

Social Value Charter

**Improving economic, social and
environmental wellbeing through
procurement, planning and grants**

October 2018



Introduction

Leicester is an ambitious city with a growing reputation for delivering economic growth and sustainable development; it is a leader in terms of its environmental and social principles. The council has adopted a number of key action plans to achieve this, including an Economic Action Plan and Sustainability Action Plan. These plans identify the potential for the council to secure additional social value through service delivery and specific projects.

What is social value?

The council's core role is to deliver services and programmes of work that improve the economic, social and environmental wellbeing of its communities. The Public Services (Social Value) Act 2012 reinforces these objectives and challenges local authorities to consider how this can be further enhanced, in particular through services they commission and procure.

Social value within procurement provides additional benefits generated by a service beyond its primary purpose. Additional social value improves the lives of people, for instance, through securing employment and training benefits for local residents when entering into contracts to deliver services or through relevant planning permissions. It could also mean encouraging local businesses and other organisations to bid for contracts. Increasing local employment opportunities could enable families to combat poverty, raise their children's aspirations, reduce social isolation and improve emotional and physical health and wellbeing.

In terms of environmental benefit, social value could include requirements on council grant offers to reduce carbon emissions, which would also improve health outcomes for local residents, or to improve recycling rates. Communities can also be helped, for example, through businesses and other organisations committing to support community groups and projects as part of a procurement process.

How can we secure additional social value?

At Leicester City Council we will focus on securing social value outcomes where we believe most benefit can be achieved through our procurement and commissioning activities. We will also apply social value principles, where relevant, through the statutory planning process and when offering grants and loans. Unlocking additional social benefits through these mechanisms will help contribute significantly towards making Leicester a better place to live, work, study and visit, as well as further developing community confidence and esteem.

Aims of the Social Value Charter

The council will:

- seek delivery of economic, environmental and social benefit through decisions taken in respect of its procurement and commissioning activities, as part of its planning process and through grants and loans offered
- continue to work with local people, businesses and other organisations to identify the best means to deliver social value
- ensure that social value requirements placed on businesses and other organisations are relevant, proportionate and fair
- focus on the most significant relevant procurements, planning applications, grants and loans offered to maximise benefit
- work with internal staff, businesses and other organisations subject to this charter to improve understanding of social value and provide information, training and support on processes.

Social value themes

Key social value themes for the council will include: employing locally and responsibly; sourcing locally; supporting and engaging with local communities; improving environmental sustainability; and doing business ethically.

The table overleaf sets out the key outcomes and measures under the above themes. These themes link to existing strategies and action plans, policies and key objectives, as set out, for example, in the Economic Action Plan, Air Quality Action Plan, Sustainability Action Plan and Environment Policy.

Themes, outcomes and measures

| Theme: | Outcome: | Measures: |
|---|---|--|
| Employing locally and responsibly | <ul style="list-style-type: none"> - Increased local employment - Employees paid the living wage - A high standard of employee development - Supporting those most disadvantaged in the labour market | <ul style="list-style-type: none"> - Number of new local jobs (full-time equivalent) created (including focus on disadvantaged groups) - Number of local apprentices/interns (including focus on disadvantaged groups) - Number of employees raised to the living wage - Number of contracts in scope of living wage requirement and are compliant - Number of staff progressed to a higher skill level |
| Sourcing locally | <ul style="list-style-type: none"> - Promote locally sourcing contracts and supply chains through Source Leicester - Prosperous local SMEs | <ul style="list-style-type: none"> - Spend with local suppliers (£) - Spend with local SMEs on Source Leicester (£) - Number of procurement opportunities posted on Source Leicester |
| Supporting and engaging with local communities | <ul style="list-style-type: none"> - Increased capacity and sustainability of the local voluntary and community sector - An open channel of communication between businesses and communities - Support healthy | <ul style="list-style-type: none"> - Value (£) of investment/support in the community/through charity (subject to value of a standard voluntary day) - Value (£) of generated volunteering opportunities - Number of visits to local schools and colleges - Number of work experience opportunities provided to pupils (for disadvantaged groups) - Number of health/wellbeing promotion interventions supported for staff, customers and the community |
| Improving environmental sustainability | <ul style="list-style-type: none"> - Reduced carbon emissions - Cleaner air and less pollution - Enhanced public open spaces, trees, wildlife, and historic environment - Reduced impact of waste - Reduced impact from manufacture of goods supplied, including from use of natural resources | <ul style="list-style-type: none"> - Carbon emissions saved (tonnes of 'CO₂ equivalent' per year) - Miles of travel or transportation per year converted to zero or low emissions - Tonnes of waste eliminated or dealt with in a 'greener' way (in accordance with the UK's waste hierarchy) - Value (£) spent (or in kind) to create/improve/protect public open space for wildlife/ environment |
| Doing business ethically | <ul style="list-style-type: none"> - Commonly practiced high ethical and corporate social responsibility (CSR) standards in sourcing and employment | <ul style="list-style-type: none"> - Value (£) spent on fair trade products - Number of contracts including a commitment to the prompt payment code, no abuse of zero-hour contracts, no blacklisting, compliance with Human Rights Act/Modern Slavery Act/ILO Labour Standards, and a whistleblowing scheme |

Securing social value through procurement

Securing social value through procurement is an effective way to help address economic, social and environmental concerns in local communities – often without adding any or significant additional cost.

The council will make social value a significant factor in the procurement process, ensuring contracts deliver on our relevant themes as well as service quality and cost. We will ensure social value is sought in all EU contracts¹ and proactively consider its inclusion in all appropriate large contracts². We will be clear about the minimum requirements on each procurement exercise including any pass/fail requirements to secure business with the council. We will also set out how tenders will be scored in relation to social value requirements, set alongside other requirements such as cost.

In order to maximise social value, we will recognise and, where appropriate, target disadvantaged areas and groups in Leicester. In doing so, businesses and other organisations are then able to make the biggest difference to local communities, contributing in ways such as creating jobs and training that have a direct impact on reducing poverty and improving the health and quality of life of local people.

Through our procurement activity we can have a global impact. We can do this through ethical and environmental initiatives, such as taking into account a product's lifecycle from the responsible sourcing of materials and manufacturing, through to more durable products and those offering reduced amounts of waste at the end of their life.

¹ Currently goods/services over £181,000 (except social and other specific services where the threshold is over £615,000) and works contracts over £4.5m.

² Currently goods/services over £75,000, works over £250,000

Securing social value through planning powers

The council is expected to develop planning policy to secure social value benefits through the planning process where these are permitted under statutory regulations, and are in line with the government's National Planning Policy Framework.

Planning policies have been established by the council that allow it to secure certain economic, environmental and community benefits on relevant planning applications. The emerging new Local Plan will allow these policies to be re-considered and refreshed.

As set out in adopted statutory policies, the council will seek to negotiate scheme amendments and use planning conditions or legal agreements attached to a planning permission to ensure permissible social value benefits are secured and delivered.

Social benefits secured through the planning process could potentially include:

- Securing an employment and skills plan which could include specific requirements, for instance including apprenticeship and work experience placements
- Sustainable transport benefits including public transport enhancements, green travel planning and cycling and walking infrastructure
- Support for community facilities
- Provision of public art

Further details can be found at leicester.gov.uk/planning-and-building

Securing social value through grants and loans

The council and its partner body, the Leicester and Leicestershire Enterprise Partnership (LLEP), provide support for the local economy and communities through grants and loans to businesses and other public and voluntary sector bodies.

The council and LLEP can use grant and loan agreements to secure social value benefits in addition to those that are the main purpose of the grant or loan. For instance, a grant to support a business to grow could also secure additional benefits including recruitment of new apprentices or support for local community groups. The social value benefit requested has to be proportionate to the grant/loan offered.

Grants/loans in excess of £100,000

Where grants or loans, offered through a relevant support programme, could be in excess of £100,000, the lead officer will routinely consider what relevant additional social value benefits could be secured from the themes, outcomes and measures table in this charter. These will be included in the guidance to potential applicants who will be expected to identify how they could meet these specific requirements or could provide other social value benefits. For each grant scheme a minimum social value benefit threshold will be established that applicants should aim to meet in order to secure a grant/loan.

Grants/loans under £100,000

Where grants or loans, offered through a relevant support programme, are under £100,000, guidance notes to applicants will include the themes, outcomes and measures table in this charter and applicants will be requested to consider what additional benefits they could offer, should they be successful. No minimum qualifying standards would be set for grants and loans at this level.

Supporting local business and other public and voluntary sector bodies

Irrespective of the size of grant or loan offered, the council will continue to aim to focus awards to local businesses and organisations, and their local supply chains, to ensure the benefits of investments are delivered to support the local economy and local people.

Implementation

The council will review its procurement and grant processes to ensure social value is embedded as a core part of each. The contract procedure rules will be amended to ensure this is a requirement and a social value toolkit developed to show staff how to implement this. Standard documents, internal forms and standard contract terms and conditions will all be updated to reflect this commitment. It is however recognised that core to the principle of social value is making it proportionate and relevant to the contract in question so we will be avoiding a 'one size fits all' approach.

It will be important to drive cultural change so that procurement and commissioning officers in the council understand the importance of social value and know how to build it into the various stages of the procurement process as set out below.

Consultation and consideration

Internal stakeholders to consider, including consultation with potential suppliers and other external organisations (where appropriate), to identify what additional benefit could be secured from the contract. Using toolkit and linking to charter themes, outcomes and measures.

Add social value into tender documents

Include social value requirements in specification and/or contract conditions and/or ask questions to seek tenderers' proposals on how much/what social value they will deliver. Incorporate this into the evaluation process with an appropriate weighting where applicable.

Award contracts

Contract awarded to the bidder with the highest overall score, who has committed to providing the required social value. Ensure social value conditions and social value offered during tender process is captured contractually.

Monitor performance

Monitoring the performance is essential to proving the supplier has delivered their commitments and fulfilled their contractual obligations. Social value achieved can then be publicly reported.

We will work with our contractors, other public-sector bodies and voluntary and community sector bodies, local businesses and business groups, and their supply chains, to help them understand the themes and how to deliver on them through events and training sessions as well as signposting to resources and further support.

Coupled with this, it will be equally important to ensure that suppliers (particularly local suppliers) understand the council's vision and know how to implement it and how to respond to social value questions in tender documents.

Measuring the impact

We will establish, working with our delivery partners, key performance indicators (KPIs), based on the measures outlined on page 4 to establish the benefits delivered by this charter. These can then be communicated regularly, including as part of the updates on our key economic and sustainability action plans. Definitions and examples will be developed in the social value toolkit, which will help direct bids.

Supporting others to deliver social value

The council aims to lead by example in delivering additional social value through its mainstream service delivery and will encourage and support others to follow this example. Other public-sector bodies, businesses and other organisations in the city also have the potential to secure significant social value, for example, through procurement and supply chain relationships.

The council will support these organisations to develop policies and procedures with the aim of delivering greater social.