

# Birmingham City Council

## Report to Cabinet

Date 12 October 2021



**Subject:** Social Value Policy and Birmingham Business Charter for Social Responsibility Update

**Report of:** Assistant Director – Procurement (Interim)

**Relevant Cabinet Member:** Councillor Tristan Chatfield – Finance and Resources

**Relevant O &S Chair(s):** Councillor Mohammed Aikhlaq, Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:009320/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

## **1 Executive Summary**

- 1.1 The Social Value Policy (SVP) and Birmingham Business Charter for Social Responsibility (BBC4SR) were launched in September 2013 and have been updated twice since the launch. This report details the next update to the policies and corresponding processes to enable the Council to maximise the delivery of social value outcomes for Birmingham citizens.
- 1.2 This report includes proposals and updates on:
- incorporation of a new measure to commit to Net Zero Carbon by 2030
  - the declaration of the Council's support for the UK Steel Charter
  - adoption of Fair Tax Foundation's Councils for Fair Tax Declaration
  - incorporation of Social Value consideration into the planning process
  - raising the default minimum Social Value weighting to 20%
  - the introduction of the "Match My Project" portal as an additional route for suppliers to engage with and support community projects
  - revision of financial thresholds at which the BBC4SR becomes a requirement
  - removal of the Innovation theme
  - Social Value achievements.

## **2 Recommendations**

That Cabinet:

- 2.1 Approves the revised Social Value Policy and BBC4SR as attached at Appendix 1 and Appendix 2
- 2.2 Approves the Fair Tax Foundation's Councils for Fair Tax Declaration
- 2.3 Delegates authority to Cabinet Member for Finance and Resources and Director of Inclusive Growth to become a signatory to the UK Steel Charter.
- 2.4 Notes that a task and finish group will review the potential for the application of Social Value into the planning process and report findings and recommendations to Cabinet.
- 2.5 Notes the social value achievements to date.

## **3 Background**

- 3.1 The Council has a statutory duty in accordance with the Public Services (Social Value) Act 2012 ("Act") in regard to economic, social and environmental well-being in connection with public services contracts.

- 3.2 The Council launched its SVP and BBC4SR in 2013 along with the Birmingham Living Wage Policy (LWP). These extended our consideration of Social Value to goods, works and grants. The SVP and BBC4SR were last reviewed in December 2018. The LWP was revised in March 2017. No further revisions are proposed to the LWP at this stage. These combined policies are how the Council seeks to secure social value as required by the Act. Details of current policies and related guidance can be found on [www.birmingham.gov.uk/bbc4sr](http://www.birmingham.gov.uk/bbc4sr)
- 3.3 A report was presented to Cabinet on 20 April 2021 which contained the progress to date and achievements. There will be an annual report to Cabinet in June each year commencing 2022 outlining progress, achievements and development plans.

#### **4. Details of proposals**

##### **4.1. Further information on the status of each proposal:**

- 4.1.1. The Council has committed to take a leading role in tackling climate change. The Green & Sustainable theme within the BBC4SR contains a number of measures that are related to carbon reduction but not a Carbon neutral commitment. The proposal outlined in this report is that the Council incorporates a new standard measure within our set of TOMs (Themes, Outcomes, Measures) that contractors will be encouraged to commit to. The measure from the National TOMs (NT44 - Programme to achieve net zero by 2030) will be added to the BBC4SR action plan to enable bidders and contractors to make this commitment to supplement contract specification if no core requirement has already been included to address climate change. This measure applies to the contractor's business as a whole and therefore, cannot be mandated by the contract's terms and conditions. However, it does promote good practice and signals the Council's ambition.
- 4.1.2. The Council has started the process of signing up to the UK Steel Charter and will reflect the necessary amendments in the policies and procurement documents. This report asks for the authority to complete the process of signing up to the UK Steel Charter.
- 4.1.3. The UK Steel Charter guidance contained in appendix 3 clearly demonstrates the environmental and employment / economic benefits of becoming a signatory to the Charter. The West Midlands is the third highest region affected by steel industry related jobs. Page 12 of the appendix details the areas that the Steel Charter signatories can contribute to the campaign.
- 4.1.4. The Council currently utilises the Constructing West Midlands Framework Agreement which is managed by ACIVICO for the procurement of construction contracts. ACIVICO is a UK Steel Charter

signatory.

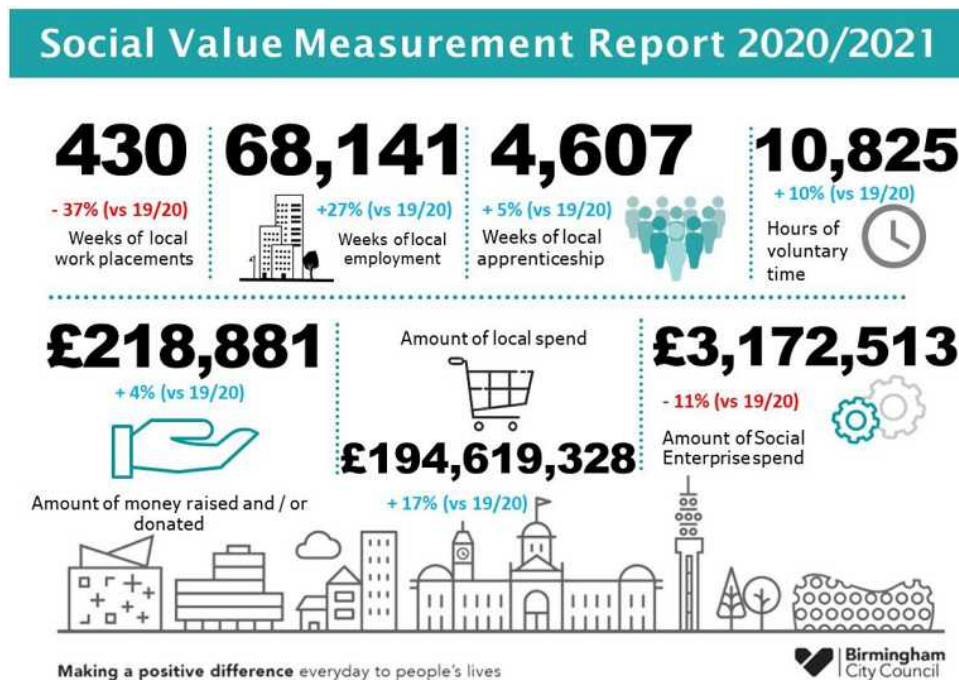
- 4.1.5. The Council has been engaging with the Fair Tax Foundation since June 2021 with the intention of formally adopting the Councils for Fair Tax Declaration. The Council has now satisfied the Foundation's requirements and will now implement the requirements through the BBC4SR. The declaration and pledge is contained in appendix 4.
- 4.1.6. The default minimum percentage for social value weighting in tender evaluation will be raised from 10% to 20% of the overall assessment criteria. This will be included in the Procurement Strategy report and any lower weighting (minimum 10%) that may be proposed, in exceptional circumstances, must be clearly justified in the social value rationale document and will require approval by Cabinet Member for Finance and Resources. Guidance will be provided for commissioners and procurers on justification for when weighting may be higher or lower than 20%.
- 4.1.7. A task and finish group will be established to investigate the potential for incorporating social value outcomes in the planning process. The task and finish group will produce a recommendation which will be subject to Cabinet approval. The Council already has a process for including jobs and skills outcomes which can be expanded to include other social value measures. The processes used by Islington Council and Coventry Council have been examined and both will feed into the task and finish group's consideration of good practice.
- 4.1.8. The Council has launched the Match My Project portal. Community organisations that service Birmingham residents can post a project with which they need support. This support can be in the form of voluntary time, resources or funding. Businesses can offer support to complete these projects and their commitment is recorded and the project outcomes reported by both parties on the portal on completion. The use of this portal will greatly assist contractors to identify relevant social value commitments under the Partners in Communities theme. As at 15th September 2021, there are 39 community organisations registered, 30 businesses registered, 11 projects awaiting support and 5 projects completed. The portal can be accessed by clicking on the link: <https://matchmyproject.org/birmingham>
- 4.1.9. The current application of the BBC4SR is tiered by contract value with application of the Living Wage Policy being required for all contract values. In order to simplify and clarify the application of the BBC4SR it is recommended to amend the 3 tiers to become 2 i.e. above and below the Public Contract Regulations 2015 (PCR15) threshold. The threshold for grants between tier 1 and 2 is £200,000. Tiers 1&2 will require the application of the Council's Living Wage policy as is currently the case; tier 1 would additionally encourage bidders to complete at least 1 project from the [Match my project](https://matchmyproject.org/birmingham) portal during the contract period. Tier 2 would in addition be the full application of the Social Value Policy

including 1 relevant project from the Match my project portal per year of the contract. This will simplify the implementation of the tiers, provide clarity in the requirements and promote the use of the portal for community benefit.

4.1.10. The Innovation Theme in the BBC4SR action plan is rarely used. It is therefore proposed to remove this theme and associated measures from the Charter Action Plan. Bidders are still encouraged to include innovative approaches in their Method Statement (Qualitative Response) which is scored.

4.1.11. The revised policies are contained in Appendix 1 – Social Value policy and Appendix 2 – BBC4SR

4.2. The infographic below reflects the achievements of our top 20 contractors reported to Cabinet in April. This and the further achievements of these contractors for the period April to September 2021 will be published on the Council's website.



4.3. The 1B ERP system, due to go live in April 2022, has been designed and programmed to mirror the current process to capture and report social value commitments and achievements both in the procurement and contract management process.

4.4. The Equality Strategy and Action Plan 2021 – 2023 contain two related actions:

4.4.1. The Council is reviewing its Social Value Policy and the Birmingham Business Charter for Social Responsibility. This will enable tenderers in

future to target disadvantaged groups in Birmingham with their social value commitments. **Update:** The policy already incentivises targeting the activity to the most deprived wards through a ward multiplier. Focusing employment outcomes on Long Term Unemployed, NEET, Ex-offenders and disabled individuals is further incentivised. Further guidance will be provided to bidders on how they can target their activities on those most in need.

4.4.2. The Council is working with other large institutions in Birmingham to develop improved ways of commissioning and procurement that provide opportunities for small Voluntary Community Sector to bid. **Update:** The Council, in collaboration with other Anchor Institutions, iSE and Aston University, is looking to target specific groups of spend (Cleaning, catering, grounds maintenance) towards social enterprises in the City ensuring fair and transparent application in accordance with PCR15.

4.5. The policy changes are proposed to be effective from 1<sup>st</sup> December 2021, allowing time to implement the recommendations including amending the procurement documents and training procurers and contract managers. This does not preclude a new tender including the updated BBC4SR Themes, Outcomes and Measures before this date if it is possible to do so.

4.6. There are no proposed changes to the Living Wage Policy.

## **5. Consultation**

5.1. Co-ordinating O&S Committee were consulted on 9<sup>th</sup> July 2021 and their input has been reflected in this report, particularly relating to the Carbon Neutral commitment.

5.2. The Director of Inclusive Growth has been consulted on the inclusion of Social Value in the planning process.

## **6. Risk Management**

6.1. As required by the Public Contract Regulations 2015 and the Public Services (Social Value Act) 2012, social value criteria within the tender process need to be relevant and proportionate to the contract. Relevance is due to the BBC4SR being the means by which the Council's Social Value and Living Wage policies are implemented. Proportionality is relative to the nature and size of the contract.

6.2. This is achieved by specifying which of the themes/outcomes of the BBC4SR are appropriate to be delivered through the contract in order to achieve council priorities. Tenderers then detail their delivery proposals in the form of method statements and specific/measurable commitments in an action plan. Updating the BBC4SR has not changed this approach.

## **7. Compliance Issues:**

How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1. Social Value is targeted at achieving the Council's 6 priority outcomes as stated in the Council Plan 2018 – 2022 (2019 update). Social Value outcomes sought by each procurement and commissioning project seek to meet these priorities where relevant. These priorities are reflected in the Social Value Policy.

7.1.1. Birmingham is an entrepreneurial city to learn and work and invest in: The Local Employment theme rewards bidders and contractors to create employment, apprenticeship, work placement and employability support, particularly in deprived wards and for disadvantaged groups. The Buy Local theme incentivises bidders to buy locally and therefore create more opportunities for local businesses and therefore improve the economic prosperity of the city and its citizens.

7.1.2. Birmingham is an aspirational city to grow up in: The Partners in Communities theme incentivises bidders and contractors to contribute to the development of school children, particularly in terms of employment options through work experience, placements and apprenticeships.

7.1.3. Birmingham is a fulfilling city to age well in: The Partners in Communities theme incentivises bidders and contractors to deliver support through community organisations, particularly in terms of volunteering for organisations that provide care and alleviation of social isolation.

7.1.4. Birmingham is a great clean and green city to live in: The Partners in Communities theme prioritises support for the homeless in relevant procurement opportunities.

7.1.5. Birmingham is a city that takes a leading role in tackling climate change: The Green and Sustainable theme rewards bidders and contractors to commit to carbon reduction targets and the new measure of carbon neutral position enables them to make a commitment towards the Council's targets.

7.1.6. Birmingham residents gain the maximum benefit from hosting the Commonwealth Games: Where relevant, bidders are encouraged to contribute to the legacy of the Commonwealth Games. Further work is being undertaken to target more of the social value delivery towards the Legacy programme.

## **8. Legal implications**

8.1. Under S.1 Public Services (Social Value) Act 2012 where the Council proposes to procure or make arrangements for procuring the provision of services then before starting the process of procurement it must (under S1.3) consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in

conducting the process of procurement, it might act with a view to securing that improvement. The authority must consider only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.

## **9. Financial Implications**

- 9.1. The revised Social Value policy does not have a direct financial implication as the procurement focus will be on continuing to maximise value for money and social value from existing and new contracts. However, both policies will deliver indirect financial and added value benefits through delivery of action plan targets linked to key themes, for example, Local Employment and Partners in Communities within the BBC4SR, where contractors may deliver outcomes, which otherwise may have fallen to the Council to deliver.
- 9.2. It should be noted that increasing the overall weighting of Social Value impacts on the relative weightings able to be applied to Quality and Price. As the Council already implements an approach of Most Economically Advantageous Tender, then it is already the case that the cheapest price may not always be recommended for award. Therefore, increasing from a minimum of 10% to 20% will have a marginal increase in the probability of this, subject to the actual weighting applied.

## **10. Procurement Implications (if required)**

- 10.1. The relevant procurement documents and templates will be modified to incorporate the amendments listed in this report. The policies, templates and guidance documents on the .gov web site will be amended accordingly.

## **11. Human Resources Implications (if required)**

- 11.1. There are no human resources implications

## **12. Public Sector Equality Duty**

- 12.1. There is no adverse impact

## **13. Appendices**

Appendix 1 – Revised Social Value Policy  
Appendix 2 – Revised Birmingham Business Charter for Social Responsibility  
Appendix 3 - Steel Charter guidance and declaration  
Appendix 4 - Councils for Fair Tax Declaration

## **14. Background Documents**

The Council's current Social Value, BBC4SR and Living Wage policies and related guidance documents can be found on [www.birmingham.gov.uk/bbc4sr](http://www.birmingham.gov.uk/bbc4sr)