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| DECISION-MAKER: | CABINET | | |
| SUBJECT: | SOCIAL VALUE AND GREEN CITY PROCUREMENT POLICY | | |
| DATE OF DECISION: | 11 FEBRUARY 2020 | | |
| REPORT OF: | THE LEADER OF THE COUNCIL | | |
| <u>CONTACT DETAILS</u> | | | |
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| STATEMENT OF CONFIDENTIALITY | | | |
| N/A | | | |
| BRIEF SUMMARY | | | |
| <p>This paper recommends that Cabinet approves the Social Value and Green City Procurement Policy (“the Policy”). The Policy commits the Council to take action through its procurement and contract management activities to ensure that community wealth building (known as “Southampton Wealth Building”), social value and sustainable outcomes are maximised through the supply of goods, services and works to the Council.</p> <p>The Policy is an evolution and replacement of the current Ethical Procurement and Sustainable Procurement Policies.</p> <p>The Policy is supported by the Southampton Social Value Procurement Framework (“the SSVP Framework”), which is the mechanism for embedding community wealth building, social value and sustainability within the council’s procurement and contract management processes.</p> | | | |
| RECOMMENDATIONS: | | | |
| | (i) | To approve the Social Value and Green City Procurement Policy at Appendix 1 of this report. | |
| | (ii) | Subject to the approval of recommendation (i), to delegate authority to the Executive Director – Finance and Commercialisation to implement the Policy. | |
| | (iii) | Subject to the approval of recommendations (i) and (ii), to delegate authority to the Executive Director – Finance and Commercialisation following consultation with the Leader of the Council, to make amendments to the Policy, following reviews of the Policy. | |

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| | iv) | To note the SSVP Framework, which is attached as Appendix 2 for information. |
| REASONS FOR REPORT RECOMMENDATIONS | | |
| 1. | The current Ethical Procurement and Sustainable Procurement policies require updating to reflect the administration's executive commitments to Southampton Wealth Building, social value and the Green City Charter in line with the Strategic Priorities. The Council's aspiration is to be an innovator and sector leader in the delivery of social value and sustainability through procurement of goods, works, services and the management of the associated contracts. | |
| ALTERNATIVE OPTIONS CONSIDERED AND REJECTED | | |
| 2. | <p>The alternative options include:-</p> <ul style="list-style-type: none"> To continue with the current Ethical Procurement and Sustainable Procurement Policies. This option has been rejected as the current policies do not reflect the Council's developing and emerging approach to Southampton Wealth Building, social value and sustainability through procurement and contract management or To revert to a position where the Council has a minimum or no policy position in relation to social value and sustainability through procurement and contract management and complies with the minimum standards required by legislation only. This option has been rejected, as this position is inconsistent with the executive commitments. | |
| DETAIL (Including consultation carried out) | | |
| | Scope and purpose | |
| 3. | <p>The development of the Policy forms part of the Southampton Wealth Building initiative which aims to enhance the local economic, social and environmental benefits achieved through the Council's procurement arrangements and third party expenditure.</p> <p>Through application of the SSVP Framework, wherever practical for the requirement and contract in question, appropriate social value and sustainability-related commitments will be considered at the pre-procurement stage and included in procurement processes. These will also be included within resulting contracts and measured on a formal basis as part of the Council's contract management activities in respect of all contracts with a total value of £5,000 or more.</p> | |
| | Key benefits | |
| 4. | <p>The key benefits are a Policy which:</p> <ul style="list-style-type: none"> Encourages investment into the Southampton economy through the council's procurement of goods and services; Aligns procurement policy to the Green City Charter; Supports and enables the Southampton Wealth Building agenda; Encourages the distribution of wealth around Southampton; | |

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| | <ul style="list-style-type: none"> • Is streamlined and formalises the Council's approach to social value and sustainability and • Utilises the Council's position as a leading buyer of goods and services in order to influence positive behavioural change within the supply chain in terms of social value and sustainable and ethical practices. |
| 5. | In respect of the Policy and the SSVP Framework, the Council has formally engaged with: Trades Unions, the Southampton Collective, key Councillors involved in the Southampton Wealth Building project and relevant Council Officers. There has also been informal engagement with local large construction companies and Social Enterprise Link. Following completion of the engagement process, the Policy and SSVP Framework have been amended where appropriate. These changes were minor and include providing additional detail within some areas and including additional examples of measurable commitments within the SSVP Framework. |
| RESOURCE IMPLICATIONS | |
| <u>Capital/Revenue</u> | |
| 6. | The Centre for Local Economic Strategies has advised that the Social Value and Green City Procurement policy should not have a negative impact on the cost of any services procured through the recommended policy. Any social value impact has to be 'relevant and proportionate' to the contract. Every procurement exercise under this umbrella will be undertaken with Finance to ensure the tender retains value for money. Where there were to be an expected material adverse impact on costs, then it would be considered disproportionate and would therefore not be built into the tender documentation. All tenders would still need to be within the financial envelope for the service being commissioned. |
| <u>Property/Other</u> | |
| 7. | N/A |
| LEGAL IMPLICATIONS | |
| 8. | Statutory power to undertake proposals in the report: Development of the policy to support and improve the economic, social and environmental wellbeing of the citizens of Southampton is made pursuant to Section 1 of the Localism Act 2011. |
| <u>Other Legal Implications:</u> | |
| 9. | <p>All procurement is undertaken in accordance with both the requirements of public procurement law and the Council's Contract Procedure Rules as set out in the Constitution.</p> <p>The Council can make use of public procurement in support of common societal goals (such as those referred to in the proposed Policy), provided that these are relevant and proportionate to the subject matter of the contract.</p> <p>The Council has a duty to obtain best value in the procurement of works, services and supplies and to secure continuous improvement in the way</p> |

functions are carried out, having regard to economy, efficiency and effectiveness (Local Government Act 1999). This means that when procuring contracts, the Council must, on a case by case basis, weigh up the costs of the contract against the benefits of the particular relevant issue (here, social value issues).

The Public Services (Social Value) Act 2012 also places a legal obligation for local authorities to consider, when procuring public services contracts above Official Journal of the European Union (OJEU) thresholds, how, what (and how) we are procuring may improve the economic, social and environmental well-being of the relevant area.

RISK MANAGEMENT IMPLICATIONS

10. Risks will be assessed and managed through the procurement programme and procurement project. The table below includes some of the overarching risks and the risk mitigation measures which will be implemented concurrently with the Policy.

| Risk | Risk mitigation measures |
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| Processes for implementing Council’s approach to evaluating social value and sustainability are not robust enough. | To ensure that questions are proportionate and relevant to the contract in question. |
| Implementing social value and sustainability obligations could increase the costs of contracts | Price and quality will continue to score highly on the evaluation criteria. However, when evaluating tenders, price versus social value and sustainability benefits will be considered. |
| Non adherence to public procurement law | The obligations placed on the Council through legislation, and in particular public procurement legislation, are minimum standards by which the Council will always abide. The Council will only award to local businesses where they have demonstrated best value through rigorous and fair procurement processes and will be transparent in respect of these processes |
| The Policy does not link effectively with Council outcomes, and other key Council initiatives. | The policy helps align procurement to the policies and strategies already adopted by the Council. Work is being done to link with Green City Charter, the Local Plan and through Business Planning activities to ensure that the Policy is strongly aligned to policies, |

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| | | initiatives and activities across the Council. | |
| POLICY FRAMEWORK IMPLICATIONS | | | |
| 11. | This policy aligns with and compliments the defined Policy Framework. | | |
| KEY DECISION? | | No | |
| WARDS/COMMUNITIES AFFECTED: | | All | |
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| <u>SUPPORTING DOCUMENTATION</u> | | | |
| Appendices | | | |
| 1. | Social Value and Green City Procurement Policy | | |
| 2 | Southampton Social Value Procurement Framework | | |
| 3. | Equality and Safety Impact Assessment (ESIA) | | |
| Documents In Members' Rooms | | | |
| 1. | None | | |
| Equality Impact Assessment | | | |
| Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out. | | | Yes |
| Privacy Impact Assessment | | | |
| Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out. | | | No |
| Other Background Documents | | | |
| Other Background documents available for inspection at: | | | |
| Title of Background Paper(s) | | SCC First Policy | |