



<b>Subject:</b>	<b>Social Value Procurement Policy</b>
<b>Date:</b>	18th June, 2021
<b>Reporting Officer:</b>	John Walsh, City Solicitor, Director of Legal and Civic Services
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<b>Restricted Reports</b>	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report/Summary of Main Issues</b>
1.1	To seek approval from Members on the proposed Social Value Procurement Policy prior to IT going for public consultation in July/ August 21.
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Members of the Committee are asked to recommend that, in accordance with the Council decision of 4th May 2021, the Chief Executive exercise her delegated authority to:</p> <ul style="list-style-type: none"><li>• approve the content and approach set out in the draft Social Value Procurement Policy, as attached; and</li><li>• agree with the next steps set out in section 3.3 of this report, noting that officers will commence a process of targeted consultation to test the approach with the market – bringing final recommendations to the SPWG and Committee in September, 2021.</li></ul>

3.0	<b>Main Report</b>
3.1	<p data-bbox="272 226 592 255"><b><u>Introduction/ overview</u></b></p> <p data-bbox="272 324 1473 405">In line with the Belfast Agenda and Inclusive Growth Strategy the Council has defined social value in procurement as:</p> <p data-bbox="272 474 1473 660"><i>“A commitment to using our influence and procurement power to help deliver the Belfast Agenda; to drive inclusive economic growth, improve the local environment and support vulnerable people – while ensuring the best possible value for money when purchasing goods, services and works for the people of Belfast”</i></p> <p data-bbox="272 730 1473 810">In 2019/20, the Council spent circa £120 million on good, works and services. This level of expenditure can provide a boost to our local economy by (amongst other things):</p> <ul data-bbox="323 880 1473 1120" style="list-style-type: none"> <li>• Supporting businesses and the voluntary, community and social enterprise (VCSE) sector;</li> <li>• Providing employment opportunities; and</li> <li>• Generating additional money that can be spent in our neighbourhoods, high streets and local shops.</li> </ul> <p data-bbox="272 1189 1473 1375">A lot of the services which we provide as a Council are statutory. However, there are many that are not, such as our ongoing investment in both local community and city landmark projects, our commitment to supporting our older, younger and vulnerable citizens and promoting our city to visitors through city events.</p> <p data-bbox="272 1444 1473 1525">With this level of annual expenditure the Council recognises it should do more through our procurement related expenditure to deliver social value benefits.</p> <p data-bbox="272 1594 1473 1780">In January 2016, the SP and R Committee adopted the Council's social clause policy, which committed the Council to scope out all upcoming tender opportunities (focusing on those with a value of at least £250,000) to explore opportunities for securing social value returns by introducing social clauses.</p> <p data-bbox="272 1850 1473 1930">Members have recognised the limitations with the current approach and agreed that it would be prudent to review the Council's social clauses policy to consider moving towards greater</p>

alignment with the 'Buy Social' approach adopted by central government departments in June 2017.

Some of the current limitations of the Council's current approach to social value include:

- Need for better alignment of social initiatives with Belfast Agenda and Inclusive Growth outcomes;
- An inconsistent adoption of the current policy with social value clauses predominantly used for construction works contracts with limited use in service contracts and no use in supplies contracts;
- A focus on employment clauses rather than wider community social considerations and/or environmental considerations;
- Social value not scored as part of the tender evaluation process on a consistent basis with it being considered a mandatory contractual requirement;
- Limited pre-market engagement with the market to discuss social value consideration in procurement exercises and ensure they are proportionate and achievable;
- Limited contract management, monitoring or reporting on delivery of social value clauses. No central records of delivered benefits or upward reporting;
- Contract clauses not normally included in contracts to incentivise suppliers to deliver on their social value commitments e.g. social value key performance indicators 'KPIs' and associated performance deductions/ service credits when not delivered.

3.2

### **Social Policy Working Group**

Considering the above a new Social Policy Working Group was formed in January 2021 to provide input into a new Social Value Procurement Policy as well as considering other social value initiatives being undertaken in the Council i.e. City Charter and community wealth building

Invitations were issued to all Parties for participation in the Social Policy Working Group which subsequently held four Workshops between January 21 and May 21.

At these meeting productive discussions were held on the following key issues which have been considered and incorporated in the new Social Value Procurement Policy:

- Benchmarking of other GB councils and NI public sector approaches to include social value in their procurements.
- Maximising the social value that be obtained from the Council's procurement spend whilst considering the legislative framework the Council operates under and the current economic climate and COVID recovery of the local market.
- Encouraging the use of Reserved Contracts for the VCSE sector, where possible.
- The organisation behaviours (selection criteria) that the Council expects of its suppliers.
- The social value weighting that should be applied for evaluation of bids to ensure best value for money is obtained.
- The social value initiatives (award criteria) that the Council will request suppliers offer in their tender bids.
- How to reward suppliers who pay the real living wage and do not use zero-hour contracts
- Including a minimum social value threshold/ pass mark so that suppliers must provide a viable social value offer as part of their tender bid.

There was agreement at the Social Policy Working Group that the new Social Value Procurement Policy would apply to tender valued at £250k and above during 21/22. This was to allow time to fully develop internal and external guidance, the monitoring system with SIB and to review the overall impact of the new policy. This value would then be reviewed ahead of 22/23 to assess if the £250k value threshold should change.

For tenders at £30K and above in addition to the current requirements regarding probity and ethics additional requirements will be put in place relating to the prompt payment of suppliers, suppliers' policies regarding their ethical procurement and fair treatment of supply chains, environmental policies and procedures including ISO 140001 environmental management systems or equivalent, policies relating to the reduction of single use plastics, policies regarding the donation or recycling of equipment to VCSE sector and HR policies and procedures relating to equality and diversity in the workplace, development, health and wellbeing of employees.

As part of award criteria it is our intention to reward suppliers if they offer to:

3.3	<ul style="list-style-type: none"> <li>• <i>“Pay all employees engaged in delivering the services under the contract the Real Living Wage (as updated and published by the Real Living Wage Foundation) throughout the Contract Period”. This would support our ambitions whilst offering flexibility to suppliers to offer the RLW where they could and be rewarded for doing so, without being too restrictive.</i></li> <li>• <i>“Not use zero hours contracts for any employees in delivering services under the contract during the Contract Period”.</i></li> </ul> <p>It is important to understand that what is intended is essentially an iterative process and that as we emerge from the economic impact of the pandemic that capacity is built in supply chains and that time is permitted to allow suppliers to adjust to a procurement regime in which social value is a central theme.</p> <p><b><u>Next steps</u></b></p> <p>Further to work by the Social Policy Working Group, we are aiming to start to implement the Social Value Procurement Policy during Q4 21/22. This should be in line with wider roll out of a new social value policy/approach in NI by the Procurement Board.</p> <p>To support implementation, we request that Members agree the following next steps:</p> <ul style="list-style-type: none"> <li>• Approve the current draft of the Social Value Procurement Policy prior to public consultation</li> <li>• Public consultation of the Social Value Procurement Policy during July – Sept 21. Noting that as well as setting out the ambition of the Council, in line with best practice, the consultation will also presents options and solicit the views of a wide range of stakeholders.</li> <li>• Report public consultation findings back to the SP and R Committee in September / Oct 21 and seek approval of final Social Value Procurement Policy</li> <li>• Phased implementation of new Social Value Procurement Policy during Q3 and Q4 21/22 including finalising contract management arrangements, in-house training, and supplier engagement.</li> </ul> <p><b><u>Financial and Resource Implications</u></b></p> <p>No finance or resource implications. Consultation process only – all financial implications will be considered when consultation is complete.</p>
3.4	

3.5	<b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b>  No equality or good relations implications
4.0	<b>Document Attached</b>
	Draft Social Value Procurement Policy