

Social Value policy

Creating Social Value in Luton

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The overarching intent of this policy is to set out our approach for doing more than sourcing the Council's supplies at a price that it is competitive and good value for money, it sets our ambition for meaningful Social Value from our suppliers.

Introduction

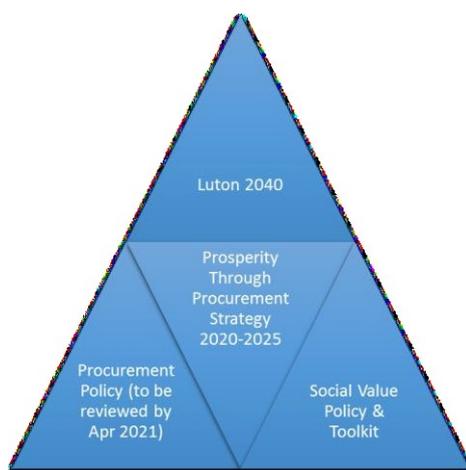
Luton faces significant challenges around poverty and social mobility. In 2019, the town was ranked as the 70th most deprived local authority area in the country and has four output areas in the top ten percent of the most deprived areas in the country. Child poverty has increased with an estimated 28,400 children (46%) living in poverty. Projections are for child poverty to increase to record levels within five years.

Luton's highest deprivation rankings are in the Barriers to Housing and Services (25th), income deprivation affecting older people (43rd) and crime (58th) indicators, with the highest (least deprived) ranking in the Living Environment (120nd)

There are specific challenges around employment and the local economy. Productivity is 7.4% lower than the UK average, and 15% of full time workers earn less than the Luton Living Wage. Commuters in Luton are more likely to earn higher salaries than Luton residents. There are 7,000 jobless households in Luton and median house prices are 9.57 times gross annual earnings.

Context

The Council's five-year Prosperity through Procurement strategy (2019) sets out a progressive approach to how the council uses its procurement process as a way to help benefit the local economy.



Prosperity through Procurement has an increased focus on the economic and community benefits that can be achieved by using the Council's purchasing leverage more ambitiously. It means that we aren't just looking for the lowest cost solution that does a basic job. Instead, we want to make a difference, creating social value in everything we do. It forms a direct line between the aspirations identified in the Luton Investment Framework, Inclusive Growth Commission, and the vision for 2040, and the Council's Procurement functions. As such, it is intended to be a significant enabling strategy for the achievement of our wealth building ambitions; we recognise that that this is a complex and long term challenge, however we see that

by changing the way we approach procurement, we can make an immediate and important start while we develop additional plans and strategies.

The Procurement Strategy supports Luton's community wealth-building approach, ensuring that economic growth benefits local residents and businesses, and in turn addresses poverty and deprivation in the borough. The increased focus on using local suppliers and social value will help deliver the aims of the Luton Inclusive Growth Commission of improving skills and productivity, raising aspirations, ensuring equality and improving the quality of life of residents by increasing the proportion of council expenditure in the town.

Our key aims are:

1. Adding Value to the Community
2. Contributing to Local Wealth Building
3. Enabling Innovation
4. Delivering Efficiency and Financial Savings
5. Strengthening Professional Practice

The first two of these aims have strong links into our aspiration to achieve more sustainable and meaningful social value outcomes for our communities and frames the purpose of this Social Value Policy.

Legislation

The Public Services (Social Value) Act 2012 came into force in January 2013. Public authorities are required to 'consider, prior to undertaking the procurement process, how any services procured (whether covered by the Public Contracts Regulations 2015 or otherwise) might improve economic, social and environmental well-being.'

The requirements of the Social Value Act are compulsory for all above threshold public services contracts and those public services contracts with only an element of goods or works (it does not apply to public work contracts or public supply (goods) contracts). However, the guiding principles of the Act can be applied to all commissions that the Council undertakes. Luton Social Value Policy exceeds the legal requirement and initially applies the requirement to all contracts valued at more than £100,000. We will review this threshold twelve months following implementation, after analysing the impact of this policy.

The Social Value Act came into being as from a private members bill, as such EU Procurement law and the Public Contracts Regulations 2015 (PCR15) will always take precedence. It is important to ensure that the EU law is not breached in pursuit of social benefits. Restricting a procurement to local businesses, forcing the winner to employ local labour or other specifications that are materially easier to be satisfied by local / national tenderers than foreign ones are liable to breach EU law. The key is to distinguish measures which **prohibit** or actively disadvantage foreigners (which is unlawful) from steps which **encourage** local participation/benefits to local economy. Examples may include making procurements attractive to SMEs or requiring winning contractors to advertise job vacancies in local job centres.

The Equality Act 2010 brings statutory duties to Councils. In the exercise of its functions: the Local Authority must 'have due regard to the need to; advance equality of opportunity between

people who share a protected characteristic and those who do not; eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act and foster good relations between people who share a protected characteristic and those who do not'. Incorporating equality outcomes, where relevant and in a proportionate way, should be a normal part of designing and specifying a service. It is important that they be considered before the procurement process starts. The Council must therefore, not seek to just assess the implications of all commissioning decisions regarding the risk to groups of people but must look for opportunities, such as social value, to advance opportunities to those people.

Pillars of Social Value

The Social Value Act refers to economic, social and environmental outcomes as the three pillars of sustainable procurement. Sustainability in this context is most often defined as meeting the needs of the present without compromising the ability of future generations to meet theirs.

Economic contributions to the local economy and economic growth that supports social outcomes. Retaining, re-circulating and leveraging funds in local areas – a wider contribution to skills, tackling worklessness and maintaining employment.
Social outcomes contribute to a vibrant and healthy community. Equality, diversity, inclusions and cohesion – raising awareness of health issues, eradicating poverty, and encouraging community participation.
Environmental outcomes are about protecting, promoting and enhancing the environment. Supporting local activities to improve the environment.

Luton's Objectives

Through Luton 2040, our ambition is to enable all of our people and communities to work together to achieve our shared vision for Luton 2040. Our vision is for a town built on fairness, where everyone is able to reach their full potential and achieve a good quality of life. Luton will be a sustainable, resilient and inspiring place, where communities work together to ensure no one lives in poverty.

To achieve our vision for Luton 2040 we need to develop a more inclusive economy, which benefits everyone in our town. Our approach to social value forms a key part of this. This Policy also supports the following:

- Community Wealth Building Plan
- Employment and Skills Strategy
- Education Strategy
- Health and Wellbeing Strategy
- Climate Change Plan

Our Luton 2040 strategic priorities are:

1. Securing a strong economic recovery in Luton, which protects businesses, jobs and incomes and enables us to build a more inclusive economy.
2. Protecting the most vulnerable in our town by prioritising services and interventions that alleviate the impact of poverty and reduce health inequalities.
3. Providing the best start for our children and young people so they grow up safe, healthy and with the opportunities they need to thrive.
4. Reducing our net carbon emissions to move towards our long-term goal to be a carbon

neutral town by 2040.

5. Designing a new kind of council to deliver modern and efficient services that empower our residents and communities to be active, resilient and socially responsible

Our Prosperity through Procurement strategy sets out our approach to social value centred on three main themes: the real living wage; local recruitment/ skills/developing staff and potential employees and community health and wellbeing.

In delivering this policy our aim is to realise meaningful social value from the contracts we put in place. This must be underpinned by:

- An understanding of deprivation and need within Luton's communities to enable us to guide suppliers to meet those specific needs
- Promoting equity and fairness by targeting effort towards those in the greatest need or facing the greatest disadvantage such as long-term unemployed, NEETs, care leavers, BAME communities, ex-offenders and disabled persons
- Promoting the local economy, so that micro, small and medium sized enterprises and the voluntary and community sector in Luton and immediate area can thrive
- Early engagement and collaboration with Council services, partners and communities supporting them is factored into the project plan for each procurement; to ensure we co-produce social value that meets the needs of our communities and that adds to rather than duplicates work already underway
- Involvement of local people and community groups in determining social value outcomes and complementing work already underway or building capacity within those areas

Further details of what we could consider to deliver Social Value through our contracts is set out in the **Social Value Toolkit**.

Policy Principles

We recognise that delivery of this policy will be a journey that involves a wide range of stakeholders and communities and that robust planning is essential to ensure time is set aside for those conversations. The Procurement Strategy, Commissioning Framework and this Social Value Policy are aligned to ensure engagement occurs early to allow time to shape the Social Value outcomes we want from procurement activity.

Our Policy principles are to:

- a. Have a starting position for the Council that all contracts (works, supplies and services) over £100,000 demonstrate the addition of real Social Value (where relevant and proportionate to do so).
- b. Apply an appropriate weighting to Social Value as part of the tender evaluation process. Starting with 20% of the overall quality evaluation being attributed to Social Value, note this may move up or down if, after considering the subject matter of the contract, to ensure that it is proportionate and relevant to that specific contract.
- c. Determine which approach may have the biggest impact from the smallest intervention to ensure social value objectives are proportionate and achievable.
- d. Understand the wider market for delivery to determine if use of mutual, social enterprises or reserving contracts may be appropriate.
- e. Aim towards a target of 70% local spend by 2024.
- f. Engage suppliers in "meet the buyer" events early on in the project to sell our vision and ensure they understand the scope and potential of Social Value to make a difference. Signpost suppliers to existing provision in order that they can build their bid in partnership with those that would

- receive the benefit.
- g. Support fair and ethical trading in the supply chain. We expect all of our contracted partners to observe and demonstrate a similar commitment, and where necessary improving their ethical practises locally and globally.
 - h. Ensure that Social Value is monitored throughout the life of the contract and forms part of the regular performance management of the supplier.
 - i. Report on the Social Value tendered and delivered on a quarterly basis and take lessons learnt forward into future procurement activity.

There is no 'one size fits all' model for achieving social value; it is an area in development and will inevitably be influenced by national and regional conditions and opportunities. The aspirations of this Policy and the guidance within the **Social Value Toolkit** will therefore continue to be informed by national developments and local learning.

Evaluating the impact

It is important that we monitor, capture and report on social value in a consistent way in order to understand the impact of our approach and allow for transparency and continuous improvement. Having a standardised approach also reduces uncertainty surrounding social value measurement for businesses, helping them to make informed decisions based on robust quantitative assessments and hence embed social value into their corporate strategies. An internal Social Value Measures Framework will be produced to underpin the development of KPIs and key metrics, along with providing the basis for assessment of social value and contract management of its delivery.