Item 4b. Social Value - Statement of Intent

Stockport Trafford and Rochdale (STaR)
Procurement Organisation

12th September 2014

1. Purpose of the document

The document is an initial statement of intent regarding how social value and local benefit will be embedded within the ethos, principles and processes of the STaR procurement organisation.

The paper will provide some context as to STaR's involvement in shaping the approach from an AGMA and regional perspective but will focus most specifically on immediate activity to ensure that social value considerations are included at the appropriate stages in all procurement activity.

The plans is to ensure that STaR can deliver specific benefit for Stockport, Trafford and Rochdale and how we will work to deliver the Corporate Priorities of all three Local Authorities. The purpose of the document is to stimulate debate amongst key stakeholders and allow STaR to develop an action plan which   is;   workable in practice, does not drive resource or increase cost unnecessarily, delivers tangible local benefits, maximizes opportunities and supports the local supply chain.

2. Introduction

2.1 Current Position
All three Local Authorities have engaged in a procurement approach which includes social value considerations. The intent from STaR is to build on existing practice, share learning and establish a social value framework which incorporates the corporate objectives of all three LA's. See appendix 1 for a summary of the corporate objectives for STaR Authorities. The Framework will produce a series of outcomes which can be applied to commissioning and procurement activity in a relevant and proportionate manner.

2.2 AGMA & Regional Context
The Director of Procurement for STaR is part of a sub group which is leading on social value for AGMA. The sub group has been established from the original members of the Green Deal Task and Finish Group. Other members of the social value sub group include, the Head of Corporate Procurement Manchester, the AGMA Procurement Hub Programme Manager, representatives from Oldham and Salford Council's respectively.

The output of this work will be reported at the end of the calendar year but learning and recommendations will be applied in a dynamic fashion to ensure that STaR authorities and the communities which they serve, benefit from this approach as soon as possible.

3. STaR Activity Programme

3.1 Programme of Events for STaR
A full programme will been established to identify how we take this forward. It will include the following activities:

- Identify and articulate corporate objectives of each of the three LA's with a view to producing a framework of social value outcomes. This will essentially represent a "basket of goods" which allows commissioners and procurers to refer to, when deciding what may be included in the procurement process. This is similar to the approach taken by Oldham (see appendix 1)

- Consultation and collaboration with key stakeholders; Business, Regeneration and Skills & Work teams from all three LA's, thereby enlisting support from local colleges and creating links with business communities
- Proportionate and streamlined documentation and processes which allow
- Consultation with markets in terms of the best way to engage with and support SME's and local businesses
- Procurement documentation to include reference to social value outcomes including recommendations on weightings for social value outcomes
- Governance processes which ensures that contract reports for approval include reference to social value outcomes
- Contract register will include postcode information and business classification (e.g. SME/Third Sector) are captured in an accurate and dynamic fashion
- Establish KPI's for contractors so outcomes can be measured and reported
- Clear guidance so that commissioners monitor performance against KPIs and hold suppliers to account
- Establish baseline for KPI's such as % spend with local supply chain or number of new apprenticeships.
- Use baseline date to establish KPIs for the STaR Procurement Team
- Alignment with AGMA sub group output and recommendations

A project group and project plan will be set up to work towards an implementation programme. This group will be engaged in establishing baselines and setting targets against key corporate priority areas. The group will be established in September 2014.

4. Dependencies

4.1 Data and Data Analysis

The contract register will become the foundation of our work, providing the basis upon which contract information is captured. Data regarding local spend will be more accurate than current reporting tools because it will list the post code from where goods and services are provided, as opposed to current methodologies which capture the invoice address only.

Data will be used to establish a "base line" position regarding local spend and will be used to inform KPI targets going forwards. This combined with the use of questionnaires for local businesses can help us to create information regarding the number of jobs which public monies support.

4.2 Pre-Procurement Activity

The pre-procurement stage of the procurement process is absolutely essential in terms of deciding the most appropriate route to market, service outcomes, procurement and lotting strategies and ultimately in identifying social value opportunities.

The pre-procurement phase should include (but not be limited to):

- Assessing the need
- Market engagement and feedback
- Understanding the market in terms of key players, new entrants, role of the Third Sector (capability, capacity, innovation)
- Benchmarking
- Service user engagement
- Agreeing outcomes in terms of savings, contract specifications and social value

These activities will allow us to understand the potential risks and benefits of any procurement activity and allow the Council to appropriately support local and Third Sector providers to compete on an equal footing.

In order to fulfill these aspirations it is essential that there is a procurement plan for STaR which includes all procurement activity and allows us to plan resources and appropriate activities. The foundation of this plan is understanding current third party expenditure via the Contract Register. The Contract Register will identify when existing contracts end and when new contracts are required to be in place.

4.3 Visibility of Opportunities

Additional requirements regarding transparency and the potential need to advertise all opportunities over £10,000 (Enterprise and Employment Bill 2014-15 which currently being consulted on) means that we may need to advertise sub £50,000 opportunities much more widely. At present these quotations are limited to three bidders who are "selected" to submit a bid.

There is significant pressure, particularly within a specific group of Rochdale businesses for these opportunities to be advertised openly. This will create a range of issues for operational teams within the Council, but would most certainly provide a greater pool of opportunities which SME's and local (as well as national) businesses could complete for.

4.4 Collaborative Working

As a team we need to establish collaborative relationships with the teams responsible for supporting local businesses so that we can proactively share information regarding up and coming procurement plans. This will give local suppliers, the Third Sector and SME the opportunity to equip themselves in advance to become "tender ready".

There will be a proactive programme of business engagement, through Meet the Buyer or Meet the "Budget Holder" events, attendance at local Business Clubs and information to help potential bidders improve their chances of success. It is important that our local suppliers are equipped to win business outside of STaR's Boroughs'.

5. Summary and Next Steps

5.1 Project Plan

The project plan and project team need to be established to focus on key outcomes.
The plan will be established by the end of October.

5.2 Baselines and Target Setting

At present establishing a base line for key data such as spend with SME's and local suppliers is proving problematic. A systemised and consistent approach to producing this data on a monthly basis needs to be established. This will be a key objective for the social value project team. At present we have compiled baseline information. We are now validating and testing the data so that we are confident that this process is robust and we are comfortable to publish the data.

Target setting will be agreed with the STaR Board and Joint Committee as appropriate.

End.

Sharon B Robson
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STaR Shared Procurement Organisation

Appendix 1

Corporate Priorities			
Generic / Common Priorities	**Stockport**	**Trafford**	**Rochdale**
Safety	Safe and Strong - a place that promotes respect for all its citizens by all its citizens	Safe place to live - fighting crime	Children and adults safeguarded from harm
Economy	Thriving - building on a strong and sustainable economy and high levels of educational attainment and skills	Economic growth and development	More and more successful businesses, People and communities more independent and self-reliant
Health	Healthy - increasing choice, control, independence and the adoption of healthy lifestyles as well as excellent services that offer value for money		Increased healthy life and well-being
Unemployed/ Vulnerable people		Services focused on the most vulnerable people	More Rochdale people in work Outward looking and confident Rochdale People
Sustainability	Green - leading the way in creating a sustainable future for our environment and our economy		Accessible and used countryside, Places where people want to live and stay
Education		Excellence in education	More people have higher skills and greater achievements
LA Specific Priorities	**Stockport**	**Trafford**	**Rochdale**
Reshaping		Reshaping Trafford Council	
Council Tax		Low council tax and value for money	
Buildings/Spaces			High quality buildings and public spaces