

<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Elfreda Walker</b>
<b>Title</b>	<b>Social Value Act</b>		<b>282724</b>
<b>Wards affected</b>	<b>All Wards</b>		

**This report concerns the implementation of the requirements of the Social Value Act**

**1. Decision Required**

- 1.1 To agree to amend the Council's procurement process and guidance to include a requirement to consider appropriate and relevant measures to address the impact on the local economy, the environment and compliance with the living wage at the pre-procurement stage of future procurements over the EU threshold.
- 1.2 To agree that the key social value issues applicable to Colchester Borough Council will be those set out at paragraph. 4.7.

**2. Reasons for Decision(s)**

- 2.1 To promote the economic, social and environmental wellbeing of the local community.

**3. Alternative Options**

- 3.1 The only alternative would be not to consider how services procured might improve the economic, social and environmental well being of the borough, but that would be contrary to the requirements of the Social Value Act.

**4. Supporting Information**

**Background**

- 4.1 Value for money is the over-riding factor that determines all public sector procurement decisions. In recent years, there has been a shift in understanding of how value for money should be calculated, and growing support for the idea that it should include social and economic requirements.
- 4.2 The Public Services (Social Value) Act is the most significant development in this trend towards embedding social value in procurement. Under this Act, for the first time, public bodies are required to consider how the services they procure might improve the economic, social and environmental well-being of the area.
- 4.3 Social value has been defined as "the additional benefit to the community from a commissioning / procurement process over and above the direct purchasing of goods, services and outcomes". There is no authoritative list of what these benefits may be. The reason for this flexible approach is that social value should consider what is beneficial in the context of local needs or the particular strategic objectives of the Council.

- 4.4 In recognition of this, the Public Services (Social Value) Act does not take a prescriptive approach to social value. It simply says that a procuring authority must consider:
- How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area.
  - How, in conducting the process of procurement, it might act with a view to securing that improvement.
- 4.5 In doing this, the Act gives the Council freedom to determine what kind of additional social or environmental value would best serve the needs of the local community as well as giving providers the opportunity to innovate.
- 4.6 The Act applies to public service contracts and those public services contracts with only an element of goods or works over the EU threshold. This currently stands at £173,934. Social value must be considered at the pre-procurement phase, to enable social value to be embedded in the design of the service from the outset.

### **How Will Social Value Be Considered At Colchester**

- 4.7 Following discussions at Leadership Team, the following three themes / priorities are recommended as those which should be taken into account when considering social value:

<b>Social Value Theme</b>	<b>Examples</b>
Impact on local economy	Requirement to advertise employment opportunities locally Skills training / apprenticeships Use of local sub contractors
Compliance with living wage	Subject to the decision on accreditation; relevant contractor employees would have to be paid at least the living wage (currently £7.49).
Environmental	Requirement to use low emission vehicles Eco-efficiency – doing more with less resource Reduce, reuse and recycle Increase in amenity Visual improvement

- 4.8 The Act requires the Council to act in a way which is proportionate to the services being procured. The Cabinet Office guidance recommends keeping a formal record of the steps that have been taken to comply with the Act. It is proposed that the Portfolio Holder or Cabinet award reports detail whether the requirements of the Act are applicable. Where the Act is applicable the report must detail what the social value will be, how it will be achieved and whether consultation was carried out to determine whether economic, social or environmental improvement could be achieved. Where the Act is not applicable the report should state why.

## **5. Proposals**

5.1 Cabinet is requested to:

- Agree to amend the Council's procurement process and guidance to include a requirement to consider appropriate and relevant measures to address the impact on the local economy, the environment and compliance with the living wage at the pre-procurement stage of future procurements over the EU threshold.

## **6. Strategic Plan Reference**

6.1 Leading our Communities – the proposed approach to integrating social value into procurement will:

- Help to improve opportunities for local businesses to thrive
- Help to promote sustainability and reduce congestion.

## **7. Publicity Considerations**

7.1 The Council's requirements under the Act will be publicly available on the Council's website and within relevant tender documentation.

## **8. Standard References**

8.1 There are no particular references to consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

## **Background Papers**

There are no background papers.