

CYNGOR GWYNEDD - Report to Cyngor Gwynedd Cabinet



Title of item:	Social Value Procurement
Cabinet Member:	Cllr Menna Trenholme
Relevant Officer:	Arwel Evans, Procurement Manager
Date of meeting:	7 November 2023

1. The Decision Sought:

To approve and support the proposal to make an addition to our Sustainable Procurement Policy and include the social value measures as part of our contract assessment arrangements.

2. The reason why the Cabinet needs to make the decision:

Our Procurement Policies will need to be updated to reflect this development by adding to the usual criteria of assessing contracts based on price and quality to include social value measures.

3. Introduction and Rationale

3.1 Background / Introduction

In accordance with the 'Keeping the Benefit Local' priority, we endeavour to support local businesses to be awarded Council contracts for the benefit of the county's residents.

The Council procures approximately £150m annually of revenue expenditure on goods and services. We are seeking to ensure that our procurement arrangements provide the best value for money for the Council and to keep the benefit local to Gwynedd.

In an attempt to ensure that we achieve these objectives, we have trialled a new social value procurement methodology. This system is known as the 'Social Value Measures'.

3.2 The reasoning and justification for recommending the decision

We have trialled a system of assessing social measures by undertaking pilot schemes across several fields within the Council. The pilot tenders have enabled us to better

understand the system and assess the ability of the local market to respond to the requirements. It was also an opportunity for us to prepare the Council and the market for the needs that will result from the implementation of the Social Partnership and Public Procurement Act (2023) from April 2024 onwards.

Pilot Results and Assessment of the new system

By using the new procurement method, we managed to achieve the following benefits:

Direct Payments Agreement Pilot

As part of a contract worth £181k, the successful company has included a social package which is equivalent to £105k. The proposal includes:

- *Employ 3 officers who live in Gwynedd;*
- *Hold 4 training sessions for social care students;*
- *4 weeks of work experience for 2 students;*
- *20 hours of voluntary time to support local charities;*
- *2.5 hours per week to further develop the Welsh language skills of the workforce.*

Air Conditioning Maintenance System Pilot

The successful company did not submit a social value offer but in the meantime it offered a donation of £1,000 to share amongst two Food Banks in the county.

Boiler Maintenance Pilot

As part of a contract worth £358,155, the successful company has included a social package which is equivalent to £87,416. The proposal includes:

The equivalent of 3 full-time posts in Gwynedd (across 5 roles);

- *3 weeks of Apprenticeships and Training in a year;*
- *£4,000 to spend in the local supply chain;*
- *£900 for a community club towards a sports kit.*

As a result of undertaking the pilot, we can confirm that the proposed system supports us with the aim of buying locally by:

- Offering a transparent and quantitative way of assessing social value as the basis of awarding contracts.
- Selecting from a series of local social measures per contract.
- Reporting against the progress of realising social value proposals.

See Appendix 1 for the series of Gwynedd Social Procurement Measures.

However, there are restrictions in terms of:

- Using local measures is not legally possible for every contract and, therefore, this affects our ability to use it in every case. We have obtained specialist legal opinion on this aspect in order to get a clear definition and to avoid any misunderstanding. This opinion has confirmed the need for the social benefit measures selected to be associated with the contract topic and commensurate with the requirement in question.
- To ensure value for money, it is inevitable that price and quality continue to be an element of the contract assessment criteria.

Therefore, as a result, we have generally seen that the assessment system using social measures has enabled us to identify social benefits for Gwynedd. However, it does not necessarily mean that every contract will be awarded to companies from Gwynedd.

Risks and Obstacles

A number of Welsh Councils are currently using or trialling the methodology. Despite this, there is no national guidance or decision from the Welsh Government about the ideal method to procure social value. The Future Generations Commissioner and the Government would like to see local Councils addressing the objectives of the Well-being of Future Generations Act but there is currently no direction or suggestion of best practice.

Although it is possible for us to use the system locally, national guidance would mean better consistency in public sector procurement. As a result, there is currently some frustration that this method of procuring is unsuitable for use in regional and national frameworks.

There is also a need to adapt and develop the market support package provided by the Welsh Government, in order to meet this new requirement in tendering opportunities. Therefore, at present, the Business Wales service agreement does not include any specific support for local businesses to submit social value proposals in their tendering documents.

The Well-being of Future Generations (Wales) Act 2015

Long-term - The system enables us to act with balance between short-term needs and the need to safeguard the ability to also meet long-term needs.

Prevention - It is believed that the arrangements would help inequality in our communities by encouraging businesses to think about their way of working and to offer wider benefits to what is being delivered by means of a historical contract.

Integration - The measures of the Well-being Act are central to an evaluation system and gives an opportunity for projects to address various measures. Our emphasis is on creating employment and promoting the local economy through the system but environmental, community measures etc. are also available.

Collaboration - We collaborate and share experiences through the Welsh Local Government Association's Procurement Group and Community Groups, which are looking to benefit from this system.

Content - The Pilot was undertaken by officers of the Category and Procurement Teams, who are essential for the success of any new procurement arrangements. They have also consulted with local businesses when undertaking the pilot and have incorporated this into the lessons learnt as part of the pilot scheme.

The available methodology is completely bilingual and there is no favouritism when evaluating Welsh or English applications in accordance with usual evaluation arrangements.

We do not anticipate an additional cost of implementing the system.

Equality Impact Assessment

There are no considerations to present as a result of completing the Equality Impact Assessment

3.3 Next steps

Review and adapt our Sustainable Procurement Policy and introduce a new Procurement Policy. A further review of the policy will be required when the implications of implementing the Social Partnership and Public Procurement Act (Wales) 2023 will become clear.

We intend to use the social value measures in the next food contract, this contract will be published during the winter. The series of local social value measures will include measuring the use of local produce and the employment of local workforce by suppliers.

4. Views of the Statutory Officers

4.1 Chief Finance Officer

Procurement based on a combination of quality and price has been in place for several years and few contracts which go out to tender are awarded solely on the basis of lowest price. Adding the social value measures to the Sustainable Procurement Policy would further strengthen the ability to identify the most suitable contractor, and with transparent arrangements put in place I have no objection to this from the perspective of financial propriety.

4.2 Monitoring Officer

I am content with the propriety of the recommendation. It builds on and strengthens the way in which the social benefits elements of procurement outputs are addressed. Obviously when the main provisions of The Social Partnership and Public Procurement (Wales) Act come into force a review of a range of arrangements around procurement and contract specifications will be needed to address the requirements.

List of Appendices:

Appendix 1 - Cyngor Gwynedd Social Measures

Appendix 2 - Equality Impact Assessment

List of Background Documents:

Social Partnership and Public Procurement Act (Wales)

Sustainable Procurement Policy Cyngor Gwynedd [Procurement policies \(llyw.cymru\)](https://www.llyw.cymru)

