

## **CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL 24 JANUARY 2017**

### **HOW THE COUNTY COUNCIL CAN SUPPORT LOCAL BUSINESSES IN TERMS OF THE SOCIAL VALUE ACT AND LOCALLY PROCURED SERVICES**

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#### **Summary**

1. The Cabinet Member with Responsibility for Transformation and Commissioning and the Market Management and Research Manager, Commercial Team have been invited to the meeting to discuss how the County Council can support local businesses in terms of the Social Value Act and locally procured services.

#### **Background**

2. During the Overview and Scrutiny Board's consultation on the annual Work Programme for 2016/17, this area was agreed as a priority for the Panel.

3. As part of Worcestershire County Council's (WCC) Open for Business Agenda, and our commitment to promote a World Class Worcestershire, the Council supports and promotes local business in the County or those relocating in Worcestershire in a variety of ways:

- Support the growth of existing businesses
- Provide direct support, particularly to start-ups, to help them survive and then grow
- Improve skill levels in the county and support the development of a skilled workforce
- Attract inward investment into the county
- Act in a business friendly way

4. This is in line with the Council's economic vision<sup>1</sup>, and is supported by the Council's Economic Development Team, Worcestershire Business Central, and Worcestershire Local Enterprise Partnership.

5. The Council can also support local businesses through the procurement of goods and Council services. Low-value procurement (less than £25,000) can be done by the Council seeking multiple quotes from suppliers. Any service that will cost more than £25,000 must be procured through open tender process, and if the value of the contract is greater than the threshold for the Official Journal of the European Union (OJEU), the tender must also be published in this journal. (Current OJEU thresholds for local authorities are £164,176 for service contracts and £4,104,394 for works).

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<sup>1</sup> See for example

[http://www.worcestershire.gov.uk/info/20296/worcestershire\\_corporate\\_plan/1223/open\\_for\\_business](http://www.worcestershire.gov.uk/info/20296/worcestershire_corporate_plan/1223/open_for_business)

6. The majority of the County Council's procured spend is tendered (i.e. above £25,000 in value) which means that for a supplier to be in with a chance of winning Council contracts, that supplier must tender for the work through the Council's e-tendering platform, called InTend.

7. Based on 2014/15 data, we estimate<sup>2</sup> that the council buys approximately three quarters of its commissioned services locally.

8. Worcestershire County Council has a well-established commissioning cycle (Evaluate, Design, Source, Review). Before any procurement is initiated, the council engages with service users, stakeholders and the supplier market to help evaluate need and supply, and inform the design of the service to be commissioned. In particular, the Commercial Team undertakes market engagement with suppliers to ensure that the final service design is one for which there is a viable market (i.e. to minimise the chances of trying to commission a service for which there is no supplier).

9. InTend<sup>3</sup> is the County Council's e-tendering platform. Most procurement above £5,000 is managed through InTend (there are some exceptions including some social care packages which are brokered). Registering with this platform is the single most important thing a local supplier can do to increase their chances of finding out about opportunities to deliver contracts for the Council.

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

10. The Public Services (Social Value) Act 2012 requires the County Council (and all public bodies) to consider how the services they commission and procure might improve the economic, social and environmental well-being of the local area. This Act provides a basis for local suppliers to gain a competitive advantage over non-local suppliers of comparable cost and quality.

11. Social value is wider than just local supply. Social value also provides a basis to consider economic, environmental and social factors in procuring goods and services, such as local workforce, waste management or corporate social responsibility (or CSR) of suppliers - in for example supporting the local voluntary and community sector (or VCS).

12. WCC Procurement Board has agreed that social value shall have 10% weighting in the evaluation of tenders of more than £100,000. This means that suppliers who can demonstrate that they can deliver social value in their tender submissions will stand a greater chance of winning the contract. However, social value alone is not enough to determine the outcome of a procurement exercise (this negates the likelihood of an expensive, low quality local provider winning a tender over a cheaper, better non-local supplier).

13. It may not be appropriate to apply Social Value to small contracts, but commissioners can ensure that local suppliers are approached for quotes if the value of the contract is below £25,000.

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<sup>2</sup> This includes suppliers with headquarters outside Worcestershire but who operate from bases inside the county for WCC contracts.

<sup>3</sup> <https://www.in-tendhost.co.uk/worcestershire/asp/Home>

14. In addition, the Council can also support local businesses through supporting and facilitating local suppliers to be part of the council's supply chain. This is an area of development for the council and improvements to commissioning activities are planned:

- Market engagement, to include more explicit networking opportunities for potential supply chain
- Advice and guidance for suppliers about tendering for Council services and becoming part of a local supply chain
- More proactive networking activity (such as "meet the buyer" events) to talk to local businesses interested in doing work for the council
- Earlier identification of local supplier market
- Redesign of the Council's website to provide simpler route for local businesses to register with InTend and identify potential opportunities
- Supply chain mapping to help the Council understand the extent and reach of its supply chain and further analysis of supply chain to understand how much of the councils commissioned spend remains within the county

### **Purpose of the Meeting**

15. The Corporate and Communities Overview and Scrutiny Panel is asked to:

- Consider the information within the report
- Determine whether it would wish to carry out any further scrutiny, and
- Agree whether it would wish to make any comments to the Cabinet Member with Responsibility for Transformation and Commissioning.

### **Contact Point for the Report**

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### **Background Papers**

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) there are no background papers relating to the subject matter of this report:

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