

# Procurement Strategy

## 2019 – 2023

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## **1.0 Introduction**

- 1.1 The importance of effective procurement has never been greater for local government. The demand for public services is increasing, while resources are drastically reducing. The pressure to find greater efficiencies and improve productivity is driving councils to look for different ways to deliver better outcomes for local people.
- 1.2 This strategy sets out our vision for procurement and our priorities for the next 5 years to 2023 incorporating the latest government procurement legislation and initiatives; and recent motions agreed by the Council. It is a statement of the procurement commitments of the Council.
- 1.3 We aim to provide quality services that are responsive to the needs of our community and deliver optimum value for money. It is also important that the strategy reflects both our compliance obligations and our procurement aspirations.
- 1.4 In 2018/19 we spent £28million on goods, works and services, we clearly have a responsibility to make sure this spending represents best value for money.
- 1.5 A strategy by itself will not lead to effective procurement; it is the commitment of our members, senior managers and staff carrying out procurement activity which is key to its success.

## **2.0 What is Procurement?**

- 2.1 Procurement is the process of acquiring, goods, works and services, covering both acquisition from third parties and in-house providers. The process spans the whole cycle from identification of needs through to the end of a contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.

## **3.0 Why is procurement important?**

- 3.1 The impact of procurement is far greater than just the definition of a 'process' and our vision, aims and objectives set out in this strategy detail the contribution that effective procurement arrangements can make to a range of socio-economic agendas. These include a successful local economy, a thriving voluntary sector, community empowerment, environmental issues and value for money.
- 3.2 Good procurement is essential to ensure good public services, from buying works, goods and services that work as they are supposed to, to achieving savings that can be ploughed back into front-line services.
- 3.3 Local Government spends over £60billion a year procuring a wide range of works, goods and services, from everyday items such as pens and paper, to major construction projects such as schools and hospitals. All those who, as taxpayers, use and fund public services have the right to expect government to meet the highest professional standards when it procures on their behalf.

## **4.0 Our Vision for Procurement**

- 4.1 Our vision for procurement over the term of this strategy is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.

## 5.0 Strategic Procurement Aims

- 5.1 Our strategic procurement aims are shown below, Appendix 1 provides more details:

- **Showing Leadership**

With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value, high risk procurements to drive innovation, generate savings and identify opportunities for income generation.

- **Behaving Commercially**

We need to improve public sector commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of our leaders, both members and officers so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes. This can be done by creating commercial opportunities, managing contracts and supplier relationships and risk management.

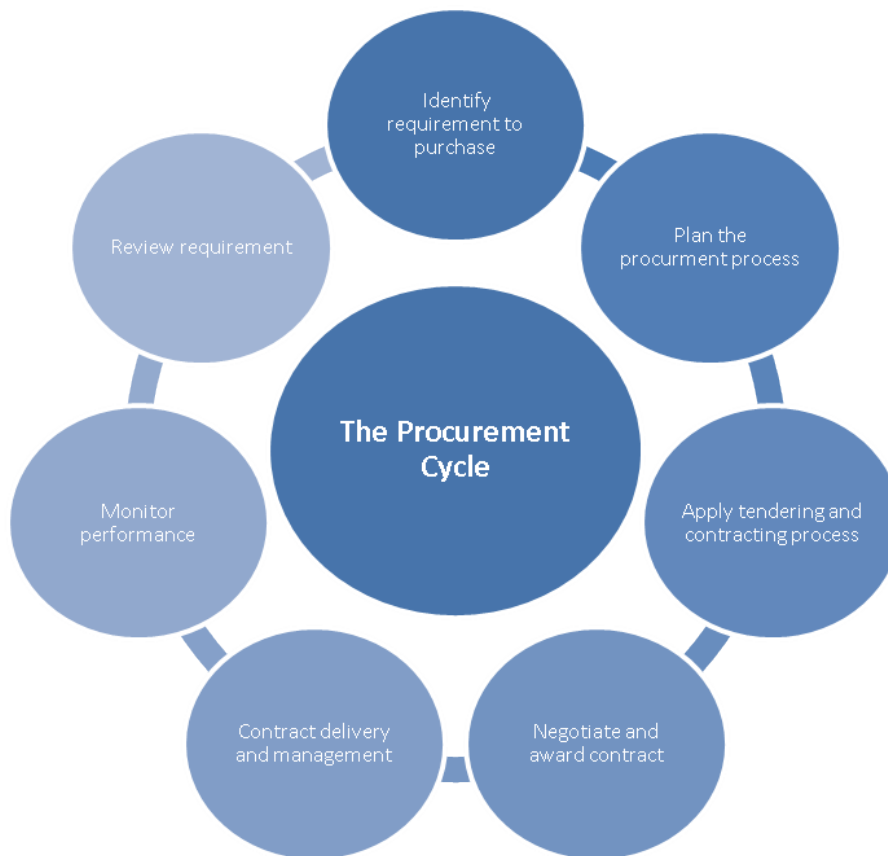
- **Achieving Community Benefits**

We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.

- 5.2 Success of this strategy will depend on the implementation and effectiveness of the following key principles and actions:

- Political and management endorsement and support.
- Council-wide recognition of the importance of the role of procurement in delivering improvement and efficiency;
- Improved forward planning by service areas;
- Adequate resourcing and prioritisation of projects;
- Adequate support from key internal functions throughout the procurement cycle;
- Continued development of procurement capacity and capability within services, encouragement of continuous improvement;
- Identification, allocation and continuous management of risk;
- Management of performance shortfalls and adequate tools to tackle poor performance;
- Continuity of knowledge throughout the procurement phases and the delivery of regular and effective training.

## 6.0 The Procurement Cycle



- 6.1 Effective procurement forms a continuous cycle of action and improvement, from identification of needs through to review of delivery and achievement of outcomes and includes procurement and contract management activity. The stages are interdependent – each stage builds on the previous ones. The outcome for the procurement exercise may not be known at the outset and this may result in a grant being awarded, provision remaining in-house or a fully tendered procurement.
- 6.2 This strategy is aimed at promoting effective procurement across all services and should be read in conjunction with our Contract and Procurement Procedure Rules, Financial Regulations and the [procurement toolkit](#) on the Hub.
- 6.3 There are several types of procurement procedures we can legitimately use, these are described below:
- Open Procedure – any supplier may submit a bid for an advertised opportunity.
  - Restricted Procedure – any supplier may express an interest to participate in this procedure, but only those suppliers who pass a pre-selection process may submit bids.
  - Competitive negotiated procedure – any supplier may express an interest to participate but only those who pass a pre-selection process may submit an initial bid and then to negotiate.
  - Competitive dialogue – any supplier may express an interest to participate but only those who pass a pre-selection process may enter into a dialogue over possible solutions to our requirements. Following the conclusion of the dialogue we must invite a minimum of 3 bids.

- Innovation partnership – allows us to develop innovative products, works or services where no suitable solution exists in the market and then to purchase the resulting products, services or works.
- Framework agreements - a framework agreement is a particular type of contract where a council or buying organisation establishes an arrangement where a number of suppliers are accepted as competent to deliver the service and the framework specifies the terms for awarding specific contracts as required.  
Contracts obtained from a framework are called call-offs and the framework specifies the terms of call-offs, such as awarding directly to a single supplier or through a mini-competition with all suppliers.  
The restrictions on framework agreements are that they cannot exceed four years and the terms of a contract cannot be varied substantially from what is set out in the framework. Only authorities clearly identified as part of the framework can award contracts, though the contracts awarded can last longer than the framework itself.
- Dynamic Purchasing System - a Dynamic Purchasing System is like a framework agreement, but it allows new suppliers to be added as potential suppliers over the duration of the arrangement and there is no time limit on its application.
- Light Touch Regime Regulations - contracts valued above the threshold for services specified as part of the Light Touch Regime have to follow the procedure for publishing an opportunity through a contract notice or prior information notice in OJEU, as well as publishing the contract award notice in OJEU. However, we are not bound to follow any of the procedures specified under the full regulations.

## **7.0 Legislation**

- 7.1 Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law and locally by the Council's Constitution. Please see Appendix 2 for details of the relevant legislation and procedure rules.

## **8.0 Governance, structure and responsibilities**

- 8.1 The National Procurement Strategy recommends that local authorities demonstrate political and senior officer leadership of procurement.

### **8.2 Members role in procurement**

Members are responsible for:

- Strategy and Resources Committee are responsible for authorising this Procurement Strategy and reviewing progress on the strategic aims.
- Audit and Standards Committee are responsible for ensuring compliance with the Contract and Procurement Procedure Rules.
- Each committee's performance monitors are responsible for reviewing service specific procurement activity at the performance monitoring meetings with directors.
- Procurement activity requiring more detailed member involvement includes:
  - Making key decisions in the procurement process for major projects.
  - Where a new service or a substantially varied service is being considered.
  - High public interest.
  - Significant reputational or financial risk.
  - Significant risk of failing to meet legislative requirements.

### **8.3 Senior Leadership Team (SLT)**

SLT are responsible for:

- Management of the strategy and to review progress against the implementation of the actions.
- Strategic leadership and governance of procurement.
- Ensuring the Procurement Strategy aligns with corporate objectives.
- Overseeing the arrangements for procurement and to ensure they are operating effectively.
- Ensuring value for money and risk management are considered as part of any procurement activity.
- Ensuring equality and sustainability are considered at each stage of the procurement process.

### **8.3 Operational Managers and Relevant Staff**

- Each relevant operational manager is responsible for ensuring that the staff in their areas have the right level of skills to deliver effective procurement and will also monitor all procurement activity in their services.
- For specific, high value (£250,000) or high risk contracts, project teams are formed to ensure that technical, legal and commercial issues are considered, using the project management framework.
- Staff involved directly with the purchase of goods, services and works must ensure they comply with this strategy, and the Contract and Procurement Procedure Rules, with reference to the guidance on the Hub; and conduct relationships with suppliers and the Council in an ethical and appropriate manner to ensure they promote their employer in a positive way.

### **8.4 Procurement Team**

The duties of the procurement team are to maintain procurement guidance in line with best practice, and to monitor procurement activity across the Council, including:

- Coordinating this procurement strategy on behalf of the Council, and leading on the implementation of the procurement aims.
- Providing assistance to contract owners in the control and management of contracts.
- Development and maintenance of procurement documentation and web pages to publicise procurement plans, information and advice to potential suppliers and staff; to comply with transparency requirements.
- Continue the development of e-procurement to deliver savings in transactional processes.
- Providing assistance to contract owners in the planning and co-ordination of improvement of current contracts, business continuity, exit strategies and post contract appraisals and reviews.
- Ensuring the procurement process eliminates the potential for fraud and favouritism towards any supplier.
- Supplier analysis to identify supplier base, spend per supplier, spend per category.
- Coordinate and monitor the Council Contracts Register to allow improved advanced planning for procurement and contract management activity.



- Organising training for staff, to include specific procurement training, induction and Contract & Procurement Procedure Rules, and use of the procurement portal.

## **9.0 Value for Money (VFM)**

- 9.1 Value for money does not mean the lowest cost. There are many aspects to achieving VFM through the procurement process; mainly to select a procurement model that is proportionate to the value and risk of individual contracts.
- 9.2 It also requires a proportionate approach to the evaluation of cost and quality; where the costs can be broadly predetermined there will be a higher weighting towards quality.
- 9.3 VFM is not just about price, there are a wide range of other considerations that may be taken into account when assessing VFM, including for example, quality relevant and appropriate to the specifics of the contract; social value in terms of community experience and outcomes and whole life value.

## **10.0 Social Value**

- 10.1 The Public Services (Social Value) Act 2012 requires us to consider how the services we procure might improve the economic, social and environmental well-being of the area. It is defined as improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.
- 10.2 Our Social Value Policy is attached at Appendix 3 and sets out our approach to ensure that all resources are used wisely and that we protect and enhance the environment whilst ensuring the efficient use of resources and delivery of value for money.

## **11.0 Sustainable Procurement**

- 11.1 Sustainability is an important consideration when making procurement decisions. It ensures that we consider the environmental impact of procurement decisions.
- 11.2 We are committed to making our spending decisions in a way that delivers both value for money on a whole life cycle basis, and achieving wider economic, social and environmental benefits.
- 11.3 We are committed to achieving the aims of the Council's Environmental Policy and Strategy, and we will:
- Require our suppliers and contractors to reduce the impact of goods, works and services by considering whole life costs; ending our use of single use plastics; and the carbon impacts associated with goods works and services.
  - Require information from potential suppliers on how they will help us to progress our environmental objectives as part of the delivery of a contract.

## **12.0 Supporting the Local Economy**

- 12.1 We recognise that there are significant advantages of engaging with small local businesses, for both the Council and the local economy. We are committed to using

procurement processes that encourage such businesses to compete for opportunities.

12.2 We are precluded from any explicit local buying policies by the Treaty of Rome, however we will procure in a manner that benefits the local economy. Procurement Aim 3 – achieving community benefits, in Appendix 1 further identifies our aims in relation to supporting the local economy. We will also recommend to suppliers and contractors that local suppliers are used in the supply chain, where appropriate.

### **13.0 Ethical Procurement**

13.1 Ethical procurement considers the impact of environmental, economic and social factors along with price and quality. We must be aware and look out for signs of unacceptable practices in the supply chain such as modern slavery, fraud and corruption.

13.2 We are committed to the Co-operative Party's Charter against Modern Slavery and we will:

- Train all staff using the Chartered Institute of Purchasing and Supply's online course on Ethical Procurement and Supply.
- Require contractors to comply fully with the Modern Slavery Charter 2015, wherever it applies, with contract termination as a potential sanction for non-compliance.
- Challenge any abnormally low-cost tenders to ensure they do not rely upon any potential contractor practising modern slavery.
- Highlight to our suppliers that contracted workers are free to join a trade union and are not to be treated unfairly for belonging to one.
- Publicise our whistle-blowing system for staff to blow the whistle on any suspected examples of modern slavery.
- Require our contractors to adopt a whistle-blowing policy which enables their staff to blow the whistle on any suspected examples of modern slavery.
- Regularly review our contracted spending to identify any potential issues with modern slavery.
- Highlight to our suppliers any risks identified concerning modern slavery and refer them to the relevant agencies to be addressed.
- Refer for investigation via the National Crime Agency's national referral mechanism any of our contractors identified as a cause for concern regarding modern slavery.
- Annually report on the implementation of this policy and publish on our website.

### **14.0 Management of Risk**

14.1 Risk management is an integral part of a procurement process and must be considered at the planning stage of any procurement process. We will identify the risks associated with all major procurement activity and the contingencies for service disruption in each project and how these are to be mitigated and managed.

14.2 For any high financial value, high risk or high profile procurement and which also involves significant risk including staff transfer; or significant potential for reputational or financial risks we will utilise the project management methodology throughout a projects life to ensure it delivers the project objectives and outcomes. Risks and issues register(s) relating to the procurement will be set up and regularly monitored by the project team.

## **15.0 Managing Contracts and Supplier Relationships**

- 15.1 Contract and relationship management refers to the effective management and control of all contracts from their planning inception until their completion by the appointed contractor(s). It covers the supported policies, procedures and systems needed to undertake it, together with broader issues from the identification and minimisation of risk, successful and timely delivery of outcomes and performance, effective control of cost and variations, and the maintenance of clear communications and operational relationships with contractors.
- 15.2 Buyers and contract managers will be proactive in relation to managing contracts and performance in order to ensure that positive output and outcomes are maximised, cost variations are minimised and any issues in relation to the delivery of the contract are appropriately addressed at the earliest opportunity.

## **16.0 Business Continuity**

- 16.1 Business continuity is the process of preparing for and responding to a disaster, event or situation that could have a serious impact on the delivery of services. For high risk procurements the suppliers will be required to submit a business continuity plan as part of the tender submission. All key suppliers will be required as part of contract management to provide an annual update of their business continuity plans.

## Procurement Strategy – Strategic Aims

Vision for procurement	<b>Our vision for procurement over the term of this strategy is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.</b>
<b>Procurement Aim 1 - Showing Leadership</b>	With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value-high risk procurements to drive innovation, generate savings and identify opportunities for income generation.
Engaging Councillors	<p><b>What it is:</b> Councillors set the council vision and strategic priorities and must be satisfied that the procurement and commercial arrangements for their delivery are robust. Councillors make key decisions, particularly in major projects, and maintain oversight of the performance of key contracts, agreeing corrective action where necessary. Councillors need to be fully engaged in these roles. Councillor engagement needs to be supported through training, good procurement and commercial advice and reporting arrangements.</p> <p><b>Why it is important:</b> When councillors are fully engaged with procurement and commercial matters, the quality of decision-making is better and oversight and accountability are improved. Among other things, councillor engagement leads to better project delivery and better outcomes for the local community.</p>
Engaging Senior Managers	<p><b>What it is:</b> Key decision-makers value and benefit from procurement and commercial advice, including advice at the early stages of major projects. This is a two-way process requiring action by senior managers on the one hand and by procurement and commercial advisors on the other.</p> <p><b>Why it is important:</b> Good procurement and commercial (wherever possible, provided in-house or shared between councils) can have a decisive impact on the outcome of a project, particularly one involving innovation. It is important that senior managers engage with the procurement and commercial issues from the earliest stages of the project.</p>
Working with Partners	<b>What it is:</b> The council works as a single team to design and implement solutions for public services and commissioners / budget holders, and commercial and procurement advisors work together as part of that team.

	<p><b>Why it is important:</b> A team approach is the best use of limited resources and can lead to innovative solutions and better results. The team approach should characterise how council departments work together and how the council works with other councils, health, fire, police, housing, VCSEs and other partners.</p>
Engaging Strategic Suppliers	<p><b>What it is:</b> The council takes a strategic approach to the management of relationships with the most important suppliers (otherwise known as Strategic Supplier Relationship Management). This activity should be carried out cross-department and is most effective when done cross-organisation.</p> <p><b>Why it is important:</b> Effective management of strategic supplier relationships can deliver a range of benefits including improved outcomes for the public, added social value, reduced cost, reduced risk and innovation.</p>

<b>Procurement Aim 2 - Behaving Commercially</b>	<p>We need to improve public service commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of public sector leaders so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes.</p>
Creating Commercial Opportunities	<p><b>What it is:</b> There are many ways in which commercial opportunities can be created through the strategic management of the commercial cycle and the services and assets delivered through the contracts it creates. Commercialisation is a broad and important subject to the sector. This key area is confined to how procurement teams should contribute to helping identify and create commercial opportunities.</p> <p><b>Why it is important:</b> As grants from central government are reduced, organisations are required to look at other means of reducing funding deficits. Commercial opportunities can be created in many different ways, from conventional means such as increasing returns on assets to the way it engages with its development partners and third party contractors.</p>
Managing Contracts and Relationships	<p><b>What it is:</b> Contract and relationship management is the process by which all contracts and variations are managed effectively to control costs, secure the quality and timeliness of agreed outcomes and performance levels and minimise the occurrence of risks.</p> <p><b>Why it is important:</b> Research by the International Association for Contract and Commercial Management (IACCM) shows that contracts exceed their expected costs by 9.4 per cent on average over their lifetime. Poor contractor performance or commercial failure can seriously damage a council's reputation and its ability to deliver effective services and support to local communities.</p>
Managing Strategic Risk	<p><b>What it is:</b> A series of actions and policies designed to reduce or even eliminate the probability of a perceived risk occurring and minimising the detrimental effects that may occur should it materialise.</p> <p><b>Why it is important:</b> The occurrence of any risk, particularly when it could be foreseen, can have a devastating impact on the organisation's reputation and the lives of the people it serves, the quality of the services that it provides, and even its financial viability.</p>

<b>Procurement Aim 3 - Achieving Community Benefits</b>	<p>We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.</p>
Obtaining Social Value	<p><b>What it is:</b> Social value is about improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost.</p> <p><b>Why it is important:</b> Experience from procurements let by Councils that have fully included social value requirements has shown that a minimum +20 per cent social value 'additionality' can be obtained on contract value by way of direct community benefits.</p>
Local small medium enterprises (SMEs) and micro-business engagement	<p><b>What it is:</b> SMEs are non-subsidiary, independent firms.</p> <p><b>Why it is important:</b> SMEs play a major role in creating jobs and generating income for those on low incomes; they help foster economic growth, social stability, are a source of innovation and contribute to the development of a dynamic private sector. With the potential localisation of business rates, it will be even more important for local authorities to encourage the establishment and growth of SMEs in their areas.</p>
Enabling voluntary, community and social enterprise (VCSE) engagement	<p><b>What it is:</b> The VCSE sector is diverse in size, scope, staffing and funding of organisations. It provides a broad range of services to many different client groups. However, VCSE sector organisations share common characteristics in the social, environmental or cultural objectives they pursue, their independence from government, and the reinvestment of surpluses for those objectives.</p> <p><b>Why it is important:</b> VCSE organisations can play a critical and integral role in health and social care including as providers of services; advocates; and representing the voice of service users, patients and carers.</p>

### **Legislation, Council policy and procedure rules relating to Procurement**

Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law and locally by our Constitution and Contract and Procurement Procedure Rules, and other relevant Council policies. These are listed below:

#### **EU Directives and Public Contract Regulations (PCR) 2015**

The EU procurement regime is based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality. The directives give detailed instructions on how public procurement over a certain threshold should be carried out. The detail behind the legislation and regulations is complex, and since their inception has been supplemented by a raft of case law.

In December 2009, the Remedies Directive provided additional regulations which provide suppliers with additional powers to challenge and arrange for a contract award to be set aside under certain conditions.

The Public Contracts Regulations 2015 came into force in February 2015. Failure to adhere to the provision of the EU Directive and The Public Contracts Regulations 2015 can result in the authorities becoming subject to Court action or enforcement action by the European Union.

#### **Local Government Transparency Code 2015**

The Transparency Code requires the Council to publish details of every invitation to tender for contracts with a value that exceeds £5,000. We must also publish details of any contracts, commissioned activity, purchase order, framework agreement or any other legally enforceable agreement with a value that exceeds £5,000.

#### **The Public Services (Social Value) Act 2012**

This act places a duty on local authorities, at the 'pre-procurement' phase of procuring services to consider how and what is being procured might improve the economic, social and environmental well-being in their community; and how they might secure that improvement in the procurement process itself as long as such action is relevant to what is being procured, and is considered to be proportionate. This applies to all public services contracts with only an element of goods or works. It does not apply to public works contracts or public supply (goods) contracts.

#### **Community Right to Challenge (Localism) Act 2012**

This act enables "relevant bodies", for example voluntary and community groups, employees or Parish Councils, to challenge to take over local services that they think they can run differently or better. The right enables a relevant body to submit an expression of interest (EOI) to a relevant authority to provide or assist in providing a relevant service.

#### **Freedom of Information Act 2000**

This act provides people with the right to access to information held by public bodies. This with the government's transparency agenda has consequences for those contracting with the partners where the financial details of contracts awarded may be made public.

#### **Data Protection Legislation**

The General Data Protection Regulation 2016 and the Data Protection Act 2018 sets out the basis on which we process the personal data we collect. Any contract must clearly set out the

roles and responsibilities of the council and the contractor, and require the contractor to comply with Data Protection legislation and indemnify the council against any claim.

### **Contract and Procurement Procedure Rules, Financial Regulations and Scheme of Delegation**

As part of its corporate governance arrangements the Council must ensure that there are adequate controls, procedures and standard documentation in place to satisfy the need to meet probity, propriety and transparency tests. The Contract and Procurement Procedure Rules, Financial Regulations and Scheme of Delegation fulfil this requirement and they are part of the approved Constitution. They must be observed by both Members and Officers within the procurement process.

### **Other Council plans and policies**

The Council's procurement framework is aligned to the commitments made in other Council plans and policies:

- Corporate Delivery Plan
- Environmental policy and strategy, including ISO14001
- Risk Management strategy
- Capital Strategy





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# Social Value Policy

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October 2021

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Corporate Policy &  
Governance

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6 September 2021	1.0	Hannah Barton	First version of draft
15 October 2021	1.1	Hannah Barton	Incorporated feedback on procurement wording and roles and responsibilities from Senior Policy and Governance Officer
25 October 2021	1.2	Hannah Barton	Added more detail to delivery and review sections following feedback from Corporate Policy and Governance Manager
15 November 2021	1.3	Hannah Barton	Incorporated feedback from One Legal regarding social value being relevant and proportionate to procurement

<b>Policy Review</b>			
<b>Updating frequency</b>	<b>Review date</b>	<b>Person responsible</b>	<b>Service</b>
3 years unless required earlier	November 2024	Policy and Projects Officer	Corporate Policy and Governance

<b>Document Review and Approvals</b>		
<b>Name</b>	<b>Action</b>	<b>Date</b>
Strategy and Resources Committee	Approved	25 November 2021

## 1 INTRODUCTION

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### 1.1 Purpose and scope

- (a) This Social Value Policy is intended to assist Stroud District Council and its staff and members with measuring Social Value through its commissioning and procurement processes.
- (b) This policy outlines the approach that will be taken in order to ensure that Stroud District Council considers economic, social and environmental wellbeing in connection with its contracts.

### 1.2 What is Social Value?

**Social Value** has been defined as the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services, works and outcomes. Social Value can be measured in terms of economic, social and environmental activities and outcomes.

**Economic outcomes** provide contributions to the local economy and economic growth that supports social outcomes. Includes retaining, recirculating and leveraging funds in the local area and a wider contribution to skills, tackling unemployment and maintaining employment.

**Social outcomes** contribute to a vibrant and healthy community. Includes community-based actions such as local relationships, partnerships and people. Equality, diversity, cohesion and inclusion.

**Environmental outcomes** relate to protecting, promoting and enhancing the environment. Includes supporting local activities that improve the environment.

## 2 BACKGROUND

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The Council recognises the important role it can play in enabling Social Value through its procurement activity. In 2020/21 we spent approximately £29 million via our procurement activity and through our approach to social value, we will integrate economic, environmental and social sustainability into our procurement processes.

The Public Services (Social Value) Act 2012 came into force in January 2013, cementing the responsibilities of a contracting authority when procuring contracts subject to public procurement regulations to take into account the “economic, social and environmental wellbeing of the relevant area” in its procurement activity.

The Public Services (Social Value) Act 2012 states the authority must consider:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

Stroud District Council intends to further commit itself to the Act by going beyond the Act’s requirements and implementing this policy into all aspects of its commercial and procurement activity where it is practicable to do so. Used properly, additional social value can be beneficial to suppliers and councils, and represent a joint effort to exploit maximum value from procurement.

### 3 WHY IS STROUD DISTRICT COUNCIL DOING THIS?

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In order to really deliver social value and have it fully embedded and considered, buyers must move away from just considering the core contract being delivered by a supplier to one that recognises the overall value of outcomes delivered.

Requiring suppliers to deliver social benefits while they deliver the main element of their contract means that there is a magnified benefit for the Council. Incorporating social value into our commissioning and procurement process can make a tangible difference to people in the community, to service delivery and to the council's spending plans as a whole.

Adoption of this policy can provide the following benefits:

- **Encouraging a diverse base of suppliers:** Promoting supplier diversity; including the participation of small and medium sized enterprises (SMEs) and third sector organisations, and local suppliers in general;
- **Promoting fair employment practices:** Ensuring workforce equality and diversity within supply chains;
- **Meeting targeted recruitment and training needs:** Offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities;
- **Community benefits:** Maximising opportunities for Stroud District organisations to participate in the council's supply chains and encouraging suppliers to make a social contribution to the local area;
- **Ethical sourcing practices:** Ensuring compliance with UK and international standards, promoting fair trade and fair pricing policies, tackling corruption, child labour, animal welfare, blacklisting of union members and similar social issues;
- **Promoting greater environmental sustainability:** Minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability programmes.

This Social Value Policy fully supports the council's corporate priorities in:

- Environment and climate change
- Community resilience and wellbeing
- Economy, recovery and regeneration.

### 4 DELIVERY

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In practice the Social Value Policy will be applied as follows:

- i. As a minimum, all procurements over £75,000 will be required to include social value metrics as a part of the scoring and evaluation process where appropriate. However, wherever possible to do so, procurements below this value should also seek social value benefits from contracts. Social value metrics must be proportionate and relevant to the subject of the procurement.
- ii. The standard weighting for social value will be a minimum 10% of the overall evaluation score and where it is feasible, this may be higher.
- iii. The National Themes, Outcomes and Measures (TOMs) measuring tool as agreed by the Local Government Association will be used to capture social value offers from bidders to ensure offers can be evaluated in an open, fair and transparent way.
- iv. Once a procurement exercise is concluded, the responsibility for ensuring the committed social value benefits are actually delivered will fall to those officers responsible for contract management of that individual contract.

#### 4.1 National TOMs Framework

The National TOMs Framework (Appendix A) was developed in collaboration with the Local Government Association and offers a consistent measurement solution used by public, private and third sector organisations. The framework provides a minimum reporting standard for measuring social value and consists of five themes, 20 outcomes and 48 measures.

Stroud District Council's three strategic priorities are aligned with the themes within the TOMs Framework:



Figure 1: How the Council's strategic priorities relate to the themes within the TOMs Framework.

Stroud District Council will use the National TOMs Framework to measure and report on Social Value. The TOMs will be reviewed annually to ensure continued alignment with the Council's priorities.

#### 4.2 Procurement below £75,000

Officers procuring works, goods or services contracts under £75,000 should seek advice and guidance from the Corporate Policy and Governance team on how to seek social value benefits. The National TOMs Framework can be utilised for contracts of any value.

### 5 REVIEW

Stroud District Council will review its Social Value Policy a minimum of every 3 years, or as required due to changes in legislation. In doing so, it will take account of any changes in legislation pertaining to the Public Services (Social Value Act) 2012, the Local Government Act, UK legislation and any changes to the council's priorities when it is reviewed.

### 6 ROLES AND RESPONSIBILITIES

- The corporate performance management framework will enable members through each committee to review progress on contracts and social value outputs which relate to their committee.
- The Corporate Policy and Governance team are responsible for oversight of this policy and its implementation at the Council.
- Any officer responsible for procurement with a contract value of £75,000 or over is responsible for measuring and evaluating Social Value in their contracts as per this policy.

### 7 RELATED DOCUMENTS

- Procurement Strategy 2019 -2023
- Contract Management Framework
- Performance Management Framework
- Social Value Statement