

## **Divisions Affected – All**

### **CABINET 23 January 2024**

#### **Social Value Annual Report Report of Performance and Corporate Services Overview & Scrutiny Committee**

### **RECOMMENDATION**

1. The Cabinet is **RECOMMENDED** to —
  - a) Agree to respond to the recommendations contained in the body of this report, and
  - b) Agree that relevant officers will continue to update Scrutiny for 12 months on progress made against actions committed to in response to the recommendation, or until they are is completed (if earlier).

### **REQUIREMENT TO RESPOND**

2. In accordance with section 9FE of the Local Government Act 2000, the Performance and Corporate Services Overview & Scrutiny Committee requires that, within two months of the consideration of this report, the Cabinet publish a response to this report and its recommendation.

### **INTRODUCTION AND OVERVIEW**

3. The Performance Overview and Scrutiny Committee considered a report on the Council's Social Value Annual Report 2022/23 at its meeting on 29 September 2023.
4. The Committee would like to thank Cllr Calum Miller, then-Cabinet portfolio holder for Finance, Lorna Baxter, Director of Finance, and Melissa Sage, Head of Procurement and Contract Management, for preparing and introducing the report, and for attending to answer questions.

## SUMMARY

5. Cllr Miller began the presentation noting that, whilst the results showed successes through its social value policy, the first year of reported results meant that the Council was still leaning towards its pilot stages and refinements would be welcomed. Weightings for social value considerations within tenders were a balance between social value and commercial value, but the Council's weightings had been deemed by The Social Value Portal as sitting in the 'sweet spot' where social value was maximised without increasing prices.
6. Given the ongoing reporting, the Head of Procurement and Contract Management was able to provide an updated figure on the value of social value delivered - £900,745. This was an increase from the reported £534k. Seeing promised value begin to be delivered at scale was very welcome. Responsibility for tracking the delivery of promised social value was the responsibility of the Council's partner, the Social Value Portal. Commitments made by companies were a contractual obligation, and failure to deliver the promised value would leave the Council with the standard remedies for breaches of contract.
7. In response to the presentation the Committee discussed the flexibility of the Council to target its social value requirements in a more bespoke way, whether the weighting for social value within tenders was optimal, whether there was value in extending social value weightings to lower-value contracts, definitions of specific Themes Outcomes and Measures (TOMs), and ways of providing support to Small and Medium Enterprises (SMEs). The Committee makes four recommendations, all of which seek to help the Council clarify how it might improve and develop its work thus far.

## RECOMMENDATION

8. Given the early-stage development of the Council's social value policy the Council has adopted a broad spectrum of TOMs, thereby allowing suppliers to have a range of avenues through which they might provide social value. However, this is a fairly passive approach. Whilst clearly all social value is welcome, that is not to say that it is all social value is equal. The monetary value of TOMs is not set at a local level, but at a national one. It is possible, therefore, that the value a particular TOM provides is less – or more – valuable in Oxfordshire than elsewhere. For instance, in a county with low levels of unemployment, creating local jobs may be less of a concern than removing car and lorry journeys from the road. This fact is supported by the fact that the Council's intention that a specific 4% weighting on contracts should be applied to environmental TOMs.
9. The Committee sees an opportunity to influence behaviour further in a more socially desirable way by being more selective and targeted in the TOMs it chooses. As a precursor to this, it is necessary that it clarifies what its

objectives and priorities are, before selecting and weighting specific TOMs in a way which would best contribute towards those goals.

**Recommendation 1: That the Council clarifies the objectives it wishes to achieve through its social value policy, choosing measures and weightings which support those objectives.**

10. Further to the above, the Committee also expresses doubts as to whether the TOMs which are available through the Social Value Portal are all effective in delivering significant social value, or that the Social Value Portal's list is exhaustive. For instance, two environmental TOMs are NT64 'Contributions made to certified carbon offset funds (compliant with UKGBC guidance)' and NT53 'Innovative measures to safeguard the environment and respond to the Climate Emergency'. The Committee is critical of the efficacy of these, with offsetting now being considered an option of last resort and of relatively low environmental benefit. Equally, the second – a TOM which the Council has adopted – is highly speculative. The truth is that much innovation does not fully realise its claims. As such, firms may deliver on their promises to do these things but not actually deliver on-the-ground social value.
11. The Committee also suggests that there are sources of social value which are not included within Social Value Portal's list. For example, it is felt that the cooperative model of ownership is itself a social good, and yet that is not an option within the list.
12. The Committee recognises that there are practical benefits to using the Social Value Portal's list – other local organisations also use the same TOMs, which reduces the administrative burdens on local organisations, and the value accorded to each one has already been signed off by government, allowing them simply to be picked up and used. However, this does also mean that the Council has to work with what it is given by an external provider, rather than maximising the value it can garner from its contracts. The Committee suggests that this is insufficiently ambitious, and that it would be preferable if the Council were to develop its own bespoke measures of social value.

**Recommendation 2: That the Council investigates how it might develop a more bespoke model of social value, to include consideration of: how it might support cooperatives to tender for contracts, and selecting TOMs which truly drive climate action benefits.**

13. The Committee is keen to see SMEs undertaking work on behalf of the Council. The benefits are many; jobs are likely to be created for local people, local suppliers are more likely to be used, jobs will likely involve less travel, profits are more likely to re-circulate within the local economy, and local businesses will be contributing towards business rates, all of which are of value to local residents. Although local government outperforms other parts of the public sector in this regard, in 2022 only 38% of procurement spend was

with SMEs.<sup>1</sup>

14. The Committee explored in its meeting multiple avenues to try and make it easier for SMEs to tender for Council contracts, such as breaking up contracts, and joint-procurement. However, it was advised that the former is not legal, and the latter has the tendency to increase the size of contracts, which has the consequence of making them less accessible for SMEs to deliver. The main area of support available for SMEs from the Council was reported to be in the pre-engagement phase of a contract. If this is the primary area with potential to improve the ability of SMEs to bid for Council contracts then the Committee encourages the Council to look more closely at how it can deliver more of this, and how it can legally reduce the barriers they face.

**Recommendation 3: That the Council investigates how it can undertake greater pre-engagement with SMEs and cooperatives to understand the issues faced in securing contracts**

15. Whether or not the Committee's recommendations are agreed, the Council's social value policy remains in its early stages. As such, it is likely that it will require additional tweaks and refinements to make it more effective and/or efficient. The Committee is keen to see the potential of the Council's powers under the Social Value Act realised and is keen to know, and to hold the Cabinet accountable for, its forthcoming plans to improve its social value policy further.

**Recommendation 4: That the Council provides as part of its response to this recommendation a written outline of the next steps it intends to take develop and finesse its social value policy.**

## **FURTHER CONSIDERATION**

16. There has been some expression of interest within the Committee to consider this work further, but the precise shape and timing is as yet undetermined.

## **LEGAL IMPLICATIONS**

17. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
18. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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<sup>1</sup> [SME Procurement Tracker 2022 - British Chamber of Commerce & Tussell](#)

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Annex: Pro-forma Response Template

Background papers: None

Other Documents: None

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