

Report to: **Place Scrutiny Committee**

Date of meeting: **23 September 2024**

By: **Chief Operating Officer**

Title: **Scrutiny Review of Procurement: Social Value and Buying Local**

Purpose: **To provide an update on the action plan from the Scrutiny Review of Procurement: Social Value and Buying Local report dated March 2023 and the mid-term update report dated 12 March 2024.**

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**RECOMMENDATIONS: The Place Scrutiny Committee is recommended:**

- 1) To note the updates to the implementation of the recommendations and action plan set out in Appendix 1 of this report; and**
  - 2) To consider the recommendation to extend the trial of the Social Value Model as set out in Appendix 2 of this report.**
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## **1. Background**

1.1 The Place Scrutiny Committee at the meeting on 23 March 2022 agreed to establish a Review Board to undertake a Scrutiny Review of Procurement focussing on Social Value and Buying Local initiatives. The scope of the review included an investigation of various aspects of the current policy and approaches including:

- Examining how well social value principles are communicated and understood by departments.
- Examining the processes used and in particular the handover from the Procurement Team to the service department contract managers who are responsible for monitoring and ensuring the social value measures are delivered.
- Looking at the engagement with the Council's supply chain: do they understand the requirement and what we are trying to achieve; what help and support might they need.
- Exploring whether it is possible/beneficial to move away from the use of proxy values in the current quantitative approach to measuring social value to a more outcome focussed qualitative approach and what this could look like.
- Review and comment on the draft Social Value Policy.
- Examine whether narrowing down and prioritising what social value the Council asks for from suppliers, would be beneficial in achieving the Council's objectives. This may already be taking place to some extent when using the Social Value Charter (e.g. through the use of tailored advice for specific or larger contracts).
- Explore opportunities to use social value to support action on climate change and a sustainable local economy.
- Consideration of the Orbis Environmentally Sustainable Procurement Policy

1.2 The lines of enquiry which were explored in the review were:

- How can the Council improve the current approach to social value and Buying Local?
- How can social value and Buying Local initiatives be used to achieve the Council's objectives and support action on climate change and a sustainable local economy?

1.3 The recommendations of the Scrutiny Review were presented to Cabinet for comment on 18 April 2023 and were accepted at Full Council on 9 May 2023. A copy of the full scrutiny review report and Cabinet's response to the recommendations can be found on the Council's web site here: [Agenda for Cabinet on Tuesday, 18th April, 2023, 10.00 am | East Sussex County Council](#).

1.4 A mid-term update report on the implementation of the recommendations from the Scrutiny Review was presented to the Committee in March 2024 and can be found here: [Agenda for Place Scrutiny Committee on Tuesday, 12th March, 2024, 10.30 am | East Sussex County Council](#).

## **2. Supporting information**

2.1 The Scrutiny Review of Procurement: Social Value and Buying Local was welcomed by the Department and in particular the opportunity afforded by the review to examine possible improvements in policies and procedures and explore how the Council could take the next steps in moving to a more qualitative approach to meeting social value requirements in contracts and procurement.

2.2 The Department's response to the Review's recommendations and a final report on the action plan are set out in Appendix 1. An overview of the outcomes and recommendations from the Social Value Model Trial (recommendation 9 of the Scrutiny Review) is contained in Appendix 2.

## **3. The impact of new Procurement Act (2023) and National Procurement Policy Statement (2024)**

3.1 The Procurement Act (2023) comes into effect in October 2024 and needs to be considered in tandem with the National Procurement Policy Statement (2024). The Act includes a legal requirement for public sector buyers to shift from awarding contracts based on M.E.A.T (Most Economically Advantageous Tender) to M.A.T. (Most Advantageous Tender), requiring a more holistic view of value. The Policy Statement requires contracting authorities to have regard for (amongst other things) Social Value. Combined with enhanced transparency requirements under the Act, increasing scrutiny of the Council's approach to Social Value is to be expected, with the expectation that value is considered in a broader manner than simply financial cost and a financial proxy of social value.

3.2 The Procurement Review Unit will have enhanced powers to assess an authority's approach to all aspects of procurement, including social value. Having a social value approach aligned with central government's own Social Value Model would minimise the risk of adverse findings in respect of social value from this or any other government body.

3.3 These changes will be the first-time contract management is a legislative requirement, stipulating public sector bodies “have sufficient work force and capability to ensure taxpayers’ money is spent effectively and efficiently”. This means there will be additional requirements throughout the contract lifecycle that need to be managed and monitored carefully to ensure compliance with the regulations.

#### **4. Conclusion and reasons for recommendations**

4.1 The Scrutiny Review highlighted where further work may be needed in this area and a way forward in developing the Council’s approach to social value. Progress has been made against the recommendations as highlighted in Appendix 1.

4.2 The Place Scrutiny Committee is recommended to note the updates to the action plan contained in Appendix 1.

4.3 Specifically Place Scrutiny Committee is asked to consider the recommendation to extend the trial of the social value model and support the development of a social value model for East Sussex County Council contained in Appendix 2.

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