

Bath & North East Somerset Council		
MEETING	Cabinet	
MEETING DATE:	3rd December 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E2706
TITLE:	“Think Local” Procurement Strategy	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Think Local ‘one-year-on’ report Selling to the Council guide (draft) B&NES Social Value Policy		

1 THE ISSUE

- 1.1 The Council's Corporate Procurement Strategy – "Think Local" was launched in October 2013. A key aim of the Strategy is to support local Small & Medium Sized Enterprises (SME's) and Micro Businesses whilst demonstrating that the Council is obtaining Best Value from its procurement processes. The Council intends to use Social Value legislation along with existing powers to support the delivery of the Strategy.
- 1.2 The "Think Local" one-year-on progress report identifies areas where progress has been made against the Strategy and issues still to tackle in respect of implementing Social Value within the procurement process across the Council.
- 1.3 The Cabinet needs to adopt the Social Value Policy to ensure that Social Value is at the heart of its procurement processes and meets the legal requirements set out in the Public Services (Social Value) Act 2012.

2 RECOMMENDATION

Cabinet is asked to:

- 2.1 Note the progress report on implementing the Councils "Think Local" Procurement Strategy
- 2.2 Note the intention to revise the Council's Contract Standing Orders to reflect the implementation of the Public Contract Regulations 2015 and other legislation. This will include:
 - Revising financial limits to provide local businesses with the opportunity to obtain contracts up to £50,000.
- 2.3 Note the draft Selling to the Council Guide
- 2.4 To adopt the Social Value Policy to ensure that the Council meets its statutory requirements under the Public Services (Social Value) Act 2012

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 No direct resource implications.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 Statutory obligations under the Public Services (Social Value) Act 2012 and clarification of Social Value with relation to other legislation including Section 3 Local Government Act 1999, Best Value Statutory Guidance 2011, Part 1 of the Localism Act 2011.

4.2 B&NES Procurement Strategy April 2013 – *‘We will prioritise Social Value for our community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable’*

- **Stronger communities will be built through the development of sustainable solutions.**

‘Economic, Environmental and Social considerations will be included in Service contract evaluation criteria and in other contracts wherever appropriate.’

‘Guidance and training will be provided to Commissioners and Service Providers on how this can be achieved including examples of the range of added value options that might be included in bids.’

- **Economic, Environmental and Social wellbeing needs will be established and prioritised.**

Research will be undertaken so that appropriate guidance can be given to staff when constructing tender documentation and evaluating bids

4.3 The B&NES Economic Strategy has been updated and was adopted by Cabinet in September 2014. Within the strategy there is specific reference to the “Think Local” Procurement Strategy.

5 THE REPORT

5.1 The attached report *“Think Local” – One Year On* highlights the progress the Council has made in the implementation of the updated Procurement Strategy. One of the cornerstones of the Strategy is to maximise the social value that can be obtained through the procurement and commissioning process. The report shows the progress that has been made and the next steps the Council will be taking.

5.2 The Government has finalised consultation on the Public Contract Regulations 2015 which will transpose the 2014 European Procurement Directives into law. The Council will revise Contract Standing Orders (CSO’s) that reflect the regulations and use the opportunity to embed the “Think Local” strategy within them. This will include revising financial limits to provide local businesses with the opportunity to obtain contracts up to £50,000.

5.3 The Corporate Procurement Team are developing further guidance for suppliers (see the draft Selling to the Council Guide) to help businesses engage with the Council. The guide includes initial proposals on revising the financial limits as highlighted in 5.2. The guide will be subject to consultation with the local business community.

5.4 The “Think Local” Procurement Strategy covers more than the local sourcing dimension. The Social Value Policy provides a way forward to embed all aspects of Social Value within the Council’s contracting arrangements. The Corporate Procurement Team will develop guidance on ethical and sustainable

procurement to support other elements of the Procurement Strategy. This will include guidance on areas such as :-

- Encouraging suppliers not to use zero hours contracts
- The prompt payment of subcontractors
- Whole life costs and reducing the Council's carbon footprint (working with the Sustainability Team)

5.5 With the introduction of the Public Services (Social Value) Act 2012, Local Authorities have a duty to consider how to improve the economic, social and environmental well-being of the area served by them through procurement, and how to undertake the process of procurement with a view to securing that improvement.

5.6 Under the Social Value Procurement Policy the Council commits to applying the obligations of the Act not only to those services contracts to which the Act applies itself, but also to works and supplies contracts, and to services contracts that are below the value where the Regulations apply. The Council has the power to do so under the general power of competence set out at section 1, Part 1 of the Localism Act 2011, and considers that to do so will be in furtherance of its best value duty under section 3 of the Local Government Act 1999.

- All works contracts (including contracts for a mixture of works and services or supplies) where the value of the contract is expected to exceed £500,000;
- All services contracts and supplies contracts (including contracts for a mixture of works and supplies or services) where the value of the contract is expected to exceed £100,000;
- All framework agreements where the anticipated spend in any financial year is expected to exceed the above;
- All joint contracts with other purchasers where the value of the Council expenditure is expected to exceed the above thresholds.

5.7 The Social Value Procurement Policy details how all services and agencies of the Council will implement the above commitments and provides the policy basis for including social value requirements as a part of 'the subject matter of the contract' as the default approach within the Council where the contract falls within the scope of the policy.

5.8 Where Social Value is relevant to the subject matter of the contract, the Council is able to take it into account in its evaluation of tenders. Policy and strategy goals are by their nature relevant to the subject matter of everything that the Council does, including its contracts, as the Council makes its decisions as to what to purchase based on its policy and strategy goals. To the extent that it considers relevant to do so, the Council will treat this Social Value Procurement Policy as relevant to each of its procurement exercises.

6 RATIONALE

6.1 The policy is an essential guide to how officers need to conduct their commissioning and procurement activities over the coming years. Following extensive consultation it represents the identified actions this Council will need to adopt in order to comply with its own financial and organisational objectives and to comply with new national regulatory requirements that have either just been introduced or which are about to be introduced.

6.2 As well as ensuring the Council complies with statutory obligations it will strengthen the Council's position around the delivery of its local objective relating to Economic Development and Health and Wellbeing.

6.3 There are other wider benefits to society of increasing the social mobility of an individual in economic terms, through elevated tax revenues and decreasing pressures on health and education services.

7 OTHER OPTIONS CONSIDERED

7.1 The Policy is required to clarify how the Council will meet its statutory responsibilities therefore other options were not explored at this time.

7.2 The Policy will be incorporated into the Council's Contract Standing Orders once the 2014 EU Procurement Directives are transposed into UK national legislation in early 2015.

8 CONSULTATION

8.1 A Council wide consultation has been undertaken. This included Directors Group and two information and feedback sessions led by the Corporate Procurement Team attended by key B&NES procurement and commissioning staff.

8.2 The B&NES Co-ordinated Employer Gateway has also been consulted.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 By formally adopting the Social Value Policy the Council further reduces the risks from legal challenges during the procurement process.

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Background papers	"Think Local" Corporate Procurement Strategy
Please contact the report author if you need to access this report in an alternative format	