



Date of Meeting: 26th November 2019
Lead Member: Cllr Tony Ferrari,
Lead Member for Finance, Commercial and Assets
Local Member(s): All
Lead Officer: Aidan Dunn,
Executive Director for Corporate Development (S151)

Executive Summary:

It is estimated that every year Dorset Council will spend in the region of £380m on purchasing goods, services and works. Spend ranging from buying social care through to purchasing IT systems, from buying vehicles through to procuring food supplies and maintaining roads. It is also estimated that 54% of this spend will be with organisations with a Dorset postcode. As with other local authorities, Dorset Council's future looks set to be increasingly dependent to the success of its local economy therefore there is a need to understand the impact of spending decisions to the local tax base and ways to retain the Dorset Pound within the county.

This report provides a proposal that the Council considers, as part of the strategy, a corporate approach to social value to assist maximising the Dorset Pound through procurement outcomes such as: Economic; Social; and Environmental.

The aim is to develop a new Procurement Strategy for the Council that will be presented to Cabinet in early 2021.

Equalities Impact Assessment:

N/A

Budget:

N/A

Risk Assessment:

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: LOW

Residual Risk: LOW

Climate implications:

Considering social value within procurement provide means to seek from providers, that secure contracts with the Council, outcomes of how they will protect the environment, minimise waste and energy consumption and use other resources efficiently whilst delivering services.

Other Implications:

N/A

Recommendation:

The Council to establish a Procurement Strategy that sets out key principles and actions to embed practical and effective commissioning for social value in every aspect of its procurements, commencing (as the Public Services (Social Value) Action 2012 requires) at the pre-procurement stage.

This report is seeking consideration from Resources Scrutiny Committee on the proposed approach.

Reasons for Recommendation:

“Social value” is a way of thinking about how scarce resources are allocated – it prompts the question “If one Dorset £ is spent on delivery of services, can that same £ be used to also produce a wider benefit to the community of Dorset?” Social value can help the Council to maximise the Dorset Pound, so it goes further than just delivering the core service.

Under procurement regulations, it is not acceptable to discriminate in favour of local but within procurement exercises we can evaluate those providers who can offer economical, or social, or environmental benefits to Dorset as part of delivering social value; within the fundamental procurement principles of equal treatment, transparency and non-discrimination.

Appendices:

Appendix A – Maximising the Dorset Pound through Social Value
Appendix B – Approach to Corporate Social Responsibility
Appendix C – Social Value Evaluation

Background Papers:

N/A

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APPENDIX A – MAXIMISING THE DORSET POUND THROUGH SOCIAL VALUE

1 Introduction

- 1.1 It is estimated that every year Dorset Council will spend in the region of £380m on purchasing goods, services and works. Spend ranging from buying social care through to purchasing IT systems, from buying vehicles through to procuring food supplies and maintaining roads. It is also estimated that 54% of this spend will be with organisations with a Dorset postcode. As with other local authorities, Dorset Council's future looks set to be increasingly dependent to the success of its local economy therefore there is a need to understand the impact of spending decisions to the local tax base and ways to retain the Dorset Pound within the county.
- 1.2 To respond to this there is growing interest in using procurement to invest in the local economy – but does local economy mean purchase local? The commercial reality of purchasing locally varies according to the nature of the specific purchase. Some markets are naturally structured around local providers (e.g. taxi services) where others are primarily national (e.g. mobile phone networks).
- 1.3 Definition of local is a very subjective one, is it:
 - 1.3.1 within a town or boundary?
 - 1.3.2 within the County?
 - 1.3.3 within the South West Region?
 - 1.3.4 within a certain radius from the site where the contract is to be performed?
 - 1.3.5 a supplier that employs staff who are resident of Dorset?
 - 1.3.6 a supplier that has a physical base in the County but its headquarters is elsewhere (global / national supplier)?
- 1.4 A diverse range of providers has much to offer by bringing increased competition for goods and services and supporting us in developing our commissioning intentions. Small and Medium Enterprises (SMEs) and Voluntary and Community Section (VCS) providers often have a lower cost base, are more responsive and can offer a better quality of service.
- 1.5 Whilst we are committed to give all providers opportunities to compete for our contracts on a level playing field, we also need to take full advantage of the skills and enterprise available locally.
- 1.6 Under procurement regulations, we cannot discriminate in favour of local as this would be deemed illegal, but within procurement exercises we can evaluate those providers who can offer economical, or social, or environmental benefits to Dorset as part of delivering social value; within the fundamental procurement principles of equal treatment, transparency and non-discrimination.
- 1.7 "Social value" is a way of thinking about how scarce resources are allocated – it prompts the question "If one Dorset £ is spent on delivery of services, can that same £ be used to also produce a wider benefit to the community of Dorset?". Social value can help the Council to maximise the Dorset Pound, so it goes further than just delivering the core service?

2 Social Value

- 2.1 As well as focusing on price, social value helps to consider the economic, social and environmental benefits to Dorset that can be procured over and above the direct purchasing of services, goods and outcomes.
- 2.2 The full name of the act is the “Public Services (Social Value) Act 2012” and it applies to the procuring of services, or the purchase or hire of goods or carrying out works that is subject to the total contract value threshold (£181,302) that is subject to The Public Contract Regulations 2015.
- 2.3 The Act states – *“If a relevant authority proposes to procure or make arrangements procuring the provision of services, or the provision of services together with the purchase or hire of goods or the carrying out of works the authority must consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant areas and, in conducting the process of process of procurement, how it might act with a view of securing that improvement”*.
- 2.4 Considering social value will assist the Council to maximise the “Dorset Pound”, potentially through procurement outcomes such as:
 - 2.4.1 Economic
 - Support Dorset businesses both directly and through sub-contracting opportunities.
 - Encourage new businesses to develop in Dorset, which addresses key challenges and fill gaps in provision.
 - 2.4.2 Social
 - Support businesses in Dorset to create new jobs and support existing jobs for residents
 - Support the creation of apprenticeships and the upskilling the residents of Dorset and their pay.
 - Support the development of new forms of enterprises within Dorset.
 - Through the above activities can support the achievement of wider outcomes around health and crimes, for example.
 - Stimulate social innovation through institutions co-designing services with Dorset communities and utilising social economy and social enterprise organisations in delivery.
 - 2.4.3 Environmental
 - Assist in reducing the distance which goods and services travel to a Dorset point of delivery
 - Assist in stimulating technical innovation through encouraging the market to develop new technologies which address both goods and services requirements and enable environmental advances.
 - Support improve the Dorset environment particularly where innovation processes are utilised in the design process and where creative individuals are procured to design, build and manage new facilities and infrastructure.
 - Encourage and influence providers to improve their sustainability practice such as the use of: low carbon production techniques; recycled materials, alternatives to single use plastics, etc.

3 Proposal

- 3.1 The Council to establish a Procurement Strategy that sets out key principles and actions to embed practical and effective commissioning for social value in every aspect of its procurements, commencing (as the Public Services (Social Value) Action 2012 requires) at the pre-procurement stage.
- 3.2 Make more use of early market engagement to capture views from a wide cross section of potential providers and service users, to help identify co-design and create social benefits from any subsequent contract.
- 3.3 The Council to embed a clear message about its intention to secure social value through commissioning and procurement every time it communicates with the marketplace.
- 3.4 Large contracts should be broken down into lots to encourage wider participation where it has been identified that this will secure better value to the Council.
- 3.5 Actively encourage local sub-contracting by the Council primary (Tier One) suppliers.
- 3.6 The Council should seek, within procurement processes, “like minded” providers in terms of corporate social responsibility that are aligned with the same values as the Council; statements shown in Appendix B – Approach to Corporate Social Responsibility.
- 3.7 Where relevant and proportionate, to include social value in procurement that reflect a minimum of 5% weighting out of the overall 100% of evaluation and provides opportunities for tenderers to offer innovative approaches to deliver wider benefits. Potential evaluation for consideration shown in Appendix C – Social Value Evaluation.
- 3.8 The Council should seek measurable, verifiable social value outcomes across all commissioning of services, including those delivered directly, and the commissioning of goods, works and services of all value that:
 - 3.8.1 are relevant to what is proposed to be commissioned or procured, and proportionate to the value and its importance;
 - 3.8.2 can legitimately be included in the services specification;
 - 3.8.3 will contribute to the Council’s Corporate Plan.

APPENDIX B – APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

The following Corporate statements to be incorporated in procurement processes as part of the corporate approach to encourage providers to align with the Council's values.

Statements
<p>Mindful Employer</p> <p>The Council is a signatory to The Charter for Employers who are positive about mental health and as such it has made a commitment to improve the working life of its staff. <i>For further details:</i> http://www.mindfulemployer.net/about/</p> <p>Please state whether your organisation is also a signatory to The Charter for Employers or can commit to be a signatory, if awarded the contract / framework agreement.</p> <p><i>Select the appropriate statement:</i></p> <ul style="list-style-type: none">▪ <i>Yes, our organisation is also a signatory to The Charter for Employers</i>▪ <i>Yes, our organisation can commit to be a signatory to The Charter for Employers if awarded the contract / framework agreement.</i>
<p>Dementia Friendly</p> <p>The Council is registered with Dementia Friends who provide best practice guidance to organisations, such as the Council, to work towards becoming dementia friendly. <i>For further details:</i> https://www.dementiafriends.org.uk/</p> <p>Please state whether your organisation is also registered with Dementia Friends or can commit to be a registered, if awarded the contract / framework agreement.</p> <p><i>Select the appropriate statement:</i></p> <ul style="list-style-type: none">▪ <i>Yes, our organisation is also registered with Dementia Friends.</i>▪ <i>Yes, our organisation can commit to be registered, if awarded the contract / framework agreement.</i>
<p>Armed Forces Covenant</p> <p>The Council is a signatory to the Armed Forces Covenant which is written and publicised voluntary pledge from organisations who wish to demonstrate their concrete support for the armed forces community.</p> <p><i>For further details:</i> https://www.gov.uk/government/policies/armed-forces-covenant</p> <p>Please state whether your organisation is also a signatory to the Armed Forces Covenant or can commit to be a signatory, if awarded the contract / framework agreement.</p> <p><i>Select the appropriate statement:</i></p> <ul style="list-style-type: none">▪ <i>Yes, our organisation is also a signatory to Armed Forces Covenant</i>▪ <i>Yes, our organisation can commit to be a signatory to The Charter for Employers, if awarded the contract / framework agreement.</i>
<p>Equality and Diversity</p> <p>Does your organisation have a written equality and diversity policy that covers the following:</p> <ul style="list-style-type: none">▪ colour▪ nationality▪ ethnic or national origin▪ religion and belief▪ sex and sexual orientation▪ recruitment, selection, training, promotion, discipline and dismissal▪ victimisation, discrimination and harassment – making it clear that these are disciplinary offences

Select the appropriate statement:

- *Is the answer is YES, submit (upload) a copy of your organisation's Equality and Diversity Policy*
- *If the answer is NO, as a response provide an explanation how your organisation meets the requirements of the Equality Act 2010.*

In the last three years has any contract with your organisation been terminated on grounds of failure to comply with either or both of the following:

- legislation prohibiting discrimination, or
- contract conditions relating to equality and diversity in the provision of goods, facilities or services?

If the answer is YES, provide details which should include what steps your organisation has taken as a result.

Select the appropriate statement:

- *Yes*
- *No*

In the last three years has your organisation been the subject of a formal investigation by the Equality and Human Rights Commission or an equivalent body on grounds of alleged unlawful discrimination?

If the answer is YES, provide details of the investigation and any consequent judgement, which should include what steps you have taken as a result of that investigation or finding.

Select the appropriate statement:

- *Yes*
- *No*

Apprenticeships

The Council supports the Government's ambition in English Apprenticeships: Our 20:20 Vision for apprenticeships to be an 'attractive offer that young people and adults aspire to go into as a high quality and prestigious path to a successful career'. *For further details:* <https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>

Please state whether your organisation also supports Government's ambition in English Apprenticeships or can commit to support Apprenticeships, if awarded the contract / framework agreement.

Select the appropriate statement:

- *Yes, our organisation also supports the Government's ambition in English Apprenticeship: Our 20:20 Vision*
- *Yes, our organisation can commit to support Apprenticeships, if awarded the contract / framework agreement.*

Fostering Friendly Employers

As a Corporate Parent, the Council supports the recruitment and retention of foster carers by promoting fostering to its own employees and employees of its suppliers. *For further details:*

<https://www.dorsetcouncil.gov.uk/children-families/childrens-social-care/fostering/fostering.aspx>

Please state whether your organisation also supports fostering.

Select the appropriate statement:

- *Yes, our organisation also promotes and supports fostering*
- *Yes, our organisation can commit to support the Council by promoting fostering among our employees and customers, if awarded the contract / framework agreement.*

Provide an explanation what steps your organisation takes to promote fostering.

APPENDIX C – SOCIAL VALUE EVALUATION

Tenderers required to propose, as part of their offer, what contribution to social value they can provide to support the aimed outcomes. Depending on the procurement objective, the following to be applied within evaluation.

Social Value Evaluation @ least 5% weighting out of the total 100% evaluation score

Evaluation Scoring
<p>5 - Excellent Comprehensive and detailed response that provides high levels of confidence that the required social value and delivery will be achieved. Demonstrates excellent understanding of social value.</p> <p>3 - Good Response addresses key issues and is adequately developed. Provides good levels of confidence that the required social value and delivery will be achieved. Demonstrates good understanding of social value.</p> <p>1 - Basic Response addresses a limited range and is basically developed. Provides only limited levels of confidence that the required social value and delivery will be achieved. Demonstrates only a basic understanding of social value.</p> <p>0 - Unacceptable No response or response fails to address issues and is poorly developed. Provides little or no confidence that the required social value and delivery will be achieved. Demonstrates little or no understanding of social value.</p>

Questions
<p>Local Employment Outcomes: <i>Increased number of employment and training opportunities for local people of Dorset, improving the employment opportunities for local people through training, apprenticeships and offering employment to local workforce.</i> Outputs:</p> <ul style="list-style-type: none"> - How many new jobs (full time equivalent) will your organisation create within Dorset? - How many apprenticeships will your organisation support within Dorset? - How many hours of voluntary work hours will your organisation provide to the community of Dorset? - How many people within Dorset will your organisation support back to work with Coaching, mentoring, CV writing, mock interviews, etc? - How many people within Dorset will your organisation support into employment who face challengers, e.g. ex-offenders, disabled, etc? - What % of your organisation's staff live within Dorset or within 10 miles of Dorset? - What % of your organisation's staff live within 30 miles of where the services are being delivered? - Any other measure
<p>Buy Local Outcomes: <i>Support the local economy by choosing providers close to the point of service delivery where possible, building the local economy by supporting local businesses and building your organisation's supply chain locally. In particular, by opening up procurement opportunities to the local market.</i> Outputs:</p> <ul style="list-style-type: none"> - What % of your organisation's spend will be suppliers located in Dorset? - What % of your organisation's spend will be with SMEs (less than 205 employees) located in Dorset? - What % of your total spend will be with the 3rd sector (Social Enterprises, Charities, etc) located in Dorset? - Any other measure

Partners in Communities

Outcomes: *Help to develop local communities – your organisation will need to evidence how it will provide both practical and financial support to the local community of Dorset.*

Outputs:

- Paid voluntary time given for staff to do community work (hours, days, number of staff, etc)
- How many schools will your organisation support through, becoming a governor, reading, mentoring, career advice, CV writing, etc
- Hours of paid voluntary time given by staff
- What is the value of donations raised / give to Charities?
- What is the value of spend with Social Enterprises?
- Number of disadvantage individuals supported
- Number of community organisations supported
- Number of community projects supported
- Any other measure

Good Employer

Outcomes: *Staff development – your organisation will need to evidence how it will support staff development and welfare.*

Outputs:

- How much does your organisation spend on training per employee?
- Are flexible working hours provided?
- Does your organisation have Investors in People accreditation (Gold/Silver/Bronze) or any other accreditation?
- Staff turnover improvement target %
- Does your organisation record and report on employee diversity?
- Any other measure

Green and Sustainable

Outcomes: *Your organisation will need to evidence how it will protect the environment, minimise waste and energy consumption and use other resources efficiently.*

Outputs:

- CO2 reduction target in % or in tonnes
- Waste reduction target in %
- Waste to landfill reduction %
- Gas reduction %
- % of renewable energy used
- Water consumption reduction %
- Number of individuals in fuel poverty assisted with energy efficiency measures
- Environmental Management system (e.g. ISO14001) introduced and maintained
- Implement a Carbon Management / Environmental Policy to reduce impact of CO2
- Single Use Plastic reduction %
- Any other measure

Ethical Procurement

Outcomes: *The highest ethical standards employed in all operations and within the supply chain.*

Outputs:

- % of suppliers paid no later than the terms of the primary contract.
<http://www.promptpaymentcode.org.uk/>
- % of invoices paid within 30 days (this is a legal requirement for public sector contracts)
- % of spend on ethically sourced standards (e.g. Fairtrade)
- % of suppliers audited on ethical practices
- % weighting placed on social value when procuring
- Any other measure