	3,232
	4,439	1,349	1,424	7,213	5,259	1,784	1,712	8,754
Target	4,699	1,706	1,595	8,000	4,699	1,808	1,595	8,102
Additional target 16/17 on					587	213	199	1,000
Surplus/(Deficit)	-260	-357	-171	-788	-28	-237	-83	-348
Other Procurement Savings	2,250	186	816	3,252	2,674	186	827	3,687
Total Savings Identified	6,689	1,535	2,240	10,465	7,933	1,970	2,539	12,441

- 3.14 Monthly reports on savings and procurement activity conducted through the Procurement Panels and Procurement Board have been regularly reported to Audit and Procurement Committee, where Members have had the opportunity to ask questions and seek reassurance that appropriate procurement action is being taken.
- 3.15 On the 7th December 2016 the Cabinet Member Strategic Finance and Resources approved the Sub Regional Procurement strategy. The strategy contained four themes making savings, supporting local economies, leadership and modernisation with 40 desired outcomes against those themes. The Assistant Director Procurement has carried out an analysis of performance against the themes and outcomes using RAG (red, amber, green) rating. For the purpose of this exercise red means not started, Amber means work has started although has not yet been completed and green means that the outcome has been achieved. The results show that a significant number of the outcomes have already being delivered by the Procurement and Commissioning Service. A summary of performance against the 40 outcomes is below:-

Sub Regional Procurement Strategy delivery summary November 2016			
Theme	Delivered		
	Red	Amber	Green
Making savings	0	7	7
Supporting Local Economies	0	0	5
Leadership	0	2	12
Modernisation	0	2	5
Total	0	11	29
% Delivery		27.5	72.5

- 3.16 The summary shows that the Procurement and Commissioning Service have delivered 75% of the 5 year strategy in year one.
- 3.17 Work has started to embed effective contract management practices. A practitioners group has been established to share good practice and to remind officers of their responsibilities. Work is ongoing with ICT to implement a diagnostic tool already used in Solihull MBC to help officers assess the level of contract management activity required for each contract.
- 3.18 CSWJETS, the sub regional e-tendering system has single sign on for suppliers. This means that they can choose categories of work 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. In 2015/16, 43% of Council third party spend was with local suppliers.

4. Results of consultation undertaken

- a. 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.

5. Timetable for implementing this decision

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

6. Comments from Executive Director of Resources

- 6.1 Financial implications
Specific Procurement & Commissioning targets were included in the medium term financial strategy for the period 2013/14 to 2016/17 - £2M rising to £9.1M. 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.

There has been a small shortfall each year since 13/14 and a projected shortfall in 16/17. This has been dealt with as part of the budgetary control process.

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

- 6.2 Legal implications
There are no legal implications of this report

7. Other implications None

- 7.1 **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.

7.2 How is risk being managed?

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

7.3 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.

7.4 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.

7.5 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.

7.6 Implications for partner organisations?

Relationships have been developed appropriately with partner organisations from the private, public, third sector and social enterprises. In the past, 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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Members: Cllr John Mutton	Cabinet Member Strategic Finance and Resources		07.11.16	07.11.16

This report is published on the council's website:

www.coventry.gov.uk/meetings

Apprenticeships

BAM – Finham Park 2 & Health & Life Sciences	Bowmer & Kirkland – One Friargate	George Downing Construction – Belgrade Plaza
22	14	5
TOTAL = 41 Apprentices Equating to 586 weeks		

Site visits and careers talks

BAM – Finham Park 2 & Health & Life Sciences <i>On-going</i>	Bowmer & Kirkland – One Friargate <i>On-going</i>	Costain – Friargate Bridge <i>completed</i>	Willmot Dixon – AT7 Centre <i>Completed</i>	Barratts – City Wharf <i>On-going</i>
362 visits 856 careers events = 1218	8 visits	520 careers events	75 visits 285 careers events = 360	23 visits 90 careers events = 113
468 visits to site 1751 careers events				
TOTAL = 2219				

Definition

Visits = number of individuals that have visited a site.

Careers events = number of individuals that have benefited from a contractor going into school/college or number of individuals from a school/college who have visited a contractor at a careers event.