




**Report of the Convener of the
Procurement Scrutiny Inquiry Panel – 10 November 2021**

Procurement Scrutiny Inquiry

Desk Based Research Report

Purpose	The purpose of this report is to give examples of practice used in other parts of the UK as part of the scrutiny inquiry into Procurement.
Content	This report provides a summary of some examples of 'social value' practice in other parts of the UK.
Councillors are being asked to	To consider the information provided as part of the scrutiny inquiry.
Lead Councillor(s)	Councillor Chris Holley, Convener of the Panel
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1.0	<p>Introduction</p> <p>The Scrutiny Inquiry into Procurement commenced on the 24 June 2021, as a part of that piece of work the Panel wished to consider examples of practice in relation to 'social value' in the UK.</p> <p>This information provide in this report is only a small selection of examples so it is not an exhaustive list. It is designed just to give an idea or a flavour of some of the different activities that are taking place in relation to social value activity. The Panel had asked that Preston and Cardiff be included.</p>
2.0	<p>Preston Procurement Model</p> <p>The following information was taken from the Preston website https://www.preston.gov.uk/article/1339/What-is-Preston-Model</p> <ul style="list-style-type: none"> • Full Strategy document can be found at: Preston Strategy • Details of community wealth in Preston you can download  How we built community wealth in Preston [1.53MB] <p>What is the Preston Model?</p> <p>The "Preston Model" is a term applied to how the council, its anchor institutions and other partners are implementing the principles of Community Wealth Building within Preston and the wider Lancashire area.</p>

The city council is committed to implementing this approach and, as the "place leader" for the city is promoting the concept to other anchor institutions in and around Preston and to the private sector. The implementation is something which is being shared across a range of Preston based anchor institutions, including Lancashire County Council, University of Central Lancashire, Preston's College, Cardinal Newman College, Community Gateway Housing Association and Lancashire Constabulary. This is important as many of these institutions have significantly greater spending power and assets than the City Council and by working together we can have a significantly greater impact on the future well-being of the city.

Community wealth building offers an opportunity for local people to take back control, to ensure that the benefits of local growth are invested in their local areas, are used to support investment in productive economic activities and that people and their local institutions can work together on an agenda of shared benefit.

So you've got it all sorted then?

Not at all. We may have started well, but we have only begun to explore how, for example, the wider benefits of procurement spend can be tracked down the value chain. Our work to date has concentrated on getting those letting the contracts within anchor institutions to change their perspective and approach. We now need to do more work with businesses in the supply sector, to encourage them to raise their game and to engage more with anchor procurement. And, where there are gaps in the supply chain to explore the opportunities for setting up co-operatives or new businesses to meet that untapped demand.

Is it happening just in Preston?

Not at all. While we think the principles of community wealth building can be applied in any city or locality across the country, it is also true that because areas, issues, politics, resources and opportunities differ widely, the way in which different areas might apply those principles might differ from place to place.

Some places might find it easier to start with issues around local currencies or LETS (Local Exchange Trading Schemes) schemes, community banking or asset transfer to stimulate new business growth for example.

While some media attention has focused on Preston, we are conscious of our debt to Manchester who pioneered the principles of progressive procurement several years before we started.

How does this approach comply with EU Procurement Directives?

Yes, it is true that the European Union has some detailed directives which govern how procurement should operate. Firstly, these are largely based on rules previously developed and passed into UK law by UK governments and, secondly, the rules are not as onerous as you might think.

Primarily, these rules are focused above £180k for goods and services and above £4 million for works. A primary concern is to avoid institutions favouring national service providers at the expense of other contractors providing better value for the tax-payer.

The UK's Social Value Act (2012) which is fully consistent with EU procurement rules, allows anyone letting a contract to operate a "weighting" system which

	<p>scores a number of other criteria as well as price. These can include things like quality, commitment to apprenticeships, attitudes to skills and training, local labour recruitment, approach to sub-contractors and length of supply chains. The UK government has said that, while it is committed to leaving the EU, it will passport into UK law the existing procurement directives.</p> <p>Preston has been working, through our Procure (URBACT) project over the past three years with the European Commission and ten other cities across Europe on how to develop best practice on procurement which works for local residents and local businesses as well as for those anchor institutions letting the contracts.</p> <p>Key outcomes</p> <ul style="list-style-type: none"> • The most recent spend analysis found that the procurement from institutions rooted in Preston retained within the city was £112.3m - a rise of £74m from 2012/13. • Within the wider Lancashire economy (including Preston) £488.7m of spend had been retained, a rise of £200m from the baseline analysis. • Since the inception of the project, 4000 extra employees in Preston are now receiving the Real Living Wage (2018 initial ONS outrun). • The institutions thus far engaged in the process - so called "anchor institutions" - include the City Council themselves, Lancashire County Council, the Office of the Police and Crime Commissioner for Lancashire, the Community Gateway housing association, Preston's College, Cardinal Newman College and the University of Central Lancashire (UCLan). • Preston was named 'Most Improved City in the United Kingdom' in 'Good Growth for Cities 2018'.
3.0	<p>Cardiff Council's Socially Responsible Procurement Policy 2017 – 2020</p> <p>The Socially Responsible Procurement Policy (2.1mb PDF) aims to ensure that the Council maximises the social, economic, environmental and cultural wellbeing benefits delivered for communities through its annual £410 million procurement spend. The Policy sets out the Council's commitments in respect of these six key priority areas:</p> <p>Think Cardiff First - to take account of the social and economic impacts of buying locally when commissioning and contracting, and asking our suppliers and contractors to do the same.</p> <ul style="list-style-type: none"> • Local Training and Employment - to create inclusive employment and training opportunities for local people in order to reduce unemployment and raise the skills level of our local workforce, especially in target groups such as long term unemployed. • Partners in Communities - to play an active role in the local community and support community organisations, especially in those areas and communities with the greatest need. • Green and Sustainable - to protect the environment, minimise waste, reduce energy consumption and use resources efficiently. • Ethical Employment - to employ the highest ethical standards in our own operations and those within our supply chain. • Promoting the Wellbeing of Young People and Vulnerable Adults - to work

	<p>with the support of entire community including local businesses, safeguarding and promoting the rights of children, young people and vulnerable adults</p> <p>The Policy is structured around the following three key Welsh Government initiatives:</p> <ul style="list-style-type: none"> • Community Benefits – drives the creation of employment and training opportunities including apprenticeships, support for small and medium sized enterprises and delivery of community, educational and environmental initiatives • Code of Practice Ethical Employment in Supply Chains – focuses on ensuring a high standard of ethical employment practices by our suppliers, service providers and contractors • Opening Doors: the Charter for SME Friendly Procurement - seeks to create a fair and open environment in which we can all do business together and address issues of particular concern to SMEs.
4.0	<p>Hywel Dda University Health Board - (2020 – ongoing)</p>
	<p>Further information: https://cles.org.uk/community-wealth-building-in-practice/community-wealth-building-places/hywel-dda-university-health-board/</p> <p>Health spending has the potential to be a core economic driver in local economies, helping to mould the local economic architecture of places to address the social determinants of health and tackle some of the core drivers of avoidable demand into the health system. CLES (National Organisation for Local Economies), with Hywel Dda University Health Board (H DUHB), are exploring how a progressive health board can maximise the impact of its spending power for wellbeing in Wales.</p> <p>Context</p> <ul style="list-style-type: none"> • Health spending has the potential to be a core economic driver in local economies. However, this has yet to be realised at scale by health institutions in the UK. • In England, many health institutions are keen to explore their role as local economic agents, but this can be hampered by a muddled national policy context and a tendency towards centralised systems. • In Wales, the national commitment to a wellbeing economy and the prioritisation of the everyday, foundational economy, provides a progressive policy frame within which the scope for health spending as a core economic driver can be fully explored. • CLES is supporting H DUHB, which provides healthcare services to a population of around 384,000 throughout Carmarthenshire, Ceredigion and Pembrokeshire, to pioneer this approach. <p>Health institutions are key local anchors</p> <p>Unlike the configuration of health services in England, the Health Board as a single entity is responsible for both commissioning and delivery, providing significant opportunities for direct influence. H DUHB explicitly recognises, through its strategy and mission, that it has a role and influence extend beyond a direct focus on health services, with a broader role as an agent that can affect economic and social wellbeing by developing closer links between the</p>

	<p>economy, wealth creation and people.</p> <p>Spending HDUHB spends in the order of £1bn a year in revenue terms. While a proportion of this spending is not in the direct control of the Health Board, approximately three-quarters is potentially influenceable. Softer influence, through collaboration with other anchors with spending power across the HDUHB geographical footprint, could impact in the order of £2.5bn annual spending across this geography. The Health Board recognise that for areas of common spending, such as food procurement, collaborative working with other anchors can unlock additional opportunities to maximise local impact.</p> <p>Whilst HDUHB has historically relied on nationally driven procurement, they are keen to develop a more locally focused approach, driven by community wealth building principles – developing a HDUHB procurement strategy to supplement the nationally led procurement approach.</p> <p>The work will develop a whole health board approach to spending which maximises the opportunities to enhance public value across all pathways of spending – direct spend, contracted spend and procurement spend. Crucially, this will include focusing upstream in the commissioning process, for example, opportunities to explore alternative delivery models and link spending to business development opportunities in the local economy.</p>
5.0	<p>Community Wealth Building in Leeds</p> <p>Leeds City Council are supporting a growing network of local anchor institutions to harness their collective spending power to benefit the local economy.</p> <p>Context</p> <ul style="list-style-type: none"> • Leeds is the third largest city in the UK and has seen considerable economic growth in its city centre over recent years, with significant growth in the financial services sector. • Whilst the city region has an economy of £74bn (ONS, 2018) and a workforce of 1.4 million people, poverty and disadvantage persist: Leeds has 114 neighbourhoods (LSOAs) in the most deprived 10% of neighbourhoods in the UK, with almost a quarter of the population living in poverty. • Leeds City Council is committed to tackling growing inequality in the city and has made the securing of inclusive growth a key strategic priority. • Community wealth building is a key pillar of their inclusive growth approach which is being taken forward through the development of a network of anchor institutions committed to using their spending power to build a more equitable local economy. <p>Using spending on goods and services to generate local social and economic benefit</p> <p>With combined procurement budgets of £2bn, the network is a significant economic agent in the Leeds economy. Having worked with National Organisation for Local Economies to analyse current spending, the network has now agreed objectives to shift spending towards suppliers who generate</p>

	<p>greater economic and social benefit for local people. Members are now working together to adapt their procurement practice and identify sectors where they can collaborate to create more economically generative local markets.</p> <p>Targeting recruitment to enable a just labour market</p> <p>Ten of the anchor institutions are Real Living Wage employers, share best practice on non-pay benefits and work collaboratively to address issues associated with the gender and ethnicity pay gap reporting and action. Employee mapping for each anchor by gender, age and pay band against the Index of Multiple Deprivation 2019 has improved understanding of the opportunity to contribute to inclusion and improve social mobility through recruitment. This has informed pilot outreach employment support programmes in priority neighbourhoods to recruit to vacancies at Leeds Teaching Hospitals NHS Trust and the Council. The pilot has now been mainstreamed and available to support all anchors.</p> <p>The anchor institutions are now signed up to the Leeds Anchors Healthy Workplace Pledge and its implementation will be supported by a toolkit with impact monitored through workforce data and staff survey results.</p>
6.0	<p>Harrow: Making refurbishment better</p> <p>Further information: https://socialvalueportal.com/case-study-harrow-making-refurbishment-better/</p> <p>Harrow Council refurbishes numerous of its properties a year. The work is both necessary and desirable for its own sake, both to reduce the waiting list for housing and to bring down carbon emissions. But the Local Authority wanted to see if it could maximise the benefits of the work through making use of “social value” (SV), looking beyond the price of each individual contract and selecting would-be contractors based on the “extra” benefit they could offer to the impacted community.</p> <p>So, in collaboration with Social Value Portal, Harrow selected a representative renovation project to carry out a pilot study. The remit of the work was to install external wall insulation, refurbish the inside of the property and install electrical services. Here at the Portal, we used our SV assessment tool as part of the tender process.</p> <p>Each bidder successfully completed the assessment, with offers varying from +3 to +57% / £51,000 to £780,000 social value-add (SVA). This is the total above and beyond the requirements of the core contract. Because the process was well managed, it didn’t add to the actual delivery costs of the project and now Harrow is examining how SV-enabled bidding can be used in all contracts above £100,000.</p>