



CABINET

Subject Heading:

Adoption of Social Value Policy and Guidance

Cabinet Member:

Cllr Ray Morgan

Leader of the Council

ELT Lead:

Kathy Freeman, Strategic Director for Resources

Report Author and contact details:

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Policy context:

The proposed Social Value Policy and Guidance describes how social value can be leveraged to benefit the Council and its residents above and in addition to the sums agreed as part of procurement processes.

Financial summary:

Financial impact would be assessed on a per project basis and is market dependant.

Is this a Key Decision?

Significant effect on two or more Wards

When should this matter be reviewed?

January 2027

Reviewing OSC:

Resources

The subject matter of this report deals with the following Council Objectives

- People - Supporting our residents to stay safe and well
- Place - A great place to live, work and enjoy
- Resources - Enabling a resident-focused and resilient Council

SUMMARY

Social Value refers to the wider financial and non-financial value created by the Council through its day-to-day activities and Community Leadership in terms of the wellbeing of individuals and communities, social capital created and the environment.

The Social Value Policy will act as a ‘golden thread’ between the Council’s Corporate Plan and how the Council procures Goods, Services or works. Social Value requested in procurements must be relevant to the procurement and should link back to the priorities as set out in the Corporate Plan 2024-2027.

Social Value is defined in the Public Services (Social Value) Act 2012 which came into force in January 2013. It requires the Council and its supply chain to look beyond the financial cost of a contract and consider how the services we commission and procure might improve the economic, social and environmental well-being of the Borough.

The Council procures using three sets of legislation “Procurement Act 2023, the Public Contracts Regulations 2015, Health Care Services (Provider Selection Regime) Regulations 2023” all of which require the Council to consider how Social Value can be leveraged to gain additional benefit for its residents and communities, this is also supported through the Governments National Procurement Policy Statement.

RECOMMENDATIONS

For Cabinet to approve the adoption of the Social Value Policy, as set out in Appendix A and the Social Value outcomes matrix as set out in Appendix B. This will be incorporated in the revision of the Contract Procedure Rules.

REPORT DETAIL

The Council is legally obligated under legislation and in particular the Procurement Act 2023 to consider Social Value in Goods, Services and Works contracts. The Government also published the current National Procurement Policy Statement which was published on the 12th of February 2025.

The Council has a Corporate Plan covering the period 2024 to 2027, this reflects the commitments made to improve the Borough. The Corporate Plan is separated into three specific areas to support the Vision they are.

- Supporting our residents to stay safe and well

- A great place to live, work and enjoy
- Enabling a resident-focused and resilient Council

To support the Council in achieving its vision the Social Value Policy sets out what the Council can use social value to provide and what would be deemed to be out of scope, as an example social value cannot be used to fund core services of the Council or to deliver elements that have already been scoped as part of the procurement specification.

The Social Value policy at its base form seeks to simplify the process for officers and suppliers and to gain the best outcome for the borough's residents. The policy speaks to four main themes that link back to the corporate plan, they are.

- Promoting local skills and employment
- Supporting local economy and growth
- Healthier, safer and more resilient communities; and
- Protecting and improving the environment

The Policy and the Matrix will be the tools to drive social value outputs that are needed rather than what suppliers think the Council and/or its residents need. This shifts the focus and control towards the areas that are in need and not what is easy to deliver from a supplier perspective.

Officers will be able to use the Social Value matrix to develop the outcomes needed, this will include resident and community engagement, as examples we can utilise current projects such as "Community Chest" to look at localised VCSE needs or to see if "Crowd Funding" opportunities exist. In addition, services and officers will be able to use resident and tenant engagement to identify priorities for social value outputs as well as monitoring of outcomes of the various social value programmes.

To support the commissioning and procurement process a matrix of outcomes has been developed, this will be initially made up of 41 different types of outcomes set across the main four outcomes with each being linked back to one or more of the Themes as set out in the corporate plan.

The matrix will be a live document and will evolve over time as the needs of the residents and the community's change.

In terms of applying social value through the procurement and contract management lifecycle, the policy is mandating that all procurements over £100,000 contract value there will be a need to assess social value in its own right, and to support this, there will be a mandatory weighting applied of 10%, this will drive organisations bidding for Council contracts to look at social value as an important metric, and the matrix can be used to drive the outcomes as a minimum.

As the Council procures using 3 sets of legislation, there may be variances to the weighting, for example if the Council identifies that an framework is the best value route to market, the responsible procuring body may have already set the

weightings or bandings of weightings, the procurement will then need to comply with the overarching process and weightings.

In terms of recording and managing the delivery of social value, currently this is devolved to individual Council services. Social Value is seen as a key and critical delivery method and as such the vision is to centralise the responsibility to set out the need, evaluate the commitment, record the “what and when” and to then be able to track and record on progress. The aspiration is to develop the reporting to the Council’s strategic partners and suppliers to ensure there is uniformity in the data and a clear picture of what has been delivered to the residents and the community. This process again will evolve over time, but the outcome is to be able to have real-time data to show the benefit that has been received. Social Value commitments made by the supplier during the tender phase will be entered into the contractual documentation to ensure that both parties have clear obligations and milestones set to ensure the delivery and the culpability for any avoidance or non-delivery.

The Council is developing the process in conjunction with our e-procurement system provider and will be implemented in the near future. This will allow for clear visibility of the offer and delivery, with the aim to producing an annual social value highlight report. This will contain the Councils outputs and aiming to consolidate the main third-party partners deliverables into a central point, so there will be “one View”.

To ensure that social value is set out in a consistent manner an appendix has been developed to map and record the social value thoughts at the procurement strategy and approval stage through to the contract award post procurement. This will be required to be appended to each Cabinet paper and will give officers and members transparency on what the goals where and where they achieved through the procurement process.

The Social Value Policy golden threads into and sits alongside and supports the revised Inclusive Growth Strategy and the Employment and Skills Strategy. While presented separately today, these three pivotal documents remain symbiotic.

REASONS AND OPTIONS

Reasons for the decision:

The Council needs to adopt a Social Value Policy as it will meet our legal obligations as set out in procurement legislation and the National Procurement Policy Statement in addition to driving impactful outcomes for the Borough.

The policy directly aligns with and supports the commitments made through the Corporate Plan 2024-2027.

The Social Value Policy will start to embed a culture of seeking additional benefit that can be flexed to support changing priorities and needs of the Borough/community.

By implementing a Social Value Policy, the Council can change the way the process is seen internally and externally and can be the catalyst to elevate social value from being a tick box exercise during a procurement process, to being used as a strategic tool.

Whilst Social Value can apply with any value of contract, there is an operational cost to preparing and scoring the evaluation model. Therefore, we will normally only require social value to be considered when we are procuring a contract with a value of over £100,000.

Other options considered:

The alternative options are as follows:

1. To do nothing

This option cannot be considered as not only would it be in contravention to our legal obligations, but this would also dis-advantage much needed outcomes for the community and its residents.

2. To have a devolved process owned separately by each of the Council's Divisional structure.

This option also should not be considered as it will lead to inconsistency in its application and may result in the outcomes not being apportioned fairly across varying demographics e.g. we may get one output replicated over a disproportionate volume of procurements, although this may benefit a specific group of recipient, it would also mean that other areas of need may be neglected.

IMPLICATIONS AND RISKS

Financial implications and risks:

This report is seeking approval from Cabinet for the adoption of the Social Value Policy, as set out in Appendix A and the Social Value outcomes matrix as set out in Appendix B.

The Social Value Policy sets out how the London Borough of Havering will work to use its power as a major procurer of goods, services and works to deliver wider social, economic and environmental impact for our communities and businesses.

It will apply to contracts over £100,000 excluding VAT. The policy calls for a minimum of 10% of the award criteria to be attributed to Social Value. Example of Award Criteria below:

Award Criteria	
Quality	30%
Price	60%
Social Value	10%

This marks a departure from the Council's current standard criteria of 70% price and 30% quality. There is a risk that with less emphasis placed on price as a result of the implementation of the Social Value Policy, contracts which might have been ruled out based on price are now successful. However, it is noted that the reduction in the price weighting is only 10% and price still represents the key consideration when evaluating tenders.

Furthermore, Social Value considerations are likely to have financial benefits themselves albeit less tangible in nature than pure contract price considerations. For example, they could lead to:

- more employment in the borough resulting in increased receipt of council tax and less demand on services;
- more growth in small business based in the borough resulting in increased receipt of business rates;
- more investment in green technologies resulting in less reliance on traditional forms of energy

The risk of not adopting the Social Value Policy is a lack of understanding pertaining to how Social Value should be approached through procurement activities coupled with inconsistency in application, potentially leaving the Council open to challenge. Furthermore, non-adoption of the policy could result in the risk of failure to maximise the benefits and advantages of Social Value for the Council and the borough.

Legal implications and risks:

The Council has a statutory duty under Section 1 of the Public Services (Social Value) Act 2012 to consider:

(3)(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.

The Council is required to "have regard to the importance of maximising public benefit" when procuring under the Procurement Act 2023 (s.12); and to have

regard to Social Value as a key criteria when procuring under the Provider Selection Regime Regulations 2023.

The proposed Social Value Policy addresses the Council's relevant statutory obligations,

Paragraph 18.4 of the Council's Contract Procedure Rules will require amendment to reflect the proposed quality: price: social value weighting of 30:60:10

Human Resources implications and risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Equalities implications and risks:

1. Basic Information

Policy/Strategy/Activity Title: Adoption of Social Value Policy and Guidance

Date: October 2025

Lead Officer: Euan Beales, Head of Procurement and Contract Management

Department: Resources

Review Date: January 2027

2. Purpose of the Policy/Strategy/Activity

To embed social value into procurement processes across the Council, ensuring that contracts deliver economic, social, and environmental benefits aligned with the Corporate Plan.

3. Equality Impact

Protected Characteristics Considered:

- Age: Positive impact through targeted employment and training opportunities for young people and older workers.
- Disability: Positive impact via inclusive employment practices and supplier requirements to support people with disabilities.
- Gender Reassignment, Sex, Sexual Orientation: Neutral to positive impact; policy encourages inclusive practices but does not directly target these groups.
- Race, Religion or Belief: Potential positive impact through supplier diversity and inclusive community engagement.
- Pregnancy and Maternity: Neutral impact; no direct provisions but inclusive employment practices may benefit.
- Marriage and Civil Partnership: Neutral impact.

Additional Considerations:

- Socio-economic status: Strong positive impact by promoting local employment, apprenticeships, and SME participation.
- Health and Wellbeing: Positive impact through environmental sustainability, community engagement, and employment support.

4. Health Impact

Positive Impacts:

- Mental Health & Wellbeing: Employment and mentoring opportunities can improve emotional wellbeing.
- Lifestyle & Behaviour: Indirect benefits through community programmes and supplier-led initiatives.
- Living & Working Conditions: Improved job access and training can enhance economic stability.
- Environmental Conditions: Policy promotes carbon reduction and sustainability.
- Access to Services: Encourages suppliers to support education, training, and community services.

Negative Impacts:

- None identified at this stage. However, monitoring is recommended to ensure equitable distribution of benefits.

5. Mitigation Measures

- Ensure supplier diversity and inclusive practices are embedded in tender scoring.
- Monitor contract outcomes to ensure benefits reach underrepresented groups.
- Provide guidance and training to procurement officers on equality and health considerations.

6. Conclusion

This policy is expected to have a positive impact on equality and health outcomes. It supports the Council's duty to eliminate discrimination, advance equality of opportunity, and foster good relations. A full EHIA is appropriate and recommended for this policy due to its strategic nature and potential wide-reaching impacts.

Health and Wellbeing implications and Risks

The council's social value policy has a high potential to achieve positive health and wellbeing impacts. The policy is designed to use the Council's power as a major procurer of goods, services and works to deliver wider social, economic and environmental impact for our communities and businesses.

The policy requires all procurements over £100,000 ex VAT in total value to give 10% of the total tender score on social value activities. This will improve wider determinants of health through promoting better air quality, minimising waste and pollution, other sustainability activities, offering training and skills to improve life opportunities, creating job opportunities for local residents including care leavers, people with disability and those not-in-employment-or-training, and facilitating the participation of local suppliers and SMEs.

The success of the policy will depend on clear communications about it throughout the tender process, all received bids being evaluated against an objective scoring matrix, and monitoring of social value KPI through performance management.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The social value policy and outputs have been designed to allow for climate change and carbon reduction programmes to be considered in addition to any requirements set out in each projects specification.

BACKGROUND PAPERS

There are no background papers

The proposed Social Value Policy and Matrix is appended.