



To: Finance and Corporate Services Scrutiny Board (1) Date: 09/11/2022

Subject: Social Value and Procurement

1 Purpose of the Note

- 1.1 To update Finance and Corporate Services Scrutiny Board (1) on the progress being made by Legal and Procurement Services with regards to the capture, management and reporting of Social Value, Equality, Diversity & Inclusion and Contract Management.
- 1.2 To seek support for planned activity in relation to the above.

2 Recommendations

- 2.1 Finance and Corporate Services Scrutiny Board 1 are recommended to
 - 1) Support the development of a suite of Themes Outcomes and Measures (“TOMs”) calculators for inclusion in all appropriate Council procurement activity in relation to goods, services and works as outlined in paragraphs 3.1.6 through to 3.1.11.
 - 2) Support the proposal to establish a baseline of diversity data within the supply chain, targeted engagement and reporting process as outlined in paragraphs 3.2.2 through to 3.2.11, to deliver against the aims of the Workforce Diversity and Inclusion Strategy.
 - 3) Note the ongoing review of the Council’s Contract Management Framework and contract management provision to support robust monitoring and reporting of contractual performance.

3 Information/Background

3.1 Social Value

- 3.1.1 In the Levelling Up white paper, the Government has signalled its intention to “*legislate to put social value at the heart of government spending – weaving a thread of social improvement and civic responsibility through the UK Government’s £300bn annual expenditure on procurement*”. The intention is that delivering Social Value will significantly contribute towards the delivery of Levelling Up.
- 3.1.2 Following the publication of the Council’s new [Social Value and Sustainability Policy](#), there has been a clear strategic case for the need for social value to be embedded and become a core focus in our procurement. Furthermore, it has been agreed internally that ownership of the policy will sit with the Director for Business, Investment and Culture and will be aligned with the work undertaken by the Economic Development Team.
- 3.1.3 Notwithstanding, Legal and Procurement Services still have a big role to play in the development, implementation, management and reporting of social value through the following:

- Ensuring that the review of the Procurement Strategy aligns with the National Procurement Strategy for Local Government 2022 and the forthcoming Procurement Bill; and
 - by maximising in contractual terms, the social value commitments which align to the Council's Social Value and Sustainability Policy, other associated strategies and One Coventry Plan.
- 3.1.4 Coventry City Council is committed to improving the quality of life for every community, support businesses to be successful and make sure that the City of Coventry is a place where people want to live, work and visit. The opportunities to secure improvements to social, environmental or economic wellbeing being built into all the stages of the Council's procurement & commissioning exercise will support this vision. Together with work through the One Coventry approach to engage residents, businesses and organisations, this offers more genuine opportunities to local Small Medium Enterprises (SMEs), Voluntary, Community and Social Enterprises (VCSEs) and community groups to become involved, ensuring Supplier Diversity, whilst maintaining our focus on obtaining value for money.
- 3.1.5 The Council continues to use its existing governance arrangements, through both its democratic governance, as set out in the Council's Constitution, and its Strategic Procurement Panels and Board to ensure scrutiny and control of procurement decisions, where appropriate.
- 3.1.6 The Strategic Procurement Panels and Board ensure that the Council achieves the best possible outcomes using the resources available, as efficiently as possible and with a view to reducing health inequalities. By incorporating Social Value and Sustainability and the One Coventry approach into the Procurement governance as well as the tender documents, the Council will strengthen the ability to meet its obligations under the Public Services (Social Value) 2012 Act.
- 3.1.7 It has also been recognised that improvements can be made to the capture, monitoring and reporting of Social Value commitments made during tender processes both above and below the relevant Public Contracts Regulations ("the Regulations") thresholds for goods, services and works. To this end, work is ongoing with colleagues across the organisation to identify the necessary improvements required.
- 3.1.8 Current assessment of Social Value commitments is considered subjectively, and whilst commitments made in response to qualitative questions set out in the evaluation of tenders received are contractualised through Key Performance Indicators, Procurement are reviewing the possibility of utilising objective and quantifiable Social Value commitments as this could present a greater opportunity to deliver against the One Coventry Plan and achieve the objectives of the Council's Social Value and Sustainability Policy.
- 3.1.9 To that end, Procurement are liaising with colleagues in the Economic Development Team who have been instrumental in the embedding of objective Social Value measures through the incorporation of the [TOMS \(Themes, Outcomes and Measures\) National Framework](#) in planning applications.
- 3.1.10 The National TOMs Framework aims to provide a minimum reporting standard to help organisations measure and justify the pursuit of Social Value outcomes in their contracts. It provides a robust and transparent solution for assessing quantitative and qualitative Social Value commitments made in the tendering process.

3.1.11 Dialogue with the Economic Development Team is ongoing with a view to developing a suite of TOMS calculators utilising the measures under the framework that further align and strengthen the economic, social and environmental outcomes and indicators (see [Appendix 1](#)) as defined within the Social Value and Sustainability Policy and to the priorities as set out in the refreshed One Coventry Plan;



3.1.12 Through the strengthening of Social Value commitments against which tenderers can bid back during the tender process, the Council’s Procurement team can provide meaningful data to present in response to the commitments made in the Social Value and Sustainability Policy.

3.1.13 The suite of TOMS calculators would be for inclusion in all appropriate Council procurement exercises and provide consistent Social Value commitment metrics to report back to the relevant Cabinet Member on an annual basis as outlined in the Social Value and Sustainability Policy.

3.1.14 There are several benefits to using both the National TOMs for the Council. We will be able to:

- Objectively compare and benchmark year on year social value delivered between contracts and services, to seek sharing of best practice and drive better performance
- Gain a deeper understanding of where social value is being generated within our suppliers and areas - as well as where more social value could be unlocked to improve outcomes

- Puts a common language (the Coventry £) against the positive impact our spending brings to the area, to inform service planning and commissioning
- Being better informed, about where further social value could be unlocked locally, will develop, and support our communities, in turn creating a more resilient, healthier, and prosperous workforce to contribute to a flourishing City of Coventry.

3.2 Equality, Diversity and Inclusion (EDI)

3.2.1 Following the publication of the new [Workforce Diversity and Inclusion Strategy 2021-23](#), it has been identified that the Council does not capture, and therefore report on, diversity data within its supply chain during its procurement activity.

3.2.2 As a result, Procurement has been engaging with colleagues in HR, in the development of a diversity questionnaire to be issued to all small and medium enterprises (SMEs) within the city of Coventry to establish a baseline of reporting data.

3.2.3 An SME is any organisation that fall within any of the following:

Turnover or balance sheet total	Headcount	Business Size
Less than or equal to £50m or £43m	Less than 250	Medium
Less than or equal to £10m or £10m	Less than 50	Small
Less than or equal to £2m or £2m	Less than 10	Micro

3.2.4 It is intended that the Council aims to capture the diversity data business ownership of only SMEs within the city of Coventry at this stage as ownership and management structures of larger organisations are wider and more complex than those of SMEs, casting doubt on the reliability and accuracy of data captured.

3.2.5 The proposed diversity questionnaire will seek to gather data on ethnic minority business owners and business owners with protected characteristics, in order to provide meaningful data in order to work towards delivery of the aims and measures of Inclusive Procurement & Commissioning under the Workforce Diversity and Inclusion Strategy.

3.2.6 There are nine (9) protected characteristics under the Equality Act 2010 as follows;

- age
- gender reassignment
- being married or in a civil partnership
- being pregnant or on maternity leave
- disability
- race including colour, nationality, ethnic or national origin
- religion or belief
- sex
- sexual orientation

3.2.7 The diversity questionnaire proposed will also seek understanding from local businesses regarding what they consider to be the barriers to entry in accessing and tendering for Council contracts, and what the Council can do to enable opportunity on future tender activity.

3.2.8 Following the initial survey, and establishment of a baseline of diversity data within the local supply chain, Procurement will undertake analysis of the data presented and produce targeted engagement with local businesses - including, but not limited to targeted

Meet The Buyer events - that will seek to reduce or remove any barriers they face in successful tendering.

- 3.2.9 In consideration of 3.2.5 through to 3.2.8, Procurement Services is undertaking a Data Protection Impact Assessment (DPIA) Screening Checklist and may need to complete a DPIA, to ensure we comply with the respective legislation and internal processes in capturing and handling personal data, as in order to produce targeted engagement sessions following collation of the questionnaire responses, the questionnaire cannot be completed anonymously.
- 3.2.10 The diversity questionnaire will be issued on an annual basis to monitor fluctuations in the data gathered and report back against the targeted engagement to encourage and deliver on a diverse local supply chain.
- 3.2.11 We will share supply chain diversity information within the organisation to reinforce our commitment to diversity and inclusion.

3.3 **Contract Management**

- 3.3.1 The Council's Contract Management Framework has been established for a number of years now and is kept under review in order to identify where improvement can be made.
- 3.3.2 This is because the important work of procurement activity does not stop once a contract has been awarded. Part four of the proposed Procurement Bill sets out steps that must be taken to manage a contract. Furthermore, this includes new requirements to assess and publish information about how suppliers are performing (KPIs).
- 3.3.3 The proposals outlined in the Procurement Bill shall be incorporated into a revision of the Contract Management Framework and rolled out Council wide for all Procurement activity captured by the proposed changes and will be monitored by the Procurement team.
- 3.3.4 The Procurement Bill is currently at Committee Stage in the House of Lords, with multiple readings and revision steps prior to Royal Assent. The Government has confirmed that there will be a 6-month 'bedding in' period before the new Regulations go live, which is anticipated to be early 2024.
- 3.3.5 Nevertheless, Procurement is keen to embed and foster improved reporting behaviours across the Authority in advance of the new Regulations.
- 3.3.6 Procurement Services are currently reviewing system capability with our incumbent e-procurement portal provider to establish whether our requirements in relation to monitoring and reporting of performance data, including Social Value and EDI, can be met.
- 3.3.7 Reporting on contract management using a single system will provide the Council with a robust and uniform approach to contractual performance and management.
- 3.3.8 In the event that, following dialogue with our incumbent e-procurement portal provider, our requirements cannot be met, Procurement intends to engage with the market to understand what is available with the view to potentially sourcing an alternate solution.

Rob Amor

Deputy Head of Procurement

rob.amor@coventry.gov.uk

APPENDIX 1 Social Value and Sustainability Policy – Outcome and Indicators

The Council has identified a set of representative and example outcomes with associated indicators as per the tables below, that can be used to measure and track the amount of Social Value & Sustainability which are currently being delivered through the three main areas below;

- Commissioning & Procurement and subsequent third-party contract.
- Major Development Project Planning Applications
- City Council Partners

When commissioning goods and services, commissioners and procurement leads must consider the indicators for inclusion into the award criteria or as a performance obligation, where appropriate. These indicators are not an exhaustive list, and commissioners and procurement leads may wish to consider additional indicators.

Economic	
Outcomes	Indicators
Create jobs, upskill local people, increase the number of local people in employment	<ul style="list-style-type: none"> • No. of local people upskilled increased • No. of training weeks provided to local people • No. of local people in employment within services commissioned • No. of local people employed on site • No. of job opportunities advertised locally • No. of people who are long-term unemployed or long-term economically inactive moving (back) into employment
Improved employability of young people - Supporting young people into apprenticeships	<ul style="list-style-type: none"> • No. of businesses operating apprenticeship schemes/work placements • No. of local people accessing apprenticeships/work placements within services commissioned • No. of weeks of apprentices on site • No. of apprentices • No. of hours dedicated to supporting young people (under 24s) into work (e.g. CV advice, mock interviews, careers guidance)
Support and empower local people to connect with jobs - maximising knowledge, training opportunities, skills and access to employment opportunities via economic growth	<ul style="list-style-type: none"> • No. of training places/apprenticeships/work placements • No. of local people supported to gain a qualification • No. of employees benefiting from Learning & Development activities • Level of qualifications achieved • No. of weeks of apprentices on site • No. of apprentices • No. of local people upskilled increased • No. of training weeks provided to local people • No. of job opportunities advertised locally
Minimising the impacts of business on our current and future environment, using resources efficiently and promoting re-use and repair to support a sustainable circular economy with opportunities to	<ul style="list-style-type: none"> • No of contracts with SMEs and VCSEs • Local spend breakdown • Evidence that suppliers work with SMEs and VCSEs via contracting/sub-contracting arrangements

work with SMEs, VCSEs – delivering sustainable and inclusive economic growth for the City to prosper	
Enhance Coventry's profile as a city that is open for business by supporting the growth of an innovative green economy - secure inward investment from key sectors	<ul style="list-style-type: none"> • No of new investment/construction projects • Total amount in £ spent in the local supply chain from major development sites • Number of VAT registered businesses registration rate

Social	
Outcomes	Indicators
Consider equality and diversity in the provision and operation of services, including a workforce that is representative of the communities we serve, where relevant and proportionate	<ul style="list-style-type: none"> • No. of people upskilled from under-represented groups • No. of people from under-represented groups taken on as apprentices • Percentage of women (FTE) hired on contract • Percentage of employees (FTE) BAME hired on contract
Provide opportunities e.g. employment opportunities for all, including the most vulnerable, to make a valuable contribution	<ul style="list-style-type: none"> • No. of vulnerable people e.g. 'Care Leavers' in employment • No. (or percentage) of opportunities advertised to/offered to care leavers
Promote the safeguarding and welfare of children, young people and vulnerable adults	<ul style="list-style-type: none"> • Corporate/One Coventry Plan Indicator
Progression and consideration towards paying the Real Living Wage	<ul style="list-style-type: none"> • No. of suppliers paying at least the relevant Real Living Wage as specified by the Living Wage Foundation • Percentage of staff on contract that is paid at least the relevant Real Living Wage as specified by the Living Wage Foundation
Improving the health and wellbeing of local residents, including employees and reducing health inequalities	<ul style="list-style-type: none"> • No. of businesses with a Thrive at Work award • Donations or in-kind contributions to local community projects (£ & materials) and equipment or resources donated to VCSEs (£ equivalent value)
Marmot Partnership Group aims to ensure opportunities arising through Social Value work are targeted appropriately and result in a reduction in health inequalities	<ul style="list-style-type: none"> • Indicators based on individual service requirements and linked to other Outcome Indicators

Environmental

Outcomes	Indicators
<p>Ensuring environmental sustainability by retaining, protecting and enhancing the environment, the efficient and responsible use of resources and tackling climate change in Coventry</p>	<ul style="list-style-type: none"> • Increased biodiversity • Percentage of open space with wildlife conversation designation (e.g. Local Nature Reserve, Sites of Interest for Nature Conservation) • Amount of green space available • Car miles saved on the project as a result of green transport programme or equivalent (e.g. cycle to work programme, public transport or carpooling etc.) • Percentage of fleet or construction vehicles on the contract that is at Least Euro 6 or LEV • Savings in CO2 emissions on contract achieved through decarbonisation (e.g. renewable energy / improved building fabric)
<p>Efficient use of resources by minimizing waste and reducing its impacts, and procuring materials and ethical sources</p>	<ul style="list-style-type: none"> • Amount of waste sent to landfill decreased/Tonnes waste diverted against relevant benchmark (Real Estate Environmental Benchmark) • Council and Supplier recycling rates increased • Supplier reduced packaging • No. of companies that evidence reduction of waste • Percentage of procurement contracts that includes commitments to ethical and Sustainable procurement • Percentage of procurement contracts that promote reuse of goods and services (e.g. use of waste hierarchy)
<p>Reduce energy, water and fuel consumption and maximise renewable and low/zero carbon technologies</p>	<ul style="list-style-type: none"> • Reduced carbon footprint of business (Inc. through improved energy and resource efficiency). • Reduced water consumption • Increased use of renewable technologies
<p>Effective and improved environmental performance</p>	<ul style="list-style-type: none"> • Where appropriate Certification to Environmental Management System Standards (e.g. ISO140001, ISO50001, ISO20121) or evidence of an equivalent environmental management system. • Adherence of known environmental quality assurance standards (e.g. Food for Life served here standard, Forestry Stewardship Council, Marine Stewardship Council). • Environmental Policies and action plans in place • Evidence of communication and reach to Coventry citizens to promote behaviour change across sustainability.