

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **6 November 2012**

By: **Interim Director of Corporate Resources**

Title of report: **Overview of the Public Services (Social Value) Act 2012**

Purpose of report: **To provide the Committee with an overview of the Public Services (Social Value) Act 2012**

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**RECOMMENDATION: The Committee is recommended to a) develop an understanding of the Public Services (Social Value) Act 2012 and consider how it will affect procurement practices; and b) comment on methods of working they would like to see included in future Council procurement practices in line with the Act.**

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## **1. Financial Implications**

1.1. There are no financial implications as a result of this report. Any financial implications as a result of the implementation of the Public Services (Social Value) Act 2012 will be subject to further reporting and approval as appropriate.

## **2. Background**

2.1. The Public Services (Social Value) Act, which is expected to take effect in early-2013, will require public authorities to “have regard to economic, social and environmental well-being in connection with public service contracts; and for connected purposes”.

2.2. The Act covers all contracts of all values for all public authorities in England, regardless of procurement process. It is intended to support the Government’s aim to deliver greater benefit to local areas from the spending of public money, an agenda increasing in focus given the current economic circumstances.

2.3. The Public Services (Social Value) Act was passed by royal assent on 8 March 2012. It is now awaiting the statutory instruments to be laid before parliament for the main provisions of the Act to be commenced. This is expected to be January 2013.

2.4. A review of the European Public Contract Regulations which govern the process for awarding contracts over a prescribed threshold is currently underway and proposals have been issued for consultation. Any changes to the European Regulations are scheduled to be implemented in 2014. The initial draft included the recognition of the need to deliver wider social benefits from public sector contract spend.

2.5. The Act codifies the requirement for public authorities to consider how the economic, social, environmental and local impact could be improved via contract spend with third party suppliers during the procurement process.

2.6. The basic principles of the Act support Our promise: “that we will, in partnership, make the best use of resources to:

- help make East Sussex prosperous and safe
- support the most vulnerable people
- improve and develop roads and infrastructure

- encourage personal and community responsibility
- deliver the lowest possible council tax
- be a voice for East Sussex, listening and answering to local people”

2.7. The requirements under the Act cover three main areas that will require public authorities to:

- consider both how proposed procurements could make local improvements and how these could be delivered via the procurement process;
- consider whether to undertake any consultation process; and
- consider only relevant factors to the subject of the proposed contract and be proportionate to the circumstances in taking these into account.

### **3. Procurement review**

3.1. As a result of the recent review of Procurement, the organisation has restructured procurement resource around categories of spend, and has just completed a consultation process to bring together procurement staff into a new department, led by a Head of Procurement shared with Surrey County Council. The Adults Social Care category team is remaining within the Adult Social Care Directorate with close working links to the new central team.

3.2. The review and implementation of new and improved working practises is an opportunity to refresh the organisations’ approach to procurement. This process has already begun with improved reporting and the early stages of a review of our Contract Standing Orders. This will allow any changes in our procurement practices to be implemented consistently and swiftly across all areas of spend as well as reflect the Public Services (Social Value) Act.

3.3. The Procurement Steering Group is an officer group which meets monthly. Working with other professional experts across the organisation, it has already produced and published the ‘Employment and Skills through Procurement’ policy.

3.4. This policy document is one of the ways in which the organisation is already responding to both the Public Services (Social Value) Act, as well as supporting the East Sussex County Council promise. Opportunities to include apprenticeship, local employment and supported work placements will be explored in a range of upcoming contract retenders.

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#### Background Documents

- ‘Employment and Skills through Procurement’ policy document
- Public Services (Social Value) Act 2012 (note this is a relatively short document at only 8 pages)