

Social Value Working Group

Friday, 29th January, 2021

INAUGURAL MEETING OF SOCIAL VALUE WORKING GROUP

HELD REMOTELY VIA MICROSOFT TEAMS

Members present: The High Sheriff (Councillor Long); and
Councillors Beattie, Heading and O'Hara.

In attendance: Mr. J. Walsh, City Solicitor;
Mr. J. Greer, Director of Development;
Ms. N. Bohill, Head of Commercial and Procurement
Services;
Mrs. L. Toland, Senior Manager, Economy;
Mr. C. Campbell, Divisional Solicitor;
Ms. C. Robinson, Strategy Policy and Partnership
Manager;
Mr. L. Murray, Strategic Category Manager;
Mr. J. Uprichard, Community Planning Officer; and
Mr. H. Downey, Democratic Services Officer.

Election of Chairperson

The Working Group agreed that Councillor O'Hara be elected to serve as Chairperson for the period to end on the date of the Annual Meeting of the Council in 2021.

(Councillor O'Hara in the Chair)

Apologies

Apologies for inability to attend were reported on behalf of Alderman Copeland and Councillor Kyle.

Declarations of Interest

No declarations of interest were reported.

Terms of Reference

The City Solicitor informed the Members that the Social Value Working Group, which had been established in response to a motion which had been passed by the Council in January 2019, would be responsible for making recommendations to the Strategic Policy and Resources Committee on the development and implementation of a Social Value Procurement Framework. The Framework would be aligned to the ambitions of the Council, as set out in the Belfast Agenda and the Inclusive Growth Strategy.

He reported that the following draft Terms of Reference had been formulated for approval by the Working Group:

- to oversee the creation of a robust and ambitious approach for the integration of social value through the Councils procurement processes, with consideration given to financial affordability, legal implications and the maximisation of impact;
- to develop a Social Value Procurement Framework aligned to the ambitions of the Council through the Belfast Agenda and Inclusive Growth Strategy;
- to support the approval and adoption of the framework through council channels, engagement with external stakeholders and a formal public consultation process;
- to approve and monitor delivery of an implementation plan for the adopted approach with consideration given to staffing resources, and effective mechanisms are in place to integrate, manage and measure social value impact; and
- to report on progress to the Strategic Policy and Resources Committee on a regular basis through reports and the minutes of meetings.

During discussion, the Working Group suggested that the Terms of Reference be amended to reflect the need:

- for the Council to work closely with anchor organisations in developing its social value procurement framework and to secure their sign up to it;
- to demonstrate further ambition by including community wealth building/inclusive growth within the remit of the Working Group, with a view to moving towards more progressive models of procurement;
- for the Working Group to link into and lead other related work streams being delivered at a corporate level; and
- to increase capacity building for the social enterprise/co-operative sector to enable them to participate fully in the Council's procurement process moving forward.

The City Solicitor pointed out that the initial Terms of Reference had been drafted in the context of the Council motion and suggested that they be revised to reflect the additional points outlined above and circulated for consideration in advance of the next meeting of the Working Group.

The Working Group endorsed the suggestion.

Social Value Workshop

Background

The Head of Commercial and Procurement Services provided the Working Group with a presentation on social value, which, in the context of the Council and in line with wider public sector opinion, was defined as being:

“the additional benefit to the community from the procurement process which is over and above the direct purchasing of goods, services and works, including economic, environmental and social well-being that can be delivered to a local area.”

She reported that, in 2019/20, the Council had spent around £120 million on goods, works and services, which had provided a boost to the local economy by supporting businesses and the voluntary, community and social enterprise sector, generating employment opportunities and creating additional spend. However, given this significant level of annual expenditure, the Council had long recognised that more needed to be done to deliver social value benefits through the overall procurement process.

She reminded the Members that, in 2016, the Council had introduced a social clause policy, which had committed it to assessing all tenders over £250,000, to examine the potential for securing social value returns through the introduction of social clauses. In 2019 it had been agreed, given the limitations of the policy, that it should be reviewed to provide for greater alignment with the ‘Buy Social’ approach which had been adopted by Central Government departments in 2017. Accordingly, a cross-Departmental officer working group had been established and had been tasked with developing a new policy and associated procedures in order to maximise the social value return from the Council’s procurement spend. The group had, as part of that work, reviewed and benchmarked a number of emerging approaches to social value delivery via procurement in other councils and Government Departments, details of which were provided within the presentation.

Opportunities and Constraints

The Head of Commercial and Procurement Services informed the Members that the officer working group had also taken into consideration a number of other relevant factors, such as the current legislative framework, economic climate and local developments. She pointed out that the Council had a number of obligations under procurement law, which had to be considered when determining the social value aspirations which could be delivered through procurement and provided a summary of those. Members also needed to be aware of the fact that Article 19 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1992 imposed certain restrictions on the Council, in that it could not consider certain non-commercial matters when procuring, which could act as a barrier to some of its aspirations.

The Divisional Solicitor provided further detail around the legislative framework and the potential implications for the procurement process and addressed a number of points which had been raised by Members.

The Head of Commercial and Procurement Services went on to highlight the significant impact which the ongoing Covid-19 restrictions were having upon the majority of businesses in Belfast and stressed the need for the Council to adopt, in the short term,

a balanced approach to the obligations which it placed on them through the tendering process, to maximise their recovery from the pandemic.

She then highlighted the following developments locally, which could impact upon the Council's approach to delivering social value in the months ahead:

- the restructuring of the Procurement Board, with a strong emphasis being placed on security of supply and social value;
- the potential introduction of a Public Services (Social Value) Act for Northern Ireland, which would most likely mandate all public sector organisations in Northern Ireland to consider social value in their procurement exercises;
- the publication by the Cabinet Office of a Procurement Policy Note in relation to "Reserving Below Threshold Procurements", which, although not extended to Northern Ireland, which occupied a special position in relation to goods by virtue of the Northern Ireland protocol, made for interesting reading in terms of the potential direction of travel for public procurement in England and Wales; and
- CPD NI was working on a new procurement guidance note which was likely to instruct all Departments, to which the Northern Ireland public procurement policy applied, excluding local councils, to consider social value in procurement exercises and for evaluation criteria to include scored social value award criteria. However, it was likely that this would only apply to larger value tenders i.e. in excess of £500k.

She concluded this part of the presentation by asking the Working Group to note that there was some uncertainty at present for Northern Ireland Contracting Authorities' obligations under procurement law, post-Brexit, and in line with the NI protocols. It was expected that this would become clearer in the coming weeks, as various guidance documents were issued and clarified.

Considerations - New Approach to Social Value

The Head of Commercial and Procurement Services then drew the Working Group's attention the following range of issues which needed to be taken into consideration as a new and enhanced social value policy was developed by the Council:

- to increase the use of Reserved Contracts as part of the procurement process in order to better support the local Voluntary, Community and Social Enterprise sector;
- Social Value Weighting - to ensure that social value represents a meaningful element of the evaluation criteria and award outcome;
- Organisational Behaviours - the procurement process can be used to select/shortlist suppliers who have policies, procedures and working practices which aligned with the Council's organisational

behaviours, provided that these minimum standards 'known as Selection Criteria' were compliant with the legislative framework. The officer working group had been considering a range of these organisational behaviours to include in the new social value policy and supporting toolkit. These included:

- Ethical Procurement and Fair Treatment of the Supply Chain
 - HR Policies and Procedures and
 - Environmental Policies and Procedures.
- As part of the evaluation criteria, suppliers would be able to offer a number of social value initiatives which they would be committing to deliver under the contract within their tender response, referred to as 'Award Criteria'. Award criteria should be clear and objective and again be compliant with the legislative framework.

The officer working group have been considering a range of potential social value initiatives, which could be considered as award criteria and which are aligned to the Belfast Agenda outcomes. These fall into the following broad categories:

- Employment Opportunities
- Initiatives to support Employability
- Initiatives to support Social Opportunities and
- Environmental Opportunities

She then presented three case studies, with different assessment scenarios and outcomes for the Working Group's consideration.

Next Steps

- Members were invited to consider the presentation and background paper in detail with their Party colleagues;
- the Social Value Working Group would be reconvened in mid-February to consider various issues in greater detail (more than one session may be required);
- officers would expand engagement with other stakeholders to test the emerging approach prior to more substantial public consultation;
- the new Social Value Policy would be presented to the Strategic Policy and Resources Committee for approval;

- contract management arrangements would be finalised, including in-house training and guidance and supplier engagement; and
- there would be a phased implementation and identification of pilot tenders.

The Working Group noted the presentation and agreed that:

- i. details of the outcome of an earlier baseline analysis of the benefits which had been derived by local communities from the Council's current procurement process be submitted to its next meeting;
- ii. a report on the implications of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1992 and other legislation relevant to the new social value framework be submitted to its next meeting;
- iii. consideration be given to giving additional weighting to social value in the assessment process and reviewing it on an annual basis;
- iv. award criteria should be used to target areas of deprivation and address zero hours contracts and the Real Living Wage;
- v. a measure of the Council's impact on social value should be established in order to demonstrate real change;
- vi. the Council should seek, where possible, to procure local goods to cut carbon emissions associated with the importation and transportation of goods; and
- vii. Members should ask their respective Political Parties to lobby for the implementation of a Social Value Act as a matter of priority.

Chairperson