

# Report to Cabinet

**17 January 2023**

<b>Subject:</b>	Social Value in Sandwell Policy
<b>Cabinet Member:</b>	Cabinet Member for Regeneration and WMCA Councillor Peter Hughes
<b>Director:</b>	Regeneration and Growth, Tony McGovern
<b>Key Decision:</b>	Yes - Significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough.
<b>Contact Officer:</b>	Business Manager Regeneration, Jenna Langford jenna_langford@sandwell.gov.uk

## 1 Recommendations

- 1.1 That Cabinet approve the Social Value in Sandwell Policy that will apply to all Sandwell Metropolitan Borough Council commissioners, all expenditure made on behalf of the council, for all services, goods, and works contracts, and planning officers determining planning applications that are over 10 residential units or exceed 10,000 sqm.
- 1.2 That Cabinet give approval for a tendering evaluation quality weighting of 10-30% on Social Value for all services, goods and works contracts and Full Council be recommended to approve an update to the existing Contract Procedure Rules to reflect this change, which is currently 5-30%.
- 1.3 That Cabinet delegate authority to the Head of Procurement to determine if and how the Social Value in Sandwell Policy is applied to contracts to ensure proportionality against Social Value weightings and contract value thresholds.



## 2 Reasons for Recommendations

- 2.1 The existing Social Value Policy (2010-2013) for Sandwell is not fit for purpose in that it does not reflect contemporary best practice and does not align with the Social Value in Sandwell priority as set out in the Sandwell Business Growth Plan, approved by Cabinet on the 15 November 2023. The policy currently only applies to services and goods contracts; however, the Social Value in Sandwell Policy proposes to go further and include works contracts.
- 2.2 The current tendering evaluation weighting of 5-30% on Social Value for services and goods contracts is not ambitious enough, considering the contact values of services, goods, and works the council as an anchor organisation commissions, the planning applications it determines, and the investment it levers into the borough. Increasing the minimum weighting to 10% with a maximum of 30% demonstrates the council's commitment to maximising Social Value outcomes that can be derived due to the council's influence as an anchor organisation.
- 2.3 To apply proportionately and prioritise resources to achieve greater social value, a contract type and value matrix has been developed (see Table 1), comprising works, goods, and services, contract types with values ranging from <£200k to £2m> with three levels detailing the extent to which the Social Value in Sandwell Policy would apply. Level 1 is for lower value contracts and requires commissioners to consider, seek, and record social value benefits where practical. Level 2 is for mid value contracts and requires Social Value metrics to be included in the tender evaluation process and a Social Value action plan to be produced covering the contract term. Level 3 is for high value contracts and requires Social Value metrics to be included in the tender evaluation process and a Social Value Delivery Plan to be produced. Recommendation 1.3 of this report requests that Cabinet-delegate authority to the Head of Procurement to determine if and how the Social Value in Sandwell Policy is applied to contracts to ensure proportionality against Social Value weightings and contract value thresholds, to mitigate any potential negative impacts on other quality




evaluation considerations required on particular contract types i.e. Adult Social Care.

	Level 1	Level 2	Level 3
Services Contracts	<£200k	£200k to £1m	£1m>
Goods Contracts	<£1m	£1m to £2m	£2m>
Works Contracts	<£1m	£1m to £2m	£2m>
Level 1 – consider, seek, and record social value benefits where practical Level 2 – metrics included in tender evaluation process and action plan for the contract term Level 3 - metrics included in tender evaluation process and Social Value Delivery Plan required			

Table 1 Contract Type and Value Matrix

2.4 The emphasis of the Social Value in Sandwell Policy is to encourage the retainment of wealth within the local economy to ensure economic growth that is inclusive and benefits Sandwell communities. The Social Value in Sandwell Policy defines “Local Employment” and “Buying Locally” as being within Sandwell or the West Midlands Combined Authority Area (WMCAA).

### 3 How does this deliver objectives of the Corporate Plan?

	<p><b>A Strong and Inclusive Economy</b>                      Encouraging Social Value within a local area is a powerful catalyst for local economic growth. It serves as an engine that propels numerous benefits throughout the community and has a ripple effect that contributes to the overall well-being and prosperity of the area.</p>
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### 4 Context and Key Issues

4.1 In November 2023, Sandwell Council approved the Sandwell Business Growth Plan and the economic priority of ‘Social Value in Sandwell’ making a commitment to develop a Social Value Policy along with a



framework of support for commissioners, Sandwell's anchor organisations, and contractors to employ and buy locally through embedding good social value practice within all contracts. Anchor organisations have an important presence in a locality due to being largescale employers and purchasers of goods and services, controlling large areas of land and/or having relatively fixed assets. Such organisations include Councils, NHS Trusts, Universities and Colleges, Housing Groups, and large strategic companies. With this presence Anchor Organisations have a significant influence in-terms of their potential to build community wealth through an inclusive economy through the jobs they create, employment practices, the physical spaces they occupy, the commissions they manage and the supply chains they use.

- 4.2 In addition on the 12 December 2023 the council signed the Anchor Network Partnership charter, where Sandwell Metropolitan Borough Council, as an anchor organisation declared to make a long-term commitment to use their influence, resources, and assets to build a strong and inclusive economy for Sandwell. The council agreed to use its influence to build an Inclusive Economy in Sandwell; to understand barriers to local spend and find ways to increase spend of the council within the Sandwell and West Midlands economies, to help build capacity for local suppliers to bid for opportunities through consideration of procurement practices, to understand barriers to Sandwell's workforce accessing employment & skills opportunities and consider accessible pathways to increase local workforce recruitment, and finally to use its influence to support the Borough of Sandwell becoming carbon net zero by 2041.
- 4.3 If approved, the Social Value in Sandwell Policy is the first step in enshrining the council's commitment into the council's procurement practices and applies to all commissioners and planning officers within Sandwell Metropolitan Borough Council.
- 4.4 Statutory requirements of the Social Value Act 2012 only apply to service contracts (and goods or works contracts where there is a service element) above the appropriate threshold in the Public Contracts Regulations. Through this policy, the council can take this further by embedding Social



Value requirements within all commissioning and procurement activity to include goods, services, and works. The Social Value in Sandwell Policy requires commissioners to think about how they achieve outcomes in a more integrated way at the pre-procurement stage. Rather than thinking about services in isolation or in the short term, this approach requires commissioners to consider long term costs, sustainability and how inclusion of additional social value outcomes can potentially reduce pressures in other areas and provide capacity and funding for improved community benefits.

4.4 The main objectives are for commissioners to consider the additional benefits to the community from a commissioning / procurement process over and above the direct purchasing of goods, services, and works. They are to consider more than just the financial transaction, and factor in the benefits of health, happiness, wealth, safe, resilient communities and enables sustainable change and improvement for all. Types of Social Value benefits often accrue value to different people, communities or organisations in different ways and are not always easy to define and measure. The policy provides four pillars of Social Value through which outcomes and benefits can be defined, unlocked, and delivered:

- Employment & Skills
- Local Spend
- Community Benefits
- Environment

4.5 To apply proportionately and prioritise resources to achieve greater social value, a contract type and value matrix has been developed as part of the policy, which indicates the extent to which Social Value in Sandwell Policy would apply (see 2.3). The matrix is informed by the National Social Value Taskforce and is comparable with other Social Value policies within the Black Country. In addition to the matrix, Sandwell Council in its role as Local Planning Authority would continue to embed a Social Value Delivery Plan in all Planning Applications that are over 10 Housing Units, or over a capacity of 10,000 sqm. in commercial developments, schools, hospital builds etc.



- 4.6 The Social Value in Sandwell Policy proposes to increase the weighting within the tender evaluation process to between 10%-30%. The application of weighting would depend on the type and value of the contract. For example, it is expected that Levels 1 & 2 contracts would include a weighting between 10-15%, with Level 3 contracts including a weighting between 15-30%. Where elements of Social Value are essential to the delivery of the project they can be included in the specification and in some instances, a PASS/FAIL weighting could be applied.
- 4.7 The current weighting for Social Value within the tender evaluation process is between 5-30%. The policy proposes to increase the weighting to reflect the value and influence the council has in the local economy, as an anchor organisation. Sandwell's Anchor Network organisations have a combined budget of over £1.5bn, with Sandwell Council alone spending more than £500m on goods, services and works. In addition, Sandwell's Regeneration Pipeline forecasts £2.9b of investment into the borough by 2027. By tapping into this investment and spend power there is opportunity to secure and deliver Social Value outcomes and increasing the weighting of Social Value in the tender evaluation process is considered proportionate to the value of opportunity.
- 4.8 In consultation with Procurement Services, it has been agreed that should the Social Value in Sandwell Policy be approved, the forthcoming revised Procurement Strategy will align to and reference the Social Value in Sandwell Policy.
- 4.9 The policy does however recognise that a framework of support will be required for commissioners, to enable them to strive for and achieve more Social Value in Sandwell. Should the Social Value in Sandwell Policy be approved, a suite of support will be developed, delivered, and published by the Sandwell Business Growth Team and will accompany the launch of the policy. The framework of support will include additional guidance and templates tailored to specified audiences, workshops and webinars for commissioners and prospective tenderers, case studies and examples of best practice.



4.10 To measure the impact of social value outcomes in a reportable way, the Council align their Social Value measures to meet the National Themes, Outcomes and Measures (TOMS). The framework of support will include examples of TOMS to aid commissioners.

4.11 It is proposed that the Social Value in Sandwell Policy would be reviewed periodically in consultation with stakeholders to consider any changes in priorities, or should adjustments be required to the thresholds or weightings. This would also include the periodic review of the comprehensive framework of guidance and tools accompanying the policy.

## 5 Alternative Options

5.1 The Council does not adopt the Social Value in Sandwell Policy.

5.2 The Council retains the existing weightings and thresholds.

5.3 The Council considers alternative weightings and thresholds within a Social Value in Sandwell Policy.

## 6 Implications

<b>Resources:</b>	The implementation of the Social Value will be undertaken through existing resources within council.
<b>Legal and Governance:</b>	The Social Value in Sandwell Policy accords with the Social Value Act 2012 and the Council's Contract Procedure Rules and will be incorporated within the revised Procurement Strategy.
<b>Risk:</b>	The Social Value in Sandwell Policy has been developed in line with guidance from the National Social Value Taskforce, the Social Value Act 2012, and the Council's procurement team. In addition, the Policy will be periodically reviewed to address any issues that arise from the policy implementation or the increase in weightings from 5%-30% to 10%-30%.



<b>Equality:</b>	Not applicable.
<b>Health and Wellbeing:</b>	Not applicable.
<b>Social Value:</b>	Encouraging Social Value within a local area is a powerful catalyst for local economic growth. It serves as an engine that propels numerous benefits throughout the community and has a ripple effect that contributes to the overall well-being and prosperity of the area.
<b>Climate Change:</b>	Not applicable.
<b>Corporate Parenting:</b>	Not applicable.

## 7. Appendices

Appendix One - Social Value in Sandwell Policy.

## 8. Background Papers

Sandwell Business Growth Plan.

