

**Social Value:  
Final progress report to the Policy Committee  
8<sup>th</sup> May 2017**

As the attached position statement to Policy Committee on 3 April 2017 outlined, the cross party task and finish group established wide ranging terms of reference to examine the social value policy and its practice across the Council. The position statement highlighted the progress made, outstanding areas still to be addressed and recommendations to take the work forward.

This final report to the committee provides an update on the aforementioned outstanding areas with a focus on how to take forward this programme of work into the future.

**1. Further work with Centre for Local Economic Strategies (CLES)**

Work is underway to commission CLES to undertake detailed research and provide guidance on a number of areas namely;

- Ensure social value is considered as a matter of course E.g. social value part of contract management
- Clearer understanding of our 'local spend'
- Develop a process for continuous monitoring of social value
- Explore leakage out of the Kirklees economy
- Influence the behaviour of the supply chain
- Provide signposting for suppliers

A more detailed offer from CLES will be available in the near future in terms of costings and timings.

**2. Further work with Calderdale Council and Yorkshire Purchasing Organisation (YPO)**

Calderdale have offered to carry out a free audit of spend to determine the extent of leakage out of the Kirklees economy. We have agreed in principle on the audit and are awaiting confirmation from Calderdale as to when they can fit us into their schedule.

YPO have offered to carry out a supply chain analysis in order to give us a better understanding of how our spend links back to the local area. The first meeting is scheduled for 3<sup>rd</sup> May where we will get a better understanding of their offer and timescales.

**3. Community asset transfer**

The revised Community Asset Policy certainly follows the principles of social value particularly in supporting local communities through front-loaded support and de-risking the transfer process. However there is more we can do in ensuring that the policy forms part of the practical process in determining whether an organisation is 'fit for purpose' and the transfer of an asset yields social value. Colleagues in Physical Resources and Procurement have agreed to pilot an approach where the

policy forms a central part of the assessment process. This is currently being developed with officers from the Policy Team.

#### **4. Engagement with third sector and SMEs**

Officers are continuing to explore opportunities to engage with both the third sector and SMEs around our social value policy. It is important that views from both groups are heard and considered.

#### **5. Inclusive growth agenda**

Social Value and the inclusive growth agenda are closely linked and it is important that both officers and councillors understand how the two work together. Inclusive growth is *“Broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes”*. The current model is described as *“grow now, redistribute later”*.

The RSA Inclusive Growth Commission [Final Report](#) has been launched and is being trail blazed across Leeds City Region, focusing on:

- Place-based industrial strategies: Delivering business-led productivity and quality jobs
- A fundamental reset of the relationship between Whitehall and the town hall, underwritten in new social contracts
- Inclusive growth at the heart of public investment
- Making inclusive growth our working definition of economic success

#### **Recommendations**

- The Policy Committee recommends that a report is presented to Cabinet seeking endorsement for the work undertaken by the Committee and its task and finish group in 2016/17
- That report for Cabinet report should recommend that a Cabinet Member is identified to take a lead role on a work programme to continue to work towards embedding the social value policy into our working practices across the Council

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## **Policy Committee Update – March 2017**

### **Social Value – Task and Finish Group Position Statement**

#### **Context**

The Kirklees Social Value Policy of 2013 goes beyond the scope of the Social Value Act of 2012 (Policy Statement appended). There is concern that the Kirklees Social Value Policy is not effective enough in terms of the practical outcomes it delivers. It was therefore decided it would be timely to review policy and practice to ensure they align strongly to New Council. For these reasons, Policy Committee established a Task and Finish Group to explore how this could be improved.

The terms of reference of the group were agreed as follows:

- To examine best practice from other local authorities with favourable reputations for their social value programmes and to learn of the latest developments in the social value field from organisations such as the Centre for Local Economic Strategies (CLES), to understand how social value in Kirklees could be improved.
- To explore the extent to which all council functions consider social value in terms of their impact on the third sector, particularly local third sector organisations who are contributing to our Early Intervention and Prevention objectives; and how this could be improved – e.g. the impact of charging or cost recovery.
- To examine the Council commissioning and procurement process in light of information derived from the work described above; assess how changes to commissioning and procurement can stimulate local social value and contribute to growth which enhances the delivery of the social and economic practices of the Council

#### **Progress and Update**

A report on “Social value” was presented to the Policy Committee on 28 Nov 2016, which led to the creation of an informal task and finish group. All councillors were asked to express an interest if they wished to be involved. The final substantive membership consists of Cllrs Judith Hughes, Robert Light, Hilary Richards, John Taylor and Rob Walker (Chair). Cllr Shabir Pandor has also attended various meetings. At the initial meeting, the group agreed five key objectives to guide this work. Below is a summary of the progress made with each objective:

##### **1. To learn from best practice and external research**

- The group received a presentation from the Chief Executive Neil McInroy of the Centre for Local Economic Strategies (CLES) on “Kirklees council and social value” in January. The presentation introduced the idea of progressive economics and how to make social progress even when the economy is struggling. Central to this idea is the importance of what CLES termed the public economy, which CLES estimated would be around 40% of the total economy for an area such as Kirklees. CLES made the point that the question of inequality was becoming more and prevalent in mainstream economics.

- Neil then detailed the work of CLES on social value and procurement and the importance (as far as social value is concerned) of not framing procurement purely in terms of cost and efficiency. The presentation continued to look at the importance of ensuring that at least some of the public spend (over which the local authority has direct influence) is spent with local suppliers and the effect this can have on a local area.
- Details were then given on how local authorities can procure with social value in mind whilst adhering to the legislative framework surrounding procurement and an example social value procurement framework and baseline.
- In terms of desktop analysis, there are numerous examples of local authorities adopting various charters and social value policies (Doncaster, Oldham etc) but very little on implementation and delivery. This is an area which requires further work.
- CLES also talked about working with 'local anchor businesses' to build community wealth. This fits with the Leeds City Region's work on inclusive growth and using large public sector organisations as 'anchors' to lead change.
- The presentation concluded with a series of recommendations, namely;
  - Ensure social value is considered as a matter of course  
E.g. social value part of contract management
  - Develop a process for continuous monitoring of social value
  - Explore leakage out of the Kirklees economy
  - Influence the behaviour of the supply chain
  - Provide signposting for suppliers

**2. To explore the impact of work and potential barriers created by the council for the Third Sector when delivering social value and early intervention and prevention objectives**

- The meeting on the 15<sup>th</sup> March was unfortunately cancelled; further work is required on how we engage with the 3<sup>rd</sup> sector and small businesses.
- A report by the University of Huddersfield from 2012 titled 'Understanding the experience of bidding for Kirklees Council Contracts' does have some useful anecdotal evidence from a wide variety of businesses across Kirklees.
- The Food for Life Partnership is a good example of where a council/third sector organisation partnership can bring major benefits with regards to social returns

**3. To examine and understand the Social Value element in commissioning and procurement processes, and recommend (if necessary) changes; assess how these processes can stimulate local growth**

- There has been a series of meetings with colleagues in procurement and commissioning in order to get a clear picture on the current position in Kirklees and to start to understand how social value can be incorporated into our everyday business.
- The meeting with Richard Parry ([Director for Commissioning, Public Health and Adult Social Care](#)) highlighted that certainly in terms of social care social value is at the heart of commissioning the delivery of services, which is evidenced by the high number of local providers in this sector. However, the

meeting raised the issue of how well social value is been applied internally within all council services.

- Following a couple of meetings with Procurement, there are a number of barriers and issues that have arisen, namely:
  - i. Based on the last figure from 2014/2015 local spend was at 31% compared with 28% now but there are concerns that this figure is incorrect. Further clarity is required on producing a 'baseline'.
  - ii. We need clear parameters about what we are including and what we aren't from SAP and the feeder systems so that any future reporting is a like-for-like comparison
  - iii. A clear definition of what local spend means i.e. Kirklees Postcode, West Yorkshire etc?

#### **4. Examine the area of asset transfers and social value – particularly around the challenge of PRP meeting their income targets, set against the need to protect third sector groups who meet the councils EIP objectives (and who may be saving the council money by providing a specific service)**

- The Task & Finish Group met with colleagues from Assets on the 20<sup>th</sup> February to examine the area of asset transfers and social value. In the context of New Council and different ways of working with community groups, alongside budget pressures, this is a critical area which needs consideration.
- At the time of the meeting, the Council have successfully completed 10 Asset transfers through to legal completion. There are also 6 which have been approved at Cabinet for an Asset Transfer but have not yet legally completed. To put that into context, the Council has approximately 260 corporate assets but not all are eligible for asset transfer.
- Cabinet approved a revised Community Asset Policy on the 7<sup>th</sup> March 2017 which includes a clear definition of what the Council considers a Community Asset Transfer and the types of assets that could be transferred.
- The Community Asset Policy requires much clearer criteria for measuring social value when assessing a transfer proposal. What weighting is social value given against other outcomes?
- The Group were also concerned about the future sustainability of building that had being transferred and what the Council's role should be once a building had been handed over. What further support should we be offering? How far should the monitoring go? It must also be noted that there are significant resource implications relating to future monitoring and support.
- How do we promote social value with organisations once a transfer has been completed?

#### **5. Establish how social value can be embedded into the Kirklees Economic Strategy**

- In terms of high-level strategy, social value should be seen as a key part of the inclusive growth agenda which is currently gathering momentum both here and at the Leeds City Region level.
- Inclusive Growth is broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve prosperity alongside greater equity in opportunities and outcomes. Social value is a key component.

- The interest in inclusive growth has arisen along with an increasing concern about the consequences of widening inequality and doubts that economic growth does not automatically benefit all levels of society.
- Kirklees Council is a signatory to the Inclusive Growth in Cities Campaign. In 2016 the Leader received a personal invite to join a global network of leaders – known as ‘Champion Mayors for Inclusive Growth’ – who are committed to advancing an inclusive growth agenda and bridging the gaps between national and local efforts to fight inequality.
- The Leeds City Region LEP and West Yorkshire Combined Authority (WYCA) have a joint vision for economic growth which is “to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”. This is set out in the Leeds City Region Strategic Economic Plan (SEP).
- The principle of ‘Good Growth’ is central to the vision and reflects the aspirations of the LEP Inclusive Growth Working Group that is looking at how to achieve broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success.
- In November 2016, WYCA and the LEP Board agreed a project to position the city region at the forefront of the Inclusive Growth agenda. The project aims to better enable the city region to capitalise on new opportunities and achieve the SEP’s outcomes. As a first stage it seeks to:
  - Provide analysis of intelligence and data to inform priorities for action, establishing strengths and gaps in current work;
  - Undertake an audit of current activities across the WYCA geography, and draw out best practice;
  - Determine collective priorities, and engage widely with local members, businesses and community groups on what good growth means to them; and,
- It will be important for Kirklees to capitalise on opportunities afforded by the Inclusive Growth agenda as the basic premise of is consistent with our stated ambition to ensure that our two core strategies – The Kirklees Economic Strategy and the Joint Health and Wellbeing Strategy – are connected and complementary. Social value is a key part of this.

### **Next Steps/recommendations**

The Policy Committee is asked note the progress and issues highlighted in this position statement and to come to a view on the following:

- There is widespread agreement that the policy is good but there are significant challenges relating to its implementation.
- Baseline figures and evidence base - this requires further work to ensure we have the correct data and a sustainable way of consistently gathering the right information. There is also the need for clarity on certain definitions i.e. local spend and our approach to temporary contracts etc
- There is the potential to commission CLES to carry out a ‘social value diagnostic’ including analysis and clarity on our current position.
- In terms of implementation, can we highlight practical examples within the Council where the social value policy is embedded and being implemented?

Is there potential to develop a pilot project with an area of service delivery that covers data collection and embedding the social value policy?

- Further engagement with the business and 3<sup>rd</sup> Sector Leaders to establish better working links on a more regular basis. The initial focus should be on the barriers currently being experienced by partners in relation to social value as well as a response to the recommendations from the Task & Finish Group. Is there an opportunity for peer learning with business/third sector?
- How are other 'anchor' institutions from both the public and private sector across Kirklees approaching social value? Is there opportunity for a joint social value charter and subsequent action plans for delivery?
- In terms of Asset Transfer, how far should we go in ensuring the social value policy is met? What should be the Council's role once an asset has been transferred?
- How can we benefit from the inclusive growth initiative being led by the Leeds City Region? Social value is a key part of inclusive growth, how could this help us deliver our outcomes?
- Explore further opportunities with Yorkshire Purchasing Organisation (YOP) with regards to social value
- On-going research into how other local authorities are developing and delivering social value policies. We already have anecdotal evidence from Oldham and Doncaster but it's very much focused on producing a policy, not the implementation.

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# Appendix 1

## SOCIAL VALUE POLICY STATEMENT

This policy statement summarises Kirklees Council's approach to 'social value'. It covers:

- What we mean by the term 'social value'
- Priority social value outcomes for Kirklees
- The scope of Kirklees' approach

### What we mean by the term 'social value'

The term 'social value' refers to approaches which maximise the additional benefits that can be created through the delivery, procurement or commissioning of goods and services, above and beyond those directly related to those goods and services.

Social Enterprise UK in their [Brief Guide to the Public Services \(Social Value\) Act 2012](#) say that focussing on social value means asking the question: "*If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?*"

Social value is therefore about using the money we have more strategically, to produce a wider benefit than would otherwise have been achieved.

However, social value also describes the values and principles which inform our behaviours and approaches, namely:

- We will invest in ways that most benefit our local communities.
- We will use 'community sourcing' approaches as a means of regenerating local communities, both socially and economically.
- We recognise that civic enterprise solutions involving communities, the council and business offer a practical and positive alternative.
- We value and intend to grow our relationship with the voluntary and community sector and small businesses; and
- We will focus attention on the economy and the real strengths and capacities of our communities.

### Priority social value outcomes for Kirklees

Our priority social value outcomes relate to two main themes:

- 1. Supporting the Kirklees economy (this includes maximising the impact of the Kirklees £, promoting employment in Kirklees and supporting youth employment)**
- 2. Reducing demand (and consequently expenditure) for public services in Kirklees – maximising the impact of our actions on increasing resilience and independence.**

# Appendix 1

## The scope of Kirklees' approach

The social value approach encompasses the full commissioning cycle, service planning and review, decision making and policy development; and includes procurement of goods as well as services. The outcomes we intend to deliver through this approach include:

- Increasing the proportion of services and goods provided locally.
- Greater circulation of the Kirklees pound in local supply chains, thereby maximising the 'multiplier effect'.
- Supporting the creation of jobs, skills and training opportunities
- Promotion of opportunities for small and medium-sized enterprises (SMEs), social enterprises and voluntary and community organisations.
- More 'social innovation' across the commissioning landscape
- Value for money – through capturing longer term savings for the council as a whole.
- Better connections across services, with a greater understanding of how services interact to support outcomes and impact on the wider community.
- Growing the social sector to increase its overall size and capacity
- Savings through reductions in demand across a range of service areas
- Increased community-led activity, resilience and local problem solving

Key features of our approach are:

- Local spend and provision
- Commissioning for social value
- 'Community sourcing' (making better connections between public services and communities, focusing attention on the strengths and capacities of our communities)
- Procuring for social value
- Service diversification
- Improving cross service connections
- Embedding social value in new policy development

December 2013