

Response to Request for Information

Reference FOI 0216147
Date 25 February 2016

Public Services (Social Value) Act 2012

Request:

To this end I submit the following requests for information on behalf of Social Enterprise UK under the Freedom of Information Act 2000:

1. A copy of, or link to, the Authority's social value policy, strategy, framework or similar document if there is one.
[Please see information provided on pages 3 and 4.](#)
2. How and whether the Authority has applied the concept of social value more widely than is required.
[Please see information provided on pages 3 and 4.](#)
3. The percentage of the Authority's tenders over the past 12 months where the Public Services (Social Value) Act 2012 has been applied (that is to say, how much use does the Authority make of the Act).
[In respect of your above question, it has been established after careful consideration that the Council does not hold the above information. Consequently, we are unable to provide any information relating to the above, and are informing you as required by Section 1\(1\) \(a\) of the Act, that states:](#)

["Any person making a request for information to a public authority is entitled to be informed in writing by the public authority whether it holds information of the description specified in the request".](#)
4. Where social value is included in assessing tenders, the average weighting that it is given in your scoring across those contacts.
[Usually 10%](#)
5. A copy of, or link to, any evaluation or estimation of savings made as a result of the Authority's application of the Social Value Act.
[In respect of your above question, it has been established after careful consideration that the Council does not hold the above information as we have not carried out an estimation or evaluation. Consequently, we are unable to provide any information relating to the above, and are informing you as required by Section 1\(1\) \(a\) of the Act, that states:](#)

["Any person making a request for information to a public authority is entitled to](#)

be informed in writing by the public authority whether it holds information of the description specified in the request".

6. Where the responsibility for social value sits within the Authority (e.g. with the head of procurement or with a cabinet member).

Cabinet Member for Resources and Head of Procurement

7. If you monitor it, how many social enterprises supplied the Authority in the last financial year.

In respect of your above question, it has been established after careful consideration that the Council does not hold the above information. Consequently, we are unable to provide any information relating to the above, and are informing you as required by Section 1(1) (a) of the Act, that states:

"Any person making a request for information to a public authority is entitled to be informed in writing by the public authority whether it holds information of the description specified in the request".

8. The percentage of suppliers which accounted for 80% of your spend in the last financial year.

80 suppliers



Strategic Executive Board

25 August 2015

Report title	Social Value in Procurement Policy 2015 to 2018	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Procurement	
Accountable employee(s)	Andy Moran	Head of Procurement
	Tel	01902 554132
	Email	andy.moran@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendation(s) for action or decision:

SEB is recommended to:

1. Agree the inclusion of Social Value as evaluation criteria in the procurement of contracts as set out in section 3.2
2. Agree the following Corporate Plan targets as the focus for Social Value in procurement for 2015 to 2018;
 - a) Improving our Critical Skills and Employability Approach;
 - i) Number of people accessing the creative economy, learning, training or volunteering opportunities.
 - ii) Number of residents supported through education, training, employment or enterprise.
 - iii) Number of residents in key deprived areas supported through education, training, employment or enterprise.

- b) Strengthening Families Where Children are at Risk
 - i) Percentage of Young Offenders and Care Leavers engaged in education, training, employment or enterprise.

1.0 Purpose

- 1.1 This report sets out how Social Value will be delivered through the Council's procurement activity and the Corporate Plan targets this will be focussed on.

2.0 Background

- 2.1 The Council has produced a Procurement Strategy for 2015 to 2018 that provides a framework to ensure that the best possible outcomes are delivered for residents from every pound that is spent with third parties. The focus of the strategy is on ensuring that the spend with third parties maximises the impact of each pound on the local economy and how this will support the creation of opportunities for high quality sustainable employment for local people.
- 2.2 A key part of the strategy is how procurement can contribute Social Value to improving the economic, social and environmental well-being of the City.

3.0 Social Value Criteria

- 3.1 The delivery of Social Value through procurement needs to be embedded as business as usual. Four Corporate Plan targets have been identified as priorities;
- a) Improving our Critical Skills and Employability Approach;
 - i) Number of people accessing the creative economy, learning, training or volunteering opportunities.
 - ii) Number of residents supported through education, training, employment or enterprise.
 - iii) Number of residents in key deprived areas supported through education, training, employment or enterprise.
 - b) Strengthening Families Where Children are at Risk
 - i) Percentage of Young Offenders and Care Leavers engaged in education, training, employment or enterprise.
- 3.2 Improving our Critical Skills and Employability Approach
Although it is improving, the city still has one of the worst unemployment levels in the country. The creation of volunteering and work opportunities will contribute to reducing barriers that mean people are likely to remain workless. It will also equip local people to successfully compete for and progress in work.
- 3.3 Strengthening Families Where Children are at Risk - Percentage of Young Offenders and Care Leavers engaged in education, training, employment or enterprise
- 3.4 These are the most vulnerable groups of young people that the Council supports. The Council has statutory responsibilities to support these young people and generally they

are the groups who require additional support in engaging in employment, education and training.

3.5 The Council and partners have a Corporate Parenting responsibility to support care leavers and this is recognised in the Corporate Parenting Strategy 2015/16 which refers to building into contracts that the offer of work experience to Looked after Children or prioritising Care Leavers in apprenticeship roles.

3.6 The Social Value criteria will be included in the evaluation of tenders as follows;

Contract Value	Social Value Criteria
Over £172,514 (OJEU Threshold for Supplies & Services)	Minimum 10% weighting in evaluation
£50,000 to £172,514	Consider whether appropriate dependent on; i) Nature of product or service ii) The local supplier market
Less than £50,000	Source locally as preference

3.7 For certain contracts it may not be practical to apply the criteria as stated. In these cases agreement to deviate from this will be agreed with the Head of Procurement and recorded using the Contract Procedure Rules Waiver process.

4.0 Financial implications

4.1 Achieving and demonstrating value for money and the delivery of Social Value through spend with third parties is essential, as Council resources must be used in the most effective manner to provide high quality services. The Procurement Strategy has been developed to maximise the value of spend with third parties in pursuit of the objectives outlined in the City Strategy.

5.0 Legal implications

5.1 The relevant legislation that applies to public sector procurement and has been taken into account when developing this policy including;

- EU Procurement Directive (Public Sector) 2014/24/EU
- EU Procurement Directive (Concessions) 2014/23/EU
- Public Contracts Regulations 2015
- Social Value Act 2012
- Local Government Acts in relation to non-commercial considerations
- Cabinet Office Guidance
- Equality Act 2010

5.2 The Social Value (Public Services) Act 2012 mandates that for all services contracts with a value above the Official Journal of European Union (OJEU) threshold for goods and services, currently £172,514 that consideration is given to the inclusion of Social Value.

5.3 The Public Contracts Regulations 2015 regulation 67 sets out the Contract award criteria that can be used for evaluating tenders. This states that it can include criteria; '.....such as qualitative, environmental and/or social aspects, linked to the subject-matter of the contract in question.'

5.4 Regulation 67 also states in clause (5) that; 'Award criteria shall be considered to be linked to the subject-matter of the public contract where they relate to the works, supplies or services to be provided under that contract in any respect and at any stage of their life cycle.'

6.0 Equalities implications

6.1 This report has been supported by an Equality Analysis. Implementing this policy will ensure the Council complies with national and European requirements and advances equal opportunities as required by the Public Sector Equality Duty as created by the Equality Act 2010. The Council will need to ensure that this new policy is used to benefit people protected by the Equality Act fairly. Officers will therefore monitor the operation of this policy and provide an annual report to ensure that the benefits expected by adopting it can be demonstrated to be spread equitably.

7.0 Environmental implications

7.1 None.

8.0 Human resources implications

8.1 None.

9.0 Corporate landlord implications

9.1 None.

10.0 Schedule of background papers

10.1 Procurement Strategy - Executive Team 1 June 2015
Future Practice – Procurement Strategy Principles, Confident Capable Council Scrutiny Panel 22 April 2015

City of Wolverhampton Council's Procurement Strategy 2015 – 2018



wolverhampton.gov.uk

Contents

1	Foreword	3
2	What we will do and key principles	4
3	What is Procurement? The Commissioning Cycle	5
	Key Definitions	6
4	How we will work to the key principles.	7
5	Procurement Vision	10
6	How we will deliver Compliance and Risk Management.	14
	Value for Money Outcomes	15
	Sustainability	16
	Skills Development & Capacity Building.	17
	Partnerships, Collaboration & Relationship Management.	18

Date: 13 May 2015
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1

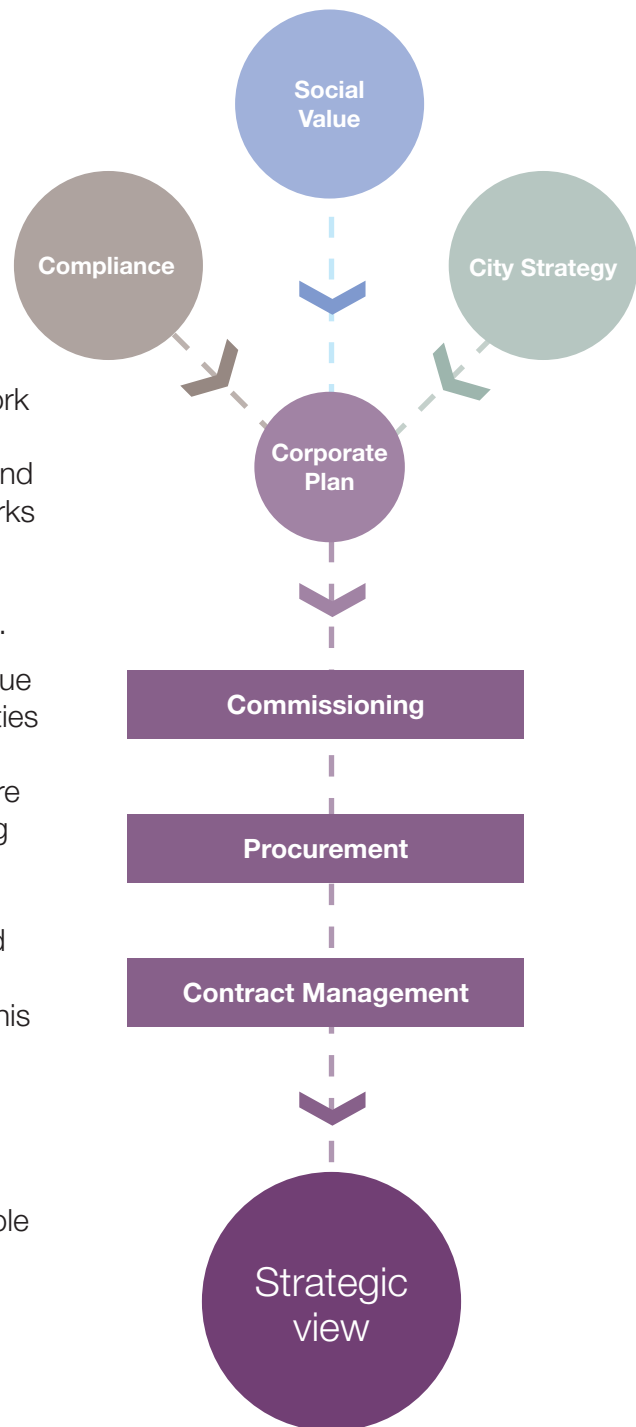
Foreword

This strategy gives the council a framework to work within to ensure that we deliver the best possible outcomes for residents from every pound we spend with third parties. The procurement of goods, works and services has a fundamental impact on the success of any organisation and in particular the public sector with the current financial challenges.

The new Public Contracts Regulations, Social Value Act and the Care Act implement new responsibilities on the council in relation to commissioning, procurement and contract management. There are a number of priorities we need to address ranging from European and national public procurement policy and legislation, working with partners in the city, through to the needs of communities and individuals. Our local priorities are key to how we deliver additional value and this strategy will put this at the heart of our procurement work.

Our focus will be on ensuring that our spend with third parties maximises the impact of each pound on the local economy and we support the creation of opportunities for high quality sustainable employment for local people.

This strategy sets the best practice and high standards that we will work to and how we will maximise the benefits from what we spend.



This document sets out our strategic view and aims for procurement. It highlights the priority areas we will focus on over the next three years and how we will measure progress and success.

2

What we will do and key principles



This strategy is based on key principles that;

- We are clear on how what we spend with third parties is allocated and how this offers value for money.
- We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy of;
 - Encouraging Enterprise and Business
 - Empowering People and Communities
 - Re-invigorating our city
- We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us.
- We will ensure equal treatment and transparency so that services are as inclusive as our resources will allow and will comply with the Equality Act.
- We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored.



3

What is Procurement?

The Commissioning Cycle

Review

- Exit Strategy
- Gather feedback
- Review strategy and market performance
- Review customer outcomes
- Review strategic outcomes

Analyse

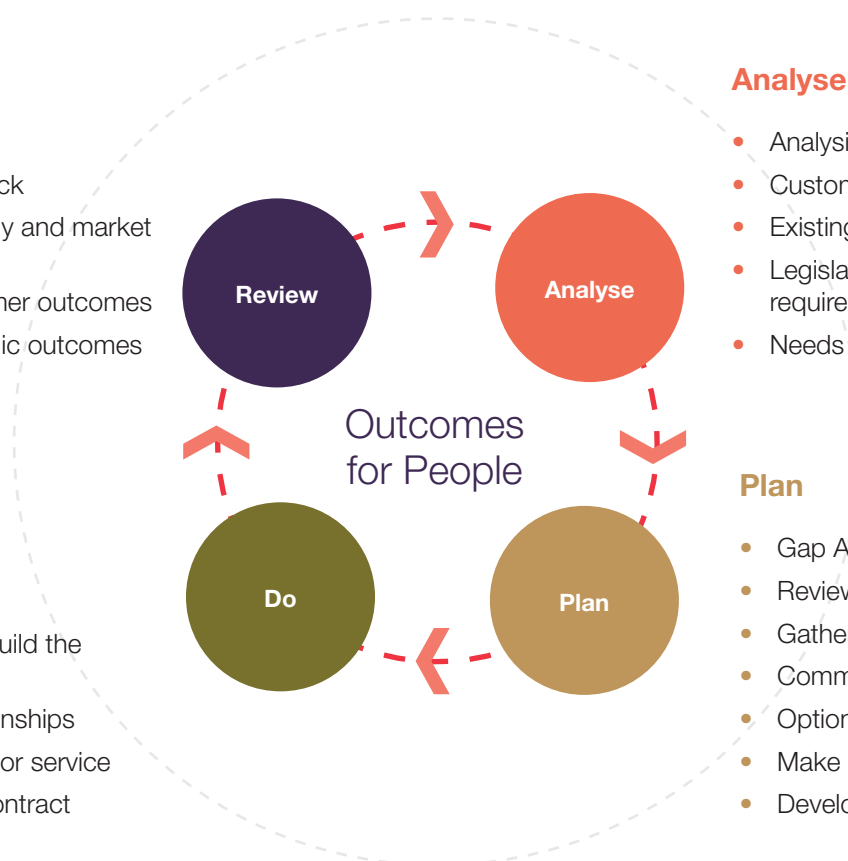
- Analysis of market
- Customer insight
- Existing service provision
- Legislation & statutory requirement
- Needs assessment

Plan

- Gap Analysis
- Review outcomes
- Gather feedback
- Commissioning strategy
- Options Appraisal
- Make or Buy Review
- Develop specifications

Do

- Manage and build the market
- Manage relationships
- Secure goods or service
- Manage the contract



Procurement is part of the Commissioning Cycle which we use to analyse, plan, procure and manage the goods, works and services from third parties.

The Procurement strategy covers the procurement and contract management parts of the Commissioning Cycle. Directorates and service teams are responsible for the commissioning strategies.

The process for commissioning, procurement and contract management is set out in the Commissioning Cycle diagram above.

Key Definitions

Commissioning: Commissioning is a whole system process from researching and analysing needs of residents to developing commissioning strategies and work programmes. It entails working with suppliers and customers to develop, stimulate and redesign through co-produced specifications. This enables services to be designed and commissioned that reflect current and future needs of a population and also determines how public bodies decide to spend available resources to achieve the best possible outcomes for local people.

Procurement: Procurement is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a contract or the end of the useful life of an asset.

Contract Management: Contract management is the management of supplier relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. Contract management also includes the performance monitoring and quality assurance of the supplier.



4

How we will work to the key principles

We are clear on how what we spend with third parties is allocated and how this offers value for money:

We will establish three year plans for each category of spend which will identify:

- The areas where performance needs to improve;
- Initiatives and plans that optimise the outcomes identified in the service team commissioning strategies whilst providing the most effective use of our resources and demonstrating value for money;
- Potential gaps in future service provision and where we need to build capacity and capabilities to meet forecast demand;
- Develop and implement work programmes that clearly set out milestones and timescales for each activity;
- We will consider both the design of the service and the procurement process itself to ensure we deliver value for money through the sourcing process.



We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy:

The council is facing a period of intense change, with an increasing demand for services, a reduction of funding and a challenging policy environment. The council is working with public, private and voluntary sector organisations to develop a City Strategy approach to public services. We will work with organisations in identifying the use of similar resources and where we deliver similar services, we will collaborate to realise better value for money, return on investment and service outcomes.

- We will, with our City Board Partners develop a Wolverhampton Charter that organisations will be encouraged to agree to which will set out how they will contribute to making the city the very best it can be for local people;
- We will work with our public sector partners to collaborate and co-ordinate our procurement activity;
- We will engage with local suppliers, in particular Small and Medium Enterprises (SMEs), voluntary, community and social enterprise (VCSE) organisations, to keep them updated on procurement related issues such as changes in legislation, where to find opportunities and upcoming contracts;
- We will offer training on our e-tendering system and guidance on what a good tender submission should be. This will ensure that local organisations are able to compete for opportunities both within Wolverhampton, nationally and Europe;
- We will include requirements in our major contracts that the sourcing of subcontract opportunities from the local market that supports local employment is encouraged to be the first choice;
- We will develop a consistent measure of the social, economic and environmental value delivered through our spend with third parties.

We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us:

- Through consultation and active engagement we will encourage customers and communities to be involved in the sourcing process. Where services are key to a group of customers or a community we will offer the opportunity to take part in deciding the performance priorities and in the evaluation of suppliers' proposals;
- We will provide open and easy ways that customers can provide feedback to us and we will show what we and the suppliers have done in response.

We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored:

- We will use a Performance Management Framework approach based on outcomes to monitor the quality of services we contract for;
- Incorporate best practice and continuous improvement benchmarking to ensure value for money is being achieved;
- Ensure that risks are identified, managed and appropriately mitigated;
- Incorporate equality and diversity considerations as a key part in defining quality of services and check to ensure outcomes are met;
- Ensure positive outcomes and experiences for customers and communities.

5

Procurement Vision



Competitive markets and a variety of service provision options are key to supporting value for money and choice for customers. This requires an increased focus on market development and supply chain management to ensure a sustainable mix of suppliers from all sectors.

The Procurement Vision is – To secure demonstrable value for money and maximise the benefits from spend with third parties, supporting delivery of innovative, cost effective and high quality services for the people of Wolverhampton, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.



Equal Treatment and Fairness

Suppliers are treated in a fair and equal manner to enable them to bid on a level playing field, having access to relevant and necessary information.



Transparency and Openness

Procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercially sensitive information being shared openly and in a timely manner.



Value for Money

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods services or works, to meet customer needs at the best value possible.



On-going Commercial Management

Effective contract management processes are applied across the council to ensure the effective management of commercial arrangements.



Partnerships and Collaboration

The council recognises that collaboration and co-operation between local authorities and other public, private and voluntary sector organisations provides more flexible and cost effective services, and we will collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision.



Stakeholder Engagement

Customers and communities are engaged in developing service delivery requirements and their views on delivery performance are taken into account and acted upon.



Market Engagement

Tendering opportunities attract sufficient market interest to establish a competitive number of quality bids as a result of pre-procurement market engagement. We work with suppliers to understand local supply chains and develop subcontracting opportunities for local companies and support local employment.



Regulatory Compliance and Governance

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. The Contract Procedure Rules provide a robust framework that governs the process for sourcing from third parties and protects the council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity and by monitoring and enforcing compliance with those responsibilities.



Risk Management

Contracts are written in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology. Contracts remain flexible enough to take into account changes in the commissioning strategy.



Technology & Efficiency

Efficiency requires us to achieve the same or more with less, and technology will play a major role in achieving this. Streamlining of processes will be required, in addition to elimination of unnecessary activity and innovative approaches to structuring contracts and delivering services. The use of technology, such as e-tendering, improves the procurement process and reduces the costs of sourcing and tendering. Technology will improve access to procurement information for officers, customers and suppliers, and to support the transparency of our processes.

1 Compliance and Risk Management

2 Value for Money

3 Sustainability

4 Skills Development & Capacity Building

5 Partnerships, Collaboration & Relationship Management

6

How we will deliver

1. Compliance and Risk Management

European and national public procurement policy is increasing the level of transparency and requirement for competition and we need to ensure that processes and systems are in place to ensure compliance to protect the council from the risk of legal challenge.

Objectives

- To ensure that procurement activities reflect and support the council's core values, and corporate aims and objectives;
- To ensure Contract Procedure Regulations reflect developments in procurement legislation, guidance and best practice and provide a robust framework to support the spending of council money;
- To structure contracts in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology;
- To ensure contracts remain flexible enough to take into account changes in policy and commissioning strategies;
- To ensure that all contracts are subjected to a proportionate degree of competition and advertising;
- To provide challenge to procurement decisions and practices across the council through a combination of Gateway, Peer and Scrutiny reviews;
- To protect the council from exposure to challenge or legal action by having clear guidance and processes for advertising, specifying and evaluating tenders;
- Clearly determining the accountabilities and responsibilities of officers involved in procurement activity and monitoring, enforcing compliance with those responsibilities.

Outcomes

The council will have a set of processes and procedures for undertaking procurement exercises to follow, ensuring compliance with current legislation as applicable at the time reducing and mitigating the risk of a challenge.

2. Value for Money

Achieving value for money and being able to demonstrate it are essential as the resources we have must be used in the most effective manner to provide high quality services.

Objectives

- To improve our market intelligence gathering, and use it to develop competitive markets from which to purchase;
- To stimulate competition in securing delivery of all externally provided services;
- To manage our contracts to deliver continuous improvement in performance and value for money throughout their lifetimes;
- To give consideration, where appropriate, to including payment by results and use of incentives and penalties for non-performance;
- To prioritise customer satisfaction and choice, and ensure contracts provide sufficient flexibility and variety to support improvements in these areas;
- To develop reporting systems to provide relevant accurate and timely management information on our spend profile with external suppliers;
- To consider the whole system cost of contracts taking into account long term financial and commissioning plans.

Outcomes

A formal framework for Contract Management will be in place ensuring that the council demonstrates value for money and the quality of outcomes. All contract managers will regularly seek and act on customer feedback on opportunities for improvements in quality or satisfaction through changes to delivery or management arrangements. We recognise that value for money is only achieved if contracts are as inclusive as resources will allow. The council will adopt a proportionate approach to contracts and equalities issues linked to the subject matter of the contract under consideration.

3. Sustainability

Sustainable Procurement is a process whereby organisations meet their need for goods, services, works and utilities in a way that meets value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

Objectives

- To challenge the need for new goods, services, works and utilities and consider alternatives at the start of the process. Alternatives such as doing without, purchasing a reduced quantity or reusing or repairing what is existing;
- To assess goods, services, works and utilities, where relevant, on the basis of whole life costing which considers the financial costs alongside wider economic, social and environmental costs to the city;
- To have a consistent implementation of the Public Services Social Value Act and the consideration of equalities, environmental, social and economic benefits linked to the City Strategy priorities;
- To engage with voluntary, community and social enterprise organisations to encourage a wider and more diverse base of suppliers;
- To not knowingly work with suppliers whose activities do not comply with the conventions of the International Labour Organisation, or who support, encourage or facilitate trade in illegal drugs or slavery;
- To specify products that do not have a harmful impact such as sustainable timber and prohibiting those tested on animals;
- To specify products that minimise the use of energy, water and raw materials in their production, transportation and operation;
- To specify products that minimise the creation of pollution, including air and water pollution and the production of carbon emissions and other greenhouse gases, in their production, transportation and operation;
- To use renewable energy, recycled materials or materials;
- To ensure that the organisations we contract with have good employment practice and develop a healthy, engaged and diverse workforce.

Outcomes

Procurement activity will include whole life costing and broader equalities, economic, social and environmental factors in assessment criteria for tenders to ensure that the council achieves best value for the city and its residents. The council will work with suppliers to promote equality and corporate social responsibility in their own operations and throughout the supply chain through their recruitment policies; their dealings with employees, suppliers and contractors; and by their environmental policies.

4. Skills Development & Capacity Building

Improvement in procurement activity requires the development of staff to deliver a new approach. The skills required include procurement, contract law knowledge, project management, performance management, change management, contract and relationship management.

Objectives

- To define the various roles and responsibilities associated with procurement and contract management;
- By workforce planning we aim to provide trained staff with expert or specialist skills and knowledge;
- For lower value contracts develop processes for service teams to facilitate procurement;
- To develop skills and provide support to officers involved in procurement and contract management across the council;
- To implement a programme of contract management training;
- To attract, retain and motivate high-quality, skilled procurement and commercial professionals and create on-going opportunities for development.

Outcomes

We will maintain a procurement team that contains the necessary skills and expertise to effectively manage the council's third party spend and continue to develop expert procurement and contract management capabilities.

5. Partnerships, Collaboration & Relationship Management

The council recognises that the Government has encouraged links between local authorities and other public, private and voluntary sectors as a way of providing more flexible and cost effective services, and we will seek to collaborate with external bodies, share best practice, learn from experiences and develop good working relationships to enhance service provision. The council is also fully committed to involving residents and customers in developing service delivery and consult more frequently on satisfaction, to involve suppliers in designing service delivery, and to work with other public organisations to provide users with a joined up service.

Objectives

- We will continue to develop and build on the links we have with other public sector bodies, particularly those within Wolverhampton and the Black Country sub-region;
- To increase the pre-procurement engagement we undertake with stakeholders;
- To create tendering opportunities that attract sufficient market interest to establish a competitive number of quality bids;
- To work with contractors and suppliers to deliver demonstrable continuous improvement in delivery of works, services or supplies contracts;
- To work with suppliers to secure efficiencies within supply chains and develop subcontracting opportunities for local organisations.

Outcomes

We will have a co-ordinated approach with other public sector partners in Wolverhampton and the Black Country sub-region that makes it simple for organisations to find and tender for opportunities. We have an understanding of the markets from which we buy and understand the factors which affect them. We work with first tier suppliers so that subcontract opportunities are available to local organisations.



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