

Name of meeting: Cabinet
Date: 21/09/2022
Title of report: Social Value Policy

Purpose of report

This report presents the draft Social Value Policy for approval by Cabinet.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer-Henshall, Strategic Director for Corporate Strategy, Commissioning, and Public Health - 8 th September 2022
Is it also signed off by the Service Director for Finance?	Eamonn Croston - 8 th September 2022
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 9 th September 2022
Cabinet member portfolio	Cllr Davies, Corporate Portfolio Holder

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? N/A

1. Summary

- 1.1 The new Social Value Policy seeks to update the policy statement adopted in 2013 as the Social Value Act 2012 came into force.
- 1.2 The Social Value Policy and Procurement Strategy are very closely related pieces of work. Together they support a key Corporate Portfolio objective to drive holistic benefits for our residents and communities through the Council's work.
- 1.3 The Procurement Strategy will be brought to Cabinet separately in October to underline the separation between the issues of social value and procurement.

2. Background

- 2.1 The Social Value Policy Statement adopted in 2013, which was supported by Social Value Guidance, was focused on commissioning and procurement. While this supported achievement of social value (SV) in a range of initiatives, this has relied more heavily on the procurement service considering social value at the procurement stage than on building in social value through service design and commissioning processes.
- 2.2 Since 2013 the Council has developed its understanding of social value and the opportunities to achieve it while good practice by other councils has also developed and been drawn on. Through this process it has become clear that other areas of council work including our employment practices, our use of assets and the role of the authority in local development planning processes provide significant opportunities to achieve social value. The new policy seeks to articulate these opportunities and how the Council intends to capitalise on them.
- 2.3 The definition of SV that the Council has developed to cover the breadth of opportunities this policy addresses is included at paragraph 3.2. In addition, it is important to note that the policy takes as its starting point the assumption that the decision to pursue the introduction or change of a service, or a given construction has already taken into account the potential positive and negative impacts of that decision. The considerations of the policy seek to achieve additional benefits that could result from this. As such it is not possible to have 'negative social value' whereas the benefits analysis of different delivery models themselves could have negative social impacts as well as positive.

3. Content of the Social Value Policy

- 3.1 The Social Value Policy sets an ambitious position taking the Council well beyond the procurement focused Social Value Act.
- 3.2 Having been unable to identify a satisfactory definition of social value, officers have created a Kirklees definition describing social value as:

"...the broad set of economic, social and environmental benefits that may be delivered in addition to the original goods or service being provided. They may include jobs and training, support of local businesses and community organisations, and to our environment. These benefits may be delivered through procurement, our employment practices, our grants and investments or other processes."

- 3.3 In contrast to the primarily commissioning and procurement focused policy statement of 2013, the new policy explicitly considers how SV can be delivered through seven areas:

- Our employment practices;
- Commissioning;
- Procurement;
- Planning and development;
- Grants to businesses and voluntary and community sector (VCS) organisations
- Asset transfers; and
- Non-treasury investments.

- 3.4 It is also important to note that SV is a key lever in delivery of our inclusive economy and net zero ambitions. Officers have been working closely with Third Sector Leaders to increase voluntary, community and social enterprise (VCSE) capacity to engage with and benefit from social value approaches in line with the VCSE Investment Strategy.
- 3.5 Central to this is shifting the emphasis away from procurement so that social value benefits are considered in much earlier stages of commissioning.
- 3.6 Updated guidance will be developed with the directorate leads.

4. Capacity to Deliver Social Value

- 4.1 Engagement with services has consistently demonstrated the need for both training of officers to understand social value and how it may be achieved but also the need to create specific capacity. This need is reinforced by another clear message throughout Senior Leadership Team (SLT) discussions and wider service engagement that there cannot be a 'one size fits all' approach to social value meaning that greater consideration is needed to how SV can be achieved in different service areas and even different projects.
- 4.2 It is proposed initially to identify SV leads within directorates who will be first to receive training in social value and be closely involved in the refresh of the Council's Social Value Guidance. This process will also be used to assess whether there is a business case for creating dedicated SV capacity through recruitment either within directorates, centrally or both.
- 4.3 Once leads have been identified within services the Council will engage with external stakeholders those leads will need to interface with. This will optimise the approach to be taken in that area of work to ensure it fits effectively with the structures and ways of working in that sector. As an example, the social value lead for the Planning Service will liaise with the social value leads within major residential developers from whom the council will be seeking to achieve social value commitments.

5. Performance Reporting and Measuring Impact

- 5.1 It was identified within SLT discussions that there is insufficient visibility of social value commitments and the extent to which these are realised. It is understood that increased visibility would play a role in strengthening consideration of SV within commissioning and contract management processes. The SV leads identified in section 4 will also play a key role in supporting contract management activity and ensuring SV is monitored and reported effectively. While this is currently only relevant within a procurement setting it may be possible to extend consideration of social value across the other areas identified within the policy for achievement of SV.
- 5.2 It is therefore proposed to incorporate SV key performance indicators (KPIs) into the Corporate Reporting Framework.
- 5.3 As part of this process the Council will also look to identify how to benchmark the organisation against others in terms of SV.

6. Implications for the Council

6.1 Working with People

Understanding of the needs of Kirklees residents is built up on an ongoing basis by the Council and partners through a range of engagement processes. Social value priorities will

be reviewed periodically to ensure these remain in alignment and opportunities will be sought to engage residents on priorities particularly in the case of major place-based projects as described below.

6.2 Working with Partners

The Social Value Policy is focused on how the Council will operate to maximise social value achievement, it describes how we will work with VCS partners to benefit from SV but also how the Council can promote SV approaches to other anchor organisations and equip them to adopt similar methods.

6.3 Place Based Working

The Social Value Policy describes how major commissioning projects that are place-focused (e.g. Cultural Heart) will take into account both the particular needs and opportunities presented by their context.

6.4 Improving outcomes for children

Various aspects of social value impact on outcomes for children including adding value to the communities in which they live and the wider environment. Most directly social value can support school visits by industry representatives, work experience and other careers related opportunities.

6.5 Climate Change and Air Quality

Environment is one of the facets of social value. Strengthening our SV approaches is expected to have positive impacts both directly in our service delivery and through our supply chain.

6.6 Financial Implications for the people living or working in Kirklees

The economy is one of the facets of social value. Strengthening our SV approaches is expected to have positive impacts on local education, skills, and jobs.

6.7 Other (e.g. Integrated Impact Assessment/Legal/Financial or Human Resources)

While we anticipate increased value for money through strengthening the quality of our procurement, social value is about taking a holistic view of the value delivered by our commissioning and working practices. As such it is anticipated that adopting social value approaches increases direct cost but also value for money by creating positive impacts across a broader range of measures than might otherwise be considered.

The need for social value training will require funding. The cost of this is to be established.

Any future recommendation to create dedicated social value capacity would have an associated direct cost.

The Social Value Act 2012 referred to above is the legal basis for this alongside (as relevant) procurement and other legislation depending on the activity

A Stage 1 Integrated Impact Assessment has been completed and will be published on the Council's website alongside this report in the papers for the 20th September 2022 Cabinet meeting: [Agenda for Cabinet on Tuesday 20th September 2022, 3.00 pm | Kirklees Council](#)

7. Consultees and their opinions

7.1 The policy has been informed by:

- Discussions with the Corporate Portfolio Holder;
- Extensive discussions with the Head of Procurement;
- Early discussions at Corporate Scrutiny and Economy & Neighbourhood Scrutiny;
- Early discussions at Corporate and Growth & Regeneration SLTs;
- Further discussions with all five Strategic Directorate SLTs;
- Extensive discussions with Helen Orlic, author of the VCSE Investment Strategy;
- Discussions with a range of commissioners across Council services;
- Discussion at ET on 14 June 2022;
- Discussion at LMT on 01 August 2022; and
- Discussion at Corporate Scrutiny on 15 August 2022.

7.2 The draft policy has been discussed at all five Strategic Directorate SLTs to ensure support across the board given its broad ranging impacts. These conversations were positive and issues identified have been reflected in the attached version of the document. In particular these relate to:

- Social value capacity within the organisation and each directorate;
- The need for training in social value in all areas; and
- The need for improved reporting to provide visibility of the impacts of procurement and social value.

7.3 Discussions at ET focused on the need to ensure sufficient capacity within directorates to engage with social value approaches and the need to ensure commitments on planning requirements were aligned with what was possible through current planning policy.

7.4 The most recent discussion at Corporate Scrutiny raised a number of issues which can be divided into those directly relevant to this policy and those primarily related to the Procurement Strategy to be considered later.

7.5 Those related to the Procurement Strategy were:

- How suppliers' failure to deliver on SV commitments will be contract managed;
- The balance between project cost and social value;
- The extent to which the Council is being more prescriptive of the SV it hopes to see delivered rather than leaving the market to determine this;
- The extent to which the Council is ready to deliver SV on larger projects; and
- How smaller voluntary and community sector organisations will benefit from social value.

7.6 Those directly related to the Social Value Policy were:

- Needing to be clear of the difference between the current and the new policies;

- How to benchmark the Council's SV achievements;
- The idea of 'negative social value'; and
- The impact of the Council's SV work on non-council services (e.g. ensuring demand for apprentices does not outstrip supply).

8. Next steps and timelines

The next steps for this policy following Cabinet endorsement are:

- Identify directorate social value leads (September);
- Deliver social value training/action learning programme (Q3); and,
- Complete development of social value guidance (Q4).

9. Officer recommendations and reasons

9.1 For Cabinet to approve the draft Social Value Policy.

10. Cabinet portfolio holder's recommendations

10.1 The Portfolio Holder agrees with the officer recommendation.

11. Contact officer

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12. Background Papers and History of Decisions

Social Value Policy, Corporate Scrutiny, 15 August 2022 ([link](#)).

13. Service Director responsible

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